

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

FINANCE COMMITTEE

OPEN SESSION

Friday, May 9, 1997

2:00 p.m.

Legal Services Corporation  
750 First Street, N.E.  
Washington, D.C. 20002

COMMITTEE MEMBERS PRESENT:

John T. Broderick, Jr.  
Thomas F. Smegal, Jr.

BOARD MEMBERS PRESENT:

John T. Broderick, Jr.  
Thomas F. Smegal, Jr., Vice Chair

STAFF PRESENT:

Edouard Quatrevaux, Inspector General  
David L. Richardson, Treasurer and Comptroller  
Joan Kennedy, Director of Administration and Human  
Resources

**Diversified Reporting Services, Inc.**  
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5/97D

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

1  
2 VICE CHAIR SMEGAL: Welcome to the meeting for  
3 May 9. I apologize to those of you who are in  
4 attendance. We were unable to meet at 10:00 a.m. this  
5 morning. We are now meeting at 2:00 p.m. And I first  
6 ask that we have a motion to approve the agenda.

## M O T I O N

7  
8 MR. BRODERICK: I so move.

9 MR. SMEGAL: I second. And as many as are in  
10 favor please say aye.

11 MR. RICHARDSON: Aye.

12 MR. BRODERICK: Aye.

13 VICE CHAIR SMEGAL: Thank You. How about the  
14 approval of the minutes of March 7. There are some  
15 draft minutes, is there a motion?

## M O T I O N

16  
17 MR. BRODERICK: Yes. I've reviewed those and  
18 I move that we accept them as drafted.

19 VICE CHAIR SMEGAL: And I second that. And as  
20 many as are in favor please say aye.

21 MR. BRODERICK: Aye.

22 MR. RICHARDSON: Aye.

1           VICE CHAIR SMEGAL: Okay. Item 3, review the  
2 corporation's Fiscal Year '97 budget and expenses  
3 through March 31, 1997. I believe Mr. Richardson has  
4 given us some documentation. And if you would step  
5 forward and fill us in on what, in particular, we  
6 should focus on, Mr. Richardson, I'd appreciate it.

7           MR. RICHARDSON: Mr. Smegal, I will refer you  
8 to the April 8th memo?

9           MR. SMEGAL: Yes.

10          MR. RICHARDSON: The information that you do  
11 have in the April 8th memo is also summarized,  
12 somewhat, in the May 6. But let me just sort of hit  
13 the high points here.

14          The total budget, of course, for the  
15 corporation is \$285 million. The delivery of legal  
16 assistance, where we have monies for our grantees, is  
17 \$275,700. We have contracts to date of \$258.7 million.

18          So there's a remaining balance of \$17 million.  
19 That money is for short term grants. We're appending  
20 grant decisions and the money should be expensed, or  
21 obligated, entirely by the end of the year.

22          VICE CHAIR SMEGAL: Mr. Richards, let me stop

1 you for just a moment. I neglected to note for the  
2 record that we do have a quorum, Justice -- what's your  
3 name?

4 Justice Broderick is here. And Justice  
5 Smegal is here. So we have a quorum, and please go  
6 ahead now.

7 MR. RICHARDSON: All right, sir.

8 MR. BRODERICK: David, can I -- before you go,  
9 you've given us two memos here. One is April 8th, I  
10 think. And one is May 6th?

11 MR. RICHARDSON: That's correct, sir.

12 MR. BRODERICK: And I'm looking at what  
13 appears to be comparable data. It's the first page  
14 with numbers here, the second page of your April 8th  
15 memo. Comparing it to its counterpart in May, are  
16 there anything that we should look at on those pages  
17 that are different? Is the May memo revised in some  
18 way?

19 MR. RICHARDSON: It is not. Why don't we just  
20 refer to the May 8th memo -- or 6th memo --

21 MR. BRODERICK: All right.

22 MR. RICHARDSON: -- and then perhaps we can

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1 compare the information together and look at  
2 projections at the same time.

3 VICE CHAIR SMEGAL: I guess there is -- the  
4 difference between them, Justice, is that Page 1 of  
5 Attachment A of the May 6th memo has in it additional  
6 information which Mr. Richardson is going to share with  
7 us about moving some money around. So it is different  
8 to that extent in the May 6th memo.

