

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

BOARD OF DIRECTORS

OPEN SESSION

Saturday, April 28, 2007

1:05 p.m.

The Peabody Hotel  
Three Statehouse Plaza  
Little Rock, Arkansas

COMMITTEE MEMBERS PRESENT:

Frank B. Strickland, Chairman  
Lillian R. BeVier  
Jonann C. Chiles  
Thomas Fuentes (via telephone)  
Herbert S. Garten  
David Hall  
Michael D. McKay  
Thomas R. Meites  
Bernice Phillips  
Sarah Singleton  
Helaine M. Barnett, ex officio

## STAFF AND PUBLIC PRESENT:

David L. Richardson, Treasurer and Comptroller  
Jean Carter, Center for Arkansas Legal Services  
Victor Fortuno, Vice President for Legal  
Affairs, General Counsel & Corporate Secretary  
Patricia Batie, Manager of Board Operations  
Karen Dozier, Executive Assistant to the President  
Karen Sarjeant, Vice President for Programs and  
Compliance  
Charles Jeffress, Chief Administrative Officer  
Richard "Kirt" West, Inspector General (IG)  
Laurie Tarantowicz, Counsel to the IG  
Tom Coogan, Office of Inspector General  
Ronald "Dutch" Merryman, Assistant IG for Audits  
Joel Gallay, Special Assistant to the IG  
Don Saunders, National Legal Aid & Defender  
Association  
Deborah Hankinson, American Bar Association (ABA)  
Julie Strandlie, ABA  
Carolyn Lemmons, Daughter of Ms. Strandlie

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## 1 P R O C E E D I N G S

2 CHAIRMAN STRICKLAND: Let me call to order the  
3 Board of Directors of the Legal Services Corporation  
4 for April 28, 2007, and welcome everybody to the  
5 meeting.

## 6 M O T I O N

7 CHAIRMAN STRICKLAND: The first thing we need  
8 to do is approve the agenda. Is there a motion to  
9 approve the agenda?

10 MS. CHILES: So moved.

11 CHAIRMAN STRICKLAND: A second?

12 MR. GARTEN: Second.

13 CHAIRMAN STRICKLAND: Any discussion?

14 (No response.)

15 CHAIRMAN STRICKLAND: Hearing none, all those  
16 in favor of approving the agenda please say aye.

17 (Chorus of ayes.)

18 CHAIRMAN STRICKLAND: Opposed, nay.

19 (No response.)

20 CHAIRMAN STRICKLAND: The ayes have it and the  
21 agenda is approved.

22 And I want to make sure that the record

1 reflects the presence of Thomas A. Fuentes on the  
2 telephone conference. Are you there, Tom?

3 MR. FUENTES: Mr. Chairman, I am. And I  
4 appreciate that.

5 CHAIRMAN STRICKLAND: Thank you, sir.

6 Next is the approval of the minutes of the  
7 board's meeting of January 20, 2007. Those minutes are  
8 in your board book beginning at page 185.

9 M O T I O N

10 CHAIRMAN STRICKLAND: If everybody has had an  
11 opportunity to review those minutes, I would entertain  
12 a motion to approve the minutes.

13 MR. GARTEN: So moved.

14 CHAIRMAN STRICKLAND: Is there a second?

15 MR. MCKAY: Second.

16 CHAIRMAN STRICKLAND: Any discussion?

17 (No response.)

18 CHAIRMAN STRICKLAND: All those in favor of  
19 the motion, please say aye.

20 (Chorus of ayes.)

21 CHAIRMAN STRICKLAND: Those opposed, nay.

22 (No response.)

1           CHAIRMAN STRICKLAND: And the ayes have it.

2 Those minutes are approved.

3           Also in your board book are the minutes of the  
4 Executive Session of the board's meeting of January 20.

5 I'm not sure I have the page reference on that. Let  
6 me see.

7           I do not see those minutes in the book, so we  
8 will pass that item in the absence of the minutes being  
9 in the agenda book.

10           The next item is the Chairman's report, which  
11 will be brief. Because some of it has already been  
12 covered in reports by others. But I would note for the  
13 record of this meeting that on March 29, Helaine and I  
14 testified before the House Appropriations Subcommittee  
15 on Commerce, Justice, Science and Related Agencies  
16 chaired by Congressman Allen Mollohan of West Virginia,  
17 with whom we had had a very cordial meeting in his  
18 office on January 18, as we reported at the January  
19 meeting.

20           And also present for the hearing were two  
21 members of Congress from California, Mr. Schiff and Mr.  
22 Honda. At the very end of the hearing, Congressman

1    Frelinghuysen of New Jersey arrived and commended LSC  
2    and said he was sure that all of his questions had  
3    already been asked and answered.

4                So the hearing lasted about an hour and I  
5    would certainly agree with the characterization of it  
6    as being cordial. Helaine's report will summarize the  
7    details of that hearing.

8                Later the same day, we met with the new chair  
9    of our House authorizing committee, Linda Sanchez of  
10   California. That was also a very cordial meeting.

11               Then on April 18, along with Herb Garten and  
12   Helaine, I participated in ABA Day in Washington. The  
13   purpose of that is that lawyers from all over the  
14   country come to Washington from many states to call on  
15   members of their respective congressional delegations.

16    And I sort of had a mixed bag of people that I  
17    visited.

18                Along with Paula Frederick from Atlanta, we  
19   called on Congressman John Lewis of the Fifth District  
20   of Georgia, which is where I live, and also our senior  
21   United States Senator Saxby Chambliss. And we were  
22   unable to see Mr. Lewis himself, but in the case of

1 Senator Chambliss, we did see him and had a very nice  
2 visit with him.

3 And then along with two lawyers from Utah and  
4 Nevada, I called on Senator Orin Hatch of Utah and had  
5 a good visit with the Senator.

6 In the past several days, I've contacted  
7 Helaine and asked that management prepare a memorandum  
8 relative to the applicability of Sarbanes-Oxley to the  
9 governance of the Legal Services Corporation and with  
10 the hope that a memorandum would be made able to all  
11 members of the board on that subject in  
12 advance -- sufficiently in advance of our July meeting  
13 so that we'll have an opportunity to discuss that  
14 subject at the July meeting.

15 And I had intended to recognize perhaps the  
16 youngest visitor we've had to one of our meetings, but  
17 I think they've left -- and that was a young lady by  
18 the name of Carolyn Lemmons, the daughter of Julie  
19 Strandlie of the ABA in Washington, and I did want to  
20 put on the record her attendance as part of a school  
21 trip and perhaps she's getting some credit for having  
22 attended our meeting. She certainly had a lot of



1 staying power. So I'm not surprised that they have  
2 perhaps headed for home.

3 That concludes the Chairman's report unless  
4 there are any questions regarding any of those items.

5 One other item in the Chairman's report. I do  
6 want to recognize Jean Carter, who is in the audience  
7 and who attended our lunch a few minutes ago. And in  
8 absentia, I recognize Lee Richardson as well for  
9 hosting just an absolutely outstanding program visit  
10 for us here in Little Rock. It was extremely well  
11 organized and meaningful to the board. And I think, as  
12 I said to you at lunch, Jean, the circular setting for  
13 the presentation of client stories was particularly  
14 effective, and I think we will consider making that a  
15 model for our future program visits.

16 My own view was that it seemed to make the  
17 clients more comfortable to be in that setting. We all  
18 introduced ourselves to each other and had a really  
19 good exchange with some of your clients. And so again  
20 we -- it would be hard to --

21 And also I want to, in addition to commending  
22 the executive directors, I want to recognize on the

1 record the fine work done by our board member Jonann  
2 Chiles in hosting a meeting here in her home city  
3 beginning with Thursday evening when she and her  
4 husband Chip opened their home to us and extended some  
5 gracious hospitality, and through and including all the  
6 other details of the meeting that I'm sure you had some  
7 hand in. And we want to thank you and recognize you on  
8 the record.

