

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

OPEN SESSION

Saturday, June 28, 2003

10:40 a.m.

The Latham Hotel  
3000 M Street, N.W.  
Washington, D.C.

BOARD MEMBERS PRESENT:

Frank B. Strickland, Chairman  
Lillian R. BeVier, Vice Chair  
John T. Broderick, Jr. (by telephone)  
Thomas A. Fuentes  
Herbert S. Garten  
Michael D. McKay  
Thomas R. Meites  
Maria Luisa Mercado  
Florentino A. Subia  
Ernestine P. Watlington

STAFF AND PUBLIC PRESENT:

John N. Erlenborn, President  
Victor M. Fortuno, Vice President for Legal Affairs,  
General Counsel & Corporate Secretary  
Randi Youells, Vice President for Programs

## STAFF AND PUBLIC PRESENT (con'd):

Mauricio Vivero, Vice President for Government Relations & Public Affairs  
John Eidleman, Acting Vice President for Compliance and Administration  
David L. Richardson, Treasurer and Comptroller  
Leonard Koczur, Acting Inspector General  
Laurie Tarantowicz, Assistant Inspector General and Legal Counsel  
David Maddox, Assistant Inspector General for Resource Management  
Mattie C. Condray, Senior Assistant General Counsel  
Alice Dickerson, Director, Office of Human Resources  
David Hall, LSC Board Nominee (by telephone)  
Julie Clark, Vice President for Government Relations, National Legal Aid and Defenders Association (NLADA)  
Linda Perle, Senior Attorney-Legal Services, Center for Law and Social Policy (CLASP)  
Lisa Rosenberg, Congressional Liaison  
Don Saunders, Director for Civil Legal Services, National Legal Aid and Defenders Association  
L. Jonathan Ross, Chairman, ABA's Standing Committee on Legal Aid and Indigent Defendants  
Harold Creasey, Legal Services of New Jersey  
Elizabeth Arledge, Communications Director, National Legal Aid and Defenders Association  
Richard Forza, Forza Associates

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

CHAIRMAN STRICKLAND: If we could reconvene the public part of our meeting this morning. And thank you for your indulgence while we had a short executive session.

I'll call to order the board meeting for Saturday, June 28, again. And the first item that we need to take up at this point is the approval of minutes of several meetings. I'd like to do that in an omnibus motion unless our general counsel advises us that we can't do that in omnibus motion.

I would ask you to review in your board materials the minutes of the board's meeting of April 25 and 26, 2003, the executive session of the board on April 26, 2003, and the telephone conference meeting of May 19, 2003.

And after your review of those minutes, I would entertain a motion to approve the minutes of all of those meetings. Is there such a motion?

## M O T I O N

MR. FUENTES: Mr. Chairman, having reviewed

■ them, I move the approval of items 7, 8, and 9.

■ CHAIRMAN STRICKLAND: Is there a second to  
■ that motion?

■ MS. MERCADO: Second.

■ CHAIRMAN STRICKLAND: All those -- any  
■ discussion? If not, all those in favor of the motion,  
■ please say aye.

■ (A chorus of ayes.)

■ CHAIRMAN STRICKLAND: Those opposed, nay?

■ (No response.)

■ CHAIRMAN STRICKLAND: The ayes have it, and  
■ the minutes are approved.

■ The next item on the agenda is the chairman's  
■ report. And I have a few notes here on things I have  
■ been doing lately that I thought I would tell the board  
■ about, and also those in attendance.

■ Since we were sworn in on April 25th in  
■ Santa Fe, we've been fairly busy on various things,  
■ engaged in what I would call ramping up and learning as  
■ much as we can to be more effective as members of the  
■ board.

■ In particular, our vice chair, Lillian BeVier,  
■ and I, at our request, had an intensive all-day  
■ briefing in May with the senior staff here in  
■ Washington. And that was a very valuable experience,  
■ and again, I'll express publicly our appreciation to  
■ the staff for taking the time to do that, and I think  
■ we learned a lot on that day.

■ Then -- I think I have these in chronological  
■ order -- the next thing that I was involved in by  
■ invitation of Jon Ross, the chair of SCLAID, I learned  
■ that SCLAID was meeting in Savannah, Georgia, which is  
■ pretty close to Atlanta.

■ So I accepted his kind invitation to attend  
■ the meeting of SCLAID in Savannah, and that enabled me  
■ to meet the members of that committee and learn  
■ something about their work, and in particular, to meet  
■ the incoming chair of that committee, Bill Whitehurst  
■ of Austin, Texas, who's a former president of the State  
■ Bar of Texas. And we're looking forward to working  
■ with him.

■ That was in early June. And then later in

■ June, on June 18, 19, and 20, I was invited to attend a  
■ conference of the International Legal Aid Group at the  
■ Harvard Law School on those dates. This is a  
■ conference which was co-hosted by the Harvard Law  
■ School and LSC.

■ The actual convener of that conference -- and  
■ this was the fifth such conference -- is Professor Alan  
■ Paterson, a law professor at the University of  
■ Strathclyde, in Glasgow, Scotland, is, as I said, the  
■ convener. Gene Charn, who directs the Hale & Dorr  
■ legal aid clinic in Boston -- it's a function of the  
■ Harvard Law School -- was the coordinator for Harvard.