9 MR. RICHARDSON: It is, but I think we can do  
10 the two presentations together.

11 VICE CHAIR SMEGAL: Good.

12 MR. RICHARDSON: So we can handle it that way.

13 VICE CHAIR SMEGAL: Great.

14 MR. RICHARDSON: Just to sort of back up,  
15 column one of this May 6th attachment is the same as  
16 column one in the May 8th attachment.

17 VICE CHAIR SMEGAL: Yes. April 8th.

18 MR. RICHARDSON: April, right. And then when  
19 you look at column two, you see that we have the  
20 expenses through the period of March 31. And that is  
21 the same information that is contained in column four  
22 of the May memo.

1           So what I'll do then is, as I've just reviewed  
2 the budget for the -- deliberately we'll sit -- and why  
3 don't I just expand that and we'll go through it like  
4 that.

5           Let me just back up and repeat. What we do  
6 have is the 275 million dollar budget for the delivery  
7 of legal assistance. We do have contracts of \$258,700.  
8 There is a remaining balance there. But, as you see  
9 from Attachment A of one of the may 6th memo, we are  
10 showing that all that money should be expensed, or  
11 obligated, by the end of the year.

12           We have one consolidated operating budget  
13 reallocation and that is the 1A5, which is grants from  
14 other funds available. We have collected to date grant  
15 recoveries of approximately \$82,000. With the floods  
16 in the plains in North and South Dakota, Minnesota, we  
17 have made a request to OMB for some money to help with  
18 those situations. And since we did have grant funds  
19 that have been collected, we're asking that those  
20 monies be moved into the delivery of legal assistance  
21 to, by chance, help with some of those special needs.

22           So you'll see that there is an increase from

1 the \$275,700 to \$275,800. Within the corporate --

2 VICE CHAIR SMEGAL: Let me stop you for a  
3 second. The \$16,800 and the basic field program grants  
4 to be distributed during the remainder of the year, are  
5 those programs on a month to month or some other kind  
6 of arrangement where the distribution is not yet been  
7 made?

8 MR. RICHARDSON: That's correct. We also have  
9 some funding decisions that have not yet been made.  
10 And in the last three weeks we've actually had a couple  
11 of grants that were turned down so they're entering  
12 into a second competition area so that some decisions  
13 and contracts can be labeled.

14 Within the corporate management administration  
15 which combines with management in the IG, there's a  
16 total budget of \$9.4 million. Management is 7.692 and  
17 the IG is 1.4 -- 1.74. We are asking, because of the  
18 interest monies that we have received to bring \$61,600  
19 into the budget. This would increase the total of the  
20 two budgets to \$9,498,000.

21 Monies that have been spent by management in  
22 the first quarter is \$3.67 million. And we at 50

1 percent of the year, and that is 49 percent of the  
2 budget. Within the IG, his budget is 1.4 -- \$1.74  
3 million and the amount of money that he has spent is  
4 \$860,000. He's at actually 70 -- 49 percent. I will  
5 retrace the actual percentage for him today is 47.7  
6 percent. So it's not quite 50 percent. So we're in  
7 line there.

8 VICE CHAIR SMEGAL: The \$61,600, David, you're  
9 proposing to use this for management and  
10 administration, none of it for the Inspector General?

11 MR. RICHARDSON: The Inspector General has not  
12 expressed a need for any of the additional money at  
13 this time. Our projection will show that there's an  
14 additional \$23,000 here that is not obligated, it's not  
15 put forth for any budget. From the interest and grant  
16 recoveries, actually it will be more than that. It  
17 will be in the records this morning even, I have  
18 noticed that there was one month of interest that was  
19 not recorded in March. So this will go up another  
20 \$40,000. If there's a need for money in the Inspector  
21 General, or in any other budget, we do still have a  
22 cushion.

1 I might just -- as we look at the projections,  
2 there's still a \$100,000 that is out, that is not  
3 obligated for any budget line. It's in the budget, but  
4 it looks to be a carryover. So with Mr. McKay coming  
5 in, if he sees that there's a need there's some  
6 additional -- a request that he has that will cost us  
7 some money, we do have some money to fall back on to  
8 supply that need for him at this point.

