

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
OPERATIONS AND REGULATIONS COMMITTEE
(CONTINUATION)

OPEN SESSION

Friday, January 24, 2014

7:01 a.m.

Hilton Garden Inn Downtown Austin
500 North Interstate 35
Austin, Texas 78701

COMMITTEE MEMBERS PRESENT:

Charles N.W. Keckler, Chairperson
Robert J. Grey Jr.
Harry J.F. Korrell, III
Laurie I. Mikva
John G. Levi, ex officio

OTHER BOARD MEMBERS PRESENT:

Martha L. Minow
Julie A. Reiskin

STAFF AND PUBLIC PRESENT:

James J. Sandman, President

Rebecca Fertig, Special Assistant to the President

Ronald S. Flagg, Vice President for Legal Affairs,
General Counsel, and Corporate Secretary

Carol A. Bergman, Director, Office of Government
Relations and Public Affairs

Thomas Coogan, Assistant Inspector General for
Investigations, Office of the Inspector General

David Maddox, Assistant Inspector General for
Management and Evaluation, Office of the
Inspector General

Lora M. Rath, Deputy Director, Office of Compliance
and Enforcement

Janet LaBella, Director, Office of Program
Performance

Don Saunders, National Legal Aid and Defenders
Association (NLADA)

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1 PROCEEDINGS

2 (7:01 a.m.)

3 CHAIRMAN KECKLER: Welcome back, everybody.

4 Thank you for joining us at this early hour, to those
5 on the phone, and thanks for the flexibility of staff.

6 Thank you, Pete.

7 We are continuing the quarterly meeting of the
8 Operations and Regulations Committee of the LSC. We
9 are currently on agenda item 5, which is to consider
10 and act on the review of Management's report.11 In terms of the "act" portion, that's not
12 required; that's there if people feel that a
13 recommendation regarding the strategic plan and the
14 measures used to implement it and track it, that the
15 Board would need to take some action, in which case
16 this Committee might need to make a recommendation.
17 But that's not required.18 With that introduction, I will turn it over to
19 Jim Sandman, the President of LSC.20 PRESIDENT SANDMAN: Thank you, Charles. We've
21 put together a report that's at pages 194 to 202 of the
22 Board book inventorying all of the actions that the

1 Corporation has taken to implement the strategic plan
2 goals.

3 MS. REISKIN: Sorry. What page?

4 PRESIDENT SANDMAN: Pages 194 through 202.

5 The report is organized according to the goals
6 identified in the strategic plan and the specific
7 initiatives that were identified in the plan to achieve
8 those goals.

9 I think the report indicates that we've made
10 significant progress in addressing the goals of the
11 plan. But it also confirms that the plan's goals are
12 ambitious and we have a lot more work to do.

13 I think the goals identified in the plan were
14 the right ones and continue to be the right ones, and I
15 don't think anything emerges from our report to suggest
16 that any tweaking is necessary at this point.

17 One difficulty we face, I think, is coming up
18 with metrics to measure our progress in meeting the
19 plan goals. The reporting requirement that the plan
20 itself recommended to track progress in meeting the
21 goals specified that we should try to identify metrics.

22 I would appreciate and value suggestions from

1 the Committee on any metrics that Committee members
2 think might be helpful. Where we have numbers, I put
3 those in the report. But it is a challenge, and if
4 anyone has suggestions on how we might better measure
5 our progress in meeting the strategic plan goals, I'd
6 appreciate that.

7 CHAIRMAN KECKLER: Jim, thank you. Just in
8 your sense, it's obvious that we've taken the strategic
9 plan seriously, we've used it as a guide, and we're
10 moving forward.

11 Just as a qualitative sense, the three goals,
12 is there a difference? Do you have a sense that we're
13 making more progress on one than the other during the
14 last year?

15 PRESIDENT SANDMAN: Yes, I do. I think we're
16 making more progress on meeting goal 3 than the other
17 two. And the reason I say that is because I think we
18 have more control over the matters that are encompassed
19 by goal 3 than we do for the other two.

20 For example, goal number 2, about becoming a
21 leading voice for access to justice in the United
22 States, we're one voice. We're a funding organization,

1 not a direct service provider. We're part of a much
2 larger environment.

