

FINANCE & AUDIT COMMITTEE (F&AC)

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

February 27, 2020
3:00 p.m.
Cholla Room

Minutes (Approved (TBD))

MEMBER ATTENDANCE:

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

P – Benjamin Taylor, Chair

P – Jessica Sanchez, Vice Chair

T – Dave Byers

T – Lori Higuera

T – David Rosenbaum

T – Doreen McPaul

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

OTHER ATTENDEES:

State Bar Staff:

P - Joel England

P - Maret Vessella

P - Kathy Gerhart

A - Joe Hengemuehler

P – Deanna Commack

P - Lori Maxwell

P - Candice French

P - Lisa Panahi

P – Jessica Iennarella

A – Lisa Deane

Minutes taken by: Jessica Iennarella

I. CALL TO ORDER:

Called to Order by: Benjamin Taylor

Time: 3:02 pm

II. CALL TO THE PUBLIC:

Individuals addressing the Committee: None

Discussion: None

III. Action/Vote – Approve Meeting Minutes 1/23/2020

Individual(s) addressing the Committee: Kathy Gerhart

Motion/moved by: Jessica S. motioned to approve the meeting minutes for the proposed month.

Seconded by: Lori H.

Motion: Passed unanimously.

IV. Action/Vote – 2020 Contribution Request

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: ABA Section of Litigation requesting 2 - \$2,000 internship sponsorships for a total of \$4,000. In 2019 we awarded \$1,000 and 3 JIOP interns attended convention at no cost. Brought to attention of F&AC due to the request exceeding \$2,500. St. Thomas More Society requesting \$203.63 for 60-minute luncheon regarding pro-life litigation. Brought to attention of F&AC as Joel E. recommending a denial. Total budget for awards is \$18,483 and \$2,933.26 has been awarded to date.

Motion/moved by: Dave R. motioned to approve a \$1,000 contribution to ABA Section of Litigation. Dave B. motioned to deny the St. Thomas More Society request.

Seconded by: Dave R.'s motion seconded by Lori H. Dave B.'s motion seconded by Doreen M.

Motion: All passed unanimously.

V. Discussion – Key Financial Issues

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. provided an update to the committee regarding the following key financial issues:

- 1) 2019-2020 Action Item Updates
 - a. AZ Supreme Court – Financial projections including fee and structure change recommendations due this year. No specified timeline for the recommendation. Dave B. recommended any proposed changes and the 5-year projections be ready for July BoG retreat.
 - b. Investment Sub-Committee Meeting – Discussed historical investment practices, existing SBA investment policies and best practices of other bars. The committee is working on several action items including developing investment benchmarks, meeting with CPF to potentially combine portfolios, establish a timeline for undertaking an RFQ and analyzing current SBA cash flow needs.
- 2) 2021 Property Valuation – Reviewed current property valuations. F&AC comfortable with accepting valuations as is.
- 3) 24th Street Building
 - a. Ste 140 tenant moved out early. SBA negotiated termination agreement for 5 months rent and unamortized lease commissions. Space has been re-leased to Law Office of Daniel Hutto beginning 3/21/2020.

- b. Broker received inquiry regarding potential sale and leaseback of 24th Street building under a 1031 exchange. Anticipate sales value of between \$8 million and \$10 million, which is less than broker estimated value of \$12 million. F&AC is not interested in offer.

VI. Discussion – Financial Information

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. reviewed the Client Protection fund preliminary December 2019 financial statements, preliminary January 2020 high-level statements, and December 2019 quarterly reports. Approximately 91% of members have filed their statements as of February 26th.

Meeting adjourned by: Benjamin Taylor at 3:47 pm.