

MINUTES OF THE TACOMA-PIERCE COUNTY BAR ASSOCIATION TRUSTEES MEETING

Tuesday, June 16, 2015
Harvester Restaurant 29 N Tacoma Ave, Tacoma
7:15 A.M.

CALL MEETING TO ORDER

President John Christensen called the meeting to order at 7:30 a.m.

PRESENT

President:	John Christensen
Vice President:	Matthew Thomas
Trustee:	Lindsay Camandona
Trustee:	Diane Clarkson
Trustee:	James McCormick
Trustee:	Sarah Richardson
Trustee:	Wendy Zicht
Trustee:	Kevin Rundle
WSBA 6 th District BOG:	Keith Black
Superior Court Judicial Liaison:	Judge Stephanie Arend
Superior Court Judicial Liaison:	Commissioner Diana Kiesel
District Court Judicial Liaison:	Judge Margaret Ross
Collaborative Law Liaison:	Lynn Johnson
VLS Liaison:	Jason Ruyf
VLS Staff Attorney:	Mark Morzol
Law School Liaison:	John Weaver
TPCBA CPA:	Gwynne Glavicic
Executive Director:	Kit Kasner

ABSENT

Secretary/Treasurer:	Kenneth Blanford
Immediate Past President:	Dawn Farina
Trustee:	Sophia Palmer
Trustee:	Dwayne Christopher
Superior Court Judicial Liaison:	Judge Ronald Culpepper
Municipal Court Judicial Liaison:	Judge Elizabeth Verhey
Criminal Law Liaison:	Maureen Goodman
Criminal Law Liaison:	Michael Schwartz
WA Woman Lawyers Liaison:	Brittany Mahugh
PC Minority Bar Liaison:	Sarah Lee

John Christensen introduced and welcomed Gwynne Glavicic, TPCBA CPA; and Mark Morzol, new VLS Staff Attorney.

REVIEW AND APPROVAL OF THE MAY MINUTES

Minutes from the May meeting were approved without change.

REPORTS OF THE OFFICERS

President's Report – John Christensen

John reported the Paint Tacoma Beautiful community service project is well on its way. Matt Thomas and John, have training on June 23rd to become “crew leaders”. John encouraged those interested in helping with this project to complete their “crew member” application on line. Work on this project, a single story home, will begin in July/August. John encouraged committee chairs/section presidents to check o

community service project for their group. John also mentioned that the Sports Law CLE at Cheney Stadium was a great event.

May Financial Report – Matthew Thomas

Matt Thomas gave the report for Ken Blanford. More expenses were reported year-to-date than income due in large to the costs of our new TPCBA website.

UNFINISHED BUSINESS (CARRY OVER ITEMS)

Discussion of Moranco Proposal – John Christensen/Gwynne Glavicic

John Christensen gave an overview of the Moranco proposal, which is a proposal where they basically have an agreement in exchange for endorsement rites. Members wanting E & O malpractice and healthcare insurance would go through Moranco. Moranco then provides funding for certain events. This proposal was made a few years ago to a different board and different president and it was rejected by the association as the proposal, then, would have jeopardized our non-profit tax status. Since then Moranco created a buffer called LAT in which they actually share premiums and fund projects.

Gwynne Glavicic, TPCBA CPA, gave an overview of the Moranco proposal and her observations. She summarized what 501 (c) (6) organizations like ours run into when they consider “other funding sources” that are not exactly related to their exempt purpose.

The primary concern is, what is the risk of losing our exempt status? We have a 100 year certificate of our status which is very important to the bar. With that in mind she also discussed what it would take to lose our exempt status.

In summary, unrelated business income is the tax terminology for income of this nature that is not related to our exempt status. In order for income that we receive to be considered UBI (unrelated business income) it must be regularly carried on and not directly related to our exempt status purpose. The Moranco proposal is clearly unrelated business income by definition.

