

**FINANCE & AUDIT COMMITTEE (F&AC)**

State Bar of Arizona  
4201 N. 24<sup>th</sup> Street, Suite 100  
Phoenix, Arizona 85016

June 18, 2019  
3 p.m.  
Cholla Room

**Minutes (Approved (TBD))**

**MEMBER ATTENDANCE:**

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

**T** - Denis Fitzgibbons, Chair

**T** - Anna Thomasson, Vice Chair

**A** - Dave Byers

**P** - Tyler Carrell

**A** - Jason Cobb

**A** - Jim Penny (Client Protection Fund Board Liaison/Non-voting F&AC member)

**OTHER ATTENDEES:**

**State Bar Staff:**

**Joel England**

**Kathy Gerhart**

**Joe Hengemuehler**

**Lori Maxwell**

**Lisa Panahi**

**Ann Leslie**

**Martin Gaxiola**

**Minutes taken by:** Martin Gaxiola

**I. CALL TO ORDER:**

**Called to Order by:** Denis Fitzgibbons

**Time:** 3:03pm

**II. CALL TO THE PUBLIC:**

**Individuals addressing the Committee:** None

**Discussion:** None

**III. Approval of Minutes – April 18, 2019 meeting minutes**

**Individuals addressing the Committee:** Denis F.

**Discussion:** None

**Motion/moved by:** Tyler C.

**Seconded by:** Anna T.

**Motion:** Passed unanimously

**IV. Approval of Minutes – May 23, 2019 meeting minutes**

**Individuals addressing the Committee:** Denis F.

**Discussion:** Kathy G. noted that the meeting date was erroneously showing April 18, 2019 instead of May 23, 2019.

**Motion/moved by:** Tyler C.

**Seconded by:** Anna T.

**Motion:** Passed unanimously with the meeting date correction already noted.

**V. Investment Sub-committee – Investment Review Update**

**Individuals addressing the Committee:** Kathy G.

**Discussion:** Kathy G. reminded the F&AC that Wells Fargo (WF) is mandating the relocation of the capital and membership fee reserves (currently about \$3.86M) from the Institutional Group's money market funds. Due to short-turnaround requirement by WF, Kathy G. will be temporarily moving the funds to another money market fund within the WF Advisor's Group until new investment sub-committee members can be appointed by the F&AC in August. At that point, the new investment sub-committee will then meet and make recommendations to the F&AC at the October F&AC meeting.

**VI. Banking Relations/Line of Credit RFP Update**

**Individuals addressing the Committee:** Kathy G.

**Discussion:** Kathy G. reviewed the specifics behind the WF \$4.0M line of credit set to expire on August 1, 2019. This line of credit (secured by the 24<sup>th</sup> St Building) has never been used since its inception on August 13, 2014. Currently, there would be some logistical issues of going out to a full request for proposal (RFP) on the line of credit and other State Bar's treasury management services (i.e. bank accounts, cash management, credit card processing) at the beginning of the 2020 membership fees collection cycle. Kathy will be asking WF for a one-year extension on the current line of credit, which will be presented for review/approval at a July F&AC meeting and ratification by the Board at the July retreat.

**VII. Approval of Suite 220 Spec Suite Build-Out Proposal**

**Individuals addressing the Committee:** Kathy G.

**Discussion:** No additional questions on the approval from F&AC members

**Motion/moved by:** Tyler C.

**Seconded by:** Anna T.

**Motion:** Passed unanimously

**VIII. May 2019 SBA Financial Statements**

**Individuals addressing the Committee:** Martin G. & Kathy G.

**Discussion:** For the five months ended May 31, 2019, the Bar's income statement generated a surplus of \$274K excluding sections. The surplus year-to-date is \$335K more than budgeted. This is due to \$39K more in revenues and \$296K less in expenses. Current revenue and expense variances relate to timing differences in actual vs. budgeted amounts.

Sections Activity reported a surplus of \$106K compared to a budgeted surplus of \$56K.

**IX. State Bar of Arizona 401(k) Plan December 31, 2018 & 2017 Audited Financial Statements**

**Individuals addressing the Committee:** Kathy G

**Discussion:** Kathy updated the F&AC on the final employee benefit plan's audited financial statements. Mayer Hoffman McCann confirmed that the financial statements and supplemental schedules were presented in compliance with Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Net assets available for benefits were \$14.2M with annual participant contributions totaling \$635K and employer contributions equaling \$506K.

There were no further questions from committee members.

**Meeting adjourned by:** Denis Fitzgibbons at 3:33pm.