

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

OPEN SESSION

Monday, June 25, 2007

2:05 p.m.

Legal Services Corporation
3333 K Street, N.W.
Washington, D.C. 20007

BOARD MEMBERS PRESENT:

Frank B. Strickland, Chairman of the Board
Jonann Chiles
Thomas A. Fuentes
Herbert S. Garten
David Hall
Michael D. McKay
Thomas R. Meites
Bernice Phillips
Sarah Singleton

STAFF AND PUBLIC PRESENT:

Helaine M. Barnett, President and ex officio member
Victor M. Fortuno, Vice President for Legal Affairs,
General Counsel & Corporate Secretary
David L. Richardson, Treasurer & Comptroller
Patricia D. Batie, Manager of board Operations
Mattie Cohan, Senior Assistant General Counsel
Charles Jeffress, Chief Administrative Officer

Karen Sarjeant, Vice President for Programs
and Compliance
John Constance, Director, Office of Government
Relations & Public Affairs
Alice Dickerson, Director of Human Resources
Demille James, Legal Assistant

ALSO PRESENT:

Tom Hester, Associate Counsel to the IG
Matthew C. Glover, Assistant Counsel to the IG

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

2 MR. STRICKLAND: We'll call to order the
3 meeting of the Board of Directors of the Legal Services
4 Corporation via conference call pursuant to notice
5 published in the Federal Register of the day, time and
6 location of the call. I would ask the reporter to
7 confirm that he has noted the directors who are at the
8 moment present on the call, and in addition, the other
9 participants who are in the conference room in
10 Washington, and as well, Alice Dickerson, who is on the
11 call location.

12 Mr. Reporter, can you confirm that you have
13 noted all those names?

14 COURT REPORTER: Yes, sir.

15 MR. STRICKLAND: I thank you very much. The
16 first item is to approve the agenda. I trust that
17 everyone received a copy of the agenda. Who was that
18 that joined us?

19 MS. PHILLIPS: This is Bernice Phillips.

20 MR. STRICKLAND: Oh, Bernice. Welcome. We
21 were told that you might not be able to join us.

22 MS. PHILLIPS: Oh, not a chance. Not a

1 chance.

2 MR. STRICKLAND: All right. We have just
3 called the meeting to order, and have a quorum of the
4 directors on the call. And for your information,
5 that's Tom Meites, Herb Garten, Sarah Singleton, Mike
6 McKay, David Hall, Tom Fuentes -- expecting Jonann
7 Chiles to join us, we hope.

8 M O T I O N

9 The first -- I've already called the meeting
10 to order, and the first item is to approve the agenda.

11 I would entertain a motion to approve the agenda. Is
12 there such a motion?

13 MR. GARTEN: So moved.

14 MR. MCKAY: Second.

15 MR. STRICKLAND: Any discussion on the motion?

16 (No response.)

17 MR. STRICKLAND: All those in favor of the
18 motion, please say aye.

19 (Chorus of ayes.)

20 MR. STRICKLAND: Nay? The agenda is approved.

21 MS. BARNETT: Mr. Chairman, if I could ask on
22 behalf of the reporter, if the Board member would

1 identify themselves who moved the motion and who
2 seconded it. He doesn't --

3 MR. STRICKLAND: Okay.

4 MS. BARNETT: -- recognize voices.

5 MR. GARTEN: I did indicate -- Herb Garten as
6 moving.

7 MR. STRICKLAND: And who was the seconder of
8 the motion?

9 MR. MCKAY: Mike McKay.

10 MR. STRICKLAND: Okay.

11 MS. BARNETT: Thank you very much.

12 MR. STRICKLAND: Thank you for reminding us of
13 that, that we're not all in the same room.

14 The next item on the agenda is to consider and
15 act on further direction management regarding the
16 Corporation's locality pay program previously discussed
17 at the January and April 2007 meetings.

18 You'll recall that there's an issue relative
19 to locality pay and whether we're going to be able to
20 continue to pay that. It would probably be helpful if
21 someone in the conference room Washington with more
22 knowledge of this subject than probably any of the

1 directors may have at the moment, could explain the
2 issue to us. Who would be a good person to do that?
3 Helaine?

