

AGENDA ITEM

NOVEMBER 10 - Board of Trustees – October 11, 2015 Minutes

THE STATE BAR OF CALIFORNIA

MINUTES

BOARD OF TRUSTEES MEETING ANAHEIM, CALIFORNIA

SUNDAY, OCTOBER 11, 2015

The Board of Trustees of The State Bar of California convened in open session at 8:11 am at the Anaheim Convention Center, Rooms 207 A & B, 800 W. Katella Ave., Anaheim, CA, Sunday October 11, 2015, David Pasternak presiding.

The following members of the Board of Trustees were present: Michael Colantuono, Terrance Flanigan, James Fox, Miriam Krinsky, Renee LaBran, Jason Lee, Dennis Mangers, Joanna Mendoza, Danette Meyers, Gwen Moore, Brandon Stallings, Todd Stevens and Hernán Vera

The following members of staff were present: Dina Goldman, Teri Greenman, Vanessa Holton, Steve Mazer, Elizabeth Parker, Christine Wong and Larry Yee.

The following guests were also present: Craig Holden, President Emeritus.

The roll-call vote was taken, and upon motion made, seconded and unanimously adopted, it was

RESOLVED, that the roll-call vote will be substituted for the vote unless otherwise noted.

All members present and recorded on the roll-call slip voted yes.

Ms. Brewer entered the meeting at 8:11 am.

Mr. Pasternak called for public comment, inquiring as to whether there were persons in attendance who wished to comment on a particular item on the agenda.

Jeffrey P. Lustman provided written on the discipline system materials as part of the public comment moment.

30 President Pasternak introduced incoming Trustees Jason Lee, Brandon Stallings and Todd Stevens and thanked Pam Wilson and staff for a successful Annual Meeting.

President Pasternak stated that the board would resume its proper role of overseeing senior staff and that the new executive leadership would oversee staff. He stressed that the 2015-16 board would be a policy-setting board

30-1 Upon motion made, seconded and unanimously adopted, it was

RESOLVED, that the Board of Trustees hereby affirms the board committee assignments for the 2015-2016 board year as presented on October 11, 2015.

All members listed on the slip voted yes, except Michael Colantuono, Dennis Mangers and Joanna Mendoza who voted no, and President Pasternak who abstained.

30-2 Upon motion made, seconded and unanimously adopted, it was

RESOLVED, that the Board of Trustees hereby affirms the attached board liaison assignments for the 2015-2016 board year.

Amendment by Trustee Krinsky: Following approval of the board liaison assignments for the 2015-2016 board year, the President may reconsider whether to make additional liaison assignments to a board member.

All members listed on the slip voted yes, except Dennis Mangers who voted no and President Pasternak abstained.

30-3 Upon motion made, seconded and unanimously adopted, it was

RESOLVED, that the Board of Trustees amends the regularly scheduled meetings of the Board as listed on the attached meeting schedule B (Monterey).

All members listed on the slip voted yes.

41/42 Ms. Parker introduced Vanessa Holton, stating that she came to the bar from the California Department of Industrial Relations, where she had served as assistant chief counsel and as chief counsel to the legal unit.

Ms. Parker continued, stating that before that, Ms. Holton served for five years as an attorney for the Communications Workers of America, where she represented the labor organization in arbitration, collective bargaining and other matters. She has also served for many years as a consultant to the National Conference of Bar Examiners and to the California Bar Exam and Legal Specialization Unit. She is a graduate of UC Berkeley and UC Hastings College of the Law.

Ms. Parker noted that On October 6, 2015, Governor Jerry Brown signed Senate Bill 387 (SB 387). Ms. Parker explained that the bill keeps the basic yearly licensing fee at \$315 for 2016 for practicing lawyers in California, with the combined fee for active lawyers unchanged at \$430 (this figure includes \$40 for legal aid nonprofits, \$40 for the Client Security Fund to reimburse the victims of dishonest lawyers, \$25 for disciplinary activities, and \$10 for the Lawyer Assistance Program). The 2016 annual fee for inactive lawyers remains \$155.

Ms. Parker also noted that SB 387 contains new requirements: in-depth financial audit of the State Bar, a workforce plan for our discipline system, a change in reporting of our disciplinary backlog, and makes the State Bar subject to both the requirements of the Bagley-Keene Open Meeting Act and the California Public Records Act.

Ms. Parker advised that the State Bar would be conducting its annual hearings on attorney disciplinary procedures, attorney competency and admissions procedures on December 15 in Los Angeles and December 17 in San Francisco; both hearings would begin at 2:00 pm. The purpose of the hearings is to provide an opportunity for members of the public and the legal profession to make proposals or offer comments regarding the attorney discipline process, the admissions process or the maintenance or improvement of attorney competence.

Ms. Parker reminded the Board that each year, the State Bar undergoes an audit of its financial statements by an independent auditing firm. Currently, the Bar's financial audit is performed by the firm of Moss Adams. She advised that during the course of the audit, Moss Adams would formally meet with the Audit Committee at least three times.

