

**OFFICIAL MINUTES
STATE BAR OF TEXAS
BOARD OF DIRECTORS MEETING
The Hyatt Regency Hotel
Austin, Texas
April 11, 2003**

The Board of Directors of the State Bar of Texas met in a regular session on April 11, 2003 at the Hyatt Regency Hotel, Austin, Texas. The meeting was called to order at approximately 9:00 a.m. by Chair Charles W. Schwartz, and the roll was called by Executive Director Antonio Alvarado. **A quorum of voting Board members was present.** The following Board members and liaisons were unable to attend the Board meeting and were extended excused absences: Judge Stephen Ables, Georgina Benavides, Judge Barbara Lynn, Jeffrey R. Parsons, Luther H. Soules, Broadus A. Spivey, and Amy Dunn Taylor. Mina Brees arrived at approximately 10:15a.m. Texas Lawyer representative Ginny Graham was in attendance and welcomed to the meeting. Former Board member Neale Potts gave the invocation.

I. ITEMS FROM THE CHAIR OF THE BOARD

A. Approval of Items on the Consent Agenda

Upon motion made by Kim Askew and seconded by Roland Garcia, the following items on the Consent Agenda were approved, with corrections to the January Board minutes:

- 1) Approval of minutes of Board meeting conducted on *January 17, 2003* with following amendments: Commission for Lawyer Discipline report should read - Fort Worth field office, which houses three permanent employees (four positions were reassigned to the Dallas Regional office, the Regional Counsel position was reclassified as a Senior Trial Attorney position and transferred to the Dallas Regional office, and five positions were eliminated). Spelling of name for Houston Regional Counsel Brian ~~Shaver~~ Schaffer.
- 2) Ratification of actions taken by the Executive Committee at the meeting(s) conducted on --

January 9, 2003: Approved minutes of the September 5, 2002 Executive Committee meeting

March 6, 2003: Approved minutes of the January 9, 2003 Executive Committee meeting.

- 3) Presidential appointments to the following entities:

a) **Commission for Lawyer Discipline:**

For terms September 1, 2003 through August 31, 2004:

Chair: Mark D. White (Amarillo)
Vice Chair: Ray Reiner (Houston)

For three-year terms September 1, 2003 through August 31, 2006:

Orrin L. Harrison (Dallas)
F. Ben Selman, Jr. (Waco)

b) Law Focused Education, Inc:

For two-year terms effective April 2003 through April 2005:

Dean Brumley (Austin)
Janie Maldonado (Austin)
Ann Rogers (Austin)

c) Resolutions Committee:

For terms expiring at the 2003 Annual Meeting:

1) Temporary Committee:

Temp. Chair: SBOT Immediate Past Chair of the Board
- Vidal G. Martinez (Houston)
Temp. Vice-Chair: TYLA Immediate Past Chair
- Jennifer Rymell (Fort Worth)

2) Review Committee:

Vidal G. Martinez (Houston)

d) Texas Legal Protection Plan:

For three-year terms June 1, 2003 through May 31, 2006:

David Finney (Fort Worth)
Ruth Garcia (San Antonio)
Donald Looper (Houston)
Thomas Peterson (San Antonio)

4) Items from the President-elect:

- a) State Bar committee chairs to serve during the year 2003-04, per State Bar Rules, Art. VIII, Section 1B. (*Exhibit A*)
- b) Approval of members to serve on two or more committees

5) Items from Committees, Sections/Divisions:

- a) Approval of dues increase from \$25 to \$30 for the Insurance Law Section. (*Exhibit B*).
- b) Approval of Insurance Law Section's request to host its annual meeting at 11:45 a.m., June 20, 2003, in conjunction with their continuing legal education program on Tort and Insurance Reform. (*Exhibit C*).
- c) Approval of dues increase from \$20 to \$35 for the Oil, Gas & Energy Resources Section. (*Exhibit D*).
- d) Approval of Environmental & Natural Resources Law Section's request to host its annual meeting on August 8, 2003 to coincide with the annual Texas Environmental Superconference. (*Exhibit E*)

- 6) Other Items:
- a) Approval of change to BOD Policy Manual, subsection 2.03.02A, regarding Resolutions Committee temp vice chair. (*Exhibit F*)
 - b) TYLA President Amos Mazzant's appointment of sergeants-at-arms to serve at 2003 Resolutions Committee:

(All appointees are from Houston.)

