

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

BOARD OF DIRECTORS

OPEN SESSION

Saturday, June 30, 2001

9:25 a.m.

Sheraton Harborside Portsmouth
250 Market Street
Portsmouth, New Hampshire

BOARD MEMBERS PRESENT:

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

STAFF AND PUBLIC PRESENT:

John McKay, President
Randi Youells, Vice President for Programs
Victor M. Fortuno, Vice President for Legal Affairs &
General Counsel

STAFF AND PUBLIC PRESENT (CONT'D):

Leonard Koczur, Acting Inspector General

Laurie Tarantowicz, Assistant Inspector General for
Legal Review

Mauricio Vivero, Vice President for Government
Relations & Public Affairs

Danilo Cardona, Director of the Office of Compliance
and Enforcement

Elizabeth Cushing, Communications Specialist and
Liaison to the Board

L. Jonathan Ross, President of the ABA's Standing Committee
on Legal Aid and Indigent Defendants

Bob Hirshon, President-elect of the American Bar
Association

Greg Robbins, Immediate Past President of the New
Hampshire Bar

Clint Lyons, National Legal Aid & Defender Association

Linda Perle, National Legal Aid & Defender Association

Don Saunders, National Legal Aid & Defender Association

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P R O C E E D I N G S

CHAIR EAKELEY: Let me call the meeting to order and say good morning to everyone. We have the agenda in front of us. Are there any changes or additions to be made to the agenda?

(No response.)

CHAIR EAKELEY: If not, all those in favor of the agenda as submitted -- or is there a motion to approve the agenda as submitted?

M O T I O N

MS. BATTLE: I so move.

MS. FAIRBANKS-WILLIAMS: Second.

CHAIR EAKELEY: All those in favor?

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: The ayes have it.

We have minutes of the board's meeting of January 27, 2001. And Elizabeth, but also are in here that are not on the board agenda. It just occurred to me. We have the annual performance review, having just approved the agenda as submitted without the -- we'll get to that. I'm sorry.

Okay, now that we've just approved the agenda, I need to add approval of the annual performance review committee, which is already included in the board materials that were circulated but not included on the agenda.

M O T I O N

MS. WATLINGTON: I'll amend.

CHAIR EAKELEY: All those in favor of amending the agenda?

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: The ayes have it.

Approval of the minutes of the board's meeting of January 27, 2001. Any corrections or changes? I always look in Mr. McCalpin's direction first when I ask.

MR. McCALPIN: Two very small changes, Mr. Chairman. On page 77 in the first motion, I suggest that at the end of the second line, the word "as" should be removed to make it read more correctly.

CHAIR EAKELEY: "Adopt a resolution."

MR. McCALPIN: Secondly, on page 79, the first motion, I think that the president's compensation has always

been at level five. What we did was to increase it to the newly increased amount of level five.

MS. MERCADO: So it would be increased to the new amount of level five?

MR. McCALPIN: Well, it has always been at level five.

CHAIR EAKELEY: Well, that has been the ceiling for it. We are under no obligation to set it at that level.

MR. McCALPIN: That's correct. Well, all right. So maybe what we did was to move it to the increased level five.

CHAIR EAKELEY: Why don't we just add that? "Salary to the newly increased level five"?

Any other changes or corrections?

(No response.)

CHAIR EAKELEY: Hearing none, all those in favor of approving the minutes as corrected -- is there a motion to approve the minutes as corrected?

M O T I O N

MR. McCALPIN: So moved.

MS. BATTLE: I'll second it.

CHAIR EAKELEY: All those in favor?

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: We also have the minutes of the annual performance reviews committee. I am looking for those, Elizabeth.

MS. CUSHINGS: Page 92.

CHAIR EAKELEY: Page 92? Thank you. We have the minutes of the executive session of the board's meeting of January 27. That's item three, and that starts at page 84.

Any corrections or changes to those?

MR. McCALPIN: Mr. Chairman?

CHAIR EAKELEY: Yes.

MR. McCALPIN: In the first full paragraph on page 85, the reference should be to Section 8-Capital G, not in parens, little-d, of the Inspector General Act.

CHAIR EAKELEY: Eight, big-G, d of the Inspector General Act?

MR. McCALPIN: Right.

CHAIR EAKELEY: This is just one-upsmanship.

(Laughter.)

CHAIR EAKELEY: Any other changes to these minutes?

(No response.)

CHAIR EAKELEY: All those in favor of approval of the minutes of the executive session of the board's meeting, as corrected -- is there a motion?

M O T I O N

MS. BATTLE: So moved.

MS. ROGERS: Second.

CHAIR EAKELEY: All those in favor?

(Chorus of ayes.)

CHAIR EAKELEY: These are the reason why I was jumping. I was going to take them chronologically but we might as well do them in the order in which they are presented in the board meetings.

Next is approval of the minutes of the board's telephone meeting of May 29, 2001, starting at page 86. Any corrections or changes to those?

(No response.)

CHAIR EAKELEY: Hearing none, is there a motion to approve them as circulated?

M O T I O N

MS. BATTLE: So moved.

CHAIR EAKELEY: Second?

MS. WATLINGTON: Second.

CHAIR EAKELEY: All those in favor?

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: The ayes have it. Next we have the annual performance reviews committee minutes of Friday, January 26, 2001. That starts at page 92 of the board materials.

Any corrections or changes to those?

(No response.)

CHAIR EAKELEY: Hearing none, is there a motion to approve them?

M O T I O N

MR. McCALPIN: So moved.

CHAIR EAKELEY: Second?

MS. BATTLE: Second.

CHAIR EAKELEY: All those in favor?

(Chorus of ayes.)

CHAIR EAKELEY: All those opposed?

(No response.)

CHAIR EAKELEY: The minutes are approved.

I don't think our scheduled public speakers are here yet, but we have one almost automatically scheduled speaker in any event, and especially now that we are in his home state of New Hampshire. So I would like to invite up for the first greeting of the morning R. Jonathan Ross -- or L. Jonathan Ross. I'm sorry, I thought I got that straight after --

MR. ROSS: I thought you said o-u-r.

MS. BATTLE: That's what he meant.

(Laughter.)

MR. ROSS: Thank you. Thank you, Mr. Chairman. This is my second appearance before an LSC board in this state. The first was in November of 1985 when I had the opportunity to welcome the Legal Services Corporation board to New Hampshire. I welcome you. I mean it this time.

(Laughter.)

MR. ROSS: I didn't know I didn't mean it last time, but I learned very quickly at that time that the majority of the board that sat in this state in Gilford, New Hampshire, was not dedicated to equal justice for all and was not dedicated to the purposes and mission of this corporation, with the sole exception of my friend, Mr.

Smegal, who has been a mentor for me ever since.

And I was naive enough after that meeting to think that in a few years we might be able to straighten out this problem. I am still here; the problems are still here, and will be long after all of us are gone, I'm afraid.

It never ceases to amaze me how much emotion can be generated by those who oppose the simple provision of access of justice to poor people. And so we have to remain ever vigilant.

In '93, you folks came along, and it was a period of great promise for Legal Services in this country. And you have met that promise, and it has been a wonderful experience for me as a member of SLADE and other roles that I have played in this area to work with you and to watch you work for the betterment of this community.

And I am here to thank you for that and thank you for coming back to New Hampshire to show us that what we do in our way here you have exported all across the country.

It is kind of strange to be part of the establishment that in 1985 Mike Grecko and Bill Whitehurst and I went attacking, and I find that it's much more difficult to be a target than a sniper. But it also has its

rewards.

I wanted to take this public opportunity to thank John Broderick, who obviously is still out working some corner of the room, for all of the dedication that he has given to this, and to continue the representation for New Hampshire in this battle in the path of Warren Rudman and others who have done so much for this community.

And I am just pleased to be able to continue to work with Tom and to work with Doug, who I didn't know until I was assigned to find out who he was back in '93. And the rest of you who have become friends and colleagues and who have really helped tremendously.

I want you to understand that I will not be subject to a quiz from Bill McCalpin because there is no way I know the detail that he does.

John McKay, thank you for coming back in the room.

I want to thank you. Your leadership in this corporation has made a big difference to this community, and there is no better example of that than the fact that there was no hearing on the budget for this corporation in the House this year.

You have made this a nonpartisan issue for the

first time in my memory. I am hoping that we are able to keep it that way. You have taken us a long way. I know that we are going to have an opportunity to continue to work together, and I wish you great luck and success in your future endeavors.

But I want to thank you personally for the good work that you have done and the way you have helped move this community forward.

MR. MCKAY: Thank you.

MR. ROSS: Client-centered statewide analysis and grantee-centered concern seems to be the hallmark of where we are now. And yesterday was a wonderful example of that. This board and the staff of this corporation took what might have been a very volatile situation with Michigan and resolved it in a very, very good way.

From the ABA's standpoint, having bar associations and bar foundations actively involved in the delivery of legal services and what this corporation does is just absolutely necessary. And with the good work that Randi Youells and others did in connection with Michigan yesterday, we have preserved that involvement and shown folks that that kind of effort is worth it and that it must continue.

And I want to say that Randi, in my view, stood tall yesterday, that she was able to set aside her staff's ego and deep involvement in this planning to do what was right and to give the perception to the field -- which is more important than reality, as we all know -- that people care about what happens here and that it's not a change from a group of board members who did not support the mission and sought to destroy what was here, to one that wants to center all power in Washington but a continuing cooperation that is necessary to make this work.

Welcome, John Erlenborn. I look forward to working with you for the betterment of the people that we all serve.

You know from being with him Thursday night that Bob Hirshon, our president-elect, has a long history in legal services and pro bono commitment and that the ABA will be standing there as a partner in all of this.

And following Bob is A.P. Carlton from North Carolina, and he has the same kind of commitment. And I hope to be around for a little while and work with you, too.

So I welcome you to New Hampshire, I thank you for having your meeting here, and whenever it is that you are finally relieved of this great burden, I wish you great luck.

Thank you very much.

CHAIR EAKELEY: You know, we are here today in large part because of all of the work that you did, any many other preceding us. We thank you for that and also for your leadership.

MR. ROSS: Thank you.

MR. SMEGAL: Let me just offer a footnote to what John said. I was here, as he indicated, 16 years ago at a different board, and I am amazed; he was then president of the New Hampshire bar.

And some of us have aged during those 16 years, but L. Jonathan Ross is not one of those. And it may be the water, it may be the sea breezes, but Jonathan, I want to compliment you on the way you held up for those 16 years.

(Laughter.)

MR. ROSS: I'm just trying to follow your example.

(Laughter.) You know, not all the muscles, and my leg has been broken apart, and I don't have to play golf.

(Laughter.)

CHAIR EAKELEY: All right. Well, we'll come back to scheduled public speakers when they arrive. Let's just continue with the agenda.

The only thing I have to -- it's really not even to report, but first to say thank you for those who organized and attended a wonderful dinner Thursday evening here, and then just a wonderful reception yesterday evening sponsored jointly by the New Hampshire Bar Foundation, was it -- State Bar -- and Emily Rice, in any event, and a number of different law firms as well.

But the presentation yesterday by the New Hampshire programs to the Provisions Committee was, with the dinner and the reception, just a wonderful welcome to a state that has put so much together before a very important cause.

And it's a particular delight to be in John Broderick's home court and see how widely admired and beloved he is. That's no surprise, but nonetheless it's just been a great pleasure.

MR. BRODERICK: I came in at the right time.

(Laughter.)

CHAIR EAKELEY: I was just saying what a pleasure it has been to be here, John, and to thank you for all of the many efforts to make this a successful visit and meeting, but also more for eight year's of New Hampshire's many contributions to our board and its work.

We made some committee assignment changes before we got here. Those were circulated. But Edna Fairbanks-Williams has graciously agreed to move back to the Finance Committee, and LaVeeda Morgan Battle has agreed to move back to the Operations and Regulations Committee. We have some other changes coming up later in the agenda, but I think those were the only two that we made on the committees.

MR. SMEGAL: Doug, I think you --

CHAIR EAKELEY: I'm sorry. And I moved Tom Smegal to Finance also. Thank you, Tom.

MR. SMEGAL: It's hard to remember, but --

(Laughter.)

CHAIR EAKELEY: That is it for my report, except for one other thing. We learned this morning that Nancy Hardin Rogers had been appointed Dean of Ohio State Law School and also -- what is the name of the newly endowed chair that you will now occupy?

MS. ROGERS: The Moritz Chair in Dispute Resolution.

CHAIR EAKELEY: The Moritz Chair in Dispute Resolution. So it is just wonderful, wonderful news, and we congratulate you.

(Applause.)

CHAIR EAKELEY: All right, let's move on to members' reports. Ernestine, let me start with you and then Edna, because there was just a wonderful conference last month.

MS. WATLINGTON: It was. And everyone really, really appreciated the beautiful spring flowers at Hershey, and the setting was absolutely gorgeous. And there was a really good conference. It was not what I at first thought we were going to get out of it, but it ended up being very, very useful.

And also, at the end the clients was really speaking -- you know how they do -- about the programs, to make it worth -- to make it good program. And that's what I think was real important.

So I mean, I think -- I got the file but I didn't have a chance to read it.

