

LEGAL SERVICES CORPORATION  
AUDIT AND APPROPRIATIONS COMMITTEE MEETING

August 26, 1988  
Commences at 9:30 a.m.

The Sheraton Grand Hotel  
Ballroom East  
525 New Jersey Avenue, N.W.  
Washington, D.C. 20001

**Diversified Reporting Services, Inc.**

1511 K STREET, N.W. SUITE 547

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

1  
2 CHAIRMAN MENDEZ: Ladies and Gentlemen, we are going  
3 to call the Audit and Appropriations Committee to order. The  
4 first matter on our agenda -- let the record reflect that  
5 committee members Hortencia Benavidez, LeaAnne Bernstein, Paul  
6 Eaglin, Mike Wallace, and Clark Durant are here; Basile Uddo is  
7 in the room and I have seen the remainder wandering around.  
8 Terry Wear is with us.

9 At this time, I would request an approval of the  
10 agenda with regard to the committee.

## M O T I O N

11  
12 MR. WALLACE: Mr. Chairman, we move the agenda as  
13 printed in the Board book.

14 CHAIRMAN MENDEZ: Do I have a second?

15 MS. BENAVIDEZ: I second it.

16 CHAIRMAN MENDEZ: It has been moved and seconded; any  
17 discussion?

18 MR. EAGLIN: I will abstain because I was not present  
19 at that meeting.

20 CHAIRMAN MENDEZ: No, this is the agenda.

21 MR. EAGLIN: I am sorry; I thought we were on the  
22 minutes.

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1 CHAIRMAN MENDEZ: All in favor say aye.

2 (Chorus of ayes.)

3 Next matter on the agenda is the approval of the  
4 minutes of March 25, 1988. Has everyone had an opportunity to  
5 review those minutes?

6 Are there any additions or corrections at this time?  
7 If none -- Tom, do you have any additions or corrections to the  
8 minutes?

9 MR. SMEGAL: No. If you give me a couple of minutes--  
10 - I do not think I do.

11 CHAIRMAN MENDEZ: There is one thing that I wanted to  
12 discuss that is in the minutes, but that will not be with  
13 regard to the corrections. You and I have asked for some  
14 discussions concerning the number of slots available and that  
15 sort of thing.

16 While we give Tom a couple of minutes, David why  
17 don't you please come forward. I do not think that we have  
18 anything. This is not any correction or with regard to the  
19 minutes, however, on page three, there is a request from me that  
20 the Comptroller Procure prepare a list detailing the numbers of  
21 slots as well as the number of employees that we have and also a  
22 plan for how many people should be in those departments.

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1           It is my understanding that you have prepared or at  
2 least have some idea about the number of people that are in--  
3 that you presently have on board.

4           MR. RICHARDSON: Yes, I do.

5           CHAIRMAN MENDEZ: What is that number?

6           MR. RICHARDSON: We have 123 at this time and there  
7 are approximately 27 other temporary positions available.

8           CHAIRMAN MENDEZ: We have a budget of 220?

9           MR. RICHARDSON: Yes, sir.

10          CHAIRMAN MENDEZ: When we set for the incoming year, I  
11 want us to be more specific as to what numbers belong where and  
12 talk to the different departments about cutting those down.  
13 Tom, have you had the opportunity --

14          MR. SMEGAL: Yes, I have and I have no corrections  
15 although I do note in the subject that you were just discussing  
16 with Mr. Richardson, Mr.. Mendez, that the paragraph bridging  
17 pages two and three refers to that subject and I do not believe,  
18 David, I have seen the information since that meeting, that Pepe  
19 and I were interested in having.

20          CHAIRMAN MENDEZ: David, would you just prepare a  
21 brief summary and ship it to all board members.

22          MR. RICHARDSON: I will do that; yes, sir.

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1 CHAIRMAN MENDEZ: Will that take care of it?

2 MR. SMEGAL: Thank you.

3 CHAIRMAN MENDEZ: If there are no corrections or  
4 amendments, I request that we approve the minutes as prepared.

5 M O T I O N

6 MR. BENAVIDEZ: So moved.

7 MR. SMEGAL: Second.

8 CHAIRMAN MENDEZ: All in favor?

9 (Chorus of ayes.)

10 CHAIRMAN MENDEZ: The minutes are approved.

11 MR. EAGLIN: Note my abstention because I was not  
12 present there.

13 MR. WALLACE: I should abstain as well, Mr. Chairman.  
14 I was not at that meeting --

15 CHAIRMAN MENDEZ: Let the record reflect two  
16 abstentions. Next matter on the agenda is the fiscal year 1987  
17 audit report -- that is wrong; I was looking at the index  
18 booklet. The review of the 1988 monthly expenses through June  
19 30th -- are there any questions or comments concerning that at  
20 this time?

21 I have a couple of items that I would like to touch  
22 upon. Inviting your attention to page nine, notice under Field

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1 Programs that are Basic Field Programs, there are still  
2 \$2,800,000 in remaining funds, can you explain to us why we have  
3 those.

4 MR. RICHARDSON: Yes, sir. For the record, my name is  
5 David Richardson, Comptroller Corporation. The Basic Field  
6 Programs, the two million and eight that is remaining is for  
7 short term funded programs. We have not month to month funded  
8 these programs. We also offer quarterly. We do project that  
9 during the incoming two months, the majority, that will be  
10 extended for this current year.

11 CHAIRMAN MENDEZ: Is that the same with regard to the  
12 Migrant Programs and Components?

13 MR. RICHARDSON: Yes, sir. There is a reserve in the  
14 Migrant Programs, but the majority of it will be extended by  
15 September.

16 CHAIRMAN MENDEZ: Program Development -- can you tell  
17 us a little bit whether that is going to be extended or not?

18 MR. RICHARDSON: Not all of that money will be spent.  
19 Built into the Program Development line is the AEI Conference  
20 Report. They are still working with getting that information.  
21 There is \$230,000 of the private law firm money.

