

BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes
August 4, 2014

The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the “BFSA” or the “Authority”) held on Monday, August 4, 2014, in the first floor conference room of the Buffalo Market Arcade Complex. The meeting was called to order at 1:10 PM.

Board Members Present

Arthur, Brown (proxy Estrich), Floss, Jurasek, Mesiah, Olsen, Poloncarz (proxy Williams)

Board Member(s) Excused

Doherty

Staff Present

Collin, Link, N. Miller, R. Miller, and Mongold-Robe

Additionally Present

Mr. James Magavern, Esq., Magavern Magavern & Grimm LLP

Opening Remarks

Chair Olsen called the meeting to order and reviewed the meeting protocol.

Chair Olsen noted that the Governance Committee had met earlier and had recommended that the full Board review and approve various BFSA policies in addition to the Annual Procurement Report and the Prompt Payment Report.

Chair Olsen reviewed the agenda for the meeting as follows:

- A review of recommendations from the Governance Committee for approval of various policies and reports;
- A review and discussion of the Buffalo Board of Education’s (“BOE”) recently issued “Vision for Buffalo Public Education”;
- A review of a Buffalo Municipal Housing Authority (“BMHA”) fiscal year (“FY”) 2013-14 budget modification;
- A brief organizational overview provided by BFSA staff.

Chair Olsen noted that prior to concluding the meeting; the Privilege of the Floor would be extended to any member or members of the attending audience who wished to comment for the public record on any actions taken by the BFSA at the meeting.

Chair Olsen called attention to the annual certification regarding the Directors’ compliance with the Code of Ethics. The certification form had been distributed to the Directors. Upon individual review and signature, it needs to be returned to the Internal Controls Officer, Mr. Bryce Link.

Chair Olsen noted the Board self-evaluation is required to be conducted annually. An evaluation form was provided to each Director at this meeting. The process is confidential and responses will be compiled at the next Governance Committee meeting to be held on September 24, 2014. Chair Olsen asked each Director to complete the evaluation and mail the item to the BFSA Office in the self-addressed, pre-stamped envelopes provided for anonymity and convenience. Chair Olsen requested the Directors not have any identifying marks on the evaluation form. He and Ms. Mongold-Robe noted the Governance Committee approved the evaluation form with the following amendment: the date portion to not be completed, so handwriting cannot be identified.

Roll Call of Directors

Chair Olsen deferred to Secretary Arthur to call the roll of the members. Finding a quorum present, the meeting commenced.

City of Buffalo Commissioner of Administration, Finance, Policy, and Urban Affairs, Ms. Donna Estrich, represented Mayor Byron W. Brown, in accordance with Subdivision 1 of §3853 of the BFSA Act.

Erie County Constituent Services Assistant, Mr. Leonard Williams, represented County Executive Mark C. Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSA Act reads: “...*The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the signal designee....*”

Approval of the Minutes of the Meeting held on June 18, 2014

Chair Olsen advanced the agenda to the first item for consideration: a review of the draft meeting minutes from June 18, 2014. He introduced Resolution No. 14-09: “Approving Minutes and Resolutions from June 18, 2014,” and requested a motion to approve the item.

Director Floss offered a motion to approve Resolution No. 14-09.

Director Messiah seconded the motion.

RESOLUTION NO. 14-09

APPROVING MINUTES AND RESOLUTIONS FROM June 18, 2014

BE IT RESOLVED that the Buffalo Fiscal Stability Authority hereby approves the minutes of its meeting on June 18, 2014.

BE IT FURTHER RESOLVED that the Buffalo Fiscal Stability Authority ratifies and affirms Resolution Nos. 14-05 through 14-08 that were approved on June 18, 2014.

The Board voted 7-0 to approve Resolution No. 14-09.

Buffalo City School District
Vision Statement

Chair Olsen advanced to the next agenda item: a discussion of the Buffalo City School District (“BCSD” or the “District”) “A Vision for Buffalo Public Education” statement (the “Vision Statement”). The Vision Statement was issued by the new majority of the Buffalo Board of Education (“BOE”) to the public at-large shortly after the new members were sworn in.

Chair Olsen reviewed the Vision Statement and noted that it acknowledged the dismal graduation rate of the BCSD, a concern that the BFSA Board had spoken about at prior meetings. Recently, the New York State Education Department issued the final graduation rates of the BCSD for FY 2013-14. There were some improvements compared with historical rates. The rate tends to fluctuate within the range of the report. The District-wide graduation rate for fiscal year (“FY”) 2013-14 was 53% (fifty-three percent).

Chair Olsen noted that the expansion of high performing public schools including charter schools was included as one approach to improving graduation rates. The BOE’s Vision Statement includes an increase in the number of charter school classroom seats to as many as can be provided by the start of the 2015-16 school year. The specific number of seats has not yet been determined, however the Vision Statements cited that there was an estimated, immediate need for up to 3,600 seats. The expansion of charter schools and the added seats would have an immediate financial impact on the District, as the District must remit a fixed tuition amount to the charter school for each Buffalo resident student enrolled in it. The amount per student in the 2014-15 school year is \$12,850; about 10% (ten percent) of the District budget is payments to area charter schools. The amount paid to charter schools per student does increase after this fiscal year, but the District will be reimbursed by New York State for the increase. There are approximately 42,000 students in Buffalo; an estimated 7,000 are currently enrolled in Charter Schools, which represents 18% (eighteen percent) of the District’s population.

