



Chautauqua, Cattaraugus, Allegany & Steuben Counties
Southern Tier Extension Railroad Authority
 Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York 14779
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"This institution is an equal opportunity organization"

Terry Everetts, Chairman
 Richard Zink, Chief Executive Officer

STERA GOVERNANCE COMMITTEE

MINUTES – March 9, 2015

The Governance Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:03 AM on March 9, 2015 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

Seth Corwin
 Terry Everetts, Chairman
 Adam Gorczyca
 Jerry Scott

Representing

Steuben County
 Cattaraugus County
 Chautauqua County
 Southern Tier West

Committee Members Not In Attendance

Vacancy

Representing

Allegany County

Other Board Members In Attendance

Jay Gould

Chautauqua County

Others Attending

Thomas Barnes
 Richard Zink

Representing

STERA Corporate Secretary
 STERA CEO

1. Call to Order and Introduction of Those Present

Committee Chairman Terry Everetts called the meeting to order at 9:03 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 June 16, 2014 (Scott, Corwin, passing unanimously).

Unfinished Business

There was no unfinished business.

New Business

3. 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, 2014, and STERA's structure, governance, and operating activities.

A. Review of Current Policies

With respect to the STERA's current policies, the Governance Committee adopted a resolution making a finding that STERA was in compliance with all of the current policies, that the policies should not be revised, excepting that the Mission Statement and the Measurement Standards for Performance Evaluation should be revised to include Encouragement of Safe railroad Operations as a measurement standard, and that the Board should make a similar finding and not revise any of the current policies, excepting these revisions to the Mission Statement and the Measurement Standards for Performance Evaluation (Scott, Corwin, passing unanimously).

These policies are as follows:

- 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
- Measurement Standards for 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 and Use of Discretionary Funds Policy
- Uniform Tax Exemption Policy
- Whistleblower Policy

The Committee noted that the Audit Committee also was to review the following policies and potentially make recommendations for their revision, but that Committee's meeting was canceled due to the lack of a quorum:

- Audit Committee Charter
- Internal Control Procedures

The Committee noted that the NYS ABO requires STERA to have in place a Personnel Policy. The Personnel Policy is perhaps moot, as STERA has no employees, although a draft policy currently is being developed.

B. Review of Reports

The Committee reviewed and discussed various draft reports for the year ending December 31, 2014, and adopted a resolution recommending that the Board should approve these reports (Scott, Corwin, passing unanimously). These reports are as follows:

- Annual Report
- Audit, including Management Letter
- Audit Committee Charter Review Report March 2014
- Audit Committee Self-Evaluation Report March 2014
- Authority Performance Self-Evaluation Report
- Board Member Attendance Report
- Board Performance Self-Evaluation Report
- Board Performance Self-Evaluation Report 2012 vs 2013 vs 2014
- Budget for 2015
- Compliance Report
- Effectiveness of Internal Controls Report
- Executive Committee Self-Evaluation Report
- Financial Disclosure and Ethics Report
- Four-Year Financial Plan for 2015 to 2018
- Governance Committee Charter Review Report
- Governance Committee Self-Evaluation Report
- Investment Report
- Management Evaluation Report
- Procurement Report
- Property Disposition Report
- Property Listing Report
- Records Management Program Report

The Committee noted that the Audit Committee also was to review the following reports and potentially make recommendations for their revision and/or approval, but that Committee's meeting was canceled due to the lack of a quorum:

- Audit
- Audit Communications Letter
- Audit Committee Charter Review Report March 2015
- Audit Committee Self-Evaluation Report
- Organizational Assessment of the Effectiveness of Internal Controls

The Committee noted that Executive Audit Committee also was to review the following reports and potentially make recommendations for their revision and/or approval, but that Committee's meeting was canceled due to the lack of a quorum:

- Executive Committee Self-Evaluation Report

The Committee noted that the following reports were discussed and approved at the October 21, 2014 Board meeting:

- Budget for 2015

Four Year Financial Plan for 2015 to 2018

The Committee noted that the following report was discussed and approved at the June 16, 2014 Board meeting:

Management Report: Financial Disclosures and Ethics Report June 2014

The Board decided to add an open-ended question to the Board survey to ask members if they had any suggestions for improvement of authority operations. Mr. Barnes noted that authority members should, at any time during the year, bring any such suggestions forward to Mr. Everetts, Mr. Zink, or himself, or to the full Board or the Governance Committee at any meeting.

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. The results were generally favorable, with unfavorable ratings received for none of the questions in the survey, and with the overwhelming majority of responses indicating agreement with the survey questions. Because of the differing number of response from prior years, owing to new members coming onto the Board, and due to several members' unfamiliarity with the issues at hand, it is difficult to make inter-year comparisons of the survey responses. There were slight improvements in responses to certain questions. Also, the three questions which generated the least number of "Agree" responses (i.e., "potential problem areas") were:

Additionally, several problem areas exist, including:

- Question 5: The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.
- Question 10: The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.
- Question 14: The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.

It was noted that the Committee previously had 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. However, the Committee chose to make no specific recommendation about addressing any of these potential issues.

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. It was also noted that the New Member Orientation Process Reference Document has been updated and is now current.

- 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. STERA does not have a Finance Committee, but is not required to have one as it has not issued any debt.
- Board and staff compliance with NYS ABO training requirements, and noted that all Board members and staff are in compliance with 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 consider addressing the results of the annual Board Self Evaluation process (Corwin, Scott, passing unanimously).

4. Other New Business

There was no other new business.

5. Public Comment

There was no public comment.

6. Next Meeting Date and Agenda for Next Meeting

The Governance Committee will next meet on June 15, 2014 at 9:00 AM.

7. Adjournment

The Committee adjourned at 9:37 AM (Scott, 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 9, 2015