

**MEETING OF THE
BOARD OF GOVERNORS
OF THE
STATE BAR OF ARIZONA
January 27, 2017
Phoenix, AZ**

BOARD MEMBERS PRESENT: Lisa Loo, President, Phoenix; Alex Vakula President-Elect, Prescott; Jeffrey Willis Vice President, Tucson; Brian Y. Furuya, Flagstaff; Secretary-Treasurer, Phoenix; Alexia Semlek, Young Lawyers Division; Richard D. Coffinger, Glendale; Hon. David G. Derickson, Phoenix; Diane L. Drain, Phoenix; Hector Figueroa, Payson; Denis M. Fitzgibbons, Casa Grande; Patrick Greene, Tombstone; Melissa S. Ho, Phoenix; Kenney F. Hegland, Tucson; Jennifer Rebholz, Phoenix; Samuel Saks, Phoenix; Dee-Dee Samet, Tucson; Jimmie Dee Smith, Yuma; Tucson; Public Members: Audrey R. Jennings, Scottsdale; John Gordon, Prescott; Anna C. Thomasson, Phoenix; and At-Large Members: David K. Byers, Phoenix; Lori Higuera, Phoenix; and Paul Senseman, Phoenix; Ex-Officio Members: Dean Marc Miller, Tucson; Geoffrey M. Trachtenberg, Immediate Past President; Gary Stuart on behalf of Dean Douglas Sylvester, Phoenix

EXCUSED ABSENCES: Public Member: Tony Finley, Tucson

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; Martin Gaxiola, Accounting Manager; Kathy Gerhart, Chief Financial Officer; Rob Hosch, Information Technology Director; Gayle V. Jackson, Human Resources Director; Ann Leslie, Executive Assistant; Lisa Panahi, Senior Ethics Counsel/Interim General Counsel; John Phelps, CEO/Executive Director; Patricia Seguin, Legal Services Manager; Carrie Sherman, Director of Board Operations; Maret Vessella Chief Bar Counsel; and Court Liaison Hon. John Lopez, Phoenix.

President Lisa Loo called the Board meeting to order at 8:35 a.m.

PRESIDENT'S REPORT – Lisa Loo

- Welcomed two new Board members: Dean Penny Willrich, Arizona Summit Law School, who will serve in an ex-officio non-voting role, and Supreme Court Associate Justice John R. Lopez IV.
- Associate Justice Clint Bolick introduced Justice Lopez who will take his place as the Court's liaison to the Board.
- President Loo thanked Justice Bolick for his service, attendance and active participation in the Board meetings and presented him with a memento from the Board.
- President Loo thanked Board member Board Diane Drain and her husband Jay McClimon who have opened their home for many years for the annual Board holiday party and presented her with a small gift from the Board.
- Attended Arizona Judicial Council meeting December 15, 2016.
- Attended the SBA Staff holiday party December 16, 2016.
- Convention Planning Committee is hard at work and plans are well in hand.

- Working on getting Judge Padmanabhan Srinivasan as the keynote speaker for the Friday awards luncheon.
- Will attend the ABA's National Conference of Bar Presidents February 2-4.
- Spring Training for Lawyers, March 31, 2017 at the Desert Willow Conference Center. The Board is invited by the Bar Leadership Institute to attend the breakfast.
- Bar's 26 Standing Committees are in need of review regarding their respective missions structures, and the process for appointing volunteers. The Scope and Operations Committee concurred with the proposal and assigned the study to the Program Review Committee which met on January 23rd. A report and recommendations from the PRC are due to the Board at its June meeting.
 - What could the consequences of the impending Public Meetings and Public Records Policies have?
 - Due to the committees' review the president-elect's committee appointment process will be suspended for the 2017-2018 Bar year.
- Candidate criteria for two new Public members – Audrey Jennings and Tony Finley will term out after serving six (6) years in June. What candidate criteria/skill set should be included in Appointment Committee's recruitment efforts? There is no restriction with regard to candidates' county of residence within Arizona for these two positions.

CEO/ED REPORT – John Phelps

- Mr. Phelps introduced Kristen Moye, Lawyer Assistance Programs Lawyer/Advisor, who presented a Member Services Moment regarding the Bar's Trust Account Hotline. This is the second in a series to inform and educate the Board about Bar programs and services.
 - 328 inquiries last year; 287 inquiries in 2015
 - All inquiries are confidential under E.R. 8.3(c) and E.R. 1.6.
 - An individual inquiry may result in a number of phone calls
 - New lawyers are the highest percentage of callers; lawyers inquire how to close their IOLTA accounts; accountants and legal staff inquire on information to correctly handle the account.
 - Bar's website contains: a Trust Account Manual which is frequently updated; Trust Account Basics; sample forms, fee agreements and ledgers
 - A Bar webinar features Trust Account tips
 - Contact: 602.340.7305; iolta@azbar.org
- Introduction – Mona Fontes, Employee of the Quarter, and Nancy Loya, Employee of the Year.
 - Ms. Fontes is MCLE Administrator. – Last year at this time 3,100 members had yet to file their MCLE affidavits. Through her personal outreach and effort she reduced that number to 800, with the list before the Board today culled to 58.
 - The Human Resources Department is comprised of two people and has all the traditional requirements of an HR Department. Ms. Loya, HR Generalist, is the first person with whom a new employee or potential employee comes in contact. Ms. Loya is being recognized for her exemplary service to the Bar and to the members of the public that seek a position at the Bar. This is the fourth consecutive year that the Bar has been recognized by the Arizona Wellness Council for its Wellness Committee and related programs. Ms. Loya also is active in that Committee.
- Already meeting with elected officials regarding bills that affect the Bar.

