



Chautauqua, Cattaraugus, Allegany & Steuben Counties  
**Southern Tier Extension Railroad Authority**  
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"This institution is an equal opportunity organization"

Terry Everetts, Chairman  
Richard Zink, Chief Executive Officer

**GOVERNANCE COMMITTEE SELF-EVALUATION REPORT TO THE BOARD**  
on  
**GOVERNANCE COMMITTEE FUNCTIONS FOR CALENDAR YEAR 2014**

Submitted March 9, 2015

**1. Meetings**

- **Notes:**
  - During 2014, the Governance Committee was scheduled to meet three times. However, two meetings (March 10, 2014 and March 20, 2014) were cancelled for lack of a quorum. The Committee met one time in 2014, on June 16, 2014.
  - The Committee Charter requires the Committee to meet a minimum of twice a year, plus any additional meetings as needed. However, no additional meetings were held following the June 16, 2014 meeting because of a lack of business.
  - All meetings were properly noticed and open to the public as required, and all agendas and minutes were made available to the public on the Authority web site as required.
- **Deficiencies:**
  - The Committee met only once during 2014; it is required by its charter to meet a minimum of two times per year. However, two additional meetings had been scheduled, but had been canceled due to a lack of a quorum.
- **Recommendations:**
  - The Committee should meet a minimum of two times per year consistent with its charter.

**2. Reporting to Board**

- **Notes:**
  - The Committee reported out its actions and recommendations to the Board at the Board's June 16, 2014 meeting, as required.
- **Deficiencies:**
  - None.
- **Recommendations:**
  - None.

**3. Compliance**

- **Notes:**
  - During 2014, the Committee complied with the Committee Charter and the Authority's bylaws.
  - During 2014, the Committee complied with NYS ABO, PAAA, and PARA requirements.

- **Deficiencies:**
  - None.
- **Recommendations:**
  - None.

#### 4. Committee Responsibilities With Respect to Authority Operations

- **Notes:** During 2014, the Committee reviewed and made recommendations to the Board regarding Authority operations, as follows:
  - On June 16, 2014, the Committee reviewed various issues relating to structure, governance, and operating activities, including:
    - Management Report - Financial Disclosure and Ethics Report June 2014
- **Deficiencies:**
  - The Committee is responsible per its charter for reviewing and making recommendations to the Board regarding Authority operations, structure, including governance, and operating activities, as follows:
    - The Board Self Evaluation Report
    - Governance Practices with respect to Transparency, Independence, Accountability, Fiduciary Responsibilities, and Management Oversight
    - Competencies and Personal Attributes Required of Board Members
    - New Member Orientation Process
    - Compliance with Board Member Training Requirements
    - Compliance with Staff Training Requirements
    - Number and Structure of STERA Committees
    - Compensation and Benefits for the Managing Director and Other Senior Authority Officials
    - Performance evaluations, including coordination and oversight of such evaluations of the Board, its committees and senior management in the Authority's governance process,
    - Other STERA Policies or Documents Related to the Governance of the Authority

The Committee normally also discusses the general governance and operation of the Authority, with respect to a consideration of any need for any other policies or documents relating to the governance and operation of the Authority, including rules and procedures for conducting the business of the Authority's Board.

However, although these review were scheduled to be discussed at a scheduled March 10, 2014 Committee meeting, that meeting was canceled due to a lack of a quorum, and a re-scheduled meeting of the Committee to be held on March 20, 2014 also was canceled due to a lack of a quorum. Because of the inability to hold a Committee meeting in advance of the May 5, 2014 Board of Directors meeting, and owing to the fact that the NYS ABO submissions were overdue because of the two canceled March 2014 Board meetings, and the fact that the members present at a canceled March 28, 2014 Board meeting had discussed these governance and operational issues and had noted no changes were in order, and because on May 5, 2014 at the Authority Board of Directors meeting, a quorum of members were present, including a quorum of Committee members, the Board of Directors decided to take action in the place of the Committee in the Committee review role for these governance and operational issues.

- **Deficiencies:**
  - As noted, because of the lack of a quorum at two scheduled meetings at which the Committee was scheduled to undertake its responsibilities with respect to Authority operations, the Committee did

not undertake this role in 2014 as required by its charter. This role was undertaken in the Committee's stead by the full Board of Directors at its May 5, 2014 meeting.

- **Recommendations:**

- In 2015, the Committee should undertake its responsibilities with respect to Authority operations.

