

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

**Michael G. Colantuono**

July 2014

My fellow Trustees:

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

**EXPERIENCE.** First, my qualifications. I mention here just three: my work as a Trustee to date, my 25 years' experience in government, and my expertise in the law of government finance.

**MY WORK TO DATE.** Pat Kelly was kind enough to appoint me, as a first-year Trustee, to the PPBD committee. I dived deeply into the Bar's finances: studying past audits, reading the current draft and final audits and associated management letters, asking private and public questions of Peggy, John and Christine and our external auditors. I participated in the Audit Committee's discussions and contributed what I could 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 Bar finances. Some concerns I have 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; our decision to consent to the regulation of our building plans by the Cities of Los Angeles and San Francisco; and the update of our conflict of interest code.

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 Other Post-Employment Benefits assets to CalPERS management and our decision to draw down many reserves any make many inter-fund loans to finance the

acquisition and improvement of the Los Angeles building. I urged the Board to change auditors after a six-year run, tempered that proposal at Peggy's request to make the change in 2013–2014 to spare her staff during the busy construction period in LA, and was pleased that the Board implemented my proposal.

This year, Luis Rodriguez appointed me to Vice Chair the Audit Committee. Heather Rosing and I worked with Peggy and Christine 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 after the complex accounting for the Los Angeles construction. 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 will bring this same energy, thoughtfulness, and collaborative ethos to service as Treasurer in my third year, should you entrust me with the job.

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 am familiar with much of the law that applies to the Bar (and mindful that the Bar has able counsel to guide us and staff). This knowledge and experience helps me to understand the work of our staff and to recognize the strategic choices we make and the alternatives to those choices. I bring deep respect for our management team 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 38 million Californians we serve.

PUBLIC FINANCE EXPERT. I have particular expertise in the law of government finance. I have argued five cases in the California Supreme Court on these issues, 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 218 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**. I have three cases pending in the California Courts of Appeal on these issues and a handful more in trial courts around the State. I advise public agencies daily on available options and effective strategies to lawfully fund their services. The depth of my knowledge and experience in this area can be an asset to our Board and, as your Treasurer, I would be pleased to make it so.

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

- Chair the Audit Committee;
- Chair or Vice Chair the Planning and Budget Committee;
- Consult with Joe Dunn and Peggy Van Horn on budget and internal controls;
- Take responsibility for Board attention to the Bar's fiscal position, budget, audit reports, and stewardship of Bar assets to ensure public protection; and
- Perform other duties the Board may assign.

I will do these things with the same energy and focus I brought to my service as a Trustee over the past two years.

If you honor me with the position of Treasurer I will do the work of monitoring our fiscal performance. I would like to duplicate Heather Rosing's success as Audit Chair, and I will contribute to Planning and Budget and to the Board in whatever ways Craig Holden requests.

**CONCLUSION.** I would be honored to be your Treasurer. 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 collegiality in our Board service. I commit to return that in kind. Whether or not you select me as your Treasurer, I enjoy my work with you and look forward to another year of it. Thank you!

Sincerely,

Michael G. Colantuono