

Statement of Qualifications, Proposals & Priorities  
For Position of Vice President, California State Bar

**Michael G. Colantuono**

July 2015

My fellow Trustees:

As our rules provide, I write to set forth my qualifications, proposals and priorities for the office of Vice President.

**EXPERIENCE.** First, my qualifications. I mention here just three: my work as a Trustee to date, my 26 years' experience in government, and my expertise in the law of government finance.

**MY WORK TO DATE.** In my first year on this Board, I served on the Planning, Policy Development, and Budget Committee and dived deeply into the Bar's finances and governance: studying past audits, reading current draft and final audits and management letters, asking private and public questions of finance staff and external auditors. I participated in the Audit Committee's discussions and contributed to our public dialog about its findings, our concern that our auditors review carefully the acquisition of the new Los Angeles building, and our cooperation with the State Auditor's biannual review of the Bar. While much of my work was out of public view; I asked a few questions in public, both to contribute to Board discussion and to foster public perception — as well as the substantive reality — that Trustees actively oversee the Bar. Some concerns I discussed with staff included the transition of our "other post-employment benefits" (or OPEB) trust to CalPERS; the terms of our construction contract for the Los Angeles building project; and our decision to consent to the regulation of our building plans by the Cities of Los Angeles and San Francisco. I also identified the need to update and improve our conflicts of interest policy, which we accomplished the following year.

By the end of my first year, I had a deep understanding of the Bar's financial position, how we report it, and some of the major strategies underway — such as moving our OPEB assets to CalPERS management and the financing of the LA building. I urged the Board to change auditors after a six-year run, tempered that proposal at

staff's request to make the change in 2013–2014 to spare them during the busy construction period in LA, and was pleased that the Board implemented my proposal.

In my second year, I served as Vice Chair of the Audit Committee. I worked with then-Treasurer Heather Rosing and Bar staff to lead our effort to select new auditors — not an easy task given statutory constraints — and to conduct an open and accountable audit process, producing a clean audit — even of the complex accounting for the Los Angeles building. I also kept an eye on our financial reporting and the progress of our many IT projects, asking questions both in Board meetings and privately. I also worked with then-Vice President Craig Holden and Heather Rosing on the Governance Working Group, recommending the committee structure now in place.

This year I have served as your Treasurer and chaired the Audit Committee and Vice Chaired the Planning & Budget Committee. Together with Audit Vice Chair David Torres and P&B Chair Heather Rosing, we accomplished a great deal — even given the distractions and challenges this year brought. We accomplished a clean fiscal audit, adopted and implemented a policy for quarterly reviews of expense reports of management staff and Trustees and — with significant work by David Torres and Jim Fox — are reviewing our policies to do what we can to engage minority contractors without running afoul of Prop. 209.

Working with Jim Fox, I reviewed and recommended updates to the Bar's policies for expense reimbursement and the President's allowance. Working with Heather Rosing and others, I helped initiate a number of ongoing financial management projects: a review of our Cost Allocation Plan to address the new LA building and the concerns of the Sections; a new reserve policy; review of the close-out accounting for the LA building; updating management plans for the Bar's SF and LA buildings; developing a public records policy; reviewing our fund accounting system; and renewing and implementing our policy regarding mid-year budget reviews.

With Heather's cooperation, I established the first formal reporting by the Treasurer to the Board, with regular oral reports to the Planning & Budget Committee and written reports at our May and July meetings.

Perhaps most importantly, I advocated for a more a meaningful budget and for Board review of variances between budgeted projections and actual receipts and expenditures. We will first receive our first variance review in recent years at our July meeting. I also provided ideas to assist the work David Pasternak and Joanna Mendoza are doing to update the Board Book and to make it public.

There is more to do, of course. The State Audit report has given us work to do and our effort to strengthen the Bar's governance is not finished.

I will bring this same energy, thoughtfulness, and collaborative ethos to service as Vice President, should you entrust me with the job. I eager to continue the work we have undertaken and hope we do not lose momentum. I will happily collaborate with our new Treasurer whether that be Joanna Mendoza or Danette Meyers — just as I collaborated with Heather Rosing and David Torres this year.

GOVERNMENT EXPERIENCE. I have been City Attorney of several small- and medium-sized cities since 1989. I have represented cities, counties, special districts and regional agencies for 25 years as both general and special counsel. I have had the good fortune to work with, and learn from, many talented elected officials and professional managers. I have worked with clients in good times and in bad. I have cleaned up after significant embezzlements, reported misconduct to the FBI, helped right the finances of insolvent governments, and helped contribute to local and regional government for many California communities. I have provided legal support for termination of chief executives and in contracting with their successors. I have helped recruit attorneys for public agencies and I have helped to transform troubled agencies and to maintain good governance in successful agencies. I am familiar with much of the law that applies to the Bar (and am mindful that the Bar has able counsel to guide us). This knowledge and experience helps me to understand the work of our staff and to understand the strategic choices we make and to identify alternatives to those choices. I bring deep respect for our staff as well as experience sufficient to challenge it to do its best work, to engage it in thoughtful dialog, and to work with you to ensure the leadership of the Bar reflects the perspectives of our Board and of the 39 million Californians we serve.

**PUBLIC FINANCE EXPERT.** I have particular expertise in government finance. I have handled 10 cases in the California Supreme Court on these issues (4 of them pending), many more in every District Court of Appeal around California, and have won more than I lost (although the losses are notable and painful!). I understand, perhaps better than all but a few California lawyers, the restrictions Propositions 13 and 26 place on our funding. I chaired the Committees which wrote what became the Proposition 218 Omnibus Implementation Act of 1997; the League of California Cities' **Proposition 218 Implementation Guide**; and the League's **Proposition 26 Implementation Guide** and now chair the committee which is combining and updating these guides. I have many cases pending in the California Supreme Court and Courts of Appeal on these issues and a handful more in trial courts around the State. I advise public agencies daily on effective strategies to lawfully fund public services. My knowledge and experience in this area can be an asset to our Board and, as your Vice President; I would be pleased to make it so.

**PRIORITIES.** Of course, I will do the job. What is the job, anyway? It is new, we have just defined it, and Craig and Heather have shown us how to do it well. We decided the Vice President should:

- Chair or Vice Chair the Planning and Budget Committee;
- Serve on the Board Executive Committee;
- Chair the strategic planning meeting;
- Lead the Board's oversight of budget development, adoption and implementation; propose the annual budget to the Board; and,
- Perform other duties the Board may assign.

I have a number of thoughts about these tasks. I am eager to continue the good work we have been doing and — with input and support from all of you — to continue to improve the Bar for the good of the people of California.

If you honor me with the position of Vice President, I will do this work. I would like to duplicate Craig's and Heather's successes at the January strategic planning

meetings, and I will contribute to Planning & Budget and Board Executive Committees and to the Board in whatever ways our new President requests.

**CONCLUSION.** I would be honored to be your Vice President. Within the constraints of our open meeting rules, I would be happy to discuss these ideas further and to hear yours. Thank you for considering my candidacy and for your friendship and collegiality. I commit to return that in kind. Whether or not you select me as your Vice President, I enjoy my work with you and look forward to another year of it. Thank you!

Sincerely,

Michael G. Colantuono