9 And I want to ask for a round of applause.

10 (Applause.)

11 MS. CHILES: Thank you, Chairman Strickland.  
12 It was our pleasure.

13 MR. MCKAY: Well, you set a high bar if we  
14 have another meeting in another board member's city,  
15 home city, that will be a tough act to follow.

16 All right, let's move now to members reports.

17 Are there other reports from other members of the  
18 board?

19 Herb Garten?

20 MR. GARTEN: Hi. As reported by the president  
21 in a wonderful report that I am very pleased that you  
22 gave us an opportunity to review prior to this meeting,

1 we did have the meetings with representatives of the  
2 American Bar Association who were very interested in  
3 our proposal for a national pro bono award day. And we  
4 moved a little fast, considering the 800,000 members of  
5 the ABA who are ready to move forward.

6 But a jurisdictional question came up and we  
7 are now dealing with the ABA pro bono committee with a  
8 view to being able to establish something within a  
9 year. That would be a joint effort on the part of the  
10 ABA and also the Legal Services Corporation.

11 I'm thrilled that we had identified one  
12 individual who the ABA people unanimously at the time  
13 felt would be a worthwhile recipient of an award. But  
14 they have some processes that they go through before  
15 they make awards to individuals in competitive  
16 solicitation of names. But we are moving forward and I  
17 think it's something that should promote knowledge of  
18 Legal Services Corporation, better knowledge throughout  
19 the country and particularly among the lawyers of our  
20 country.

21 I also was involved, as our Chair has  
22 indicated, with the ABA Pro Bono Day in Washington and

1 it's a wonderful experience that they've had it for  
2 11 -- this is the eleventh year. And Julie Strandlie,  
3 who is basically in charge of the event, does a  
4 magnificent job, as she has done over the previous 10  
5 years that this event took place.

6 And with the Maryland delegation, we visited a  
7 good part of our delegation. Senator Mikulski's  
8 office, Senator Ben Cardin spent at least an hour with  
9 us. Of course, you're preaching to the choir with him;  
10 he's been involved in Legal Services for many years and  
11 was chair of the Maryland Legal Services Corporation  
12 just immediately before I took that position.

13 So I think we're better known all the time.  
14 We are the number one on the list of items that the ABA  
15 is interested in funding. Legal Services Corporation  
16 is at the top. And we had a number of speakers before  
17 we went to see our delegations, giving 300-plus lawyers  
18 from throughout the country background on the necessity  
19 of increasing funding for legal services.

20 The completes my report, Mr. Chairman.

21 CHAIRMAN STRICKLAND: Thank you. Any other  
22 member reports?

1 Sarah.

2 MS. SINGLETON: I have some good news to  
3 report from New Mexico. Through the efforts of the  
4 state -- members of the state Access to Justice  
5 Commission, all the legal aid providers in the state  
6 and the state bar, the supreme court and others, New  
7 Mexico was able to obtain a state appropriation,  
8 general appropriation, recurring money for civil legal  
9 aid. It was \$2.5 million. And that, for a state the  
10 size of New Mexico is very significant. It now means  
11 that our LSC -- the LSC portion of our funding is down  
12 to around 40 percent. And back in '94, it was at 93  
13 percent. So it shows that there has been real effort  
14 to try to diversify the funding base and I think it's  
15 going to help fill that gap that LSC identified. And  
16 we used your report and that statistic, which is even  
17 worse in New Mexico than it is on the average, in  
18 persuading our legislators that this was something good  
19 to fund.

20 CHAIRMAN STRICKLAND: That is a great report.  
21 It would be nice if we had that from more states in  
22 the country.

1 Any other member reports?

2 (No response.)

3 CHAIRMAN STRICKLAND: Before moving to the  
4 President's report, although the room is dark, I  
5 believe I see toward the back of the room Chalk  
6 Mitchell. Is that correct? And the Chairman of Legal  
7 Aid of Arkansas. We welcome you to our meeting and  
8 thank you for coming.

9 MR. MITCHELL: Glad to be here. Thank you.

10 CHAIRMAN STRICKLAND: All right, let's move  
11 now to the president's report.

12 PRESIDENT BARNETT: I will begin by noting  
13 that a copy of my president's report is available in  
14 the back of the room, and each member of the board  
15 has been provided a written copy.

16 I will just focus on some of the highlights  
17 for you, because the report is also part of the record.

18 The Chairman asked me to just fill in a little  
19 bit more detail about our appropriations hearing. In  
20 the hearing, we were asked questions by members about  
21 our plan to close the justice gap, the impact of the  
22 private fund restrictions on LSC funded programs, and

1 issues involving CRLA.

2 We have received to date two follow-up  
3 questions about LSC's loan repayment assistance program  
4 and about the significant needs for legal services  
5 created by Hurricane Katrina.

6 I want to make sure the record reflects that I  
7 announced the appointment of John Constance, our new  
8 Director of Government Relations and Public Affairs on  
9 April 16, and I was delighted that John was able to  
10 attend this meeting and that the members of the board  
11 had an opportunity to interact and hear his preliminary  
12 thoughts.

13 I would like to also put on the record my  
14 acknowledgment and grateful thanks to Charles Jeffress  
15 who, since December 1, 2006, has been the acting  
16 director of GRPA, in addition to his full-time  
17 responsibilities as chief administrative officer. And  
18 he prepared us so well for our appropriations hearing  
19 at the end of March.

20 A couple of highlights involve our quality  
21 initiative. The revised performance criteria, which I  
22 hope every member of the board received a copy, has

1 been sent this week to every office of 138 funded  
2 programs, over 900 offices, to be distributed to each  
3 member of the staff of an LSC funded office and to each  
4 member of the program's governing body. We think that  
5 this is truly the centerpiece of our quality initiative  
6 and we want to encourage our programs and their staff  
7 to have conversations about it and to engage in both  
8 individual and program self-assessments as we continue  
9 to use this as a tool for our program visits and to  
10 determine competitive grants.

11           The initial reports are in on our CFR data for  
12 2006. As you know, we have an advisory group looking  
13 at ways to improve that as our main data collection.  
14 We are going to be vetting our proposed changes with a  
15 wider audience including IOLTA funders who also use our  
16 data collection in their surveys and with larger groups  
17 of grantees. We are anticipating that a revised CSR  
18 handbook will be available and implemented as of  
19 January 1, 2008, and we will spend the last six months  
20 of 2007 engaged in training on that.

21           With regard to our competitive grants process,  
22 we have 96 service areas in competition for calendar



1 year 2008. The RFP was published on April 25. The  
2 deadline for filing the notice of intent to compete is  
3 May 21, and the deadline for a grants application is  
4 June 14. We have extended that time frame for only one  
5 service area this year, which is in Northern Virginia,  
6 to allow all the service providers there, both LSC and  
7 non-LSC, to discuss possible changes in the delivery  
8 system for that area.

9           You will hear from the chairman of our  
10 provisions committee about our private attorney  
11 involvement efforts.

12           With regard to our mentoring program, we plan  
13 to have a final report this summer. We plan to have a  
14 model to send out to our programs also at about that  
15 same time.

16           Our technology initiative grants, I think, we  
17 heard from the program visit yesterday. We actually  
18 received 73 letters of intent. We reviewed them and  
19 asked a smaller number of applicants to submit their  
20 full applications. We hope to make -- get the full  
21 applications in by June 15 and to make the TIG awards  
22 by the end of September.

