



Chautauqua, Cattaraugus, Allegany and 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"

Frank "Jay" Gould, Chairman
Richard Zink, Chief Executive Officer

New STERA Board Member Orientation

(Note: The format and content of this document is as prescribed by the New York State Authorities Budget Office (NYS ABO). Accordingly, there is some redundancy and the outline structure of the document may not seem intuitive. However, the document does provide substantial introduction to the STERA organization and the roles and responsibilities of STERA Board members.)

Objectives: A well-informed, engaged, and principled board of directors is the most effective means to assure that public authorities act in accordance with their missions and the interests of the public, operate in an ethical and transparent manner, and adhere to the highest standards of good corporate governance. A board's primary responsibility is to provide the vision and guidance necessary for the authority to fulfill its mission and meet its ethical and legal obligations. It is important for board members to be well-versed in the purpose and operations of the authority.

Those appointed to the STERA Board should be well prepared to undertake their role and responsibilities, add value to the deliberative and decision-making process of the STERA Board, and advance STERA's performance objectives. Newly appointed STERA board members should familiarize themselves with STERA's mission and history, understand the responsibilities and expectations of their appointed position, and be willing and able to invest the time and effort to attend and actively participate in STERA Board meetings.

Orientation Session: STERA will provide an orientation session for new board members upon their appointment to the board. This orientation session at minimum will include (a) an overview of STERA and the new board member's responsibilities and (b) an overview of STERA's web site and the information available there.

A. Overview of STERA and the new board member's responsibilities.

1. What are the board's fiduciary duties and responsibilities?

The board of directors has fiduciary duties of loyalty and care. The board of directors is responsible for protecting the assets of the authority, the interest of the public, and the interest of bond holders (if any – STERA has not at the current time issued any bonds).

Per the **New York State Public Authorities Accountability Act of 2005 (PAAA)**, and as amended by the **New York State Public Authorities Reform Act of 2009 (PARA)**, **Section 2824 of the New York State Public Authorities Law (PAL)** now states that authority boards of directors are required to:

- (a) Execute direct oversight of the authority's chief executive and other management in the effective and ethical management of the authority;
- (b) Understand, review and monitor the implementation of fundamental financial and management controls and operational decisions of the authority;
- (c) Establish policies regarding the payment of salary, compensation and reimbursements to, and establish rules for the time and attendance of, the chief executive and management;
- (d) Adopt a code of ethics applicable to each officer, director and employee that, at a minimum, includes the standards established in section seventy-four of the Public Officers Law;
- (e) Establish written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee or board member of the authority, investments, travel, the acquisition of real property and the disposition of real and personal property and the procurement of goods and services;
- (f) Adopt a defense and indemnification policy and disclose such plan to any and all prospective board members;
- (g) Perform each of their duties as board members, including but not limited to those imposed by this section, in good faith and with that degree of diligence, care and skill which an ordinarily prudent person in like position would use under similar circumstances, and may take into consideration the views and policies of any elected official or body, or other person and ultimately apply independent judgment in the best interest of the authority, its mission and the public;
- (h) Upon taking his or her oath of office, execute an acknowledgment form as prescribed by the NYS Authorities Budget Office, in which the board member acknowledges that he or she understands his or her role, and fiduciary responsibilities as set forth in paragraph (g) above, and acknowledges that he or she understands his or her duty of loyalty and care to the organization and commitment to the authority's mission and the public interest.

As is indicated in paragraph (h) above, upon acceptance of membership on the any authority board, members are required to take an oath of office. Annually thereafter, STERA members are required to execute and file ethics forms disclosing any conflicts of interest or other issues that they may have that might preclude them from executing their duties as an independent STERA Board member.

With respect to paragraph (g) above, individual board members always should act in good faith and in the best interests of the public authority (even if such interests conflict with the interests of their appointing entity). As indicated in paragraph (g), Board members should act using the same care that any prudent person would exercise in a similar situation and under similar circumstances. Board members should weigh the public's interests and that of their appointing authorities when taking on these duties.

The New York State Public Authorities Accountability Act of 2005 (PAAA) also states that members of authority boards of directors are required to participate in state approved training regarding their legal, fiduciary, financial and ethical responsibilities as directors of an authority within one year of appointment to a board, and participate in such continuing training as may

be required to remain informed of best practices, regulatory and statutory changes relating to the effective oversight of the management and financial activities of public authorities and to adhere to the highest standards of responsible governance.

The Public Authorities Accountability Act also requires authorities to submit annual reports, proposed budgets, and annual audits. It provides requirements for audits and the audit process. It sets for the role and responsibilities of Board members, requires authorities to establish an audit committee and a governance committee (and a finance committee if an authority issues debt), prohibits personal loans to board members and staff, and sets forth requirements for membership on authority boards, including independence and the requirement for financial/ethics disclosure. It sets for rules for disposition of property by authorities. It sets up the Authority Budget Office to oversee authorities, and provides for an Inspector General.

The New York State Public Authorities Reform Act of 2009 (PARA) updates provisions for the Authority Budget Office, provides for content of the mandatory annual report, which must be posted to the authority's web site, updates budget reporting requirements, updates audit reporting requirements, requires personnel reports for authorities with staff, update audit committee and governance committee and finance committee requirements, provides for removal of authority board members, and sets forth mission statement and measurement reporting requirements and requirements for posting them on the authority's web site. It requires an authority's Board to execute oversight over the authority's CEO and senior management, review and monitor the implementation of financial and management controls, establish policies for defense and indemnification, salary and compensation, travel, time and attendance, whistleblower protection, investments, property guidelines and procurement guidelines, lobbying requirements, MWBE requirements, and adopt a code of ethics. It requires authority Board members to perform duties in good faith with due diligence and care, apply judgment in the best interest of the authority, its mission and the public, and execute an acknowledgement prescribed by the ABO after taking oath of office where members acknowledge their role and fiduciary responsibilities. It updates property disposition requirements and debt oversight requirements and provides for the creation of subsidiaries.

2. What are the public's expectations for board members?

The public can expect that STERA board members will act consistent with the interests of the public and the mission of the authority. The public can expect STERA board members to be competent, knowledgeable, and informed about the public authority, its mission, and its activities. The public can expect STERA board members to be conscientious individuals who have a commitment to serve and a willingness to exercise management oversight, who will act consistent with their fiduciary duty, and who have a demonstrated intellectual independence to carry out the mission of the authority consistent with the public policy objectives of the State. The public can expect ethical conduct, transparency, and an opportunity to be heard.

The public also can expect that all Board members have received mandated training as prescribed by the New York State Authority Budget Office (NYS ABO).

3. What makes a board member “independent”?

The New York Public Authorities Accountability Act of 2005 (PAAA) requires that all public authority board members be independent. The importance of establishing and preserving the independence of board members is to: (a) avoid conflicts of interest or the appearance of conflicts of interest in the actions and decisions of members of the board; (b) encourage board members to act in accordance with the mission and interests of the public authority; and (c) distinguish between the oversight function of board members and the management responsibilities of executive staff.

A board member is considered to be independent if all of the following criteria are met:

- The board member is not currently an employee of the public authority in an executive position, nor was an employee of the public authority in an executive position in the past two years.
- The board member is not or has not been in the previous two years, employed by an entity that received a payment valued at more than fifteen thousand dollars for goods and services provided to the public authority, as well as any other form of financial assistance valued at more than fifteen thousand dollars from the public authority.
- The board member is not a relative of an executive officer or employee in an executive position of the public authority or an affiliate.
- The board member is not a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the public authority or affiliate.

In addition, an appointed board member may be an employee of a county or local government and have some professional involvement with the public authority and still be independent. However, if a board member (1) is a member of a legislative body, or (2) is the chief executive officer, or (3) holds a policymaking position with a municipal government, that board member would not be independent if the public authority pays the municipal government \$15,000 or more annually for goods and services that are provided to the public authority by the municipal government. New York State’s best practice recommendation is that a majority of appointed board members should not have a political or employment relationship to the government for whose purpose the public authority was created.

