



**Chautauqua, Cattaraugus, Allegany & Steuben Counties**  
**Southern Tier Extension Railroad Authority**

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**"This institution is an equal opportunity organization"**  
**John Margeson, Chairman**

## **STERA GOVERNANCE COMMITTEE**

### **MINUTES – March 1, 2011**

The Governance Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:00 AM on March 1, 2011 in the Conference Room in the office of the Southern Tier West Regional Planning and Development Board in the Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York. The following persons were in attendance:

**Committee Members In Attendance**

Joseph Eade, Chairman  
Seth Corwin  
William Daly  
Timothy O'Grady

**Representing**

Cattaraugus County  
Steuben County  
Chautauqua County  
Allegany County

**Committee Members Not In Attendance**

None

**Others Attending**

Thomas Barnes

**Representing**

STERA Corporate Secretary

**1. Call to Order and Introduction of Those Present**

Committee Chairman Joseph Eade called the meeting to order at 9:00 AM. He noted the presence of a quorum for the meeting.

**2. Reading and Approval of the Minutes of the Previous Meeting**

The Committee approved the minutes of the prior meeting, held November 15, 2010 (O'Grady, Daly, passing unanimously).

**Unfinished Business**

There was no Unfinished Business.

## **New Business**

The Committee discussed a variety of policy, reporting, performance evaluation, and structure/ governance/operating issues relating to the requirements of the Bylaws, NYS law, and NYS ABO regulation. The following list summarizes the topics discussed by category:

- Item numbers 3 through 19 relate to Governance Committee functions with respect to reviewing and updating current STERA policies.
- Item number 20 through 25 relate to Governance Committee functions with respect to the creation of new STERA policies.
- Item number 26 through 41 relate to Governance Committee functions with respect to the preparation of STERA reports. Of this group, item numbers 30 through 40 relate to performance evaluation.
- Item numbers 42 through 53 relate to Governance Committee functions with respect to STERA structure/ governance/operating issues and activities.

## **STERA Policies – Current Policies**

### **3. Revisions to Governance Committee Charter**

The Governance Committee Charter provides that the Committee will review the Governance Committee Charter annually and make recommendations for revision to the Board. The Committee discussed the following proposed revisions to the Governance Committee Charter:

- Formatting change (to reflect ease of reading, and to improve the ability to cite sections and sub-sections without reference to bullet list items)
- Change of reference to applicable sections of the bylaws, as the bylaws had been amended since the original approval of the Governance Committee Charter, and the section references had changed
- Inclusion of open meetings language
- Inclusion of language relating to required public notice and web site posting of meeting agendas and minutes
- Deletion of language permitting members to be present by telephone or videoconference. (However, videoconference apparently is still permitted, provided there is an opportunity for the public to participate in the videoconference; practically, STERA does not use the videoconference route to meetings, and has repeatedly explicitly stated its strong preference for in-person meetings of the full Board instead of teleconference or Executive Committee meetings. STERA has an attorney’s opinion that members of committees or the Board may participate by “other means such as teleconference, however, such member would not count for quorum or voting purposes.”)
- Provision for electing an acting chairman for a given meeting should the Chairman be absent
- Per Article VII, Section 4 of the Authority’s bylaws, the revised Charter will now indicate that the Committee shall have the power to act by a majority of the whole number of voting members of the Committee (i.e., currently these means a requirement that two of the three members minimum must support a resolution for it to carry). The previous language was that the Committee could act on the affirmative vote of a majority of the members at a meeting or by unanimous consent.

- Per Article VII, Section 4 of the Authority’s bylaws, the revised Charter will now indicate that at all Governance Committee meetings of the Corporation, a majority of the voting members of the Governance Committee shall constitute a quorum for the purpose of transacting business; provided that a smaller number may meet and adjourn to some other time or until the quorum is obtained. Previously, the Committee Charter did not require a quorum for the Committee to do business, though this is required by STERA’s bylaws.
- Inclusion of language providing that the Board may invite other individuals, such as members of management or technical governance experts to attend Committee meetings and provide pertinent information, as necessary. Previously this authority was provided explicitly only to the Committee itself.

These revisions bring the Governance Committee Charter in line with the STERA bylaws, NYS ABO regulations, and NYS law, and provide improved flow and structure of the document.

