

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
BOARD OF DIRECTORS
OPEN SESSION

Saturday, August 2, 2008

1:40 p.m.

Sheraton Suites Hotel
422 Delaware Avenue
Wilmington, Delaware

BOARD MEMBERS PRESENT:

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

1 STAFF AND PUBLIC PRESENT:

2 Karen M. Dozier, Executive Assistant to the President
Victor M. Fortunato, Vice President for Legal Affairs,

3 General Counsel, and Corporate Secretary

Mattie Cohan, Senior Assistant General Counsel

4 David L. Richardson, Treasurer and Comptroller,

Office of Financial and Administrative Services

5 Patricia D. Batie, Manager of Board Operations

Charles Jeffress, Chief Administrative Officer

6 Karen J. Sarjeant, Vice President for Programs and
Compliance

7 Jeffrey Schanz, Inspector General

Laurie Tarantowicz, Assistant Inspector General and

8 Legal Counsel, Office of the Inspector General

Ronald "Dutch" Merryman, Assistant Inspector General

9 for Audit, Office of the Inspector General

David Maddox, Assistant Inspector General for

10 Management and Evaluation, Office of the Inspector
General

11 John Constance, Director, Government Relations and
Public Affairs Office

12 Stephen Barr, Media Relations Director, Government
Relations and Public Affairs Office

13 Douglas B. Canfield, Executive Director, Legal Services
Corporation of Delaware

14

15 Linda Perle, Center for Law & Social Policy (CLASP)

Charles A. Wynder, Jr., Vice President for Programs,

16 National Legal Aid and Defenders Association
(NLADA)

17 Hillary Evans, Civil Associate, National Legal Aid
and Defenders Association (NLADA)

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1	. Approval of agenda	6
2	. Approval of the minutes of the board's open session meeting of April 26, 2008	6
3	. Approval of the minutes of the board's open session telephonic meeting of May 27, 2008	6
5	. Chairman's report	7
6	. Members' reports	7
7	. President's report	9
8	. Inspector General's report	12
9	. Consider and act on the report of the Provision for the Delivery of Legal Services Committee	22
11	. Consider and act on the report of the Finance Committee	30
12	. Consider and act on the report of the Operations and Regulations Committee	35
14	a. Consider and act on adoption of charter for the board's Operations and Regulations Committee	37
16	. Consider and act on the report of the Audit Committee	42

1 . Consider and act on the report of the
2 Performance Review Committee

52

3 a. Consider and act on whether to
4 reconstitute the board's Performance
5 Review Committee as a new Committee
6 on Governance a

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- 19 . Consider and act on the report of the
board's Ac Hoc Committee 58
- 20 . Consider and act on proposed protocol for
board member access to Corporation records 65
- 21 . Consider and act on review and update of

	the Corporation's five-year strategic plan	77
1	. Consider and act on a resolution to recognize pro bono assistance of Lowenstein Sandler, PC	105
2	. Public comment	108
3	. Consider and act on other business	108
4	. Consider and act on whether to authorize an executive session of the board	110

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

2 (1:40 p.m.)

3 CHAIRMAN STRICKLAND: Good afternoon,
4 everybody. Let me call to order a meeting of the board
5 of directors of the Legal Services Corporation on
6 August 2, 2008, called pursuant to notice published in
7 the Federal Register.

8 I've handed each board member a copy of the
9 agenda that was published in the Federal Register. And
10 I think the draft that's in the book is not the one
11 that was finally published. So each of you should have
12 another copy. To be sure you have the right agenda, it
13 does not have a date on it. It just says board of
14 directors agenda.

15 Before we move for approval of the agenda, let
16 me inquire as to which board members or others we may
17 have on the telephone. Would you identify yourselves?

18 MS. CHILES: Jonann Chiles.

19 CHAIRMAN STRICKLAND: And Sarah Singleton?

20 MS. CHILES: And Jonann.

21 CHAIRMAN STRICKLAND: Okay. And is Tom
22 Fuentes there?

1 MR. FUENTES: Yes, I am.

2 CHAIRMAN STRICKLAND: Anybody else?

3 (No response.)

4 CHAIRMAN STRICKLAND: The first item, then,
5 will be the approval of the agenda. Is there a motion
6 to approve the agenda?

7 M O T I O N

8 MR. MEITES: So moved.

9 CHAIRMAN STRICKLAND: Is there a second?

10 MR. HALL: Second.

11 CHAIRMAN STRICKLAND: Any discussion?

12 (No response.)

13 CHAIRMAN STRICKLAND: Hearing none, let's
14 proceed to a vote. All those in favor of that motion,
15 please say aye.

16 (A chorus of ayes.)

17 CHAIRMAN STRICKLAND: Opposed, nay.

18 (No response.)

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

21 Without objection, I would ask for a motion to
22 approve items 2 and 3, that is, the minutes of the

1 board's open session meeting of April 26, 2008, and the
2 board's open session telephonic meeting of May 27,
3 2008.

4 Is there such a motion?

5 M O T I O N

6 MR. MEITES: So moved.

7 MR. MCKAY: Second.

8 CHAIRMAN STRICKLAND: Second. Any discussion?

9 (No response.)

10 CHAIRMAN STRICKLAND: All those in favor,
11 please say aye.

12 (A chorus of ayes.)

13 CHAIRMAN STRICKLAND: Opposed, nay.

14 (No response.)

15 CHAIRMAN STRICKLAND: The ayes have it and the
16 minutes are approved.

17 We now move to our various reports. The
18 chairman will pass on that item on the agenda for a
19 chairman's report, and move now to members' reports.
20 Do any members of the board have reports to make to us?

21 (No response.)

22 CHAIRMAN STRICKLAND: I don't see any hands.

1 How about our board members who are on the telephone?

2 Do any of you have an item you'd like to report to us?

3 MR. FUENTES: Mr. Chairman, I would like to
4 offer a comment and to use the report of the board for
5 saying congratulations. As you know, our former
6 inspector general, Kirt West, served for some years,
7 and before that served as the inspector general for
8 another federal agency.

9 Recently, very recently, Kirt West received
10 the 2007/2008 Fraud Examiner of the Year. This
11 organization includes 45,000 members internationally.
12 And Kirt received significant professional recognition.
13 Much of that recognition comes for his service with our
14 agency, the Legal Services Corporation, and also with
15 the Postal Service, the Department of Labor, and his
16 role in the service of other government agencies.

17 So I would like to offer our congratulations,
18 have the board extend good wishes, and have a mention
19 in our electronic newsletter.

20 CHAIRMAN STRICKLAND: All right. Thank you
21 very much for that report.

22 Hearing no other reports from members, let's

1 move to the president's report.

2 MS. BARNETT: Thank you, Mr. Chairman. I have
3 distributed to all members of the board my president's
4 report for this meeting, and I ask that the reporter
5 please include it in its entirety in the record. And I
6 will just make a few comments to highlight certain
7 matters for the board's attention.

8 Just to remind the board that on May 22, LSC
9 board member Jonann Chiles and I testified before the
10 Senate Judiciary hearing on closing the justice gap
11 that was held and chaired by Senator Cardin. He stated
12 that the purpose of the hearing was to establish a
13 record for Congress to use to develop a strategy to
14 close the justice gap so that our justice system is
15 truly available to all citizens.

16 Subsequently, we received a letter from
17 Senator Leahy submitting 43 questions from Senators
18 Sessions and Grassley after the hearing. And on
19 July 14th, we submitted our response, which included
20 over 420 pages of attachments. We will of course keep
21 the board informed if there is any follow-up concerning
22 our responses.

1 I am very happy that many members of the board
2 had an opportunity to meet Stephen Barr at this
3 meeting, who joined us on July 1 as our director of
4 media relations. Steve brings a wealth of experience
5 and exceptional skills to this important job for the
6 Corporation, and we are very pleased to have him a
7 member of the government relations and public affairs
8 team at the Corporation.

9 The executive directors conference, of course,
10 was the highlight since our last meeting. There is
11 quite a lengthy description of it in my president's
12 report. We were very pleased to have five members of
13 the LSC board join us during the conference, and we
14 thank board chairman Frank Strickland, vice chairman
15 Lillian BeVier, board members Herb Garten, David Hall,
16 and Bernice Phillips-Jackson. And of course, Professor
17 Hall, as was stated at the provisions committee
18 meeting, was a wonderful facilitator in our closing
19 session on the role of the executive director in
20 promoting quality.

21 We gave each member of the board a copy of the
22 materials. And so I'd be happy to answer any questions

1 you might have after looking at that and reading the
2 president's report in detail about that.

3 I'd like to mention and bring to your
4 attention that a long-serving director of our Office of
5 Program Performance, Mike Genz, after returning from an
6 extended medical leave, asked on May 1 to step down
7 from his position and to assume the position of program
8 counsel. He had a serious accident this winter and is
9 recovering quite well, and we are really pleased that
10 he's able to continue with LSC as a program counsel.
11 We do expect to name a new director of the Office of
12 Program Performance very shortly.

13 We also gave to each of the directors a copy
14 of our 2007 fact book, which I hope you will look over.
15 And of course, if you have any questions, we'd be very
16 pleased to answer them.

17 Our 2009 competitive grants process is well
18 underway using our revised evaluation tools and our new
19 automated system.

20 I think those are the highlights that I wanted
21 to share with you. I attended some wonderful events,
22 which are also listed in my report, since the last

1 meeting. And I think we have been, as always, very
2 busy, and these have been a productive couple of
3 months.

4 CHAIRMAN STRICKLAND: Helaine, I know you
5 wouldn't report this about yourself, and I don't know
6 the details well enough to do it. But I know you were
7 recognized by a group in New York recently, attended by
8 about a thousand people. Would you mind telling us
9 what that was?

10 MS. BARNETT: It was the National Association
11 of Women Lawyers. And they gave me the Public Service
12 Award, which I accepted on behalf of all legal aid
13 lawyers that work in LSC-funded programs day in and day
14 out of trying to ensure access to justice.

15 CHAIRMAN STRICKLAND: Thank you very much. I
16 didn't want to let that pass without that being noted
17 for the meeting today.

18 Any questions for Helaine?

19 (No response.)

20 CHAIRMAN STRICKLAND: All right. Thank you
21 very much. Let's move down to the inspector general's
22 report. Jeff, if you're ready.

1 MR. SCHANZ: Yes, sir. Jeff Schanz, inspector
2 general, for the record. That's a tough act to follow.
3 I wasn't recognized by a thousand or 3,000 people. But
4 my wife still likes me. My dog likes me. But I don't
5 have anything that would come close to that. So
6 congratulations, Helaine.

7 As you know, and a lot of this will be
8 repetitive because during the course of the last day
9 and a half, I've mentioned various aspects of this, but
10 I welcome the opportunity to present it in one fell
11 swoop as to what's been going on in the IG shop, we did
12 have a June 30th response to the Congress based on
13 Senators Enzi and Grassley's April 21st request for
14 information from us.

15 Our response covered the LSC's progress on the
16 two GAO reports, recommendations. As I've mentioned
17 publicly and in closed session, we did get the
18 information we needed from the Corporation, and I
19 appreciate that. We answered questions related to LSC
20 travel costs, the January 24, 2008 Capitol Hill
21 reception, and 2008 executive directors conference.

22 The response was sent directly to each of you

1 by hard copy. And if you didn't get that, then I
2 followed it up with an e-mail. Thank you, Bernice, for
3 bringing that to our attention that some of the
4 mailings didn't work. And come to find out -- I keep
5 learning on the job -- that if you send something to
6 Congress, it gets irradiated before it ever gets into
7 the hands of the members of Congress. I didn't think
8 that was continuing, but it was --

9 MS. SINGLETON: Jeff, you're breaking up. Is
10 there any way you could get closer to the mike?

11 MR. SCHANZ: I'll try. Let me know if this
12 doesn't work.

13 Okay. So we've done that. We continue our
14 progress on the eight GAO sites that the Corporation
15 referred to us. We have issued our first final report.
16 As you know, the GAO -- or you maybe don't know -- that
17 the Yellow Book standards require reviews of
18 responsible officials. So we issue a draft report,
19 send it back out to the program that was reviewed or
20 audited, and include their response in its entirety
21 into our final reports.

22 So we're still progressing on that. We've

1 been to each of the sites. As a general proposition,
2 we haven't discovered a whole lot more than what GAO
3 did. But we did come across some sticky issues, such
4 as director's income, that was not captured properly.
5 And since those reports aren't final, I'll be free to
6 answer any questions. But I prefer not to do that on
7 the record.

