

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

OPEN SESSION

Monday, June 26, 2000

9:20 a.m.

Radisson Plaza Hotel Minneapolis
35 South 7th Street
Minneapolis, MN 55402

BOARD MEMBERS PRESENT:

Douglas S. Eakeley, Chairman
Hulett H. Askew
LaVeeda Morgan Battle
John T. Broderick, Jr.
John N. Erlenborn
Edna Fairbanks-Williams
F. William McCalpin
Maria Luisa Mercado
Nancy H. Rogers
Thomas F. Smegal, Jr.
Ernestine Watlington

ALSO ATTENDING:

John McKay, President
Victor Fortuno, Vice President for Legal Affairs,
General Counsel and Corporate Secretary
David L. Richardson, Treasurer and Comptroller
Edouard Quatrevaux, Inspector General
Randi Youells, Vice President for Programs
Michael Genz, Director, Program Performance
James Hogan, Vice President for Administration
Reginald Haley, Office of Program Performance
Laurie Tarantowicz, Counsel to the Inspector General
Eric Kirkland, Assistant Inspector General
Mark Freedman, Legal Affairs

Linda Perle, CLASP
Russell A. Anderson, Associate Justice, Minnesota
Supreme Court
David Knutson, Minnesota State Senator
Tom Pugh, Minnesota State Representative
Kent A. Gernander, President-Elect, Minnesota State
Bar Association
Mary Deutsch Schneider, Director, LSNM
John J. Ursu, Senior Vice President, Legal Affairs and
General Counsel, 3M Corporation
Jane Kretzmann, Senior Program Officer, Bush Foundation
Judith L. Rehak, Administrative Services Director,
Judicial Branch, Minnesota Supreme Court
Jackie Cherryhomes, President, Minneapolis City Council
Jim Ramsted, United States House of Representatives
Tom Davis, United States House of Representatives

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

2 MR. EAKELEY: All right. We have the agenda that
3 was circulated with the board materials.

4 Actually, first, let me call the meeting to order.

5 We have the agenda that was distributed. Is there
6 a motion to approve the agenda?

7 M O T I O N

8 MR. ERLNBORN: So moved.

9 MR. EAKELEY: Second?

10 MS. MORGAN BATTLE: Second.

11 MR. EAKELEY: All those in favor?

12 (Chorus of ayes.)

13 MR. EAKELEY: Opposed?

14 (No response.)

15 MR. EAKELEY: The agenda is approved.

16 You've got the minutes of the April 15, 2000

17 meeting circulated with the board materials.

18 Are there any corrections or additions to be made
19 to those minutes?

20 (No response.)

21 MR. EAKELEY: Hearing none, is there a motion to

1 approve the minutes of the April 15, 2000 meeting?

2 M O T I O N

3 MS. WATLINGTON: So moved.

4 MR. EAKELEY: Second?

5 MR. ERLNBORN: Second.

6 MR. EAKELEY: All those in favor?

7 (Chorus of ayes.)

8 MR. EAKELEY: Any opposed?

9 (No response.)

10 MR. EAKELEY: The ayes have it. The minutes are
11 approved.

12 You have the minutes of the board's telephonic May
13 25, 2000 meeting where we approved comments to the
14 semi-annual report of the OIG.

15 Mr. McCalpin?

16 MR. McCALPIN: I'm sorry that I was a few minutes
17 late.

18 If you'll look on page 25 of your book, this is the
19 minutes you just approved, just above the attendees it says
20 "The following committee members attended"?

21 MR. EAKELEY: Yes.

1 MR. McCALPIN: Sorry I didn't get here in time.

2 MR. EAKELEY: That's okay. I think we'll go back
3 and take that.

4 MR. McCALPIN: And I'll point out to you on page
5 31, that while he may aspire to it, Rick Teitleman is not on
6 the Supreme Court of Missouri.

7 MR. EAKELEY: What's the court?

8 MR. McCALPIN: He sits on the Missouri Court of
9 Appeals for the Eastern District.

10 MR. EAKELEY: And it's T-e-i-t-l-e, right?

11 MR. McCALPIN: Yes. Teitleman is misspelled.

12 MR. EAKELEY: Okay. Is that it?

13 MR. McCALPIN: Sorry about that.

14 MR. EAKELEY: Well, that's okay.

15 MS. MERCADO: Now, the May 25th meetings -- oh, I'm
16 sorry --

17 MR. EAKELEY: Well, let's stay with April 15th for
18 a moment.

19 MS. MERCADO: Okay.

20 MR. EAKELEY: Let's take a motion and a second and
21 a vote on these two amendments.

1 M O T I O N

2 MS. WATLINGTON: So moved.

3 MR. McCALPIN: Second.

4 MR. EAKELEY: All those in favor?

5 (Chorus of ayes.)

6 MR. EAKELEY: Opposed?

7 (No response.)

8 MR. EAKELEY: All right. The minutes are approved
9 as amended.

10 And now, Maria Luisa, we're on the May 15th?

11 MS. MORGAN BATTLE: The April 15th, both sessions.

12 MR. EAKELEY: We haven't gotten there yet. Wait.

13 MS. MORGAN BATTLE: It comes before the May 25th.

14 MR. EAKELEY: I'm sorry. The executive session.

15 Right. I jumped ahead.

16 Any changes or corrections to the minutes of the
17 executive session of the board's meeting on April 15th?

18 (No response.)

19 MR. EAKELEY: Okay. All those in favor of adopting
20 the minutes as circulated? Is there a motion?

21 M O T I O N

1 MS. WATLINGTON: So moved.

2 MR. EAKELEY: Second?

3 MS. MORGAN BATTLE: I'll second.

4 MR. EAKELEY: All those in favor?

5 (Chorus of ayes.)

6 MR. EAKELEY: All those opposed?

7 (No response.)

8 MR. EAKELEY: The ayes have it.

9 Now we're on the May 25, 2000, right? Or am I
10 still speaking through my jet lag?

11 MS. MERCADO: No, no. On May 25th, I actually
12 wasn't present, I was in jury trial.

13 MR. EAKELEY: Okay.

14 MS. MERCADO: Although I would like to say that I
15 participated, I didn't. I missed it that one time.

16 MR. EAKELEY: Any other changes?

17 (No response.)

18 MR. EAKELEY: All those in favor of approving the
19 minutes?

20 First, may I have a motion to approve the minutes
21 as amended?

1 M O T I O N

2 MS. WATLINGTON: So moved.

3 MR. EAKELEY: Is there a second?

4 MS. MORGAN BATTLE: Second.

5 MR. EAKELEY: All those in favor?

6 (Chorus of ayes.)

7 MR. EAKELEY: Opposed?

8 (No response.)

9 MR. EAKELEY: The ayes have it.

10 We have minutes of the finance committee meeting.

11 Why do we have to approve minutes of the finance
12 committee meeting, Victor?

13 MS. ROGERS: Because they were never approved.

14 MR. SMEGAL: And you've done away with the finance
15 committee, so --

16 MR. EAKELEY: I don't think so, but --

17 There was not a quorum. Okay.

18 Is there a motion to approve the minutes of the
19 finance committee meeting of September 17, 1999?

20 M O T I O N

21 MR. SMEGAL: So moved.

1 MR. EAKELEY: Is there a second?

2 MS. MORGAN BATTLE: Second.

3 MR. EAKELEY: All those in favor.

4 (Chorus of ayes.)

5 MR. EAKELEY: All those opposed.

6 (No response.)

7 MR. EAKELEY: The ayes have it.

8 We are at scheduled public speakers, but I think
9 that we're not -- are we there yet? I think we are having
10 people come in at 9:45.

11 MR. MCKAY: Yes, that's right. I don't see our
12 speakers here yet, Mr. Chairman.

13 MR. EAKELEY: Okay. Why don't we just go ahead
14 with the chairman's report and then members' reports and
15 we'll interrupt as speakers arrive and then we'll come back
16 if that's okay with you all.

17 There are a couple of things that I just would like
18 to mention to the board. I mentioned my jet lag and I'll
19 talk about China in a minute, but since I saw you last --

20 I'm on the board of trustees of the Practicing Law
21 Institute, which is the largest and the oldest of the

1 continuing legal education organizations in the United States
2 and the PLI board has really committed itself to supporting
3 pro bono legal services efforts in a major way and it's
4 exploring ways in which that commitment can translate into
5 action.

6 One of the things they're exploring is setting up a
7 substantive pro bono website available to pro bono lawyers
8 anywhere nationally and it is a very welcome supplemental
9 development in terms of adding to the participants to help
10 volunteer lawyers in legal services.

11 On a more local front, we are setting up a new pro
12 bono program in Essex County, which is the largest, most
13 populated by lawyers county in New Jersey, to supplement the
14 work of the volunteer lawyers program of Essex North Legal
15 Services and I have also been involved in the formation and
16 operations of something called The New Jersey Institute for
17 Social Justice, which is a new foundation that will not be
18 grant making but rather be more like a pro bono law firm, but
19 involving what we hope will be cutting edge issues, the first
20 of which has been an analysis of predatory lending nationally
21 and in New Jersey.

1 We are also involved in the remedies aspect of our
2 school finance litigation that has taken place over the last
3 two decades, I have been involved since 1989, but that has
4 led to the largest public infrastructure investment project
5 in the history of the state, a roughly \$7 billion infusion of
6 new funding for school construction in special needs
7 districts, and the issue has become how do you take advantage
8 of that to maximize community development and to create
9 lasting centers of support within communities in largely
10 urban centers.

11 I participated in the opening plenary session of
12 the pro bono conference in Albany that was sponsored for the
13 fifth year by the New York State Bar Association and was the
14 speaker at the Association of the City Bar of New York in
15 their annual equal justice awards program this past spring.

16 And then just before I left for China, I went and
17 spoke with the Corporate Advisory Committee of NLADA and then
18 attended the NLADA annual dinner, which was really -- it's
19 always special, but it seemed even more special this year.

20 MR. McCALPIN: I hear you got rained on.

21 MR. EAKELEY: We were in the Galleria, which has

1 this glass roof up -- I don't know how high it is, 20 stories
2 or something, and this thunderstorm moved across the city as
3 we were sitting down to dinner and it was kind of neat in a
4 way -- it was very neat in a way until the roof started
5 leaking right our table, it sort of -- it started not
6 pouring, but dripping rapidly on Martha Bergmark as we sat
7 there. Randi Youells was at the other side of our table and
8 escaped mishap.

9 Martha Barnett, the incoming president of
10 the American Bar Association, was one of the awardees and I
11 had a chance to talk with her and we're going to be meeting
12 after the ABA annual meeting to talk about her year's plans,
13 but I think we'll find that they're going to focus on legal
14 services, among other things.

15 Lastly, I left a week ago today for the People's
16 Republic of China as part of a small delegation headed by
17 Supreme Court Justice Anthony Kennedy for a three-day
18 symposium on comparative legal aid in the United States and
19 China.

20 This was a result of a joint communique that
21 Presidents Clinton and Jiang Zemin had signed in October of

1 1997 calling for exchanges focused on legal aid. I had been
2 the guest of the government prior to that communique to see
3 what was then a just starting legal aid program within the
4 People's Republic.

5 We had as this exchange roughly 40 or 50 Chinese
6 representatives; directors of a number of the provincial
7 programs; a number of the municipal programs, especially
8 Beijing and Shanghai; professors from three or four of the
9 leading law schools and a few students; Justice Department
10 and Legal Aid Center representatives; all just comparing
11 notes on legal aid in the United States and the People's
12 Republic.

13 Quite astonishingly, there is now a legal aid
14 movement within China that comes out of the Rule of Law
15 initiative that has resulted in just three years in the
16 establishment of some 1200 legal aid centers in the country.

17 The central government has so far taken a positive
18 but limited approach. It has mandated that every lawyer must
19 participate pro bono publico in criminal and civil
20 appointments. There are only 100,000 or so lawyers in China
21 and a 1.2 billion population.

1 It has established a legal aid center within the
2 Ministry of Justice which is somewhat like us in but not of
3 the central government. It receives funding for staff, but
4 no funding for grants, so one of the current major debates
5 going on but not publicly is whether the central government
6 should step in and provide funding for these various
7 programs.

8 In any event, we had a very -- what many called
9 inspiring three-day exchange and returned with a good deal of
10 commitment to take next steps that would further promote the
11 Rule of Law initiative within the People's Republic and the
12 legal aid movement within that initiative and to draw upon
13 experiences here in training and outreach and
14 telecommunications.

15 There's a hotline in Guang Dong Province on how you
16 reach rural populations that are under served by lawyers and
17 the like.

18 So there is a lot of food for thought, a lot of
19 promise, against a totally historically different background,
20 so it was very interesting.

21 My delay in getting here was due to the fact that

1 they canceled our flight after making us sit on the tarmac
2 for some six hours and thus I missed the morning proceedings
3 yesterday and I'm still jet lagged as you can hear from my
4 haphazard speech patterns.

5 That concludes my report and our speakers are now
6 here.

7 First, I would like to invite up Justice Russell A.
8 Anderson, the Associate Justice of the Minnesota Supreme
9 Court.

10 Good morning, Your Honor.

11 MR. ANDERSON: Good morning.

12 MR. EAKELEY: Justice Anderson is an Associate
13 Justice of the Minnesota Supreme Court. After earning his
14 Bachelor's degree from St. Olaf College and his law degree
15 from the University of Minnesota Law School in 1968, Justice
16 Anderson served as a lieutenant commander for the U.S. Navy
17 JAG Corps in Washington and Japan and then entered into
18 private practice in 1976, continuing through 1982.

19 He has since served as both Beltrami County
20 Attorney and district court judge for the 9th Judicial
21 District of Minnesota. During his tenure at the Minnesota

1 State Supreme Court, Justice Anderson has chaired the Gender
2 Fairness Implementation Committee and served as a liaison to
3 the Advisory Committee on Rules of Criminal Procedure and the
4 State Funding Committee.

5 He has also served as a member of the Sentencing
6 Guidelines Committee, the Judicial Education Advisory
7 Committee, the State Court Tribal Court Committee, and the
8 Implementation Committee on Multicultural Diversity and Race
9 Fairness in the Courts.

10 And it is really a pleasure for us to have you here
11 with us today and, indeed, as I said just a little while ago,
12 a pleasure for us to be here in Minnesota.

13 MR. ANDERSON: Thank you very much. On behalf of
14 Chief Justice Blatz and the Minnesota Supreme Court, welcome
15 to Minnesota for this what I understand to be one of your
16 quarterly business meetings.

17 Before my appointment to the Supreme Court, as was
18 indicated in the introduction, I served for many years as a
19 trial court judge in northern Minnesota, in greater
20 Minnesota. I like to tell people that I was close to Canada
21 and North Dakota at the time, up in the Red River Valley. As

1 a former trial court judge, I can attest to the importance of
2 providing legal services to low income persons on civil
3 matters.

4 I was a telling a colleague of mine on the Supreme
5 Court a few days ago about a very complex case that I had a
6 few years ago as a trial judge. One of the parties, a
7 farmer, appeared pro se at the first court appearance and it
8 did not go well, either for him or for me.

9 At the next court appearance, he appeared with a
10 Legal Services attorney. And I told my colleague that I
11 almost got off the bench to welcome the Legal Services lawyer
12 at the courtroom door. In fact, what I really told my
13 colleague was that I could have gotten up and hugged her when
14 she walked through the door with her client. So from a very
15 practical perspective, we appreciate very much what Legal
16 Services is doing for the parties that appear in our courts.

17 And when the great flood -- we refer to it as the
18 great flood -- struck the Red River Valley in 1997, Mary
19 Schneider of Legal Services of Northwest Minnesota and her
20 attorneys provided tremendous assistance to people who had
21 lost everything because of the flooding. I will never forget

1 the services that they provided, long hours of hard work,
2 helping flood victims with their many legal problems.

3 An attorney that I knew lost his home and all of
4 his possessions to the flood two days before appearing in my
5 courtroom for a hearing. It was the Monday after the
6 terrible flooding that struck on the weekend and he
7 apologized for his dress, he appeared in a sweatshirt and
8 Levis, and he told me that he had moved his family to safety
9 and now the only thing he knew to do was to come to work.
10 And to me, he exemplified the dedication of those who
11 provided legal services during that terrible time.

12 And I have seen firsthand legal services to
13 distressed farmers and to victims of domestic violence. I am
14 not only grateful for the services they have provided but for
15 the role Legal Services attorneys have played in providing
16 continuing legal education, both to attorneys and to other
17 professionals.

18 Legal Services attorneys have led the way in
19 providing training and education to law enforcement in
20 Minnesota and to social workers and to the bar on the
21 dynamics of domestic violence, for example; on the

1 difficulties victims of domestic violence face when they
2 attempt to leave an abusive relationship, that period when
3 they are most in danger; and Legal Services attorneys have
4 helped develop protocols for court personnel, social workers
5 and police in this area.

6 I personally was involved in the establishment of a
7 domestic abuse council in my judicial district, the 9th
8 Judicial District in northern Minnesota which comprises about
9 a third of the land mass of Minnesota, 17 counties in
10 northwestern Minnesota. And at that time when we were
11 working on a domestic violence council and establishing
12 protocols and seeing what we could do to help stem this
13 epidemic of domestic violence, an attorney by the name of
14 Loretta Frederick, who was then associated with Bruce
15 Beneke's shop, Southern Minnesota Regional Legal Services,
16 flew to Bemidji, the site of our meeting, monthly to help us
17 with the establishment of a domestic violence council. It
18 was a wonderful service.

19 I knew at the time that Loretta Frederick was a
20 foremost expert in this area of domestic violence in
21 Minnesota. I didn't appreciate fully the extent of her

1 expertise until during that period of time I was invited to
2 Russia as a guest of the Duma to be part of a group
3 discussing domestic violence and I am fond of telling people
4 that I remember a conversation in one of the offices of a
5 representative of the Duma, it was in Russian, I did not
6 understand what was being said, but I heard from time to time
7 Loretta, Loretta, in this conversation.

8 It was Loretta from Winona, Minnesota, Loretta
9 Frederick, who had helped us in northern Minnesota establish
10 a domestic violence council.

