

FINANCE & AUDIT COMMITTEE (F&AC)

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

September 22, 2022
3:00 p.m.
Telephonic Meeting

Minutes (Approved (10/20/22))

MEMBER ATTENDANCE:

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

T – Kelsi Lane, Chair

T – Sam Saks, Vice Chair

T – Dave Byers

A – Denis Fitzgibbons

T – Mignonne Hollis

T – David Rosenbaum

T – 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

A - Maret Vessella

T - Kathy Gerhart

A - Joe Hengemuehler

T – Deanna Commack

T - Lori Maxwell

A - Lisa Panahi

T – Roberta Tepper

A – Carrie Sherman

T – Rachel Williams

T – Richard Palmatier

T – Jennifer Sonier

T – Jessica Iennarella

Mayer Hoffman McCann P.C.:

T – Allan C. Klose (Managing Director & Shareholder)

Lockton Insurance:
T – Andy Forsell (Assistance Vice President)

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. Presentation – Mayer Hoffman McCann P.C.

Individuals addressing the Committee: Allan C. Klose

Discussion: Allan K. presented the consolidated State Bar of Arizona and Client Protection Fund 2021 audited financial statements, including an overview of the audit process.

IV. Presentation – Lockton Companies

Individuals addressing the Committee: Andy Forsell

Discussion: Andy F. presented the proposed insurance renewal rates and related coverage for the policy period 2022-2023, including an overview of the insurance market.

V. Action/Vote – Approval of Meeting Minutes – 3/24/2022, 5/13/2022, 6/17/2022

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. presented the meeting minutes for March 24, 2022, May 13, 2022 and June 17, 2022 for review and approval.

Motion/moved by: Mignonne H. motioned to approve the meeting minutes for the three months as presented.

Seconded by: Eric R.

Motion: Passed unanimously

VI. Action/Vote – 2021 Annual Surplus – Reserve Account Allocation

Individual(s) addressing the Committee: Kathy Gerhart, Investment Subcommittee

Discussion: Kathy G. presented the 2021 annual surplus amount remaining to be transferred to reserves, along with the information discussed in the Investment Subcommittee September meeting and the Investment Subcommittee's recommendation. Dave Byers and Joel England provided additional insight into the Investment Subcommittee discussion.

Motion/moved by: Dave B. motioned for the FAC to approve the Investment Subcommittee's recommendation – specifically, to open a self-directed investment account with Vanguard and utilize to invest remaining reserve allocation from 2021 surplus in 90-day US Treasury Bills.

Seconded by: Sam S.

Motion: Passed unanimously

VII. Action/Vote – Contract Approval – Learning Management System

Individual(s) addressing the Committee: Roberta Tepper, Jennifer Sonier

Discussion: Roberta T. and Jennifer S. presented contract for new learning management system, including implementation costs, future costs per program and anticipated implementation timeline.

Motion/moved by: Dave B. motioned to approve Joel E. to proceed with signing contract for new learning management system.

Seconded by: David R.

Motion: Passed unanimously

VIII. Discussion – 2023 Budget Timeline - Update

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. discussed current status of 2023 budget development along with anticipated next steps, including the HR Subcommittee Meeting and a reminder to attend the October 20th FAC meeting when the first draft will be presented.

IX. Discussion – 24th Street Leasing Update

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. discussed current leasing activity involving suites 220, 240 and 250.

X. Information – State Bar of Arizona July 2022 Financial Update

Individual(s) addressing the Committee: Jessica Iennarella

Discussion: Jessica I. provided high-level projections for financial statements through July 2022. Actual surplus larger than budgeted based on current information, which is primarily being driven by higher than anticipated revenues.

Meeting adjourned by: Kelsi Lane at 4:35 p.m.