

**MEETING OF THE
BOARD OF GOVERNORS
OF THE
STATE BAR OF ARIZONA
4201 N. 24th Street, Suite 100
Phoenix, AZ**

April 20, 2018

BOARD MEMBERS PRESENT: Alex Vakula, President, Prescott; Brian Furuya, Vice President, Flagstaff; Lori Higuera, Secretary-Treasurer, Phoenix; Daniel Mazza, Young Lawyers Division President, Phoenix; Tyler J. Carrell, Phoenix; David Wm. Engelman, Phoenix; Hector Figueroa, Payson; Denis M. Fitzgibbons, Casa Grande; Patrick Greene, Tombstone; Doreen M. McPaul, Tucson; Robert J. McWhirter, Phoenix; Jennifer Rebholz, Phoenix; Samuel Saks, Phoenix; Jessica Sanchez, Phoenix; Sara A. Siesco, Phoenix; Jimmie Dee Smith, Yuma; Benjamin P. Taylor, Phoenix; Public Members: Robyn M. Austin, Tucson; John Gordon, Prescott; Anna C. Thomasson, Phoenix; and At-Large Member: Paul Senseman, Phoenix; Ex-Officio Members: Gary Stuart, on behalf of Dean Douglas Sylvester, Tempe; and Lisa S Loo, Immediate Past President, Tempe;

OTHERS PRESENT: Nina Benham, Board Services Specialist; Matt Campbell, Help Desk Technician; Sarah Corpening, Membership Administrator & Services Manager; Lisa Deane, Chief Member Services Officer; Rick DeBruhl, Chief Communications Officer; Tim Eigo, Editor *Arizona Attorney*; Kathy Gerhart, Chief Financial Officer; Gayle Jackson, Human Resources Director; Ann Leslie, Executive Assistant; Lori Maxwell, Chief Information Officer; Lisa Panahi, General Counsel; John Phelps, CEO/Executive Director; Patricia Seguin, Legal Services Manager; Maret Vessella, Chief Bar Counsel; Carrie Sherman, Director of Board Operations and Justice John Lopez IV.

EXCUSED ABSENCE: Public Member: Jason E. Cobb, Phoenix; At Large Member: David K. Byers, Phoenix and alt. Mike Baumstark, Phoenix; Dee-Dee Samet, Tucson; Jeffrey Willis, President-Elect, Tucson; Ex-Officio Members: Dean Marc Miller, Tucson and Dean Penny Willrich, Phoenix.

GUEST: Richard Coffinger

President Alex Vakula called the Board meeting to order at 8:37 a.m.

CALL TO THE PUBLIC

President Vakula made a Call to the Public, hearing nothing, moved to the next agenda item.

PRESIDENT'S REPORT – Alex Vakula

- District 2 Board of Governors Election
 - Sharon Marie Flack (Drutz Musgrove Kack & Flack, Prescott) running unopposed.
 - The online election opens May 9; closes May 23.
- Attended Western States Bar Conference along with CEO John Phelps. Topics included:
 - WA, TX and ND facing mandatory Bar challenges.
 - OR - prohibition to solicit clients has been removed in order to compete with services such as LegalZoom.
 - Mr. Vakula will become WSBC president in 2020. The last time someone from Arizona served as an officer was Don Bivens 2003-2004.

- ABA Bar Leadership Institute – thanked Vice President Brian Furuya for attending. Topics included:
 - Bar associations’ structures
 - Increasing diversity within bars’ memberships
 - Keeping bars healthy, e.g., balance in services
 - Aging professional population
- Arizona Judicial Council – thanked Secretary-Treasurer Lori Higuera for attending. Topics included:
 - Status of the Court’s proposed legislation
 - Online defensive driving courses
- Thanked Ms. Higuera for representing the Bar at the appellate court investitures of Hon. James B. Morse, Jr. (March 23) and Hon. Jennifer Michelle Perkins (April 6).
- Thanked YLD President Danny Mazza for representing the Bar at the upcoming appellate court investiture of Hon. David D. Weinzwieg (April 27).
- Thanked CEO John Phelps for his letter that accompanied the issuance of members’ Bar cards.
- Law Day – May 1
 - Yavapai County Bar’s 13th Annual Event – free legal advice offered this year in Prescott, Prescott Valley and Cottonwood
 - Maricopa County Superior Court program re: Korematsu vs. United States; Great Hall at ASU’s College of Law, 5:00-7:00 p.m.
 - State Bar’s free legal aid clinics at the Bar’s offices and Glendale Community College on May 12th – celebrating the 60th Anniversary of National Law Day.
- Tour of Supreme Court planned after the Board’s May meeting for those interested.