22 Those contracts at this time have expired. We are in

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1 the process with General Counsel and the Office of Field  
2 Services to clear up that money and free it up so we can use it  
3 elsewhere in the budget. There is \$300,000 there also for our  
4 timekeeping project.

5 CHAIRMAN MENDEZ: Do you know the status of the  
6 timekeeping project?

7 MR. RICHARDSON: Last week, there was a conference  
8 held -- Mr. Troutman at Harvard. We have not gotten the  
9 complete study back from that. After that study is presented to  
10 us, then Mr. Wear will have a decision as to make us to which  
11 direction we will go after that.

12 CHAIRMAN MENDEZ: Now inviting your attention to the  
13 Law School Clinics. It is my understanding that this is the  
14 time of the year that those should be left. Is that a fair  
15 statement?

16 MR. RICHARDSON: That is correct, sir.

17 CHAIRMAN MENDEZ: When do you anticipate those grants  
18 being left?

19 MR. RICHARDSON: Notice has been given in the federal  
20 register office grants. Money should be going out by October  
21 1st. That money will be expended in this fiscal year.

22 CHAIRMAN MENDEZ: Now, on to the Support for Delivery

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1 of Legal Assistance. We see that there is \$407,000 there. Can  
2 you tell us a little bit about what is happening with regard to  
3 that?

4 MR. RICHARDSON: Yes, sir. There is still  
5 approximately \$35,000 in training monies that are available and  
6 some of that money will be used very shortly. There is also a  
7 regional training center that is short term funded at this time,  
8 and that will make \$25,000.

9 We also look at the national support, there is \$98,000  
10 there. There is a contingency fund that we have now awarded  
11 two special projects out of that fund, so that line now is down  
12 to approximately \$55,000.

13 CHAIRMAN MENDEZ: What were the special projects that  
14 you awarded, if you recall?

15 MR. RICHARDSON: I am not really sure. There was one  
16 20,000 that was for, I think, the National Women and Law Center;  
17 there is 25 for another project.

18 CHAIRMAN MENDEZ: What about the State Support -- two  
19 hundred thousand?

20 MR. RICHARDSON: State Support is a short term funded  
21 program. There is approximately 5,000 left there as a  
22 contingency that is not designated to any program, but the rest

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1 of it is dedicated at this time.

2 CHAIRMAN MENDEZ: What about with regard to that  
3 Special Law School Grant, was that the elderly? Is that still  
4 available.

5 MR. RICHARDSON: Yes. The Special Law School Grant  
6 was directed by Drake & Loyola funds. We have in July expended  
7 some further money than is lined out. It is approximately  
8 \$7,400. We have talked with Drake and that is who the remaining  
9 money is air-marked for and we should be getting invoices in  
10 very shortly to clear this matter up.

11 CHAIRMAN MENDEZ: The entire \$7,400 is for Drake, the  
12 remaining?

13 MR. RICHARDSON: Yes.

14 CHAIRMAN MENDEZ: Inviting your attention to page ten  
15 -- I suppose it is more appropriate to read pages ten and eleven  
16 together. It appears to me like your budget based on the  
17 percentages of the budget views is pretty much on line. Is that  
18 on target for the management administration?

19 MR. RICHARDSON: Yes, sir, it is at this time. At the  
20 end of the June's budget percentage, it should have been 75  
21 percent. It is 74.5 so we are within a half percentage point  
22 of being on target.

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1 CHAIRMAN MENDEZ: Can you tell me a little bit about  
2 when you have these personnel benefits that are 105 percent of  
3 the budget, what are those?

4 MR. RICHARDSON: You are speaking of July in  
5 particular on that program. We have an issue that is standing  
6 now with Office of Personnel Management. There is a \$140,000 of  
7 money that is due back to the corporation because the  
8 corporation being taken out of the FERS retirement program.

9 That money will then be come back into that line and  
10 bring it back into focus at that time. That issue we are  
11 working with General Counsel and with the General Counsel of  
12 OPM, it should be settled within the next two to three weeks.

13 CHAIRMAN MENDEZ: All right, because the Board should  
14 go a little bit more full into that. Do you recall the FERS of  
15 the --

16 MR. RICHARDSON: I remember the dispute.

17 CHAIRMAN MENDEZ: It is the issue concerning which  
18 one, whether it is normal federal government retirement or  
19 social security.

20 MR. WEAR: FERS, it is regular or normal different  
21 retirement system issues. It is whether or not employees are  
22 covered by that and yet determinations, I understand that they

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1 are not. That is why this money coming back.

2 CHAIRMAN MENDEZ: That is my general summary. Does  
3 any anybody have any particular questions?

4 MR. SMEGAL: Dave, you got this footnote you carried  
5 along. You explained it before, but I have forgotten what it  
6 is. The \$12,000 might have to be refunded for what?

7 MR. RICHARDSON: We had a computer, a main frame  
8 computer last year and we went to the extent along -- where  
9 operations was really not servicing our needs as we saw fit. We  
10 sent that to some different brokers. We got some prices back  
11 in. In the interim, WANG introduced and that is the computer we  
12 referred to, introduced a new program. It decreased the cost,  
13 the value of it to us.

14 We sold the computer, but there is a dispute of about  
15 \$12,000. General Counsel is working with that. I got  
16 information yesterday that we are to refund \$10,000 of that  
17 money back to the vendor who purchased the computer.

18 What happened was there was some items that were  
19 represented to the broker who purchased it that were, in fact,  
20 not available at the time of the sale.

21 CHAIRMAN MENDEZ: What was that figure -- 10,000 what?

22 MR. RICHARDSON: Ten thousand, one hundred dollars.

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1 MR. DURANT: David, the training development of  
2 technical assistance, that 36,000, are those committed funds or  
3 are those simply available?