9 VICE CHAIR SMEGAL: Excuse me. Speaking of  
10 carryover, the Inspector General last year had an  
11 interest in creating some programs, special technical  
12 programs, and that is not going forward. And I  
13 understood at the point in time where he was suggesting  
14 that we do that, there were several hundred thousand  
15 dollars in his budget to do that. What has happened to  
16 that several hundred thousand dollars? Is that a  
17 carryover now or what?

18 MR. RICHARDSON: It was carried over. If  
19 you'll look at -- his budget is \$1.74 million. His  
20 appropriation is 1.5.

21 VICE CHAIR SMEGAL: Oh, okay. Thank you.

22 MR. RICHARDSON: So his carryover is

1 continued.

2 VICE CHAIR SMEGAL: And includes two hundred  
3 thousand. I see. Okay.

4 MR. RICHARDSON: As a highlight, as we go down  
5 through here, I have projected, of course, this  
6 meeting, July and September board meetings. We have  
7 projected -- although it does not look like it's going  
8 to occur, but I've projected a Senate hearing and a re-  
9 authorization hearing. So there is a bit of money here  
10 that may not be spent if those hearings do not occur.

11 VICE CHAIR SMEGAL: Those are currently in  
12 here?

13 MR. RICHARDSON: Those are currently in the  
14 projections. Within the presidential search we have a  
15 \$75,000 budget. It looks like we're going to spend  
16 about \$56,000, possibly 57. I did see a bill this  
17 morning that had been unaccounted. But we've left  
18 about \$3,000 there just in case there is additional  
19 expenses that may come in with what we've projected.

20 We are at moving \$16,000 of the presidential  
21 search money to help support other activities of the  
22 corporation. In the executive office, of course, with

1 the president and executive vice president -- with Alex  
2 leaving, Martha assuming the president's position until  
3 Mr. McKay comes forward, we have a savings of his  
4 salary for a three-month period -- actually Martha's  
5 salary during that period -- and also we lost the  
6 press secretary, we worked without a month, now we have  
7 a temporary employee.

8           So one of the internal budgetary adjustments  
9 is to provide some funding for the temporary employee.  
10 But there is some saving there because we don't pay out  
11 for benefits. So we're moving that money to help  
12 support other activities, too.

13           VICE CHAIR SMEGAL: There wasn't a severance  
14 package that Mr. Forger had that would take some of  
15 that?

16           MR. RICHARDSON: There was not.

17           VICE CHAIR SMEGAL: Oh.

18           MR. RICHARDSON: So I guess we're asking the  
19 \$12,000 be moved to help support our other operations.

20           VICE CHAIR SMEGAL: Right.

21           MR. RICHARDSON: The next two budgets are the  
22 two areas that do need money, and that is the General

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1 Counsel, accounts of the outgoing litigation that we  
2 have. We're asking that \$55,000 be moved to help  
3 support that. There's a possibility that all of that  
4 may not be spent in this fiscal year, but we felt like  
5 we needed to provide some money for that possibility.

6 Within administration you see that there is a  
7 need of additional \$61,600 and as it just so happens,  
8 that's the amount that we're asking to be moved in from  
9 interest.

10 VICE CHAIR SMEGAL: What generates that need  
11 to --

12 MR. RICHARDSON: That need is because we've  
13 been in discussions with the Inspector General. He is  
14 currently on the 10th floor of this building and he is  
15 moving to the 11th floor. And there is about \$90,000  
16 in additional re-tooling, updating, knocking out walls  
17 and so forth that will need to occur so that his staff  
18 can move into that area. And then administration  
19 management will have room for growth on the 10th floor.

20 So we were able to assume that within the  
21 budget cuts a savings of about \$30,000 of it. But  
22 there's additional money needed for that unexpected

1 expense this year.

2 VICE CHAIR SMEGAL: Now there's been some  
3 effort through the last few meetings to distribute the  
4 rental expenses among the various components of our M &  
5 A including the Inspector General. We talked about  
6 that, I know, in finance committee meetings. In the  
7 context of that kind of discussion, is there not  
8 consideration as part of the \$61,600 coming out of the  
9 IG's budget?