Julie P. Baumgarten	David A. Chaumette	Maureen Garrett
Laura J. Beckman	Kara J. Farrell	Robert J. Stokes Jr.
 - c) Recipients for the pro bono awards to be presented at the Annual Meeting: (*Exhibit G*)

Pro Bono Award: Women's Advocacy Project (Austin)
Frank J. Scurlock Award: Jeff Blackburn (Amarillo)
The J. Chrys Dougherty Legal Services Award: Roger L. Gette (Dallas)
W. Frank Newton Award: Fulbright & Jaworski (Houston)
 - d) Recipients for the Nancy Garms Memorial Award to be presented at the Annual Meeting:

Judge William R. Furgeson (Midland)
 - e) Approval of resolution regarding the Annual Meeting/Local Bar Contributions: (*Exhibit H*)
 - f) Approval of resolutions honoring Steven Leslie Martin and Irma Rangel: (*Exhibit I*)
 - g) Approval of courtesy resolutions for 2003 Annual Meeting (*Exhibit J*)

II. GENERAL REPORT AND OVERVIEW OF BAR YEAR

Chair Charles W. Schwartz reported on the legislative process, the sunset process, and Commission for Lawyer Discipline.

Chair Schwartz announced that Immediate Past Chair Vidal G. Martinez would be honored at an Awards dinner as distinguished alumnae of the University of Houston.

Chair Schwartz expressed condolences to Terri Hagan who lost her mother-in-law today. Condolences were also expressed to Jeff and Rebecca Parsons who lost their daughter Kirby in a tragic car accident in March.

Chair Schwartz announced that the election for Chair of the Board would be conducted by a show of hands, and that Kim Askew was the only candidate.

Upon motion by Paul Hinton and seconded by Vianei Lopez Robinson, Kim J. Askew was voted by acclamation to serve as Chair of the Board for 2003-2004. Motion carried.

III. REPORT AND ACTION ITEMS FROM THE PRESIDENT

President Guy N. Harrison reported on the Sunset process and commended Sunset Committee Chair Gib Walton on his hard work.

President Harrison provided an update on his visits, which included attending a luncheon in Austin with members of the Hungarian Ministry of Education, a trip to Brownsville to meet with the Tarrant County Bar, meeting with teachers in Nacogdoches regarding law related education, attendance at the Seattle ABA meeting and the National Conference of Bar Presidents, the state mock trial finals in Dallas, the Texarkana Bar joint meeting, visit with the Waco County Bar, attendance at the Louisiana State Bar Board of Governors' meeting, visit with the Amarillo Bar and attendance at the Justian awards of the Dallas Bar Auxiliary honoring John Martin.

President Harrison reported on the Past Presidents' dinner held on February 28, 2003 at the Texas Law Center. The event was very well received. The oldest president present was 1972-73 President Jim Bowmer. Bill Carso, who was Executive Director of the State Bar in 1939, was also present.

President Harrison also reported on the judicial selection issue. There are two bills pending, Senate Bill 794 and House Bill 1511, that have to do with the selection/appointment of judges. The issue of money has become a big problem with judicial races. The perception is that judges use money to favor people who contribute to their race. Input was solicited and should be forwarded to Roland Garcia since he is in direct contact with Chief Justice Phillips.

A committee was appointed to accept resumes and conduct interviews of all individuals interested in the Minority Member Director position. Two finalists were recommended by the Ad Hoc Committee, Michelle Wong and Judge Jim Coronado. President Harrison announced his selection of Judge Jim Coronado as Minority Member Director.

Upon motion by Roland Garcia and seconded by Mark Shank, the appointment of Judge Santiago "Jim" Coronado as Minority Member to the Board of Directors, for a three-year term effective Annual Meeting 2003 and expiring Annual Meeting 2006, was approved. Motion carried.

President Harrison announced that he had appointed Joette Furlough (Virginia Beach, Virginia) to serve as Out-of-State Lawyer liaison. Prior to moving to Virginia, Ms. Furlough was very active with the State Bar's Solo and General Practice Section. Ms. Furlough will begin her term effective June 2003 through June 2006.