■ A number of countries had invitees at this  
■ conference, including England, Wales, Scotland,  
■ Ireland, South Africa, Norway, Sweden, the Netherlands,  
■ Belgium, Australia, and New Zealand. There were about  
■ 60 attendees at this conference.

■ And we were meeting on the law school campus  
■ in a theater-type classroom, which sort of set the  
■ tone, because a number of papers were presented by  
■ people those countries who are involved in the delivery

■ of legal aid in their respective countries. And as  
■ papers were presented, they would then be discussed,  
■ sometimes by the full group and sometimes in smaller  
■ groups.

■ There were a number of panel presentations  
■ about the delivery of legal services in those  
■ countries. In most instances, if not all, except the  
■ United States, civil and criminal legal aid is bundled  
■ in terms of delivery of legal services.

■ My participation was somewhat limited. I did  
■ welcome the group to the United States, and I also gave  
■ about a ten-minute general presentation on the work of  
■ the Legal Services Corporation just to inform them  
■ about how we do things.

■ A very interesting conclusion of the program  
■ was a dinner Friday evening at the Harvard Faculty  
■ Club. And some of you may be acquainted with Professor  
■ Charles Ogletree of the Harvard Law School, who is the  
■ associate dean in charge of their clinical program.  
■ And he joined us at the dinner and made some remarks  
■ and welcomed us there. And it was, all in all, a very

enjoyable and informative experience.

Then on Saturday, June 21st, there was an outcomes summit that had been convened back in the same location. And Randi Youells, if you will give us just a -- Randi's not here? She's right here? Tell Randi I'm ready for that. I gave her the operative word there, a brief comment about the outcomes conference. I thought you might be interested to hear about that. I didn't realize she had left the room.

Okay, Randi. I've already told the board that I gave you the key word, brief. And if you could give us a brief --

MS. YOUELLS: I can be brief.

CHAIRMAN STRICKLAND: -- summary of the outcomes summit.

MS. YOUELLS: Several years ago, the Legal Services Corporation began to look at performance measurement in a very serious way. We have gone through a stage to look at performance measurement. Several months ago, we started moving on to the next stage, which is, should LSC be measuring the outcomes

■ of the work that our grantees do for clients? That's  
■ called results measurement. We're not sure if we  
■ should be setting up a national reporting system for  
■ outcomes. We're not sure that we should not be setting  
■ up a national outcome reporting system.

■ But we convened a summit at the end of the ILA  
■ conference, and we brought in key leaders from across  
■ the country to have what I call a frank and no-holds-  
■ barred conversation about measuring results of the work  
■ that our grantees do for clients.

■ There will be a report issued as a result of  
■ that summit, and I'll be probably in September talking  
■ to you in more detail about some of the recommendations  
■ coming out of that summit and the post-summit  
■ conversations.

■ CHAIRMAN STRICKLAND: Thank you very much.  
■ And at the conclusion of the various discussion items  
■ in the outcomes summit, Justice Broderick was there to  
■ be a facilitator of the discussion of all of those  
■ items, and he was very effective. It was a table, a  
■ U-shaped setting, like -- in fact, it was closed in at

the other end. I don't know how he did it. I think he went under the table. But he was in the middle of the table here challenging everybody in the discussion. So it was very effective.

And then as you heard, Mauricio is arranging for some visits to Capitol Hill for John Erlenborn and -- well, the three of us, I guess, will go there for some visits with various members of Congress in July.

And that concludes -- unless anybody has any questions about those activities, that concludes the chairman's report. And I would then like to call on John Erlenborn for the president's report.

MR. ERLENBORN: Thank you, Mr. Chairman.

CHAIRMAN STRICKLAND: Sorry. I'm out of order, out of sequence. But does any member of the board have a report that he or she would like to make?

And actually, if we follow our agenda -- I apologize for jumping the gun -- the next item is the acting inspector general's report rather than the president's report. Do you have any kind of report for

■ us at this point, Len?

■ MS. BeVIER: I'd like to say something as a  
■ member.

■ CHAIRMAN STRICKLAND: Sorry. I missed a  
■ member's report here.

■ MS. BeVIER: That's okay. I just wanted to  
■ say that having joined Frank on the day in May when the  
■ staff sort of briefed us and brought us up to speed,  
■ it's very encouraging to be on a board where the staff  
■ is so dedicated, so competent, and clearly so willing  
■ to answer questions and to help us understand the  
■ Corporation's work and what it does and how it does it  
■ in a very specific way.

■ And I'm very grateful to the staff. I learned  
■ a lot that day, and I appreciate the time they took to  
■ prepare for it. So sorry to take time from this  
■ meeting, but I think it's worth saying. Thank you.

■ CHAIRMAN STRICKLAND: That's fine. Len, do  
■ you have a report for us at this time?

■ MR. KOCZUR: Thank you, Mr. Chairman. This  
■ week we completed the annual financial audit for the

■ Corporation. I didn't have time to get the report  
■ printed and distributed, but you'll be getting it next  
■ week. As the normal case, the opinion is an  
■ unqualified opinion on the financial statements. That  
■ means that they're free of any significant errors.