CHAIR EAKELEY: Well, we look forward to -- I mean, we sort of bumped it off your committee's schedule yesterday because we had so much of state planning to deal with. But I think the intention is to have a proper report, and there is a lot of follow-up that should be coming from the conference

as well, so we're not going to forget that.

MS. WATLINGTON: We hope that that will be an ongoing something that the other board would carry on is having a follow-up of that to make that partnership that is really needed in order to make the program better serve the programs.

CHAIR EAKELEY: Edna.

MS. FAIRBANKS-WILLIAMS: Well, one thing that I heard people say was that we needed more client education in the law and in everything else. My board in the past in Vermont has always allowed me to go to any trainings, and I think that we should foster with our people in the field allowing, say from three to five clients to go to training.

I took my daughter-in-law for training put on by New Hampshire and Vermont in White Rivers several years ago for Veterans Affairs, and she is very good at it. She can find DD-214s -- under rugs someplace. I don't know where she finds them, but she gets on the computer and she has helped a lot of veterans.

CHAIR EAKELEY: Great, great.

MS. FAIRBANKS-WILLIAMS: Just as the wife of a veteran, when some of the people will call her now from VFW

or something like that. So that training costs them nothing to have her there, and she has done a lot of work. So if clients are really interested, they should be allowed to go to trainings.

I realize it costs money for a certain number of people and so on, but we should be trying to foster this.

CHAIR EAKELEY: Great. And we shall be following up on that, too.

John Erlenborn.

MR. ERLENBORN: The last several weeks I've been going in a day or two each week to begin to get acclimated to my new surroundings so that when I go in there Monday it won't all be new to me. And John has been very helpful. Everyone at the Corporation's office has been very helpful.

So I am looking forward to confirmation of the board today and then the actual climax of entering the office on Monday.

CHAIR EAKELEY: Great. Nancy.

MS. ROGERS: Well, we have in Columbus, Ohio, had a follow-up to John McKay's visit, at which we discussed the possibility of the Columbus Bar Foundation serving as a way in which the law firms in Columbus might make certain that

there always is a chair at Legal Aid that is occupied by lawyers from the local law firms. And those meetings are ongoing. Esther Lardent is coming in a few days to speak with the managing partners.

So we in Columbus want to thank John McKay for being a catalyst to getting that effort started.

CHAIR EAKELEY: Great. LaVeeda.

MS. BATTLE: Well, first I would like to say how honored I was to be invited by Dean Nancy Rogers to visit her law school, along with John Erlenborn, to participate in a panel to talk about issues facing the legal services community generally.

And the wonderful work that she is doing there to have students participate on a pro bono basis providing briefs to the various legal services programs throughout the state, that work provides a pipeline of interest to be able to have students who are in law school see, envision, their own contribution in the legal field in the area of legal services. And it was really an honor and privilege, Nancy, to be a part of that.

MS. ROGERS: It was very special of you to come.

MS. BATTLE: That wonderful, wonderful panel that I

got a chance to participate on.

And as well, Maria and I had the opportunity to attend the diversity conference that was co-sponsored by NLADA and LSC. And I first think that congratulations are in order to both NLADA -- and Clint Lyons is here -- and John McKay for their leadership in putting together that conference and the particular people who participated in that conference and the work that was done at that conference to elevate in the community, and I think as well in how we set the policy from the board's standpoint of view on the issue of diversity.

There was diversity from every cut in the people who participated in that conference, and a lot of work was done along the lines of how we can more than just articulate how we can include diversity as a value in the legal services community to how we can make it a part of how we operate.

And my charge at that conference was to bring back to this board that commitment, so that as we look at every single thing that we do, we include that value as one of the things that we hold as a high priority in terms of how we make our decisions around the work we do in the legal services community.

So I bring that back as my report. I enjoyed participating in the conference. We had different circles which allowed us to kind of interact virtually with everybody at the conference by the time we got out of there over that two-and-a-half-day conference. And I thought it was well put together, well attended, and very well done.

So thanks to both groups for sponsoring it, and I believe it's the beginning of a continuation of effort that will continue as long as there is a legal services community.

CHAIR EAKELEY: Maria Luisa.

MS. MERCADO: Yes, just to add a little bit to what LaVeeda said, I think it first began with a gender session, a three-hour gender session at the NLADA Equal Justice Conference in San Diego that Randi, our vice president, and Pat Hanrahan put together with Judy Martinez from the ABA as the coordinator or facilitator of that.

And so the discussion on gender issues, of course, also further led to then a joint NLADA and LSC Conference on Diversity Issues.

And I think pretty much everyone that was there obviously was very committed to those issues, but committed

in the sense of making sure that diversity issues in all levels -- race, ethnicity, gender, disability, sexual orientation, age even, for those of us that are graying -- are issues that should be a fundamental value in our programs, especially in developing the leadership.

You know, definitely now that we are in the 2000s there is a hope that the integration of diversity is more commonplace in all the legal services programs and our partners as well, and in also working with the private bar -- the ABA -- and also leading that diversity in all our different areas.

Because one of the factors that I thought was very prevalent was that it was difficult to get diversity leadership within the legal services programs because the majority at the bar -- I mean, the majority of the board of directors are bar-appointed, and generally most of them tend to be white males, for the most part.

CHAIR EAKELEY: Wearing blue suits.

MS. MERCADO: Right. And so that there was sort of a request for the national LSC, and now ABA, to look at maybe how to encourage the private bar in its appointments to may have some more diverse members on their boards -- client

representatives as well from different diverse communities.

And we particularly want to thank Randi, our vice president of programs, and Pat Hanrahan and the coordinators -- Regina Derzon that worked on it, and also our NLADA coordinator, I forgot his last name.

MS. BATTLE: Mark Holliday

MS. MERCADO: Mark Holliday. I can't remember his last name. I apologize.

But they did a wonderful job putting all this together. And in fact, all the different brainstorming that was done to actually have it in a printed volume -- and I'm not sure whether the board has received copies of those. Not yet? I'm sure you'll be receiving that, and it was very well done.

We were also instructed from the group as Legal Services board members to come back to the LSC board, that in your future budget that you're looking at for next year, to incorporate a piece of it that deals with LSC on a national level making this a national issue that is incorporated to the different grantees so that they do their own training, diversity training, not only to their boards but also to their staff as well.

CHAIR EAKELEY: Thank you. Tom Smegal.

MR. SMEGAL: Just briefly, LaVeeda and I attended the 90th anniversary dinner of the National Legal Aid and Defender Association where the giant of pro bono legal services John Pickering was honored in absentia. And just to demonstrate how significant a person John is in this community, he is a contemporary of Bill McCalpin's.

(Laughter.)

MR. SMEGAL: A well attended event and a much deserved award to John Pickering.

CHAIR EAKELEY: Thank you. Mr. McCalpin.

MR. McCALPIN: Thank you, Mr. Smegal, for adding five and a half years to my age, which is already significant enough.

(Laughter.)

MR. McCALPIN: It was my privilege to be able to attend for one day the client conference in Hershey, Pennsylvania. It was everything that our client representatives have said that it was. It was a moving and educational experience. I'm only sorry that I had to move on to Washington to another meeting and couldn't stay for the rest of it.

Closer to home, I have a kind of good news/bad news report. The good news part of it is that Legal Services of Eastern Missouri appears to be rolling on a \$4 million fundraising campaign -- half to go to endowment and the other half to beefing up operations to serve more clients.

The bad news part of it is that after a number of years of working with the general assembly in Missouri and getting the appropriation of a year ago to a \$1,550,000 under the late Governor Mel Carnahan, his successor has -- the legislature appropriated the same amount of money, but the present governor has cut \$750,000 from that appropriation so that it will be a struggle to replace those funds.

We made it with the legislature, but this governor in tight fiscal circumstances for the state, cut almost half of the appropriation.

CHAIR EAKELEY: John Broderick.

MR. BRODERICK: Mr. Chairman, I think everyone is probably tired of hearing me speak at this point.

CHAIR EAKELEY: No, in fact, I haven't ever come close to that threshold.

MR. BRODERICK: I just will be a minute. I would just, first of all, like to thank this board for coming to my

state and raising the profile of the legal services community and the need that it has, and so I thank you for that. It's been a privilege to have you here.

I also want to thank the legal services community in New Hampshire, and I now know why all of us in this state are so proud of the work they do. And I think you've seen their competence and their confidence in the commitment to legal services, and to thank them for really hosting us and making us feel very welcome.

The bar in this state has one of the most successful pro bono programs in the United States, among the highest percentages of lawyers giving time. And we are very proud of that, and I think it's a model for the country.

And the cooperative efforts that have been discussed here I think are also a model for legal services communities around the country, and New Hampshire has a great story.

And lastly, I want to acknowledge again on this record the contributions of John Ross, who has been a leader in the national effort for at least two decades and continues to do that. And he has my respect, and I think the respect of the entire legal services community.

I want to acknowledge, as has been done here by others, the work in this state, the critical work in this state, of Bob Gross, without whom Legal Services in New Hampshire would not be where it is today.

And lastly, I want to acknowledge the work, the ongoing work, of John Tobin, who is I think in many ways the conscience of Legal Services in New Hampshire, for his extraordinary and ongoing efforts. And I am very proud to represent New Hampshire and have been for the last eight years on this board, and I hope you now know why.

Thank you.

CHAIR EAKELEY: Indeed we do.

Next I would like to invite Len Koczur up for the Inspector General's Report.

MR. KOCZUR: Thank you, Mr. Chairman.

CHAIR EAKELEY: Good morning.

MR. KOCZUR: Good morning. For the record, I'm Len Koczur, the acting Inspector General. My report will start - - we're involved in some litigation which we'll brief during the executive session.

On our audits, we are continuing to do the program integrity audits. We completed an audit of the Legal Aid

Society of Hawaii. We did not find any program integrity violations.

What we are focusing on in these audits is the transfer of funds from an LSC program to another program that may be doing prohibited activities. And of course, that's now allowed. So it's a different type of review than we have done in the past. And as I said, the at the Legal Aid Society of Hawaii we didn't find any problems of that type.

We completed Pine Tree Legal Aid of Maine last week, and a draft report will be issued by the middle of next month.

We plan to do Lane County, Oregon, starting the 16th of July. And for next year we planned our first audit, program integrity audit, will be California Rural.

Now, this audit is being conducted -- we had our plan to do six program integrity audits next year, but we recently received a request from Congressman Calvin Dooley to look at California Rural and how their transfer of funding to other programs, particularly the California Rural League -- Rural Foundation.

So I have been in contact with the deputy director there, and we plan to start work there the first week of

October.

MR. SMEGAL: That is going to be in addition to your six? Is CRLA going to be a seventh?

MR. KOCZUR: No, that's one of the six.

The General Accounting Office is conducting a review of the small agency inspector general offices. This was requested by Congressman Burton. Basically, they are looking at two issues: one being whether the small agency inspector generals should be appointed by the president, as opposed to the agency head. Of course, in our case that's the board of directors.

And as an alternative, they're looking at the consolidation of small agency IGs. There is two aspects to this. One is that some of the small agency IGs would become part of a large agency IG, and they have suggested that we, LSC IG, would become part of the Department of Justice. They did that unilaterally. They didn't ask me. They sent me that information.

The other part of that approach would be that an appointment of an IG to cover all the small agencies and then have staffs at each of the agencies. So GAO has sent out a questionnaire, a survey, which I completed.

I shared that with Victor before it went out so to make sure I didn't make any mistakes, and he found one. And I think I shared it with you, Doug, and Mr. Erlenborn, when I sent it back to the GAO.

I would prefer that they talk to people, talk to the board, but there is no indication GAO is going to do that. So I'm not sure where they stand on that. I haven't had an update on it. They did most of their work in June.

The item I have is the corporation audit procurement. We obtained a new audit firm this year. It's M.D. Oppenheim & Company. It's a firm that has offices, several offices, on the east coast. It is competitive procurement.

We used a contract that the Department of Labor has where they've already looked at the credentials of these organizations, these CPA firms, and have pre-approved them. So it's a matter of sending them the RFP, getting a response back, evaluating the RFPs and making a selection.

And our RFP went to 17 firms, the five largest firms as well as 12 medium to small firms. And we have two responses, and evaluated and selected Oppenheim.

I have had some experience with this company

before. They did some work for me here at LSC. They have excellent staff, and I am sure that they're going to do an excellent job for us.

And that completes the audit section. We are continuing with our client trust fund inspections. We have completed one this year that we've issued a report on, and we have two draft reports that are currently being prepared.

And that pretty well completes my report.

CHAIR EAKELEY: Thank you, Len. Are there any questions?

(No response.)

CHAIR EAKELEY: Hearing none, we will see you back in executive session in a little while.

MR. KOCZUR: Thank you.

CHAIR EAKELEY: Thank you. Next, John McKay, the President's Report.

MR. MCKAY: Thank you, Mr. Chairman. I would like to add my thanks to the programs in New Hampshire. I want to thank John Ross for his very nice comments. I want to acknowledge Connie Lane and her tremendous work at LARC and thank her for hosting me some time ago.

I had the opportunity to come up to New Hampshire

and meet with her staff, and I was tremendously impressed. I think the report yesterday clearly laid out their key role as one of the key partners here in New Hampshire, and I think all of us -- the point I made last night at the reception -- are impressed with the spirit of cooperation and work together and lack of turf that exists here in New Hampshire.