50 All items on the consent agenda were presented to the Board, and no objection being raised thereto, the following item on the consent agenda are deemed unanimously adopted. Mr. Vera had left the meeting.

50-1 RESOLVED, that authority heretofore granted to persons to sign transfer orders and checks upon the various State Bar accounts and to have access to the State Bar safe deposit box is hereby revoked; and it is;

FURTHER RESOLVED, that each bank in which the State Bar maintains an account or safe deposit box shall be furnished a copy of this resolution and be notified that the Executive Director, Chief Operating Officer, Director of Finance/Controller and Finance Manager, who are now so authorized to sign withdrawal orders, transfer orders and checks and authorize transfer of funds from one State Bar account to another State Bar account are as follows:

Elizabeth Parker, Executive Director
Leah Wilson, Chief Operating Officer
Christine Wong, Director of Finance/Controller
Ray Farrish, Finance Manager

Signatures required for various transactions are:
For checks drawn on a commercial account:

(a) Any single check of \$75,000.00 or more requires the manual signatures of any two of the positions listed above.

(b) Any single check less than \$75,000.00 may be processed through a check signing machine utilizing a signature plate engraved with the name of the Executive Director

Authority is hereby granted to any two of the above persons to open cash accounts for the State Bar of California at securities brokerage firms and to place orders in such account to purchase and sell securities.

Transfer of funds from one State Bar account to another State Bar account, whether requested by telephone, internet, fax, orally or in writing requires the signature of any of the persons listed above.

In addition, for checks drawn on the Los Angeles commercial account:

(a) Any single check less than \$3,000.00 requires the signatures of one of the following:

Steven Mazer, Director of General Services
Gilda Munoz, Director of Human Resources and Labor Relations
Greg Shin, Director of Operations and Management, Admissions

(b) Any single check of \$3,000.00 or over requires the signatures of any two of the above listed persons.

50-2 RESOLVED, pursuant to Government Code, section 1062, that each member of the Board of Trustees is granted permission to leave the State of California at any time during the incumbency of the present Board and is authorized to remain absent from the state for a period longer than 60 days.

50-3 RESOLVED, that the Board hereby expresses its appreciation and thanks to the Office of Education for its diligent and devoted work in connection with the 2015 State Bar Annual Meeting in Anaheim and its contribution in making this convention a highly successful one.

RESOLVED, that the Board hereby expresses its appreciation and thanks to CEB for cosponsoring the State Bar General Session on Thursday, October 8 and its contribution in making the 2015 State Bar Annual Meeting a highly successful convention.

RESOLVED, that the Board hereby expresses its appreciation and thanks to the State Bar's Business Law Section for cosponsoring the State Bar Breakfast on Saturday, October 10 and its contribution in making the 2015 State Bar Annual Meeting a highly successful convention.

RESOLVED, that the Board hereby expresses its appreciation and thanks to the State Bar Sections and CYLA, CalBar Connect, St. Francis Vineyards, Lawyers Assistance Program, PLI, CT Corporation, Goldstein Brossard, and Thomson Reuters businesses, and Mercer for their gracious assistance in connection with the 2015 State Bar Annual Meeting and their contributions in making this convention a highly successful one.

50-4 RESOLVED, that the Board hereby receives with thanks and orders filed the Canvassing Board Certificates dated March 12, 2015, for the 2015 State Bar Board of Trustees election; and it is

FURTHER RESOLVED, that the following are declared elected as members of the Board of Trustees of The State Bar of California:

Brandon N. Stallings	District 5
Todd F. Stevens	District 4

and it is

FURTHER RESOLVED, that the President is authorized at the 2015 State Bar Annual Meeting to report the receipt and filing of the certified count and to officially declare the results of the election.

50-5 WHEREAS, Craig Holden, President, Daniel Dean, Heather Rosing, David Torres, have served this Board and The State Bar of California with devotion and distinction; and

WHEREAS, it is appropriate that the minutes of this meeting officially record the warm gratitude and respect, both personal and professional, of their fellow Board members;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby expresses to Craig Holden, President, Daniel Dean, Heather Rosing, David Torres, members of the Board of Trustees, its sincere appreciation for their admirable accomplishments and selfless efforts expended on behalf of the State Bar, and also expresses to them the high esteem and personal affection of their fellow members of the Board.

President Pasternak introduced the 2015-2016 committee chairs. The new chairs gave a brief oral report on their committee goals and objectives for the upcoming board year.

111 Board Executive Committee 2015-2016: Goals and Objectives and Introduction of Chair - David Pasternak

121 Regulation and Discipline Committee 2015-2016: Goals and Objectives and Introduction of Chair - Miriam Krinsky

131 Admissions and Education Committee 2015-2016: Goals and Objectives and Introduction of Chair - Terry Flanigan

141 141 Planning and Budget Committee 2015-2016: Goals and Objectives and Introduction of Chair - James Fox

142 In response to concerns raised by the Board and the State Auditor, the State Bar contracted with William Statler, an independent consultant with expertise in governmental and municipal accounting, to provide an independent third-party assessment of the State Bar's existing fund structure. The independent fund accounting review was completed in August 2015. Mr. Statler concluded that the State Bar is appropriately using fund accounting in accordance with generally accepted accounting principles (GAAP) in recording and presenting its financial transactions; and that the State Bar appropriately accounts for the financial operations of its programs as Enterprise Funds.

