



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 5, 2012

The Governance Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:00 AM on March 5, 2012 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

Representing

Cattaraugus County
Steuben County
Chautauqua County

Committee Members Not In Attendance

Timothy O'Grady

Allegany County

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 October 17, 2011 (Corwin, Daly, passing unanimously).

Unfinished Business

3. Audit Committee Charter Revision

The Committee reviewed the proposed revised Audit Committee Charter developed by the Audit Committee at its November 14, 2011 meeting, and after discussion adopted a resolution recommending that the Board approve the revised Audit Committee Charter (Daly, Corwin, passing unanimously).

4. Internal Control Procedures

The Committee reviewed a proposed revised Internal Control Procedures Policy developed by the Audit Committee at its November 14, 2011 meeting, and during discussion noted that the Internal Control Procedures Policy would probably be further revised per discussion held by the Audit Committee at its March 5, 2012 meeting. Accordingly, the Governance Committee adopted a resolution tabling action on the revised policy and recommending that the Board consider revising the policy per the discussion held by the Audit Committee at its March 5, 2012 meeting (Daly, Corwin, passing unanimously).

5. Contract and Procurement Policy

The Governance Committee had reviewed and discussed the proposed revision of the Contract and Procurement Policy, which had been approved by STERA attorney Harris Beach.

The current policy only deals with (a) the enabling legislation's requirements for building construction projects (i.e., prevailing wage requirements and Wicks Law requirements), competitive procurement for all construction contracts over \$5,000, and MWBE procurement requirements, and (b) federal requirements for contracts for more than \$100,000 that use federal funds.

The proposed revised policy is a more comprehensive policy in terms of outlining permitted procurement practices that (a) are consistent with statute and (b) also provides the type of flexibility that STERA would wish to have in its procurement. The proposed revised policy has been approved by STERA attorney Harris Beach.

After discussion, the Governance Committee adopted a resolution recommending that the Board approve the revised policy (Daly, Corwin, passing unanimously).

6. Proposed Bylaw Revision re: Treasurer /CFO Being a Board Member and Proposed Job Description of CFO

The Committee noted that the PARA provides that members of the Board now may hold either the CEO or CFO offices. After discussion, and noting that the Audit Committee had suggested that the Bylaws be revised to allow members of the Board to hold the CFO office, the Governance Committee adopted a resolution recommending that the Board revise the Bylaws to permit members of the Board to hold either the CEO or CFO offices (Corwin, Daly, passing unanimously).

Mr. Barnes noted that Mr. Griffin has offered to work with STERA to develop a CFO job description. After discussion, the Governance Committee adopted a resolution tabling discussion of the CFO job description (Daly, Corwin, passing unanimously).

7. Proposed STERA-STW Contract for Administrative Services

Mr. Barnes noted that Mr. Griffin has offered to work with STERA to revise the current STERA-STW contract for administrative services. After discussion, the Governance Committee adopted a resolution tabling discussion of the revision of the current STERA-STW contract for administrative services (Daly, Corwin, passing unanimously).

8. Other Unfinished Business

There was no other unfinished business.

New Business

9. Annual Policy and Report Development and Review

The Governance Committee reviewed and discussed STERA's current policies, the draft reports for the year ending December 31, 2011, and STERA's structure, governance, and operating activities.

A. Review of current policies

With respect to the STERA's current policies, the Governance Committee had adopted a resolution making a finding that STERA was in compliance with all of the current policies, that the policies should not be changed, and that the Board should make a similar finding and not change any of the current policies (Daly, Corwin, passing unanimously). These policies are as follows:

- Bylaws
- Code of Ethics
- Compensation, Reimbursement and Attendance Policy
- Competencies and Personal Attributes Required of Board Members
- Defense and Indemnification Policy
- Equal Opportunity and Affirmative Action Policy
- Governance Committee Charter
- Investment Policy
- Lobbying Policy
- Management Performance Evaluation Standards
- Measurement Standards for Performance Evaluation
- Mission Statement
- New Member Orientation Process
- New Member Orientation Process Reference Document
- Property Disposition Guidelines
- Public Access to Records Policy
- Public Access to Records - Subject Matter List
- Records Management Program
- Travel Policy
- Uniform Tax Exemption Policy
- Whistleblower Policy

The Committee noted that the following policies were discussed and approved or revised separately during this meeting:

- Audit Committee Charter
- Internal Control Procedures
- Procurement Guidelines (Contract and Procurement Policy)

B. Review of reports

The Committee reviewed and discussed various draft reports for the year ending December 31, 2011, and adopted a resolution recommending that the Board should approve these reports (Daly, Corwin, passing unanimously). These reports are as follows:

Annual Report
Board Self-Evaluation Report per NYS ABO Policy Guidance 10-05
Board Member Attendance Evaluation Report
Governance Committee Charter Review Report March 2012
Governance Committee Self-Evaluation Report
Investment Report
Management (Corporate Officers) Evaluation Report
Organizational Self-Evaluation Report
Organizational Compliance Evaluation Report
Procurement Report
Property Disposition Report
Property Listing Report

The Committee noted that the following reports would be discussed and approved or revised by the Audit Committee at its March 5, 2012 meeting:

Audit
Audit Communications Letter
Audit Committee Charter Review Report March 2012
Audit Committee Self-Evaluation Report
Organizational Assessment of the Effectiveness of Internal Controls

The Committee noted that the following report would be discussed and approved by the Executive Committee at its March 5, 2012 meeting:

Executive Committee Self-Evaluation Report

The Committee noted that the following reports were discussed and approved at the October 17, 2011 Board meeting:

Budget for 2012
Four Year Financial Plan for 2012 to 2015
Management Report: Financial Disclosures and Ethics Report October 2011

C. Review of structure, governance, and operating activities

The Committee has responsibilities for reviewing STERA structural, governance and operating policies and activities. Many of the policies and governance practices practiced by STERA derive directly from the cornerstone principles (transparency, independence, accountability, fiduciary responsibilities, and management oversight) prescribed by the State Legislature and NYS ABO.

In this regard, the Committee discussed the report on the Board Member Self Evaluation process, and discussed whether the Board may wish to make any changes so as to improve STERA's performance. Last year, the Committee recommended 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. STERA will begin to do this with respect to the abatement process in June 2012, but STERA may wish to also have similar presentations on other issues or topics of more general relevance with respect to STERA structural, governance and operating policies and activities.

The Governance Committee also discussed:

- the Competencies and Personal Attributes Required of Board Members Policy and the New Member Orientation Process Policy, and noted that it had reviewed and approved these policies at this meeting and recommended no changes .
- the number and structure of STERA Committees, and noted that it had reviewed and approved this issue at this meeting and recommended no changes in the number and structure of committees.
- Board and staff compliance with NYS ABO training requirements, and noted that staff is in compliance but that several Board members still need to take the required training.
- the compensation and benefits for the managing director and other senior Authority officials, and 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, and recommended no action in this matter by the Board.

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, but should address the results of the annual Board Self Evaluation process and should require that all Board members receive the training required by the NYS ABO by the end of 2012 (Daly, Corwin, passing unanimously).

10. Other New Business

There was no other new business.

11. Public Comment

There was no public comment.

12. Next Meeting Date and Agenda for Next Meeting

The Committee will next meet on June 18, 2012.

13. Adjournment

The Committee adjourned at 9:35 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: *Thomas M. Barnes*

Office: Secretary

Date: March 5, 2012