4 MR. RICHARDSON: They are available at this point. We  
5 have spent just a fair slight, a bit more. We went from 37  
6 in June down to 36 in July.

7 CHAIRMAN MENDEZ: Does anyone else have any questions?

8 MR. EAGLIN: Yes, on the supplement to page ten, Board  
9 of Directors line is now down to 880 remaining funds. We have  
10 this meeting and perhaps another meeting this fiscal year.

11 How much do you anticipate that we are going to exceed  
12 that on the Board of Directors line? What does it cost per  
13 meeting, for instance?

14 MR. RICHARDSON: The total meeting will cost  
15 approximately seventeen \$17,000.

16 MR. DURANT: How much did you say?

17 MR. RICHARDSON: Seventeen thousand.

18 MR. EAGLIN: So we have 880 now before this meeting  
19 started?

20 MR. RICHARDSON: Yes, sir. What we are anticipating  
21 doing is moving some money from some of the other areas that are  
22 not going to use the money fully into the Board of Director's to

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1 compensate and sort of meet the need there.

2 I will give an example. My office, for example, has  
3 lost an employee. We have been able to fill it with a student  
4 who is working part-time and will be going back to school  
5 Monday. That saved us approximately 15,000. That money will be  
6 moved to the Board of Director's account.

7 MR. EAGLIN: Can you also explain on the Capital  
8 Expenditures line, indicate why we are over?

9 MR. RICHARDSON: Well, again, we saw some need after  
10 we changed the computer system. We had to get new computer  
11 supplies, new programming and basically, it was underestimated  
12 as to the cost, as to how much it would be. That is the  
13 majority in it.

14 There has been some new furniture here and there  
15 because of breakage, replacement for a period of -- of course,  
16 the corporations has been in existence 14 years and there has  
17 been very little replacement. So, there is a little bit of that  
18 going on also.

19 MR. EAGLIN: Now, that line is now up to one 111  
20 percent. Is this computer system then going to require anymore  
21 expenditures or do you anticipate anymore before the end of the  
22 fiscal year that is going to cause us to exceed that even more?

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1 MR. RICHARDSON: I do not anticipate it at this time.  
2 At this time, we do have the Office of Management Services where  
3 the majority of these expenses occur. They are projecting  
4 through the end of the year for me how much additional money  
5 they will need at each budget category.

6 MR. EAGLIN: So, you expect this to hold, at 111?

7 MR. RICHARDSON: Yes. Again, when we move money from  
8 one budget to the other, we move it within budget categories  
9 also. We should move money into this line to cover the amount  
10 that has been overspent.

11 MR. EAGLIN: Earlier I missed part of what Mr. Wear  
12 was saying because his voice was rather low. Would you go back  
13 again to the compensation line -- I am sorry, personnel benefits  
14 line. We are at 105 there on the update and we are at 84 --

15 MR. RICHARDSON: Let me explain a little further.  
16 When we went into the first program, we were --

17 CHAIRMAN MENDEZ: Why don't you just go back a little  
18 bit further. Tell us what you were under before.

19 MR. RICHARDSON: Okay. That was what I was going to  
20 do. Under the CSR program, we were giving 1.45 percent into a  
21 CSR offset for a pension plan. FERS, it goes to seven percent,  
22 so the difference of the five and a half percent, we paid for a

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1 year.

2 That money should be coming back into the corporation  
3 to offset the money that has been spent here. We budgeted, in  
4 fact, for that money to come back in.

5 MR. EAGLIN: Then, also, on the going back to the  
6 Board of Director's line, in keeping in mind the statement that  
7 was issued by the corporation at the time the House Committee  
8 was going to have testimony from Mr. Durant, I was puzzled  
9 concerning the statement about the amount that a corporation  
10 allegedly owed to him.

11 As I understood what was before the committee, some of  
12 the expenses related to last year and as I recall, we closed out  
13 last year. Is it the position of the corporation that we still  
14 owe money to him on last year's budget?

15 MR. RICHARDSON: There is -- we are on accrual basis  
16 accounting. Any funds that we have been able to designate that  
17 we owe Mr. Durant, we have done so. There are some  
18 possibilities, some miscellaneous expenses that we would not be  
19 aware of. For the most part, they are accounted for.

20 MR. EAGLIN: How?

21 MR. RICHARDSON: For instance, we know that there are  
22 approximately seven meetings that Mr. Durant attended, that the

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1 attendance fee was not collected for the corporation still  
2 liable for those. So, that money is accrued into the financial  
3 statements.

4 MR. EAGLIN: How much time is regarded as reasonable  
5 within which we should make our applications for this?

6 CHAIRMAN MENDEZ: Whatever the statute of limitation  
7 is on debt.

8 MR. EAGLIN: Do we have any regulations having to do  
9 with travel?

10 MR. RICHARDSON: We have an administrative manual that  
11 we used.

12 MR. EAGLIN: What is it?

13 MR. RICHARDSON: Of course, the president has the  
14 discretion the way. We normally require that the reports be  
15 turned in thirty days.

16 MR. WALLACE: We do not have any regulations, do we?

17 MR. RICHARDSON: No, sir.

18 MR. WALLACE: I did not think we did.

19 MR. EAGLIN: So, that is why you carry it. The  
20 corporations and regards that as outstanding to him?

21 MR. RICHARDSON: That is an outstanding liability, so  
22 it is accrued into the statements.

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1 MR. EAGLIN: What is the function then of that rating?  
2 How is it regarded?

3 MR. RICHARDSON: It is not a reg.

4 MR. EAGLIN: The guidance statement that you were  
5 speaking of earlier?

6 MR. RICHARDSON: The administrative manual? We try to  
7 use it as a guidelines for employees to turn in their travel  
8 reports because we do have a number of people that do travel.

9 MS. BERNSTEIN: Mr. Richardson, the travel is a  
10 completely different question from board compensation and  
11 attendance fees.