Chair Olsen reviewed other broad approaches in the Vision Statement which may or may not have a financial impact, or significant financial impact, on the District. The approaches included:

- Expanding criterion school capacity – add 800 seats by school year 2015-16;
- Reviewing the Career and Technical Education (“CTE”) offerings;
- Transfers to suburban school districts – a short term option of transferring students to suburban schools. Chair Olsen mentioned his personal thoughts about this and felt that resources could be better spent within the District than outside of it.

Chair Olsen noted there were items in the Vision Statement that would provide financial reform, all of which Chair Olsen has expressed concerns with in the past. They include:

- Right-sizing facilities – implementation called for the development of a school facility action plan;

- The review and implementation of the recently released Special Education Audit conducted by the Council on Great City Schools – this has been included as an action item in the District’s Programs to Eliminate the Gap action plan with potential budgetary savings of \$3.3 million in FY 2014-15, representing 3% (three percent) of the total special education budget;
- New labor contracts – for both teachers and administrators, both of which are at least 10 (ten) years out of contract. Goals for new labor contracts would include:
 - Increasing teachers base pay,
 - Providing merit pay for teachers,
 - Health care reforms,
 - Work rule reforms, and
 - Professional development.

Any new labor contract for teachers or administrators would need to cover the years beginning in 2004.

The current financial plan of the District does not reflect the financial impact of some of these items. For example:

- Charter school enrollment is estimated at a certain number. Any enrollment increase above that number would result in additional costs;
- Any labor cost increases above the steps the teachers and administrators are currently receiving have not been included in the financial plan.

Chair Olsen noted that the Vision Statement was packed with areas requiring potentially significant expenditures. BFSA’s oversight responsibilities remain. Any four year plan the District proposes should reflect any policy changes expected to be implemented.

Chair Olsen’s comments did not reflect whether District policy was appropriate, as that is what the members of the Board of Education are charged with oversight of, but rather reflected the BFSA’s responsibility to oversee the costs and financial impact of such policies, as that is what the members of the BFSA are charged with.

Director Floss offered his comments on the Vision Statement. He noted that it was an interesting first start and hoped that the Board of Education members would consider it intently.

His comments included concerns for the following financial items:

- System of high performing schools for children – The Vision Statement claims effective teaching counts the most, more than money, class size and demographics. As a professor in Economics and Finance with a history of thorough analysis of teacher education and teaching in school districts, the one variable found over and over that correlates with student testing and scores is poverty. Teachers must be given the tools to be good teachers. To say that quality teachers count more than money, class size or demographics goes against all of the existing research. The whole package needs to be taken into consideration, from a financial standpoint, when putting together a budget.

- Expansion of high performing charter schools – Director Floss expressed his discomfort in using New York State and City of Buffalo funding to grow charter schools before fixing, or attempting to fix, District schools. There is no evaluation method proposed in the Vision Statement to identify what makes it a high performing charter school. There needs to be disclosure of profits for any outside organizations providing services. If a charter school can run a successful program, the public school should be able to run the same program for less money than a private organization as the profit motive is displaced.
- Transfers to suburban school districts - A holistic view of the total costs for the BCSD as well as the costs for parents needs to be examined. The BFSA Board should request that the BOE members take into consideration all costs and factors when reviewing the suburban transfers option.
- New deal for teachers – The New York City school district teacher contract included back pay and moved forward. The much smaller BCSD should be able to accomplish something similar. The merit pay provision in the Vision Statement is of concern. The incentive of merit pay is an ineffective incentive tool. Research shows that teachers are already working as hard as they can; merit pay assumes teachers are not working as hard as they can and just giving them more money will make them better teachers. He feels the BOE members need to address the merit pay issue with research to support their assumption that implementation would be a good idea and effective tool.
- Work rule reform – Research shows it takes 5-7 (five to seven) years for a junior teacher to become a really good teacher; to develop a familiarity with the students, a district, and the community. Value-added models of research from the Rand Corporation and the Stanford University Education Consortium have both done multiple studies on work rule reform. The findings were that teachers who score in the top 10% (ten percent) in the first year, a 3rd (third) will score in the bottom 10% (ten percent) the next year. However the BCSD proceeds, there is a need to have research in place to be sure good teachers are not being fired and replaced with bad teachers. The research conducted to create many value-added models are done by companies; the research should be done by independent entities that do not stand to profit from increased work due to artificially higher teacher turnover.

Director Floss noted that there were items referred to in the Vision Statement that are good and bring value. These include: increased parental involvement, engaging stakeholders, and working with community groups.

Director Mesiah offered his concerns with the Vision Statement. The Bill Gates quote regarding excellent teaching sounds good in this business model but in practice there is more involved. There was a time in Buffalo's academic history when schools were being desegregated and minority students were entering into hostile environments. There was an impact on individuals' learning. The suburban transfer program compares to that time period. Transfers of Buffalo resident students will not lead to the excellent teaching the model refers to. Additional training for teachers through a teacher training institute will.

Director Jurasek referenced Director Floss' comments on the Vision Statement and noted that he agrees with much of it. The most important point Director Floss made was that the BOE needed to prove their methods for student achievement. Although the BFSA does not have governing authority over the BOE, the BFSA should indicate that it will not be a passive observer, as the BFSA does have a fiscal responsibility to the District and the students it serves.

Director Jurasek supports a strong, friendly and firm statement to the BOE stating that it has a unique relationship with the BFSA and, although the BFSA has been ignored in the distant past, this past year the BFSA has had considerable communication with the BCSD Superintendent, Chief Financial Officer, and the members of the BOE. The Chair's comments on the Vision Statement are appropriate.

