

FINANCE & AUDIT COMMITTEE (F&AC)

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

September 28, 2017
3pm
Cholla Room

Minutes (Approved (TBD))

MEMBER ATTENDANCE:

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

P - Brian Furuya, Chair

A - Lori Higuera, Vice Chair

P - Dave Byers

T - Tyler Carrell

T - Jim Penny (CPF Board Liaison/Non-voting F&AC member)

P - Anna Thomasson

OTHER ATTENDEES:

Guests:

State Bar Staff:

John Phelps

Kathy Gerhart

Gayle Jackson

Lori Maxwell

Lisa Panahi

Maret Vessella

Martín Gaxiola

Lisa Chamberland

Octavius Garrett

Minutes taken by: Octavius Garrett & Lisa Chamberland

I. CALL TO ORDER

Called to Order by: Brian F.

Time: 3:02 pm

II. CALL TO THE PUBLIC

Individuals addressing the Committee: None

Discussion: None

III. Approval of Minutes – August 24th meeting minutes

Individuals addressing the Committee: Brian F.

Discussion: None

Motion/moved by: Dave B. motioned to approve August 24th meeting minutes.

Seconded by: Anna T.

Motion: Passed unanimously

IV. Approval of Minutes – September 7th meeting minutes

Individuals addressing the Committee: Brian F.

Discussion: None

Motion/moved by: Dave B. motioned to approve September 7th meeting minutes.

Seconded by: Anna T.

Motion: Passed unanimously

V. 2018 Budget Guidelines memorandum:

Individuals addressing the Committee: Kathy G. & Anna T.

Discussion: Anna T. reported that the HR sub-committee reviewed the draft 2018 Budget Guidelines and recommended that the total personnel budget not exceed a 3% budget-to-budget increase.

Motion/moved by: Anna T. motioned for the F&AC to approve the 2018 Budget Guidelines memorandum and to send to the Board of Governors for a final vote.

Seconded by: Tyler C.

Motion: Passed unanimously

VI. 2017 Audit – Auditor Selection:

Individuals addressing the Committee: Kathy G.

Discussion: Kathy G. reported back the F&AC on its request to ask Eide Bailly for a 2017 audit fee proposal with a cost increase commensurate with CPI. Eide Bailly indicated that the proposed 5% increase was due to retention related to the tight labor demands and to increased professional liability insurance costs. Kathy G. indicated that the F&AC could choose to accept Eide Bailly's 2017 proposal or go out for a Request For Proposal (RFP)

Motion/moved by: Anna T. motioned for the F&AC to approve Eide Bailly's 2017 audit proposal and to send it to Board of Governor for a final vote.

Seconded by: Tyler C.

Motion: Passed unanimously

VII. Sponsorship Request – AWLA Maricopa Chapter:

Individuals addressing the Committee: Kathy G.

Discussion: In early 2017, AWLA-Maricopa requested and was awarded \$1K to support its spring 2017 AWLA Career Development Institute. This spring event was subsequently cancelled and the AWLA-Maricopa chapter requested to use the funds for the 2017 AWLA State Convention. Similarly, the state-level chapter of the AWLA was also funded \$1K for the same 2017 State Convention to offset expenses for the venue and meals. Allowing both AWLA chapters to retain all contributions would result in \$2K awarded to one event which exceeds the current contribution policy. Dave B. advised to follow policy and request AWLA to return \$1K, Tyler C. agreed.

Motion/moved by: Brian F. motioned to deny the AWLA-Maricopa request, ask them to return the \$1K contribution and also revisit the current contribution policy at a future F&AC meeting.

Seconded by: Anna T.

Motion: Passed unanimously

Call to Executive Session at 3:30pm by: Brian F. (chair) confirmed the presence of member quorum, announced the general subject of a proposed executive session, and confirmed with staff that no members of the public were present. Brian F. (chair) called for an executive session which was approved unanimously by the quorum of committee members.

Call to end Executive Session at 3:51 pm by: Brian F.

The following three items were voted on after return from Executive Session:

E1. 2017 Capital Project – Window Weather Seal Replacement

Motion/moved by: Brian F. motioned to increase the capital funding for the Weather Seal Project by \$13K for a total project cost of \$36K, and move forward with the project.

Seconded by: Dave B.

Motion: Passed unanimously

E2. 24th Street Lease – New Tenant & Tenant

Motion/moved by: Anna T. motioned to authorize John P. to: 1) complete negotiations of the new tenant lease in accordance with the terms of the Landlord counter-offer accepted by tenant, 2) sign the final lease agreement, and 3) approve the 2017 Tenant Improvements of \$8 per rentable square feet.

Seconded by: Dave B.

Motion: Passed unanimously

E3. Unbudgeted Capital Improvements – 24th Street Suite 220

Motion/moved by: Dave B. motioned to authorize Tenant Improvements of \$61,155 (\$15 per square feet x 4,077 rentable square feet) in order to demo the existing vacant space “to shell” for the purpose of marketing space for lease.

Seconded by: Anna T.

Motion: Passed unanimously

VIII. Public Service Center Update:

Individuals addressing the Committee: John P.

Discussion: Technical issues with Single-Sign-On (SSO) platform implementation have delayed the start of the Legal Services Link/Find-A-Lawyer service. December 2017 is the revised go-live target. The project is currently under budget in terms of actual costs incurred to-date. SBA will recognize no revenue in 2017 due to this delay.

IX. August 2017 SBA Financial Statements:

Individuals addressing the Committee: Kathy G.

Discussion: Kathy G. reviewed August financials. There were no additional comments from the committee members.

X. CEO & CFO Certification Memorandum 2017-Q2:

Individuals addressing the Committee: Kathy G.

Discussion: CEO and CFO certification reviewed with the F&AC. To maintain compliance with the Financial Policies Manual, it was noted that the CFO would continue to notify the F&AC of financial statement reporting delays within 15 business days after month-end.

XI. 2012-2017 Annual Convention Financial Summary:

Individuals addressing the Committee: Kathy G.

Discussion: A six-year comparative convention analysis was provided within the meeting materials. The SBA over-achieved its budget estimates for the 2017 Convention. For 2017, the Convention generated a \$100K net surplus (vs. a budgeted net surplus of \$69K) and reported a 22.3% operating margin. It was noted that staff hours were not allocated as part of the six-year comparative analysis. Anna T. questioned whether the State Bar should continue the convention as attendance is declining. Brian F. voiced concern with how to replace lost revenue from declining Convention numbers. John P. mentioned possibly segmenting and/or restructuring type events held. It was noted that SBA has executed contracts future Conventions through 2019 and that we are making inquiries regarding the 2020 convention in order to secure space. The F&AC recommended forming a work group to review current convention structure and alternative options.

XII. Previous 5 Year Projection – Year 2 (2018) Material Changes:

Individuals addressing the Committee: Kathy G.

Discussion: No material changes other than (1) potential changes due to the re-evaluation of Info Tech infrastructure and (2) the deferral of the Public Service Center go-live date. Additional details regarding the Info Tech restructure and projections will be provided at the October 2017 meeting.

Meeting adjourned by: Brian F. at 4:20pm.