And I wanted to say on the record here at the board meeting that we do see New Hampshire as a national model and we are so grateful for all the hard work of folks in New Hampshire. And John Broderick has every reason to be proud of his role and the role of the court, I think, in helping to lead the way.

So it is a special privilege for me to come back to New Hampshire for my last meeting to a place where they are doing it right. So thank you, Connie. Thank you, John. And to all of the others that were here to testify before the Provisions Committee.

I want to comment on the record about I think the importance of our budget markup in the House. As the board is aware, we are schedule now through the House Appropriations to receive approximately \$330 million, which now matches up with President Bush's proposed budget.

And we are tremendously grateful, both to the administration and now to the Appropriations Committee for their work, and I believe this is a very good sign about the strength of our bipartisan support and a real understanding that our work on behalf of clients and those who can't afford critical legal services is, in part, a very important responsibility of the federal government.

And while there are other partners, the key role the federal government in maintaining the structure that allows legal aid to be provided across this country, I think has been strongly, and in a bipartisan way, endorsed. And I think the board and our community should be very proud of this development. We continue to receive excellent cooperation and assistance from the White House, in particular White House Counsel's Office, Al Gonzalez, the Counsel to the President, and Stuart Bohen. I want to thank them for their help -- White House personnel -- who have asked us for our counsel and advice with regard to the next board of directors of the Legal Services Corporation.

We have every assurance from the White House that the next board of directors will continue in the tradition of the wonderful service of this board -- bipartisan commitment

to the mission of the Legal Services Corporation Act, and we all anxiously await the announcement from the White House, but I want folks to know that in their work with us the White House has been extremely committed to making sure that the next board is fully committed, 100 percent committed, to the needs of clients. So I am very pleased with that and wanted to report publicly on the record.

We continue to move forward in acquiring and locating a new site for LSC headquarters in Washington. We are working with board member Tom Smegal. I want to thank Tom here for his diligent and always available assistance as we have sought to put that vision together.

We do believe that this will move forward and that we will be moving into a new building in either the spring or fall of 2003. And I want to thank Tom for his help and the board for its endorsement and support and authorization to move this forward to this point.

We are in the process of and will be announcing our second round of technology grants in the coming weeks. We have already taken this through the staff process, which I just want to remind the board involves substantial outside consulting in review of technology grant applications.

I believe that Randi reported on the general terms to Provisions Committee, but I just want to emphasize how wildly successful the grant program has become if the number of applications and requests for funds, of which we this year have approximately \$7 million, is any indication.

Many, many programs have submitted applications, and I think very positive sign this year is an even greater improvement over last year. We received many more applications for entire state justice communities, which we're very pleased with that the grant proposals are not in that way competing grant proposals between and among LSC grantees; they are, in fact, state proposals which I think gives us hope that we will see more New Hampshires across the country. And our grant program is really giving us the opportunity to do that.

And to remind the board, we do understand that in our coming year's appropriation that we will have another \$4 million. And I believe the hope is -- and I would certainly recommend to the board and to future LSC management -- that the technology grants proceed. I think that everyone in the community recognizes the importance of providing additional resources to accomplish the many tasks that are out there to

create state justice communities.

And I want to, on the record here, thank and endorse the comments of Clint Lyons. I think he is absolutely right. We need to have more assistance come to programs. We have tried to work together to create the vision for state justice communities, but we need to provide assistance wherever we can.

And I think that in addition to the technical assistance grants, which I call the Clint Lyons grants at LSC from management and administrative funds, the technology grants are the place where we are actually able to provide real money to programs to assist in bringing them together into state justice communities.

These are making a huge impact out in the field, and I would urge board members in the coming months to speak to your contacts out there. And I know that as these grants are announced in the coming weeks that we will have another successful distribution of technology funds.

On my activities, I want to mention that in my last week of service I was very pleased and proud to make a final visit out to a field office. I wanted to do that despite a fairly busy week because I hope that it's indicative of my

service, and that is to acknowledge and thank and be proud of the work of the advocates out in the field, the lawyers and the paralegals and the staff in all of our programs.

I have said repeatedly during my tenure they are my heroes, and I felt that it was appropriate for me in my last week to go to a program. I apologize to the staff at Northern Virginia that they were merely across the Potomac River and it has taken me four years to get there -- John Broderick. But that I was pleased and proud of their work. Again, a state that I think is coming together is Virginia in a state planning sense.

But again, like many, many field visits that I have been privileged to make across the country to look out among a group of people who have pretty much dedicated their careers to this work is really a privilege for me.

And to have an opportunity to speak with them and learn about their work would make every single person in this room proud, and it is really a distinct privilege for me to have had the opportunity to do that one more than one occasion, and I was very moved and appreciative of the opportunity to do it one last time this week.

I have future activities beyond this week. John

Erlenborn has asked me to complete an obligation that had previously been scheduled, I will keynote the Utah Bar Association's Annual Meeting on July 5th in Idaho; and with John Broderick, I will speak at the Conference of Chief Justices, which will be in my past and future home, Seattle, Washington, in the first part of August.

I would like to add my words to LaVeeda's and Maria Luisa's, and I think LaVeeda's report was excellent and accurate. I'm very appreciative of LaVeeda and Maria attending the conference for us.

I thought that the group of people that were present were incredibly motivated, very diverse themselves, and I think able to raise the issues that were important.

I want to say to the board how important the diversity conference already has been. I want to thank NLADA for their co-sponsorship and leadership of it.

As with each of our prior conferences -- and I want to remind the board that in the last two years, maybe two and a half years, we have conducted a national conference on delivery of migrant legal services, Native American legal services, now diversity, and the client conference, which I consider to be the umbrella for all of them, because what we

are trying to do is bring focus back to the role of clients in legal services.

Each of these conferences has helped us as a staff to make sure that as we administer our trust, which is the federal funds that we distribute, and the work and responsibility we have to build justice communities, that we need to focus on the most dispossessed, the least among us.

And I hope that those conferences have done that. I also hope that we will continue that as a vision for Legal Services that we constantly focus on the needs of clients.

I would like to associate myself with the remarks of the very wise client member, Ernestine Watlington. I have recommended to Randi Youells, and do so now to John Erlenborn, that we put it on the calendar that we have another client conference.

I hope that we also revisit the issue of delivery of migrant legal services and delivery of services in Indian country. But each of those conferences has helped us as a staff to focus already on diversity, already on diversity, in both my field visit, the executive director of the program stood up, and on the first part of his presentation was the progress being made on diversity on the staff of that

program. This was Chuck Greenfield, who attended the conference and participated.

We have worked now -- rewritten parts of our state planning procedure to include specific requests of programs as they create state justice communities to work with themselves first. We're not trying to create paperwork for them, but to make sure that as they design the state justice communities, throughout that process they consider diversity an important part of what they do.

And the conference itself is more than a convening, and I hope that people understand that, and how appreciate that I and my staff have been to have that opportunity.

Particularly around the issue of the diversity conference, I can't say enough about Randi Youells and her leadership. Randi has, around the issue of gender and diversity, been incredibly effective. She is the person who gets it done, and I want to thank her for that because I think that's the kind of leadership that is long-lasting and will have a tremendous impact for many, many years.

And I just want to say that we don't always see the unseen hands that make things happen, and the unseen hands there, in large respect, were those of Randi Youells. And I

want to thank her for taking the leadership and to make that happen.

I want to thank John Erlenborn for his help during this transition period. I believe that it is a smooth one. I had an opportunity to speak with our staff on Wednesday. We had pizza. And I had an opportunity to share with each of them my thoughts and appreciation for their service and our shared service.

So I do want to thank now on the record my staff. I think those who worked closely with me on a daily basis -- our vice presidents and officers. I want to thank John Hartingh for his service, and all of our staff.

I want to thank our programs for their tremendous work. I am so proud of what they do. And I thank our board for this opportunity to serve. Thank you.

CHAIR EAKELEY: Next is the --

MR. McCALPIN: Mr. Chairman?

CHAIR EAKELEY: Yes.

MR. McCALPIN: May I add a footnote to the President's Report? My recollection is that the very first meeting of this board we went around the table, and each of us was asked to express our view, our hope, for what might be

accomplished during our tenure in office.

As I recall, I said at that time that my hope was that by the time we left the Legal Services Corporation might become as accepted and non-controversial as the Head Start Program.

MS. MERCADO: I remember that, yes.

MR. McCALPIN: And I would like to say that particularly in the last four years, under the leadership of this president, we have come measurably, markedly closer to that aspiration than, not knowing then about the '94 elections, I would have viewed possible.

But I think it is a personal satisfaction to me that we have come closer to what I hoped might be the outcome of our term, and under the leadership of this president. Thank you very much.

CHAIR EAKELEY: That is a very fine footnote. Thank you.

MR. BRODERICK: Mr. Chairman, with respect to that, of my very few modest contributions to this board, one of them that I prize the most is the fact that you asked me a number of years ago to chair a committee to find a new president for this corporation. And out of that process came

John McKay.

And I do not want to let the day pass, or the record close, without saying how valuable his service has been, how valued his friendship is, and how successful the mission of this corporation has been under his day-to-day leadership.

And I have no doubt over the last four years, were it not for his steady hand and his good judgement, and his relationships on Capitol Hill, that we would not be sitting here this morning with the future that he is describing.

So I want to thank him personally and institutionally for his service here. It has been one of the nicest parts of my service on this board is to work with, so I want to thank you.

MR. MCKAY: Thank you, sir.

CHAIR EAKELEY: I think we could try and find a way for the minutes to reflect the consensus of the board in the sharing of those views.

THE BOARD: Here, here.

CHAIR EAKELEY: Any other footnotes?

MS. MERCADO: Mr. Chairman, I do want to add one quick, quick note. I think probably the largest -- or the

thing that at least from the grantees' point of view, from the service programs and the client communities around the country, that they will all remember -- and I keep running into them as I go to different events -- is that, you know, President McKay was here visiting with our program, and he was out there in the field talking to the farm workers or he was out there and they're going to the housing projects or to the local bar association.

And the constant is not only their amazement that the national president is there in their community seeing what their programs are doing, but that actually that communication goes back to Washington and then some other implemented program goes out there to reach the community, and the client community in particular. And so I think, if anything, the kudos to McKay is the fact that he has been a working, day in and day out, weekends, present all over the country. And I think that the people -- the grantees and the clients in particular -- have been very glad to have him there.

CHAIR EAKELEY: There is a certain ring to that: Kudos to McKay.

Any other footnotes?

(No response.)

CHAIR EAKELEY: All right, then. Ernestine, we'll go on to the report from the Provisions Committee.

MS. WATLINGTON: Well, I would like to add that, similar to what Mr. Broderick said, because I was on the committee too, and I felt that that was a -- having selected John as the president was one of the things that I can say I was very proud of having a part of. And I don't think we would have been in existence.

The one thing that struck me, that he said he did not want to be the last president of the Legal Services Corporation, and I felt that that was a young man that was going to keep his word. And we find, indeed, it is so.

And the other thing, too, is Maria was saying how when his first visit was to Harrisburg and they had never had a person of his -- you know, the president of the corporation -- come to Harrisburg. They really came out. The bar -- they had a visitation and dinner, and they were just so shocked. And he just all over -- you know, the president of the corporation was in Harrisburg, Pennsylvania.

So that meant a lot to Pennsylvania. You know, they always know that he was -- and he came several times,

but especially when we started that new program, the combination of some of the mergers together.

So John has been a great asset to the legal services client community, and I am just so honored to have been a part of that.

Now, as goes for my committee meeting, which was very good yesterday. It gives you an idea of what's being done in other areas in the fine community, and they did a wonderful presentation. And I was very relieved that a lot of the negotiating and the things that went on that we had a very smooth meeting, and some of the things that -- issues that we thought was going to be an issue was resolved. And they compromised and came out with a resolution that I think we're supposed to take action on and present it to you.

But it was a very good meeting and presentation yesterday. We -- with this still we -- I got the three, but I think the end of the last one would be the last one that we want to make a -- present it to the board to take action on in establishing a task force to study and report on configuration of service areas.

Does everyone have it?

CHAIR EAKELEY: This is Resolution 2001-008. A

question has arisen about what the appropriate role of the board in defining service area is. Let me just -- it doesn't say the board has a role in service area definition. I don't think the board should get involved in that; but, from a policy standpoint, the board should be concerned with and is ultimately responsible for the definition of service areas. And I mean no more than to say that the task force should take a look at the appropriate role of the board in that policy oversight.

And I hope that clarification helps things a little bit because -- I know it doesn't come all the way because we have a running debate about whether the board has any role in the process, but we are so advised, and I think that is certainly the role of the view of this board member.

But that is what the intent is here. It's not to invade nor get the board involved in the infinite complications of grantmaking or the reconfiguration process as part of state planning, but really to say we ought to take a look from a policy standpoint at this whole area from time to time.

M O T I O N

MS. BATTLE: Yes, I would so move the resolution

from our committee to establish a task force to study and report on the configuration of service areas.

MR. McCALPIN: Second.

CHAIR EAKELEY: Any discussion, further debate?

MR. MCKAY: I have a point, if there are no other --

CHAIR EAKELEY: Yes, absolutely. You should go ahead and put your views on the record.

