



Chautauqua, Cattaraugus, Allegany & Steuben Counties

Southern Tier Extension Railroad Authority

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

EXECUTIVE COMMITTEE MEETING

MINUTES – January 25, 2007

The Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 10:30 AM on January 25, 2007 at the offices of the Southern Tier West Regional Planning and Development Board, 4039 Route 219, Suite 200, Salamanca, New York. The following persons were in attendance:

Board Members

Joseph Eade
John Margeson

Representing

Cattaraugus County
Allegany County

Others Attending

Thomas Barnes
William Burt
Ron Hayes
Brian Schrantz
Steve Slavick

Representing

Southern Tier West
WNYP
NYS DOT
Southern Tier West
NYS DOT

Call to Order and Introduction of Those Present

Chairman John Margeson called the meeting to order at 10:00 AM. Following this, introductions were made of those present.

WNYP Presentation Regarding Extension of Memorandum of Understanding Abatement Period and Proposed Agreement Regarding North South Norfolk Southern Line

Mr. Burt made a presentation to the Executive Committee detailing companies benefited, historical and 2006 rehabilitation work, prospective rehabilitation projects, and WNYP's financial situation and prospects given certain things coming to pass. Mr. Burt presented two proposals to STERA:

- (1) WNYP requested that STERA extend the east west line abatement through 2017, with the PILOT in 2015, 2016, and 2017 at 33%, 66%, and 100% of taxes as reduced by the Statewide real estate tax reduction.
- (2) WNYP requested that STERA enter into a sale and leaseback transaction with Norfolk Southern 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

After discussion, Mr. Eade offered a motion recommending that the full STERA Board approve these two requests. Mr. Margeson noted that although he himself also was in favor of approving these two requests, there wasn't a quorum present at the Executive Committee meeting to enable the Executive Committee to take action on this motion. He did indicate that he would inform the full STERA Board of the sense of the Committee.

Randolph Foundry Project

Mr. Barnes described the project circumstances and history, and noted that Norfolk Southern had indicated that STERA could proceed with the project. Mr. Barnes noted that Mr. Griffin had suggested that Robert Ryan of Harris Beach provide advice on participating in this project.

The Executive Committee held a telephone conference call with Martin Doster of NYS DEC, in which Mr. Doster indicated that he had designed the initial investigation/characterization/remediation project to cover all likely demolition and cleanup, and he felt that there should not be a need for any subsequent cleanup. Accordingly, he felt that NYS DEC would likely be able to provide a signoff on the property after this initial project. He indicated further that if there was a need for a second subsequent remediation project, NYS DEC would issue a record of decision with proscribed remediation, and would seek the County and STERA to be co-applicants. Should the County fail to act and fail to provide any local share required, NYS DEC would then recognize that STERA was an innocent title holder that was not responsible for the contamination, and NYS DEC would not require STERA to pay for remediation costs.

Mr. Margeson noted that the full STERA Board would vote on the project on January 29, 2007. He indicated that he would recommend that STERA participate in the project as co-applicant.

NYS Public Authorities Accountability Act (PAAA) Compliance

The Executive Committee received a communication from Robert Ryan of Harris Beach recommending actions to be undertaken to comply with STERA's authorization legislation and the PAAA, a draft resolution that was proposed for action at the January 29, 2007 STERA Board meeting, and a memo regarding individual actions.

The Board received and discussed a copy of draft bylaws that was proposed for action at the January 29, 2007 STERA Board meeting. The Executive Committee discussed options for modifying corporate and board offices and placement of staff within corporate offices. The Executive Committee discussed the requirements for Audit Committee and Governance Committee, the composition of such committees, and the appointment process.

The Executive Committee received and discussed a proposal for a budget for calendar 2007.

Mr. Margeson noted that he would recommend that STERA adopt by resolution the following:

- Resolution creating STERA bylaws.
 - Establishes Board office of Assistant Vice President
 - Establishes corporate offices of CEO/Executive Director and Treasurer
 - Establishes Audit Committee and Governance Committee

- Resolution relating to PAAA compliance, including following policies:
 - Compensation, Reimbursement and Attendance Policy
 - (re-adoption and re-approval of STERA's) Code of Ethics, entitled "Standards of Conduct Policy"
 - Whistleblower Policy
 - Travel Policy
 - Disposition of Property Guidelines
 - (re-adoption and re-approval of STERA's) Procurement Policy, entitled "Contract and Procurement Policy"
 - Defense and Indemnification Policy
 - Investment Policy
- Resolution appointing creating the following forms:
 - Conflict of Interest and Financial Disclosure Compliance Form
 - Certificate of Independent Director Form
- Resolution appointing as officers of the corporation Donald Rychnowski Executive Director (CEO) and Richard Zink Treasurer (CFO).
- Resolution appointing as officer of the Board James Griffin Assistant Vice Chairman.
- Resolution appointing the chief executive officer as the Contracting Officer.

Next Meeting

Mr. Margeson noted that the Authority full Board would meet on January 29 at 9:30 AM to do business.

Adjournment

The meeting was adjourned at 1:15 PM.