FINANCE & AUDIT COMMITTEE (F&AC)
State Bar of Arizona
4201 N. 24th Street, Suite 100
Phoenix, Arizona 85016

November 15, 2018
3 p.m.
Cholla Room

Minutes (Approved)

MEMBER ATTENDANCE:
P = present in person; T = present telephonically; A= absent.
P - Denis Fitzgibbons, Chair
T - Anna Thomasson, Vice Chair
A - Dave Byers
T - Tyler Carrell
A - Jason Cobb
A - Jim Penny (Client Protection Fund Board Liaison/Non-voting F&AC member)

OTHER ATTENDEES:
State Bar Staff:
John Phelps
Maret Vessella
Kathy Gerhart
Ann Leslie
Lisa Panahi
Lori Maxwell
Lisa Deane
Aron Carrico
Martin Gaxiola
Octavius Garrett

Guests:
Mike Baumstark

Minutes taken by: Aron Carrico & Octavius Garrett
I.  CALL TO ORDER:
Called to Order by: Denis Fitzgibbons
Time: 3:01pm

II.  CALL TO THE PUBLIC:

Individuals addressing the Committee: None
Discussion: None

III. Approval of Minutes – October 25th meeting minutes:

Individuals addressing the Committee: Denis Fitzgibbons
Discussion: None
Motion/ moved by: Mike B. motioned to approve October 25th meeting minutes.
Seconded by: Anna T.
Motion: Passed unanimously

IV. 2019 Operating Budget – 2nd Draft

Individuals addressing the Committee: Kathy Gerhart
Discussion: Kathy G. reported that the 2019 Budget second draft saw insignificant changes. There was a reduction in auditing fees, which was offset by miscellaneous expense increases. The overall difference resulted in no change to the $6K surplus reflected in the 1st draft of the budget presented in October 2018 to the F&AC. The current draft is in-line with BOG-approved 2019 Budget Memorandum.
Motion/ moved by: Anna T. motioned to approve the 2019 Operating Budget.
Seconded by: Mike B.
Motion: Passed unanimously

V. 2019-2023 Capital Budget – 2nd Draft

Individuals addressing the Committee: Kathy Gerhart
Discussion: Kathy G. reviewed the updated 2019 Capital Expenditures totaling $1,006K, which included both mission-critical and mission-enhancing projects that were identified in the October 25th F&AC meeting. Comparatively, the 2019-2023 budget is currently projecting $772k less in capital expenditures for a five year period than was projected for 2018-2022 capital budget.
Motion/ moved by: Anna T. motioned to approve the 2019 Capital Budget, and submit to the BOG for final approval at the December 6th meeting.
Seconded by: Mike B.
Motion: Passed unanimously

VI. Five-Year Projections
Individuals addressing the Committee: Kathy Gerhart
Discussion: Kathy G. reviewed the five year projections, noting that these projections reflect business-as-usual and do not take into consideration any Go Bold Initiatives for revenue generation or cost reductions. The business as usual model projections show that there would be a $300k loss in 2020 that would continue to grow year after year. Management’s implementation of the Go Bold Initiatives in 2019 are being developed to help mitigate the losses.

VII. October 2018 SBA Financial Statements - Update
Individuals addressing the Committee: Kathy Gerhart
Discussion: For the ten months ended October 31, 2018, the Bar’s income statement generated a surplus of $164K excluding Sections. The surplus year-to-date is $140K more than budgeted. This is due to $101K more in revenues and $39K less in expenses than budget. Sections Activity reported a year-to-date surplus of $46K compared to a budgeted deficit of $33K.

VIII. Planning – December Finance & Audit Committee Meeting
Individuals addressing the Committee: Kathy Gerhart
Discussion: Kathy G. addressed the committee asking if there was a need for an F&AC meeting for December. Since there is a short time between the meetings and financials would not be available, a recommendation was made to not have a December meeting.

Meeting adjourned by: Denis Fitzgibbons at 4:01 pm