8 We also -- and I mentioned this this
9 morning -- we're implementing some what I consider a
10 little more strident standards for the conduct and the
11 professionalism of the Office of the Inspector General.
12 A lot of this is related once again to the GAO Yellow
13 Book, the government auditing standards, as to due
14 professional care.

15 In my prior existence working for IG, we were
16 held to what I think are very high standards. And I
17 want to make sure that we have a system in place in the
18 inspector general's office where all staff are expected
19 of the performance that I anticipate getting from them,
20 and increasing the production and professionalism of
21 the office.

22 And dealing with LSC management: I mentioned

1 this at the last board meeting, but we continue to do
2 this as a method to get information into the hands of
3 LSC management quicker than waiting for an audit report
4 or at a review of a grantee. If we find an issue that
5 may be systematic within the grantee or, based on a
6 sample, may be indicative of an issue that could be
7 resolved at a management level, we use something called
8 a management information memo.

9 And I have provided Helaine with three of
10 those, and she has promptly responded as to what action
11 that management is taking, and generally with a thank
12 you for surfacing the issue. So we're going to
13 continue to do that. It's sort of outside the normal
14 audit or investigation process, but I feel it very
15 important to have the communication, the cooperation,
16 and the coordination between all elements of the LSC.
17 So that is one method that we're using to provide
18 information in a very timely manner.

19 We recently issued -- and I mentioned that
20 this morning also -- we recently issued a fraud order
21 to all executive directors. It was an instance of, I
22 mentioned earlier, internal controls, no separation of

1 duties, management not being management, and the local
2 board not being aware of the authority that a person
3 had. It turned into about a \$200,000 embezzlement.

4 So we sent out just a general notice, not
5 identifying any programs, not identifying any
6 individuals, saying that these are ripe opportunities,
7 and if the grantee would use a risk assessment or
8 internal controls survey, they may identify some of
9 these. So we're trying to build a little bit of a road
10 map to give the grantees not only awareness of the
11 situation that is occurring, but also a way to mitigate
12 it.

13 The other thing that we have coming up that is
14 always a pleasure for any IG, and I say that with
15 tongue in cheek, is we're going to be peer reviewed.
16 And this is -- I actually look forward to it. I'm
17 being a little sarcastic because it drains resources,
18 and we have limited resources to begin with now.

19 But according to the IG Act and the IG Act
20 amendments of 1988, each IG, PCIE and ECIE, is on a
21 three-year cycle subjected to a peer review of their
22 audit function. There has been some talk and

1 deliberations about extending that to the investigation
2 function, but that's a little more difficult and
3 amorphous to get to when you're talking about
4 confidentiality of sources, et cetera.

5 Within audit standards, the Yellow Book, and
6 there's a very lengthy PCIE guide which they will use,
7 "they" being SIGAR, Special Inspector General for Iraq
8 Reconstruction. They're similarly sized to the LSC
9 OIG. They will be starting in August. We have yet to
10 negotiate a start date, but I've talked with each of
11 the members of the review team.

12 And they are coming in to take a look at our
13 last two semiannual reports. That is the scope of
14 their review. They will take a look at each of the
15 Yellow Book standards. That distinguishes audit from
16 an inspection or something like that because the audit
17 standards are very black and white.

18 They've just been updated in July, July of
19 '07. And every time there's an update of the Yellow
20 Book, the Yellow Book triples in size. I started in
21 1974; the Yellow Book was a pamphlet, and it was very
22 easy to get mentally wrapped around it. The Yellow

1 Book now requires a lot more documentation for our
2 audit findings, a lot more interface with the grantee,
3 a lot more disclosure, a lot more transparency. We're
4 going to be judged on our performance against those
5 standards, starting in August.

6 I hope to get a report back to me. This
7 actually is an opportunity for me, being a fairly new
8 IG. This gives me an objective look as to how my staff
9 is complying with GAO standards, how my staff is
10 producing, how my staff is being trained. And I
11 mentioned earlier that's why we're doing a more
12 strident code of ethics and conduct for the IG's office
13 because that goes up to a standard of what's known as
14 due professional care.

15 One way to validate that is to make sure that
16 the staff is reporting objectively and fairly, and to
17 make sure they're being adequately trained. Much like
18 those attorneys amongst us that, depending on where
19 you're licensed, have to meet continuing legal
20 education, auditors who are performing government
21 audits, or quasi-government audits in the case of LSC,
22 have to meet a CPE standard, continuing professional

1 education standard.

2 I would like to make sure that my staff,
3 during a performance appraisal process, sets forth a
4 training plan. That is to meet the standard, but the
5 primary benefit is staff development. So if they're
6 weak in a certain area, when you're discussing your
7 performance appraisal with your employee, you have an
8 opportunity to have an action plan with that actual
9 training to make sure that they bring up their core
10 competencies and are able to do Yellow Book audits.

11 It's a small staff that I have. I don't
12 imagine that the peer review will take too much time.
13 they're probably planning two to two and a half weeks
14 on site. And that of course limits what I can do
15 because I need to have individuals available to answer
16 questions.

17 But it's a once-in-a-three-year thing. I
18 think it gives the board, or it should give the board,
19 a little bit of a comfort level that the independent IG
20 is being reviewed. I mean, there's nothing to preclude
21 GAO coming in and doing a review, but this is a
22 statutory requirement that each IG's audit function

1 will be peer reviewed every three years. And our three
2 years is upcoming and starting in August.

3 I'll keep the board apprised if I get
4 preliminary findings. But generally, they don't
5 do that until the exit conference. We work
6 collaboratively with them and provide them the
7 information. And for your general edification,
8 auditors are the world's worst auditees. So we shall
9 see how this works out.

10 And I anticipate that some of the changes I
11 have made already in the organization will bode well
12 for the response and the review. But I'll know that
13 once I get further down the road that's upcoming.

14 Any questions? I'd be happy to answer.

15 CHAIRMAN STRICKLAND: Does anyone have
16 questions for Jeff?

17 (No response.)

18 CHAIRMAN STRICKLAND: Thanks very much, Jeff.

19 MR. GARTEN: May I just make a comment?

20 CHAIRMAN STRICKLAND: Go ahead.

21 MR. GARTEN: For the record, I'd like to
22 commend you and your staff for the cooperation and help

1 you extended to the audit committee. Thank you very
2 much.

3 MR. SCHANZ: Thank you. It was a pleasure.

4 CHAIRMAN STRICKLAND: All right. The next
5 item on the agenda is consider and act on the report of
6 the provision for the delivery of legal services
7 committee. I will call on chairman David Hall.

8 MR. HALL: Thank you, Chairman Strickland.

9 The provisions committee met yesterday and we
10 had a more streamlined agenda than we have had in the
11 past. I'd like to kind of just highlight some of the
12 topics that we covered. There is no action item that
13 we are bringing before the board today.

14 We had a brief report from myself on the
15 executive directors conference session on the role of
16 executive directors in promoting quality. My summary
17 of that for the board would be that the session
18 provided a lot of information from the executive
19 directors about how they are promoting quality and how
20 they hope to promote quality.

21 That information, a survey was collected ahead
22 of time, and we used the session to try to build on the

1 things that they had already shared, thinking more from
2 more of a leadership perspective than a management
3 perspective. And I think the general consensus for
4 myself and staff was that the session was very
5 effective and certainly achieved our goals.

6 The staff will be following up on how to not
7 only compile all of that information, but also how to
8 follow up on many of the suggestions that executive
9 directors provided.

10 We also had a very interesting report from
11 Charles Jeffress on the technology criteria for legal
12 aid offices. I again don't want to do an exhaustive
13 analysis. It was a very thorough PowerPoint
14 presentation.

15 But just to highlight some of the points of
16 that report, there are three sections where -- and just
17 to back up, the whole goal behind this was to assess
18 the capacities of the various offices in the area of
19 technology. And this was the finding of that process
20 or survey.

21 The first finding was that in three sections,
22 the grantees generally had the capacities that were

1 listed, with a few exceptions. The areas where our
2 grantees seemed to be very close to meeting the
3 standard across the board were in our direct assistance
4 to low income persons, in the security area, and in the
5 communications area.

6 There were three other areas where the
7 grantees have what he labeled as a more mixed amount of
8 capacity, that is, that some of them have it in a
9 strong way but others do not. And that was in support
10 for private attorneys, records management, and
11 administration.

12 And then finally, and I guess this would be
13 the area that we would want to keep our attention on,
14 there are two areas where many grantees lacked the
15 desired capacity. And that was in the area of training
16 and telephone systems.

17 Mr. Jeffress provided a more detailed analysis
18 of what was going on in each one of those areas. But I
19 think the other take-away point is what LSC plans to do
20 about this, and especially in those areas where our
21 grantees are not up to capacity.

22 And so the things that were suggested is the

1 development of some model policies in this area that is
2 needed and will be able to guide our efforts going
3 forward; that TIG will provide some assistance for
4 document assembly and website compliance; that the LSC
5 staff will follow up during program visits to educate
6 grantees about how they can enhance their capacities in
7 the technology area; and that there is a technology
8 group, LSC technology group, that will try to develop
9 some further strategies for addressing the needs that
10 exist in those areas where our grantees are not up to
11 capacity.

12 And the grantee technology plans will become a
13 part of the grant application and review process going
14 forward so that this will now become a more systematic
15 and integrated part of the operation here or at the
16 Corporation, but also in the various offices.

17 So I think that report was evidence that we
18 are clearly moving forward, and have a better sense of
19 the strengths and weaknesses of our grantees, and a
20 strategy for moving forward.

21 We next got a report, an update, on the
22 private attorney involvement action plan and where it

1 stands. This is a project that the provisions
2 committee has been working on for some time now. And
3 Karen Sarjeant gave us an update as to what has
4 happened recently.

5 We now have 93 programs who have adopted the
6 resolution that the provisions committee and this board
7 suggested that they adopt. There is the national ABA
8 Pro Bono Day effort that is moving forward, and LSC is
9 still involved in that. And we hope that in the near
10 future, there will actually be a National Pro Bono Day.

11 LSC staff, in addition to that, is also
12 exploring the idea of a private attorney involvement
13 honor roll. This is a way of trying to highlight what
14 our grantees are doing in regards to working with
15 private attorneys and to give more recognition to those
16 attorneys who are doing it.

17 So that effort is still moving forward. There
18 are some areas that still need some follow-up. But
19 there is good progress in that regard.

20 Our next item that we discussed was the survey
21 or evaluation that was done of the LRAP program. And
22 again, Karen Sarjeant provided an update, and there was

1 a report in our briefing book. And again, I won't go
2 into great detail. But just to highlight a few aspects
3 of that report, the bottom line was clear from the
4 report that LRAP is contributing positively to the
5 ability of our grantees to attract and retain
6 attorneys.

7 Some of the data indicated, for example -- and
8 this data was collected through surveying executive
9 directors, surveying attorneys who participated in the
10 program, and also looking at data that LSC has
11 collected from the grantees. Part of the survey
12 indicated that 90 percent of the executive directors
13 reported that law school debts and low salaries have
14 limited their ability to recruit high quality staff,
15 and that becomes a critical point.

16 More importantly, just another fact that is
17 worth indicating is the survey looked at the retention
18 rate of those who received grants through the LRAP
19 program and those who did not. Eighteen percent of
20 those who participated in the program voluntarily left
21 during 2006 and 2007, yet during that same period,
22 individuals who were not receiving support left at a

1 higher rate of 29 percent, which clearly indicates that
2 there is some impact that the LRAP program is having on
3 retention.

4 Again, there are other data points in the
5 report. But the true bottom line is that the presence
6 of the LRAP program is assisting executive directors in
7 both the recruitment and retention of lawyers for their
8 programs. And that was the goal of this particular
9 program, and this study or report seems to support
10 that.

11 The last item, which was more an indication
12 that further work needs to be done, and that is in the
13 Native American delivery and funding area. Karen
14 Sarjeant again indicated that management is still
15 looking into this issue. They still need to respond to
16 the request from NAILS to receive financial assistance
17 so that they can carry out an updated study about the
18 amount of funding and the challenges that Native
19 American programs face.

20 Karen suggested that at the October meeting,
21 management would be in a better position to provide a
22 full report as to what is going on in regards to Native

1 American delivery and funding. She certainly
2 reaffirmed management's commitment to addressing this
3 issue and area, and the seriousness of it. But I see
4 this as being a top item on our agenda for the
5 provisions committee in October.

6 There was no public comment or other issues
7 coming before the provisions committee, so that
8 concludes the report from provisions.

