



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

**POLICY REGARDING COMPETENCIES AND PERSONAL ATTRIBUTES  
REQUIRED OF STERA BOARD MEMBERS**

STERA has developed this Policy Regarding Competencies and Personal Attributes Required of Board Members to comply with the requirements of the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009, as expressed in STERA's Bylaws and Governance Committee Charter. This Policy is to be transmitted to entities authorized by STERA'S enabling legislation to appoint members when those entities are engaged in the process of selecting and designating STERA Board members, to assist them in this process. The Policy is intended to provide STERA with active members who are fit for the duties and responsibilities of service on the STERA Board, and who will participate actively in the affairs of STERA so as to enable STERA to succeed in achieving its mission and goals.

**Appointing entities should consider the following attributes when engaged in the process of selecting and designating STERA Board members:**

1. **Ability and willingness to attend Board and committee meetings and actively and constructively participating participate in STERA business.**
2. **Ability and willingness to understand STERA's mission, goals, and role, and as a STERA Board member, to act so as to promote STERA's achievement of its mission and goals.**
3. **Ability and willingness to understand, review, and monitor the implementation of fundamental financial and management reports, controls, and operational decisions of STERA.**
4. **Ability and willingness to read, digest, and understand written materials discussing complex issues relating to the business of STERA, a willingness to review and understand the materials provided in advance of meetings and any other materials provided to the Board from time to time, and a willingness to inform oneself prior to making decisions as a STERA Board member by utilizing material information reasonably available.**
5. **Ability to exercise direct oversight of STERA management staff so as to insure effective and ethical management of STERA.**
6. **Ability and willingness to create policies for the effective and ethical management and operations of STERA, and to actively participate in the operational activities of the Board of STERA so as to insure effective and ethical management and operations of STERA.**
7. **Willingness to file ethical and financial disclosure statements and other such reporting and evaluative documents as may be required by State regulations.**
8. **Willingness to participate in State approved training regarding their legal, fiduciary, financial, and ethical responsibilities as STERA Board members within one year of appointment to the STERA Board, and a willingness to participate in such continued training as may be required to remain informed of best practices and regulatory and statutory changes relating to effective oversight of management and financial activities and operations of STERA and to adhere to the highest standards of responsible governance.**
9. **Willingness to be reasonably accessible to the senior management on specific issues that may not require the attention of the entire STERA Board but where an individual Board member's insights may be helpful.**
10. **Independence** – This is required of all prospective STERA Board members, and once an individual has been appointed to the STERA Board, the Board member is expected to maintain his independence. Per NYS ABO

Policy Guidance 07-04, the importance of establishing and preserving the independence of STERA board members is to: (a) avoid conflicts of interest or the appearance of conflicts of interest in the actions and decisions of STERA board members; (b) encourage directors to act in accordance with the mission and interests of the authority (including placing STERA's interest above those of parochial interests and/or the interests of the appointing entity); and (c) distinguish between the oversight function of STERA board members and the management responsibilities of executive staff. Per NYS ABO Policy Guidance 07-04, a prospective STERA Board member is considered to be independent if all of the following criteria are met:

1. The prospective board member is not currently an employee of STERA in an executive position, nor was an employee of STERA in an executive position in the past two years.
2. The prospective 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 STERA, as well as any other form of financial assistance valued at more than fifteen thousand dollars from STERA.
3. The prospective board member is not a relative of an executive officer or employee in an executive position of STERA or an affiliate.
4. The prospective 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 STERA or affiliate.
5. In addition, an appointed director may be an employee of a county or local government and have some professional involvement with STERA and still be independent. However, if a STERA 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 STERA board member would not be independent if STERA pays the municipal government \$15,000 or more annually for goods and services that are provided to STERA by the municipal government. As a best practice it is not recommended that a majority of appointed STERA board members have a political or employment relationship to the government(s) for whose purpose STERA was created.

Additionally, per NYS ABO Policy Guidance 07-04, STERA Board members may consult with the individuals who appointed them without losing their independence provided the board member's decisions are made in the interests of the public and consistent with STERA's mission. Further, NYS ABO also recognizes that it is not uncommon for STERA board members to have personal or professional relationships with vendors who may do business with STERA. In such cases, STERA board members must disclose any relationship prior to STERA considering doing business with the vendor and the STERA board member should be recused from any STERA board discussion or decision on such a transaction. STERA Board members also should not discuss any qualities of the vendor with STERA staff. In all cases, STERA board members are to: avoid situations that could compromise their independence; act with transparency; and exercise their fiduciary duties of loyalty and care. This will require that STERA Board members weigh the public's interests and that of their appointing authorities when taking on these duties and be sensitive to potential conflicts of interest or the appearance of a conflict. Additionally, per NYS ABO Policy Guidance 07-04, please note that if the majority of directors appointed to the STERA Board do not meet this definition of independence, the official or officials having the authority to appoint or remove board members should take appropriate actions to address this issue.

11. **Possession of no outstanding conflicts of interest with respect to STERA and STERA's operations, and the ability and willingness to avoid such conflicts and the perceptions of conflicts during the term of the individual's service as a member of the STERA Board.** STERA has a Standards of Conduct (Ethical Conduct and Conflicts of Interest) Policy that members are expected to adhere to, and STERA also is deemed a state authority for purposes of Section 74 of the Public Officers Law, which in part provides that:

2. Rule with respect to conflicts of interest. No officer or employee of a state agency, member of the legislature or legislative employee should have any interest, financial or otherwise, direct or indirect, or

engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the public interest.

3. Standards.

- a. No officer or employee of a state agency, member of the legislature or legislative employee should accept other employment which will impair his independence of judgment in the exercise of his official duties.
- b. No officer or employee of a state agency, member of the legislature or legislative employee should accept employment or engage in any business or professional activity which will require him to disclose confidential information which he has gained by reason of his official position or authority.
- c. No officer or employee of a state agency, member of the legislature or legislative employee should disclose confidential information acquired by him in the course of his official duties nor use such information to further his personal interests.
- d. No officer or employee of a state agency, member of the legislature or legislative employee should use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others, including but not limited to, the misappropriation to himself, herself or to others of the property, services or other resources of the state for private business or other compensated non-governmental purposes.
- e. No officer or employee of a state agency, member of the legislature or legislative employee should engage in any transaction as representative or agent of the state with any business entity in which he has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his official duties.
- f. An officer or employee of a state agency, member of the legislature or legislative employee should not by his conduct give reasonable basis for the impression that any person can improperly influence him or unduly enjoy his favor in the performance of his official duties, or that he is affected by the kinship, rank, position or influence of any party or person.
- g. An officer or employee of a state agency should abstain from making personal investments in enterprises which he has reason to believe may be directly involved in decisions to be made by him or which will otherwise create substantial conflict between his duty in the public interest and his private interest.
- h. An officer or employee of a state agency, member of the legislature or legislative employee should endeavor to pursue a course of conduct which will not raise suspicion among the public that he is likely to be engaged in acts that are in violation of his trust.
- i. No officer or employee of a state agency employed on a full-time basis nor any firm or association of which such an officer or employee is a member nor corporation a substantial portion of the stock of which is owned or controlled directly or indirectly by such officer or employee, should sell goods or services to any person, firm, corporation or association which is licensed or whose rates are fixed by the state agency in which such officer or employee serves or is employed.

This Policy was approved and adopted on March 8, 2011  
by the Board of Directors of the  
Southern Tier Extension Railroad Authority.

*Thomas M. Barnes*

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**Name**

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Corporate Secretary

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**Office**

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March 9, 2015

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**Date**