

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

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

August 25, 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**

**T – Denis Fitzgibbons**

**T – Mignonne Hollis**

**T – David Rosenbaum**

**A – Eric Ruchensky**

**T – Sandra Etherton (Client Protection Fund Board Liaison/Non-voting F&AC member)**

**A – Jessica Sanchez (President – Board of Governors)**

**OTHER ATTENDEES:**

**State Bar Staff:**

**T - Joel England**

**T - Maret Vessella**

**T - Kathy Gerhart**

**T - Joe Hengemuehler**

**A – Deanna Commack**

**T - Lori Maxwell**

**T - Lisa Panahi**

**T – Roberta Tepper**

**T – Carrie Sherman**

**T – Rachel Williams**

**T – Jessica Iennarella**

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

**Individual(s) addressing the Committee:** Jessica Iennarella

**Discussion:** Jessica I. presented the 2021 annual surplus, previously approved reserve allocations and investment performance inclusive of 50% invested in May 2022. Requested guidance on timing of investing other 50% of reserve allocations. Discussion included potential alternative investment vehicles. Mignonne H., Dave B. and David R. to serve on Investment Subcommittee for 2022-2023 year.

**Motion/moved by:** David R. motioned to invest remaining 50% of the reserve allocation in currently established Vanguard accounts.

**Seconded by:** Denis F.

**Motion:** Failed

**Motion/moved by:** Dave B. motioned to hold remaining 50% of the reserve allocation until the Investment Subcommittee meets with Vanguard to discuss options.

**Seconded by:** Sam S.

**Motion:** Passed unanimously

## **IV. Action/Vote – 2023 Budget Guidelines Memorandum**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. presented the proposed 2023 budget guidelines memorandum.

**Motion/moved by:** Mignonne H. motioned to recommend the Board adopt the 2023 budget guidelines memorandum as presented.

**Seconded by:** David R.

**Motion:** Passed unanimously

## **V. Discussion – 457(b) Deferred Compensation Plan Review**

**Individual(s) addressing the Committee:** Kathy Gerhart, Joel England

**Discussion:** Joel E. and Kathy G. presented the purpose of the 457(b) deferred compensation plan, along with a history of the plan's management. Discussed need for working group to review provider. Kelsi L. volunteered to participate. Joel E. to work with Jessica S. to appoint two other Board members.

## **VI. Information – Client Protection Fund 2<sup>nd</sup> Quarter 2022 Financial Update**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. presented CPF 2022 financial statements through 2<sup>nd</sup> quarter of 2022. Also discussed current claim volume and claim payouts approved at August 12<sup>th</sup> Trustee's meeting.

## **VII. Information – State Bar of Arizona June 2022 Financial Update**

**Individual(s) addressing the Committee:** Jessica Iennarella

**Discussion:** Jessica I. provided high-level projections for financial statements through June 2022. Actual surplus larger than budgeted based on current information.

**VIII. Information – 2021 Financial Audit Update**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. provided an update regarding the status of the 2021 financial statement audit. Auditors to present at September FAC meeting.

**I. Information – Q4 Quarterly Reports – 2022**

**Individual(s) addressing the Committee:** Kathy Gerhart

**Discussion:** Kathy G. presented quarterly reports for 2<sup>nd</sup> quarter of 2022, along with the CEO/ED and CFO Certification of Financial Statement and Policy Compliance.

**Meeting adjourned by:** Kelsi Lane at 3:57 p.m.