



Board of Commissioners

Agenda and Materials

January 24, 2020

STATE BAR OF MICHIGAN
BOARD OF COMMISSIONERS
FRIDAY, JANUARY 24, 2020
MICHAEL FRANCK BUILDING
LANSING, MI
9:30 A.M.
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

Finance Committee Meeting.....Room 1
Professional Standards Committee Meeting..... Hudson Room
Communications and Member Services Meeting.....Room 3
Public Policy Meeting.....Room 2

**A GROUP PHOTO OF THE BOARD OF COMMISSIONERS
WILL BE TAKEN PRIOR TO THE BEGINNING OF THE BOARD MEETING**

I. Call to Order..... Dennis M. Barnes President

CONSENT AGENDA

II. **Minutes**

- A. November 22, 2019 Board of Commissioners meeting*
- B. December 10, 2019 Executive Committee meeting*

III. **President’s Activities**..... Dennis M. Barnes, President

- A. Recent Activities*

IV. **Executive Director’s Activities**.....Janet K. Welch, Executive Director

- A. Recent Activities*

V. **Finance**.....Daniel D. Quick, Chairperson

- A. FY 2020 Financial Reports through November 2019*

VI. **Section Bylaw Amendments**.....Darin Day, Director of Outreach

- A. Insurance and Indemnity Law Bylaw Amendment*
- B. Real Property Law Section Dues Increase*

VII. **Finance**.....Daniel D. Quick, Chairperson

- A. FY 2020 Financial Results

VIII. **Audit Committee**.....Daniel D. Quick Chairperson

- A. FY 2019 Audit Update and Report from Andrews Hooper Pavlik PLC
- B. FY 2020 Auditor Selection**

LEADERSHIP REPORTS

- IX. **President’s Report**..... Dennis M. Barnes, President
- X. **Executive Director’s Report**Janet K. Welch, Executive Director
- XI. **Representative Assembly Report** Aaron V. Burrell, Chairperson
- XII. **Young Lawyers Section Report** Ryan Zemke, Chairperson

COMMISSIONER COMMITTEES

- XIII. **Professional Standards** James W. Heath, Chairperson
- XIV. **Communications and Member Services**Dana M. Warnez, Chairperson
 - A. ABA Request for SBM Mailing List of New Admittees**
- XV. **Public Policy**..... Robert J. Buchanan, Chairperson
 - A. Court Rules**

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

President Barnes called the meeting to order at 9:45 a.m. on Friday, November 22, 2019 in the Board room of the Michael Franck

Commissioners present:

Danielle Mason Anderson
David C. Anderson
Dennis M. Barnes, President
Joseph J. Baumann
Robert J. Buchanan, President-Elect
Erika L. Butler
Hon. Clinton Canady III
B.D. "Chris" Christenson
Hon. Shauna L. Dunning
Lisa J. Hamameh
James W. Heath, Secretary
Thomas H. Howlett
Sarah E. Kuchon

Suzanne C. Larsen
James W. Low
E. Thomas McCarthy Jr
Joseph P. McGill
Nicholas M. Ohanesian
Samantha J. Orvis
Hon. David A. Perkins
Barry R. Powers
Thomas G. Sinas
Gregory L. Ulrich
Dana M. Warnez, Vice President
Erane C. Washington
Ryan Zemke

Commissioners absent and excused:

Aaron V. Burrell
Josephine A. DeLorenzo
Kara R. Hart-Negrich
Valerie R. Newman

Daniel D. Quick, Treasurer
Chelsea M. Rebeck
Mark A. Wisniewski

State Bar staff present:

Janet Welch, Executive Director
Marge Bossenbery, Executive Coordinator
Peter Cunningham, Assistant Executive Director and Director, Governmental Relations
Kathy Gardner, Unauthorized Practice of Law Counsel
Danon Goodrum-Garland, Director, Professional Services Division
Darin Day, Director of Outreach
Kathryn Hennessey, Public Policy Counsel
James Horsch, Director, Finance and Administration Division
Nkrumah M. Johnson-Wynn, Assistant General Counsel
Robert Mathis, Pro Bono Counsel
Molly Ranns, Case Monitor, Professional Standards Division
Kari Thrush, Assistant Director, Communications and Member Services Division
Tish Vincent, Program Administrator, LJAP
Anne Vrooman, Director of Research & Development
Becky Weaver, Financial Services Manager, Finance and Administration Division

Guests

David Watson, Executive Director, ICLE

Consent Agenda

The Board received the minutes from both of the September 25, 2019 the Board meeting.
The Board received the minutes from the September 17 and October 8, 2019 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 District Character and Fitness Committee Appointments.

The Board received the Client Protection Fund Claims.

The Board received the Unauthorized Practice of Law Complaints.

The Board received the FY 2019 Financial Reports through September 2019.

The Board received the Financial Safety Margin Calculation.

The Board received the Model Criminal Jury Instructions.

The Board received an Appellate Practice Section Bylaw Amendment.

Mr. Barnes asked the Board if any items needed to be removed from the consent agenda.

A motion was offered and supported to approve the consent agenda. The motion was approved.

LEADERSHIP REPORTS

President's Report, Dennis M. Barnes, President

Mr. Barnes reported:

- The Section Chair Orientation took place in October and it was very helpful. Mr. Barnes encouraged the Board members to contact the chairs of the sections they are liaisons to and then reviewed the roles of the liaison with the Board members.
- He, along with Ms. Welch and Mr. Buchannan, attended the Great Rivers Bar Leaders Conference last month. He stated there were great exchanges of ideas and thoughts with bar leaders from the other states. SBM's presentation focused on the SBM CloudLaw platform and prompted interesting discussion. Ms. Welch mentioned that of the Great Rivers state bars, only Michigan and Wisconsin are integrated bars; she gets valuable insight on voluntary bars from the CEOs of the other bars executives when she meets with them at the conference.
- The Task Force on State Bar Operations, Structure and Governance continues with their work. The consultants are putting together a package of information for the Task Force to review and plans are in place to schedule a meeting after the first of the year. Mr. Cunningham reported that it is anticipated that a series of recommendations for the Task Force to consider is forthcoming and those recommendations will be presented at the April Board and RA meetings.
- During the upcoming year the Board will be hearing from the Executive Committee and the Finance Committee about the fee cycle. He reported that a Task Force will be formed to work on critical issues the State Bar will face. A survey to address the fee issue is being developed and will be sent to members in advance of the Member Survey.
- He will be reviewing with the new commissioners the new board member orientation materials they received and respond to questions.

Executive Director's Report, Janet K. Welch, Executive Director

Ms. Welch reported:

- The Board had previously approved an independent contractor agreement with an IT developer. Based on IT needs, staff recommends that the Independent Contractor become a full-time employee. Ms. Welch asked for approval to enter into a new contract with the IT developer. A motion was offered and supported to approve the contract. The motion was approved.
- Changes made to online dues process is convenient for majority of members, but there is a small percentage for whom the process has been a struggle. Mr. Horsch informed the Board that almost 80 percent of members have paid online.
- A new staff reorganization is in the works and will be implemented in the new year. The new structure will assist with succession planning, nurture upcoming talent, and have staff working better in teams.

Representative Assembly (RA) Report, Aaron V. Burrell, Chairperson

In Mr. Burrell's absence, Mr. Ohanesian reported that the RA will take up the issues that were tabled at the September meeting at the April meeting and that he anticipates a robust discussion.

Young Lawyers Section (YLS) Report, Ryan Zemke, Chairperson

Mr. Zemke provided the Board with an update on recent activities of the YLS. Mr. Zemke mentioned the BOC v YLS event after the April Board meeting and indicated that they are looking to begin the event earlier so more BOC members will participate.

COMMISSIONER COMMITTEES

Finance, Daniel D. Quick, Chairperson

In Mr. Quick's absence, Mr. McGill provided the Board with the FY 2020 Financial Results.

Audit, Daniel D. Quick, Chairperson

In Mr. Quick's absence, Mr. McGill provided the Board with an audit committee update.

Mr. McGill introduced Mr. Horsch who provided the Board with a review of the FY 2018 financial results. Mr. Horsch presented a PowerPoint presentation to show the financial results and trends.

