

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

TELEPHONIC MEETING OF THE
BOARD OF DIRECTORS

OPEN SESSION

Monday, November 17, 2014

3:35 p.m.

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

BOARD MEMBERS PRESENT:

John G. Levi, Chairman
Martha L. Minow, Vice Chair
Sharon L. Browne
Robert J. Grey Jr.
Charles N.W. Keckler
Victor B. Maddox
Father Pius Pietrzyk, O.P.
Julie A. Reiskin
Gloria Valencia-Weber

STAFF AND PUBLIC PRESENT IN THE CORPORATION'S OFFICES:

James J. Sandman, President

Lynn Jennings, Vice President for Grants Management

Julia Kramer, Office of Compliance and Enforcement &
Executive Office

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

Atitaya Rok, Staff Attorney, Office of Legal Affairs

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

Treefa Aziz, Government Affairs Representative,
Office of Government Relations and Public Affairs

Jeffrey E. Schanz, Inspector General

John Seeba, Assistant Inspector General for Audit,
Office of the Inspector General

Joel Gallay, Special Counsel to the Inspector
General, Office of the Inspector General

Daniel O'Rourke, Assistant Inspector General for
Investigations, Office of the Inspector General

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

Traci Higgins, Director, Office of Human Resources

Sophia Mason, Office of Human Resources

Janet LaBella, Director, Office of Program
Performance

C O N T E N T S

OPEN SESSION	PAGE
1. Approval of agenda	5
2. Consider and act on the Board of Directors' transmittal to accompany the Inspector General's Semiannual Report to Congress for the period of April 1, 2014 to September 30, 2014	5
3. Public comment	15
4. Consider and act on other business	15
5. Consider and act on adjournment of meeting	15

Motions: Pages 4, 5, 10

P R O C E E D I N G S

(3:35 p.m.)

CHAIRMAN LEVI: I'm going to call the duly noticed meeting of the Legal Services Corporation Board to order. And we have an agenda that was published in the Federal Register, and that agenda had the Governance and Performance Review meeting, actually, before the Board.

But in fact, the chair of that Committee cannot join the call until about ten minutes. So I thought what we would do is start with the Semiannual Report to Congress piece of the agenda, and then when that's done move over to the Governance Committee, if that's okay with the Board.

And if it is, would somebody move that change in the agenda, or approve that change?

M O T I O N

FATHER PIUS: I so move.

CHAIRMAN LEVI: Second?

MS. REISKIN: Second. This is Julie.

CHAIRMAN LEVI: All in favor?

(A chorus of ayes.)

1 CHAIRMAN LEVI: So now we need to approve the
2 agenda of the Board meeting.

3 M O T I O N

4 PROFESSOR VALENCIA-WEBER: This is Gloria. I
5 move to approve the agenda of the Board meeting.

6 CHAIRMAN LEVI: Second?

7 MS. REISKIN: Second.

8 CHAIRMAN LEVI: All in favor?

9 (A chorus of ayes.)

10 CHAIRMAN LEVI: All right. Now, we have as a
11 part of the packet the Board's transmittal to accompany
12 the Inspector General's Semiannual Report to Congress,
13 and wondered if there were comments, suggestions,
14 questions from the Board.

15 MS. BROWNE: This is Sharon. I notice that we
16 received an edited version of the letter, and it
17 included additions or changes to the footnotes. Could
18 somebody go through and explain those changes and why
19 they were made?

20 MS. AZIZ: This is Treefa in GRPA. These
21 footnotes to the table at the end of the transmittal
22 letter were changed today because there was some

1 corrections to some errors from the previous one.

2 We changed the footnote 1 because the proper
3 questioned costs were supposed to just be from the
4 previous period, not for the current period, and
5 initially, the submission you had included the current
6 one. So we changed it back to what is carrying over
7 from the previous period, which is the 1,872,962. So
8 that was changed.

9 The second change was to footnote number 2
10 that made an explanation that there were two audits
11 that had questioned costs, one audit that did not
12 include a questioned cost amount but should be
13 reflected in the footnote because it actually is
14 reflected in the body of the transmittal letter. So
15 that's what that change reflected. That included the
16 Texas Rio Grande audit.

17 Then the remaining changes were to the number
18 of audit reports that then needed to be changed based
19 off of the corrections to the footnotes.

20 MS. BROWNE: Thank you. That's good to have
21 that explanation.

22 PROFESSOR VALENCIA-WEBER: This is Gloria. Is

1 there an update, as indicated on page 2? This is on
2 Legal Services of Alabama.