3 For LSC itself to increase public awareness of
4 the crisis in access to justice is hard, whereas
5 improving our fiscal oversight of our grantees and of
6 LSC's own operations is an easier lift.

7 CHAIRMAN KECKLER: Yes. This is the real
8 debate about having metrics because in a sense, when I
9 was reading it, I thought of goal 2 and I thought,
10 we're making tremendous strides on goal 2, not that
11 we've reached -- it's very difficult to reach some sort
12 of particular goal point.

13 But I think in comparison to where we were two
14 or three years ago in terms of collaborations, in terms
15 of having a place at a table or even having a table
16 whereby these groups get together and us being a
17 convening force to do that, I think those are
18 tremendous strides.

19 So this is where the idea of metrics comes in
20 because I think that if we could think of the right
21 metric, and I can't necessarily think of one exactly at
22 7:00 here in the morning right now, I think that it

1 would show that we -- a proper metric for that should
2 show that we made a lot of progress last year in area
3 2.

4 But I agree that in some ways, goal 3 is not
5 just one where we've made a lot of concrete -- there's
6 a lot of concrete results to show for it. It's also
7 one, I think, that's the most amenable to quantitative
8 metrics both in terms of things like some measure that
9 incorporates questioned costs and the number of errors
10 and problems that arise at the grantee level.

11 I'm not sure exactly what formula; that's
12 something to think about. But I think that those
13 things, in terms of the costs that we have to recover,
14 in terms of the number of problems that arise at
15 grantees, at least in certain areas for certain types
16 of errors and problems, need to be inputs into whatever
17 metric we would develop. That much I think that we can
18 say.

19 I'll now open it up for questions. Julie,
20 yes?

21 MS. REISKIN: Just a response to what
22 President Sandman said. I know in the nonprofit world,

1 when you're measuring stuff like leadership and a voice
2 and engagement, generally what people do is do more
3 process measurements -- so in terms of held X number of
4 events, and then if you're looking at improvement,
5 either more events or more people or evaluations of
6 those events.

7 So I think that there are ways to do it.
8 Whether you want to spend the time doing it or not is
9 another thing. But that's the wisdom in the nonprofit
10 community out there, is that for those types of things,
11 that you do process measurements.

12 But you have to then be careful of not just
13 doing more just to do more because that isn't always
14 better. So sometimes it might be, we're going to reach
15 the same amount of people but look for a more
16 meaningful engagement, or more people will be able to
17 articulate, or there'll be more op-ed articles.

18 So there are measurements for leadership, but
19 it is more -- it's harder than some of the other areas.

20 CHAIRMAN KECKLER: Right. In 2, another way
21 to talk about 2 -- again, these are inputs and not the
22 final measurement -- would have to be some kind of

1 tracking of our media presence in terms of our Google
2 analytics and LexisNexis, that kind of thing.

3 All I could say is that that might not be the
4 final measurement. I'd just be interested to see
5 those. And you probably would be interested to see
6 those, too, on a quarterly basis, to see a graph of
7 that. And maybe that would be helpful.

8 PRESIDENT SANDMAN: We do get Google analytics
9 on our website statistics every month, and we can tell
10 who's visiting what sections of our website and where
11 they're spending how much time. We track that pretty
12 carefully.

13 But those are just a starting point, I think.
14 I'd like more information on who it is who's accessing
15 our website. If we're just reaching the same people
16 over and over again, if it's internal people at LSC
17 going to our website, that means something different.

18 MS. REISKIN: You can get that. You can get
19 all that from Google analytics.

20 PRESIDENT SANDMAN: Yes.

21 CHAIRMAN KECKLER: Right. Just the external
22 mentions that the Corporation has, and the

1 Corporation's activities as they get reported on the
2 web and in newsletters and things like that by others,
3 I think that that's part of it.

4 It always seems so crude in the sense that a
5 lot of the qualitative things that are reflected here
6 wouldn't necessarily be reflected in that in terms of
7 the trust that LSC is building among partners and in
8 areas of the federal government.

9 Certainly, when we came in as a Board, there
10 was very little integration of LSC with the rest of the
11 federal government, and that's an aspect that's
12 growing, as well as with other stakeholders within the
13 access to justice community.

14 Yes, Julie?

15 MS. REISKIN: That is one other thing you can
16 measure, is how your partners and co-collaborators feel
17 about you. And that's easily measured with just a
18 Survey Monkey or something. And that can give you some
19 really good information.