4 MS. BARNETT: I'm going to ask Charles
5 Jeffress to begin, and supplemented by Vic Fortuno and
6 John Constance.

7 MR. STRICKLAND: I guess even though somebody
8 who is presenting this may have personal interest in
9 the issue, we've got to get somebody to explain it.
10 So, Charles, go ahead.

11 MR. MCKAY: This is Mike McKay. I guess I'm
12 wondering why we need an explanation if we've received
13 all the materials. If there's a Board member that
14 needs an explanation, I would certainly welcome it.
15 But if we all took the time to read it, and I assume we
16 have, I'm wondering why we need an explanation.

17 MR. STRICKLAND: Well, we may not. That's a
18 good suggestion. I think the question, stated briefly,
19 is whether or not the Corporation can continue to pay
20 locality pay, at least to some individuals.

21 There may be some individuals, who, if a
22 person were to receive locality payment in July, would,

1 by virtue of that payment, exceed what would be called
2 the cap. There may be others, who, if they receive
3 locality pay, would not exceed the cap. So, that's a
4 slight variation on the issue as has been presented.
5 The Board would be interested in an explanation of
6 identification of those persons who need locality pay
7 would not exceed the cap.

8 MS. SINGLETON: Mr. Chairman, this is Sarah
9 Singleton.

10 MR. STRICKLAND: Yes.

11 MS. SINGLETON: I would -- I have a general
12 understanding of the issue that you just stated. I
13 would like to know what might be done vis-a-vis
14 Congress to correct this program. So I would like
15 someone who is present in the conference room to
16 explain that to me.

17 MR. CONSTANCE: Sarah, this is John Constance.
18 Let me explain what has been done so far. First of
19 all, to alert Congress to the issue, and second of all,
20 to provide a remedy going forward. During the month of
21 May, I did rounds certainly on the basis of introducing
22 myself to the committee staff, and at the same time

1 doing that, I made them generally aware of the fact
2 that we had the issue with the Corporation.

3 After that time, we talked internally about
4 being a little bit more specific and providing talking
5 points. Talking points were put together, and some
6 suggested language that could be bill language in our
7 appropriation bill this year, that language was all
8 cleared with the Inspector General. And, in fact, on
9 at least one call, he and I went up together to talk to
10 full committee staff.

11 In subsequent calls to that, I made individual
12 calls, and we sat down with folks both on the House and
13 the Senate Appropriations Committees and got a level of
14 agreement as to action on both sides. In the case of
15 the House, they were comfortable with going forward
16 with report language, not bill language at this point,
17 only because -- not because anyone had a problem with
18 the issue, but because of a huge sensitivity right now
19 to scheduling on the House side, which Congress again,
20 caught in the act of scheduling issues, that's gone
21 awry anyway.

22 But they were concerned that any language put

1 in that was -- even had a 1 percent chance of
2 controversy, they were concerned about putting in bill
3 language, but were more than willing to put in report
4 language that says generally that they understand the
5 issue and will work with us toward a resolution of that
6 issue this year.

7 On the other hand, the Senate was willing to
8 put in specific bill language that would provide a
9 remedy. And we had suggested language to them. They
10 made some minor corrections to that language. And the
11 language that I believe was shared with the Board,
12 where the ball stopped rolling with the Senate was
13 language that we understand will be put in the bill in
14 their markup tomorrow in fact at the subcommittee
15 level, and at the full committee on Thursday of this
16 week.

17 And essentially, it's notwithstanding
18 language. It's language that says that the Legal
19 Services Corporation may continue to provide locality
20 pay to officers and employees at a rate no greater than
21 that provided by the federal government to Washington,
22 D.C.-based employees, notwithstanding Section 1005(d)

1 of the Legal Services Corporation Act, 42 U.S. Code
2 2996(d). That is the language that they have agreed to
3 put into the Senate bill, and again, I think we're in a
4 very, very good position to have that enacted.

