MEETING OF THE
BOARD OF GOVERNORS
OF THE
STATE BAR OF ARIZONA
July 23, 2015
Flagstaff, AZ

BOARD MEMBERS PRESENT: Bryan B. Chambers, President, Globe; Lisa S. Loo, President-Elect, Phoenix; Alex B. Vakula, First Vice President, Prescott; Geoffrey Trachtenberg, Second Vice President, Phoenix; Jeffrey Willis, Secretary-Treasurer, Tucson; Tyler J. Carrell, YLD President, Phoenix; Richard D. Coffinger, Glendale; Hon. David G. Derickson, Phoenix; Diane L. Drain, Phoenix; Denis M. Fitzgibbons, Casa Grande; Brian Y. Furuya, Flagstaff; Patrick Greene, Tombstone; Steven A. Hirsch, Phoenix; Melissa S. Ho, Phoenix; James B. Penny, Tucson; Jennifer R. Rebholz, Phoenix; Samuel Saks, Phoenix; Dee-Dee Samet, Tucson; Jimmie Dee Smith, Yuma; Public Members: Tony Finley, Tucson; Audrey R. Jennings, Scottsdale; Meredith Peabody, Prescott; Anna C. Thomasson, Phoenix; and At-Large Members: David K. Byers, Phoenix; Lori Higuera, Phoenix; and Paul Senseman, Phoenix; Ex-Officio Members: Gary Stuart for Dean Douglas Sylvester, Tucson.

EXCUSED ABSENCES: Ex-Officio Members: Richard T. Platt, Immediate Past President; Dean Shirley Mays, Phoenix; and Dean Marc L. Miller, Tucson.

OTHERS PRESENT: Nina Benham, Board Services Specialist; Lisa Deane, Chief Member Services Officer; John Furlong, General Counsel/Deputy Director; Martin Gaxiola, Accounting Manager; Rob Hosch, Technology Support Director; Gayle V. Jackson, Human Resources Director; Ann Leslie, Executive Assistant; John Phelps, CEO/Executive Director; Amy Rehm, Deputy Chief Bar Counsel; Carrie Sherman, Director of Board Operations; Pat Sallen, Director, Special Services and Ethics-Deputy General Counsel; Maret Vessella, Chief Bar Counsel and Court Liaison Hon. Ann A. Scott Timmer, Phoenix.

President Bryan Chambers called the meeting to order at 1:05 p.m.

PRESIDENT’S REPORT

- Announced that he had been appointed by Governor Doug Ducey to serve as a Gila County Superior Court Judge and will be sworn in on August 31. The Board is to elect his successor at this meeting.

CEO/ED REPORT – John Phelps

- Convention – Staff, Sections and Committees put on a “world class” event at the Arizona Biltmore. Although there were fewer attendees when compared to the last Phoenix Convention in 2013, the event will prove to be financially successful.

- CLE by the SEA – This annual event was going to be cancelled, however, staff renegotiated the contract with the Hotel Del Coronado and the Bar was able to go forward with higher attendance than last year. The keynote speaker was John Deane, White House Counsel for President Richard Nixon.
• Budget 2016 – Process begins in August. Staff is working in advance with Sections to assist them with their respective budgets.

SUCCESSION PLANNING – John Furlong, General Counsel
• Reviewed his Legal Memorandum regarding the Board officers and succession planning, noting pertinent bylaws, court rules and statutes.
• President Chambers, appointed to the Gila County Superior Court bench, must resign as judicial members are precluded from serving on the Board of Governors.
• An Active Member from Board District 3 (Gila, Graham and Greenlee counties) will subsequently be selected by the Board to fill the District 3 seat.
• Recommendation with regard to a process to follow to elect a new president was described.

ELECTION OF PRESIDENT
• MOTION: Richard Coffinger moved and Jim Smith seconded the motion to accept the resignation of Bryan Chambers effective 8/31/2015.
• VOTE: Unanimous
• Dave Derickson moved and Dee-Dee Samet seconded the motion to follow the process described by President Chambers and General Counsel John Furlong to elect a new president.
• VOTE: Unanimous

NOMINATIONS FOR PRESIDENT
• MOTION: Jim Smith moved and Richard Coffinger seconded the motion to nominate Geoffrey Trachtenberg (Levenbaum Trachtenberg PLC, Phoenix) for the office of president.
• MOTION: Dee-Dee Samet moved and Diane Drain seconded the motion to nominate Jeffrey Willis (Snell & Wilmer LLP, Tucson) for the office of president.
• MOTION: Patrick Greene moved and Jim Smith seconded the motion to close nominations. VOTE: Unanimous
• Both nominees were asked to address the Board on why they would be the best candidate.
• Executive Session was called and all staff, except for the CEO and General Counsel, and both nominees left the room.
• 11:15 am – 11:50 am Executive Session
• Open Session reconvened. Board voted by secret ballot.
• President Chambers announced that Geoffrey Trachtenberg was elected as the new State Bar president effective 8/31/15.