20 CHAIRMAN KECKLER: Yes. I hate to burden
21 grantees, too, since we have lots of paperwork
22 requirements for them. But I think it's something to

1 consider, is the occasional 360 review of the
2 Corporation with our grantees and getting their feel
3 about what we're doing right and what our problems are
4 in the areas of the strategic plan.

5 They're there. They're observing LSC every
6 day, closely, very closely, often. And so I think that
7 as long as it's not overwhelming them with paperwork
8 and making them do our work for us, I think that maybe
9 if it's done in the correct way, that it would be
10 something that would be more welcome --

11 MS. REISKIN: I think it would be.

12 CHAIRMAN KECKLER: -- in the sense that they
13 give ongoing feedback into the Corporation and the
14 planning process. I know that they very much
15 appreciated their capacity to provide input in the
16 strategic plan originally, so I think that that's
17 something to think about. And a survey instrument
18 automatically creates numerical data for us. But
19 that's something to consider.

20 Yes, Martha?

21 DEAN MINOW: I think that people may welcome
22 the chance to grade us.

1 (Laughter.)

2 PRESIDENT SANDMAN: Thank you, Dean.

3 CHAIRMAN KECKLER: Harry? Yes?

4 MR. KORRELL: A question for Jim. Goals 2 and
5 3 are really subsidiary to goal 1, I think. Goal 1 is
6 that we maximize the availability, quality, and
7 effectiveness of legal services for the poor -- or it
8 doesn't say "for the poor," but that's it.

9 Do you get a sense that by LSC's adopting the
10 strategic plan and we've got, what, a year or so under
11 our belt with it, that it is going to have that effect?
12 Or what's your sense?

13 PRESIDENT SANDMAN: I hope, long-term, it
14 does. But until last week, our funding has only gone
15 down since we've adopted the strategic plan, and it's
16 difficult to expand access to justice when your funding
17 is going down.

18 I do hope that, long-term, we're increasing
19 our credibility and we're going to be better able to
20 make a stronger case for funding, which is essential to
21 our being able to accomplish goal 1.

22 MR. KORRELL: A followup, if I could.

1 CHAIRMAN KECKLER: Yes, Harry?

2 MR. KORRELL: Just thinking about these, a lot
3 of the initiatives involve improving the quality of the
4 work that's already being done -- not necessarily
5 expanding but providing training, best practices,
6 pooling information, those kinds of things.

7 Maybe it's too soon, but are you optimistic
8 that we're going to be able to improve in those areas,
9 even though it doesn't necessarily mean the expansion
10 of the number of people providing service?

11 PRESIDENT SANDMAN: Yes, I do. And one reason
12 I think so is because the of the increase in our
13 funding that will give us more resources to do the kind
14 of outreach we need to be able to do to accomplish
15 those things.

16 CHAIRMAN KECKLER: Just in this context, Jim,
17 could you give a very brief update on where the Public
18 Welfare data project is and how that might relate to
19 this?

20 PRESIDENT SANDMAN: Yes. There will be a
21 briefing on that this afternoon in the course of the
22 Governance and Performance Review Committee meeting.

1 CHAIRMAN KECKLER: Okay. Very good. But we
2 expect something to arise, just in terms of the date,
3 if we reach the next stage of that?

4 PRESIDENT SANDMAN: We've made good progress,
5 and we anticipate that the project will be completed by
6 the fourth quarter of this year and that we'll have a
7 lot of activity between now and then.

8 CHAIRMAN KECKLER: Okay. Thank you.

9 PRESIDENT SANDMAN: I do want to emphasize,
10 though, that project is the beginning of a much larger
11 project. We need to do a lot to improve our data
12 collection and analysis, and our ability to assess the
13 performance of our grantees.

14 There's no one step that's going to accomplish
15 that all at once. This is going to be an iterative
16 process that will go on for years.

17 CHAIRMAN KECKLER: All right. That's why we
18 have a five-year plan.

19 Yes, Laurie?

20 MS. MIKVA: I just wanted to say I thought
21 this, in connection with the President's evaluation,
22 was very helpful.