President Harrison stated that he would like the Board to consider a loan repayment program that would assist lawyers who are working in public services. The Access to Justice Commission had already started such a program. President Harrison had asked the Legal Services for the Poor Committee to consider funding this program. There is currently not a single Bar in the United States that has such a program. This proposal would be sent to the Board Legal Services Committee for their review and recommendation to the Board.

Upon motion by Glenn Perry and seconded by Kim Askew, the request to forward the loan repayment program proposal to the Board Legal Services Committee for review and presentation to the Board was approved.

President Harrison commented on the need of an Emergency Fund (Bar would have access to some kind of fund for emergency needs). President Harrison recommended the Finance Committee be assigned to

review the possibility of creating an access to justice special revenue fund and present its proposals to the Board for approval.

Upon motion by Robert LeBoeuf and seconded by Mack Barnhart, the recommendation to forward the proposal of an emergency fund to the Finance Committee for review and presentation to the Board for approval was carried.

The Texas Bar Foundation has historically made grants to legal services projects that are nonprofit start-up projects only. The Texas Bar Foundation awards grants two times a year. There are a number of small legal service providers that are not funded by the Congressional grants and legal services corporations that have operational fund problems every single year. The Bar would be working with the Texas Bar Foundation in creating a fund within the Texas Bar Foundation designated to accept voluntary contributions, which would be utilized for operational fund grants as opposed to start-up fund grants.

President Harrison reported that the following appointments were made but not included on the consent agenda. Mark White will serve as Chair to the Commission for Lawyer Discipline. Public member Ray Reiner from Houston, who is currently a member of the commission, will serve as Vice Chair.

Upon motion by Dan Boulware and seconded by David W. Stevens, the request to grant authority to President Guy Harrison to make appointments to committees listed on consent agenda prior to June 1, 2003 was approved.

IV. REPORT FROM JUDICIAL LIAISONS

A. *Supreme Court Liaison* (Justice Craig T. Enoch)

Supreme Court Liaison Justice Craig T. Enoch reported on the selection of public members. The Supreme Court appoints two members every year. One member is generated from the Supreme Court and the other from the recommendations received from the Governor's office. The appointments provide a real opportunity for the public to get involved in the Bar. Justice Enoch solicited recommendations for public members noting that history has shown that individuals selected have been outstanding in their own fields.

V. REPORT FROM OUT-OF-STATE LAWYER LIAISON

Out of State Lawyer Liaison Turner Branch announced that his term would be ending June 2003. Branch commented on his three years as Out-of-State Lawyer Liaison to the Board, which has been an enjoyable experience. Branch would like the Board to consider giving the Out-of-State Lawyer Liaison voting privileges to encourage their participation and contributions.

Chair Schwartz announced that Turner Branch has been honored as Baylor Lawyer of the Year.

VI. REPORT FROM EXECUTIVE DIRECTOR

Executive Director Antonio Alvarado announced the selection of Emily Jones as Texas Lawyers Care Director and Lisa Kalakanis as Research Director.

Executive Director Alvarado reported on the annual meeting and annual meeting resolutions. Resolutions will be published in the May issue of the *Texas Bar Journal*.

Executive Director Alvarado also reported on the Voluntary Resource Conversation Program. In the last two of the three fiscal years, the Bar has experienced an “end of the year” expenditure type of flow that while still keeping the Bar in budget it did not give the ability to plan on the positive variances the Bar has seen most of the year. The Bar would like to curb some tendencies we have seen to take a positive variance of \$800,000 to a million dollars and report at the end of the fiscal year that the money was gone. Comptroller of Public Accounts Carole Keeton Rylander reported that for the eighth straight months, the State of Texas has experienced a decline of sales tax revenues. The Bar could not be insensitive to the fact that other agencies including the Supreme Court were being asked to curb their expenditures in view of the needs that the State of Texas was facing. The Bar would like to move forward in making the Voluntary Resource Conservation program mandatory. Division Directors Don Jones, Michelle Hunter, Julene Franki and Chief Disciplinary Counsel Dawn Miller made presentations on their departments’ efforts to comply with the Voluntary Resource Conservation Program. The goal was to save \$500,000 this year and \$1.3 million for the next fiscal year. The departments are working on reducing travel and lodging expenses, have delayed the hiring of temps and non-essential staff, and delayed seminars. The Bar has enlisted the help of all State Bar employees to identify ways of reducing expenses and to generate revenue.