The Committee adopted a resolution recommending to the Board that it revise the Governance Committee Charter to reflect the above proposed revisions (Daly, Corwin, passing unanimously).

#### **4. Revision of Bylaws**

After discussion, the Committee adopted a resolution (Daly, Corwin, passing unanimously) making a finding that the Bylaws have been implemented by the Authority and that the Bylaws are an effective guide for operation and governance of the Authority, and recommending that the Board revise the Bylaws as follows:

Article IX, Section 3 Executive Committee shall be revised to read:

ARTICLE IX (COMMITTEES), Section 3 (Executive Committee) – The Executive Committee shall consist of six members and shall be comprised of the Chairperson; Vice Chairperson; Second Vice Chairperson; a fourth member, to be a board member from the county not otherwise represented on the Executive Committee, to be designated by the Chairman and approved by the Board of Directors; a fifth member, to be the board member appointed by the Southern Tier West Regional Planning and Development Board; and a sixth member, to be the board member appointed by the Seneca Nation of Indians. The Executive Committee shall be chaired by the Chairperson, or in the Chairperson’s absence, the Vice Chairperson. Inasmuch as the board member appointed by the Seneca Nation of Indians statutorily is a non-voting member, this member shall not have a vote on the Executive Committee, nor shall this member’s presence or absence be counted against any quorum requirements that the Board may adopt for the Executive Committee. The Executive Committee shall be authorized to do business for the Board in between Board meetings and shall have the authority to execute the powers of the Board when the Board is not in session, provided that the Board shall delegate or specify certain matters, powers, or issue parameters so as to give direction to or constrain the authority of the Executive Committee in executing the powers of the Board. The Executive Committee shall not have the power to: (1) amend or repeal the bylaws, or adopt new bylaws; (2) amend or repeal any resolution of the Board, which by its terms shall not be so amendable or repealable; and (3) fill the vacancies in any committee. Decisions of the Executive Committee shall be ratified by resolution of the full Corporation Board at the following meeting of the full Corporation Board.

## **5. Code of Ethics**

The Committee reviewed the Code of Ethics, and adopted a resolution recommending that the Board make a finding that the Code of Ethics was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Corwin, O'Grady, passing unanimously).

## **6. Standards of Conduct Policy**

The Committee reviewed the Standards of Conduct Policy, and adopted a resolution recommending that the Board make a finding that the Standards of Conduct Policy was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously). The Committee also adopted a resolution recommending that the Board charge the Committee with combining the Code of Ethics and Standards of Conduct Policy into a single policy for review by the Board at the June 2011 Board meeting (Daly, Corwin, passing unanimously).

## **7. Compensation, Reimbursement and Attendance Policy**

The Committee reviewed the Compensation, Reimbursement and Attendance Policy, and adopted a resolution recommending that the Board make a finding that the Compensation, Reimbursement and Attendance Policy was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Daly, O'Grady, passing unanimously).

## **8. Contract and Procurement Policy (i.e., Procurement Guidelines)**

The Committee reviewed the Contract and Procurement Policy (i.e., Procurement Guidelines), and adopted a resolution recommending to the Board that it make a finding that the Policy was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (O'Grady, Daly, passing unanimously).

## **9. Defense and Indemnification Policy**

The Committee reviewed the Defense and Indemnification Policy, and adopted a resolution recommending that the Board make a finding that the Defense and Indemnification Policy was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

## **10. Investment Policy**

The Committee reviewed the Investment Policy, and adopted a resolution recommending that the Board make a finding that the Investment Policy was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Corwin, O'Grady, passing unanimously).

## **11. Lobbying Policy**

The Committee reviewed the Lobbying Policy, and adopted a resolution recommending that the Board make a finding that the Lobbying Policy was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

## **12. Measurements for Organization Performance Evaluation**

The Committee reviewed the Measurements (standards tied to the STERA goals and which are used for evaluating STERA performance), made a finding that the Measurements remain relevant for evaluating Authority's purpose, and adopted a resolution recommending that the Board make no changes to the Measurements (Daly, O'Grady, passing unanimously).

## **13. Mission Statement**

The Committee reviewed the Mission Statement, made a finding that the Mission Statement remains the purpose of the Authority, and adopted a resolution recommending that the Board make no changes to the Mission Statement (Corwin, O'Grady, passing unanimously).