1 I had a question about one thing. The webinar
2 with the FTC, that sounds great. And I'm wondering how
3 that happened and whether there's any thought of
4 expanding that to some other agencies. HUD comes to
5 mind, but --

6 PRESIDENT SANDMAN: Yes. It's a function of
7 two things. One is the Legal Aid Interagency
8 Roundtable, which has brought legal aid to the
9 attention of government agencies in a way that hasn't
10 been done before.

11 And second, it's a function of the leadership
12 in the Bureau of Consumer Protection at the FTC being
13 proactive and trying to identify partners who can help
14 them expand their reach.

15 They approached us about this idea, but they
16 saw LSC as a gateway to the largest single collection
17 of legal aid providers in the country. And it's been a
18 terrific program for many, many reasons.

19 But we really need leadership at other
20 agencies to embrace this. This is not something we can
21 force them to do. They have to see the value of it.
22 But that does give me an idea.

1 I think I'd like to follow up with the people
2 at the FTC to see what they'd suggest for our outreach
3 to other agencies, and enlist them in persuading their
4 colleagues at other agencies to do the same thing. I
5 think they've seen that it makes them more effective in
6 doing their job to do that kind of outreach.

7 CHAIRMAN KECKLER: Martha?

8 DEAN MINOW: I want to second Laurie's mention
9 of HUD. Have you thought about approaching HUD and
10 simply pointing to the FTC webinar?

11 PRESIDENT SANDMAN: I haven't. I'd want to be
12 more specific, targeted, in making an inquiry at HUD to
13 the right office that would provide the most relevant
14 information.

15 DEAN MINOW: I can help you with that.

16 PRESIDENT SANDMAN: Okay. Thank you.

17 CHAIRMAN KECKLER: That raises, for instance,
18 another useful input or metric in goal 2, which is the
19 number of active partnerships we have. I was just
20 thinking last night, we held an event with Texas Access
21 to Justice Foundation, and I think that was good. It
22 was good, and the FTC is good.

1 And just our sense of how many of these
2 partnerships, which just keep growing, is a useful
3 annual metric.

4 MR. LEVI: And our second annual meeting with
5 the ABA Standing Committee is tomorrow morning.

6 CHAIRMAN KECKLER: Yes. Yes.

7 MR. LEVI: And many of them were here last
8 night.

9 CHAIRMAN KECKLER: Julie?

10 MS. REISKIN: Just while we're talking about
11 that kind of stuff, Vic had sent an email to everyone,
12 and I think of something with CMS or Health and Human
13 Services would be good also, especially because they
14 have boatloads of money on this Navigator -- this is a
15 good time to maybe get some resources over to legal
16 aid, but even if not, just that connection.

17 The person that we met with about a year ago
18 isn't there, but I can introduce you to the successor.

19 PRESIDENT SANDMAN: Okay.

20 CHAIRMAN KECKLER: Right. And I think that,
21 just to add one, at least final for me, comment on it,
22 which is that the growth of the performance management

1 system in the Corporation as a whole with the
2 employees, that represents, obviously, an opportunity
3 for a bottom-up metric for the Corporation, as our
4 employees improve year to year, as each office improves
5 year to year.

6 I think then we're going to have more of a
7 capacity to develop metrics. So I certainly see some
8 progress on the metrics front there, given that system.

9 Is that your general intention or plan?

10 PRESIDENT SANDMAN: Yes. Absolutely.

11 CHAIRMAN KECKLER: Are there further questions
12 on the strategic plan?

13 (No response.)

14 CHAIRMAN KECKLER: Again, I would say that
15 we're feeling our way through exactly what kind of
16 oversight the Committee has over the strategic plan. I
17 think this is good in general. Obviously, it's
18 Management's purview to develop these items.

19 The one thing I would say is that if there's
20 an additional -- the strategic plan covers our goals, I
21 think we're satisfied with the three goals. And then
22 the next level has to do with initiatives.

1 I think that if, in the process of carrying
2 out these goals, it looks like there's some other
3 distinct initiative, that's something, I think, that we
4 would want to hear about.

5 Or if it turns out that one of these
6 initiatives was ill-conceived and we really are going
7 to not do it in the next few years, that's again, I
8 think, something that should be brought back to the
9 Committee and the Board on that. And I'm open to those
10 discussions.