Executive Director Alvarado requested that the Board allow the Bar to move forward with the cost reductions of \$500,000 from the expenditure budget (not the revenue budget) and with an expense reduction in next year’s budget. Executive Director Alvarado explained that it was his recommendation to pull the merit pay of almost \$500,000 that had already been allotted for in the 2003-2004 budget. Staff deserve their merit pay but understand that others around them are experiencing severe reduction in pay and/or losing jobs. If the Bar generates a net surplus at the end of this fiscal year, the Bar would come back to the Board and report that the benchmark of \$500,000 had been reached. The issue of considering merit pay would be reintroduced (based on the net surplus generated). The budget being presented to the Supreme Court does not reflect the reductions. Executive Director Alvarado requested that authority be given to the Bar to look into the budget and find ways to reduce expenditures.

Upon motion by Dan Boulware and seconded by Mack Barnhart, the request to establish a Resource Conservation Program to include expenditure reductions in FY03 and FY04 and approved the recommendation to fund merit pay from any FY03 net surplus and delete from the FY04 proposal was approved.

VII. REPORT FROM THE CHIEF OPERATING OFFICER/GENERAL COUNSEL

COO/GC Shelby Rogers reported on the IOLTA matter stating that on March 26, 2003, in a 5-to-4 decision, the U.S. Supreme Court affirmed the Ninth Circuit decision upholding the State of Washington’s Interest on Lawyers’ Trust Accounts (IOLTA) program in *Brown v. Legal Foundation of Washington* (formerly styled *Washington Legal Foundation v. Legal Foundation of Washington*). As for the Texas (Fifth Circuit) IOLTA case, the petition for a writ of certiorari to the U.S. Supreme Court was granted on March 31, 2003. The judgment was vacated and the case was remanded to the Fifth Circuit for further consideration in light of *Brown*.

COO/GC Rogers reported on the use of temps, which is extremely high at the Bar. There currently are no written procedures regarding temp services. Operations Division Director Al Cumming suggested centralizing the temporary services and contracting with one agency. This resulted in a reduced markup of hiring temps from 60% to 40% and a savings on recruiting and advertising costs. The Bar was previously spending \$400,000 a year and currently spent \$200,000. Rogers commended Operations Director Al Cumming and Human Resources Representative Amy Turner on their hard work.

COO/GC Rogers introduced Director of Purchasing/Facilities Paul Rogers and Purchasing Manager Mary Mayles, both new employees with the Bar. Facilities Manager LaTresa Stroud, Paul Rogers and Mary Mayles have been very instrumental in implementing a purchasing discipline. Purchasing/Facilities Director Paul Rogers reported in the March Executive Committee meeting on a procurement strategy in which all purchases would be requested on a purchase order or procurement card.

VIII. REPORT FROM SECTION REPRESENTATIVES TO THE BOARD COMMITTEE

Section Representative William Betts announced the appointment of two Section Representatives to the Board: Professor David East (large-sized section), who will replace Vicki Menard; and Demetrius Bivins (small-sized section), who has been appointed to serve a full term. Both appointments are three-year terms beginning June 2003 and expiring June 2006. The Council of Chairs has developed a handbook of consolidated procedures, which has been forwarded to General Counsel Shelby Rogers for review.

IX. REPORT FROM BOARD COMMITTEES

Status reports were heard from the following Board committees:

A. *ADMINISTRATIVE COMMITTEE* (Jarvis V. Hollingsworth) - Hollingsworth reported on the Resource Conservation Program, lawsuits (one had been settled), the Wage Salary and Performance Measures Study, the STATCO contracts (lock box services), the *Texas Legal Directory* contract, the Texas Bar Foundation Support Agreement, the Statement of Work Number 2 needed to update the website, the Policy Manual revisions, and utilization of grievance offices throughout the State.