3 MS. JENNINGS: It will be going out tomorrow.
4 This is Lynn Jennings, for the record. I'm just
5 reading the notice, and it will be going out tomorrow.

6 CHAIRMAN LEVI: Does that mean that there's
7 going to be a change in the letter?

8 PRESIDENT SANDMAN: Yes.

9 MS. JENNINGS: Yes. Well, we will have --

10 PRESIDENT SANDMAN: But the submission isn't
11 due until the end of the month. I think the question
12 is, do we simply say we issued a Management decision,
13 or do we say what the decision was? I think we should
14 say what the decision was.

15 CHAIRMAN LEVI: Well, then I think the Board
16 can only approve the letter with the understanding that
17 you're going to circulate in advance the change to the
18 letter.

19 MS. JENNINGS: It will be for, what is it,
20 approximately \$12,000. I'm just going through the
21 exhibits now.

22 CHAIRMAN LEVI: Where is this?

1 MS. JENNINGS: The Legal Services of Alabama
2 questioned costs will be in total of about \$12,000.

3 CHAIRMAN LEVI: But you said you were
4 referring to exhibits.

5 MS. JENNINGS: No. Currently I'm reviewing
6 the exhibits before it goes out. But if all stays
7 steady state, it will be for \$12,000.

8 CHAIRMAN LEVI: So that will change that
9 sentence. Any other changes that you anticipate?

10 PRESIDENT SANDMAN: No.

11 CHAIRMAN LEVI: Does that change anything on
12 the table?

13 MS. JENNINGS: No, it doesn't.

14 MS. BROWNE: Could I just ask a question? On
15 page 3, you have "Report on Selected Internal Controls
16 of Lone Star Legal Aid." And you use the term
17 "unallowable costs" and "disallowing costs." Is there
18 a difference in the terms unallowable and disallowing?

19 MS. JENNINGS: Yes. Disallowed means it can't
20 be allocated at all for any reason. It might be
21 because it was insufficiently documented. Whereas
22 unallowable means that it's not allowed to be charged

1 to the LSC grant at all. Does that make sense?

2 MS. BROWNE: It makes sense. I just noticed
3 it was in the same sentence, and I didn't know what the
4 distinction was.

5 CHAIRMAN LEVI: Can you point that out? What
6 page is that -- we're talking page 3 or 2?

7 PROFESSOR VALENCIA-WEBER: Page 3.

8 MS. BROWNE: Page 3, and it's the second
9 bullet on the Lone Star Legal Aid.

10 CHAIRMAN LEVI: I see it. Yes. Do we need to
11 explain this in a footnote?

12 MS. JENNINGS: I think the people who are
13 reading this report at the congressional level
14 understand the difference that we mean between
15 allowable and disallowed.

16 MS. BERGMAN: This is Carol, John. I would
17 concur with Lynn's statement. I don't think we need
18 further explanation here.

19 CHAIRMAN LEVI: Okay. Any other comments or
20 questions?

21 DEAN MINOW: Just Martha Minow late. Hi.

22 CHAIRMAN LEVI: That's okay.

1 In the second-to-last paragraph, which is my
2 paragraph to Senator Harkin, I'd like to add, "We look
3 forward to staying in touch with you and wish you
4 well."

5 MS. AZIZ: Very good.

6 CHAIRMAN LEVI: Anything else that we need to
7 add to the letter or changes?

8 (No response.)

9 CHAIRMAN LEVI: Then with these modifications,
10 can we have a motion to approve the letter, I guess the
11 transmittal?

12 M O T I O N

13 PROFESSOR VALENCIA-WEBER: This is Gloria. I
14 move that we approve the letter and continue to
15 transmitting it.

16 CHAIRMAN LEVI: Is there a second?

17 DEAN MINOW: Second. Martha.

18 CHAIRMAN LEVI: All in favor?

19 (A chorus of ayes.)

20 CHAIRMAN LEVI: Opposed?

21 (No response.)

22 CHAIRMAN LEVI: Is there public comment?

1 (No response.)

2 CHAIRMAN LEVI: Now I guess we will -- maybe I
3 should have held public comment as well. We'll now
4 adjourn the Board of Directors for a second and come
5 back to it after we have a Committee meeting of the
6 Governance and Performance Review Committee so that we
7 can get to our next agenda item. Is that acceptable?

