

**MEETING OF THE
BOARD OF GOVERNORS
OF THE
STATE BAR OF ARIZONA**
High Country Conference Center – 1899 Ballroom
Flagstaff, AZ

July 20, 2018

BOARD MEMBERS PRESENT: Jeffrey Willis, President, Tucson; Brian Furuya, President-Elect, Flagstaff; Lori Higuera, Vice President, Phoenix; Denis M. Fitzgibbons, Secretary-Treasurer, Casa Grande; Geoffrey Balon, Young Lawyers Division President, Phoenix; David K. Byers, Phoenix; Tyler J. Carrell, Phoenix; David Wm. Engelman, Phoenix; Hector Figueroa, Payson; Sharon M. Flack, Prescott; Doreen M. McPaul, Tucson; Robert J. McWhirter, Phoenix; Jennifer Rebholz, Phoenix; Jessica Sanchez, Phoenix; Sara A. Siesco, Phoenix; Gaetano Testini, Phoenix; Public Members: Robyn M. Austin, Tucson; Jason E. Cobb, Phoenix; John Gordon, Prescott; Anna C. Thomasson, Phoenix; and At-Large Member Paul Senseman, Phoenix; Ex-Officio Member: Dean Marc Miller, Tucson.

OTHERS PRESENT: Nina Benham, Board Services Specialist; Matt Campbell, System Administrator; Rick DeBruhl, Chief Communications Officer; Kathy Gerhart, Chief Financial Officer; Ann Leslie, Executive Assistant; Lori Maxwell, Chief Information Officer; Lisa Panahi, General Counsel; John Phelps, CEO/Executive Director; Amy Rehm, Deputy Chief Bar Counsel; Carrie Sherman, Director of Board Operations; Maret Vessella, Chief Bar Counsel.

EXCUSED ABSENCE: Patrick Greene, Tombstone; Samuel Saks, Phoenix; Dee-Dee Samet, Tucson; Jimmie Dee Smith, Yuma; Benjamin P. Taylor, Phoenix; Ex-Officio Members: Dean Douglas Sylvester, Phoenix; Dean Penny Willrich, Phoenix; Alex Vakula, Immediate Past President, Prescott; Justice John Lopez IV, Phoenix.

President Jeffrey Willis called the Board meeting to order at 12:30 p.m.

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

PRESIDENT’S REPORT – Jeffrey Willis

- Ms. Kelly A. Kszywienski with Snell & Wilmer LLP (Phoenix) will co-chair the Convention Committee. The other co-chair will be announced by the end of next week.
- Worked with staff to appoint members to the Standing Board Committees. Appointments to the Bar’s Standing (volunteer) Committees are nearly complete.
- Initiative this year – appoint a Senior Lawyers Task Force to look at three areas: mentoring younger lawyers; access to justice – helping to bridge the justice gap with senior lawyers’ involvement; providing resources for those transitioning out of the practice of law. The Task Force will be chaired by Hon. (ret.) Patricia Norris; co-chairs are Laura Zeman-Mullen, Zeman-Mullen & Ford, LLP, Prescott, and Charles (Chas) Wirken, Gust Rosenfeld PLC, Phoenix. Board member Hector Figueroa, Payson Town Attorney, will be the liaison to this group.

- Will attend the National Conference of Bar Presidents in early August.
- Scheduled to meet with Chief Justice Scott Bales regarding the upcoming Bar year.

CEO/ED REPORT – John Phelps

- Busy planning the Retreat. Preparation begins about eight months out.
- Convention Report– It was a great success.
 - 1,380 registrants (1,265 in 2016 when last held in Maricopa County)
 - Launched Convention app, onsite registration kiosks and electronic check-in at seminar rooms. All went smoothly.
 - The movie about Thurgood Marshall was standing room only.
 - Very positive comments from those in attendance.
- Member Services staff focused on CLE by the Sea in Coronado, July 22-25, with approximately 250 registrants.
- Will attend the National Association of Bar Executives and NCBP meetings in August.

POLICY DISCUSSION

Phishing Attacks Against Board Members – Rick DeBruhl

- Phishing by definition is a fraudulent practice of sending emails purporting to be from reputable companies in order to induce individuals to reveal personal information, such as passwords or credit card numbers. They target large numbers, whereas, spear phishing is more targeted fraudulent emails ostensibly from a known or trusted sender in order to induce targeted individuals to reveal confidential information.
- Board members have experienced several spear phishing attacks. Should Board members' email addresses be removed from the Governors' web page? An alternate to reaching a Board member(s) would be to provide an online comment box, with the message being forwarded to the Board member(s).
- Previously the Board considered this issue and voted to keep their email addresses on the website in order to provide easy access to stakeholders to communicate with the Board.
- Scheduled for a vote at the September Board meeting.

Rules of Order Policy – Lisa Panahi/John Phelps/Jessica Sanchez

- This policy relates to the proposed bylaw amendments
- The Rules of Order Policy addresses how Board meetings are run.