9 CHAIRMAN STRICKLAND: Thank you, David.

10 Are there any questions for David?

11 MR. MEITES: I have one.

12 CHAIRMAN STRICKLAND: Yes, sir?

13 MR. MEITES: To supplement David's report
14 briefly, we also heard a report from John Constance
15 that Congress had passed the big loan assistance
16 repayment program funded at \$10 million for civil legal
17 attorneys.

18 And I have done some quick calculations on the
19 fact book. The maximum amount that anyone can receive
20 is \$6,000 a year. Preference for attorneys with five
21 years or less experience. At \$6,000 per person, 1650
22 attorneys with five years or less experience can

1 participate in the program each year. And we have,
2 according to the fact book, among our grantees just
3 slightly more than a thousand attorneys with five years
4 or less experience.

5 So if our grantees' attorneys get first in
6 line -- because it's first come, first serve -- all of
7 them can receive loan assistance next year. So they
8 should get first in line.

9 CHAIRMAN STRICKLAND: Very interesting. Thank
10 you very much for bringing that to our attention.

11 The next item is consider and act on the
12 report of the finance committee. Chairman Mike McKay.

13 MR. MCKAY: Thank you, Mr. Chairman.

14 The first substantive item that we addressed
15 was the proposed protocol for the acceptance and use of
16 private contributions to LSC. And the board will
17 recall that the audit committee and the finance
18 committee overlaps in certain responsibilities.

19 Out of the abundance of caution, we had this
20 item on the agenda, our agenda, even though we knew
21 that the audit committee was going to address it.
22 Indeed, they did, and when it came to us to address

1 this issue, we had nothing more to add, and fully
2 support the recommendations that have come from the
3 audit committee on this topic.

4 We then discussed the fiscal year 2008 revised
5 consolidated operating budget. We heard from
6 Mr. Richardson and Mr. Jeffress regarding certain
7 adjustments that were made below the \$75,000 level.

8 And we then addressed a fairly urgent issue,
9 and the problem is this. If our spending continues at
10 the current level, and if Congress does not give us an
11 increase in appropriations effective October 1, we will
12 experience a significant shortfall in the M&A line for
13 fiscal year 2009.

14 Management again is working on a solution, and
15 has already identified cuts of approximately \$700,000.
16 There perhaps could be more in the second round of the
17 review. But they've also identified recently, this
18 week, in fact, a possible adjustment to the LRAP line
19 that would allow for a carryover into the 2009 fiscal
20 year, which would require board action.

21 We determined that we needed time to consider
22 this, and we asked that management put together a memo

1 memorializing that subject, with the attached
2 spreadsheet showing how it would look financially. We
3 were told we'll receive this memo next week. We also
4 asked that there be time for public comment, and that
5 the committee and then the board would meet right
6 afterwards to approve or reject this proposal.

7 This possible change in the revised budget,
8 consolidated operating budget for fiscal year 2008,
9 would then provide for a carryover to the fiscal year
10 2009 budget, and that would address satisfactorily the
11 shortfall.

12 We also at this part of the meeting did remind
13 management of the board's growing duties and interest
14 and needing to be more informed sooner of these
15 impending problems.

16 We also heard from Mr. Richardson and
17 Mr. Jeffress on financial reports for the third quarter
18 ending June 30th.

19 We next heard from Mr. Constance, who gave us
20 a report of what's going on on the hill for the fiscal
21 year 2009 appropriations process. He warned us that we
22 should not be expecting a new budget until after the

1 inauguration in January, and to be prepared for that,
2 which of course we're in the process of doing.

3 We then considered a fiscal year 2009
4 temporary operating authority. I invite the board's
5 attention to page 136 of our board book, which contains
6 a proposed resolution. And attached to that resolution
7 and part of the resolution is a budget that reflects
8 flat funding with the carryover that we have, such as
9 it is.

10 M O T I O N

11 MR. McKAY: And I do move the adoption of
12 Resolution 2008-001.

13 CHAIRMAN STRICKLAND: Is there a second to
14 that motion?

15 MR. McKAY: 007, I'm sorry. Thank you.

16 MS. BeVIER: I second it.

17 CHAIRMAN STRICKLAND: Any discussion?

18 (No response.)

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

21 (A chorus of ayes.)

22 CHAIRMAN STRICKLAND: Opposed, nay.

1 (No response.)

2 CHAIRMAN STRICKLAND: The ayes have it and the
3 resolution is adopted.

4 MR. MCKAY: The next item on the agenda was a
5 discussion concerning fiscal year 2010 budget. The
6 finance committee will be meeting on October 14th in
7 Washington. Mr. Jeffress reminded us or informed us
8 that management is going to be extending invitations to
9 a broader array of groups to help assist us in making
10 the right kinds of decisions that we then recommend to
11 the board, what should be contained in our fiscal year
12 2010 budget.

13 We next heard from Mr. Richardson about IRS
14 Form 990, which is much more detailed than the previous
15 forms that we've had to file. With our advanced
16 responsibilities and duties as board members, we have
17 additional duties with regard to what we have to file
18 with the IRS, and including, among other things,
19 accurately reflecting the number of hours we spend each
20 year on board activities. And we will have those
21 numbers to Mr. Richardson by our October meeting so he
22 can prepare that form in a timely manner.

1 And that's the conclusion of our report.

2 Thank you, Mr. Chairman.

3 CHAIRMAN STRICKLAND: Thank you.

4 Any questions for Mike?

5 (No response.)

6 CHAIRMAN STRICKLAND: All right. The next
7 item is consider and act on the report of the
8 operations and regulations committee. Chairman Tom
9 Meites.

10 MR. MEITES: Thank you, Mr. Strickland.

11 Our committee considered a number of items at
12 its meeting yesterday. The first was we received a
13 report on the alternative sanctions rulemaking that was
14 conducted last month. We had a discussion with Mattie
15 Cohan about the staff's take-away from that meeting.
16 And during the course of the discussion, the committee
17 formed a consensus that we really wanted to investigate
18 several areas more thoroughly and needed more
19 information.

20 For example, we directed the staff to prepare
21 some information regarding the actual instances of use
22 of the various existing sanctions. We wanted a

1 development and discussion of the development of
2 alternative tools, which was a subject raised in the
3 workshop. And we asked the staff to report on that as
4 well. We've also asked the staff to consider and
5 report to us on enhancing and enlarging the
6 responsibilities of the boards of our grantees.

7 We anticipate we will receive all of this
8 material before the October meeting, and will consider
9 the alternative sanctions rulemaking, and indeed the
10 whole context of existing sanctions and governance, at
11 the October meeting.

12 We then had a report from Karen Sarjeant on
13 the proposed 2009 grant assurances. And we examined
14 the changes that are proposed, which are quite modest.
15 We heard public comment on one aspect of the proposed
16 changes, and received assurances from Karen that the
17 intent in the language in fact did not raise the issues
18 that the public comment was concerned with.

19 M O T I O N

20 MR. MEITES: Our committee determined, and I
21 now so move, that the board approve the proposed 2009
22 grant assurances.

1 CHAIRMAN STRICKLAND: Is there a second to
2 that motion?

3 MR. McKay: Second.

4 CHAIRMAN STRICKLAND: Any discussion?

5 MS. SINGLETON: Could it be restated? I could
6 not understand it.

7 CHAIRMAN STRICKLAND: Tom, would you restate
8 the motion?

9 MR. MEITES: Yes. move that the board approve
10 the proposed 2009 grant assurances.

11 CHAIRMAN STRICKLAND: Did you hear it that
12 time, Sarah?

13 MS. SINGLETON: That time I did. Thank you.

14 CHAIRMAN STRICKLAND: Okay. It's been moved
15 and seconded, and I've heard no discussion. Let's
16 proceed to a vote. All those in favor, please say aye.

17 (A chorus of ayes.)

18 CHAIRMAN STRICKLAND: Those opposed, nay.

19 (No response.)

20 CHAIRMAN STRICKLAND: The motion is adopted.

21 MR. MEITES: The next item we considered was
22 the proposed charter for the ops and regs committee.

1 This is, I think, the fourth meeting we considered the
2 charter. We believe we've run out our string on this,
3 and had to fish or cut bait. It's a terrible metaphor,
4 cut your fishing string.

5 You still hearing it? Good.

6 MS. BeVIER: It just wasn't that funny.

7 (Laughter.)

8 MR. MEITES: I want to make sure -- I'm not
9 asking for approval of the jokes. I just want to make
10 sure you're hearing them.

11 CHAIRMAN STRICKLAND: I'm baffled.

12 MR. MEITES: The committee, with the
13 assistance of Vic Fortunato, made some last-minute and
14 modest changes. And we now have a charter that we can
15 recommend to the board.

16 In addition, we conditioned our approval of
17 our recommendation on the performance review committee
18 approving its proposed charter. That has occurred.

19 M O T I O N

20 MR. MEITES: So at this time, I move that the
21 board adopt the revised charter for the ops and regs
22 committee.

1 MR. MCKAY: Second.

2 CHAIRMAN STRICKLAND: All right. Moved and
3 seconded. Any discussion on that motion?

4 (No response.)

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

7 (A chorus of ayes.)

8 CHAIRMAN STRICKLAND: Those opposed, nay.

9 (No response.)

10 CHAIRMAN STRICKLAND: The ayes have it and the
11 motion is adopted.

12 MR. MEITES: The last item that we considered
13 in our meeting was a petition from our grantee in
14 Hawaii that we open a rulemaking regarding financial
15 eligibility requirements in the case of natural
16 disasters.

17 The staff recommended against the proposal.
18 But in the course of discussion, and again, it became
19 apparent, much as it had in the course of the
20 alternative sanction discussion, that we need more
21 background on the proposal.

22 For example, we determined that we would like

1 to know more about FEMA's relationship with us and
2 relationship with the Young Lawyers section of the ABA.
3 We want more information on management's existing
4 efforts in the case of disasters, which we learned are
5 quite extensive and continuing.

6 So we determined that we would continue our
7 consideration of this rulemaking petition until the
8 next meeting, at which time we can look forward to the
9 staff informing us in some detail about our present
10 capacity and effort with regard to assistance in the
11 case of natural disasters.

12 And that concludes our report.

13 CHAIRMAN STRICKLAND: Thank you. Apparently
14 there's a comment from management. Go ahead.

15 MS. COHAN: Just a friendly reminder that
16 actually, the committee also has the FOIA draft NPRM to
17 recommend to the board to approve for publication.

18 MR. MEITES: That's right here. It's No. 6.
19 Yes. In fact, I skipped No. 6, which is consider and
20 act on a draft notice of proposed rulemaking to
21 implement certain changes in our FOIA regulation. Some
22 of the changes are simply technical -- for example,

1 changing the address of the Corporation in the
2 regulation. Others are to conform to a federal mandate
3 last year, which in some respects broadened the
4 public's rights under FOIA.

5 We considered the draft regulation and are
6 satisfied that it conforms to the federal statute. And
7 it also simplifies the procedure for request for
8 information from the Office of the Inspector General.

9 M O T I O N

10 MR. MEITES: And on the basis of our review,
11 we move that the board authorize the publication of a
12 notice of proposed rulemaking with regard to the FOIA
13 regulation.

14 CHAIRMAN STRICKLAND: Is there a second?

15 MS. BeVIER: Second.

16 CHAIRMAN STRICKLAND: Any discussion?

17 (No response.)

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

20 (A chorus of ayes.)

21 CHAIRMAN STRICKLAND: Those opposed, nay.

22 (No response.)

1 CHAIRMAN STRICKLAND: The ayes have it and
2 that motion is adopted.

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

4 CHAIRMAN STRICKLAND: All right. Before we
5 move to the next item, our general counsel reminded me
6 that in a previous meeting, we adopted Resolution
7 2008-007. Therefore, the minutes will stand corrected
8 that the resolution we adopted today is 2008-008.

9 Next is consider and act on the report of the
10 audit committee. Chairman Herb Garten.

11 MR. GARTEN: The audit committee has met
12 yesterday and concluded its meetings today. The
13 substance of the matters that were considered by the
14 committee necessitated some background information that
15 I went into detail on with regard to the impetus in
16 coming up with the new protocol that was referred to by
17 Mike McKay in his report dealing with the acceptance
18 and use of private contributions to LSC.