4. How is the authority’s board organized to do its work? How are decisions made?

Per STERA’s enabling legislation, the STERA board is comprised of 13 voting and 1 non-voting member. Each of the four involved New York State counties (Chautauqua, Cattaraugus, Allegany, and Steuben) appoints 3 voting members, the Southern Tier West Regional Planning and Development Board appoints 1 voting member, and the Seneca Nation of Indians appoints the non-voting member. The STERA board has authority for policy decisions for the organization, and it makes these decisions after discussion at regular or special meetings. On occasion, the board may explicitly authorize the STERA Executive Committee to make decisions for the STERA board in explicitly specified matters, but the STERA board has indicated a strong preference to have the full STERA board make decisions for the authority.

STERA's enabling legislation may be found at STERA's web site (www.ccasstera.org) on the "About STERA" > "NYS Laws Applicable to STERA" page under the link for "NYS Public Authorities Law (PAL), Article 8, Title 28-AA (STERA's enabling legislation)."

STERA's Bylaws provide information regarding the STERA board's structure and composition, its function, management, and operations. The Bylaws are available at STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

The Public Authorities Reform Act of 2009 (PARA) and STERA's bylaws both provide for a Governance Committee and an Audit Committee, both of which review matters within their purview and make recommendations to the full STERA board for action. Each of these two committees has a charter, modeled after a charter provided by the New York State Authority Budget Office (NYS ABO) that describes the committee's structure and composition, its function, management, and operations. These charters also are available at STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

Once per year, a Nominating Committee is appointed to propose a slate of officers for election.

The Public Authorities Reform Act of 2009 (PARA) requires authorities that issue debt to create a Finance Committee; however, inasmuch as STERA never has issued any debt, to date it has not created a Finance Committee.

STERA has three board officers, a Chairman, a Vice Chairman, and a Second Vice Chairman. The roles of these board officers are delineated in Article IV of STERA's Bylaws.

STERA also has executive management staff consisting of a Chief Executive Officer (Executive Director), a Chief Financial Officer (Treasurer), and a Secretary, who are officers of the corporation. (Contrast this with officers of the board, described in the immediately preceding paragraph.) The roles of these corporate officers are delineated in Article V of STERA's Bylaws, and include the responsibility and authority for managing day-to-day operations of the authority (excepting policy decisions, the authority for which is reserved for the board).

STERA also has designated certain Board and Corporate Officers (i.e., designated by title, not by name) to be officers for the purposes of implementing specific STERA policies. These officers are, with the designated Board / Corporate Officer title in parentheses following the individual officer: Contracting Officer (CEO), Ethics Officer (Board Chairman), Records Management Officer (CEO), Records Access Officer (CEO), and a Records Access Appeals Officer (Board Chairman). Please refer to specific STERA policies for information on how the individual officer is involved with implementing the given policy. The individuals currently holding these positions are identified on the STERA web site (www.ccasstera.org) on the "About STERA" > "Corporate Governance" page.

STERA also has an agreement with the Southern Tier West Regional Planning and Development Board under which Southern Tier West provides staffing, meeting space, and administrative and operating overhead services to STERA in furtherance of STERA's mission and corporate activities, acting under the direction of the STERA board. Currently, STERA's Chief Executive Officer and Secretary are employees of Southern Tier West.

5. What information, staff, and resources are accessible to members?

STERA makes information available to board members on its web site, through email and regular mail, and at board meetings. This includes financial information, legal records of proceedings, policies, procedures, and rail operating information. STERA's web site also contains links to other sites that provide information and resources. Board members with specific questions also can contact the corporate officers and request information.

STERA maintains no staff per se (i.e., STERA has no direct employees). However, as is noted above, STERA has an agreement with the Southern Tier West Regional Planning and Development Board under which Southern Tier West provides staffing, meeting space, and administrative and operating overhead services to STERA in furtherance of STERA's mission and corporate activities, acting under the direction of the STERA Board. Currently, STERA's Chief Executive Officer and Secretary are employees of Southern Tier West. These Southern Tier West employees are available in person, by telephone, and by email to answer questions and provide information to the board.

6. When, where and how often are board and committee meetings held?

STERA normally holds a minimum of four (4) scheduled board meetings (i.e., "regular" board meetings) per year. These board meetings are set at the last meeting of the prior year, and typically are held in the months of March, June, October, and December. In the future, the STERA board may vary these regular meeting months. On occasion, the STERA board also may schedule "special" meetings of the board at other times during the year. The June board meeting normally is the Annual Meeting, at which the board elects and appoints board and corporate officers.

Board meetings normally are held in the main conference room in the office of the Southern Tier West Regional Planning and Development Board in the Center for Regional Excellence at 4039 Route 219, Suite 200, Salamanca, New York. Board meetings normally are convened on a Monday morning at 9:30 A.M.

During the pandemic, STERA Board and Committee meetings are being held via Zoom.

On occasion the board may schedule a meeting at an alternate location or date or time.

The corporate Secretary will communicate with members in advance of all board and committee meetings, normally by email, to remind and/or inform the member of the scheduling of the meeting and to poll for a quorum.

Committee meetings are held when there is business at hand that is appropriate to the committee's charter. If there is no appropriate committee business at hand, a committee meeting will not be scheduled. When scheduled, committee meetings normally are held in the main and/or small conference rooms in the office of the Southern Tier West Regional Planning and Development Board in the Center for Regional Excellence at 4039 Route 219, Suite 200, Salamanca, New York. Committee meetings normally are convened at 9:00 A.M., on the same days as board meetings and are held for 30 minutes prior to board meetings. On occasion and

normally only if the need arises, the Board also may schedule special committee meetings occurring on days other than board meeting days.

Board meetings and committee meetings are subject to the Open Meetings Law and STERA is required to give public notice of these meetings in a manner consistent with the Open Meetings Law. All Board and committee meetings are open to the public, and the agenda for each meeting provides that there will be a designated time during the meeting for the public to speak and/or ask questions. Minutes are prepared for all meetings. Meeting agendas, meeting minutes, documents to be discussed at meetings, and press releases announcing meetings, are available to Board members and the public on STERA's web site (www.ccasstera.org) on the "Publications" > "Meeting Minutes/Agendas" page and the "Publications" > "Press Releases" page. If requested, the Corporate Secretary also can email meeting agendas, meeting minutes, and other documents to Board members.

7. How are special meetings handled?

Normally, during a board meeting, the Board and/or the Chairman will call for and schedule a special board meeting. Occasionally, between meetings, the Chairman may call for a special board meeting. When a special Board meeting is scheduled, the Corporate Secretary will communicate with members in advance of the meeting, normally by email, to inform the member of the scheduling of the meeting and to poll for a quorum.

Special committee meetings also normally are called for and scheduled at board meetings at the direction of the Board and/or the Chairman. Occasionally, between meetings, the Chairman of the Board or the Chairman of a committee may call for a special committee meeting. When a special committee meeting is scheduled, the Corporate Secretary will communicate with members in advance of the meeting, normally by email, to inform the member of the scheduling of the meeting and to poll for a quorum.

Special Board meetings and special committee meetings also are subject to the Open Meetings Law and public notice must be given in a manner consistent with the Open Meetings Law. All special board and committee meetings are open to the public. Minutes are prepared for all special meetings. Special meeting agendas, special meeting minutes, documents to be discussed at meetings, and press releases announcing special meetings, are available to members and the public on STERA's web site (www.ccasstera.org) on the "Publications" > "Meeting Minutes/Agendas" page and the "Publications" > "Press Releases" page. If requested, the Corporate Secretary also can email meeting agendas, meeting minutes, and other documents to Board members.

All special meetings otherwise proceed as do regular meetings, in terms of process and order of business.

8. What laws, rules and regulations govern a board member's actions?

Board members' actions are governed by the New York State Public Authorities Law; the New York State Public Authorities Accountability Act; the New York State Public Authorities Reform Act; certain provisions of the New York Codes, Rules and Regulations; certain provisions of the New York State General Municipal Law, the New York State Executive Law, the New York State

Finance Law, and the new York State Labor law; the STERA enabling legislation; NYS ABO policy guidances and regulations; and the STERA bylaws. All of these laws, rules and regulations are obtainable either from STERA's web site (at www.ccasstera.org, see the "About STERA" > "NYS Laws Applicable to STERA" page and the "About STERA" > "NYS ABO Resources" page) or from the NYS ABO web site (<http://www.abo.ny.gov/>, which also is linked from the STERA web site at <http://www.ccasstera.org/htm/links.html>).