On behalf of the Administration Committee, Hollingsworth moved the following motions, requesting that the Administration Committee be granted authorization to:

MOTION 1: Approve the El Paso field office lease, Tyler field office lease and the Fort Worth sublease contracts for Chief Disciplinary Counsel, with contracts to be reported at the next Executive Committee and Board of Directors meeting; and

MOTION 2: Approve the website contract including second Statement of Work (e-commerce modules).

Taken under separate votes, the motions carried.

On behalf of the Administrative Oversight Committee, Hollingsworth moved the following motion for approval of:

MOTION 3: The STATCO contracts (lock box services, membership attorney profile services, membership dues statements); (*Exhibit K*)

MOTION 4: The one-year extension of the *Texas Legal Directory* contract; (*Exhibit L*)

MOTION 5: The Texas Bar Foundation Support Agreement; (*Exhibit M*) and

MOTION 6: Format changes to the Policy Manual as recommended by Policy Manual Task Force. (*Exhibit N*)

The motions, taken separately, passed.

B. *BUDGET COMMITTEE* (President-elect Betsy Whitaker) - President-elect Whitaker provided an update on the budget. The public hearing was held at the Texas Law Center on April 3.

On behalf of the Budget Committee, President-elect Whitaker moved that the SBOT 2003-2004 budget be approved for presentation to the Supreme Court. Motion carried. (See Exhibit O)

C. *FACILITIES & EQUIPMENT SUBCOMMITTEE* (David W. Stevens) - Stevens reported on the Real Estate Study. A questionnaire was developed and distributed to all Board members. Stevens thanked all members for their input. The data would be compiled and passed on to next year's Facilities & Equipment Subcommittee.

D. *FINANCE COMMITTEE* (David W. Stevens) - Stevens provided a financial update - 5% favorable in revenues, 1% net excess over budget with a positive variance of \$879,933. The budget is being closely monitored. Stevens reported on the Internal and Financial Audits, the Investment Policy, the Quarterly Investment Report, and the hiring of Financial and Internal Auditors.

Stevens also reported on the general fund, which currently has a balance of \$6.8 million. The Bar would like to transfer approximately \$700,000 into the Technology Fund, approximately \$1 million into the Building Fund (would not include monies for remodeling, real estate study expenses but would cover the maintenance expenses of the Texas Law Center), and approximately \$500,000 into the Client Security Fund.

On behalf of the Finance Committee, Stevens moved the following motions for approval of:

MOTION 1: Internal and Financial Audit; (Exhibit P)

MOTION 2: Investment Policy, Section 10.5, as amended; (Exhibit Q)

MOTION 3: Quarterly Investment Report; (Exhibit R.)

MOTION 4: The hiring of Financial Auditors (Sprouse and Anderson) and Internal Auditors

MOTION 5: Fund balance transfers from General Fund Reserve to Client Security Fund, Technology Fund and Building Fund

The motions, taken separately, passed.

E. *EXECUTIVE COMMITTEE* -

1) *Nominations & Elections Subcommittee* (Vidal G. Martinez) Martinez reported that the Nominations & Elections Subcommittee had been dealing with website issues due to the President-elect campaign. The rules for this election cycle have not changed, but it is clear that modern times have created new means of communication. The Nominations & Election Subcommittee and Bar staff have determined that the campaign rules needed to be changed by the next election cycle. The current campaign was underway beginning March 17. Election ballots would be mailed out on April 15 and would be the date President-elect candidates must cease active campaigning. Deadline for receipt of all election ballots would be April 30. Election results would be announced May 1.

2) *Policy Manual Task Force* (Neale Potts, Mina A. Brees, William D. Elliott, Terri L. Hagan, Don Jones, Gary Reaves)

The Task Force was present to address any questions/concerns expressed by the Board regarding the revisions to the format and wording thereto the Board Policy Manual. No concerns were expressed.

F. MEMBER SERVICES & EDUCATION COMMITTEE:

1) *Appeals-Grant Review Subcommittee* (Steven Steele) –Steele reported that the subcommittee had voted to table the approval of amendments to MCLE Regulations and MCLE Appeals Procedures for further consideration by the committee. No action at this time.