1           We are involved with a working group on  
2 revising our grant assurance for our 2008 grants. We  
3 intend to present to the Operations and Regulations  
4 Committee at its July meeting a draft. We are getting  
5 input from the Office of the Inspector General and we  
6 are getting additional input from the field.

7           The report includes a report on all our visits  
8 for the Office of Compliance and Enforcement and the  
9 work that's being done on our Office of Program  
10 Performance.

11           Two program issues, just to mention briefly,  
12 CRLA continues on month-to-month funding with special  
13 grant conditions. We are working closely with CRLA to  
14 address the compliance concerns. We have scheduled a  
15 targeted onsite compliance visit for the week of May 14  
16 while the Office of Inspector General continues its  
17 subpoena enforcement action and we, of course, have  
18 requested current information on the status of their  
19 investigation.

20           With regard to American Samoa, we awarded them  
21 two-month funding the beginning of the year with  
22 special grant conditions. There were substantial

1 concerns about the program's operation and financial  
2 management, including the receipt of an audit that  
3 could not make an unqualified statement about their  
4 financial position for the second consecutive year.  
5 And so as of March 15, we determined not to fund the  
6 program and to begin close-out negotiations.

7           We sent a joint OCE and OPP assessment team to  
8 American Samoa on March 26 to determine if the  
9 program's apparent critical deficits in fiscal  
10 management would eliminate them from competition for  
11 future funding, whether the program complies with LSC  
12 regulations and whether there are any potential  
13 alternative providers if we recompute the service area.

14           We are now assessing those results and we are  
15 coordinate with the Office of Inspector General, which  
16 will also be sending an audit team to the program to  
17 complete an assessment of matters relating to the  
18 program's audits.

19           The Government Accountability Office continues  
20 its review of LSC's governance and program oversight.  
21 The team doing the review of governance, we believe,  
22 has met with or interviewed by phone all members of the

1 board, some LSC staff, including some from the OIG, in  
2 addition to reviewing numerous documents. The GAO team  
3 reviewing oversight has met with staff, has  
4 participated in onsite visits with OCE and OPP and  
5 participated in their own visits to LSC-funded  
6 programs. They inform us that they will anticipate  
7 completing the review on board governance sometime this  
8 summer and their review of program oversight to be  
9 completed towards the end of the year.

10 I have a listing of the events I've attended.

11 Many of them have already referred in previous reports  
12 so I won't spend much time on them. I would like to  
13 mention, however, that we had, Karen Sarjeant and I,  
14 had a meeting with the Medical Legal Partnership For  
15 Children with Ellen Lawton and Dr. Lauren Smith from  
16 the Medical Legal Partnership for Children. This is a  
17 project that introduces legal advocacy into medical  
18 clinical settings to support an integrated medical  
19 legal services delivery to vulnerable children and  
20 their families. It was a very interesting discussion.

21 Many thoughts have come out of it in terms of sharing  
22 with our programs, some of which have these types of

1 innovative service delivery models and looking to  
2 expand them.

3 I would like to indicate how grateful we are  
4 to board member David Hall for making this introduction  
5 and encouraging us to have this dialogue. We have, in  
6 fact, invited them to make a presentation to the  
7 Provisions Committee meeting at its October meeting.

8 And finally, I was very honored to have been  
9 invited to speak at the University of Arkansas's  
10 Clinton School of Public Service this last Thursday as  
11 part of their speaker series. My remarks focused on  
12 equal justice under law and it was a wonderful setting  
13 and I think a wonderful opportunity to share our  
14 message on the need for access to justice for  
15 low-income Americans, and the relationship between the  
16 concept of justice for all and low-income Americans'  
17 access to legal services with their pressing civil  
18 problems.

19 So, Mr. Chairman, that completes my report and  
20 I am happy to answer any questions.

21 CHAIRMAN STRICKLAND: And are there any  
22 questions for Helaine about her report?

1           MR. MEITES: I have a question. I notice in  
2 your report, Helaine, that you report a decline of  
3 approximately 3.5 percent decline in the cases handled  
4 under our private attorney involvement program. Can  
5 you give us some background on that?

6           MS. BARNETT: Well, you are absolutely right,  
7 Mr. Meites, there has been a decline and there may be  
8 many reasons for this. But let me just point out that  
9 even with the decrease, the percentage of private  
10 attorney involvement cases that are closed as extended  
11 service has slightly increased.

12           And as we evaluate and analyze the 2006 data,  
13 which has just come in, we'll attempt to discern some  
14 of the reasons for this decrease. But as you also  
15 know, we have said that the PAI action plan is a  
16 dynamic work plan. And that we envision adding things  
17 to it as we go along. So a study of this decrease will  
18 be done and appropriate strategies will be sought.

19           Our data allows us to analyze this by  
20 individual program, by state and nationally. So we  
21 will be looking at this and hopefully including in our  
22 work plan perhaps some strategies that will be

1 identified to address this.

2 MR. MEITES: All right. Thank you very much.

3 CHAIRMAN STRICKLAND: Any other questions for  
4 Helaine?

5 (No response.)

6 CHAIRMAN STRICKLAND: All right, before we  
7 move to the next item on the agenda, there are a couple  
8 of other people I'd like to recognize.

9 First, the Honorable Deborah Hankinson, a  
10 former justice of the Supreme Court of Texas and the  
11 current chair of the ABA SCLAID Committee. We welcome  
12 you to our meeting. We're always glad to have you.

13 And I would like to recognize and thank Julie  
14 Strandlie of the ABA Washington Office for her hard  
15 work on a very successful ABA day and thank you for  
16 encouraging me to attend. And I enjoyed it very much  
17 and will likely attend again.

18 And last but not least, I want to recognize on  
19 the record the presence of Julie's six-year-old  
20 daughter, Carolyn Lemmons, who is visiting our board  
21 meeting and as a part of a school trip, and we hope you  
22 get credit for attending the meeting. And if you stand

1 up, Julie, we'll recognize you with a round of  
2 applause -- or Carolyn, I'm sorry. Carolyn.

3 (Applause.)

4 CHAIRMAN STRICKLAND: Again, thank you for  
5 being here. And we'll now move to the next item on our  
6 agenda, which is the Inspector General's report.

7 MR. WEST: Good afternoon, Mr. Chairman, and  
8 members of the board. I mainly want to talk about the  
9 reorganization that my office is undergoing and how I  
10 think it will better help us carry out our mission,  
11 which is always to provide independent objective  
12 information to the board and to management in the  
13 course of its decisionmaking.

14 I have reorganized the office as such that I,  
15 in the past, because of shortage of staff, the CRLA  
16 compliance investigation was actually staffed out of my  
17 counsel's office. And I have subsequently  
18 reorganized -- I've created a position that most IGs  
19 already had which is Assistant Inspector General for  
20 Investigations. I've appointed Tom Coogan to that  
21 position. I provided you some background about Tom in  
22 my confidential report to the board. But let me just



1 say he has more than 25 years of law enforcement and IG  
2 experience both as a manager as well as an attorney.

3 In this structure, what I've done is I've  
4 combined the traditional IG investigations, which are  
5 the kinds of things where we've gone out and we've  
6 assisted grantees which have been subject to  
7 embezzlements and thefts, as well as anything that  
8 might happen within the corporation. That's what  
9 investigations generally does.

10 I've created an investigative counsel position  
11 or two of them to report to the Assistant Inspector  
12 General for Investigations. Those positions are going  
13 to be staffed by attorneys. We have one person  
14 starting Tuesday in that position who is currently  
15 working as an investigative attorney for the Waterfront  
16 Position in New York and previously had worked in the  
17 IG's office in the City of New York.

18 The second person we're hiring is somebody who  
19 is currently an attorney at the -- in Maryland, the  
20 Maryland grantee program lab and she has been there as  
21 a supervising attorney for a number of years and had  
22 some prior federal government experience in the Office

1 of Special Counsel.