Chair Olsen followed up by noting that he felt it was incumbent on the BFSA members to maintain a clear and defensible focus on the cost of the programs rather than their likelihood of their success. The new BOE members are coming into a seriously dysfunctional institution that is not providing adequate education to the students. BFSA does not wish to create an adversarial relationship with the BOE but does wish to remind the BOE that if they are going to make significant changes that have a financial impact on the budget it is important they identify that in the plan. Given the boldness of the Vision Statement, it is clear that there are going to be significant costs involved that will have an impact on the budget and that is within the oversight responsibilities of the BFSA. Communication is key. An anticipated dollar amount projected for implementing the Vision Statement and where that money is likely to come from should be provided

Secretary Arthur moved to receive the Vision Statement and authorize the Chair to prepare a communication to the BOE with the written comments as outlined and discussed at the meeting.

Director Floss seconded the motion.

The Board voted 7-0 to approve the motion.

Buffalo Municipal Housing Authority
2013-14 Budget Modification

Chair Olsen introduced the next item of business: a budget modification made to the FY 2013-14 budget of the BMHA. He deferred to Ms. Mongold-Robe to review this item.

Ms. Mongold-Robe began the review by noting that the budget modification affects the fiscal year that ended on June 30, 2014.

Chair Olsen inquired if the modification was timely. Ms. Mongold-Robe responded that it was not.

Chair Olsen requested that it be emphasized to the Covered Organizations that the BFSA expects them to provide the required information in a timely manner. Ms. Mongold-Robe noted that she had followed up with the BMHA regarding the timing of the budget modification. The BMHA expressed that their committee had reviewed the budget modification before the end of the fiscal

year and was unable to get a quorum of their board members before July 1st. Besides the untimely submission of the budget modification, there is a second issue with the document. The BFSA Act states that the BFSA needs to have an opportunity to review and comment on a budget modification before the governing body approves it.

Chair Olsen expressed that a letter needed to be sent to the Covered Organizations reminding them that required information needs to be submitted in a timely fashion. Most agencies are compliant but it is very important for the BMHA to be compliant especially given the fluctuation in revenue occurring due to the federal budget reductions. It was not the first time that a BMHA submission has been late.

Secretary Arthur inquired about the response the BMHA owed the BFSA from a previous correspondence. Ms. Mongold-Robe noted the response has been received and is in the additional documents submitted to the Directors.

Director Jurasek mentioned that the previous request to the BMHA Board asking that reports be submitted to the BFSA in a timely manner. Ms. Mongold-Robe referred to BMHA Chair, Michael Seaman's response that every effort will be made to comply with timely submissions.

Ms. Mongold-Robe discussed the budget modification's impact on the 2013-14 budget. The modification increased expenses by slightly more than \$2.4 million, and increases the use of reserves calculation from \$3.3 million to \$5.8 million. The trend in the use of operating reserves shows that reserves have decreased significantly over a three (3) year period. In 2010 there was \$23 million available; at July 1, 2013 reserves had decreased to \$10.4 million. Reserves are the last draw when expenses exceed revenues. Based on current projections, reserves could decrease to \$4.6 million with a balance as low as \$623,000 in the asset management category.

Chair Olsen recommended that Mr. James Magavern draft a letter emphasizing the statutory responsibilities of the BFSA Act to the BMHA and requesting a meeting with their leadership including the BMHA Board Chair, the BFSA Chair, the BFSA Executive Director, and BFSA legal counsel.

Director Jurasek asked for clarification whether the BMHA financial plan previously reviewed by the BFSA included right-sizing staff and cost reductions. Ms. Mongold-Robe clarified that many budgeted positions were reduced. Director Jurasek followed-up with an inquiry on the status of the cost reduction plans. Chair Olsen noted the District had been instructed to reduce costs. It may be just as appropriate to request the BMHA also reduce their costs.

Director Jurasek inquired about the reserve use of nearly \$6 million of the total \$10 million in the account to balance the current fiscal year's budget. If the BMHA keeps the same budget next year, they will not have \$6 million in reserve to use to balance that budget. How realistic is the BMHA's budget estimate?

Chair Olsen replied that the BMHA is using their reserves at a faster pace than projected; as these agencies approach default, the BFSA needs as much forewarning as possible. Ms. Mongold-Robe stressed that the financial concerns being raised at the meeting are points that she has been in communication with the BMHA about.

Secretary Arthur asked to know the amount of the casino funds received by the City of Buffalo. Ms. Estrich replied that \$15.9 million was received in FY 2013-14 by the general fund. One quarter payment is owed for last fiscal year, an amount equal to approximately \$1.4-\$1.7 million. Chair Olsen called for a motion to direct Mr. Magavern to draft a letter reflecting the discussion at the meeting to the BMHA Chair requesting a meeting.

Secretary Arthur offered the motion to approve.

Director Floss seconded the motion.

The Board voted 7-0 to approve the motion.

Buffalo Fiscal Stability Authority Business

Organizational Overview

Chair Olsen moved onto the next item: a review of various BFSA policies and reports referred to the full Board by the Governance Committee. He asked Ms. Mongold-Robe to provide a review the items.