Professional Standards, James W. Heath, Chairperson

There were no action items to address.

Communications and Member Services, Dana M. Warnez, Chairperson

Ms. Warnez reported that Board members received event summaries for the Annual Meeting and the Golden Celebration Event. She reported that most of the feedback was favorable from those who attended. A few section leaders expressed regret that sections do not meet during the annual meeting under the new format. Darin Day described the extensive outreach to sections prior to the Board's adoption of the new format.

Ms. Warnez reported that the 2020 50-year Golden Celebration will take place on May 11 at the Inn at St. Johns.

Public Policy, Robert J. Buchanan, Chairperson

Court Rules

ADM File 2019-12: Amendments of MCR 1.109, 3.206, 3.931, and 3.961

The amendments of MCR 1.109, 3.206, 3.931, and 3.961 enable family division courts to use the required case inventory form to administer cases while keeping the information confidential. This change is intended to prevent providing information that could affect the safety of domestic violence victims and their children.

A motion was offered and supported to support the proposed amendments with these amendments:

1. Tribal courts should be listed in the Case Inventory Addendum and included in the list of courts to be notified.
2. MCR 3.931 and 3.961 should be amended to reference the proper service rule for delinquency & child protection proceedings, MCR 3.920(I) (rather than the service provision for domestic relations proceedings, MCR 3.203).

The motion was approved.

ADM File 2014-46: Proposed Alternative Amendments of MCR 6.508

The proposed alternative amendments of MCR 6.508 would allow a court to consider previously-decided claims in the context of a new claim for relief, consistent with footnote 17 in *People v Johnson*, 502 Mich 541 (2018), as expressed in Alternative A, or under a slightly different formulation in Alternative B.

A motion was offered and supported to support the proposed amendment recommended by the Access to Justice Policy Committee and Appellate Practice Section, except change “strong likelihood” to “significant possibility,” as presented below:

(2) alleges grounds for relief which were decided against the defendant in a prior appeal or proceeding under this subchapter, unless the defendant establishes that a retroactive change in the law has undermined the prior decision; for purposes of this provision, a court is not precluded from considering previously-decided claims in the context of a new claim for relief, such as in determining whether new evidence would make a different result probable on retrial, or if the previously-decided claims, when considered together with the new claim for relief, create a **significant possibility** of actual innocence.

The motion was approved.

ADM File 2018-29: Proposed Amendments of MCR 6.302 and 6.610

The proposed amendments of MCR 6.302 and MCR 6.610 would eliminate the requirement for a court to establish support for a finding that defendant is guilty of the offense charged as opposed to an offense to which defendant is pleading guilty or nolo contendere. The sentencing guidelines make clear that offense variables are to be scored on the basis of the “sentencing offense alone,” not the charged offense. Further, an “offense to which defendant is pleading” would include the charged offense (if defendant is pleading to the charged offense) as well as any other offense that may have been offered by the prosecutor, so the “charged offense” clause may well be unnecessary.

A motion was offered and supported to oppose the proposed amendments. The motion was approved.

ADM File 2018-24: Proposed Amendment of MCR 8.301

The proposed amendment of MCR 8.301 would make the rule consistent with the statute (MCL 600.834) allowing only the probate registers and deputy probate registers to perform certain administrative tasks that would otherwise be performed by the probate judge.

A motion was offered and supported to support the proposed amendment. The motion was approved.

Legislation

HB 4351 (LaGrand) Criminal procedure; bail; procedure for bail hearings and criteria a court must consider; amend. Amends sec. 6, ch. V of 1927 PA 175 (MCL 765.6).

HB 4352 (Peterson) Criminal procedure; bail; procedure a court must follow in imposing financial condition on pretrial release; amend. Amends 1927 PA 175 (MCL 760.1 - 777.69) by adding sec. 6f to ch. V.

HB 4353 (Howell) Crimes; penalties; remove cases in which a court must impose a cash bond and penalties for misrepresentation on a financial disclosure form; provide for. Amends sec. 6a, ch. V of 1927 PA 175 (MCL 765.6a).

HB 4354 (VanSingel) Criminal procedure; bail; criteria a court must consider before imposing a financial condition of release; amend. Amends 1927 PA 175 (MCL 760.1 - 777.69) by adding sec. 6e to ch. V.

HB 4355 (Neeley) Criminal procedure; bail; interim bail bonds for misdemeanors; modify. Amends sec. 1 of 1961 PA 44 (MCL 780.581).

HB 4356 (Johnson) Criminal procedure; bail; authority for officer to issue appearance ticket; modify. Amends sec. 9c, ch. IV of 1927 PA 175 (MCL 764.9c).

HB 4357 (Brann) Criminal procedure; bail; setting of bond related to spousal or child support arrearage; modify. Amends sec. 165 of 1931 PA 328 (MCL 750.165).

HB 4358 (Garrett) Criminal procedure; bail; data on specific number and type of bonds issued; require district court to submit to state court administrative office. Amends 1927 PA 175 (MCL 760.1 - 777.69) by adding sec. 6g to ch. V.

HB 4359 (Yancey) Criminal procedure; bail; data on specific number and type of bonds issued; require circuit court to submit to state court administrative office. Amends 1927 PA 175 (MCL 760.1 - 777.69) by adding sec. 6h to ch. V.

HB 4360 (LaFave) Traffic control; driver license; reference to surrendering license as condition of Pretrial release; remove to reflect changes in code of criminal procedure. Amends sec. 311a of 1949 PA 300 (MCL 257.311a).

This legislation was tabled.

HB 5026 (Yancey) Courts; juries; jury pool selection process; revise. Amends secs. 1304, 1312 & 1321 of 1961 PA 236 (MCL 600.1304 et seq.) & adds secs. 1301c, 1310a & 1310b.

HB 5027 (LaGrand) Courts; juries; jury selection for circuit court; modify. Amends 1961 PA 236 (MCL 600.101 - 600.9947) by adding sec. 1321a.

A motion was offered and supported that the legislation in Keller permissible. The motion was approved.

A motion was offered and supported to take no position on these bills, but to support the goal of the legislation. The motion was approved.

Mr. Buchanan stated that the committee suggested that we sit down with the sponsors of the bills to craft legislation to achieve the goal of more diverse jury pools.

HB 5106 (Schroeder) Criminal procedure; evidence; use of expert testimony for domestic violence in criminal cases; allow. Amends 1927 PA 175 (MCL 760.1 - 760.69) by adding sec. 27d to ch. VIII.

A motion was offered and supported that the legislation is Keller permissible. The motion was approved.

A motion was offered and supported to oppose the legislation. The motion was approved.

Mr. Buchanan stated that Kim Warren Eddie, Valerie R. Newman, and Judge Cynthia D. Stephens will conduct a conference call in the next week to discuss what might be appropriate position language.

HB 5169 (Hernandez) Torts; nonmedical malpractice; affidavit of merit; require for malpractice action against architect or professional engineer. Amends 1961 PA 236 (MCL 600.101 - 600.9947) by adding sec. 2912i.

A motion was offered and supported that the legislation is Keller permissible.

Roll Call Vote

Yes: Danielle M. Anderson, David Anderson, Butler, Canady, Christenson, Dunnings, Hamameh, Heath, Howlett, Kuchon, Larsen, Low, McCarthy, Ohanesian, Orvis, Perkins, Powers, Sinas, Ulrich, Warnez, Washington, and Zemke.

No: Barnes, Baumann, McGill

The motion was approved.

A motion was offered and supported to oppose this legislation. The motion was approved.

Abstentions: David Anderson, Baughman, and McGill

SB 0420 (Lucido) Civil procedure; execution; service of execution; modify procedures. Amends secs. 2559, 6002 & 6012 of 1961 PA 236 (MCL 600.2559 et seq.).

The committee determined this legislation was not Keller permissible.

HB 4329 (Vaupel) Civil procedure; costs and fees; transcript fee; increase. Amends sec. 2543 of 1961 PA 236 (MCL 600.2543).

A motion was offered and supported that the legislation is Keller permissible. The motion was approved.

A motion was offered and supported to oppose this legislation. A roll call vote was taken.