NOMINATIONS FOR SECOND VICE-PRESIDENT
• An election was held to replace Geoff Trachtenberg who held the second vice president position.
• MOTION: Alex Vakula moved and Jim Smith seconded the motion to nominate Jeffrey Willis for the office of second vice president.
• MOTION: David Derickson moved and Tyler Carrell seconded the motion to close nominations.
• VOTE: Unanimous
• VOTE: Unanimous to elect Jeffrey Willis as second vice president.
NOMINATIONS FOR SECRETARY-TREASURER

- An election was held to replace Jeff Willis who held the secretary-treasurer position.
- Jim Smith moved and Patrick Greene seconded the motion to nominate Steven Hirsch (Bryan Cave LLP, Phoenix) as secretary-treasurer.
- No other nominations were received for this officer position.
- MOTION: Jim Smith moved and Patrick Greene seconded the motion to close the nominations.
- VOTE: Unanimous
- VOTE: Unanimous to elect Steven Hirsch as secretary-treasurer.

CONSENT AGENDA

President Chambers asked if anything was to be removed from the Consent Agenda, hearing nothing:

- VOTE: The Consent Agenda was unanimously approved:
  - June 23, 2015 Board of Governors Meeting Minutes
  - Approval of Resignations in Good Standing
  - Approval of Reinstatements:
    - Reinstatement to Practice of Members suspended for Non-Compliance with MCLE Reinstatements (Rule 43, Ariz. R. Sup. Ct.)
    - Reinstatement to Practice of Members 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.)
  - Approval of Request for 2015 Annual Dues Waivers Requests/Late Fees
  - Administrative Law Section Name Change

SUNSET VARIOUS COMMITTEES/TASK FORCES – Bryan Chambers

- Recognizing that their respective tasks had been completed,
- VOTE: The Board voted unanimously to sunset the Ad Hoc Committee on Coordination and Communication with the Arizona Foundation for Legal Services & Education, the CLE Task Force, the Succession Planning Task Force and the Sustainability Task Force.

GOVERNANCE TASK FORCE APPOINTMENT – Bryan Chambers

- Bryan Chambers and Geoff Trachtenberg plan to appoint a study group to review the Governance Task Force Report when it comes out in September, to evaluate what is in the report, to advise the Board whether the State Bar should submit a comment when the Rule Change Petition is circulated and what the comment should be.
- The first comment period runs through March. The task force could modify its petition and recirculate it for comment until sometime in May.

“HOW ARIZONA ATTORNEYS CAN HELP DURING A DISASTER” – John Phelps

- A short video was presented on the State Bar of Arizona Disaster Assistance Plan. The plan, previously approved by the Board, was developed in partnership with the State Emergency Preparedness Office.
• During the Yarnell fire attorneys were mobilized and provided tremendous assistance to those in need.
• The video will help inform attorneys and county bar leaders that a plan exists and to notify the State Bar when an emergency or disaster occurs and the Bar will execute the plan.

800th CELEBRATION OF THE SEALING OF THE MAGNA CARTA – Patrick Greene
• Mr. Greene attended the 800th Celebration of the Sealing of the Magna Carta held at the ABA’s Magna Carta Memorial at Runnymede Field, London England on June 15, 2015.
• Queen Elizabeth, Prince Phillip, Prince William, Princess Anne, Prime Minister David Cameron, the Archbishop of Canterbury Justin Welby, Matthew Barzun, Ambassador of the United States to the Court of St. James, United States Attorney General Loretta Lynch, and other dignitaries participated. Music was provided by the London Symphony Orchestra.

FINANCE AND AUDIT COMMITTEE – Dave Byers
• Mr. Byers reported on the preliminary Statement of Operations for the six months ending June 30, 2015. Our current year-to-date surplus is $1,159K which is $332K more than budgeted. We are currently trending to finish the year with a higher surplus than budgeted.
• Mr. Byers reported on the revised five year projections. The projections previously submitted to the courts reflected $118K deficit for the year ended 2019, however, expenses continue to be controlled as revenue comes in thus pushing the projected deficit to 2020.
• Five-year projection: Reserves projected to be $2.7M two years ago; current projection is $4M.
• One large strategic project for consideration by the Board in October or November – an association management system. The RFP is currently under construction. An AMS will help staff be more efficient and members to be able to do more things online.
• Previously money was set aside in the capital budget for this project but the cost will likely be higher.
• Client Protection Fund claims remain high for the second year in a row with $400K in claims being paid out. Should that trend continue the $10 from membership fees that go to the CPF may need to be increased.

FIVE-YEAR PLAN ASSUMPTIONS

Revenues
• +1% membership growth annually
• Dues Increase 2015-2018 - $15 annually
• CLE = -5% annually

Expenses
• Personnel and Benefits - +3% annually (total compensation)
• Depreciation - based on current assets plus five year capital needs
• Other expenses +2% annually

Line of Credit
• $4M line of credit; was not used last year which is the first time in 15 years
• Building is valued at $9M
OBITUARIES
To honor our members who have passed, a webpage has been created and will be posted at www.azbar.org/NewsEvents/InMemoriam.

There being no further business to come before the Board of Governors, the meeting adjourned at 1:40 p.m.

Respectfully submitted,

Jeffrey Willis
Secretary-Treasurer