## **14. New Member Orientation Process**

The Committee reviewed the New Member Orientation Process, and adopted a resolution recommending that the Board make a finding that the New Member Orientation Process comply with NYS ABO and PARA requirements; that the Board make a finding that the New Member Orientation Process was appropriate without revision; and that the Board make a finding that STERA was in compliance with the policy (Corwin, O'Grady, passing unanimously).

## **15. New Member Orientation Process Reference Document**

The Committee reviewed the New Member Orientation Process Reference Document, and adopted a resolution recommending that the Board make a finding that the New Member Orientation Process Reference Document and web site materials comply with NYS ABO and PARA requirements; that the Board make a finding that the Reference Document and web site materials are appropriate without revision; and that the Board make a finding that STERA was in compliance with the policy-required use of these materials (Daly, Corwin, passing unanimously).

## **16. Property Disposition Guidelines**

The Committee reviewed the current Property Disposition Guidelines, noting that they complied with the PARA requirements. The PARA requirements primarily involve insuring that property is sold or acquired at fair market value, and what needs to happen if property is sold for less than fair market value or acquired for more than fair market value. The Committee adopted a resolution recommending that the Board make a finding that the Property Disposition Guidelines were appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

## **17. Travel Policy**

The Committee reviewed the Travel Policy, and adopted a resolution recommending that the Board make a finding that the Travel Policy was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Daly, O'Grady, passing unanimously).

### **18. Uniform Tax Exemption Policy**

The Committee reviewed the Uniform Tax Exemption Policy, and adopted a resolution recommending that the Board make a finding that the Uniform Tax Exemption Policy was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Daly, O'Grady, passing unanimously).

### **19. Whistleblower Policy**

The Committee reviewed the Whistleblower Policy, and adopted a resolution recommending that the Board make a finding that the Whistleblower Policy was appropriate without revision, and that the Board make a finding that STERA was in compliance with the policy (Daly, O'Grady, passing unanimously).

## **STERA Policies – Proposed New Policies**

### **20. Records Management Program**

The STERA Governance Committee discussed the proposed Records Management Program, revised to accommodate Board concerns expressed at the November 15, 2010 meeting, and felt that the proposed program, as revised, was appropriate and avoided any of the issues raised by the Board. The Governance Committee adopted a resolution recommending to the STERA Board that it approve and adopt the STERA Records Management Program as revised, adopt the New York State Archives' "Records Retention and Disposition Schedule MI-1," and designate the CEO as STERA Records Management Officer (Corwin, O'Grady, passing unanimously).

### **21. Equal Opportunity and Affirmative Action Policy**

The Committee discussed NYS ABO expectations that STERA create an Equal Opportunity and Affirmative Action Policy. The Committee reviewed a draft policy and adopted a resolution recommending that the Board adopt the proposed Equal Opportunity and Affirmative Action Policy and conform operations to the policy (O'Grady, Corwin, passing unanimously). The Committee noted that the Equal Opportunity and Affirmative Action Policy must be made available to the public on the web site, and must be made available to all prospective employees and all entities desiring to do business with STERA.

### **22. Management Performance Evaluation Standards**

The Committee discussed the Governance Committee's responsibility per its charter to create standards for performance evaluation of management staff by the STERA Board, and, from the Board self-evaluation survey form distributed by NYS ABO, NYS ABO's apparent expectation that STERA undertake on an annual basis an evaluation of management staff. The Committee reviewed a draft policy of standards for performance evaluation of management staff and adopted a resolution recommending that the Board adopt the proposed policy and undertake on an annual basis an evaluation of management staff (O'Grady, Corwin, passing unanimously).

### **23. Competencies and Personal Attributes Required of Board Members**

The Committee discussed the Governance Committee's responsibility per its charter to create a Policy Regarding Competencies and Personal Attributes Required of Board Members. This Policy is to be transmitted to entities authorized by STERA'S enabling legislation to appoint members when those entities are engaged in the process of selecting and designating STERA Board members, to assist them in this process. The Policy is intended to provide STERA with active members who are fit for the duties and responsibilities of service on the STERA Board, and who will participate actively in the affairs of STERA so as to enable STERA to succeed in achieving its mission and goals. The Committee reviewed a draft Policy Regarding Competencies and Personal Attributes Required of Board Members and adopted a resolution recommending that the Board adopt the proposed Policy and transmit it to entities authorized by STERA'S enabling legislation to appoint members when those entities are engaged in the process of selecting and designating STERA Board members in order to assist them in this process (Daly, O'Grady, passing unanimously). The Committee noted that the Policy Regarding Competencies and Personal Attributes Required of Board Members must be made available to the public on the web site.