## 5. Committee Responsibilities With Respect to Authority Policies

- **Notes:** Per its charter, the Committee is responsible to review and make recommendations to the Board regarding the approval or revision of Authority policies, as follows:

- Audit Committee Charter
- Bylaws
- Code of Ethics
- Compensation, Reimbursement and Attendance Policy
- Competencies and Personal Attributes Required of Board Members
- Defense and Indemnification Policy
- Equal Opportunity and Affirmative Action Policy
- Governance Committee Charter
- Internal Control Procedures
- Investment Policy
- Lobbying Policy
- Management Performance Evaluation Standards
- Measurement Standards for Performance Evaluation
- Mission Statement
- New Member Orientation Process
- New Member Orientation Process Reference Document
- Procurement Guidelines (Contract and Procurement Policy)
- Property Disposition Guidelines
- Public Access to Records Policy
- Public Access to Records - Subject Matter List
- Records Management Program
- Travel Policy
- Uniform Tax Exemption Policy
- Whistleblower Policy

- **Deficiencies:**

- As noted above, because of the lack of a quorum at two scheduled meetings at which the Committee was scheduled to undertake its responsibilities with respect to the review of Authority policies, the Committee did not undertake this role in 2014 as required by its charter. This role was undertaken in the Committee's stead by the full Board of Directors at its May 5, 2014 meeting.

- **Recommendations:**

- In 2015, the Committee should undertake its responsibilities with respect to the review of Authority policies.

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

- **Notes:**

- Per its charter, in 2014, the Committee was responsible to review and make recommendations to the Board regarding the approval or revision of Authority reports, as follows:
  - Annual Report for the year ending December 31, 2013
  - Property Listing Report for the year ending December 31, 2013

- Property Disposition Report for the year ending December 31, 2013
- Procurement Report for the year ending December 31, 2013
- Investment Report for the year ending December 31, 2013
- Management Report on Financial Disclosure and Ethics Report

**Performance Evaluation Processes and Reports**

- Summary of Performance Evaluation Processes
  - Organizational Self-Evaluation Report for the year ending December 31, 2013 using Measurement Standards per NYS ABO Policy Guidance 10-02
  - Organizational Compliance Evaluation Report for the year ending December 31, 2013
  - Organizational Assessment of the Effectiveness of Internal Controls for the year ending December 31, 2013
  - Board Self-Evaluation Report for the year ending December 31, 2013 per NYS ABO Policy Guidance 10-05
  - Board Member Attendance Evaluation Report for the year ending December 31, 2013
  - Governance Committee Self-Evaluation Report for the year ending December 31, 2013
  - Governance Committee Charter Review Report
  - Management (Corporate Officers) Evaluation Report for the year ending December 31, 2013
- On June 16, 2014, the Committee reviewed and made recommendations to the Board regarding the following Authority report:
    - Management Report on Financial Disclosure and Ethics Report
  - The Committee did not review the balance of the reports noted above.
- **Deficiencies:**
    - As noted above, because of the lack of a quorum at two scheduled meetings at which the Committee was scheduled to undertake its responsibilities with respect to the review of Authority reports, the Committee did not fully undertake this role in 2014 as required by its charter. This role was undertaken in the Committee’s stead by the full Board of Directors at its May 5, 2014 meeting.
  - **Recommendations:**
    - In 2015, the Committee should undertake its responsibilities with respect to the review of Authority reports.

**7. Summary Self Evaluation of Governance Committee Functions During Calendar Year 2014**

- **Successes**
  - The Committee complied with its functions as regards Board reporting and regulatory compliance.
  - The Committee has successfully implemented all of the changes recommended in the prior year self-evaluation process. Additionally, at the June 16, 2014 Board meeting, the Committee’s membership was increased from 4 to 5 members to lower the possibility of meeting cancelation due to a lack of quorum.
- **Deficiencies**
  - The Committee was deficient in its functions as regards the number of meetings and organizational compliance.
  - The Committee was deficient in its functions as regards operating responsibilities and functions, owing to two meetings being canceled due to a lack of quorum. These Committee responsibilities were undertaken in the Committee’s stead by the Board of Directors at its May 5, 2014 meeting.

**Approved by the Governance Committee  
And  
Submitted to and Approved by the Board of Directors of the  
Chautauqua, Cattaraugus, Allegany, and Steuben  
Southern Tier Extension Railroad Authority  
On March 9, 2015**

*Thomas M. Barnes*

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**Secretary**

**March 9, 2015**

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**Date**