



Chautauqua, Cattaraugus, Allegany & Steuben Counties

Southern Tier Extension Railroad Authority

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

GOVERNANCE COMMITTEE SELF-EVALUATION REPORT TO THE BOARD on GOVERNANCE COMMITTEE FUNCTIONS FOR CALENDAR YEAR 2012

Submitted March 18, 2013

1. Meetings

- **Notes:**
 - During 2011, the Governance Committee met three times, on March 5, 2012; June 18, 2012; and October 15, 2012.
 - The Committee Charter requires the Committee to meet a minimum of twice a year, plus any additional meetings as needed.
 - All meetings were properly noticed and open to the public as required, and all agendas and minutes were made available to the public on the Authority web site as required.
- **Deficiencies:**
 - None.
- **Recommendations:**
 - None.

2. Reporting to Board

- **Notes:**
 - The Committee reported out its actions and recommendations to the Board at the Board's March 5, 2012; June 18, 2012; and October 15, 2012 meetings, as required.
- **Deficiencies:**
 - None.
- **Recommendations:**
 - None.

3. Compliance

- **Notes:**
 - During 2012, the Committee complied with the Committee Charter and the Authority's bylaws.
 - During 2012, the Committee complied with NYS ABO, PAAA, and PARA requirements.
- **Deficiencies:**
 - None.
- **Recommendations:**
 - None.

4. Committee Responsibilities With Respect to Authority Operations

- **Notes:** During 2012, the Committee reviewed and made recommendations to the Board regarding Authority operations, as follows:
 - On March 5, 2012, the Committee reviewed various issues relating to structure, governance, and operating activities, including:
 - Internal Control Procedures
 - Proposed revisions to the Bylaws
 - Proposed revisions to the Audit Committee Charter
 - Proposed revisions to the Contract and Procurement Policy
 - Governance Practices with respect to Transparency, Independence, Accountability, Fiduciary Responsibilities, and Management Oversight
 - Competencies and Personal Attributes Required of Board Members
 - New Member Orientation Process
 - Compliance with Board Member Training Requirements
 - Compliance with Staff Training Requirements
 - Number and Structure of STERA Committees
 - Compensation and Benefits for the Managing Director and Other Senior Authority Officials
 - Performance evaluations, including coordination and oversight of such evaluations of the Board, its committees and senior management in the Authority's governance process,
 - 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. 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 Authority's governance and operating policies and procedures other than have been otherwise specifically discussed and recommended by the Committee at this meeting.

The Committee also reviewed and discussed:

- the auditor's deficiencies letter
- internal controls deficiencies identified in the auditor's deficiencies letter
- On June 18, 2012, the Committee reviewed:
 - Internal Control Procedures
 - Management Report on Financial Disclosure and Ethics Report
 - Mission Statement
- On October 15, 2012, the Committee reviewed:
 - Internal Control Procedures
- **Deficiencies:**
 - None.
- **Recommendations:**
 - None.

5. Committee Responsibilities With Respect to Authority Policies

- **Notes:** During 2012, the Committee reviewed and made recommendations to the Board regarding Authority policies, as follows:
 - On March 5 2012, the Committee discussed and made recommendations to the Board that it either approve as is or update the following current STERA policies:
 - Audit Committee Charter
 - 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
 - Internal Control Procedures
 - Investment Policy
 - Lobbying Policy
 - Management Performance Evaluation Standards

- Measurements for Organization Performance Evaluation
- Mission Statement
- New Member Orientation Process
- New Member Orientation Process Reference Document
- Procurement Guidelines (Contract and Procurement Policy)
- 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
- On June 18, 2012, the Committee reviewed:
 - Internal Control Procedures
 - Management Report on Financial Disclosure and Ethics Report
 - Mission Statement
- On October 15, 2012, the Committee reviewed:
 - Internal Control Procedures
- **Deficiencies:**
 - None.
- **Recommendations:**
 - None.

6. Committee Responsibilities With Respect to the Authority's Reports

- During 2012, the Committee reviewed and made recommendations to the Board regarding the Authority's reports, as follows:
 - On March 5, 2012, the Committee reviewed and made recommendations to the Board regarding the following reports:
 - Annual Report for the year ending December 31, 2011
 - Property Listing Report for the year ending December 31, 2011
 - Property Disposition Report for the year ending December 31, 2011
 - Procurement Report for the year ending December 31, 2011
 - Investment Report for the year ending December 31, 2011

Performance Evaluation Processes and Reports

- Summary of Performance Evaluation Processes
- Organizational Self-Evaluation Report for the year ending December 31, 2011 using Measurement Standards per NYS ABO Policy Guidance 10-02

- Organizational Compliance Evaluation Report for the year ending December 31, 2011
 - Organizational Assessment of the Effectiveness of Internal Controls for the year ending December 31, 2011
 - Board Self-Evaluation Report for the year ending December 31, 2011 per NYS ABO Policy Guidance 10-05
 - Board Member Attendance Evaluation Report for the year ending December 31, 2011
 - Governance Committee Self-Evaluation Report for the year ending December 31, 2011
 - Governance Committee Charter Review Report
 - Management (Corporate Officers) Evaluation Report for the year ending December 31, 2011
- On June 18, 2012, the Committee reviewed:
 - Management Report on Financial Disclosure and Ethics Report
- **Deficiencies:**
 - None.
 - **Recommendations:**
 - None.

7. Summary Self Evaluation of Governance Committee Functions During Calendar Year 2012

- **Successes**
 - The Committee complied with its functions as regards meetings, organizational and regulatory compliance.
 - The Committee complied with its functions as regards operating responsibilities and functions.
 - The Committee has successfully implemented all of the changes recommended in the prior year self-evaluation process.
- **Deficiencies**
 - None.

**Approved by the Governance Committee
And
Submitted to the Board of Directors of the
Chautauqua, Cattaraugus, Allegany, and Steuben
Southern Tier Extension Railroad Authority
On March 18, 2013**

Secretary

Date