

**Philadelphia Bar Association
Board of Governors
October 28, 2010**

The Chair Richard Seidel called the meeting to order at 4:03 pm. The Chair made a motion that the Minutes from the September meeting be approved, which was seconded and the Minutes were approved.

Treasurer Joe Prim reported that expenses are over budget and dues are under, but LRIS is ahead, leaving the overall results ahead by \$60,000. Certain expenses were not expected and some anticipated dues did not come in as projected. A Motion was made and seconded to approve the Treasurer's report and the report was approved.

New Diversity Director Naomi McLaurin was introduced to the Board. Naomi McLaurin will head the Association's Office of Diversity. She has hit the ground running and will attend the Diversity Summit hosted by the Pennsylvania Bar Association Minority Bar Committee October 22, 2010.

The Chair then recognized Stewart Weintraub, former Tax Section Chair, concerning City of Philadelphia business tax issues. City Council persons William Green and Maria Quinones-Sanchez recently met with leaders of the Association and asked for input from the bar on a tax bill they intend to introduce to City Council. Tax Section Chair Dan Blickman, Tax Section members and some members of the Cabinet were present. Attorney Weintraub stated that there are a number of options, including consideration of a resolution addressing the proposal or simply to get a sense of the board on the proposal.

According to Attorney Weintraub, the City of Philadelphia imposed three taxes on all businesses starting in the 1950s and a net profits tax on entities like partnerships and sole proprietorships. Some taxes have gone away, but the business privilege tax and net profits tax for unincorporated businesses remain. In 2003, a commission was convened and recommended that the business privilege taxes be phased out. On November 25, 2003, a Resolution was approved by the Board of Governors to phase those taxes out so this Association is already on record in this regard. The current business privilege tax rate is 6.45 percent on net income and there is a tax of .1415 percent on gross receipts. There is a net profits tax with a split rate - residents are taxed at 3.928 and non residents are taxed at 3.4985 percent. Law firms are structured in different ways - some are partnerships and some are corporations. The playing field is not level in regard to the impact of these taxes. The proposal is that over 4 to 5 years, the business privilege tax would be phased out but the gross receipts rate would go up. While the unincorporated law firms would save money, the incorporated law firms would see an increase in taxes if this proposal was adopted.

Mr. Weintraub stated that the issue presented is whether the Association takes a position or helps to craft tax solutions for the City, whether we are a trade association or a member of the business community. The City would have concerns about the impact on the economy, who winners and losers are and that if businesses are not going to absorb more taxes, businesses will

pass them on or cut expenses and jobs. William Green has experts, including economists at the University of Pennsylvania and different answers have been received as to the impact on the economy and whether it will be positive or negative. Tax Section Chair Dan Blickman added that many law firms will benefit but those that are organized as corporations will not. He thought that the Association as a whole could make some effort to review from a tax standpoint if the proposal could help improve the public's perception of the City and region.

There was discussion by the Board as to which businesses would benefit and which would not and whether there was the possibility of job growth or job loss. Chancellor-Elect Rudy Garcia stated he did not think the Association can take a position that hurts some firms and helps others. There was discussion of the Association using its expertise to the extent it can be helpful to the process. Another member stated that there are a lot of concerns how the budget shortfall would be made up and that there are already budget cuts. Chancellor Cooper stated he sent a letter to several firms to get their positions and thanked all the tax lawyers involved.

The Chair announced he attended the Bench-Bar and commended the Co-chairs Regina Foley and John Savoth. Jeff Gross and Michael Petitti were commended for obtaining the sponsorships for the Bench-Bar.

Chancellor Cooper gave his announcements and also stated that the Bench-Bar went very well, with many judges calling and writing to him about how wonderful it was. He noted in particular the work of the Historical Society, the John Peter Zenger play, and that Pennsylvania Bar Association President Gretchen Mundorff and foreign luminaries of the Bar in Lyon, France were in attendance.

Chancellor Cooper also announced that the Green Ribbon Task Force is on the Association website and that he has received thanks from two firms for this work. With help from Lou Rulli, the Association is involved in supporting federal legislation to preserve the unlimited FDIC protection for IOLTA accounts. Chancellor Cooper spoke briefly about the settlement in the bankruptcy matter which involves the Family Court building. Chancellor Cooper hosted a dinner for leaders of the 5 county bar associations, the Camden Bar Association, and the PBA on October 21, 2010. The dinner was a great exchange of ideas for CLEs and programs the associations could do together. Chancellor Cooper attended the National Council of Bar Presidents meeting, where he discussed the Association's programs and advertising, and received great feedback.