■ Accompanying the report is a management  
■ letter. By definition, a management letter contains  
■ items that are not significantly important at this  
■ point to affect and do not affect the financial  
■ statements, but they're kind of a heads up to the  
■ management that this could be a problem in the future.

■ One item was the difficulty this time in the  
■ delay with obtaining the Friends data that needed to be  
■ included with the LSC financial statements. And the  
■ recommendation on that is to work closely with the  
■ Friends board to make sure the data is available  
■ promptly in future years.

■ The second item dealt with the disposal of  
■ equipment. This is equipment generally that has been  
■ fully depreciated, has very little value or probably no  
■ value. Frequently it's computer equipment that's

■ outdated. It's donated to schools. And it's various  
■ other equipment that has no value to the Corporation.

■ The problem they saw is that when this  
■ equipment is disposed of, it's not -- there's not a  
■ formal authorization to dispose of it. It's usually  
■ done later, or perhaps not at all. So there is a  
■ potential there that equipment could disappear, and  
■ they think this is one area that we need to just  
■ tighten up the controls a bit.

■ We also issued another program integrity audit  
■ report. This one is on South Central Michigan. In  
■ this report, we found that although they complied with  
■ most parts of the program integrity requirements, they  
■ did not -- the South Central program did not maintain  
■ separation from an organization that was doing  
■ prohibited activities.

■ We recommended that they either sever the  
■ relationship or have the -- stop doing the prohibited  
■ activities. The grantee did not agree with us on this.  
■ The issue revolves around an organization that the  
■ grantee has set up jointly with the Michigan Law

■ School, and it's called the Michigan Poverty Law  
■ Program.

■           This program has two divisions, one which is  
■ basically run by the grantee and does not do any  
■ prohibited activities. The other one, run by the law  
■ school, does prohibited activities. After a lot of  
■ review internally, our conclusion was that this did not  
■ meet the requirement of the separation part of the  
■ program integrity regulation.

■           As I said, the grantee disagreed. Basically,  
■ they feel that the separation between the grantee and  
■ the law school is sufficient to meet the program  
■ integrity requirement. But in our report, we  
■ reaffirmed our recommendation that they need to correct  
■ this problem.

■           We completed two other program integrity  
■ audits this week, the Legal Aid Society of Greater  
■ Cincinnati and the Central Minnesota Legal Services.  
■ And those reports will be issued within a month.

■           We continue to work on finalizing the draft  
■ report for the California Rural Legal Assistance

■ organization.

■           During this -- since our last meeting, we've  
■ received and reviewed 139 reports, grantee financial  
■ audit reports. These reports had 23 findings that  
■ were significant enough to refer to management for  
■ follow-up.

■           None of the findings were of violations of --  
■ violation of regulations concerning prohibited  
■ activities. Basically, it was more to the area of  
■ document, such as perhaps a statement of facts was  
■ missing from one of the files that the auditor  
■ examined, that type thing. So those are internal  
■ control type problems that need to be corrected and  
■ management follows up on them.

■           It was interesting that of the 23 findings,  
■ one grantee had 18 findings, which -- so really, we're  
■ dealing basically with five grantees on this. And I  
■ think it's significant to note that as the grantees and  
■ the auditors have become more familiar with the  
■ regulations, have audited the regulations, and  
■ particularly grantees have taken corrective action, the

■ number of findings that have been referred -- that are  
■ being referred to management has decreased over -- at  
■ least as long as I've been here. And again, it's  
■ primarily because the grantees take the corrective  
■ action that the auditors recommend and the problems are  
■ essentially fixed.

■ We continue to work on the Georgia mapping  
■ project. We're close to getting a report out on this.

■ I talked at length about the project the last two  
■ meetings, so I won't go into the details unless there's  
■ questions about that.

■ This is, as I indicated before, kind of a  
■ complex technical area. And putting the report  
■ together, we're trying to make it as widely  
■ understandable as possible with a fairly highly  
■ technical issue.

■ And that basically concludes the open session.

■ In the executive session, I'll talk about the  
■ investigation we have going on and the litigation we're  
■ involved with.

■ Are there any questions?

CHAIRMAN STRICKLAND: Thank you, Len. Does any board member have a question?

MS. MERCADO: Yes. Mr. Koczur, I was just curious. I was looking in my notes. We finished the program audit on California Rural Legal Assistance a year ago?

MR. KOCZUR: It was not quite a year ago. It's been some time, yes. There were a number of complex issues there that we're trying to work out internally as well as with the program staff.

MS. MERCADO: And is that a usual time frame for getting the reports out?

MR. KOCZUR: No. This is an extraordinarily long time. We should have had it out sooner, and it's just -- we haven't been able to get it done.

MS. MERCADO: Okay. But you said that that would be done probably within the next month or so?

MR. KOCZUR: Yes, certainly. We have an exit conference, which is our normal process of discussing the findings with the grantee. I believe it's July 28th, at least in that time frame.

