
**GOVERNANCE COMMITTEE MINUTES
BUFFALO FISCAL STABILITY AUTHORITY
MONDAY, JANUARY 28, 2008**

The following are the minutes from the Buffalo Fiscal Stability Authority Governance Committee meeting on Monday, January 28, 2008, at the Buffalo & Erie County Public Library's Central Branch.

Directors Present: Arthur, Kolkmeier, Mertz & Townsend

Staff Present: Kelly, Link, Miller, Mitchell, Mobley and Stefko

The Buffalo Fiscal Stability Authority Governance Committee meeting was called to order at 12:32 AM by Vice Chair Alair Townsend. Director Townsend asked BFSA Acting Executive Director Dr. Joseph Stefko to present the three items on the agenda to the Committee for review and/or approval.

Internal Control Framework

Dr. Stefko informed the Committee that BFSA's staff has been working to revise the internal control framework to ensure compliance with the Public Authority Accountability Act (PAAA) of 2005. He then directed the Committee members to the draft "Internal Control Program Handbook" explaining that this document is the first step in modifying the internal control framework and called attention to the process diagram.

Dr. Stefko explained that step 2 in the process requires the formulation of action plans to mitigate the risks currently identified in this draft document. Current plans are to present the completed document for approval at the next Governance Committee meeting.

Chair Paul J. Kolkmeier asked whether the State provides specific criteria or guidelines to serve as a foundation for developing governance rules or internal control frameworks.

Dr. Stefko responded that the State Commission that studies the internal control environment does provide guidelines and material to assist governments and agencies in formulating their internal control frameworks.

Paul Kolkmeier then questioned whether the State identified risk areas that do not apply to BFSA.

Dr. Stefko responded that the State does not identify specific process or areas of risk, but leaves that activity open for each organization's, government's or agency's discretion.

Chief Financial Officer Bertha Mitchell informed the Committee that additional internal control policies are currently in place as part of the internal control framework. These initiatives that the staff is working on will consolidate the internal control activities under one umbrella.

Director Townsend noted this initiative is the result of Chair Kolkmeier's suggestion that BFSAs internal control framework be designed with the tenets and principles of the Sarbanes-Oxley Act of 2002 as a guide.

Standards to Promote "Good Governance"

Dr. Stefko proceeded with his review of BFSAs Corporate Governance Guidelines explaining that the objective of these guidelines are to support BFSAs by-laws, code of ethics and State laws defining BFSAs roles and responsibilities.

Secretary George K. Arthur requested that the words "public body" be replaced with the word "Board" in the Executive Sessions section of the handbook. These changes would result in the following modifications:

Currently reads, "Upon a majority vote of its total membership, taken in an open meeting pursuant to a motion identifying the general area or areas of the subject or subjects to be considered, a public body may conduct an executive session..."

Is revised to read, "Upon a majority vote of its total membership, taken in an open meeting pursuant to a motion identifying the general area or areas of the subject or subjects to be considered, the Board may conduct an executive session..."

Currently reads, "Attendance at an executive session shall be permitted to any member of the public body and any other persons authorized by the public body."

Is revised to read, "Attendance at an executive session shall be permitted to any member of the Board and any other persons authorized by the Board."

Chair Kolkmeier, in referring to #4 "Board Attendance" on page 4, asked that staff research the extent to which Board attendance can be defined, with the objective of capturing the "strongest language possible" for this guideline. He noted that although Board members are appointed this should not affect their attendance at meetings. Director Arthur suggested that language should be included stating that attendance is expected unless a Director has notified the Board in advance and is excused.

Whistleblower Policy

Director Townsend introduced a resolution to adopt the whistleblower policy. She explained the necessity of this policy with respect to PAAA mandates.

Dr. Stefko informed the Committee that although BFSAs has a whistleblower policy in place as part of its Employee Handbook, the whistleblower policy has never been adopted formally by the Board. He noted that the tenets of this policy are standard throughout both the private and public sectors.

Director Townsend asked if the policy needed approval from the full Board. Dr. Stefko stated that the Committee will need to pass a motion to send the resolution to the Full Board with a recommendation to approve.

Director Arthur requested a copy of BFSA's Employee Handbook and asked how whistleblowers are protected by the Authority.

Director Townsend responded that the open public meetings forum helps to protect whistleblowers from retaliation.

Motion to send the resolution to the full Board for approval by Kolkmeier, second by Townsend. Approval 4-0 to send the resolution to the full Board for approval.

Motion to adjourn by Kolkmeier, second by Arthur. The meeting adjourned at 12:44.