Ms. Mongold-Robe began the presentation by reminding the Directors that BFSA annually reviews the policies of the Authority and provides an organizational overview. She commenced with a review of the two standing committees of the BFSA, both of which assist the Directors in meeting their statutory obligations:

- Audit, Finance & Budget Committee
 - Responsibilities - to assist the Directors in fulfilling their responsibilities as to Authority budgets, financial operations and controls, accounting policies, reporting practices and sufficiency of audit procedures.
 - Comprised – Board Chair Olsen is the Committee Chair, Director Floss and Director Mesiah. Additional Directors participate in the meetings at the request of the Committee Chair.
 - Meetings – generally convenes 3-4 (three to four) times a year.
 - Agendas – BFSA proposed budgets & four-year plans, BFSA independent audit and BFSA annual report. The Chair may call additional meetings as necessary.
- Governance
 - Responsibilities – to keep the Board informed of current best governance practices, reviewing corporate governance trends, and reviewing and updating the Authority’s corporate governance principles.
 - Comprised – Board Chair Olsen is the Committee Chair, Vice Chair Doherty and Secretary Arthur. Additional Directors participate in the meetings at the request of the Committee Chair.
 - Meetings – generally convenes 2 - 3 (two to three) times a year.

- Agendas – Review, renew and/or modify existing operational policies, internal audit review, implementation/recommendation of new policies and procedures, ensure compliance with New York State laws, and the annual Board of Directors self-evaluation.

Chair Olsen noted that a standing invitation existed for any Director who wished to participate in a committee meeting.

Ms. Mongold-Robe moved on to review the organizational overview of the BFSA. There are five (5) staff members of the BFSA. Ms. Jeanette Mongold-Robe, Executive Director, reports directly to the Directors. Mr. Bryce Link, Principal Analyst/Media Liaison, is the analyst for the City of Buffalo (“COB”) and the Buffalo Urban Renewal Agency (“BURA”). Mr. Nathan Miller, Financial Analyst/Manager of Technology, covers reports for the Board of Education. Mr. Robert Miller, Comptroller, handles financial matters of the Authority as well as reports for the Buffalo Municipal Housing Authority (“BMHA”). Ms. Lisa Collin, Administrative Assistant, provides office support.

Ms. Mongold-Robe moved on to review a snapshot of the collective bargaining units for the City of Buffalo and the Covered Organizations including the Buffalo City School District, the Buffalo Municipal Housing Authority and the Buffalo Urban Renewal Agency. The number of current members per negotiating unit and the expiration date of the collective bargaining agreement was provided for the Directors’ review.

Units out of contract for the City of Buffalo:

- Police Benevolent Association, Police, – 716 employees, expired June 30, 2009;
- Local 264, Blue Collar – 537 employees, expired June 30, 2011;
- Local 650, White Collar / Exempts – 425 White Collar and 114 Exempt employees, expired June 30, 2011;
- Building Inspectors, AFSCME 2651 – 56 employees, expired June 30, 2012;
- Operating Engineers – 24 employees, expired June 30, 2012;

Chair Olsen inquired about the status of the Buffalo Police contract. Ms. Estrich replied they are currently negotiating with the union.

Units out of contract for the Buffalo City School District:

- Teachers, Buffalo Teacher Federation – 3,485 employees, expired June 30, 2004;
- Teacher Aides/Assistants, BEST – 867 employees, expired June 30, 2012;
- Substitutes, Su/B – 777 employees, expired June 30, 2012;
- Bus Aides, TAB – 549 employees, expired June 30, 2014;
- White Collar, PCTEA – 437 employees, expired June 30, 2013;
- Blue Collar, Local 264 – 69 employees, expired June 30, 2013;
- Cooks, Food Service Workers – 113 employees, expired June 30, 2014;
- Administrators, BCSA – 238 employees, expired June 30, 2004;
- Custodial Engineers, Local 409 – 61 employees, expired June 30, 2010.

Units out of contract for the Buffalo Municipal Housing Authority:

- Local 264, White/Blue Collar, – 187 employees, expired June 20, 2011;
- Local 17, Operating Engineers – 10 employees, expired June 30, 2013.

Units out of contract for the Buffalo Urban Renewal Agency:

- CSEA, Local 1000 – 31 employees, expired June 30, 2013.

Chair Olsen noted that, in terms of the budget for the City of Buffalo, the City’s Administration has done all that could be asked in terms of consolidating services and reducing employees.

Secretary Arthur and Ms. Estrich spoke of the loss of 173 Firefighters over the ten (10) year period of 2004 – 2014. The Fire Department is hoping to hold back-to-back classes in the current fiscal year to increase the personnel. The Fire Department is currently understaffed, they have 173 fewer employees today than ten (10) years ago; and many retirements are expected in 2015.

Ms. Mongold-Robe advanced to a review of the number of Buffalo City School District full-time equivalent personnel and pupils. The number of teachers has remained relatively stable; the number of full-time employees does fluctuate and in 2013-14 was down 289 persons when compared to 2003-04. Ms. Mongold-Robe also reviewed student enrollment numbers over the same ten-year (10) period. Total enrollment (public and charter schools) has decreased by 3,300 pupils; enrollment in BCSD only has decreased by 7,600 pupils; and enrollment in charter schools has increased by 4,300 pupils.

Ms. Mongold-Robe reviewed the number of Buffalo Municipal Housing Authority personnel and noted the decrease in each union and exempts workers of at least 166 full-time equivalent employees over the 2004-2014 time period.

The Buffalo Urban Renewal Agency, under the same ten year (10) time period, has reduced their personnel by fifty-nine (59) full-time equivalent employee, leaving just thirty-nine (39) employed, mostly a result of the decrease in Housing and Urban Development (“HUD”) funding.

Ms. Mongold-Robe concluded her presentation.

Annual Review of BFSA Policies and Reports

Chair Olsen advanced the agenda to the annual review of policies. The Governance Committee had met earlier and recommended that the full Board approve various policies and guidelines.

