

SPECIAL MEETING
OF THE
BOARD OF GOVERNORS
OF THE
STATE BAR OF ARIZONA
January 18, 2007

Arizona Bar Center
Phoenix

BOARD MEMBERS PRESENT: Jim D. Smith, President, Yuma; Daniel J. McAuliffe, President-Elect, Phoenix; Edward F. Novak, First Vice President, Phoenix; Raymond A. Hanna, Second Vice President, Prescott; Alan P. Bayham, Jr., Secretary-Treasurer, Phoenix; Bryan B. Chambers, Globe (via phone); Roger H. Contreras, Sierra Vista; Amelia Craig Cramer, Tucson (via phone); Whitney Cunningham, Flagstaff; Stephen M. Dichter, Phoenix; Leslie Hall, Phoenix; Joseph A. Kanefield, Phoenix; Foster Robberson, Phoenix; Steven P. Sherick, Tucson (via phone); Jeffrey Willis, Tucson (via phone); Richard D. Coffinger, Glendale; Public Members: Bennie R. Click, Munds Park; Fernando Gonzales, Tucson; Nicole Seder-Cantelme, Young Lawyers Division, Tucson; and Alexander B. Jamison, Scottsdale; At-Large Members: David K. Byers, Phoenix; and Virginia Herrera-Gonzales, Phoenix and Ex Officio Members: Helen Perry Grimwood, Immediate Past President, Phoenix.

BOARD MEMBERS WITH EXCUSED ABSENCES: Diane L. Drain, Phoenix; Richard T. Platt, Florence; Public Member: Frank Barriga, Glendale; At Large Member: Paul W. Ahler, Phoenix and Ex Officio Members: Dean Toni Massaro, Tucson and Dean Patricia White, Tempe.

OTHERS PRESENT: Teresa Schmid, Executive Director; Robert Van Wyck, Chief Bar Counsel; John Furlong, General Counsel; Colleen McManus, Senior Director of Communications; Larry McVey, Chief Financial Officer, Nina Benham, Assistant to the Executive Director; Carrie Sherman, Director of Executive Projects; Cristie Seaton, MCLE/BLS Administrator; Jenn Moreira, Director of Internet Services; Betty Flores, Resource Center Director; Kathleen Lundgren, Assistant to the Director of Government Relations; Shanita Jackson-Patterson, Human Resource Generalist and Julie Wilson, Director of Accounting.

CALL TO ORDER

President Jim D. Smith called the meeting to order at 2:00 p.m. President Smith stated that the meeting was called to consider the 2007 Budget as the only topic for the agenda.

PRESENTATION

President Smith presented a plaque from the State Bar of Arizona to Christine Thompson, who served as the Director of Government Relations for four years and recently left the Bar. President Smith stated the gratitude from the Board and Bar for her exceptional work on behalf of the Bar at the Legislature and wished her well in her new position with the Board of Regents.

RECOMMENDATION FROM FINANCE COMMITTEE

Base Budget Proposal

Alan Bayham, Chair, reported that at the January 9th Finance Committee meeting the committee approved the 2007 Base Budget Proposal and the six 2007 Budget New Projects and Initiatives showing a combined surplus of \$83,362.

Teresa Schmid, Executive Director, reviewed the history of staff salary over the last few years, which has included cost of living pay increases but little in the way of merit increases except on an emergency basis in Lawyer Regulation. The 2007 budget proposes a 2% cost of living increase to all employees, a 2% pool of funds for selective merit increases to some employees and a 1% pool for mid-year adjustments. The sum of these base salary adjustments will not exceed 5% of base wages for the entire year.

Larry McVey, Chief Financial Officer, walked the Board through the materials provided pointing out that the number of FTE's is identical to last years budget of 104.6. Mr. McVey also discussed the list of 2007 New Projects and Initiatives from page nine of their materials. The bottom line is that if all the initiatives were passed the surplus would be \$83,362.

Mr. McVey summarized the memo and all materials that were distributed to the Board of Governors. The proposed 2007 Base Budget with a Surplus of \$397,482 and the list of six new projects and initiatives totaling \$314,120 is hereby presented and recommended to the Board of Governors by the Finance Committee and staff. If the Base Budget and all of the new projects and initiatives are approved the final budget will show a 2007 surplus of \$83,362.

President Jim Smith stated that the proposal from the Finance Committee does not require a motion.

Foster Robberson stated that he had voted against the proposal in the Finance Committee. Mr. Robberson distributed a handout he had prepared regarding the budget, which advocates 5% vs. 6.1% increase. Mr. Robberson reviewed the handout and stated his position on the proposed budget. The board continued a lengthy discussion regarding the proposed budget.

Joe Kanefield brought up the pro hac vice money, which is approximately \$400,000 annually and felt that it should not be in operating expenses. Mr. Kanefield stated it was originally at the bottom of the budget and was moved up.

Colleen McManus, Senior Director of Human Resources, reviewed the breakdown of increases as follows: 2% Cost of Living for every employee; 2% pool for Merit Increases (salary increases to some staff based on performance) and 1% pool for an increase mid-year pay adjustment for a few positions for retention pay and internal equity adjustment.

The Board Members continued a lengthy discussion of the Proposed 2007 Budget.

The Board held a roll call vote on the 2007 Base Budget, Scenario B that would put a 5% Cap on Base Pay Only, which passed in a 16 – 3 votes as follows:

(16) Yes: Alan Bayham, Jr; David K. Byers; Bennie R. Click; Roger H. Contreras; Amelia C. Cramer; Whitney Cunningham; Stephen M. Dichter; Fernando Gonzales; H. Leslie Hall; Raymond A. Hanna; Virginia Herrera-Gonzales; Alexander B. Jamison; Joseph A. Kanefield; Daniel J. McAuliffe; Nicole Sedder-Cantelme; Steven P. Sherick. (16 yes)

(3) No: Bryan B. Chambers; Richard Coffinger; Foster Robberson

2007 Budget New Projects and Initiatives

The Board shared comments and discussion regarding the Projects and Initiatives proposed.

Roger Contreras moved to remove Item 6. (Diversity Task Force recommendations) because it will be discussed at the regular meeting of the Board of Governors January 19, 2007 (tomorrow). No second was made to this motion.

Bryan Chambers moved to vote on two alternative budgets: (1) that would include the \$125,870 for the Diversity Task Force Recommendations and (2) one that would not include the \$125,870 for the Diversity Task Force Recommendations. No second was made to this motion.

After extensive discussion,

The Board voted to approve, by a show of hands, the Finance Committee's Recommendations for the 2007 Budget New Projects and Initiatives.

Adjournment

Whitney Cunningham moved and Roger Contreras seconded and the motion carried to adjourn. (4:05 pm).

Respectfully submitted,

Alan P. Bayham, Jr.
Secretary-Treasurer