



Board of Commissioners

Agenda and Materials

April 23, 2021

**STATE BAR OF MICHIGAN
BOARD OF COMMISSIONERS
FRIDAY, APRIL 23, 2021
9:30 a.m.
VIRTUAL MEETING
AGENDA**

State Bar of Michigan Statement of Purpose

“...The State Bar of Michigan shall aid in promoting improvements in the administration of justice and advancements in jurisprudence, in improving relations between the legal profession and the public, and in promoting the interests of the legal profession in this state.”

Rule 1 of the Supreme Court Rules Concerning the State Bar of Michigan

I. Call to Order..... Robert J. Buchanan President

CONSENT AGENDA

- II. **Minutes**
 - A. January 22, 2021 Board meeting*
 - B. February 23, 2021 Executive Committee meeting*
- III. **President’s Activities**..... Robert J. Buchanan, President
 - A. Recent Activities*
- IV. **Executive Director’s Activities**..... Janet K. Welch, Executive Director
 - A. Recent Activities*
- V. **Finance**..... Joseph P. McGill, Chairperson
 - A. FY 2021 Financial Reports through February 2021*
 - B. 2020 Report of the State Bar of Michigan Retirement Plan*
 - C. 2020 Report of the State Bar of Michigan Retiree Healthcare Trust*
- VI. **Professional Standards** Daniel D. Quick, Chairperson
 - A. Client Protection Fund Claims*
 - B. UPL Claims**
- VII. **Section Bylaw Amendments** Darin Day, Director of Outreach
 - A. Animal Law and Family Law Sections*

LEADERSHIP REPORTS

- VIII. **President’s and Executive Director’s Report** Robert J. Buchanan, President
Janet K. Welch, Executive Director
 - A. Strategic Planning**[Tom Howlett]
 - B. SBM Elections
 - o MSC Bylaw change approval
 - o Board, RA, and YLS elections
 - o Officer Election Timetable and Process*
 - C. Executive Director Succession Work Group [Dana Warnez]
 - D. Introduction of New Staff
 - E. Discussion of June Board meeting and possible retreat and post-Covid planning

- IX. **Representative Assembly Report** Chelsea M. Rebeck, Chairperson
A. April 24, 2021 RA Meeting Calendar*
- X. **Young Lawyers Section Report** Samantha J. Orvis, Chairperson

COMMISSIONER COMMITTEES

- XI. **Finance** Joseph P. McGill, Chairperson
A. FY 2021 Financial Update
- XII. **Audit** Joseph P. McGill Chairperson
A. FY 2021 Auditor Appointment*
- XIII. **Professional Standards** Daniel D. Quick, Chairperson
A. ABA House of Delegates Appointment
B. Tiered Recognition of Firms & Corporations*
- XIV. **Communications and Member Services** James W. Heath, Chairperson
- XV. **Public Policy** Dana M. Warnez, Chairperson
A. Legislation**

FOR THE GOOD OF THE PUBLIC AND THE PROFESSION

- XVI. **Comments or questions from Commissioners**
- XVII. **Comments or questions from the public**
- XVIII. **Adjournment**

*Materials included with agenda.

**Materials delivered or to be delivered under separate cover or handed out.

**STATE BAR OF MICHIGAN
BOARD OF COMMISSIONERS MEETING MINUTES**

President Buchanan called the meeting to order at 9:30 a.m. on Friday, January 22, 2021, via videoconference.

Commissioners present:

Danielle Mason Anderson
David C. Anderson
Kristina A. Bilowus
Robert J. Buchanan, President
Erika L. Butler
Hon. Clinton Canady III
Thomas P. Clement
Josephine A. DeLorenzo
Robert A. Easterly
Lisa J. Hamameh
James W. Heath, Vice President
Thomas H. Howlett
Sarah E. Kuchon
Suzanne C. Larsen
James W. Low
Gerrow D. “Gerry” Mason

E. Thomas McCarthy Jr.
Joseph P. McGill, Treasurer
Valerie R. Newman
Takura N. Nyamfukudza
Nicholas M. Ohanesian
Samantha J. Orvis
Hon. David A. Perkins
Barry R. Powers
Daniel D. Quick, Secretary
Chelsea M. Rebeck
Thomas G. Sinas
Dana M. Warnez, President-Elect
Hon. Erane C. Washington
Mark A. Wisniewski
Ryan Zemke

Commissioner absent:

Hon. B. Chris Christenson

State Bar staff present:

Janet Welch, Executive Director
Margaret Bossenbery, Executive Coordinator
Peter Cunningham, Assistant Executive Director and Director, Governmental Relations
Michelle Erskine, Research Assistant & Event Specialist
Liz Goebel, Public Policy Counsel
Tatiana Goodkin, Chief Financial Officer
Kathryn Hennessey, General Counsel
Carrie Sharlow, Administrative Assistant
Janna Sheppard, Administrative Assistant
Kari Thrush, Program Director, Lawyer Services

Guests:

Eric D. Bischer, Andrews Hooper Pavlik PLC
Jamie L. Rabe, Andrews Hooper Pavlik PLC
Patricia Refo, President, American Bar Association

Consent Agenda:

The Board received the minutes from both of the November 20, 2020 Board meetings.

The Board received the minutes from the November 10 and December 8, 2020 Executive Committee meetings.

The Board received the recent activities of the president.

The Board received the recent activities of the executive director.

The Board received the draft FY 2020 financial reports through November 2020.

Mr. Buchanan asked the Board if any items needed to be removed from the consent agenda. There were none. A motion was offered and supported to approve the consent agenda. The motion was approved.

Mr. Buchanan introduced Patricia Refo, president of the American Bar Association, to the Board. Ms. Refo described current ABA initiatives, focused on leading the profession in ways that help attorneys better serve their clients. Ms. Refo responded to questions and remained in the meeting to hear about the issues that the State Bar is considering and addressing.

Mr. Buchanan asked Mr. McGill to introduce the auditors from the firm of Andrews Hooper Pavlik PLC, Ms. Jamie Rabe and Mr. Eric Bischer. The auditors provided the Board with an overview of the auditing process, reviewed the management letter, and responded to questions.

LEADERSHIP REPORTS

President and Executive Director's Report: Robert J. Buchanan, President and Janet K. Welch, Executive Director

Mr. Buchanan reported on:

- **Proposed Fees Increase.** The request for a fee increase will be considered by the RA at its April meeting and if approved, the request will be sent to the Supreme Court for its consideration.
- **Executive Director Search Committee.** Ms. Welch informed the officers she is actively planning to retire. In preparation, a search committee will be convened to determine the steps needed to search for a new executive director. Mr. Buchanan stated that while there is time before Ms. Welch retires, a process needs to get underway soon so the SBM is prepared when the transition takes place. He stated that Ms. Warnez will chair this committee and Ms. Bossenbery will work with her.
- **Governance Committee.** As a continuation of the committee that worked on this issue in the past few years, a smaller group will focus on a proposed restructuring of the governance for the State Bar. Mr. Buchanan stated that Mr. Quick will chair this committee and Ms. Hennessey will work with him.
- **Rule of Law.** Chaired by Dan Quick, this group will work on advancing and promoting informational resources and assistance to the public.
- **Pipeline for Diversity.** This initiative will help minorities and diversity candidates find judicial clerkships in the state court system.
- **Strategic Planning Committee.** The Strategic Planning Committee will be reappointed soon and be chaired by Mr. Howlett.
- **Continuing Legal Education (CLE).** Mr. Buchanan and Ms. Welch will look into reimagining CLE in Michigan, to raise the profile of continuing legal education as an ongoing professional

responsibility while avoiding the deficiencies of the traditional MCLE bureaucracy as it has developed in 46 other states.

- **Rapid Response:** Mr. Heath will work with the members of the Communication and Members Services (CAMS) Committee to develop a rapid response plan to help SBM become more proactive and prompt in its response to issues that arise that impact the profession.

Ms. Welch informed the Board of these noteworthy events since the November meeting:

- The Supreme Court (SC) adopted and endorsed the SBM Professionalism Principles, and adopted the State Bar's recommended court rule changes affected the unauthorized practice of law and the client protection fund.
- The Justice for All Task Force has recommended to the Supreme Court that a permanent Justice for All Commission to be formed and it is expected that within the next week the Court will adopt that recommendation.
- The Unconscious Decision Making workshops in December were so successful there will be additional workshops scheduled for our members and the legal community.
- The list of members who have not paid their licensing fees is larger this year than normal. Ms. Welch asked Ms. Vrooman for statistics regarding the increase. She reported there are 2,494 unpaid members compared to 1,021 at this same time in 2020. The unpaid members do not belong to any particular group. A survey sent in January to unpaid members suggests that health and financial issues not related to COVID are primary causes. She noted that many members stated that their electronic notices landed in spam folders, despite the State Bar's frequent advisories about this problem.
- The FY 2020 audit was completed, and the Financial Report was distributed to the Board and the Supreme Court.

Ms. Welch provided the Board with a Power Point presentation of the accomplishments of the SBM during the previous year.

Representative Assembly (RA) Report: Chelsea Rebeck, Chairperson

Ms. Rebeck reported that the RA:

- Has been working through its Diversity Committee on the three specific topics identified last year, one of which is creating an outreach video targeting diverse members in hopes they will join the RA
- Is working on filling the vacancies on the RA
- Is looking forward to the April 24 meeting where the members of the RA will be asked to vote on the proposed fee increase.

Young Lawyers Section (YLS) Report: Samantha Orvis, Chairperson

In Ms. Orvis's absence, Ms. Bilowus provided the Board with an update on past and upcoming programs and activities of the YLS.

COMMISSIONER COMMITTEES

Finance: Joseph P. McGill, Chairperson

Mr. McGill reviewed the FY 2020 financial results through November 2020.

Audit: Joseph P. McGill, Chairperson

2021-2022 Auditing Services

Mr. McGill stated that the committee met to consider the 2021-2022 contract for an auditing firm. It determined that now was not the most opportune time to go through the RFP process and that while current policy limits the number of years an auditing firm can contract with the State Bar, the committee is asking for an exception. Mr. McGill stated that the committee will review the policy governing the number of years that an auditing firm can be used and report to the Board at a future meeting.

A motion was offered to continue the contract for auditing services with Andrews Hooper, Pavlik PLC for an additional year. The motion was supported and approved.

Professional Standards: Daniel D. Quick, Chairperson

Mr. Quick reported that the committee met and reviewed CPF and UPL matters. He noted the Supreme Court modifications to Rule 16 and Rule 20 and a new rule for the Board of Law Examiners clarifying that bar results are good for five years. The Professional Standards committee is continuing to work on a pro hac vice rule. The Ethics Committee is working on FAQ's to assist lawyers. There has been an increase in dollar amount in CPF claims and the committee will continue to monitor this issue.

Communications and Member Services (CAMS): James W. Heath, Chairperson

Mr. Heath reported:

2021 State Bar Events Recommendations

The committee has proposed recommendations regarding 2021 State Bar events. Those recommendations include:

- 50-Year golden Celebration: remain as a virtual event.
- Bar Leadership Forum (BLF) and Upper Michigan Legal Institute (UMLI): combine these two events and rebrand it as "Northern Michigan Legal Institute." Staff to move forward with tentative plans for an in-person event while being aware that the possibility of this event taking place in person will be governed by the prevailing guidance from the health and safety experts at the time of the event.
- Inaugural Luncheon and Awards Recognition Event: plan an in-person event later in the year combining these two events. The 2020 award recipients will be recognized at the Inaugural/Awards Luncheon. The Awards Committee will be instructed to not actively recruit nominations this year but allow for some advancement of particularly deserving candidates.
- Michigan Legal Milestone honoring Frank Kelley: change this to a virtual event.
- Michigan Legal Milestone honoring Senate Bill 31 of 1857: postpone this event to 2022.

A motion was offered to approve the recommendations of the CAMS committee. The motion was seconded and approved.

Mr. Buchanan asked Ms. Thrush to investigate dates for the BLF/UMLI later in the year.

Ms. Newman suggested that a poll be sent to Board members to gather some informal input about who is willing to participate at a June meeting on Mackinac Island.

New Member Benefit Program:

A motion was offered to accept Tracers investigation research software platform as a new SBM member benefit. The motion was supported and adopted.

Member List Policy:

A motion was offered to approve the changes in the memo prepared for the Board regarding the Member List Policy. The motion was seconded and approved.

Public Policy: Dana M. Warnez, Chairperson

Court Rules

ADM File No. 2020-25: Proposed Addition of Administrative Order No. 2020-X

The proposed administrative order would replace the current administrative order regarding distribution of funds from the lawyer trust accounts, modifying some conditions regarding the current basic distribution: 70 percent to support delivery of civil legal services to the poor, 15 percent to promote improvements in the administration of justice, 10 percent to support increased access to justice (including racial, gender, and ethnic equality), and 5 percent for support of the activities of the Michigan Supreme Court Historical Society. Under the proposal, funds would be used to support increased access to justice generally with specific reference to racial, gender, and ethnic equality, instead of reference to the long-defunct task forces on Gender Issues in the Courts and Racial/Ethnic Issues in the Court. Those issues would continue to be a focus of the money to be spent, but would be able to include additional recommendations. Further, the money could be spent as directed by the state court administrator, instead of being spent “within the judiciary.” The proposed AO would establish a cap on funding for the Michigan State Historical Society, with the remainder split among the remaining recipients.

A motion was offered that the Board take no position on this proposed amendment, but to authorize the Access to Justice Policy Committee, Justice Initiatives Committee, and the Diversity & Advisory Inclusion Committee to advocate for their positions. The motion was seconded and approved.

ADM File No. 2020-26: Proposed Amendments of MCR 1.109 and 8.119

The proposed amendments of MCR 1.109 and 8.119 would allow SCAO flexibility in protecting an individual’s personal identifying information and clarify when a court is required to redact protected personal identifying information.

A motion was offered to support the proposed amendment in concept and take no position on the specific language. The motion was supported and approved.

ADM File No. 2020-20: Proposed Amendment of MCR 2.105

The proposed amendment of MCR 2.105 would establish the manner of service on limited liability companies.

This proposed amendment was tabled until the February 23 Executive Committee meeting.

ADM File No. 2020-19: Proposed Amendment of MCR 2.302

The proposed amendment of MCR 2.302 would require transcripts of audio and video recordings intended to be introduced as an exhibit at trial to be transcribed.

A motion was offered to oppose this proposed amendment in its current form. The motion was supported and approved.

ADM File No. 2020-17: Proposed Addition of MCR 3.906

The proposed addition of MCR 3.906 would establish a procedure regarding the use of restraints on a juvenile in court proceedings.

A motion was offered to support this proposed amendment in its current form. The motion was supported, but failed.