- Implementing requirements pursuant to new Rule 44 (Board of Legal Specialization) and changes to Rule 32 (governing the State Bar). The Court now appoints the BLS, and has given the Bar a one-year timeline for a complete review of the BLS program. The Bar will be subject to Public Meetings (policy to be submitted to the Court by February 1) as well as Public Records (policy to be submitted to the Court by May 1).
- Gearing up for Board elections in Maricopa and Pinal Counties. This is the first year active out-of-state Members can vote.
- Public Service Center – moving forward to hire a manager. Keeping the Pima and Maricopa County Bars informed of progress.
- Reported on General Counsel John Furlong's recovery. Senior Ethics Counsel Lisa Panahi has been named Interim General Counsel.

CALL TO THE PUBLIC – President Lisa Loo made a Call to the Public and, hearing nothing, moved to the next agenda item.

COMMUNICATIONS/GOVERNMENT RELATIONS DIVISION – Rick DeBruhl/Janna Day

- Legislative Report
- Representative Anthony Kern has sponsored two Bills affecting the Bar.
 - HB2295 is similar to last year's HB2221. It would split the Bar into mandatory and voluntary functions.
 - HB2230 would move all regulatory functions to the Arizona Supreme Court.
 - Bills have not been assigned yet to a Committee.
- The Goldwater Institute has filed a Petition with the Court to bifurcate the Bar.
- Board members could reach out to their respective Senators and Representatives that they know and inform them of the Bar's mission, programs, services and activities.
- This year the Bar doesn't have a Bill(s) to shepherd for any Section.
- Ms. Day stated there are approximately 10 to 12 new legislators but politically the House and Senate are little different from last session.
- Meetings with elected officials are underway. House Speaker J.D. Mesnard has proposed procedural House reforms including the elimination of striker bills. The Senate has not adopted the same reforms.
- Request for refunds of lobbying fees – working to streamline the Bar's previous process to respond to such requests and comply with amended Rule 32.
- Mr. DeBruhl reported that any Member can send him the number of the Bill(s) they are interested in and the legislation will be added to *Bar Track*.

STRATEGIC PLAN – Alex Vakula

- Proposed changes to Plan submitted by Strategic Planning Committee to the Board in December. Action was deferred so the Board members could provide input.
- Committee considered Sam Saks' and Kenney Hegland's input. Requested Mr. Saks resubmit his proposal when the Committee starts a complete review to create the next plan.
- 2017 is the beginning year 3 of a 5-year plan.
- Committee voted not to undertake a total rewrite now and urged the Board to accept/vote on the Committee's original slight modifications which more fully broadcasts the Bar's new mission.

- Strategic Goals were captured during the Retreat discussions. Committee has now ranked them in priority with the recently approved Public Service Center being number 1.
- Mr. Vakula summarized the proposal:
 - New Mission Statement inserted at top of Plan.
 - Goal 1 – (previously Goal 4) Administration of and Access to Justice – pursuant to the Bar’s new Mission. The other Goals were renumbered ending with Goal 5 which remained the same.
- MOTION on the floor comes from the Committee to approve the Strategic Plan as amended.
- MOTION TO AMEND: Dee-Dee Samet moved to add a reference to “improve the lives of lawyers”.
- Jeff Willis proposed the following language in Goal 1.A. line 3: “...educating the public about the legal process, the role of lawyers in that process, and continuing to educate the public and elected officials on the importance of an independent judiciary and retention of merit selection.” Mr. Willis then seconded the motion to amend.
- MOTION: Richard Coffinger moved and Patrick Greene seconded to include the entire Mission Statement, including sections A – E, from the Supreme Court. After discussion the motion was amended, and accepted, to cite Rule 32 instead of adding sections A – E.
- Kenney Hegland encouraged that language be added to further define diversity issues in the plan regarding socio/economic demographics. Does the legal profession reflect the community it serves and is able to competently serve all segments of the community?
- MOTION: Kenney Hegland moved to have staff include on the next member survey a question were they raised in a blue collar family? How many have had Pay Day Loans? No second was made.
- MOTION: Sam Saks moved and Diane Drain seconded to adopt the Committee’s stop gap amendments and to begin work immediately to develop a new Strategic Plan. After discussion the motion was amended to state that the Committee begin working immediately on a new plan.
- President Loo as parliamentarian took each motion separately:
 - MOTION: on the Floor from the Committee, requiring no second, passed.
 - MOTION TO AMEND: Dee-Dee Samet moved and Jeff Willis seconded and motion carried over one dissent to add to Goal 1.A. line 3: “...educating the public about the legal process, the role of lawyers in that process, and continuing to educate the public and elected officials on the importance of an independent judiciary and retention of merit selection.”
 - MOTION: Richard Coffinger moved, David Derickson seconded and the motion to add a citation to Rule 32 under the Mission Statement carried in 15-3 vote.
 - MOTION: Sam Saks moved, Diane Drain seconded the motion for the Committee take action on a new plan as soon as practical passed in a vote of 13-5.
- There were no objections to the proposed 2017 strategic goals.