9. How is board performance evaluated?

Self Evaluation

The board currently undertakes nine (9) different self evaluations of its performance, or its committees' performance, on an annual basis. They are as follows:

- **Authority Performance Self-Evaluation Report**

New York State Authority Budget Office Policy Guidance 10-02 requires that authorities create performance measurement standards for themselves and then evaluate their performance using the Authority's adopted measurement standards. These measurement standards are incorporated into the authority's mission statement.

In STERA's case, the authority has created measurement standards based upon the authority's goals, which also are part of the mission statement. These measurement standards are as follows:

- Operating railroad providing adequate rail service
- Increased rail shipping carload volumes
- Opportunities for additional business expansion and development based on rail service
- Documentation of rehabilitation efforts and functional performance railroad line
- Encouragement of safe railroad operations
- Clean audit report and NYS ABO compliance report

- **Board Member Attendance Report**

STERA also tallies board member attendance records for all board meetings held during the year being reviewed, and reports this information in its Annual Report.

With respect to attendance, Article IV, Section 7 of the Corporation's Bylaws sets forth the following specific attendance requirements and expectations: "All Board and Committee members shall be expected to attend the regularly scheduled meetings of the Board and Committee. Should three (3) consecutive absences occur, the Chairperson or his/her designate shall contact the absent member regarding his/her intentions of continuing Board and Committee membership. Any member of the Corporation's Board may be removed by resolution of the entity which appointed such member either for cause or for non-compliance with minimum requirements relating to meeting attendance and other criteria as may be established by resolution of such entity."

- **Board Performance Self-Evaluation Report**

The STERA board also annually undertakes a self-evaluation of the board itself by completing a survey specified by the NYS ABO in NYS ABO Policy Guidance 10-05. These

results are reported to the NYS ABO and provide guidance to the organization for improving any areas in which deficiencies are perceived by any board members.

- **Compliance Report**

STERA also annually prepares a report detailing the extent of its compliance with all applicable laws and regulations, and any deficiencies. This report provides guidance to the organization for modifying operations so as to eliminate any deficiencies.

- **Effectiveness of Internal Controls Report**

STERA also annually prepares an assessment of the risks associated with its financial structure and its operations, the internal controls that it has in place to avoid or minimize these risks, and the effectiveness of these controls. In conjunction with the management letter, provided by the independent auditor, this assessment provides guidance to the organization for modifying its financial structure and/or its operations and/or internal control procedures so as to further avoid or minimize its risks. This assessment is reported to the NYS ABO and is included in the Authority's Annual Report.

- **Governance Committee Self-Evaluation Report**

The Governance Committee annually prepares a self-evaluation report in which it evaluates its performance during the review year in terms of meeting the requirements set forth in applicable laws and regulations, NYS ABO requirements, the STERA bylaws, and the Governance Committee Charter. This report is submitted to the STERA board, which will direct the Governance Committee to remedy any deficiencies noted in the report.

- **Governance Committee Charter Review Report**

The Governance Committee annually prepares a self-evaluation report in which it evaluates its charter in terms of meeting the requirements set forth in applicable laws and regulations, NYS ABO requirements, and the STERA bylaws. This report is submitted to the STERA board, along with any Committee recommendations for revisions of the charter.

- **Audit Committee Self-Evaluation Report**

The Audit Committee annually prepares a self-evaluation report in which it evaluates its performance during the review year in terms of meeting the requirements set forth in applicable laws and regulations, NYS ABO requirements, the STERA bylaws, and the Audit Committee Charter. This report is submitted to the STERA board, which will direct the Audit Committee to remedy any deficiencies noted in the report.

- **Audit Committee Charter Review Report**

The Audit Committee annually prepares a self-evaluation report in which it evaluates its charter in terms of meeting the requirements set forth in applicable laws and regulations, NYS ABO requirements, and the STERA bylaws. This report is submitted to the STERA board, along with any Committee recommendations for revisions of the charter.

- **Executive Committee Self-Evaluation Report**

The Executive Committee annually prepares a self evaluation report in which it evaluates its performance during the review year in terms of meeting the requirements set forth in applicable laws and regulations, NYS ABO requirements, and the STERA bylaws. This report is submitted to the STERA board, which will direct the Executive Committee to remedy any deficiencies noted in the report.

- **Management Evaluation Report**

The Governance Committee annually prepares an evaluation report in which it evaluates the performance of management during the review year in terms of management's meeting the performance expectation requirements set forth by the STERA board, including any requirements set forth in applicable laws and regulations, NYS ABO requirements, and the STERA bylaws. This report is submitted to the STERA board, which will direct management to remedy any deficiencies noted in the report.

Currently, these internal performance evaluation tasks are the function of the Governance Committee, which reports to the full STERA board, which then issues a report and makes any necessary and appropriate modifications to the organization's operations. The Audit Committee also has overlapping responsibility for reviewing the Effectiveness of Internal Controls Report, the Audit Committee Self-Evaluation Report, and the Audit Committee Charter Review Report. The Executive Committee also has overlapping responsibility for reviewing the Executive Committee Self-Evaluation. Once these reports are approved by the respective committees, the Board then reviews them and approves them and/or takes any recommended actions as it deems appropriate. STERA reports certain of these performance evaluation reports to the NYS ABO, includes certain of these reports in its Annual Report, and makes these reports available to the general public on its web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page.

NYS ABO Evaluation

The NYS ABO also reviews and analyzes the operations, practices and reports of public authorities, and assesses compliance with various provisions of Public Authorities Law and other relevant State statutes. The NYS ABO also renders conclusions and opinions regarding the performance of public authorities and assists these authorities with improving management practices and the procedures by which their activities and financial practices are disclosed to the public. Occasionally, the NYS ABO will make a site visit to authorities for purposes of conducting a field review of performance and compliance and communication of recommendations for improvement of same. Also, the NYS ABO undertakes transparency reviews of authority web sites to ensure that all information required by NYS Authority Budget Office Policy Guidance 10-03, "Posting and Maintaining Reports on Public Authority Web Sites," which may be found on the STERA web site (www.ccasstera.org) on the "About STERA" > "NYS ABO Resources" page.

With respect to compliance evaluations by NYS ABO, please note the provisions of NYS ABO Policy Guidances 11-01 and 11-02, which may be found on the STERA web site (www.ccasstera.org) on the "About STERA" > "NYS ABO Resources" page.

10. Are members entitled to compensation or reimbursement?

STERA does not compensate members or reimburse them for normal expenses (e.g., travel to Salamanca for meetings). Should an extraordinary activity occur requiring board members to outlay funds (e.g., travel to Albany or Washington for a meeting, etc.), the Board may authorize reimbursement of approved and documented expenses. (However, to date this has not occurred since corporate operations began in 2000.) Some members may be compensated for mileage by their employer or appointing entity.

11. What is the mission and what are the values of the authority?

The mission of the authority contains two components: the corporate purpose and the corporate goals.

The **purpose** of the authority is to fulfill the intent of the New York State Legislature in creating it, which was "to preserve and enhance the system of railroads serving Chautauqua, Cattaraugus, Allegany and Steuben counties in New York State and Warren and Erie counties in the Commonwealth of Pennsylvania, so as to insure a healthy economy for these counties." The **goals** of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority are to encourage an operating railroad that provides adequate rail service, to encourage increased rail shipping carload volumes, to encourage opportunities for additional business expansion and development based on rail service, to encourage rehabilitation efforts and improved functional performance of the railroad lines, to encourage safe railroad operations, and to achieve a clean audit report and a clean NYS ABO compliance report.

The **values** of the authority include transparency, accountability, and public accessibility; the duties of care and loyalty; the expectation of honest and ethical conduct; the honoring of public trust and fiduciary trust responsibilities; director independence and avoidance and/or disclosure of any conflicts of interest; and the avoidance of appearance of conflict of interest.