A motion was offered to support having an additional rule, but table action on the proposed addition until the February 23 Executive Committee meeting so the Access to Justice Policy Committee can coordinate with the Criminal Jurisprudence and Practice Committee for a unified position to present to the EC. The Board authorizes the committees to advocate for their positions if the Executive Committee fails to pass the proposed amendment. The motion was supported and approved. Judge Washington abstained.

ADM File No. 2020-07: Alternative Proposed Amendments of MCR 6.502

The proposed alternative amendments of MCR 6.502 would address the issue of a court's recharacterization of a defendant's motion for relief from judgment that is styled as something other than a motion for relief from judgment. Under Alternative A, the court would be required to notify the defendant of its intent to recharacterize the motion and allow the defendant an opportunity to withdraw or amend the motion. Under Alternative B, the court would be required to return the motion to the defendant with a statement of the reason for return.

A motion was offered to support the public policy position presented by the Access to Justice Policy Committee. The motion was supported and approved.

FOR THE GOOD OF THE PUBLIC AND THE PROFESSION

Comments or questions from Commissioners

Mr. Nyamfukdza asked for input regarding if criminal defense attorneys should be included in a higher priority group to receive the COVID vaccine. Given the decentralized nature of the state's vaccination system, it was noted that it does not appear to be inappropriate for a lawyer whose work necessitates in person presence in high-risk environments – jails, juvenile facilities, nursing homes, courts -- to self-designate as an at-risk category when signing up for the vaccine. An honor system appears to be the operative principle.

Comments or questions from the public

There were none.

Adjournment

The meeting was adjourned at 12:36 p.m.

State Bar of Michigan
Executive Committee Virtual Meeting
Tuesday, February 23, 2021
4:00 p.m.

Call to Order: President Buchanan called the meeting to order at 4:01 p.m.

Members Present: President Robert J. Buchanan; President-Elect Dana Warnez; Vice President James W. Heath; Secretary Daniel D. Quick; Treasurer Joseph P. McGill; Representative Assembly Chair Chelsea M. Rebeck; and Commissioners Erika L. Butler, Lisa J. Hamameh, and Thomas H. Howlett.

Member Absent: Representative Assembly Vice Chair Nicholas M. Ohanesian

State Bar Staff Present: Janet Welch, Executive Director; Margaret Bossenbery, Executive Coordinator; Nancy Brown, Assistant Executive Director; Peter Cunningham, Assistant Executive Director; Kathryn Hennessey, General Counsel; and Kari Thrush, Project Director, Member Services.

President and Executive Director's Report

Mr. Buchanan asked Ms. Welch to begin their report with the results of the Grand Hotel Survey.

Grand Hotel Survey Report

At the January Board of Commissioners meeting, the Board requested that a survey be sent to the Board about their attendance at an in-person meeting in June at the Grand Hotel, as per our longstanding contract. The committee reviewed the results of the survey which show that a majority of the 29 Board members who responded are likely to attend. After negotiation, the State Bar remains responsible for the cost of 100 room nights, if the event is canceled, a substantially reduced obligation. An addendum to that effect needs to be signed as soon as possible. The committee discussed possible ways to recoup that revenue if some sort of meeting was not held.

A motion was offered to move forward with executing the addendum to the original contract. The Board will plan to hold its meeting at the hotel, consistent with the amended contract, assuming there are no health department restrictions that prevent the meeting from being held in person. SBM will attempt to recover costs of contracted nights not used by offering unused rooms to members at our negotiated rate. The motion was supported and approved.

Mr. Buchanan and Ms. Welch provided the Board with updates on the Justice for All Commission, Professionalism Principles, Interim Administrator Program, Rule of Law Initiative, Executive Director Succession, Strategic Planning Committee, preparations for RA deliberations on a proposed fee increase, SOLACE Project, and staff changes.

Representative Assembly (RA) Chair's Report

Ms. Rebeck reported that the RA diversity committee continues to meet, efforts are being made to fill the RA vacancies, and that she is looking forward to the April RA meeting when the members will vote on the proposed fee increase.

Court Rules

ADM File No. 2020-17: Proposed Addition of MCR 3.906

The proposed addition of MCR 3.906 would establish a procedure regarding the use of restraints on a juvenile in court proceeding.

A motion was offered to support the addition of Rule 3.906 with amendments to protect the rights of juvenile offenders from the significant harms associated with the use of restraint. The motion was seconded and approved.

ADM File No. 2020-20: Proposed Amendment of MCR 2.105

The proposed amendment of MCR 2.105 would establish the manner of service on limited liability companies.

A motion was offered to support the proposed amendment in concept including proposed alternative language from the Civil Procedures and Courts Committee. The motion was seconded and approved.

Other

Mr. Howlett urged the SBM to market the implementation of the Professionalism Principles. Ms. Welch reported that work on that effort is already underway.

Adjournment

The meeting was adjourned at 4:55.

**President Robert J. Buchanan
President's Activities
January 23 through April 23, 2021**

Date	Event	Location
January 23 – April 23	Ongoing State Bar meetings, not noted separately	Virtual
January 28	Meeting with Pro Bono Coordinator Robert Mathis and LJAP Director Molly Ranns re: SOLACE program	Virtual
February 3 - 4	National Conference of Bar Presidents meetings	Virtual
February 4	SBM Negligence Section seminar on best mediation practices	Virtual
February 5	Past Presidents' Advisory Council meeting	Virtual
February 14	Meeting with Executive Director Janet Welch and Dir. Comm. Elizabeth Couch	Virtual
February 16 - 22	ABA Mid-Year meeting	Virtual
February 22	Michigan Delegation to ABA House of Delegates meeting	Virtual
February 22	ABA House of Delegates meeting	Virtual
February 23	Executive Committee meeting	Virtual
February 25	Unconscious Decision Making training	Virtual
March 4	Unconscious Decision Making training	Virtual
March 5	Meeting with Executive Director Janet Welch and Secretary Dan Quick	Virtual
March 5	Justice for All Commission meeting	Virtual
March 8	Justice for All Commission meeting	Virtual
March 9	Meeting with Executive Director Janet Welch and BOC Officers	Virtual
March 10	Michigan Association for Justice, Executive Board Meeting	Virtual

Date	Event	Location
March 11	Unconscious Decision Making training	Virtual
March 15	Call with President of Rochester Bar Association Heather Atnip	
March 15	Call with Director of Communications Elizabeth Couch	
March 17	Call with Executive Director Janet Welch	
March 19	Meeting with James Liggins of Michigan High School Mock Trial Tournament and Dir. Outreach Darin Day	Virtual
March 20	Michigan High School Mock Trial Tournament finals	Virtual
March 25	Race and Justice Forum	Virtual
March 26	Strategic Planning Committee meeting	Virtual
April 1	Meeting with Executive Director Janet Welch and Dir. Outreach Darin Day	Virtual
April 1	Meeting with Executive Director Janet Welch	Virtual
April 6	Executive Committee meeting	Virtual
April 8	Rochester Bar Association meeting	Virtual
April 14	Executive Director Search Work Group meeting	Virtual
April 14	Operation, Structure and Governance Committee meeting	Virtual
April 23	Board of Commissioners meeting	Virtual

Executive Director Janet K. Welch
Executive Director Activities
January 23 through April 23, 2021

Date	Event
January 25	Capitol Club meeting
January 25	Interim Administrators Program meeting with Justice Meghan Cavanagh
January 25	Young Lawyers: Men of Color Project Michigan Town Hall
January 26	PEW and MI Justice for All meeting
January 26	Meeting with Robin Dillard, Director, Wayne County Office of Public Defense Services
January 27	Attorney Discipline System meeting
January 27	ABA Standing Committee on Bar Activities and Services (SCOBAS) meeting
January 27	ABA Quarterly Topical ATJC Staff meeting
January 28	Justice For All (JFA) Executive Committee meeting
January 29	Meeting with William Wagner, Religious Liberty Section
February 1 - 3	NABE Virtual meeting
February 3 -4	NCBP Virtual meeting
February 2	ABA Presidential Appointments Committee meeting
February 4	International Working Group - Transition after Pandemic Restrictions
February 4	JFA Executive Committee meeting
February 5	Past Presidents' Advisory Council meeting
February 8	Michigan Supreme Court Historical Society Board meeting
February 9	Meeting with Trey Apfel, Executive Director, State Bar of Texas
February 10	International Working Group - Pandemic Restrictions meeting
February 10	ABA Presidential Appointments Committee meeting
February 10	Attorney Discipline System meeting
February 10	ABA Select Committee Meeting 2021 Virtual Midyear
February 11	Rule of Law Project meeting
February 11	JFA Executive Committee meeting

Date	Event
February 16	Meeting with RA Officers and SBM Staff
February 16 – 22	American Bar Association Mid-Year meeting
February 16	ABA House of Delegates Training and Orientation
February 18	Cloudlaw meeting
February 18	JFA Executive Committee meeting
February 18	ABA Women’s Caucus meeting
February 22	Michigan Delegation to ABA House of Delegates meeting
February 22	ABA House of Delegates meeting
February 22	Meeting with Robert Craghead, E.D., Illinois State Bar Association
February 23	PEW and MI Justice for All meeting
February 23	Executive Committee meeting
February 24	ABA Committee Appointments meeting
February 24	Attorney Discipline System meeting
February 24	SCOBAS meeting
February 24	ATJC Monthly Staff meeting
February 25	ICLE Executive Committee meeting
February 25	JFA Executive Committee meeting
February 26	ABA Bar Leadership Institute recording session – Leading Diversity, Equity, & Inclusion in our Bars and in the Profession
February 26	ABA Day 2021 Planning Committee meeting
March 1	ABA Committee Appointments meeting
March 2	Justice for All Commission Orientation meeting
March 2	ABA Committee Appointments meeting
March 2	Meeting with RA Officers and SBM Staff
March 3	ABA Committee Appointments meeting
March 3	Dennis Archer – Albion College Lecture Diversity, Inclusion, and Equality in the Legal Profession
March 4	Texas and Louisiana Oral Arguments 5 th Circuit
March 4	JFA Executive Committee meeting
March 4	ABA Day 2021 Planning Committee meeting

Date	Event
March 5	ABA Committee Appointments meeting
March 5	Meeting with Rob Buchanan and Dan Quick
March 5	Justice for All Commission Orientation
March 5	ABA BLI Session Introduction Recording
March 8	Justice for All Commission meeting
March 9	BOC Officers meeting
March 10	International Working Group - Pandemic Restrictions meeting
March 10	ABA Committee Appointments meeting
March 11	JFA Executive Committee meeting
March 12	Judicial Section Meeting
March 12	ABA Committee Appointments meeting
March 12	ABA Working Group on House Operations meeting
March 12	Meeting with RA Officers
March 15	ABA Presidential Appointments Committee meeting
March 16	Attorney Discipline System FY 2022 Budget meeting
March 17 – 19	ABA Bar Leadership Institute
March 17	ABA Committee Appointments meeting
March 17	ABA Day 2021 Planning Committee meeting
March 18	JFA Executive Committee meeting
March 19	Meeting with Judge Avern Cohn
March 19	Presenter at BLI: Meeting the Leadership Challenge
March 22-23	Budget Review meetings with Strategic Management Team
March 22	ABA Committee Appointments meeting
March 23	Cloudlaw meeting
March 23	ABA Committee Appointments meeting
March 23	ATJ Campaign Steering Committee meeting
March 24	ABA Presidential Appointments Committee meeting
March 24	Attorney Discipline System meeting
March 24	Michigan Supreme Court Administrative Hearing

Date	Event
March 25	Race and Justice Forum
March 25	JFA Executive Committee meeting
March 26	Strategic Planning Committee meeting
March 26	ABA Day 2021 Planning Committee meeting
March 29	Representative Assembly New Member Orientation meeting
March 30	Meeting with Professor Linda Greene, Incoming Dean of MSU College of Law
March 31	International Working Group - Pandemic Restrictions meeting
March 31	Representative Assembly New Member Orientation meeting
March 31	JFA Triage and Referral Working Group meeting
March 31	ABA ATJC Monthly Staff Calls
April 1	Michigan Supreme Court Judicial Conference Planning meeting
April 1	Meeting with Rob Buchanan
April 1	Meeting with Rob Buchanan and Darin Day
April 2	Regulatory and Practice Reform meeting with Justice Zahra
April 6	Executive Committee meeting
April 7	ABA Presidential Appointments Committee meeting
April 8	JFA Executive Committee meeting
April 9	Meeting with Justice Brian Zahra
April 13	Meeting with Justice Brian Zahra and Dean Daniel Rodriguez, Dean Emeritus, Northwestern Law School
April 13	ABA Working Group on House Operations meeting
April 14	Executive Director Search Work Group meeting
April 14	Operations, Structure, and Governance Work Group meeting
April 14	Meeting with Matthew Abel, Cannabis Law Section
April 15	JFA Executive Committee meeting
April 15	JFAC Committee/Workgroup Chairs Meeting
April 21	Communications and Member Services Committee meeting
April 21	Finance Committee meeting
April 22	Public Policy Committee meeting

Date	Event
April 22	JFA Executive Committee meeting
April 23	Professional Standards Committee meeting
April 23	Board of Commissioners meeting

State Bar of Michigan Financial Results Summary

For the Five Months Ended February 28, 2021

Fiscal Year 2021

Administrative Fund - Summary of Results as of February 28, 2021

Operating Revenue	\$4,019,361
Operating Expense	<u>\$4,267,431</u>
Operating Loss	(\$248,070)
Non-Operating Income	<u>\$667,162</u>
Change in Net Position	<u><u>\$419,092</u></u>
Net Position, October 1, 2020	\$11,571,907
Net Position, February 28, 2021	<u><u>\$11,990,999</u></u>

As of February 28, 2021, Net Position excluding Retiree Healthcare Trust was \$8,947,335, a decrease of \$235,316 since the beginning of the year. However, the decrease was **favorable** to budget by \$295,497.

YTD Operating Revenue variance - \$34,348 unfavorable to budget (0.8%):

Operating revenue was unfavorable to budget primarily due to Character & Fitness, BJ Directory, Print Center and LRS.

YTD Operating Expense variance - \$332,368 favorable to budget (7.2%):

Salaries and Employee Benefits/ Payroll Taxes – \$189,542, favorable (6.1%)

- Under budget in salaries and benefits due to vacancies and health care.

Non-Labor Operating Expenses - \$142,826, favorable (9.4%)

- Legal - \$10,802, favorable (19.3%) – Under budget primarily in UPL, Ethics and General Counsel.

- Public and Bar Services - \$30,334, favorable (9.1%) – Under budget primarily in Outreach, LJAP and 50 Year Celebration.
- Operations and Policy - \$101,690, favorable (9.1%) – under budget primarily in BJ 11, Print Center, Website, Media, Executive Office, BOC, and Facilities, some due to timing.

