



**Chautauqua, Cattaraugus, Allegany & Steuben Counties**

# **Southern Tier Extension Railroad Authority**

**Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York 14779  
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**"This institution is an equal opportunity organization"  
John Margeson, Chairman**

## **CHAUTAUQUA, CATTARAUGUS, ALLEGANY AND STEUBEN SOUTHERN TIER EXTENSION RAILROAD AUTHORITY**

### **ANNUAL REPORT**

**FOR THE YEAR ENDING DECEMBER 31, 2008**

**Chautauqua, Cattaraugus, Allegany & Steuben Southern Tier Extension Railroad Authority  
Center for Regional Excellence  
4039 Route 219, Suite 200  
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**CHAUTAUQUA, CATTARAUGUS, ALLEGANY AND STEUBEN SOUTHERN TIER  
EXTENSION RAILROAD AUTHORITY**

**ANNUAL REPORT**

**FOR THE YEAR ENDING DECEMBER 31, 2007**

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**List of Board Members and Officers**

(as of December 31, 2008)

Board Members	Representing
John Margeson, Chairman	Allegany County
Joseph Eade, Vice Chairman	Cattaraugus County
James Griffin, Assistant Vice Chairman	Steuben County
Seth Corwin	Steuben County
William Daly	Chautauqua County
Donald Davidsen	Steuben County
Terry Everetts	Cattaraugus County
Karl Kruger	Allegany County
Thomas Livak	Cattaraugus County
Francis Lus	Chautauqua County
Timothy O'Grady	Allegany County
Robert Walrod	Chautauqua County
Lucille White	Southern Tier West Regional Planning and Development Board
Vacant	Seneca Nation of Indians

**List of Corporate Officers**

(as of December 31, 2008)

Donald Rychnowski	Executive Director (Chief Executive Officer)
Vacancy	Secretary
Richard Zink	Treasurer (Chief Financial Officer)

## **Executive Summary**

This document is the Annual Report of the Chautauqua, Cattaraugus, Allegany, and Steuben Southern Tier Extension Railroad Authority (herein STERA), prepared for the calendar and corporate fiscal year ending December 31, 2008.

This Annual Report is prepared to satisfy the requirements of STERA's enabling legislation and the Public Authorities Accountability Act. It is intended to be a public informational document providing information about STERA and STERA's activities during 2008. This report is submitted to New York State, to the four affected New York State counties (Chautauqua, Cattaraugus, Allegany, and Steuben Counties of New York State), to the Southern Tier West Regional Planning and Development Board, and to the Seneca Nation of Indians. It also is published on STERA's web site, and is available directly from STERA.

In 2008, STERA continued its corporate operations, holding an active meeting calendar with all Board meetings open to the public. Board officer elections were held in May 2008.

Actual railroad operating activity on the Southern Tier Extension Railroad Line continued, with growth experienced in operating volumes.

STERA continued its ongoing engineering relationship with Clough Harbour & Associates LLP, a consulting engineering firm, engaged in 2006.

STERA continued its 2006 railroad line rehabilitation construction program, funded by a \$230,000 NYS DOT program grant, a \$2,000,000 New York State Transportation Bond Act grant, and a \$900,000 Federal U.S. Department of Transportation Safetea-Lu grant. WNYF provided required matching funds for these projects, which were combined as a single construction project begun in 2006. This construction project will continue into 2009.

STERA's financial statements indicate a growth in net assets in 2008. Over time, increases or decreases in net assets (the difference between assets and liabilities) are one indicator of the improvement or erosion of an organization's overall financial health, when considered with non-financial facts.

## **Description**

STERA is a local public authority created by the State of New York in 2000 in response to home rule resolutions passed by Chautauqua, Cattaraugus, Allegany, and Steuben Counties of New York State. STERA is comprised of a 14 person Board of Directors. Three directors are appointed by each of the four counties, one director is appointed by the Southern Tier West Regional Planning and Development Board, and one director is appointed by the Seneca Nation of Indians. The director appointed by the Seneca Nation of Indians is a non-voting member.