Roll Call Vote

Yes: Danielle M. Anderson, Baumann, Buchanan. Butler. Christenson. Dunnings. Hamameh, Heath, Larsen, Low, McCarthy, Ohanesian, Orvis, Perkins, Powers, Sinas, Ulrich, Warnez, Washington, and Zemke

No: Barnes, David Anderson, Canady, Howlett, Kuchon, and McGill

Needing a two thirds majority on legislation for a motion to be approved, no position will be taken on this legislation.

OTHER REPORTS

American Bar Association (ABA) Report

There was not a report.

Comments or questions from Commissioners

There were none.

Comments or questions from the Public

There were none.

A motion was offered and seconded for the Board to go into a closed session to discuss litigation. The motion was approved. The Board went into a closed session at 11:42 a.m. and returned to open session at 12:30 p.m.

The meeting was adjourned at 12:35 p.m.

State Bar of Michigan
Executive Committee Conference Call
Tuesday, December 10, 2019
4:00 p.m.

Call to Order: President Barnes called the meeting to order at 4:02 p.m.

Members Present: President Dennis M. Barnes, President-Elect Robert J. Buchanan, Secretary James W. Heath, Treasurer Daniel D. Quick, Representative Assembly Vice-Chair Chelsea M. Rebeck, and Commissioners Thomas H. Howlett, Joseph P. McGill and Erane C. Washington.

Members Absent: Vice President Dana M. Warnez and Representative Assembly Chair Aaron V. Burrell.

State Bar Staff Present: Janet Welch, Executive Director; Margaret Bossenbery, Executive Coordinator; Nancy Brown, Director of Member and Communication Services; Gregory Conyers, Director of Diversity; Peter Cunningham, Assistant Executive Director and Director of Governmental Relations; Danon Goodrum-Garland, Director of Professional Standards; Kathryn Hennessey, General Counsel; James Horsch, Director of Finance & Administration; and Anne Vrooman, Director of Research & Development.

President's Report

President Barnes reported that he has been very busy attending bar association events.

Representative Assembly Chair's Report

Representative Assembly Vice-Chair Rebeck reported on behalf of RA Chair Burrell. She reported on a recent RA goals and objectives meeting and the activities of the nominations committee in filling vacancies.

Executive Director's Report

Executive Director Welch reviewed the proposed critical issues survey and asked for feedback. The EC provided useful feedback on this document and suggested it be primarily an informational piece to help members understand the need for a fee increase. Ms. Welch will be discussing with the senior management team and will work on revisions.

Ms. Hennessey provided an update on the Taylor lawsuit and an update on the Fleck v. Wetch cert petition to the U.S. Supreme Court. She also reviewed the highlights of a conference call with other integrated bar executive directors and bar counsel on integrated bar challenges in other states.

Mr. Horsch reviewed the most recent statistics of the license fee renewal process and informed the EC that pre-suspension notices will be mailed in early January.

Ms. Welch reported that the new staff structure is being finalized and provided an update on the status of hiring for several open staff positions. Mr. Horsch announced his retirement as a full-time employee and transition to part time status.

Mr. Barnes suggested that his upcoming January president's page be used as a forum to educate members on the need for a fee increase, and the group agreed. Ms. Welch will provide him with the information in support of this article.

Ms. Bossenbery announced the date of upcoming events. The Wolverine Bar Association (WBA) Barristers' Ball will be held on April 18, 2020 and the Brunch for Bars will be held on the morning of April 19, 2020. A motion was made and seconded to purchase one table for EC members to attend the WBA Barristers' Ball, and one more if necessary, at \$1,300 each. The motion passed. Ms. Bossenbery will ask for a projected attendance count from the EC via e-mail to determine the number of tables required.

Adjournment

There being no further business for the Executive Committee, President Barnes adjourned the meeting at 5:02 p.m.

Submitted by James C. Horsch
December 10, 2019

President Dennis M. Barnes
President's Activities
November 23, 2019 through January 24, 2020

Date	Event	Location
December 4	Federal Bar Association Eastern District Swearing in Ceremony	Detroit
December 4	Lunch with Frank J. Kelley, former Attorney General of the State of Michigan and 2020 SBM Michigan Legal Milestone Awardee	Lansing
December 4	Detroit Bar Association Jungle Mingle	Detroit
December 5	Oakland County Bar Association Holiday Gala	Birmingham
December 9	Executive Committee Conference Call	Detroit
December 11	Federal Bar Association Holiday Event	Detroit
December 12	Black Women Lawyers Association Holiday Gathering	Detroit
December 12	Incorporated Society of Irish American Lawyers Holiday Gathering	Detroit
December 19	Wolverine and Straker Bar Association Holiday Event	Detroit
January 14	Executive Committee Conference Call	Detroit
January 15	Meeting with the Federal Bar Association Northern District	Port Huron
January 24	Board of Commissioners Meeting	Lansing

Executive Director Janet K. Welch
Executive Director Activities
November 23, 2019 through January 24, 2020

Date	Event	Location
November 22-23	ABA Standing Committee on Bar Services	Chicago
November 25	Conference call with work group from Justice for All Task Force	Lansing
December 2	Conference call with Robert Spagnoletti CEO of the DC Bar	Lansing
December 4	Lunch meeting with Frank J. Kelley, former Attorney General of the State of Michigan and 2020 SBM Michigan Legal Milestone Awardee	Lansing
December 6	Conference call with Professor Paul D. Reingold University of Michigan Law School	Lansing
December 9	Two conference calls with work groups from Justice for All Task Force	Lansing
December 10	Executive Committee Conference Call	Lansing
December 10	Conference call with integrated bar executive directors and counsel on integrated bar litigation	Lansing
December 11	Integrated Tech Committee Meeting	Lansing
December 12	Conference call with CloudLaw	Lansing
December 12	Conference call with work group from Justice for All Task Force	Lansing
December 13	Judicial Section Meeting	Lansing
December 13	Michigan Probate Judges Association meeting	Lansing
December 16	Conference call with work group from Task Force on the Ethics and Regulations of Legal Services Marketing	Lansing
December 18	Meeting with Treasurer, Dan Quick	Novi
December 19	Conference call with Robert Craghead Illinois State Bar Association	Lansing
December 19	Conference call with CloudLaw	Lansing
December 19	Conference call with work group from Justice for All Task Force	Lansing

Date	Event	Location
January 6	Capitol Club Meeting	Lansing
January 7	Conference call with CloudLaw	Lansing
January 7	Conference call with ABA Webinar Presenters Integrated Bar - Lawyer Regulation Under Challenge	Lansing
January 8	Conference call with the consultants for the Task Force on State Bar Operations, Structure, and Governance	Lansing
January 9	Conference call with ABA Work Group on House Operations (Keller)	Lansing
January 10	Interviews for Communications Director position	Lansing
January 13	Conference call with President, Dennis Barnes	Lansing
January 14	Executive Committee Conference call	Lansing
January 15	Conference call with ABA Webinar Presenters Integrated Bar Lawyer Regulation Under Challenge	Lansing
January 21	ABA Webinar - Integrated Bar - Lawyer Regulation Under Challenge	Lansing
January 22	Meeting with Chief Justice Bridget McCormack	Lansing
January 23	Conference call with work group from Justice for All Task Force	Lansing
January 24	Board of Commissioners meeting	Lansing

State Bar of Michigan Financial Results Summary

2 Months Ended November 30, 2019

Fiscal Year 2020

Administrative Fund

Summary of YTD November 30, 2019 Actual Results

For the two months ended November 30, 2019, the State Bar had an Operating Loss of \$293,369 and Non-Operating Income of \$192,078, for a decrease in Net Position of \$101,291 so far in FY 2020. Net Position as of November 30, 2019 totaled \$12,115,929. Net Position excluding the impacts of the Retiree Health Care Trust net of the GASB 75 liability totaled \$9,998,739.

YTD Variance from Budget Summary:

YTD Operating Revenue - \$6,071 unfavorable to YTD budget, or 0.4%

YTD Operating Expense - \$112,376 favorable to YTD budget, or 5.7%

YTD Non-Operating Income - \$150,411 favorable to YTD budget, or 361.0%

YTD Change in Net Position - \$256,716 favorable to YTD budget

YTD Key Budget Variances:

YTD Operating Revenue variance - \$6,071 unfavorable to budget:

- Operating revenue was unfavorable to budget by \$6,071, or 0.4%, primarily due to license fee revenue.