YTD Non-Operating Revenue Budget Variance - \$627,995 favorable to budget:

- Operating investment income is unfavorable to budget by \$2,523 (6.4%).
- Retiree Health Care Trust net investment income is favorable by \$630,518 due to investment gain (this amount is not budgeted).

Cash and Investment Balance

As of February 28, 2021, the cash and investment balance in the State Bar Admin Fund (net of “due to Sections, Client Protection Fund, and Retiree Health Care Trust”) was \$10,410,904, an increase of \$2,925,492 so far in FY 2021 due to the collection of license fees.

SBM Retiree Health Care Trust

As of February 28, 2021, the SBM Retiree Health Care Trust investments were \$4,503,571, an increase of \$654,407 since the beginning of the year. The increase was a combination of trust income of \$630,518, SBM contributions of \$23,888 and advisor fees of \$4,428.

Capital Budget

As of February 28, 2021, YTD capital expenditures totaled \$74,875 which is under the annual capital budget by \$330,125 due to timing of projects.

FY 2021 Forecast

License fees and related revenues are expected to be at the FY 2021 budgeted levels, with exception of late fees which are higher than the budget and are driving the positive variance of \$75,000. Other operating revenues are expected to be lower due to cancellation of UMLI and BLF events and lower revenue for LRS, Print Center and BJ Directory, with a total projected impact of \$94,955.

Salaries and benefits are expected to be lower than budget due to vacancies, with expected savings of \$324,477.

Operational costs are expected to be lower than budget by \$364,067 due to cancellation of events (BLF and UMLI), transitioning to virtual events (RA, 50 Year Golden Celebration), cost savings in Bar Journal, Facilities, BOC, EO, and other areas due to efficiencies, remote work, and

reduced travel and meeting expenses. Current trends indicate a year-end favorable budget variance of \$645,145.

Capital expenditures are expected to be at the approved budget of \$405,000, with planned completion of the new Data Center, network firewalls, upgrade of the conference rooms for hybrid in-person/virtual meetings, and continued SBM website development.

Client Protection Fund

The Net Position of the Client Protection Fund as of February 28, 2021 totaled \$2,073,373, an increase of \$41,663 so far in FY 2021. Claims expenses recorded this year totaled \$203,018, including \$4,150 in approved claims awaiting signed subrogation agreements.

SBM Membership

As of February 28, 2021, the active, inactive and emeritus membership in good standing totaled 46,004 attorneys, a net decrease of 316 attorneys since the beginning of the year; the number of paying attorneys decreased by 411. A total of 534 new attorneys have joined the SBM since the beginning of the year.

**STATE BAR OF MICHIGAN
ADMINISTRATIVE FUND**

Unaudited and For Internal Use Only

**FINANCIAL REPORTS
February 28, 2021**

FY 2021

Note: License fee revenue is recognized and budgeted as earned each month throughout the year.

State Bar of Michigan
Statement of Net Position
Administrative Fund
For the Five Months Ending February 28, 2021

	1/31/2021	2/28/2021	Increase (Decrease)	%	Beginning of FY 2021 10/1/20
ASSETS AND DEFERRED OUTFLOWS					
Cash	\$5,631,485	\$5,119,651	(\$511,834)	(9.1%)	\$2,555,783
Investments	8,813,448	8,813,448	0	0.0%	7,593,526
Accounts Receivable	131,135	111,321	(19,814)	(15.1%)	256,921
Due from ADS	0	0	0	0.0%	75,128
Due from (to) CPF	(5,963)	51,286	57,250	(960.0%)	(44,159)
Due to Sections	(3,673,470)	(3,573,481)	99,989	(2.7%)	(2,619,740)
Prepaid Expenses	360,467	357,901	(2,566)	(0.7%)	352,958
Capital Assets	3,411,552	3,375,525	(36,027)	(1.1%)	3,555,659
SBM Retiree Health Care Trust	4,412,775	4,503,571	90,797	2.1%	3,849,164
Total Assets	\$19,081,428	\$18,759,222	(\$322,206)	(1.7%)	\$15,575,240
Deferred outflows of resources related to pensions	36,627	36,627	0	0.0%	36,627
Deferred outflows of resources related to OPEB	448,630	448,630	0	0.0%	448,630
Total Deferred outflows of resources	485,257	485,257	0	0.0%	485,257
Total Assets and Deferred Outflows of Resources	19,566,685	19,244,479	(322,206)	(1.6%)	16,060,497
LIABILITIES, DERERRED INFLOWS AND NET POSITION					
Liabilities					
Accounts Payable	\$21,576	\$1,946	(\$19,630)	(91.0%)	\$280,767
Accrued Expenses	580,260	628,383	48,123	8.3%	559,657
Deferred Revenue	4,833,210	4,335,182	(498,028)	(10.3%)	1,360,196
Net Pension Liability	364,363	364,363	0	0.0%	364,363
Net OPEB Liability	1,581,433	1,581,433	0	0.0%	1,581,433
Total Liabilities	7,380,842	6,911,307	(469,535)	(6.4%)	4,146,416
Deferred Inflows of resources related to pensions	15,069	15,069	0	0.0%	15,069
Deferred Inflows of resources related to OPEB	327,105	327,105	0	0.0%	327,105
Total Deferred inflows of resources	342,174	342,174	0	0.0%	342,174
Total Liabilities and Deferred Inflows	7,723,016	7,253,481	(469,535)	(6.1%)	4,488,590
Net Assets					
Invested in Capital Assets, Net of Related Debt	3,411,552	3,375,525	(36,027)	(1.1%)	3,555,659
Restricted for Retiree Health Care Trust	2,952,866	3,043,663	90,797	3.1%	2,389,256
Unrestricted	5,479,251	5,571,810	92,559	1.7%	5,626,992
Total Net Position	11,843,669	11,990,998	147,329	1.2%	11,571,907
Total Liabilities, Deferred Inflows and Net Position	\$19,566,685	\$19,244,479	(\$322,206)	(1.6%)	\$16,060,497
Net Position <u>excluding</u> the impacts of retiree health care	8,890,803	8,947,335	(\$56,532)	(0.6%)	9,182,651

Note: Cash and investments actually available to the State Bar Administrative Fund, after deduction of the "Due to Sections" and "Due to CPF" and not including the "Retiree Health Care Trust" is \$10,410,904 (see below)

CASH AND INVESTMENT BALANCES

Cash (including CD's and Money Market)	\$5,631,485	\$5,119,651	(\$511,834)	(9.1%)	\$2,555,783
Investments	8,813,448	8,813,448	0	0.0%	7,593,526
Total Available Cash and Investments	14,444,933	13,933,099	(511,834)	(3.5%)	10,149,311
Less:					
Due to Sections	3,673,470	3,573,481	(99,989)	(2.7%)	2,619,740
Due to CPF	5,963	(51,286)	(57,250)	(960.0%)	44,159
Due to Sections and CPF	3,679,433	3,522,195	(157,239)	(4.3%)	2,663,899
Net Administrative Fund Cash and Investment Balance	10,765,500	10,410,904	(354,595)	(3.3%)	7,485,412

State Bar of Michigan
Statement of Revenue, Expense, and Net Assets
Administrative Fund
For the Five Months Ending February 28, 2021

	Actual YTD	Budget YTD	Variance	Percentage	Prior Year YTD	Variance	Percentage
Revenue							
Legal							
Ethics	\$4,625	\$4,020	\$605	15.05%	\$4,520	\$105	2.32%
Character & Fitness	203,160	231,354	(28,194)	(12.19%)	209,205	(6,045)	(2.89%)
Legal Total	207,785	235,374	(27,589)	(11.72%)	213,725	(5,940)	(2.78%)
Public and Bar Services							
Annual Meeting				0.00%	450	(450)	(100.00%)
Lawyer Services	94,995	89,055	5,940	6.67%	92,571	2,424	2.62%
Bar Leadership Forum		450	(450)	(100.00%)			0.00%
Upper Michigan Legal Institute		100	(100)	(100.00%)			0.00%
Practice Management Resource Center	500	417	83	19.90%	10	490	4,900.00%
Lawyer Referral Service	56,309	64,333	(8,024)	(12.47%)	88,169	(31,860)	(36.14%)
LJAP	22,465	21,250	1,215	5.72%	18,415	4,050	21.99%
Public and Bar Services Total	174,269	175,605	(1,336)	(0.76%)	199,615	(25,346)	(12.70%)
Operations and Policy							
License Fees	3,323,317	3,301,242	22,075	0.67%	3,389,440	(66,123)	(1.95%)
Other Revenue	157,040	151,700	5,340	3.52%	180,751	(23,711)	(13.12%)
Bar Journal Directory	7,554	27,750	(20,196)	(72.78%)	30,804	(23,250)	(75.48%)
Bar Journal 11 issues	100,481	100,688	(207)	(0.21%)	96,062	4,419	4.60%
Print Center	14,731	23,933	(9,202)	(38.45%)	23,366	(8,635)	(36.96%)
e-Journal	16,869	17,000	(131)	(0.77%)	17,928	(1,059)	(5.91%)
Website	17,315	20,417	(3,102)	(15.19%)	22,720	(5,405)	(23.79%)
Operations and Policy Total	3,637,307	3,642,730	(5,423)	(0.15%)	3,761,071	(123,764)	(3.29%)
Non-Operating Revenue							
Investment Income - SBM Operations	36,644	39,167	(2,523)	(6.44%)	109,460	(72,816)	(66.52%)
Investment Income - Ret HC Trust	630,518		630,518	0.00%	(11,330)	641,848	(5,665.03%)
Total Non-Operating Revenue	667,162	39,167	627,995	1,603.38%	98,130	569,032	579.88%
Total Revenue	4,686,523	4,092,876	593,647	14.50%	4,272,541	413,982	9.69%

State Bar of Michigan
Statement of Revenue, Expense and Net Assets
Administrative Fund
For the Five Months Ending February 28, 2021

	Actual YTD	Budget YTD	Variance	Percentage	Prior Year YTD	Variance	Percentage
Expense							
Legal							
Ethics	\$1,659	\$3,659	(\$2,000)	(54.66%)	\$6,567	(\$4,908)	(74.74%)
Client Protection Fund Dept	892	2,675	(1,783)	(66.65%)	1,865	(973)	(52.17%)
Character & Fitness	19,941	20,436	(495)	(2.42%)	11,464	8,477	73.94%
UPL	1,539	3,883	(2,344)	(60.37%)	6,738	(5,199)	(77.16%)
General Counsel	3,563	5,464	(1,901)	(34.79%)	4,847	(1,284)	(26.49%)
Human Resources	794,883	873,119	(78,236)	(8.96%)	811,577	(16,694)	(2.06%)
Salaries	472,718	513,051	(40,333)	(7.86%)	464,336	8,382	1.81%
Legal Total	1,295,195	1,422,287	(127,092)	(8.94%)	1,307,394	(12,199)	(0.93%)
Public and Bar Services							
Annual Meeting	(2,851)		(2,851)	0.00%	18,778	(21,629)	(115.18%)
Lawyer Services	13,304	11,652	1,652	14.18%	55,564	(42,260)	(76.06%)
Bar Leadership Forum	0	0	0	0.00%	814	(814)	(100.00%)
UMLI	15	0	15	0.00%	754	(739)	(98.01%)
50 Yr. Golden Celebration	232	2,100	(1,868)	(88.95%)	920	(688)	(74.78%)
Practice Management Resource Center	1,103	1,409	(306)	(21.72%)	1,212	(109)	(8.99%)
Lawyer Referral Service	5,593	6,522	(929)	(14.24%)	1,268	4,325	341.09%
Outreach	20,799	43,229	(22,430)	(51.89%)	103,957	(83,158)	(79.99%)
Diversity	21,076	22,256	(1,180)	(5.30%)	2,342	18,734	799.91%
LJAP	2,990	5,832	(2,842)	(48.73%)	11,041	(8,051)	(72.92%)
IT	240,295	239,890	405	0.17%	203,495	36,800	18.08%
Salaries	719,849	785,373	(65,524)	(8.34%)	863,315	(143,466)	(16.62%)
Total Public and Bar Services	1,022,405	1,118,263	(95,858)	(8.57%)	1,263,460	(241,055)	(19.08%)
Operations and Policy							
Administration	58,959	58,383	576	0.99%	11,623	47,336	407.26%
Financial Services	575,176	562,318	12,858	2.29%	520,676	54,500	10.47%
Bar Journal Directory	1,105	0	1,105	0.00%	3,575	(2,470)	(69.09%)
Bar Journal 11 Issues	145,048	171,278	(26,230)	(15.31%)	197,971	(52,923)	(26.73%)
Print Center	11,407	23,300	(11,893)	(51.04%)	21,860	(10,453)	(47.82%)
Website	40,443	51,750	(11,307)	(21.85%)	43,565	(3,122)	(7.17%)

	Actual YTD	Budget YTD	Variance	Percentage	Prior Year YTD	Variance	Percentage
Expense							
e-Journal	22,160	22,904	(744)	(3.25%)	12,853	9,307	72.41%
Media Relations	7,234	12,174	(4,940)	(40.58%)	19,694	(12,460)	(63.27%)
Executive Office	11,065	21,186	(10,121)	(47.77%)	37,366	(26,301)	(70.39%)
Board of Commissioners	1,635	13,167	(11,532)	(87.58%)	19,313	(17,678)	(91.53%)
Representative Assembly	0	0	0	0.00%	(486)	486	(100.00%)
Governmental Relations	22,983	25,025	(2,042)	(8.16%)	25,256	(2,273)	(9.00%)
Research and Development	220	2,608	(2,388)	(91.56%)	2,057	(1,837)	(89.30%)
Facilities Services	123,088	157,239	(34,151)	(21.72%)	155,532	(32,444)	(20.86%)
Justice Initiatives	1,233	2,114	(881)	(41.67%)	78,403	(77,170)	(98.43%)
Salaries	928,075	935,803	(7,728)	(0.83%)	876,580	51,495	5.87%
Operations and Policy Total	1,949,831	2,059,249	(109,418)	(5.31%)	2,025,838	(76,007)	(3.75%)
Total Expense	4,267,431	4,599,799	(332,368)	(7.23%)	4,596,692	(329,261)	(7.16%)
Increase (Decrease) in Net Assets	\$419,092	(\$506,924)	\$926,016	(182.67%)	(\$324,149)	\$743,241	(229.29%)
Human Resources Detail							
Payroll Taxes	152,908	172,103	(19,195)	(11.15%)	160,836	(7,928)	(4.93%)
Benefits	624,354	681,116	(56,762)	(8.33%)	627,569	(3,215)	(0.51%)
Other Expenses	17,621	19,900	(2,279)	(11.45%)	23,173	(5,552)	(23.96%)
Total Human Resources	794,883	873,119	(78,236)	(8.96%)	811,578	(16,695)	(2.06%)
Financial Services Detail							
Depreciation	255,009	254,926	83	0.03%	232,500	22,509	9.68%
Other Expenses	324,594	307,392	17,202	5.60%	288,176	36,418	12.64%
Total Financial Services	579,603	562,318	17,285	3.07%	520,676	58,927	11.32%
Salaries							
Legal	472,718	513,051	(40,333)	(7.86%)	464,336	8,382	1.81%
Public and Bar Services	719,849	785,373	(65,524)	(8.34%)	863,315	(143,466)	(16.62%)
Operations and Policy	928,075	935,803	(7,728)	(0.83%)	876,580	51,495	5.87%
Total Salaries Expense	2,120,642	2,234,227	(113,585)	(5.08%)	2,204,231	(83,589)	(3.79%)
Non-Labor Expense Summary							
Legal	45,215	56,017	(10,802)	(19.28%)	54,653	(9,438)	(17.27%)
Public and Bar Services	302,556	332,890	(30,334)	(9.11%)	400,145	(97,589)	(24.39%)
Operations and Policy	1,021,756	1,123,446	(101,690)	(9.05%)	1,149,258	(127,502)	(11.09%)
Total Non-Labor Expense	1,369,527	1,512,353	(142,826)	(9.44%)	1,604,056	(234,529)	(14.62%)