The mission statement may be found on STERA’s web site (www.ccasstera.org) on the “About STERA” > “Policies” page under “Mission Statement.”

12. Who are the authority's stakeholders?

The authority's stakeholders and their expectations are as follows:

<u>Stakeholder</u>	<u>Expectations</u>
Participating Counties	Operating railroad providing adequate rail service, increased rail shipping carload volumes, opportunities for additional business expansion and development based on rail service, operation of authority as fiduciary for its interests, improvement of the physical assets of the railroad system to so as to insure a commercially viable system
Affected municipalities (Cities, Villages, Towns)	Same as above

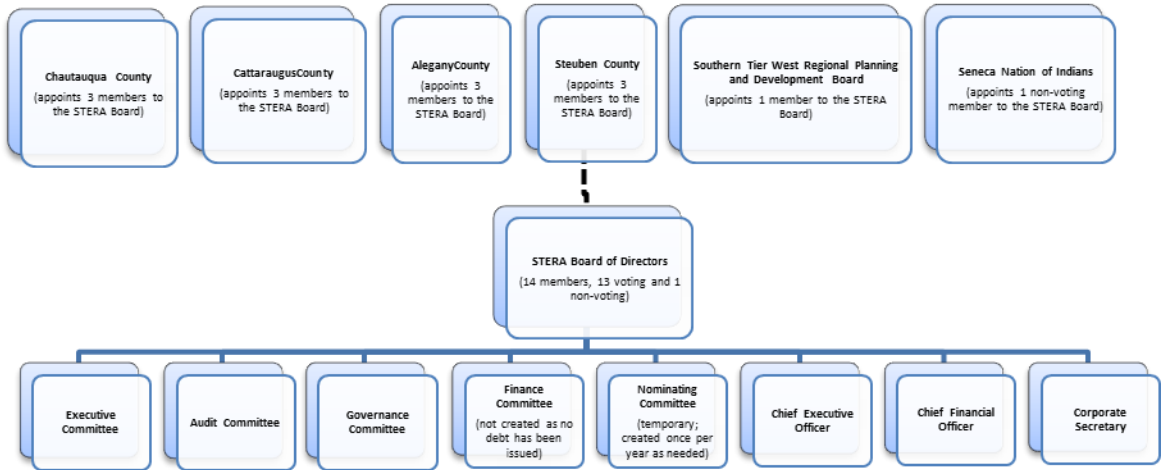
Affected school districts	Same as above
Actual and potential rail-shipping business community	Operating railroad providing adequate rail service, opportunities for additional business expansion based on rail service

These expectations mirror the Authority’s goals. These expectations/goals provide standards for future performance measurement and evaluation.

This list of stakeholders and their expectations is included in STERA’s mission statement and may be found on STERA’s web site (www.ccasstera.org) on both the (a) “About STERA” > “Mission Statement” page and the (b) “About STERA” > “Policies” page under “Mission Statement.”

13. What is the organizational structure of the authority?

STERA has placed an organizational chart on its web page at “About STERA” > “Organizational Structure,” which also may be found directly at <http://www.ccasstera.org/pdfs/structure.pdf>.



Per STERA’s enabling legislation, the Authority is comprised of its Board of Directors, which consists of 13 voting members and 1 non-voting member. Each of the four New York State counties (Chautauqua, Cattaraugus, Allegany, and Steuben) appoints 3 voting members, the Southern Tier West Regional Planning and Development Board appoints 1 voting member, and the Seneca Nation of Indians appoints the non-voting member.

The Board currently has three standing committees, which are the Executive Committee, the Governance Committee, and the Audit Committee. The activities of the Governance Committee and the Audit Committee are controlled by individual charters for those committees.

New York State requires authorities that issue debt to create and operate a Finance Committee. However, as STERA never has issued any debt, to date it has not created a Finance Committee.

Once per year STERA designates a Nominating Committee whose function is to propose a slate of candidates for Board and Corporate officers for election and appointment at the Annual Meeting.

STERA has three Board officers, a Chairman, a Vice Chairman, and a Second Vice Chairman. The roles of these Board officers are delineated in Article IV of STERA's Bylaws.

STERA also has executive management staff consisting of a Chief Executive Officer, a Chief Financial Officer (Treasurer), and a Secretary, who are officers of the corporation. The roles of these corporate officers are delineated in Article V of STERA's Bylaws.

STERA also has designated certain Board and Corporate Officers (i.e., designated by title, not by name) to be officers for the purposes of implementing specific STERA policies. These officers are, with the designated Board / Corporate Officer title in parentheses following the individual officer: Contracting Officer (CEO), Ethics Officer (Board Chairman), Records Management Officer (CEO), Records Access Officer (CEO), and a Records Access Appeals Officer (Board Chairman). Please refer to specific STERA policies for information on how the individual officer is involved with implementing the given policy.

STERA has an agreement with the Southern Tier West Regional Planning and Development Board under which Southern Tier West provides staffing, meeting space, and administrative and operating overhead services to STERA in furtherance of STERA's mission and corporate activities, acting under the direction of the STERA Board. Currently, STERA's Chief Executive Officer and Secretary are employees of Southern Tier West.

STERA does not have any direct employees.

STERA currently does not have any subsidiary or affiliate organizations.

Please refer to STERA's enabling legislation and Bylaws (see www.ccasstera.org on the "About STERA" > "NYS Laws Applicable to STERA" > "Enabling Legislation" page and the "About STERA" > "Policies" page under "Bylaws."

14. What are the authority's major programs and services? What are the authority's current goals and priorities?

Under STERA's contract with Norfolk Southern Railway Company, STERA has acquired and now owns the railroad real estate and improvements (i.e., track, etc.) associated with the Southern Tier Extension Railroad Line (the east-west line running from Hornell NY to Corry PA) and the Buffalo Line (the north-south line running from Machias Junction NY to the Pennsylvania border). STERA leases these two lines back to Norfolk Southern Railway Company. Norfolk Southern Railway Company has sub-leased operating rights on these two lines to the Western New York and Pennsylvania Railroad, but has retained trackage rights (i.e., the right to operate trains) on these two lines for itself. As currently specified in the contract between STERA and

Norfolk Southern Railway Company, ownership of the real estate and improvements (e.g., track, etc.) associated with both of these railroad lines reverts back to Norfolk Southern Railway Company at the end of 2028. For all real estate in New York State, STERA is exempt from real estate property taxation by virtue of STERA's enabling legislation. (Pennsylvania does not tax railroad real estate.) Accordingly, during the period of STERA's ownership of the real estate and improvements (e.g., track, etc.) associated with both of these railroad lines, STERA is able to pass this real estate property tax exemption on to Norfolk Southern in the form of an abatement of all (city, town, village, and school district) real estate property taxes (but not special district assessments such as a fire district assessment, etc.). This tax abatement lowers the railroad overhead operating costs on both railroad lines, which is an incentive for maintaining and catalyzing increased levels of rail operations on these lines.

STERA's goals with respect to these two lines include encouraging an operating railroad that provides adequate rail service, encouraging increased rail shipping carload volumes, encouraging opportunities for additional business expansion and development based on rail service, encouraging rehabilitation efforts and improved functional performance of the railroad lines, and encouraging safe railroad operations. To achieve these goals, STERA from time to time (and when available) (a) obtains grant funds to undertake rehabilitation projects; (b) works with shippers to obtain improve and improve shipping access; (c) works with counties, economic development entities, and communities to develop sites adjacent to the railroad lines for the location of rail-shipping businesses; and (d) works to develop transload facilities, team track areas, and other transmodal freight transfer facilities. These various projects may be thought of as STERA's "primary programs and services."

STERA's current priorities involve improving the commercial viability of the Southern Tier Extension and Buffalo Lines so as to retain existing business and catalyze new business development in the six counties served by these two railroad lines. However, in the future, STERA would like to work with other rail operators in the region toward this same end on their lines as well. These other operators include CSX, Buffalo & Pittsburgh, and New York and Lake Erie.