5 A long answer to a short question, Sarah, but
6 hopefully, that's helpful.

7 MR. STRICKLAND: Does that satisfy your
8 inquiry, Sarah?

9 MS. SINGLETON: Yes, Mr. Chairman, but I think
10 in light of that, and as I recollect from our last
11 meeting, with your statement of issue, there should
12 also be a statement that we as a Board specifically
13 authorize these efforts with Congress.

14 I remember that somebody felt they needed to
15 have specific Board authorization to be undertaking
16 these efforts.

17 MR. STRICKLAND: Right. I recall that as
18 well. Would you like to make a motion?

19 M O T I O N

20 MS. SINGLETON: Well, all right. I move that
21 we authorization the Legal Services Corporation
22 management to continue with the efforts to achieve a

1 solution to the locality pay issue with Congress.

2 MR. STRICKLAND: Is there a second to that
3 motion?

4 MR. HALL: Second. David Hall.

5 MR. STRICKLAND: All right. Moved by Sarah
6 Singleton and seconded by David Hall, and you heard the
7 motion. Let's proceed to a discussion on the motion.

8 MR. FUENTES: Mr. Chairman, Tom Fuentes here.

9 MR. STRICKLAND: Yes, sir?

10 MR. FUENTES: I just wanted to get a little
11 clarification. I heard the term used earlier that we
12 continue to make these payments. I'm curious to know,
13 are we still in the process of paying at those levels?
14 My presumption was that once management had received
15 the memorandum from counsel of advice that the pay
16 schedule was in excess that that was suspended, or that
17 we are not now in violation, that we are not now
18 paying, overpaying. Could somebody clarify that for
19 me?

20 MR. JEFFRESS: Mr. Fuentes, this is Charles
21 Jeffress. The last locality pay to any employee of LSC
22 that had the potential of exceeding the cap was in

1 January. There is another payment scheduled in July
2 for those who are at the top of the pay scale, and
3 actually on your agenda this afternoon is a suggestion
4 that you all address yourselves to that.

5 I believe the management's view is that
6 deferring that would be appropriate and prudent at the
7 moment. But there are no payments -- no payments have
8 been made to people that would exceed locality -- that
9 would exceed the cap this year. Only the first payment
10 in January was made.

11 MR. FUENTES: Very good. Thank you. The
12 other point that I am wondering is that we are moving
13 forward with a recommendation by virtue of this motion
14 before we have had a compensation study, at least I
15 don't think we have had a concrete review of the
16 compensation picture in the overall to give us some
17 guidance, in other words, what other agency personnel
18 is paid and comparison. Have we received that from the
19 Office of Management and Budget? What are we basing
20 our approval on? I think we need to be an informed
21 Board in making this. And it may come down to a point
22 where Sarah's motion would be very appropriate. But I

1 don't feel as a Board member that I've seen
2 compensation studies yet that would give me evidence to
3 base such a vote.

4 MR. MCKAY: And -- this is Mike McKay. And
5 let me just echo Tom's concern. I have the same
6 concern and would invite everyone's attention to the
7 May 10th Shaw firm memorandum where they invited us to
8 look at comparable shops, such as the Corporation for
9 Public Broadcasting. And I'm wondering if anyone had
10 done that, at least as a preliminary thought.

11 MS. SINGLETON: Could I respond just briefly?
12 This is Sarah Singleton.

13 MR. STRICKLAND: Go ahead, Sarah.

14 MS. SINGLETON: My understanding of the motion
15 and what's going on in Congress would not necessarily
16 say we will continue to pay locality pay. It would
17 just give us the ability to pay it if we determine we
18 wanted to. So I see it as a way to give us the most
19 flexibility so that once we have a firm handle on this
20 locality pay issue we will be able to do whatever it is
21 we think is appropriate.

22 MR. MEITES: Frank, this is Tom Meites. Could

1 I --

2 MR. STRICKLAND: Yes, sir. Go ahead, Tom.

3 MR. MEITES: What I have thought about, and I
4 ran this by Sarah and Frank, is the following. That we
5 approve Sarah's motion to ratify and continue efforts
6 for Congress to allow us to continue to pay locality
7 pay if we choose to. At the same time, I would urge
8 that my committee, Ops & Regs, at our meeting in
9 Nashville, consider that question, indeed all issues
10 with regard to locality pay, and in the interim, we
11 direct staff not to make any more locality payments
12 until further consideration.