2           So those two positions will be up and running.

3 I expect they will be doing a lot of coordination with  
4 OCE because part of our challenge is to make sure we  
5 are covering all bases and we are not duplicating work.

6 And so we started having meetings. I would like to  
7 let you know that there have been pretty good meetings,  
8 both on CRLA as well as on some other issues. American  
9 Samoa. There is a program visit going in another  
10 program that we've coordinated with. So it is getting  
11 that kind of work out of my counsel's office so my  
12 counsel could actually be my counsel instead of wearing  
13 too many hats.

14           The second thing I've done is expanded the  
15 counsel's office. We've made one hire already. He  
16 will be starting in a couple weeks. He's -- I told  
17 Lillian that he is a graduate of the University of  
18 Virginia Law School, was like top in his class. Six  
19 years out of law school, outstanding credentials. And  
20 we are really excited about his starting.

21           And we are in the process of trying to hire  
22 the second position so we'd have three people in the

1 counsel's office. Because whether it's an audit or an  
2 investigation or a compliance investigation, everything  
3 is implicated by the law and the practice of law and I  
4 need my counsel to do the whole range of providing  
5 legal guidance in those areas.

6           The other thing that I've done is -- I  
7 received information about this but I reorganized or  
8 renamed our resource management to more accurately  
9 describe what it has been doing, which is both the  
10 resource management but also evaluation. And I know  
11 that Sarah for one raised a question about what exactly  
12 does this all mean.

13           Well, I can tell you what we'd like it to  
14 mean. And the devil is in the details. But 11 years  
15 ago, I believe it was 11 years ago, my predecessor Ed  
16 Quatrevaux issued a report on the idea of the use of  
17 technology, the use of kiosks and that that really  
18 was -- that I think sort of started the whole movement  
19 towards technology grants.

20           Several years ago, Dave Maddox of my staff  
21 started work in using mapping as a tool for the  
22 grantees. And that now has become an accepted practice

1 and with many of the programs. Well, we are now  
2 looking sort of for the next frontier where we can be  
3 sort of as the outsiders providing the independent,  
4 objective, analytical information to help the programs  
5 better carry out their duties in terms of the economy  
6 and efficiency prong of the IG act as opposed to the  
7 waste, fraud and abuse.

8           We really have two missions. And so we are  
9 very much -- we are doing the research on that. We  
10 will be talking to people from the programs. We will  
11 be talking to people of SCLAID. We'll be talking to  
12 Deborah Hankinson. We'll be talking to the NLADA. We  
13 want to talk to the board, get your thoughts of things  
14 that might help us provide information or ammunition to  
15 you to support making the programs more effective.  
16 That's kind of what we are really all about is  
17 providing that information to you.

18           We're also in the process of trying to hire  
19 three more auditors and we are having a challenge there  
20 and I think we're not the only ones. I think and  
21 understand that OCE is trying to hire program analysts  
22 with an audit background and they're having some

1 challenges too. But we want to hire younger auditors  
2 with more focus on working directly with the  
3 independent public accountants who are out dealing with  
4 the grantees and ensuring that we are getting the  
5 information that we need in order to exercise our  
6 duties under the IG act and under the appropriations  
7 act.

8           That was going to be a part of the  
9 presentation to Ops and Regs and we'll do that next  
10 time. But we are trying to staff up in that area. We  
11 will be issuing our semiannual report to Congress on  
12 Monday. I've shared the drafts with Frank and Helaine.

13           I know that Frank and I had discussions about  
14 something and at Frank's suggestion, I think I made  
15 some better wording that we're both comfortable with.  
16 So that will be coming out to you on Monday.

17           I can tell you that because in the past, you  
18 know, this board has been interested in the working  
19 relationship that we've had with management. I say,  
20 generally it's improving. There have been lots of very  
21 good instances, lots of meetings between senior staff  
22 on whether it's Dutch Merryman and Karen Sarjeant or

1 it's Laurie and Vic. Tom Coogan, as head of  
2 investigations, will be meeting with Karen and we're  
3 trying to have these meetings.

4 I think the challenge that we face, and it's  
5 not unusual to just -- my IG's office is getting folks  
6 to understand how we fit into LSC. While we're part of  
7 LSC, yet we're independent. And I think there -- we  
8 still have some challenges in terms of how information  
9 is shared with us, how we relate to each other.

10 I have mentioned that to Helaine and I have  
11 asked Frank when the appropriate time to do, to come  
12 up, and possibly Lillian, to sit down with us and help  
13 us get to the next level.

14 Things are next better. They could be even  
15 better and that's where I want to get to. But I want  
16 to, you know, thank -- I've done this before, but I  
17 think that when Frank and Lillian were out last year,  
18 it made a significant difference. And I'm thinking  
19 another visit may help just bring us up one higher  
20 level which I think will result in my office providing  
21 more things of value to LSC to advance its mission.

22 So that completes my report. Do you have any

1 questions?

2 CHAIRMAN STRICKLAND: Any questions for Kirt?

3 MS. SINGLETON: I have a question or a  
4 comment.

5 CHAIRMAN STRICKLAND: Yes, Sarah.

6 MS. SINGLETON: And again, I want to get back  
7 to the position that David is going to have. The idea  
8 that -- I know your office is charged with looking at  
9 efficiency and making sure that people are being  
10 efficient. But that function it seems to me does run  
11 the risk of being very duplicative of efforts by part  
12 of Karen's office. So I hope you will have the same  
13 kind of collaborative approach that you are trying to  
14 get in other areas when you are working in the area of  
15 the efficient provision of services.

16 MR. WEST: Absolutely, I think that that's  
17 going to be required. But I mean, part of -- some of  
18 it is just find out information that -- we may say just  
19 provide us background and that's all we need.

20 It serves some sort of analysis and I think  
21 there are sometimes that perhaps our new GRPA director  
22 could speak about this at some later date. But I think

1 sometimes when a report comes from our office, that  
2 it's something where the corporation, the agency can  
3 say, the IG has made this kind of recommendation and it  
4 tends to have some force with Congress because they  
5 know that it's -- it is what it is.

6 We are just reporting what we find and there  
7 is no particular spin to it. Again, I go back to its  
8 independent objective.

9 But I will commit to you we will work on  
10 coordination, avoid duplication.

11 MS. SINGLETON: Because that doesn't sound  
12 very efficient.

13 MR. WEST: No. So that's -- we are committed  
14 to doing that. And a lot of it is just having  
15 conversations with people on the management side.

16 MS. SINGLETON: Thank you.

17 CHAIRMAN STRICKLAND: Okay, any other  
18 questions for Kirt?

19 Herb.

20 MR. GARTEN: Kirt, I want to repeat my  
21 concerns that I expressed at a prior meeting and that  
22 is, the audit of the auditors. Each of these



1 organizations that are receiving grants from us have an  
2 independent certified public accountant auditing their  
3 books and I suggested to you at a prior meeting that I  
4 didn't see a need for you to hire three accountants.  
5 And I think at the time you didn't indicate the number,  
6 but you've indicated the number today, for the purpose  
7 of calling on all these firms that I suggested to you  
8 that a random audit from time to time might be in  
9 order, together with some kind of educational process  
10 if you don't believe that these independent CPAs  
11 licensed in each state -- and I had an opp to talk  
12 yesterday with the person who deals with the  
13 independent CPA here in Arkansas, who gave me a little  
14 background about the firm and their relationship and  
15 the fees that they're paying.

16           And I can see that you're going in to visit,  
17 on a wholesale basis, the CPAs causing increased  
18 accounting fees, expending the time of people at the  
19 138 different agencies, and I don't see any reason why  
20 you can't start this program by doing random audits.  
21 So I would like some explanation from you as to why you  
22 need three new CPAs and what they are going to do.

