

AGENDA

BOG Budget & Finance Committee

Meeting Date: July 27, 2018
Meeting Time: 10:00 – 11:00 AM
Location: Oregon State Bar Building, Tigard
Chair: David Wade
Vice Chair: Julia Rice
Members: Chris Costantino, Kathleen Rastetter, Kerry Sharp, Eric Foster, Eddie Medina, Traci Rossi, John Grant
Liason: Keith Palevsky

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| 1. Section Assessments. Determine what costs to assess sections. Consider options for a minimum assessment fee and changes to the per member assessment fee. | Handout | Action |
| 2. Client Security Fund. Update of current pipeline and continued discussion of appropriate level of reserves. | Handout | Inform |
| 3. Audit Update and June Financial Performance | Handout | Inform |
| 4. Building update | Handout | Action |
| 5. 2019 Salary Pool Percentage | Handout | Inform |
| 6. June 22 nd minutes for approval | Exhibit | Action |

Minutes
Budget & Finance Committee
June 22, 2018
Bend, OR

Present – Committee Members: David Wade, chair; Julia Rice, vice-chair; Chris Costantino; John Grant, Eric Foster, Eddie Medina, Kathleen Rastetter, Kerry Sharp. **Not Present:** Traci Rossi. **Other BOG:** Vanessa Nordyke. **Staff:** Helen Hierschbiel, Amber Hollister, Jenn Nichols, Dawn Evans, Susan Grabe, Kay Pulju, Catherine Petrecca (by phone), Keith Palevsky. **Other Attendees:** Carol Bernick (PLF).

1. Section Administrative Assessment

Keith Palevsky presented analysis showing that of the projected \$339K in forecasted next year expenses, \$221K are variable and \$118K fixed. If Sections were charged a fee and a number of sections closed, the resulting reduction in per member assessment fee would decrease significantly (from \$9.46 to \$6.79), but only if members joined other sections. The Committee members encouraged that this topic be reviewed at the next subcommittee meeting, with three areas of focus:

- a) Varying the subsidy % (currently 50%)
- b) Charging varying amounts of the fixed cost
- c) Charging only those sections with membership less than the 100 required to start a section

2. Client Security Fund (CSF) Reserve

Keith Palevsky presented the current list of claims that if judgement were received, would be paid out against the Client Security Fund. As of May 31st, the current reserve level is \$1,398K and current claims total \$855K. At a staff estimated 70% rate of payout, the level of reserves required over and above the \$1M minimum would be \$598K, bringing the total calculated reserve required to be \$1,598K. The committee will continue to monitor the reserve and pipeline of claims. No further action taken.

3. Oregon New Lawyers Division

As a result of finance budget review and Jenn Nichols budget review, the committee **recommended that the ONLD** reduce direct spending \$35K (from \$81.5K) in the upcoming 2019 budget.

Vanessa Nordyke noted that if there are events deemed significant and appropriate, the ONLD should know that they can present line items to the BOG for review and potential approval if the budget is not sufficient to cover.

4. Audit

Keith Palevsky informed the committee of the following related to the bi-annual audit being performed by Moss Adams for the calendar years 2016 and 2017:

- a. The engagement letter as of the time of the meeting had not yet been received. Total cost of the 2014-2015 audit was somewhere in the range of \$40-45K and the total cost was not expected to be more than 2-3% increase.
- b. Timing:

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| Data file collection for 2016 and 2017: | Already in process |
| Auditors on Site: | June 25 – 29 |
| On-going Field Work: | July – August |
| Final Report: | by August 31 st . |
| Report to BOG: | for September meeting |
- c. While there are no big surprises anticipated, one area that Keith Palevsky noted was that journal entries have not yet been recorded for 2017 associated with additional employer assigned PERS liability (due to end of year state budget shortfall and portion assigned back to employers). The auditors have been informed of this topic and is included in the audit scope.

5. **Lawyer Referral Service and Modest Means** – no update.

6. Minutes

The minutes of the May 18, 2018 Budget and Finance Committee meeting were **approved** (motion Julia Rice, second John Grant, no opposition), contingent upon noting the date as May 18th, that Kerry Sharp attended by phone, and that Eric Foster voted “no” on By-Law Section 7.401.

7. Next Meeting

The next meeting is scheduled for July 27 in Tigard.