MR. MCKAY: Thank you, Mr. Chairman. I am concerned about this resolution for two reasons. The first is the point that you mentioned. I believe that it would fairly be taken under item number one without unduly raising the concerns which you went part of the way, I think, to dispelling in your comments.

But I don't believe that item number two is appropriate for a task force which is other than a board task force. If you intend to have -- excuse me --

CHAIR EAKELEY: No, I was just --

MR. MCKAY: Well, why don't I finish my --

CHAIR EAKELEY: Yes, except that I thought that was a -- that sounded like a friendly amendment, and I was going to say I think we can -- I think that works.

MR. ERLNBORN: Strike number two?

CHAIR EAKELEY: Well, I mean, point one includes that. John's point is point one includes this. And why raise it, elevate it, so it stands out the way it's standing out here? I just --

MR. MCKAY: I think you can have the discussion, Mr. Chairman, that you indicated that you think might be appropriate under item number one.

CHAIR EAKELEY: Yes.

MR. MCKAY: And so I would be concerned about -- very concerned about the message that item number two might send.

And my second point is I believe that the date upon which this task force is to report, which is the next meeting of this board, is just not reasonable. I don't believe from a staff standpoint -- I've spoken with Randi Youells -- that we would be in a position to staff a task force over the course of the summer and report at the next board meeting in September.

I think that the issues raised here, especially if you look at item number one, existing policy standards, combine it with what may be number two, any revisions to existing policies and standards, revisions to existing policy

and standards may well mean the creation of policies and standards.

And I don't think that any task force can possibly engage in the kind of dialogue that will be necessary with our recipients, with our national supporters and with others, the public, who may want to comment on something like that. And I just think September is highly impossible and ought not to be part of the resolution.

I support the task force, as you know. I proposed it in writing to Clint Lyons and to the board by copy. I think it is a good idea, but I just think that the September deadline is highly impractical, and I would ask that the board reconsider on those two points.

MR. ERLNBORN: Mr. Chairman?

CHAIR EAKELEY: Mr. Erlenborn.

M O T I O N

MR. ERLNBORN: In listening to John's comments, I think it has become very clear to me -- and probably to other members of the board -- that number one of this resolution encompasses number two, and I would therefore move that item number two be stricken.

CHAIR EAKELEY: Is there a second to that motion?

MS. FAIRBANKS-WILLIAMS: Second.

MS. MERCADO: Can we have a discussion of that?

CHAIR EAKELEY: It's a motion that's been moved and seconded that we take number two out as being implicit in items one and three.

Discussion?

MS. BATTLE: Mr. Chairman, I do have a concern that number one speaks to existing policies, and I thought that part of what we were going to do was to look at the existing procedure to see if there was any appropriate role that the board might have in assuring that the procedures have the proper checks and balances for implementing board policy or breeding board policy into how decisions are made.

And if the board is constricted, or this particular task force is constricted to looking only at existing procedures and policies, I'm not certain that that's part of their charge.

CHAIR EAKELEY: I don't think that's the intent of the motion. I don't think that's -- I mean, if you look at the exchange of letters between Clint Lyons and John McKay and you look at the discussion of the Provisions Committee meeting yesterday and the purpose for offering the amendment,

I don't think that there is that limitation on the task force.

MR. ERLÉN BORN: Mr. Chairman, item number three does give the authority that you are seeking in item number one.

MS. BATTLE: Yes, that was the second point I was going to make. If item number three includes revisions which would encompass more the issue of the role, because I don't think we have actually played a role thus far.

MR. ERLÉN BORN: But I think it cures what you see as a shortcoming in item number one.

MS. BATTLE: Right.

MS. FAIRBANKS-WILLIAMS: I think it does, too.

MR. ERLÉN BORN: And, Mr. Chairman, the other thing is to the date for reporting.

CHAIR EAKELEY: We've had a motion that's on -- let's deal with that motion first, and then we'll get to the date.

MR. ERLÉN BORN: Yes, sorry about that.

CHAIR EAKELEY: Maria Luisa.

MS. MERCADO: Okay. I thought that the reason that number two was put on there was because we specifically

discussed in the Provisions Committee the issue of what role, if any, the board has because the regulations under 1634 talk about the corporation determining service areas, and specifically delineates the president to award grants. And that's the only specificity as far as the corporation, which includes the board and everyone else.

And as a policymaking body of Legal Services Corporation, that was something we were going to look at. It isn't a question of whether or not we are going to change it or anything like that, but merely to review -- that the task force will review that provision in it.

And as far as the reporting on September, I don't believe that this resolution is telling us that we are going to have to have a final report at that point. It could just be an initial discussion that we can report on.

CHAIR EAKELEY: Let me deal with the timing next, but we have a motion pending that I'd like to just get to a vote after discussion is completed.

But I think that the idea is, Maria Luisa, that of course the task force would look at the appropriate role of the board in this process.

Bill McCalpin.

MR. McCALPIN: Well, I would read paragraph two, in effect, as the appropriate role, if any, of the board in defining service areas. And whether we get to the same result by removing two, I'm not at all sure, but it seems to me it ought to consider whether or not the board has any role.

CHAIR EAKELEY: That was my intention in raising the point yesterday.

MS. MERCADO: Well, will you accept a friendly amendment: "the appropriate role, if any, of the board in defining services areas"?

CHAIR EAKELEY: I think the record is quite clear that what we mean when we say "review existing policy standards and procedures and consider revising them --

MS. WATLINGTON: " -- in defining service areas."

CHAIR EAKELEY: That the appropriate role, if any, of the board is to be part of that. And if it makes John McKay and John Erlenborn a little less uncomfortable making a record that imbeds that point in the overall general language, I am comfortable going that route.

But we will be back here talking about that as a board.

MS. BATTLE: The task force will have a transcript of this discussion.

CHAIR EAKELEY: Yes, we will. Yes. So shall we deal with the language first and then come back?

All those in favor of Mr. Erlenborn's amendment to delete item two from the resolution, say aye.

(Chorus of ayes.)

CHAIR EAKELEY: All those opposed?

MS. BATTLE: Aye.

MS. MERCADO: Aye.

CHAIR EAKELEY: LaVeeda Morgan Battle and Maria Luisa Mercado.

All right. The second issue is the timing, and I do think that it is important that this board revisit some things that it has had stewardship over from the inception, and to the extent to which the task force is able to complete what could be, depending upon the scope of the assignment, a Herculean task, great; if not, I think an interim report and opportunity for the board to take measure of where we are and the appropriate role of the board in that is in order.

I have also encouraged John Erlenborn to consider supplementing the staffing effort so we don't overwhelm the

state planning staff because they have a few other things on the their plate. But I think this board should have an opportunity at our September meeting to discuss policies of state planning and reconfiguration.

MR. ERLNBORN: Mr. Chairman, I would like to suggest that the resolution read that the task force consider and report on the following to the board at its September -- instead of having it at the September -- oral report, say a preliminary report or an interim report.

MS. MERCADO: Interim.

MR. McCALPIN: Interim.

MR. ERLNBORN: Interim report.

M O T I O N

MR. ERLNBORN: I would move to amend that paragraph in that fashion.

CHAIR EAKELEY: To read: "to consider and provide an interim report on the following"?

MS. WATLINGTON: I second that.

CHAIR EAKELEY: I don't even want to look in Randi and Pat and Bob's direction, but any other further discussion on this?

(No response.)

CHAIR EAKELEY: All those in favor of the amendment to the, "Now, therefore," paragraph to request an interim report by the next board meeting, say aye.

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: All right. All those in favor of the Resolution 2001-008, as amended? Any further discussion on that?

(No response.)

CHAIR EAKELEY: All those in favor?

(Chorus of ayes.)

CHAIR EAKELEY: All those opposed?

(No response.)

CHAIR EAKELEY: The ayes have it. The resolution carries.

We have our first speaker, Ernestine, but let's finish with your committee report first, if we may. That just about does it, I suspect.

MS. WATLINGTON: That's the only thing we had to say.

CHAIR EAKELEY: Okay, thank you very much. And

really a fine, fine job.

Now, if I could call to the podium Alex Hanson, who is the Portsmouth City Councilman. Mr. Hanson, I think I can speak for the entire board when I say how grateful we are to the City of Portsmouth for welcoming us with open arms and making it so easy for us to enjoy this beautiful slice of New England.

I used to come here several years ago. Our daughter went to school at Exeter Academy. We'd come here to lunch and then go up to Portland to visit with friends on family weekends and the like. And I've never stayed here before, nor had we had so much of an opportunity to get to know so many people working in and around this area. And it has just been a wonderful setting for a very meaningful two days of meetings.

COUNCILMAN HANSON: Well, we're just delighted to have you here. And on behalf of the mayor -- and unfortunately the mayor's sister passed away this winter and the memorial service for her is up north today, so she could not be here. But she did want me to come and express our good wishes. I understand you were in San Francisco last year at this time, and she has given me a resolution and told

me not to tell any lawyer jokes. (Laughter.) And so she kind of scratched my business.

I do thank you for feeding our city attorney last night. Last night, I had the soup kitchen, and normally he comes by for some food, and we were concerned about where he was. And the chief of police informed me that you had taken good care of him and fed him, so we appreciate that.

The mayor has declared June 30th as Legal Services Day, and we have a resolution: "The City of Portland is pleased to welcome the Legal Services Corporation and honor their 25 years of legal services to the less fortunate among us; and, whereas, the Legal Services Corporation funds, legal advice and referral service throughout the country providing legal services to people living at or below poverty level; and, whereas, the Board of Directors of the Legal Services Corporation is the longest serving board in the history of the Legal Services Corporation, we are proud to have New Hampshire represented on the board by The Honorable John T. Broderick." She did say suck up a little bit, so I've done that. (Laughter.)

And we ask you, John, when you see her, tell her that I did do that.

"Now, I therefore, Evelyn Terrell, Mayor of the City of Portsmouth, join with the members of the City Council to proclaim June 30th, 2001, shall be celebrated in Portsmouth as Legal Services Day in honor of the commitment to equal justice displayed by the Board of Directors and dedicated attorneys and paralegals of the Legal Services Corporation, given with my hand and seal in the City of Portsmouth on this 28th day of June, Evelyn Terrell, Mayor of the City of Portsmouth."

Mr. Chairman, we have a little token of our appreciation, some photos of Portsmouth, and we hope you all brought your credit cards because our shops stay open till about 10 o'clock at night here. (Laughter.) And there's plenty of lobsters available. We make sure that they are all supplied and they're all looking forward to seeing you.

CHAIR EAKELEY: We thank you very much. Thank you so much for both the book and the proclamation. It's just a great souvenir.

COUNCILMAN HANSON: You're welcome.

CHAIR EAKELEY: And thank you for taking time out of a beautiful Saturday to be with us and to bring the proclamation.

COUNCILMAN HANSON: Our pleasure, and we're glad to have you here. We hope you really enjoy and get a chance to walk around and see Strawberry Bank. You're only about two blocks from here and it's very picturesque. So hopefully you'll have some free time to enjoy our city.

CHAIR EAKELEY: Thank you.

MR. BRODERICK: I want to thank you. You know, normally when given the events of the last year, when my name appears in the resolution, I tend to get nervous.

(Laughter.)

(A token of appreciation was presented.)

CHAIR EAKELEY: Are you Greg Robbins?

MR. ROBINS: I am.

CHAIR EAKELEY: Wonderful. I would like to invite next up to the podium Greg Robbins, who is the immediate past president of the New Hampshire Bar. Let me just say a few words, if I could, having sort of accosted you from a distance across the room.

Greg Robbins shares two important priorities with the Legal Services Corporation: he believes that technology is vital to the practice of law and that we must do more to assist pro se and low-income litigants.

As immediate past president of the New Hampshire Bar Association, Mr. Robbins has served on the Bar's Public Information Committee and co-chaired a special panel investigating the needs of pro se litigants.

One of the reasons we are in New Hampshire is to celebrate and highlight the strong partnership that exists between the State Bar and the Legal Services community, and that is truly a national leadership role.

Just this Thursday, it was my honor to appear on New Hampshire Public Television with Bob Hirshon to speak about this partnership and the remarkable fact that one-third of all private attorneys in New Hampshire represent clients on a pro bono basis.

We are very glad to have you here today, and again thanks for taking the time out of a beautiful Saturday morning to share with us.

MR. ROBBINS: Thanks. It's an honor to be here. I actually thought my time was supposed to be either 10:45 or 11:30, so by my time I'm early, anyway.

I would like to welcome the LSC board here to New Hampshire on behalf of the Bar Association. And after a rather quiet and dull year for the bench and bar, it's nice

to have a little excitement. (Laughter.)

Now, we're not a state that is known for our liberal politics, but we have a great history of supporting legal services for our lower income community.

The Bar Association is an active and successful pro bono program, as you just mentioned, and an excellent reduced fee referral program. We also work closely with the Bar Foundation, which has turned in an excellent job, running IOLTA with great support from our banking and legal communities, and also coordinating the delivery of legal services to the low-income people in our state.

Historically, the hallmarks of delivery of legal services to the poor in New Hampshire have been leadership, innovation and coordination. One of the partners in the McLean firm who hosted the reception last night, Jack Middleton -- either still secretary or just -- still secretary of the ABA -- was instrumental in making New Hampshire one of the first states to have an IOLTA program, I think the second or third state to do that.