YTD Operating Expense variance - \$112,376 favorable to budget:

- Salaries and Employee Benefits/ Payroll Taxes - \$51,128 favorable - (4.4%)
 - Underage in salaries and benefits due to vacancies.
- Non-Labor Operating Expenses - \$61,248 favorable - (7.8%)
 - Exec Offices - \$12,597 favorable - (8.1%) - Primarily Gen Counsel and HR due mostly to timing.
 - Finance & Admin - \$6,366 favorable - (2.0%) - Under in Facilities Services and Administration due to timing.
 - Member & Communication Services - \$25,661 favorable - (8.9%) - Primarily Member & Endorsed Services, Bar Journal, and Website, mostly due to timing.
 - Professional Standards - \$16,624 favorable - (54.4%) - Primarily C&F; and to a lesser extent all other departments, mostly due to timing.

YTD Non-Operating Revenue Budget Variance - \$150,411 favorable to budget

- Operating investment income is favorable to budget by \$1,074 or 2.6%.
- Retiree Health Care Trust investment income is favorable to budget by \$149,337 due to investment gains; however, no investment income or loss was budgeted.

Cash and Investment Balance – Admin Fund

As of November 30, 2019, 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 \$11,789,608, an increase of \$3,526,423, or 42.7% so far this fiscal year due to the collection of license fees.

SBM Retiree Health Care Trust

As of November 30, 2019, the SBM Retiree Health Care Trust had a fund balance of \$3,631,780, which is an increase of \$163,736, or 4.7%, so far in FY 2020 due primarily to investment income of \$149,337 and contributions to the trust.

Capital Budget – Admin Fund

Through November 30, 2019, YTD capital expenditures totaled \$29,950 which is over the YTD capital budget by \$12,450 due to two unbudgeted projects. However, we anticipate being on budget by for FY 2020 by spending adjustments to other capital projects.

Administrative Fund FY 2019 Year-End Financial Forecast

Based on our January forecast, we are projecting to be on target to achieve the FY 2020 budget.

Client Protection Fund

The Net Position of the Client Protection Fund as of November 30, 2019 totaled \$2,043,898, an increase of \$47,107 so far in FY 2020. Claims payments so far this year totaled \$34,294. In addition, there is a total of \$196,281 of approved claims awaiting subrogation agreements.

SBM Membership

As of **December 31, 2019**, the total active, inactive and emeritus membership in good standing totaled 46,373 attorney members, a net increase of 281 members so far in FY 2020. A total of 388 new members have joined the SBM so far during FY 2020.

**STATE BAR OF MICHIGAN
ADMINISTRATIVE FUND**

Unaudited and For Internal Use Only

**FINANCIAL REPORTS
November 30, 2019**

FY 2020

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

State Bar of Michigan
Administrative Fund
Statement of Net Position
For the Months Ending September 30, 2019 and November 30, 2019

	September 30, 2019	November 30, 2019	Increase (Decrease)	%	Beginning of FY 2020 October 1, 2019
ASSETS AND DEFERRED OUTFLOWS					
Assets					
Cash	1,767,913	7,416,538	5,648,625	319.5%	1,767,913
Investments (CDARS and CD's)	8,753,528	7,798,528	(955,000)	(10.9%)	8,753,528
Accounts Receivable	299,325	218,468	(80,857)	(27.0%)	299,325
Due from (to) CPF	(7,740)	(74,211)	(66,471)	(858.8%)	(7,740)
Due from (to) Sections	(2,250,516)	(3,351,247)	(1,100,731)	(48.9%)	(2,250,516)
Inventory	23,538	6,823	(16,715)	(71.0%)	23,538
Prepaid Expenses	434,486	301,953	(132,533)	(30.5%)	434,486
Retiree Health Care Trust Investment	3,468,044	3,631,780	163,736	4.7%	3,468,044
Capital Assets, net	3,800,582	3,737,533	(63,049)	(1.7%)	3,800,582
Total Assets	16,289,160	19,686,165	\$3,397,005	20.9%	16,289,160
Deferred Outflows of Resources related to pensions	34,117	34,117	0	0.0%	34,117
Deferred Outflows of Resources related to OPEB	313,165	313,165	0	0.0%	313,165
TOTAL ASSETS AND DEFERRED OUTFLOWS	16,636,442	20,033,447	\$3,397,005	20.4%	16,636,442
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
Liabilities					
Accounts Payable	390,272	7,399	(382,872)	(98.1%)	390,272
Accrued Expenses	516,644	475,762	(40,882)	(7.9%)	516,644
Unearned Revenue	1,325,491	5,247,542	3,922,051	295.9%	1,325,491
Net Pension Liability	330,798	330,798	0	0.0%	330,798
Net OPEB Liability	1,603,186	1,603,186	0	0.0%	1,603,186
Total Liabilities	\$4,166,391	\$7,664,687	\$3,498,296	84.0%	\$4,166,391
Deferred Inflows of Resources related to pensions	28,262	28,262	0	0.0%	28,262
Deferred Inflows of Resources related to OPEB	224,569	224,569	0	0.0%	224,569
Total Liabilities and Deferred Inflows	\$4,419,222	\$7,917,518	\$3,498,296	79.2%	\$4,419,222
Net Position					
Invested in capital assets	3,800,582	3,737,533	(63,049)	(1.7%)	3,800,582
Invested in retiree health care, net of related liability	1,953,454	2,117,190	163,736	8.4%	1,953,454
Unrestricted	6,463,184	6,261,206	(201,978)	(3.1%)	6,463,184
Total Net Position	\$12,217,220	\$12,115,929	(101,292)	(0.8%)	\$12,217,220
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$16,636,442	\$20,033,447	\$3,397,005	20.4%	\$16,636,442

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 \$11,789,608 (See below):

	September 30, 2019	November 30, 2019	Increase (Decrease)	%	Beginning of FY 2020 October 1, 2019
CASH AND INVESTMENT BALANCES					
Cash	1,767,913	7,416,538	5,648,625	319.5%	1,767,913
Investments	8,753,528	7,798,528	(955,000)	(10.9%)	8,753,528
Total Available Cash and Investments	\$10,521,441	\$15,215,065	4,693,625	44.6%	\$10,521,441
Less:					
Due to Sections	2,250,516	3,351,247	1,100,731	48.9%	2,250,516
Due to CPF	7,740	74,211	66,471	858.8%	7,740
Due to Sections and CPF	\$2,258,256	\$3,425,458	1,167,202	51.7%	\$2,258,256
Net Administrative Fund Cash and Investment Balance (Not including Retiree Health Care Trust)	\$8,263,185	\$11,789,608	\$3,526,423	42.7%	\$8,263,185

State Bar of Michigan
Statement of Revenue, Expense, and Net Assets
For the two months ending November 30, 2019
YTD FY 2020 Revenue

	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>Percentage</u>
Revenue				
Executive Offices				
Finance & Administration				
License Fees, Dues & Related	1,267,380	1,275,075	(7,695)	(0.6%)
Investment Income - SBM Operations	42,741	41,667	1,074	2.6%
Investment Income - Ret HC Trust	149,337	0	149,337	N/A
Other Revenue	70,431	68,467	1,964	2.9%
Finance & Administration Total	<u>1,529,889</u>	<u>1,385,209</u>	<u>144,680</u>	<u>10.4%</u>
Member & Communication Services				
Bar Journal Directory	3,585	2,800	785	28.0%
Bar Journal 11 issues	65,055	60,075	4,980	8.3%
Print Center	7,685	9,883	(2,198)	(22.2%)
e-Journal and Internet	20,648	22,833	(2,185)	(9.6%)
BCBSM Insurance Program	16,667	16,667	0	0.0%
50 Year Golden Celebration	0	0	0	N/A
Annual Meeting	0	0	0	N/A
Labels	0	667	(667)	(100.0%)
Upper Michigan Legal Institute	0	0	0	N/A
Bar Leadership Forum	0	0	0	N/A
Practice Management Resource Center	0	167	(167)	(100.0%)
Lawyer Referral Service (LRS)	25,445	26,167	(722)	(2.8%)
Other Member & Endorsed Revenue	8,527	8,373	154	1.8%
Member & Communication Services Total	<u>147,612</u>	<u>147,632</u>	<u>(20)</u>	<u>(0.0%)</u>
Professional Standards				
Ethics	4,020	3,200	820	25.6%
Character & Fitness	52,390	55,075	(2,685)	(4.9%)
Lawyers and Judges Assistance Program	8,545	7,000	1,545	22.1%
Professional Standards Total	<u>64,955</u>	<u>65,275</u>	<u>(320)</u>	<u>(0.5%)</u>
Total Revenue	<u>1,742,456</u>	<u>1,598,116</u>	<u>144,340</u>	<u>9.0%</u>
Less: Investment Income	42,741	41,667	1,074	2.6%
Investment Income - Ret HC Trust	149,337	0	149,337	N/A
Total Operating Revenue	<u>1,550,378</u>	<u>1,556,449</u>	<u>(6,071)</u>	<u>(0.4%)</u>