Steele reported that the subcommittee had reviewed appeals by the following:

a) MCLE:

- 1) Mike Mullins, Permian Basin Landmen’s Association - regarding the nonaccreditation of the “PBLA Fall Education Seminar” activity
- 2) Tracy Tarver, Center for Public Policy Dispute Resolution - regarding the nonaccreditation of the “Skills for Employment Mediators” activity

b) TBLS:

- 1) Ted H. Roberts - regarding two-year probated suspension

On behalf of Appeals/Grant Review Subcommittee, Steven Steele moved approval of committee recommendations to deny all appeals received. Motion carried.

2) *Professional Development Education Subcommittee* (Blair A. Bisbey) – Bisbey reported that Texas Bar CLE continues to occupy its prominent position in the market (cutting edge of developing new products and services and its growing on-line area of CLE). Texas Bar CLE holds 28% share of the market. Five hundred hours of CLE are now available thru the CLE website. The revenues generated by online activities have increased from one half million to one million dollars. The Professional Development Education Subcommittee would like to show a demonstration of the Texas Bar CLE website and the interactive Annual Meeting online registration at the Annual Meeting. Free CLE is being offered when you visit the Texas Bar CLE website. Bisbey encouraged all Board members to visit the Texas Bar CLE website.

3) *Technology Oversight Subcommittee* (Kim A. Askew) – Askew reported on the status of the Technology Plan. Implementation of HB 1712 requirements was going well. Askew provided a PowerPoint presentation on the attorney profile online registration. Some information would not be editable and would be inputted by the Bar such as bar numbers, certifications, and discipline information. The lawyers cannot edit this information. An informational sheet addressing the requirement of the attorney profiles will be included with the dues statements being mailed out May 1. The sheet will list the online website that lawyers would need to visit to register. Recognizing that not all lawyers will visit the site, a reminder would be mailed out. Computers will be available at the June Annual meeting to help lawyers register online. The Bar will comply with the mandatory deadline of September 1, 2003.

G. *PUBLIC SERVICES & EDUCATION COMMITTEE:*

1) *Legal Services* (Dan Boulware) – Boulware gave a report on the \$65 voluntary contribution and encouraged all members to support the process. Dues statements are being mailed out soon which will include that option.

Boulware also reported on the telephone survey regarding pro bono participation. The raw data had been received and a final report will be given at the June Annual Meeting. It would reflect what lawyers are doing, how they are doing it, and would give a good picture of the composite (by age, race, gender, location, etc.) of Texas lawyers.

2) *Legislative Policy Subcommittee* (Blair A. Bisbey) - On behalf of Chair Bisbey, Governmental Relations Director Kalyn Laney reported on the legislative process. There are about 30 bills floating out there, which are section sponsored. The sections have made a tremendous effort. The bills submitted by the Real Estate and Probate Law Section, the Family Law Section, and the Alternative Dispute Resolution Section are still moving.

Governmental Relations Director Laney also reported on the emergency committee, which looked at an additional three bills under the heading of “additional funding for legal services.” They include a filing fee add on amount, a bill dealing with the use of funds for basic legal services in civil matters, and the *pro hac vice* bill. These three bills have been added to the Board package for the legal services to the poor in the State of Texas.

H. *Sunset Review Committee* (Gib Walton) - Gib Walton provided a report via teleconference. Walton reported that the State Bar bill had been voted out of the Senate Committee and the House Committee. The Bar picked up two amendments in the House Committee level, which are the district court option amendment and an amendment that would make the \$65 voluntary payment a mandatory \$65 payment to support access to justice. Both bills are ready to go to their respective floors, the Senate and the House.

The \$65 mandatory fee amendment did not come from the statewide Access to Justice Commission whose purpose is to coordinate all pro bono and legal services programs. This is an amendment offered from the Senate side. This \$65 idea has come up several times and had previously been voted down. Many feel that the mandatory fee could be counterproductive. Legal services to the poor is a huge societal problem. There are people who disagree on how to raise money for legal services to help the poor. The Bar has to take a strong leadership position. More financial resources are needed and the Bar should decide what would be the best way to raise the needed funds. The Bar should not lose sight of what Texas lawyers are already doing. Texas lawyers gave close to 1 million hours of free services, \$160 million of donated services and 700,000 hours at substantially reduced services. The dues statements this year are going out with a letter signed by the Supreme Court justices asking for a voluntary \$65 contribution.

