

Erie Tobacco Asset Securitization Corporation
Governance Committee

Minutes of Meeting
Thursday, August 4, 2016

Erie County Division of Budget and Management Conference Room

Corporation Committee Members present: Chair Peter Zaleski, Bryan Bingel and Gerard Mazurkiewicz.

Also present: Robert Keating, Timothy Callan, Mark Cornell, Gregory Gach, and Frederick Wolf

I. CALL TO ORDER

Peter Zaleski called the Meeting of the Governance Committee to order at 3:55 PM. Quorum present.

II. MINUTES FROM PRIOR MEETING

None discussed.

III. ITEMS DISCUSSED

Tim Callan indicated that TASC officers were contacted by the New York State Authorities Budget Office (ABO) regarding information in the TASC's official filing that he asked Mark Cornell to elaborate on.

Mark Cornell recounted the situation in which the ABO indicated the TASC's filing with respect to their procurement report was incomplete and would need to be completed before the TASC was considered in compliance with ABO requirements.

The issue surrounded incomplete information regarding the means of procurement associated with several vendors in which the TASC employs for specific corporation tasks. Due to the long-standing relationship with many of these vendors, which in nearly all cases predate the involvement with the TASC of the current officers, detailed information regarding the means of procurement and duration of relationship were no longer available and therefore could not be included as part of the required information for ABO procurement report filing.

The ABO representative indicated that such uncertainty of prior practices and information attesting to was not necessarily uncommon and that for the current 2015 filing we should work with the information we have available to us but would need to correct this situation going forward now that the incompleteness of information regarding the TASCs procurements is known. The ABO indicated that the TASCs procurement policy should dictate the means of procurement of individual vendors going forward.

Mark Cornell and Tim Callan indicated that there were some inconsistencies in the means of procurement of several vendors based on the TASCs current procurement policies and that either the policy itself or the means of procuring needed to be updated to match each other.

Discussion centered specifically on the procurement of legal services with Barclay Damon, LLC, which exceeded the Corporation's current procurement policy threshold for requiring services to be competitively bid (\$10,000), yet had not been competitively bid to any of the officers and committee members' knowledge at least in some time.

Fred Wolf indicated that ABO requirements regarding procurement and other issues were simply recommendations that the TASC was not necessarily responsible for following.

Gerard Mazurkiewicz inquired about the process with which vendors invoice the Corporation and the Corporation reviews and pays such invoices. Fred Wolf responded by indicating his knowledge of ABO standards and his long standing relationship with the TASC and Peter Zaleski and that legal services could become less costly if TASC officers increased their workload and took on tasks that he performs.

At this point, Mr. Mazurkiewicz called for an executive session of the Governance Committee.

IV. RECESS OF THE GOVERNANCE COMMITTEE MEETING

The Governance Committee meeting was recessed at 4:20 PM to participate in an Executive Session of the Committee. At this time Fred Wolf was asked to leave the conference room. Greg Gach also left the room, although he was not asked to do so.

A discussion commenced regarding the current fees invoiced for legal services, their necessity, and a recent history of Barclay Damon's services and fees was given and compared to information regarding other TASC's in New York State and their legal fees (data is publicly available through the ABO).

Concern was given regarding the current lack of structure with respect to the legal fee invoicing process. Mr. Mazurkiewicz indicated that it is good policy to periodically review and reconsider relationships with vendors to ensure the services provided meet the needs of the TASC and that the questions raised by this interaction with the ABO afforded such opportunity.

Mr. Mazurkiewicz led a discussion of the current procurement policy and legal services cost structure and believed both were due for an update to reflect current needs of the TASC. He suggested that the cost threshold by which a service provided to the TASC should be competitively bid to be increased from \$10,000 to \$20,000 to meet current market conditions. He also suggested a new retainer fee/per diem fee structure be implemented with regards to legal services. This structure would be as follows: \$12,000 annual retainer to be paid to Mr. Wolf, with \$2,000 payment for preparation and attendance at the annual meeting/full board meetings, and \$1,500 to prepare for and attend a committee meeting (but only \$1,500 if two committee meetings were held back-to-back on the same date). This structure will commence on January 1, 2017.

V. RECONVENING OF THE GOVERNANCE COMMITTEE MEETING

Mr. Zaleski reconvened the Governance Committee meeting at 5:02pm. Mr. Wolf did not re-enter the room until the Committee had ended.

Mr. Mazurkiewicz moved and Mr. Bingel seconded to approve the updated procurement policy and fee structure with regards to legal services which was then unanimously approved by the Governance Committee.

VI. ADJOURNMENT

Moved by Gerard Mazurkiewicz and seconded by Bryan Bingel to adjourn the Meeting of the Governance Committee at 5:03 PM. Motion approved 3-0.


Mark Cornell
Assistant Corporation Treasurer