State Bar of Michigan
Statement of Revenue, Expense and Net Assets
For the two months ending November 30, 2019
YTD FY 2020 Expenses

Expenses	YTD Actual	YTD Budget	Variance	Percentage
Executive Offices				
Executive Office	10,027	10,325	(298)	(2.9%)
Representative Assembly	(495)	0	(495)	N/A
Board of Commissioners	5,019	4,433	586	13.2%
General Counsel	2,380	7,650	(5,270)	(68.9%)
Governmental Relations	9,885	11,420	(1,535)	(13.4%)
Human Resources (incl. empl benefits)	332,110	352,870	(20,760)	(5.9%)
Outreach, Local Bar & Section Support	102,352	102,267	85	0.1%
Research and Development	3,538	3,492	46	1.3%
Justice Initiatives	1,816	2,833	(1,017)	(35.9%)
Diversity	766	1,650	(884)	(53.6%)
Salaries	240,251	244,806	(4,555)	(1.9%)
Executive Offices Total	707,649	741,746	(34,097)	(4.6%)
Finance & Administration				
Administration	4,135	6,279	(2,144)	(34.1%)
Facilities Services	57,884	61,483	(3,599)	(5.9%)
Financial Services	243,827	244,450	(623)	(0.3%)
Salaries	75,067	74,222	845	1.1%
Finance & Administration Total	380,913	386,434	(5,521)	(1.4%)
Member & Communication Services				
Bar Journal Directory	2,274	2,250	24	1.1%
Bar Journal 11 Issues	75,731	81,653	(5,922)	(7.3%)
Print Center	7,938	10,583	(2,645)	(25.0%)
Website	18,939	24,350	(5,411)	(22.2%)
e-Journal	4,884	5,342	(458)	(8.6%)
Media Relations	(369)	2,775	(3,144)	(113.3%)
Member & Endorsed Services	35,229	45,005	(9,776)	(21.7%)
50 Year Golden Celebration	60	0	60	N/A
Annual Meeting	18,778	17,188	1,590	9.3%
Bar Leadership Forum	70	0	70	N/A
Practice Mgt Resource Center (PMRC)	561	1,050	(489)	(46.6%)
UMLI	480	500	(20)	(4.0%)
Lawyer Referral Service (LRS)	1,239	117	1,122	959.0%
Information Technology Services	95,421	96,083	(662)	(0.7%)
Salaries	307,747	336,360	(28,613)	(8.5%)
Member & Communication Services Total	568,982	623,256	(54,274)	(8.7%)
Professional Standards				
Character & Fitness (C&F)	1,624	8,916	(7,292)	(81.8%)
Client Protection Fund Dept	542	1,325	(783)	(59.1%)
Ethics	3,613	5,475	(1,862)	(34.0%)
Unauthorized Practice of Law (UPL)	1,614	3,883	(2,269)	(58.4%)
Lawyer & Judges Assistance Program	6,532	10,950	(4,418)	(40.3%)
Salaries	172,279	174,138	(1,859)	(1.1%)
Professional Standards Total	186,204	204,687	(18,483)	(9.0%)
Total Expense	1,843,748	1,956,123	(112,375)	(5.7%)
Human Resources Detail				
Payroll Taxes	56,710	63,172	(6,462)	(10.2%)
Benefits	268,088	278,572	(10,484)	(3.8%)
Other Expenses	7,311	11,126	(3,815)	(34.3%)
Total Human Resources	332,109	352,870	(20,761)	(5.9%)
Financial Services Detail				
Depreciation	93,000	93,000	0	0.0%
Other Expenses	150,827	151,450	(623)	(0.4%)
Total Financial Services	243,827	244,450	(623)	(0.3%)
Salaries				
Executive Offices	240,251	244,806	(4,555)	(1.9%)
Finance & Administration	75,067	74,222	845	1.1%
Member Services & Communications	307,747	336,360	(28,613)	(8.5%)
Professional Standards	172,279	174,138	(1,859)	(1.1%)
Total Salaries Expense	795,344	829,526	(34,182)	(4.1%)
NonLabor Summary				
Executive Offices	142,599	155,196	(12,597)	(8.1%)
Finance & Administration	305,846	312,212	(6,366)	(2.0%)
Member Services & Communications	261,235	286,896	(25,661)	(8.9%)
Professional Standards	13,925	30,549	(16,624)	(54.4%)
Total NonLabor Expense	723,605	784,853	(61,248)	(7.8%)

State Bar of Michigan
Statement of Revenue, Expense and Net Assets
For the two months ending November 30, 2019
YTD FY 2020 Increase (Decrease) in Net Position Summary

	Actual YTD	Budget YTD	Variance	Percentage	Last Year Actual YTD
Operating Revenue					
- License Fees, Dues & Related	1,267,380	1,275,075	(7,695)	(0.6%)	1,280,588
- All Other Op Revenue	282,998	281,374	1,624	0.6%	294,358
Total Operating Revenue	<u>1,550,378</u>	<u>1,556,449</u>	<u>(6,071)</u>	<u>(0.4%)</u>	<u>1,574,946</u>
Operating Expenses					
- Labor-related Operating Expenses					
Salaries	795,344	829,526	(34,182)	(4.1%)	764,743
Benefits and PR Taxes	324,798	341,744	(16,946)	(5.0%)	342,278
Total Labor-related Operating Expenses	<u>1,120,142</u>	<u>1,171,270</u>	<u>(51,128)</u>	<u>(4.4%)</u>	<u>1,107,021</u>
- Non-labor Operating Expenses					
Executive Offices	142,599	155,196	(12,597)	(8.1%)	166,050
Finance & Administration	305,846	312,212	(6,366)	(2.0%)	267,946
Member & Communication Services	261,235	286,896	(25,661)	(8.9%)	259,403
Professional Standards	13,925	30,549	(16,624)	(54.4%)	12,490
Total Non-labor Operating Expenses	<u>723,605</u>	<u>784,853</u>	<u>(61,248)</u>	<u>(7.8%)</u>	<u>705,889</u>
Total Operating Expenses	<u>1,843,747</u>	<u>1,956,123</u>	<u>(112,376)</u>	<u>(5.7%)</u>	<u>1,812,910</u>
Operating Income (Loss)	(293,369)	(399,674)	106,305	N/A	(237,964)
Nonoperating Revenue (Expenses)					
Investment Income	42,741	41,667	1,074	2.6%	32,747
Investment Income - Ret HC Trust	149,337	0	149,337	N/A	3,091
Net Nonoperating revenue (expenses)	<u>192,078</u>	<u>41,667</u>	<u>150,411</u>	<u>361.0%</u>	<u>35,838</u>
Increase (Decrease) in Net Position	<u>(101,291)</u>	<u>(358,007)</u>	<u>256,716</u>	<u>N/A</u>	<u>(202,126)</u>
Net Position - Beginning the Year	<u>12,217,220</u>	<u>12,217,220</u>	<u>0</u>	<u>0.0%</u>	<u>12,800,771</u>
Net Position - Year-to-Date	<u>\$12,115,929</u>	<u>\$11,859,213</u>	<u>\$256,716</u>	<u>2.2%</u>	<u>\$12,598,645</u>

State Bar of Michigan Administrative Fund
Revenues, Expenses and Net Assets
FY 2020 - Year-End Forecast
Updated January 2020

	FY 2020 Year-End Forecast	FY 2020 Budget	Variance	Percentage	FY 2019 Actual
Operating Revenue					
- License Fees, Dues & Related	7,757,000	7,757,000	0	0.0%	7,750,310
- All Other Op Revenue	1,581,450	1,581,450	0	0.0%	1,601,165
Total Operating Revenue	9,338,450	9,338,450	0	0.0%	9,351,475
Operating Expenses					
- Labor-related Operating Expenses					
Salaries	5,441,927	5,441,927	0	0.0%	5,051,419
Benefits, PR Taxes, and Ret HC Exp	1,910,512	1,910,512	0	0.0%	1,833,191
Total Labor-related Operating Expenses	7,352,439	7,352,439	0	0.0%	6,884,610
- Non-labor Operating Expenses					
Executive Offices	842,169	842,169	0	0.0%	781,548
Finance & Administration	1,357,175	1,357,175	0	0.0%	1,246,714
Member & Communication Services	1,666,913	1,666,913	0	0.0%	1,529,513
Professional Standards	163,435	163,435	0	0.0%	123,002
Total Non-labor Operating Expenses	4,029,692	4,029,692	0	0.0%	3,680,777
Total Operating Expenses	11,382,131	11,382,131	0	0.0%	10,565,387
Operating Income (Loss)	(2,043,681)	(2,043,681)	0	N/A	(1,213,912)
Nonoperating Revenue (Expenses)					
Investment Income	250,000	250,000	0	0.0%	249,731
Investment Income - Ret HC Trust*	0	0	0	N/A	384,630
Loss on Disposal of Capital Assets	0	0	0	N/A	(4,000)
Net Nonoperating Revenue (Expenses)	250,000	250,000	0	0.0%	630,361
Increase (Decrease) in Net Position	(1,793,681)	(1,793,681)	0	N/A	(583,551)

Operating Revenue forecast

- No forecast issues at this time

Labor forecast:

- Salaries - Still evaluating
- Benefits - May be some upside

Nonlabor forecast:

- Executive Offices - No forecast issues at this time
- Finance & Administration - No forecast issues at this time
- Member Services & Communications - No forecast issues at this time
- Professional Standards - No forecast issues at this time

Non-Operating Income forecast:

- Investment Income - some risk with lower interest rates
- Retiree Health Care Trust Investment income was not budgeted nor forecast

State Bar of Michigan
Administrative Fund
FY 2020 Capital Expenditures vs Budget
For the two months ending November 30, 2019

	YTD Actual	YTD Budget	YTD Variance	Variance Explanations	Total Approved FY 2020 Budget	FY 2020 Year-End Forecast	Projected Year-end Variance
Building and Equipment							
Elevator Modernization	0	0	0		120,000	120,000	0
Replacement of floor copiers	0	0	0		35,000	35,000	0
Information Technology							
Network Firewalls (2)	0	0	0		25,000	25,000	0
Receivership /Interim Administrator Program Data Portal	0	0	0		30,000	30,000	0
E-commerce store (Phase 1)	0	0	0		20,000	20,000	0
e-service application for court e-filing (e-mail addresses)	0	0	0		10,000	10,000	0
Firm billing/invoices for dues	0	0	0		10,000	10,000	0
Firm administration application	0	0	0		10,000	10,000	0
Lawyer referral consumer portal (Ph 3)	7,500	7,500	0		40,000	40,000	0
UPL Portal (Phase 1)	0	0	0		20,000	20,000	0
CPF Fund Portal (Phase 1)	0	0	0		30,000	30,000	0
Website functionality enhancements	9,950	10,000	(50)		10,000	10,000	0
Unspecified underages				Budgeted projects will be under but not specified at this time	0	(32,500)	(32,500)
Illinois State Bar LRS Portal Build	2,500	0	2,500	Not budgeted, project continued from last year	0	2,500	2,500
Character & Fitness BLE Portal	10,000	0	10,000	Not budgeted, project continued from last year	0	30,000	30,000
Total	\$29,950	\$17,500	\$12,450		\$360,000	\$360,000	\$0

Note: Any overages on unbudgeted projects will be offset by other project underages.

**STATE BAR OF MICHIGAN
CLIENT PROTECTION FUND**

Unaudited and For Internal Use Only

**FINANCIAL REPORTS
November 30, 2019**

FY 2020

Note: Dues 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 Months Ending September 30, 2019 and November 30, 2019
FY 2020

	Sept 30, 2019	Nov 30, 2019	Increase (Decrease)	%	Beginning of FY 2020 October 1, 2019
Assets					
Cash	855,120	1,203,848	348,728	40.8%	855,120
Investments (CD's & CDARS)	1,053,412	1,053,412	0	0.0%	1,053,412
Accounts Receivable (Recoveries)	159,875	157,195	(2,680)	(1.7%)	159,875
Due from (to) Administrative Fund	7,740	74,481	66,741	862.3%	7,740
Accrued Interest Receivable	7,314	9,241	1,927	26.4%	7,314
Total Assets	\$ 2,083,461	\$ 2,498,177	\$ 414,716	19.9%	\$ 2,083,461
Liabilities					
Accounts Payable	0	0	0	N/A	0
Unearned Revenue	86,670	454,279	367,609	424.2%	86,670
Total Liabilities	\$ 86,670	\$ 454,279	\$ 367,609	424.2%	\$ 86,670
Net Position					
Net Position at Beginning of Year	2,009,754	1,996,791	(12,963)	(0.7%)	2,009,754
Increase (Decrease) in Net Position	(12,963)	47,107	60,070	N/A	(12,963)
Total Net Position	1,996,791	2,043,898	47,107	2.4%	1,996,791
Total Liabilities and Net Position	\$ 2,083,461	\$ 2,498,177	\$ 414,716	19.9%	\$ 2,083,461

* Note: In addition, there are authorized but unpaid claims totaling \$196,281 awaiting signatures of subrogation agreements.

State Bar of Michigan
Client Protection Fund
Statement of Revenue, Expenses, and Changes in Net Assets
For the two months ending November 30, 2019
FY 2020

