

**MEETING OF THE
BOARD OF GOVERNORS
OF THE
STATE BAR OF ARIZONA
July 22, 2016
Prescott Resort & Conference Center
Prescott, AZ**

BOARD MEMBERS PRESENT: Lisa Loo, President, Phoenix; Alex B. Vakula, President-Elect, Prescott; Jeffrey Willis, First Vice President, Tucson; Steven A. Hirsch, Second Vice President, Phoenix; Brian Y. Furuya, Secretary-Treasurer, Flagstaff; Alexia J. Peterson, YLD President, Phoenix; Richard D. Coffinger, Glendale; Hon. David G. Derickson, Phoenix; Diane L. Drain, Phoenix; Hector M. Figueroa, Payson; Denis M. Fitzgibbons, Casa Grande; Patrick Greene, Tombstone; Kenney F. Hegland, Tucson; Melissa S. Ho, Phoenix; Jennifer R. Rebholz, Phoenix; Samuel Saks, Phoenix; Dee-Dee Samet, Tucson; Jimmie Dee Smith, Yuma; Public Members: John W. Gordon, Prescott; Audrey R. Jennings, Scottsdale; Anna C. Thomasson, Phoenix; and At-Large Members: Mike Baumstark, alternate for David K. Byers; Lori Higuera, Phoenix; and Paul Senseman, Phoenix; Geoffrey M. Trachtenberg, Immediate Past President, Phoenix; and Court Liaison Hon. Clint Bolick, Phoenix.

EXCUSED ABSENCES: Richard Coffinger, Phoenix; Public Member: Tony Finley, Tucson; Ex-Officio Members: Dean Shirley Mays, Phoenix; Dean Marc L. Miller, Tucson; Dean Douglas J. Sylvester, Tempe;

OTHERS PRESENT: Nina Benham, Board Services Specialist; Lisa Deane, Chief Member Services Officer; Rick DeBruhl, Chief Communications Officer; John Furlong, General Counsel/Deputy Director; Kathy Gerhart, Chief Financial Officer; Rob Hosch, Technology Support Director; Gayle V. Jackson, Human Resources Director; Ann Leslie, Executive Assistant; John Phelps, CEO/Executive Director; Carrie Sherman, Director of Board Operations; and Maret Vessella, Chief Bar Counsel.

GUESTS: Shelly Alcorn, CAE – Alcorn Associates

PRESIDENT'S REPORT – Lisa Loo

- Appointments have been made to the Bar's Standing Committees and letters to the volunteers have been sent out. No new appointments were made to five Committees, four of whose mission and structure will be studied by the Board's Program Review Committee, and the Rules of Professional Conduct (Ethics) Committee's structure and make up will be reviewed by a joint Supreme Court/State Bar committee. Ethics opinions vis-à-vis "safe harbors" for attorneys will also be studied.
- National Conference of Bar Presidents will meet the first week in August; President Loo will present on the pending petition that may restructure the Board of Governors and legislative attacks on the organization during the last session.

CEO/ED REPORT – John Phelps

- Convention was very successful. More information was presented by Chief Member Services Officer Lisa Deane later in the meeting.

CEO/ED REPORT (Continued)

- CLE by the Sea – great program. Although the room block quota was met, attendance was down slightly.

CONSENT AGENDA

- a) Approval of June 14, 2016 Board of Governors Meeting Minutes
- b) Resignations
 - Approval of Resignations in Good Standing
 - Approval of Resignations in Lieu of Reinstatement
- c) Reinstatements
 - Reinstatement to Practice of Members suspended for Non-Compliance with MCLE Requirements (Rule 45, Ariz. R. Sup. Ct.)
 - Approval of Reinstatement of Member(s) Suspended for Non-Compliance with Annual Membership Dues and/or Trust Account compliance (Rule 32(c)(10) and/or rule 43, Ariz. R. Sup. Ct.)
- d) Annual Dues Waivers Requests/Late Fees
 - **MOTION:** Dave Derickson moved, Paul Senseman seconded and the motion carried unanimously to approve the Consent Agenda as presented.

REVIEW/VALIDATE GOALS AND PRIORITIES IN STRATEGIC PLAN – Lisa Loo

The five major Goals were reviewed:

- 1) Competency – Provide Arizona attorneys with the knowledge and tools to develop and enhance the skills necessary to meet the needs of their clients and to promote the administration of justice.
- 2) Ethics – Promote and when necessary enforce the highest ethical conduct of our membership.
- 3) Professionalism – Promote an environment in which lawyers can work together in a collegial spirit to serve their clients and promote the administration of justice.
- 4) Administration of and Access to Justice – Promote efforts to improve the administration of justice and make the legal system equally accessible to all Arizonians.
- 5) Organizational Excellence – Demonstrate excellence in every area: operations, programs, resource management, policy and planning, and citizenship.