PUBLIC MEETING POLICY – John Phelps/Lisa Panahi

- Court’s Administrative Order directs that the Board submit a Public Meeting Policy by February 1.
- Court staff was consulted and provided input during the drafting of this policy and the Court’s own policy was the model for drafting the Bar Policy.

- Internal working group had significant discussion regarding policy's implications to Committees and Sections.
- Board members offered suggested modifications to the draft policy including listing only those Bar groups that would be covered by the policy (eliminating language at C.6., 7. and 8.)
- MOTION: Dee-Dee Samet moved and Jim Smith seconded the motion to table the matter and ask the Court for an extension to further vet the proposed policy.
- To adhere to the Court's February 1 deadline, Mr. Phelps proposed sending the draft as amended to the Court stating in the transmittal letter that a draft policy was provided, however, noting additional concerns were raised at the Board meeting regarding the content, and thus recommending that a joint Bar/Court working group address these concerns.
- MOTION: Dave Byers moved, Sam Saks seconded and motion carried over two dissents to send a letter to the Court with the amended draft policy (removing section C.6., 7. and 8.) and recommend that a joint working group with the Court address any lingering concerns or issues.

BREAK 10:50 a.m. – 11:00 a.m.

SUCCESSION PLAN – Lisa Panahi

- There is an opening in District 6 (Maricopa County) for a Board Representative as well as an Officer position due to the recent passing of Second Vice-President Steve Hirsch.
- There will be an election in May in District 6, and election process is underway.
- In June the Second Vice-President position will be eliminated pursuant to recent Rule 32 changes. For these reasons it is staff's recommendation not to fill either position now. The Scope and Operations Committee concurred with staff's recommendations.
- MOTION: Geoffrey Trachtenberg moved, Paul Senseman seconded and the motion carried unanimously to adopt staff's recommendations and not fill either Board position.

CONSENT AGENDA

- a) Approval of December 9, 2016 Board Meeting Minutes
 - b) Approval of Resignations
 - i) In Good Standing
 - ii) In Lieu of Reinstatement
 - c) 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) National Elder Law Foundation ("NELF") Renewal
 - e) American Board of Certification ("ABC") Renewal
 - f) MCLE Non-Compliance Summary Suspensions
 - g) Dues Waiver Requests
- President Loo asked if any item needed to be removed from the Consent Agenda; hearing nothing requested a motion.
 - MOTION: Alex Vakula moved, Jim Smith seconded and the motion to approve the Consent Agenda carried unanimously.

CONVENTION 2017 – Silent Auction Charity Selection – Lisa Loo/Lisa Deane

- Lisa Deane reviewed the 2012 Board Policy whereby the Board of Governors selects the charity authorized to organize and run a silent auction at the Convention and retain the related income.
- Ms. Deane described the RFP process and the two agencies that submitted proposals for consideration:
 - Tucson Homeless Connect, Tucson – twice a year has one-stop event for the homeless which includes ID, clothes, health screening, haircuts, VA benefits, drug and alcohol counseling; rabies shots for their dogs.
 - Defenders of Children, Phoenix – serving abused or allegedly abused children and non-offending family members.
- MOTION: Jim Smith moved, Dave Derickson seconded and the motion carried over one abstention to select Tucson Homeless Connect as the 2017 Charity for the Convention.

FINANCE AND AUDIT COMMITTEE – Jeffrey Willis

- The preliminary end of year financials were presented:
 - 2016 Income Statement – Preliminary
 - Revenues \$15,499K
 - Expenses \$14,269K
 - Surplus \$1,230K
- The Board was reminded that the Court had previously approved the Board's request to defer the authorized dues increase in 2018 to 2019, and that the Court had approved, effective 2017, redirecting an additional \$10 (total \$20) of members' dues to the Client Protection Fund.

THE HUB – John Phelps

- The Hub is an internal initiative to replace the Association Management System that was cancelled last year.
- The Hub's phases:
 - Phase I – Stabilize/Secure Database
 - Phase II- Update/Replace Core Business Process Architecture
 - Phase III- Evaluate/Enhance Business Process Applications
- Presented the five-year timeline to bring on all operational systems.
- Reviewed the financial impact: reduced costs versus an AMS system; Return on Investment - increased efficiencies and lower learning systems (CLE) costs.
- Added advantages: controlled delivery; expanded internal technological support; custom solution.

ADJOURN

There being no further business to come before the Board of Governors, the meeting adjourned at 11:35 a.m.

Respectfully submitted,

Jeffrey Willis
First Vice-President