Copies of the STERA enabling legislation, corporate bylaws, meeting minutes, corporate policies, financial statements and reports may be found at STERA's web site, which is <http://www.ccasstera.org>. These documents also are available directly from STERA.

STERA's mission is the continuance, further development and improvement of railroad transportation and other services related thereto within Chautauqua, Cattaraugus, Allegany and Steuben Counties, and the development and implementation of a unified railroad transportation policy and strategy for these counties.

The Southern Tier Extension Railroad Line referred to in STERA's name is a 145-mile long rail line - the former Erie Lackawanna mainline - that runs between Corry, Pennsylvania and Hornell, New York. The Southern Tier Extension has interconnections with other rail lines at each end and at various points along the line. The Southern Tier Extension provides direct service to the Cities of Jamestown, Salamanca, Olean, and Hornell, and the Village of Wellsville and other small villages and towns along the line.

STERA's origin was predicated on a memorandum of understanding executed in June 1998 by STERA, New York State Department of Transportation, Norfolk Southern Corporation, and Pennsylvania Lines LLC. This agreement was the product of years of study and evaluation of the Southern Tier Extension Railroad Line by the four counties, followed by approval of the strategy embodied in the agreement by the property taxing jurisdictions in which the railroad lies (counties, cities, villages, towns, school districts). The line was mostly dormant in 1998, with only 40 miles in service, 1 customer, and less than 75 carloads of traffic per year, and at that time had been expected to be formally abandoned in the near future. Upon abandonment, the rail, ties, switches, ballast and other physical assets would be removed and salvaged for scrap, and economics dictated that the line would never be re-installed.

The June 1998 memorandum of understanding was intended to provide a framework that not only allowed for the salvation of the line from abandonment, but also catalyzed returning the railroad line to active local and mainline through service. To summarize certain salient features of the June 1998 agreement, the agreement provides that the ownership of the physical real estate capital assets of the railroad - the land, track, ballast, switches, sidings, grade crossings, etc. - would be transferred by Norfolk Southern to STERA for a term of years, after which ownership would revert to Norfolk Southern. During the period of ownership by STERA, Norfolk Southern would lease operating rights from STERA, in order to be able to operate trains on the railroad line. Further, the agreement provided that during this period of years, Norfolk Southern agreed to provide service on the line and maintenance of the line. Ownership by STERA would mean that there would be no property taxes paid on the line - this was the element approved by the taxing jurisdictions - but Norfolk Southern agreed to pay an escalating payment in lieu of taxes to STERA in the last years of STERA's ownership. The effective abatement of real estate taxes was the primary reason for involving STERA. The rationale was that by lowering the railroad

operator's operating costs through the abatement of taxes, an incentive was provided to induce the railroad operator to operate the line and build traffic on the line. The former owner of the railroad line, Conrail, had considered the line redundant to its Pennsylvania mainline, and when Norfolk Southern obtained ownership of both lines, the redundancy remained. This was the reason that the four counties expected Norfolk Southern to formally abandon the line when its prohibition against doing so expired in 1998. By removing the property tax cost, total ownership costs were low enough that it was possible to conceive of operating advantages, including new freight traffic, which could be obtained by aggressively operating the line.

A secondary reason for involving STERA was STERA's eligibility for receiving State and Federal grants for the rehabilitation of the railroad line. The railroad line's former owner, Conrail, had not done any maintenance on the line for 25 years, and in fact in places had actually cannibalized assets from the line (e.g., switches and signals), using them elsewhere in its system. So another inducement for the 1998 agreement was the ability to utilize the public private partnership between Norfolk Southern and STERA to rehabilitate the railroad line so that it was in good operating condition.

The transfer of ownership from Norfolk Southern to STERA and the lease of operating rights to Norfolk Southern by STERA were consummated in February 2001, and in April 2001, Norfolk Southern sub-leased its operating rights to the Western New York and Pennsylvania Railroad Company LLC (WNYP), retaining the authority to operate trains on the line itself. Under the terms of the sub-lease, the obligation to provide service and maintenance and to make operating payments was transferred to WNYP. Per the terms of the original 1998 agreement, the ability to sell or lease any portion of the real estate assets was retained by Norfolk Southern, and this right was transferred to WNYP in the sub-lease agreement. Accordingly, STERA does not have any rights to undertake property transfers of any part of the line.