Priorities in Strategic Plan

The Board discussed possible priorities to focus on in the coming year:

- 1) Support for rural attorneys
- 2) Emphasis on practice management (focus on new attorneys)—and related exploration of what more we can provide for free or low cost in this arena
- 3) Enhanced communication to members about services/opportunities offered by the Bar
- 4) Financial literacy education
- 5) Changes to ethical rules that reduce risk of conflicts and provide safe harbors for lawyers— with view to expanding pro bono services

FINANCE AND AUDIT COMMITTEE – CFO Kathy Gerhart

Q-2 Financial review

- For the six months ended June 30, 2016 the Bar's income statement generated a surplus of \$1,280K excluding sections. The surplus year-to-date is \$504K more than budgeted. This is due to \$62K more in revenues and \$442K less in expenses.

FINANCE AND AUDIT COMMITTEE (Continued)

- The surplus includes \$147K in revenues for CLE by the Sea which was budgeted and will occur in July 2016.
- Sections Activity reported a surplus of \$108K compared to a budgeted surplus of \$55K
- Total Surplus as of June 30, 2016 is \$1.388K in comparison to \$1,350K as of June 30, 2015
- Revenue Sources as of June 30, 2016
 - Non-Dues - \$3,299K – 38%
 - Dues - \$4,762K – 55%
 - Dues Penalties - \$563K – 7% (2015 was \$623K)
- Total membership as of June 2016 is 23,697 vs. 23,794 at December 2015. Anticipate additional small increase in membership through December 2016.
- **IRS Form 990 and 990T**
- The Form 990 was sent to the full Board via email prior to this meeting. No vote required, however, the IRS requires that the Board reviews the form prior to its filing (August 15).
- The 990T form relates to unrelated trade or business income and includes advertising income in the Arizona Attorney magazine, website advertising revenue, etc. No Unrelated Business Income tax (UBIT) is due for 2015.
- The public version of the returns will be posted on the Bar's web site.

PUBLIC SERVICE CENTER – CEO/ED John Phelps

- Board voted in May to direct staff to prepare in concept a plan to move the dial on pro bono initiatives in the state. A Public Service Center was proposed. Data gathered.
- Mr. Phelps presented a concept that would use technology to create Public Service Center:
- **Structure** – office within the State Bar's Communication and Government Affairs Division.
- Start Up Costs: \$7,500
- Sustained Annual Costs: \$206,500
- Impacts were discussed at length.
- This program would align with the Court's strategic goals relating to access to justice.
- Mr. Phelps requested direction from the Board: continue to pursue the concept?
- Suggested next step - send it to the Program Review Committee (PRC). This committee was formed to review all existing and proposed new programs.
- Timeline suggested: 15 October deadline for PRC report; Board vote at its 21 October meeting. This timeline allows for it to be a part of the 2017 budgeting process should the Board approve it.
- Lengthy discussion ensued.
- **MOTION:** Patrick Greene moved, Geoffrey Trachtenberg seconded and the motion carried unanimously for the Program Review Committee to review and make recommendations back to the Board on the creation of a Public Service Center as proposed by CEO John Phelps, including a budget for and organizational structure of the Center.

Standing Board Committee Assignments – President Lisa Loo

- The Board reviewed their Standing Committee Assignments.
- President Loo stated that she would not be making Section Liaison assignments this year but encouraged those Board members who are participating in Sections to continue to do so and be ambassadors for the Board.

Convention – Chief Member Services Officer Lisa Deane

- Statistics were provided:
 - **Attendance**
 - 2015 – 1433
 - 2016 – 1295
 - The Convention was held two weeks earlier this year.
 - Feedback
 - Almost all seminars received high marks
 - Members were positive about the hotel and staff
 - Members enjoyed the opportunity for a free professional headshot
 - Members enjoyed the Wednesday night party
 - 2016 Single Program attendance:
 - Largest – Ethics Game Show – 210
 - Smallest – Animal Law Section Program – 15
 - Event with Significant Attendance Increase:
 - Senior Lawyers Breakfast (\$35 with free CLE for the day)
 - 2015 – 122
 - 2016 – 155
 - Gender and age of registrants - same as 2015
 - Ethnicity – Hispanics’ attendance increased by 5
- Feedback from Board members who attended was provided.

AN “INNOCENCE PROJECT” FOR LAWYERS? By Jack Levine – Lisa Loo

- After a lengthy discussion,
- **MOTION:** Patrick Greene moved to table; Motion withdrawn.
- **MOTION:** Sam Saks moved and Geoff Trachtenberg seconded the motion that the Board provide no response.
- Further discussion regarding appropriate response. Mr. Saks withdrew his motion.
- **MOTION:** Alex Vakula moved, Diane Drain seconded and the motion carried unanimously to provide a written response to Mr. Levine from President Loo thanking him for his submission which the Board considered but informing him that the Board took no action on the matter.

OTHER BUSINESS

- President Lisa Loo announced and congratulated Board member Diane Drain who will be honored at an AWLA event on October 6th as the 2016 recipient of the Ruth V. McGregor Award.

ADJOURN

There being no further business to come before the Board of Governors, the meeting adjourned at 2:05 p.m.

Respectfully submitted,

Brian Y. Furuya
Secretary-Treasurer