Gwynne reported that unrelated business income is not bad, we currently have some in the form of advertising. The question, is the unrelated business income “substantial”? To become “substantial” it requires “substantial” services performed by the organization. And then the intent of the enterprise, the business, is to raise money. In looking at the existing contract about how much activity this is going to require, it doesn’t sound like it would rise to the level of “substantial” right away. She said she has worked with some 501 (c) (6) organizations that have risen to that level and participated in generating sales of large amounts, at that point you would need to drop the activity down into a separate entity from our exempt organization and it would be a taxable entity/conducting business separately. The risk is if it is “substantial.” In explanation, UBI is potentially not taxable - you perform no administrative services, don’t provide testimonial, don’t provide mailing lists, etc. In this contract they are specifically saying the opposite. They are not saying they have to be exclusive but they are asking for more than just a passing involvement, they are looking for an endorsement. So it would at least rise to the level of being taxable UBI. It looks like they are requiring some administrative services, costs, etc. Bottom line it would be taxable under the corporate tax rates. We will be allowed to allocate some expenditures to it. But it is a taxable source.

There were two components to the contract as she saw it, sponsorship of events and then the shared revenue. The shared premiums, the commissions, would be the UBI component. The sponsorship moneys held by LAT, would be used to fund projects. Both pieces of this contract she believes would be taxable.

She further explained that losing our tax status is quality and quantity of services performed. There is no metric or gross revenue test, there is no standard there. When you run afoul is when you engage in more and more trade or business when you look more like a taxable trade or business to the IRS, then a tax exempt membership organization. She encouraged us to look at that against our mission statement.

She also suggested that we look if any one has any private interest or private business interest in Moranco or any family member does. She also said to consider the possible “conflict of interest”. With so

many people and so many business networks, look if there is a conflict of interest. By committing to one agency you exclude others. That's just a business/ethical concern.

If you have substantial taxable UBI, 501 (c) (6) organizations do often times have to file a supplemental return in addition. TPCBA is already doing this for their magazine advertising, it's just not at a "substantial" level. "Substantial" would take some time to reach. You don't really see it become "substantial" until it's too late. UBI is subject to federal taxes and B & O.

If we lose our 501 status it is bad? Our net income would be taxable, sales tax, B & O, etc. in a trade or business. Tax is not the end of the world but it changes the whole intent of what the bar is all about. You lose the ability to promote the welfare of lawyers.

Moranco is an agency that provides services to many providers. They are a broker. In 2011 they wanted us to be licensed to sell insurance which is a whole different matter.

Wendy Zicht suggested Moranco pay us \$\$ and be a big sponsor at our convention, and at our "other" events, and purchase advertising in our magazine, which would be without risk to us.

Gwynne would like to see Moranco define the administration services. She also suggested there be a termination clause. What level of administrative services and costs would be provided by them and what level by the bar? What is the reason for Moranco? What is the benefit of the bar for entering into a business with Moranco?

It was unanimously approved to table the proposal in order to gather more information from Moranco. John will next go back to Moranco with the following questions:

1. We need more information on what "administrative services" the Bar Association would be required to perform under the agreement. This is important for us know because the greater the services, the more likely we are to jeopardize our tax free status.
2. What is the term of the agreement. Is the agreement renewed each year?
3. Will Moranco be asking the Bar Association to recommend and endorse its services for both E&O Insurance as well as Health Care Insurance?
4. The Bar has a policy of not releasing the membership email or contact list. Will this pose a problem under your proposal.
5. Do you have a ballpark number of what the UBI would be for the first year under the agreement?

REPORTS OF THE LIAISONS/COMMITTEES/SECTIONS

Superior Court Judicial Liaison Report

Judge Cuthbertson reported and congratulated Sean Davis, Pierce County Prosecutor, who has been elected to serve as a new member of the WSBA Board of Governors, at an at large position, representing the young lawyers, taking the place of Robin Haynes (Governor at Large).

Judge Arend stated the bench adopted 18 staggered rotations. The new panel rotations, effective July 6 are attached to this report.

Superior Court's Community Service Project is Habitat for Humanity. They are also working on the Pierce County Superior Court History Project which will include photos of all the past 92 superior court judges, reframing the photos from the Law Library area, courthouse history (there have actually been four Pierce County courthouses) and pictures, etc. She said there are many facets to this project and they applied for a grant to help support it.

District Court Report

Judge Ross reported that District Court has started a behavior health program with help from probation officers and they are working with folks that provide different kinds of behavioral health providers. Trying to keep lines of communication open.