State Bar of Michigan
Statement of Revenue, Expense and Net Assets
For the Five Months Ending February 28, 2021

YTD FY 2021 Increase (Decrease) in Net Position Summary

	Actual YTD	Budget YTD	Variance	Percentage	Prior Year Actual YTD	Variance
Operating Revenue						
- License Fees, Dues & Related	3,323,317	3,301,242	22,075	0.7%	3,389,440	(66,123)
- All Other Op Revenue	696,044	752,467	(56,423)	(7.5%)	784,971	(88,927)
Total Operating Revenue	<u>4,019,361</u>	<u>4,053,709</u>	<u>(34,348)</u>	<u>(0.8%)</u>	<u>4,174,411</u>	<u>(155,050)</u>
Operating Expenses						
- Labor-related Operating Expenses						
Salaries	2,120,642	2,234,227	(113,585)	(5.1%)	2,204,231	(83,589)
Benefits and PR Taxes	777,262	853,219	(75,957)	(8.9%)	788,405	(11,143)
Total Labor-related Operating Expenses	<u>2,897,904</u>	<u>3,087,446</u>	<u>(189,542)</u>	<u>(6.1%)</u>	<u>2,992,636</u>	<u>(94,732)</u>
- Non-labor Operating Expenses						
Legal	45,215	56,017	(10,802)	(19.3%)	54,653	(9,438)
Public and Bar Services	302,556	332,890	(30,334)	(9.1%)	400,145	(97,589)
Operations and Policy	1,021,756	1,123,446	(101,690)	(9.1%)	1,149,258	(127,502)
Total Non-labor Operating Expenses	<u>1,369,527</u>	<u>1,512,353</u>	<u>(142,826)</u>	<u>(9.4%)</u>	<u>1,604,056</u>	<u>(234,529)</u>
Total Operating Expenses	<u>4,267,431</u>	<u>4,599,799</u>	<u>(332,368)</u>	<u>(7.2%)</u>	<u>4,596,692</u>	<u>(329,261)</u>
Operating Income (Loss)	(248,070)	(546,090)	298,020	(54.6%)	(422,281)	174,211
Non-operating Revenue (Expenses)						
Investment Income	36,644	39,167	(2,523)	(6.4%)	109,460	(72,816)
Investment Income - Ret HC Trust	630,518	0	630,518	N/A	(11,330)	641,848
Loss on Disposal of Capital Asset						
Net Non-operating revenue (expenses)	<u>667,162</u>	<u>39,167</u>	<u>627,995</u>	<u>1,603%</u>	<u>98,130</u>	<u>569,032</u>

State Bar of Michigan
Statement of Revenue, Expense and Net Assets
For the Five Months Ending February 28, 2021

YTD FY 2021 Increase (Decrease) in Net Position Summary

	Actual YTD	Budget YTD	Variance	Percentage	Prior Year Actual YTD	Variance
Increase (Decrease) in Net Position	419,092	(506,923)	926,015	N/A	(324,151)	743,243
Net Position - Beginning the Year	11,571,907	11,571,907	-	0.0%	12,217,220	(645,313)
Net Position - Year-to-Date	11,990,999	11,064,984	926,015	8.4%	11,893,069	97,930
Increase (Decrease) in Net Position Excluding Ret HC Trust Inv. Income	(211,426)	(506,923)	295,497	(58.3%)	(312,821)	101,395

State Bar of Michigan Administrative Fund
Revenues, Expenses and Net Assets
FY 2021 - Year-End Forecast
Updated March 24, 2021

	FY 2021 Year-End Forecast	FY 2021 Budget	Variance	Percentage	FY 2020 Actual
Operating Revenue					
- License Fees, Dues & Related	7,716,000	7,641,000	75,000	0.98%	7,732,165
- All Other Op Revenue	1,400,291	1,494,890	(94,599)	(6.33%)	1,390,427
Total Operating Revenue	<u>9,116,291</u>	<u>9,135,890</u>	<u>(19,599)</u>	<u>(0.21%)</u>	<u>9,122,592</u>
Operating Expenses					
- Labor-related Operating Expenses					
Salaries	5,101,821	5,330,899	(229,078)	(4.30%)	5,281,014
Benefits, PR Taxes, and Ret HC Exp	1,819,959	1,915,358	(95,399)	(4.98%)	1,776,147
Total Labor-related Operating Expenses	<u>6,921,780</u>	<u>7,246,257</u>	<u>(324,477)</u>	<u>(4.48%)</u>	<u>7,057,161</u>
- Non-labor Operating Expenses					
Legal	170,422	191,920	(21,498)	(2.09%)	183,254
Public and Bar Services	915,958	1,027,080	(111,122)	(57.90%)	745,450
Operations and Policy	2,482,198	2,713,645	(231,447)	(8.53%)	2,292,296
Total Non-labor Operating Expenses	<u>3,568,578</u>	<u>3,932,645</u>	<u>(364,067)</u>	<u>(9.26%)</u>	<u>3,221,000</u>
Total Operating Expenses	<u>10,490,358</u>	<u>11,178,902</u>	<u>(688,544)</u>	<u>(6.16%)</u>	<u>10,278,161</u>
Operating Income (Loss)	<u>(1,374,067)</u>	<u>(2,043,012)</u>	668,945	N/A	<u>(1,155,569)</u>
Nonoperating Revenue (Expenses)					
Investment Income	70,200	94,000	(23,800)	(25.32%)	199,067
Investment Income - Ret HC Trust*	-	-	-	N/A	328,761
Loss on Disposal of Capital Assets	-	-	-	N/A	(17,570)
Net Nonoperating Revenue (Expenses)	<u>70,200</u>	<u>94,000</u>	<u>(23,800)</u>	<u>(25.32%)</u>	<u>510,258</u>
Increase (Decrease) in Net Position	<u><u>(1,303,867)</u></u>	<u><u>(1,949,012)</u></u>	<u><u>645,145</u></u>	<u><u>(33.10%)</u></u>	<u><u>(645,311)</u></u>

Operating Revenue Forecast:

- License fees and related - Expected to be close to budget for license fees and related revenues. Late fees are higher (\$80k).
- All other operating revenue - Expected to be under budget due to cancellation of UMLI and BLF (\$24k) and lower revenues for LRS, Print Center, and BJ Directory (\$62k)

Labor Forecast:

- Salaries - Expected to be under budget due to vacancies
- Benefits - Expected to be under budget due to vacancies

Non-labor Forecast:

Legal

- Expected to be under budget due to savings in UPL, HR, and IAP (\$20k)

Public and Bar Services

- Expected to be under budget in Lawyer Services primarily due to cancellation of UMLI and BLF and savings due to virtual 50 year celebration (83k)
- Expected to be under budget in LJAP (\$12k) and Outreach (\$8k) due to lower travel and meeting expenses

Operations and Policy

- Executive Offices & BOC - Expected to be under budget primarily in meetings and travel (\$46k)
- Finance & Administration - Expected to be under budget (\$5k), net of higher credit card fees (\$12k) and insurance (\$3k)
- Communications - Expected to be under budget primarily due to Bar Journal (\$86k), website (\$28k), and print center (\$8k) due to savings on paper, postage and operating expenses.
- Expected to be under budget in Facilities (\$33k), RA (\$13k) and Governmental Relations (\$11k) primarily due to lower operating, meetings, and travel expenses.

Non-Operating Income forecast:

- Investment Income - Expected to be under budget due to lower interest rates
- Retiree Health Care Trust Investment income was not budgeted nor forecasted

State Bar of Michigan
Administrative Fund
FY 2021 Capital Expenditures vs Budget
For the Five Months Ending February 28, 2021

	YTD Actual	YTD Budget	YTD Variance	Notes and Variance Explanations	Total Approved FY 2021 Budget	FY 2021 Year-End Forecast	Projected Year-end Variance
FACILITIES, FURNITURE & OFFICE EQUIPMENT							
Elevator Upgrade/Modernization	-	\$20,000	(\$20,000)	Installation of the control panel	20,000	20,000	-
Meeting room upgrades for virtual capabilities	-	20,000	(20,000)	In process, obtaining bids.	20,000	20,000	-
Replacement of Floor Copiers/Scanners	-	35,000	(35,000)	On hold	35,000	-	(35,000)
Total Facilities, Furniture & Office Equipment:	-	\$75,000	(\$75,000)		75,000	40,000	(35,000)
INFORMATION TECHNOLOGY							
<u>IT Infrastructure:</u>							
Network Firewalls (2)	-	\$25,000	(\$25,000)	In process, obtaining bids.	25,000	15,600	9,400
Data Center	-	125,000	(125,000)	Includes a three year service contract	125,000	131,720	6,720
<u>Application Software Development:</u>							
Receivership /Interim Administrator Program data portal	-	30,000	(30,000)	Pending MI Supreme Court program approval	30,000	-	(30,000)
E-commerce store	-	15,000	(15,000)		15,000	7,500	(7,500)
E-commerce License Fee Portal	17,400	-	17,400	Not budgeted, to be offset by other projects	-	35,000	35,000
Firm Billing/Invoices for License Fees	-	10,000	(10,000)		10,000	10,000	-
Firm Administration Application	-	10,000	(10,000)		10,000	10,000	-
Unauthorized Practice of Law Portal	-	20,000	(20,000)		20,000	-	(20,000)
Client Protection Fund Portal	-	30,000	(30,000)		30,000	-	(30,000)
Website Functionality Enhancements	17,475	25,000	(7,525)		25,000	31,000	6,000
Lawyer Referral Module Enhancements	20,000	40,000	(20,000)		40,000	40,000	-

	YTD Actual	YTD Budget	YTD Variance	Notes and Variance Explanations	Total Approved FY 2021 Budget	FY 2021 Year-End Forecast	Projected Year-end Variance
Character & Fitness Hearings Module	17,500	-	17,500	Not budgeted, to be offset by other projects	-	50,000	50,000
MIFILE Court Database	2,500	-	2,500	Not budgeted, to be offset by other projects	-	2,500	2,500
Total Information Technology:	\$74,875	\$330,000	(\$255,125)		\$330,000	\$333,320	\$22,120
Total Capital Budget:	\$74,875	\$405,000	(\$330,125)		\$405,000	\$373,320	(\$12,880)

**STATE BAR OF MICHIGAN
CLIENT PROTECTION FUND**

Unaudited and For Internal Use Only

**FINANCIAL REPORTS
February 28, 2021**

FY 2021

Note: License fee revenue is recognized and budgeted as earned each month throughout the year.

State Bar Of Michigan
Client Protection Fund
Comparative Statement of Net Assets
For the Five Months Ending February 28, 2021

	1/31/2021	2/28/2021	Increase (Decrease)	%	Beginning of FY 2021 10/1/20
Assets					
Cash-Checking	\$61,501	\$120,605	\$59,104	96.1%	\$121,712
Savings	1,136,530	1,136,575	45	0.0%	826,370
Investment	1,000,000	1,000,000	0	0.0%	1,000,000
Account Receivable	244,955	241,281	(3,674)	(1.5%)	217,066
Due From SBM	5,963	(51,286)	(57,250)	(960.0%)	44,159
Accrued Interest Receivable	4,369	4,753	384	8.8%	2,682
Total Assets	\$2,453,318	\$2,451,928	(\$1,390)	(0.1%)	\$2,211,989
Liabilities					
Accounts Payable	\$3,600	\$2,000	(\$1,600)	(44.4%)	\$82,247
Deferred Revenue	418,735	376,555	(42,180)	(10.1%)	98,033
Total Liabilities	422,335	378,555	(43,780)	(10.4%)	180,280
Fund Balance					
Fund Balance at Beginning of Year	2,031,710	2,031,710		0.0%	1,996,790
Net Income (Expense) Year to Date	(727)	41,663	42,390	(5831.3%)	34,920
Total Fund Balance	2,030,983	2,073,373	42,390	2.1%	2,031,710
Total Liabilities and Fund Balance	\$2,453,318	\$2,451,928	(\$1,390)	(0.1%)	\$2,211,989

Note 1:

	1/31/2021	2/28/2021
Change in Accounts Receivable		
+ New approved claims receivables	-	-
- Claims payments received	(2,450)	(3,674)
- Allowance for new approved claims	-	-
+ Decrease (increase) in claims allowance	-	-
	\$ (2,450)	\$ (3,674)

Note 2:

Beginning October 1, 2020, CPF is recording claim expense when claims are approved. As of February 28, 2021, \$4,150.00 authorized claims were recorded as expense, but were not paid awaiting signatures of subrogation.

