



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

Minutes of STERA Governance Committee Meeting

March 7, 2016

The Governance Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:00 AM on March 7, 2016 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
 Jerry Scott

Representing

Steuben County
 Cattaraugus County
 Southern Tier West

Committee Members Not In Attendance

Adam Gorczyca
 Vacancy

Representing

Chautauqua County
 Allegany County

Others Attending

Thomas Barnes

Representing

STERA Corporate Secretary

1. Call to Order and Introduction of Those Present

Committee Chairman Terry Everetts 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 December 7, 2015 (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, 2015, 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, and that the Board should make a similar finding and not revise any of the current policies (Corwin, Scott, 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 Policy
- Defense and Indemnification Policy
- Equal Opportunity and Affirmative Action Policy
- Fee Schedules
- Governance Committee Charter
- Internal Control Procedures
- Investment Policy
- Lobbying Policy
- Management Performance Evaluation Standards
- Measurement Standards 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 specifically discussed the Mission Statement and Measurement Standards for Performance Evaluation, and made a finding that these policies were adequate as and made no recommendations for changing either policy (Corwin, Scott, passing unanimously).

The Committee noted that the Audit Committee also had been scheduled to review the following policies and potentially make recommendations for their revision, but that review had been canceled with the cancelation of the March 7, 2016 Audit Committee meeting:

- 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, and has no intention of having employees. However, 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, 2015, and adopted a resolution recommending that the Board should approve these reports (Scott, Corwin, passing unanimously). These reports are as follows:

- Active and Completed Projects
- Annual Report
- Audit FYE Dec 31, 2015, including Audit Management Letter FYE Dec 31, 2015
- Audit Committee Charter Review Report
- Audit Committee Self-Evaluation Report
- Authority Performance Self-Evaluation Report
- Board Member Attendance Report
- Board Performance Self-Evaluation Report
- Board Performance Self-Evaluation Report 2013 vs 2014 vs 2015
- Budget for 2016
- Compliance Report
- Effectiveness of Internal Controls Report
- Executive Committee Self-Evaluation Report
- Financial Disclosure and Ethics Report
- Four-Year Financial Plan for 2016 to 2019
- Governance Committee Charter Review Report
- Governance Committee Self-Evaluation Report
- Investment Report
- Management Evaluation Report
- Operations and Accomplishments Report
- Procurement Report
- Property Disposition Report
- Property Listing Report
- Records Management Program Report
- Schedule of Debt Report

The Committee noted that the Audit Committee also had been scheduled to review the following reports and potentially make recommendations for their revision, but that review had been canceled with the cancelation of the March 7, 2016 Audit Committee meeting:

- Audit (including management letter)
- Audit Committee Charter Review Report
- Audit Committee Self-Evaluation Report
- Effectiveness of Internal Controls Report

The Committee noted that the Executive Committee also had been scheduled to review the following report and potentially make recommendations for its revision, but that review had been canceled with the cancelation of the March 7, 2016 Executive Committee meeting:

- Executive Committee Self-Evaluation Report

The Committee noted that the following reports were discussed and approved at the October 5, 2015 Board meeting:

- Budget for 2016
- Four Year Financial Plan for 2016 to 2019

The Committee noted that the following report was discussed and approved at the June 15, 2015 Board meeting:

Management Report: Financial Disclosures and Ethics Report June 2015

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 Board had decided to add an open-ended question to the Board self evaluation survey to ask members if they had any suggestions for improvement of authority operations. There were no suggestions made in response to this question. 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.

The results of the Board Member Self Evaluation were 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. In fact, this year's survey indicated a higher percentage of favorable responses to all questions than ever had been indicated in prior years. Also, the four questions which generated the least number of "Agree" responses (i.e., "potential problem areas") were:

- Question 3: Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles. (10 agree, 1 somewhat agree)
- Question 5: The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission. (10 agree, 1 somewhat agree)
- Question 8: Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions. (9 agree, 2 somewhat agree)
- Question 10: The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law. (9 agree, 2 somewhat agree)

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 new Active and Completed Projects report and the updated Capital Projects page on the web site.
- 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 through internal Board training (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 6, 2016 at 9:00 AM.

7. Adjournment

The Committee adjourned at 9:30 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 7, 2016