

FINANCE & AUDIT COMMITTEE (F&AC)

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

January 21, 2021
3:00 p.m.
Telephonic Meeting

Minutes (Approved (TBD))

MEMBER ATTENDANCE:

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

T – Benjamin Taylor, Chair

A – David Rosenbaum, Vice Chair

T – Dave Byers

T – Lori Higuera

T – Kelsi Taylor Lane

T – 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

A - Lori Maxwell

T - Lisa Panahi

T – Lisa Deane

A – Carrie Sherman

T – Rachel Williams

T – Jessica Iennarella

Minutes taken by: Jessica Iennarella

I. CALL TO ORDER:

Called to Order by: Benjamin Taylor

Time: 3:04 pm

II. CALL TO THE PUBLIC:

Individuals addressing the Committee: None

Discussion: None

III. PRESENTATION

Individuals addressing the Committee: Allan C. Klose (Shareholder) & Libby Zukowski (Manager) of Mayer Hoffman McCann

Discussion: Allan K. and Libby Z. 2020 financial audit kick-off presentation.

IV. Action/Vote – Approve Meeting Minutes 9/23/2020, 10/21/2020, 11/19/2020

Individual(s) addressing the Committee: Benjamin Taylor, Kathy Gerhart

Motion/moved by: Kelsi L. motioned to approve the meeting minutes for the proposed months.

Seconded by: Lori H.

Motion: Passed unanimously

V. Action/Vote – Investment Sub-Committee Update

Individual(s) addressing the Committee: Joel England, Kathy Gerhart, Mark Eisenhut (Vanguard), Michael Doyle (Vanguard)

Discussion: Joel E. and Kathy G. provided overview of last Investment Sub-Committee meeting wherein three different financial institutions presented. Goal is to invest \$5.6 million. Investment Sub-Committee’s recommendation is to select Vanguard as financial advisor. Mark E. and Michael D. from Vanguard provided a brief overview to the Finance & Audit Committee regarding Vanguard’s proposed services.

Motion/moved by: Dave B. motioned to approve selection of Vanguard as investment advisor, consistent with Investment Sub-Committee recommendation.

Seconded by: Lori H.

Motion: Passed unanimously

VI. Action/Vote – 2021 Budget – Unplanned Expense

Individual(s) addressing the Committee: Joel England

Discussion: Joel E. discussed need for Supreme Court to obtain additional Deputy Independent Bar Counsel to assist with case load. Additional related costs will exceed budget for Office of Presiding Disciplinary Judge on a monthly basis once that individual is retained.

Motion/moved by: Dave B. motioned to approve unbudgeted costs for Deputy Independent Bar Counsel with a report to be made to the Finance & Audit Committee Quarterly regarding actual costs incurred.

Seconded by: Kelsi L.

Motion: Passed unanimously.

VII. Action/Vote – 2021 Convention – Form Discussion

Individual(s) addressing the Committee: Lisa Deane

Discussion: Lisa D. presented estimated financial impact of trying to hold hybrid Convention versus holding an entirely virtual Convention for 2021. Also discussed impact to members and difficulties of waiting until closer to the event date to decide.

Motion/moved by: Dave B. motioned for the Finance & Audit Committee to recommend an all virtual 2021 Convention to the Board.

Seconded by: Kelsi L.

Motion: Passed unanimously.

VIII. Discussion – Annual Fees Payment Plan Update

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

Discussion: Kathy G. and Jessica I. presented findings regarding other professional organizations and mandatory bars allowing or not allowing payment plans. Kelsi L. and Dave B. requested we talk to other mandatory bars who do allow payment plans to obtain additional information. Next update will occur at March 2021 Finance & Audit Committee meeting.

IX. Discussion – Wells Fargo Line of Credit/Banking Relationship Update

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. discussed expiration of current line of credit with Wells Fargo and decision not to renew until banking RFP completed. Timeline for banking RFP is April through June. Not intending to obtain short-term renewal, given strong cash position during time of year SBA will be without line of credit.

X. Discussion – 24th Street Leasing Update

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. updated F&AC on lease extension with Law Office of Daniel Hutto for Ste 220, as well as marketing of space Weight Watchers is vacating as of January 31, 2021.

XI. Discussion – SBA Financial Information

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. updated F&AC on current status of closing the financials for 2020. Appears SBA will have surplus of \$787,000 relative to a budgeted surplus of \$224,660. Estimate is subject to final adjustments needed for year-end. Discussion of significant contributors to surplus including favorable Convention and seminars performance, as well as travel cost savings. Preliminary financials to be distributed on January 25th.

Meeting adjourned by: Benjamin Taylor at 4:40 pm