■ MS. MERCADO: Thank you.

■ CHAIRMAN STRICKLAND: Any other questions for  
■ Mr. Koczur? Thank you very much, Len.

■ Now, John, after that false start a moment  
■ ago, we'll call on you for the president's report.

■ MR. ERLNBORN: Just so I'm not out of order.  
■ Mr. Chairman, thank you.

■ Before I begin my report, I would like to  
■ mention that I have submitted a memo to the board  
■ highlighting some of LSC's key initiatives during my  
■ term as president. The memo discusses regulatory  
■ matters, real property matters, as well as my work with  
■ Capitol Hill over the last two years.

■ I'm pleased to report that LSC management and  
■ staff has had an extremely productive few months since  
■ we last met in Santa Fe. The move to our new  
■ Georgetown offices, which you toured yesterday, has  
■ been a challenging task. But LSC staff rose to the  
■ occasion, and I'm happy to say the move was a huge  
■ success.

■ Congress, as you may know, has just recently

entertained -- or entered into the fiscal year 2004 appropriations season. On June 11, the House Appropriations subcommittee with jurisdiction over LSC received its allocation from the full House Appropriations committee.

The subcommittee received \$37.9 billion to allocate to the many important programs under its jurisdiction. The \$37.9 billion figure is two-tenths of a billion dollars more than President Bush's request.

Late last week, the relevant Senate subcommittee received its allocation of \$37 billion flat. This number is obviously lower than both the President's request and the House's allocation. A markup or subcommittee vote of CJS legislation will not occur until after the July 4th recess, at the earliest.

In the past couple of months, LSC staff has met with fifteen congressional offices to advocate for LSC funding. In mid-July, Frank and I will personally meet with five members of Congress to discuss our budget request.

■ We've received encouraging signs of support  
■ for our budget from a number of members in the House  
■ and Senate. On the Senate side, Senator Ted Kennedy  
■ sent a letter signed by 26 senators to the Senate  
■ appropriators requesting an increase of \$51 million in  
■ funding for LSC. Republican Senators Pete Domenici of  
■ New Mexico and Arlen Specter of Pennsylvania signed  
■ separate letters requesting \$352.4 million for LSC's  
■ FY 2004 funding, the same amount as requested by LSC.

■ The entire Oregon house delegation signed a  
■ letter requesting that LSC receive \$490 million for  
■ fiscal 2004, a \$161 million increase over the  
■ President's request. Similarly, thirteen House members  
■ from Texas sent a letter requesting an increase of  
■ \$51 million.

■ In the past few months, we have received and  
■ responded to a half dozen requests from members of  
■ Congress about state planning and constituent matters.

■ On the program side, April marked the beginning of the  
■ LSC competitive grants process for the provision of  
■ civil legal services.

■ In April, OPP accomplished three primary  
■ competition activities.

■ First, OPP announced services areas in  
■ competition for the 2004 funding. There are 82 service  
■ areas within 25 states in competition for 2004 funding.

■ Announcements about the availability of funding in  
■ these areas were placed in the Federal Register, bar  
■ journals, newspapers, and on the LSC website.

■ Second, OPP published the 2004 request for  
■ proposals.

■ Thirdly, OPP opened the competition services  
■ desk, which responds to inquiries from interested  
■ parties regarding the 2004 competitive grants process.

■ Our technology initiative grant, or TIG, staff  
■ recently completed work with an outside vendor to  
■ design and implement a web-based system that allows  
■ grantees to file TIG applications electronically. This  
■ system successfully accepted all grant applications,  
■ and will be used to update the main database once all  
■ TIG awards have been determined.

■ The deadline for 2003 TIG applications this

■ year was May 7, 2003. Over 100 applications were  
■ accepted for the current cycle. Staff worked with  
■ grantees all over the country to ensure that the best  
■ possible applications were submitted. Grant awards  
■ will be announced in August.

■ OPP staff also sponsored a booth at the ABA  
■ Equal Justice conference, where staff demonstrated the  
■ library resource initiative, or LRI, website, and  
■ distributed brochures promoting the initiative. Staff  
■ continued to develop content for the outlined library,  
■ focusing on the areas of diversity and management  
■ information. Staff also updated the 2004 request for  
■ funding proposal to include information about LRI.

■ OPP staff recently developed and produced a  
■ two-hour training module to facilitate discussions on  
■ diversity for the Region 7 project directors meeting  
■ and Mid-Penn Legal Services board of directors.

■ I am also glad to report that OPP staff  
■ conducted and followed -- excuse me, conducted a  
■ follow-up visit to Wisconsin Judicare. OPP visited  
■ this program in May 2002 and found weaknesses in its

intake system. This visit evaluated the progress of the program and made -- to improve intake and provided technical assistance to further improve a program's intake system.

A member of the OPP TIG staff met with Midwest project directors to discuss noteworthy TIG grants and the 2003 TIG application process.

Finally, at the conclusion of last week's internal legal aid group conference in Boston, OPP staff conducted a successful summit on how best to measure the performance of our grantees, with a special emphasis on outcomes for clients.

I should also note that LSC was well represented at ILAG by our chairman, Frank Strickland, Randi Youells, and Victor Fortuno.