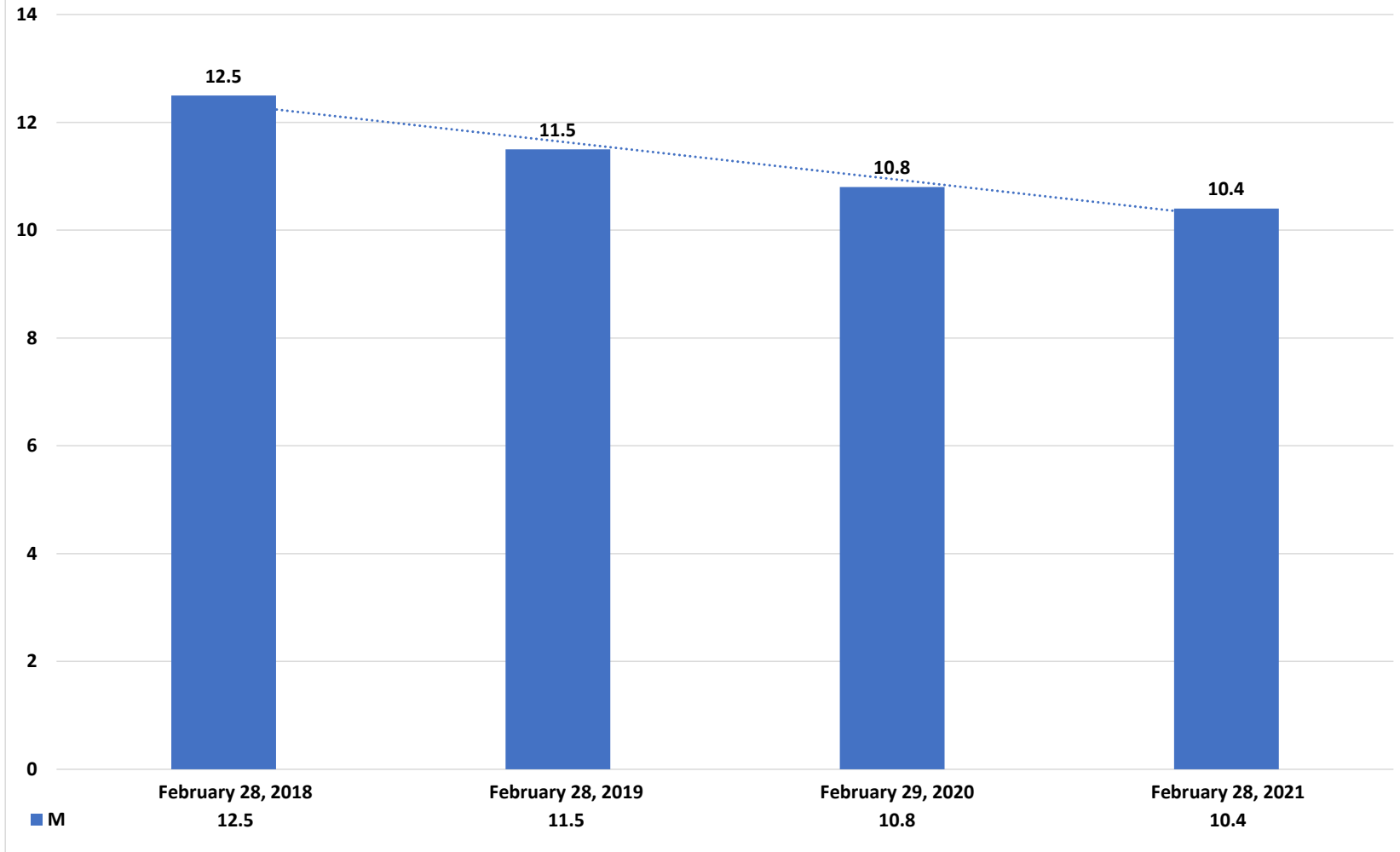
Client Protection Fund
Statement of Revenue, Expenses, and Changes in Net Assets
For the Five Months Ending February 28, 2021

	2021 YTD	2020 YTD
Income:		
3-7-00-000-0005 Contributions Received	4,835	420
3-7-00-000-0050 Membership Fees Assessment	261,605	270,910
3-7-00-000-0051 Pro Hac Vice Fees	5,595	5,790
3-7-00-000-0890 Claims Recovery ¹	37,165	30,355
3-7-00-000-0891 Claims Income ²	2,018	0
Total Income	311,218	307,475
Expenses:		
3-9-00-000-0200 Claims Payment	203,018	224,475
3-9-00-000-0910 Administrative Fee	68,820	90,833
3-9-00-000-0994 Bank Service Charges	182	255
Total Expenses	272,020	315,563
Investment Income	2,465	11,524
Increase/Decrease in Net Position	41,663	3,436
Net Position, Beginning of Year	2,031,710	1,996,791
Net Position, End of Period	2,073,373	2,000,227

¹ Represents expected claims recoveries

² Represents miscellaneous income collected

State Bar of Michigan Cash & Investments
Excluding Sections, Client Protection Fund and Retiree Health Care Trust
For the Five Months Ending February 28, 2021
\$10.4M



Note: The State Bar of Michigan has no bank debt outstanding

Summary of Cash and Investment Balances by Financial Institution
2/28/2021

Assets	Bank Rating	Financial Institution Summary	Interest Rates	Fund Summary
		SBM Chase Checking \$ 156,885.49		Client Protection Fund \$ 2,257,179.77
		SBM Chase Credit Card \$ 102,838.27		State Bar Admin Fund \$ 13,933,098.73
		SBM Chase E Checking \$ 12,290.00		(including Sections)
		SBM Chase Payroll \$ (3,500.68)		Attorney Discipline System \$ 5,716,123.89
		SBM Chase Savings \$ 146,659.55	0.05%	SBM Retiree Health Care Trust \$ 4,503,571.47
		ADS Chase Checking \$ 19,870.92		ADB Retiree Health Care Trust \$ 1,259,428.99
		CPF Chase Checking \$ 120,604.93		AGC Retiree Health Care Trust \$ 4,307,024.12
		CPF Chase Savings \$ 185,500.44	0.05%	Total \$ <u>31,976,426.97</u>
\$3.21 Trillion	5 stars	** Chase Totals \$ 741,148.92		
		ADS Bank of America Petty Cash \$ 273.76	0.00%	
\$2.43 Trillion	5 stars	Bank of America Totals \$ 273.76		
		SBM Fifth Third Commercial Now \$ 75,521.83	0.10% *	
\$202 Billion	5 stars	Fifth Third Totals \$ 75,521.83		
		Grand River Bank Money Market \$ 10,013.83	0.26%	
\$320 Million	5 stars	Grand River Bank Totals \$ 10,013.83		
		Grand River Bank Total w/CD \$ 998,541.52		
		Sterling Bank \$ 355.59	0.10%	
\$3 Billion	4 stars	Sterling Bank Money Market \$ 1,870,976.43	0.10%	
		Sterling Bank Total \$ 1,871,332.02		
		Citizens Bank Checking \$ 10,000.00	0.00%	
\$179 Billion	5 stars	Citizens Bank Money Market \$ -		
		Citizens Bank Totals \$ 10,000.00		
		MSUCU Savings \$ 32.77	0.00%	
\$4.2 Billion	5 stars	MSUCU Checking \$ 10,006.99	0.00%	
		MSU Credit Union Total \$ 10,039.76		
		MSU Credit Union Total w/CD \$ 1,999,300.08		
		SBM Flagstar ICS Checking \$ 2,817,001.60	0.10%	
\$22 Billion	4 stars	SBM Flagstar CDARS - 12 Month \$ 1,000,000.00	0.50%	
		SBM Flagstar CDARS - 12 Month \$ 500,000.00	0.50%	
		SBM Flagstar CDARS - 12 Month \$ 500,000.00	0.50%	
		ADS Flagstar ICS Checking Account \$ 3,606,548.58	0.10%	
		ADS Flagstar CDARS - 12 Month \$ 2,000,000.00	0.50%	
		CPF Flagstar ICS Checking \$ 951,074.40	0.10%	
		CPF Flagstar CDARS - 12 Month \$ 1,000,000.00	0.50%	
		Flagstar Bank FDIC Insured \$ 12,374,624.58		
		Flagstar Bank Total with CDs \$ 13,474,624.58		
				State Bar Admin Fund Summary
				Cash and Investments \$ 13,933,098.73
				Less:
				Due (to)/from Sections \$ (3,573,481.00)
				Due (to)/from CPF 51,286.32
				<u>Due to Sections and CPF \$ (3,522,194.68)</u>
				Net Administrative Fund \$ 10,410,904.05
				SBM Average Weighted Yield: 0.54%
				ADS Average Weighted Yield: 0.24%
				CPF Average Weighted Yield: 0.27%
				Maturity
				Notes:
				- Average weighted yields exclude retiree health care trusts
				- All amounts are based on reconciled book balance and interest rates as of 02/28/21
				- CDARS are invested in multiple banks up to the FDIC limit for each bank
				- Funds held in bank accounts are FDIC insured up to \$250,000 per bank
				- The SBM funds held with Charles Schwab in the Retiree Health Care Trusts are
				invested in 75% equity securities, 22% in bonds and 3% in money market funds
				- As of 02/28/21, the funds held by SBM attributable to ADS were \$89,430.63
				- Bank Star rating from Bauer Financial.
				- Lockbox fees are offset by 0.10% (annual rate) on average monthly balance (*)
				- Actual unreconciled Chase balance per statements was \$753,326.00 (**)
				Maturity
\$21.5 Billion	4 stars	SBM - CD Chemical Bank (TCF) \$ 250,000.00	1.75%	07/25/21
		SBM - CD Chemical Bank (TCF) \$ 250,000.00	1.75%	07/25/21
		SBM - CD Chemical Bank (TCF) \$ 250,000.00	1.75%	07/25/21
	5 stars	SBM - Grand River Bank \$ 253,527.69	2.50%	05/11/21
		SBM - Grand River Bank \$ 245,000.00	0.50%	04/17/21
		SBM - Grand River Bank \$ 245,000.00	0.85%	09/29/21
		SBM - Grand River Bank \$ 245,000.00	0.85%	09/29/21
\$4 Billion	5 stars	SBM-CD Horizon Bank \$ 245,000.00	0.97%	03/19/21
		SBM-CD Horizon Bank \$ 245,000.00	0.97%	03/19/21
		SBM-CD Horizon Bank \$ 250,000.00	2.66%	04/25/21
		SBM-CD Horizon Bank \$ 250,000.00	2.66%	04/25/21
\$1.36 Billion	3.5 stars	SBM-CD First National Bank of America \$ 245,659.68	0.80%	10/12/21
		SBM-CD First National Bank of America \$ 250,000.00	0.80%	10/16/21
		SBM-CD First National Bank of America \$ 250,000.00	0.80%	10/16/21
		SBM-CD First National Bank of America \$ 250,000.00	0.80%	10/16/21
\$4.2 Billion	5 stars	SBM-CD MSU Credit Union \$ 249,817.31	0.55%	04/28/21
		SBM-CD MSU Credit Union \$ 249,817.31	0.55%	04/28/21
		SBM-CD MSU Credit Union \$ 249,817.31	0.55%	04/28/21
		SBM-CD MSU Credit Union \$ 249,817.31	0.55%	04/28/21
		SBM-CD MSU Credit Union \$ 250,000.00	0.55%	05/21/21
		SBM-CD MSU Credit Union \$ 250,000.00	0.55%	05/21/21
		SBM-CD MSU Credit Union \$ 250,000.00	0.55%	05/21/21
		SBM - CD Flagstar \$ 250,000.00	0.20%	06/14/21
		SBM - CD Flagstar \$ 250,000.00	0.20%	06/14/21
		SBM - CD Flagstar \$ 250,000.00	0.20%	06/14/21
		SBM - CD Flagstar \$ 100,000.00	0.20%	06/14/21
		SBM - CD Flagstar \$ 250,000.00	0.20%	06/14/21
		Bank CD Totals \$ 6,813,447.69		
		Total Cash & Investments (excluding Schwab) \$ 21,906,402.39		
		SBM - Charles Schwab (Ret HC Trust) \$ 4,503,571.47		Mutual Funds
		ADB - Charles Schwab (Ret HC Trust) \$ 1,259,428.99		Mutual Funds
		AGC - Charles Schwab (Ret HC Trust) \$ 4,307,024.12		Mutual Funds
		Charles Schwab Totals \$ 10,070,024.58		
		Grand Total (including Schwab) \$ 31,976,426.97		
		Total amount of cash and investments (excluding Schwab) not FDIC insured \$ 7,445,982.22	33.99%	

Monthly SBM Attorney and Affiliate Report - February 28, 2021

FY 2021

<u>Attorneys and Affiliates In Good Standing</u>	September 30 2014	September 30 2015	September 30 2016	September 30 2017	September 30 2018	September 30 2019	September 30 2020	February 28 2021	FY Increase (Decrease)
Active	41,093	41,608	41,921	42,100	42,342	42,506	42,401	41,900	(501)
Less than 50 yrs serv	40,036	40,490	40,725	40,833	40,973	41,036	40,559	40,237	(322)
50 yrs or greater	1,057	1,118	1,196	1,267	1,369	1,470	1,842	1,663	(179)
Voluntary Inactive	1,211	1,218	1,250	1,243	1,169	1,139	1,192	1,096	(96)
Less than 50 yrs serv	1,184	1,195	1,230	1,217	1,142	1,105	1,149	1,060	(89)
50 yrs or greater	27	23	20	26	27	34	43	36	(7)
Emeritus	1,552	1,678	1,841	1,973	2,204	2,447	2,727	3,008	281
Total Attorneys in Good Standing	43,856	44,504	45,012	45,316	45,715	46,092	46,320	46,004	(316)
Fees paying Attorneys (Active & Inactive less than 50 yrs of Serv)	41,220	41,685	41,955	42,050	42,115	42,141	41,708	41,297	(411)
Affiliates									
Legal Administrators	14	13	13	13	10	10	8	8	0
Legal Assistants	413	425	405	400	401	393	317	332	15
Total Affiliates in Good Standing	427	438	418	413	411	403	325	340	15
Total Attorneys and Former Attorneys in the Database									
	September 30 2014	September 30 2015	September 30 2016	September 30 2017	September 30 2018	September 30 2019	September 30 2020	February 28 2021	FY Increase (Decrease)
State Bar of Michigan Attorney and Affiliate Type									
<u>Attorneys in Good Standing:</u>									
ATA (Active)	41,093	41,608	41,921	42,100	42,342	42,506	42,401	41,900	(501)
ATVI (Voluntary Inactive)	1,211	1,218	1,250	1,243	1,169	1,139	1,192	1,096	(96)
ATE (Emeritus)	1,552	1,678	1,841	1,973	2,204	2,447	2,727	3,008	281
Total Attorneys in Good Standing	43,856	44,504	45,012	45,316	45,715	46,092	46,320	46,004	(316)
<u>Attorneys Not in Good Standing:</u>									
ATN (Suspended for Non-Payment of Dues)	5,427	5,578	5,743	5,888	6,072	6,246	6,416	7,008	592
ATDS (Discipline Suspension - Active)	407	415	418	430	439	440	445	450	5
ATDI (Discipline Suspension - Inactive)	12	11	18	19	19	24	25	25	0
ATDC (Discipline Suspension - Non-Payment of Court Costs)	1	3	3	16	15	16	16	16	0
ATNS (Discipline Suspension - Non-Payment of Other Costs)	83	92	99	94	95	98	100	100	0
ATS (Attorney Suspension - Other)*	1	1	1	0	1	1	2	1	(1)
ATR (Revoked)	521	517	534	562	583	596	613	618	5
ATU (Status Unknown - Last known status was inactive)**	2,088	2,076	2,074	2,070	2,070	2,070	2,070	2,070	0
Total Attorneys Not in Good Standing	8,540	8,693	8,890	9,079	9,294	9,491	9,687	10,288	601
<u>Other:</u>									
ATSC (Former special certificate)	136	140	145	152	155	157	158	158	0
ATW (Resigned)	1,429	1,483	1,539	1,612	1,689	1,798	1,907	2,009	102
ATX (Deceased)	8,127	8,445	8,720	9,042	9,287	9,524	9,793	9,937	144
Total Other	9,692	10,068	10,404	10,806	11,131	11,479	11,858	12,104	246
Total Attorneys in Database	62,088	63,265	64,306	65,201	66,140	67,062	67,865	68,396	531

* ATS is a new status added effective August 2012 - suspended by a court, administrative agency, or similar authority

** ATU is a new status added in 2010 to account for approximately 2,600 attorneys who were found not to be accounted for in the iMIS database
The last known status was inactive and many are likely deceased. We are researching these attorneys to determine a final disposition.