11 A few weeks ago, I was invited to be one of the
12 speakers at the opening of a new child safety center in
13 Crowin County in central Minnesota and the celebration was
14 packed with guests who had supported the project and I was
15 not surprised that the lawyer in attendance was Dan Jongeling
16 of Anishinabe Legal Services. He was a supporter of that
17 project and in that limited space and with a limited list for
18 invitations, he was there. He was the bar in attendance at
19 that opening for a child safety center.

20 Our court, the Minnesota Supreme Court, has
21 administered state legal aid funding since 1982. In 1985, at

1 the legislature's request, the Supreme Court commissioned a
2 special bipartisan committee which reviewed the impact of
3 federal funding cuts on legal aid and recommended
4 alternatives to increase and sustain needed access to civil
5 justice.

6 Senator Dave Knutson, whom you will hear from in a
7 moment, was a member of that commission and our court adopted
8 many of the recommendations of that commission, including our
9 rules of professional responsibility now provide that lawyers
10 should aspire to render at least 50 hours of pro bono legal
11 services. We have adopted an attorney registration fee, the
12 first of its kind in the country. We have been sensitive to
13 the right of counsel for guardian ad litem, for the right to
14 counsel on civil commitments, juvenile protection proceedings
15 and other such proceedings.

16 The chief justice of our court and the court have
17 strongly supported adequate legal aid funding of pro bono
18 services.

19 In February of this year, Chief Justice Blatz wrote
20 to Representative Tom Pugh, who appears here today also,
21 expressing gratitude for the legislature's support of funding

1 for Legal Services in the past and emphasizing the need for
2 continued support and leadership in the future.

3 The chief justice wrote, and I quote, "Our
4 statewide delivery system is a wonderful model of public and
5 private partnership. It needs and deserves our strong
6 support."

7 And I can only echo the chief justice's assessment
8 and add my hope that during your brief visit here you have
9 come to share and appreciate our wonderful model of public
10 and private partnership in the delivery of legal services and
11 the many innovations of Minnesota programs to address the
12 most critical of civil legal needs.

13 Welcome to Minnesota.

14 MR. EAKELEY: Thank you very much and thank you for
15 your leadership. It really is a wonderful example that we
16 would like to hold up to the rest of the country.

17 Does anyone have any questions of Justice Anderson?

18 MS. MERCADO: I was just going to ask, the attorney
19 registration fee that you have, what is the average per
20 lawyer?

21 MR. ANDERSON: I think it's \$8.00 per attorney and

1 Judy Rehak, who is our funding director for the courts, can
2 answer specifically any funding information you might have
3 about that.

4 MS. MERCADO: Thank you.

5 MR. EAKELEY: If there are no other questions, we
6 will let Justice Anderson get back to the court.

7 Thank you for coming and, again, we are very
8 pleased to be here and to learn of so many good deeds.

9 MR. ANDERSON: Thank you very much.

10 MR. EAKELEY: Thank you.

11 MR. ANDERSON: Thank you.

12 MR. EAKELEY: Next, I'd like to call Senator David
13 Knutson.

14 Senator Knutson was first elected to the Minnesota
15 State Senate in 1992 representing the 36th District. He was
16 reelected in 1996 and has served as Assistant Minority Leader
17 since 1995. Before becoming a senator, he earned a
18 Bachelor's degree in philosophy and political science from
19 St. Olaf College and a law degree from William Mitchell
20 College of Law and entered into private practice in 1986.

21 As a senator, he has served on numerous committees,

1 including Children Families and Learning Committee, Crime
2 Prevention and Judiciary.

3 Senator Knutson has served on state task forces for
4 juvenile detention facilities, foster care and adoption,
5 parental cooperation and civil legal assistance. Currently,
6 he serves on the board of directors of Legal Assistance of
7 Dakota County and the board of trustees of Dakota County Law
8 Library.

9 Welcome to our meeting.

10 MR. KNUTSON: Thank you very much, Mr. Chairman.
11 It's a pleasure to be here. Good morning. I also want to
12 welcome you to Minnesota. It's terrific to have you come and
13 visit the programs that we're so proud of here.

14 Well, as you have come to learn or will come to
15 learn here, the Minnesota legal community and the legislative
16 community prides itself on providing competent legal aid
17 services to those in need. This is what really determines
18 whether our Minnesota justice system is perceived as just and
19 fair. Therefore, it's extremely important, we believe, that
20 we provide a system of legal services that is efficient in
21 financial and time resources, as well as flexible in order to

1 meet the diverse and changing needs in communities around the
2 state. We really believe that we have done that in
3 Minnesota.

4 As you heard in that generous introduction, in
5 addition to serving as a state senator on the Crime
6 Prevention Finance Committee and on the Judiciary Committee,
7 I'm an attorney in private practice and serve on the board of
8 Legal Assistance of Dakota County, which is a non-federally
9 funded legal services organization, and I see the need for
10 legal services even in our so-called affluent suburban
11 communities.

12 The most recent case that I handled as a volunteer
13 attorney was a simple divorce and thank goodness those are
14 the ones that they send me. The father needed to establish
15 legal custody of one child and visitation rights with another
16 child in Mississippi. He needed to resolve the family's
17 living situation, enroll the kids in school and create a
18 permanent home for his family in Minnesota.

19 Well, we accomplished that. But after the divorce,
20 you come to realize what that really means and he was so
21 thankful and so appreciative that he has now invited me over

1 for dinner for a real southern fried chicken dinner.

2 The peace of mind that he obtained is priceless,
3 yet absent Legal Services and our volunteer program, he would
4 not have achieved it and the family situation may not have
5 been settled for a very long time. I am sure you have heard
6 many stories like this, but this is just one example from
7 Minnesota.

8 This is also why I am such a strong believer in the
9 legal aid services provided by our organizations in
10 Minnesota. They fill a desperate need throughout a
11 combination of resources delivered at a local level that
12 significantly and positively affects the lives of individuals
13 and families.

14 Due to the impact of the large federal funding
15 cuts, in 1995, the legislature did ask the Supreme Court to
16 appoint a statewide committee to study the impact of the
17 federal cuts and to make recommendations to meet the
18 significant unmet need for legal services. And, as you hear
19 from Justice Anderson, the committee was comprised of judges,
20 lawyers and legislators and it's important to note there were
21 legislators from both parties and both houses. There were

1 also community representatives throughout the state.

2 Funding for legal aid in the state of Minnesota is
3 not a partisan issue and it has not and will not be a
4 partisan issue. Both parties understand that legal services
5 and access to justice are what define the type of society
6 that we create.

7 The Supreme Court committee, of which I was a
8 member as well as our current chair of the House Finance
9 Judiciary Committee, Sherry Broker, were the two Republican
10 members, issued a report. But, you know, as you issue a
11 report and as you are seeking some changes, specifically
12 increase in funding, we had to number one, identify and
13 address the serious unmet need for legal services and then,
14 number two, we outlined the plan to involve all the legal
15 system partners in meeting those needs.

16 The committee then issued a comprehensive set of
17 recommendations on how all parts of the legal system,
18 including the legislature, the courts, legal aid
19 organizations, private attorneys, foundations and
20 corporations, can take affirmative steps to address those
21 significant unmet needs for legal services and to help make

1 up for the impact of those federal funding cuts.

2 As Justice Russell Anderson mentioned, many of
3 those key recommendations have been -- well, first of all,
4 they were very well received and then finally they were
5 adopted.

6 At the legislature, support for continued and
7 increasing state funding for legal aid has been successful
8 because of our legal aid's ability to document its
9 productivity, legal aid costs are about \$50 per hour; its
10 coordination and cooperation on statewide issues to avoid
11 duplication; its demonstrated flexibility to provide for
12 local control of key issues; the design of programs to meet
13 changing needs; and the setting of priorities which determine
14 the allocation of legal representation resources so that the
15 most critical local needs are in fact met.

16 I also appreciate the fact that legal aid annual
17 leverages at least \$15 million in additional resources
18 through volunteer time and the successful seeking of federal,
19 state, United Way and other private and public resources.

20 So as you can see, these factors contribute greatly
21 to the widespread support that legal aid receives in

1 Minnesota.

2 As identified in previous statements, it's clear
3 that much of legal aid's work also addresses and heads off
4 some of the risk factors associated with violent criminal
5 behavior and other factors which lead to dysfunctional
6 families. This preventative aspect is thankfully not lost on
7 the legislature.

8 Legal aid services are integral to the Supreme
9 Court and legislative goals of ensuring equal and effective
10 access to our courts for all Minnesotans. The Minnesota
11 legal aid network enjoys strong bipartisan or, as we speak of
12 now in Minnesota, tripartisan support, and I appreciate the
13 corporation's recognition of the partnership and the
14 excellent statewide framework we have developed in Minnesota.

15 So as you can see, we are very proud of the
16 services provided as well as the coordination and
17 collaboration that exists in Minnesota to provide the legal
18 services to the poor and disadvantaged.

19 Thank you for your role that you play in ensuring
20 funding and support for legal services, not only here in
21 Minnesota, but also throughout our country.

1 Thank you.

2 MR. EAKELEY: Thank you very much, Senator.

3 I am tempted to see whether we can circulate --
4 your comments will be made part of our record, which is a
5 public record, but I think that the issues you've touched on
6 and the manner in which they have been addressed here deserve
7 wider circulation, along with Justice Anderson's.

8 I also think that this board agrees with you
9 wholeheartedly, that the provision of access to justice on
10 behalf of low income Americans is at least a tripartisan,
11 maybe even a nonpartisan, issue that should attract the
12 support of a broad majority of Americans and we appreciate
13 not just the leadership but the cooperation and the
14 coordination that obviously you have demonstrated and your
15 program has demonstrated.

16 So it's just very worthwhile for us to come and
17 visit and learn and appreciate and we hope that you will keep
18 up the good work, too.

19 MR. KNUTSON: We certainly will. Thanks again for
20 being here.

21 MR. EAKELEY: Any other questions or comments?

1 MR. McCALPIN: What is the level of state funding
2 of legal aid in Minnesota?

3 MR. KNUTSON: Offhand, I don't know, but Judy
4 Rehak, I think, from our Supreme Court administrator's
5 office --

6 MR. EAKELEY: We have a sense of who Judy Rehak is.

7 MR. KNUTSON: Our expert in funding matters.

8 MR. McCALPIN: We've been fighting this in
9 Missouri, the reason for my asking.

10 MR. SMEGAL: The IOLTA program, is it mandatory or
11 not mandatory?

12 MR. KNUTSON: The what program?

13 MR. SMEGAL: The IOLTA, Interest on Lawyer Trust
14 Account.

15 MR. KNUTSON: That's mandatory.

16 MR. EAKELEY: Ms. Rehak is in the panel after our
17 next speaker, so we might -- she's been forewarned, I think,
18 about some of these things.

19 Mr. Erlenborn?

20 MR. ERLNBORN: Just a question for the record and
21 this is not to be taken wrong. I was wondering about your

1 political affiliation.

2 MR. KNUTSON: I'm a Republican.

3 MR. ERLÉN BORN: See, I'm a Republican. I wanted to
4 have this on the record. I would also like to circulate your
5 comments to some of my former Republican colleagues in the
6 Congress because they have to hear what you guys have done.

7 MR. KNUTSON: That's terrific and I know that we've
8 got a Republican congressman in Minnesota that is very
9 supportive on the national level.

10 MR. EAKELEY: Yes, and who came through this week
11 for us, last week for us.

12 MR. KNUTSON: Terrific. That's good to hear.

13 MR. EAKELEY: All right. Thank you again.

14 MR. KNUTSON: Thank you.

15 MR. EAKELEY: Next, I'd like to call to the podium
16 Representative Tom Pugh.

17 Mr. Pugh is the House DFL leader. He was first
18 elected to the Minnesota House of Representatives in 1988 and
19 is currently serving his sixth consecutive term in that
20 position.

21 He earned his Bachelor's degree in government from

1 Dartmouth College and his law degree from the University of
2 Minnesota before he began practicing law in 1976 in St. Paul
3 with the firm of Thuet, Pugh, Rogosheshke & Atkins.

4 Representative Pugh has endorsed a wide variety of
5 anti-crime legislation, as well as legislation designed to
6 make the courts work more smoothly and to assist citizens
7 engaged in civil litigation.

8 He currently serves on several committees,
9 including Rules and Legislative Administration, Ways and
10 Means and the Legislative Coordinating Commission.

11 Good morning, Mr. Pugh.

12 MR. PUGH: Thank you. Thank you and welcome to
13 Minnesota. I am proud that you have chosen this site for
14 your quarterly meeting. I should urge you, however, if you
15 haven't been outside yet today, we spend about six months of
16 the year in rooms like this because you don't dare go outside
17 and you've chosen a day that's one of the finest of the year
18 to hunker down in this room, so you may want to at the end of
19 your business enjoy the outdoors today.

20 We're proud to have you here. We are very proud of
21 the legal services in Minnesota and all that it's done. I

1 think the prior two speakers have outlined in great detail
2 the advantages that we as legislators see in providing strong
3 funding for legal services in Minnesota. That funding in
4 Minnesota has grown from a little over a million dollars in
5 1982 up to about six million dollars currently, as I
6 understand it.

7 In my role, I've served on committees throughout my
8 career in the legislature that have dealt with this funding
9 and I have worked very hard with Legal Services of Minnesota
10 to make sure that we have addressed the funding needs.

11 Senator Knutson indicated that it is not a partisan
12 issue in Minnesota, thankfully. He indicated that indicated
13 he was a member of the Republican party. The funding bill
14 this year was signed into law by a member of the Reform
15 party, now Independent party, Governor Ventura. I'm not a
16 member of any organized party, I am a Democrat. It's an old
17 Will Rogers line that I borrowed, but only after I became
18 leader of the Democrats did I understand how accurate that
19 statement was. But Democrats as well have shown strong
20 support for the Legal Services program.

21 And I'll touch rather than on the merits of the

1 work that you encourage throughout the United States but
2 rather what's happened here in Minnesota and why I believe
3 that we have enjoyed support from all parties and strong
4 commitment in the legislature.

5 We start in the legislature with somewhat of a bias
6 against attorneys, even though I'm an attorney, Senator
7 Knutson is an attorney and there are a number of others in
8 the legislature, but by and large, there is a fairly great
9 bias against attorneys. But thanks to the hard work of Bruce
10 Beneke and a number of other attorneys throughout the state
11 of Minnesota, Bruce went essentially door to door, every door
12 in the legislature, carrying this large bag with information
13 about the number of cases handled, the number of women who
14 will not be able to have attorneys represent them in family
15 law proceedings, the number of other important cases that
16 would go unrepresented in this state but for state funding
17 and educated all of the legislators in the senate and in the
18 house in the state over a period of years.

19 Staff attorneys did the same in their districts,
20 volunteer attorneys did the same, and they worked together
21 with the private bar and corporate Minnesota to have all

1 stakeholders in the system invest in the program.

2 The result is, I believe a product that's been sold
3 to the legislature, has across-the-board support, and we
4 don't come in every year for every dollar that might be
5 requested, but I'll guarantee you this, when the request is
6 made, it's taken seriously and it is near the top of the list
7 of the requests presented for the judicial branch of our
8 government.

9 That is the result of a lot of hard work, a lot of
10 private lobbying, if you will, and a lot of hours invested.

11 There aren't too many lobbyists that I deal with
12 and there aren't many private citizens that have talked to me
13 over the years that over a period of time I learn a lot about
14 their family. I know Bruce's anniversary date, May 17th.
15 That's because for about six years I was on a conference
16 committee that met around the time of adjournment that dealt
17 with funding for Legal Services and our adjournment time is
18 around May 18th, 19th, and I would have to assure Bruce that
19 it was okay to take his wife to dinner, that I could handle a
20 conversation in conference committee for a period of hours
21 while he enjoyed an anniversary dinner.

1 But it's that investment of time, a person who is
2 willing to sacrifice family commitment -- and it's not only
3 Bruce that's done this, I'm highlighting Bruce today -- that
4 has led to the result that we have in Minnesota. It's led to
5 the legislature support that we have in Minnesota and
6 certainly is a model that I think you can talk about across
7 the nation.

8 Thank you for your strong efforts. I know you have
9 all made that individual investment of your own time and
10 we're proud to have you here. We're proud to talk about the
11 success story in Minnesota. We're a little bit sad that
12 there's still tens of thousands of Minnesotans that don't get
13 the legal representation that they need to go on with their
14 lives, but we're working at solving that problem.

15 So thanks for being here.

16 MR. EAKELEY: Thank you very much.

17 Are there any questions?

18 MR. SMEGAL: I own a little home up in Lake
19 Vermillion outside of Tower and I pay a lot of property tax
20 to the state of Minnesota and I just wanted to say in a very
21 complementary way I'm so pleased that this money that I give

1 the state of Minnesota goes into this \$6 million because I
2 live in California where I pay some property tax also and up
3 until this year, California did not have money allocated by
4 its legislature for legal services. Well done.

5 MR. PUGH: Thank you very much. I hope you enjoy
6 Lake Vermillion. We're working on those seasonal property
7 rates, too. We're trying to get you the right to vote there.

8 MR. EAKELEY: Any other questions or comments for
9 Representative Pugh?

10 (No response.)

11 MR. EAKELEY: Thank you again.

12 MR. PUGH: Thank you very much.

13 MR. EAKELEY: We share your regret that there is
14 still unmet legal needs for low income Americans here and
15 elsewhere, but I think we will take back the example of your
16 leadership and hopefully use it to a good end.

17 Thank you again for joining us.

18 MR. PUGH: Thank you. Thank you for being here.

19 MR. EAKELEY: Next, we have what is listed on my
20 cheat sheet as a funders panel.

21 Kent Gernander is currently president-elect of the

1 Minnesota State Bar Association and has served as an attorney
2 at Streater & Murphy in Winona, Minnesota since 1970. After
3 graduating cum laude from Harvard College in 1963, he earned
4 his law degree at the University of Minnesota Law School in
5 1966 with magna cum laude honors.

6 From 1966 to 1969, he served as a lieutenant in the
7 United States Navy Judge Advocate General's Corp. He is
8 admitted to the Minnesota State Bar as well as to the U.S.
9 District Court Districts of Minnesota and the Eastern
10 District of Wisconsin and to the U.S. Court of Appeals for
11 the 8th Circuit.

12 He has served on the third District Ethics
13 Committee and the Minnesota Board of Professional
14 responsibility and was a Supreme Court appointee to the
15 Minnesota Commission on Judicial Selection from 1990 to 1999.