13 What that would do is preserve our options,
14 which both Tom and Mike want to do, allow Congress
15 hopefully to give us the flexibility to do what we
16 think best, and at the same time preserve the status
17 quo by not making any more locality payments in the
18 interim.

19 MR. STRICKLAND: Would you -- I think you're
20 trying to get everything included.

21 MR. MEITES: Maybe too much. Sarah, do you
22 want to --

1 MR. STRICKLAND: That's all right. The
2 question I was going to ask you, Tom, is what you were
3 saying, did you intend to include -- I've forgotten who
4 it was that raised the point of a view of let's call
5 them comparable agencies relative to their --

6 MR. MEITES: Oh, yeah. Would I would propose
7 --

8 MR. STRICKLAND: -- compensation. Did you
9 intend to include that in what your committee would
10 review?

11 MR. MEITES: Absolutely. Our committee has
12 not considered locality pay. We talked at the last
13 three meetings. But at Nashville, I propose we do
14 consider it, and including other agencies as well as
15 any other metrics that might help us make a decision.

16 MR. STRICKLAND: Okay.

17 MR. McKAY: This is Mike McKay. I think
18 that's a reasonable approach. The one remaining
19 concern I have is this, is optic, is appearances. And
20 whatever -- and maybe John could help us on this, but
21 I'm concerned about the appearance of an agency that is
22 providing services to low income people coming to

1 Congress with the appearance of looking for a pay
2 increase for our highest paid employees or leaders.
3 And if there's some way we can communicate to Congress
4 that we are conducting a thorough review of comparable
5 salaries, I think that's important that we communicate
6 that, that we're not just looking for ways to increase
7 salaries for our highest executives, but we'll do a
8 careful comparison with other federal agencies or
9 quasi-federal agencies.

10 MR. STRICKLAND: That's a very good point,
11 Mike.

12 MR. CONSTANCE: Mike, this is John Constance
13 again. I -- excellent point. I must observe -- make
14 two observations that certainly were clear as I made
15 the rounds on the Hill. First of all, while one would
16 expect that that had a potential of coming up, it did
17 not in any of those meetings, both with majority and
18 minority staff.

19 If anything, the one thing that continued to
20 come up was a bewilderment on the part of a lot of
21 staff on the Hill that we're capped at level 5 of the
22 executive scale when in fact the Corporation for Public

1 Broadcasting is capped at level 1, and an agency like
2 the Appalachian Regional Commission, also heavily
3 involved in the area of relief, is capped at level 3.
4 So one of the things that came up as we were doing the
5 rounds was in fact, you know, eventually that cap
6 itself should be looked at.

7 One of the things that was decided here before
8 I went out to make those rounds was that as close to
9 some of the controversy of last year as we were, this
10 was absolutely not the year to open that up. But a
11 continuation of a practice that involved working toward
12 having the Corporation be competitive with other pay
13 scales in Washington, that, you know, seemed to make
14 sense.

15 But, anyway, that is not to say that the point
16 that you've made is not excellent in that, you know, I
17 mean, there's always that potential with what our
18 mission is.

19 MR. MCKAY: This is Mike McKay again. I do
20 think -- I think it's -- I'm happy to hear that,
21 particularly that we're not hearing any grumbles from
22 minority counsel. But I do believe we should be saying

1 it in a proactive way, because I know at least some of
2 us feel that way. I suspect if everyone commented on
3 it, they would. Obviously, we want to make sure we're
4 paying our people fairly. And, if it appears, as I
5 frankly suspect, this level 5 is out of date, then we
6 ought to act appropriately.

7 But I agree with Tom Fuentes. I don't think
8 we're in a position now to make that decision, and am
9 happy to confer whatever jurisdiction the Finance
10 Committee had over this to Ops & Regs on the subject.

