

FINANCE & AUDIT COMMITTEE (F&AC)

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

February 25, 2021
3:00 p.m.
Telephonic Meeting

Minutes (Approved (TBD))

MEMBER ATTENDANCE:

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

T – Benjamin Taylor, Chair

T – David Rosenbaum, Vice Chair

T – Dave Byers

T – Lori Higuera

T – Kelsi Taylor Lane

A – Doreen McPaul

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

OTHER ATTENDEES:

State Bar Staff:

T - Joel England

T - Maret Vessella

T - Kathy Gerhart

T - Joe Hengemuehler

T – Deanna Commack

A - Lori Maxwell

T - Lisa Panahi

T – Lisa Deane

A – Carrie Sherman

T – Rachel Williams

T – Jessica Iennarella

Minutes taken by: Jessica Iennarella

I. CALL TO ORDER:

Called to Order by: Benjamin Taylor

Time: 3:01 pm

II. CALL TO THE PUBLIC:

Individuals addressing the Committee: None

Discussion: None

III. Action/Vote – 2020 Annual Surplus – Reserve Account Allocation

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. discussed anticipated surplus for 2020 from financials so far. Provided two proposals of how to proceed with surplus for 2020 and current reserve balances. The first proposal is to move a portion of the capital reserve into the fees reserve to obtain benefits of long-term investment strategy – this would include moving the entire 2020 surplus into the fees reserve. The second proposal is to divide the 2020 surplus consistent with prior years, and then split the capital reserve between a long-term and short-term investment strategy. Discussed strengths and weaknesses of both positions.

Motion/moved by: Dave B. motioned to approve dividing the finalized 2020 surplus consistent with prior years and re-evaluating investment of capital reserve as part of investment policy update.

Seconded by: David R.

Motion: Passed unanimously

IV. Discussion – Investment Advisor Implementation Update

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

Discussion: Kathy G. and Joel E. provided brief update on steps currently being taken with Vanguard. Set-up paperwork is being circulated and follow-up meeting with Investment Sub-Committee is forthcoming. Next step is to discuss asset allocations and review current investment policy.

V. Action/Vote – Revisit 2021 Merit Pool

Individual(s) addressing the Committee: Joel England

Discussion: Joel E. presented on HR Sub-Committee initial recommendation for merit pool and assumptions made at the time versus actual financial performance in 2020. He requested that merit increases be made retro to January 1st instead of the April 1st retro date initially approved, due to better than anticipated performance for 2020.

Motion/moved by: Lori H. motioned to approve merit increases for SBA staff being retroactive to January 1st and amending the budget, subject to final approval from HR Sub-Committee and Board.

Seconded by: David R.

Motion: Passed unanimously

VI. Discussion – 24th Street Leasing Update

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. updated F&AC on movement of Rise48 Equity to Ste 240 recently vacated by Weight Watchers. Marketing to commence on Ste 140 now that it is vacant again.

VII. Discussion – CPF Financial Information

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. updated F&AC on year-end preliminary financials for Client Protection Fund, including discussion of current number of claims.

I. Discussion – SBA Financial Information

Individual(s) addressing the Committee: Kathy Gerhart

Discussion: Kathy G. updated F&AC on high-level financials for January 2021 which indicate we are overperforming budget. Discussion regarding timing differences which are primary driver of variances and need to re-evaluate further into the year/after annual fees have been posted in closer to their entirety.

Meeting adjourned by: Benjamin Taylor at 4:20 pm