19 Briefly, the background involved a series of
20 items, events that occurred in connection with the
21 January 24, '08 Capitol Hill reception. Part of it
22 dealt with the use of a credit card, a

1 government -- there are two credit cards that the
2 government agencies have. One is an official credit
3 card, and the second card is a non-government-issued
4 credit card that the agencies, including Legal Services
5 Corporation, obtain, but uses to pay for certain
6 events. And it used that credit card to pay for the
7 Capitol Hill reception.

8 The rules of the Senate Dining Room are such
9 that events have to be paid at the time of the event.
10 And that credit card was used, backed by the credit of
11 the Legal Services Corporation. And unfortunately, as
12 part of the bill submitted which was paid for by the
13 credit card, was an item for alcoholic beverages.

14 And that set in motion a review by the
15 inspector general, and then our committee determined
16 that we would personally interview -- and it turned out
17 in one case by telephone -- seven of the key management
18 individuals who, directly or indirectly, were involved
19 in connection with this reception, including the
20 president, the treasurer, and others.

21 As a result of our investigation, that is, the
22 committee's investigation -- which was really a series

1 of interviews, it was not formal meetings, with each of
2 these individuals separately -- we concluded that
3 indeed there had been improper use of federal funds
4 through the use of that credit card, backed by the
5 credit of Legal Services Corporation; and that even
6 though all the funds were eventually reimbursed to the
7 Corporation, including interest calculated on the
8 number of days, the interest was a nominal figure, that
9 it was improper use.

10 And we have made certain, as best we can, that
11 should anything like this occur in the future, that the
12 staff will be very careful to make certain that federal
13 funds will not be used, only private funds.

14 So that took care of the fact that we
15 concurred with the IG. Staff is aware of the fact that
16 they must be more careful in the future. And indeed,
17 when it came time to pay the bill for the executive
18 directors reception, we were very careful to make
19 certain that the alcohol portion of the bill was paid
20 for by non-federal funds contributed by a couple of the
21 directors of the Corporation.

22 Now, this leads to the reason, the background,

1 for the protocol, which briefly we'd like to run over
2 with you. I might point out that there were changes to
3 the protocol on page 22 of your book, and I believe
4 that all the directors have the latest version that our
5 committee is recommending be adopted by the board.

6 And it's titled, "Protocol for the Acceptance
7 and Use of Private Contributions to LSC," and for
8 inclusion in the LSC accounting and administrative
9 manuals. It's different from the -- you can tell the
10 difference from the one that's in the book by seeing,
11 under Solicitation, (a), excepted from the requirement.

12 And that is that: "Private contributions to
13 LSC may not be solicited by directors, officers, or
14 staff of LSC without the prior approval of the board of
15 directors. Excepted from this requirement are:

16 (1) solicitations directed to local merchants for
17 modest donations of good or fundings" -- that should be
18 corrected; it should be plural, goods, or funding, I
19 presume -- "for in-house staff events or functions; and
20 (2) management-approved fundraising among LSC staff for
21 charitable causes."

22 It goes on. Portions of this protocol provide

1 that: "All private funds received by LSC, whether
2 solicited or not, shall be held in a separate
3 interest-bearing account in the name of the Legal
4 Services Corporation. Expenditures may be made from
5 that account in accordance with the LSC administrative
6 manual, and subject to the same approval requirements
7 as contained in the manual." Most importantly, "No
8 federal funds shall be advanced to cover expenses
9 intended to be paid for by private contributions."

10 From an accounting standpoint, it's a separate
11 account similar to what lawyers are required to deposit
12 client funds in, escrow accounts. "Such accounts shall
13 be subject to the same reporting and auditing
14 procedures as all other LSC accounts."

15 All right. Counsel has just pointed out to me
16 there have been several drafts of the protocol, and
17 that the one that was approved, I have to read the
18 paragraph (a), Solicitation, again.

19 After stating that private contributions to
20 LSC may not be solicited by directors, officers, or
21 staff of LSC without the prior approval of the board of
22 directors, "Excepted from this requirement but subject

1 to the approval of the president of LSC are:

2 (1) solicitations directed to local merchants for
3 modest donations of goods or funding for in-house staff
4 events or functions; and (2) fundraising among LSC
5 staff for charitable causes."

6 Vic, although this is not dated, this is the
7 one that was distributed earlier. Is that correct?

8 MR. FORTUNO: Yes.

9 MR. GARTEN: In all other respects, it's the
10 same.

11 Now, an issue was raised by one of the board
12 members about whether some reference should be made to
13 possible conflicts. We've considered it, and we've
14 concluded that other parts applying to directors and
15 others in the various manuals cover that issue and make
16 it clear that should any conflicts arise, that they
17 would be handled as provided for in those manuals.

18 The recommendation of the committee is that
19 this is something that is very timely, considering
20 recent communications from Congress, and that we have
21 indicated that a protocol was being worked on. And the
22 one in the book has been supplanted by the one I

1 referred to. It is very close to the final outcome,
2 except as indicated to you.

3 M O T I O N

4 MR. GARTEN: So I would solicit a motion for
5 the acceptance of the protocol, the last version that
6 was distributed earlier.

7 CHAIRMAN STRICKLAND: Well, we'll consider
8 that a motion by you.

9 MR. GARTEN: Yes. I wasn't asking for a
10 motion; I meant the motion.

11 CHAIRMAN STRICKLAND: Make a motion. Is there
12 a second to Herb's motion?

13 MR. MEITES: Second.

14 CHAIRMAN STRICKLAND: Any discussion?

15 (No response.)

16 CHAIRMAN STRICKLAND: Let's proceed to a vote.
17 All those in favor of the motion, please say aye.

18 (A chorus of ayes.)

19 CHAIRMAN STRICKLAND: Opposed, nay.

20 (No response.)

21 CHAIRMAN STRICKLAND: The ayes have it.

22 MR. GARTEN: The problems that we have had

1 with this incident highlight something that we are
2 recommending, that we have recommended that staff
3 consider and report back to us at our next meeting, and
4 that is this.

5 Many other agencies and corporations such as
6 us -- and John Constance is personally familiar with
7 one foundation that was set up by the National Archives
8 to use for the solicitation of funds, which is a
9 501(c)(3) corporation; I know that the Smithsonian and
10 some of the other agencies have similar charitable
11 foundations -- that we take one of two possible routes
12 to minimize the amount of solicitations that would be
13 made by LSC directly or through its employees or
14 officers or directors.

15 There's bound to be some instances, as there
16 just recently was with a substantial contribution made
17 by friends of our president, unsolicited, that come in.
18 Somebody might have a provision in their will leaving a
19 million dollars to LSC. So the protocol would take
20 care of that situation.

21 But our recommendation is that in order to
22 minimize the necessity for having questions from

1 Congress as to why are you getting involved in
2 fundraising activities, why are you paying for alcohol
3 or not paying for alcohol, that we either have our own
4 private foundation or that we utilize the existing
5 Friends of LSC, which is also a 501(c)(3) organization.
6 And our chair has spoken to the president of Friends,
7 and they are in the process considering whether they
8 would want to undertake this additional responsibility.

9 In the meantime, we've asked staff to look
10 into the feasibility of either approach and come back
11 to the board at the October meeting, and us, the audit
12 committee, in conjunction with the finance committee,
13 considering this during our committee meetings and
14 coming back with a recommendation to the board as to
15 how to handle this in the future.

16 Since the last -- since we were organized,
17 we've been involved in a number of meetings with the IG
18 on various topics, including the ones I just mentioned
19 to you with regard to the problem raised at the Capitol
20 Hill reception.

21 We've also participated in approving and
22 concurring in selection of the outside auditor as one

1 of our functions under our charter.

2 We had a report on the risk assessment plan by
3 Charles Jeffress. Work on that is in progress, and we
4 understand that he will be coming back to us at the
5 October meeting, hopefully with a plan that we can then
6 consider and act upon at that time.

7 That concludes my report.

8 CHAIRMAN STRICKLAND: Okay, Herb. Thank you
9 very much.

10 Any questions for Herb? Yes, sir, Mike?

11 MR. MCKAY: I want to thank the audit
12 committee for the good work in connection with the
13 reception, and of course, the IG's assistance on that.
14 And it's unfortunate that the audit committee had
15 something to address so quickly upon its creation. But
16 here it is, and I thought they handled things very
17 well.

18 I think it's also a reminder that an
19 organization of human beings is going to make mistakes.
20 And it sounds like we've addressed the credit card
21 issue and make sure that kind of thing doesn't happen
22 again.

1 But there are going to be other mistakes made
2 because we're human beings. I just want to make sure
3 it's clear that everyone knows the support role of the
4 audit committee, and the next time that someone makes a
5 mistake, that the audit committee be notified promptly
6 so it can fulfill its duties.

7 CHAIRMAN STRICKLAND: Thank you.

8 Next is consider and act on the report of the
9 performance review committee. I'll call on our vice
10 chair, Lillian BeVier.

11 MS. BeVIER: Thank you, Mr. Chairman.

12 The performance review committee at its
13 meeting today, the first action item was to consider
14 and act on whether to recommend to the board the
15 change -- the reconstitution of our committee and the
16 change of name from the performance review committee to
17 the governance and performance review committee.

18 We voted affirmatively on that proposition,
19 and I bring it to the board in hopes that the board
20 will concur. We'd like to say that we want to change
21 our name and our charge to become the governance and
22 performance review committee.

1 CHAIRMAN STRICKLAND: So are you making a
2 motion that we take that action?

3 M O T I O N

4 MS. BeVIER: I am.

5 MR. MEITES: Second.

6 CHAIRMAN STRICKLAND: All right. Any
7 discussion?

8 (No response.)

9 CHAIRMAN STRICKLAND: All those in favor of
10 the motion, please say aye.

11 (A chorus of ayes.)

12 CHAIRMAN STRICKLAND: All those opposed, nay.

13 (No response.)

14 CHAIRMAN STRICKLAND: The ayes have it and we
15 have a newly named committee.

16 MS. BeVIER: The next item that we had on our
17 agenda, Mr. Chairman, is the proposed charter for the
18 governance and performance review committee. The
19 charter was sent out to all of the members of the
20 board. We had some discussion of the charter, but it
21 seemed as though most of the substance of the charter
22 had been read and assimilated, and was approved by the

1 members of the committee, with one exception.

2 The charter as proposed in VI(7) has what
3 would be a -- recommends what would be a change in the
4 way the board has proceeded with respect to its
5 searches for president and inspector general. And if
6 you will notice, what it says is, "The committee shall
7 coordinate and oversee the recruitment of candidates
8 for president and for inspector general when necessary,
9 and make recommendations to the board on finalists."

10 We have no recommendation on this to bring to
11 the board because we thought that the best way to do it
12 was to just open it up to board discussion. The issue
13 for us to decide as a board is whether we want to
14 change the procedure that we have followed for the one
15 search we did for the president and the two searches
16 that we've done for inspector general, namely, to have
17 you, the chairman of the board, appoint a temporary
18 committee to act as a search committee to identify
19 candidates, winnow the field, and come to the board
20 with finalists.

21 So I'm not exactly sure how to proceed except
22 to say I'd be very interested in what the board members

1 think about this and how we ought to proceed.

2 David?

3 MR. HALL: Yes. My sense is that we should be
4 kind of open to creating some flexibility in regards to
5 this as opposed to lodging this responsibility just in
6 the committee because I would hope that the chairperson
7 at that time might want a different mix of individuals
8 to be on the search committee, based on our -- and
9 those individuals may not be on the governance and
10 performance review committee; second, because the
11 search committees in the past have also included other
12 advisory members and thus have been able to, I think,
13 incorporate those individuals in a lot of their
14 meetings.

15 You may not want to do that in the context of
16 the performance review committee process. So I would
17 just urge us to seriously consider not having that to
18 be a permanent part of the committee's responsibility,
19 and leave it up to the chairperson to decide at that
20 time to create an ad hoc committee.

21 MS. BeVIER: Can I take that as a motion?

22

M O T I O N

1 MR. HALL: I'm certainly willing to put it
2 forward as a motion.

3 MS. BeVIER: That we delete VI(7). Is there a
4 second to that motion?

5 MR. McKAY: Second.

6 MS. BeVIER: I have a question for Vic, and
7 that would be: If we do this, do we need to provide
8 anywhere in the charter, or in anybody's charter, for
9 the identification of a search committee? Or is that
10 something that can just be undertaken when the
11 vacancies occur?

12 MR. FORTUNO: I think that if it's taken under
13 this charter, it can be left to be handled as it's been
14 handled in the past; that is, when the need arises, the
15 committee can be formed. The chairman can be delegated
16 to make appointments to the committee, and they can
17 proceed as they have in the past, with advisory
18 committee members and whatever is the pleasure of the
19 board at that time.