1           MR. WEST: Well, without getting into a long  
2 discussion that might be more appropriate to do at the  
3 Ops and Regs Committee meeting, but a couple things --

4           MR. GARTEN: But you're here now.

5           MR. WEST: Right. They're going to be doing  
6 far more than just that. First of all, we're not  
7 redoing all of the IPAs.

8           The second thing is when we do these under the  
9 requirements Congress gave that our office oversee it  
10 under government auditing standards, we have to assure  
11 that the audits that the grantees are having are done  
12 under the standards that we've promulgated. That's our  
13 responsibility.

14           One of the things -- and we're also trying to  
15 figure out what the IPAs are looking for, what they're  
16 doing, how we can provide them better information.  
17 We're not doing a wholesale -- this past year, I think  
18 we did 10 reviews of their work. We will be -- we are  
19 working on revising -- the guidance that we give to the  
20 outside auditors will be as part of that process we  
21 will be sitting down with management, because some of  
22 the questions we're asking is information that

1 management needs in order to conduct its compliance  
2 oversight, because not all the regulations deal with  
3 restrictions.

4           One of the other concerns is that the outside  
5 auditor, the independent auditor cannot be charging the  
6 program when we go in and do these reviews. And I  
7 believe that Dutch and Karen have been talking about  
8 this to make sure that's not happening.

9           So we have a lot of other work. We have to  
10 revise the guidance that we give both in the general  
11 audit as well as the compliance supplement. We have  
12 other projects that we'll be doing over the course of  
13 time using the audit staff.

14           The audit staff also engages -- assists in  
15 some of the investigations in terms of going through  
16 books and records. So it's not just to do that one  
17 thing.

18           MR. GARTEN: But I'm concerned about the  
19 burdens you're putting on these local programs. For  
20 example, I was told that the local independent CPA firm  
21 is well aware of all the requirements, that they are  
22 issuing their reports, taking into consideration

1 everything that you would be interested in. And I  
2 don't see any reason why you can't embark on publishing  
3 a memorandum and making certain that it's circulated  
4 throughout the country and not go on what seems to me  
5 to be a wholesale investigation of local independent  
6 certified public accountants who are licensed to  
7 practice, who are reputable and who have longstanding  
8 relationships and who probably know a lot more than  
9 these young CPAs that you're hiring about what the  
10 requirements are.

11 MR. MEITES: If I may, Herb, at our July  
12 meeting we are going to hear a full report on the IG as  
13 to his plans in detail -- I think what you're asking  
14 now. And if it's okay with you, I would suggest  
15 perhaps we can defer that. I think we can pick up  
16 here.

17 MR. GARTEN: Are we deferring the hiring of  
18 the CPAs?

19 MR. MEITES: That, I don't know. You can  
20 address that to Kirt.

21 MR. WEST: I mean, one of the things I would  
22 also like to point out, as Dutch reminded me, two of

1 these three positions are people who left. And so  
2 we're really only going up one position from where we  
3 were a year ago. We had two people leave, senior  
4 auditors leave during the course of the summer. So we  
5 are really only going up one position.

6 MR. FUENTES: Mr. Chairman, may I offer a  
7 comment?

8 CHAIRMAN STRICKLAND: Yes, sir.

9 MR. FUENTES: It is Tom Fuentes on the phone.

10 I would like to make the observation, as a  
11 member of the Finance Committee, that seeing that the  
12 Inspector General has said that some 10 auditors were  
13 reviewed in the past year and that we have 138  
14 agencies, that suggests to me that at that pace, it  
15 would be once every 13 years that the agency and its  
16 auditors would have consideration and review from LSC.

17 I think that is a most modest review schedule.

18 I think that we need that kind of information. I  
19 think to characterize it as wholesale is just not the  
20 case. I think that if we were to objectively sit back  
21 and say how often might we look at these, and we said,  
22 you know, look at them once every five years or look at

1    them once every 10 years, it would be quite a modest  
2    and reasonable approach in meeting our fiduciary  
3    responsibility as a board.

4                    So I think that this schedule is not excessive  
5    and I would like to have that on the record.

6                    CHAIRMAN STRICKLAND:  Thank you, Tom.

7                    Any other questions for Kirt?  Did you have  
8    any other comment, Kirt?

9                    MR. WEST:  I would like to add, just in terms  
10   of this review is not just looking at the work of the  
11   independent public accountants but it's looking at how  
12   they're taking our guidance and how they are  
13   implementing it and whether we need to update the  
14   guidance, provide clear instructions.  Because the  
15   guide they're working under was developed 10 years ago  
16   and needs updating.  So it's not just reviewing the  
17   work.

18                   Because we actually look at all 138 reports  
19   when they come in.  That's part of our requirement,  
20   because it has to be according to government auditing  
21   standards.  And the thing is, as you heard, for  
22   instance American Samoa was not a sufficient audit

1 report, we worked with management and that situation  
2 has been dealt with.

3           So we do a number of things. And as we hear  
4 much more in three months, as we find things as the  
5 auditors report, that information is then transmitted  
6 to OCE, so there is a constant passing of information.

7       So it's much more complex than just trying to review  
8 the work of the IPA and seeing if we did it according  
9 to standards. We're looking for a lot more than that.

10           MR. GARTEN: If I may?

11           CHAIRMAN STRICKLAND: Go ahead, Herb.

12           MR. GARTEN: Are you saying, and I'm repeating  
13 what Tom just told us, that these programs can count on  
14 visits sometime between five and 10 years, based upon  
15 what you propose to do? Because that to me is more in  
16 the nature of -- instead of wholesale, a random sort of  
17 audit, and I think that there would be some  
18 justification for that.

19           MR. WEST: I think we are also not only  
20 random, we are also trying to do some targeted, where  
21 we see potential problems, maybe an IPA not -- maybe  
22 not fully understanding. Because sometimes the new IPA

1 comes in and they're being asked to do three things.

2           And I feel I'm starting to get into our  
3 presentation in July and I'd like to -- what Mr. Meites  
4 said, I think we could answer these questions in much  
5 greater detail at the July meeting.

6           But I can tell you that it's my assessment  
7 that in order for us to carry out the mission of  
8 our -- of the OIG, that we need these three employees.

9           MR. GARTEN: Can you affirm that we're talking  
10 about an individual program being reviewed  
11 between -- once between five and 10 years?

12           MR. WEST: It's really hard to say exactly  
13 how. But we are not going out and reviewing every  
14 program every year. You know, it's -- if we put out  
15 new guidance, one of the things we're trying to do is  
16 figuring out how we can do updated guidance, do  
17 training.

18           And again, when we do this, we are not  
19 imposing upon the program itself and the delivery of  
20 legal services. And that's one of the things we're  
21 trying to do is make sure we're not preventing that  
22 aspect, we're dealing with the independent public



1 accountants.

2 MR. GARTEN: I have nothing further.

3 CHAIRMAN STRICKLAND: All right. Thank you.  
4 Anything else, Kirt?

5 Thank you for your report.

6 Our next item is to consider and act on the  
7 report of the Provision for Delivery of Legal Services  
8 Committee, Chairman David Hall.

9 MR. HALL: The Provisions Committee has one  
10 action item and we have a report. I'm passing around  
11 for those who may not have received it an updated  
12 resolution. If you could pass that around for me?

13 As the board may be aware, we embraced an  
14 action plan for private attorney involvement at our  
15 last meeting and there have been some activities under  
16 or pursuant to that plan.

