



Chautauqua, Cattaraugus, Allegany & Steuben Counties

Southern Tier Extension Railroad Authority

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

MINUTES OF BOARD OF DIRECTORS MEETING

March 8, 2011

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:30 AM on March 8, 2011 in the Conference Room in the office 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 In Attendance

Michael Brisky
James Cooper
Seth Corwin
William Daly
Joseph Eade
William Euliano
Terry Everetts
Jay Gould
Timothy O'Grady

Representing

Cattaraugus County
Southern Tier West RPDB
Steuben County
Chautauqua County
Cattaraugus County
Chautauqua County
Cattaraugus County
Chautauqua County
Allegany County

Board Members Not In Attendance

James Griffin
John Margeson
Thomas Ryan
Vacant
Vacant

Representing

Steuben County
Allegany County
Steuben County
Allegany County
Seneca Nation of Indians

Others Attending

Thomas Barnes
Carl Belke
William Burt
Ray Martel
Brian Paschen
Diego Sirianni
Richard Zink

Representing

STERA Secretary
WNYP RR
General Public
WNYP RR
Southern Tier West RPDB
NYS Empire State Development
STERA Executive Director

1. Call to Order and Introduction of Those Present

In the absence of Chairman John Margeson, Vice Chairman Joseph Eade called the meeting to order at 9:35 AM. He noted that he would have to leave the meeting at 11:00 AM, and that Mr. Barnes had researched the Bylaws, and the Bylaws were silent on this issue, so he proposed that at that time the remaining Board members elect an Acting Chairman for the balance of the meeting remaining.

Introductions were made of those present. He welcomed Diego Sirianni (New York State Empire State Development) to the meeting.

2. Reading and Approval of the Minutes of the November 15, 2010 Meeting

The Board adopted a resolution approving the minutes of the November 15, 2010 Board Meeting (Brisky, Cooper, passing unanimously).

3. Communications

Mr. Zink presented the Communications. There were five communications received, as follows:

- An email from Allegany County on January 4, 2011 (a) indicating that Karl Kruger had resigned from the STERA Board on December 7, 2010, (b) indicating that as of December 8, 2010, he no longer was a STERA Board member, and (c) attaching a copy of Mr. Kruger's Letter to the County resigning from the STERA Board. Mr. Margeson indicated that Allegany County was considering appointing a replacement Board member.
- A letter from Andrew Goodell, NYS Assemblyman, dated February 22, 2011, indicating that he would do his best to support the activities and effective operations of the rail authority.
- A letter from Cattaraugus County dated February 1, 2011 transmitting a certified copy of Cattaraugus County Act Number 59-2011, reappointing Joseph Eade to the STERA Board for a term to expire September 12, 2013.
- A certified copy of Steuben County resolution 020-11, reappointing Thomas Ryan to the STERA Board for a term to expire August 31, 2013.
- A letter from Francine Gallego of NYS DEC dated December 28, 2010, regarding Spill Number 0904801 (The Unloading Corp., 320 West Second Street, Jamestown), indicating that NYS DEC has reviewed the excavation soil sample laboratory analysis results, and that although the results exceeded NYS DEC's soil guidance values, NYS DEC will not require any further work at this time, designating the site as "inactive."

There were no other communications received, excepting communications discussed elsewhere in the minutes.

4. Treasurer's Report

A. March 1, 2011 Treasurer's Report

Mr. Zink distributed a Treasurer's Report for March 1, 2011. For the year to date ending March 1, 2010, STERA had a net income of (\$7,584) on revenues of \$0.00. As of March 1, 2011, STERA

had net assets of \$4,983,905 on assets of \$4,991,489, with a cash balance of \$75,765. Accounts payable as of March 1, 2011 were \$7,584, representing \$7,500 due to Southern Tier West and \$84 due to Brady and Swenson (STERA attorney).

The Board adopted a resolution approving the Treasurer's Report for March 1, 2011 (Gould, Daly, passing unanimously).