11 MR. CONSTANCE: Point taken.

12 MR. JEFFRESS: Mr. Chairman, this is Charles
13 Jeffress. If I could clarify one question about Mr.
14 Meites' motion. He said not to pay any further
15 locality pay. Locality pay, of course, is a part of
16 the pay of all employees here, of the mailroom clerk
17 through the assistants and the program counsels as well
18 as those at the executive level. It is 13 percent of
19 pay. I wanted to make sure that Mr. Meites' motion was
20 such that we would not pay any locality pay that would
21 exceed the cap, as opposed to not pay any locality pay
22 at all. Because our lowest-paid employees also receive

1 locality pay.

2 MR. STRICKLAND: I was trying to get at that.

3 I didn't word it very well a while ago, in identifying
4 -- and you've done it generically, Charles -- perhaps a
5 large group of people that would be I'd say penalized
6 by this, and they're not even anywhere near the cap.
7 But it is, as you've observed, a significant part of
8 their annual compensation.

9 MS. SINGLETON: Mr. Chairman, this is Sarah
10 Singleton.

11 MR. STRICKLAND: Go ahead, Sarah.

12 MS. SINGLETON: If everyone wants to roll all
13 the issues up into one, I will accept Mr. Meites'
14 statement as an amendment to my motion as clarified by
15 Mr. Jeffress.

16 MR. STRICKLAND: As I understand that
17 clarification of what you were saying, Charles, is that
18 there is not just talking about the top echelon of our
19 management, but we're talking about people throughout
20 the organization who receive locality pay on the
21 Washington, D.C. scale. Is that right?

22 MR. JEFFRESS: That's correct. Of the 110

1 people in the Corporation, there are 17 who have the
2 potential to be above the cap at the end of the year if
3 nothing is done.

4 MS. PHILLIPS: Mr. Chair, this is Bernice
5 Phillips. I have a question. Is it possible or can we
6 give locality pay to the employees that have not -- is
7 not over the cap and then come back and wait until
8 Congress put in whatever language they have to put in,
9 then decide on management?

10 MR. STRICKLAND: I think we can do that, yes.
11 And it may be that we need to have someone artfully to
12 restate the motion as amended so that we understand
13 where we're headed with this.

14 MS. SINGLETON: Would you like me to try, Mr.
15 Chairman?

16 MR. STRICKLAND: I would be delighted.

17 MS. SINGLETON: All right. The restated
18 motion is that the Board authorizes the LSC management
19 to undertake efforts to discuss the locality pay issue
20 with Congress to arrive at a solution which would allow
21 LSC the ability to pay locality pay, should it
22 determine it wants to. And that the issue of locality

1 pay that would -- no. That the issue of locality pay
2 should be referred to the Ops & Regs Committee for
3 discussion at the Nashville meeting, and that no
4 payments which would exceed the salary cap should be
5 made.

6 MR. STRICKLAND: Okay. That's the amended
7 motion. Would the person who seconded the motion agree
8 to that amendment?

9 MR. HALL: Mr. Chairman, yes I do.

10 MR. FUENTES: Tom Fuentes here. I think lost
11 in that good effort, Sarah, was a specific direction
12 for a compensation study. And I wouldn't want that to
13 go unnoticed.

14 MS. SINGLETON: By compensation study, Tom, do
15 you mean to look at what other agencies with similar
16 salary caps do?

17 MR. FUENTES: That's right.

18 MS. SINGLETON: Okay. So, I would amend the
19 middle part of that motion to say to be referred to the
20 Ops & Regs Committee to consider evidence, including a
21 compensation study.

22 MR. FUENTES: And may I say, perhaps language

1 that would say, and to call upon the resources of the
2 Office of Management and Budget in this study.

3 MR. STRICKLAND: Okay. I think we've got a
4 long amended motion. And are those modifications to
5 the motion satisfactory to the seconder of the motion?

6 MR. GARTEN: Any implication concerning that
7 last clause that Tom just gave will mean that they are
8 restricted to the one agency, or that they're required
9 to go any number of agencies? It's a pretty broad
10 addition. And I wouldn't want it to be misinterpreted.

11 It would be up to the judgment and discretion of the
12 committee as to how far the study would go, rather than
13 restrict them or put any additional burden on them.