17 One of the things that was a part of the plan  
18 was a development of a resolution by this board that  
19 would be sent out to not only the chairs of the boards  
20 of the various grantees but we talked about other  
21 constituencies who we thought might be appropriate,  
22 like those who head up the access to justice

1 commissions, maybe law school deans and others.

2           The committee, and I think most of the board  
3 members were at the committee meeting, approved a  
4 resolution 2007-003 that is in front of you now. There  
5 were some amendments or proposed suggestions by various  
6 board members. I would like to highlight those,  
7 because they are different than what we initially  
8 approved. Thanks to Karen Sarjeant, the resolution has  
9 been redrafted.

10           On the first page, you see, based on a  
11 recommendation from one of the board members, that we  
12 have made reference to Model Rule 6.1 and have also  
13 indicated that similar state rules apply to this as  
14 well. That was a suggestion coming from, I think, two  
15 different board members.

16           On the second page, you will also notice that  
17 in response to Tom Fuentes's suggestion that we  
18 emphasize the educational efforts that are needed in  
19 order to make people aware of the unmet civil needs,  
20 there is now a provision or a new paragraph that  
21 relates to facilitating educational efforts.

22           And the last change is the inclusion of the

1 access to justice entities that exist in the various  
2 states as one of the constituencies that we would  
3 collaborate with.

4 M O T I O N

5 MR. HALL: So we move that this resolution be  
6 adopted by the board and we would, if it is approved,  
7 then work with the chair. We believe this should be  
8 sent out with a cover letter from the Chairman of the  
9 Board and the Provisions Committee would work with the  
10 Chairman of the Board to try to figure out who are the  
11 appropriate entities to receive this resolution.

12 CHAIRMAN STRICKLAND: All right, Chairman Hall  
13 has made a motion that this resolution be adopted.

14 Is there a second to the motion?

15 MS. CHILES: Second.

16 CHAIRMAN STRICKLAND: Any discussion on the  
17 motion?

18 MR. FUENTES: Mr. Chairman, because I do not  
19 have -- Tom Fuentes. Because I do not have a copy of  
20 the new resolution, could I ask you just to read the  
21 one additional paragraph that was added at my request?

22 MR. HALL: Yes, I would be more than happy to

1 do that. It's under the section that says, now  
2 therefore be it resolved. And it talks about that the  
3 LSC funded programs are required to do certain things.

4 And one of the things it says is, number one,  
5 collaborate with other organizations and entities in  
6 their service area to develop and facilitate  
7 educational efforts that demonstrate the extent of the  
8 unmet civil legal needs and encourage collective  
9 responsibility within the service area by both public  
10 and private entities to help meet this unmet -- help  
11 meet this unmet civil legal need.

12 There's a "need" in there that shouldn't be  
13 there.

14 CHAIRMAN STRICKLAND: Right, we should delete  
15 that.

16 MR. HALL: But there are so many needs, I can  
17 understand why Karen included an extra need.

18 (Laughter.)

19 CHAIRMAN STRICKLAND: We'll delete the first  
20 one.

21 MR. HALL: Yes, we'll delete the first need.

22 So Tom, that is the additional paragraph.

1 MR. FUENTES: Thank you very much.

2 MR. HALL: You're welcome.

3 CHAIRMAN STRICKLAND: All right. Any other  
4 discussion on the motion?

5 (No response.)

6 CHAIRMAN STRICKLAND: Hearing none, let's  
7 proceed to a vote.

8 All those in favor of the adoption of the  
9 Resolution 2007-003, please say aye.

10 (Chorus of ayes.)

11 CHAIRMAN STRICKLAND: Those opposed, nay.

12 (No response.)

13 CHAIRMAN STRICKLAND: The ayes have it and the  
14 resolution is adopted.

15 MR. HALL: The committee -- thanks to the  
16 board for passing that resolution. There are some  
17 other items in regards to the action plan that we are  
18 continuing with management to work on, the pilot  
19 program in regards to faculty members who are on  
20 sabbatical, and we hope in the future we will have more  
21 to share there.

22 As you know, those of you who were at the

1 reception last night, we are going to continue to work  
2 out ways in which we can recognize individuals who are  
3 making contributions in this area. And we will  
4 continue to make sure that this plan is dynamic and not  
5 something that sits on the shelf. And at various board  
6 meetings, we will update you as to progress.

7 MR. MEITES: I suggest that we continue our  
8 unwritten policy of looking for needy recipients from  
9 dry counties.

10 (Laughter.)

11 MR. HALL: Moving on, in addition to our  
12 action item, we had a very enlightening report or panel  
13 discussion on the recruitment and retention of lawyers  
14 to serve in Legal Services, especially in Arkansas LSC  
15 programs. Jean Turner-Carter, the Executive Director  
16 for the Center of Arkansas Legal Services; Lee  
17 Richardson, the Executive Director of Legal Aid of  
18 Arkansas; Teresa Franklin, a staff attorney with LATIN  
19 AMERICA, and someone who has received one of the LRAP  
20 grants; and Charles Goldner, the Dean and Professor of  
21 Law at UALR William Bowen School of Law were all  
22 present and presented on that topic.

1           I will not attempt to restate everything they  
2   said but I will try to highlight some of the issues  
3   that they made the Provisions Committee aware of which  
4   we believe the board needs to be aware of as we  
5   continue to look at this issue.

6           In talking about what some of the hurdles are,  
7   we were told that the salary level is certainly an  
8   issue here, that the average salary is 33 -- or at least  
9   for incoming individuals is 33,600. That is below the  
10  national average, which is 37,000. And that there has  
11  been no adjustment for inflation for quite some time.

12           Another hurdle is that many of the lawyers  
13  they are looking to place in rural areas who have  
14  populations of sometimes 15,000 residents or lower, and  
15  therefore it is difficult attracting lawyers to decide  
16  to live in those areas and to work in those particular  
17  areas. And they gave us some specific examples,  
18  especially in the Delta, of how difficult that is.

19           Attracting lawyers of color is another hurdle  
20  that they have mentioned and the paucity of African  
21  American and Latino lawyers in this service area is a  
22  major challenge for them.

1           The retention issue was also highlighted, that  
2 student loan debts in the area for their lawyers is  
3 about 60,000, that's the average, and that there are  
4 some of their lawyers that are paying as much as \$779 a  
5 month.

6           despite that, those hurdles which are  
7 certainly enormous, they did indicate that the LRAP  
8 program has helped and has made a difference in the  
9 recruitment and retention. All of the attorneys with  
10 Lee's program who were qualified to receive an LRAP are  
11 still with the program, which he believes is  
12 attributable to the LRAP program.

13           And the last point that Lee made was that  
14 there does appear to be a renewed interest in law  
15 schools for students doing this type of work and that  
16 it's often some of the best and brightest students.  
17 However, the difficulty is, if the students are  
18 interested, there needs to be an acceptable salary  
19 level and other types of support in order for the  
20 students to not only decide to do the work but to  
21 continue to do the work.

22           Attorney Franklin, who is a recipient of the



1 LRAP program indicated that it was very instrumental in  
2 her decision to do this type of work. She also  
3 believes that it will help with retention.

4           There was a healthy discussion about why  
5 receiving the LRAP as opposed to salary is something  
6 that made a difference and one of the points that was  
7 made is the fact that it is not tax deductible or that  
8 it's not viewed as salary and thus does not affect her  
9 in the same way. And second, there was an indication  
10 that just having salary plus something else does serve  
11 as an incentive.

