



Chautauqua, Cattaraugus, Allegany & Steuben Counties
Southern Tier Extension Railroad Authority

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

STERA GOVERNANCE COMMITTEE

MINUTES – February 16, 2010

The Governance Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:00 AM on February 16, 2010 in the Conference Room in the office of the Southern Tier West Regional Planning and Development Board in the Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York. The following persons were in attendance:

Committee Members In Attendance

Joseph Eade, Chairman
William Daly
Timothy O'Grady

Representing

Cattaraugus County
Chautauqua County
Allegany County

Committee Members Not In Attendance

Seth Corwin

Steuben County

Others Attending

Thomas Barnes

Representing

Southern Tier West

Call to Order and Introduction of Those Present

Committee Chairman Joseph Eade called the meeting to order at 9:00 AM. He noted the presence of a quorum for the meeting.

Reading and Approval of the Minutes of the Previous Meeting

The Committee agreed to waive the reading of the minutes of the prior meeting (Daly, O'Grady, passing unanimously).

Unfinished Business

There was no unfinished business.

New Business

The Committee discussed a variety of compliance issues relating to the requirements of the new New York State Public Authorities reform Act of 2009. Although certain provisions do not require compliance until 2011, the Committee agreed to recommend to the Board that it come into compliance in 2010 as much as is possible, as there was no reason not to do so. The items discussed include the following:

New PAAA Revisions

Mr. Barnes reviewed a document produced in-house entitled “Summary of 2009 PAAA Revisions Affecting STERA,” explaining what new compliance requirements were now in place. As he went through this document, he sequentially reviewed the following documents, which the Committee discussed and took action on.

Proposed Revised Contract and Procurement Policy

At the December 10, 2009 STERA Board meeting, the Board had discussed and approved an amendment to the STERA Contract and Procurement Policy which would allow the Chief Executive Officer to authorize payments by the Treasurer, with checks counter-signed by the Chairman, for purchase of goods and services in amounts up to \$500 without the approval of the Board. The Board had directed staff to provide the amended Contract and Procurement Policy for the Board’s review at the next meeting. The only changes: the addition of paragraph 4, containing the proposed new policy provision mentioned immediately above, and the addition of paragraph 5, containing provisions to bring the policy in conformity with the new PAAA revisions with respect to sole source purchases at prices higher than market value.

It also had been brought up at the December 10, 2009 meeting that there may be some new requirements for procurement required by the new PAAA revisions. Mr. Barnes indicated that he had contacted the NYS ABO and had asked this question and specifically had asked about the proposed modification of STERA’s Contract and Procurement Policy contained in paragraph 4 of the draft amended policy, and had been told that there are no specific new requirements in the PAAA amendment relating to procurement for local authorities, and that the desired modification of the Contract and Procurement Policy was in compliance with NYS ABO requirements. Specifically, NYS ABO advised that:

“Procurement guidelines should include, for example, dollar thresholds that identify the level of competitive selection that must be followed (i.e., verbal quotes, written quotes, request for proposal, etc.), the number of such quotes or responses that should be obtained, and the dollar thresholds that identify who is authorized to procure or approve a procurement.”

The Governance Committee had reviewed the draft amended policy, and recommended that the Board adopt it (Daly, O’Grady, passing unanimously).

Procurement Report

The Committee reviewed the Procurement Policy (i.e., Procurement Guidelines) and noted that the Board would have to prepare a Procurement Report for submission to NYS ABO by March 31, 2010. The Committee also noted that once the Procurement Report was prepared and approved by the Board, the Board should make a finding that the organization is in compliance with its Procurement Policy.

Investment Policy

The Committee reviewed the Investment Policy, and recommended that the Board make a finding that the Investment Policy was appropriate without revision (i.e., that the new PARA would not require any amendments to the existing Policy), and that the Board make a finding that STERA was in compliance with the policy (Daly, O'Grady, passing unanimously).

Investment Report

The Committee noted that the Board would have to prepare an Investment Report for submission to NYS ABO by March 31, 2010. The Committee also noted that the Authority had no investments during the year ending December 31, 2009. The Committee also noted that once the Investment Report was prepared and approved by the Board, the Board should make a finding that the organization is in compliance with its Investment Policy.