143 Upon motion made, seconded and unanimously adopted, it was

RESOLVED, that the Board of Trustees approves the new consolidated fund structure (Attachment B) and the corresponding descriptions of purpose for Restricted and Special Revenue Funds in accordance to generally accepted accounting principles (GAAP).

All members present and recorded on the roll-call slip voted yes.

144 Mr. Mazer was prepared to provide an overview and answer questions regarding the State Bar's Real Property Capital Improvement / Tenant Improvement Planning, however, there were no questions posed by the Board.

145 Upon motion made, seconded and unanimously adopted, it was

RESOLVED, that the Planning and Budget Committee recommends that the Board of Trustees amend the existing budget as provided in Attachment A.

All members present and recorded on the roll-call slip voted yes.

146 Mr. Colantuono discussed the recent reserve analysis conducted by Mr. Bill Statler. Mr. Colantuono explained that the analysis provided a summary of revenues, expenditures and working capital (reserves) for all of the State Bar's funds based on the 2014 audited financial statements. And that it assessed the State Bar's current reserves, methodological issues under "generally accepted accounting principles" (GAAP), key principles for effective reserve policies, including defining reserves, identify commitments, a structured analysis of reserve requirements for State Bar programs, and finalizing other reserve policies.

151 Nominations and Appointments Committee 2015-2016: Goals and Objectives and Introduction of Chair - Gwen Moore

161 Stakeholders and Access to Justice Committee 2015-2016: Goals and Objectives and Introduction of Chair – Hernán Vera

181 Audit Committee 2015-2016: Goals and Objectives and Introduction of Chair - Danette Meyers

701 Upon motion made, seconded and unanimously adopted, it was

RESOLVED, that the Board authorizes staff to make available for 45 days of public comment the proposed amendment of Rule 4.241(A) of the Unaccredited Law School Rules, which would require unaccredited law schools to provide attrition rates in their disclosure statements; and it is

FURTHER RESOLVED, that this authorization for public comment is not, and shall not be construed as, a statement or recommendation of approval of the proposal.

All members present and recorded on the roll-call slip voted yes, except Mr. Vera who had left the meeting.

702 Upon motion made, seconded and unanimously adopted, it was

RESOLVED, that the Board of Trustees hereby affirm the reconstituted Governance in the Public Interest Task Force pursuant to Business and Professions Code §6001.2; and it is

FURTHER RESOLVED, that the Governance in the Public Interest Task Force be comprised of the President of the State Bar Board of Trustees, David Pasternak as chair; two elected Trustees, Joanna Mendoza and Danette Meyers; two Trustees appointed by the Supreme Court, Jason Lee and Miriam Krinsky; and two public Trustees, Dennis Mangers and Gwen Moore.

All members present and recorded on the roll-call slip voted yes, except Mr. Vera who had left the meeting.

703 Commission for the Revision of the Rules of Professional Conduct of the State Bar of California - New Appointments

This item was deferred until the November 20, 2015 board meeting. President Pasternak indicated that he was also waiting for confirmation from former Trustee Heather Rosing on whether she was willing to serve on the commission.

704 State Bar Board of Trustees - Compliance with Bagley-Keene Open Meeting Act (Dina Goldman, Vanessa Holton, Larry Yee)

Information only, there was no action on this item.

Largely in compliance with Bagley-Keene Open Meeting Act, but will require addressing:

1. Current practice of all Trustees attending committee meetings, but not voting; and
2. All teleconference meeting locations must be noticed and publicly accepted.

705 Upon motion made, seconded and unanimously adopted, it was

President Pasternak appointed Trustees Michael Colantuono and Danette Meyers to review applications, conduct interviews and select finalist candidates for the board to consider at its November 20, 2015 board meeting for the Board of Trustees District 1 vacancy.

Trustee Colantuono requested that the finalists be present at the November board meeting and is selected sworn in so that they could participate and vote immediately.

All members present and recorded on the roll-call slip voted yes, including President Pasternak, and except Mr. Vera, who had left the meeting.

7001 Personnel Matter - This closed item was taken up in open session.

Ms. Parker noted that on Saturday, October 10, 2015, it was announced that that current Chief Trial Counsel, Jayne Kim, would seek reappointment. Executive Director Parker indicated that her presentation of her formal selection would be made at the November 20, 2015 meeting of the Board of Trustees.

The Board adjourned its meeting at 12:00 noon.

The Board may meet again at the call of the President at any time prior to the next regularly scheduled meeting of the Board, or, if no such meeting be called, at the State Bar offices, 180 Howard Street, Board Room, 4th Floor, San Francisco, California, November 20, 2015, at a time to be determined.