

FINANCE & AUDIT COMMITTEE (F&AC)

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

April 13, 2023
3:00 p.m.
Telephonic Meeting

Minutes (Approved (5/18/2023))

MEMBER ATTENDANCE:

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

T – Kelsi Lane, Chair

A – Sam Saks, Vice Chair

T – Dave Byers

T – Denis Fitzgibbons

T – Mignonne Hollis

T – David Rosenbaum

A – Eric Ruchensky

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

T – Jessica Sanchez (President – Board of Governors)

OTHER ATTENDEES:

State Bar Staff:

T - Joel England

T – Kathy Gerhart

T - Maret Vessella

A - Joe Hengemuehler

T – Deanna Commack

T - Lori Maxwell

T - Lisa Panahi

T – Roberta Tepper

T – Carrie Sherman

T – Trish McCarty

T – Jessica Iennarella

Minutes taken by: Jessica Iennarella

I. CALL TO ORDER:

Called to Order by: Kelsi Lane

Time: 3:01 p.m.

II. CALL TO THE PUBLIC:

Individuals addressing the Committee: None

Discussion: None

III. Action/Vote – Meeting Minutes – February 16, 2023

Individual(s) addressing the Committee: Kelsi Lane

Discussion: Kelsi L. presented the meeting minutes for the February 16, 2023 meeting of the Finance Committee for approval.

Motion/moved by: Denis F. motioned to approve the meeting minutes as presented.

Seconded by: Mignonne H.

Motion: Passed unanimously

IV. Action/Vote – Sponsorship Request – Arizona Black Bar

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

Discussion: Kathy G. presented a sponsorship request made by the Arizona Black Bar in excess of CEO approval limits, including information regarding current available contributions budget and historical contributions. Joel E. provided additional context regarding historical contributions.

Motion/moved by: David R. motioned to approve a contribution of \$2,500 consistent with prior years' contributions.

Seconded by: Denis F.

Motion: Passed unanimously

V. Action/Vote – Contract Approval – Cox Business

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

Discussion: Kathy G. presented two five-year contracts pertaining to the internet service which the Bankruptcy section pays for to support a self-help center at the Phoenix and Tucson courts. Joel E. provided additional context regarding purpose of self-help centers.

Motion/moved by: Denis F. motioned to authorize State Bar staff to enter into the proposed five-year contracts as presented.

Seconded by: David R.

Motion: Passed unanimously

VI. Action/Vote – Contract Approval – Association Analytics

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

Discussion: Kathy G. presented a five-year contract for an Association Analytics software, including anticipated implementation costs. Joel E. provided additional context regarding proposed software and vision for future use. Committee requested additional due diligence regarding length of contract and specific use cases. Contract as presented not voted on.

VII. Action/Vote – Capital Expenditure – Budget Variance

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. presented a request to repurpose the approved capital project for Water Conservation Mist Eliminators to address a more time sensitive project not budgeted for.

Specifically, replacement of the cooling tower intake louvers. New proposed project is \$8,000 in excess of prior approved project. Request is to authorize project and related amendment to the budget.

Motion/moved by: Dave B. motioned to authorize staff to move forward with replacement project, but to fund the variance out of unplanned contingency.

Seconded by: David R.

Motion: Passed unanimously

VIII. Action/Vote – 2022 Final Annual Surplus – Reserve Funding

Individual(s) addressing the Committee: Kathy Gerhart, Jessica Iennarella

Discussion: Jessica I. provided an update on the current reserve investment balances. Kathy G. presented the final 2022 annual surplus, as well as a correction needed regarding to overfunding of reserves in 2021. Kathy G. also updated the Committee regarding the March meeting of the Investment Subcommittee and their recommendation regarding the investment of reserves.

Motion/moved by: Dave B. motioned to update funding of reserves for 2022 to correct 2021 overfunding with no notice needed to Board.

Seconded by: David R.

Motion: Passed unanimously

Motion/moved by: David R. motioned to proceed based on Investment Subcommittee recommendation – to invest 2022 surplus in managed funds at earliest possible date, and to do the same with reserve funds currently held in Treasury Bills as those bills mature.

Seconded by: Mignonne H.

Motion: Passed – 4 in favor, 1 against

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 leasing efforts for one vacant suite.

II. Information – State Bar of Arizona 2023 Financial Update

Individual(s) addressing the Committee: Jessica Iennarella

Discussion: Jessica I. provided an update regarding significant financial activities in the first quarter of 2023, including annual fees collections for 2023 and the personnel budget.

III. Information – 2022 4th Quarter Reports

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. presented mandatory quarterly reporting for fourth quarter of 2022.

Meeting adjourned by: Kelsi Lane at 4:26 p.m.