Volunteer Legal Services Report

Jason Ruyf introduced new VLS Staff Attorney Mark Morzol. He an essential part in their plan to expand access to justice in Pierce County, specifically in their housing justice project. To be able to have an attorney on staff to reach another of their program's goals, is proof of the evolution of the VLS program and something we should all be very proud of.

Young Lawyers Report

Lindsay Camandona reported a summer social for the entire Bar is planned for July. She also reported they are in the planning stages for doing the new Bar directory and are working with a printer and photographer, trying to get it set up, with plans for taking pictures in the fall.

Family Law Section Report

Kevin Rundle reported the Family Law section had their CLE which was very successful and the section is working on their community service project which is helping the Pierce County Health Department Infant Mortality Program.

Mentorship Committee Report

Chair Wendy Zicht reported they are still finalizing their mentorship forms and will meet next week to finally finalize the forms. Members want this to happen.

Collaborative Law Report

Lynn Johnson reported they did a training for their membership last month. They have a big training coming up for anyone that wants to get the initial training in February, that will satisfy the basic training requirements. PCCDR has an ongoing mediation training. They have a session that begins in July.

Wendy takes over as president on July 1st. The section is comprised mostly of collaborative law professionals consisting of approximately 25 members both lawyers and non-lawyers, psychological social workers, financial planners, etc.

Judge Arend stated the local rules were approved, effective in September which included the forms that collaborative law be applicable to any type of civil case.

Additional

John Weaver added we should be thinking about student membership. He will acquire a list of new students if possible for future discussion as to the details of the TPCBA involvement and membership.

Lastly, John reminded the board of Judge Larkin's retirement celebration which will be held on Wednesday, July 22nd at the Yacht Club. RSVP tpcba1@aol.com.

ADJOURNED 8:30 a.m.

Stephanie Arend

From: Sara Hamilton
Sent: Monday, June 15, 2015 8:33 AM
To: SUPJUDGES; SUPJAS; SupCDrt; Meagan Foley; Lloyd Oaks; Amber Hoff; Laura Harmon; Carly Kummerlowe; Zachary Dillon; SUPCRIMADM; PCSupCrimCoord; Jail Desk Coordinator; Tony Genga; George Wasson; Stephen Penner; John Sheeran; Michael Kawamura; Mary Kay High; Pamela Cvitanovic; Maureen Goodman; Michael Schwartz (mschwartz@mschwartz-law.com); Jacquelin Butcher; Cheryl Capps; Kelli Wolfe; Suzanne Faker; SUPCALCOORDS; Cristina Platt; Kristine Maine
Subject: Upcoming Panel Rotations (7/6/15)

The following new panel rotations are effective Monday: July 6, 2015:

****BOLD indicates change in panel assignment**

Department	Judge	Current	New
1	Orlando	Family (FAM CRT 1)	Criminal- SAU/TU1 <i>Taking Over Dept. 22 Cases</i>
2	Stolz	Civil	Criminal
3	Larkin	Criminal	Criminal
4	Chushcoff	Civil	Civil
5	Hogan	Criminal- SAU/TU1	Civil
6	Nevin	Criminal	Criminal- CDPJ
7	Costello	Criminal- CDPJ	Criminal
8	Tollefson	Criminal	Criminal
9	Murphy	Criminal- Drug/MHC	Criminal- Drug/MHC
10	Johnson	Criminal	Family (FAM CRT 1)
11	Whitener	Criminal	Criminal
12	Arend	Family (FAM CRT 2)	Family (FAM CRT 2)
13	Nelson	Juvenile (R. HALL 1)	Criminal- SAU/TU1 <i>Taking Over Dept. 5 Cases</i>
14	Serko	Juvenile (R. HALL 2)	Juvenile (R. HALL 2)
15	Leanderson	Civil	Civil
16	Martin	Civil	Criminal
17	Culpepper	Civil	Civil
18	Rumbaugh	Criminal- SAU/TU1	Criminal- SAU/TU1
19	Sorensen	Criminal	Civil
20	Van Doorninck	Criminal	Criminal
21	Cuthbertson	Criminal- PJ	Criminal- PJ
22	Hickman	Criminal- SAU/TU1	Juvenile (R. HALL 1)

Sara Hamilton
Criminal Court Coordinator/ Superior Court
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