In February 2007, STERA approved the extension of the east west line abatement through 2017, with the PILOT due in 2009, 2010 and 2011 being shifted to 2015, 2016, and 2017, at 33%, 66%, and 100% of taxes as reduced by the statewide real estate tax reduction. At the same time, STERA approved entering into a sale and leaseback transaction with Norfolk Southern Corporation on the north-south line between Machias Junction and the Pennsylvania state line, with an abatement through 2017, with a PILOT in 2015, 2016, and 2017 at 33%, 66%, and 100% of taxes, under the condition that Norfolk Southern enter into a long term sub-lease of that line with WNYP. The federal Surface Transportation Board approved the north-south line arrangement, and WNYP began operating trains on the north-south line in early August 2007. The north-south line, also known as the Buffalo Line, serves the City of Olean and the Villages of Franklinville and Portville and the various Towns that it traverses.

STERA essentially is a financially self-supporting public agency that receives no tax revenues from any state or local jurisdiction and has no power to tax. It relies almost entirely on administrative revenue generated from capital rehabilitation grants from State and Federal

sources, plus an ongoing \$20,000 annual administrative fee paid by WNYP, for its operating revenue. The north-south line transaction in 2007 increased this annual WNYP administrative fee from \$20,000 to \$40,000 per year.

STERA's Board appoints a Chief Executive Officer (an Executive Director) and a Chief Financial Officer (a Treasurer) to carry out the organization's policies and manage the day-to-day operations. The Executive Director and Treasurer are not STERA employees and receive no direct salary from STERA. In fact, STERA does not have any employees, and contracts with the Southern Tier West Regional Planning and Development Board for administrative services. STERA's place of business is the same address as that of the Southern Tier West Regional Planning and Development Board in Salamanca, New York, and STERA meets in the offices of the Southern Tier West Regional Planning and Development Board.

The following is the legal address of the Rail Authority:

Chautauqua, Cattaraugus, Allegany & Steuben Southern Tier Extension Railroad Authority  
Center for Regional Excellence  
4039 Route 219, Suite 200  
Salamanca, New York 14779

STERA maintains a web site located at <http://www.ccasstera.org>.

STERA may be contacted by telephone at 716-945-5301. Ask the switchboard operator for STERA, or for one of the contact people listed below. STERA's fax number is 716-945-5550.

Those wishing to contact the Rail Authority are encouraged to contact the railroad contacts on staff at the Southern Tier West Regional Planning and Development Board. Southern Tier West provides staffing and administrative services to the Rail Authority. Primary contact information for Southern Tier West is as follows:

Donald R. Rychnowski, Executive Director  
[drychno@southerntierwest.org](mailto:drychno@southerntierwest.org)

Thomas M. Barnes, Senior Regional Economic Development Coordinator  
[tbarnes@southerntierwest.org](mailto:tbarnes@southerntierwest.org)

Southern Tier West Regional Planning & Development Board  
Center for Regional Excellence  
4039 Route 219, Suite 200  
Salamanca, New York 14779

## **Operations and Accomplishments**

In 2008, STERA continued its corporate operations. The full STERA Board met on eight occasions (February 12, 2008, April 21, 2008; May 19, 2008; June 16, 2008; August 18, 2008; October 14, 2008 and December 15, 2008).

During the year, STERA continued the process of coming into compliance with the Public Authorities Accountability Act. Individual board members and contract administrative staff continued to receive the necessary training.

In April 2008 approved the implementation of \$500,000 NYS DOT Multimodal Program Project that provided for much needed rehab in the Chautauqua County portion of the rail-line.

In May 2008, the Board approved the election of officers of the Board. In May 2008, the Board re-approved the appointment of Donald Rychnowski as Executive Director (Chief Executive Officer) and Richard Zink as Treasurer (Chief Financial Officer), officers of the corporation.