On October 21st, Chancellor Cooper had a meeting with the Mayor of Philadelphia, Managing Partners of the largest Philadelphia law firms, representatives from the plaintiffs' bar, Ron Kovler, President of the Philadelphia Trial Lawyers Association, and law school Deans. They talked about keeping jobs in Philadelphia and the Association's role generally. The Mayor very strongly supported the bar and the meeting put the bar in very favorable light. There will be a similar meeting for the public sector in future. Chancellor Cooper thanked and recognized the entire bar staff for all their help over the last month.

The Chair recognized Amy Ginensky, President of the Philadelphia Bar Foundation, to give a report. She spoke about the work of the Foundation and showed appreciation for those attorneys who have been working on the Andrew Hamilton Benefit. The Foundation raises money and gives it to non-profit legal organizations. \$563,000 was given last year to 33 organizations, which is a record amount, and a year the economy was in recession. There is a detailed process for obtaining a grant. The Foundation solicits applications, interviews the applicants, and makes site visits to public interest organizations, to get an in depth knowledge of the organizations, make effective decisions and set priorities. They also recognize synergy and make suggestions regarding which groups should talk to which groups. If there are problems within a group, the Foundation makes suggestions and encourages changes to be made.

The funds the Foundation gives are for operating costs. The Mortgage Foreclosure project is a great example of how the funds can help; VIP had Foundation grants which helped them get the project off the ground. Money is raised by fundraising, events, YLD Comedy Night and the Andrew Hamilton Benefit. There are 500 individual givers to the Foundation. There is an individual giving campaign going on in some firms. Ms. Ginensky invited everyone to come to the Andrew Hamilton Benefit on November 6th, which will feature an event in the Eagles locker room for patrons of the Benefit, live and silent auctions, with items to bid on such as a week in Spain, an African safari, a suite at a Phillies game next to the Mayor's box, a weekend in Cape May, and more. She encouraged each member of the Board of Governors to contribute to the Bar Foundation.

The Chair recognized Chancellor-Elect Rudy Garcia to give a brief overview of the proposed 2011 budget. He stated that revenue is projected to be just slightly ahead of 2010, with the assumption of a little more from LRIS, a number of increases on dividends, and a boost in meeting revenues and sponsorships. He projects a 10 percent increase in health insurance costs. Chancellor-Elect Garcia is hoping that one of the ways to reverse any loss of members will be with Fastcase legal research service. If a law firm has 100 percent of their members join the Association, they can use Fastcase, which will help the firm save money on the costs of legal research that cannot be billed to a client. He hopes this will bring in additional members. The Association is going to try it for a one year period. There is no expense for Fastcase shown in the budget. Chancellor-Elect Garcia moved that the 2011 budget be adopted; the motion was seconded and the 2011 budget was approved unanimously.

Executive Director Ken Shear announced that the Judge of Elections has approved a new date of November 18th for mailing of the ballots to voting members of the Association for upcoming bar elections. This will enable the members of the Association to have all the information about the candidates from the Election Guide in the Bar Reporter monthly newspaper and from the Candidates Forum.

The meeting adjourned at 5:23pm.

Respectfully,

Kathleen D. Wilkinson
Secretary

Board of Governors
Attendance
October 28, 2010

Present:

Scott Cooper
Richard S. Seidel
Sophia Lee

Rudolph Garcia
Kathleen Wilkinson
Joseph Prim

John Savoth
Wesley Payne

Regina Foley
Michael Berkowitz
Karen Detamore
Maria Feeley
Jeffrey Gross
Tom Wilkinson
Hon. A. Michael Snyder
Louis Rulli

Danielle Banks
Jeffrey Campolongo
Sean Sullivan
Brandi Brice
Pedro Ramos
Cheryl Gaston
Kenneth Shear
Amy Ginensky

Kimberly Ruch-Alegant
Scott Sigman
Stacy Tees
Marc Tepper
Angus Love
Daniel Blickman
Scott Reid

Absent:

Jacqueline Segal
Larry Beaser
Mehrin Masud-Elias
Richard Harris
Michael Shaffer
Sayde Ladov
Gaetan Alfano
Albertine DuFrayne
Carolyn Chopko
Lee Applebaum
Peter Berson
Shanese Johnson
Judith Stein