### **24. Public Access to Records Policy**

The Committee discussed the Governance Committee's responsibility per its charter to create a Public Access to Records Policy, and in this regard, reviewed a proposed draft policy. The Committee adopted a resolution recommending to the Board that it adopt the draft policy (revised so as to designate the Chairman as appeals officer empowered to make decisions on appeals for STERA), designate the STERA Chief Executive Officer as Records Access Officer, and designate the Chairman as Records Access Appeals Officer (Corwin, Daly, passing unanimously).

If approved by the Board, the policy would be posted as a public notice in the STERA office.

### **25. Public Access to Records – Subject Matter List**

The Committee discussed the requirement of the Public Access to Records Policy to create a Subject Matter List of records maintained and available per this policy, and in this regard, reviewed a proposed draft Subject Matter List. The Committee adopted a resolution recommending to the Board that it adopt the draft Subject Matter List (Corwin, Daly, passing unanimously).

If approved by the Board the Subject Matter List would be posted as an appendage to the public notice Public Access to Records Policy that would be posted in the STERA office.

## **STERA Reports**

### **26. Four-Year Financial Plan for the years 2011 – 2014**

The Committee reviewed a proposed Four Year Financial Plan for the years 2011 to 2014, including a capital and operating budget. The Committee noted that without certainty regarding grants that might be obtained for capital projects and/or operations, the Four Year Financial Plan for this projection period must be conformed to those revenues and expenses that could be estimated with relative certainty. The Committee then adopted a resolution recommending to the Board that it adopt the Four Year Financial Plan for the years 2011 to 2014, transmit the Four Year Financial Plan to NYS ABO by the March 31, 2011 deadline, and include the Four Year Financial Plan in the Annual Report (Daly, Corwin, passing

unanimously). The Committee noted that the Four Year Budget must be made available to the public on the web site.

**27. Property Listing Report for the year ending December 31, 2010**

The Committee reviewed the draft Property Listing Report prepared for December 31, 2010, and noted that (a) this was a complete listing of all real property owned by STERA, and (b) that the report reflects changes to property listing descriptions made by the Real Property Departments of the six counties since the original property descriptions had been provided to STERA. The Committee noted that STERA owned no personal property during the year ending December 31, 2010, and in fact has not owned any personal property since inception in 2000. The Committee adopted a resolution recommending that the Board make a finding that STERA was in compliance with the Property Disposition Policy, adopt the Property Listing Report prepared for December 31, 2010, authorize transmission of the Property Listing Report to NYS ABO by the March 31, 2011 deadline for submission, and authorize inclusion of the Property Listing Report in the Annual Report (O'Grady, Corwin, passing unanimously). The Committee noted that the Property Listing Report must be made available to the public on the web site.

**28. Property Disposition Report for the year ending December 31, 2010**

The Committee reviewed the Property Disposition Report prepared for December 31, 2010. The Committee noted that the decisions to make any and all real property dispositions, and the sales prices for any such dispositions, were the province of WNYP and not STERA, and that accordingly, STERA had not made any decisions to dispose of any real property or any decisions on sale prices for any real property disposed of, without direction to do so by WNYP. The Committee also noted that STERA owned no personal property during the year ending December 31, 2010, and in fact has not owned any personal property since inception in 2000.

The Committee adopted a resolution recommending that the Board make a finding that STERA was in compliance with the Property Disposition Policy, adopt the Property Disposition Report prepared for December 31, 2010, authorize transmission of the Property Disposition Report to NYS ABO by the March 31, 2011 deadline for submission, and authorize inclusion of the Property Disposition Report in the Annual Report (Daly, Corwin, passing unanimously). The Committee noted that the Property Disposition Report must be made available to the public on the web site.

