

**FINANCE & AUDIT COMMITTEE (F&AC)**

State Bar of Arizona  
4201 N. 24<sup>th</sup> Street, Suite 100  
Phoenix, Arizona 85016

November 18, 2021  
3:00 p.m.  
Telephonic Meeting

**Minutes (Approved (TBD))**

**MEMBER ATTENDANCE:**

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

**T – David Rosenbaum, Chair**

**T – Kelsi Taylor Lane, Vice Chair**

**T – Dave Byers**

**T – Mignonne Hollis**

**A – Eric Ruchensky**

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

**T – Jennifer Rebolz (President – Board of Governors)**

**OTHER ATTENDEES:**

**State Bar Staff:**

**T - Joel England**

**T - Maret Vessella**

**T - Kathy Gerhart**

**T - Joe Hengemuehler**

**T – Deanna Commack**

**T - Lori Maxwell**

**A - Lisa Panahi**

**T – Roberta Tepper**

**T – Carrie Sherman**

**T – Rachel Williams**

**T – Jessica Iennarella**

**T – Rick Palmatier**

**Minutes taken by: Jessica Iennarella**

**I. CALL TO ORDER:**

**Called to Order by: David Rosenbaum**

**Time: 3:00 p.m.**

**II. CALL TO THE PUBLIC:**

**Individuals addressing the Committee:** None

**Discussion:** None

**III. Action/Vote – Contract Approval – Pacific Office Automation**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. presented contract renewal terms for Pacific Office Automation for three-year term, including review of pricing and reminder of services provided.

**Motion/moved by:** Dave B. motioned to approve three-year contract with evaluation of services and Bar needs in second year.

**Seconded by:** Kelsi L.

**Motion:** Passed unanimously

**IV. Action/Vote – 2022 Operating Budget**

**Individual(s) addressing the Committee:** Joel England, Kathy Gerhart & Jessica Iennarella

**Discussion:** Kathy G. & Jessica I. presented 2<sup>nd</sup> draft of 2022 operating budget & provided discussion points regarding changes since 2<sup>nd</sup> draft. Also presented comparative data to 2021 projections. Budgeted net surplus of \$718,313 excluding section activity. Joel E. requested the budget be passed inclusive of an additional \$10,000 for 457b funding.

**Motion/moved by:** Mignonne H. motioned to approve 2022 operating budget as presented with addition of \$10,000 for 457b funding and recommend to Board of Governors for approval.

**Seconded by:** Dave B.

**Motion:** Passed unanimously

**V. Action/Vote – 2022 through 2026 Capital Budget**

**Individual(s) addressing the Committee:** Joel England, Kathy Gerhart & Jessica Iennarella

**Discussion:** Kathy G. & Jessica I. presented five-year capital budget, including highlighting areas of change from prior years.

**Motion/moved by:** Dave B. motioned to approve the five-year capital budget as presented and recommend to Board of Governors for approval.

**Seconded by:** Kelsi L.

**Motion:** Passed unanimously

**VI. Discussion – Investment Subcommittee Report**

**Individual(s) addressing the Committee:** Kathy Gerhart & Kelsi Lane

**Discussion:** Kathy G. presented update regarding investment fund performance, and intention to revise reserve policy to add third reserve fund. Kelsi L. reviewed recommended language changes to reserve policy and investment policy. Discussion regarding language modification. Reserve policy to be a voting item at January 2022 meeting.

**VII. Discussion – Financial Policies & Procedures Handbook Review**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. updated Committee regarding status of policy review. Majority of changes anticipated in procurement and investment sections. Minimal changes in remainder of policy anticipated. Outlined timeline goals for completion.

**VIII. Information – Client Protection Fund 3<sup>rd</sup> Quarter**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. presented the financial statements for Client Protection Fund for the third quarter of 2021.

**IX. Information – State Bar of Arizona September 2021 Financial Statements**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. presented the September 2021 financial statements for SBA, including updated projections.

**X. Information – State Bar of Arizona 3<sup>rd</sup> Quarter Reports**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. presented quarterly reports for SBA for third quarter of 2021.

**XI. Information – State Bar of Arizona CEO/ED & CFO Certification**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. presented CEO/ED and CFO certifications for SBA for third quarter of 2021.

**Meeting adjourned by:** David Rosenbaum at 4:18 p.m.