

BUFFALO FISCAL STABILITY AUTHORITY
Governance Committee Meeting Minutes
August 4, 2014

The following are the minutes from the meeting of the Governance Committee (the “Committee”) 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 12:40 PM.

Committee Members Present

Arthur and Olsen

Committee Member Excused

Doherty

Additional Directors Present

Floss, Jurasek, and Mesiah

Staff Present

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

Additionally Present

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

Opening Remarks

Chair Olsen called the meeting to order. The agenda included:

- A review of various policies of the BFSA and consideration to recommend approval of the policies to the full Board;
- A review of the Annual Procurement Report and Prompt Payment Report and consideration to recommend approval of these reports to the full Board;
- A review of the annual Board self-evaluation and finalization of the document which will be submitted to each Director to complete; and
- A review of the annual Internal Control Report, presented by Mr. Bryce Link, Principal Analyst and Internal Controls Officer.

Committee Chair Olsen called a roll of the Committee members. A quorum was present. The meeting commenced.

Approval of Minutes

Committee Chair Olsen introduced Committee Resolution No. 14-01: “Approving Minutes and Resolution from December 4, 2013.”

Secretary Arthur offered a motion to approve Committee Resolution No. 14-01.

Committee Chair Olsen seconded the motion.

GOVERNANCE COMMITTEE RESOLUTION NO. 14-01
APPROVING MINUTES AND RESOLUTION FROM DECEMBER 4, 2013

BE IT RESOLVED that the Buffalo Fiscal Stability Authority's Governance Committee approves the minutes of its meeting on December 4, 2013.

BE IT FURTHER RESOLVED that the Buffalo Fiscal Stability Authority's Governance Committee ratifies and affirms Resolution No. 13-03 that was approved on said date.

The Committee voted 2-0 to approve the resolution.

Review of Policies and Reports

Committee Chair Olsen advanced the agenda to the first item for consideration: a review of various draft policies. He asked BFSA Executive Director, Ms. Jeanette Mongold-Robe, to provide a summary of the materials.

Ms. Mongold-Robe addressed the Board and discussed the policy review process. As policies were reviewed, all proposed changes including those in New York State law were noted. Board members received a copy of the policies marked with the changes and a clean, final copy.

Ms. Mongold-Robe began a review of the proposed changes to the individual draft policies and reports as follows:

- Bylaws – These are the rules which provide a framework for the operation of the organization. Clarification language was proposed to various sections.
- Code of Ethics – No substantive changes were proposed. The Code of Ethics governs all BFSA staff and Directors with the exception of the Mayor of Buffalo and the Erie County Executive who are subject to a separate code of ethics governing elected officials. A Code of Ethics certification must be signed and submitted by all individuals governed by the policy. A copy of the certification was distributed to the Directors and should be returned to the Internal Controls Officer upon completion.
- Mission Statement – No changes were proposed to the Mission Statement. The Mission Statement was previously reviewed and approved by the New York State Authorities Budget Office.

Chair Olsen mentioned the mission of the BFSA remains unchanged regardless of the Authority's status as a hard or advisory board.

- Investment Guidelines – No substantive changes were proposed. The Investment Guidelines are up-to-date with all federal and state requirements.
- Property Disposal Guidelines – Section IV, E was added and pertains to the disposal of personal property valued at more than \$15,000. Ms. Mongold-Robe noted the BFSA does not hold real property. The addition of this language makes the BFSA compliant with New York State Law.
- Use of Discretionary Funds Policy – No significant changes were proposed.
- Whistleblower Policy – The proposed changes to the policy reflect the addition of a “hotline” whereby anyone not comfortable approaching either the Executive Director or

the Chair may report an impropriety directly to the New York State Authorities Budget Office.

- Lobbying Policy – The policy was enhanced to include a definition of “contact.” No other changes to the policy were proposed. BFSA Comptroller, Mr. Robert Miller, currently serves as the Lobbying Contact Officer.

Director Floss inquired if Legislators can approach the Directors without the Directors needing to report that conversation as lobbying. Mr. Magavern and Ms. Mongold-Robe concurred that Directors can be approached by Legislators without reporting the contact; they are specifically excluded in the law.

- Procurement Guidelines – There are no substantive proposed changes to the policy
- Procurement Report – The report combines New York State Public Authorities Law requiring all contracts in excess of \$5,000 to be reported annually and the BFSA’s Procurement Guideline for reporting all contracts in excess of \$25,000. Contracts during year-ending June 30, 2014, meeting both criteria were discussed.
- Prompt Payment Policy – There were no significant proposed changes to this policy.
- Prompt Payment Report – This report is required for annual review by the Directors. The report reflects the BFSA did not enter into any new contracts in FY 2014 and all invoices were processed in compliance with the provisions of the prompt payment report.