**29. Procurement Report for the year ending December 31, 2010**

The Committee reviewed the draft Procurement Report for the year ending December 31, 2010 and adopted a resolution recommending that the Board make a finding that the Authority was in compliance with the Procurement Policy, adopt the Procurement Report, authorize transmission of the Procurement Report to NYS ABO by the March 31, 2011 deadline for submission, and authorize inclusion of the Procurement Report in the Annual Report (Daly, Corwin, passing unanimously). The Committee noted that the Procurement Report must be made available to the public on the web site.

**30. Investment Report for the year ending December 31, 2010**

The Committee reviewed the draft Investment Report for the year ending December 31, 2010, noting that the Authority had no investments during the year ending December 31, 2010. The Committee adopted a resolution recommending that the Board make a finding that the Authority was in compliance

with the Investment Policy, adopt the Investment Report for the year ending December 31, 2010, authorize transmission of the Investment Report to NYS ABO by the March 31, 2011 submission deadline, and authorize the inclusion of the Investment Report in the Annual Report (Daly, Corwin, passing unanimously). The Committee noted that the Investment Report must be made available to the public on the web site.

## **Performance Evaluation Processes and Reports**

### **31. Summary of Performance Evaluation Processes**

The Committee discussed the various required performance evaluation processes, including the Board's role, the Audit Committee's role, the Governance Committee's role, and Management's role in these evaluations, as required by the STERA bylaws and by NYS regulation. The various required performance evaluation processes include item numbers 31 through 40, as follows:

### **32. Organizational Self-Evaluation Report for the year ending December 31, 2010 using Measurement Standards per NYS ABO Policy Guidance 10-02**

The Committee reviewed a draft Organizational Self-Evaluation Report prepared using the authority's Measurement Standards, per NYS ABO Policy Guidance 10-02. The Self-Evaluation Report concluded that as measured by achieving success in terms of STERA's Measurements, STERA is achieving its purpose and meeting its performance goals expressed in its Measurements. The Committee adopted a resolution recommending that the STERA Board make a finding that STERA is achieving its purpose and meeting its performance goals expressed in its Measurements, and accordingly, that the STERA Board approve and adopt this Self-Evaluation Report and include it in its Annual Report (O'Grady, Corwin, passing unanimously). The Committee noted that the Self-Evaluation Report must be made available to the public on the web site.

### **33. Organizational Compliance Evaluation Report for the year ending December 31, 2010**

The Committee reviewed a draft Organizational Compliance Report prepared using the authority's Bylaws, NYS ABO Policy Guidances, and NYS laws and regulations. The Organizational Compliance Report concluded that except for certain compliance issues at the Audit and Governance Committee level, which the Committees are addressing, STERA is in compliance with these requirements. If the Board acts to take all actions recommended by the Committee in today's Committee meeting, the Committee felt that the Board would be in compliance with these requirements. The Committee specifically noted the Board's need to undertake the following actions:

- Insure that all Board members receive training from a State-approved trainer within one year of appointment to the STERA Board
- Receipt and approval of the audit and management letter for the year ending December 31, 2010
- Review and revision or updating of all STERA policies as required
- Modifying governance and operating activities so as to better conform to policies, regulations and guidances, and so as to more effectively achieve organizational goals
- Creation of new STERA policies as required
- Completion of all performance evaluation processes and taking all actions implied by these evaluations so as to improve performance

- Approval of all required reports, submission of these reports to the NYS ABO by the March 31, 2011 submission deadline, and publication of these reports on STERA's web site

The Committee adopted a resolution authorizing a report be made to the Board detailing this review of organizational compliance and actions recommended to be undertaken by the Board, recommending that the Board undertake these actions so as to improve compliance, and authorizing the inclusion of this compliance report in the Annual Report (Daly, Corwin, passing unanimously). The Committee noted that the Organizational Compliance Report must be made available to the public on the web site.

#### **34. Organizational Assessment of the Effectiveness of Internal Controls for the year ending December 31, 2010**

The Committee noted that this assessment, which in prior years had been undertaken by the Governance Committee, would this year be undertaken by the Audit Committee, per NYS ABO guidance and per STERA bylaws. The Committee noted that the assessment must be made available to the public on the web site and included in the Annual Report.