I would like to end my report this morning by briefly mentioning the work of our Office of Compliance and Enforcement. During the period April 1, 2003 to May 16, 2003, OCE conducted six onsite reviews. OCE also opened nine complaints for review and closed ten.

In addition to these complaints, OCE responded

to eighteen inquiries from the general public. OCE also recently investigated a request from Kansas Legal Services for disaster relief funding from LSC to serve emergency needs in their service area as a result of tornadoes that ripped through the state.

Earlier this month I approved a one-time nonrecurring grant in the amount of \$9,600. The grant will help defray some of the extra personnel costs involved in providing legal services to victims of the disaster.

I might note, by the way, that the establishment of the fund to have the ability to meet some of the requests for help from disasters at our grantees' locations, I had that fund established earlier this year and it was funded with part of a return of funds to northern Florida.

And I think you may -- some of you may have been aware of that, where one of the programs there in northern Florida was put out of business, is no longer part of our funding system. And then the property was taken over by the county, and the value of that

property came back to us when the property was returned to us as it was supposed to be.

\$100,000 of the almost \$1 million that was established in that -- \$100,000 of the almost \$1 million total value of the property that we got went into funding this program for seeing that we are able to fund for requests form the field when there's a disaster.

This concludes my report. I'd be happy to answer any questions you may have. Thank you.

CHAIRMAN STRICKLAND: Any questions for John? Lillian?

MS. BeVIER: John, thank you so much for your report and also for the summary of progress made on regulatory matters. And I'm just interested in this one aspect that you have listed here in your report on page 6, or the memorandum that you gave to us, the access to information in grantees files.

And what I'm wondering is really whether it would be possible for us to have a copy of the access to records protocol. I'm interested in how that works.

I was interested yesterday at the ops and regs committee just to notice that aspect of the grantee -- the agreement that they sign. And I'm interested in how the access issues come up, how they get resolved. And so I'd love to see a copy, if possible, of your access protocol to see.

MR. ERLNBORN: I'll see that you get it. And in the case that other members are interested, I'll see that they all are given copies of that protocol. All members of the board I will send to.

MS. BeVIER: Thank you so much.

CHAIRMAN STRICKLAND: Any other questions for John Erlenborn? All right. Let's move on to the other agenda items relative to our receipt of reports of committees.

First would be to consider and act on the report of the board's Annual Performance Review Committee. And we'll call Lillian BeVier for that report.

MS. BeVIER: Thank you, Mr. Chairman. We met yesterday afternoon, and Victor Fortuno and Mattie

■ Condray came and met with us, having given us prior to  
■ the meeting some background information about the  
■ performance reviews, both the substance of the review  
■ and the rationale for it, as well as an indication of a  
■ timeline that we might follow.

■ And we discussed -- the principal issue that  
■ we discussed, actually, at the meeting had to do with  
■ the timing of our performance review, given the fact  
■ that we very much hope to have a new president between  
■ now and the end of the year. We felt it might be  
■ unfair to a new president, or pointless, to evaluate to  
■ the 2003 performance of a person who has just taken  
■ office.

■ We ended by concluding that if we don't review  
■ the 2003 performance, what we can do and ought to do is  
■ get a sense of the new president and the new inspector  
■ general, if we have them on board, of what their goals  
■ and agendas are for the year so that then we will have  
■ a template the following year against which to measure  
■ their performance.

■ And because the timing of the new president is

■ uncertain, we basically decided to leave our own  
■ schedule uncertain. Ordinarily these reviews take  
■ place beginning in October. We're not sure that that's  
■ going to work this year, so we might put it off until  
■ December or January. We'll just have to see what  
■ happens.

■ CHAIRMAN STRICKLAND: I take it, then,  
■ anything else in your report? Are there any action  
■ items we need to take up?

■ MS. BeVIER: No action items.

■ CHAIRMAN STRICKLAND: All right. Let's take  
■ up, then, the consider and act on the report of the  
■ board's Finance Committee. I know that Chairman Dieter  
■ was not here yesterday, and would you present that,  
■ Rob, or will Tom Fuentes present it?

■ MR. DEITER: Yes. I apologize for not being  
■ here yesterday, but I couldn't take the time from my  
■ class to come. So Tom has agreed to bring everything  
■ up to date on what happened yesterday.

■ CHAIRMAN STRICKLAND: All right. Good. We'll  
■ be glad to hear from Tom.

MR. FUENTES: Thank you, Mr. Chairman.

Mr. Chairman, we missed you, but we proceeded as a committee with Director Garten and Chairman Strickland serving as an ex officio member of the committee.

The Finance Committee reviewed the consolidated operating budget and the Corporation's expenses through April 30th. You have before you, each member now, a three-page document which is the revision of that which we considered yesterday, entitled, "Consolidated Operating Budget Worksheet," revised based on the March review and budget plan for the remainder of fiscal year 2003.

The consolidated operating budget is found in the board book on page 15. The total fiscal year 2003 budget is \$344,767,509, and expenses to date are \$329,982,476. The breakdown of the budget and expenses proceed this way.