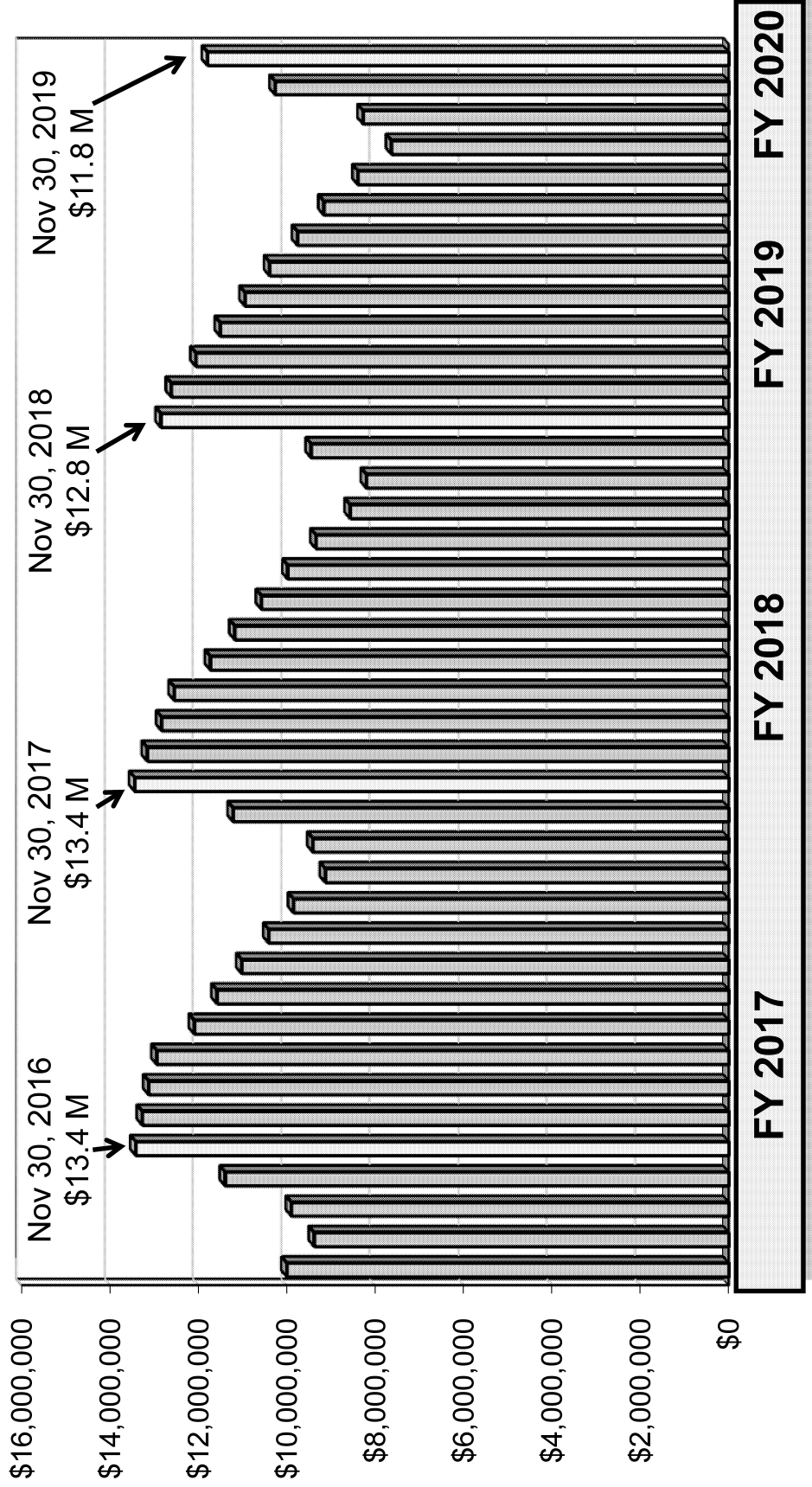
	FY 2020 YTD	Last Year FY 2019 YTD
Revenue		
Contributions Received	0	14,430
Member Fee Assessment	108,364	107,270
Pro Hac Vice Fees	2,160	2,685
Claims Recovery	3,028	2,486
Miscellaneous Income	0	0
Total Revenue	113,552	126,871
Expense		
Claims Payments *(See note below)	34,294	280,486
Administrative Fee	36,334	35,333
Litigation and Miscellaneous Expense	0	0
Total Expense	70,628	315,819
Operating Income (Loss)	42,924	(188,948)
Investment Income	4,183	3,900
Increase (Decrease) in Net Position	47,107	(185,048)
Net Position - Beginning of the Year	1,996,791	
Net Position - End of the Period	2,043,898	

* Note: In addition, there are authorized but unpaid claims totaling \$196,281 awaiting signatures of subrogation agreements.

SBM Cash & Investment Balances

SBM Cash & Investment Balances

Excluding Sections, Client Protection Fund & Retiree Health Care Trust
November 30, 2019 - \$11.8 M



Note: The State Bar has no bank debt outstanding.

Summary of Cash and Investment Balances by Financial Institution
11/30/2019

Assets	Bank Rating	Financial Institution Summary	Interest Rates	Fund Summary
		SBM Chase Checking \$ 1,246,026.03		Client Protection Fund \$ 1,803,848.73
		SBM Chase Credit Card \$ 953,838.00		
		SBM Chase E Checking \$ 47,063.00		State Bar Admin Fund \$ 15,215,065.40
		SBM Chase Payroll \$ (50.81)		(including Sections)
		SBM Chase Savings \$ 34,109.92	0.18%	Attorney Discipline System \$ 6,500,752.61
		ADS Chase Checking \$ 6,377.20		
		CPF Chase Checking \$ 104,311.44		SBM Retiree Health Care Trust \$ 3,631,779.85
		CPF Chase Savings \$ 58,418.64	0.18%	
\$2.14 Trillion	4 stars	**Chase Totals \$ 2,450,093.42		ADB Retiree Health Care Trust \$ 1,011,075.77
		ADS Bank of America Petty Cash \$ 2,819.89	0.00%	AGC Retiree Health Care Trust \$ 3,562,266.54
	4 stars	Bank of America Totals \$ 2,819.89		Total \$ 31,724,788.90
		SBM Fifth Third Commercial Now \$ 552,701.70	0.00% *	
\$140 Billion	4 stars	Fifth Third Totals \$ 552,701.70		
		Grand River Bank Money Market \$ 11,388.19	1.00%	
\$223 Million	5 stars	Grand River Bank Totals \$ 11,388.19		State Bar Admin Fund Summary
		Grand River Bank Total w/CD \$ 509,915.88		Cash and Investments \$ 15,215,065.40
		First Community Bank \$ 13,930.31	1.40%	Less:
\$288 Million	5 stars	First Community Bank Total \$ 13,930.31		Due (to)/from Sections (3,351,246.53)
		First Community Bank Total w/CD \$ 258,930.31		Due (to)/from CPF (74,211.23)
		Sterling Bank \$ 2,325.70	0.40%	Due to Sections and CPF \$ (3,425,457.76)
\$2.96 Billion	5 stars	Sterling Bank Total \$ 2,325.70		Net Administrative Fund \$ 11,789,607.64
		Sterling Bank Total w/CD \$ 977,325.70		
		Citizens Bank Checking \$ 10,000.00		SBM Average Weighted Yield: 1.77%
\$122 Billion	5 stars	Citizens Bank Money Market \$ 2,022,977.92	2.25%	ADS Average Weighted Yield: 1.29%
		Citizens Bank Totals \$ 2,032,977.92		CPF Average Weighted Yield: 1.16%
		Mercantile Bank \$ 15,510.18	1.25%	Note: average weighted yields exclude retiree health care trusts
\$3.27 Billion	5 stars	Mercantile Bank Total \$ 15,510.18		
		Main Street Bank \$ 13,615.92	1.24%	Notes:
\$227.5 Million	4 stars	Main Street Bank \$ 13,615.92		- All amounts are based on reconciled book balance and interest rates as of 11/30/2019
		MSUCU Savings \$ 8.92	0.10%	- CDARS are invested in multiple banks up to the FDIC limit for each bank
\$3.85 Billion	5 stars	MSUCU Checking \$ 25,054.16	0.00%	- Funds held in bank accounts are FDIC insured up to \$250,000 per bank
		MSU Credit Union Total \$ 25,063.08		- The SBM funds held with Charles Schwab in the Retiree Health Care Trusts are invested in 80% equity and 20% fixed income mutual funds
		MSU Credit Union Total w/CD \$ 1,925,063.08		- As of 11/30/2019, the funds held by SBM attributable to ADS was \$478,242.84
		SBM Flagstar ICS Checking \$ 2,946,281.41	1.40%	- Bank Star rating from Bankrate.com unless not available, then it is from Bauer Financia
		ADS Flagstar ICS Checking Account \$ 5,413,312.68	1.40%	*Lockbox fees are offset by 0.40% (annual rate) on average monthly balance.
		ADS Flagstar CDARS -26 Week \$ 600,000.00	1.23%	**Actual unreconciled Chase balance per statements was \$1,604,276.96.
		CPF Flagstar ICS Checking \$ 1,041,118.65	1.40%	
		CPF Flagstar CDARS - 12 Month \$ 250,000.00	1.35%	
		CPF Flagstar CDARS - 12 month \$ 350,000.00	1.35%	
\$16.8 Billion	5 stars	Flagstar Bank Totals \$ 10,600,712.74		
		SBM - CD Chemical Bank \$ 250,000.00	2.40%	
\$19.2 Billion	4 stars	SBM - CD Chemical Bank \$ 250,000.00	2.40%	
		SBM - CD Chemical Bank \$ 250,000.00	2.40%	
	5 stars	SBM- CD First Community Bank \$ 245,000.00	2.22%	
	5 stars	SBM - Grand River Bank \$ 253,527.69	2.50%	
\$3.9 Billion	5 stars	SBM - Grand River Bank \$ 245,000.00	2.75%	
		SBM-CD Horizon Bank \$ 245,000.00	2.81%	
		SBM-CD Horizon Bank \$ 245,000.00	2.81%	
		SBM-CD Horizon Bank \$ 250,000.00	2.66%	
		SBM-CD Horizon Bank \$ 250,000.00	2.66%	
		SBM-CD Horizon Bank \$ 250,000.00	2.48%	
		SBM-CD Horizon Bank \$ 250,000.00	2.48%	
\$1.36 Billion	4 stars	SBM-CD First National Bank of America \$ 240,000.00	2.35%	
		SBM-CD First National Bank of America \$ 245,000.00	2.35%	
		SBM-CD First National Bank of America \$ 240,000.00	1.85%	
		SBM-CD First National Bank of America \$ 240,000.00	1.85%	
	5 stars	SBM-CD Sterling Bank \$ 245,000.00	2.50%	
		SBM-CD Sterling Bank \$ 245,000.00	2.50%	
		SBM-CD Sterling Bank \$ 245,000.00	2.50%	
		SBM-CD Sterling Bank \$ 240,000.00	2.50%	
\$397 Million	4 stars	SBM-CD The Dart Bank \$ 240,000.00	2.42%	
		SBM-CD The Dart Bank \$ 245,000.00	2.42%	
		SBM-CD The Dart Bank \$ 245,000.00	2.42%	
		SBM-CD The Dart Bank \$ 245,000.00	2.42%	
	5 stars	SBM-CD MSU Credit Union \$ 235,000.00	2.05%	
		SBM-CD MSU Credit Union \$ 235,000.00	2.05%	
		SBM-CD MSU Credit Union \$ 235,000.00	2.05%	
		SBM-CD MSU Credit Union \$ 235,000.00	2.05%	
		SBM-CD MSU Credit Union \$ 240,000.00	2.00%	
		SBM-CD MSU Credit Union \$ 240,000.00	2.00%	
		SBM-CD MSU Credit Union \$ 240,000.00	2.00%	
		SBM-CD MSU Credit Union \$ 240,000.00	2.00%	
		Bank CD Totals \$ 7,798,527.69		
		Total Cash & Investments (excluding Schwab) \$ 23,519,666.74		
		SBM - Charles Schwab (Ret HC Trust) \$ 3,631,779.85		Mutual Funds
		ADB - Charles Schwab (Ret HC Trust) \$ 1,011,075.77		Mutual Funds
		AGC - Charles Schwab (Ret HC Trust) \$ 3,562,266.54		Mutual Funds
		Charles Schwab Totals \$ 8,205,122.16		
		Grand Total (including Schwab) \$ 31,724,788.90		
		Total amount of cash and investments (excluding Schwab) not FDIC insured \$ 10,137,008.01	43.10%	