Chair Olsen suggested the approval be done with by a consensus vote. The policies and guidelines were:

- The Bylaws of the BFSA;
- The Code of Ethics;
- The Mission Statement;
- The Investment Guidelines;
- The Property Disposal Guidelines;

- The Use of Discretionary Funds Policy;
- The Whistleblower Policy;
- They Lobbying Policy;
- The Procurement Guidelines; and
- The Prompt Payment Policy.

Chair Olsen called for a motion to approve the resolutions addressing these items.

Secretary Arthur offered a motion to approve.

Director Floss seconded the motion.

Chair Olsen noted that during the Governance Committee Meeting the BFSA's Procurement Report and the Prompt Payment Report were also reviewed with the Governance Committee recommending their approval by the full Board.

Chair Olsen called for a motion to approve the Procurement Report and the Prompt Payment Report.

Secretary Arthur offered a motion to approve.

Director Floss seconded the motion.

RESOLUTION NO. 14-10

APPROVING THE BYLAWS OF THE BUFFALO FISCAL STABILITY AUTHORITY

WHEREAS, Chapter 122 of the Laws of 2003 of New York State, as amended, created the Buffalo Fiscal Stability Authority ("BFSA") to provide financial oversight and budgetary control over the City of Buffalo and other Covered Organizations; and

WHEREAS, pursuant to §3854(3) of the BFSA Act, it was necessary to make and alter bylaws for the BFSA's organization and management; and

WHEREAS, the BFSA approved the initial adoption of its Bylaws by Resolution No. 03-01 at its meeting on July 15, 2003; and

WHEREAS, the BFSA most recently adopted revised Bylaws by Resolution No. 13-10 at its meeting on July 30, 2013; and

WHEREAS, the BFSA desires to review and adopt the organization's Bylaws on a regular basis, as a good governance practice; and

WHEREAS, upon review of the Bylaws, it was determined that modifications were necessary for consistency purposes, to correct grammar, and to properly reflect New York State Public Authorities Law; and

WHEREAS, the Governance Committee of the BFSA has reviewed the amended Bylaws and has recommended they be adopted by the BFSA Board of Directors.

NOW THEREFORE BE IT RESOLVED that the BFSA does hereby accept the recommendation of the Governance Committee and approves the revised Bylaws in its present form.

This resolution shall take effect immediately.

RESOLUTION NO. 14-11
ADOPTING A CODE OF ETHICS

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority (“BFSA”) to provide financial oversight and budgetary control over the City of Buffalo and other Covered Organizations; and

WHEREAS, as a public authority, BFSA is subject to regulation by the State of New York, whether in the form of State law, the Governor’s Executive Orders or rules and regulations promulgated by the State Comptroller; and

WHEREAS, the Public Authorities Accountability Act of 2005 establishes a wide range of duties and responsibilities for state and local public authorities to promote the highest standards of ethical practices by authority staff and members, and thereby to engender public confidence in their activities; and

WHEREAS, one such requirement is the adoption of a Code of Ethics that, at a minimum, reflects the standards set forth in Sections 73 and 74 of the Public Officers Law; and

WHEREAS, the BFSA initially adopted a Code of Ethics by Resolution No. 06-50 at its meeting on August 9, 2006; and

WHEREAS, the BFSA most recently adopted its Code of Ethics by Resolution No. 13-11 on July 31, 2013; and

WHEREAS, a review of BFSA’s current Code of Ethics found that minor modifications were required for consistency within the document, and to reflect a necessary change as per New York State Public Officers Law and Civil Service Law; and

WHEREAS, the Code of Ethics Appendix A, “Public Officers Law, Section 73, Business or Professional Activities by State Officers and Employees and Party Officers,” was amended for minor modifications; and

WHEREAS, the Governance Committee of the BFSA has reviewed the attached Code of Ethics and has recommended its adoption by the BFSA Board.

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby adopt the attached Code of Ethics applicable to the BFSA's Directors appointed by the Governor and to BFSA employees and former employees to ensure the highest level of honesty, ethical conduct and public trust in all of the BFSA's activities.

This resolution shall take effect immediately.

RESOLUTION NO. 14-12
REAFFIRMATION OF THE BUFFALO FISCAL STABILITY AUTHORITY'S
MISSION STATEMENT

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority ("BFSA"); and

WHEREAS, the BFSA, as a New York State public authority, is subject to the provisions of the Public Authorities Accountability Act of 2005, as modified by Chapter 506 of the Laws of 2009 ("Public Authorities Law"); and

WHEREAS, Section 2824-a of Public Authorities Law requires state public authorities to develop and adopt a mission statement; and

WHEREAS, the BFSA's Board of Directors is expected to review, amend as necessary, and approve or reaffirm the Mission Statement of the BFSA annually; and

WHEREAS, the BFSA Board of Directors approved the initial adoption of the Mission Statement on October 3, 2011 and last reaffirmed the modified mission statement on July 31, 2013; and

WHEREAS, upon reviewing the Mission Statement, BFSA staff determined that no modifications were necessary; and

WHEREAS, the Governance Committee of the BFSA has reviewed the Mission Statement of the BFSA and has recommended its reaffirmation by the BFSA Board of Directors.

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby accept the recommendation by the Governance Committee and reaffirms the Mission Statement in its present form.

This resolution shall take effect immediately.