16 Welcome and good morning.

17 MR. GERNANDER: Thank you. Let me add my welcome
18 to all of you to Minnesota. I now live and practice in
19 Winona, which is a smallish community downriver about a
20 hundred miles from where we sit and is home as previously
21 indicated to several people prominent in the legal services

1 community, including Ms. Frederick who is well known to all
2 of us, Candace Rasmussen, John Braugh, Bob Youngerman,
3 several of the people who are active in initiating the
4 staffed legal services program in southeastern Minnesota.

5 I grew up in Duluth and was going to tell
6 Mr. Smegal that my younger brother at one time drove the mail
7 boat on Lake Vermillion, which was his summer work while he
8 was teaching and coaching in northern Minnesota.

9 I'd like to tell you that the lawyers of Minnesota
10 have been supportive of providing legal services to the
11 disadvantaged for many years. I can remember early in my
12 practice before we had the staffed programs around the state
13 that lawyers regularly volunteered their services in
14 representing indigent defendants in criminal cases and in
15 providing civil legal services to those who were in need.

16 We now have a strong program of staffed legal
17 services organizations still supported by volunteer lawyer
18 networks, by volunteers who work with the regional legal
19 services programs and by a variety of other pro bono
20 activities of Minnesota lawyers.

21 The MSBA has for many years been a strong supporter

1 of legal services funding and the provision of services.
2 You've heard references to some of the programs in Minnesota,
3 most of which were either initiated by a petition of the
4 Minnesota State Bar Association or strongly supported by it.

5
6 We have, as was mentioned, an aspirational standard
7 in our rules of professional conduct for lawyers to provide a
8 minimum of 50 hours per year of legal services without
9 compensation with the encouragement that much of that be in
10 providing legal services directly to needy recipients. That
11 was adopted by our Supreme Court on a petition of the
12 Minnesota State Bar Association.

13 The assessment on Minnesota lawyers which is
14 currently \$50 per year was adopted by our Supreme Court after
15 it was petitioned by the Minnesota State Bar Association.

16 We have petitioned for mandatory reporting of pro
17 bono services, so far without persuading our court to adopt
18 that, and the IOLTA funding that was mentioned earlier is
19 also something that has been supported by the state bar
20 association.

21 In addition to these programs, the state bar has

1 regularly lobbied for public funding of legal services at
2 both the state and federal levels. I am sure most of you are
3 aware of the strong support that our congressional delegation
4 and one of our current senators have provided for legal
5 services funding and we've been working on the two holdouts
6 in the Minnesota delegation and will continue to do so.

7 We have a strong program that is a cooperative
8 effort of the legislature, bench and bar in Minnesota.
9 However, we continue to face the challenge of providing
10 adequate funding for legal services. There remains an unmet
11 need for legal services in Minnesota, as elsewhere, and we
12 intend to address that as best we can.

13 I have indicated that one of the initiatives that I
14 will support and devote my energies to in the coming year as
15 president of the state bar is to increase the funding
16 available to legal services in several ways and we have
17 adopted what is essentially a four-part program that we
18 intend to pursue this year.

19 The first of these is to address again issues of
20 legislative funding. The 1995 task force appointed by our
21 Supreme Court called upon the legislature for a level of

1 funding along with the funding that was provided by IOLTA and
2 assessments against lawyers and other sources and we think
3 that the legislature should step up its level of support and
4 we intend to make a concerted effort to achieve that during
5 the coming year, which is a funding year in our biennial
6 legislative process.

7 Second, we intend to work with the judiciary, which
8 essentially coordinates -- our Supreme Court coordinates
9 funding for legal services as part of the funding of the
10 judiciary and we want to be sure that it remains an essential
11 element of that funding and does not get set aside in favor
12 of other elements of the judiciary funding.

13 Third, we intend an educational effort to make
14 judges and lawyers and litigants aware of the possibility of
15 using leftover class action funds to provide support for
16 various legal services programs and activities.

17 And, finally, we intend to coordinate a fundraising
18 effort to establish endowment funding for the support of
19 legal services in Minnesota. Our intent is to bring together
20 the various organizations and people who are currently
21 involved in private fundraising and who have an interest in

1 legal services funding and to mount a concerted effort that
2 will draw on the strengths of all of these organizations
3 without interfering with the existing fundraising activities
4 that are underway.

5 That's our intent for the coming year and we hope
6 that it will succeed.

7 Again, thank you for being here and I appreciate
8 the opportunity to share some of these thoughts with you.

9 MR. EAKELEY: Are you going to have any spare time
10 for the private practice of law this coming year?

11 MR. GERNANDER: Not much, I'm afraid, but don't
12 tell my partners.

13 MR. EAKELEY: This is a remarkable program that you
14 have sketched out for your term as president of the Minnesota
15 State Bar and it's both impressive and inspiring and we wish
16 you good fortune in that.

17 And, again, the lessons learned here can be
18 replicated elsewhere and we very much appreciate your
19 leadership and wish you good luck.

20 MR. GERNANDER: Thank you.

21 MR. EAKELEY: Any questions or comments for Mr.

1 Gernander?

2 Tom Smegal?

3 MR. SMEGAL: Good morning. Sir, I understand your
4 brother drives a boat on Lake Vermillion?

5 MR. GERNANDER: Well, he did. He's now in Texas,
6 but for several years, he was a coach at Tower Sedan High
7 School and spent his summers driving the mail boat.

8 MR. SMEGAL: Oh, he was the mail boat. I've ridden
9 with him. I have. I've been his boat. It was a great ride.
10 I remember him well. I remember that distinctly. I do have
11 a question.

12 One of your predecessors, I think Jim Bailey was
13 president? Was he president a year or two ago of the state
14 bar?

15 MR. GERNANDER: He has not yet, but he is now in
16 line to become president.

17 MR. SMEGAL: When he was chair of the ABA standing
18 committee on what is now called pro bono and public service,
19 we spent a lot of time developing 6.2 and my recollection is
20 Jim put a lot of effort in Minnesota to create a circumstance
21 of mandatory pro bono and Justice Anderson mentioned 6.2, but

1 has that ever -- is that part of what you continue to pursue
2 or not here in Minnesota? Why divergence on whether pro bono
3 should be mandatory or voluntary? I appreciate that, too.

4 MR. GERNANDER: We have an aspirational standard in
5 our current rule that indicates lawyers should aspire to
6 provide 50 hours per year of pro bono service.

7 The MSBA has petitioned for a mandatory rule. The
8 Supreme Court turned it down several years ago. We have
9 twice petitioned the Supreme Court to require reporting of
10 pro bono service, most recently, during the past year, and we
11 have been turned down both times. Most recently, the court's
12 order indicated that they were not convinced that mandatory
13 reporting in itself would add to the pro bono services being
14 performed, so that's where things stand on it now.

15 MR. SMEGAL: Thank you. Going back to the original
16 comment, I just remember now, when your brother was driving
17 that mail boat -- and the purpose of the mail boat on Lake
18 Vermillion, there's a lot of islands where people take their
19 boat out and therefore have no access to their mail system,
20 so in the summer Kent's brother would drive this mail boat
21 from Aronson's Boat Dock and charge -- you got to go ride

1 with him and charge -- but the interesting thing about this
2 boat ride is every homeowner had a dog and the dog knew when
3 the postman was coming because Kent's brother brought dog
4 food for these dogs and they would run out to the end of that
5 dock and just scream and yell for that dog biscuit.

6 MR. MCKAY: We'll get you a copy of this
7 transcript.

8 MR. GERNANDER: I'll share it with my brother.

9 MR. EAKELEY: Any other questions, comments?

10 (No response.)

11 MR. EAKELEY: Thank you very much.

12 MR. GERNANDER: Thank you.

13 MR. EAKELEY: And, again, good luck.

14 Next, I'd like to ask Randi Youells, our Vice
15 President of Programs, to introduce the funders panel.

16 MS. YOUELLS: Good morning. It's my very great
17 pleasure to introduce Mary Deutsch Schneider, who is the
18 Executive Director of Legal Services of Northwest Minnesota.
19 Mary will introduce you to the funders panel.

20 I just want to say a word about Mary. She and I
21 have known each other -- gosh, it must be about 20 years now.

1 I first was in contact with her when in 1980 she brought a
2 class action lawsuit as an attorney with less than three
3 years of experience against two hospitals for the mentally
4 retarded in the state of North Dakota.

5 The situation in those hospitals was dire.
6 A thousand residents lived with no access to medical care.
7 They were chained to their beds. They were showered by
8 hoses. And she with just less than three years experience
9 filed a lawsuit that proceeded through the courts in record
10 time. In less than a year, the 8th Circuit Court of Appeals
11 ruled on the merits.

12 This is particularly important to me because I was
13 in the process of starting to litigate a similar class action
14 in Iowa and being a person interested even in those days in
15 collaboration, I quickly called Mary and she faxed me her
16 briefs and she faxed me her pleadings and she faxed me her
17 motions and I didn't have to do anything, so I sued Woodward
18 State Hospital School in Iowa and I always said it was
19 because Mary Deutsch Schneider had the presence of mind to
20 file this wonderful lawsuit on behalf of a thousand people in
21 the Hospital School in North Dakota.

1 So she's one of my personal heroes. I wanted to
2 introduce her personally.

3 Mary?

4 MS. SCHNEIDER: Thank you, Randi. In legal
5 services we all help out each other, but the description kind
6 of reminded me of the woman who jumped out of the plane and
7 couldn't get her parachute open. She's coming down and all
8 of a sudden she sees somebody coming up. She goes, "You know
9 anything about parachutes?" And he says, "No, do you do know
10 anything about gas stoves?"

11 So when we're in crisis, we go to each other and
12 try and help out.

13 I want to personally commend the board of
14 directors, too, for hiring Randi Youells. I was very excited
15 to see that she had joined your team. She not only is a
16 person who has been in all the trenches, but she has dug a
17 few, too. So we appreciate her being there.

18 I'm going to do a little bit of a recap, too, for
19 you of the committee yesterday for your record and then I'm
20 going to ask that our panel come forward while I show you a
21 video about legal services.

1 One of Minnesota's favorite sons, Hubert Humphrey,
2 said that how a society treats its most vulnerable citizens
3 is a measure of its civilization, so we hope that those of
4 you who attended the provisions committee yesterday have a
5 sense of Minnesota's integrated and collaborative delivery
6 system for some of its most vulnerable people.

7 The provisions committee yesterday heard Jerry
8 Lane's history of Minnesota legal services, its deep roots,
9 its broad base, its proud traditions, how we do what we do
10 and why we do it. Then the committee heard three panels:
11 one on Native Americans where you heard about the Anishinabe,
12 the original people, and the 11 tribes in Minnesota who face
13 obstacles to justice daily. Those obstacles include poverty,
14 lack of transportation, lack of phones, emerging court
15 systems, lack of health care and housing, rural isolation,
16 culture and communication barriers.

17 The committee then heard about domestic violence
18 and the many programs needed to meet the needs of domestic
19 violence victims. You heard about funding, including funding
20 from the McKnight Foundation that allows us to do extensive
21 case work and pursue special projects, particularly for those

1 who have special needs or special barriers.

2 The committee heard the history of the Farm Law
3 Project and its present struggles to help indebted farmers
4 save their homes, their livelihoods, their heritage, what was
5 termed by the committee as the sweat of their forefathers'
6 brow.

7 You heard that there are collaborations of legal
8 services people, farm advocates, Farmers Legal Action Group
9 and private attorneys who try to make legal ends meet for
10 farmers, even though the prices for their wheat today are
11 less than half of what they were in 1947.

12 But I hope you also heard in the presentations
13 things that were implied and not necessarily said, that in
14 Minnesota we value an unconditional commitment to access to
15 justice for all our clients. We have an uncompromising
16 dedication to cooperative and creative service delivery. We
17 have a determination to ever expand the quality of our work
18 and the partners in our justice system, the legal community,
19 the legislature, private foundations and funds, government
20 and business.

21 And I hope you sense the respect that we have

1 within our community, the respect for you and for what you
2 do, the respect for each other, for our history, for our deep
3 roots in legal services, social justice action in Minnesota,
4 for our leaders, Jerry Lane, Bruce Beneke, Nancy Kleeman and
5 all the rest of us. There are really four leaders in
6 Minnesota, those were the four, Nancy, Jerry, Bruce and all
7 the rest of us.

8 And we hope you had a sense of the one philosophy
9 in Minnesota that we can all agree upon and that's all our
10 programs standing together are more important than any one
11 standing alone. What we can and must do for our clients is
12 bigger than any of us or bigger than all of us because that's
13 justice.

14 So we hope you got to see a little old fashioned
15 Minnesota justice in action yesterday. It was hard work,
16 heartfelt and an attempt to give you a glimpse of what we
17 believe in, which is justice for all.

18 And if you didn't get that from the committee
19 yesterday, today we have another little segment, an 11-minute
20 videotape.

21 MR. EAKELEY: Before you do that, let me just first

1 apologize for not being there yesterday morning. My plane
2 wouldn't work. And, secondly, would you just pronounce
3 r-o-o-t-s one more time?

4 MS. SCHNEIDER: R-o-o-t-s?

5 MR. EAKELEY: Yes.

6 MS. SCHNEIDER: Roots.

7 MR. EAKELEY: Thank you. That's what I thought you
8 said.

9 MS. SCHNEIDER: We're going to see today another
10 object of collaboration and cooperation. We wanted to do a
11 video, Legal Services had a video that we used to use but it
12 was pretty out of date for us, so we wanted to do another
13 video. And the two leaders in getting this going were Ken
14 Gilchrist from Bruce Beneke's program at SMRLS and a private
15 attorney who had been on their board of directors and a
16 volunteer attorney for some time, Terry Wade. And together
17 with support from the bar foundation and various lawyers
18 groups and a team of people from Legal Services, we put
19 together a little video about justice for all in Minnesota.

20 (Video presentation.)

21 MR. EAKELEY: That was great.

1 MS. SCHNEIDER: Thank you. And come back in two
2 years for Legal Services II, The Movie.

3 MR. EAKELEY: How often do you present this film
4 and to whom?

5 MS. SCHNEIDER: The film was designed to be
6 presented as an educational tool, as a training tool for our
7 staffs and our boards of directors, when we speak to
8 organizations both asking for funding and providing
9 information about Legal Services and hopefully for some other
10 groups such as the legislature and various service entities.

11 MR. EAKELEY: That's one of the very best I've seen
12 and we've seen a number of these.

13 All right. I'm holding things up. I apologize.

14 MS. SCHNEIDER: I'll introduce you to some of the
15 stars in person, they'll be available for autographs
16 afterwards.

17 To my far left is John Ursu, who you saw as the
18 representative of 3M in the movie saying that legal services
19 is good for business.

20 John is Senior Vice President, Legal Affairs and
21 General Counsel for 3M Corporation. Starting his career with

1 3M in 1972, John's held just about every position in the
2 legal department at 3M. He was Division Attorney, Senior
3 Attorney, Associate Counsel, Assistant General Counsel,
4 Associate General Counsel, Deputy General Counsel, General
5 Counsel and Vice President, Legal Affairs and General
6 Counsel.

7 John has held his current position since January of
8 1997, but after obtaining his law degree from the University
9 of Michigan in 1965, John was a trial attorney for the
10 Federal Trade Commission. He was a staff member of the
11 President's Commission on Civil Disorders, which you might
12 remember as the Kerner Commission, an advisor to the
13 commissioner of the Federal Trade Commission and legal
14 counsel for General Electric.

15 He has been a board member of the United Way in the
16 St. Paul area. He has been adjunct faculty at William
17 Mitchell college of Law and he has served on the board of
18 directors there.

19 3M Corporation has been a great friend to Legal
20 Services. First, they spun off the two big foundations that
21 we greatly rely on, McKnight Foundation and Bush Foundation

1 had its origin in 3M founders and also they've been big
2 supporters with their pro bono program at 3M and financial
3 supporters for Legal Services, too.

4 Thank you, John.

5 Now I'll introduce the other folks.

6 Kent Gernander you've already met. He's president
7 of the Minnesota State Bar Association and has dedicated his
8 next year to funding for Legal Services.

9 On my right is Jane Kretzmann.

10 I had to make sure you were on my right there.

11 She has been a senior program officer with the Bush
12 Foundation since 1988. Before that, Jane spent a decade as
13 the Refugee Program Coordinator and Director in the Refugee
14 and Immigrant Assistance Division of the Minnesota Department
15 of Human Services.

16 She has also been a resettlement coordinator and
17 case worker at Lutheran Social Service of Minnesota and the
18 regional consultant for Lutheran Immigration and Refugee
19 Service.

20 Jane started her career as a seventh grade language
21 arts instructor in Cedar Rapids, Iowa and worked with the

1 University of Iowa in several capacities. She was a cum
2 laude English graduate of the University of Iowa in 1971.

3 Thank you for being here, Jane.

4 On my far right is Judy Rehak. She has served the
5 Supreme Court of Minnesota in various capacities in her
6 28-year tenure with the court. She was Traffic Court
7 Administrator, Supreme Court Administrator and Deputy State
8 Court Administrator.

9 Judy is currently Administrative Services Director
10 for the Judicial Branch. She manages a \$120 million annual
11 budget and the human resources function for 1300 plus
12 employees and 290 judges. And, as you have already heard,
13 she knows exactly the amount of every appropriation for Legal
14 Services in the state and how it is handled.

15 Judy has served as executive director of the Legal
16 Services Advisory Committee since its inception in 1982.
17 Similarly, she has served as executive director of the Lawyer
18 Trust Account Board since its beginning in 1983. Besides all
19 that, Judy is very active in the community and in her church,
20 where she is a deacon.

21 Thank you for being here.

1 I'd like to start the brief presentations today
2 with John Ursu from 3M.

3 Thank you, John.

4 MR. URSU: Well, let me add my warm welcome. It's
5 wonderful to see you all come to Minnesota. I am not a
6 native of Minnesota and so I think I can brag about this
7 state with a certain amount of objectivity. I came here in
8 1972, not planning to stay, and I still don't plan to stay,
9 but I just never get around to moving anywhere else because
10 so much here works well. And one of the things that works
11 especially well is the spirit of generosity in this state. I
12 think many of you have seen statistics that on a per capita
13 basis, this state is one of the most giving of all the states
14 in the union.