CEO/ED REPORT – John Phelps

- Election Law seminar today in the Bar’s CLE Center chaired by Joseph Kanefield.
- Annual ABA Day in Washington – attended along with President-Elect Jeffrey Willis and Hon. Lawrence Winthrop; met with Arizona’s elected delegation to request continued support for Legal Services Corporation funding which supports Southern Arizona Legal Aid, DNA-Peoples Legal Services and Community Legal Services.
- Sexual Harassment: Changing the Conversations – Free 75-minute program on May 9 from 10:00 to 11:15 a.m. Available live and webcast. Collaborators: State Bar, Arizona Supreme Court, InReach and the ABA.
- New Find-A-Lawyer platform, a component of the Bar’s Public Service Center, to launch May 1/Law Day.

COMMUNICATIONS/GOVERNMENT RELATIONS DIVISION – Rick DeBruhl

Communications

Showed the Board the video created to encourage lawyers to complete their online profiles and prepare for launch of the new iteration of Find-A-Lawyer.

Legislation

- Two proactive Bar Bills passed and have been signed by Governor Doug Ducey:
 - SB1353 modernizing the Limited Liability Corporation Statutes – Business Law Section worked on the proposal for six years; rare – a 67-page Bill.

- SB1204 Probate and Trust Law Section's Bill
- Legislature passed the 100 day marker on April 17. Session continues until budget passed.
- Anti-Bar Bill missed all significant deadlines but still could be resurrected.

ACKNOWLEDGEMENTS

- Board of Governor's member Doreen McPaul was named CLE Volunteer of the Month.
- On behalf of his constituents in the Payson area, Board member Hector Figueroa thanked Justice John Lopez and the entire Supreme Court for holding oral arguments recently at the high school and for interacting with the students. The town was honored to host this important event.
- Indian Law Section creating a "Rodney B. Lewis Member of the Year Award", awarding it posthumously and presenting it to the Lewis Family for the first time at the Section's June Convention meeting.

POLICY DISCUSSION – NEW BOARD POLICY re: EXECUTIVE SESSIONS

- Draft policy states that any Board member can attend any meeting of a Board entity, including the executive session portion, provided the executive session isn't about the Board member or the Board member doesn't have a conflict with the business being addressed.
- Modifications were offered:
 - Stating that executive sessions are confidential
 - Adding admonishment for Board members who share executive session information
 - Explain enumerated matters
- Redraft to be considered at May Board meeting.

ARIZONA SUPREME COURT/STATE BAR DISCUSSION AT ANNUAL COURT RETREAT

- Agreed upon the final implementation in 2019 of Rule 32 regarding the Court's appointments and State Bar elections.
 - Timing: scheduled for completion at Board's June Annual Meeting.
 - Currently the Court appoints three Board members; will increase to 10 in 2019.
 - 18 elected members decreases to 15; Court appoints two "District Governors" in District 6 (Maricopa County) and one in District 5 (Pima/Santa Cruz Counties).
 - Board to provide at least six nominations to the Court for its appointment of the four public members.
 - Court to make its appointments once Board election results are known.
- New Open Meetings and Open Records Policies - Court receptive to proposed adjustments now that the Bar has been working within policies' parameters for months.
- Board of Legal Specialization Rules and Standards – Board approved proposed changes, Court has amended and posted for comment. Court to now approve specialization standards.
- Rule Petition to Create New Court Ethics and UPL Committees
 - Court's newly forming Attorney Ethics Advisory Council will now issue formal opinions.
 - Administration of Council's work still under advisement.
- New Find-A-Lawyer educational video shared with the Court. Court requests ongoing updates on this new online platform designed to connect lawyers and those seeking legal services.