RESOLUTION NO. 14-13
APPROVING BFSA INVESTMENT GUIDELINES

WHEREAS, Chapter 122 of the Laws of 2003 of the State of New York, as amended, created the Buffalo Fiscal Stability Authority ("BFSA") to provide financial oversight and budgetary control over the City of Buffalo and the Covered Organizations; and

WHEREAS, Section 2925 of the New York State Public Authorities Law requires public authorities to develop investment guidelines that establish a set of basic procedures to meet investment objectives, assure that investment assets are adequately safeguarded and collateralized, establish and maintain a system of internal controls including adequate accounts and records which reflect investment transactions and provide for accurate reporting and evaluation of investments in conformance with generally accepted accounting principles; and

WHEREAS, Section 3854 of the Buffalo Fiscal Stability Act directs BFSA as to permissible investments of public funds not subject to provisions of contracts with bondholders; and

WHEREAS, in order to further comply with State law, it is necessary for the BFSA to review the adopted Investment Guidelines at least annually; and

WHEREAS, the BFSA initially adopted investment guidelines by Resolution 04-02 on January 21, 2004; and

WHEREAS, the BFSA has annually readopted investment guidelines as required by law with the most recent having occurred via Resolution No. 13-13 on July 31, 2013; and

WHEREAS, upon a review of the current Investment Guidelines, the BFSA has determined that minor modifications were required to update the policy and to correct minor grammatical errors; and

WHEREAS, the BFSA's Governance Committee has reviewed and has recommended the approval of the proposed Investment Guidelines.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Buffalo Fiscal Stability Authority hereby approve the Investment Guidelines as attached to this resolution.

This resolution shall take effect immediately.

RESOLUTION NO. 14-14
APPROVAL OF PROPERTY DISPOSAL GUIDELINES

WHEREAS, Chapter 122 of the Laws of 2003 of New York State, as amended, created the Buffalo Fiscal Stability Authority ("BFSA" or "Authority") to provide financial oversight and budgetary control over the City of Buffalo and other Covered Organizations; and

WHEREAS, §2895 - 2897 of New York State Public Authorities Law requires public authorities to adopt comprehensive guidelines which detail the Authority's operative policy on the disposal of personal property valued in excess of five thousand dollars; and

WHEREAS, the BFSA has developed and implemented property disposal guidelines to comply with this requirement; and

WHEREAS, the BFSA originally approved the Property Disposal Guidelines by Resolution No. 06-69 on November 9, 2006; and

WHEREAS, the BFSA most recently adopted the Property Disposal Guidelines on July 31, 2013, by Resolution No. 13-14; and

WHEREAS, upon review of the current Property Disposal Policy, BFSA staff determined that modifications were required in order for the policy to be consistent with recent policy guidance provided by the Authorities Budget Office in addition to §2897 of New York State Public Authorities Law; and

WHEREAS, the BFSA's Governance Committee has reviewed the draft Property Disposal Policy and has recommended its approval by the Buffalo Fiscal Stability Authority's Board of Directors.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Buffalo Fiscal Stability Authority does hereby affirm the property disposal guidelines as required by §2895 - 2897 of New York State Public Authorities Law.

BE IT FURTHER RESOLVED, that the Comptroller is affirmed as the "Contracting Officer" who shall be responsible for the disposition of property is hereby affirmed.

This resolution shall take effect immediately.

RESOLUTION NO. 14-15

ADOPTING THE USE OF DISCRETIONARY FUNDS POLICY STATEMENT

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority ("BFSA" or "Authority") to provide financial oversight and budgetary control over the City of Buffalo and other Covered Organizations; and

WHEREAS, as a public authority, the BFSA is subject to regulation by the State of New York, either in the form of rules and regulations promulgated by the State Comptroller or legislation approved by the State Legislature and signed into law by the Governor; and

WHEREAS, §2824(1)(b) of the Public Authorities Law requires directors to understand, review and monitor the implementation of fundamental financial and management controls and the operational decisions of the Authority; and

WHEREAS, the New York State Authorities Budget Office recommends that all state and local public authorities adopt written policies that specifically delineate the proper use of an authority's discretionary funds and that such policies should address not only what constitutes a proper discretionary expenditure related to the mission and public purpose of the authority, but also addresses what would be considered an improper use of those funds; and

WHEREAS, the BFSA approved the initial adoption of the Use of Discretionary Funds Policy by Resolution No. 13-15 on July 31, 2013; and

WHEREAS, upon reviewing the Use of Discretionary Funds Policy, BFSAs staff determined that minor modifications were required to correct terminology and grammatical errors; and

WHEREAS, the BFSAs Governance Committee has reviewed the draft Use of Discretionary Funds Policy Statement and has recommended its approval by the BFSAs.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Buffalo Fiscal Stability Authority does hereby approve the Use of Discretionary Funds Policy statement.

This resolution shall take effect immediately.

RESOLUTION NO. 14-16
REVIEW AND APPROVAL OF WHISTLEBLOWER POLICY

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority (the "BFSAs") to provide financial oversight and budgetary control over the City of Buffalo and other Covered Organizations;

WHEREAS, as a public authority, BFSAs is subject to regulation by the State of New York, whether in the form of State law, the Governor's Executive Orders or rules and regulations promulgated by the State Comptroller; and

WHEREAS, the Public Authorities Accountability Act of 2005 establishes a wide range of duties and responsibilities for state and local public authorities to promote the highest standards of ethical practices by authority staff and members, and thereby to engender public confidence in their activities; and

WHEREAS, the BFSAs has established and adopted a Code of Ethics; and

WHEREAS, the BFSAs originally adopted a Whistleblower Policy on January 28, 2008 by Resolution No. 08-03; and

WHEREAS, BFSAs last reaffirmed the Whistleblower Policy on July 31, 2013 by Resolution No. 13-16; and

WHEREAS, it is desired to have the BFSAs's Board of Directors annually review and approve the Whistleblower Policy as it represents a significant internal control mechanism; and

WHEREAS, upon review of the current Whistleblower Policy, BFSAs staff has determined that modifications are recommended to enhance the policy and to include the Authorities Budget Office and/or an appropriate law enforcement agency as potential entities to report suspected wrongdoing; and

WHEREAS, the BFSAs Governance Committee has reviewed the Whistleblower Policy in its modified form and recommended its approval by the full Board of Directors.