15 We have wonderful traditions in this state and I
16 want to mention just a bit of my personal history and then
17 try to tie it into why I think Minnesota is special and
18 perhaps in some respects a model for a number of good things.

19 I was not always an attorney. I was once a child
20 and when I was a child I was a child in a blue collar area of
21 Detroit, Michigan. My father was an immigrant, my mother was

1 a coalminer's daughter. Neither parent finished elementary
2 school. I did my dad's taxes for as long as I can remember
3 and he never had an income more than \$5000.

4 My neighborhood was filled with immigrants and the
5 children of immigrants. Detroit, as you may recall back in
6 those days, was the place where immigrants came not only from
7 other countries, but from the south to build the cars.

8 I have a special place in my heart for the
9 opportunity that America provides people to make a better
10 life for themselves or for their children or for their
11 children's children. And, again, I am really an example of
12 that. I was able to go to public schools, but good public
13 schools. My parents' main aspiration was that I could have
14 an education. And all the opportunities that fell in my path
15 have allowed me then to have these series of jobs -- I didn't
16 realize I had that many -- at 3M and before 3M.

17 Now, Minnesota, when I came here, had a lot of
18 people named Johnson, Peterson, Svenson, things like that,
19 and I remember once interviewing an African-American for a
20 job at 3M who came from Virginia and he went to a little
21 college up north called Concordia. And he said, "I think my

1 mission in life is to teach all those students at Concordia
2 that the whole world is not Lutheran."

3 But pretty much, it was a homogenous state with a
4 lot of Scandinavian, German, very white population.

5 Since then, beginning with the aftermath of the
6 Vietnam War and the churches here reached out to the Hmong
7 community and other Southeast Asians, we've had a huge influx
8 of Southeast Asian immigrants. More recently, we have had a
9 huge influx of Mexican immigrants.

10 So if you look at the population here today, it
11 reminds me a lot of what Detroit was like when I was a kid
12 before World War II. When I go to a market or walk the
13 streets and I see all these families together, I see for
14 these children particularly the opportunity for a great life.

15 And this is where I think SMRLS comes in and I know
16 SMRLS better than the other organizations. 3M, I would just
17 mention to you, is almost a hundred years old. 3M's first
18 name is Minnesota, it's Minnesota Mining and Manufacturing.
19 We started as a mining company up north, but very soon after
20 that moved to St. Paul.

21 Minnesota has about roughly 30 percent of our

1 worldwide population of employees. 3M has more sales outside
2 the United States than in the United States, but Minnesota is
3 our home. A core value of 3M, one of four, is to try to be a
4 good citizen in every community where we have an operation,
5 and so we try very hard to do that.

6 As I said in the video, it really does make sense
7 which would take about an hour to explain, but just trust me
8 on that one. There is a 3M Foundation along with the
9 McKnight Foundation and the Bush Foundation that are major
10 pillars of support for not only this community, but other
11 communities. And we have very important programs to help
12 children, programs for education and programs for the needy.

13 Our big plant site is in what's called the east
14 side of St. Paul. The east side of St. Paul became the place
15 where many of the new immigrants to our community live and,
16 of course, they're poor and, of course, they can't keep up
17 the neighborhood the way that the old natives used to be able
18 to do it and there are problems with gangs and there are all
19 the problems that we see everywhere in the United States
20 where a lot of poor people are suddenly huddled together.

21 Many parts of this community pull together to try

1 to launch what might be called the East Side Initiative.
2 Again, growing up in Detroit, I saw what happens when you let
3 the core die and then it just keeps growing and growing.
4 Detroit has about eight miles of reach and the core died and
5 then a mile and then another mile and another mile until it
6 got out all the way, so now trying to rebuild Detroit is a
7 huge and perhaps impossible undertaking. Fortunately, the
8 people here had the wisdom to get on it early with many
9 different initiatives, but I want to mention Bruce
10 especially.

11 Bruce is a wonderful person for me to work with
12 because you see this glass, Bruce would say, "My God, look at
13 all the wonderful water in that glass. Isn't that a miracle,
14 that we have this water to drink?"

15 And I look at it and I say, "What the hell is wrong
16 with this glass? Look at that. We need to get that filled."

17 So we balance each other out reasonably well. But
18 Bruce has had an East Side Initiative that would help funnel
19 necessary legal services to this population, not all of whom
20 are immigrants, but many are new arrivals to our country and
21 to our state.

1 3M has been able to tie in other funding that it
2 has made available for this initiative by giving extra
3 funding and progressively more and more to SMRLS.

4 Just a minute on history, and I think, sir, your
5 question was a wonderful one about the Republicans can have a
6 heart, too.

7 One CEO ago in our company, about 15 years ago, a
8 man named Alan Jacobson who is as rock ribbed a Republican as
9 you would ever want to meet, he's actually a second
10 generation CEO, imagine that. He probably was born looking
11 like this. But he got interested in legal service to the
12 poor and he had my predecessor start doing a little bit more
13 about it.

14 We gradually started with a core program that has
15 grown over 15 years and it's a good example, I think, of what
16 needs to happen in that you can't just launch a moon shot on
17 these corporate initiatives. You have to start at a point
18 and build and build and then what you really want to do is
19 have a trajectory like a hockey stick that will go on
20 forever.

21 And that's pretty much what we've been able to do,

1 Bruce. I think not only in terms of our own financial
2 support but reaching out into the community and trying to be
3 an example to not only other corporations but to the major
4 law firms that provide legal services to our company. So
5 there is an Association of General Counsels in the Twin
6 Cities.

7 We have worked together to try to help Bruce have
8 an ability to raise funds not only within our own
9 organizations, but to go to the law firms and get the law
10 firms to accept a responsibility for this community.

11 Now, all of you who are lawyers, you know these
12 wonderful, brilliant law students come out and they all want
13 to do capital crimes pro bono projects in Texas and places
14 like that and that's all wonderful work and it has to be
15 done, but there is also an opportunity to help in this
16 community, too, and one way to do it is just to reach in your
17 pocket and give some money. So we try to help Bruce in that
18 regard and try to be a good example.

19 Now, let me just wrap up by saying Bruce asked me
20 to come here and talk about the 3M example and because I like
21 to look at this part here, the top part of the glass, I'm not

1 very proud of what we've done. We could do so much more and
2 I know every corporation in this community could do so much
3 more than they have done and so could every large law firm
4 and so could every attorney. So I am not up here with
5 buttons popping off my chest, I'm a little embarrassed that
6 we haven't done more, but I'm glad we did what we did.

7 Thank you.

8 MR. EAKELEY: Thank you.

9 MS. SCHNEIDER: With a hockey stick analogy, I
10 think you've just become a Minnesotan, John. You've just
11 crossed over the line.

12 I bet you haven't got your car windshield hit like
13 I have, though, and smashed with a minnow bucket bouncing out
14 of the boat in front of you, but you're getting there.

15 Kent, if you have any further comments to add to
16 your address to the dignitaries?

17 MR. GERNANDER: Just a few words on funding. As
18 you know, on the federal level, we fight the funding battle
19 every time Congress is in session and it continues as we
20 speak. On the state level, despite the good efforts of the
21 legislators who are here today and others who have supported

1 our programs, we fight the battle there, too.

2 Last year, there was a reduction in the state
3 funding. This year, there was an effort to reduce the
4 funding that had already been appropriated a year ago and we
5 were, I think, fortunate to come out without a reduction.
6 Next year is a budget year and we're going to go through the
7 process again and we hope we'll get a higher level of funding
8 out of the state legislature, but I think that it leads to
9 looking to private funding more and more as the stable source
10 of funding for legal services.

11 There is a lot of private money being contributed
12 now through IOLTA funds, lawyer assessments, private
13 companies and foundations and so on, but the reason that we
14 are looking to establishing an endowment fund is to provide
15 some stability in that funding and to make our programs less
16 dependent on the annual whims of our legislators.

17 So I hope that we can get this moving and let our
18 legal services people concentrate on providing legal services
19 to those who need it and not on fighting the funding battle
20 annually.

21 MS. SCHNEIDER: Thank you, Kent. And thank you for

1 your dedication and commitment.

2 MS. KRETZMANN: Hello. I'm Jane Kretzmann. I
3 think I may be the only one here who's been sued by Legal
4 Aid, but I was in my earlier job with the Department of Human
5 Services director of the refugee program and in 1982 there
6 were some fairly, I think, Draconian measures put out against
7 the refugees and Legal Aid wisely sued the department and I
8 think the department -- and I can still recall our staff
9 meetings -- would talk about the importance of peaceful
10 redress for the poor, that the state did not view lawsuits
11 from Legal Services in all negative terms, that it really
12 does have a positive effect on making sure policies work
13 better.

14 So 1982 came. 1984, the Bush Foundation made one
15 of its first large grants to the six legal services
16 organizations that made up the legal services network here
17 under the SMRLS grant from the Bush Foundation and this was
18 really a recovery from the cuts that occurred in 1982. This
19 \$178,000 provided some transition dollars as other funding
20 could be grown for the legal services programs in Minnesota.

21 So here's Bush. I will tell you quickly about us.

1 As you've heard earlier, we are 3M money. We work in three
2 states: North Dakota, South Dakota and Minnesota. And I can
3 tell you it is a different world in the Dakotas than it is in
4 Minnesota when it comes to legal aid. So we see a
5 difference. We see very few proposals, actually, from legal
6 aid in either of those two states. But today I think it's
7 important to kind of cover what's happened in terms of what
8 Bush has done, but I speak because we're not alone in our
9 giving. McKnight, Bremmer, there's a long list of private
10 funders in Minnesota who have granted funds for legal
11 services.

12 In 1989, which was the next grant to legal aid, it
13 was the Marielito Cubans and at that time there were a couple
14 hundred Cuban detainees in federal immigration custody who
15 had served their terms and needed help. Our board agreed to
16 provide some funding for that program. Since then, we have
17 made grants for immigrants and refugees.

18 There has been a Cambodian project, there have been
19 some programs for non-citizens and, of course, we've made
20 other kinds of program and capital grants for American
21 Indians, battered women and other populations that need

1 services.

2 I think the main point in terms of what are the
3 conditions that are important for foundations to give funding
4 and there are several factors and one is really high quality
5 organizations and services to whom we can make grants. We've
6 really been blessed that we've had the kind of passion and
7 competence and long staying commitment from really a whole of
8 providers in the legal services field here.

9 Another factor, I think, is the presence of
10 partners, other players at the table. It's not a matter of
11 one foundation being responsible for everything forever.

12 We're always looking for the great exit strategy
13 and that's when I call Judy Rehak -- we've just met today,
14 we've been phone buddies for years -- trying to find out if
15 Bush makes a grant what are the prospects to replace
16 foundation funding in the future. And I think that is part
17 of what you've heard today. There is a wide and broad base
18 of support.

19 Is the work done? By far, no. We have a long ways
20 to go. We continue to have a lot of people, as you've heard,
21 who don't get legal aid and need it, so I think -- I don't

1 want to fall over patting myself on the back either, I just
2 think we have had some exciting work done and there is more
3 to do.

4 I'd be happy to take your questions later.

5 MS. REHAK: Good morning. I want to thank you for
6 the opportunity to appear before you this morning to talk a
7 little bit about what we have done in Minnesota. I think all
8 of you around the table are of an age where you will
9 appreciate my comment.

10 One of the things that Mary didn't say about me is
11 that I am a mother, a mother of a 13-year-old who looks at
12 the 1960s as if it were a million years ago and yet that's
13 when basically my experience with the court and with the
14 legal community began.

15 I think the thing that I want to leave you with
16 today is this sense of cooperation and participation that we
17 have across the funding and granting community in Minnesota,
18 across the legal community in Minnesota, including the
19 courts. My participation largely has been exclusively with
20 the Supreme Court with whom I've been employed since 1972.

21 I've had an opportunity across five chief justices

1 to see the way in which leadership has been exercised in
2 Minnesota, both by the Supreme Court, by leaders of the legal
3 community, the bar association, and in every instance, no
4 matter which political party the chief justice came from and
5 once they became chief justice in Minnesota, we have no more
6 political parties, we're all neutral and bipartisan, we have
7 worked together to serve the citizens of Minnesota, to
8 improve the delivery of legal services for all of the
9 citizens, but in particular for the poor people in Minnesota.

10 The Supreme Court has a longstanding tradition of
11 working collaboratively and relying on the leadership of the
12 bar association and you've heard Kent speak about some of
13 those initiatives over the years. We have a longstanding
14 tradition, not so much as a court but as a legal community of
15 working in partnership with our foundations.

16 As we were setting up the infrastructure for the
17 Legal Services Advisory Committee, which is the group that we
18 use to administer some of the funds that we get from the
19 legislature, I was privileged to be able to call on a number
20 of foundation administrators to find out about their granting
21 programs, how they worked, what pitfalls we might expect to

1 encounter. All of that advice and help was freely given and,
2 as you heard from Jane, we've remained in touch over the
3 20-some years, 15-some years, that we have collaborated in
4 the granting of funds to Legal Services programs.

5 You have heard mention here this morning of a
6 number of programs that fund legal services through the
7 state. We started in about 1982 with the Legal Services
8 Advisory Committee. It was a surcharge on filing fees. We
9 have since converted that through the legislative process to
10 general fund monies from the legislature.

11 We followed that with the IOLTA program and
12 Minnesota was one of the first mandatory IOLTA programs in
13 the country. Our chief justice and a number of other of our
14 justices actively participated with other supreme courts
15 around the country to try and persuade other judicial leaders
16 to take similar steps in their own state.

17 We most recently have with the cooperation and
18 leadership of the bar association assessed an increased
19 registration fee on Minnesota fees and while I for one
20 watched the progress of that participation with my heart in
21 my throat, I am pleased to report to you that the bar

1 association without negative vote endorsed that concept and
2 urged the Supreme Court to move forward with that kind of
3 activity. It was, in my opinion, really one of our very
4 finest hours of support for legal services funding in the
5 state of Minnesota.

6 One of the concerns that I would share with you, in
7 spite of all of the activity that we have in Minnesota, in
8 order to continue to find ways to fund legal services
9 programs and to improve the delivery of those services and
10 Mary and Bruce and Jerry Lane and Nancy Kleeman and every
11 other director of legal services programs in Minnesota is
12 constantly at work seeking to deliver a high quality service
13 in a very cost effective manner.

14 The concern that I have is that we need to find, as
15 Kent has indicated, a relatively stable source of funding.
16 We all are constantly investing energy and activity, trying
17 to stave off disaster at every level of government and it is
18 becoming very time consuming to engage in that kind of
19 activity.

20 So I would urge you at your level as we do at our
21 level to exert your personal influence in any way that you

1 can to make sure that the funding is available and if
2 possible continues to increase a little bit from year to
3 year.

4 If there is anything that we can answer for you in
5 particular, I would be happy to answer questions that you
6 might have. I will say that some previous speakers perhaps
7 have oversold my ability to deliver on exact numbers, so I
8 would be happy to send you information in answer to very
9 specific questions, but if there are some more general
10 questions that we could answer, we all would be happy to
11 stand for questions.

12 MR. EAKELEY: What does the total funding picture
13 look like in Minnesota, all providers, and I'm speaking
14 particularly about the amount of funding from multipliers
15 that go into Legal Services Corporation funded grantees and
16 then beyond that?

17 MS. SCHNEIDER: We do have that information. While
18 we're waiting for Bruce to pick up on that -- would you like
19 to submit the lists for your record?

20 MS. MERCADO: It's actually in your packets. It's
21 in the big binder that we got yesterday during the provisions

1 committee.

2 MR. EAKELEY: Okay.

3 MS. MERCADO: It has a lot of very useful
4 information for bedtime reading.

5 MS. SCHNEIDER: I did ask Jane Kretzmann to add one
6 of the achievements of the Bush Foundation which is important
7 to all of us in legal services and that's the technology.
8 Their funding has allowed us to be a national leader in the
9 technology area.

10 MS. KRETZMANN: Well, again, we rely on very good
11 planning from other people, but the Bush Foundation recently
12 a year ago granted \$715,000 to SMRLS to help them establish a
13 statewide technologically modern system of law information
14 and networking across all their programs and this grant was
15 preceded by, I think, a \$25,000 planning grant which
16 basically helped -- the basic goal is to try to help the
17 legal services field work on a level playing field with the
18 private bar so that when clients are helped they have that
19 kind of good quality and quick information that's needed.
20 But it did require a culture change, I think, which I think
21 others could talk about, but it's the idea that how can spend

1 money on equipment when our people need help. So it was
2 really -- I'm happy it worked out and I would say SMRLS and
3 the gang came up with a lot of other money to help finish the
4 project.

5 MR. EAKELEY: Are there any questions or comments?

6 I just want to respond to one point about stable
7 increasing funding at every level of government and private
8 sector. We agree with you. We're spending an awful lot of
9 time trying to get there, but I think that one of the lessons
10 we've learned in the past six years has been not only that we
11 should never look to any one government level for full
12 support while continuing to insist that justice be the first
13 priority of government, nonetheless that it is healthy to
14 involve all segments of the community in supporting the work
15 of the legal services programs, in part because access to
16 justice is the responsibility of the community.

17 MR. GERNANDER: I'd like to mention one other
18 contributor, if I could, and that's Minnesota's banks. The
19 IOLTA funds are currently contributing almost \$2 million
20 annually to legal services programs. That program was
21 established not without some resistance from banks that

1 weren't accustomed to paying interest on demand deposits, but
2 they did go along with the program when it was established
3 and we reached a nice level of funding with double-digit
4 interest rates that fell off rather dramatically and it got
5 to a point where with low interest rates the service charges
6 being assessed on lawyer trust accounts was eating up a big
7 share of the interest that was earned.

8 We went back to the banks and asked for their
9 cooperation and they willingly gave it by agreeing to waive
10 interest charges on IOLTA accounts. And that's in large
11 measure allowed us to maintain that level of funding. So
12 they've been a player as well.

13 MR. SMEGAL: What's the interest rate, Kent, at the
14 present time that we're getting? Is it standardized or is
15 it --

16 MR. GERNANDER: It's the standard rate.

17 MR. SMEGAL: Two something?

18 MR. GERNANDER: It's not much, 2 or 3 percent.

19 MR. EAKELEY: Any questions or comments?

20 (No response.)