11 Well, let's then move on to item number 6, if
12 there's no further questions, which is a brief report
13 on our rule of last year on new enforcement mechanisms
14 and whether they've been used.

15 PRESIDENT SANDMAN: Last year, when the Board
16 approved the addition of new enforcement mechanisms to
17 our regulatory toolbox, the Board also required that
18 Management report annually on our implementation of
19 those enforcement mechanisms, and specified six
20 particular reporting items. I'd like to give a brief
21 report addressing all six of those items.

22 First, the resolution that the Board adopted

1 required an annual accounting of all suspension,
2 debarment, termination, or reduction of funding
3 proceedings initiated under our regulations during the
4 prior fiscal year. We did not use those enforcement
5 mechanisms during the past fiscal year.

6 Second, the resolution requires a description
7 of the effect of those proceedings on the provision of
8 legal services to the poor. That's not applicable
9 because we didn't invoke those proceedings.

10 Third, the resolution required that we address
11 any and all due process concerns that were raised by
12 grantees in the course of the reporting proceedings.
13 That too is not applicable.

14 Fourth, the resolution asked for Management's
15 opinion as to the ongoing need for and effectiveness of
16 the enhanced enforcement procedures. We continue to
17 believe that those changes were good and correct. The
18 fact that we haven't needed them or used them during
19 the past year doesn't mean that they aren't appropriate
20 additions to our toolbox.

21 We will never know, for example, the deterrent
22 effect of having those additional enforcement

1 mechanisms. I do think that they are useful in
2 demonstrating our commitment to things like strategic
3 plan goal 3, to improve our fiscal oversight of our
4 grantees. So I would make the same case for those
5 enforcement mechanisms today as I made a year ago.

6 Fifth, the resolution asks for Management's
7 suggestions, if any, of proposed changes to the
8 enforcement regulations to enhance due process for
9 grantees and better protect the provision of legal
10 services to the poor, while at the same time
11 maintaining the ability of LSC to adequately ensure
12 that the Corporation is able to take timely action to
13 deal with issues of substantial noncompliance by
14 grantees.

15 These issues didn't arise during fiscal 2013.

16 We will report on these issues to the Board if any of
17 them arise during fiscal 2014 the next time we make a
18 report.

19 And finally, the resolution requires that
20 Management report on any guidance issued in the last
21 year related to these regulations. We did not issue
22 guidance in fiscal year 2013, but the Office of Legal

1 Affairs is currently working with the Office of Program
2 Performance and the Office of Compliance and
3 Enforcement on a guidance document to grantees to give
4 them an overview of all the enforcement mechanisms and
5 procedures.

6 Those mechanisms and procedures are currently
7 scattered among different sections of our regulations,
8 and we're preparing a single document that will
9 describe all of them in one place. We will also
10 develop internal procedures consistent with the
11 regulations in that guidance.

12 That concludes my report.

13 CHAIRMAN KECKLER: Thank you, Jim. That's
14 helpful.

15 Are there any questions? Yes, Julie?

16 MS. REISKIN: Just a comment. I just want to
17 thank you for remembering to do that report. I was one
18 of the people, I think, that really wanted to know.
19 I'm glad that you didn't have to use them, but I do
20 appreciate the annual report. That's going to
21 continue. Right?

22 PRESIDENT SANDMAN: Yes.

1 MS. REISKIN: So I just want to thank you for
2 remembering to deal with that.

3 PRESIDENT SANDMAN: Thank you.

4 MR. LEVI: I also think it's important for our
5 grantees. And the question is whether or not that
6 report shouldn't actually be given to the full Board or
7 some form of it.

8 CHAIRMAN KECKLER: Well, it could be. But I
9 think the Committee is --

10 MR. LEVI: Did the Board ask that the report
11 be given annually to the Committee or to the Board?

12 PRESIDENT SANDMAN: To the Board.

13 MR. LEVI: That's what I think.

14 CHAIRMAN KECKLER: Well, it's up to you.

15 MR. LEVI: This year the report's two minutes.

16 CHAIRMAN KECKLER: Right. It's two minutes.

17 MR. LEVI: But as a part of the President's
18 report, maybe you could just --

19 CHAIRMAN KECKLER: Yes. It could be
20 incorporated into the President's report. Or, if
21 anything was material --

22 MR. LEVI: I suppose you could report --

1 CHAIRMAN KECKLER: I could report it if I
2 could report material. I'll report material elements.

3 MR. LEVI: Fine. I just am thinking about who
4 else might be listening.

5 CHAIRMAN KECKLER: Oh, yes. No, I think
6 that's relevant. So I'll report material elements.

7 If that concludes item number 6, then let's
8 move on to agenda item number 7, which relates to the
9 LSC's employee handbook and our responsibilities at
10 this time for that.