#### **35. Board Self-Evaluation Report for the year ending December 31, 2010 per NYS ABO Policy Guidance 10-05**

The Committee reviewed a Report on the Board's self-evaluation of its performance as a board for the year ending December 31, 2010, prepared to comply with NYS ABO Policy Guidance 10-05. The self-evaluation report of the Board's performance indicated that although the Board generally was performing very well, there are several instances in which one or more Board members have indicated that there could be room for improvement. However, the Committee noted that it felt that in several instances, there was not enough explanation of what the question was asking, or what STERA was doing or accomplishing with respect to what the questions was asking, etc., so the survey results were inherently biased toward a less satisfactory representation than the reality of the Board's performance. Accordingly, the Committee recommended that when the survey was administered next year, the survey should be expanded to include relevant notes and explanations for each question so that Board members could more accurately respond to each question in the survey.

The Committee adopted a resolution recommending that the STERA Board approve the Board Self-Evaluation Report, authorize its transmission to NYS ABO by the March 31, 2011 submission deadline, authorize inclusion of the Board Self-Evaluation Report in its Annual Report, and consider taking appropriate actions to remedy any perceived shortcomings identified in the report (O'Grady, Daly, passing unanimously). The Committee noted that the Board Self-Evaluation Report also must be made available to the public on the web site.

#### **36. Board Member Attendance Evaluation Report for the year ending December 31, 2010**

The Committee reviewed a summary Board Member Attendance Report detailing individual Board member attendance at Board meetings during the year ending December 31, 2010. The Committee adopted a resolution recommending that the STERA Board approve the Board Member Attendance Report and authorize its inclusion in its Annual Report (Daly, Corwin, passing unanimously). The Committee noted that the Board Member Attendance Report must be made available to the public on the web site and be transmitted to the six appointing entities.

### **37. Governance Committee Self-Evaluation Report for the year ending December 31, 2010**

The Committee reviewed and discussed a draft Governance Committee Self-Evaluation Report that would be submitted by the Committee to the Board, containing a self-evaluation by the Committee of its operations during calendar year 2010. Despite the Committee having significant success in its operations during 2010, the draft report nonetheless identifies certain deficiencies in Committee operations during 2010. Some of the identified deficiencies relate to topics that were not discussed by the Committee in 2010 (that can be remedied in future years by discussing and taking action on these topics) and other deficiencies relate to items that the Committee could not review and take action on in a timely fashion because necessary materials had not been provided to it in a timely fashion (that could be remedied by the Board and contract staff making those materials available to the Committee in a timely fashion).

The Committee indicated its intention to remedy all deficiencies in the report during 2011. With respect to the latter deficiencies relating to materials not provided to the Committee in a timely fashion, the Committee noted that the Board and contract staff have acted in 2011 so as to make those materials available to the Committee in a timely fashion.

The Committee adopted a resolution approving the self-evaluation report and authorizing transmission of the report to the STERA Board (Daly, O'Grady, passing unanimously).

### **38. Audit Committee Self-Evaluation Report for the year ending December 31, 2010**

The Committee noted that the Audit Committee was undertaking a self-evaluation of its performance for the year ending December 31, 2010, and would be transmitting that report to the STERA Board.

### **39. Executive Committee Self-Evaluation Report for the year ending December 31, 2010**

The Committee noted that the Executive Committee was undertaking a self-evaluation of its performance for the year ending December 31, 2010, and would be transmitting that report to the STERA Board.

### **40. Management (Corporate Officers) Evaluation Report for the year ending December 31, 2010**

The Committee reviewed a draft Management Evaluation Report containing an evaluation of the performance of contract management staff during the year ending December 31, 2010. The Committee adopted a resolution recommending that the STERA Board approve the Management Evaluation Report, authorize its inclusion in its Annual Report, and post the Report on its web site (Daly, Corwin, passing unanimously).

### **41. Annual Report for the year ending December 31, 2010**

The Committee noted that the review of the draft Annual Report for the year ending December 31, 2010 is scheduled to occur at the March 8, 2011 Governance Committee meeting. The draft Annual Report will be available shortly for review by Committee and Board members in advance of the March 8 Governance Committee and Board meetings. Completion of the draft Annual Report is dependent upon timely receipt and incorporation of the audit and management letter for the year ending December 31, 2011.

The Committee noted that the Annual Report must be made available to the public on the web site and transmitted to the six appointing entities and various other NYS offices.