Proposed Revised Property Disposition Guidelines

The Committee reviewed the current Property Disposition Guidelines, which were distributed, and noted that the new PAAA amendment had not been incorporated into the guidelines. The Committee recommended that it review the revised guidelines and then make a recommendation for approval by the Board (Daly, O'Grady, passing unanimously). The revisions primarily will involve insuring that property is sold or acquired at fair market value, and what needs to happen if property is sold for less than fair market value or acquired for more than fair market value.

Property Disposition Report

The Committee noted that the PAAA requires that a Property Disposition Report, listing all real property owned, acquired, and disposed of during 2009 must be prepared. Staff is in the process of obtaining required descriptions of all real property owned by STERA; this should be accomplished by February 19, 2010. The Committee noted that no real or personal property was acquired or disposed of during 2009. The Committee also noted that once the Property Disposition Report was prepared and approved by the Board, the Board should make a finding that the organization is in compliance with its Property Disposition Policy.

Proposed Revised Mission Statement; Creation of Measurements; Undertaking of STERA Self-Evaluation

The Committee reviewed the STERA mission statement and suggested that the Board revise the mission statement to include new language relating to specific goals, as suggested by the new PAAA revisions (Daly, O’Grady, passing unanimously). The Committee also reviewed draft measurements and recommended that the Board adopt the measurements (Daly, O’Grady, passing unanimously). The Committee reviewed a draft self-evaluation and recommended that the Board review and approve the draft self-evaluation, and make a finding STERA is achieving its purpose and meeting its goals (Daly, O’Grady, passing unanimously).

Annual Internal Control Assessment Process

The Committee reviewed PAAA requirements for the annual assessment of STERA’s internal controls. The Committee then reviewed the NYS ABO guidance on internal controls and the set of questions prepared by staff in support of the assessment of the effectiveness of STERA’s internal controls. The Committee then reviewed a document titled “STERA Assessment of the Effectiveness of Internal Controls February 2010” and recommended that the Board approve this assessment document (Daly, O’Grady, passing unanimously). There was specific attention paid to the risks associated with STERA operations and the methods used to minimize or avoid these risks.

Four-Year Financial Plan

The Committee noted that the PARA requires that the authority prepare a four-year budget containing capital and operating budgets for the four-year planning period, and submit it to NYS ABO.

Annual Report for the Year Ending December 31, 2009

The Committee discussed the Annual Report FYE 12/31/09, which must be submitted by March 31 to NYS ABO. There were several items that need to be included in the Annual Report that were not yet in hand (e.g., revised mission statement, year end financial statements, audit, management letter from the auditor, four year financial plan, real property listing, etc.), which will need to be obtained, reviewed and approved by the Board in a timely fashion.

PAAA Compliance Status

The Committee reviewed PAAA compliance requirements pertaining to STERA, and noted continuing instances of actions needed to achieve compliance with the PAAA as revised. STERA should be in compliance once the following are accomplished:

- all materials are received from the auditor and accepted by the Board,
- all policies required to be reviewed and / or updated are reviewed and /or updated by the Board,
- the review and updating of the mission statement is accomplished by the Board,
- the creation of measurements is accomplished by the Board,
- the self-evaluation is completed by the Board,
- a procurement report is reviewed and approved by the Board,
- an investment report is reviewed and approved by the Board,
- revised property disposition guidelines (property disposition policy) are reviewed and approved by the Board,
- the listing of property ownership, acquisition, and disposition is reviewed and approved by the Board,
- the four-year budget is approved by the Board,
- the assessment of internal controls is completed and adopted by the Board,
- the annual report is completed and approved by the Board, and
- all required submissions are submitted by the Board to NYS ABO in a timely fashion (i.e., by March 31, 2010).

Other New Business

There was no other new business. The Governance Committee will meet in the future as needed to discuss additional governance and compliance issues.

Public Comment

There was no public comment.

Next Meeting Date and Agenda for Next Meeting

Mr. Eade noted that the Governance Committee probably would next meet as needed to discuss appropriate matters.

Adjournment

The Board adopted a resolution to adjourn at 9:30 AM (Daly, O’Grady, passing unanimously).

I certify that this is an accurate summary of the meeting of the Governance Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority held on the date indicated above.

Name: _____

Office: _____

Date: _____