In June 2008 William Rice, City of Jamestown Planning Department, gave a summary presentation regarding the proposals contained in the City's Urban Design Plan, as they impact railroad real estate and train operations. He also discussed the purposes of the bus tour of the proposed redevelopment area of downtown Jamestown. After which the STERA board toured the area within the proposal.

At the start of 2008, WNYP had an approximate level of 5,000 carloads of annualized freight traffic, while Norfolk Southern had an approximate level of 64,000 carloads of annualized unit coal freight traffic. Norfolk Southern operated one train per day in each direction on the line, six days per week.

In 2008, STERA continued to provide railroad system and operational planning information to the Southern Tier West Regional Planning and Development Board for the latter's use in its regional transportation planning project, an initiative authorized by and funded by NYS DOT. Specific issues could include economic development, safety, quality of life, security, efficiency of the regional transportation system, and environmental considerations.

In 2008, STERA continued to provide railroad system and operational planning information to the City of Jamestown for the latter's use in its Urban Design Plan. Specific issues could include potentially non-conforming adjacent uses (with active railroad right of way), security, trespass, safety, and future railroad and business development, terminal redevelopment, disassembly / scrap yard issues, the Washington Street Bridge rehabilitation project, and potential future coal conveyor issues.

## **Projects Undertaken in the Past Year**

STERA continued the line rehabilitation project began in 2006, using G. W. Peoples Inc. as construction contractor and Clough Harbour & Associates LLP as engineering consultant. Funding for the project included a \$230,000 NYS DOT program grant, a \$2,000,000 New York State Transportation Bond Act grant, a \$900,000 Federal U.S. Department of Transportation Safetea-Lu grant, and local match provided by WNYP. The 2006 contract involves a total of 7.6 miles of welded rail installation, including 2 miles in Chautauqua County and the balance in Allegany County (Tip Top, Andover, Belmont, Belvedere, and Cuba), plus tie installation and surfacing, primarily between Olean and Cuba and in Chautauqua County east of Jamestown. As of December 31, 2007, work on this project had not yet been completed. STERA estimated that the project would be completed in 2008.

Also pending at the close of the year were two potential Multimodal grant awards plus WNYP matching funds. STERA hopes that these are funded directly and that they go to construction in 2008.

## **Financial Summary**

The Income Statement for the year ending December 31, 2008 and the Balance Sheet for December 31, 2008 are included in the appendix to this Annual Report.

## **Bond Schedule**

As of December 31, 2008, the end of STERA's fiscal year, STERA had no bonds or notes outstanding. Further, in the year ending December 31, 2008, STERA did not redeem any bonds or notes.

Although STERA in 2006 had authorized bonding for construction funding for the Safetea-Lu portion of the 2006 construction project, which continued into 2008, STERA did not need to utilize construction funding for this project during 2008, and hence did not issue a bond in 2008 for this purpose. This construction project will continue into and is projected to be completed in 2009. STERA does not anticipate that bonding will be necessary in 2009 for this project.

### **Schedule of Bonds and Notes Outstanding**

As of December 31, 2008

Total Bonds Outstanding	\$ 0.00
Total Notes Outstanding	<u>0.00</u>
Total Obligations Outstanding	\$ 0.00

### **Statement of the Amounts of Obligations Redeemed and Incurred**

For the Fiscal Year Ending December 31, 2008

Total Amounts of Obligations Redeemed	\$ 0.00
Total Amounts of Obligations Incurred	\$ 0.00

### **Compensation Schedule**

STERA has no direct employees. STERA's Board appoints a Chief Executive Officer (an Executive Director) and a Chief Financial Officer (a Treasurer) to carry out the organization's policies and manage the day-to-day operations. However, the Executive Director and Treasurer are not STERA employees and receive no direct salary from STERA. STERA contracts with the Southern Tier West Regional Planning and Development Board for administrative services.

### **Personal and Real Property Transactions**

STERA owns no personal property. STERA contracts with the Southern Tier West Regional Planning and Development Board for administrative services, including the use of traditional business assets classified as personal property.