11 MR. FLAGG: Good morning. Thank you. Ron
12 Flagg. This issue is covered at pages 204 to 210 of
13 the Board book, and I will summarize it quite briefly.

14 These are two proposed revisions to the employee
15 handbook.

16 MR. LEVI: Is this going up on the screen?
17 Was there anything on the screen today?

18 MR. FLAGG: No.

19 MR. LEVI: Oh, okay.

20 MR. FLAGG: Two proposed revisions to the
21 employee handbook.

22 The first proposal is to eliminate the

1 requirement for Board approval of revisions to the
2 employee handbook. Just to remind you, the employee
3 handbook covers issues like hiring procedure,
4 attendance policies, payroll, timekeeping, dress code.

5 My guess is that many of you have involvement
6 with other boards and other organizations, both
7 for-profit and not-for-profit. At least in my
8 experience and that of others in Management, board
9 approval for these sorts of policies doesn't exist.

10 We don't think it's an appropriate exercise of
11 the Board's time, and is also very inefficient. These
12 are the sorts of things that we want to be in a
13 position to change, where the need arises, quickly.
14 And every time we want to tweak a dress code, the idea
15 that we need to --

16 MS. REISKIN: That's why we pay you guys the
17 big bucks.

18 MR. FLAGG: So that's item 1.

19 Item 2 arguably wouldn't be necessary if you
20 agree to item one. Item 2 is elimination of section
21 2.5, which regards Audit Committee investigations of
22 employee complaints.

1 Even with the elimination of Board approval
2 for handbook changes, we'd suggest that the Board
3 address item 2 because it is sort of an odd provision
4 that directly involves a Board committee.

5 This was a provision permitting employees to
6 raise complaints related to accounting, internal
7 controls, and auditing issues to the Audit Committee
8 that was put in before this Board.

9 I don't think this Board was particularly
10 enthusiastic about it, and back in 2012, the Board
11 amended the Audit Committee charter to eliminate that
12 responsibility. And this would be the handbook simply
13 being brought into line with that prior change in the
14 charter.

15 I would note you're going to see later
16 today -- you've already seen in the Board book -- a
17 proposed whistleblower policy, which deals
18 comprehensively with this issue of employee complaints
19 and concerns with regard to a whole range of conduct,
20 the misconduct including issues related to accounting,
21 internal controls, and auditing issues.

22 It is both Management's view and the IG's view

1 that the general pattern of those complaints should be
2 to bring them to the IG and not to the Audit Committee.

3 CHAIRMAN KECKLER: Thank you, Ron. So do we
4 need a resolution? What do we need to do here in terms
5 of -- the Committee would act as recommendation
6 regarding certain resolutions?

7 MR. FLAGG: Yes. There would be a proposal to
8 revise the employee handbook consistent with the memos
9 at pages 204 through 206. And the actual language of
10 the proposed amendments are at pages 207 through 210.

11 CHAIRMAN KECKLER: So on 209, that's
12 attachment B. What would we do with that document?
13 Would we eliminate that section? Is that section to be
14 struck?

15 MR. FLAGG: Yes. Yes.

16 CHAIRMAN KECKLER: It would be struck in its
17 entirety?

18 MR. FLAGG: Correct.

19 CHAIRMAN KECKLER: Discussion? Questions?

20 MR. LEVI: I couldn't agree more.

21 DEAN MINOW: That's right.

22 CHAIRMAN KECKLER: All right. In that case,

1 do you want two motions or --

2 MR. FLAGG: I think you can do it with a
3 single motion to cover the proposed revisions as
4 proposed by Management.

5 CHAIRMAN KECKLER: Okay. Is there a motion to
6 change the employee handbook consistent with the
7 memorandum at pages 204 to 206?

8 M O T I O N

9 MR. GREY: Move it.

10 MS. MIKVA: Second.

11 CHAIRMAN KECKLER: All in favor?

12 (A chorus of ayes.)