14 MR. MEITES: This is Tom Meites. Yeah, Tom, I
15 would prefer that we leave it more open, at least until
16 our committee has a chance to address it. So rather
17 than kind of laying the path now, I think it might make
18 some more sense if we hear from staff and hear from the
19 public as to what everyone thinks our best course is,
20 and then make a recommendation to the Board, rather
21 than trying in advance to charter our course.

22 MS. PHILLIPS: This is Bernice Phillips. I'm

1 going to -- I apologize. I'm going to have to
2 disconnect from the meeting due to the time limit that
3 I have. But I will see you guys at the next meeting.

4 MR. STRICKLAND: All right, Bernice. Thank
5 you for participating.

6 MS. PHILLIPS: Okay.

7 MR. STRICKLAND: All right. Are we ready to
8 vote on the motion as amended?

9 MS. SINGLETON: Well, I take it -- I can't
10 remember whether the part about OMB was included or
11 not. Could you just tell us?

12 MR. STRICKLAND: The last comment on that
13 would be -- and Tom Fuentes can see if I've got it
14 right -- that that was just one resource you were
15 suggesting be pursued. Isn't that right, Tom?

16 MR. FUENTES: Yes. To utilize the OMB as a
17 professional resource with a big view of comparative
18 support as we look at other agencies. After all,
19 that's the work in government of the OMB, and there'd
20 be a professional tool for our tool box to achieve what
21 we're trying to do without reinventing the wheel.

22 MR. STRICKLAND: But not the only tool?

1 MR. FUENTES: Oh my goodness, no.

2 MR. GARTEN: Herb Garten here. I'd be
3 opposed. I think this is complex enough, and I think
4 we should leave it to the discretion of the committee
5 to where they go and how they go and how far they go.

6 MS. SINGLETON: Okay. I think the motion as I
7 restated it had that there would be a salary
8 comparability study but did not give any specific
9 agency list. Is that correct, Mr. Chair?

10 MR. STRICKLAND: I believe that's correct.

11 MS. SINGLETON: Okay. Well, I think --

12 MR. STRICKLAND: And you had -- and the matter
13 would be referred to the Ops & Regs Committee.

14 MS. SINGLETON: Right. And I think, based on
15 the discussion, I would prefer to leave the motion like
16 that, without specific agencies listed, but I think --
17 I would hope that Ops & Regs and whoever is helping
18 them have heard the desire of the Board to get input
19 from OMB and those other agencies that have been
20 mentioned.

21 MR. STRICKLAND: I feel certain the chair of
22 the Ops & Regs Committee has heard that.

1 MR. HALL: And as the seconder of the motion,
2 I embrace Sarah's -- the changes and her rearticulation
3 of the motion.

4 MR. STRICKLAND: All right. Is there any
5 further discussion on the motion, as amended?

6 (No response.)

7 M O T I O N

8 MR. STRICKLAND: All right. Hearing none,
9 let's proceed to a vote on the motion. And I think
10 that -- we'll try a voice vote, but all those in favor,
11 please say aye.

12 (Chorus of ayes.)

13 MR. STRICKLAND: Those opposed, nay.

14 (No response.)

15 MR. STRICKLAND: All right. It's a unanimous
16 vote without Bernice, so that means that those on the
17 call all voted in favor of the motion as amended.

18 And as I understood -- but perhaps -- I'm not
19 intending to overstate it, but as a part of the motion,
20 Sarah, help me with this, was it your intention that --
21 as Charles Jeffress outlined for us, there are 17
22 people who would be impacted by the cap if a locality

1 pay payment is made in July, and the remaining
2 employees in the Corporation would not. So was the
3 thrust of our -- either our motion or our discussion
4 that locality payments would be made to those not
5 impacted by the cap?

6 MS. SINGLETON: I understand that some people
7 who could get a partial payment and then hit the cap.
8 Under the motion as I phrased it, they could get that
9 partial payment. They just could not be paid more --

10 MR. STRICKLAND: Than the cap?

11 MS. SINGLETON: Than the cap.

12 MR. STRICKLAND: Okay. I'll just poll the
13 Board. Is anybody in disagreement with that statement
14 as made by Sarah? And if not, then I would take that
15 to be a direction from the Board to management to
16 proceed accordingly.