STERA is in title to certain real estate assets transferred to it by Norfolk Southern Corporation in February 2001 and February 2007, which together comprise the Southern Tier Extension Railroad Line and the Buffalo Line (or east-west line and north-south line), respectively. Pursuant to the agreement between STERA and Norfolk Southern Corporation, STERA retains title to these assets for a period of years, after which time, these real estates assets, and the improvements thereto, revert to Norfolk Southern Corporation.

Pursuant to the agreement between STERA and Norfolk Southern Corporation, Norfolk Southern retains the exclusive right to sell, transfer, or otherwise dispose of these real estate assets. STERA does not have the right to sell, transfer, or otherwise dispose of these real estate assets.

The agreement between STERA and Norfolk Southern Corporation also provides that upon any abandonment by Norfolk Southern Corporation of any or all of the real estate assets, STERA has the right of first refusal to acquire the abandoned assets at a price set through a formula stipulated in the agreement.

Norfolk Southern Corporation subsequently has transferred its right to sell, transfer, or otherwise dispose of these real estate assets to the Western New York and Pennsylvania railroad Company. This transfer does not modify the rights or circumstances of STERA with respect to STERA's lack of authority to sell, transfer, or otherwise dispose of these real estate assets.

**Schedule of Personal and Real Property Transactions**

For the Year Ending December 31, 2008

**Personal Property**

Fair market value of all personal property owned by STERA, December 31, 2008	\$0 (0 items)
Total number of personal property transactions, year ending December 31, 2008	0
Total value of all personal property transactions, year ending December 31, 2008	\$0

**Real Estate**

Fair market value of all real property having an estimated fair market value in excess of \$15,000 that STERA intends to dispose of	\$0 (0 parcels)
Fair market value of all real property having an estimated fair market value in excess of \$15,000 that STERA intends to dispose of, held by STERA at December 31, 2008	\$0 (0 such parcels)
Fair market value of all real property having an estimated fair market value in excess of \$15,000 that STERA disposed of during The year ending December 31, 2008	\$0 (0 such parcels)

**Code of Ethics**

STERA's Code of Ethics, which is entitled, "Standards of Conduct Policy," is included in the appendix to this Annual Report.

**Assessment of Internal Controls**

STERA feels that it has a very effective internal control structure and procedures. STERA has minimal transactions per year other than those involved in rehabilitation contracts. For rehabilitation contract transactions, STERA, STERA's engineer, and the funding agency typically review all invoices prior to the approval of disbursement. Further, rehabilitation projects typically are subject to a post-completion financial and compliance review and/or audit by the funding agencies.

**Certification of Annual Report**

This Annual Report for the Year Ending December 31, 2008 was approved by the Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority on \_\_\_\_\_.

I hereby certify this Annual Report for the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority for the Year Ending December 31, 2008

\_\_\_\_\_  
DONALD R. RYCHNOWSKI  
Executive Director (CEO)

\_\_\_\_\_  
Date

\_\_\_\_\_  
RICHARD T. ZINK  
Treasurer (CFO)

\_\_\_\_\_  
Date

## Appendix



**CHAUTAUQUA, CATTARAUGUS, ALLEGANY & STEUBEN  
SOUTHERN TIER EXTENSION RAILROAD AUTHORITY  
STATEMENT OF NET ASSETS**

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**As of December 31,**

**2008**

**Assets**

Cash	\$	70,800
Rent receivable		25,000
Grants receivable (Note 5)		<u>676,242</u>
<b>Total current assets</b>		772,042
Property improvements, less accumulated depreciation of \$4,990,794 (Note 2)		<u>7,111,898</u>
<b>Total assets</b>	<b>\$</b>	<b><u>7,883,940</u></b>

**Liabilities and Net Assets**

**Current liabilities-**

Accounts payable (Note 3)	\$	<u>489,150</u>
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**Net assets-**

Invested in capital assets		7,111,898
Unrestricted		<u>282,892</u>

<b>Total net assets</b>		<u>7,394,790</u>
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<b>Total liabilities and net assets</b>	<b>\$</b>	<b><u>7,883,940</u></b>
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**CHAUTAUQUA, CATTARAUGUS, ALLEGANY & STEUBEN  
SOUTHERN TIER EXTENSION RAILROAD AUTHORITY  
STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET ASSETS**