10 MR. RICHARDSON: Because of the activities  
11 that he has planned for his office to include some  
12 equipment upgrades, he felt that he didn't have enough  
13 money to do that.

14 VICE CHAIR SMEGAL: Okay. But -- so there's  
15 been some discussion of that and the funds aren't  
16 available in the IG's budget to cover the leasehold  
17 improvements?

18 MR. RICHARDSON: Well, any funds that may have  
19 been available, I talked to the IG about that. But  
20 there's nothing that's been settled that the money  
21 would go, any carryover, to pay for this at this point.  
22 He does plan on spending it on --

1 VICE CHAIR SMEGAL: Is part of what I see in  
2 his line, II(b), is part of that rental?

3 MR. RICHARDSON: No it is not.

4 VICE CHAIR SMEGAL: None of that's rental is  
5 it?

6 MR. RICHARDSON: No it isn't.

7 VICE CHAIR SMEGAL: It will first come in '78,  
8 '79?

9 MR. RICHARDSON: That's correct.

10 VICE CHAIR SMEGAL: Fiscal Year '78?

11 MR. BRODERICK: Ninety-eight.

12 VICE CHAIR SMEGAL: I'm sorry, '98. Right.  
13 Seventy-eight was a better year I thought. I enjoyed  
14 '78. How about you?

15 MS. KENNEDY: I can't remember back that far.

16 VICE CHAIR SMEGAL: I was younger, I know  
17 that.

18 MR. RICHARDSON: Okay. So within the  
19 comptroller's office we lost our budget analyst in  
20 December, and because of the appropriations process,  
21 we've decided just to hold off on that particular  
22 position until we see how much money we will receive

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1 next year.

2           Actually, the money going forward from -- I  
3 think it's the May 15th forward -- the salary of the  
4 person who held that position's money is budgeted here.  
5 But we'll probably hold off until we have a little more  
6 information there.

7           VICE CHAIR SMEGAL: All right.

8           MR. RICHARDSON: So we're moving \$22,000 of  
9 the comptroller block offices budget to help support  
10 other activities also. Information technology, we  
11 moving into a second phase upgrading our  
12 computerization, our grants information management  
13 system is almost complete. It's on line in a number of  
14 places. There's a few areas that they're hoping to  
15 improve.

16           But much of the grant information for the  
17 competition and this year's information for CSR  
18 reporting and the grantees information come in through  
19 computer this year. So it was through our grants  
20 management that they were able, through modem, to  
21 connect with us and relay the information. That helped  
22 save us a great deal of time and effort.

1           VICE CHAIR SMEGAL: Let me ask, of course in  
2 this -- I would assume in upgrading the computers,  
3 there was a long range plan to do it. Are we in effect  
4 accelerating some of that expense that would have  
5 otherwise occurred in the next fiscal year? Is that  
6 reflected in this \$71,000; that you're ahead of  
7 schedule on upgrading?

8           MR. RICHARDSON: That's correct. The next  
9 phase that we're getting into is actually an upgrading  
10 of the comptroller's office and human resources. We  
11 have separate packages that are not interlinked right  
12 now. So what we're trying to do is look for a computer  
13 system -- I'm sure most of all of you've heard about  
14 the year 2000 bug, it's out there. Our system will not  
15 go to the year 2000.

16           So we've got to either correct that problem or  
17 move to a new system. Our system is not very flexible  
18 at this point. So we're looking and researching to  
19 bring in a new financial management system, grants  
20 management, payable and interlink that with the  
21 purchase order system, inventory and possibly payroll  
22 with human resources.

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1           The money to do that is included in the  
2 information technologies budget.

3           VICE CHAIR SMEGAL: Is there somebody who  
4 wanted the money that we didn't anticipate we would  
5 need to spend. Or is there merely accelerated  
6 expenditure of money we anticipated?

7           MR. RICHARDSON: Well, because we were -- it  
8 is an acceleration. The money becomes available  
9 because of attrition of people who have left the  
10 corporation and it takes two or three months in most  
11 cases to hire a replacement. We have program officers  
12 that we were hoping to hire January 1st that actually  
13 came aboard April 1st.

14           So you'll see a reduction, for instance, in  
15 the program operations. That's what leads to that type  
16 of savings that we can move and help support another  
17 activity. So we have accelerated because there was  
18 money available to do it.

