



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 – November 15, 2010

The Governance Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:00 AM on November 15, 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

Representing

Steuben County

Other Board Members In Attendance

Michael Brisky
James Griffin
James Cooper

Representing

Cattaraugus County
Steuben County
Southern Tier West RPDB

Others Attending

Thomas Barnes
Carl Belke
William Burt
Richard Zink

Representing

STERA Secretary
WNYP RR
General Public
STERA Executive Director

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 adopted a resolution approving the minutes of the prior (February 16, 2010) meeting (Daly, Eade, passing unanimously).

Unfinished Business

There was no unfinished business.

New Business

The Committee discussed a variety of governance and compliance issues referred by the STERA Board and/or arising out of communications from the New York State Authority Budget Office (NYS ABO). The items discussed include the following:

- **Proposed Bylaw Revision – Order of Business Meeting**

The Governance Committee discussed the proposal to amend Article 7, Section 5 of the Bylaws to change the order of business so that Item #3 should read “Communications,” where currently it reads “Bills and Communications.” Bills then would be discussed under Item #4, the “Report of the Treasurer.” With the revision, Article 7, Section 5 of the Bylaws would read as follows:

ARTICLE VII MEETINGS

Section 5. Order of Business. At the regular meetings of the Board of the Corporation, the following shall be the order of business:

1. Roll Call.
2. Reading and approval of the minutes of the previous meeting.
3. Communications.
4. Report of the Treasurer.
5. Reports of Committees.
6. Unfinished Business.
7. New Business.
8. Adjournment.

All resolutions shall be in writing and shall be copied in or attached to a journal of the proceedings of the Corporation.

After discussion, the Governance Committee adopted a resolution recommending that the STERA Board adopt the proposed Bylaws revision as indicated above (Daly, Eade, passing unanimously).

- **Uniform Tax Exemption Policy**

The Governance Committee discussed the proposal to adopt a Uniform Tax Exemption Policy. Mr. Barnes indicated that he had obtained the Uniform Tax Exemption Policy of each of the four Counties, and had based the proposed STERA Uniform Tax Exemption

Policy on the language therein. He indicated that he had transmitted a proposed STERA Uniform Tax Exemption Policy for review and discussion by the STERA Governance Committee and Board.

After discussion, the Governance Committee adopted a resolution recommending that the STERA Board adopt the proposed STERA Uniform Tax Exemption Policy, with the modification that the language relating to the standard real property tax exemption be revised to show that the standard real estate tax abatement shall be up to a 100% abatement for a 20 year term (Daly, O'Grady, passing unanimously).

If the draft policy was adopted by the STERA Board as written, the STERA Uniform Tax Exemption Policy would take effect January 1, 2011, and would be in place for any extension of the current Southern Tier Extension Line and Buffalo Line real estate tax abatements.

- **Proposal to issue tax exempt debt for line rehabilitation activities**

Mr. Barnes indicated that at the direction of the STERA Board, he had contacted Harris Beach to determine whether STERA has legal capacity / authority to issue tax exempt bonds in favor of capital rehabilitation projects on the railroad line (e.g., for itself or, as an IDA would do, for the railroad operator Western New York and Pennsylvania Railroad Company (WNYP)).

Harris Beach has indicated that in its opinion, STERA cannot use tax exempt bond issues to fund rail rehabilitation projects unless done as a Recovery Zone Bond, which would require an allocation of county allocation (doubtless in the county or counties in which the project activity would occur) sufficient to fund the proposed project.

- **Proposed New Member Orientation Process and web site file**

NYS ABO has issued a "Recommended Guidance," or "Recommended Governance Practice," which recommends that public authorities:

- (1) adopt a new member orientation process, including an orientation session with new members upon their appointment to the Board. This process should:
 - a. familiarize new board members with the organization
 - b. familiarize new board members with their duties as board members and the expectations for their service on the board
 - c. provide new board members digital, web-based, or hard copies of informational materials
 - d. provide new board members an overview of how to navigate the authority's web site in order to locate information about the authority

- (2) should develop a library of specified documents (digital, web-based and/or hard copy) that new members would use to familiarize themselves with the authority and continue to use as reference materials
- (3) should make these materials available on the STERA web site

Mr. Barnes had distributed a proposed “STERA New Member Orientation Process” document that he had developed that is consistent with the NYS ABO guidance, in terms of process and contents, and whose content is customized for STERA’s unique circumstances.

The Governance Committee discussed the proposed “STERA New Member Orientation Process” and adopted a resolution recommending that the STERA Board adopt the proposed “STERA New Member Orientation Process” (Daly, O’Grady, passing unanimously).

Mr. Barnes indicated that he would place this “STERA New Member Orientation Process” document and another document containing detailed content (and hyperlinks as appropriate) for each bulleted item in the STERA New Member Orientation Process” document on the STERA web site. This should comply with the NYS ABO requirements. As new members are appointed, Mr. Zink and/or Mr. Barnes would meet with them at the Southern Tier West office to provide the face-to-face orientation required by NYS ABO.

Mr. Barnes indicated that he will suggest that any current STERA Board member desiring a refresher on any aspect of STERA’s affairs would be welcome to attend any of these orientation sessions. He will broadcast notice of new member orientation meetings to current STERA Board members for this purpose.

Mr. Barnes also indicated that he recommended that in order to comply with NYS ABO expectations regarding Board duties and performance, STERA Board members should occasionally visit the STERA web site to review materials there, with special emphasis on STERA financial and other reports, STERA policies, Board responsibilities, and NYS ABO guidances. Mr. Margeson, Mr. Zink, and Mr. Barnes are available to discuss any issues or questions in this regard that STERA Board members may have.