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<i>Year ended December 31,</i>	<b>2008</b>
<b>Revenue:</b>	
Rental income	\$ 40,000
Property tax refund	165,000
Grant income:	
State funds	469,423
Matching funds	250,693
	<hr/>
<b>Total revenue</b>	<b>925,116</b>
	<hr/>
<b>Expenses:</b>	
Management fees (Note 3)	20,235
Property tax refund disbursement	165,000
Depreciation	1,167,239
Bank charges	27
Insurance	6,444
Professional fees	6,920
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<b>Total expenses</b>	<b>1,365,865</b>
	<hr/>
<b>Change in net assets</b>	<b>(440,749)</b>
	<hr/>
<b>Net assets, beginning of year</b>	<b>7,835,539</b>
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<b>Net assets, end of year</b>	<b>\$ 7,394,790</b>
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## STANDARDS OF CONDUCT POLICY

### SECTION 1. INTRODUCTION

This Standards of Conduct Policy provides standards of conduct governing the performance of officers, directors, employees and agents engaged in activities on behalf of and/or under the direction of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority (Railroad Authority). The Railroad Authority is a body corporate and politic constituting a public benefit corporation, created by New York State at the request of the county governments of Allegany, Cattaraugus, Chautauqua, and Steuben Counties. As such, the Railroad Authority and the officers, directors, employees and agents engaged in activities on behalf of and/or under the direction of the Railroad Authority, owe a duty to the State, these counties, and the citizens thereof to adhere to high standards of public service that emphasize professionalism, courtesy, and avoidance of even the appearance of illegal or unethical conduct at all times, acting at all times in accordance with the standards of behavior prescribed herein.

### SECTION 2. DEFINITIONS

As used in this Standards of Conduct Policy, the following terms shall have the meanings indicated:

**AGENT** - Includes every individual acting officially at the request of or at the direction of or otherwise on the behalf of the Railroad Authority, whether compensated or uncompensated, and whether under explicit contract or not under contract.

**CONFLICT OF INTEREST** - Includes any action or omission which is in conflict or gives the appearance of conflict with the performance of official Railroad Authority business or government.

**DIRECTOR** - Includes every member of the Board of Directors of the Railroad Authority, whether compensated or uncompensated, and whether voting or non-voting.

**EMPLOYEE** - Persons who are not officers, but whose salaries are paid in whole or in part by the Railroad Authority.

**FAMILY** - Includes a spouse and unemancipated minor children residing in the same household with their parents.

**OFFICER** - Includes every officer of the Railroad Authority, whether compensated or uncompensated.

### SECTION 3. TREATMENT OF THE PUBLIC

A. Each officer, director, employee and agent of the Railroad Authority shall conduct the activities of the organization always in full compliance with the law and in an honest, fair, equitable, and courteous manner.

- B. Every such officer, director, employee and agent shall maintain good relationships with all members of the public, whether a person, private business, or other organization.
- C. Each officer, director, employee and agent of the Railroad Authority shall not permit personal preferences and dislikes to affect decisions related to their duties.
- D. Each officer, director, employee and agent of the Railroad Authority shall treat all members of the public, whether a person, private business, or other organization, with equal consideration and without special advantage.
- E. Every such officer, director, employee and agent shall also endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.
- F. Each officer, director, employee and agent of the Railroad Authority shall reflect these standards of conduct in their oral and written statements representing the Railroad Authority with all members of the public, whether a person, private business, or other organization.