19           VICE CHAIR SMEGAL: So on the flip-side we  
20 should save this money?

21           MR. RICHARDSON: Excuse me

22           VICE CHAIR SMEGAL: This is \$71,000 we won't

1 have to spend theoretically down the road? That's what  
2 I'm getting at.

3 MR. RICHARDSON: Right. It will be \$71,000  
4 that we would not hence to fore -- here to fore have to  
5 spend next year. So we can address another operational  
6 need at that point.

7 We have other grantee information needs that,  
8 because of the flexibility that this system can give,  
9 we can add a new module on top of and help integrate  
10 and build a much larger system to get the system to get  
11 the information in house and make it available to  
12 whoever may need it.

13 VICE CHAIR SMEGAL: But if we didn't have the  
14 \$71,000 at this point whatever it is you're going to do  
15 with it we would have done next year?

16 MR. RICHARDSON: That was the plan. Yes.

17 VICE CHAIR SMEGAL: So we're accelerating  
18 that. We are taking advantage of these excess funds  
19 rather than having carry over funds, we'd use it  
20 earlier so that we could put it to use?

21 MR. RICHARDSON: That's correct.

22 VICE CHAIR SMEGAL: Good thinking.

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1 MR. RICHARDSON: The other one that we're  
2 looking at is the contingency fund. We're basically  
3 zero at this point. We have \$50,000 set aside, and I  
4 think if you recall in January we spoke about that:  
5 Not knowing what type of severance needs there may be  
6 with Mr. Forture leaving and moving expenses, and a new  
7 president coming in, and seeing how that move -- plus  
8 we're just addressing some other operation needs, we  
9 set some money aside for that. We're now just bringing  
10 that into the budget to help support the other  
11 activities.

12 VICE CHAIR SMEGAL: You skipped over program  
13 operations. There's a savings there you anticipated,  
14 at least 26 --

15 MR. RICHARDSON: That's right. And that's for  
16 the delay in hiring the program officer.

17 VICE CHAIR SMEGAL: All right.

18 MR. RICHARDSON: In essence I think when you  
19 look at the financial condition of the corporation, and  
20 we meet all the projections, and we have -- meet the  
21 expenses and the plans we have here, we still have a  
22 \$103,000 plus another \$30,000. So there's about

1 \$130,000 that will be carried over if all these plans  
2 would be met at this point.

3           What we're asking is that you, of course,  
4 accept the proposed budget bringing the \$146,600 into  
5 the budget, which is the 85 for the grants and the  
6 61,600 for management. And that will create a new  
7 budget with a total of \$285,300,000, which is broken  
8 down \$275,800 for the delivery of legal assistance and  
9 \$9,498,000 for management and the Inspector General's  
10 office.

11           VICE CHAIR SMEGAL: Okay. Let me ask you a  
12 question. What we had in the budget the beginning of  
13 the year for miscellaneous other funds available was in  
14 interest income of \$200,000. And what we are  
15 experiencing is that our interest income is  
16 substantially higher. We have the grant recoveries and  
17 some miscellaneous income of nine something. The  
18 result of which is rather than that number being  
19 \$200,000 it's going to be more like 369 or more; is  
20 that correct? So we still will have, even with moving,  
21 146 --

22           MR. RICHARDSON: We still have money

1 available. Yes, sir.

2 VICE CHAIR SMEGAL: Well if we move 146, we  
3 have 103 left, where did the other 120 go?

4 MR. RICHARDSON: Well, we have enough for --  
5 what we have is we've brought 200 in, and we're asking  
6 a 146. So we've -- this will bring in our case  
7 \$346,000 --

8 VICE CHAIR SMEGAL: Of course. The 200 was  
9 already in there?

10 MR. RICHARDSON: That's correct.

11 VICE CHAIR SMEGAL: So now we're adding 146  
12 and still --

13 MR. RICHARDSON: Still have money left.

14 VICE CHAIR SMEGAL: Okay. Thank you very  
15 much.

16 MR. RICHARDSON: Attachment B is just how  
17 we've handled the reallocations and it does explain  
18 that as to, you know, when we lose an employee we hire  
19 a temporary employee and bring them in. We have money  
20 within the executive office with the personnel  
21 compensation benefit savings that will go on to pay for  
22 the temporary hiring of a press secretary and some

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1 additional travel needs, moving costs or the two  
2 presidents who will move to New York and from Seattle.

