

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

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

January 23, 2020  
3:00 p.m.  
Cholla Room

**Minutes (Approved (TBD))**

**MEMBER ATTENDANCE:**

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

**P – Benjamin Taylor, Chair**

**A – Jessica Sanchez, Vice Chair**

**P – Dave Byers**

**P – Lori Higuera**

**P – David Rosenbaum**

**T – Doreen McPaul**

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

**OTHER ATTENDEES:**

**State Bar Staff:**

**P - Joel England**

**P - Maret Vessella**

**P - Kathy Gerhart**

**A - Joe Hengemuehler**

**P – Deanna Commack**

**P - Lori Maxwell**

**P - Candice French**

**P - Lisa Panahi**

**P - Brett Martin**

**P – Jessica Iennarella**

**P – Lisa Deane**

**P – Mauri Hawkins**

**Minutes taken by: Brett Martin & 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. Presentation – Audit Kick Off Presentation**

**Individual(s) addressing the Committee:** Allan C. Klose, Mayer Hoffman McCann

**Discussion:** Allan K. reviewed the audit plan and timeline, as well as the auditor's and management's responsibilities for the audit for the 2019 fiscal year. Included discussion regarding new revenue recognition standard.

## **IV. Action/Vote – Approve Meeting Minutes 10/24/2019, 11/14/2019 and 12/19/2019**

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

**Motion/moved by:** Lori H. motioned to approve the meeting minutes for all three proposed months.

**Seconded by:** David R.

**Motion:** Passed unanimously.

## **V. Action/Vote – 2021 CLE by the Sea**

**Individual(s) addressing the Committee:** Mauri Hawkins

**Discussion:** Mauri H. presented three options for CLE by the Sea. The first option was a renewal of the contract with Hotel Del Coronado. The second two options were new properties in the area adjacent to Hotel Del Coronado. Mauri also presented a one-year renewal option and a three-year renewal option for Hotel Del Coronado, with the three-year renewal option providing more favorable terms.

**Motion/moved by:** Dave R. motioned to approve SBA signing a three-year contract with Hotel Del Coronado. Motion that contract can be approved as is, but request made that SBA staff see if any more favorable terms can be obtained.

**Seconded by:** Lori H.

**Motion:** Passed unanimously.

## **VI. Discussion – Key Financial Issues**

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

**Discussion:** Kathy G. provided an update to the committee regarding the following key financial issues:

- 1) Banking Relationship – Committee had discussed obtaining RFP for alternative banking solutions. Wells Fargo is closing the Tempe Lockbox location. Given SBA will already have to implement changes once in 2020 due to the Lockbox change, Kathy recommends we stay with Wells Fargo for this year and revisit changing banks in 2021. The line of credit with Wells Fargo has also been renewed through February 2021.
  - a. David R. requested that when the RFP is undertaken, SBA staff inquire about favorable interest rates for IOLTA accounts.
- 2) Investment Strategies – Scheduling meeting of the committee for February/March.

- 3) Financial Policies Manual Review – SBA will be conducting internal review in April/May.
- 4) Strategic Roadmap/Budgeting Implications – Goal is to revamp the strategic plan by June 2020, so that any related changes can be implemented in 2021 budget.
- 5) AZ Supreme Court – Financial projections including fee and structure change recommendations will be due. The timeline of such items is currently being determined by SBA staff.

## **VII. Discussion – Financial Information**

**Individual(s) addressing the Committee:** Kathy Gerhart, Joel England, Lisa Panahi, Lori Maxwell

**Discussion:** Kathy G. reviewed the preliminary December 2019 financial statements and review of BoG financial presentation. The preliminary financial statements reflect an annual surplus of \$627K which is \$677K more than budgeted. This is due to \$275K more in revenues and \$402K less in expenses. Joel E. and Lisa P. discussed reason for increase in legal fees. Lori M. discussed ability to reduce IT costs with bringing additional projects in house.

**Meeting adjourned by:** Benjamin Taylor at 4:08 pm