17 MR. FUENTES: Mr. Chairman, I think, well
18 done. I would just of course express my opinion that
19 as one Board member that, John Constance, as you move
20 forward in dealing on the Hill, is going to be
21 sensitive, I trust, from his long years of professional
22 skill, in knowing what the impact or the reaction to

1 this might be, and if we're getting the cart before the
2 horse in any way here, that he would report to the
3 Board. I would certainly like to know about that.

4 I am pleased to learn through this meeting
5 that there was not such concerns raised or projected in
6 the House or Senate when initial conversations were
7 had, but the delicacy or the problems that we have had
8 in the past have not always been out of the Senate or
9 Congress as much as perhaps media reacting, and then
10 churning something there.

11 So, we're moving forward. We have a plan that
12 doesn't compromise our prerogatives, our path of
13 decision, but if a timing schedule, an alternative
14 order is appropriate, I'd sure like to hear about that
15 from our representative on the Hill.

16 MR. STRICKLAND: John, do you have any comment
17 in response to Mr. Fuentes?

18 MR. CONSTANCE: Yeah. I mean, I see a big
19 part of my responsibility on this and other matters of
20 keeping the Board currently and fully informed. And
21 this would certainly be in that category, and I can
22 assure you, Tom, and the rest of the Board, that I'll

1 certainly do that.

2 I mean, if there's a -- once this is out
3 there, and again, once this is reported out in bill
4 language, if there's going to be any heat, you folks
5 certainly know from your experience better than mine
6 that the heat will not be a secret. So, I mean, at
7 that point, I just hope it's not a large enough -- it's
8 not a large enough issue that both of us learn at
9 exactly the same time.

10 But assuming that it's a little bit more
11 subtle than that, I certainly will keep everyone
12 informed.

13 MR. FUENTES: Thank you.

14 MR. STRICKLAND: All right. I take it, John,
15 is it a fair statement that you don't anticipate any
16 difficulty if we're making locality payments to
17 employees of the Corporation in those instances where
18 those payments would not exceed the cap?

19 MR. CONSTANCE: No. I mean, I'd certainly
20 defer to our counsel in that regard. But everything
21 that I think is on the table is that that is not the
22 issue, and I would agree with you that that's not, you

1 know, that's not going to be a problem going forward.

2 Above that, without having some sense of
3 Congress, looking forward or looking back, would be a
4 different matter. But certainly payments up to the cap
5 are not going to be a problem.

6 MR. STRICKLAND: Okay. That's helpful. Next
7 on the agenda is to consider and act on other business.

8 Is there any other business to come before the
9 meeting?

10 (No response.)

11 MS. CHILES: Frank?

12 MR. STRICKLAND: Yes?

13 MS. CHILES: This is Jonann. I'm sorry. I
14 joined the call late, and I apologize.

15 MR. STRICKLAND: Okay. You may have missed
16 all the action.

17 MS. CHILES: I think I did. I tuned in when
18 Tom Fuentes was last speaking.

19 MR. STRICKLAND: Okay. So you didn't hear the
20 motion that we voted on?

21 MS. CHILES: No, I did not.

22 MR. STRICKLAND: Okay. I'll be glad to

1 summarize that for you on a separate call, because
2 we're right at the end of the meeting here.

3 MS. CHILES: That's fine.

4 MR. STRICKLAND: Unless you'd like to hear it
5 now?

6 MS. CHILES: No, that's fine. I don't want to
7 inconvenience everyone. That would be fine.

8 MR. STRICKLAND: Okay. I'll be glad to call
9 you when we ring off from the main meeting here. Is
10 there any public comment?

11 (No response.)

12

13 M O T I O N

14 MR. STRICKLAND: Hearing none, then the final
15 item on our agenda is to consider and act on the
16 adjournment of the meeting. Is there a motion to
17 adjourn?

18 MR. FUENTES: So moved.

19 MR. STRICKLAND: Any opposition?

20 (No response.)

21 MR. STRICKLAND: I'll declare that to be a
22 unanimous vote to adjourn, and we're adjourned. I look

1 forward to seeing all of you in Nashville.

2 (Whereupon, at 2:40 p.m., the Open Board

3 Meeting concluded.)

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