12           Jean Carter made us aware that they created  
13 their own LRAP in 1995, which is able to reimburse  
14 students -- lawyers at \$2,000 a year and that it has  
15 served as a benefit in their quest to attract and  
16 retain lawyers. However, she also indicated different  
17 difficulties or challenges that her program has faced,  
18 that there hasn't been any increase in funding to  
19 create new jobs. And therefore, if you don't recruit  
20 on a regular basis, year in or year out, makes it very  
21 difficult to attract the types of individuals that you  
22 want because you are not out in the marketplace on a

1 regular basis. That the decrease in funding that  
2 they've experienced, in part because of the census and  
3 other factors have at times forced them to lay off  
4 individuals and that creates a problem. That there is  
5 a need at times for more experienced attorneys who can  
6 come into the program with more experience and, based  
7 on salary limitations, et cetera, it is difficult for  
8 them to attract the more experienced lawyers into their  
9 program.

10 She also shared with us, though, that despite  
11 these difficulties, that the culture of commitment, of  
12 a vision and results that she believes her program has  
13 been able to develop over time has served to help with  
14 the longevity that the average years for attorneys in  
15 service in her program is 13 years. And her point, I  
16 think, from this was that though all of those other  
17 issues are very important and things that need to be  
18 looked at, the quality of the program and the mission  
19 and aspiration of the program that is in still within  
20 the lawyers can make a difference, and she feels that  
21 their program has been able to do that.

22 And finally, Dean Goldner shared with us for

1 three major issues that he felt gets in the way of this  
2 issue of recruitment and retention. A lot of it, I  
3 think, deals more with recruitment. Revenue choices  
4 made by law schools was one, choices that law students  
5 make while they are in law school was the second. And  
6 also, the third was the changing aspirations of  
7 students.

8 In regards to the first one, it was his  
9 assessment that the needs of engaging in legal services  
10 work is not something that is a high priority for most  
11 deans and that he challenged us to think of methods to  
12 keep deans more focused on this issue and to make legal  
13 services work more of a priority in their institution.

14 In the second issue, he felt that some  
15 students are making probably some unwise choices in  
16 regards to the way they live and cars they buy or  
17 whatever while they are in law school that contributes  
18 to their debt and felt like some better financial  
19 management or counseling in this area would be of  
20 assistance to students.

21 Third, he did feel that there has been a  
22 greater emphasis on public interest service in that law

1 schools. He shared a lot about what they do at his law  
2 school through the dean's certificate of service and  
3 the dean's certificate of distinguished service, which  
4 are given to law students to do a certain amount of pro  
5 bono work while they are in law school, the ABA  
6 standards that now recognize pro bono as something law  
7 students should provide, and also serve as learning  
8 projects.

9           However, he did feel that LSC should engage  
10 career service professionals and law schools on a more  
11 consistent basis and engage law schools in general in  
12 trying to keep this issue in front of students so that  
13 they can understand the rewarding benefits that come  
14 from working in the public interest, but more  
15 specifically working for Legal Services.

16           There certainly were many other points that  
17 are made by our presenters but they certainly have made  
18 us aware that in this area and we would suspect  
19 nationally that there are some issues facing  
20 recruitment and retention. It is my instinct that the  
21 Provisions Committee may want to continue to keep this  
22 issue on the agenda for a little longer. I will

1 discuss that with my other committee members and we  
2 will see where we come out at our next committee  
3 meeting.

4 So that ends the report from the Provisions  
5 Committee.

6 CHAIRMAN STRICKLAND: Thank you very much,  
7 David.

8 Does anyone have questions for David?

9 (No response.)

10 CHAIRMAN STRICKLAND: All right, unless there  
11 is objection, at the request of the chairman of the Ops  
12 and Regs Committee, I would like to take that item  
13 next. So go ahead with your report, Tom.

14 MR. MEITES: Thank you, Mr. Chairman.

15 There is one action item that came out of our  
16 meeting and I will address that first.

17 Our committee has considered on the two  
18 previous meetings a revised employee handbook. After  
19 considerable discussion we can now tell the board that  
20 we recommend adoption of the employee handbook in the  
21 form it appears in the board book, with the exception  
22 of an addition at page 35 of the language relating to

1 requests for accommodation, the insertion of the  
2 language, "Submit to the extent practical a written  
3 request."

4 M O T I O N

5 MR. MEITES: But with that one change our  
6 committee recommends and I so move that the board  
7 approved the employee handbook as presented in the  
8 board book.

9 CHAIRMAN STRICKLAND: Is there a second to the  
10 motion?

11 MR. MCKAY: Second.

12 CHAIRMAN STRICKLAND: Any discussion on the  
13 motion?

14 (No response.)

15 CHAIRMAN STRICKLAND: Hearing none, let's  
16 proceed to a vote. All those in favor, please say aye.

17 (Chorus of ayes.)

18 CHAIRMAN STRICKLAND: Those opposed, nay.

19 (No response.)

20 CHAIRMAN STRICKLAND: The ayes have it. The  
21 motion is adopted.

22 MR. MEITES: Mr. Chairman, our committee also

1 considered the question of whether we believed that the  
2 board should retain an oversight on obligation for the  
3 employee handbook. And after considerable discussion,  
4 it was the unanimous sense of our committee that it was  
5 a worthwhile function. Our committee learned a great  
6 deal about the operation of the corporation by virtue  
7 of our review and we think that a better product  
8 emerged, although it took a lot of committee time. And  
9 so we have no recommendation on this matter, since we  
10 believe the status quo is the appropriate posture.

11 Our committee also considered at length four  
12 resolutions proposed by Director Bernice Phillips  
13 regarding in general terms the individual board  
14 members' access to the records of and information about  
15 the corporation.

16 After considerable discussion and with the  
17 benefit of a memorandum -- a draft memorandum prepared  
18 by Vic, our committee determined that the best way to  
19 proceed was as follows. First, at our next meeting as  
20 part of all our closed session, to have the Vic brief  
21 the entire board on the issues raised by Bernice's  
22 resolutions and, second, between now and the next

1 meeting, that Bernice, Mike, Sarah, working with Vic,  
2 will attempt to determine whether some kind of protocol  
3 or operating procedure or guidance can be developed  
4 which will inform management and indeed to inform the  
5 board as to effective and efficient procedures for  
6 obtaining and sharing this kind of information.

7           Again, no action is required from the board at  
8 this time, that is, the report on our committee's  
9 determinations and the board will consider this further  
10 at its next meeting.

11           We had again on our agenda a report by the OIG  
12 on independent private accountants and OIG review that  
13 has been deferred. We heard a brief report from Vic  
14 about locality pay, in which he informed us that  
15 outside counsel has been engaged and outside counsel is  
16 reviewing the issue of locality pay and that a report  
17 will be ready for our next meeting.

18           Finally, we considered at length a very  
19 informative proposal from the OIG on recommendations  
20 for a regulatory agenda for our committee in the coming  
21 year. We received comments on that proposal from staff  
22 and from the public. There were five areas of action



1 that the OIG proposed we consider regulations in. In  
2 addition, there was a sixth area that was submitted by  
3 our grantee in Hawaii. Our committee recommends -- our  
4 committee determined no board action is required at  
5 this time and we have asked the staff to prepare at  
6 least background information and perhaps prepare a  
7 draft amended regulation for our consideration in the  
8 area of lesser sanctions.

9           Also, we have asked the staff to prepare a  
10 memorandum for our next meeting on a very complicated  
11 situation regarding access to services in the United  
12 States by citizens of former trust territories. And  
13 finally, it was our consensus determination that the  
14 other areas in which the OIG had proposed we act, that  
15 is lobbying, time keeping, political activity and legal  
16 work not directly related to client representation,  
17 that we take no regulatory action at this time. That  
18 is the report of the Operations and Regulations  
19 Committee.

20           CHAIRMAN STRICKLAND: Thank you, Tom. Are  
21 there any questions for Tom about his report?

22           MR. MEITES: Frank, let me do the performance

1 review before Finance as well, if I can.