Your own and our own Bob Gross early on began the tradition of cooperation between the various low-income legal services providers in the organized bar. It was Senator

Warren Rudman who was a champion of the LSC, when it was not politically popular to do that, had a lot to do with maintaining LSC funding.

A former AG here, Tom Rath, I believe was also a member of the LSC board at one time, and of course our own Justice John Broderick has been on the board for eight years now.

Back in the mid-1990s, the Bar Association and the state legal services community collaborated to create LARC, which you've heard about, the Legal Advice and Referral Center, as a vehicle to accept LSC funds to provide intake and coordination of services.

Incidentally, one of the major disappointments of my tenure on the board of governors of our bar association was the rejection of my name for the entity to become known as LARC. I had proposed the name of Legal Information And Referral Service, but the board for some reason felt the acronym LIARS didn't work very well. (Laughter.) It just got voted down. (Laughter.) That's a true story, by the way. (Laughter.)

And we have continued our tradition of coordination and innovation, and I think we're proud to have been

recognized in your recent report as among the cream of the crop nationally in building state justice communities.

New Hampshire Legal Assistance, LARC, and pro bono have recently developed a joint fundraising program, as I suspect you know, and yet the same entities also share a phone system, case management technology, an interlocking governing boards, so we do not waste precious resources. The delivery of services is what we're all about.

So we are proud and happy to welcome the LSC board to New Hampshire. We recognize the importance of the work of your board and fully support the delivery of quality legal services to our less affluent neighbors, particularly at a time when it seems that there is a growing gap between the haves and the have-nots in our society. We believe one of the keys to closing that gap is helping to ensure that equal justice under law is not just an aspiration, but a reality. And we really are happy to have you here in New Hampshire, so thank you very much.

CHAIR EAKELEY: Well, thank you for joining us. We are very proud of our affiliation with John Broderick and Bob Gross, and we are equally grateful for the work of so many here in New Hampshire, including Senator Rudman and former

Attorney General Tom Rath and John Ross.

But being here and meeting up with some of these great people and just being in this environment has just been a wonderful several days.

MR. ROBBINS: And I do regret my omission of John Ross, who has had a lot to do with the success of Legal Aid in New Hampshire. He's been a great backer of all kinds of low-income legal services.

Sorry about that, John. Oh, he's right behind me.

(Laughter.)

MR. BRODERICK: Mr. Chairman, before the president leaves --

CHAIR EAKELEY: Past president.

MR. BRODERICK: Past procedure. I had the privilege to serve in that job some time back, and in 1998 I went to Washington as vice president of the bar and spoke to the board on which Tom Smegal was a member. And it was a different time, with different challenges and a different acceptance. And I feel privileged to be on the board 13 years later.

And the constant throughout all that time has been the vigilance and the diligence of the New Hampshire

contingent, both in the field and in the bar. And Mr. Robbins, who is too modest, has been a distinguished president of our bar and a longtime friend of this mission.

And so I appreciate your coming, I appreciate your welcome, and thank you for your service.

MR. ROBBINS: Thank you very much.

CHAIR EAKELEY: Thanks again. And right on cue, in walks our next public speaker, so you don't even have to sit down, Bob.

(Laughter.)

CHAIR EAKELEY: Let me call to the podium Bob Hirshon, the president-elect of the American Bar Association.

MR. HIRSHON: Well, thank you for letting me gather my thoughts.

(Laughter.)

CHAIR EAKELEY: Well, Bob, you get an intro. I'll give you two minutes.

As most of you know, Bob is a native of Portland, Maine, and will become president of the ABA in August of this year. He will bring concerns of smaller and mid-size law firms to the ABA's top office.

He concentrates his practice in commercial

litigation and legislative advocacy at Drummond, Hudson & McMann in Portland. He served as a founding member and the first chair of the ABA Steering Committee for the Center for Pro Bono from 1990 to 1996. He was also a chair of the Standing Committee on Lawyers Public Service Responsibility from 1987 to 1993.

And throughout his entire career at both the local and national level, Bob has been a leader in promoting legal services for the poor and pro bono efforts. And as I just mentioned just before you arrived, I had the great privilege of appearing on New Hampshire Public Television yesterday -- two days ago now -- with Bob and learned firsthand, although I heard because it is legendary, of this commitment to access to justice. And I know that that is a commitment that he plans to bring to his new position as president of the American Bar Association.

So again, thanks for taking yet more time. I should have also added, wedged in between a visit to Durham, New Hampshire, for the Public Television screening and our appearance today at the board meeting and our reception and dinner Thursday night was the National Public Radio interview, again on the subject of legal services yesterday.

So, great to see you again, and good morning.

MR. HIRSHON: Thank you. That's right, it is still morning. Isn't it? Thank you.

I apologize for the informality of dress, but I am headed off to Europe. I see John has figured out the dress code, or I figured out what John was going to be wearing, but I'm leaving from here to Boston. If anybody needs a ride, let me know. I'm more than happy to take you. And then I guess I have one of those great overnight flights where you leave at 7:30 and you get there the next morning at 9:00-something. So these are my sleeping clothes.

I was actually thinking as I was driving down here from Portland what I would say, and I thought back a little bit to Justice Broderick's introduction of me a couple nights ago, which was really a wonderful introduction and very so nice, and as yours, Doug, because what it did is it kind of captured, Judge, the spirit and sort of the foundation of why I have the passion that I have for Legal Services Corporation for the work that you all do.

And it's because I had the opportunity very early in my career to work with Pine Tree Legal Association as a summer associate and see firsthand the difference that you

all make and what funding really means on a -- not sort of a macro political level, but just a one-on-one helping people who really need your help.

I remember a discussion I had with the supervising attorney at the office in Lewiston, Maine, was an office, by the way, which was closed down because of the cutbacks. And so all of the people in Lewiston and Auburn -- it's a fairly poor area in Leeds, Maine, North Leeds, Maine -- they didn't have counsel for a whole bunch of years because so many of them relied on public transportation and they didn't have a car to get down to Portland where the offices stood, or up to Augusta.

And I remember the debate that I had with the supervising attorney, a gentleman named Tom Benjamin -- an incredibly bright individual. And this was back -- and I'll date myself -- I think it was about '71.

And his dad, I think, was a lawyer, if I remember, who practiced in a large New York law firm. And he had gone to a wonderful undergraduate school, a really prestigious law school, and had decided to commit himself to poverty law. And he thought that I had the same commitment, and I told him, you know, that I probably was going to go into private

practice. And I know he was somewhat disdainful of that, and we had a number of discussions and a number of debates as to coalition-building and constituencies and the need for poverty attorneys, attorneys who practice in this area, to reach out.

And as I was thinking about that -- and he didn't agree, obviously. But even back then, I think I was right, and I think this board, through its actions, can prove that I was right, because what you all have done in just a wonderful way is that you have reached out. I mean, you're Democrats, you're Republicans, you're men, you're women, you're lawyers, you're lay people; you are not only representative of America, but you reflect America.

And in that reflection, the constituencies which you all represent and the constituencies which you reflect have created support in this country for the project that you do. And I don't think it's by accident that you were the longest standing board. I don't think it's by accident that most of you have been around for, I guess, eight years.

I think it's the fact that you did what you needed to do; and quite frankly for that, each and every one, each and all of you, need to be applauded. Some of the things

that you did are probably some things that you preferred not to do. You know, I've got to believe that when the restrictions came down, some of you may have gulped kind of hard, but you know it was important to prove to Congress that you understood the commitment that they wanted you to make and that you were prepared to carry it out, even though it was somewhat distasteful. I think that was your role.

Now, I may have had another role through the bar association, but that was your role, and I applaud you for accepting that role and for moving forward, because I think that was probably really difficult for some of you to do, and you probably came from constituencies which you took a lot of heat and a lot of criticism. But you stayed the course, and because you stayed the course we are where we are today, which is we can claim, I think, a very positive support within Congress and a very strong commitment coming through this past week.

The American Bar Association will be there for you.

We are always going to be there for you. We'll be there for you in thick and thin. We'll be there for you when you do some things you don't like, and we'll be there of course when you do things that we do like. That's the commitment that we

have because we are lawyers and we are in favor and so supportive of what you do.

I know that most of you will be moving on, and I think quite frankly that's another strength that you all have. John, you have been a wonderful president. You have done terrific things. And as I have thought about your career and was thinking about it somewhere between Bitterford and Sacko, I realized that you have that wonderful ability -- and I want to just state it publicly -- to focus on something, to do the very, very best, to meet the challenge, and then more remarkable is that you are then prepared to move on.

I saw this within the American Bar Association. You were a wonderful leader within the ABA, and then you took on the Legal Services Corporation, and now I know you're about to exchange careers. And that is really kind of difficult to do to sort of move on, take new risk, take new challenges, and, in some respects, leave the show to somebody else.

And that is very, very remarkable in any of us that we're willing to do something new, to take on a new challenge, and then to say I've done it and it's now somebody

else's turn to do it -- without my influence, without my looking back, without my hanging on.

And this is what you guys have an opportunity to do as well. So you have an incredible legacy that you can create. Doug, you've shared this through the tough times and the good times, and you can look back very proudly with all of your board members and say, hey, you know, we did it and we set the stage for some new people to come on. And that's the wonderful thing about not only professional associations, but about America, is that we don't necessarily feel we have to hold on to everything; we can create the positive, we can give all our ideas, give our all, and then allow the next group to take over and bring what they have to the table. And it will be something different, it'll be something new. There will be some things that maybe you all haven't thought about, and that's where I guess you come in, John, because you have a wonderful opportunity and I hope to be there with you.

Because I think that within the halls of Congress you have the opportunity to correct the mischaracterizations, to walk among those who criticize us because they fear us, and tell us there is no reason to fear us because we are all

there for the same reason, and that is to support democracy and to support what this country is all about by providing access to not just the favored few but to all people.

I remember a pro bono award of a young lady from Singapore, and what she said was what captured the essence of America was not the fact that we had defeated the Japanese and thus had freed her country, or not the fact that we had sent a man to the moon or created all this wonderful technology; rather, what made America great was the American lawyer, the American lawyer's willingness to represent the poor and the weak, and not just the powerful and the rich. And you embody that.

And so I want to congratulate each of you for the legacy that you leave. I wish I had gotten to know more of you better. I wish I had a longer period of time. I know some of you pretty well. I wish we had a longer period of time to work together.

But I so look forward to working with you, John, and to just tell you and all of the people who will succeed you that the American Bar Association stands ready, willing and able to work our future together to create what I know will be a better America. And I thank you for the

opportunity to speak.

CHAIR EAKELEY: Very well. Thank you. Actually, thank you for our presence here and for joining us and gracing us.

I would like John McKay and John Erlenborn to just come around the table with me. We have what is called a small token.

(A token of appreciation was presented and accepted.)

MR. SMEGAL: Doug, may I have a moment?

CHAIR EAKELEY: Yes, you may.

MR. SMEGAL: Thank you very much, Doug. I just wanted to reminisce a bit. We had dinner with Bob Hirshon on Thursday night, and you've now heard the eloquence of his appreciation for this board and the complimentary way in which he referred to us.

I might point out that his predecessor 16 years ago had dinner with us too, and that was the only contact that that board had with the president of the American Bar Association in 1985.

And were it not for the gentleman sitting right behind you as we have spoken of in the past, Jonathan Ross,

who was then president of the New Hampshire Bar, and we had Bill Whitehurst in Texas and Mike Grecko in Maine who organized the Bar Leaders for the Preservation of Legal Services, it is unlikely, Bob, you would have been here today to say the things you said about what this board has done.

But more importantly, Bob Hirshon has not only come to dinner with us, as the president did 16 years ago, but legal services and the delivery of legal services to the indigent is his primary function, primary mission, primary policy, as president of the ABA. And that is a long way to have come, Bob. Thank you.

CHAIR EAKELEY: John McKay.

MR. MCKAY: Thank you, Mr. Chairman. I would like to thank you, Bob, for your comments directed towards me. I remember well our first lengthy discussion. It was some island setting. I don't know if you recall. I think it was actually Puerto Rico at an absolutely awful meeting of the American Bar Association Board of Governors.

But the sole highlight, I think, of that meeting for me was getting to know you for really the first time, and it became clear to me then -- and if there was any doubt in your incredibly eloquent remarks this morning -- how

important you personally hold the commitment to serve the poor in this country and to protect their legal rights.

I have said repeatedly throughout my tenure -- and I want to say to you now as the incoming president of the American Bar, but to every bar association group that I've had the privilege of addressing in my four-year tenure, and I believe I will make the same comments to the Utah Bar on July 5th -- John Erlenborn has kindly agreed to let me do that -- that but for the American Bar Association, the Legal Services Corporation would not exist today.

And if there are any -- I don't believe that there are any true lawyers in this country who don't believe that Legal Services should be available to preserve the legal rights of the poor.

And I think, therefore, that any lawyer, whether or not they are a member of the American Bar Association, owed a debt of gratitude to the American Bar, as does the American public. So I thank you. I think the history on this is very clear: without the American Bar, the Legal Services Corporation would not exist.

I am proud of what you have done. I am proud to be an active leader in the American Bar Association, and so

proud that you came here today to give those fantastic remarks.

Thank you.

CHAIR EAKELEY: John Erlenborn.