12 MR. RICHARDSON: Right, but --

13 MS. BERNSTEIN: As I understood, the question you were  
14 talking about is the seven meetings that he attended.

15 MR. RICHARDSON: Right, but each of the Board members  
16 received their compensation through the travel report, the  
17 number of days that you were traveling or attending meetings, we  
18 then calculated it based on the daily attendance fee and add it  
19 to the travel report.

20 MR. BERNSTEIN: I understand that, but --

21 MR. RICHARDSON: They are both intertwined.

22 MR. EAGLIN: Those seven meetings, then, would account

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1 for the 8,000 that was mentioned in the statement?

2 MR. RICHARDSON: Yes, sir. I say seven, there could  
3 be more than that. Most meetings are two days, very well could  
4 be more.

5 CHAIRMAN MENDEZ: Are there any other questions?

6 MR. SMEGAL: Only a follow-up on that one. My math  
7 must be bad, Mr. Richard, because 8,800 divided by 260 something  
8 comes down 34 days and I do not think we have ever had a meeting  
9 that went more than 2 days, so how would you multiply something  
10 7 times 7 to get 34?

11 MR. RICHARDSON: Well, there is seven meetings over  
12 the past 18 months and the money that is owed goes back further  
13 than that.

14 MR. SMEGAL: Three and a half years?

15 MR. RICHARDSON: Yes, sir.

16 MR. SMEGAL: Is it your understanding that Mr. Durant  
17 is going to get around to turning in those vouchers that are  
18 going to result in corporations earning that \$8,800?

19 MR. RICHARDSON: Well, they have been furnished to Mr.  
20 Durant; that is at his discretion.

21 CHAIRMAN MENDEZ: Do you have any further questions,  
22 Tom?

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1 MR. EAGLIN: I would like to ask one other thing.  
2 When we have an accumulation or an accrual such as that, at what  
3 point do you begin to make a note of that? Is it wise at some  
4 point to begin to make a note of that so that it can clearly  
5 show up on something like this?

6 I was taken by surprise. That is why I am asking the  
7 question. All right?

8 MR. RICHARDSON: It is not a normal procedure, but it  
9 certainly can be done. Basically, after the money is put on  
10 accrual system, that will not show up like if we closed out at  
11 the end of September, the money is still here. At that point,  
12 next year it will not show in the statements at all because it  
13 will be expense and would have occurred here.

14 The liability will still be attached to the balance  
15 sheet of the corporation.

16 MR. EAGLIN: Is there any note -- I do not have any of  
17 the past years financial statements, but I do not recall there  
18 being any notes on something like that.

19 MR. RICHARDSON: It would not be because it is not  
20 material. We are talking about \$8,000 with a balance sheet--  
21 pardon me if my figures are wrong, but I know it was over \$5  
22 million. It is just not material.

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1 MR. EAGLIN: Well, within a subpart of the budget, it  
2 could be material though. It just seems to me at some point, it  
3 rises to some level of significance and perhaps it is worthy of  
4 note.

5 CHAIRMAN MENDEZ: Well, I think there are two kinds of  
6 things. One is the financial statement that is clearing up  
7 material in terms of financial statements.

8 MR. SMEGAL: In terms of an audit and financial  
9 statement, you mean one that would first --

10 CHAIRMAN MENDEZ: It is just clear, Tom, that is just  
11 not one of the things and the question is, how much detail  
12 do we want to force him to do on how many areas. Do you have a  
13 general knowledge?

14 I think that is satisfactory now that you have gotten  
15 all this out. The question is do we want to force him to do  
16 that? We could do that if we want to.

17 MR. SMEGAL: I think that as Paul is pointing out, I  
18 think it becomes material under 3(A)(1) where the total budget  
19 for the Board of Directors is a 125,000. You are talking about  
20 ten percent here almost, so it could be significant. I think it  
21 could be significant. I think I would like to know about it.

22 If I understand correctly, these numbers reflect

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1 anticipated expenses, is that what you are saying, you are  
2 accruing them so you project what Mr. Durant might have turned  
3 in and has in and we carry those along as if we spent the money?  
4 At that some point, if he does not, we will recapture?

5 MR. RICHARDSON: What we do is we accrue the expenses  
6 as they occur. So, we are not projecting what he might spend  
7 next money, but we have accrued what he spent last month, and  
8 try to follow on that. The services or the goods have to be  
9 already received to be accrued into a financial statement.

10 MS. BERNSTEIN: Mr. Richardson --

11 MR. SMEGAL: Then I -- excuse me.

12 MS. BERNSTEIN: Go on, Tom, I am sorry. I thought you  
13 were through.

14 MR. SMEGAL: Then I misunderstood what you were  
15 telling Paul here. If I understood correctly, the 8,800 is in  
16 here.

17 MR. RICHARDSON: Yes, sir, it is.

18 MR. SMEGAL: I am trying to figure out it gets in  
19 there and Mr. Durant never gets around to turning in his  
20 vouchers, what happens to the money? Where do we see it then?

21 MR. RICHARDSON: Well, it would --

22 MR. SMEGAL: Charge it back to his credit?

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1 MR. RICHARDSON: That is correct.

2 MS. BERNSTEIN: Mr. Richardson?

3 MR. RICHARDSON: Yes?

4 MS. BERNSTEIN: Let me just ask this as a follow-up to  
5 what Mr. Eaglin had asked. As I understand, as far as  
6 attendance fees for Board members, if I am understanding what  
7 you are saying, then you put as an accrual on an accrual basis  
8 if 11 of us attend, then you put down into the books that you  
9 owe 11 times \$261 for each day of the meeting.

10 Whether or not there are reimbursement requests that  
11 come in, your books are going to reflect that because in the  
12 corporation's views, the directors are entitled to compensation  
13 for attendance. They came to the meeting, and, therefore, you  
14 could be asked to pay that.