Reports of Committees

5. Audit Committee

The Audit Committee gathered on March 8, 2011 for a meeting immediately prior to the STERA Board meeting. However, there were not enough members present sufficient for a quorum, and no meeting was held. However, Mr. Gould reported on discussions held at the Audit Committee gathering.

A. Review of Contract for Auditing Services for year ending December 31, 2010

Mr. Gould noted that for informational purposes the STERA is in the second year of a three year contract for auditing services from John Trussalo CPA, with the audit provided for a fee of \$2,500. Procurement for the contract had been obtained through a competitive bid. This fee will escalate to \$2,750 in year three (i.e., the audit for the year ending December 31, 2011). He discussed the possibility of cancelling this contract and re-bidding it, and of bidding a new contract after the current contract expires. Mr. Zink noted that in either case, STERA could expect to pay a higher fee than the \$2,750 annual fee for audit services. No action was taken.

B. Review of Audit and Management Letter for year ending December 31, 2010

Mr. Gould explained that Ms. Dawson, the auditor employed by Joseph Trussalo CPA on the STERA audit, was unable to appear to present the audit or to provide audit services to STERA because of litigation ongoing with her prior employer and former STERA auditor, BWB. There was discussion on this failure of a representative of the auditing firm to appear to present the audit, management letter, and deficiencies letter; to field questions from the STERA Audit Committee and STERA Board; and to make recommendations for STERA action in response to the deficiencies letter. Mr. Barnes noted that Mr. Griffin had indicated that he had reservations in this regard, and suggested a meeting at a future date at which the auditor could appear. He also suggested that the management letter should not be posted on the STERA web site as this is a confidential document to be discussed with management after meeting with the auditor. (He also indicated that he felt that STERA was not required to adopt charters for the Audit and Governance Committees.) Mr. Barnes noted that he had emailed NYS ABO for an opinion on the issues of (a) extension of the deadline date for the submission of the Audit and Annual Report, (b) any requirements for posting management and / or deficiencies letters on the STERA web site, and (C) any requirements for the creation of audit and governance committee charters. He indicated that he had not received a reply as of the meeting.

Mr. Daly noted the Governance Committee's recommendation that the Board (a) hold a joint Audit Committee / Executive Committee meeting prior to March 31, 2011, at which time the auditor could present the Audit, management letter, and deficiencies letter, take questions, and

make recommendations for governance improvements related to improving internal control, (b) give the Executive Committee the express authority to approve the Audit, management letter, deficiencies letter, and Annual Report, and (c) that the Board indicate to the Executive Committee that once the Executive Committee approves the Audit, management letter, deficiencies letter, the Governance Committee recommends that the Executive Committee also approve the Annual Report; but alternately, in the case that the Board decided not to hold the joint Audit Committee / Executive Committee meeting, and instead to approve the Audit, management letter, and deficiencies letter at its March 8, 2011 Board meeting, that it also approve the Annual Report for the year ending December 31, 2010.

After discussion, the STERA Board adopted a resolution to (a) hold a meeting of both the Audit Committee and the Executive Committee on the same date prior to March 31, 2011, at which time the auditor could present the Audit, management letter, and deficiencies letter, take questions, and make recommendations for governance improvements related to improving internal control, (b) give the Executive Committee the express authority to approve the Audit, management letter, deficiencies letter, and Annual Report, and (c) that the Board indicate to the Executive Committee that once the Executive Committee approves the Audit, management letter, deficiencies letter, the Governance Committee recommends that the Executive Committee also approve the Annual Report (Daly, Gould, passing unanimously).

There was discussion regarding the contents of the deficiencies letter. The deficiencies letter identifies two instances of deficiencies in internal control:

1. Deficiencies in Internal Control (Material Weaknesses) – “Management has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including footnote disclosures.”
 - Mr. Zink indicated that the Audit Committee felt that this could be addressed by having the Board become more involved in the preparation and review of internal financial statements, which are prepared for STERA Board meetings. One alternative would be to have the Audit Committee Chairman review the draft statements and initial them.
2. Significant Deficiencies – “Management has not separated incompatible activities of Organization personnel, thereby creating risks to the safeguarding of cash.”
 - STERA has the same individual acting in the CEO and CFO role. This appears to be somewhat unavoidable. STERA does have a July 26, 2006 opinion letter from Robert Ryan of Harris Beach, indicating “It may be ideal for the Executive Director and the Treasurer to be separate, it is not a requirement.” It was noted that STERA requires double signatures on all checks, with signature authority given to the three Board officers but not to the CEO /CFO, and that STERA’s auditor does a 100% sampling of all financial transactions, so the room for misstatement would seem to be minimal.