Monthly SBM Member Report - December 31, 2019

FY 2020

	September 30 2014	September 30 2015	September 30 2016	September 30 2017	September 30 2018	September 30 2019	December 31 2019	FY Increase (Decrease)
Attorney Members and Affiliates in Good Standing								
Active	41,093	41,608	41,921	42,100	42,342	42,506	42,509	3
Less than 50 yrs serv	40,036	40,490	40,725	40,833	40,973	41,036	40,790	(246)
50 yrs or greater	1,057	1,118	1,196	1,267	1,369	1,470	1,719	249
Voluntary Inactive	1,211	1,218	1,250	1,243	1,169	1,139	1,233	94
Less than 50 yrs serv	1,184	1,195	1,230	1,217	1,142	1,105	1,196	91
50 yrs or greater	27	23	20	26	27	34	37	3
Total Attorneys in Good Standing	43,856	44,504	45,012	45,316	45,715	46,092	46,373	281
Dues Paying Members (Active & Inactive less than 50 yrs of Serv)	41,220	41,685	41,955	42,050	42,115	42,141	41,986	(155)
Affiliates								
Legal Administrators	14	13	13	13	10	10	10	0
Legal Assistants	413	425	405	400	401	393	402	9
Total Affiliates in Good Standing	427	438	418	413	411	403	412	9
Total Attorney Members and Former Members in the Database								
State Bar of Michigan Member Type								
Attorney Members in Good Standing:								
ATA (Active)	41,093	41,608	41,921	42,100	42,342	42,506	42,509	3
ATVI (Voluntary Inactive)	1,211	1,218	1,250	1,243	1,169	1,139	1,233	94
ATE (Emeritus)	1,552	1,678	1,841	1,973	2,204	2,447	2,631	184
Total Members in Good Standing	43,856	44,504	45,012	45,316	45,715	46,092	46,373	281
Attorney Members Not in Good Standing:								
ATN (Suspended for Non-Payment of Dues)	5,427	5,578	5,743	5,888	6,072	6,246	6,219	(27)
ATDS (Discipline Suspension - Active)	407	415	418	430	439	440	449	9
ATDI (Discipline Suspension - Inactive)	12	11	18	19	19	24	24	0
ATDC (Discipline Suspension - Non-Payment of Court Costs)	1	3	3	16	15	16	16	0
ATNS (Discipline Suspension - Non-Payment of Other Costs)	83	92	99	94	95	98	99	1
ATS (Attorney Suspension - Other)*	1	1	1	0	1	1	2	1
ATR (Revoked)	521	517	534	562	583	596	599	3
ATU (Status Unknown - Last known status was inactive)**	2,068	2,076	2,074	2,070	2,070	2,070	2,070	0
Total Members Not in Good Standing	8,540	8,683	8,890	9,079	9,294	9,491	9,478	(13)
Other:								
ATSC (Former special certificate)	136	140	145	152	155	157	157	0
ATW (Resigned)	1,429	1,483	1,539	1,612	1,689	1,798	1,867	69
ATX (Deceased)	8,127	8,445	8,720	9,042	9,287	9,524	9,575	51
Total Other	9,692	10,068	10,404	10,806	11,131	11,479	11,599	120
Total Attorney Members in Database	62,068	63,265	64,306	65,201	66,140	67,062	67,450	388

* 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 members 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 members to determine a final disposition.

N/R - not reported

Notes: Through December 31, 2019, a total of 388 new members joined the SBM in FY 2020



MEMORANDUM

To: SBM Board of Commissioners
From: Darin Day
SBM Director of Outreach
Date: January 9, 2020
Re: Proposed Section Bylaws Amendments:
Insurance and Indemnity Law Section

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 **Insurance and Indemnity Law Section**, staff confirms that the section has taken all steps necessary to propose bylaws changes in compliance with the amendment procedures set forth in the section’s current bylaws. The only remaining step is for this body to approve the proposed amendments.

Below is an excerpt from the section’s current bylaws, redlined to highlight the proposed amendments.

No proposed amendment is inconsistent with Supreme Court Rules or the State Bar of Michigan bylaws. Accordingly, it is recommended that the proposal be APPROVED.

ARTICLE VIII. MEETINGS.

Section 2. The annual meeting of the Section shall take place ~~during and in the same venue as the annual meeting of the State Bar of Michigan~~ during the month of October. A quorum shall consist of 18 members of the Section. A majority of those present and voting shall be sufficient to take action on any matter before the Section.



MEMORANDUM

To: SBM Board of Commissioners

From: Darin Day
SBM Director of Outreach

Date: January 9, 2020

Re: Proposed Section Dues Increase:
Real Property Law Section

Rule 5, Section 1(a)(5) of the Supreme Court Rules Concerning the State Bar of Michigan requires that the Board of Commissioners "...determine the amount and regulate the collection and disbursement of section dues..."

Upon review of the record, staff confirms that the **Real Property Law Section (RPLS)** has taken all necessary steps to approve a change to its dues structure in compliance with the section's bylaws. The **RPLS** has elected to raise its annual membership dues **from \$45 to \$55**, effective for the 2020-2021 bar year.

The section's proposed change does not conflict with Supreme Court Rules or SBM Bylaws. Therefore, staff recommends to the Board of Commissioners that the proposed change in section dues be APPROVED.

SBM

STATE BAR OF MICHIGAN

MICHAEL FRANCK BUILDING
306 TOWNSEND STREET
LANSING, MI 48933-2012

www.michbar.org