20 MS. BeVIER: Thank you, Vic. That's good to
21 know. That would be my instinct, actually, which is
22 why I brought this to the board to see whether we want

1 to do that.

2 Frank, do you want to --

3 CHAIRMAN STRICKLAND: So your motion, then, is
4 for the adoption of the proposed charter, as amended,
5 by deleting No. VI(7)?

6 MS. BeVIER: Yes.

7 CHAIRMAN STRICKLAND: Is that right, Lillian?
8 And therefore, No. 8 would be renumbered 7.

9 MS. BeVIER: Right.

10 CHAIRMAN STRICKLAND: So your motion as
11 amended is to that effect. Is that --

12 MS. BeVIER: That's correct.

13 CHAIRMAN STRICKLAND: All right. Is there a
14 second to that motion?

15 MR. GARTEN: There already was.

16 CHAIRMAN STRICKLAND: There already was a
17 second? All right. So without objection, we'll
18 proceed to vote on the motion as amended, as opposed to
19 taking a vote on the amendment.

20 All those in favor of the motion to adopt the
21 charter as amended, please signify by saying aye.

22 (A chorus of ayes.)

1 CHAIRMAN STRICKLAND: Those opposed, nay.

2 (No response.)

3 CHAIRMAN STRICKLAND: The ayes have it and the
4 charter is adopted.

5 MS. BeVIER: Thank you. The other items on
6 our agenda were handled in closed session, and will be
7 reported to the board in the board's closed session.
8 Thank you. That concludes my report.

9 CHAIRMAN STRICKLAND: Okay. Item 13 is
10 consider and act on the report of the board's ad hoc
11 committee. Sarah Singleton is the chair of that
12 committee. Sarah, do you have a report?

13 MS. SINGLETON: I think Jonann was going to
14 give the report because I wasn't sure if was going to
15 be here.

16 CHAIRMAN STRICKLAND: All right. Jonann, are
17 you ready?

18 MS. CHILES: I have a very brief report.

19 First, on May 22, at the invitation of Senator
20 Benjamin Cardin of Maryland, both the president,
21 Helaine Barnett, and I appeared before the Senate
22 Judiciary Committee. We received a very cordial

1 welcome from Senator Cardin, in large part due to the
2 fact that Mr. Cardin, although a busy time for the
3 Senator, was in attendance at the hearing.

4 There were two panels of witnesses before the
5 committee. President Barnett and I comprised the first
6 panel. The second panel included some of our
7 supporters and also some of our detractors. The
8 written testimony offered by the witnesses is found on
9 the Senate Judiciary website. The transcript of the
10 raw testimony should be available at a later date when
11 the hearing record is closed.

12 At the hearing, President Barnett addressed
13 the subject of the justice gap. I addressed the
14 progress the board and the Corporation have made on
15 many of the recommendations set forth in the two GAO
16 reports.

17 As evidence, I recounted for the committee the
18 information contained in the May 20th progress report
19 that President Barnett sent to Jeanette Franzel, who is
20 the GAO director of financial management and assurance.
21 And you'll probably recall that Ms. Franzel was the
22 lead in sending out the two GAO reports that addressed

1 LSC.

2 You all, I believe, have received a copy of
3 that May 20th progress report. It is very thorough,
4 and it details each of the GAO's recommendations, as
5 well as actions that LSC and the board have taken to
6 address different recommendations. I believe a copy of
7 that progress report or letter also was sent to Senator
8 Cardin and the other members of the Judiciary
9 Committee, including Senator Grassley, before our
10 hearing.

11 I was very pleased that Jeanette Franzel, who
12 also appeared before the committee in the second panel,
13 was quite complimentary when asked about our efforts to
14 address the GAO recommendations.

15 I had an opportunity to visit with Ms. Franzel
16 at the hearing. She was very cordial, very
17 complimentary of the work that we had done. She was
18 surprised that we had managed to accomplish so much in
19 such a short period of time. She also offered to train
20 the audit committee on the use of the GAO audit book.

21 At the hearing, I committed to Senator Cardin
22 and, later, to Senator Sessions to keep the committee

1 apprised of the progress that the board and LSC make in
2 accomplishing the remainder of the GAO recommendations.
3 I imagine we will be preparing for them an update
4 detailing the items we have accomplished these past
5 couple of days at this board meeting.

6 For instance, I suspect we would want to tell
7 them that the board has been trained on the newly
8 adopted code of ethics; that the operations and
9 regulations committee has adopted a charter; that the
10 performance review committee has been reconstituted as
11 the governance and performance review committee, and
12 also has adopted a charter; that the responsibility for
13 preparing plans for providing board training and
14 orienting new board members has been assumed by the new
15 governance and performance review committee; that the
16 governance and performance review committee also has
17 assumed responsibility for evaluating board committee
18 and individual board member performance; and that
19 management has moved forward in conducting and
20 documenting a risk assessment, with an eye towards
21 implementing a risk assessment program; and that it's
22 met all tasks.

1 I should also mention that we have committed
2 to GAO to provide a written update on our efforts by
3 September 1st.

4 The second and last subject I'll mention is
5 the December 2007 GAO report conclusion that LSC should
6 improve its controls over grants management and
7 oversight. In making that finding, you will recall
8 that GAO pointed to specific instances of grantee
9 misconduct.

10 And since that time, Sarah Singleton and I
11 have received several briefings from OIG, OPP, and OCE
12 on the status of LSC's responses to the identified
13 grantee misconduct. These have been group briefings.
14 The briefings have been very thorough and have been
15 very informative.

16 I think we have made great strides in our goal
17 of having better communication and improved working
18 relationships amongst OIG, OPP, and OCE. And I also
19 think that that improved communication and coordination
20 should do much to move us toward our goal of
21 strengthening controls over grants management and
22 oversight.

1 That concludes my report. Sarah, do you have
2 anything to add?

3 MS. SINGLETON: No, Jonann.

4 CHAIRMAN STRICKLAND: Thank you, Jonann.

5 Any questions for Jonann about her report?

6 (No response.)

7 CHAIRMAN STRICKLAND: The item is No. 14 --

8 MS. BeVIER: Excuse me, Mr. Chairman.

9 CHAIRMAN STRICKLAND: Sorry?

10 MS. BeVIER: I can't believe this. I
11 neglected to mention part of what we did at the
12 governance and performance reviews committee. And
13 Jonann's report on the ad hoc committee reminded me
14 that we have indeed undertaken -- is it okay if I just
15 go forward to correct this?

16 CHAIRMAN STRICKLAND: Sure. Go ahead.

17 MS. BeVIER: We did consider and act on the
18 recommendations that were in the Government
19 Accountability Office with respect to LSC governance.
20 And as Jonann just mentioned, and I would reiterate,
21 the whole board was trained this morning by Vic Fortuno
22 with respect to our ethics obligations. And we will be

1 each receiving a written packet that further elaborates
2 on what those obligations are.

3 In addition to that, the staff is putting
4 together a series of memos and documents that reflect
5 the obligations that the board collectively has
6 undertaken, in particular of the code of conduct, and
7 as well incorporating the OLA memo with respect to the
8 duties of board members. And that's going to be
9 gathered in one place, and it will be available to each
10 of us. And that's sort of for ongoing information of
11 board members.

12 The next item that we talked about was the
13 self-assessment task that we have undertaken. The
14 board must assess itself, and each committee has to
15 assess its work. And all members of the board
16 individually are going to assess ourselves. And the
17 self-assessment tool or tools is going to be prepared
18 by staff for our evaluation and consideration at the
19 next meeting.

20 Finally, the committee talked about succession
21 planning, being aware as we are that at least in formal
22 terms, we might expect all of us to have replacement

1 members of the board arrive on scene soon after the
2 election. That may be premature to think that that's
3 going to happen that fast, but we also believe that we
4 have an obligation to the Corporation and to the new
5 board to plan about how they should undertake their
6 responsibilities.

7 And the staff is going to again put together
8 some materials for us to consider with respect to
9 issues of training and preparing the new board to
10 undertake its responsibilities in a seamless fashion so
11 that they can kind of hit the ground running regardless
12 of whether or not we have an opportunity to show them
13 how to do things by virtue of our still being in place
14 when they are nominated and waiting to be confirmed.

15 So we are putting that in place. We think
16 it's a very important aspect of what it is we're
17 supposed to be doing.

18 So now that does conclude my report.

19 CHAIRMAN STRICKLAND: Okay. Thank you for
20 that addition.

21 The next item is No. 14, consider and act on a
22 proposed protocol for board member access to corporate

1 records. Charles, are you going to lead that
2 discussion or is someone else? Or Sarah?

3 MR. JEFFRESS: Mr. Chairman, this is a report
4 from board members to each other, and to give the staff
5 direction.

6 CHAIRMAN STRICKLAND: Say that again?

7 MR. JEFFRESS: I think that this proposal came
8 from Bernice Phillips-Jackson. Sarah Singleton made on
9 comments on it. The inspector general made some
10 comments on it. It was provided back to the board, and
11 there's not a staff report on it.

12 CHAIRMAN STRICKLAND: All right.

13 MS. SINGLETON: Mr. Chairman, I apologize
14 again. I don't have my materials with me. Maybe
15 Bernice can --

16 CHAIRMAN STRICKLAND: So we need to pass on
17 that item?

18 MS. PHILLIPS-JACKSON: No.

19 CHAIRMAN STRICKLAND: Are you ready, Bernice?

20 MS. PHILLIPS-JACKSON: I'm somewhat ready.

21 CHAIRMAN STRICKLAND: All right.

22 MS. PHILLIPS-JACKSON: Thank you, Chairman

1 Strickland.

2 Starting with paragraph 1 --

3 CHAIRMAN STRICKLAND: Can you tell us what
4 page that is on, please?

5 MS. PHILLIPS-JACKSON: That is on page 169.
6 Okay. Starting with paragraph 1, I believe management
7 does not think that confidential documents should be
8 transmitted through e-mail. And in paragraph 1, I
9 would like to propose that the insert be deleted unless
10 there is a legal reason that the documents -- that
11 confidential documents cannot be sent through e-mail.

12 MR. MEITES: Actually, I think it's on 169
13 rather than 161.

14 MS. PHILLIPS-JACKSON: Yes. 169.

15 CHAIRMAN STRICKLAND: Are you making -- first,
16 are you moving the adoption of the protocol, or are you
17 trying to get it amended before you make that motion?

18 MS. PHILLIPS-JACKSON: I'm trying to get it
19 amended before I --

20 CHAIRMAN STRICKLAND: Okay. I don't know who
21 inserted that item, but I presume there was a reason
22 for doing so.

1 MS. PHILLIPS-JACKSON: I believe management
2 inserted the item. At least, that's what the --

3 MR. FORTUNO: That's right. Mr. Chairman, my
4 recollection is that the board members were given an
5 opportunity to comment, the inspector general was given
6 an opportunity to comment, and management was given an
7 opportunity to comment.

8 And I think that management's comments are the
9 ones that you see in purple on the draft there. So I
10 think that the "However, e-mail will not be used to
11 transmit confidential documents," is a management
12 insert, and I think that's what Director
13 Phillips-Jackson is referring to.

14 CHAIRMAN STRICKLAND: Okay. I'll make a
15 personal comment. I think it's a good addition.
16 E-mails can be sent anywhere any time by anybody, and
17 just because it's marked confidential doesn't mean it's
18 going to remain confidential. It just can be done with
19 the click of a mouse. I don't understand why you want
20 that deleted.

21 MS. PHILLIPS-JACKSON: Because documents
22 are -- legal documents are sent through e-mail all the

1 time. Whenever you guys send me an e-mail, it has this
2 little box at the bottom saying, "Confidential
3 information," or whatever. So I don't understand why
4 e-mail cannot be sent -- confidential documents cannot
5 be sent through e-mail unless there is a legal reason
6 that it can't be sent.

7 CHAIRMAN STRICKLAND: Well, I think -- for
8 example, my law firm sends out an item -- whenever I
9 put my signature block on a message coming out of my
10 office, I have something that this is confidential and
11 so on. And the intent, of course, is for it to be
12 confidential. There's no guarantee that it will be,
13 but that's sort of, as much as anything else, to send a
14 signal.

15 Let's hear Mike's comment.

16 MR. MCKAY: Well, I agree with the insertion,
17 and I could just think of an example. We as board
18 members are entitled to look at just about anything.
19 And let's say we ask to look at someone's personnel
20 file. I want to see the personnel file of a particular
21 individual. And I call the office and say, "I'd like
22 to see it."