15. How does the authority measure its performance to ensure it is effectively carrying out its mission?

As is noted above, STERA annually undertakes a self-evaluation of organizational performance as required by the New York State Public Authorities Reform Act. This self-evaluation consists of an evaluation of STERA's activities and accomplishments during the year being reviewed with respect to STERA's five measurement standards, which are:

1. Encourage an operating railroad that provides adequate rail service
2. Encourage increased rail shipping carload volumes
3. Encourage opportunities for additional business expansion and development based on rail service
4. Encourage rehabilitation efforts and improved functional performance of the railroad lines
5. Encouragement of safe railroad operations
6. Achieve a clean audit report and a clean NYS ABO compliance report.

16. What are the authority's long-term goals and strategic direction?

STERA's long term goals are:

1. A functioning railroad system, operating in the 6 counties comprising its statutory service area, whose operators provide high quality cost competitive rail shipping service to businesses within the catchment area of the 6 counties. STERA recognizes that for this to be the case, the railroad operators operating in this system must be profitable.
2. To work closely in partnership with all rail operators in the 6-county region toward these ends.
3. To get the Southern Tier Extension and Buffalo railroad lines to the point where the operator is able to fund all line maintenance and rehabilitation efforts internally without resort to public funds.
4. To get the Southern Tier Extension and Buffalo railroad lines to the point where the operator once again is able to pay real estate property taxes at a level that is legally appropriate and defensible.
5. To attain regularly scheduled mainline through service on the Southern Tier Extension line.

Strategically, to achieve these long terms goals, the authority intends, first, to continue to make progress toward achieving its short term goals through rehabilitation projects, assisting shippers, assisting efforts to locate additional shippers along the lines, and developing transload and other freight transfer facilities along the lines. Second, the authority intends to work with other rail operators in the 6 county region, as appropriate and also dependent upon these other rail lines' willingness to work with STERA.

B. Overview of STERA Web Site and the information available there:

The STERA web site (www.ccasstera.org) provides a wide range of Information useful to newly appointed Board members, so that they may familiarize themselves with STERA and their role and responsibilities on the STERA Board. This information also is a useful reference library for Board members during their term of service, and for members of the general public. Please click on the links for information on each topic listed.

Primary topical links include:

- About STERA
- Publications
- Business Development
- Projects
- Ship By Rail
- Helpful Info

Each of the above topics includes one or more sublevels of sub-topics, with hyperlinks and linked documents. Internal navigation of the web site is made easy by returning to the home page, or by clicking on any main topical area.

Following is a discussion of certain specific information, all of which may be found at various locations on the web site.

1. Board Information

- **List of board members - names, affiliations/short biographies**

(as of March 1, 2021)

John Carbone

- Resident of Steuben County
- City of Hornell IDA Member, City of Hornell Council Member, and resident of community in which STERA rail line is located

Richard Cousins

- Resident of Cattaraugus County

Richard Dixon

- Resident of Chautauqua County
- Chief Financial Officer of the County of Chautauqua Industrial Development Agency

Jeff Gray

- Resident of Chautauqua County
- Employed by rail shipping company Monofrax Inc.

Jay Gould

- Resident of Chautauqua County
- Chautauqua County Legislator

James Griffin

- Resident of Steuben County
- Executive Director of the City of Hornell Industrial Development Agency

Steve Havey

- Resident of Allegany County
- Allegany County legislator, Tourism Specialist for the Greater Allegany Chamber of Commerce, and resident of community in which STERA rail line is located

Robert Keis

- Resident of Cattaraugus County
- Board member of appointing entity Southern Tier West RPDB

Keri Kerper

- Resident of Cattaraugus County
- Program Coordinator, City of Olean Department of Community Development, and resident of community in which STERA rail line is located

John Malter

- Resident of Steuben County
- Steuben County Legislator and certified public accountant, and resident of community in which STERA rail line is located

Earl McElfresh

- Resident of Cattaraugus County, and resident of community in which STERA rail line is located

Jerry Scott

- Resident of Allegany County, and resident of community in which STERA rail line is located

Vacancies

- Non-voting member to be appointed by the Seneca Nation of Indians

- **List of board committees and committee members**

(as of December 31, 2020)

EXECUTIVE COMMITTEE

Jay Gould, Chairman

James Griffin

Steven Havey

Robert Keis

John Malter

Earl McElfresh

Vacancy, Seneca Nation of Indians (non-voting member)

AUDIT COMMITTEE

James Griffin, Chairman

Jay Gould

Robert Keis

John Malter

Earl McElfresh

GOVERNANCE COMMITTEE

Vacancy, Chairman

John Carbone

Jeff Gray

Steven Havey

Jerry Scott

Vacancy, Cattaraugus County

- **Governance Committee charter**

STERA's bylaws provide for the creation and operation of the Governance Committee. The Governance Committee also has a charter that describes the Committee's structure and composition, its function, management, and operations. The corporate bylaws and committee charter are available at STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

STERA's bylaws state that the responsibilities of the members of the Governance Committee include keeping the Board informed of current best governance practices, reviewing corporate governance trends, updating the Corporation's corporate governance principles, and advising appointing authorities on the skills and experiences required of potential Corporation Board members. Please review the Governance Committee charter for additional detail on all Governance Committee responsibilities.

- **Audit Committee charter**

STERA's bylaws provide for the creation and operation of the Audit Committee. The Audit Committee also has a charter that describes the Committee's structure and composition, its function, management, and operations. The corporate bylaws and committee charter are available at STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

STERA's bylaws state that the responsibilities of the members of the Audit Committee include assuring that the Board fulfills its responsibilities for STERA's internal and external audit process, for the financial reporting process, and for the system of risk assessment and internal controls over financial reporting; and recommending to the Board the hiring of a specific certified independent accounting firm, establishing the compensation to be paid to the accounting firm, and providing direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes; and providing an avenue of communication between management, the independent auditors, the internal auditors, and the Board. Please review the Audit Committee charter for additional detail on all Audit Committee responsibilities.

- **Acknowledgement of fiduciary duties and responsibilities**

NYS ABO requires STERA Board members to execute a form titled "Acknowledgement of Fiduciary Duties and Responsibilities," which STERA must retain on file. This requirement is contained in NYS ABO Policy Guidance 10-01, which is available at STERA's web site (www.ccasstera.org) on the "About STERA" > "NYS ABO Resources" page. By executing this acknowledgement a board member is stating "that he or she understands his or her role and fiduciary responsibilities" as well as his or her "duty of loyalty and care to the organization and commitment to the authority's mission and the public interest."

- **Acknowledgement of STERA Code of Ethics and responsibilities thereunder**

NYS ABO recommends (and accordingly, STERA's Code of Ethics requires) STERA Board members to execute a form titled "Acknowledgement of Code of Ethics," which STERA retains on file. This NYS ABO recommendation is contained in the NYS ABO Recommended Practice on Conflicts of Interest, which is available at STERA's web site (www.ccasstera.org) on the "About STERA" > "NYS ABO Resources" page. The STERA requirement is contained in

the STERA Code of Ethics Policy, which may be available at STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page. By executing this acknowledgement a board member is stating that he or she has read, understands and is in compliance with the terms of the policy.

- **Calendar of board meetings and committee meetings; meeting notices and agendas**

Regular Board meetings normally are scheduled for the entire year at the last meeting of the preceding year. Special meetings may be called by the Chairman at any time with notice, or may be announced at a Board meeting. The schedule of regular Board meetings are available at STERA's web site (www.ccasstera.org) on the "Publications" > "Meeting Minutes/Agendas" page, and normally also is reported in the minutes for the last Board meeting of every year. Meeting minutes are found on this same web page. STERA also issues and distributes to regional media press releases announcing scheduled Board meetings; these press releases are available at STERA's web site (www.ccasstera.org) on the "Publications" > "Press Releases" page. The Corporate Secretary also distributes a meeting notice and agenda for regular and special meetings to all Board members by posting them on a "Documents to be Discussed" page on the web site; members are notified of the posting via email. The Corporate Secretary also places these meeting notices and agendas on the STERA web site on the Minutes page on the same web page listed here.