MR. ERLENBORN: Thank you, Mr. Chairman. And, Bob, thank you for the kind remarks that you directed in my direction.

I don't know if you are aware of the fact, but I was involved in a peripheral manner in the creation of the Legal Services Corporation going back to 1973-1974. And my involvement in that was highlighted by the yeoman work that was done by the American Bar Association in seeing that that legislation was enacted.

There were opponents then; there have been opponents ever since, but we have had the stalwarts among the American Bar Association as our teammates in seeing that this corporation and its mission is carried out.

And I look forward to what I predict will be a short tenure as president of this corporation, but I am going to see that I do as much as I can to foster the idea that we have now reached a watershed, and we're over that and we're kind of going downhill.

That doesn't mean we have to slow down. We have to work harder and harder. But still, we are accepted, and that is so unusual for the history of the last several years.

We have made that and now, as you and I have discussed, the thing we have to do is to see that we can get more funds so that we can get closer to the ideal of seeing that all of the poor who are legally qualified for receiving services from Legal Services funded attorneys do actually get that. We know now only a small percentage are actually receiving the services.

So let's work together, and I look forward to working with you.

CHAIR EAKELEY: I think we are ready to move on to our next item of business, which is the consider and act on the Report of the Board's Operations and Regulations Committee.

Justice Broderick.

MR. BRODERICK: Mr. Chairman, thank you. Very briefly, we had a very good meeting yesterday. Much of it was taken up discussing the Property Acquisition and Management Manual, and Mattie Condray has come to us as someone who has done an excellent job parachuting into that

issue and received kudos from our committee.

We spent much of our time reviewing comments made by others, and I want to thank NLADA, Linda Perle and Gerry Singsen, who spoke to us about their concerns. And we thought they raised some issues that needed some further study. We have asked Mattie Condray to come back to us with some further information.

The expectation is at the September meeting we will be acting upon a final draft and recommending it to the board for action on that day.

We received an update yesterday from Victor Fortuno , our counsel, on the Regulations Review Task Force. There is a draft report, apparently, that has been prepared. It is not in the form that they would like it, and we have been assured that we will see it in September. Hopefully we'll still be here in September, but that's -- well. And I appreciate the work that's gone into that.

Lastly, there were two regulations, two actions relating to regulations, that we discussed yesterday, 1611 on eligibility and 1626 on restrictions on legal assistance to aliens. Those are both under our new protocol and they were before the committee yesterday for our comment on the

direction we would take, whether to go through negotiated rulemaking or notice and comment rulemaking.

I had spoken to Mr. McKay about it. Our view was it should go through negotiated rulemaking; Mr. McKay agrees, and as a consequence of that, we will follow along with an options paper which will be prepared for further review.

And finally, there is a resolution that I see before you that follows along from part of our discussion, if I can put my hands on it. Yesterday, we talked about the need to amend the regulations as a result of the Velazquez decision, and there is a resolution, Mr. Chairman, I think before the board, that requires a board vote.

CHAIR EAKELEY: Well, if there is, I can't find it.

MR. BRODERICK: The resolution identifying 45 CFR 1639 as an appropriate subject for rulemaking, and it relates to the starting of the protocol and process to amend our rule on welfare reform as a result of the Supreme Court decision.

I have a copy of it here. I don't know where the staff --

MS. BATTLE: I think it's page 52 in our board books.

MR. BRODERICK: Page 52 in your books.

MS. BATTLE: Yes.

MR. BRODERICK: And so that's an appropriate topic for resolution to the board. And other than that, Mr. Chairman, I don't have anything else to report.

M O T I O N

CHAIR EAKELEY: I take it by designating this as an appropriate topic, you're making a motion that we adopt it?

MR. BRODERICK: Yes, I am definitely doing that.

MS. BATTLE: I'll second it.

CHAIR EAKELEY: All right. There's a motion and second to adopt Resolution 2001-005, identifying 45 CFR 1639 as an appropriate subject for rulemaking.

Is there any discussion?

(No response.)

CHAIR EAKELEY: Hearing none, all those in favor of the motion, say aye.

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: The ayes have it. Thank you very much. Is that the only one we need to deal with on your --

MR. BRODERICK: I think that is the only one we need to deal with. LaVeeda Battle is back on the committee so you'll have --

CHAIR EAKELEY: And Mattie was nodding in affirmance also, so I guess we've got -- all right.

Any questions of the committee report?

(No response.)

CHAIR EAKELEY: Hearing none, let's move to the Report on the Board's Finance Committee. Nancy Rogers.

MS. ROGERS: The Finance Committee reviewed the expenditures through April 30th, 2001, as well as the revisions of the budget that are reflected in the attachments that are in the board book. We were advised by David Richardson that no action was necessary with respect to those reports, and so the committee took no action.

The committee also wants to report, as was reported to us by David Richardson, that in late summer, early fall, it will be time to consider the budget mark for Fiscal Year 2003. And he and we welcome input in that budget mark, not only as to those kinds of activities which have been done over the last few years by the Corporation, but other kinds of activities that might serve to promote access, equal

access, to justice, including such things as loan forgiveness programs for persons who go into Legal Services work, as well as retirement kinds of issues and others.

So we urge that sort of input to the committee, and therefore the board, in coming weeks and months.

In addition, I wanted to mention an item not on the agenda, and the last full board meeting there was discussion of a reference to the Finance Committee of matters that related to performance measures. And I, as chair, was notified that that wouldn't be on the agenda this time, that any proposals that might be made were still under discussion at this time, so it would be premature to have that as an agenda item for the Finance Committee at this time.

CHAIR EAKELEY: Any questions of Nancy or of the Finance Committee Report?

(No response.)

CHAIR EAKELEY: Hearing none, we move to agenda item 13, which is consider and act on contractual arrangements John Erlenborn.

You will recall that when we appointed John Erlenborn to serve as president, we left it for a later day to make the arrangements with respect to salary and anything

else that might be required by way of board approval.

John and I have had several discussions, and we have somewhere two resolutions that address these. The first is a resolution authorizing dual service by John Erlenborn as president and also as a continued member of the board of directors. John is stepping down as vice chairman, but would like to remain on the board of directors during his tenure as president.

I think that it is appropriate; and indeed, in the corporate world where you have chairman and CEO frequently occupied by the same office, that I propose that we permit John to continue on the board.

John has agreed to waive his per diem receipt, or not to claim the per diem that comes with service on the board at board meetings.

And the purpose behind Resolution 2001-006 is, in essence, to authorize John to continue both as director and to serve the Corporation as its president. M O T I O N

MS. BATTLE: I would so move.

CHAIR EAKELEY: Is there a second?

MS. FAIRBANKS-WILLIAMS: Second.

CHAIR EAKELEY: Is there any discussion? Mr.

McCalpin.

MR. McCALPIN: Mr. Chairman, once or twice this morning, members of this board have said that they have wanted to make a record, and I am loathe to have the board vote on this resolution without making a record of what we are doing and why.

I have looked at counsel's memorandum, which is at page 95 of the book. I agree with counsel that there is no specific provision of the Legal Services Corporation Act which either specifies that a confirmed director may act as president or may not act as president.

I accept as an interpretation of Section 1005-A of the Legal Services Corporation Act the interpretation given by general counsel in that memorandum.

However, upon receiving it, it seemed to me that the memorandum did not address the legislative history of the provisions in the Act, so I was moved to go to House Report 93-247, which is part of the activities of our vice chair in the enactment of the Legal Services Corporation Act.

And it deals with Section 4, called then, 1004 now, which provides that the Corporation shall have a board of directors of 11 voting members on appointment by the

president, and so on. And then on the same page, it says Section 5 requires the board to appoint the president of the Corporation, who must be a member of the bar of the highest court of the state, and shall be a nonvoting ex officio member of the board.

It seems to me that although this is essentially the language of the statute, as I read that, I had a different impression of the import of the implication of the statutory language that appears in counsel's memoranda.

I believe it is possible that the House at least was thinking in terms of a board of 11 appointed by the president, with the advice and consent of the Senate, and a 12th nonvoting ex officio member appointed by and responsible to the board.

If the president is a voting member, a voting director of the board, then there is no additional nonvoting ex officio member of the board, as seems to be required by the statute.

And that interpretation, it seems to me, is also consistent with Section 3.02-A of our by-laws, which say, "The board shall consist of 11 directors. The president of the Corporation shall serve as a nonvoting ex officio member

of the board."

So it seems to me that there is at least an alternative possible interpretation of the statute than the one that we have seen, and it seems to me that that alternative interpretation is a safer interpretation for the future operation of this board and the Corporation.

I would note that the statute says that the president may be removed -- or serves at the pleasure of the board and may be removed by a majority. Actually, our by-laws say that it takes six votes to remove a president. The statute says that president, a director, may be removed only by seven votes, and then only on very narrow grounds, and under our by-laws, with a very strict procedural process.

So that it seems to me it's at least possible for the board to remove a president and leave that president on the board as a -- leave that person on the board as a director, a situation which I suggest to you does not auger well for the operation of the board to have a dispossessed president continuing to serve as a member of the board.

More importantly, it seems to me that permitting the selection of a confirmed director as president draws an invidious line between members of this board. The statute

requires that the president be a lawyer. The statute also requires only that a majority of the board be a lawyer, so that a client member is not possible -- it is not possible to elect a client or non-lawyer member of the board as the president.

I can visualize that at some future time the appointment of a board member as president, with the emolument that goes with it, may seem like a happy addition to retirement or something else; and given the fact that only lawyers could aspire to that, it seems to me it's a situation where the rich get richer and the other members of the board could not aspire to that position.

So even if two lawyer members of the board should aspire to become the president, I suggest that the resulting lobbying and jockeying for position would not provide a happy atmosphere for the continued operation of the board. And even the performance review process that we have set in motion, it seems to me, does not open itself to candor and objectivity if members of the board are called upon to pass judgment on a peer with whom they must serve thereafter.

So, as I have said, it seems to me that an alternative possible interpretation of the statute may auger

better for the operation in the future; and I would think that in any normal situation that is the interpretation that ought to prevail, but I suggest to you that we are facing an extraordinary situation at this particular point: we have a vacancy in the office of president occurring today, at a time when the terms of office of all 11 confirmed members of the board have expired long since, and at a time when the President of the United States, who is the appointing authority for members of the board, is of a different party than the President which appointed this board.

The result is that unquestionably we are going to get a new board with a majority of a different political complexion than this board. Under those circumstances, it seems to me it would have been unwise, and even unfeeling, for us to have elevated a staff member to the office of acting president because that would put that person, who would have to make perhaps unpopular decisions in the meantime, a more visible possible target, perhaps prejudice a right to retention in employment by the Corporation. And I point out to you that that has happened on at least one occasion in the history of this Corporation, as a member of the audience can attest.

By the same token, I suggest to you it would be virtually impossible for us to attract somebody from outside the Corporation to take on this at-will position for a period which may last only for weeks.

Under those circumstances, I could read an exception to the interpretation which I favor to accommodate the extraordinary situation in which we find ourselves now.

But, I did not want to leave a legacy to future boards that we have accepted only one possible interpretation of the statute and that we have thrown open the doors wide to the selection of confirmed members of the board as future presidents of this original.

I want the record to show that I at least, as one director, will only vote for this resolution because of the extraordinary circumstances in which we find ourselves, and hope that a future board would not accept this vote as a binding precedent for future actions of this board.

Thank you.

CHAIR EAKELEY: Thank you, Bill.

MR. ERLNBORN: Mr. Chairman?

CHAIR EAKELEY: I was going to ask whether anyone else wants to speak in favor of the motion. John.

MR. ERLNBORN: Well, let me first say that I am not at all surprised that my friend Bill McCalpin raised this issue. I knew he was going to. He told me he was going to, so it's not a surprise.

And I think it's exactly the kind of thing that you do so well that we admire, so, in a way, I thank you for what you have just said, and I thank you particularly for your conclusion.

Only one item I would take a little bit of, well, exercise in disagreement with you, and that is that members of this board would not have the temerity in looking at the performance record of the president to do anything that might be critical of that president, because I think you're the embodiment of the kind of board member who would do that.

(Laughter.)

MR. ERLNBORN: So, all in all, let me say thank you, Bill, I appreciate the fact you're going to vote for me.

(Laughter.)

CHAIR EAKELEY: Maria Luisa.

MS. MERCADO: Yes, I'm just still not real clear how we are dealing with the Section 1005-A about the provision that the president shall be a nonvoting ex officio

member of the board.

CHAIR EAKELEY: Well, John Erlenborn remains a Presidentially-nominated and Senate-confirmed voting member of the board, so it basically is a complete overlap. He still retains his vote as a director, and that is the significance that Bill McCalpin was pointing out to the fact that he remains as a director. But that's it.

MS. MERCADO: As a limited exception.

CHAIR EAKELEY: Yes, as a limited exception.

MS. MERCADO: Okay.

CHAIR EAKELEY: If there are no other questions --

MR. BRODERICK: Mr. Chairman, could Mr. McCalpin repeat his comments?

(Laughter.)

MR. McCALPIN: Will the reporter read back the question?

(Laughter.)

MS. BATTLE: I would just like to ditto Bill's comments about the extraordinary circumstances that we find ourselves in in having to make this determination, and also echo what has been said about the honor and privilege that I

feel that John Erlenborn is willing, in this interim time when we have a very difficult task before us and need before us, to fill that for us.