- Court's Member Survey
 - 5,000 responded: majority did not like the “conscientious objector” proposal to opt out of the State Bar; minority would opt out simply to save \$80-\$100/year in fees, not for reasons associated with the objector option.
 - Court has no interest in pursuing objector proposal or changing the Bar's model at this time, but will not entertain future increases in member fees, including the scheduled 2018 dues increase which was deferred to 2019. The Board's Finance & Audit Committee is also re-evaluating the fee for Inactive Members.
 - CEO Phelps has requested a copy of the survey to be shared with the Board of Governors.

CONSENT AGENDA

- a) Approval of February 23, 2018 Board Meeting Minutes
 - b) Approval of Resignations in Good Standing
 - c) Approval of Reinstatements
 - i) Approval of Reinstatements of Members Suspended for Non-Compliance with MCLE Requirements, Rule 45, Ariz. R. Sup. Ct.
 - ii) Approval of Reinstatement of Member(s) Suspended for Non-Compliance with Annual Membership Dues and/or Trust Account Compliance (Rule 32(c)(10) and/or Rule 43, Ariz. R. Sup. Ct.
 - d) Technical amendments – Communication Advisory Panel's Survey Policy
 - e) Approval of Reaccreditation Application in Social Security Disability Advocacy from the National Board of Trial Advocacy
 - f) Indian Law Section's \$200 sponsorship of NABA-AZ Golf Tournament
 - g) Proposed Amendment to State Bar of Arizona Cash Reserve Policy – Removal of \$2M Cap on Capital Reserve Policy.
 - h) Waiver Requests:
 - i. Approval of March 2018 requests
 - ii. Approval of April 2018 requests.
- President Vakula asked if there was anything to come off the Consent Agenda, hearing nothing he asked for a motion to approve.
 - By acclamation, the Consent Agenda was unanimously approved.

9:50-10:05 a.m. BREAK

APPOINTMENTS COMMITTEE – Chair Jessica Sanchez

Board of Governors, District 6 Seat

- Fourteen applications received; 11 interviewed by the Appointments Committee; five finalists to meet with the Board.
- Candidate Sandra L. Etherton was called for jury duty and unable to be present.
- General Counsel Lisa Panahi reviewed the voting procedures; requires a majority vote; two rounds of voting possible. President only votes to break a tie.
- **MOTION:** Jimmie Smith moved and Patrick Greene seconded to add Richard (Dick) Coffinger to the slate for consideration. Motion held.
- Board members were assigned questions to ask and encouraged to ask additional questions of the candidates. Each interview was scheduled for 15 minutes.

- Interviewed four of the five finalists recommended by the Appointments Committee:
 - Alane V. Breland, Salt River Pima-Maricopa Indian Community, Scottsdale
 - Manuel (Manny) H. Cairo, Midwestern University, Glendale
 - Norma C. Izzo, Jennings Strouss & Salmon PLC, Phoenix
 - Gaetano (Guy) J. Testini, Industrial Commission of Arizona, Phoenix
- **MOTION:** 11:00 a.m. Tyler Carrell moved, Anna Thomasson seconded and the motion carried unanimously to go into executive session, and the Board moved into executive session.
- Open session resumed - 11:07 a.m.
- **MOTION RESUMED:** Jim Smith moved and Patrick Greene seconded to add Richard Coffinger to the slate for consideration. Vote 9-9. President Vakula broke the tie by casting his vote to add Mr. Coffinger for consideration.
- **MOTION:** 11:25 a.m. Patrick Greene moved, John Gordon seconded and the motion carried unanimously to go into Executive Session.
- Open Session – 11:34 a.m.
- The interviews of candidates Sandra Etherton and Richard Coffinger were deferred to the Board's May 18th meeting.