8 PROFESSOR VALENCIA-WEBER: John, this is
9 Gloria. So we would conclude this Board meeting but
10 stay on the phone line, and then --

11 CHAIRMAN LEVI: We're not concluding the
12 meeting, actually. We're keeping the meeting open.

13 PROFESSOR VALENCIA-WEBER: I see.

14 MR. FLAGG: This is Ron. The Board meeting is
15 recessed for a meeting of the Governance and
16 Performance Review Committee. That Committee
17 meeting -- and the change in the ordering has already
18 been approved by the Board, and Martha can commence the
19 Governance Review Committee meeting.

20 DEAN MINOW: So I will so do that.

21 (A brief recess was taken.)

22 CHAIRMAN LEVI: And now we will resume the

1 Board meeting for the purpose of receiving -- even
2 though I have to send -- even the revised agenda that
3 was sent did not show this.

4 MR. FLAGG: Right. No, it was my oversight.
5 It can be taken up as additional business.

6 CHAIRMAN LEVI: Okay. So there'll be
7 additional business. But the additional business is
8 the receipt of this resolution from the Governance and
9 Performance Committee, and I guess therefore we have to
10 turn to the chair, Martha, to give us a brief report
11 that your Committee met and what -- is Martha there?
12 Did Martha drop off?

13 (No response.)

14 CHAIRMAN LEVI: Oh, my gosh. Well --

15 MR. FLAGG: We can get a report from anybody
16 else on the Committee, including ex officio members of
17 the Committee.

18 CHAIRMAN LEVI: Well, I can't give myself a
19 report, so I would rather have someone else give the
20 report.

21 MS. BROWNE: Okay. Well, this is Sharon.
22 I'll give the report. So the Governance Committee met

1 today to discuss the adoption of a Health Reimbursement
2 Arrangement Plan, consistent with the Affordable Care
3 Act, and a resolution to affirm the LSC President's
4 authority to amend the employee health benefits.

5 After reports from Ron Flagg, the Committee
6 approved asking the Board to approve the resolution
7 that was attached to the materials for the Committee's
8 consideration.

9 CHAIRMAN LEVI: All in favor of the report, or
10 the resolution?

11 (A chorus of ayes.)

12 MR. MADDOX: I'm sorry, John. Victor Maddox
13 here. Is the question are we in favor of the
14 resolution?

15 CHAIRMAN LEVI: Yes. Yes.

16 MR. MADDOX: I just want to point out that the
17 resolution says that the Board has reviewed the
18 proposed HRA plan documents. And I had cited to that
19 before this meeting in depth, and I wasn't able to look
20 at all 22 pages of it.

21 So I don't know if everybody else has reviewed
22 those or not, or if it matters. But there's a lot of

1 fine print that I have not reviewed. Otherwise, I'll
2 vote in favor of it.

3 CHAIRMAN LEVI: Let's look at the resolution.

4 MR. MADDUX: I think it's the fourth or fifth
5 "Whereas," one, two, three, four, five "Whereas"
6 clause.

7 CHAIRMAN LEVI: Let's make a change in that.

8 MR. MADDUX: Well, maybe others have reviewed
9 the documents in detail. I have not been able to --

10 CHAIRMAN LEVI: If we say, "Whereas the Board
11 has received"?

12 MR. MADDUX: Where does it say that?

13 CHAIRMAN LEVI: Frankly, whereases have no
14 legal effect in any event. But why don't we change it
15 to say, "Whereas the Board has received."

16 MR. MADDUX: That's fine.

17 CHAIRMAN LEVI: Is that okay, Mr. General
18 Counsel?

19 MR. FLAGG: Yes.

20 CHAIRMAN LEVI: With that change, which I
21 thank Mr. Maddox for, any other comments or changes?

22 (No response.)

1 CHAIRMAN LEVI: So can we vote to approve the
2 amended resolution. All in favor?

3 (A chorus of ayes.)

4 CHAIRMAN LEVI: Thank you. Now I guess I'll
5 ask if there's public comment.

6 (No response.)

7 CHAIRMAN LEVI: Any other business?

8 (No response.)

9 CHAIRMAN LEVI: And with that, we can adjourn
10 what I think is the final Board meeting for the year
11 2014, and wish everybody a happy Thanksgiving.

12 (Whereupon, at 3:59 p.m., the Board meeting
13 was adjourned.)

14 * * * * *

15

16

17

18

19

20

21

22