13 CHAIRMAN KECKLER: Opposed?

14 (No response.)

15 CHAIRMAN KECKLER: The motion carries, and a
16 recommendation to carry out the plan described in the
17 memorandum will be presented to the Board.

18 In that case, we now can move to the last
19 substantive item, which is discussion of the
20 Committee's evaluations for 2013 and the Committee's
21 goals. People generally were supportive of the work of
22 the Committee and happy for our productivity.

1 There was a concern raised that we
2 occasionally bulldoze through things that was more
3 politely phrased than that, but we will certainly be
4 cognizant of that. That's a priority for us. And we
5 will get done what we can get done consistent with
6 making sure that everybody's voice is heard.

7 Last night, for instance, that was a
8 discussion that needed to happen. It didn't need to
9 happen, or it would have been better if we could have
10 figured out a way to have it happen, not last night, or
11 at least part of it last night, but it did need to
12 happen, and that's fine.

13 One item that is related to that that I put
14 into the evaluation, and it's also related to something
15 Chairman Levi said last night, which has to do with
16 setting up issues before the meeting in a telephonic
17 meeting.

18 My preference always is for public
19 deliberations on the main issues and the main questions
20 to occur at the quarterly session live. There's more
21 participation. It's better.

22 But when possible, and I can see it's going to

1 be necessary during the coming year, at least a few
2 times, what we I think need to do is we need to have a
3 telephonic meeting where we describe the options, where
4 we set up options for voting.

5 And so it's going to be A or B when we get to
6 the quarterly meeting, and we know what we're going to
7 vote on, we know what the choices are, and we've worked
8 with Management, with OLA, to set that up beforehand.

9 And it'll be an open meeting where there will
10 be public comment to help us set up the options and
11 choices for a discussion so that we at least -- I think
12 that will be more efficient going forward. So expect a
13 telephone call some time this spring.

14 MR. LEVI: Well, we can actually accommodate
15 two-hour Committee meetings if we know it ahead of
16 time. Most of the meetings are in the one to
17 one-and-a-half-hour range.

18 At a two-day Board meeting with this many
19 Committees, you're getting it -- to me, what I would
20 ask the Committees to do is if they see their agenda
21 accumulating, the other thing that we can do is have a
22 telephonic Board meeting for a few hours one day and

1 have a couple of Committees actually meet and clear
2 down their agendas a little bit.

3 So if that starts to happen, I think that's
4 just something, Ron, as corporate secretary, you can
5 keep an eye on with Becky, and we can schedule. A few
6 years ago, we actually had to do that because we had so
7 many things accumulating. But in the last year, we've
8 brought that down, and I've tried to be respectful of
9 people's time commitments.

10 CHAIRMAN KECKLER: Yes. And we had our
11 workshops last year, which I think were a good
12 innovation for the Committee. And that's helpful.

13 MR. LEVI: Yes.

14 CHAIRMAN KECKLER: But we actually didn't do a
15 lot of telephonic meetings last year. But I think that
16 going forward, probably with the PAI rule, which the
17 Committee members identified as a priority and is
18 complex and so forth, we probably will have to,
19 probably in the early summer, probably have to have a
20 telephonic meeting that focuses on developing that.
21 And we're going to probably have one in the spring to
22 help clear out the current ongoing rules.

1 One other item which was actually raised
2 yesterday, and I also put it in the Committee
3 evaluation, has to do with our operational mandate
4 here, and in particular, our operational mandate with
5 respect to risk management.

6 So reporting on the things that have been
7 identified in the risk matrix as responsibilities of
8 the Committees, that's going to be on the agenda for
9 April. Is that right, Ron?

10 MR. FLAGG: There will be reporting on some of
11 them, such as the performance management and other
12 personnel-related aspects. Given the Committee's broad
13 responsibility along with the responsibilities for
14 rulemaking, of which we have a full plate, we'll have
15 to feather in the reports on risk management.

16 Rest assured, while the reports are being
17 feathered in, risk management is ongoing on a daily
18 basis. But we will --

19 CHAIRMAN KECKLER: Right. And I think that
20 sometimes our oversight function on operations, which I
21 think is something that we're going to have to do a
22 little bit more of, that can appear at a briefing,

1 then, a telephonic briefing.