3 We have a small amount needed for  
4 communications, and that is a result, of course, of  
5 travel and so forth. There's an increase in  
6 communications. When you look at the general counsel -  
7 - the main need there is for consulting because of  
8 the -- all of the attorneys handling the two cases in  
9 Hawaii and New York are handling pro bono. We're  
10 paying the cost of those and there's also new cases  
11 that have been filed recently. And there's additional  
12 money needed to support that.

13 Actually the rest of the internal budgetary  
14 adjustments are really, sort of, minor when you look at  
15 them. The net effect is that we do need the \$61,600  
16 because of the new phase in technology and because of  
17 the move of the Inspector General.

18 VICE CHAIR SMEGAL: All right. Then we  
19 entertain a motion to approve the modified COB for '97.  
20 Is that where we are?

21 M O T I O N

22 MR. RICHARDSON: Yes, sir.

1 MR. BRODERICK: That's where we are and I  
2 would make that motion.

3 VICE CHAIR SMEGAL: I'll second it. As many  
4 as are in favor please say aye.

5 MR. BRODERICK: Aye.

6 VICE CHAIR SMEGAL: Aye. Opposed?

7 (No response.)

8 VICE CHAIR SMEGAL: All right. John, that  
9 took care of 4(b), were the adjustments. These are --  
10 so we've taken care of both (a) and (b)?

11 MR. RICHARDSON: That's correct.

12 VICE CHAIR SMEGAL: All right. Agenda Item 5.

13 MR. RICHARDSON: Which is a report on the  
14 office space. And that is just a report that the  
15 inspector general will be moving to the 11th floor.

16 We've made an agreement with him. We entered  
17 the phase the architect has already drawn the plans.  
18 Those are now going out for bidding and we hope that  
19 the Inspector General panel to move the first week in  
20 August.

21 And at that point the needs that we have, as  
22 far as management with some growth for new staffing,

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1 and additional space will have it -- will meet our  
2 needs also.

3 VICE CHAIR SMEGAL: Are you going to do a  
4 flip-flop? The IG's going to go over to 11 from 10 and  
5 everybody else is going to move from 11 -- 10 to 11 --

6 MR. RICHARDSON: No. What we'll do is we'll  
7 have the two corners. We do have the executive office  
8 and general counsel and the --

9 VICE CHAIR SMEGAL: Stay on 11?

10 MR. RICHARDSON: -- will stay there. The  
11 inspector general will go to the far corner in the back  
12 and that's basically re-fitted for them with 16 to 17  
13 offices in the room and conferencing.

14 And then because of the needs we have, we have  
15 70 staff, hopefully in the course with an increase of  
16 appropriation maybe we could add a few, so we needed  
17 some room for growth also. This will address that.

18 We also need new, a bigger conference room.  
19 We're in this particular room and hopefully we can  
20 address the need to have a bigger room for an  
21 additional meeting space when we're having the three  
22 concurrent committee meetings.

1 MS. KENNEDY: We have a situation now where,  
2 as you know, we have the board room and executive  
3 office up in this corner. As we were leasing and sub-  
4 leasing all the remainder of our 11th floor space, what  
5 we were left with was a piece of floor up there in the  
6 corner of the 11th floor that actually is enough to  
7 give the IG some growing room.

8 So that is he took that space, which he's  
9 agreed to do and that's the space we're re-fitting, by  
10 vacating his 10th floor space we have contiguous space  
11 with our staff. And so we wind up with some room to  
12 grow ourselves. So it works out nicely.