21 MR. EAKELEY: Well, we thank you all for a

1 wonderful presentation and for really exemplary work in the
2 community and we will take back with us lots of lessons
3 learned and we look forward to some updated reports from time
4 to time.

5 MS. SCHNEIDER: Thank you for listening to us and
6 thank you for the work you do. I just want to thank one
7 other person who should be at this funding table but she
8 should be at every table when we discuss legal services and
9 that's Nancy Kleeman from the bar association who helps
10 coordinate our granting, who helps write the grants, whose
11 energy, enthusiasm and ideas keeps us all going on a daily
12 basis.

13 And thank you all for your work at increasing the
14 legal services funding because even though we are very proud
15 of what we do in Minnesota we know that other states probably
16 could do it, too, with the resources available.

17 Thank you. Thank you all.

18 MR. EAKELEY: Now I would like to invite up Jackie
19 Cherryhomes, who is president of the Minneapolis City
20 Council. Ms. Cherryhomes was first elected to the
21 Minneapolis City Council in 1990 and has served as president

1 of that council since 1994.

2 Representing the city's fifth ward, she is a member
3 of several prominent boards and committees for the city
4 council, including the Executive Committee, the Community
5 Development Committee and the Board of Estimate and Taxation.

6 Prior to her career in government, Ms. Cherryhomes
7 was a development specialist at the Northside Residents
8 Redevelopment Council. In continuing her service to the
9 community, she currently chairs the Holman Near North
10 Implementation Committee, the Neighborhood Revitalization
11 Project Policy Board, and the Mona Moede Early Learning
12 Center Capital Campaign.

13 Ms. Cherryhomes received a BA in political science
14 from Augsburg College in 1976 and also attended the
15 Reflective Leadership Program at the University of
16 Minnesota's Hubert H. Humphrey Institute.

17 Ms. Cherryhomes?

18 First, we apologize for the conflicting signals
19 between board chair and president, but --

20 MS. CHERRYHOMES: In my role, I am used to
21 conflicting signals.

1 MR. EAKELEY: So are we.

2 MS. CHERRYHOMES: It's my life.

3 MR. EAKELEY: Well, good morning and welcome.

4 MS. CHERRYHOMES: Good morning. Actually, I want
5 to say that it's a pleasure to be here this morning.

6 Occasionally, I get opportunities like this to fill
7 in for the mayor and this is one that I am very pleased she
8 was unable to make because I have a personal longstanding
9 connection with legal aid for the work that they do in the
10 community that I represent in north Minneapolis.

11 I need to publicly acknowledge and thank Legal
12 Services Corporation for the work they have done on behalf of
13 consumer fraud issues relating to Rent-A-Center and some
14 other places that were ripping off my constituents, for the
15 work that you've done in mortgage flipping.

16 In North Minneapolis, we've had a very close
17 working relationship with legal aid on the issue of mortgage
18 flipping. And we have also had a close and long relationship
19 as we have worked to redevelop the near north side where you
20 were part of suing us on issues of concentrations of race and
21 poverty and we are now collectively and together redeveloping

1 a very important part of the city of Minneapolis into a true
2 mixed income community. And I think that the proof of our
3 collective efforts will be shown over the course of the next
4 five years as that community literally is developed from the
5 ground up.

6 I want to thank you for the work that you've done
7 with us in the City of Minneapolis. I believe are truly
8 partners.

9 I have a proclamation that I would like to present
10 and I think I should probably come up there to present it to
11 you.

12 MR. EAKELEY: We would be delighted. Yes.

13 MS. CHERRYHOMES: I also want you to thank you for
14 holding your event in a hotel that I could walk into this
15 morning because, let me tell you, if you'd been at the Hilton
16 or the Marquette, there was no way that I was walking into
17 that hotel.

18 The proclamation reads "Whereas the Legal Services
19 Corporation was created by Congress in 1974 to provide equal
20 access to the justice system for low income individuals and
21 whereas the Legal Services Corporation funds in every, county

1 and state in the United States, including Central Minnesota
2 Legal Services, Inc. and whereas the board of directors,
3 attorneys, paralegals, support staff and volunteers
4 associated with LSC work with talent, generosity and
5 determination to uphold America's commitment to justice for
6 all, and whereas I call on all citizens to join me in
7 welcoming LSC to Minneapolis for their meeting and to
8 congratulate them on 25 years of service to America's less
9 fortunate, now therefore I, Sharon Sayles Belton, Mayor of
10 the City of Minneapolis, do hereby proclaim June 26, 2000 to
11 be Legal Services Corporation Day in the City of
12 Minneapolis."

13 (Applause.)

14 MR. EAKELEY: What a wonderful way to be welcomed
15 to a wonderful city doing wonderful work.

16 MS. CHERRYHOMES: Thank you very much.

17 MR. EAKELEY: Thank you.

18 We need to dial in Justice Broderick as we start
19 the business meeting in five minutes or so. That's just a
20 heads up to Nikki.

21 Next, I think we'll turn to other members' reports,

1 but first we'll just note how interesting, inspiring and
2 encouraging the presentations were. Again, a nice
3 reenforcement for why we travel out of Washington for
4 periodic board meetings.

5 We do have to be careful to speak into our
6 microphones and loudly so John Broderick can hear us. He's
7 in the middle of hearings which he is monitoring by
8 telephone, assuming he's there.

9 (Pause.)

10 MR. EAKELEY: All right. This is recess time.
11 Five minutes, no more, please. Five minutes recess and then
12 we'll be back.

13 (A brief recess was taken.)

14 MR. EAKELEY: Can we come to order, please?

15 John, can you hear me all right?

16 MR. BRODERICK: Actually, I can, Doug.

17 MR. EAKELEY: All right. We are back on the record
18 and we also have with us by conference call now Justice John
19 Broderick and we're at that stage of the agenda where we are
20 at members' reports and let me turn to our vice chair, John
21 Erlenborn.

1 MR. ERLNBORN: Oddly enough, nothing to report.

2 MR. EAKELEY: Okay. Remember to speak into the
3 microphone even if you have nothing to report so that Justice
4 Broderick can hear us.

5 LaVeeda?

6 MS. MORGAN BATTLE: I have no report.

7 MR. EAKELEY: Ernestine?

8 MS. WATLINGTON: I'd just like to report that
9 Pennsylvania lost one of its very long time persons in legal
10 services, Ms. Dorothy L. Richardson passed. She had been one
11 of the founders of the NLADA. She was the first client in
12 the defendant subcommittee. She's been very active for Legal
13 Services as a client for many, many years.

14 And I also wanted to thank the board and staff and
15 everyone for their kind consideration during the loss of my
16 brother.

17 MR. EAKELEY: Thank you, Ernestine.

18 Edna? Speak into the mike, bring the microphone
19 over so you can speak into it so we can get John Broderick on
20 the same wavelength.

21 MS. FAIRBANKS-WILLIAMS: I wanted to talk about our

1 state needs assessment. We did the telephone poll and we got
2 a lot of talk about housing and consumer problems and so on
3 and so forth. Now we'll do the organizations and the food
4 shelves and the shelters and so on for the people who didn't
5 have phones.

6 At the meeting the other day, I had asked Judge
7 Fisher what they thought we should for public education to
8 help the family court and Judge Fisher was very excited about
9 me asking her that question and said she would talk to all
10 the judges and we would probably get lots of suggestions, so
11 she was very happy.

12 MR. EAKELEY: Good.

13 MS. FAIRBANKS-WILLIAMS: Thank you.

14 MR. EAKELEY: Well, it will be interesting to know
15 what comes back, too.

16 MS. FAIRBANKS-WILLIAMS: Yes.

17 MR. EAKELEY: All right. Bill McCalpin?

18 MR. McCALPIN: In view of some of the comments that
19 were made this morning, I thought that I might report that
20 while we had only a modest increase of, I think, \$250,000 in
21 the state appropriation this year, there was another action

1 taken which may be somewhat unique.

2 Under Missouri law, half of all punitive damages go
3 to the successful plaintiff and half go to a state
4 administered fund. After a long and sometimes heated debate,
5 the legislature agreed that 30 percent of those funds would
6 go to legal aid. I have heard that there is as much as \$8
7 million in that fund.

8 MR. EAKELEY: Great. Great. You have another
9 piece of news for us, I think, for which you are to be
10 commended, service on a new Equal Justice Commission for the
11 state of Missouri?

12 MR. McCALPIN: Yes.

13 MR. EAKELEY: Congratulations.

14 MR. McCALPIN: Thank you.

15 MR. EAKELEY: I just have always thought that the
16 nickname "Show Me State" meant if you show me I'll put up, so
17 if we bring back examples like Minnesota's to Missouri and
18 New Jersey and elsewhere and we show them, then hopefully we
19 will see a behavior modification take place as a consequence.

20 MR. McCALPIN: I hope so.

21 MR. EAKELEY: Maria Luisa? Bring the microphone

1 over, if you would, please.

2 John Broderick, are you continuing to hear us okay?

3 MR. BRODERICK: I can hear you, Doug, and I heard
4 Bill McCalpin, but I'm having trouble.

5 MR. EAKELEY: Okay. All right. Just bear with us.

6 I think part of the reason you can hear me is I am hovering
7 over your speaker. I won't hover forever.

8 MS. MERCADO: Mr. Chairman, as far as national LSC
9 news, I don't have any news, other than to say that one of my
10 pro bono cases that just got done, I did manage to save some
11 children from another termination case. Board members are
12 also doing pro bono work as well.

13 MR. EAKELEY: Well, you're also doing a lot of
14 court appointed criminal defense work and that is almost
15 totally pro bono also.

16 MS. MERCADO: Yes.

17 MR. EAKELEY: Tom Smegal?

18 MR. SMEGAL: Thank you, Mr. Chair. My Alzheimer's
19 is not quite as advanced as John Erlenborn's. John did have
20 something to report, but I'll report for the both of us.

21 John and I were among the speakers for the ABA Day

1 in Washington in the middle of May where about 150 of our
2 leaders of local bar associations, state bars, came to
3 Washington to lobby their respective representatives on
4 issues such as Legal Services funding. And, as I recall,
5 John's remarks were quite moving and very effective.

6 Thank you, John.

7 MR. EAKELEY: John Erlenborn, would you care to
8 amend your report?

9 MR. ERLENBORN: I adopt the comments of the
10 gentleman as my own.

11 MR. EAKELEY: Nancy Rogers?

12 MS. ROGERS: I have no report.

13 MR. EAKELEY: Thank you.

14 Next, I would like to invite the Inspector General
15 to the podium for the Inspector General's report.

16 (Pause.)

17 MR. EAKELEY: Bucky, we were just finishing
18 members' reports as you walked in. Do you have a member's
19 report?

20 MR. ASKEW: No.

21 MR. EAKELEY: All right. We'll say good morning to

1 the Inspector General and his counsel and Assistant Inspector
2 General for Evaluation.

3 MR. QUATREVAUX: Eric Kirkland and Laurie
4 Tarantowicz.

5 Thank you, Mr. Chairman.

6 MR. EAKELEY: You'll have to speak up, Ed, because
7 we've got John Broderick on the phone.

8 MR. QUATREVAUX: Okay.

9 John, can you hear me?

10 MR. BRODERICK: Yes, I can.

11 MR. QUATREVAUX: Good. I would like to just update
12 you on the case statistical assessment, which, as you know,
13 is due, our report is due to Congress on July 30th.

14 We have completed 28 of the 30 planned site visits.

15 There are two outstanding. As you know, that was involved
16 in litigation.

17 We also advised you that Federal District Court
18 issued an order of enforcement for the subpoenas we issued to
19 LSNY and LAB and at this time the clock on appeals is still
20 running, so it's hard to know how this will all come out.

21 It is my hope that there will be nothing that would

1 taint the credibility of our report because I think the
2 report will paint an accurate picture of the accuracy of the
3 case statistical reports.

4 That's all I have on that topic.

5 MR. EAKELEY: Why don't you give us your whole
6 report and I know that there's going to be some interest in
7 the various segments, but why don't you present the report
8 and then we'll ask the board members whether they have any
9 questions.

10 MR. QUATREVAUX: The only other item I have for you
11 is to announce to you that we plan to do an evaluation of a
12 GIS, that's for Geographic Information Systems, analytical
13 tool.

14 During the break, placed before you were a few
15 slides or charts, color charts, from Orange County,
16 California. I have to admit to being an admirer of this
17 program and what it has attempted to do with technology and
18 general innovation.

19 This program many years ago began to use public
20 access television to deliver legal services to poor people.
21 They early on established a phone bank, as they call it,

1 which is a legal help line. They continually experiment with
2 new ways to deliver legal services. They do so because they
3 see that as the only means of significantly increasing access
4 to legal services for the poor.

5 I am pleased to tell you that in the not too
6 distant future in Orange County, California every library
7 will have a legal services kiosk with a touch screen monitor
8 and they are beginning with just a few applications, one of
9 which is domestic violence, and working with the courts they
10 have designed a program whereby any victim of domestic abuse
11 can go to any public library in the county, receive
12 information with the help of the kiosk, receive information
13 about legal rights, information about security and safety,
14 and should they want to, it will guide them through an
15 application for temporary restraining order and by pushing a
16 button it will be filed electronically with the court.

17 It's not too far off and I think that's a
18 remarkable achievement on their part and I think it really
19 opens up what is possible and gives us a good picture of the
20 things that are possible with this technology.

21 The charts you see, the first is a pre-telephone

1 help line and post-telephone hotline and you can see -- and I
2 need to tell you that these GIS tools have improved
3 dramatically since these charts were produced several years
4 ago. But you can see how they expanded coverage within their
5 service area through the use of this tool.

6 This tool gave them the assurance that they in fact
7 were expanding access to the poor through the use of their
8 help line.

9 Some of the other charts are simply there to
10 indicate that these tools have a great capacity for what
11 analysts call slicing and dicing data and presenting them
12 visually, so it's quite possible to answer almost any
13 question you might want that has any sort of geographic
14 basis, family law cases increasing more rapidly in this
15 sector of the service area than another and so on and so
16 forth.

17 As I began, we do plan to do an evaluation. We
18 will meet in early July with the two program directors in
19 Atlanta and discuss with them because this, as we see it, has
20 several objectives and beneficiaries. One are the programs
21 themselves which will, especially for a statewide program,

1 will have a capacity to examine the siting of their offices,
2 the placement of their legal professionals by specialty and
3 other items of interest to them. We think it would be a real
4 help in operational planning and strategic planning.

5 At the corporations level, we think this tool could
6 prove very useful to management in state planning to identify
7 under served areas, to identify gaps, to identify overlaps,
8 should they exist.

9 So we are promoting this tool. We are going to
10 evaluate it. The evaluation, the only way you can evaluate
11 an analytical tool is by trying to use it and that's what we
12 plan to do this time. We will ask the programs for those
13 hypotheses that are of interest to them, what trends they
14 would like to examine, identify if they are there and so on
15 and so forth.

16 We will also ourselves come with a set of
17 hypotheses to be examined. Let me hasten to add there's
18 nothing sinister about it, it's simply a desire to increase
19 the amount of analysis and evaluation of this federal
20 national program which comes as, we know, in some respects as
21 to particular siting programs, et cetera, something of

1 historical accident. So as state planning has sought to
2 rationalize and ensure that statewide delivery services were
3 integrated among all the players, we think this tool may aid
4 in that respect.

5 MR. EAKELEY: Is that your report?

6 MR. QUATREVAUX: Yes, it is.

7 MR. EAKELEY: I don't mean to rush you on your
8 report, but hands are already going up and I want to make
9 sure that we get in what you want to present first and then
10 we'll open it up for questions from board members.

11 Maria Luisa and then Tom.

12 MS. MERCADO: Do you see this geographic
13 information system as in addition one of the other factors
14 that could possibly gather from that is the significant
15 amount of unmet legal needs that are in a certain population?

16

17 Because if you have, for example, in your third
18 page that has the family-related problems and families with
19 children below poverty, in looking at your chart, obviously,
20 most of those people are not being represented by Legal
21 Services, even though they have that need, correct?

1 MR. QUATREVAUX: That's correct. It's quite
2 possible to overlay here the distribution of the poor within
3 the service area, so when you overlay that, this particular
4 chart has overlaid the freeway system, which is a rough
5 indicator --

6 MR. EAKELEY: Let me just interrupt the
7 proceedings. We have the great good fortune of having joined
8 our meeting Congressman Jim Ramsted from the great state of
9 Minnesota and Congressman Tom Davis from Virginia.

10 (Applause.)

11 MR. EAKELEY: I might add, Justice John Broderick
12 is on the speaker phone with us from New Hampshire.

13 MR. BRODERICK: Let me just say welcome,
14 Congressmen. You're both great friends of the corporation
15 and I wish I was there to see you.

16 MR. EAKELEY: John, they're shaking hands. Hold
17 on. Say that again in one minute when we sit down again.

18 (Pause.)

19 MR. BRODERICK: Mr. Davis, would you care to join
20 us for a minute?

21 MR. DAVIS: We just have a couple of minutes, but

1 I'll just say I'm happy to be here with Jim today in the Twin
2 Cities doing my political chores as chairman of the RCCC.
3 Jim has just been a champ on these issues.

4 I've been a loyal follower, but he has taken the
5 lead time and time again to the point that I think we've
6 beaten him down so much his voice is gone. I'm just happy to
7 be here with him. He's been a real champion. He takes a
8 beating sometimes from some of the members of our Congress,
9 but he's been a real champion. I think we've won additional
10 converts through the years and just really appreciate the job
11 you all do here.

12 MR. EAKELEY: Thank you. We appreciate your
13 stopping by and visiting us and also your support in the
14 Congress and especially the past week. It's been a bit of a
15 watershed for us. The first time in six years that we've had
16 our appropriation passed by a voice vote.

17 MR. DAVIS: Let's make it a habit, okay?

18 MR. EAKELEY: We're happy to follow your lead.
19 Congressman Ramsted, what a pleasure to be in your
20 state and to see you here as well.

21 MR. RAMSTED: Mr. Chair and distinguished board

1 members and friends, all of Legal Services, believe me, we're
2 pleased to have you in our state and we hope you spend a lot
3 of money when you're here. Our economy can use it. It's
4 doing very, very well.