The field programs, \$326 million, and expenses to date \$321 million, with remaining funds of \$5,202,713. The basic field programs are funded following a formula. Therefore, the remaining funds of

■ \$1,333,000 are designated to areas where annual funding  
■ decisions are pending. Veterans Appeals funds totaling  
■ \$67,000 are earmarked for the continuation of the  
■ program.

■ Other funds available has \$114,000 present for  
■ special purposes or emergency grants. Technology  
■ grants are normally competed for during the late summer  
■ and awarded in October. The remaining funds of  
■ \$3,688,000 should be expended early in fiscal year  
■ 2004.

■ Under management and administration, the  
■ budget has it at \$14 million, and the expenses are  
■ \$7,314,791, with remaining funds presently of  
■ \$7,054,021. Management and administration has spent  
■ some 50.9 percent of the annual budget.

■ We reviewed the major cost of the budget legal  
■ affairs consulting, printing costs, governmental  
■ relations, public affairs, occupancy costs, and other  
■ operating expenses, and financial and administering  
■ services, and the consulting and travel costs of  
■ program performance, and compliance and enforcement.

■ In the case of the inspector general, the  
■ budget is some \$3,648,000, with expenses to date of  
■ \$1,120,000, for remaining funds of \$2,528,000. The  
■ inspector general has spent some 30.7 percent of its  
■ annual budget so far. The major item on page 16 is  
■ \$914,363 in grant recoveries that has been for the  
■ Florida programs regarding the sale of a building, as  
■ earlier mentioned.

■ The budget plan was presented and verbal  
■ report of some internal budgetary adjustments was  
■ received. However, we are not prepared at this time,  
■ Mr. Chairman, to recommend their approval until the  
■ entire Finance Committee receives a written executive  
■ summary. This was the direction of the committee in  
■ its discussions.

■ The committee has decided to plan a telephonic  
■ meeting, with the permission of the entire board, to  
■ receive this information. And after receiving it, a  
■ telephonic board meeting is being suggested to be  
■ scheduled to consider the committee's recommendations.  
■ We felt, in the absence of our chairman, that this

■ would be the best way to proceed.

■ The fiscal year 2004 budget process was  
■ described and background information was received.  
■ Copies of the testimony from the National Legal Aid and  
■ Defender Association and the American Bar Association  
■ Standing Committee on Legal Aid and Indigent Defendants  
■ were provided for review.

■ The board needs to be prepared to provide a  
■ budget mark to the Office of Management and Budget for  
■ fiscal year 2005 by October 15. Interested parties are  
■ requested to provide written testimony prior to the  
■ September Finance Committee meeting if they are  
■ available to testify to the committee at the meeting.

■ We need to be prepared to adopt a budget mark  
■ at our September meeting to complete the process by  
■ telephone to meet the Office of Management and Budget's  
■ October 15 deadline.

■ The guidelines for adoption, review, and  
■ modification of the COB were provided, and this  
■ supplied details of how the prior board's Finance  
■ Committee has operated. In our discussions, we decided

■ that our committee is going to review these further,  
■ and then provide some guidance to the staff.

■ M O T I O N

■ MR. FUENTES: So I would move, Mr. Chairman,  
■ the authorization of a telephonic committee meeting for  
■ the Finance Committee and subsequently of the board.

■ CHAIRMAN STRICKLAND: At dates to be  
■ determined?

■ MR. FUENTES: Yes, sir.

■ CHAIRMAN STRICKLAND: All right. You've heard  
■ the motion. Is there a second?

■ MR. DIETER: Second.

■ CHAIRMAN STRICKLAND: Any discussion?

■ (No response.)

■ CHAIRMAN STRICKLAND: I'll ask Mr. Fortunato, is  
■ that the appropriate action to authorize a telephonic  
■ meeting so that it's just a matter of picking the date  
■ and then asking you to publish the notice?

■ MR. FORTUNO: That's correct. Unless there's  
■ to be an executive session meeting of that committee,  
■ and I understand there isn't, that's all that needs to

■ be done.

■ CHAIRMAN STRICKLAND: All right. Fine. So if  
■ we adopt this motion, that will take care of that. And  
■ then it will be a matter of setting the date and  
■ publishing the notice.

■ All right. All those in favor of the motion,  
■ please say aye.

■ (A chorus of ayes.)

■ CHAIRMAN STRICKLAND: All those opposed, nay.

■ (No response.)

■ CHAIRMAN STRICKLAND: The ayes have it, and  
■ the motion is adopted.

■ Let's now take up the report of the Operations  
■ and Regulations Committee, Chairman Tom Meites.

■ MR. MEITES: Thank you, Mr. Chair.

■ Present at our committee meeting yesterday  
■ were Lillian BeVier and myself, as well as the Chair ex  
■ officio. The staff made a presentation to generally  
■ inform us as to the process that's been followed in the  
■ past to first originate proposed regulations and then  
■ to bring it before our committee and then before the

■ full board.

■ In addition, there was a review of the various  
■ procedural options, including workshops and negotiated  
■ rulemakings, to bring as broad public comment as  
■ possible and public participation into the rulemaking  
■ cycle.

