

MINUTES  
HAWAII STATE BAR ASSOCIATION  
BOARD MEETING

1100 Alakea Street, Suite 1000  
Honolulu, HI 96813

Thursday, October 22, 2015

A. **CALL TO ORDER**

President Gregory Markham called the meeting to order at 3:01 p.m. with a quorum present. The following persons were present for all or part of the meeting:

Officers Present

Gregory Markham  
Jodi Yi  
Nadine Ando  
Russ Awakuni  
Mark M. Murakami

Directors Present

Brian Black  
Cecelia Chang  
Steven Chow  
Rebecca Copeland  
Vladimir Devens  
Rhonda Griswold  
Geraldine Hasegawa  
Carol Kitaoka  
Derek Kobayashi  
Laurel Loo  
Georgia McMillen  
Alika Piper  
Miriah Holden - YLD President

Board Members Absent

Karin Holma<sup>x</sup>  
Mei-Fei Kuo<sup>x</sup>  
Mark K. Murakami<sup>x</sup>

Others Present

Deanna Awa  
Alan Matsui  
Kimberly Teruya

HSBA Staff

Patricia Mau-Shimizu  
Iris Ito  
Debra White

<sup>x</sup>Excused Absence.

- B. **APPROVAL OF MINUTES** - A motion was made, seconded, and carried without opposition to approve the minutes of the September 24, 2015 Board meeting.
- C. **REPORT ON 2014 TAX RETURN & AUDIT** - Presentations were made by KMH representatives Alan Matsui, Kimberly Teruya, and Deanna Awa on the Auditor's Report Letter, the Modified Cash Basis Financial Statements, and the IRS Form 990, respectively. Highlights included the following items:
- HSBA utilizes a modified cash basis of accounting, has not adopted any significant new accounting policies during the year audited, and has had no unusual transactions for which there is a lack of authoritative guidance.
  - Due to its controlling financial interest in the Hawaii State Bar Foundation (HSBF), the HSBA should continue to monitor the assets and financial activities of the HSBF in determining whether to consolidate with HSBF for financial reporting purposes.
  - HSBA had a controlled entity (HSBF) from which it received reimbursement of \$61,184 for expenses primarily related to the Annual Dinner.
  - Total revenue for 2014: \$2,146,083.
  - Total expenses: \$2,022,042.
  - Valuation of the HSBA office (land and building) and equipment: \$2,423,758.

Other sections of tax form 990 specifically discussed:

- Governing Body and Management line items regarding Board organization, oversight, meeting documentation.
  - Policies line items regarding conflicts of interest, whistleblower guidelines, and records retention procedures.
- D. **TREASURER'S REPORT** - Treasurer Mark M. Murakami reported that dues receipts are ahead of budget, and that while total expenses are under budget, credit card fees are over budget. He also noted that the acquisition loan balance is \$1.4M.
- E. **EXECUTIVE DIRECTOR'S REPORT** - Executive Director Patricia Mau-Shimizu reported that there are 386 total registrations for the Bar Convention. She also gave a count of registrants for each seminar.
- F. **YLD PRESIDENT'S REPORT** - YLD President Miriah Holden reported that the YLD is holding a Volunteer Appreciation event and YLD social on November 6, 2015 at Square Barrels.
- G. **UNFINISHED BUSINESS** - none.

## H. NEW BUSINESS

**Proposed 2016 HSBA Operating Budget** - gave an overview of the proposed operating budget for 2016. His highlights included the following:

- HSBA Dues - propose no increase.
- Acquisition Loan - propose continued pre-payments (\$40,000 loan refinancing savings/\$60,000 additional pre-payment). Loan balance due in April 2022. If pre-payments continue, the balance will be \$400k when balloon payment is due, which can then be refinanced.
- Goal Group projects - due to depletion of Public Service Fund in 2014, goal group projects will be funded out of reserves if not funded through an HSBF grant.
- Facilities Fund - being proposed for building maintenance expenses.
- Phone System - the new phone system, previously approved, will be purchased and installed in 2016 (50% deposit made to lock in 2015 discount).
- Technology - slight increase being proposed for continued software maintenance and upgrades.
- Payroll - propose 3% increase in 2016. The Staff & Facilities Committee will be asked to analyze staff salaries to ensure that salary levels are in line with positions of a similar nature in other bar associations of comparable size and at other non-profits in Hawaii.

Treasurer Murakami brought to the Board's attention the increasing cost of credit card fees. He noted that HSBA is bearing the cost of the amounts charged for the Supreme Court entity fees. While being a one-stop shop for members to pay their dues and fees is beneficial for members, costs to HSBA are rising due to increased use of online payment accommodations, and an anticipated increase in Supreme Court entity fees.

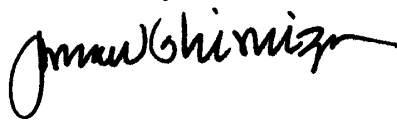
Treasurer Murakami also raised the issue of the depletion of the pre-unified funds and the need to explore ways to handle it for the future.

**Action taken:** A motion was made, seconded, and carried without opposition to approve the proposed 2016 HSBA operating budget as recommended by the joint Executive/Finance Committee.

## I. ADJOURNMENT

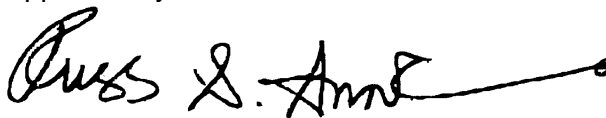
The meeting adjourned at 3:50 p.m.

Submitted by:



Patricia Mau-Shimizu  
HSBA Executive Director

Approved by:



Russ S. Awakuni  
HSBA Secretary