5 I'm glad to say we have a 1 percent unemployment
6 rate and high growth rate. And, just as importantly, a high
7 level of support in Minnesota for Legal Services because of
8 some of the people in this room. And for that strong, proud
9 tradition I'm very, very grateful and I'm humbled to carry
10 your banner in the Congress.

11 The victory, if you will, last week on a voice vote
12 was a hollow victory, because it still represents an 11
13 percent cut from this fiscal year's funding. However, that
14 was the best we could do under the circumstances. We
15 couldn't find other offsets, as you know, a quid pro quo, for
16 increasing the committee's work and increasing any of the
17 funding as to find corresponding offsets.

18 We could only find -- well, we fell 11 percent
19 short, but once again we've worked it out with the Senate.
20 The Senate will save us again and restore funding, I'm
21 absolutely confident.

1 And we are making some progress, as Tom alluded to.
2 We are making progress. I think we have convinced them that
3 this is no longer the same Legal Services situation that we
4 found when President Reagan was a leading critic, that
5 reforms have been made, and that most importantly Legal
6 Services keeps alive -- as I said on my floor speech -- those
7 words etched over our United States Supreme Court, equal
8 justice under law. And without Legal Services, without the
9 strong support, the work of everybody in this room, those
10 words would truly ring hollow.

11 So from the bottom of my heart, I thank all of you
12 who are committed to Legal Services, thank you for doing
13 what's right.

14 Let's continue to work together and we'll continue
15 to get the job done.

16 Thank you very much.

17 MR. EAKELEY: Thank you both very much.

18 (Applause.)

19 MR. EAKELEY: I apologize for the interruption, but
20 I don't really --

21 Mauricio, this is great advance work on your part,

1 to arrange for this.

2 We caught you in mid response to Maria Luisa's
3 question and then why don't we just go back to that and start
4 there, if we could

5 MR. QUATREVAUX: Let me modify my response to say
6 absolutely, in many different ways.

7 MR. EAKELEY: Tom Smegal?

8 MR. SMEGAL: I'm just curious, Ed. It's hard to
9 tell from the graphs the total number that are involved.
10 What are we talking about in terms of pre-phone bank clients
11 versus post-phone bank clients? What does that represent?

12 MR. QUATREVAUX: I don't know. I'd have to get
13 that, but I know it's substantial.

14 MR. SMEGAL: Thank you.

15 MS. FAIRBANKS-WILLIAMS: That's what I'd like, too.
16 It says by the color zero to 24 and so on and so forth, but
17 by the time I did all the arithmetic, my eyes would be
18 crossed, so --

19 MR. QUATREVAUX: You're right. We'll make sure in
20 whatever work that we do we'll provide that kind of
21 information. Thank you.

1 MR. EAKELEY: Ed, given the July 30 deadline for
2 the CSR audit results, does launching this new longitudinal
3 study at this moment threaten to tax your resources or is the
4 staffing separate or different or other?

5 MR. QUATREVAUX: There's some overlap, but it's
6 essentially separate.

7 MR. EAKELEY: And the resources, you're on schedule
8 and on target with the exception of LSNY and LAB for the
9 audit?

10 MR. QUATREVAUX: That's correct.

11 MR. EAKELEY: Other questions or comments?

12 MR. ASKEW: Let me just --

13 MR. EAKELEY: Bucky?

14 MR. ASKEW: Edna and I were having a conversation
15 about this in the hall before we were rudely interrupted by
16 the board schedule.

17 I mentioned yesterday that there are process and
18 substance issues involved in all of the work we do and on
19 substance, this is an important thing. I think something
20 that could prove to be very useful to programs and to the
21 corporation and I'm very interested in it and want to see it

1 go forward on the process side.

2 Let me just encourage you to seek the collaboration
3 and cooperation of the programs as you develop this and
4 involve them in the design of this project so that we make
5 sure that the data that's produced, the information that's
6 produced, is useful to those programs That's obviously the
7 goal here.

8 The programs learn from this and can use this
9 information to better serve clients and to that extent their
10 involvement in the design of it becomes critical because if
11 you produce charts that aren't useful to them, then we've
12 wasted a lot of time and money of theirs and of ours in the
13 process, so that's the only thing I wanted to encourage.

14 MR. QUATREVAUX: Well, I agree with you and we have
15 told the grantees that we are going to rely on them for the
16 input to structure those kinds of analyses that are of
17 interest to the program.

18 MR. McCALPIN: Mr. Chair?

19 MR. EAKELEY: Mr. McCalpin.

20 MR. McCALPIN: Ed, I'd like to go back to your
21 first point and wonder if Judge Robertson's comments that the

1 present system was clumsy and unnecessary and that the use of
2 unique identifiers might be less problematic and more cost
3 effective has caused you to change your view about the
4 utilization of unique identifiers.

5 MR. QUATREVAUX: No, it has not. The problem, the
6 fundamental problem, remains, that when the objective is to
7 obtain an independent verification of an assertion we can get
8 the finest computer program around and do that, but the
9 question is was it implemented properly and the only way to
10 really test that from an independent verification perspective
11 is to see the data that the algorithm seeks to protect.

12 So, no, we have not changed our views on that an I
13 note that the -- well, let me just leave it at that.

14 MR. EAKELEY: In the CSR audit, do you have in the
15 responses of the other programs that provided data 1 and data
16 2 call responses a statistically significant sample that is
17 or would be if there's a timing problem sufficient to permit
18 a report to the Congress on time on July 30 that would be
19 reliable?

20 MR. KIRKLAND: I think we do.

21 MR. EAKELEY: Eric, speak into the mike, if you

1 would, please.

2 MR. QUATREVAUX: The answer is yes. The problem is
3 not the statistical significance, but I think the political
4 significance.

5 MR. EAKELEY: We understand that issue, but just in
6 terms of how this process is going so far, you've got a fair
7 amount of data from a fair number of data points.

8 MR. QUATREVAUX: May I just interrupt you to pass
9 along a point Laurie made?

10 The statistical significance does not remain
11 unaffected. It's simply that our design was such that even
12 with, should it be the case, the defection of two of the
13 members of the group of 30, that it has a statistical
14 significance that's acceptable.

15 MR. EAKELEY: Okay. One other question on that.
16 Are your preliminary results indicating that the
17 corporation's report to the Congress was more or less valid?
18 Have you been able to make any preliminary judgment calls on
19 that?

20 MR. QUATREVAUX: We won't make that call until we
21 have the opportunity to run all the analyses and vet them.

1 At this point, we can't do that.

2 MR. EAKELEY: Okay. Any other questions?

3 (No response.)

4 MR. EAKELEY: I would like -- going back to your
5 response to Bill McCalpin's question which included a word I
6 know I encountered much earlier in my educational career,
7 algorithm, I don't want to take the time now, but I think it
8 would be useful for the board to have a better understanding
9 of why unique identifiers can't or won't or might not work or
10 maybe even might work or whether there's a range of opinion
11 on the issue because that's clearly something that was of
12 concern to Judge Robertson, it's clearly an issue of concern
13 by some, if not all, of the members of the board and you
14 clearly have a well articulated and defined position, but I
15 don't understand it for one.

16 I completely accept the basis for it, but I think
17 it would be helpful to all of us and to your office if we
18 could find a means of better understanding your position on
19 that point.

20 MR. QUATREVAUX: We'll provide you with a memo on
21 that point.

1 MR. EAKELEY: Okay. Thank you.

2 Any other questions or comments?

3 (No response.)

4 MR. EAKELEY: Hearing none, we will thank the
5 Inspector General.

6 MR. QUATREVAUX: Just one last item. Even though
7 it's scheduled on the agenda, it's there as a routine matter,
8 I really have nothing to brief the board on in closed
9 session.

10 MR. EAKELEY: Okay. Thank you. Thank you very
11 much.

12 Next, we have our president's report.

13 MR. MCKAY: Mr. Chairman and members of the board,
14 I wanted to just indicate for the record a matter that has
15 been referred to by a number of speakers, but the first item
16 of my report, of course, is that the U.S. House of
17 Representatives has approved an amendment to our
18 appropriations. We will be funded at the House level of \$275
19 million in a successful voice vote amendment last week.

20 As pointed out by Congressman Ramsted, who I want
21 to commend here today for his leadership on the Republican

1 side, we were able to restore funding to a level of \$275
2 million, but that we are still short of our current level of
3 funding of \$305 million.

4 We are very hopeful and we will keep the board
5 informed regarding our efforts to restore the full funding
6 and perhaps more in our discussions with the United States
7 Senate and then on to the conference committee, but I
8 particularly wanted to commend while we are here in his home
9 state and home district Congressman Jim Ramsted.

10 I want to thank also Congressman Serrano and
11 Congressman Delahunt, our three principal sponsors of the
12 amendment to restore funding.

13 Members of the board made a number of visits out
14 across the country. I won't describe them in detail, but I
15 wanted to mention that I had the opportunity along with Randi
16 Youells and Jim Hogan, two of our vice presidents, to
17 undertake a significant visit to the DNA program, both in the
18 Navajo and the Hopi Indian reservations in advance of the
19 board's own visit to the Navajo Nation when you conduct your
20 meeting there in September of next year in Window Rock,
21 Arizona, where DNA is headquartered. It was a very revealing

1 and interesting visit and we appreciated the opportunity to
2 emphasize with senior LSC management the importance of our
3 efforts to focus on, highlight and emphasize the importance
4 of our service in Indian country.

5 This is a terrific program and they operate under
6 tremendous economic issues, over 70 percent unemployment in
7 the Hopi, over 50 percent unemployment among employable males
8 in the Navajo nation and we received a terrific reception and
9 I think the board will be pleased to travel, although it will
10 be a bit of an inconvenience in September, to go out into
11 Indian country as a statement from the board itself of our
12 emphasis and commitment to service in Indian country.

13 I also had the opportunity to dedicate a new
14 building in Cumberland Trace Legal Services in Kentucky and
15 received a terrific reception there.

16 I wanted to thank our board member John Broderick
17 for his wonderful introduction of me in Manchester, New
18 Hampshire at the annual meeting of the New Hampshire Bar
19 Foundation and I had an opportunity to speak with and meet so
20 many dedicated members up in New Hampshire in the legal
21 services community.

1 I delivered the commencement address at the
2 University of Washington School of Law about 10 days ago.
3 The topic of my speech was the soul of the lawyer and my
4 intention was to continue to try and promote pro bono service
5 by new members of our profession.

6 Prior to this board meeting, I spoke at the annual
7 meeting of the South Dakota Bar Association in Sioux Falls
8 and had an excellent visit there with all of our programs and
9 visited at the office of East River Legal Services in Sioux
10 Falls.

11 Our General Counsel will report to you on the legal
12 decision in Virginia with regard to state planning. I think
13 it does have something of a significance to our programs and
14 our administration of state planning, I'll leave that to
15 Victor, but it certainly indicates that we have substantial
16 legal authority to continue in our state planning efforts, at
17 least with respect to the configuration of programs.

18 I know that programs around the country, some
19 programs were watching that legal decision and I think it
20 allows us to move forward in particular in Virginia with
21 efforts there that have been reached on a consensus basis by

1 most of the programs in Virginia.

2 I wanted to follow up on the Inspector General's
3 report with regard to CSRs and, of course, indicate to the
4 board that since our last meeting you received a copy of our
5 special report to the Congress on CSRs. I have along with
6 Congressman Erlenborn and our staff made a number of meetings
7 on the Hill where the report has often been in hand with
8 staff and with members. I think its reception was very good,
9 following up on our hearing in the appropriations committee,
10 that the corporation has moved to address the issues raised
11 last year in CSRs. We have a lot of work to do and you will
12 be hearing more about our efforts in that regard as we
13 restructure the way in which we relate to the Congress, the
14 services being provided by our programs and I think very well
15 demonstrated by those in Minnesota, that they aren't just all
16 about cases closed and that we have an obligation to relate
17 that more fully to the Congress and you'll be hearing much
18 more about that in the coming board meetings.

19 I hope all of you appreciated the new board
20 communications memorandum that you received from us. It may
21 take slightly different form, but our intention is to provide

1 you with a monthly communication from the staff of issues
2 that are occurring, both inside our staff and in the legal
3 services world.

4 We welcome any input that any of you may have, if
5 you would wish us to communicate that to fellow board
6 members. Our intention is to issue this under the leadership
7 of Catherine Castisio in Mauricio's office in the first week
8 of every month, but it has now been signed off on by all of
9 our senior staff as to content and our intention is to do
10 that on a regular basis and more frequently, for example,
11 during the appropriations process and anyone that has any
12 comments on that, if they would like to speak with me or with
13 Mauricio or any of us, we would certainly welcome it.

14 We are moving apace with the development of the
15 client conference, as Randi reported. I am excited about
16 what's happening and fully support the efforts that are being
17 undertaken and appreciate in particular the efforts of our
18 client board members. Some very interesting and exciting
19 things happening. I spent some time talking with Edna about
20 that this morning and will share that with you as the
21 conference progresses.

1 I wanted also to just indicate to board members
2 that we are continuing as requested by the board to look
3 carefully at the question of the impact of the statutory
4 structure on the legal services provided by our recipients.
5 In short, the impact of some of the restrictions on our
6 ability to undertake this work we believe is the
7 responsibility of the agency of Legal Services to report to
8 the Congress from time to time on our ability to meet our
9 statutory responsibilities and to indicate we think now with
10 enough experience since the restrictions were provided to us
11 in a package by the Congress and adopted through regulation
12 by the board.

13 And so I am working, Randi Youells and I in
14 particular, but all of our senior staff, to make
15 recommendations to the board as to how we ought to proceed in
16 gathering that information. And it's our intention and my
17 understanding and guidance from our board chairman that we
18 will take a look at this with direct involvement with board
19 members, which, of course, we welcome, and we will, I think,
20 be in a position shortly to make a further recommendation to
21 you on that issue.

1 I have been very explicit about my own belief that
2 we need to move in this area. We've had requests from
3 members of Congress that we do so and I think as part of our
4 charge to the Congress we ought to report in a professional
5 way the impact of the statutory structure on our client
6 services and I hope the board will look forward to receiving
7 more information on that as we move through the summer. Our
8 intention is to give a much more detailed report at the
9 September board meeting.

10 We are working with and just want to draw attention
11 to the situation in Kansas City with Legal Aid of Western
12 Missouri. We are still not being provided access in Kansas
13 City. I just want to report to the board without going into
14 the detail, of course, we continue to be very concerned about
15 that situation.

16 We have imposed deadlines with respect to the
17 provision of appropriate access with Kansas City, but I also
18 wanted to alert the board that while we have deadlines in
19 place, we are continuing to explore every possible option
20 with Kansas City that will allow us to get the data that we
21 need to undertake our business, recognizing their legitimate

1 concerns regarding client confidentiality.

2 I can't tell you that it is going to be worked out,
3 but we're going to do everything that we can to see that we
4 explore all of those options.

5 Randi talked about the performance measures on June
6 30th. We will conduct a meeting at LSC of an advisory
7 council to help us with performance measures. I just wanted
8 to emphasize to the board that this is that intersection
9 we've talked about before between strategic planning, state
10 planning and the CSR issue ultimately, which is that we must
11 be in a position to indicate the performance results of our
12 strategic plan and that is the intention here, that these
13 things will merge into one, that CSRs will become the
14 performance measures, that we will eventually be evaluating
15 the success of state planning based on performance measures
16 that will be adopted here in the coming months and literally
17 years and we continue to remain deeply committed to that
18 process.

19 I just also wanted to indicate just on a more
20 individual basis that our consultant, Dr. Tom McWeeney,
21 underwent emergency surgery since you last heard from him in

1 Washington. He is doing well. He had a very significant
2 scare, he underwent heart surgery and is already back at work
3 and bombarding us with e-mail messages, so we have had a
4 little bit of a timing issue, but, as you can see, the
5 advisory council is moving forward and I understand that Dr.
6 McWeeney will be working with the advisory council on Friday.

7 Isn't that correct, Randi?

8 So we are back on track and moving once again. I
9 wanted to emphasize to the board that we do have an
10 obligation to the Congress to implement a new direction on
11 the way we gather material by the first of this coming year.

12 We don't need to complete it, but we need to have in place
13 something new with regard to the way we relate the activities
14 of our corporate activities.

15 I wanted to thank, as my final point, several
16 people. First, I wanted to commend the Minnesotans who have
17 presented here today and I didn't get an opportunity to
18 comment and thank them. One of the reasons that we
19 recommended to the board that you visit Minnesota was because
20 we were so aware of the terrific work being done here and
21 wanted to give them an opportunity to showcase it to us and

1 for us to learn from that and Nancy has done a tremendous job
2 in organizing this and I wanted to thank her; our recipients,
3 the justice community in Minnesota, for their tremendous
4 work; and I also wanted to thank some of our staff who have
5 done a great job here, Reggie in particular, Reggie Haley,
6 who has done terrific work, and Maura Muccilo and Nikki
7 Adaway as always.

8 And that is my report.

9 Thank you, Mr. Chairman.

10 MR. EAKELEY: Let me just add our thanks to yours
11 for this meeting. It's not over yet and we have a site visit
12 and a reception to go to, but just a great deal of hard work
13 producing some wonderful results and it's a very nice job
14 done by a lot of people.

15 I also think that frequently your job is more
16 thankless than most and let me just thank you and commend you
17 and your staff for the results in this Congress,
18 notwithstanding the first disappointment of getting cut to
19 141 million in the subcommittee, but I think that that
20 relationship is developing and we have a lot to be grateful
21 for as a consequence of your efforts.

1 I also just as an observation think that -- and as
2 an observation based on numerous conversations with numerous
3 people in the field that the state planning effort, and this
4 is why I have been so concerned about and interested in our
5 strategic planning effort and what comes of it, namely these
6 performance measures, that that seems to be coming together
7 in a way that is very exciting and I hope that we have by the
8 next board meeting a couple of the board initiatives that
9 we've discussed that we would like to leave as our legacy if
10 not underway, at least in the planning stages so that we have
11 something that is forming a foundation for this.

12 And before I turn to Maria Luisa, let me ask you,
13 John, did you say something about communications with the
14 board or did I miss that?