A concern over how the Bar would handle the \$65 mandatory fee was expressed. Walton stated that this was a difficult issue for the Bar as a whole. Respected members have devoted a lot of time and effort addressing this issue. Leadership will want to hear from everyone to help develop a plan, so all input should be forwarded to President Guy N. Harrison, President-elect Betsy Whitaker, Chair of the Board Charles W. Schwartz and/or Governmental Relations Director KaLyn Laney.

Sunset is recommending an amendment in the grievance system that would omit the district court option. Lawyers are taught about the importance of due process before an unbiased judge and/or jury, and lawyers are the only profession that is charged as protectors of the justice system. Lawyers should be

able to have a district court option in their grievance system. The streamlining of a grievance system eliminates a level of hearings saving time and expense. The Bar does not oppose that change. The Bar disagrees with the elimination of the right to choose between the district court trial and an evidentiary administrative trial. It takes away a due process right. The Sunset recommendation is doing away with the district court option. Without the district court option amendment, lawyers may lose the right to practice law without having the right and/or option to go before a judge or jury. The grievance system as it currently stands has worked well for the last sixty-four years. It has not been abused and has not caused undue delays. During the last five years, only seventy-six cases have been heard with twelve of those being jury trials.

X. REPORTS FROM STATE BAR COMMITTEES, SECTIONS, DIVISIONS

A. *Client Security Fund Subcommittee* (John Landgraf) - Landgraf explained that the transfer of \$500,000 will go into the Corpus fund and only the interest from that amount will be spent on an annual basis.

Landgraf reported that the Client Security Fund Subcommittee passed a resolution requesting that the Executive Director, Chief Disciplinary Counsel and the General Counsel of the State Bar are to report to the Client Security Fund Subcommittee no later than September 1, 2003 on a coordinated plan for an aggressive collection program to recover attorneys fees and court costs awarded to the State Bar in the grievance and disciplinary proceeding and judgments. Such a plan could utilize existing Bar resources or use outside collection attorneys, or a combination of those. The subcommittee would like to take a more aggressive approach since it believes that there are hundreds of thousands of dollars out there that need to be returned to deserving clients.

B. *Judiciary Relations Committee* (Judge Royal Furgeson) – Judge Royal Furgeson reported on the Volcker Commission Report. The Volcker Commission was established to look into executive pay in our federal government as well as judge's pay. Law clerks leave law firms for jobs where they earn more than first year judges. On behalf of the federal judges of Texas, Judge Furgeson solicited the Board to authorize or to write to Congress in support of the Volcker Commission Report and an increase in judges' salary.

Upon motion by Mark Shank and seconded by Roland Garcia, the Judiciary Relations Committee's request for the Board to write to Congress in support of the Volcker Commission Report was approved. (Exhibit S)

Judge Furgeson also reported that plans to create an interactive CD to help introduce law to high school students had been implemented. A pilot project was kicked-off in San Antonio, and already four other states have expressed interest in using the interactive CD. The CD will be available to the Board at the June meeting. Judge Furgeson thanked Law Related Education Director Jan Miller and her staff for their hard work in this regard.

XI. OTHER REPORTS/ACTIONS

A. Commission for Lawyer Discipline

In the absence of CFLD Chair Scott E. Rozzell, Vice Chair Tim Sulak reported on the budget (YTD ending February 28 reflected a favorable variance of \$150,000). The staff had been attentive to budgetary matters and had made tremendous efforts to increase efficiency. Vice Chair Sulak reported that the Dallas and Fort Worth regions have merged and the transition is going well. Sulak solicited the Bar's help in getting a sublease for the largely vacant Fort Worth space. Sulak announced that district

grievance committee nominations are being accepted for vacant positions (three-year terms). The appointments have to be made and signed off by President Guy Harrison by June 1, 2003. If the appointments are not made by that date, the position(s) will remain vacant for the full year. Vice Chair Sulak also reported that a statewide grievance-training program is in the works and will be of major importance due to changes in the legislative process.