2 CHAIRMAN STRICKLAND: Yes, go ahead.

3 MR. MEITES: Lillian, the chair of the  
4 Performance Review Committee, has also asked me in her  
5 absence to report on the closed meeting of the  
6 Performance Review Committee.

7 We met this morning. We received information  
8 that had been gathered from interviews with LSC  
9 staffers and others regarding our consideration of the  
10 performance review of our Inspector General. We did  
11 not complete our work and we have determined to hold a  
12 special meeting of the Performance Review Committee in  
13 Chicago before our next board meeting in July.

14 That is our report.

15 CHAIRMAN STRICKLAND: Thank you, sir.

16 Before we go to the Finance Committee, a while  
17 ago, when we had a round of applause for Jonann, I am  
18 going from memory on this, correct me if I'm wrong, but  
19 I don't think we have a separate round of applause for  
20 Jean Carter and Lee Richardson for their work in  
21 preparing for this great program visit we have had.  
22 And I would like all of us to join me in a round of

1     applause for both of them.

2                     (Applause.)

3                     CHAIRMAN STRICKLAND: All right, the next item  
4     is consider and act on the report of the Finance  
5     Committee and Chairman Mike McKay.

6                     MR. MCKAY: In the wake of the happy decision  
7     made by Congress and signed by the President to  
8     increase our appropriation by over \$22 million, we  
9     needed to adopt a consolidated operating budget, which  
10    incorporated that \$22 million. That was presented to  
11    us by Mr. Richardson.

12                                     M O T I O N

13                     MR. MCKAY: We then reviewed and approved for  
14    consideration of the board a resolution that could be  
15    found at page 176, Resolution Number 2007-004. We had  
16    some discussion about it. We had some questions. It  
17    was very helpful and informative. And we did recommend  
18    unanimously the adoption of that resolution and I move  
19    the adoption of the resolution at this time.

20                     CHAIRMAN STRICKLAND: All right, is there a  
21    second to that motion?

22                     MR. FUENTES: Second.

1                   CHAIRMAN STRICKLAND: Any discussion on the  
2 motion?

3                   (No response.)

4                   CHAIRMAN STRICKLAND: All those in favor of  
5 the motion, please say aye.

6                   (Chorus of ayes.)

7                   CHAIRMAN STRICKLAND: Those opposed, nay.

8                   (No response.)

9                   CHAIRMAN STRICKLAND: The ayes have it and the  
10 resolution is adopted.

11                   MR. MCKAY: And I thank you.

12                   We then received a helpful presentation on  
13 LSC's financial reports for the first six months of  
14 this fiscal year. We heard from Mr. Richardson, who  
15 reported that we have been operating within budget. We  
16 heard from Mr. West, who also had to deal with the  
17 increased -- unanticipated but happy increase in his  
18 budget. He presented to us a plan that would take that  
19 money and spend it over 18 months rather than trying to  
20 spend it in these last six or seven months of the  
21 fiscal year which, speaking for myself, sounded very  
22 reasonable and prudent.

1           We then heard from Mr. Jeffress, who addressed  
2     in response to a question the issue of the budget  
3     carryover for LSC. And he did indicate, as we had  
4     anticipated and hoped, that there is an increase in  
5     filling some of the vacant positions which we are in  
6     the process of doing now.

7           After that report, we did have a discussion  
8     about our collective interest in making sure that we as  
9     board members fulfill our fiduciary duties in that we  
10    are satisfied with the flow of information that comes  
11    to the committee and the board, that is financial  
12    information, as well as the substance, that is  
13    certainly no question about the quality but the depth,  
14    how much information. And thanks to the leadership of  
15    committee member Mr. Fuentes, we have been working on  
16    that.

17           I reported on that to the board -- or to the  
18    committee that we will continue working on this issue  
19    with management, with Mr. Richardson and Mr. Fuentes,  
20    and we will come up with a protocol which we will adopt  
21    for the July meeting, we will reduce it to writing,  
22    circulate it to members of the entire board and see how

1 that works. And we will ask the Finance Committee to  
2 review the protocol and the results of the protocol,  
3 that is what is presented to them consistent with that  
4 protocol, to make sure the Finance Committee feels  
5 comfortable with it. And if they're happy with it, we  
6 will proceed. If they are not, we will make the  
7 changes consistent with the collective wisdom of the  
8 committee.

9           We then heard from -- and the Finance  
10 Committee approved that and we will move ahead unless  
11 we hear an objection from the board.

12           We then heard from Mr. Jeffress, who gave us a  
13 report on the appropriations process and we are hopeful  
14 and prayerful that things continue to move in the way  
15 they have in the past.

16           We considered other business. We have asked  
17 for a memorandum from Mr. Richardson and from OIG  
18 regarding the appropriate accounting standard. That  
19 is, should we be following FASB or GASB. That issue  
20 was raised by Ms. Davis in the January meeting and you  
21 will receive a memo before our July meeting.

22           We also asked for and look forward to

1 receiving from Mr. Richardson a memorandum with regard  
2 to accounting for fixed assets. This was another issue  
3 raised by Ms. Davis and it is something that we need to  
4 stay on top of, because she has brought it to our  
5 attention and we need to be satisfied that the issue is  
6 being properly addressed.

7 And that is the Finance Committee report.

8 CHAIRMAN STRICKLAND: Thank you very much.

9 Are there any questions of Mike McKay on his  
10 report?

11 (No response.)

12 CHAIRMAN STRICKLAND: All right, hearing none,  
13 we will move then to Item 12 on the agenda. Consider  
14 and act on scheduling of a telephonic meeting of the  
15 board for 2:00 o'clock p.m., Eastern Daylight Time on  
16 May 29, 2007, for the purpose of taking up the IG's  
17 semiannual report to Congress for the six-month period  
18 ending April 30, 2007.

19 Is this just a matter of scheduling, or do we  
20 need to take action specifically to approve this?

21 M O T I O N

22 MS. SINGLETON: Well, just in case, I move

1 that we schedule a telephonic meeting for 2:00 p.m.  
2 Eastern Daylight Time on May 29, 2007, to take up the  
3 IG's semiannual report to Congress for the period  
4 ending April 30, 2007.

5 MR. MCKAY: Second.

6 CHAIRMAN STRICKLAND: Thank you very much, I  
7 appreciate that motion.

8 It's been moved and seconded. And is there  
9 any discussion?

10 (No response.)

11 CHAIRMAN STRICKLAND: Hearing none, all those  
12 in favor of the motion please say aye.

13 (Chorus of ayes.)

14 CHAIRMAN STRICKLAND: Those opposed, nay.

15 (No response.)

16 CHAIRMAN STRICKLAND: And the ayes have it.  
17 The next item is consider and act on other  
18 business.

19 Is there any other business to come before the  
20 meeting, the open session?

21 (No response.)

22 CHAIRMAN STRICKLAND: And is there any public



1 comment?

2 (No response.)

3 CHAIRMAN STRICKLAND: Then next we will  
4 consider and act on whether to authorize an executive  
5 session of the board to address the items listed below  
6 under closed session.

7 Is there such a motion?

8 M O T I O N

9 MR. MCKAY: So moved.

10 CHAIRMAN STRICKLAND: Is there a second?

11 MS. SINGLETON: Second.

12 CHAIRMAN STRICKLAND: Any discussion?

13 (No response.)

14 CHAIRMAN STRICKLAND: All those in favor of  
15 the motion, please say aye.

16 (Chorus of ayes.)

17 CHAIRMAN STRICKLAND: Those opposed, nay.

18 (No response.)

19 CHAIRMAN STRICKLAND: The motion is adopted.

20 And we will now move into closed session.

21 Thank you very much.

22 (Whereupon, at 2:23 p.m., meeting was adjourned.)