N/R - not reported

Notes: Through February 28, 2021 a total of 534 new attorneys joined the SBM so far in FY 2021

To: Board of Commissioners, State Bar of Michigan
Members, Attorney Discipline Board
Commissioners, Attorney Grievance Commission

From: Trustee of the State Bar of Michigan Retirement Plan and 457(b) Plan

Subject: 2020 Annual Report - State Bar of Michigan Retirement Plan and 457(b) Plan

Date: March 23, 2021

CC: Janet K. Welch, SBM Executive Director
Alerus Retirement Solutions/Alerus Financial N.A.

Pursuant to Section 5.7 of the State Bar of Michigan Retirement Plan, an Annual Report of the Trustee is required:

(a) Within a reasonable period of time after the later of the Anniversary Date or receipt of the Employer contribution for each Plan Year, the Trustee, or its agent, shall furnish to the Employer and Administrator a written statement of account with respect to the Plan Year for which such contribution was made setting forth:

- 1) the net income, or loss, of the Trust Fund;*
- 2) the gains, or losses, realized by the Trust Fund upon sales or other disposition of the assets;*
- 3) the increase, or decrease, in the value of the Trust Fund;*
- 4) all payments and distributions made from the Trust Fund; and*
- 5) such further information as the Trustee and/or Administrator deems appropriate.*

(b) The Employer, promptly upon its receipt of each such statement of account, shall acknowledge receipt thereof in writing and advise the Trustee and/or Administrator of its approval or disapproval thereof. Failure by the Employer to disapprove any such statement of account within thirty (30) days after its receipt thereof shall be deemed an approval thereof. The approval by the Employer of any statement of account shall be binding on the Employer and the Trustee as to all matters contained in the statement to the same extent as if the account of the Trustee had been settled by judgment or decree in an action for a judicial settlement of its account in a court of competent jurisdiction in which the Trustee, the Employer and all persons having or claiming an interest in the Plan were parties. However, nothing contained in this Section shall deprive the Trustee of its right to have its accounts judicially settled if the Trustee so desires.

The State Bar of Michigan Retirement Plan and 457(b) Plan are available to eligible employees of the State Bar of Michigan, Attorney Discipline Board, and Attorney Grievance Commission. The plans' assets (employer and employee contributions, and qualified rollovers) are invested in various mutual funds approved by the Trustee at the direction of each employee in the plans and held by the State Bar of Michigan Retirement Plan and 457(b) Plan for the benefit of the participants.

Alerus Financial N.A. is the record keeper, custodian, paying agent, and third-party administrator for the retirement plans and Fidelity serves as the trading agent for the plans' assets. Alerus Financial, N.A. also serves as an investment co-fiduciary for the purpose of providing investment recommendations and monitoring services in accordance with the terms of the investment policy statement.

The SBM Retirement Plan is a 401(a) plan and is used for employer contributions. As of December 31, 2020, there were 141 participants with balances in the 401(a) plan. The 457(b) Plan is used for employee contributions. As of December 31, 2020, there were 147 participants with balances in the 457(b) Plan.

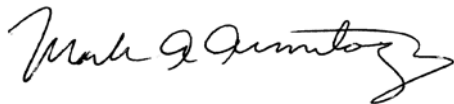
The Co-Trustees of the State Bar of Michigan Retirement Plan and 457(b) Plan met three times during 2020 to review investment performance, decide on the addition of investment funds offered, update the plan documents, review loan and withdrawal requests, and handle other administrative matters pertaining to the plans.

A summary of the financial information for both plans for 2020, provided by Alerus, is attached. The minutes of the 2020 Trustee meetings are also attached.

Please direct all inquiries to Mark Armitage, Chairperson of the Trustee of the State Bar of Michigan Retirement Plan and 457(b) Plan, at (313) 963-5553.

Sincerely,

The Co-Trustees of the State Bar of Michigan Retirement Plan and 457(b) Plan:



Mark A. Armitage, Chairperson, Co-Trustee, and ADB Executive Director



Michael V. Goetz, Co-Trustee and AGC Grievance Administrator



Kathryn Hennessey, Recording Secretary, Co-Trustee, and SBM General Counsel



Jeanette L. Socia, Co-Trustee and SBM Human Resources Director



Tatiana Goodkin, Co-Trustee and SBM Chief Financial Officer

Attachments have been provided to the Finance Committee and are available upon request.



MEMORANDUM

TO: Board of Commissioners
Janet Welch, Executive Director

FROM: Trustees of the SBM Retiree Health Premium Trust

DATE: March 25, 2021

RE: **2020 Annual Report of the SBM Retiree Health Premium Trust**

Pursuant to Paragraph 10 of the Amended and Restated State Bar of Michigan Retiree Health Premium Trust Agreement (Trust), dated November 17, 2008, the trustees submit this report and supporting documentation for calendar year 2020.

Overview

The State Bar of Michigan (SBM) established the Trust to fund post-retirement health benefits for certain employees and former employees who previously qualified for such post-retirement benefits through the State of Michigan's State Employees' Retirement System. Pursuant to the Investment Policy, the funds in the Trust are invested to provide for the future needs of the retiree health care obligations, while maintaining reasonable security of the funds. The primary investment objectives of the fund are: (1) return on investment; (2) diversification and safety; and (3) liquidity to meet operating requirements. To achieve these objectives, the funds are required to have an asset allocation of at least 60% equity and the remainder in fixed income funds.

Financial Management

Brian Hamel, Schwab Private Client Advisor, provides investment advice to the trustees. In August 2020, Mr. Hamel assisted trustees in an extensive restructuring of the Trust investment portfolio.

Financial Performance

In calendar year 2020, the Trust net increase in value was \$667,557.82, or 17.96% (from \$3,716,060.90 to \$4,383,618.72), after SBM contribution of \$57,331.44 and asset management fees of \$14,242.81. The Trust received \$132,338.99 in dividends and interest. The Trust did not sell or otherwise dispose of any assets, and the Trust did not make any distributions in 2020. In the same period, in lieu of actuarially determined contribution to the trust, SBM made direct payments for retiree insurance premiums in the amount of \$164,770.71.

The monthly brokerage statements and quarterly performance reports for Q3 and Q4 are included with this report.

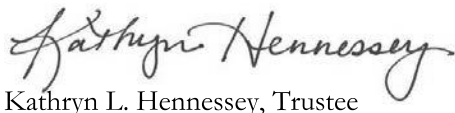
Trust Management

In FY2020, ending on September 30, 2020, Daniel Quick and Kathryn Hennessey served as trustees of the Trust. In FY2021, ending on September 30, 2021, Joseph McGill, Tatiana Goodkin, and Kathryn Hennessey serve as trustees of the Trust.

The Trustees met three times in calendar year 2020 to review investment performance, review investment policy, and handle other administrative matters. The minutes of the Trustee meetings are included with this report.

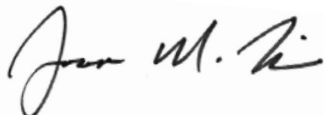
In addition, Ms. Hennessey and Ms. Goodkin met several times with Mr. Hamel to discuss the investment restructuring of the Trust.

Please direct all inquiries to Kathryn Hennessey at (517) 346-6359 or khennessey@michbar.org.



Kathryn L. Hennessey, Trustee

Daniel D. Quick, Trustee (FY2020)



Joseph P. McGill, Trustee (FY2021)



Tatiana Goodkin, Trustee (FY2021)

Attachments:

2/2020 investment policy

12 monthly brokerage statements

Q3 and Q4 Schwab Performance Report

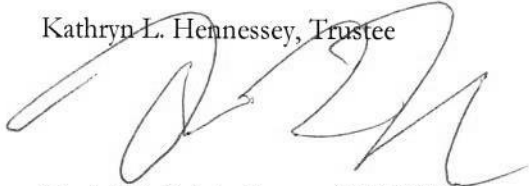
3 Minutes from 2020 meetings

The Trustees met three times in calendar year 2020 to review investment performance, review investment policy, and handle other administrative matters. The minutes of the Trustee meetings are included with this report.

In addition, Ms. Hennessey and Ms. Goodkin met several times with Mr. Hamel to discuss the investment restructuring of the Trust.

Please direct all inquiries to Kathryn Hennessey at (517) 346-6359 or khennessey@michbar.org.

Kathryn L. Hennessey, Trustee



Daniel D. Quick, Trustee (FY2020)

Joseph P. McGill, Trustee (FY2021)

Tatiana Goodkin, Trustee (FY2021)

Attachments:

2/2020 investment policy

12 monthly brokerage statements

Q3 and Q4 Schwab Performance Report

3 Minutes from 2020 meetings

Attachments have been provided to the Finance Committee and are available upon request.

TO: Board of Commissioners
FROM: Professional Standards Committee
DATE: April 23, 2021, BOC Meeting
RE: Client Protection Fund Claims for Consent Agenda

Rule 15 of the Client Protection Fund Rules provides that “claims, proceedings and reports involving claims for reimbursement are confidential until the Board authorizes reimbursement to the claimant.” To protect CPF claim information as required in the Rule, and to avoid negative publicity about a lawyer subject to a claim, which has been denied and appealed, the CPF Report to the Board of Commissioners is designated “confidential.”

**CONSENT AGENDA
 CLIENT PROTECTION FUND**

Claims recommended for payment:

- a. Consent Agenda

	<u>Claim No.</u>	<u>Amt. Recommended</u>
1.	CPF 3629	\$10,000.00
2.	CPF 3631	\$70.00
3.	CPF 3653	\$500.00
4.	CPF 3658	\$11,737.75
5.	CPF 3674	\$3,000.00
6.	CPF 3677	\$2,400.00
7.	CPF 3685	\$1,500.00
8.	CPF 3688	\$1,500.00
9.	CPF 3689	\$500.00
	TOTAL	\$31,207.75

The Professional Standards Committee recommends payment of these claims by the State Bar of Michigan Client Protection Fund:

1. CPF 3629 \$10,000.00

Claimant and her husband retained Respondent to represent their son in a post-conviction relief matter for \$20,000. Respondent contacted his client's prior attorney and updated Claimant, obtained his client's legal file, drafted a Revocation of Power of Attorney, visited with his client in jail, twice traveled to the prison to meet with his client but was turned away, and reviewed his client's file and documentation. The ADB Hearing Panel found, based on the fee retained and the services completed, Respondent's fee was excessive and ordered him to return \$10,000. Respondent's failure to return the unearned portion of the retainer fee constitutes dishonest conduct and is a reimbursable loss under CPF Rules 9(C)(1), 9(C)(6), and 11(B).

2. CPF 3631 \$70.00

Claimant retained Respondent to represent her in an age discrimination matter for \$990. Respondent assisted with filing an EEOC Intake Questionnaire and a Complaint with the Michigan Department of Civil Rights and participated in a telephone conference with an EEOC investigator. Before the dismissal of both complaints, Respondent billed Claimant \$920 for services rendered. Claimant paid Respondent \$990. Respondent's failure to return the unearned \$70 received from Claimant constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1) and 9(C)(6).

3. CPF 3653 \$500.00

Claimant retained Respondent to represent her in a divorce for a fee of \$500. Respondent abandoned the matter before completion of the legal services. Respondent's failure to refund the unearned retainer fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1) and 9(C)(6).

5. CPF 3658 \$11,737.75

Claimant's mother retained Respondent to represent them as intervening plaintiffs in a civil lawsuit. A judgment was entered. The judgment ordered Respondent to hold \$11,737.75 in trust until a conservator was appointed for Claimant, at which time the money was to be transferred to the conservator. Respondent misappropriated the funds. Respondent's failure to disburse the settlement funds to Claimant constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C).

6. CPF 3674 \$3,000.00

Claimant retained Respondent to represent him in a tax matter for \$1,500 and in a mortgage modification matter for an additional \$1,500. Claimant paid Respondent \$3,000 for both matters. Respondent completed no legal services, abandoning both matters. Respondent's failure to return the unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1), 9(C)(6) and 11(B).

7. CPF 3677 \$2,400.00

Claimant retained Respondent and paid a \$2,400 non-refundable flat fee on April 14. On May 17, Respondent's license to practice law was suspended. Non-refundable fee agreements are ethically permissible if the fee agreement is unambiguous.¹ However, the fee agreement does not address the premature termination. Respondent charged the non-refundable fee knowing that services could not be rendered due to the impending suspension. The nonrefundable flat fee was deemed unreasonable or excessive contrary to MPRC 1.5(a) by the ADB, because Respondent could provide no legal services. Respondent's failure to return the unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1), 9(C)(6) and 11(B) and MPRC 1.5(a).

8. CPF 3685 \$1,500.00

Claimant retained Respondent and paid \$1,500. Respondent did not any provide legal services or return the fee before being suspended. Respondent's failure to return the unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1), 9(D)(6), and 11(B).

9. CPF 3688 \$1,500.00

Claimant retained Respondent for a flat fee of \$1,500. Respondent met with Claimant and requested documentation to proceed and then abandoned the matter. Respondent's failure to return the unearned flat fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1), 9(D)(6), and 11(B).

10. CPF 3689 \$500.00

Claimant retained Respondent for a fee of \$960. Claimant's mother paid \$500 towards the agreed upon fee. Respondent completed no legal services before abandoning the matter. Respondent's failure to return the unearned fee constitutes dishonest conduct and is a reimbursable loss as provided by CPF Rules 9(C)(1) and 9(C)(6).

Total payments recommended: \$31,207.75

¹ *Grievance Adm'r v Cooper*, 757 NW2d 867 (Mich 2008).



MEMORANDUM

To: SBM Board of Commissioners

From: Darin Day, SBM Director of Outreach

Date: April 12, 2021

Re: Proposed Section Bylaws Amendments: **Animal Law and Family Law**

Rule 12, Section 2 of the Supreme Court Rules Concerning the State Bar of Michigan requires each section of the bar to maintain bylaws “not inconsistent with these Rules or the bylaws of the State Bar of Michigan” and further that “[s]ection bylaws or amendments thereof shall become effective when approved by the Board of Commissioners.”

