

BUFFALO FISCAL STABILITY AUTHORITY
Governance Committee Meeting Minutes
March 11, 2010

The following are the minutes from the Governance Committee (the “Committee”) meeting of the Buffalo Fiscal Stability Authority (the “BFSA”) held on Thursday, March 11, 2010, in the Buffalo and Erie County Central Public Library Auditorium. The meeting was called to order at 12:06 PM.

Board Present: Arthur & Johnstone

Board Excused: Olsen

Staff Present: Kelly, Link, Miller, Mobley and Mongold

Additionally Present: Mr. A.V. Buzard, Esq., Legal Counsel with Harris Beach, PLLC

Opening Remarks

Executive Director Jeanette Mongold opened the meeting. She noted the excused absence of Committee Chair Nils Olsen and noted that Secretary George K. Arthur would facilitate the meeting in his stead.

Director Arthur thanked those in attendance and noted that the meeting’s agenda included the following:

1. An internal controls review;
2. Proposed modifications to the BFSA Bylaws; and
3. A calendar of public meetings for the remainder of 2010.

Director Arthur called a roll of the members. Finding a quorum present, the meeting proceeded.

Approval of Minutes

Director Arthur introduced Resolution No. 10-01, “Approving Minutes and Resolution from July 29, 2009.” He asked for a motion to approve the resolution.

Motion to approve by Johnstone, second by Arthur.

RESOLUTION NO. 10-01
APPROVING MINUTES AND RESOLUTION FROM JULY 29, 2009

BE IT RESOLVED that the Buffalo Fiscal Stability Authority approves the minutes of its meeting of July 29, 2009, and ratifies and affirms resolution 09-01 that was approved on said date.

This Resolution shall take effect immediately.

Vote 2-0 to approve.

Internal Controls Review

Director Arthur noted the following:

- * The Public Authorities' Accountability Act requires that the BFSa have an internal control framework and that it be regularly reviewed and updated as necessary.
- * The BFSa has an internal control manual which defines the purposes of BFSa's internal controls, identifies control objectives, and provides the overall framework of the internal control system.
- * Principal Analyst Mike Kelly, [who also serves as] BFSa's Internal Controls Officer, has been performing the internal control review and has prepared a memo to assist this Committee in fulfilling its responsibilities as they relate to overseeing the adequacy of BFSa's internal controls.
- * The memo and the final results of the review have been provided to all members of the Board.

Director Arthur requested that Mr. Kelly address the Committee and discuss his analysis.

Mr. Kelly addressed the Committee and provided the following information:

INTRODUCTION

- * As part of BFSa's ongoing responsibilities, the organization maintains a rigorous system of internal controls to safeguard BFSa assets and assist the organization in meeting its mission.
- * Periodically, staff is asked to update the Committee and Board on BFSa's Internal Controls and provide a summary of what work has been occurring since the last update.
- * BFSa has been conducting risk assessments and has completed assessments on the following two areas: "Business Expenditures, Authorization and Payment" and "Accounts Payable, Recording and Processing." Additionally, BFSa will complete testing on "BFSa Budget Preparation and Approval," once final budgets are approved in the approaching budget season.
- * Once assessments are completed, any findings are discussed with the Executive Director and other appropriate staff as necessary. During the latest round of risk assessments, minor control improvements were noted, including procedures to "close the loop" on purchases and better processes for keeping paperwork and records together.
- * After the current risk assessments are completed a new round of assessments will start, which will include the following areas:
 - payroll recording and processing;
 - document retention and storage; and
 - investment initialization and monitoring.

ANALYSIS

- * In 2009, the Internal Controls Officer developed a biannual internal controls memo that is distributed to staff for educational purposes.
- * The memo includes background information on internal controls, multiple choice questions and other thought provoking information designed to improve BFSa internal controls and keep the staff thinking about these important matters. The memo is distributed in June and December each year.
- * Additionally, BFSa is required to submit an Internal Controls Summary and Certification to the State of New York each year. The report is prepared by the Internal Controls Officer and will be submitted by April 30, 2010.

CONCLUSION

- * Despite BFSA's small size, BFSA has an effective system of internal controls including proper segregation of duties and the organization continues to make internal controls a priority.

Mr. Kelly concluded his comments to the Committee.

Director Johnstone thanked Mr. Kelly and noted that the material was "complete and helpful." She stated that it would be "more complete and more helpful" if dates of incidents were added into the material. Mr. Kelly replied that he would add the requested information in the future.

Modification of the BFSA Bylaws

Director Arthur introduced the next item on the agenda, a review of proposed changes to the BFSA's Bylaws. He noted the following:

- * In 2008, the Board requested that the Bylaws be modified to cover the process for cancellation and rescheduling of public meetings.
- * The staff, with advice and assistance from Harris Beach, PLLC, provided the requested amendment for the Committee's consideration in December 2008. The item was tabled to allow for additional time to review the changes.
- * Many of the changes simply clarify areas that were already included in the Bylaws.

Director Arthur added that he had requested the tabling of the changes. The intent was to allow for further time to review the proposed changes in the document as well as to work with then Harris Beach counsel, Mr. Bill Smith, Esq., on additional new language. Shortly after the tabling, Mr. Smith left Harris Beach; the additional work had not been completed.

The proposed changes to the Bylaws do not adequately address meeting cancellations. As the Bylaws read, the Chair may cancel a meeting without issuing an explanation or without adequate notice. Also, the Bylaws do not prohibit a special meeting of the board being called without a stated purpose. A special meeting of the Board should be called with one specifically stated purpose. He directed Harris Beach Counsel, Mr. A. Vincent Buzard, Esq., to draft language specific for a future revision of the Bylaws to address these issues.

Director Johnstone replied that approving the proposed revisions to the Bylaws was prudent. Drafting additional language for consideration by the Committee at a future meeting was also prudent.

Mr. Buzard noted the Chair's stated desire not to unilaterally cancel meetings, making the changes less urgent. He agreed to draft language to submit to the Committee for future consideration, per Director Arthur's request.

Motion to approve the Bylaws to the full Board with a recommendation for approval by Johnstone, second by Arthur.

Vote 2-0 to approve sending the revised Bylaws to the full Board with a recommendation for approval.

2010 Meeting Calendar

Director Arthur introduced the final item on the agenda, the proposed 2010 BFSA Board of Directors' public meeting calendar. He noted:

- * BFSA's staff has indicated that there are no known conflicts in the revised schedule, originally disseminated to the full Board with the February 2010 board book.
- * The copy of the calendar received for the current meeting includes a changed date for the Public Forum, moving it to Monday, May 10th at 6:00 PM from May 12th. The change in the date was necessary to comply with the BFSA Act, which requires a public forum to be held within ten days of receipt of the Mayor's proposed budget and four-year financial plan.

Director Johnstone sought confirmation that the May 12th Board meeting had not been moved.

Director Arthur confirmed that it had not; only the Public Forum has been rescheduled.

Motion to send the material to the full Board with a recommendation for approval by Johnstone, second by Arthur.

Vote 2-0 to approve sending the material to the full Board with a recommendation for approval.

Adjournment

Director Arthur asked if there was any further business. Hearing none, he asked for a motion to adjourn.

Director Johnstone offered a motion to adjourn the meeting that was duly seconded by Director Arthur. The meeting adjourned at 12:21 PM.