Client Protection Fund Board of Trustees

- Ms. Sanchez reported that three applications were received and vetted by the Committee. The Appointments Committee ranked them in the following order:
 - 1) Sandra Etherton, Etherton Law Group LLC, Scottsdale
 - 2) Edward Parker, Attorney at Law, Phoenix
 - 3) Neal H. Bookspan, Jaburg & Wilk PC, Phoenix
- This matter was also deferred to the May 18th Board meeting. Ms. Etherton applied for both the Board's District 6 seat along with the CPF Trustee position. The Board felt it would be unfair to make an assessment until after her May interview.
- The Board was reminded that their comments and input on candidates prior to each Appointments Committee meeting is welcome and encouraged.

Administrative Order – Appointment of Public Member to Board of Legal Specialization (Information)

Governor Doug Ducey's Lawyer Appointments to the Three Trial Court Commissions (Information)

AWARDS WORKING GROUP – Chair Lori Higuera

The Awards Working Group completed its charge and recommended to the Board of Governors the following slate for the awards as noted below:

Award of Appreciation (non-lawyer) - Judith Register

Award of Special Merit - Hon. Michael P. Pollard

Diversity and Inclusion Leadership Award - Los Abogados Hispanic Bar Association

James A. Walsh Outstanding Jurist Award - Hon. G. Murray Snow

Member of the Year - Paul F. Eckstein

Sharon A. Fullmer Legal Aid Attorney of the Year Award - Anne M. Ryan

Tom Karas Criminal Justice Award - Hon. (Ret.) David G. Derickson and Walter B. Nash III

Michael C. Cudahy Criminal Justice Award - Kimberly Ortiz

Outstanding In-House Counsel of the Year Award - Patrick J. Duffy

Hon. John R. Sticht Disability Achievement Award - Hon. Lawrence O. Anderson

MOTION: Coming from the Awards Working Group, requiring no second, motion carried unanimously to approve the slate of recipients for the 2018 awards as presented.

12:00-12:17 p.m. Lunch Break

FINANCE AND AUDIT COMMITTEE – Brian Furuya and Kathy Gerhart

- Draft Q-1 Financials presented:
 - Revenue sources: 63% - member fees; 30% - non-member fees income; 7% - penalties/late fees.
 - Expenses: 63% - personnel; 32% - other operating; 5% - depreciation.
- 2017 Audit completed by Eide Bailly for the consolidated financial statements December 31, 2017 and 2016 of the State Bar of Arizona and Client Protection Fund. Clean audit with no aberrations.
- 2017 Annual Surplus – Reserve Account Allocation Recommendation
 - Recommendation: split surplus - \$828,648K to Capital Account and \$851,442K to Dues Reserve Account.
 - **MOTION:** Recommendation from the Finance and Audit Committee, requiring no second, passed unanimously.
 - Discussion regarding the current investment policy; Committee to review its conservative approach to investments which are currently in Money Market Accounts.

BYLAWS REVIEW WORKING GROUP

- Working Group completed its charge; Roberts Rules of Order was a highly debated topic.
- Bylaws proposal was held to learn whether Court would make changes to the Bar's structure.
- Proposed Bylaws and 1987 Articles of Incorporation being reviewed by outside counsel.
- May agenda item.

EMAIL UPDATE – Rick DeBruhl

- April 1 – deadline for those utilizing azbar.org as their primary email address.
- Bar no longer supporting this outdated platform.
- Approximately 170-175 members haven't changed their email addresses in The Hub (database). Outreach/phone calls made.

BOARD OF GOVERNORS APPOINTMENT POLICY (Final)

- This policy was approved in February by the Board and provided as information in its final form.

ARIZONA COURT OF APPEALS – Division One, 2017: Year in Review (Information)

BOARD RETREAT July 19-20 RESERVATION FORM

- RSVP forms due by May 4. Planning underway with President-Elect Jeffrey Willis. The retreat will be held in Flagstaff.

REPORTS (Information)

Western States Bar Conference Profiles

Executive Council Minutes - January and February

ADJOURN

There being no further business to come before the Board of Governors, the meeting adjourned at 12:55 p.m.

Respectfully submitted,

Lori Higuera
Secretary/Treasurer