

FINANCE & AUDIT COMMITTEE (F&AC)

State Bar of Arizona
4201 N. 24th Street, Suite 100
Phoenix, Arizona 85016

February 16, 2023
3:00 p.m.
Telephonic Meeting

Minutes (Approved (4/13/2023))

MEMBER ATTENDANCE:

P = present in person; T = present telephonically; A= absent.

A – Kelsi Lane, Chair

T – Sam Saks, Vice Chair

T – Marcus Reinkensmeyer (Supreme Court Representative Substitute)

T – Denis Fitzgibbons

A – Mignonne Hollis

T – David Rosenbaum

T – Eric Ruchensky

A – Sandra Etherton (Client Protection Fund Board Liaison/Non-voting F&AC member)

A – Jessica Sanchez (President – Board of Governors)

OTHER ATTENDEES:

State Bar Staff:

T - Joel England

T – Kathy Gerhart

A - Maret Vessella

A - Joe Hengemuehler

T – Deanna Commack

A - Lori Maxwell

T - Lisa Panahi

T – Roberta Tepper

A – Carrie Sherman

T – Trish McCarty

T – Jessica Iennarella

Mayer Hoffman McCann:

T – Allan C. Klose (Managing Director)

Minutes taken by: Jessica Iennarella

I. CALL TO ORDER:

Called to Order by: Sam Saks

Time: 3:00 p.m.

II. CALL TO THE PUBLIC:

Individuals addressing the Committee: None

Discussion: None

III. Action/Vote – Meeting Minutes – January 19, 2023

Individual(s) addressing the Committee: Sam Saks

Discussion: Sam S. presented the meeting minutes for the January 19, 2023 meeting of the Finance Committee for approval.

Motion/moved by: David R. motioned to approve the meeting minutes as presented.

Seconded by: Marcus R.

Motion: Passed unanimously

IV. Action/Vote – 2022 Annual Surplus – Reserve Account Allocation

Individual(s) addressing the Committee: Kathy Gerhart, Joel England

Discussion: Kathy G. presented the anticipated 2022 annual surplus with the final 2022 capital reserve funding needs, and the recommended allocation of remaining funds. Joel E. provided insight regarding recommended allocation of remaining funds. Committee discussed timing and investment strategy for 2022 surplus.

Motion/moved by: David R. motioned to recommend to the Board funding the capital reserve as presented, and splitting the remaining surplus between the annual fees reserve (80%) and the opportunity reserve (20%).

Seconded by: Denis F.

Motion: Passed unanimously

Motion/moved by: Sam S. motioned to defer decision of timing of investments until Investment Subcommittee meets.

Seconded by: David R.

Motion: Passed unanimously

V. Presentation – 2022 Audit Kick Off Presentation

Individual(s) addressing the Committee: Allan C. Klose

Discussion: Allan K. presented the 2022 financial statement and 401(k) audit kick off information, including overview of anticipated timing and procedures.

I. Discussion – 24th Street Leasing Update

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. provided an update regarding the occupancy of the building, including current discussions with an existing tenant to move suites.

II. Information – Vanguard Investment Performance Update

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. provided an update on the current reserve investment balances as part of the discussion regarding the 2022 surplus.

III. Information – State Bar of Arizona December 2022 Financial Update

Individual(s) addressing the Committee: Jessica Iennarella

Discussion: Jessica I. provided anticipated 2022 operating results, including highlighting areas most subject to change by final year-end entries. Actual surplus larger than budgeted, which is primarily being driven by higher than anticipated revenues.

IV. Information – State Bar of Arizona January 2023 Financial Update

Individual(s) addressing the Committee: Jessica Iennarella

Discussion: Jessica I. provided an update regarding annual fees collections for 2023.

V. Information – Client Protection Fund 2022 Financial Update

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. provided an update regarding the 2022 financial operating results for Client Protection Fund, including the current status of claims processing.

Motion/moved by: Sam S. motioned to go into executive session at 3:51 p.m. to discuss claim status.

Seconded by: Denis F.

Motion: Passed unanimously

Motion/Moved by: Marcus R. motioned to come out of executive session at 3:58 p.m.

Seconded by: Eric R.

Motion: Passed unanimously

Meeting adjourned by: Sam Saks at 4:00 p.m.