1 Obviously, that contains some pretty
2 confidential information -- annual reviews, maybe
3 reprimands or whatever, would be in there. That is the
4 kind of document that I believe should be packaged up
5 and FedEx'd rather than e-mailed. And it's because we
6 can all make mistakes. I think as Chairman Strickland
7 said, you can have it in your inbox and you can
8 accidentally forward it, or someone else could have
9 access to it. Mistakes can be made. Things can
10 happen.

11 So things that are particularly sensitive, I
12 think it would be important to be prudent and risk the
13 one-day delay, as opposed to getting it the same day
14 you request it, and have it FedEx'd so that we can be a
15 little more careful about protecting sensitive
16 information.

17 So while there might not be a legal
18 prohibition, I would recommend that we be prudent and
19 maybe risk the additional day delay and have it FedEx'd
20 so we can be a little more careful about protecting it.
21 And that's not saying that we can't e-mail other
22 documents that we ask for.

1 But certainly, confidential documents should
2 be protected. So that's why I agree with the
3 insertion.

4 MS. BeVIER: Mr. Chairman?

5 MS. SINGLETON: Mr. Chairman, this is Sarah
6 Singleton.

7 CHAIRMAN STRICKLAND: Yes, Sarah?

8 MS. SINGLETON: I'm wondering if we might not
9 have some means to compromise here. Frankly, it's much
10 easier for me to get most information by e-mail than it
11 is by Federal Express. And I have to travel a lot, and
12 the Federal Express would have to chase me around. Or
13 my office would end up getting it in an e-mail, which
14 would defeat the purpose.

15 I'm wondering if we couldn't have something in
16 this that says if that there are -- sensitive documents
17 of the sort that Mr. McKay was just identifying will
18 not be e-mailed, and so that we don't just put "all
19 confidential documents" into a category that can never
20 be e-mailed.

21 CHAIRMAN STRICKLAND: Well, maybe we can do
22 that. I tell you what. I didn't think when we had

1 this item come up that we were going to try to work it
2 as a committee of the whole. I mean, are you going to
3 have comments on every single insertion?

4 MS. PHILLIPS-JACKSON: Not every single
5 insertion. But I have one, two, three, four --

6 MS. SINGLETON: I'm sorry. I could not hear,
7 Bernice.

8 MS. PHILLIPS-JACKSON: I have four more.

9 MR. MEITES: Mr. Chairman?

10 CHAIRMAN STRICKLAND: Yes?

11 MR. MEITES: Could I suggest that we formally
12 appoint a subcommittee of Bernice, Mike, and Sarah to
13 thrash this out before our next meeting and present a
14 united front?

15 CHAIRMAN STRICKLAND: Yes. I think would be
16 more efficient. I'll accept that as a -- I don't know
17 if we need a motion on that.

18 All right. Acting on that recommendation, I'm
19 going to appoint a subcommittee consisting of those
20 individuals to review this and bring it to the board as
21 a completed document. I think it'll be much more
22 efficient than trying to write the thing as a committee

1 of the whole. So we'll give it that direction. Thank
2 you for that suggestion.

3 MR. MCKAY: Could I ask Vic, then, to e-mail
4 to us the document on page 169 and 170 which will be
5 our starting point? I think the committee might agree
6 on that, and then that will also be used as a reminder.

7 CHAIRMAN STRICKLAND: And Bernice, you might
8 circulate the comments that you have so that all
9 members of the subcommittee can have those.

10 MS. PHILLIPS-JACKSON: Okay.

11 MS. SINGLETON: And Mr. Chairman, I also at
12 one point had combined or tried to combine the
13 management's comments and the OIG's comments. And I
14 would also circulate that because I don't see that in
15 here.

16 CHAIRMAN STRICKLAND: Okay. Well, it sounds
17 like we do have some more work to do on this from
18 various perspectives. So let's do that through the
19 work of a subcommittee.

20 All right. The next is No. 15 -- sorry?

21 MR. GARTEN: Don't you think that you ought to
22 advise the others who have made comments on what is

1 being considered? Do you think they want to comment on
2 it again? Or you want to wait till the subcommittee
3 finishes its assignment before distributing it?

4 CHAIRMAN STRICKLAND: Well, what I'd like to
5 do is have the subcommittee give it a full review, and
6 bring to the board a recommendation for us. And if
7 that means they need to seek comments, say, from the
8 OIG or management, we can ask them to do so.

9 Is that acceptable to the subcommittee?

10 MR. MCKAY: Yes.

11 MS. BEVIER: And I assume that if any of us
12 have a comment in the meantime, we can just let you
13 know by e-mail.

14 MR. MCKAY: Yes.

15 CHAIRMAN STRICKLAND: Is that okay, Sarah?

16 MS. SINGLETON: Yes. That's a good idea.

17 MR. MEITES: Or Federal Express.

18 CHAIRMAN STRICKLAND: All right.

19 Charles, before we take up No. 15, give us
20 your estimate of how long that might take if we were to
21 proceed.

22 MR. JEFFRESS: Mr. Chairman, you have in your

1 book the three corrected documents. I have a
2 PowerPoint that has examples of progress achieved for
3 each strategy under that document. My guess is the
4 presentation would be 15 to 20 minutes if we were to do
5 the full presentation.

6 CHAIRMAN STRICKLAND: All right. Before we do
7 that, then let me ask Vic Fortunato, relative to the
8 general counsel's report that would take place in the
9 closed session, how long would that be?

10 MR. FORTUNO: Actually, you have a written
11 report which captures everything I have to report. So
12 unless there are any questions, I think you have it
13 all. You have the report.

14 CHAIRMAN STRICKLAND: Okay. There's one item
15 on the -- I have already ready your report, and there's
16 one item on there that I might ask a question about.
17 But I'm sure you could give a short answer to it.

18 MR. FORTUNO: Yes.

19 CHAIRMAN STRICKLAND: I would hope you could
20 give a short answer.

21 I'm just trying to determine whether we have
22 sufficient time to take that up, and it sounds like we

1 probably do. It's now five minutes after 3:00. We
2 must vacate the room by 4:00. And I think that means
3 not think about leaving at 4:00; be out at 4:00.

4 I'll ask Lillian, item 22, would that be
5 relatively short?

6 MS. BeVIER: I expect it would be relatively
7 short. It's basically a report. And in particular,
8 since everyone here at the board was at that meeting, I
9 think we can be rather quick about it.

10 CHAIRMAN STRICKLAND: All right. It's just a
11 formality of getting a record, just making it, more or
12 less. Is that right?

13 MS. BeVIER: Yes. That's what my hope is.

14 MR. FORTUNO: Mr. Chairman, is there a change
15 to the resolution number of the resolution we adopted
16 earlier this afternoon?

17 CHAIRMAN STRICKLAND: Yes. We noted that on
18 the record.

19 MR. FORTUNO: You noted that? Okay. Thank
20 you. I think there's one other resolution remaining in
21 your board book, and we can adjust that when we get to
22 that item.

1 CHAIRMAN STRICKLAND: Is that the Lowenstein
2 Sandler?

3 MR. FORTUNO: Yes.

4 CHAIRMAN STRICKLAND: All right. We'll do
5 that.

6 Charles, why don't we take a shot at your
7 report. Here's the history on why we are taking a look
8 at this item 15. I asked Helaine and Charles to take a
9 look at the five-year strategic plan, which is now
10 about three years old, so we could see how we're doing
11 on that strategic plan.

12 And I'm not suggesting that it needs any
13 refinement, but we're always free to refine it if we
14 choose to do so. But I thought it might be helpful to
15 all of us if we could ask Charles to go through it and
16 show us where we are, and then we can decide how to
17 proceed from there.

18 So Charles, please proceed.

19 MR. JEFFRESS: Thank you, Mr. Chairman. In
20 your board books, beginning on page 173, I believe, you
21 have a copy of Strategic Directions as you adopted it.
22 And the PowerPoint I have is going to go through

1 Strategic Directions in the same order in which it's in
2 the board book. But I'll add onto the PowerPoint
3 examples of what we have done at LSC in the last three
4 years to implement these directions for adopting.

5 And Chairman Strickland noted, this is the
6 third year into a five-year document. It's a good
7 opportunity to take a review. If it needs revision, we
8 can consider the revisions. I'll say that management,
9 after looking at it and looking at the progress we're
10 making, thinks that the document is holding up pretty
11 well, and does not propose revisions to you at the
12 moment.

13 So I'm going to go through here, go through
14 the first part, relatively quickly, let's hope. The
15 basic statement obviously is the same, to promote equal
16 access to justice in our nation and to provide high
17 quality civil legal assistance to low income persons.

18 Under that mission, we have three goals. The
19 first goal, increasing public awareness of and support
20 for civil legal services to the poor, and we've met a
21 number of objectives under this goal.

22 The first objective is to increase access to

1 expand ways to provide assistance. And under this
2 objective, we have a number of strategies. And here I
3 have a list of the strategies and a status report of
4 where we are, some examples of progress that has been
5 made. I will say this is not exhaustive, an exhaustive
6 list of things that have been done. But these are
7 examples under each strategy of what we have done.

8 In terms of encouraging community outreach and
9 education by grantees, you'll see that webpage views of
10 grantee and LSC websites have increased in 2005 to 2007
11 by nearly 2 million additional viewers, so it went from
12 9 to 11 million people or 11 million viewers using the
13 website to collect information.

14 In addition, and as a part of our outreach,
15 Google has awarded LSC \$10,000 to perform free
16 advertising on their search engine. People looking for
17 free legal assistance, one of the first pop ads or one
18 of the popup ads that comes up is an ad directing
19 people to the LSC website, where you click on your
20 state and then get redirected to a website in your
21 state for the grantee of your state.

22 The second strategy, to use technology to

1 expand access and availability, including through the
2 expansion of Technology Initiative Grants. The example
3 I just gave in terms of Google is where we use the
4 technology. The TIG planning also has increased, from
5 1.2 to 2.1 million in from FY '06 to FY '08.

6 In addition, of course, and later on, I think
7 I mentioned, we supplemented that with a partnership
8 with the State Justice Institute for an additional
9 \$300,000 that is in addition to that money that is
10 there.

11 The third strategy toward objective 1 was to
12 encourage expanded pro bono activities and
13 contributions. This board, of course, is well aware of
14 what was done in that area. The provisions committee
15 has taken the lead in doing this.

16 In terms of the response of private attorneys,
17 acceptance of pro bono cases declined somewhat from
18 2005 to 2006. They rebounded in 2007. We don't have
19 the 2008 numbers in yet. We certainly hope they will
20 continue to increase.

21 As the number of attorneys accepting the cases
22 declined in '06, the number of cases they actually

1 closed also declined. But in 2007, we were back up to
2 the same number we were at the end of 2005.

3 The board and the program letter: The
4 resolutions of 91 local boards have been adopted, and
5 it helped with the 2007 increase. And we hope to see
6 additional numbers in the 2008 reports.

7 One other way that we encourage expanding pro
8 bono activities: We have rewritten our request for
9 proposal for our grantees to require that the programs
10 submit a PAI plan along with their request for funding.

11 I'm going to go through these quickly. I'll
12 be happy to stop any time somebody has a question or
13 wants to ask --

14 CHAIRMAN STRICKLAND: Let's proceed on that
15 basis.

16 MR. JEFFRESS: All right. In terms of
17 continuing development of systems to support pro se
18 access, we said we would participate in that where
19 appropriate. We notice this is not something that we
20 have said that we're going to take the lead in, so
21 there continue to be questions about the effectiveness
22 of pro se representation. However, where that's the

1 only alternative, we want to be supportive of the means
2 to do that.

3 The focus of our TIG grants is on document
4 assembly, on forms that people might use to represent
5 themselves or get information that would be helpful to
6 them in representing themselves. In using that pro se
7 form site, 150,000 documents have been done since 2005.
8 The numbers are climbing steadily. It started in 2005,
9 so this is totally new, something that was not needed
10 at all until this TIG website was set up.

11 In addition to the document assembly and forms
12 on pro se representation, 40,000 people have used the
13 EITC site for claiming earned income tax credits. The
14 credits amounting over \$60 million have been claimed
15 through the EITC site.

16 The second objective under our first goal is
17 to strengthen the collaborations between LSC and others
18 in partnership to expand access to justice. Judicial
19 organizations are one group we want to expand our
20 collaborations with. I mentioned earlier about a joint
21 venture with the State Justice Institute on TIG grants.

