



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

# **Southern Tier Extension Railroad Authority**

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**"This institution is an equal opportunity organization"**  
**John Margeson, Chairman**

## **GOVERNANCE COMMITTEE SELF-EVALUATION REPORT TO THE BOARD on GOVERNANCE COMMITTEE FUNCTIONS FOR CALENDAR YEAR 2010**

**Submitted March 5, 2012**

### **1. Meetings**

- **Notes:**
  - During 2011, the Governance Committee met four times, on March 1, 2011; March 8, 2011; June 20, 2011; and October 17, 2011.
  - The Committee Charter requires the Committee to meet a minimum of twice a year, plus any additional meetings as needed.
  - 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:**
  - None.
- **Recommendations:**
  - None.

### **2. Reporting to Board**

- **Notes:**
  - The Committee reported out its actions and recommendations to the Board at the Board's March 8, 2011; June 20, 2011; and October 17, 2011 meetings, as required.
- **Deficiencies:**
  - None.
- **Recommendations:**
  - None.

### 3. Compliance

- **Notes:**
  - During 2011, the Committee complied with the Committee Charter and the Authority's bylaws.
  - During 2011, the Committee complied with NYS ABO, PAAA, and PARA requirements.
- **Deficiencies:**
  - None.
- **Recommendations:**
  - None.

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

- **Notes:** During 2011, the Committee reviewed and made recommendations to the Board regarding Authority operations, as follows:
  - On March 1, 2011, the Committee reviewed various issues relating to structure, governance, and operating activities, including:
    - NYS ABO Policy Guidance 11-01: Compliance Review Process
    - NYS ABO Policy Guidance 11-02: Enforcement Powers of the Authorities Budget Office
    - Acknowledgement of Fiduciary Duties and Responsibilities Form
    - Cattaraugus County Ethics (conflict of interest and financial disclosure) Form
    - 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 discussed 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. The Committee made a finding that the Authority's policies and procedures are being effectively implemented and are effective in guiding and controlling the Authority's governance and operations, and recommended to the Board that it make no changes to the Authority's governance and operating policies and procedures other than have been otherwise specifically discussed and recommended by the Committee at this meeting.

- On March 8, 2011, the Committee reviewed:
  - the auditor's deficiencies letter
  - internal controls deficiencies identified in the auditor's deficiencies letter
  - the proposed Records Management Policy
  - the filing of financial disclosure and ethics forms
- On June 20, 2011, the Committee reviewed:
  - Committee Structure – number of members on Audit and Governance Committee
  - the proposed update of the Code of Ethics Policy
  - proposed revisions to the Internal Control Procedures developed per the auditor's recommendations
  - a report on the filing of financial disclosure and ethics forms
- On October 17, 2011, the Committee reviewed:
  - proposed revisions to the Internal Control Procedures developed per the auditor's recommendations
  - a report on the filing of financial disclosure and ethics forms
  - the STERA-STW Administrative Contract
  - the potential revision of the Contract and Procurement Policy
- **Deficiencies:**
  - None.
- **Recommendations:**
  - None.

## 5. Committee Responsibilities With Respect to Authority Policies

- **Notes:** During 2011, the Committee reviewed and made recommendations to the Board regarding Authority policies, as follows:
  - On March 1, 2011, the Committee discussed and made recommendations to the Board that it either approve as is or update the following current STERA policies:
    - Revisions to Governance Committee Charter
    - Revision of Bylaws
    - Code of Ethics

- Standards of Conduct Policy
- Compensation, Reimbursement and Attendance Policy
- Contract and Procurement Policy (i.e., Procurement Guidelines)
- Defense and Indemnification Policy
- Investment Policy
- Lobbying Policy
- Measurements for Organization Performance Evaluation
- Mission Statement
- New Member Orientation Process
- New Member Orientation Process Reference Document
- Property Disposition Guidelines
- Travel Policy
- Uniform Tax Exemption Policy
- Whistleblower Policy

Additionally, on March 1, 2011, the Committee discussed and made recommendations to the Board that it approve the following new STERA policies:

- Records Management Program
  - Equal Opportunity and Affirmative Action Policy
  - Management Performance Evaluation Standards
  - Competencies and Personal Attributes Required of Board Members
  - Public Access to Records Policy
  - Public Access to Records – Subject Matter List
- On March 8, 2011, the Committee reviewed:
    - internal controls deficiencies identified in the auditor’s deficiencies letter
    - the proposed Records Management Policy
  - On June 20, 2011, the Committee reviewed:
    - Committee Structure – number of members on Audit and Governance Committee
    - the proposed update of the Code of Ethics Policy
    - proposed revisions to the Internal Control Procedures developed per the auditor’s recommendations
  - On October 17, 2011, the Committee reviewed:
    - proposed revisions to the Internal Control Procedures developed per the auditor’s recommendations
    - the potential revision of the Contract and Procurement Policy
  - **Deficiencies:**
    - None.

- **Recommendations:**

- None.

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

- During 2011, the Committee reviewed and made recommendations to the Board regarding the Authority's reports, as follows:
  - On March 1, 2011, the Committee reviewed and made recommendations to the Board regarding the following reports:
    - Four-Year Financial Plan for the years 2011 – 2014
    - Property Listing Report for the year ending December 31, 2010
    - Property Disposition Report for the year ending December 31, 2010
    - Procurement Report for the year ending December 31, 2010
    - Investment Report for the year ending December 31, 2010

### **Performance Evaluation Processes and Reports**

- Summary of Performance Evaluation Processes
  - Organizational Self-Evaluation Report for the year ending December 31, 2010 using Measurement Standards per NYS ABO Policy Guidance 10-02
  - Organizational Compliance Evaluation Report for the year ending December 31, 2010
  - Organizational Assessment of the Effectiveness of Internal Controls for the year ending December 31, 2010
  - Board Self-Evaluation Report for the year ending December 31, 2010 per NYS ABO Policy Guidance 10-05
  - Board Member Attendance Evaluation Report for the year ending December 31, 2010
  - Governance Committee Self-Evaluation Report for the year ending December 31, 2010
  - Audit Committee Self-Evaluation Report for the year ending December 31, 2010
  - Executive Committee Self-Evaluation Report for the year ending December 31, 2010
  - Management (Corporate Officers) Evaluation Report for the year ending December 31, 2010
  - Annual Report for the year ending December 31, 2010
- On March 8, 2011, the Committee reviewed:
    - the filing of financial disclosure and ethics forms
  - On June 20, 2011, the Committee reviewed:
    - a report on the filing of financial disclosure and ethics forms

- On October 17, 2011, the Committee reviewed:
  - a report on the filing of financial disclosure and ethics forms
- **Deficiencies:**
  - None.
- **Recommendations:**
  - None.

**7. Summary Self Evaluation of Governance Committee Functions During Calendar Year 2011**

- **Successes**
  - The Committee complied with its functions as regards meetings, organizational and regulatory compliance.
  - The Committee complied with its functions as regards operating responsibilities and functions.
  - The Committee has successfully implemented all of the changes recommended in the prior year self-evaluation process.
- **Deficiencies**
  - None.

**Approved by the Governance Committee**  
**And**  
**Submitted to the Board of Directors of the**  
**Chautauqua, Cattaraugus, Allegany, and Steuben**  
**Southern Tier Extension Railroad Authority**  
**On March 5, 2012**

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**Secretary**

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**Date**