Audit, Executive, and Governance Committee meetings normally are called whenever needed. When these meetings are held, normally they occur on the same date and in the same place as Board meetings and occur 30 minutes prior to the Board meeting. Often the scheduling of these meetings is announced at the prior Board meeting, and this is reported in the minutes for the prior Board meeting at which a committee meeting is scheduled. These minutes are found on the same web page listed above. Occasionally the Board Chairman or the Committee Chairman may call a committee meeting; when this occurs, the Corporate Secretary also distributes a meeting notice and agenda for the committee meeting to all Board members by email, and places these meeting notices and agendas on the STERA web site on the Minutes page on the same web page listed here. STERA also issues and distributes to regional media press releases announcing scheduled committee meetings; these press releases may be found at STERA's web site (www.ccasstera.org) on the "Publications" > "Press Releases" page; often, these press releases contain the announcement of both the Board meeting and the committee meeting(s) scheduled to be held on the same date.

- **Board and committee meeting minutes**

Minutes of Board, Audit, Executive, and Governance Committee meetings are available at STERA's web site (www.ccasstera.org) on the "Publications" > "Meeting Minutes/ Agendas" page.

- **Board member training schedule**

Section 2824 of NYS Public Authority Law requires that all Board members receive training within one year of appointment to the authority Board, regarding their legal, fiduciary, financial and ethical responsibilities as board members of an authority, with the training to

be provided by a State-certified trainer. NYS ABO conducts webinar training for Authority board members. This training is free, live, interactive and online. Completion of the online training session will satisfy the NYS training requirement. Participation in each training class will be limited to 15 people; registration is on a first come first served basis, and classes fill up quickly. The training session is approximately 1.5 hours long. Participants will be expected to ask and answer questions in the same manner as if they were in a classroom setting. Participants are provided training materials by email prior to the training session. The training schedule for all online training sessions statewide is posted at the NYS ABO web site at <http://www.abo.ny.gov/>.

STERA Board members who are members of another body subject to these training requirements (e.g., a County IDA or municipal LDC) and who have received the required training from a State-certified trainer because of that other affiliation are deemed by NYS ABO to have satisfied the State training requirement for their membership on the STERA Board.

- **Code of ethics**

This policy provides for the ethical conduct of STERA Board members, and also discusses conflicts of interest. The policy may be found at the STERA web site (www.ccasstera.org) on the “About STERA” > “Policies” page under “Code of Ethics.”

- **Defense and indemnification policy**

This policy provides that per STERA’s enabling legislation, STERA will indemnify each member, officer, and employee, acting on STERA’s behalf within their scope of authority, to the full extent to which indemnification is permitted under STERA’s enabling legislation. The policy may be found at the STERA web site (www.ccasstera.org) on the “About STERA” > “Policies” page under “Defense and Indemnification Policy.”

- **Financial disclosure requirements and sample financial disclosure form**

NYS requires that all Board members annually file an annual financial disclosure and ethics filing with the ethics officer in the county in which STERA is located, i.e., with the Cattaraugus County Ethics Officer (i.e., the Cattaraugus County Attorney’s office). Cattaraugus County annually transmits these forms to STERA Board members, who then complete them and execute them and transmit them back to STERA’s Corporate Secretary, who takes a file copy and then re-transmits the original executed forms to the Cattaraugus County Ethics Officer. The Cattaraugus County form is not intended to get a complete picture of the STERA Board member’s financial condition; rather, it is intended to discover whether a STERA Board member has investments or business ownership or family connections that could create a financial conflict of interest given the person’s membership on the STERA Board, and to ask the STERA Board member whether there are any conflicts of interest given the person’s membership on the STERA Board. STERA Board members are expected to indicate on the form whether any such conflicts exist, and to identify them specifically on the form.

2. Authority's Background Information

- **Mission statement**

The mission of the authority contains two components: the corporate purpose and the corporate goals.

The **purpose** of the authority is to fulfill the intent of the New York State Legislature in creating it, which was "to preserve and enhance the system of railroads serving Chautauqua, Cattaraugus, Allegany and Steuben counties in New York State and Warren and Erie counties in the Commonwealth of Pennsylvania, so as to insure a healthy economy for these counties." The **goals** of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority are to encourage an operating railroad that provides adequate rail service, to encourage increased rail shipping carload volumes, to encourage opportunities for additional business expansion and development based on rail service, to encourage rehabilitation efforts and improved functional performance of the railroad lines, to encourage safe railroad operations, and to achieve a clean audit report and a clean NYS ABO compliance report.

The **values** of the authority include transparency, accountability, and public accessibility; the duties of care and loyalty; the expectation of honest and ethical conduct; the honoring of public trust and fiduciary trust responsibilities; director independence and avoidance and/or disclosure of any conflicts of interest; and the avoidance of appearance of conflict of interest.

The mission statement may be found on STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

- **Authority's enabling legislation**

STERA's enabling legislation may be found on STERA's web site (www.ccasstera.org) on the "About STERA" > "NYS Laws Applicable to STERA" > "Enabling Legislation" page.

- **Performance measures for the year, including most recent measurement report**

The most recent performance measures report may be found on STERA's web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page. This report is prepared using the Measurement Standards for Performance Evaluation.

- **Current By-laws**

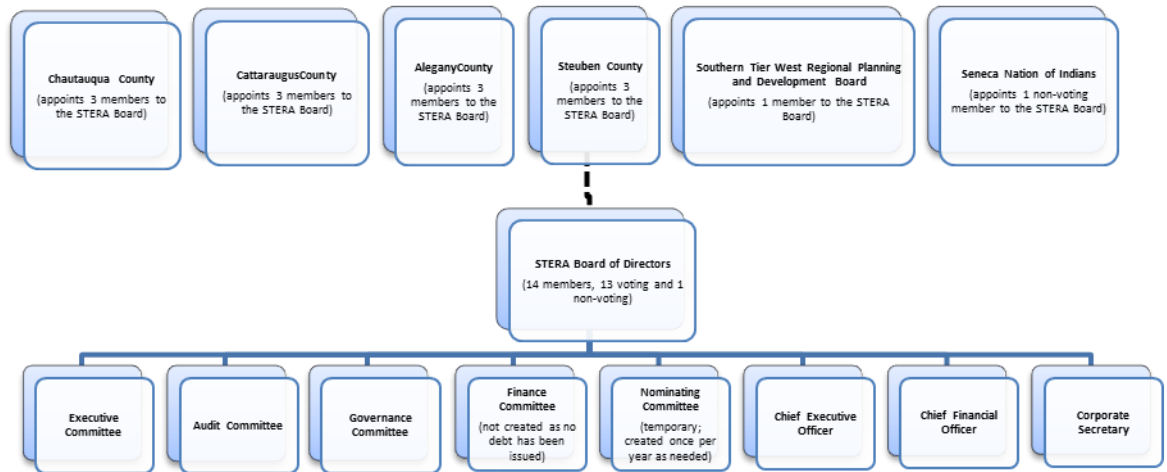
The current corporate bylaws may be found on STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

3. Authority Organization and Structure

- **Organizational chart**

As noted above, STERA is comprised only of a Board of Directors. It currently has no staff (i.e., employees) or affiliate or subsidiary corporations. Accordingly, the STERA organization chart looks as follows:

STERA Organizational Structure



The six entities indicated in the topmost level of the above chart have legal authority for appointing members to the STERA Board of Directors. This appointment relationship is denoted by a dotted line between the topmost level and the STERA Board of Directors immediately below. However, the appointing entities are not formally a component of STERA’s internal organizational structure.

Other than the Southern Tier West Regional Planning and Development Board’s legal authority to appoint one (1) member to the Authority’s Board, the Authority’s relationship with the Southern Tier West Regional Planning and Development Board is an arm’s length contract relationship relating exclusively to the provision of staffing and administrative services by Southern Tier West to the Authority. Accordingly, Southern Tier West is not formally a component of the Authority’s internal organizational structure.

The next level below the STERA Board of Directors contains both committees and Corporate Officers.