## **Structure, Governance, and Operating Activities**

### **42. NYS ABO Policy Guidance 11-01: Compliance Review Process**

The Committee noted that on February 1, 2011, the NYS ABO issued Policy Guidance 11-01: Compliance Review Process. The Guidance indicates that NYS ABO will undertake compliance reviews of authorities in order to assess compliance and encourage authorities work toward rectifying any compliance deficiencies. The Guidance indicates the processes that the NYS ABO may take in undertaking these compliance reviews. Policy Guidance 11-01 supercedes Policy Guidance 7-03: Compliance Review Process. The NYS ABO encourages authorities to share the Policy Guidance with all members of the Board of Directors and executive staff. The Committee noted that it would report out to the Board that the NYS ABO has issued the Guidance, that it would brief the Board on the provisions of the Guidance, and that it would recommend that all Board members review the new Guidance.

### **43. NYS ABO Policy Guidance 11-02: Enforcement Powers of the Authorities Budget Office**

The Committee noted that on February 10, 2011, the NYS ABO issued Policy Guidance 11-02: Enforcement Powers of the Authorities Budget Office. The transmission email issued by NYS ABO indicates that the Guidance is “a public notice of the ABO’s intent regarding its powers of enforcement. The failure of the board or the chief executive officer of an authority to properly perform their duties and obligations may result in the ABO exercising its enforcement authority, including a public warning, censure or recommendation for the suspension or removal of board members and officers.” The NYS ABO encourages authorities to share the Policy Guidance with all members of the Board of Directors and executive staff. The Committee noted that it would report out to the Board that the NYS ABO has issued the Guidance, that it would brief the Board on the provisions of the Guidance, and that it would recommend that all Board members review the new Guidance.

### **44. Acknowledgement of Fiduciary Duties and Responsibilities Form**

The Committee noted that all STERA Board members had received a copy of the Acknowledgement of Fiduciary Duties and Responsibilities Form, which is required by NYS ABO to be executed by all Board members and maintained by STERA in a file. The Committee adopted a resolution recommending to the STERA Board that it require all Board members to execute the form and transmit the form to STERA for retention (Corwin, Daly, passing unanimously).

### **45. Cattaraugus County Ethics (conflict of interest and financial disclosure) Form**

The Committee noted that on February 18, 2011, Cattaraugus County mailed STERA Board members its Ethics (conflict of interest and financial disclosure) Form for execution by all STERA Board members and mailing of the executed form back to Cattaraugus County. The Committee encourages all Board members to mail the executed form back to Cattaraugus County at their earliest convenience, if they have not done so already. It is a NYS ABO requirement that all STERA Board members execute the form and file it with Cattaraugus County. The deadline for returning the executed forms to Cattaraugus County is April 30, 2011. Cattaraugus County has indicated that if any STERA Board members do not

return the executed form, it would ask STERA to help expedite the return of the delinquent executed forms. Mr. Barnes offered to obtain this form and transmit to any Board member who has not yet received it.

The Committee adopted a resolution recommending to the STERA Board that it require all Board members to execute the form and transmit the form to Cattaraugus County in a timely fashion for retention (Daly, Corwin, passing unanimously). The Committee recommended that the Board be surveyed at the March 8 Board meeting to ascertain whether any Board members had not received the form.

#### **46. Governance Practices with respect to Transparency, Independence, Accountability, Fiduciary Responsibilities, and Management Oversight**

The Committee noted that per the NYS ABO model Governance Committee Charter, and accordingly the STERA Governance Committee Charter, the Governance Committee has responsibilities for reviewing STERA structural, governance and operating policies and activities. Many of the policies and governance practices practiced by the authority derive directly from these corner stone principles (transparency, independence, accountability, fiduciary responsibilities, and management oversight) prescribed by the State Legislature and NYS ABO.

The Committee discussed this topic, and noted some of the responses to the Board Self Evaluation process (especially question #2 – “The policies, practices and decisions of the Board are always consistent with (its) mission” and question #4 – “The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually”).

The Committee decided to recommend to the Board that the Board should set aside some time at each Board meeting for presentations or training sessions on each of the issues raised in the Board Self Evaluation survey, and on other relevant issues relating to the Authority, the Board, and to governance and operations.

The Committee adopted a resolution recommending that the Board adopt no change in STERA’s governance practices with respect to transparency, independence, accountability, fiduciary responsibilities, and management oversight (Daly, Corwin, passing unanimously).