22 President Barnett has reached out the state

1 chief justices during her travels, and has had numerous
2 conversations with state chief justices. As a matter
3 of fact, some of those have occurred when chief
4 justices have come to our board meetings or to our
5 receptions. And President Barnett was asked to testify
6 before a Texas Supreme Court hearing on access to
7 justice. So we see opportunities to reach out to
8 judicial organizations and the judges and justices
9 across the country at each opportunity.

10 Reaching out to IOLTA groups: Again, we've
11 cooperated and worked with them jointly on training
12 programs. We invite them to participate in our
13 conferences. We have actually invited the IOLTA folks
14 to participate in our reviews of the case service data
15 and training in that it's helpful for all of us to the
16 extent these case service reports would be similar or
17 identical, or are to be so.

18 So we're trying to keep our reporting and our
19 definitions consistent, so we have involved them in our
20 updates and training. They've commented on our fee,
21 and we have gone with them in a number of states to do
22 specific training and programming work. Texas and Ohio

1 came to mind when I was putting this together.

2 Working in partnership with law schools and
3 clinics: We have included law school faculty in our
4 various conferences. Recently, at the executive
5 directors conference, we had a Georgetown Law School
6 professor on the retention and recruitment -- retention
7 workshop. Ron Staudt from Chicago-Kent Law School has
8 participated in our TIG conferences over the years.

9 The National Association for Law Placement organization
10 worked with us on a salary survey for public interest
11 lawyers, and Karen Sarjeant worked with them and
12 attended their conference on that issue.

13 Work with private attorneys, bar associations,
14 and corporate legal counsels: Again, this board is as
15 familiar as anybody with our efforts to reach out to
16 the private bar. When you go on our program visits,
17 you see them well represented and involved and included
18 in what's going on. We honor private attorneys. We
19 participate in numerous ABA meetings, SCLAID meetings,
20 the other formal ABA meetings with respect to access to
21 justice, the ABA Day in Washington. We do numerous
22 kinds of those.

1 We have issued a PAI program letter to
2 grantees instructing them on how to do their private
3 attorney involvement and raising that importance and
4 priority for them. The National Association of Women
5 Lawyers, as you heard earlier today, has recognized
6 President Barnett with an award for public service.
7 And her point was in receiving that, she was receiving
8 it on behalf of public lawyers across the country. As
9 well as the state bar association, in a special event
10 on pro bono participation, they asked President Barnett
11 to come down and assist, which she did.

12 Strive to get closer cooperation with state
13 equal justice communities: Again, in a national
14 meeting of these state equal justice chairs, President
15 Barnett has attended each of them each of the past four
16 years. We have promoted state access to justice
17 studies. When they are done, we try to get visibility
18 to them, call attention to them, report on them to
19 Congress and to the public when we can.

20 We have spoken to access to justice leagues in
21 Georgia and Arizona. And of course, the equal justice
22 conference, the annual equal justice conference each

1 year, we send a delegation to because it's not just our
2 leadership, but we often will send a significant number
3 of compliance folks, Office of Program Performance
4 people, to build partnerships with participants in the
5 access to justice community.

6 We have a strategy under this objective of
7 increasing our collaboration and cooperation with
8 federal agencies. In the past two years, we've
9 interacted with HUD with respect to housing provisions;
10 some of our grantees were having some difficulty with
11 housing waivers, and we worked with them.

12 We worked with FEMA and the Department of
13 Homeland Security with respect to disaster response.
14 We had more opportunity than we might have liked to
15 work with GAO. And we also worked with the
16 Administration on Aging, speaking at their national
17 conference and participating in meetings with them with
18 respect to the grants that they provide that our
19 grantees can apply for for aging money.

20 Organizations that assist with disaster
21 recoveries: Another group we're seeking to strengthen
22 our collaborations with. I mentioned the FEMA work we

1 did. We also had several meetings with the Red Cross,
2 and have a partnership with them such that now whenever
3 there is a declaration of disaster and potential
4 opening of Red Cross centers, they notify us so that we
5 can notify our grantees.

6 And the agreement is that whenever they open
7 disaster center, there will be a desk for the local
8 legal aid program to provide legal assistance to the
9 folks coming to that disaster site seeking assistance.

10 In addition to those partnerships, following
11 the Katrina hurricanes, we assisted with the setup of a
12 website to assist people with where to go for help
13 following that. We've kept that website alive. We're
14 in the process of redefining that, perhaps renaming it
15 as the disaster assistance website so it's not tied
16 just to Katrina.

17 And we have maintained our monthly calls on
18 national disaster preparedness and relief conferences,
19 and we have been dealing, as President Barnett has
20 suggested, with issues such as the floods in the
21 Midwest and the fires in California. We continue to
22 try to assist folks to respond to those disasters.

1 Then kind of a catch-all, other organizations
2 interested in the delivery of legal services: We've
3 held a special outreach to other services
4 organizations. We had a meeting in our offices with
5 some of them, seeking to assure that these service
6 organizations know that they have the ability to
7 provide services to our grantees, and those
8 partnerships are established whenever possible.

9 We attempted outreach to a number of policy
10 institutes last year, at the suggestion of the board.
11 York Institute responded. We will keep that up, and as
12 discussed earlier today, we'll reach out to them again
13 with respect to our upcoming budget discussion.

14 Information exchange, which provided some
15 significant trainings for legal aid programs across the
16 country, we've been working with. Yesterday President
17 Barnett was speaking with a group of them.

18 And of course, with NLADA, the organization
19 representing many legal aid attorneys, with their
20 annual conference, with many of their meetings. We
21 have strengthened our partnership with them, and they
22 have been significant participants in our regulatory

1 workshops and responding to our other policy
2 developments as we make those policies.

3 Objective 3 under goal 1 is to more
4 effectively inform the public of what LSC grantees do.
5 And at first, we're going to try to collect and
6 distribute stories about the differences that our
7 grantees make in client lives.

8 You all read Updates, that comes out every two
9 weeks, generally on Wednesdays. We have significantly
10 improved that, both the content and the manner in which
11 it's delivered. We've tripled the circulation. And
12 now we include in every issue a success story about a
13 client that has been represented by one of our
14 grantees.

15 Helaine mentioned today and I think John
16 mentioned yesterday, we looking for great things from
17 our new communications director, Stephen Barr. He will
18 assist us in getting us the stories that our grantees
19 generally produce pretty well at the local level. We
20 want to try to nationalize those and get wider
21 distribution of those stories and articles that are
22 written.

1 We began tracking these articles in a
2 systematic way in 2007 under a contract with a new
3 service. In 2007, the results showed 314 articles
4 about LSC and 1800 articles about LSC grantees. We
5 analyzed those just with some word recognition as to
6 what was the tone of the articles. Sixty-two percent
7 of the articles about LSC had a positive tone, and
8 99 percent of those about our grantees were positive.
9 The grantees do a great job. There's still some
10 carryover effect from the 2000 congressional
11 investigation that affects some of the LSC articles.

12 Under objective 3, the second strategy is
13 continue to identify and publicize needs that are not
14 being met. We have made a determined effort to keep
15 the Justice Gap report in the public eye. The
16 President's speeches, our budget requests, our
17 presentations to Congress, culminating in a hearing of
18 the Senate Judiciary Committee on the justice gap this
19 year -- I think we were very successful at keeping that
20 in the public eye.

21 The grantees are using the Justice Gap report
22 in their state presentations, and we see it in a lot of

1 these news stories being referenced or referred to.
2 There are quite a few editorials around the country
3 that have appeared referencing the justice gap. It's
4 been discussed on the Senate floor, debated among
5 Senators. We're very successful at keeping this in the
6 public eye and keeping the attention of the public on
7 the fact that there's more that needs to be done in
8 this area.

9 Objective 4, goal 1: Seek additional funding
10 for LSC's work. Again, the board is well familiar with
11 this. We have increased federal funding from 2006 to
12 2008 by \$24 million. The House and the Senate
13 separately reported \$309 million for fiscal year '09.
14 I didn't put that on the slide because we can't count
15 on it yet. But keep watching.

16 Also under this strategy of increasing
17 funding, we looked at the private sector for projects
18 of national significance. While we've one significant
19 to us, which was a private contribution to LSC, we have
20 not yet identified projects of national significance
21 that we might turn to private funders to fund.

22 Goal 2, our second goal in our Strategic

1 Directions -- and goal 1, of course, is the primary
2 goal for getting the funding and for informing the
3 public and ways to enhance our work. Goal 2 is about
4 enhancing the quality and compliance of legal services
5 programs.

6 The first objective is to effectively use our
7 performance criteria and other indicia of high quality
8 services. And the first strategy under this objective
9 is to encourage programs to use the LSC performance
10 criteria in program self-evaluations, planning, and
11 program development.

12 We spent quite a bit of time revising the LSC
13 performance criteria. This was not only an in-house
14 activity; we had a lot of comment from others -- from
15 the ABA, from our grantees, from the public, from
16 IOLTA. There was a lot of opportunity for folks to
17 comment and give us feedback on how our performance
18 should be revised. We did revise them, and issued
19 them.

20 Our website information, LRI, was restructured
21 according to the performance criteria. The annual
22 request for proposal from our grantees, this has been

1 restructured to conform to the performance criteria.
2 Sessions being held at national conferences regarding
3 how grantees are using the performance criteria to
4 improve their operations, some of it related to us, and
5 on other occasions, we found that people are discussing
6 how they are improving their operations using the
7 performance criteria even without our prompting. So we
8 feel like the performance criteria has had a pretty
9 good penetration, and people are using it to improve
10 the quality of their programs.

11 We also want to use the competitive grant
12 process to enhance the program quality. And I
13 mentioned to you the competitive grant application was
14 revised. Our new process of applications has also been
15 revised to focus more on quality, using the performance
16 criteria that we have revised.

17 We wanted to use program visits to emphasize
18 quality and compliance. And we have revised our
19 procedures for program visits to add criteria for
20 program visit selection to improve the
21 comprehensiveness of our program visits, to report on
22 visits in the same manner in which the performance

1 criteria are written, and also, of course, we revised
2 our procedures to coordinate better between OPP and
3 OCE. And you of course tracked that through the ad hoc
4 committee in their program of this program.

5 It's worth noting that the compliance
6 oversight is in the same budget category with our
7 management and administration. We need a significant
8 increase in that area in order to enhance our
9 compliance and program oversight.

10 And we will be proposing to the finance
11 committee in October to change the name of the M&A
12 funds to better reflect their inclusion as something on
13 the order of management and grants oversight, to make
14 it clear to Congress this is not just overhead money.

15 Another strategy under the first objective
16 under goal 2 is to make better use of data to identify
17 and analyze recurring issues. The CSR handbook was
18 revised after reviewing quality data with grantees, so
19 we're organizing our data to try to focus our efforts
20 better.

21 We conducted extensive national trainings on
22 this revised handbook, and the revised criteria for

1 program visit selection makes a new use of available
2 data in order to determine which programs are at
3 highest risk and which programs are most likely to be
4 in need of a visit from LSC to assure compliance with
5 regulations.

6 Another strategy here was contribute to the
7 development of the ABA standards for providers of civil
8 legal services to the poor. I'm happy to say that we
9 can put a big check mark by this. It's done. It's
10 complete. And we did work extensively with the ABA on
11 creation the standards. And once the ABA standards
12 were issued, we incorporated references to the ABA
13 standards in our performance criteria. So that's one
14 that we pursued and completed.

15 Objective 2 under goal 2 is to increase
16 training and technical assistance for grantees. The
17 first strategy was to enhance the collection and
18 distribution of best practices information. We have
19 done this by greatly expanding the offerings on our
20 website. We're promoting LRI, our resource for sharing
21 best practices.

22 And I'm happy to report to you at the recent

1 executive directors conference, there were a couple of
2 comments from the floor from people who are using LRI
3 and found it useful, and were encourage others to
4 submit their best practices to us so we could put them
5 up on LRI and make them widely available.

6 On the technology survey which we reported on
7 yesterday to the provisions committee, 87 percent of
8 grantee executive directors said they were using LRI as
9 a resource. So I think we're having good penetration
10 here on distributing best practice information. We
11 also present innovation workshops at national
12 conferences.

13 The second strategy under objective 2 is to
14 provide training for grantee staff on effective program
15 operations and achieving full compliance. We mentioned
16 the trainings around the revised CSR handbook. I
17 believe -- I want to say 21 or 22 of those around the
18 country; we did a lot of those trainings. Had very
19 good attendance and a big demand for more. So we're
20 very pleased with the response to that, with the
21 success of those trainings. We also convened the
22 meeting in June of all executive directors, with the

1 primary purpose to emphasize quality and compliance
2 issues.