■ We then considered at considerable length a  
■ document called the grant assurance document for fiscal  
■ year 2004. The staff informed us that of the changes  
■ that were proposed by the staff in that document, and  
■ the committee went through the changes paragraph by  
■ paragraph. The committee was particularly interested  
■ in new paragraphs 9, 10, and 11, which deal with open  
■ Corporation access to records and related matters.

■ Committee member BeVier questioned why it was  
■ necessary at such length to describe what essentially  
■ seemed a matter of attorney-client and related  
■ privileges. An explanation was provided by the staff  
■ that many of the participants in the auditing function  
■ are not attorneys and that an explanation at length  
■ has, over time, proved the best way to inform all

parties as to what is expected.

The committee suggested to the staff that it might want to prepare a handbook with examples, particularly for use by the non-attorney members of the staff, as to what is and what is not accessible under the grant assurance. The committee also inquired and learned that the changes to incorporate new paragraphs 9, 10, and 11 are simply a recasting of the prior year's text on these matters.

In light of the short time frame which we are working, the committee moved and adopted a resolution to recommend the approval of this grant assurance, at least this year, in light of the fact that there are no changes. The thought is that between now and next year's presentation, the committee will have a more leisurely time to inform itself of the actual details and any underlying issues involved in these particular -- this particular part of the grant assurance, and indeed with the grant assurance document in general.

The committee then concluded its meeting with

■ a request to staff that staff prepare an overview of  
■ all pending regulations, that is, all regulations that  
■ are in discussion at any level, for presentation to the  
■ committee at the next committee meeting. The committee  
■ indicated it needed this document to try to get a  
■ handle on what issues are percolating through the  
■ regulatory process, and also to set some kind of a  
■ timeline for its own work in considering any of these  
■ regulations.

■ M O T I O N

■ MR. MEITES: That concludes my report,  
■ Mr. Chairman. But I would, in light of the committee's  
■ action, move that the board approve the grant assurance  
■ document for fiscal year 2004.

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

■ MS. MERCADO: Second.

■ CHAIRMAN STRICKLAND: Any discussion of the  
■ motion? Hearing none, I'll ask for a vote. All those  
■ in favor of the motion, please signify by saying aye.

■ (A chorus of ayes.)

CHAIRMAN STRICKLAND: All those opposed, nay.

(No response.)

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

Next we will entertain the report of the Provision for Delivery of Legal Services Committee, and chairman Maria Luisa Mercado.

MS. MERCADO: Yes, Mr. Chairman. Basically, our meeting was rather short as far as actually any action items that need to be taken care of. We really didn't have any other action items. Basically, the committee felt that it was more appropriate to allow the full committee with a new chair, who will, at the next meeting be serving as chair, David Hall, to sort of set their agenda and their goals and areas that they would like to have the committee review as far as the provision for the delivery of legal services.

However, we did receive a report on the work that we've been doing in technical assistance grants and how they have benefitted the programs in the field as well as made access to legal services more available

■ to programs that otherwise wouldn't have them,  
■ especially in rural communities and communities that  
■ perhaps don't have as much funding.

■ They gave us some great examples of  
■ collaborative efforts of resources and funds, both by  
■ the bar, the courts, and legal services and other  
■ entities, and being able to coordinate all those  
■ funding resources to provide greater access to the  
■ courts and to the legal system for clients, and thereby  
■ servicing a greater population.

■ And, of course, that's all in the initial  
■ stage. But nevertheless, the monies that were  
■ specifically allocated by Congress for technical  
■ assistance grants have been very efficiently and  
■ effectively used. And, of course, we hope that there  
■ will be more of that as well.

■ But basically from our committee,  
■ Mr. Chairman, we do not have any action items that need  
■ to be voted on by the board other than just to report  
■ to you what we did. And I think most of you were here  
■ for the presentations.

CHAIRMAN STRICKLAND: I think that's correct.

Does anyone have any questions at this time for Maria Luisa?

All right. The next item is the consideration of the board's Search Committee for LSC President and Inspector General. We are proceeding with the process, which we're conducting in a closed session, to select a search firm. We will continuation those efforts.

And other than that, there is no additional information to report to the board. And I think all the board members participated in that closed session, so you're aware that that's what we took up at that time.

Now we are going to take up a resolution -- does everyone have a copy of this? This is a resolution to recognize the distinguished service of our former board members. I think that's been circulated to everyone. I hope you have that in front of you. It is a resolution that doesn't have anybody's names in it, but it's intended -- it's a draft resolution, but it's intended to apply to all former

board members.

And I would entertain a motion to adopt Resolution No. 2003-009 recognizing distinguished service and expressing profound appreciation for service by former board members. Is there such a motion?

M O T I O N

MR. FUENTES: So moved.

CHAIRMAN STRICKLAND: Second?

MR. DEITER: Second.

CHAIRMAN STRICKLAND: Any discussion? All those in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed, nay.

(No response.)

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

I do not mean by adopting this resolution in such summary fashion to minimize the importance of the service rendered by the members of the former -- or former members of the board who served, in many

■ instances if not all instances, for approximately ten  
■ years.