2 And it's one that is primarily internal, and
3 it doesn't necessarily require deliberation, and at
4 least direct immediate choices by the Committee. And
5 so a briefing might be appropriate in order to maximize
6 our deliberative time here at the quarterly meeting.

7 So that's something to consider, as you work
8 out the schedule of when you want to do the reporting
9 on that, to consider that as possible subject for a
10 briefing outside of the meeting.

11 MR. FLAGG: Right. I think for the
12 Committee's planning purposes, given where we are on
13 PAI and the 1626 rulemaking, it probably will make
14 sense in the next 60 days or so to have a telephonic
15 meeting to take up any additional issues related to
16 1626 based on comments we get subsequent to this
17 meeting, and also provide to the Committee in advance
18 of the next quarterly meeting the text of a proposed
19 PAI rule.

20 MR. LEVI: But just keeping your eye on the
21 calendar, the next quarterly meeting actually is in 70
22 days.

1 MR. FLAGG: Is early April. Yes.

2 MR. LEVI: So one of the other possibilities
3 is you may not be ready; that we just know this and
4 schedule a three-hour meeting of this Committee. And
5 we can do that. We actually could do that in April.

6 CHAIRMAN KECKLER: So we'll loop back, and Ron
7 will communicate, and I'll loop the rest of the members
8 of the Committee on to try to work things out. And
9 it'll have to do with, if there's a block of material
10 that you think is going to be ready to present outside
11 of the meeting, if that's fine, we'll try to work with
12 a date.

13 So again, the Committee has a busy year. Yes,
14 Martha?

15 DEAN MINOW: I just want to say, this
16 Committee has long meetings because it does a lot of
17 work.

18 MR. LEVI: That's right.

19 DEAN MINOW: And it's just remarkable how much
20 this Committee has accomplished. When there is a
21 rulemaking involved, it does seem to me that some
22 additional time is appropriate, maybe by phone or

1 otherwise.

2 CHAIRMAN KECKLER: Yes. I think that's right.

3 And so we have, again, a busy year.

4 One final thought, and this is just because
5 we're so busy and our priority is clear, that we want
6 to get the PAI rule done this year. That's the number
7 one priority. That's what we're going to do.

8 But one final thought as we proceed with that,
9 which is, the PAI rule, as we work on the substance,
10 think about the procedure for that rule and the way
11 that it works and the way that this Committee works to
12 develop it.

13 Because it's the kind of rule, I think, that
14 the rulemaking procedure, the rulemaking protocol,
15 should be designed to accomplish -- an important rule
16 that everybody thinks needs to be changed, but on which
17 people disagree.

18 And there needs to be a lot of input, and it's
19 reasonably complex. Think about, because some time
20 after the PAI rule is done, I think we're going to need
21 to reflect on how well that'll work and how to make the
22 process work best, and consider our capacity to change

1 the rulemaking protocol.

2 Using that, reflecting on the productivity of
3 the Committee and what has worked well, particularly
4 with the PAI rule, I think can help guide us in
5 potentially changing the rulemaking protocol, if not,
6 at the end of this year, starting next year.

7 Because we're accumulating a lot of experience
8 here, and I think that that ultimately needs to be
9 memorialized for the Corporation. But that's my final
10 comment on this.

11 Is there any public comment on other matters
12 from the Committee's agenda?

13 (No response.)

14 CHAIRMAN KECKLER: Hearing none, I ask is
15 there any other business to bring before the Committee
16 today?

17 MR. LEVI: Well, I just want to echo what
18 Martha said. This has been a hardworking Committee led
19 by a terrific chair. And I just want to compliment
20 you.

21 You have accomplished so much in the last few
22 years. It might exhaust you to think of the list. But

1 I do want to compliment this Committee.

2 CHAIRMAN KECKLER: Thank you very much, John.

3 Hearing no other business, I will now consider
4 a motion to adjourn the meeting.

5 M O T I O N

6 MR. GREY: So moved.

7 MS. MIKVA: Second.

8 CHAIRMAN KECKLER: All in favor?

9 (A chorus of ayes.)

10 CHAIRMAN KECKLER: The Committee standards
11 adjourned. Thank you all.

12 (Whereupon, at 7:44 a.m., the Committee was
13 adjourned.)

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