PROPOSED BYLAW AMENDMENTS – Jeffrey Willis/Lisa Panahi/Jessica Sanchez/John Phelps

- Latest version includes a definition of Annual Meeting – “shall mean the Board meeting held each year in conjunction with the State Bar Convention; the conclusion of the annual meeting for purposes of assuming governor and officer seats, pursuant to Rule 32, will be at the end of Convention.”
- Two options for meeting procedures provided in the materials.
 - Option #1 ARTICLE IX. 9.05. Meeting Procedures. Proceedings at meetings of the Board shall be conducted in accordance with policies adopted by the

Board. In the event of a disagreement regarding procedure at a meeting, the State Bar's General Counsel shall act as parliamentarian, and shall follow a simplified version of Robert's Rules.

➤ Option #2 ARTICLE IX. 9.05. Meeting Procedures Proceedings at meetings of the Board shall be conducted in accordance with policies adopted by the Board.

- After discussion:
- **MOTION:** Dave Byers moved, Robert McWhirter seconded and the motion carried unanimously to adopt Option # 2.
- **MOTION:** Tyler Carrell moved, Robert McWhirter seconded the motion carried unanimously to adopt the amended bylaws as presented.

RULES OF ORDER POLICY (vote) – Jessica Sanchez

- Jessica Sanchez gave an overview of the Rules of Order Policy she had drafted. It covers how to conduct a meeting in an orderly way.
- **MOTION:** Doreen McPaul moved to delete the second sentence in the fourth bullet point – “Such a motion shall require a second and a majority vote.” The motion died for the lack of a second.
- **MOTION:** Robert McWhirter moved, Gaetano Testini seconded and the motion carried over one dissent to approve the Rules of Order Policy subject to a revision in the second bullet – delete “prior to discussion”.

CONSENT AGENDA – Jeffrey Willis

- Approval of June 26, 2018 Board Meeting Minutes
- Approval of Resignations in Good Standing
- Approval of Reinstatements
 - Approval of Reinstatements of Members Suspended for Non-Compliance with MCLE Requirements, Rule 45, Ariz. R. Sup. Ct.
 - 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.
- Membership Fees/Late Fees Waivers

President Willis asked if there was anything that should come off the Consent Agenda, hearing nothing, the following motion was made:

- **MOTION:** Tyler Carrell moved, Lori Higuera seconded and the motion carried unanimously to approve the Consent Agenda.

FINANCE AND AUDIT COMMITTEE - Kathy Gerhart

- Six months ending June 2018 the Bar has generated a surplus of \$292K which is \$92K less than budgeted; \$124K more in revenue offset by \$216K more in expenses.
- Sections activity is reflecting a surplus of \$142K compared to budget of \$15K which is due to a timing issue.
- Significant Issues:
 - Revenue – CLE registration income \$127K more than budget.
 - \$85K more than budgeted for online registrations (greater demand by members)

- \$42K more than budgeted for live sessions (held more live programs than budgeted)
- Other Income: Dues penalty revenue - \$129K less than budgeted, fewer delinquent annual dues payments.
- Expenses:
 - Court Discipline Operations - \$40K higher than budget due to lower than anticipated 2017 settle-up of Court actual expenses.
 - Federal UBIT Taxes - \$25K higher than budget.
 - IT Expenses - \$225K unfavorable
 - Contract labor was utilized during the first half of the year in lieu of filling vacancies.
 - Personnel and professional services budgeted for 2nd half of the year were utilized during the first half of the year to completed mission critical IT projects.

Year over Year – 2018 vs. 2017

- Bar Operating Surplus \$737K less in 2018 vs 2017

Expenses

- Contract Labor IT - \$314K increase due to utilization during the first half of the year in lieu of filling vacancies
- Court Discipline Operations - \$55K increase due to higher cost and smaller refund
- Contract Services \$103K higher due to the implementation of etouches (Convention registration software), icontacts (email campaign software), and IT monitoring/security software
- Legal Services - \$22K (increased litigation, anticipating being over budget by year end)
- Maintenance – Landscaping \$24K increase (non-recurring 2018 projects completed – plant replacement, granite/Rip Rap-rock touch up, and tree removal)
- Professional Services - \$240K increase to fund developer support; Convention; member benefit – Higher Logic in 2018

IT successes during the first six months of the year include:

- Dues program rewrite
- Electronic Registration for Convention and CLE by the Sea
- Contract Management Solution
- MCLE Affidavit program rewrite
- Shutdown Member Email
- Replaced computer storage and switches that were out of maintenance (not budgeted)
- Completed a IT infrastructure security audit within the organization
- Implementation of Find a Lawyer

Currently estimating that by year end 2018 IT expenses will be \$155K over budget.

CIO Lori Maxwell discussed Industry Standards and reviewed the Bar's architecture that was unsupported (no safety net should systems fail). Goal was to have these pressure points up-to-date within a year, which is one month away.

REPORTS

- 2017 State Bar of Arizona Annual Report – also posted on AZBar.org.
- 2017 Attorney Regulation Advisory Committee (ARC) Report – Chief Bar Counsel Maret Vessella to report out at the September meeting.
- 2018-2019 Standing Board Committees/Working Groups Assignments

MOTION: Tyler Carrell moved, John Gordon seconded and the motion carried unanimously to adjourn at 1:30 p.m.

ADJOURN

There being no further business to come before the Board of Governors, the meeting adjourned at 1:30 p.m.

Respectfully submitted,

Denis Fitzgibbons
Secretary/Treasurer