

FINANCE & AUDIT COMMITTEE (F&AC)

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

August 27, 2020
3:00 p.m.
Telephonic Meeting

Minutes (Approved (TBD))

MEMBER ATTENDANCE:

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

T – Benjamin Taylor, Chair

T – David Rosenbaum, Vice Chair

T – Dave Byers

T – Lori Higuera

T – Kelsi Taylor Lane

A – Doreen McPaul

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

OTHER ATTENDEES:

State Bar Staff:

T - Joel England

T - Maret Vessella

T - Kathy Gerhart

T - Joe Hengemuehler

T – Deanna Commack

T - Lori Maxwell

T - Candice French

T - Lisa Panahi

T – Lisa Deane

A – Carrie Sherman

T – Jessica Iennarella

Minutes taken by: Jessica Iennarella

I. CALL TO ORDER:

Called to Order by: Benjamin Taylor

Time: 3:00 pm

II. CALL TO THE PUBLIC:

Individuals addressing the Committee: None

Discussion: None

III. Presentation – 2019 Audit Close Presentation

Individuals addressing the Committee: Allen Klose and Libby Zukowski

Discussion: Allen K. and Libby Z. presented their findings regarding the audit of the 2019 combined financial statements for the State Bar of Arizona and the Client Protection Fund. Commentary included feedback regarding conducting the audit remotely.

IV. Action/Vote – Approve Meeting Minutes 6/25/2020

Individual(s) addressing the Committee: Benjamin Taylor

Motion/moved by: David R. motioned to approve the meeting minutes for the proposed month.

Seconded by: Lori H.

Motion: Passed unanimously.

V. Action/Vote – Convention Update/Contract

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

Discussion: Joel E. updated Committee on SBA's evaluation of three options for Convention – in person, virtual and hybrid. Staff recommendation is to move Convention to virtual only and cancel contract with Westin La Paloma Tucson. Executive Council is in agreement. Lisa D. provided basis for recommendation from SBA's perspective. David R. requested we try and invoke force majeure clause – Dave B. recommended looking at amenities perspective and Lori H. recommended including discussion with hotel regarding the average demographic of attendees. Kelsi L. and Lisa D. discussed basis for pricing for virtual Convention which is built into financial model.

Motion/moved by: David R. motioned that we move Convention to virtual only and cancel the contract with Westin La Paloma Tucson, including making an effort to invoke the force majeure clause.

Seconded by: Dave B.

Motion: Passed unanimously.

VI. Action/Vote – Investment Committee

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. presented overview of current investments and related written policies. Requested appointment of subcommittee members.

Action: Dave B. and David R. volunteered to be subcommittee members. Benjamin approved appointment.

Motion/moved by: Dave B. motioned for us to transfer monies previously invested in money market account (since terminated) into a 30-day or 60-day CDAR if the additional interest was of a materially greater amount than is currently being earned in the brokerage account. SBA to research and provide Committee with update on decision and/or actions taken.

VII. Discussion – Finance & Audit Committee Orientation

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. reviewed financial polices manual and related policies with Committee.

VIII. Discussion – Finance & Audit Committee 2020-2021 Action Items

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. reviewed proposed 2020-2021 action items with Committee including proposed timeline.

IX. Discussion – 2021 Budget Guideline Memorandum

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

Discussion: Kathy G. provided a high-level update regarding the development of the 2021 budget. Joel E. commented on strategic discussions taking place and that the budget guideline memorandum will be forthcoming. Kathy G. to distribute budget timeline after the meeting.

X. Discussion – June 2020 CPF Financial Statements

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. reviewed the June 2020 CPF financial statements, including an update regarding claims funding amount approved at August 18th CPF meeting. She also discussed the current number of pending claims.

I. Discussion – SBA Financial Information

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. reviewed the 2nd quarter reports – Capital Budget expenditures, Bench & Bar Activity, Significant Vendor Schedule, and Investment Schedule. The CEO/CFO compliance certification will be forthcoming after the meeting. She also reviewed the July 2020 SBA financial statements, including commentary regarding the current financial position relative to budget. SBA is performing favorable compared to budget – while revenues have been reduced due to COVID 19, SBA has taken steps to minimize expenditures.

Meeting adjourned by: Benjamin Taylor at 4:39 p.m.