STERA’s bylaws provide for five committees; however, STERA has not yet created a Finance Committee, inasmuch as it never has issued any debt. All STERA committee members are members of the STERA Board of Directors. Members and chairpersons of each committee are appointed by the Chairperson of the STERA Board, and appointments are ratified by the STERA Board. The Nominating Committee is a temporary committee that is appointed

annually to propose a slate of Board and Corporate Officers for election at the Annual Meeting.

The Corporate Officers (CEO, CFO, and Secretary) report to the STERA Board. These Corporate Officers are not employees of STERA. STERA has no employees.

At present, there are no other internal hierarchical relationships in the STERA organizational structure. STERA also has no subsidiaries or affiliates.

- **List of staff with titles, short biographies of key staff**

STERA maintains no staff (i.e., direct employees), but rather contracts with the Southern Tier West Regional Planning and Development Board (www.southerntierwest.org) for staffing, administrative services, and meeting space. Southern Tier West has assigned two staff persons to this contract (Richard Zink and Thomas Barnes), who also act as STERA corporate officers.

Mr. Zink is Executive Director of Southern Tier West, lives in Cattaraugus County, and has a BA and an MBA. For STERA, Mr. Zink serves as: Chief Executive Officer, Contracting Officer, Records Management Officer, and Records Access Officer. The title Chief Executive Officer is specifically designated as a corporate officer title.

Mr. Barnes is Southern Tier West's Senior Regional Economic Development Coordinator, lives in Cattaraugus County, and has a BA, an MBA, and a Juris Doctor. For STERA, Mr. Barnes serves as: Secretary and Program Manager. The title Secretary is specifically designated as a corporate officer title.

- **Description of the authority's major departments/units and subsidiaries**

As noted above, STERA is comprised only of a Board of Directors. It currently has no departments/units or affiliate or subsidiary corporations.

- **Description of major programs administered by the authority, including a list of grant and subsidies administered (if applicable)**

STERA has acquired and now owns the railroad real estate and improvements (e.g., track, etc.) associated with the Southern Tier Extension Railroad Line (the east-west line running from Hornell NY to Corry PA) and the Buffalo Line (the north-south line running from Machias Junction NY to the Pennsylvania border). STERA leases these two lines back to Norfolk Southern Corporation. Norfolk Southern Corporation has sub-leased operating rights on these two lines to the Western New York and Pennsylvania Railroad, but has retained trackage rights (i.e., the right to operate trains) on these two lines for itself. As currently specified in the contract between STERA and Norfolk Southern Corporation, ownership of the real estate and improvements (e.g., track, etc.) associated with both of these railroad lines reverts back to Norfolk Southern Corporation in 2028. STERA is exempt from real estate property taxation by virtue of STERA's enabling legislation. Accordingly, during the period of STERA's ownership of the real estate and improvements (e.g., track, etc.) associated with both of these railroad lines, STERA is able to pass this real estate property tax exemption on to Norfolk Southern in the form of an abatement of all (city,

town, village, and school district) real estate property taxes (but not special district assessments such as a fire district assessment, etc.). This tax abatement lowers the railroad operating overhead costs on both railroad lines, which is an incentive for maintaining and catalyzing increased levels of rail operations on these lines.

STERA attempts to assist with the ongoing rehabilitation and maintenance of these two railroad lines through obtaining and administering state and federal grants for this purpose. STERA also attempts to promote increased utilization of these two railroad lines by assisting companies with accessing shipping; this involves networking, promoting financial assistance to potential shippers so that they may make capital investments required to ship (e.g., loading facilities, etc.), and promoting installation of rail sidings and construction of team track loading areas and the proposed construction of a transload facility proposed to be located at the railroad yard in Allegany, New York. STERA also works with State, county and local economic development organizations to promote the location of businesses that would utilize freight railroad shipping services on these two railroad lines at locations along these two lines.

- **List of all active authority supported projects**

As of December 31, 2020, STERA has three ongoing projects, all of which are capital projects:

- **Track and Bridge Rehabilitation Project**

In August 2015, STERA had submitted an application to NYS DOT for PFRAP grant funds, with matching funds to be provided by WNYP. The project would involve replacing 8,000 linear feet of welded rail in Carrolton in Cattaraugus County, and repairing three bridges in Jamestown, one bridge in Salamanca, and one bridge in Olean. All work except the Olean bridge is to be done on the Southern Tier Extension; the Olean bridge is on the Buffalo line. The goal of the project is to improve safety and track speeds, which would further improve competitiveness of rail service. Further, the project is part of an overall strategy to raise the entire Southern Tier Extension Railroad and Buffalo lines to a 286,000 lb. capacity specification for 4-axle rail cars. The bridge repairs specifically are intended to improve safety related to bridge integrity (reducing impacts on pedestrians/highway vehicles). STERA's intention is to contract directly with WNYP for the provision of engineering, construction, and construction inspection services on this contract (augmented by engineering review and inspection review by NYS DOT). WNYP may engage one or more third party private sector construction contractor(s) to provide certain construction services under sub-contract to WNYP; interested potential subcontractors may contact STERA and/or WNYP directly. In late 2016, STERA received a contract from NYS DOT funding a portion of the project. In 2017, NYS DOT reviewed and approved plans, but it was too late in the year to begin construction. Work commenced on four of the five bridges in 2018. In 2018, STERA began negotiating with NYS DOT and the City of Olean for a project scope change, which would involve filling (i.e., removing) the Queen Street bridge underpass (as opposed to replacing its deck) and installing a pedestrian underpass culvert, while simultaneously raising the height of the nearby Front Street bridge so as to increase highway clearance. As of December 31, 2020, this project modification has not yet

been accomplished. STERA is awaiting approval of the project scope change by the NYS Administrative Law Judge. A hearing in front of the NYS Administrative Law Judge was held in 2020, and if approval is received, the project should be completed in 2021.

- **Olean Enginehouse and Yard Improvement Project**

In late 2016, STERA submitted a grant application to NYS DOT for the 2016 PFRAP funding cycle. In 2017, STERA received a contract for NYS DOT PFRAP grant funds, to be matched by WNYP funds. The project would involve improvements to the enginehouse in the Olean yard, installation of a yard video security system, the installation of 6,000 6x8 ties in the Olean yard, and the replacement of 8 switches in the Olean yard. The work would be done on the Southern Tier Extension Line. The goal of the project is to improve safety and track speeds within the Olean Yard, which would further improve competitiveness of rail service. Further, the project is part of an overall strategy to raise the entire Southern Tier Extension Railroad and Buffalo lines to a 286,000 lb. capacity specification for 4-axle rail cars. The enginehouse improvements specifically are intended to improve safety and productivity related to operations within the enginehouse. The security system is intended to improve public safety and reduce vandalism. STERA executed a contract with WNYP for contractual services in support of the project in 2017. Yard tie installation was completed in December. Switch installation occurred in 2018. The security system purchase and installation occurred in 2019. STERA has requested and received NYS DOT approval for the deletion of the enginehouse work from the NYS DOT contract. Accordingly, the project will come in under budget, and STERA has requested a change order from NYS DOT for the underage amount, with additional work to be done in the Olean Yard using these unspent funds. As of December 31, 2020, STERA is awaiting approval of this change order by NYS DOT. If approved, the project will be completed in 2021.

- **STERA Tie and Rail Replacement PFRAP Project**

In 2018, STERA submitted a grant application to NYS DOT for the 2018 PFRAP funding cycle. This project would involve replacement of approximately 13,000 ties and surfacing ten (10) miles of tie replacement and surfacing between Steamburg, SA-14.00 and Waterboro, SA-23.00, and between MP SA-27.0 and MP SA-28.0 (Poland Center) on the Southern Tier Extension Line. Approximately half of this project area will need substantial ballasting. The project also will include three (3) public highway grade crossing surface rebuilds at Coldspring Road (Randolph), Main Street (Randolph), and Goodwins Landing Road (Waterboro) and eleven (11) private farm grade crossing widenings and rebuilds. The project also will involve replace of switch timbers at one main line turnout (the No. 10 turnout at the Randolph Team Track. STERA has received and executed the NYS DOT contract and has executed the sub-contract with WNYP. All of the work would be bid by WNYP and/or done by WNYP itself. The project was commenced in 2019 and should be completed in 2021.