B. Texas Bar Foundation

TBF Chair Tim Sulak reported that the foundation is doing well. On behalf of the Texas Bar Foundation, Sulak welcomed President Harrison's initiative for a designated fund for operational use of legal services providers. The foundation appreciates the agreement passed by the Board regarding the creation of a fund within the Texas Bar Foundation designated to accept voluntary contributions that would be utilized for operational fund grants as opposed to start-up fund grants. Traditionally, the foundation has awarded grants to legal services projects that are nonprofit start-up projects only. One such start-up program from the Travis County Bar Association was in the family law area, which created the "For Kids Sake Program" (helps divorcing parents to recognize issues in divorce that would affect their children). Thirty percent of Texas judges now mandate this course in all divorce cases. Sulak requested the support of the Bar to encourage local bars/associations to come to the Texas Bar Foundation for help with start-up programs.

On behalf of the Texas Bar Foundation, Sulak solicited nominations for Fellows. The nominees should represent the best of the community. All nominations will be forwarded to the nominating committee.

C. TYLA President

TYLA President Strong reported on TYLA activities, which included projects "It Could be You!" (speaking out against crime in your school, over 200 schools participating), "College for a Day" (taking kids from middle schools to visit a college to give at risk kids a look at college life), "Law of the Land" (designed to teach immigrants of their legal rights, consumer law protection). The Texas Bar Foundation has given TYLA a generous grant to videotape this project. Other projects include the "Lawyers as Leaders" (a project based out of Austin, brings together young lawyers throughout the state in non-profit organizations), "Junior Judges" (now nationwide, almost approaching 50 states, funded by Texas Bar Foundation), "Urban Colonias Project" (developing material to help lawyers do pro bono representation of neighborhoods that don't have water/sewer services), "Secrets of Success" video, "Pro Se Divorce Handbook," Age and Issues manual for senior citizens, "Hanging out your Shingle", and an on-line judicial directory (on-line access to judges throughout the state).

TYLA President Strong also reported on the TYLA budget, the National Trial Competition in Houston, TYLA eNews, TYLA President-elect campaign (candidates are Haynes and Boone partner David McAtee and Fort Worth County Law Judge Jennifer Rymell), and the La Columbe'd Awards Dinner and Banquet on June 13, 2003 in Houston.

TYLA President Strong solicited nominations for Outstanding Young Lawyer and the Liberty Bell award (should be a non lawyer who has significantly impacted someone's life). Nominations must be received by April 21, 2003.

There being no further business, the meeting adjourned at approximately 2:20 p.m.

EXHIBITS ATTACHED

- Exhibit A: 2003-2004 State Bar Committee Chairs
- Exhibit B: Insurance Law Section's dues increase from \$25 to \$30
- Exhibit C: Insurance Law Section's request to host its annual meeting at 11:45 am. June 20, 2003, in conjunction with their continuing legal education program on Tort and Insurance Reform
- Exhibit D: Oil, Gas & Energy Resources Section's dues increase from \$20 to \$35
- Exhibit E: Environmental & Natural Resources Law Section's request to host its annual meeting on August 8, 2003 to coincide with the annual Texas Environmental Superconference
- Exhibit F: BOD Policy Manual, subsection 2.03.02.A, regarding Resolutions Committee temp vice chair
- Exhibit G: Recipients for Annual Meeting pro bono awards
- Exhibit H: Resolution regarding Annual Meeting/Local Bar Contributions
- Exhibit I: Resolutions honoring Steven Leslie Martin and Irma Rangel
- Exhibit J: Courtesy resolutions for 2003 Annual Meeting
- Exhibit K: STATCO contracts
- Exhibit L: One-year extension of the Texas Legal Directory contract
- Exhibit M: Texas Bar Foundation Support Agreement
- Exhibit N: Policy Manual changes recommended by the Policy Manual Task Force
- Exhibit O: SBOT 2003-2004 budget for presentation to the Supreme Court
- Exhibit P: Internal and Financial Audit
- Exhibit Q: Investment Policy
- Exhibit R: Quarterly Investment Report
- Exhibit S: Volcker Commission Report

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