So those are my comments.

CHAIR EAKELEY: Any other discussion?

(No response.)

CHAIR EAKELEY: Hearing none, all those in favor of Resolution 2001-006 authorizing dual service by John Erlenborn, please say aye.

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: The ayes have it by unanimous --
John.

MR. ERLNBORN: Not unanimous. I didn't vote.

CHAIR EAKELEY: Abstention.

MR. McCALPIN: Without dissent.

CHAIR EAKELEY: The second of -- and I misspoke, there are three resolutions but you only have two of them in front of you. The second resolution dealing with our contractual arrangements with John is 2001-007 authorizing John's receipt of compensation from outside sources.

Both the LSC Act and our by-laws provide that no officer of the Corporation may receive any salary or other compensation for services from any source other than the Corporation during his period of employment by the Corporation, except as authorized by the board.

And the purpose of this is to authorize John to continue to receive compensation from two sources other than the Corporation during his tenure as president. And John, I forget which those sources were that you told me.

MR. ERLNBORN: Thank you, Doug. First of all, the resolution does not identify them, but I have no hesitancy in saying that, first of all, and probably most important, I'm an adjunct professor of law at Georgetown University Law Center. Now, that isn't the best paying job that I have; besides that, I am also a member and have been for about 12 or 13 years, of the Custodial Trust Company, a wholly owned subsidiary of Bear Stearns. And that does pay better, but it takes less time.

M O T I O N

MS. FAIRBANKS-WILLIAMS: Do you want a motion?

CHAIR EAKELEY: I need a motion, then we can have discussion if there is --

MS. FAIRBANKS-WILLIAMS: I so move.

MS. WATLINGTON: Second.

CHAIR EAKELEY: Any discussion?

(No response.)

CHAIR EAKELEY: Hearing none, all those in favor of Resolution 2001-007 authorizing receipt by John Erlenborn of compensation from outside sources, please say aye.

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: Abstain. The ayes have it.

Third -- and I apologize for this, but the third contractual arrangement that needs to be addressed by the board is Mr. Erlenborn's compensation as president.

And I would propose that we compensate John at the same level five rate that John McKay currently -- that we had authorized for John McKay. We have a compressed salary structure, and anything less or different would really distort that structure even further; and I think under the circumstances it is amply warranted and deserved.

So I would entertain a resolution to that effect.

M O T I O N

MS. MERCADO: I so move.

MS. FAIRBANKS-WILLIAMS: And I'll second it.

CHAIR EAKELEY: Any discussion?

(No response.)

CHAIR EAKELEY: All those in favor of Resolution whatever-number-it-is authorizing the payment of compensation at salary level five, maximum salary level five, for John Erlenborn as president, please say aye.

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: Abstain. The ayes have it. Thank you very much, John.

MR. ERLENBORN: Thank you.

CHAIR EAKELEY: That brings us to item 14. Now that we have secured a contractual arrangement that will permit John to accept the position of president, John has indicated to me that he would resign as vice chair.

And I would like to propose that we elect LaVeeda Morgan Battle as vice chair of the Legal Services Corporation, effectively immediately.

M O T I O N

MS. MERCADO: I so move.

MS. FAIRBANKS-WILLIAMS: Second.

MR. BRODERICK: -- by acclamation.

CHAIR EAKELEY: Not effective -- I'm sorry, at the end of the meeting. But we will do this simultaneously, at the end of the meeting, whereupon John Erlenborn becoming president.

There is a motion, a second, and a motion to make the motion by acclamation. All those in favor of claiming LaVeeda, say aye.

(Chorus of ayes.)

MS. BATTLE: Well, thank you. I am honored. I appreciate that. I will be the least-longest serving vice president of the Corporation.

(Laughter.)

CHAIR EAKELEY: Yeah, but you know what? We've been honored to serve with you for eight years.

So, in any event, that brings us up to item 15. Is there a resolution? Do we have a resolution on this, Victor?

This is consider and act on short-term contract extensions for Randi Youells, Mauricio Vivero and Victor Fortuno.

We have had several discussions about the

desirability of maintaining as much of the excellent management team that John McKay has led so ably for four years while a new board is in the process of being selected and confirmed and takes office.

And the importance, I believe -- without being presumptuous about it -- to that new board of having an intact management structure continuing the day-to-day highly important responsibilities of the Corporation.

In order to do that, we need to -- because it is unlikely that a new board will be in place any time in the immediately foreseeable future, and after that new board comes in, presumably will first engage itself in searching for a president. It becomes important, I think as John McKay's and John Erlenborn's recommendation, that we extend for a period of -- how many months are we talking about?

MR. ERLNBORN: I believe six months.

CHAIR EAKELEY: -- six months, the contracts of Randi, Mauricio and Victor from December 31 to June 30 of 2002. And that basically is the proposal, and I would entertain a motion to that effect.

MS. WATLINGTON: I so move.

MS. FAIRBANKS-WILLIAMS: Second.

CHAIR EAKELEY: Now, is there any discussion?

Maria Luisa.

MS. MERCADO: Yes, just a point of information. I don't remember how long ago it was -- I know it was within the last year, year and a half, I think, that we did a contract for several of the vice presidents.

And I wasn't clear on whether this -- I mean, I understand you only have three of them, but I wasn't sure on the other vice presidents that were included in the contract.

I mean, I didn't get any memorandum that stated that, so I wasn't clear on that. I mean, we did the contracts for them, which as you all remember, for the record, I was against us a board dealing with any contracts of any other officers other than the president of the Corporation, but since we chose to do so, now we're at this point where that I'm wondering what about -- I think we did David Richardson as VP of finance, and we had a VP of administration, and I think those were the only VPs. Human resources -- was that a VP?

MS. BATTLE: No, I don't recall that.

MS. MERCADO: No, okay. So I just want some clarification as to why the other ones weren't included in that.

MR. ERLNBORN: It should be.

MS. MERCADO: Because if you're talking about having an intact management team, then this seems like that's the intact management team.

CHAIR EAKELEY: Well, Jim Hogan will be departing, I believe, but I think we may have overlooked David Richardson.

MS. MERCADO: But David Richardson is our finance person on --

CHAIR EAKELEY: Yes, I agree. I agree.

MS. MERCADO: He's done an able job unendlessly with the --

MR. ERLNBORN: And that is an unfortunate oversight, and I would like to have him added to the extension.

MS. MERCADO: Good.

CHAIR EAKELEY: That's a friendly amendment.

MS. MERCADO: It's a friendly amendment.

CHAIR EAKELEY: David, that's a very friendly amendment.

Bill McCalpin.

MR. McCALPIN: I just wonder -- I was going to ask

until you indicated -- what was the expiration date of the present contracts of those individuals? And if the expiration date is December 31, in a great likelihood that a new board would be in place well before that date, I just wonder why the extension for six months until June 30, which ought to be well into the term of a new board.

MR. ERLNBORN: Well, let me say it's conjecture as to how much time it's going to take. My considered opinion is that we may possibly get the nomination of the new board members before the August recess of the Congress.

If we do, it probably will be fairly close to the August recess, and I doubt very much that the Congressman would address the ratification of the nominations before the recess, which puts us after Labor Day.

And then it's very problematic as to how soon the Senate will address the issue of confirmation, or ratification of the nominations.

For my part, as an example, I was nominated to the board the first time I served in 1988, and it was 1989 -- and this is the expiration of some six months or so -- between my nomination and confirmation.

I don't think that's going to happen this time, but

I think it will probably be into October, November, sometime around then before you have the confirmed new board. It's only a guess, a somewhat educated guess, but a guess nonetheless.

When the board is confirmed and takes over, then they're going to have to begin a process of a presidential search. Our experience shows that that's a matter of several months, and I think it's only after a new president has been chosen are you really going to have the board, with the advice of the president, determining who should be filling those spots as vice presidents.

MR. McCALPIN: My recollection is that is not exactly the history of the actions of this board.

CHAIR EAKELEY: Well, I think we have a different expectation at the moment, and also a different management team. And I think that the expectation is that the new board is likely -- actually, the new president and the new board -- are likely to consider favorably the new management team.

And certainly -- this is why I said it was somewhat presumptuous to say because we're speaking of people whom we don't necessarily know. But it seems to me that the stability and continuity of what is happening at the

Corporation are very important and that we are not imposing on a new board at all, or if so, only minimally, and doing something for some very key people who ought to remain here during the interim.

Any further discussion?

MS. BATTLE: I guess I too had, along with Maria, taken the position that I didn't think we needed to do contracts, but we do now have contracts.

And the only concern I have is I agree that we are in a situation that may be unlike the situation that we experienced when we became a board, in which we really had to completely start over in developing a staff, so that there is some need for that.

And I would like to note -- and I don't have any of the contracts before me -- what implications this draws should the new board coming in have a different view. I don't want us -- I think it is good to have a management team in place and to have that stability for them, but at the same time, I think we have to honor what that new board's needs are in terms of how they want to address those issues.

MR. ERLNBORN: Well, certainly how they want to address it is something we don't know.

MS. BATTLE: Sure.

MR. ERLNBORN: And it's hard to speculate. What I am concerned about is as the year wears away without an extension of the contracts, our vice presidents who are currently covered by contracts are most likely, in their own best interest, are going to start looking for some other job because they have no promise that they will be kept with the Corporation.

And it's the continuity of the vice presidents, the management of the Corporation, that we're concerned about.

CHAIR EAKELEY: John McKay.

MR. MCKAY: Thank you, Mr. Chairman. Let me just say that I agree with this motion. I think this is a good idea. And the timing that has been shared is really important. This current management team will be at risk from a personal standpoint that I don't think this board would want to cause over the period of the transition. And I think that a six-month extension into June is a good idea. I don't believe it at all ties the hands of the new board because it is, I think, highly unlikely that there will be a new president to work with the new board to make these decisions, with all but maybe a couple of months left on the contract

extensions that you're going to give.

And I do believe, having had the experience of working with these individuals, to say that I know that they will serve well and be very open to whatever direction the new board wants to take. But there will be very little time left on even the extended contracts, should you authorize John Erlenborn to extend till June. I think it's a very good transition move.

I would like to say that, yes, Jim Hogan is not going to continue on. I would like to commend him publicly for his service here today, and I think the chairman would allow me to just indicate how incredibly valuable Jim has been to me over the past four years, and I want to commend him for his service, as I do commend and thank the other officers and all of our staff for their service.

CHAIR EAKELEY: Thank you. Actually, let me add to that my own personal thanks for all of the efforts and contributions that Jim Hogan and John Hartingh have made with John McKay in helping create the team that has done extraordinary work for this Corporation and for its grantees, and ultimately for the clients served by those grantees.

But back to the motion. It has been moved,

seconded, and amended, that we authorize John Erlenborn to extend the contracts of the four individuals named -- Randi Youells, Mauricio Vivero, David Richardson and Victor Fortuno -- for a period of six months, to and including June 30 of 2002.

Any further discussion? Tom Smegal.

MR. SMEGAL: The date is June 30, so it's one day short of six months, I think.

CHAIR EAKELEY: Thank you for that. July 1, 2000?

MR. SMEGAL: No, I'm not suggesting you change it.

I just wanted to point out that the current contracts end of January 1. And I think they should end on June 30, but that isn't six months.

(Laughter.)

CHAIR EAKELEY: Okay, all right. Are you trying to compete with Bill McCalpin?

(Laughter.)

MR. McCALPIN: I beg to disagree. It is six months. Six calendar months.

(Laughter.)

MR. BRODERICK: Mr. Chairman, could you make arrangements to have these two gentlemen have lunch together?

(Laughter.)

CHAIR EAKELEY: All those in favor, say aye.

(Chorus of ayes.)

CHAIR EAKELEY: Opposed?

(No response.)

CHAIR EAKELEY: Abstain. The ayes have it.

As some of you know, I've got to get to New York for a wedding, so I am going to turn the meeting over to our vice chair -- no, he's vice chair until the end of the meeting, so I'm going to turn it over to John Erlenborn and wish you all a safe trip.

Thank you.

MR. ERLBORN: The next item on the agenda, number 16, is a report by Danilo Cardona.

MR. CARDONA: Good morning, and thank you, Mr. Chairman. For the record, I am Danilo Cardona, the director of the Office of Compliance and Enforcement. Thank you for wanting this presentation. The purpose is to report on the activities of the Office of Compliance and Enforcement since June the 1st of this year -- sorry, since January the 1st of this year -- to date.

Most of the reports have been given to the board on monthly report updates, but nevertheless I was requested to do this thing, and I do it with great pleasure.

In the request from the board of directors for Fiscal Year '01, there was a request to Congress for additional staff for the Office of Compliance and Enforcement to conduct more on-site review of recipients with regards to their case management system and their case service reporting.

Consequently, when the request went to the United States Congress in August of the year 2000, LSC conditionally hired five staff members, conditioned upon receiving the funds from Congress.

On January the 2nd of the year 2001, these five attorneys came in to work for LSC at the Office of Compliance and Enforcement. The sixth one came in on January the 29th.

And the last two, when Congress said in its appropriation for Fiscal Year '01 that it needed to hire at least seven investigators. I was short of two, and between January and April the 16th, we recruited and hired two more staff attorneys. So we are fully staffed at the Office of Compliance and Enforcement in accordance with the mandates of

the United States Congress.