#### **47. Competencies and Personal Attributes Required of Board Members**

The Committee discussed the proposed policy, which was discussed earlier in the meeting, relating to identifying competencies and personal attributes to be required of proposed Board members so as to assist appointing entities in identifying qualified individuals. The Committee noted that per the STERA Governance Committee Charter, the Governance Committee has responsibilities for reviewing STERA structural, governance and operating policies and activities, which will include the annual review of this policy if approved by the Board.

#### **48. New Member Orientation Process**

The Committee discussed the proposed policy and reference materials, which had been discussed earlier in the meeting. The New Member Orientation Process will include reference materials and web

site materials that could be used for new member orientation and for the ongoing education of current Board members. The Committee noted that per the STERA Governance Committee Charter, the Governance Committee has responsibilities for reviewing STERA structural, governance and operating policies and activities, which will include the annual review of this policy if approved by the Board.

#### **49. Compliance with Board Member Training Requirements**

The Committee discussed mandated training to be obtained from State-approved trainers, and noted that there have been reports that NYS ABO would approve web-based training. STERA also has discussed in-person training to be provided by one or more County IDA's in New York State and made available to STERA Board members and staff. The Committee noted that several Board members have yet to complete this required training. The Committee adopted a resolution recommending to the Board that it require Board members to take the State-approved training if they have not yet done so by the end of the calendar year (Daly, O'Grady, passing unanimously).

#### **50. Compliance with Staff Training Requirements**

The Committee noted that both contract staff persons have received training from State-approved trainers in compliance with NYS ABO and PAAA requirements.

#### **51. Number and Structure of STERA Committees**

The Committee noted that STERA currently has three standing Committees, the Executive Committee, the Audit Committee, and the Governance Committee, whose existence is authorized by STERA's bylaws. The Committee also noted that STERA has provision in its bylaws authorizing the creation of other standing and/or special committees, including a nominating committee and a finance committee, both of which are not specifically named in the bylaws.

The Committee noted that NYS ABO, PAAA, and PARA do not require the creation of a finance committee unless STERA issues debt, which it never has done, so the Committee recommended that the Board not create a finance committee until such time as it decided to issue debt.

The Committee adopted a resolution recommending that the Board make no changes in the number and structure of committees other than those already discussed in the discussion relating to a proposed bylaws revision relating to the Executive Committee (Daly, O'Grady, passing unanimously).

#### **52. Compensation and Benefits for the Managing Director and Other Senior Authority Officials**

The Committee noted that the Authority has no direct employees, and accordingly there are no such individuals (Board or corporate officers or other management personnel) receiving compensation and benefits from the Authority. The Committee adopted a resolution approving notifying the Board that it had reviewed this matter per the requirements of the Governance Committee Charter and recommended no action in this matter by the Board (Corwin, Daly, passing unanimously).

#### **53. Other STERA Policies or Documents Related to the Governance of the Authority**

The Committee discussed the general governance and operation of the Authority, with respect to a consideration of any need for any other policies or documents relating to the governance and operation

of the Authority, including rules and procedures for conducting the business of the Authority's Board. In this regard, the Committee considered the results of the Board Self-Evaluation prepared per NYS ABO Guidance 10-05. The Committee made a finding that the Authority's policies and procedures are being effectively implemented and are effective in guiding and controlling the Authority's governance and operations, and recommended to the Board that it make no changes to the Authorities governance and operating policies and procedures other than have been otherwise discussed and recommended by the Committee at this meeting (O'Grady, Corwin, passing unanimously).

**54. Other New Business**

There was no other new business. The Governance Committee meets as needed to discuss additional governance and compliance issues.

**55. Public Comment**

There was no public comment.

**56. Next Meeting Date and Agenda for Next Meeting**

Mr. Eade noted that the Governance Committee would next meet on March 8, 2011 at 9:00 AM (immediately prior to the March 8, 2011 9:30 AM STERA Board meeting) to discuss appropriate matters (including the Annual Report).

**57. Adjournment**

The Committee adopted a resolution to adjourn at 11:00 AM (Daly, Corwin, passing unanimously).

I certify that this is an accurate summary of the meeting of the Governance Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority held on the date indicated above.

Name: \_\_\_\_\_

Office: \_\_\_\_\_

Date: \_\_\_\_\_