Upon review of documents submitted by the Animal Law and Family Law Sections, staff confirms that these sections have taken all steps necessary to propose bylaws amendments in compliance with the amendment procedures set forth in the sections’ respective current bylaws. The only remaining step is for this body to approve the proposed amendments.

The Animal Law Section asks only for a decrease of \$10.00 to its annual member dues, from \$25.00 to \$15.00. For Family Law, please see the attached excerpts from the section’s current bylaws, redlined to highlight the proposed amendments.

No proposed amendment is inconsistent with Supreme Court Rules or SBM bylaws. Accordingly, staff recommends that the proposals be APPROVED.

**SBM FAMILY LAW SECTION
CURRENT BYLAWS (excerpted)**

**ARTICLE III
COUNCIL**

SECTION 3.3. The following Sections and Committees of the State Bar of Michigan ~~shall~~ **may** select annually, in such manner, as the Section or Committee shall determine, a member to serve on the Council of this Section. Such members shall be selected prior to or coincident with the annual meeting of this Section each year and shall assume that post on the Council of the Family Law Section at the close of the annual meeting each year. Should any such Section or Committee cease to exist, its representative shall cease to be a member of the Council:

Children’s Law Section	Law Student Section
Committee on Civil Procedure & Courts	Probate and Estate Planning Section
General Practice Law Section	LGBTQA Section

SECTION 3.8 COUNCIL VACANCIES. If a Council seat becomes vacant, after reasonable notice to Section members, the vacancy for that seat shall be filled by a majority vote of Council members at a regularly scheduled monthly meeting, until the next annual meeting. At the annual ~~Council~~ **Section** meeting there shall be a single election for all open Council seats. The highest vote recipients, in descending order from highest to lowest, shall be elected first to the open three (3) year seats, and thereafter open two (2) year seats and thereafter the open one (1) year seats. However, a Council member who has resigned or been removed from Council may only be elected to finish out the remaining term of that Council seat, and may not be elected to any other open Council seat at that election.

**ARTICLE IV
ELECTION OF OFFICERS**

SECTION 4.1. Except as provided in 4.3, the officers of the Section shall be elected by the Council from among its elected members in the following order: (1) Recording Secretary (2) Corresponding Secretary (3) Treasurer (4) ~~Chair person-Elect~~ **Chairperson-Elect**. No officer shall serve in their elected position for more than one full year or longer than the annual meeting.

**ARTICLE V
DUTIES OF OFFICERS**

SECTION 5.2. CHAIRPERSON-ELECT. Upon the death, resignation or during the disability of the Chairperson, or upon the Chairperson's refusal to serve, the Chairperson-Elect shall perform the duties of the Chairperson for the remainder of the Chairperson's term except in the case of the Chairperson's disability and then only during such time as the disability continues. S/he shall preside at all meetings in the absence of the Chairperson. In the event the Chairperson-Elect is required to fill a vacancy in the office of Chairperson, the Chairperson-Elect shall become Chairperson for the period of both the vacancy and the term s/he normally would have served as Chairperson. S/he shall aid and assist the Chairperson in the performance of the Chairperson's responsibilities and in such a manner and to such an extent as the Chairperson may request. ~~S/he shall serve as chairperson of the Meetings and Seminars Committee.~~

**SBM FAMILY LAW SECTION
CURRENT BYLAWS (excerpted)**

SECTION 5.3. RECORDING-SECRETARY. The Recording-Secretary shall be the custodian of all books, papers, documents and other property of the Section except money and financial records. S/he shall keep a true record of the proceedings of all meetings of the Section and of the Council. With the Chairperson, s/he shall prepare a summary or digest of the Section's annual meeting proceedings. S/he shall preside at meetings of the Council in the absence of both the Chairperson and Chairperson-Elect. At the conclusion of the term in office, the Secretary shall provide a true copy of the year's minutes and all other significant documents for the year, and present it to the Chairperson for ~~formalizing~~ **submitting** to the appropriate State Bar office.

SECTION 5.4. CORRESPONDING SECRETARY. To prepare correspondence on behalf of the Section, when directed by the Chairperson; coordinate the location of the monthly Council meetings, at the direction of the Chairperson; ~~make arrangements for payment of expense incidental to Council meetings;~~ and to assume the responsibilities of the Recording Secretary, when the Recording Secretary is unavailable.

**ARTICLE VI
DUTIES AND POWERS OF THE COUNCIL**

SECTION 6.4. The Council may request the representatives of each of the committees and sections designated in 3.3 to present to the members of this Section prior to the Annual Meeting ~~and the midyear meeting of the State Bar of Michigan~~ **Section**, a complete report of each Committee's and Section's activities to the extent that such activities pertain to this Section.

SECTION 6.11. The Council shall formulate the policy of the Section, advise and aid the Chairperson in any matters which may arise, and perform other acts as provided in the Bylaws. Each Council member shall submit one article for publication in the Family Law Journal during each elected term. Failure to submit an article shall make the member ineligible to run for reelection to Council for one year. Each member will be an active member of **at least** one committee.

**ARTICLE VII
SECTION MEETINGS**

SECTION 7.1. The annual meeting of this Section shall be at the time and in the place approved at a regular meeting of the Council, with such program and order of business as may be arranged by the ~~Council~~ **Chairperson-Elect**.

State Bar of Michigan Board of Commissioners
2021 Timeline for Officer Elections

April 23, 2021	Distribution of materials regarding Timeline, Procedure and Matrix
June 8, 2021	Letters of Intent and completed Matrix due to State Bar President and Executive Director
July 15, 2021	Board book sent to Commissioners that will include the Letters of Intent and Matrices of SBM Officer Candidates
July 23, 2021	Candidate Forum (5 minutes to address Board and (BOC Meeting) 15 minutes total Q & A Election of Officers

Memo

To: Board of Commissioners
From: Officer Election Committee (Bruce Courtade, Chair; Kim Cahill; Francine Cullari; Michael Hohausser; Tony Jenkins; Craig Lubben; Angelique Strong Marks; Debra Walling)
cc: President Tom Cranmer, Janet Welch
Date: June 2006
Re: **RECOMMENDED ELECTION PROCEDURES FOR 2006 AND BEYOND**

The Officer Election Committee (“the Committee”) was initially asked to consider whether, in light of a proposal from the President’s Advisory Council (“the Council”), the rules concerning the election of State Bar officers should be amended. After studying the “Supreme Court Rules Concerning the State Bar of Michigan” (“the Rules”), the Bylaws of the State Bar of Michigan (“the Bylaws”)¹, and discussing their own personal views of and frustrations with the existing process, the Committee recommended that the rules governing elections not be changed, but that the Board of Commissioners (“the Board”) should consider certain procedural and educational changes to add some transparency to the process by which new generations of SBM Officers are selected, and specifically rejected the idea of extending the term limits of the Board or of the “grandfathering” of Officers beyond the level set forth in the existing Rules.

The Committee’s Report was submitted on April 4, 2006, and unanimously adopted by the Board of Commissioners at its April 7 meeting. Thereafter, the Committee was charged with developing recommendations to the Board of specific procedural and educational changes to the election process that would address those concerns raised in the Committee’s April 4, 2006 Report.

Summary of Recommendations

The Committee believes that the Board should adopt three changes to the current system of nominating and electing State Bar officers. Because the Committee does not believe that there is adequate time to implement all of the proposed changes before this year’s elections. Therefore, we propose a “phase-in” as set forth more fully below.

1. All non-incumbent officers who are seeking election to “the Chairs” must submit a letter of interest to the Executive Director and President of the State Bar by a set date each year. After 2006, this deadline will be 45 days before the July Board meeting. However, for this year, letters of interest must be submitted by June 28, 2006 (30 days before the elections at the July 28 Board meeting). Requirements for the letter of interest are set forth more fully below. These letters of interest, along with any attachments thereto and the matrices described in the third recommendation, below, must be submitted to the Board along with the Agenda and meeting materials that are sent to the Board before the meeting in which the elections are held each year.

¹ A copy of relevant sections of the Rules and Bylaws is attached as Exhibit #1.

2. A “candidates’ forum” should take place at the Board meeting in which elections are held each year. The Committee recommends that each candidate be given up to 5 minutes to present his or her qualifications for election. After each of the candidates has spoken, the Committee recommends that a “question and answer” session of at least 15 minutes’ duration be held, with each candidate allowed not more than one minute to answer each question presented by those in attendance at the meeting. This should be implemented beginning in July 2006.
3. For elections beginning in 2007, the Committee, with Staff input, intends to develop a matrix that all non-incumbent candidates for office must fill out and submit along with their letters of interest. The matrix will focus on issues such as: length of service on the Board; prior Board experience (i.e., leadership roles or projects undertaken for the Bar); attendance at Board and committee meetings; etc. The matrices for all candidates shall be submitted to the Board at or before the meeting in which the officer elections take place.

The Committee believes that these procedural rules may be adopted by the Board without need for amending the Bylaws.

Discussion

The Committee met via teleconference after the last Board meeting. A number of suggestions for how to make the election process more transparent and meaningful were discussed. One suggestion that had been raised in the initial Committee Report (the use of a nominating committee) was discussed at length. After considering the benefits and disadvantages of that option, the Committee decided not to recommend the adoption of a nominating committee at this time. Rather, the Committee believes that the proposals set forth below all would have a more positive impact than use of a nominating committee process, and are less fraught with potential risks experienced by many groups that use a nominating committee.

Therefore, the Committee decided to recommend the adoption of three specific changes to the manner in which officer elections are handled, and to wait to see whether those proposals sufficiently address the issues raised in the Committee’s prior Report. If necessary, the issue of using a nominating committee can be re-evaluated if it is determined that the proposals set forth below have failed to adequately address Board concerns about the election process.

1. Recommendation #1: Letters of Interest.

One of the issues raised by the Board and in the Committee meetings was the impression that the current election process gives the impression that the officer elections are a *fait accompli* after *sub rosa* discussions eliminate candidates who might be interested, leaving a single candidate about whose qualifications many voting Board members may know little or nothing.² The Committee believes that this issue can be easily remedied by requiring all persons interesting in seeking office to submit a simple letter of interest identifying the office to which they seek election and highlighting their abilities, background and experience that they feel qualify them for that role within the organization.

² This Report’s drafter apologizes to the Plain English Committee for a wordy sentence involving two italicized foreign terms.

a. Letters of Interest for Election as Treasurer.

Therefore, the Committee recommends adoption of a rule or policy that all non-incumbent officers who are seeking election to office of State Bar Treasurer (and therefore entry into “the Chairs”) must submit a letter of interest to the Executive Director and President of the State Bar by a set date each year. After 2006, this deadline will be 45 days before the July Board meeting. However, for this year, letters of interest must be submitted by June 28, 2006 (30 days before the elections at the July 28 Board meeting). Requirements for the letter of interest are set forth more fully below. These letters of interest, along with any attachments thereto and the matrices described in the third recommendation, below, must be submitted to the Board along with the Agenda and meeting materials that are sent to the Board before the meeting in which the elections are held each year.

b. Letters of Interest by Incumbent Officers for Positions Other than Treasurer.

The Committee is aware that, over time, an informal but widely-acknowledged pattern has led to a *de facto* practice that a Commissioner who is elected Treasurer generally embarks on a six-year procession through “the Chairs” culminating with his or her year as president.³ Therefore, under most circumstances, incumbent officers seeking to ascend to the next level of “the chairs” will not need to submit a letter of interest for that position: absent an expression of interest to the contrary, officers will be presumed to seek elevation to the next level of “the Chairs.”

However, under the Rules, the only officers who automatically ascend “the Chairs” without standing for election to the next level each year are the vice-president and president-elect. Therefore, it is possible that a sitting secretary or treasurer might either decide not to seek elevation in the chairs during a given year, or face a challenge from a Board member who is not an officer. Theoretically, a sitting treasurer could also opt to bypass his or her year as secretary and run for the office of vice-president.

Thus, the Committee recommends that if any candidate, in compliance with the 45-day deadline set forth above,⁴ submits a letter of interest seeking election to a position in “the Chairs” other than as Treasurer and/or outside of the normal six-year progression, the President shall notify the incumbent officer who would normally be seeking elevation to the now-contested seat in writing of the possibility of a disputed election. That incumbent officer must then prepare and submit to the SBM’s Executive Director and President his or her own letter of interest⁵ by not later than 30 days before the SBM meeting at which the election is to be held. (For 2006, the deadline for submitting an incumbent officer’s letter of interest will be July 15).

c. Minimal Requirements for Letters of Interest.

Each potential candidate is responsible for including in his or her information that he or she believes is sufficient to convince other Board members that the candidate is qualified to serve in whatever office he or she seeks. However, *at a minimum*, the letters of interest should include the following information:

- The office sought;
- A summary of the candidate’s history on the Board of Commissioners;

³ Year One: Stand for election as Treasurer
Year Two: Serve as Treasurer; seek election as Secretary
Year Three: Serve as Secretary; seek election as Vice President
Year Four: Serve as Vice President
Year Five: At conclusion of Vice President, ascend to President-Elect
Year Six: Serve as SBM President

⁴ June 28, 2006 for the 2006 elections.

⁵ And, for elections occurring after 2006, a Qualifications Matrix as discussed below.

- A discussion of the candidate’s attendance at and participation in Board and Committee meetings;
- A summary of the candidate’s service to the State Bar and (if applicable) local bar associations;
- An overview of the candidate’s non-Bar-related experience of community service; and
- A statement, not exceeding 250 words, of why the candidate wants to attain the position for which he or she is seeking election, and what unique ideas or thoughts the candidate has for ways in which to improve the SBM.

All candidates must also include a copy of their résumé or curriculum vitae with their letter of interest.

d. Presentation of Letters of Interest to the Board.

The candidates’ letters of interest, along with any attachments thereto and the matrices described below, must be submitted to the Board along with the Agenda and meeting materials that are sent to the Board before the meeting in which the elections are held each year.

2. Recommendation #2: Candidates’ Forum.

In addition to general comments regarding the lack of knowledge of which Board members might be interested in running for office, the Committee heard and received comments from several people suggesting frustration with the lack of opportunity to talk to the candidates about the strengths that they would bring to office if elected. We believe that this concern could be easily ameliorated by having all candidates for contested elections participate in a “Candidates’ Forum” held as part of the Board meeting at which elections are held (including meetings at which elections are held to fill vacancies in SBM offices that occur outside the normal election cycle).

The Committee recommends that each candidate for each contested election be given up to 5 minutes to present his or her qualifications for election. After each of the candidates has spoken, the Committee recommends that a “question and answer” session of at least 15 minutes’ duration be held, with each candidate allowed not more than one minute to answer each question presented by those in attendance at the meeting. This should be implemented beginning in July 2006.