15 MR. RICHARDSON: Well, in fact, we are liable for it,  
16 yes.

17 MS. BERNSTEIN: Okay. Now, that would not just relate  
18 to Mr. Durant, right?

19 MR. RICHARDSON: No.

20 MS. BERNSTEIN: So, any Board member who has not  
21 turned in their attendance fee reimbursement request, there is  
22 an accrual there for it?

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1 MR. RICHARDSON: That is correct.

2 MR. EAGLIN: At what point do you add that back as a  
3 credit if unclaimed, at the end of the year?

4 MR. RICHARDSON: No, we do not. We carry it from year  
5 to year until sufficient time or information is received that  
6 the one money will not be claimed.

7 MS. MILLER: So, if Mr. Smegal would decide to turn in  
8 his vouchers for all of those meetings he did not get paid for,  
9 he would be reimbursed for those?

10 MR. RICHARDSON: Different circumstances. Mr. Smegal  
11 turns in his travel reports and he has waived his right to the  
12 attendance fees.

13 MR. SMEGAL: So, you are not accruing mine; you are  
14 only accruing ten.

15 MR. RICHARDSON: That is correct, sir.

16 MS. BERNSTEIN: In other words, it is not clear  
17 whether it is being waived, you have to --

18 MR. RICHARDSON: That is correct.

19 MR. EAGLIN: In the case of Mr. Smegal, you had a  
20 letter from him saying that he was going to do that and then, of  
21 course, his vouchers do not reflect any claim for it, so you  
22 have that indication as you go along.

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1 MR. RICHARDSON: . That is correct.

2 MR. EAGLIN: So you are left in limbo when vouchers  
3 are not turned in. In other words, you do not know whether the  
4 industry is going to be claimed or not.

5 MR. RICHARDSON: Well, historically, eleven members of  
6 the Board exist. Ten claim the attendance fee. So, based on  
7 that assumption, we can properly accrue attendance fees.

8 CHAIRMAN MENDEZ: Is it fair to state that Clark on  
9 occasion has claimed attendance fees?

10 MR. RICHARDSON: Yes, he has.

11 CHAIRMAN MENDEZ: Any further questions or comments  
12 from any member of the Board? Is there any questions or  
13 comments from the public?

14 (No response.)

15 None appearing, let's go to the next issue.  
16 Preliminary discussions of FY 1990 budget -- when I said  
17 preliminary discussions, what we are going to talk about is  
18 setting some times and dates, finding out some information and  
19 TAG, feel generally as well as our corporation and how much time  
20 everybody wants and needs, what would be the most convenient  
21 times for them to do that.

22 It would be my desire in October to have a committee

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1 meeting to hear from the field as to what their desires are with  
2 regard to the -- what date did we when we met earlier this year  
3 did we set for October, tentatively set? Does anybody have that  
4 with them?

5 MS. MILLER: We just got to August 26th.

6 CHAIRMAN MENDEZ: Oh, we just got to August 26th.  
7 Would it be fair, Mr. Richardson, would it be fair to state that  
8 the least expensive place for us to meet is Washington?

9 MR. RICHARDSON: That is correct, sir.

10 CHAIRMAN MENDEZ: So that I can make the appropriate  
11 presentations to the groups, I think that we need to have a  
12 minimum of two and preferably three meetings of my committee  
13 between now and January 1 and the way I would prefer to do it is  
14 have one meeting where we take public comment about what the  
15 public wishes in terms of a budget request, have a second  
16 meeting -- well, maybe combine the public meetings and  
17 corporations in one, but I do not have the Board feels.

18 I feel more comfortable if I take the testimony and  
19 then think on it a little bit. I would like to have at least a  
20 month to think about what the various proposals are and then  
21 come back and make a decision.

22 I am willing to be persuaded if everyone here thinks

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1 that we can do it all in one day to save money, I am willing to  
2 be persuaded that we do that.

3 MR. EAGLIN: I would like to persuade you in that  
4 direction on the basis of at least the cost savings.

5 MR. MENDEZ: I will tell you, it makes it very  
6 difficult --

7 MR. UDDO: I was going to disagree with Paul because I  
8 do not think -- I have always been uncomfortable with taking  
9 public testimony minutes before you are going to take action. I  
10 mean, it seems to me that you have got to have --

11 CHAIRMAN MENDEZ: I do not understand.

12 MR. UDDO: You are talking about public comment,  
13 weren't you?

14 CHAIRMAN MENDEZ: I am talking about public comment,  
15 corporate -- here is what I am talking about. There is three  
16 different portions that we have to do. One is we have to make  
17 sure we get appropriate input from the public. We have to take  
18 input from corporations and then we have to make a decision.

19 The question is, do we do that in three meetings, two  
20 meetings or one meeting?

21 MR. UDDO: I would suggest you could it in two if you  
22 could put public comment and corporation staff in one meeting.

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1 I do not think you should try to get it down to one meeting. I  
2 do not think that the public comment gets any chance to have an  
3 impact if you do that.

4 CHAIRMAN MENDEZ: I would really very much like to  
5 hear from each member of the Board on what their view on that  
6 is.

7 MR. EAGLIN: The reason I said what I did is I  
8 understood that there would be that development based on public  
9 comment in the staff presentation and there would be another  
10 meeting at which there would be a decision, so I did not  
11 understand this to mean a decision right after public comment.

12 CHAIRMAN MENDEZ: That is what -- if they are talking  
13 about expenses which we were talking about before, you are going  
14 to have two meetings.

15 MR. EAGLIN: Then two instead of three because it is a  
16 savings.

17 MR. MENDEZ: Tom, is that your feelings too?

18 MR. SMEGAL: Well, I think it takes more than one  
19 meeting, whether it is two or three, I think Basile's will see  
20 those comments are persuasive.

21 MR. WALLACE: I would say two ought to do it.

22 MS. BENAVIDEZ: I agree.

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1 CHAIRMAN MENDEZ: Two?