After hiring these people, we proceeded to have a serious and heavy orientation on the activities of the Office of Compliance and Enforcement and on the activities on the LSC. Part of that orientation included the LSC regulations, guidance and instructions, opinions from the Office of Legal Affairs with regard to the interpretation of the LSC Act and regulations, LSC structure and operations, LSC grantmaking process, the protocol for on-site reviews, and report in writing to memorialize the on-site reviews.

As of this date, all the newly hired staff have been in at least two on-site reviews, and at least two of the seven staff members have been outside in the field leading teams on these on-site reviews.

Five of the newly hired members came from private law practices. One of them came from a program in Pennsylvania, and the last attorney hired came from the Paralyzed Veterans of America, where she was doing similar work that the Office of Compliance and Enforcement does. The minimum experience required for these new staff attorneys who are investigators is five years.

Now, the proposal to Congress was to conduct at

least three on-site reviews per month. So far, we have conducted 16 reviews: 11 of them have been on case management and case service report reviews; the other five have been a newly program that we have on accountability training and technical assistance reviews. We have done five of those since January the 1st.

Technical accountability training. Accountability training is programs are requesting when we visit them that to be instructed about how to better comply with LSC regulations, so we started to do that. We have done that at various programs. Sometimes we do it only at the program level; sometimes we do it statewide.

The most recent statewide accountability training was done in coordination with North Carolina Legal Services, and the Center for Law and Social Policy, Linda Perle, was also present at that accountability training.

Then the technical assistance. Technical assistance comes in various ways to the field. It happens in an unstructured way on a daily basis: staff and programs call and want to know how to set their compliance systems; they want to know something about the regulations. And we provide them all the information.

It also happens we were on on-site reviews. Programs do request -- or have requested, sorry -- when we are on on-site reviews if we could provide them assistance in setting up their compliance systems, their general intake systems. And we so do set aside time during those visits in order to help them set that.

And then there is most far more technical assistance review which is done by identification by the Office of Compliance and Enforcement with programs who are going through transitions, through mergers or through consolidations, when they are absorbing bigger service areas and they're trying to set up new systems for compliance. And we do send a team out there for a week in order to do those kinds of visits. And we are now receiving requests from programs to do that more.

So that is what, in general, we have been doing since January of this year. Other visits and other activities of the Office of Compliance and Enforcement other than the on-site reviews and what I have just explained, or tried to explain.

But since January we have reviewed also 82 audit reports and generated four corrective action letters on the

accounting aspects of the audited financial statements.

We have reviewed and approved 23 PI waivers. We have reviewed and approved 29 subgrant agreements, totalling \$10 million. We have reviewed and approve 16 fund balance waivers, totally \$1,394,000. We have reviewed and approved three deficit fund balances, totalling \$80,000.

And we have reviewed and approved 18 requests for purchases of equipment, totalling \$461,000. We have approved one request for purchase of real estate totalling \$28,000.

We closed six A-50 referrals from the Office of the Inspector General. We opened 26 complaints against recipients. We closed 54 complaints against recipients. And we generated 51 pieces of general correspondence. This is the public writing to us trying to figure out how to get service in a program, where to go, where to complain, and so forth.

And that, in a nutshell, has been the activities of the Office of Compliance and Enforcement since January of this year.

MR. ERLNBORN: Thank you very much. I think it's quite apparent from your report why the word "compliance" becomes before enforcement. It seems to me that the vast

majority of your efforts are to train and to educate and to help recipients comply, and I think that's the way it should be.

MR. CARDONA: If Mr. Chair would allow me a moment, I would like to read a letter, without identifying the program, that we received on June the 18th. It is addressed to me as director of the Office of Compliance and Enforcement, and it is with reference to a technical assistance review.

And it says: "Dear Mr. Cardona, thank you for your letter of June 14 discussing the technical assistance review.

This opportunity to work closely with your office to address compliance issues was tremendously productive and valuable experience for our entire staff.

"The cooperative, constructive approach taken by your review team and other members of the technical assistance review engendered a positive learning environment which, in turn, resulted in close interaction and real progress.

"I can not adequately express our appreciation to the team for helping us work through some longstanding and difficult compliance issues.

"Again, thank you for your assistance and feedback. Please convey our wishes and so forth to the Office of Compliance and Enforcement."

MR. ERLNBORN: Any questions, comments? Yes, John.

MR. MCKAY: Yes, I would just like to thank Danilo and his staff for their leadership. I know that Nancy Rogers and I had a number of discussions regarding the new staff and some of the new responsibilities in Compliance and Enforcement, and I promised you at that time that we were urging our new staff and training them to be teachers. And John Erlenborn's comments are exactly right: the teaching part of what Compliance and Enforcement does is really sweeping over the field. I think that John will find that when he meets with executive directors they will tell him that when a Compliance and Enforcement team comes out, they come first as teachers, and the training that's occurring -- people from across the country who have made this comment to me.

So I am really pleased with this. There was a tremendous amount of work to get seven new program counsel staff on board, trained and actually undertaking the program

visits. It was a tremendous amount of work that Danilo undertook under Jim Hogan's leadership. We have closed our library and made other changes in our structure to provide office space for these people, all of which occurred between the time of the appropriation and the report you've heard today.

So I am very pleased with the fact that we have been out in the field as teachers in such a short period of time, in compliance with the congressional directive. Thank you.

MR. ERLÉN BORN: Any other questions or comments?

(No response.)

MR. ERLÉN BORN: If not, thank you, Danilo.

MR. CARDONA: A pleasure.

MR. ERLÉN BORN: At this point in the agenda, we are to go into closed session. Would someone move for us to move to closed session?

M O T I O N

MS. BATTLE: I'll so move.

MS. MERCADO: Second.

MR. ERLÉN BORN: It has been moved and seconded that we go into closed session. All in favor, say aye.

(Chorus of ayes.)

MR. ERLÉN BORN: Opposed?

(No response.)

MR. ERLÉN BORN: The ayes have it.

(Whereupon, the board adjourned to closed session.)

* * *

Whereupon, the board reconvened to open session.)

MR. ERLÉN BORN: We'll start now with the open session, item number 19, consider and act on other business.

I have one item under that. Jim Hogan will be leaving the Corporation and he, of course, was vice president. And that vice president for administration position will be open.

I have asked Dave Richardson to be acting vice president, along with his treasurers position, for administration. That is a matter for the board to determine.

And so I don't have a resolution, but I would like to ask the board if there is anyone who would agree with me to make a motion for me to name him as the vice president, interim vice president, for administration because I expect will some time before too long be filled by another person.

M O T I O N

MS. WATLINGTON: I will be honored to make that

motion.

MR. ERLNBORN: It's moved.

MS. MERCADO: Second.

MR. ERLNBORN: Just one second. John?

MR. MCKAY: I think you want to -- you may ask Victor this, but I think it would be appropriate for the board to remove --

MR. McCALPIN: I can't hear you.

MR. MCKAY: Well, I was just trying to do this quietly, but I'll do it on the record. I think -- I hate to speak for Victor, but I would think that we would want to remove the incumbent. The board would need to do that since the board appointed him as vice president for administration -- that's Jim Hogan -- and then appoint the acting member.

MR. FORTUNO: I believe that was a situation that was developing during these past couple of days. My understanding is that it is a mutual arrangement; that is, a resignation by mutual agreement. So while the individual is resigning, since my understanding is it's by mutual agreement, it probably would not hurt for the board to accept his resignation. But since it is a resignation --

M O T I O N

MS. BATTLE: I move we accept the resignation of Jim Hogan.

MR. FORTUNO: As opposed to a removal from office. Do you have thoughts on that, John?

MR. MCKAY: I would just say that I think that the thing that needs to be done is that Jim needs to -- that his title of vice president needs to be removed pursuant to whatever agreement has been made with LSC management, and that an acting vice president be named at the request of the president.

I think removed is probably appropriate. I look to Mr. McCalpin because he is the holder of all things specific and finite.

(Laughter.)

MR. ERLNBORN: The holder of all wisdom.

MR. MCKAY: I think I believe that the board has appointed Jim Hogan and the board probably ought to say that he is now stepping down and that an acting vice president is being named.

MR. McCALPIN: There is a specific provision that says an officer may be removed with or without cause by the majority of the directors in office, which means it takes

seven, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Removal from office may or may not terminate the employment of the person so removed as determined by the board, in the case at present, or by the president in the case of any other officer.

MR. ERLNBORN: Now, it would sound as though -- and I think what you're telling us is that we could have a motion to remove him as vice president.

MR. McCALPIN: But that does not necessarily terminate his employment.

MR. ERLNBORN: Correct.

MR. MCKAY: That's exactly right.

MR. SMEGAL: And, in fact, his employment agreement specifically speaks to that, and, in fact, there is a provision which provides for that delineation.

MS. BATTLE: Do I need to amend my motion? I mean, I'm trying to understand --

MR. ERLNBORN: Why don't you just restate your motion, because I don't think we had a second.

MS. BATTLE: I just moved that we accept his resignation. I didn't know -- do we have to remove in order

to appoint?

MR. McCALPIN: Well, but there's another provision that an officer may resign at any time by giving written notice of termination to the board chair.

MR. ERLNBORN: Which we don't have, but, as I understand it, there was some negotiations going on even today. But as I understand it, the negotiations have been completed, and I think it would be fitting at this point to remove him as vice president without any prejudice to his contract.

MR. MCKAY: Perhaps with some thanks from the board.

MR. ERLNBORN: Certainly. With thanks from the board.

MS. BATTLE: Right.

MS. ROGERS: John, it seems to me that we don't need to accept his resignation or to remove him if he has resigned.

MR. MCKAY: He hasn't resigned.

MS. ROGERS: And he hasn't yet resigned. So it seems to me that what we ought to do is approve, contingent upon his resignation or removal, the appointment of David

Richardson as acting.

MR. ERLÉNORN: Well, we can remove him at this point.

MS. ROGERS: But why --

MS. BATTLE: I'm not understanding why. I really -
-

MS. ROGERS: I do not understand why we should remove him if he's --

MR. BRODERICK: Why couldn't we do it as --

MR. SMEGAL: Well, we actually can't do it, John. I don't believe we can do it. If I'm reading his agreement accurately, the equivalent of a termination, in paragraph 4(c), we have to give him 30 days notice to do what you're suggesting we do.

MR. ERLÉNORN: After the board acts.

MR. SMEGAL: Right.

MR. ERLÉNORN: Yes.

MR. SMEGAL: Thirty days after written notice that the board has acted to remove --

MR. ERLÉNORN: Correct. So this would begin the running.

MS. BATTLE: Why don't I amend this way: Upon the

creation of a vacancy in the office of vice president for administration --

MR. MCKAY: No, because you have to create the vacancy. You are the only ones who can remove him.

MS. BATTLE: No, I'm not -- we're not talking about removal. I'm saying upon the existence of a vacancy in the position of office of vice president for administration, that once that position is vacant that Mr. Dave Richardson be appointed to serve.

MS. MERCADO: I second that.

MR. ERLNBORN: Let me make the situation clearer. There is a contract that Mr. Hogan has that was authorized by the board. That contract has different consequences in the event of a removal or a voluntary retirement from that position.

And it might be inconsistent with the negotiated settlement to have him not removed; in other words, to say upon his resignation. So I think to put us in the proper stance in light of his contract, the board should act to remove him as vice president; otherwise, I don't think there necessarily would be problems, but there could be.

M O T I O N

MS. BATTLE: I will so move what you need.

MR. ERLENBORN: Thank you. Anybody else second what I need?

(Laughter.)

MS. MERCADO: Second.

MR. ERLENBORN: And I think we should restate it to remove James Hogan as vice president of the Corporation.

MR. MCKAY: With the thanks of the board.

MR. ERLENBORN: With the thanks of the board.

MS. WATLINGTON: Right. I was going to add that.

MR. ERLENBORN: It's been moved and seconded. All in favor, say aye.

(Chorus of ayes.)

MR. ERLENBORN: Opposed?

(No response.)

MR. ERLENBORN: Motion carried.

MR. FORTUNO: Is there an effective date? I take it effective immediately?

MR. ERLENBORN: Effective immediately.

And now I would ask the board to authorize me as president to appoint David Richardson as acting vice president for administration.

M O T I O N

MS. BATTLE: So moved.

MS. FAIRBANKS-WILLIAMS: Second.

MR. ERLENBORN: It's been moved and seconded. All in favor, say aye.

(Chorus of ayes.)

MR. ERLENBORN: Opposed?

(No response.)

MR. ERLENBORN: Motion carried. The resolution is adopted.

Any other business?

(No response.)

MR. ERLENBORN: Number 20, public comment. Is anyone here for public comment? No?

(No response.)

MR. ERLENBORN: Since it appears not to be, I would entertain a motion to adjourn.

M O T I O N

MS. WATLINGTON: So moved.

MS. FAIRBANKS-WILLIAMS: Second.

MR. ERLENBORN: It's been moved and seconded to adjourn. All in favor, say aye.

(Chorus of ayes.)

MR. ERLÉNORN: I think it's unanimous.

(Whereupon, at 12:15 p.m., the board adjourned.)

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