NOW THEREFORE BE IT RESOLVED, that the BFSA hereby approves the Whistleblower Policy dated August 4, 2014.

This resolution shall take effect immediately.

RESOLUTION NO. 14-17
READOPTING THE LOBBYING CONTACT POLICY AND REAPPOINTMENT
OF LOBBYING CONTACT OFFICER

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority (the “BFSA”) to provide financial oversight and budgetary control over the City of Buffalo and other Covered Organizations;

WHEREAS, Public Authorities Law, Article 10-D, Title 2, §3854(12) provides that the BFSA Board of Directors shall appoint officers and employees as it may require; and

WHEREAS, as a New York State public authority, the BFSA is subject to the requirements of Public Authorities Law, Article 9, Title 12-A, §2987, “Public Authorities Lobbying Contacts”; and

WHEREAS, Public Authorities Law, Article 9, Title 12-A, §2987(4) requires that New York State public authorities adopt a Lobbying Contact Policy and appoint an officer to oversee the requirements of the Lobbying Contact Policy; and

WHEREAS, the BFSA initially adopted the Lobbying Contact Policy by Resolution No. 11-42 on December 7, 2011; and

WHEREAS, upon a review of the current Lobbying Contact Policy, BFSA staff has recommended the policy be enhanced with additional clarification language; and

WHEREAS, the BFSA’s Governance Committee has reviewed and has recommended the BFSA readopt the proposed Lobbying Contact Policy and reappoint the Comptroller as the BFSA’s Lobbying Contact Officer.

NOW THEREFORE BE IT RESOLVED, that the BFSA does hereby readopt the Lobbying Contact Policy; and

BE IT FURTHER RESOLVED, that the BFSA does hereby reappoint the position of Comptroller to the position of Lobbying Contact Officer, who shall serve in this capacity along with his/her regularly assigned duties at no additional rate of compensation.

This resolution shall take effect immediately.

RESOLUTION NO. 14-18
APPROVAL OF PROCUREMENT GUIDELINES

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority (the “BFSA”) to provide financial oversight and budgetary control over the City of Buffalo and other Covered Organizations;

WHEREAS, the BFSA requires professional assistance in performing its mission; and

WHEREAS, the BFSA is a public authority of the State of New York and as such is governed by certain New York State (“State”) laws that specify the method for the procurement of certain services; and

WHEREAS, in order to comply with State law it is necessary for the BFSA to adopt and review at least annually its Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts (“Procurement Guidelines”); and

WHEREAS, BFSA initially established its Procurement Guidelines through the adoption of Resolution No. 03-36, “Approving Procurement Policies For Certain Contracts” on October 7, 2003; and

WHEREAS, BFSA has annually reviewed, amended as needed, and adopted its Procurement Guidelines to be in compliance with all applicable Federal laws, State laws, and Gubernatorial Executive Orders and Proclamations; and

WHEREAS, BFSA most recently adopted Resolution No. 13-18, “Approval of Procurement Guidelines” on July 31, 2013; and

WHEREAS, upon reviewing the Procurement Guidelines, BFSA staff determined minor modifications were necessary to provide for clarity and/or continuity; and

WHEREAS, the BFSA’s Governance Committee has reviewed the Procurement Guidelines and recommended its approval by the BFSA Board of Directors.

NOW THEREFORE BE IT RESOLVED, that the Buffalo Fiscal Stability Authority does hereby approve and adopt the Procurement Guidelines as dated August 4, 2014.

This resolution shall take effect immediately.

RESOLUTION NO. 14-20
READOPTING THE PROMPT PAYMENT POLICY STATEMENT

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority (“BFSA”) to provide financial oversight and budgetary control over the City of Buffalo and other Covered Organizations; and

WHEREAS, as a public authority, the BFSA is subject to regulation by the State of New York (the “State”), either in the form of rules and regulations promulgated by the State Comptroller or legislation approved by the State Legislature and signed into law by the Governor; and

WHEREAS, §2880 of the Public Authorities Law requires public authorities to promulgate rules and regulations detailing its prompt payment policy and to periodically review the same; and

WHEREAS, the BFSA has developed and implemented a Prompt Payment Policy statement to comply with this requirement; and

WHEREAS, the BFSA originally adopted its Prompt Payment Policy statement on September 28, 2006 by Resolution No. 06-61; and

WHEREAS, the BFSA most recently readopted its Prompt Payment Policy statement on July 31, 2013 by Resolution No. 13-20; and

WHEREAS, a review of the Prompt Payment Policy found that minor modifications were required to clarify language and correct grammatical errors; and

WHEREAS, the BFSA’s Governance Committee has reviewed the Prompt Payment Policy and recommends its approval by the BFSA.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Buffalo Fiscal Stability Authority does hereby affirm its Prompt Payment Policy statement.

This resolution shall take effect immediately.