2 MS. BENAVIDEZ: Yes.

3 CHAIRMAN MENDEZ: Lorain, what?

4 MS. MILLER: Two.

5 CHAIRMAN MENDEZ: Bob?

6 MR. VALOIS: I defer to your judgment. I do not have  
7 a handle on your committee.

8 CHAIRMAN MENDEZ: Well, I just want to get some  
9 feeling. What about you?

10 MS. SWAFFORD: I am not on your committee, but  
11 whatever you say, I defer to your judgment.

12 MS. BERNSTEIN: I think too, but I think that  
13 Baltimore Airport is probably cheaper, if we are looking at  
14 saving money.

15 MR. EAGLIN: Mr. Chairman, the Baltimore Airport would  
16 save me one leg on the flight up because there is direct.

17 CHAIRMAN MENDEZ: Robert?

18 MR. VALOIS: I will go for that.

19 CHAIRMAN MENDEZ: When you have the transportation  
20 cost of the staff--

21 MR. WALLACE: Do you have Oriole tickets for us?

22 MS. BERNSTEIN: It is four dollars for the train to

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1 Baltimore.

2 MR. MENDEZ: There are no direct flights from Denver  
3 to Baltimore.

4 (Laughter.)

5 CHAIRMAN MENDEZ: Now, my suggestion then is we start  
6 giving some feedback from TAG concerning how much time they  
7 want, what is a good month and that sort of thing. I always  
8 hate to dump on you without giving you prior warning, but give  
9 us some suggestions and we will see if we can work something  
10 out.

11 MR. CLINE: Mr. Mendez, I am Bob Cline from the  
12 Criteria Committee.

13 CHAIRMAN MENDEZ: How are you doing, Bob?

14 MR. CLINE: We do not have a meeting scheduled yet of  
15 the committee and unlike last year, I do not think we are going  
16 to meet before the NLADA Conference which is the 17th.  
17 Somewhere in the middle of November, I believe the FCC will meet  
18 and probably the week after, we could be available to meet  
19 sometime thereafter and report to you as to what our  
20 recommendations are. Time wise, I cannot imagine that it will  
21 require much more than an hour. I think that is what we have  
22 been doing the last couple of years.

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1           CHAIRMAN MENDEZ: I will tell you what we will do. We  
2 will meet at least two hours for you -- let's say an hour and a  
3 half and then a half hour after if there is any other public  
4 comment.

5           I think that would be fair. Now, you are talking--  
6 let's run some dates and times -- you are talking mid-November  
7 as when you will have your meeting and the last part of  
8 November. Would that be fair?

9           MR. CLINE: We would have an ability to provide you  
10 with a written as well as an oral presentation about the  
11 recommendation.

12           CHAIRMAN MENDEZ: November 24th?

13           MR. UDDO: That is not Thanksgiving?

14           CHAIRMAN MENDEZ: Yes.

15           MR. UDDO: That is Thanksgiving?

16           CHAIRMAN MENDEZ: Yes.

17           MR. UDDO: You are going to have a meeting on  
18 Thanksgiving?

19           CHAIRMAN MENDEZ: No, no. That is when Thanksgiving  
20 is.

21           (Simultaneous conversation.)

22           CHAIRMAN MENDEZ: He is not giving me much to play

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1 with, he is only giving me about a week.

2 (Simultaneous conversation.)

3 CHAIRMAN MENDEZ: What does Saturday the 19th -- how  
4 does that look to everybody on the Board as well?

5 MR. CLINE: That is not a good day for us. The annual  
6 conference NLADA annual conference goes on through the 19th of  
7 November. Many of us will attend both the Funding Criteria  
8 Committee meeting, probably sometime earlier that week and the  
9 annual conference.

10 Saturday, the 19th, might be a stay over Saturday to  
11 help us reduce cost for attendance at the conference.

12 CHAIRMAN MENDEZ: Is this here?

13 MR. CLINE: No, it is in San Diego. It is in  
14 California.

15 CHAIRMAN MENDEZ: It is in California. Board members,  
16 I am asking for some help on what is your persuasion.

17 MS. BERNSTEIN: If we wait until the 3rd of December,  
18 which is the Saturday not thinking of Thanksgiving, that would  
19 pretty much --

20 CHAIRMAN MENDEZ: We would have to do everything all  
21 at one time. We would have to take testimony and vote, because  
22 that is so late that we will not be able to come back and do

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1 that and turn in a budget and get it in by the 15th of January  
2 which is not physically possible.

3 I do not mind maybe having a meeting on two days, take  
4 the testimony one day, come back the next morning and make a  
5 decision and have a chance to at least discuss among ourselves  
6 ahead of time.

7 MR. WALLACE: Mr. Chairman, I do not mind that, but if  
8 something happens in the course of the taking of public  
9 testimony that suggests to us that our staff needs to go crunch  
10 some more numbers, I am not sure they are going to be able to do  
11 that overnight.

12 CHAIRMAN MENDEZ: Bob, I would like to see if you guys  
13 can move yours into October, have a conference call in October.

14 MR. CLINE: Mr. Mendez, the appropriations -- our  
15 meeting that we have is one of two meetings that the FCC has had  
16 for the last three or four years. It is not something that I  
17 think that can lend itself to a telephone conference meeting.  
18 We did it last year. We met earlier last year.

19 MS. BERNSTEIN: If they would have their meeting  
20 before, then one person from the committee would come and  
21 present -- I mean, the Board has got to consider it; it is only  
22 fair.

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1           CHAIRMAN MENDEZ: Sure. I do not know what the Board  
2 feels, but I would say that the week before Thanksgiving is the  
3 most appropriate, Friday and Saturday, the 18th and 19th of  
4 November.

5           A PARTICIPANT: What is our deadline for the  
6 presentation. Is it early January?

7           CHAIRMAN MENDEZ: It is early January. It is about  
8 the 11th. They usually want to have that by about the 11th.  
9 David, I have a question for you. How long does it take you to  
10 put the -- once we give you the budget, the proposal together  
11 for conference, can you do it in three weeks or four weeks?