3 Continue to promote the diversity of legal
4 services providers' boards, staff, and leadership is
5 one of our strategies here under this objective. We
6 conducted a leadership mentoring pilot program that our
7 provisions committee tracked and has heard reports on
8 to help focus on this diverse corps of future leaders,
9 and also demonstrate how other such programs might
10 operate. We issued a report on this leadership
11 mentoring program for others to learn from.

12 Objective 3 under goal 2 is to develop and
13 enhance innovative approaches to the delivery of legal
14 services. Designing, implementing, and evaluating
15 innovative means for supporting grantee program
16 development is our first strategy.

17 We evaluated our TIG program, our LRAP
18 program, and our leadership mentoring programs. In
19 just this meeting, you heard the report on the second
20 year evaluation of the LRAP program. We issued a
21 program letter in terms of emphasizing innovative means
22 for program development. We also mention issuing

1 guidance following our leadership mentoring program.

2 The second strategy is to continue emphasis on
3 technology initiatives and developing a strategic
4 vision for LSC's technology investments. The board has
5 been part of our developing this technology capacity
6 document for grantees.

7 And you heard a report, or the provisions
8 committee heard a report, at this meeting on the extent
9 to which our grantees have the capacities which you
10 believe ought to be in place in a legal aid office
11 today, and have received a list of things that we
12 intend to do to help them acquire these technologies
13 where they don't have it. And we will require
14 technology plans from each grantee for fiscal year 2010
15 in order to help them focus their planning for
16 enhancing their technology in the future.

17 Another strategy under objective 3 is to
18 include support for hard to serve areas and
19 populations. We mentioned, when we adopted this, rural
20 areas, migrants, Native Americans, and limited English
21 proficiency clients.

22 At this point, the Native Americans is one

1 area we have begun discussions. We had a conference
2 last fall with Native American grantees. We continue
3 to work with them to discuss how best to fund Native
4 American programs. And again, the board has been
5 involved in that and knows that that is a difficult
6 subject, but one we continue to try to address.

7 The final goal in the Strategic Directions is
8 an administrative one, to ensure LSC operates
9 efficiently and effectively. The first objective is to
10 increase our productivity.

11 The first strategy is to develop closer
12 collaboration between the operating units of LSC in
13 order to achieve this increased efficiency. We have
14 conducted collaborative meetings between OPP, OCE, OIM,
15 and OLA in particular to coordinate efforts between
16 these offices with respect to grantee program oversight
17 and to assure the consistency of message and
18 consistency of interpretations between the offices, the
19 answers being given, and the information being shared
20 with people who are in the field.

21 The second strategy, to make LSC a model of
22 diversity and inclusiveness: We have an extremely

1 diverse staff in LSC. Addressing our office directors
2 remains a priority. We do make an effort to celebrate
3 diversity through various staff events. Diversity is a
4 continuing challenge, I think, for all organizations,
5 and is something that you have to emphasize on a
6 continuing basis, and we intend to do that.

7 The third strategy here is adding to the
8 capacity of LSC by enhancing skills through training
9 and career development. We do provide training on a
10 regular basis. We could do and need to do more. Time
11 and budget limitations have limited training to some
12 extent, but it remains a priority for us for our staff.

13 Another strategy to make us more efficient is
14 to enhance our database capacities and knowledge
15 management capacities. The board is aware of the
16 contracts we've signed for the implication of the work
17 site knowledge management system, which has been
18 implemented.

19 We actually have much more capacity there than
20 we're using. We need training challenges to take best
21 advantage of this work site system that we have in
22 place. We do have it in place. It is working.

1 And we have been developing the last nine
2 months a new grants management system, which is mostly
3 in place and we are using it for the initial
4 application. We're barely keeping ahead of the demand
5 for that system. But we've got all but the last
6 reports-generating piece of that system in place, and
7 we are currently using it for the review of
8 applications this year. So we have made major
9 investments in our two major technology systems in the
10 past three years.

11 Another strategy here to increase our
12 effectiveness was to ensure the timeliness of our
13 written products. And Karen Sarjeant and OPP and OCE
14 made a determined effort this winter to get all written
15 reports up to date, and have succeeded. This spring we
16 were current with all reports. They have put in place
17 new procedures, including deadlines, to ensure that we
18 stay up to date with reports in the future.

19 We have filled all of our vacancies except
20 one. There's only one vacancy vacant at the moment.
21 You will recall we had up to 11 vacancies at one point.

22 Our financial statements are being closed and

1 our audit completed earlier than they have been in the
2 past years, and we hope to move that up even earlier
3 next year.

4 The second objective under goal 3 to make us
5 more efficient and effective is to use our resources
6 effectively. We said that we would conduct a
7 bottoms-up review of LSC operations, focusing on
8 efficient practices and fiscal responsibility.

9 We have done the bottoms-up reviews in our
10 support operations -- human resources, financial
11 services, information technology, and information
12 management. As a result, we did transfer some
13 positions from these offices to our program offices,
14 compliance and enforcement and OPP.

15 We obtained benchmark comparisons for two
16 groups. One of our obtained benchmark comparisons with
17 similar organizations that do our kind of work, for
18 human resources and IT, LSC has fewer human resources
19 staff than comparable organizations. We have slightly
20 more technology staff than comparable organizations.

21 Another strategy here under objective 2 is to
22 encourage initiatives for cost savings. The internet

1 travel initiative was forwarded to this board two years
2 ago. That's been saving us approximately \$25,000 per
3 year compared to the use of government rates. We will
4 see, with the air fares going up, whether we can
5 continue that kind of savings or not. But getting the
6 staff to use the internet to book travel, if possible,
7 has been a significant savings for us.

8 We ceased publication of the Equal Justice
9 magazine, as discussed with this board, last year and
10 are saving \$20,000 per issue on that. And we have been
11 conducting the January board meeting at LSC
12 headquarters. I would say that that's not a huge
13 savings, but it is some savings by having that meeting
14 at our headquarters instead of at a hotel.

15 Under objective 2, we also pledged to review
16 our space requirements and modify them as appropriate.
17 We sublet space on the first floor two years ago.
18 Depending on how we stand with our budget for '09,
19 we'll need to look again at the space requirements in
20 fiscal year '09.

21 The last objective under goal 3 was to review
22 the administrative requirements for grantees. Our

1 first strategy here was to examine and, where
2 appropriate, amend regulations. This board has
3 conducted a regulatory review each year. We've
4 modified three regulations. You have two more that
5 you're considering at this moment.

6 We wanted to simplify and streamline data
7 collection from grantees, where possible. We have
8 refined that data collection to better collect
9 information on cases and other services. I won't say
10 that we have reduced the collection of data, but I
11 think we have refined it.

12 We refined our problem codes to make the data
13 more precise, and our closing codes to make the data
14 more clear and more understandable. We have revised a
15 new category called "Matters" to be other services, and
16 are in the process of making further refinements to the
17 services that our grantees provide that are not
18 considered full cases.

19 So again, I can't point to any reduction or
20 consolidation of data collection with other agencies,
21 but we continue to refine and get clear about the data
22 needs and what we use it for.

1 Another strategy was to explore the
2 development of nationwide contracts for services for
3 our grantees. We have not negotiated new contracts.
4 The nationwide Language Line and LexisNexis continue to
5 be available to the LSC grantees. The LexisNexis is
6 something that LSC negotiated. The Language Line was
7 something that NLADA negotiated. Both of those remain
8 available to all grantees. And we mentioned earlier
9 that LexisNexis has just announced a significant
10 donation of HotDocs software to LSC grantees free of
11 charge.

12 And that concludes the report, Mr. Chairman,
13 on examples of progress on each of the strategies under
14 Strategic Directions. Any of those that struck a chord
15 with you, things you'd like to see modified or more
16 information on, we'd be happy to provide it.

17 CHAIRMAN STRICKLAND: Excellent job. If
18 anybody has any questions, please let us know. But we
19 probably won't be able to take them up today. Charles,
20 again, thank you for that presentation. Very well
21 done.

22 All right. The next item is No. 16, consider

1 and act on a resolution recognizing the pro bono
2 assistance of Lowenstein Sandler. Vic, are you going
3 to present that?

4 MR. FORTUNO: I think you have in your board
5 book at page 195 a draft proposed resolution, which
6 actually bears the resolution No. 2008-008. That
7 should be 009 -- all right, so 010. I'm sorry,
8 2008-010.

9 It is short. It is to the point. I think
10 there's an extra comma on the second page. The
11 resolution is to thank the firm for the pro bono
12 services that they rendered in the coverage dispute we
13 had with our insurance carrier.

14 CHAIRMAN STRICKLAND: I've got one or two
15 suggestions. After the "Douglas S. Eakeley" --

16 MR. FORTUNO: Yes?

17 CHAIRMAN STRICKLAND: -- "a former chair of
18 the LSC board of directors."

19 MR. FORTUNO: Okay.

20 CHAIRMAN STRICKLAND: If you don't mind
21 inserting that. Then you've already pointed out the
22 duplicate comma after "Kathleen A." comma "McBreen."

1 MR. FORTUNO: Yes.

2 CHAIRMAN STRICKLAND: And also, I don't think
3 there's a comma after Chesler, Robert D. Chesler. I'm
4 on a roll on the commas here.

5 MR. FORTUNO: Yes.

6 CHAIRMAN STRICKLAND: And I don't know if
7 there's a comma in the law firm name or not.

8 MR. FORTUNO: No.

9 CHAIRMAN STRICKLAND: In some places we have a
10 comma, and some places we don't.

11 MR. FORTUNO: No. On the second page, that
12 comma --

13 CHAIRMAN STRICKLAND: Okay. You already got
14 that one.

15 Okay. I think we understand the resolution.
16 I would entertain a motion to adopt that resolution.

17 M O T I O N

18 MR. MEITES: So moved.

19 CHAIRMAN STRICKLAND: All right. Is there a
20 second?

21 MS. BeVIER: Second.

22 CHAIRMAN STRICKLAND: All those in favor of

1 the resolution, please say aye.

2 (A chorus of ayes.)

3 CHAIRMAN STRICKLAND: Opposed, nay.

4 (No response.)

5 CHAIRMAN STRICKLAND: The ayes have it and the
6 resolution is adopted. And please convey our sincere
7 appreciation to Doug and his part in this.

8 MR. FORTUNO: Thank you.

9 CHAIRMAN STRICKLAND: Okay. Any public
10 comments?

11 (No response.)

12 CHAIRMAN STRICKLAND: And is there any other
13 business to come before the meeting? Yes?

14 MS. BARNETT: Thinking ahead, I wanted to have
15 a schedule in place for 2010. I have spoken with the
16 chairman of the board, and we are recommending the
17 following locations for board visits in 2010.

18 In April --

19 MS. SINGLETON: I'm sorry, Helaine. You're
20 breaking up. Could you talk louder or speak closer to
21 the microphone?

22 MS. BARNETT: Certainly. Can you hear me

1 better now?

2 MS. SINGLETON: Yes.

3 MS. BARNETT: The chairman of the board is
4 recommending for your consideration the following
5 locations for board visits in 2010. In April, we would
6 do Arizona, in July, Wisconsin, and in October,
7 Kentucky. He is also suggesting that we propose to
8 meet the usual last weekends in January, April, July,
9 and October.

10 And so we will be sending you notice of this,
11 and just finding out if there's any particular
12 problems. Not knowing whether the board will be a
13 board or not, we still think we should have a board
14 schedule for 2010.

15 CHAIRMAN STRICKLAND: Thank you, Helaine.

16 Before we adjourn the public meeting, I want
17 to note on the record our appreciation to Doug Canfield
18 and Jim Woods of Delaware Legal Services Corporation.
19 We enjoyed very much our visit to that program. We
20 appreciate their warm reception and hospitality, and
21 we've enjoyed being in Wilmington.

22 Now we will consider and act on whether to

1 authorize an executive session of the board to address
2 the items listed under closed session. Is there such a
3 motion?

4 M O T I O N

5 MR. MCKAY: So move.

6 CHAIRMAN STRICKLAND: Second?

7 MR. GARTEN: Second.

8 CHAIRMAN STRICKLAND: All in favor?

9 (A chorus of ayes.)

10 CHAIRMAN STRICKLAND: The ayes have it, and
11 we're now in closed session.

12 (Whereupon, at 3:45 p.m., the board adjourned
13 to executive session.)

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