■ I think that was just an overwhelming  
■ commitment to public service on this board by that  
■ group, and I had the pleasure, at the invitation of  
■ Doug Eakeley, the former chair, of attending meetings  
■ of the board during the period of time when I was a  
■ nominee, as did several other board members, if not all  
■ of them.

■ And I got to know all of them well and  
■ consider them all to be friends. And it was just an  
■ outstanding group of people. And a couple of them are  
■ still with us here. And I hope they will be with us as  
■ long as possible, but I recognize that a replacement  
■ process is underway.

■ But certainly based on my experience in  
■ dealing with that group of individuals for  
■ approximately a year, I found them to be an outstanding  
■ group and very dedicated to their work. So I just want  
■ to make those remarks in connection with adopting this  
■ resolution.

■           And I think that what will happen here is that  
■ the staff will undertake to complete these resolutions  
■ and add the names and put these in an appropriate form  
■ for presentation either in a formal way or otherwise.  
■ We'll work out the mechanism for doing that. And I  
■ think that concludes that item.

■           Now we have consideration and action on other  
■ business. And at this point, I would like to entertain  
■ a motion to authorize an executive session of the  
■ Search Committee for LSC President and Inspector  
■ General to consider and act on search firm options, at  
■ a date to be determined.

■           Is there such a motion?

■                           M O T I O N

■           MS. MERCADO: So moved.

■           CHAIRMAN STRICKLAND: And a second?

■           MR. ERLNBORN: Second.

■           CHAIRMAN STRICKLAND: Any discussion? Hearing  
■ none, all those in favor, please say aye.

■                           (A chorus of ayes.)

■           CHAIRMAN STRICKLAND: Those opposed, nay.

■ (No response.)

■ CHAIRMAN STRICKLAND: And that motion is  
■ adopted.

■ The purpose of that motion is to enable us to  
■ continue our search firm activity in an executive  
■ session so that we can complete the engagement of a  
■ search firm at an early date.

■ Now at this point we have an opportunity for  
■ any further public comment. Is there any additional  
■ comment from the public?

■ (No response.)

■ CHAIRMAN STRICKLAND: We now need to consider  
■ and act on whether to authorize an executive session of  
■ the board to receive a briefing by the acting inspector  
■ general on activities of the Office of the Inspector  
■ General, and to consider and act on the Office of Legal  
■ Affairs report on potential and pending litigation  
■ involving LSC.

■ Is there a motion to that effect?

■ M O T I O N

■ MS. BeVIER: So moved.

CHAIRMAN STRICKLAND: A second?

MR. FUENTES: Second.

CHAIRMAN STRICKLAND: Any discussion? All those in favor, please say aye.

(A chorus of ayes.)

CHAIRMAN STRICKLAND: Those opposed, nay.

(No response.)

CHAIRMAN STRICKLAND: The ayes have it. The motion is adopted, and we will now go into a closed session to receive those reports. And that will really end the public portion of our meeting. The only thing we'll do at the conclusion of those reports is to consider and act on adjournment of the meeting, which we hope will be a non-event. So I appreciate the attendance of all of you today, and we look forward to seeing you again at our next meeting.

MR. FUENTES: Mr. Chairman, under consider and act on other business, I don't think you polled the body to see if we might have other business that we'd like to bring up. So --

CHAIRMAN STRICKLAND: I'm sorry. Is there any

■ other business?

■ MR. FUENTES: Thank you. I just had one item,  
■ and it's brought to my attention by the fact of our  
■ passing a resolution for the former directors. And I'm  
■ wondering if the board might give some direction,  
■ perhaps informally, to the staff for the creation of an  
■ appropriate resolution format and graphics package that  
■ this board might utilize.

■ I can see in the future many opportunities  
■ that we might want to convey, in times of celebration  
■ or other occasions, the salutations or resolutions of  
■ this board. And I would like to have something that is  
■ representative graphically and appropriate for public  
■ presentation. And I'd like to make that  
■ recommendation.

■ CHAIRMAN STRICKLAND: As opposed to something  
■ that might look like a letter?

■ MR. FUENTES: Right.

■ CHAIRMAN STRICKLAND: Well, I think that's an  
■ excellent idea. We did make some presentations while  
■ we were meeting in New Mexico, and I don't know what

form those took. And there was also some memento along with the resolution. But I think that's an excellent idea.

Let's let that be an informal request of the staff to see if we can develop something that looks more like a high-end resolution. And there's nothing wrong with this; we just want to improve on it, I think is what Mr. Fuentes is saying.

And I apologize for overlooking any board members for other business. Does anyone else have any other business? Okay. Thank you very much.

We'll go now into closed session.

(Whereupon, at 11:33 a.m., the meeting adjourned to closed session.)

CHAIRMAN STRICKLAND: And now how about a motion to adjourn?

M O T I O N

MS. BeVIER: So moved.

MS. WATLINGTON: Second.

CHAIRMAN STRICKLAND: The motion is adopted unanimously, and we are adjourned. And thank you very much, everybody.

(Whereupon, at 12:16 p.m., the meeting was concluded.)

\* \* \* \* \*