13 VICE CHAIR SMEGAL: So through some magic  
14 miracle everybody gets more space? It's amazing.

15 MS. KENNEDY: Amazing. Well, it originally --

16 MR. SMEGAL: I want to compliment you on  
17 having been able to do that.

18 MS. KENNEDY: Yes, we're miracle workers. The  
19 reason is, that we have -- the one piece of space that  
20 we had not yet leased or sub-leased is a piece that is  
21 not contiguous with any other part of our management  
22 space right now. And it worked out to put IG in that

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1 MS. KENNEDY: We found of the space that we  
2 let, only one is a sub-lease. The others are on lease  
3 and so we are completely out of that space all  
4 together. The only thing that we hold responsible  
5 before you now is the space that we can only occupy as  
6 well as the space that our  
7 office --

8 VICE CHAIR SMEGAL: And how much sublease  
9 space is that?

10 MS. KENNEDY: It's 7,663 square feet.

11 VICE CHAIR SMEGAL: I'm sorry. How much do we  
12 have left on 10 and 11?

13 MS. KENNEDY: We have 56 in the executive OPC  
14 space.

15 MR. RICHARDSON: 5,600?

16 MS. KENNEDY: Yes, 5,600. And we have 34,000  
17 currently on the 10th floor.

18 VICE CHAIR SMEGAL: So we are just under  
19 40,000 and a sub-lease of seven and the sub-lease runs  
20 until May of 2002?

21 MS. KENNEDY: Yes, that's correct. Just when  
22 the federal budget is balanced, we will --

1 VICE CHAIR SMEGAL: Is there -- well, let's  
2 assume -- let's play the devil's advocate for a moment.  
3 Let's assume between now and 2002 we need more space.  
4 What do we do with that sub-tenant? Can we do anything  
5 with them or do they get the space no matter what we --  
6 how high we jump and how much we scream?

7 MS. KENNEDY: If we would re-negotiate it, I  
8 mean, their lease does end --

9 VICE CHAIR SMEGAL: But -- now let's assume in  
10 the year 1999 --

11 MS. KENNEDY: The whole thing is that there's  
12 a lot of flux in this who thing. And so it's been -- I  
13 don't think unless this whole lease market changes  
14 dramatically we would find ourselves in a situation  
15 that we couldn't open up something very near by, should  
16 we be so lucky as to need it.

17 VICE CHAIR SMEGAL: Okay. Thank you.

18 MR. RICHARDSON: Currently, for instance, the  
19 actual financial accounting standards for the  
20 government, they have moved out. So that is space that  
21 they will be subletting. That is currently available.

22 Also, you notice the building in front of us,

1 that is also being build by the APA. So, there's space  
2 in that building that's still available in the long  
3 run. So there's is no shortage of space at this point  
4 in this particular area.

5 VICE CHAIR SMEGAL: I'll will say on a  
6 personal note, I will not miss the lease discussions.  
7 But I want to congratulate those of you who have made  
8 that possible. And let's see, if we meet in Los  
9 Angeles in July, the next time we meet here there will  
10 be new configuration and John and I will not have to  
11 sit in this room?

12 MR. BRODERICK: Well, you probably --

13 VICE CHAIR SMEGAL: Well, we may have to sit  
14 in this room.

15 MS. KENNEDY: You may have to sit in this room  
16 at least one more time. Because after construction is  
17 finished in the Inspector General's space, it will only  
18 be then that we can start a reconfiguration for the  
19 management staff. And those musical chairs --

20 VICE CHAIR SMEGAL: Two-stepper, huh? So his  
21 space is going to be ready to occupy August; is that  
22 what I heard?

1 MR. BRODERICK: I sort of thought --

2 VICE CHAIR SMEGAL: I'm sorry John --

3 MR. BRODERICK: It will cost 61 to reconfigure  
4 it for the Inspector General.

5 MR. RICHARDSON: It costs 90?

6 MR. BRODERICK: Well, ninety. What will it  
7 cost to reconfigure his space for --

8 MR. RICHARDSON: It's included here. It's  
9 only a couple of thousand dollars just to knock out a  
10 wall and maybe a little painting. Nil.

11 VICE CHAIR SMEGAL: Okay. All right. Thank  
12 you, collectively, all of you. Item 6 on our agenda is  
13 consider and act on other business, which we know of  
14 none. I'm looking and waiting. Larry? Larry has no  
15 new business. All right. Okay. Public comment on  
16 anything? No? No public comment?

17 M O T I O N

18 MR. BRODERICK: I would, Mr. Chairman, move to  
19 adjourn.

20 VICE CHAIR SMEGAL: I will second that. And I  
21 will observe that we have had substitute recording  
22 equipment which hopefully has worked. And we have