The Board voted 7-0 to approve Resolution No.’s 14-10 through 14-18 and Resolution No. 14-20.

Chair Olsen announced the Governance Committee also reviewed and recommended the approval of:

- The BFSA Procurement Report and
- The Annual Prompt Payment Report

Chair Olsen called for a motion to approve the resolutions.

Secretary Arthur motioned to approve the Procurement and Prompt Payment Report.

Director Floss seconded the motion.

The Board voted 7-0 to approve the various policies by consensus.

RESOLUTION NO. 14-19
APPROVAL OF THE ANNUAL PROCUREMENT REPORT

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority (“BFSA” or “Authority”) to provide financial oversight and budgetary control over the City of Buffalo and the Covered Organizations; and

WHEREAS, the BFSA is a public authority of the State of New York and as such is governed by certain State laws that specify the method for the procurement of certain services; and

WHEREAS, in order to comply with State law it is necessary for the BFSA to adopt and review at least annually its Guidelines for the Use, Awarding, Monitoring and Reporting of Procurement Contracts (“Procurement Policies”); and

WHEREAS, BFSA initially established its Procurement Policies through the adoption of Resolution No. 03-36, “Approving Procurement Policies For Certain Contracts” on October 7, 2003; and

WHEREAS, BFSA most recently adopted Resolution No. 13-18, “Approval of Procurement Guidelines” on July 31, 2013; and

WHEREAS, the Procurement Policies define a Procurement Contract as “any written agreement of the Authority for the acquisition of goods or services of any kind in the actual or estimated amount of \$25,000, or more”; and

WHEREAS, the provision set forth in Section §2879(2) of New York State Public Authorities Law has set a threshold amount of \$5,000 for contracts used in the acquisition of goods and/or services; and

WHEREAS, the adopted Procurement Policies require that the BFSA “shall annually prepare for approval by the Directors and public availability a report on Procurement Contracts as of the end of each fiscal year summarizing procurement activity by the Authority for the period of the report, including a listing of all contracts entered into, the selection process used to select such contractors and the status of existing Procurement Contracts”; and

WHEREAS, the BFSA staff have prepared a report titled “Report on Procurement Contracts for the Fiscal Year Ended June 30, 2014” in accordance with the aforementioned policies and State laws; and

WHEREAS, the BFSA’s Governance Committee has reviewed the Report of Procurement Contracts for the Fiscal Year Ended June 30, 2014 and recommends its approval by the Board of Directors.

NOW THEREFORE BE IT RESOLVED, that the BFSA does hereby approve the Report of Procurement Contracts for the Fiscal Year Ended June 30, 2014.

This resolution shall take effect immediately.

RESOLUTION NO. 14-21
APPROVAL OF THE PROMPT PAYMENT REPORT

WHEREAS, Chapter 122 of the Laws of 2003, as amended, created the Buffalo Fiscal Stability Authority (“BFSA”) to provide financial oversight and budgetary control over the City of Buffalo and its nonexempt Covered Organizations; and

WHEREAS, as a public authority, the BFSA is subject to regulation by the State of New York (the “State”), either in the form of rules and regulations promulgated by the State Comptroller or legislation approved by the State Legislature and signed into law by the Governor; and

WHEREAS, §2879(7) of the Public Authorities Law requires public authorities to annually prepare and approve a report on procurement contracts; and

WHEREAS, §2879(2) of the Public Authorities Law defines a procurement contract as a written agreement for the acquisition of goods or services of any kind, in the actual or estimated amount of five thousand dollars or more; and

WHEREAS, §2880 of the Public Authorities Law requires public authorities to promulgate rules and regulations detailing its prompt payment policy and to periodically review said rules and regulations; and

WHEREAS, the BFSA has developed and implemented a Prompt Payment Policy to comply with this requirement; and

WHEREAS, the BFSA originally adopted its Prompt Payment Policy statement on September 28, 2006 by Resolution No. 06-61; and

WHEREAS, the BFSA most recently adopted its Prompt Payment Policy on July 31, 2013 by Resolution No. 13-20; and

WHEREAS, the BFSA Governance Committee has reviewed the Prompt Payment Report in its present form and recommends its approval by the Board of Directors.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Buffalo Fiscal Stability Authority does hereby approve the Prompt Payment Report for the fiscal year ended June 30, 2014.

This resolution shall take effect immediately.

The Board voted 7-0 to approve Resolutions No.’s 14-19 and 14-21.

Chair Olsen introduced the final action of the Governance Committee Members, an amendment of the Records Retention & Disposition policy recommended by the Governance Committee following the Internal Controls review. The amendment discussed and recommended will bring the BFSA into conformity at Counsel's recommendation that BFSA records are to be retained for the statute of limitations plus one (1) year. Records older than the statute of limitations plus one (1) year may be disposed of by appropriate method, it was advised that records should be maintained a total of seven (7) years.

Chair Olsen called for a motion to amend the Records Retention and Disposition Policy.

Secretary Arthur motioned amend the Records Retention and Disposition Policy.

Director Floss seconded the motion.

The Board voted 7-0 amend the Records Retention and Disposition Policy.

Privilege of the Floor

Chair Olsen extended the Privilege of the Floor to any attending member of the audience who wished to comment on any actions taken by the BFSA at the meeting. There were no comments.

Adjournment

Chair Olsen announced the meeting of the Buffalo Fiscal Stability Authority has concluded and requested a motion to adjourn.

Secretary Arthur offered a motion to adjourn.

Director Floss seconded the motion.

The Board voted 7-0 to adjourn.

The Board adjourned at 2:14 PM.