3. Recommendation #3: Qualifications Matrix.

Another method of assuring that the Board has adequate and useful information concerning the candidates’ qualifications and abilities would be the use of a matrix to provide an objective overview of data regarding their past experience. The Committee discussed at length what kinds of information should be included in any such matrix. Among the suggestions were:

- Law School and date of graduation;
- Year of admission to Michigan Bar;
- Primary areas of practice;
- Past Bar service (state and local);
- Board of Commissioners’ experience:
 - Year first elected or appointed;
 - Number of terms on the Board; and
 - Board Committees.
- Attendance at Board meetings during last three years;
- Non-Board, non-Bar volunteer experience.

Once completed by each candidate, the matrix must be submitted to the SBM President and Executive Director along with the letter of interest discussed above. The Executive Director shall then

delegate to appropriate staff the duty to verify that the information regarding Board attendance and experience is correct.

The Committee did not have time to develop a matrix before the 2006 SBM Officer elections. However, for elections beginning in 2007, the Committee, with Staff input, intends to develop a matrix that all non-incumbent candidates for office must fill out and submit along with their letters of interest. The matrix will focus on issues such as: length of service on the Board; prior Board experience (i.e., leadership roles or projects undertaken for the Bar); attendance at Board and committee meetings; etc. The matrices for all candidates shall be submitted to the Board at or before the meeting in which the officer elections take place.

4. The Committee's Proposals Do Not Appear To Require Changes To The Supreme Court Rules Or To The State Bar's Bylaws.

Other than the previously-discussed prohibition on a Secretary or Treasurer serving more than three consecutive terms found in §8 and §11's term limits, the SBM Bylaws are silent regarding the procedure for electing officers. Similarly, the Supreme Court Rules Governing the State Bar of Michigan offer no guidance as to the mechanics of how to elect officers.⁶

In the absence of any Supreme Court Rule on point, the Committee believes that the Board is given the authority, pursuant to Rule 5, to adopt the proposals suggested herein. That Rule provides, in pertinent part:

Section 1 – Powers, Functions, and Duties.

(a) The Board of Commissioners shall

* * *

(6) receive and review committee and section reports and recommendations proposing action by the board and take interim or final action that the board finds feasible, in the public interest, and germane to the functions and purposes of the State Bar; ...

The Committee proposals are in the public interest and germane to the functions of the State Bar. The public interest is promoted by assuring that State Bar officers, who bear more responsibility for the day-to-day and long-term operations of the Bar than any other members of the Board, are chosen in a manner that reflects openness and learned decision-making. Assuring that members of the Board who are asked to select the officers are well-informed as to their character and abilities likewise has a direct and substantial influence on the functions and purposes of the Bar.

CONCLUSION

The Committee's proposals offer simple but effective tools to address the concerns that Board members do not know enough about the election process or the individuals who seek election to "the Chairs." The Committee therefore requests that the Board adopt and implement the Proposals in accordance with the timelines set forth above.

⁶ Rule 7 provides, in part, that the Board shall elect certain officers, states when they must be elected, and explains that officer vacancies shall be filled by an election of the Board. However, the Rule provides no specific requirement regarding how the elections are to be carried out.

STATE BAR OF MICHIGAN OFFICER CANDIDATE FORM

(TO BE COMPLETED BY CANDIDATE – PLEASE ATTACH EXTRA SHEETS IF NECESSARY TO COMPLETE YOUR RESPONSES)

NAME			
OFFICE SOUGHT			
EMPLOYER			
TITLE & PRIMARY PRACTICE AREA			
SECTION 1: Educational Background			
1. Undergraduate school(s)			
2. Years of attendance or graduation			
3. Degree(s)			
4. Law School			
5. Year of Graduation			
SECTION 2: Bar Admission			
1. State(s) admitted to practice; year of admission for each			
SECTION 3: State Bar of Michigan Activities			
Board of Commissioners			
1. Year First Elected/Appointed			
2. Years served (i.e., 2000 – 2003)			
3. Leadership activities (year) <u>Example:</u> Treasurer (2006-2007)			
4. Date current term expires			
5. Eligible for Re-Election?			
Representative Assembly			
1. Year First Elected/Appointed			
2. Years served (i.e., 2000 – 2003)			
3. Leadership activities (year) <u>Example:</u> Clerk (2006-2007)			
Sections/Committees			
1. What Sections or Committees of the State Bar of Michigan do you belong to?			
2. Please describe briefly any leadership roles you have filled on these Sections or committees			

Name: _____

Candidate for: _____

SECTION 4: Other Bar Activities	
1. To which national, local or affinity bar associations do you belong? (For each, please state the date on which you became a member).	
2. What leadership roles have you performed for each?	
SECTION 5: Non-Bar Activities	
1. On what other for-profit or non-profit Boards, groups or organizations have you served? (For each, please state the date on which you became a member).	
2. Please describe briefly any leadership roles you have filled on these Boards.	
SECTION 6: Other Achievements of Note	
SECTION 7: Publications	
1. Have you written any articles, commentaries, or books that have been published? If so,	
2. Provide titles, publishers and dates of publication for each such published piece.	

ACKNOWLEDGEMENT AND CERTIFICATION

I hereby acknowledge and certify that the foregoing information is true to the best of my knowledge and belief.

Candidate Signature

Date: _____

+++++
Verification of Candidate's Attendance at State Bar Board of Commissioners' Meetings (To be Completed by State Bar Staff)

In the past three (3) years, how many meetings of the State Bar Board of Commissioners has the candidate been eligible to attend?	
Of the meetings identified above, how many meetings of the State Bar Board of Commissioners has the candidate actually attended?	
Percentage of attendance at Board of Commissioners meetings (past three years)	

ACKNOWLEDGEMENT AND CERTIFICATION

I hereby acknowledge and certify that the foregoing information is true to the best of my knowledge and belief.

State Bar of Michigan Staff Signature

Date: _____

CALENDAR
STATE BAR OF MICHIGAN REPRESENTATIVE ASSEMBLY
SATURDAY, APRIL 24, 2021

*Denotes Action Items

9:30 A.M. MEETING BEGINS

- 9:30 a.m. 1. Introductory Matters
- A. Call to order by Chair Chelsea M. Rebeck with Parliamentarian Hon. John M. Chmura
- Ms. Chelsea M. Rebeck
[Rebeck & Allen, 20750 Civic Center Dr., Ste. 180, Southfield, MI 48076
phone: (248) 636-2222; email: chelsea@rebecklaw.com]
- Hon. John M. Chmura
[37th District Court, 8300 Common Rd., # 104, Warren, MI 48093
phone: (586) 574-4925; email: jchmura@37thdistrictcourt.org]
- B. Certification that a quorum is present by Assembly Clerk, Mr. Gerrow D. Mason
[Gerry Mason Law Offices, PLLC, 1700 Busha Hwy., Marysville, MI 48040-1801
phone: (810) 989-0057; email: gdblues@yahoo.com]
- C. Adoption of proposed calendar by Rules & Calendar Chair, Ms. Jennifer A. Frost
[Jennifer A. Frost, Attorney & Counselor at Law, PLLC, 204 E. Church St., Ste. 203,
Adrian, MI 49221
phone: (517) 920-2883; email: jennifer@jafrostlaw.com]
- D. Approval of the September 17, 2020 Summary of Proceedings
- 9:35 a.m. 2. *Filling Vacancies
Mr. Mark Jane
Chair, Nominating & Awards Committee
[Butzel Long, PC, 301 E. Liberty St., Ste. 500, Ann Arbor, MI 48104
phone: (734) 995-3110; email: jane@butzel.com]
- 9:40 a.m. 3. *Approval of 2021 Award Recipients
Mr. Mark Jane
Chair, Nominating & Awards Committee
[Butzel Long, PC, 301 E. Liberty St., Ste. 500, Ann Arbor, MI 48104
phone: (734) 995-3110; email: jane@butzel.com]
- 9:50 a.m. 4. Chair's Report
Ms. Chelsea M. Rebeck
[Rebeck & Allen, 20750 Civic Center Dr., Ste. 180, Southfield, MI 48076
phone: (248) 636-2222; email: chelsea@rebecklaw.com]
- 10:00 a.m. 5. *Consideration of Proposed Amendment to MCR 4.201
Proponents:
Mr. Patrick D. Crandell, 6th Circuit Representative
[Collins Einhorn Farrell, PC, 4000 Town Ctr. Ste., Southfield, MI 48075
phone: (248) 351-6022; email: patrick.crandell@ceflawyers.com]
- Mr. Peter V. Ganatra
[Ganatra Law, 28175 Haggerty Rd., Novi, MI 48377
phone: (248) 703-8465; peter@granatalawpllc.com]

- 10:25 a.m. 6. *Consideration of Proposed Amendment to MRPC 5.5
Proponents:
Mr. Sean M. Cowley, Member, Unauthorized Practice of Law Committee
[U.S. Dept. of Justice, U.S. Trustee Office, 211 W. Fort St., Ste. 700, Detroit, MI 48226-3263
phone: (313) 226-3432; email: sean.cowley@usdoj.gov]
- Ms. Kandra K. Robbins, Member, Unauthorized Practice of Law Committee
[Michigan Office of Administrative Hearings & Rules, 7109 W. Saginaw Hwy., Lansing, MI 48917-1120
phone: (517) 284-8133; email: robbinskk@gmail.com]
- 10:50 a.m. 7. *Consideration of Proposed Licensing Fees Increase
Proponents:
Ms. Chelsea M. Rebeck, Chair of the Representative Assembly
[Rebeck & Allen, 20750 Civic Center Dr., Ste. 180, Southfield, MI 48076
phone: (248) 636-2222; email: chelsea@rebecklaw.com]
- Mr. Nicholas M. Ohanesian, Vice-Chair of the Representative Assembly
[Social Security Administration, 1925 Breton Rd. SE., Ste. 200, Grand Rapids, MI 49506
phone: (616) 920-3589; email: nickohanesian@yahoo.com]
- Mr. Gerrow D. Mason, Clerk of the Representative Assembly
[Gerry Mason Law Offices, PLLC, 1700 Busha Hwy., Marysville, MI 48040-1801
phone: (810) 989-0057; email: gdblues@yahoo.com]
- 11:35 a.m. 8. Adjournment

**Please note that the Representative Assembly will meet next on
Saturday, September 18, 2021.**

To: SBM Board of Commissioners
From: Joe McGill, SBM Treasurer and Audit Committee Chair
Subject: Recommendation to Retain Andrews Hooper Pavlik PLC for FY 2021 Audit
Date: January 21, 2021 (updated April 12, 2021)
CC: SBM Audit Committee, Janet Welch, Peter Cunningham, Tatiana Goodkin, Becky Weaver

The Auditor Selection and Rotation Policy approved in 2018 by the Board of Commissioners (attached) requires that the State Bar of Michigan change its auditors after a nine-year period and solicit RFPs for the audit every three years, unless this requirement is waived by the Audit Committee and BOC. Andrews Hooper Pavlik PLC (AHP) was appointed as SBM auditor in 2011 and renewed again in 2018 after SBM conducted the RFP process. AHP became term-limited after completing FY 2019 audit.

The Audit Committee met on January 21, 2021 to discuss the extension of AHP appointment as the SBM's external auditor for one more year, with intent to conduct the audit RFP for FY 2022. The Audit Committee and SBM staff are satisfied with AHP's level of service, expertise and independence and believe that AHP's extension for an additional year is warranted due to the on-going COVID-19 pandemic. AHP is compliant with the SBM policy requirement for the audit partner rotation. The Audit Committee therefore recommended to BOC that the audit firm of Andrews Hooper Pavlik PLC be reappointed for one more year and that BOC waive the Auditor Selection and Rotation Policy requirement to change auditors and conduct the RFP for FY 2021 audit, pending a satisfactory fee proposal from AHP.

On January 22, 2021 with the recommendation of SBM staff and the Audit Committee, BOC approved a one-year extension of AHP to conduct the FY 2021 financial audit, subject to a satisfactory fee proposal from AHP.

SBM has received and reviewed a fee proposal from AHP for FY 2021 audit which includes a small inflationary increase and fees related to implementation of GASB 84. The Audit Committee is satisfied with the fee proposal and affirms its recommendation to the Board to appoint AHP as the State Bar of Michigan auditors for FY 2021.

Sincerely,

Joseph P. McGill, Chair

Memorandum

To: Professional Standards Committee

From: Justice Initiatives Committee Chair Ashley Lowe
Justice Initiatives Counsel Robert Mathis

Date: April 16, 2021

Re: **Tiered Recognition of Firms & Corporations Based on Total Pro Bono Service Hours**

In 2019, the State Bar of Michigan launched the A Lawyer Helps Pro Bono Honor Roll (Honor Roll) to recognize individual Michigan attorneys who provided 30, 50, or 100 or more hours of pro bono legal services, and firms and corporations that provided a per-attorney average of 30, 50, or 100 or more hours of pro bono legal services, in a calendar year.

The 2019 Honor Roll recognized 278 individual attorneys and 10 firms, and the 2020 Honor Roll recognized 334 individual attorneys and six firms. While many more individual attorneys and firms applied for recognition on the Honor Roll, many did not want to be publicly recognized for their qualifying pro bono service and submitted their pro bono service information to SBM for reporting purposes only.

Even though only a handful of Michigan firms have qualified for recognition on the Honor Roll since its launch, there are many firms and corporations providing significant amounts of pro bono service each year, but not being recognized for their impressive efforts. Consequently, the Justice Initiatives Committee formed a work group to look at the need for an additional recognition opportunity for law firms and corporations providing substantial amounts of pro bono legal services.

After thoughtful discussion, there was work group consensus to expand recognition to include a tiered list based on total pro bono hours provided by firms and corporations. Members agreed that additional recognition would probably not have a negative impact on the current Honor Roll and would likely raise awareness, promote the Honor Roll, and encourage more firms to provide pro bono legal services. The work group considered a few different recognition options, but unanimously supported a four-tiered list that would recognize the following range of total pro bono service hours provided in a calendar year:

- **Tier 1 = 6,000–7,999 Hours**
- **Tier 2 = 4,000–5,999 Hours**
- **Tier 3 = 2,000–3,999 Hours**
- **Tier 4 = 100–1,999 Hours**

At its March 30, 2021, meeting, the JI Committee unanimously supported the work group’s proposal to expand firm and corporation pro bono service recognition of total pro bono service hours provided in a calendar year at one of four tiers.

In conclusion, as stated above, since the launch of the Honor Roll in 2019, only a handful of Michigan firms have qualified for recognition on the Honor Roll under the current 30, 50, or 100 or more hours per-attorney average criteria. However, many firms are providing significant amounts of pro bono service each year, but not being recognized by SBM for their efforts.

Based on the above details, we humbly request that the Professional Standards Committee support the JI Committee’s proposal to add a “Tiered Recognition of Firms & Corporations Based on Total Pro Bono Service Hours” list to supplement the “A Lawyer Helps Pro Bono Honor Roll,” followed by a recommendation and motion to the BOC for approval.

SBM

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