- **Proposed Records Management Program**

In October 2008, the STERA Governance Committee and Board considered NYS ABO Policy Guidance 07-04, in which NYS ABO required that authorities adopt a records retention policy. At the recommendation of the Governance Committee, the Board had adopted a resolution adopting “the NYS ABO policies relating to retention of certain records and reports, as provided in Policy Guidance 07-04.”

In early 2010, NYS ABO Policy Guidance 07-04 was superseded by NYS ABO Policy Guidance 10-03, which requires that STERA establish and follow a Records Management Program, to promote efficient administration and management of STERA's records consistent with requirements set forth by the New York State Archives. (The New York State Archives is part of the Office of Cultural Education within the New York State Education Department.)

Mr. Barnes had distributed a proposed STERA Records Management Program that he had developed that conforms to the NYS ABO Guidance, which was reviewed and discussed by the Governance Committee. The Governance Committee considered recommending to the STERA Board that STERA:

- (1) adopt and agrees to follow the STERA Records Management Program.
- (2) adopt the New York State Archives' "Records Retention and Disposition Schedule MI-1" as required by NYS law. This schedule indicates the minimum length of time that local government officials must retain their records before they may be disposed of legally. The purposes of this schedule are to:
 - ensure that records are retained as long as needed for administrative, legal and fiscal purposes;
 - ensure that state and federal record retention requirements are met;
 - ensure that record series with enduring historical and other research value are identified and retained permanently; and
 - encourage and facilitate the systematic disposal of unneeded records.
- (3) designate a Records Management Officer.

During discussion, Mr. Griffin expressed his concern that that the proposed policy would place duties on individual STERA Board members that he felt were unnecessary given the proposed duties of the proposed Records Management Officer. Specifically, he was concerned regarding the proposed language in paragraphs 2, 3, and 4 of the proposed draft STERA Records Management Program. He indicated that he thought that the proposed language would require Board members to be too intimately involved in the actions of the Records Management Officer relating to records management (i.e., the language would require Board members to be present and consider every action relating to records retention and/or disposition), which he felt was too much of a responsibility for Board members and could lead to liability for Board members if they did not comply to the letter; he felt instead that these duties could and should be left to the Records Management Officer. The Governance Committee decided not to take action on this matter, and decided to report this potential issue to the Board so that it could take appropriate action.

- **Proposed Lobbying Policy**

In an email to authorities dated October 19, 2010, NYS ABO indicated that it will ask whether state authorities have created a Lobbying Policy, and whether authorities are keeping records of lobbying activities. The STERA Governance Committee discussed this issue, and the Committee felt that although STERA is not a state authority, in terms of transparency and public trust issues, it nonetheless would be worthwhile for STERA to adopt and conform operations to a Lobbying Policy.

Mr. Barnes had distributed a proposed STERA Lobbying Policy that he had developed, which:

- (1) defines lobbying as limited to advocacy to influence legislation.
- (2) indicates that advocacy for funding and other purposes (other than advocacy to influence legislation) is not lobbying, provided that the goal is consistent with STERA's mission.
- (3) indicates advocacy for funding and other purposes (other than advocacy to influence legislation) is always permissible, provided that state or federal funds are not used and the goal is consistent with STERA's mission.
- (4) states that lobbying (advocacy to influence legislation) is permissible, provided that state or federal funds are not used for lobbying activities.

After discussion, the STERA Governance Committee adopted a resolution recommending to the STERA Board that it adopt and agrees to follow the STERA Lobbying Policy, that it designate the CEO as Lobbying Officer, and that it designate the Chairman as Ethics Officer for purposes of the STERA Lobbying Policy (Daly, O'Grady, passing unanimously).

- **Annual Board of Directors Evaluation**

The 2009 Public Authorities Reform Act requires that the STERA Board conduct an annual evaluation of its performance. STERA Board member comments are protected from disclosure under Article 6 of Public Officers Law, but the results of the assessment are to be provided to the ABO.

In an email to authorities dated October 28, 2010, NYS ABO indicated that it has issued Policy Guidance 10-05, "Annual Board of Directors Evaluation", which:

- (1) states the purposes of conducting the evaluation of STERA's Board's performance by the individual members of the STERA Board
- (2) outlines the process for undertaking the evaluation, as follows:

- STERA undertakes a confidential survey of each member, in which each member assesses the STERA Board's overall performance (i.e., not their own individual performance as Board members).
 - Survey results are compiled by the Governance Committee for presentation to the STERA Board, in executive session if so desired by the STERA Board.
 - STERA transmits the report to the NYS ABO within 90 days of end of STERA's fiscal year.
 - STERA undertakes immediate implementation of any appropriate corrective changes.
- (3) provides a model board evaluation survey instrument that STERA can use to comply with this requirement
- (4) provides a reporting form for tallying survey responses and reporting to ABO

The STERA Governance Committee had discussed a proposal made by Mr. Barnes relating to the administration of the survey. After discussion, the STERA Governance Committee adopted a resolution recommending to the STERA Board that it approve administration of the survey by the Secretary in person or by email, with the Secretary contacting non-responding Board members to obtain responses to the survey, followed by a tally of responses by the Secretary, with a confidential report (not identifying responses by respondent name) transmitted to the Governance Committee using the ABO-provided reporting form for tallying responses and reporting to ABO; the Governance Committee then will review the summary report and make recommendations for approval of the report by the STERA Board, for transmission of the report to ABO by the STERA Board, and making any appropriate corrective changes by the STERA Board (Daly, O'Grady, passing unanimously).

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 before the first meeting of the STERA Board in 2001 to discuss compliance issues, operating review, and other matters as appropriate.

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: _____