15 MR. MCKAY: I did.

16 MR. EAKELEY: Okay. I did miss it.

17 MR. MCKAY: I could say more --

18 MR. EAKELEY: No, no. I was looking at something
19 else --

20 MS. MERCADO: At least once a month.

21 MR. EAKELEY: Maria?

1 MS. MERCADO: Yes. No, I just wanted to
2 reemphasize a portion of what you had said in your report,
3 Mr. President, and that was in the direction that we had
4 particularly when we first started the strategic planning in
5 that we as a board and, in particular, our staff with help
6 from our stakeholders, in evaluating the impact of some of
7 these restrictions that we got back several years ago and how
8 it impacted in the delivery of legal services for our clients
9 and hoping to see greater progress toward that end so that we
10 can perhaps as part of our appropriation process was also
11 looking at maybe getting rid of some of those restrictions.

12 A perfect example, I thought, earlier in the
13 presentation, Mary Schneider in talking about her panel but
14 also presenting Randy Youells as well was a discussion of a
15 class action lawsuit that they did here on the mentally
16 retarded that could not possibly be done today. And those
17 are the kinds of things that we ought to look at seriously in
18 trying to represent a greater number of poor people. And so
19 hopefully that will be a direction that our board will
20 seriously be looking at.

21 MR. MCKAY: Thank you, Maria. And we will begin

1 this work in consultation with the board as to what areas we
2 will be looking at and our intention is that this will be at
3 the direct involvement of the board on a working group or
4 commission and we're just kind of working out the details of
5 a recommendation. But I do want to be very clear about what
6 our intentions are.

7 We are not beginning this process with the
8 intention of removing restrictions. That will be very
9 clearly articulated as the province of the Congress of the
10 United States. We are going to look at the impact of the
11 restrictions and our intention is to make that very clear in
12 a report to the Congress what the impact is and then Congress
13 will make the decision whether there should be a change.

14 We may well and the study may conclude that some of
15 the restrictions have been good for our clients. I don't
16 know the answer to that, but I do think that it's incumbent
17 on us to provide that information to the Congress and allow
18 them to make that decision themselves.

19 MR. EAKELEY: Any other comments or questions?

20 (No response.)

21 MR. EAKELEY: Hearing none, let's move on to item

1 11, consider and act on the report of the board's Committee
2 on Provision for the Delivery of Legal Services.

3 Ernestine?

4 MS. WATLINGTON: I just wanted to add to what you
5 and the president had already said. As a client, I really
6 appreciated the presentation of what they're actually doing
7 here and the innovative ways that they've made up the
8 difference of the funds and also the staff for getting it so
9 prepared and especially I appreciated Reggie and the staff,
10 the information that was given to me, that I was aware of
11 what they were talking about. So I can't say enough about
12 how much that I appreciated that meeting yesterday. I'm
13 looking forward to actually going out and seeing it and what
14 they presented today.

15 Being away from Washington and actually seeing the
16 type of client involvement and the programs and what they're
17 actually doing with clients is very encouraging.

18 MR. EAKELEY: And I can't apologize enough for
19 missing your meeting yesterday also, but we did have a useful
20 recap this morning in the presentation that we had.

21 Is there anything further you want to add to that

1 about your committee meeting?

2 MS. WATLINGTON: I just wanted to add, too, about
3 when you were talking about that, in Pennsylvania, the
4 Central Pennsylvania Legal Services Program and Keystone is
5 having a ceremony, they are merging together as one. So
6 that's letting you know how the strategic planning and state
7 planning has really changed in Pennsylvania, which is a
8 miracle.

9 I was really impressed with what's going on here
10 and very glad we're meeting here and it was just wonderful.

11 MR. EAKELEY: Well, thank you very much. Is that
12 it for your committee report?

13 MS. WATLINGTON: That's the committee report. We
14 had nothing that the board has to work on.

15 MR. EAKELEY: Now we'll turn to Nancy Rogers and
16 the Finance Committee report.

17 MS. ROGERS: All members of the committee and 10
18 members here of the board were present for part of the
19 finance committee meeting, so I'm going to recap very
20 briefly, ask David to come up in case you have questions.

21 You have before you from yesterday Resolution

1 2000-005, which the committee would recommend that the board
2 approve. That resolution presents a revised operating budget
3 for the remaining part of the year. It increases the funds
4 available for the delivery of legal assistance slightly to
5 reflect some unexpended money that was a grant recovery.

6 The allocation among the three categories remains
7 the same, so the allocation among administration, delivery of
8 legal services, Office of the Inspector General that was
9 approved at the beginning of the year will remain the same.

10 If you look in the board book on page 16, behind
11 the Finance Committee tab, you will see that David has there
12 listed any of the modifications that exceed \$10,000 in
13 amount. He did a wonderful job of responding to questions
14 yesterday, did a very clear, as always, and cogent
15 presentation of the budget and the need for these slight
16 changes, so I'll present that recommendation.

17 There are two other items from the committee once
18 the board is done with that.

19 MR. EAKELEY: All right. Why don't we take this
20 resolution first and entertain the motion and then if there
21 are questions we'll get to the questions, but first, do you

1 want to convert your committee report into a motion that
2 Resolution 2000-005 be adopted as submitted?

3 M O T I O N

4 MS. ROGERS: So moved.

5 MS. WATLINGTON: Second.

6 MR. EAKELEY: Are there any questions or is there
7 any discussion?

8 (No response.)

9 MR. EAKELEY: Hearing none, all those in favor of
10 the resolution say aye.

11 (Chorus of ayes.)

12 MR. EAKELEY: Opposed?

13 (No response.)

14 MR. EAKELEY: The ayes have it. The resolution
15 carries.

16 MS. ROGERS: At our September 17th meeting, the
17 committee is going to be looking and the board will be
18 looking at the budget mark for fiscal year 2002. We solicit
19 comments from the field, from others, that we might consider
20 in making that consideration. We especially urge people if
21 they can get those comments to us or to David a couple of

1 weeks ahead of time so that he can get them out that we would
2 like that, although we'll consider any last minute comments,
3 so that we have an opportunity to think about them before the
4 committee meeting.

5 And the last item is that we had some discussion of
6 the proposed reallocation of funding in the coming year to
7 reflect a different allocation for Native American projects
8 and it was the suggestion of our president that he present
9 more information either as part of one the committee meetings
10 or as part of the board meeting on the September 17th meeting
11 schedule.

12 MR. EAKELEY: Okay. Thank you.

13 Any questions or comments on the finance committee
14 report?

15 (No response.)

16 MR. EAKELEY: Hearing none, then we will move to
17 Justice Broderick and the report from the Operations and
18 Regulations Committee.

19 MR. BRODERICK: Doug, can everyone hear me?

20 MR. EAKELEY: Yes.

21 MR. BRODERICK: First of all, before I start, I

1 just want to say to everybody sitting around that table that
2 I miss all of you.

3 MR. EAKELEY: We miss you, too.

4 MR. BRODERICK: And I wish I were there. My life
5 has been divided into two segments, pre-impeachment inquiry
6 and post-impeachment inquiry, and I last saw all of you in
7 the pre phase, so hopefully I'll see you soon.

8 Let me just take one second also, if I could, to
9 comment on John McKay's visit to New Hampshire. He came up,
10 as he was saying to you, and spoke at a bar foundation
11 dinner, but in usual John McKay fashion understated it. He
12 was enormously well received here. New Hampshire has been a
13 leader in legal services for a long time and so he was
14 speaking to an audience that was somewhat critical in their
15 view and accepted him very, very favorably and he gave a
16 wonderful talk and I was proud to have him here.

17 The Bar Foundation in New Hampshire gives about a
18 million dollars every year in IOLTA funding on legal services
19 issues and so it was a great crowd and a great evening and I
20 very much appreciate John's being there. He did a great job,
21 as he usually does, for the corporation.

1 Let me just take a minute, if I can. I'm going to
2 ask Bucky and Edna to jump in as well. I was on this meeting
3 yesterday obviously by conference call. For some of that,
4 the early part of the meeting, I was having difficulty
5 hearing, particularly as it related to the status of a couple
6 of regulations.

7 On the issue of the protocol, I guess all of you
8 now have had a chance to review it. I think the meeting
9 yesterday was attended by most board members and all members
10 of the ops and regs committee and I think it was a pretty
11 good session, at least that which I could hear.

12 The meeting produced some very good comments, and I
13 think very constructive comments, and it's my expectation
14 that they will be incorporated in a proposed rulemaking
15 protocol and that it will be recirculated to all members of
16 the board, I am hopeful, within the next few weeks, if not
17 sooner.

18 Specifically, there were four areas that I think
19 Bucky pretty well summarized at yesterday's meeting, which I
20 will briefly touch upon now.

21 There was consensus, as I understood it, that the

1 board itself be added to the protocol as a prospective
2 initiator of rulemaking and I think the ops and regs
3 committee itself obviously needs to be added there.

4 Secondly, we want to make it clear, as I tried to
5 yesterday, but I don't think the protocol itself does, we
6 want to make it clear that negotiated rulemaking is the
7 expressed preference and I think Bucky suggested that we
8 might include some language that we will always use
9 negotiated rulemaking unless, and I think we need to fill in
10 that blank, but clearly it's the expressed preference and
11 we've got to make that clearer.

12 We also have to make it clearer in that proposal
13 that the board, our board, has the final authority on
14 rulemaking. Obviously, management is going to be much
15 involved in it, but obviously the board should have final
16 authority.

17 And, lastly, we need to make it absolutely clear
18 that we are encouraging public comment in the early phase and
19 at the public hearings and it is only at the final hearing,
20 after a final draft has been generated, that public comment
21 would not be taken, although observations would be welcome.

1 And I also believe that some of you may have other
2 comments when you've had time to reflect that you would like
3 to pass along to ops and regs and to management and we would
4 welcome those and I have some issues that I would like to
5 address with the text myself.

6 But in any event, I think it was a good and open
7 discussion. I think we're moving in the right direction on
8 rulemaking and I think it will now be clear what the policy
9 is in writing and I expect it to be a very collaborative and
10 open process and I think the ops and regs committee joins me
11 in that.

12 There is nothing as far as I know that we need to
13 ask board approval on today and we are not prepared to make a
14 formal recommendation other than to say that what you have is
15 something that we endorse, obviously, it needs to be modified
16 along the lines I was suggesting, and will be modified and
17 recirculated and when we meet again it should be in the form
18 that it can be approved.

19 And I don't know whether Bucky or Edna have
20 anything to add.

21 MR. ASKEW: No, I think that summed it up very

1 well.

2 MS. FAIRBANKS-WILLIAMS: The only thing that
3 bothers me is the reg neg. Why couldn't it be the other way
4 around?

5 MR. MCKAY: We'll deal with that.

6 MR. EAKELEY: All right. Thank you, John.

7 Are there any questions or comments?

8 (No response.)

9 MR. EAKELEY: I think, John, is it fair to say that
10 you're open to get phone calls or e-mail or whatever?

11 MR. BRODERICK: Absolutely. I would solicit them.
12 I know you haven't had a long time to look at it. I would
13 very much welcome your comments and your thoughts. We have a
14 draft, but it's not in final form and so I really would
15 welcome your thoughts.

16 MR. EAKELEY: Okay. Great.

17 MR. BRODERICK: Mr. Chairman?

18 MR. EAKELEY: Yes?

19 MR. BRODERICK: Can I just add, I don't know where
20 you are in this process and our hearings up here in New
21 Hampshire are being broadcast live on state television and

1 the chief justice in my court is testifying and he's about to
2 go back on and I really need to listen to him.

3 MR. EAKELEY: Okay. We are at the last item on the
4 agenda, which is consider and act on the extension of John
5 McKay's contract.

6 MR. BRODERICK: All right. I want to be part of
7 that.

8 MR. EAKELEY: Okay. Let me turn to that item.

9 You'll recall that John's contract expired at the
10 end of May of this year and the board voted to extend that
11 contract to -- I think it was the end of October, it might
12 have been October 1st, end of October of this year and at a
13 considerable amount of urging on my part and the part of
14 others, John has agreed to extend his contract for another
15 year, in other words, through October of next year, through
16 our appropriations cycle and up to the point approximately
17 when a new board should be on board.

18 We have not negotiated the specific terms of the
19 contract, but I contemplate that the contract will be in the
20 same form with the same terms and conditions in essence as
21 those we have now and would propose to put to the board the

1 issue of extending John's contract through October 31, 2001,
2 subject to negotiation of specific terms as outlined by me
3 and as ratified subsequently by the board and let's have that
4 put to a vote.

5 You may also recall that we extended the contracts
6 of senior level management at John's suggestion some time ago
7 and there was a question raised about the terms of those
8 contracts and I was able to check in between times and
9 management's terms of employment continue until January of
10 the year 2002. Remember we wanted to assure continuity of
11 management through arrival at least of a new board and
12 possibly new president to provide that stability of service.

13 So I would like to entertain a motion to extend
14 John McKay's contract as president for another 12-month
15 period ending October 31, 2001 --

16 M O T I O N

17 MS. WATLINGTON: So moved.

18 MR. EAKELEY: -- substantially on the same terms
19 and conditions as his current contract?

20 MR. BRODERICK: Mr. Chairman, can I make that
21 motion?

1 MR. EAKELEY: Do you mind jointly making that
2 motion with Edna?

3 MR. BRODERICK: Not at all.

4 MR. EAKELEY: Okay.

5 MS. WATLINGTON: And I'll second it.

6 MR. EAKELEY: All right. Questions? Discussion?

7 Bill McCalpin?

8 MR. McCALPIN: Mr. Chairman, my recollection is
9 that at the April meeting of this board, this item was
10 removed from the agenda with the statement that the extension
11 which had been voted in January had not been reduced to
12 writing and so neither had the item which was then on the
13 agenda and is now on the agenda before us.

14 I have a very strong feeling that when this board
15 is asked to review or act upon a document that that document
16 ought to be put in the hands of the board at least seven days
17 before a board meeting.

18 I received my materials for this program, this
19 meeting, last Tuesday afternoon. Neither the regulation
20 protocol, which was discussed yesterday, nor this contract
21 was included in those materials. We got the protocol

1 yesterday. Earlier today, there was placed on my chair a
2 document dated February 22, 1999, almost 18 months ago, which
3 was the contract entered into then with the president.

4 We haven't yet seen the suggested amendment
5 reflecting the extension voted in January and, as I
6 understand you now, you are asking for approval subject to
7 negotiation and ratification which is certainly less than I
8 would have expected.

9 I just suggest that this is not a way for this
10 board to operate.

11 MR. EAKELEY: Well, I regret that we didn't have
12 the protocol or the current agreement in the board materials
13 and that is purely oversight and inadvertence, not intent.
14 Part of the problem was my travel schedule and Justice
15 Broderick's hearing schedule.

16 I don't think -- there was no writing other than a
17 confirmation that the contract that is in front of you now
18 was extended. There were no modifications of the terms other
19 than the duration of that contract. And what I am proposing
20 now is nothing other than the way we have proceeded with
21 every contract with every president that we've had the

1 privilege of serving with.

2 MS. MERCADO: Mr. Chairman?

3 MR. EAKELEY: Maria?

4 MS. MERCADO: Yes. I guess I sort of have a
5 procedural question or maybe even a legal question, I'm not
6 sure which. I'm not a commercial lawyer, so you'll have to
7 forgive me. But I received this copy of the terms of
8 employment for February 22, 1999 just a little while ago and
9 in reading it, I guess I'm a little confused because this
10 contract authorizes term of employment through May 14, 2000
11 and then in paragraph -- if you will look at page 5, at the
12 top of the paragraph, it actually begins, I guess, on page 4,
13 not the faxed page 5, but the actual page 4, it begins at the
14 bottom, basically which says "Unless the board gives notice
15 to you or you give notice to the board at least 21 calendar
16 days before expiration of your term as president that renewal
17 of this contract is not desired, your employment as president
18 shall be extended for one year from the date the appointment
19 was to have expired. In the event that your employment as
20 president is so extended, this contract shall continue to be
21 in effect for the period of such extension."

1 And what I read that to mean, that if 14 days prior
2 to May 14, 2000 if neither one of you said you don't want him
3 to be here that he gets an automatic extension for a year.

4 I mean, that's how I read it and I'm not -- as I
5 said, I'm not an employment lawyer or a commercial lawyer,
6 but I read that to mean that he automatically got that
7 extension by May 14, 2000, regardless of what you may have
8 done at the board meeting.

9 MR. EAKELEY: No. No --

10 MS. MERCADO: And if it was superseded, then where
11 is the writing that supersedes it because then the writing
12 would take precedence and there is no writing. The only
13 writing is this one.

14 MR. EAKELEY: Well, I don't know whether there's
15 other -- I can't remember whether there's other writing. I
16 know there was at least a letter from me confirming that --

17 What happened was we had --

18 MS. MERCADO: The number one thing in contract law,
19 I know, if I remember --

20 MR. EAKELEY: Yes, well, we have that -- wait.

21 Let's not -- I mean, this is really --

1 MS. MERCADO: Well, I understand that, but I'm just
2 saying that in trying to understand the procedure --

3 MR. EAKELEY: John did not want to serve for
4 another year, remember? And we the idea was he had to give
5 us notice that he was resigning unless we extended for a
6 finite smaller term and that's what the board agreed to and
7 that's -- my letter simply confirmed that we would extend
8 this agreement, but only through October 31, 2000. And I'm
9 sorry I don't have that letter with me. I'm sorry I don't
10 have that letter with me, but I don't.

11 MS. MERCADO: Was that on a regular board meeting
12 or in --

13 MR. EAKELEY: Yes. It was at a regular board
14 meeting.

15 MS. WATLINGTON: Yes. Yes.

16 MS. MERCADO: No, but I --

17 MR. EAKELEY: And we all had -- everyone has copies
18 of this contract, but they should have had copies in their
19 board materials with the letter extension. I mean, it's not
20 a great record, but there it is, and that was the reason for
21 doing it that way.

1 MS. MORGAN BATTLE: Well, I think just to follow up
2 the concern that Maria has raised, any extension ought to
3 take note of this automatic renewal provision in whatever we
4 write so there is some significant work that needs to be
5 done, it seems to me, before we can say we have an agreement
6 as to what the terms ought to be for in any kind of an
7 extension.