12           MR. RICHARDSON: It is a very tight schedule to do  
13 that, but last year, we took six weeks to two months.

14           CHAIRMAN MENDEZ: I would say that I think we should  
15 take public comments no later than mid-November, come back the  
16 first of December and make our decision the first week in  
17 December.

18           I do not know how everybody else feels about that. We  
19 have had a couple of years when we have come in very shortly  
20 before Christmas and I do not really want to do that again. I  
21 am tired of doing it that way.

22           MS. BERNSTEIN: You have a cute little girl who wants

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1 you home.

2 CHAIRMAN MENDEZ: Yes. When my daughter was not too  
3 excited about Christmas, I did not mind. Now my daughter is  
4 excited about Christmas, I mind.

5 MS. BERNSTEIN: Well, if this is going to mean one  
6 person -- if I understand what Dave said, you're to have  
7 completed your work by that time and that one person could come  
8 back and present the budget advisory group committee their  
9 yearly report to the committee, right?

10 MR. EAGLIN: That is probably what it would be, at  
11 least one person could do as a matter of accommodations.

12 CHAIRMAN MENDEZ: Do you want it on a Friday or  
13 Saturday? I am going to poll my committee members first. You  
14 will get less involved.

15 MR. CLINE: Mr. Mendez, before we do that, could I  
16 comment? There is a SCLAG (phonetic) meeting on Friday, the  
17 18th of November also in San Diego. Perhaps, a resolution of  
18 this may be to invite the committee to meet in San Diego on the  
19 19th if that is the week that you feel you have to meet.

20 CHAIRMAN MENDEZ: We will discuss that at the Board.

21 MR. SMEGAL: I vote for that.

22 MR. EAGLIN: It is on the 18th?

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1 MR. CLINE: SCLAG meeting is on the 18th.

2 MR. EAGLIN: You are in San Diego also?

3 MR. CLINE: Yes. Traditionally, we make a  
4 presentation for the SCLAG committee as well.

5 MR. EAGLIN: Are you also meeting there in San Diego?

6 MR. CLINE: Yes.

7 MR. EAGLIN: That is on the 19th that you are meeting?

8 MS. BERNSTEIN: No, 18th.

9 MR. CLINE: You mean, the funding criteria committee?

10 MR. EAGLIN: Right.

11 MR. CLINE: We have not set a date yet, Mr. Eaglin,  
12 but I believe that it will be earlier that week, but the rest of  
13 us will be there for the annual conference then on Friday, the  
14 SCLAG meeting. The conference goes on through Saturday.

15 MR. UDDO: So, if we met on Saturday in San Diego, you  
16 and SCLAG will have considered your proposals by then?

17 MR. CLINE: Well, SCLAG will have heard our proposal.  
18 I do not know that SCLAG will have committee full consideration  
19 of their position. I think that comes sometime later. I cannot  
20 speak for SCLAG.

21 CHAIRMAN MENDEZ: I do not know about everybody else,  
22 but I am more convinced because of the budget type situation

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1 that we have, it would be more appropriate in Washington, D.C.

2 MS. BERNSTEIN: Can we just have in order to be fair  
3 about this though, could we just have -- I know that we did a  
4 comparison several years ago how much it cost to meet in  
5 different cities with expected air fares and hotels and so  
6 forth. I think that is probably the most fair way to go about  
7 it.

8 CHAIRMAN MENDEZ: Whichever one is the less expensive,  
9 is that fair? Would you run some numbers and it will either be  
10 on November 19th, it will be either in Washington, D.C. or San  
11 Diego based on the expenses to the corporations.

12 MR. SMEGAL: You are talking about this committee?

13 CHAIRMAN MENDEZ: I am sorry?

14 MR. SMEGAL: Were you just talking about this  
15 committee?

16 CHAIRMAN MENDEZ: That is right. Then, we will have  
17 to make some sort of decision about reporting. I would think  
18 the best way to do the next portion would be to piggyback it--  
19 on the second meeting, piggyback it on the Board of Directors.

20 MR. WALLACE: I think that makes sense, Mr. Chairman.  
21 We have enough here to come to some sort of a conclusion about a  
22 Board of Directors meeting in the first part of December.

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1 MR. WALLACE: I do not know if we can in this  
2 committee. It might be better to wait for the full board to do  
3 it. I would certainly think that would be a possible schedule  
4 from my point of view.

5 CHAIRMAN MENDEZ: But we can make some suggestions to  
6 the Board of what -- I would say maybe Friday, December 9th, and  
7 Saturday, December 10th, would be the latest we could do it.

8 MR. UDDO: Friday, December 9th?

9 CHAIRMAN MENDEZ: Yes.

10 MR. UDDO: I can already tell you, I cannot be here  
11 then. I could probably be here on Saturday, but not the 9th.  
12 What is the first weekend in December, the 3rd?

13 CHAIRMAN MENDEZ: The 3rd. We could either do it the  
14 2nd or the 9th.

15 MR. UDDO: The 9th, I know I cannot be here. I have a  
16 firm --

17 CHAIRMAN MENDEZ: Is the 2nd acceptable?

18 MR. WALLACE: The 2nd is acceptable to me. Can the  
19 staff can do whatever needs to be done in two weeks or  
20 presumably, we are going to have some general directions for  
21 them after our meeting on the 19th and say, give us this and  
22 give us that. I suppose it may be hard to predict whether they

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1 can do it in two weeks --

2 MS. BERNSTEIN: With Thanksgiving in the middle --

3 MR. WALLACE: That is a concern of mine. I mean, I  
4 would much rather, the earlier in December, the better as far as  
5 I am concerned, but I do not want to get here and not be able to  
6 do it and have to come back for a third meeting.

7 MR. EAGLIN: You really have a week and a half, Mike.

8 MR. UDDO: How about December 16th?

9 MR. WALLACE: I am clear anytime in December, so do  
10 not count on me. Don't worry about me.

11 MR. UDDO: That is a week in advance of Christmas.  
12 The 10th is okay. I cannot be here on the 9th. I can be here  
13 on the 10th for you.

14 CHAIRMAN MENDEZ: All right, December 10th. We will  
15 make that suggestion to the complete Board if that is not too  
16 objectionable for everyone.

17 MR. EAGLIN: That is here, Pepe? It is in D.C.?

18 CHAIRMAN MENDEZ: I would assume they both will be  
19 here. We have to wait -- on November 19th, they will do a study  
20 and if it looks like it is half a dozen of one or the other, San  
21 Diego will go down there. The other way is we will do it here.

22 MR. UDDO: It cannot possibly be D.C. because you have

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1 so much staff to fly up. You cannot possibly work out of the  
2 same.

3 MR. WALLACE: I do not know how much staff we are  
4 going to fly to come listen, public comment.

5 MR. UDDO: That is a possibility.

6 CHAIRMAN MENDEZ: Well, except we are going to have  
7 some staff presentations --

8 MR. WALLACE: So, it may work out.

9 CHAIRMAN MENDEZ: Would you look at that and come up  
10 with some sort of determination in the next two weeks to which  
11 one is more reasonable. I would say if it is within \$2,000 of  
12 each other, than we should go out to San Diego and enjoy the  
13 holiday weather out there.

14 MR. WEAR: We will do the calculations and let you  
15 know how they come out.

16 CHAIRMAN MENDEZ: What I also want you to do well  
17 ahead of that is put that out so that public knows we will be  
18 taking comment on it well ahead of time so that they know that  
19 that is the case and that we will reserve time.

20 MR. WEAR: You will reserve time?

21 CHAIRMAN MENDEZ: Yes. When you put your public  
22 notice out, ask people to write in ahead of time so that we will

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1 know how much to set aside.

2 MR. UDDO: Pepe, let me just point out that if we do  
3 not meet in San Francisco -- in San Diego -- a large share of  
4 the public that is most likely to want to comment is going to be  
5 in San Diego and probably not available to come for public  
6 comment. Just as an additional factor has to be considered.

7 CHAIRMAN MENDEZ: Basile, I will take written comments  
8 on that and we will tell them to get it in within a week after-  
9 - I want to make sure that we put some of that notice and they  
10 can put it in ahead of time or we will give them another week or  
11 two afterwards before we --

12 MR. UDDO: I am just suggesting that ought to be a  
13 factor in favor of meeting out there just as long as it is not  
14 outrageously different in terms of expense.

15 CHAIRMAN MENDEZ: How much is outrageously different?

16 MR. UDDO: Eighty-eight hundred dollars? Clark will  
17 waive his fees due him and that will pay the difference.  
18 difference.

19 (Laughter.)

20 MR. SMEGAL: Pepe, it is also a different year --

21 MR. UDDO: Yes, it is a different fiscal years.

22 MR. SMEGAL: I think written comment is fine, but I

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1 certainly appreciate the oral comments we get much more, they  
2 are much more effective in my view. If we can accommodate the  
3 public to the extent that our public is in San Diego at that  
4 particular time, I see no reason why we cannot do that. I would  
5 certainly, strongly express the view that if there is anyway  
6 possible, we should meet in San Diego.

7 MR. UDDO: I would concur in that.

8 CHAIRMAN MENDEZ: David, before this afternoon, could  
9 you have somebody over at the corporation, you, yourself, check  
10 and see how much our last meeting down there was when we met in  
11 Orange County.

12 MS. BERNSTEIN: The other thing you to consider if  
13 this is going to be just an audit and appropriations meeting and  
14 not a Board meeting. You are assuming the entire Board will  
15 come and then the question is, how much staff?

16 See, the staff would depend on whether or not there is  
17 a Board meeting in addition. I presume the Board will come, but  
18 the number of staff people that we have to travel out there  
19 would be the distinction.

20 MR. UDDO: How many staff people do you think you need  
21 for the meeting? I mean, more than you would need in Washington  
22 -- two or three?

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1 MR. SMEGAL: Five maybe?

2 CHAIRMAN MENDEZ: We have always had about five or six  
3 testify, whatever, make comments when we were doing the budget.  
4 We had those with knowledge about what was happening available  
5 to us. Now, the question is, are we willing to forego of that  
6 and take the chance for later, getting clarification later. If  
7 you are willing to do that, that is fine.

8 MR. UDDO: I think we ought to go ahead and have a  
9 meeting out there. I think it is not going to be that major a  
10 difference to overcome the advantage of being where the people  
11 who are likely to make public comments are going to be at at the  
12 time. Maybe I am wrong; maybe it is going to be -- obviously,  
13 if it was \$20,000 that would be a consideration or something in  
14 that neighborhood. I think there is a real advantage to having  
15 it out there.

16 CHAIRMAN MENDEZ: Why don't we check on it and how  
17 much it cost us to go out there in '85 and I think that would be  
18 a fair indication. Is there any other comments or questions  
19 anyone has concerning this issue or any other issue with regard  
20 to the Audit and Appropriations Committee?

21 (No response.)

22 CHAIRMAN MENDEZ: None appearing, I request that we be

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1 allowed to adjourn. Do I hear a motion to adjourn?

2 M O T I O N

3 MS. BERNSTEIN: So moved.

4 CHAIRMAN MENDEZ: Second?

5 MS. SWAFFORD: Second.

6 CHAIRMAN MENDEZ: All in favor?

7 (Chorus of ayes.)

8 CHAIRMAN MENDEZ: All opposed?

9 (No response.)

10 CHAIRMAN MENDEZ: We are adjourned.

11 (Whereupon, the meeting of the Audit and  
12 Appropriations Committee adjourned at 10:42 a.m.)

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