Ms. Mongold-Robe concluded her presentation of the BFSA policies and reports.

Chair Olsen offered the following concluding remarks. He noted the BFSA is vigilant in this policy and report process whereas many state entities do not track legal changes and update their policies. Chair Olsen complimented the staff for their exemplary and diligent process. Even minor changes are important to be updated.

Secretary Arthur motioned to recommend the approval of the policies and reports reviewed by the full Board.

Chair Olsen seconded the motion.

The Committee voted 2-0 to accept all of the proposed policies and reports by consensus and to send the items to the full Board with recommendations for approval.

Annual Board Self-Evaluation

Chair Olsen introduced the next item of business, the review of the annual Board self-evaluation and recommended submission of the form to each Director for completion. He deferred to Ms. Mongold-Robe to discuss this item.

Ms. Mongold-Robe reminded the Committee members that the self-evaluation was a confidential process. The replies are to be tallied and submitted to the New York State Authorities Budget Office. Ms. Mongold-Robe did review a sample of other board evaluations for comparison purposes to gauge what is out there, and noted that the evaluation the BFSA has in place is an

effective one. Once completed, the evaluations would be returned to Ms. Mongold-Robe in self-addressed, pre-stamped envelopes for compilation.

Secretary Arthur recommended that the date be removed from the evaluation form as it was the only portion requiring writing and could be used to identify the completer. Chair Olsen agreed that the recommendation would enhance the confidentiality of the process.

Secretary Arthur motioned to approve the distribution of the annual Board of Directors evaluation, as amended, to each Director for completion.

Chair Olsen seconded the motion.

The Committee voted 2-0 to approve the distribution of the annual Board of Directors evaluation, as amended, for completion.

Internal Controls Reports

Chair Olsen advanced the agenda to the final item of business: the annual reporting of the internal controls testing and related findings to the Governance Committee from the Internal Controls Officer. The Internal Controls Officer is a statutorily-required appointment. Chair Olsen deferred to Mr. Bryce Link, BFSA's appointed Internal Controls Officer, to provide a summary of his report.

Mr. Link reviewed the recently completed internal controls testing. The Authority maintains a rigorous system of internal controls to safeguard the Authority's assets. BFSA has a staff comprised of five (5) employees; there is quite a bit of oversight built into the process.

Mr. Link noted that document retention and disposition was reviewed and tested. There were no material findings discovered. Examined in the testing were which documents were considered records, how long records should be maintained, what are the statutory obligations to maintain the records was, and what the proper manner for disposal would be. BFSA resolutions were reviewed authorizing a formal retention and disposition policy as well as the appointment of a Records Retention Officer. BFSA adopted the New York State MI-1 records retention and disposition schedule and had appointed Financial Analyst/Manager of Technology, Mr. Nathan D. Miller as the Authority's Records Retention Officer.

A review of the BFSA subject matter list was conducted. The list is posted on the BFSA website, per New York State law. Mr. Link identified eleven (11) different fields of records to review including employee time sheets, meeting minutes, external audits, accounts payable, general ledger, etc.... As a result of the review, there were no material findings.

BFSA maintains outside contract approval request forms received by the BFSA during the "control" period. The forms were determined not the records of the Authority. The recommendation is the BFSA dispose of these documents.

Testing also included the review of the draft records disposal form. This form will be used to make a record of the records being disposed of. The form identifies what records were disposed.

Mr. Link noted the BFSA does not have a separate email retention policy outside of what is covered by the approved Records Retention and Disposition schedule. He recommended that the draft disposition request form to be finalized and that staff begin to dispose records that had been retained past the required retention period if they had not historical or research purpose.

Mr. Link concluded his presentation.

Chair Olsen inquired as to the periods of retention. Mr. Link said it varied based on the record; it can be as little as four (4) months or up to six (6) years. Mr. Magavern suggested the threshold for BFSA record retention should be the statutory limit plus one year or maintaining all records for a minimum of seven (7) years in most cases. Chair Olsen and Secretary Arthur agreed.

Secretary Arthur made a motion to amend the BFSA's Records Retention Policy to maintain records for one (1) year past the statutory limit, creating a seven (7) year document retention period.

Chair Olsen seconded the motion.

The Committee voted 2-0 to amend the BFSA Records Retention Policy to maintain records for a seven (7) year period.

A formal email retention and disposition policy was also discussed. Chair Olsen recommended the BFSA staff and Mr. Magavern discuss the appropriate email record retention period.

Adjournment

Secretary Arthur offered a motion to adjourn the Governance Committee Meeting.

Committee Chair Olsen seconded the motion.

The Committee voted 2-0 to adjourn the Governance Committee meeting.

The Committee adjourned at 1:08 PM.