



Chautauqua, Cattaraugus, Allegany & Steuben Counties

Southern Tier Extension Railroad Authority

Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York 14779
TEL (716) 945-5301 FAX (716) 945-5550 TDD (716) 945-5301

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

CHAUTAUQUA, CATTARAUGUS, ALLEGANY AND STEUBEN COUNTIES SOUTHERN TIER EXTENSION RAILROAD AUTHORITY

GOVERNANCE COMMITTEE CHARTER

This Governance Committee Charter was adopted by the Board of Directors of the Southern Tier Extension Railroad Authority, a public benefit corporation established under the laws of the State of New York, on this 18 day of June, 2007.

1. PURPOSE OF THE GOVERNANCE COMMITTEE

Consistent with Article 7, Section 4 of the Authority's bylaws, the purpose of the Governance Committee is to assist the Board by:

- Keeping the Board informed of current best practices in corporate governance;
- Reviewing corporate governance trends for their applicability to the Southern Tier Extension Railroad Authority;
- Updating the Southern Tier Extension Railroad Authority's corporate governance principles and governance practices; and
- Advising those responsible for appointing directors to the Board on the skills, qualities and professional or educational experiences necessary to be effective Board members.

2. POWERS OF THE GOVERNANCE COMMITTEE

A. The Board of Directors has delegated to the Governance Committee the power and authority necessary to discharge its duties, including the right to:

- Meet with and obtain any information it may require from Authority employees and contract staff.
- Obtain advice and assistance from in-house or outside counsel, accounting and other advisors as the Committee deems necessary.

- Solicit, at the Authority's expense, persons having special competencies, including legal, accounting or other consultants as the committee deems necessary to fulfill its responsibilities. The Governance Committee shall have the authority to negotiate the terms and conditions of any contractual relationship subject to the Board's adopted procurement guidelines as per Public Authorities Law Section 2879, and to present such contracts to the Board for its approval.

B. The Southern Tier Extension Railroad Authority Board will ensure that the Governance Committee has sufficient resources to carry out its duties.

3. COMPOSITION OF GOVERNANCE COMMITTEE AND SELECTION OF MEMBERS

A. The membership of the Committee shall be as set forth in accordance with and pursuant to Article 7, Sections 1 and 4 of the Authority's bylaws. The Governance Committee shall be comprised of a minimum of 3 independent members. The Board of Directors determines the size of the Committee. The Authority's Board Chairman will appoint the Governance Committee members and the Governance Committee Chairperson. The Governance Committee members shall serve at the discretion of the Board of Directors, provided that the members of the Governance Committee shall serve until their resignation, retirement, removal by the Board or until their successors shall be appointed and qualified. When feasible, the immediate past Governance Committee Chair will continue serving as a member of the Governance Committee for at least one year to ensure an orderly transition.

B. Governance Committee members shall be prohibited from being an employee of the Authority or an immediate family member of an employee of the Authority. In addition, Governance Committee members shall not engage in any private business transactions with the Authority or receive compensation from any private entity that has material business relationships with the Authority, or be an immediate family member of an individual that engages in private business transactions with the Authority or receives compensation from an entity that has material business relationships with the Authority.

C. The Governance Committee members should be knowledgeable or become knowledgeable in matters pertaining to governance.

4. MEETINGS

A. The Governance Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in this Charter.

B. All Governance Committee members are expected to attend each meeting, in person or via telephone or videoconference. The Governance Committee may invite other individuals, such as members of management or technical governance experts to attend

meetings and provide pertinent information, as necessary.

- C. Meeting agendas will be prepared for every meeting and provided to the Governance Committee members at least 2 days in advance of the scheduled meeting, along with the appropriate materials needed to make informed decisions. The Governance Committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent. Minutes of these meetings are to be recorded.
- D. Meetings of the Governance Committee shall be chaired by the Chairperson of the Governance Committee.

5. REPORTS

The Governance Committee shall:

- Report its actions and recommendations to the Board at the next regular meeting of the Board.
- Report to the Board at least annually regarding any proposed changes to the governance charter or the governance guidelines.
- Provide a self-evaluation of the Governance Committee's functions on an annual basis.

6. RESPONSIBILITIES OF THE GOVERNANCE COMMITTEE

- A. To accomplish the objectives of good governance and accountability, the Governance Committee has responsibilities related to: (a) the Authority's Board; (b) evaluation of the Authority's policies; and (c) other miscellaneous issues. These responsibilities are outlined in the remaining sections of this article.

B. Relationship to the Authority's Board

The Board of Directors has delegated to the Governance Committee the responsibility to review, develop, draft, revise or oversee policies and practices for which the Governance Committee has specific expertise, as follows:

- The Governance Committee shall develop the Authority's governance practices. These practices should address transparency, independence, accountability, fiduciary responsibilities, and management oversight.
- The Governance Committee shall develop the competencies and personal attributes required of Directors to assist those authorized to appoint members to the Board in identifying qualified individuals.

In addition, the Governance Committee shall:

- Develop and recommend to the Board the number and structure of committees to be created by the Board.
- Develop and provide recommendations to the Board regarding Board member education, including new member orientation and regularly scheduled Board member training to be obtained from State-approved trainers.
- Develop and provide recommendations to the Board on performance evaluations, including coordination and oversight of such evaluations of the Board, its committees and senior management in the Authority's governance process.

C. Evaluation of the Authority's Policies

The Governance Committee shall:

- Develop, review on a regular basis, and update as necessary the Authority's Code of Ethics and written policies regarding conflicts of interest. Such Code of ethics and policies shall be at least as stringent as the laws, rules, regulations and policies applicable to State officers and employees, and shall comply with all applicable State regulations and laws pertaining to local authorities.
- Develop and recommend to the Board any required revisions to the Authority's written policies regarding the protection of whistleblowers from retaliation.
- Develop and recommend to the Board any required revisions to the Authority's equal opportunity and affirmative action policies.
- Develop and recommend to the Board any required updates on the Authority's written policies regarding procurement of goods and services, including policies relating to the disclosure of persons who attempt to influence the Authority's procurement process.
- Develop and recommend to the Board any required updates on the Authority's written policies regarding the disposition of real and personal property.
- Develop and recommend to the Board any other policies or documents relating to the governance of the Authority, including rules and procedures for conducting the business of the Authority's Board, such as the Authority's by-laws. The Governance Committee will oversee the implementation and effectiveness of the by-laws and other governance documents and recommend modifications as needed.

D. Other Responsibilities

The Governance Committee shall:

- Review on an annual basis the compensation and benefits for the Managing Director and other senior Authority officials, if there are any such individuals receiving compensation and benefits from the Authority.
- Annually review, assess and make necessary changes to the Governance Committee Charter and provide a self-evaluation of the Governance Committee.

Approved and adopted this 18th day of June 2007.

Name

Title