As of December 31, 2020, STERA is looking for funding for the following capital construction projects:

- Proposed replacement of the Salamanca Main Street rail bridge and the realignment of track just to the west of the bridge. The work would be done on the Southern Tier Extension Line.
- Proposed phased construction of a transload facility proposed to be located at the railroad yard in Allegany, New York. The project will not commence until funding is in hand.

Information on STERA Capital Projects may be found on STERA’s web site (www.ccasstera.org) on the “Projects” > “Capital Projects” page.

STERA recently has discussed several non-capital study projects. However, there are no active non-capital projects at the current time.

- **Authority's internal control assessment**

STERA annually prepares an assessment of its internal controls, which are designed to minimize or avoid risk. This “Assessment of the Effectiveness of Internal Controls” may be found on STERA’s web site (www.ccasstera.org) on the “Publications” > “Financial and Other Reports” page.

- **Authority's fee schedules (if applicable)**

Generally not applicable.

However, STERA’s contract with Norfolk Southern provides for a \$40,000 annual administrative services payment to be made to STERA. These funds currently are STERA’s only unrestricted funding source for corporate operations.

- **Description of any material pending legislation**

STERA has no material pending legislation.

- **Important dates for reporting deadlines; budget calendar**

STERA’s fiscal year is a calendar year basis. STERA must submit a budget for the coming year and a four year financial plan to NYS ABO annually by November 1 of each year; this requires a Board meeting in October to approve this budget.

The balance of STERA’s reports must be submitted to NYS ABO by March 31 of each year; this requires a Board meeting in March to approve these reports. Certain of these reports also are transmitted to other entities (e.g., the Annual Report goes to the appointing entities and certain State officials, the attendance report goes to the appointing entities, etc.).

- **Acronym dictionary - list of common acronyms used by the authority**

A list of common acronyms used by the authority may be found on STERA’s web site (www.ccasstera.org) on the “Helpful Info” > “Rail Related Links” page, in the Other area at the bottom of the page, listed as “Rail-Related Acronyms.”

4. Financial Information

- **Authority's Annual Report**

Current (and historical) STERA "Annual Reports" may be found on STERA's web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page.

- **Budget (including an estimated vs. actual budget for operations and capital projects)**

The historical, current, and projected STERA "Budget" may be found on STERA's web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page.

- **Four Year Financial Plan**

The "Four Year Financial Plan" may be found on STERA's web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page.

- **Authority's Financial Audit for the last two fiscal years (including management letter and report on internal controls)**

STERA's financial audit for the last two fiscal years (including management letter and report on internal controls) may be found on STERA's web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page. These documents also are included in STERA's Annual Report.

- **Authority's debt schedule listing applicable debt caps, new debt issuances and outstanding debt including refinancings, refundings and defeasements**

STERA has no debt, and never has issued any debt. However, STERA's Annual Report does include a discussion of this, with a certification.

- **Authority's current bond rating**

STERA does not have a current bond rating. STERA never has issued any debt.

- **List of authority leases**

STERA currently is in title to all of the real estate parcels comprising the Southern Tier Extension railroad line and the Buffalo railroad line. These parcels are identified in the Real Estate Property Listing Report that STERA prepares annually. This report may be found on STERA's web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page. The report also is included in STERA's Annual Report.

Per the terms of its agreement with Norfolk Southern, STERA leases these parcels back to Norfolk Southern for a period of years, after which the title to the parcels is to revert back to Norfolk Southern.

- **List and brief description of use of real property owned by the authority**

STERA currently is in title to all of the real estate parcels comprising the Southern Tier Extension railroad line and the Buffalo railroad line. These parcels are identified in the Real Estate Property Listing Report that STERA prepares annually. This report may be found on STERA's web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page. The report also is included in STERA's Annual Report.

Per the terms of its agreement with Norfolk Southern, STERA leases these parcels back to Norfolk Southern for a period of years, after which the title to the parcels is to revert back to Norfolk Southern.

Norfolk Southern has sub-leased these parcels to the Western New York and Pennsylvania railroad, which operates trains on these two lines. Norfolk Southern also has retained trackage rights (i.e., the right to operate its own trains on these lines).

5. Other Policies & Reports

- **Procurement Policy and Procurement Report**

STERA's Procurement Policy may be found on STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

STERA's current (and historical) Procurement Report may be found on STERA's web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page. The report also is included in STERA's Annual Report.

- **Investment Guidelines and Annual Investment Report**

STERA's Investment Policy may be found on STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

STERA's current (and historical) Investment Report may be found on STERA's web site (www.ccasstera.org) on the "Publications" > "Financial and Other Reports" page. The report also is included in STERA's Annual Report.

- **Property Disposition Guidelines**

STERA's Property Disposition Guidelines may be found on STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

- **Uniform Tax Exemption Policy**

STERA's Uniform Tax Exemption Policy may be found on STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page.

- **Other required policies of the Authority**

The following is a complete list of all STERA policies, all of which may be found on STERA's web site (www.ccasstera.org) on the "About STERA" > "Policies" page:

- 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
- Fee Schedules
- 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

6. Other Applicable Laws and Guidance

All of the following statutes and guidances may be accessed from the STERA web site (www.ccasstera.org) on the "About STERA"> "NYS Laws Applicable to STERA" page. Certain of the following statutes and all of the guidances also may be accessed from the NYS ABO web site (<http://www.abo.ny.gov/>).

New York State Statutes Relevant to STERA

- NYS Public Authorities Law (PAL), Article 8, Title 28-AA (STERA's enabling legislation)
- NYS Public Authorities Law (PAL), Articles 1, 1-A, 8 (Title 28-AA only), 9, and 11 (portions relevant to STERA)
- Public Authorities Accountability Act of 2005 (PAAA)
- Public Authorities Reform Act of 2009 (PARA)
- New Provisions of the Public Authorities Reform Act of 2009 (NYS ABO summary document)
- NYS Executive Law Article 15-A (MWBE requirements)

- NYS Finance Law, Section 135 (NY State Wicks Law)
- NYS Finance Law, Sections 139-j and 139-k (NY State Procurement Lobbying Law)
- NYS Labor Law, Section 220 (NY State prevailing wage and work hours requirements)
- NYS Public Officers Law
- Open Meetings Law
- Freedom of Information Law

NYS Authority Budget Office Policy Guidances

- 06-01 Board Member Training
- 06-02 Understanding Corporate Governance Policies
- 07-01 Independence of Board Members
- 07-02 Local Financial Disclosure
- 07-03 Compliance Review Requirements
- 09-01 Appropriate Use of Executive Session
- 10-01 Acknowledgement of Fiduciary Duty
- 10-02 Public Authority Mission Statement and Measurement Reports
- 10-03 Posting and Maintaining Reports on Public Authority Board Members
- 10-04 Fiduciary Duty of the Designee of a voting Ex Officio Board Member
- 10-05 Annual Board of Directors Evaluation
- 11-01 ABO Policy Guidance Compliance Review Requirements
- 11-02 ABO Policy Guidance Enforcement Powers of the Authority
- 14-01 Explanatory Statement of the Circumstances of Property Disposal by Negotiation
- 14-02 Formation of a Subsidiary by a Public Authority
- 15-01 Restrictions on Grants and Loans Made by Public Authorities

The “New Provisions of the Public Authorities Reform Act of 2009” document that is accessible on both the STERA and NYS ABO web sites summarizes the provisions of both of these laws. Both the PAAA and PARA have provisions for the NYS ABO, for state authorities, and for local authorities. The PAAA also includes provisions for certain specific (i.e., named) state authorities. STERA is a local authority; the provisions for state authorities do not apply to STERA.

Additionally, Governance Practices recommended by the NYS ABO also are available at the NYS ABO web site at <http://www.abo.ny.gov/> - see “Recommended Governance Practices” on the NYS ABO web site.

Finally, STERA is subject to the provisions of U.S. Code of Federal Regulations, Title 7, Volume 15, Chapter 30, Part 3019, section 3019.44, but only for purchase contracts using federal funds of \$100,000 or more. These provisions have been incorporated into the STERA Procurement Policy.