#### SECTION 4. CONFLICTS OF INTEREST

- A. No officer, director, employee or agent of the Railroad Authority shall engage in any act that is in conflict, or gives the appearance of a conflict of interest. Officers, directors, employees and agents of the Railroad Authority will refrain from situations where their own interests are brought into conflict with that of the Railroad Authority. There is an affirmative duty to disclose all conflicts to the Board of Directors of the Railroad Authority or its designate(s). The officer, director, employee or agent shall be deemed to have a conflict of interest if:
  - 1. He or she willfully engages in any business transaction or professional activity or shall have a financial or other private interest, direct or indirect, or incurs any obligation of any nature that is in substantial conflict with the proper discharge of his or her duties, unless such he or she abstains from voting or otherwise officially acting with respect to the subject matters affected.
  - 2. He or she receives or has any financial interest in any sale to or by the Railroad Authority of any service or property, when such financial interest was received with the proper knowledge that the Railroad Authority intended to purchase such property or obtain such services.
  - 3. He or she uses or attempts to use his or her official position to secure unwarranted privileges or exceptions for himself or herself or others, including members of his or her family.
  - 4. He or she engages in or accepts private employment or engages in any business transaction or professional activity or receives any gift or free service or makes any investment that will impair his or her independence of judgment in the exercise of his or her official duties, or that will interfere in any manner whatsoever with the discharge of his official duties, or that will compete with or operate against the purposes of the Railroad Authority.
  - 5. A member of his or her family is involved in any business transaction or professional activity or makes any investment that will impair his or her independence of judgment in the exercise of his or her

official duties, or that will interfere in any manner whatsoever with the discharge of his official duties, or that will compete with or operate against the purposes of the Railroad Authority.

B. No officer, director, employee or agent of the Railroad Authority shall not ask or expect contractors or others with whom the organization does business to favor the Railroad Authority or the individual officer, director, employee or agent of the Railroad Authority with special treatment.

C. No officer, director, employee or agent of the Railroad Authority who exercises any functions or responsibilities in the review or approval of an undertaking or the carrying out of one of the Railroad Authority's contracts or operations shall participate in any decision relating to that contract if the decision affects his or her personal pecuniary interest.

D. The foregoing acts are listed by way of example and are by no means to be deemed all-inclusive. Every officer, director, employee and agent of the Railroad Authority shall endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

#### SECTION 5. DISCLOSURE OR USE OF CONFIDENTIAL INFORMATION

A. No officer, director, employee or agent of the Railroad Authority shall disclose, without proper authority, confidential information concerning the property or affairs of the Railroad Authority, nor shall the officer, director, employee or agent use such information to advance the financial or other private interest of said officer, director, employee or agent or others.

B. No officer, director, employee or agent of the Railroad Authority shall accept employment or engage in any business transaction or professional activity for which the officer, director, employee or agent will experience financial gain as a result of the officer's, director's, employee's or agent's position or authority.

#### SECTION 6. PENALTIES FOR VIOLATIONS OF STANDARDS OF CONDUCT POLICY

Any person willfully violating either Article 18 of the General Municipal Law or any provision of this Standards of Conduct Policy shall be subject to the civil penalties herein and may also be guilty of a misdemeanor according to public law.

A. Any employee or agent determined to be in negligent or intentional violation of this Standards of Conduct Policy shall be subject to penalties up to and including termination from employment or agency relationship and/or loss of pay not to exceed one (1) month's salary or one (1) month's contractual amounts due.

B. Directors and officers of the Railroad Authority determined to be in negligent or intentional violation of this Standards of Conduct Policy shall also be subject to immediate removal from such appointment.

C. In addition to the sanction for aiding, abetting, seeking or requesting a violation of this Standards of Conduct Policy, any person or organization that willfully attempts to secure preferential treatment in its dealing with the Railroad Authority by offering any valuable gifts, whether in the form of a service, loan, thing or promise, in any form to any officer, director, employee or agent of the Railroad

Authority shall be subject to having its current contracts with the Railroad Authority canceled and shall be subject to not being allowed to bid on any other Railroad Authority contract for a period of two (2) years.

#### SECTION 7. EFFECTIVE DATE

This Standards of Conduct Policy shall take effect immediately.

This Standards of Conduct Policy was approved by the  
Chautauqua, Cattaraugus, Allegany and Steuben  
Southern Tier Extension Railroad Authority  
on \_\_\_\_\_, 20\_\_ .

Name:

Title:

Date: