

# COPY

LEGAL SERVICES CORPORATION  
OPERATIONS AND REGULATIONS

BOARD OF DIRECTORS MEETING

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DATE : Friday, May 11, 1984

TIME : 10:00 A.M.

PLACE: Legal Services Corporation  
Eighth Floor  
733 15th Street, N.W.  
Washington, D.C. 20005

PANEL MEMBERS:

LEEANNE BERNSETEIN, Secretary

DONALD P. BOGARD, President

PETER FERRARA, Chairman

ROBERT McCARTHY, Member

ALSO PRESENT:

LARISA DOBRIANSKY, Assistant General Counsel

ALAN SWENDIMAN, General Counsel

**CAROL J. THOMAS**  
STENOTYPE REPORTING SERVICES, INC.  
3162 MUSKET COURT  
FAIRFAX, VIRGINIA 22030  
273-9221 --- 273-9222

1 an errant board member, somebody -- a board member who is  
2 either guilty of malfeasance or nonfeasance in the exercise of  
3 his or her position as a member of the board.

4 In Subsection B there has been a typing of the  
5 provision to emphasize the importance of participation by  
6 the directors on the board and changing the time period to  
7 one year.

8 Again, technical change in 1601.13. In 1601.15,  
9 in reference to meetings, there has been a change here to,  
10 first of all, designate an annual meeting, which is standard  
11 with corporations; second, to indicate that the four meetings  
12 which are required under the act can be held at any time during  
13 the year. This has been proposed in order to create flexi-  
14 bility. As you know, there is always has to be kept in mind  
15 the individual schedules of board members. The current regu-  
16 lation calls for March, June, September and December. There is  
17 no intent to change the minimum number of meetings, just simply  
18 to provide a greater flexibility to the Board in scheduling  
19 those meetings.

20 In 1601.16, there is a provision for a telephonic  
21 meeting, special meeting. This has been proposed to conform  
22 with what has been used by past boards in terms of having a

1 situation where a board or board members can attend a meeting  
2 and participate through the use of a conference call so that that  
3 board member or members can hear the public and the public can  
4 hear that board member.

5           What has -- what was omitted and should appear is  
6 the standard corporate language that says that telephone con-  
7 ference within which the board members can hear each other and  
8 the public can hear the board member and so forth, that will  
9 be inserted. The provision should not be interpreted to be a  
10 closed meeting or a meeting at which the public is not in  
11 attendance except from the standpoint of an executive session.

12           MR. BOGARD: Alan, do you have specific language  
13 prepared for that or will you be discussing the particular  
14 language additions later on in this presentation?

15           MR. SWENDIMAN: I don't have any specific language  
16 at this time with respect to what the language would be, but  
17 it would most likely simply be a phrase and I would not anti-  
18 cipate there being any big problem on it. The language is  
19 rather standard in corporations on this.

20           MR. BOGARD: Merely to be to clarify what tele-  
21 phonic is?

22           MR. SWENDIMAN: That's correct, simply to clarify

1 what is meant by "telephonic."

2 Some technical changes in 1601.17, also in 1601.18  
3 with regard to the agenda, and 1601.19 dealing with general  
4 notice. There has been inserted a provision for notice be  
5 given by telegraph and the number of days it is necessary for  
6 that notice to each director. There has been deleted refer-  
7 ences to the State Advisory Council since that institution is  
8 more a bond. There is also a provision that the -- that notice  
9 of the meeting will be given to the governing body of each  
10 recipient.

11 1601.21 dealing with quorum has been modified simply  
12 to reflect the District of Columbia nonprofit statute, which  
13 states that no nonprofit entity may have a quorum of less than  
14 four directors. In 1601.22 dealing with public meetings, the  
15 language simply has been changed to trap the language require-  
16 ments of the Sunshine Act.

17 1601.23 dealing with public participation has been  
18 rewritten in the interest of providing a means for orderly  
19 public comment and to permit the chairman of the board to  
20 schedule the presentations at the board meetings, and it re-  
21 ferences a written request in advance of the meeting.

22 1601.24 is designed to address a situation that the

1 Corporation has faced once in the past and that provides for a  
2 contingency in the future. Most public corporations -- when  
3 I say "public," most government agencies or quasi corpora-  
4 tions -- have a provision in their by-laws dealing with situ-  
5 ations in which there is a disruptive meeting. The one that  
6 comes immediately to mind is the postal service. Sometimes  
7 that has been addressed by providing for the removal of those  
8 persons. It was deemed to be not the best way of handling that  
9 situation and that provision has not been provided here.

10 The Corporation, as you well know, had such a  
11 situation. Back in December 1982 the meeting of the board, I  
12 think, for anybody to view objectively really degenerated into  
13 a very disruptive meeting, making it difficult for the Board  
14 to conduct its business. There was no provision in the by-laws  
15 to handle that situation. What is being provided here is to  
16 address that situation if it were to arise.

17 The provision permits the directors, when they're  
18 incapable of conducting a meeting or conducting the Corpora-  
19 tion's business, to determine, by a recorded vote, to move  
20 the meeting to a different location. Provisions have been made  
21 to invite representatives of the public and the media to attend  
22 since this is a continuation of an open meeting.

1 Provisions have been made to have that meeting  
2 tape-recorded or transcribed, and to have a written statement  
3 prepared summarizing the proceedings and made available to the  
4 public after the meeting.

5 Moving to subpart E, 1601.27 with regard to com-  
6 mittees, there has been simply the recognition placed there  
7 that the Corporation has had in existence for some time the  
8 Audit and Appropriations Committee Operations and Regulations  
9 and a committee for the provision of delivery of legal services.  
10 This simply makes a statement that those committees are to  
11 continue.

12 In the -- of course, in the end of 1601.27, there  
13 is a provision as to the number of directors to constitute a  
14 committee. Again, this has been included to be consistent with  
15 the District of Columbia nonprofit -- nonprofit statute. I  
16 think there are technical changes in 1601.28.

17 Turning to subpart F dealing with officers, there  
18 has been included the reference to the vice president. Past  
19 boards, including this one, have voted to have the office of  
20 vice president. This simply recognizes that the Corporation  
21 has such an office and may fill it.

22 1601.30 dealing with appointment, again, this has

1 been changed to conform with the District of Columbia nonprofit  
2 statute dealing with -- dealing with terms of office. 1601.32  
3 dealing with resignation, again, I think is more technical in  
4 nature.

5 Moving to 1601.37, it has been redrafted simply to  
6 comport with -- with the current legislation with regard to  
7 the president's salary not to exceed the level five of the --  
8 of the Executive Schedule. 1601.39B, there has been a sub-  
9 provision added with -- with regard to outside interest and  
10 provides another means to which the conflict-of-interest situ-  
11 ation -- situations may be disclosed and/or regulated.

12 That, basically, completes the recommendations with  
13 regard to the by-laws. I have with me Larisa Dobriansky, who  
14 is Assistant General Counsel with our office, who has worked  
15 closely on this matter. If there are any questions that I  
16 cannot answer, I will simply turn it over to her to respond.  
17 I might add that we have received several comments concerning  
18 the by-laws. I believe that some of the concern was with re-  
19 gard to the telephonic. We'll address that and clarify a mis-  
20 conception as to what -- what was meant by that provision, but  
21 we have reviewed the comments that have been submitted to date  
22 with reference to the by-laws.

1 CHAIRMAN FERRARA: Thank you very much,  
2 Mr. Swendiman. Are there any comments or questions from any  
3 of the Board?

4 MR. MCCARTHY: First, Alan, as usual, I want to  
5 commend you and your staff for, I think, a very -- very excel-  
6 lent presentation.

7 I have before me comments from two interested  
8 parties and, I assume, they're the only comments you have  
9 received, is that correct?

10 MR. SWENDIMAN: That is correct.

11 MR. MCCARTHY: They're from The National Senior  
12 Citizens Law Center, and Western Kentucky Legal Services. I  
13 have read them, have considered their comments, which have  
14 merit, but from my experience on this Board, I feel that their  
15 thrust is in the wrong direction. I don't think anything in  
16 the by-laws is anything except a definition of what is the law  
17 and merely defining it. And I believe that the reasons,  
18 especially on the discretion of the chairman as to public  
19 comments at emergency proceedings, are something this corpora-  
20 tion has needed over the last 20 years, merely incorporates what  
21 the law is and spells it out.

22 It would -- it seems to me it adds integrity to the

1 business approach and process of this Board, which sometimes  
2 seems to have been lacking, and I think it gives the chairman  
3 and the board members both the ability to conduct a board  
4 meeting in a business-like atmosphere, and I commend you for  
5 that. And I think there is nothing in any of these comments  
6 that changes my mind at all. I do think there is merit to  
7 them, but from this side I believe that they are necessary and  
8 certainly are within the established law as I know it and you  
9 have advised me.

10 I have a question on, I think it's 1601.39B. Are  
11 there any -- are there any additions to this that are not in  
12 this draft we're looking at? I thought there was some dis-  
13 cussions on additional revisions or additions that I don't see  
14 here.

15 MR. BOGARD: I don't think so.

16 MR. SWENDIMAN: No.

17 MR. BOGARD: I think you added a Sub 3 --

18 MR. SWENDIMAN: That's correct.

19 MR. BOGARD: -- is that correct?

20 MR. SWENDIMAN: That's correct.

21 MR. BOGARD: That is the only subdivision to this  
22 provision?

1 MR. SWENDIMAN: That is correct.

2 MR. McCARTHY: One comment I do have that I think  
3 is valid: One of the suggestions from the National Senior  
4 Citizens suggest that these are not the technical changes that  
5 the prioritization of the preamble recites. I find it -- I  
6 find no merit to that suggestion. I find nothing substantive  
7 here which is not the law.

8 Do you have any comments on that, Mr. Chairman?

9 CHAIRMAN FERRARA: No, but I think Mr. Bogard has  
10 some questions.

11 MR. BOGARD: I have a couple of questions, if I  
12 may, Alan, about the proposed by-laws. There has been some  
13 discussion that I'm aware of regarding a change in quorum  
14 requirements, and as I read these changes as you've presented  
15 them, we are simply making the by-law quorum requirements  
16 consistent with D.C. corporate law, and we are not deducing  
17 quorum for a board meeting by these changes, is that correct?

18 MR. SWENDIMAN: That is correct.

19 MR. BOGARD: Under the current by-laws, as I recall  
20 them, we are allowed to have a quorum -- when we have less  
21 than a full board or seven, I believe -- when we have seven or  
22 fewer, we can have a quorum of two thirds of those who are

1 sitting. So, in a situation where we have, for example, a  
2 four-person board, as we did earlier, we could, technically  
3 under the existing by-laws, have a quorum of three people --

4 MR. SWENDIMAN: Correct.

5 MR. BOGARD: -- but D.C. corporate law requires  
6 that you have at least one third of a number of designated  
7 directors in the by-laws for a quorum. So, we would require  
8 four even though the -- under the D.C. law, even though the  
9 current by-laws will allow three?

10 MR. SWENDIMAN: Correct.

11 MR. BOGARD: So, we're simply coming into compli-  
12 ance?

13 MR. SWENDIMAN: Correct.

14 MR. BOGARD: The proceedings in 1601.24, I believe,  
15 which covers emergency proceedings, this would be an unusual  
16 situation that the board enters into that situation to remove  
17 a meeting because of disruption, is that correct?

18 MR. SWENDIMAN: That's correct. That's correct.  
19 I think it's more of a drastic situation which I think maybe  
20 one or more of the board members has seen the videotape made  
21 of the December 1982 meeting to address that type of situa-  
22 tion. But in response to your question, yes.

1 MR. BOGARD: As I recall, we also suggested that  
2 the -- in addition to allowing flexibility through the number  
3 of meetings being not pegged on a certain date, we also re-  
4 quired that the number of meetings that a director has missed  
5 before being removed has been altered in that we have changed  
6 the period of time that that consideration is taking place  
7 from two years to one year, isn't that correct?

8 MR. SWENDIMAN: That's correct. I had -- mentioned  
9 that, that's right.

10 MR. BOGARD: So, those two kind of does belong to  
11 making it more flexible for members to attend the meetings  
12 and tightening up on the requirements of the number that they  
13 could miss without being eliminated?

14 MR. SWENDIMAN: That's correct.

15 MR. BOGARD: I thought you said, in response to  
16 Mr. McCarthy's comments, that we have received two comments  
17 from the public, is that correct?

18 MR. SWENDIMAN: Thus far, that's correct.

19 MR. BOGARD: So, when you said "several" before,  
20 you meant --

21 MR. SWENDIMAN: Two.

22 MR. BOGARD: -- two addressing several points --

1 MR. SWENDIMAN: That's correct.

2 MR. BOGARD: -- in these by-laws?

3 MR. SWENDIMAN: That's correct.

4 MR. BOGARD: I believe that's all I have. Thank  
5 you.

6 CHAIRMAN FERRARA: Okay, we will --

7 MISS BERNSTEIN: Mr. Ferrara, if I could just for  
8 a moment --

9 MR. McCARTHY: Could you please identify yourself?

10 MISS BERNSTEIN: I am LeAnne Bernstein, secretary  
11 of the Corporation. I was just going to add, in terms of the  
12 by-laws, to terms of a little bit of institutional history.  
13 The by-laws of the Corporation really haven't been looked at  
14 thoroughly since the Corporation was established. And it was  
15 suggested in very early 1982 that the by-laws should done in com-  
16 pliance with the D.C. Corporation Act, and it was one of the  
17 items that had never been gotten around to, so to speak. And  
18 these changes, though technical and some of them merely  
19 stylistic in terms of being consistent in terming the voting  
20 members, the directors, and making a distinction between a  
21 member of the board, which would include the president of the  
22 corporation as opposed to the voting members who are directors.

1           Those kinds of stylistic changes, though seemingly  
2 unimportant, I think it's an important aspect for the Board  
3 to consider, that cleaning these by-laws up is something that  
4 after eight years of the Corporation is, I think, something  
5 that, in terms of housekeeping, is a good move on the part of  
6 the Board to try to get within the terms which is the law, and  
7 clarifying issues that have been raised over the years in terms  
8 of what various provisions mean. So, just in terms of insti-  
9 tutional history I just wanted to add that.

10           CHAIRMAN FERRARA: Thank you, LeAnne

11           MR. BOGARD: I have one more comment, if may. It's  
12 in 1601.8, which relates to the term of the office of the  
13 members of the board. In Subsection C, we are designating the  
14 terms, as you indicated, to bring it up to date from the 1975  
15 language to the 1984/86 language. But as I'm sure you're  
16 aware, and others in the audience, the president has nominated  
17 permanent board members for terms expiring in 1986 and 1987.

18           Those terms would -- the people that would be con-  
19 firmed for the 1984 term would continue to serve through the  
20 term expiring in 1987. This change is not in any way to im-  
21 pact upon that, it's simply to give an indication of when the  
22 current term expires, is that correct?

1 MR. SWENDIMAN: That's correct. I mean, it's  
2 gotten to the point where we simply have to count on an  
3 advocace as to when the terms expire, and it's simply to give  
4 us a better -- a more current benchmark.

5 MR. BOGARD: As of now, the terms expire and so  
6 on and so forth?

7 MR. SWENDIMAN: That's correct.

8 CHAIRMAN FERRARA: At this time we will entertain  
9 any comments from the members of the public.

10 MR. RHUDY: Mr. Ferrara, I'm Bob Rhudy. I'd rather  
11 withhold comments until after the end of the comment period  
12 and perhaps I will be allowed to before the board meeting to  
13 file actions taken.

14 CHAIRMAN FERRARA: Sure. If there are no further  
15 comments from the public at this time and from the members of  
16 the Board, then I will entertain a motion to recommend to the  
17 full Board the adoption of the recommended changes -- the  
18 adoption of these changes, proposed changes and these by-laws  
19 of the Corporation, with the recommendation Mr. Swendiman is  
20 going to provide a clarifying phrase in regard to telephonic  
21 messages.

22 MR. MCCARTHY: I would so move, Mr. Chairman.

1 CHAIRMAN FERRARA: I second. Now, for a vote,  
2 Mr. McCarthy?

3 MR. McCARTHY: Aye.

4 CHAIRMAN FERRARA: I vote aye. The motion is  
5 passed, and we recommend to the full Board adoption of these  
6 changes in the by-laws.

7 If there are no further business, then I will  
8 entertain a motion to adjourn.

9 MR. BOGARD: Yes, we have -- we have, Mr. Chairman,  
10 noticed a meeting of the full Board for Saturday, the 19th of  
11 May, at 10:00 o'clock, I believe -- 9:00 o'clock, at the Key  
12 Bridge Marriott here in Arlington.

13 CHAIRMAN FERRARA: Then if there are no further --  
14 if there is no further business, then I will entertain a  
15 motion to adjourn.

16 MR. McCARTHY: I would make the motion that this  
17 meeting be adjourned.

18 CHAIRMAN FERRARA: Second. This meeting is hereby  
19 adjourned.

20 (Thereupon, at approximately 10:35 o'clock, a.m.,  
21 the above proceedings were adjourned, to be resumed  
22 at 9:00 o'clock, a.m., on Saturday, May 19, 1984.)

\* \* \* \* \*