8 MR. EAKELEY: Well, the --

9 MS. MORGAN BATTLE: I think we've got this
10 provision and as well there's a provision for earlier
11 termination relating to a severance package that, at least in
12 my view, we've already been through that when we were a brand
13 new board and it makes sense to go back and look at what our
14 history was as to how we approached the severance issue with
15 the existing president when we came on board so that we can
16 be fair and consistent with what we do now, rather than
17 leaving this provision which was in place as an interim
18 provision in this particular agreement.

19 So I guess the point that at least I'm making as a
20 board member is that before I could consider making a
21 decision around the issue of any kind of extension, I'd like

1 to have an opportunity to see what the terms are, to be able
2 to review the agreement, and my expectation at this meeting,
3 based on what was said at the last meeting, was that that
4 would occur between our April meeting and now and it hasn't.

5 MR. EAKELEY: I --

6 MS. WATLINGTON: Do we have a personnel committee?

7 MR. EAKELEY: No.

8 MS. WATLINGTON: That's what I'm trying to say. So
9 we've gone on those type of things in the past and not taken
10 the time to do that, just based on agreement, and actually
11 talking him into staying because we felt very strongly -- I
12 know I did and the majority of us -- was that this is a very
13 important time, a crucial and crisis time, so a lot of times
14 we've made our decisions based on crisis and what we felt was
15 the best for the program, than getting into -- I always say
16 you guys process something to death legally, instead of
17 looking at the practical implementation of what's best for
18 the program.

19 MS. MERCADO: Mr. Chairman, in speaking of
20 practicalities, I'm not sure because I don't remember the
21 exact details, but in the discussion that we had as a board

1 about extending the top management which were all the VPs or
2 whatever up until January of 2002, was there a discussion in
3 that session, and someone might remember better than I do,
4 whether or not if the president chose to say through that
5 term period of time when we had the discussion about the top
6 management, whether that would also be a time period through
7 which we would want him -- again, looking at practicalities,
8 if you are wanting your top management to be in place for
9 whatever transition of the new board comes in, a new
10 administration, was it also extended to the president? I
11 don't know whether it was or not.

12 MR. EAKELEY: No. John had not decided -- John had
13 not acceded to my request to stay on for another year by
14 then.

15 MS. MERCADO: No, I understand that he had not.

16 MR. EAKELEY: So we had no discussion about that
17 then.

18 MR. SMEGAL: Well, I think we did and the
19 discussion was that the other management personnel were not
20 tied to John's contract, that they didn't leave when he left.

21 MR. EAKELEY: No, that's right.

1 MR. SMEGAL: So there was that discussion, I think
2 properly structured that way.

3 Incidentally, I read this paragraph differently than
4 Maria Luisa reads it. I'm not a commercial lawyer either.

5 MR. EAKELEY: Well, there's a missing piece of
6 paper, too.

7 MR. SMEGAL: It seems to me that assuming the
8 missing paper exists, that it supersedes what paragraph 10
9 and 11 do and we can take the action that's on the floor and
10 has been seconded.

11 MS. MERCADO: And if it's not in writing?

12 MR. SMEGAL: Well, assuming it's in writing.

13 MS. MERCADO: And if it's not in writing, then this
14 supersedes, right? The '99 letter?

15 If it's not in writing, then this is the document
16 that we work with.

17 MS. WATLINGTON: Well, why would he say that it is?

18 MS. MERCADO: That's all I just want to clarify.

19 MS. WATLINGTON: Well, why would he say it is if it
20 isn't?

21 MR. EAKELEY: The letter that I don't have I am

1 reminded extends to July 7th. July 7th?

2 MR. McCALPIN: I don't think we've seen that
3 letter.

4 MR. EAKELEY: Well, I don't --

5 MS. MERCADO: We've not seen that letter.

6 MR. EAKELEY: Do we have the letter, Victor?

7 MR. FORTUNO: I just asked that it be faxed over to
8 us. John McKay was sure to provide the notice required by
9 the paragraph of the contract in place at the time within the
10 allotted timeframe. He faxed that notice to the chair of the
11 board and a document was executed providing a short
12 extension. It runs through July 7th.

13 The idea was to comply with the burden imposed by
14 the paragraph in the contract that you're referring to.
15 That's been done, but to have the extension run only until
16 shortly after this meeting so that it would do nothing but
17 get everyone to this meeting so that you could act at this
18 meeting.

19 But what's in place and will be faxed over to us
20 and can be distributed -- I understand Doug has it.

21 MR. EAKELEY: I think I have a copy, but not the

1 signed copy, so I don't know whether it's the final, but it
2 basically was a letter from John to me dated -- this one --
3 April 21, 2000 and I'm assuming it's the one I signed, but it
4 may not be, but it basically said "In order to avoid an
5 automatic renewal of the current contract, I thought I should
6 contact you and let you as chairman of the board know that I
7 do not wish to renew the current contract as written. I
8 understand the board will take up the issue of extension of
9 my term as president at the June meeting in Minneapolis and
10 trust that we can then enter into a new contract for my
11 service as president. Meanwhile, I will be pleased to enter
12 into an interim extension of the current contract to July
13 7th."

14 MR. ERLNBORN: Mr. Chairman?

15 MR. EAKELEY: Yes?

16 MR. ERLNBORN: Would it not resolve this problem,
17 I think, to the satisfaction of everyone if we would just
18 have an extension of that letter which extends the contract
19 to October 1st of this year so that we in the interim then
20 can see that everyone is given proper notice, given the
21 documents ahead of time and we can act at the September 17th

1 meeting in San Francisco.

2 MR. EAKELEY: I think that's unfair to John, having
3 asked him to stay on and commit to another year --

4 MR. ERLENBORN: I just asked him if he had any
5 objection to it and he said no.

6 MR. BRODERICK: Mr. Chairman --

7 MR. ERLENBORN: I don't want to speak for him --

8 MR. EAKELEY: Yes, Mr. Broderick?

9 MR. BRODERICK: I'm having trouble hearing some of
10 this, but I do need to go, but I did want to make one
11 comment. And I apologize, I couldn't hear all of the
12 discussion.

13 For my money, the Legal Services Corporation has
14 been enormously benefitted by John McKay's leadership. His
15 efforts are tireless. And to understand fully his abilities,
16 all you need to do is spend an evening as I did recently in a
17 room with him and watching him with people and the people in
18 the field who respect him and the team that he's assembled.

19 And I think if he were to leave the corporation
20 tomorrow, there would be a huge void and I think if we're
21 going to accomplish anything of consequence between now and

1 October 2001, we all have to lean into the wheel in the same
2 direction and John McKay is a critical part of our future.

3 He has done an enormously good job with the
4 Congress. We heard that today from the congressmen. And I
5 think he's done a great job on state planning and he's taken
6 on some tough issues with the field.

7 He has my absolute confidence and support and I
8 would hope that we do the right thing and I don't even know
9 if he's in the room as I'm saying this, but if I were John
10 McKay sitting there listening to some of the discussion that
11 I think I've overheard, I think I'd be a little concerned
12 about it. And I want him to know from this board member how
13 proud I am that he's the president of this corporation, how
14 very much I want him to remain, because he has plenty of
15 other options.

16 So I would like to vote and I have to leave, but I
17 would like to vote to extend his contract as you have
18 discussed it, Mr. Chairman. He has my full support.

19 MR. EAKELEY: John McKay is here, John Broderick,
20 and I think John Erlenborn has suggested because of the lack
21 of paperwork that accompanied the board materials and the

1 concerns of various members expressed at the meeting that we
2 modify the motion to approve an interim extension of the
3 current contract to October 1, 2000.

4 MR. BRODERICK: Well, the only concern I would have
5 on that is that it would -- I don't know what the message is
6 that we're sending to John McKay. The message that this
7 board member would like to send to John McKay is I'm
8 delighted you're the president of this corporation, you're a
9 talented person, I would like you to remain here and not
10 question whether or not you need to be looking at options
11 after the 1st of October.

12 And so if that's an interim step to a one-year
13 extension, that's fine, if that's an interim step to another
14 uncertain moment, then I don't support that.

15 MR. EAKELEY: I will let John respond to that, but
16 I would not put this to a vote if it were not an interim
17 extension to a year's renewal.

18 MR. MCKAY: Mr. Chairman, may I just request that
19 the general counsel print those last comments and send them
20 to my mother? She would love to hear them.

21 John, thank you very much for those comments, I

1 appreciate them. I had leaned over and said to Doug actually
2 at the request of the vice chairman that I have no objection
3 to that and I gather the sense of the board members -- I take
4 this as a supportive effort to try to accomplish what we're
5 trying to accomplish and I'm very happy to do that and I know
6 we'll get a chance now between this meeting and the next
7 board meeting to get the Is dotted and the Ts crossed, so I
8 appreciate your comments very much and this is very
9 acceptable to me.

10 MS. MERCADO: I just want to say to Justice
11 Broderick that I don't think that he should take those
12 comments in any form or way as negative as to John. I think
13 that unfortunately because we are a board and we're given a
14 fiduciary obligation to carry out our business that because
15 we don't have all the documentation forward and I read it one
16 way, the way I read it, he's here until May 2001
17 automatically.

18 Someone says there's another letter that says, no,
19 it's through October, and yet we don't have that in front of
20 us and unfortunately as lawyers I guess partly we have to
21 have that documentation to see whether he's here through

1 October of 2001 or May of 2001 or, for that matter, if the
2 policy that was extended to the top management of LSC, the
3 VPs, to be here through January 2002, whether he will be here
4 through January 2002. Those are really the issues.

5 MR. EAKELEY: All right. John Erlenborn, do you
6 want to reformulate the motion?

7 MS. WATLINGTON: We have to amend. The motion was
8 on the floor.

9 MR. EAKELEY: Right. But this is a friendly
10 amendment to it, is what I'm seeking.

11 MS. WATLINGTON: And has the motion -- was it
12 accepted or not?

13 MR. EAKELEY: Right. We had joint co-sponsors of
14 the motion.

15 MS. WATLINGTON: I second.

16 MR. ERLNBORN: I think an amendment to the first
17 degree is in order.

18 MR. EAKELEY: All right. The amendment to the
19 first degree offered by Mr. Erlenborn, if I may paraphrase,
20 is to approve an interim extension of the current contract to
21 October 1, 2000.

1 M O T I O N

2 MR. ERLÉN BORN: And, Mr. Chairman, in making that
3 motion, offering that motion, let me say that I would like to
4 reiterate and adopt the comments that Justice Broderick made
5 and I don't think anyone here thinks that the delay in any
6 way reflects against John. I think we are all very
7 appreciative of his efforts, but it's always been one of my
8 rules as a lawyer and as an individual to read the contract
9 before I sign it.

10 MR. EAKELEY: Yes, I agree with that. I agree with
11 that.

12 Is there a second to the motion to amend the
13 motion?

14 MS. WATLINGTON: As I seconded the other one, I
15 will accept it, but I also want to agree with what Judge
16 Broderick said also.

17 MR. EAKELEY: Thank you.

18 All those in favor of amending the motion, say aye.

19 (Chorus of ayes.)

20 MR. EAKELEY: All those opposed?

21 (No response.)

1 MR. EAKELEY: The ayes have it.

2 Now, the motion as amended, to extend on an interim
3 basis John McKay's contract as president to October 1, 2000.

4 MR. McCALPIN: That is this document you are
5 extending?

6 MR. EAKELEY: That is the April -- yes, that is
7 the --

8 MR. McCALPIN: The February 22, 1999.

9 MR. EAKELEY: February 22, 1999 contract for an
10 interim extension to October 1, 2000.

11 Any further comment or question or discussions?

12 (No response.)

13 MR. EAKELEY: Hearing none --

14 I'm sorry?

15 MS. MERCADO: Just give us this stuff at least a
16 week ahead of time.

17 MR. EAKELEY: All those in favor?

18 (Chorus of ayes.)

19 MR. EAKELEY: All those opposed?

20 A PARTICIPANT: No.

21 MR. EAKELEY: The ayes have it. The motion carries

1 and we'll get the agreements to you.

2 All right. Thank you very much.

3 John Broderick, thank you very much.

4 MR. BRODERICK: Thank you and I look forward to
5 seeing all of you at the next meeting.

6 MR. EAKELEY: Okay. Now, I think we need --
7 Goodbye, John.

8 MR. BRODERICK: Good bye.

9 MR. EAKELEY: We're just going to keep going here.

10 MS. MERCADO: The Inspector General doesn't have a
11 report.

12 MR. EAKELEY: The Inspector General does not and
13 our General Counsel is already at the table, so I would
14 entertain a motion to go into closed session for the purpose
15 of considering and acting on the Office of Legal Affairs
16 report on potential and pending litigation.

17 M O T I O N

18 MS. MERCADO: So moved.

19 MR. EAKELEY: Is there a second?

20 MR. ERLNBORN: Second.

21 MR. EAKELEY: All those in favor?

1 (Chorus of ayes.)

2 MR. EAKELEY: Opposed?

3 (No response.)

4 MR. EAKELEY: The ayes have it.

5 (Whereupon, at 12:39 p.m., the board meeting

6 continued in closed session, to reconvene in open session at

7 12:47 p.m.)

8 * * * * *

1 MR. EAKELEY: We are back into open session to
2 consider and act on other business.

3 And just as a follow-up to an item that was not
4 included in the report of counsel, I think if we could ask
5 Mr. Fortuno to come back to the table?

6 Vic, I think what we would like to do, since the
7 Inspector General is not here now, is to ask you to have him
8 provide us with a report of the safeguards that his office
9 has installed for purposes of safeguarding the confidential
10 information that he has obtained in data calls 1 and 2.

11 MR. FORTUNO: Yes.

12 MR. EAKELEY: All right. I don't think we need
13 that now.

14 MR. FORTUNO: Okay. That's the letter you were
15 reading from, it's the signed copy.

16 MR. EAKELEY: Yes. We'll get to that, but we're on
17 something else right now.

18 MR. FORTUNO: I understand.

19 MR. EAKELEY: And we would like a written report
20 and in very short order. And also we need to know whether or
21 not any of the data call submissions with respect to the

1 confidential names of the clients of the grantees subpoenaed
2 on the CSR audit have been transmitted by e-mail.

3 MR. FORTUNO: Okay.

4 MR. EAKELEY: And are there other things the board
5 would be interested in finding out about?

6 MR. ERLNBORN: Mr. Chairman, on the question of
7 the safeguards, the wall that has been built by the Inspector
8 General, those were discussed with us, Bill and me, when we
9 were talking with the IG some months ago, but I think there
10 are two elements here. One is the technical process of
11 separating the information and having them on separate disks
12 or whatever they do, there is that physical thing which if
13 that's all we're going to get in the report, it really won't
14 mean much.

15 I think the question that has been addressed is
16 what if some individual in the Inspector General's office
17 should abuse his access to those documents and could someone
18 abuse that privilege and get privileged information in an
19 improper way. So I hope you put that question to the IG, not
20 just what kind of computer programs have you constructed.

21 MR. EAKELEY: No, but we're also concerned about

1 safeguards against inadvertent disclosure.

2 John?

3 MR. McKAY: I should just indicate to board
4 members, I have had this and members of our staff have had
5 this conversation with the Inspector General and when I
6 combined the information that was transmitted to me directly
7 from the Inspector General on the safeguards with regard to
8 handling the wall of confidentiality and additional
9 conversations -- because I raised this point directly with
10 the Inspector General, in a respectful way, because let's
11 bear in mind he's the Inspector General, he has obligations
12 to maintain confidentiality every single day of his job, but
13 we did ask this question when this protocol was developed and
14 I did receive assurances from the Inspector General that
15 every reasonable and in fact additional efforts to maintain
16 confidentiality of any client information would be strictly
17 adhered to by the IG and he did satisfy me when I asked that
18 question at the beginning of this process.

19 I don't mean to foreclose the board asking for
20 additional detail, but we certainly did examine this issue
21 with him very carefully at the beginning of the process.

1 MR. EAKELEY: Good. Well, I think just from a
2 reporting standpoint it would be helpful for the board to
3 have that directly from the IG.

4 MR. McCALPIN: Let me ask John.

5 John, I don't remember, did he represent to us that
6 after he reports to the Congress at the end of next month the
7 material would be destroyed?

8 MR. ERLNBORN: I don't recall.

9 MR. McCALPIN: I don't either.

10 MS. FAIRBANKS-WILLIAMS: I didn't hear that.

11 MR. McCALPIN: Pardon?

12 MR. McKAY: Bill, I don't recall specifically, but
13 I do believe that is part of his plan and we'd have to check
14 with that.

15 MR. McCALPIN: Well, let's ask him.

16 MR. EAKELEY: Yes.

17 MR. McKAY: Yes.

18 MR. ASKEW: Doug, let me slightly broaden what you
19 said. It's the transmission of the information by the
20 Internet, not just limited to e-mail, because there may be
21 another way.

1 MR. EAKELEY: Yes, that's right.

2 Okay. Any other business?

3 MR. McCALPIN: Well, what about the report on the
4 pending case? His direction to the General Counsel not to
5 report to us with respect to the status of the pending case?

6 MR. EAKELEY: I'm not sure that was a direction, it
7 was a request because he was going to cover it in his report
8 and then decided not to. It was an omission, but why don't
9 we clarify that for the record, Victor?

10 MR. McCALPIN: I think it's inappropriate for him
11 to tell our General Counsel what he can report to us.

12 MR. EAKELEY: I think that is the sense of the
13 board.

14 MR. FORTUNO: I think that it was simply a matter
15 of the Office of Inspector General preferring to make the
16 presentation on the subpoena enforcement case themselves
17 since they see it as being somehow separate from management,
18 although there is a connection certainly.

19 Failure to comply with their subpoena, if properly
20 enforced, leads to a recommendation that management take an
21 action, but they see --

1 MR. McCALPIN: But then he doesn't do it.

2 MR. FORTUNO: Pardon me?

3 MR. McCALPIN: But then he doesn't do it.

4 MR. FORTUNO: Yes, I understand there was no
5 report.

6 MR. EAKELEY: Okay. Any other business, other than
7 a motion to adjourn?

8 M O T I O N

9 MS. FAIRBANKS-WILLIAMS: So moved.

10 MS. WATLINGTON: Second.

11 MR. EAKELEY: All those in favor?

12 (Chorus of ayes.)

13 MR. EAKELEY: The ayes have it.

14 We stand adjourned.

15 (Whereupon, at 12:55 p.m., the board meeting was
16 adjourned.)

17 * * * * *