The deficiencies letter also identifies several instances of opportunities for strengthening internal control:

1. Conflict of Interest – “Officers, directors and key employees should disclose or update annually their interest that could give rise to conflicts of interest such as list of substantial business or investment holdings and a list of family members. These disclosures should be communicated to those responsible for recording or processing the daily transactions for the Organization. Also, the Organization should regularly and consistently monitor and

enforce compliance with the policy. Monitoring procedures should be formally documented.”

- STERA does have a conflict of interest policy (Ethics Code and Standards of Conduct Policy). STERA does comply with the PAAA requirement that directors annually execute Ethics Forms (conflict of interest forms) provided by Cattaraugus County. Corporate officers and contract staff are not subject to this PAAA requirement; nonetheless, this would be an opportunity for strengthening internal control if they did. The Cattaraugus County Ethics Form also does not require those executing the form to list substantial business or investment holdings or provide a list of family members. STERA has received legal opinions regarding the presence on the Board of a person who is on the Board of the WNYP railroad and a person employed by a company that ships on the WNYP; this is allowed, but in certain instances these individuals may recuse themselves from participating in a vote if there seems to be the potential for a conflict. This opinion and these instances have been documented in the corporate minutes. There was discussion about the option of creating a separate parallel internal conflicts disclosure process in which Board members would disclose potential conflicts and list businesses owned and investments owned and family members that might potentially present opportunities for conflicts to arise. Mr. Daly noted that the Governance Committee had discussed this potential creation of a parallel internal conflicts declaration process, and recommended that the Board continue the filing of Cattaraugus County Ethics Forms by individual Board members, and not create a parallel internal conflicts declaration process. Mr. Zink also suggested that STERA Corporate officers file the Cattaraugus County Ethics Forms.
2. Document Retention and Destruction Policy – “A formal document retention and destruction policy should be adopted by the Organization and communicated to staff members and board of Directors.”
- The creation of this policy is an agenda item for consideration later during this meeting; if this policy is approved by the Board, this issue is satisfied.

After discussion, and with the concurrence of Mr. Gould for the Audit Committee, the Board adopted a resolution directing that, until STERA hears the recommendations of the auditor in this regard, STERA’s responses to the issues raised in the auditor’s deficiencies letter would be (a) to have the Board become more involved in the preparation and review of internal financial statements, which are prepared for STERA Board meetings, (b) to continue the filing of Cattaraugus County Ethics Forms by individual Board members, and not create a parallel internal conflicts declaration process, and (c) to have STERA Corporate officers file the Cattaraugus County Ethics Forms (Gould, Daly, passing unanimously).

C. Audit Committee Membership and New Member Orientation

It was noted that currently there are two members of the Audit Committee. Mr. Eade noted that Chairman Margeson had asked him to appoint Mr. Brisky to membership on the Audit Committee, and Mr. Eade did so. The Board adopted a resolution ratifying this appointment (Gould, Corwin, passing unanimously). Mr. Eade noted that Mr. Margeson has indicated that he intends to appoint Karl Kruger’s replacement to the Audit Committee as well, once the appointment of Mr. Kruger’s replacement has been made by Allegany County.

Mr. Gould noted that it might be a good idea to consider having an odd number of members on both the Audit and Governance Committees so as to be able to break ties. This will be considered at a future meeting date by the Governance Committee, which would make a recommendation on this matter to the Board.

The current Audit Committee current members would work with the new member(s) to orient them to the function and duties of the Audit Committee. Contract staff will provide any new members reference materials to assist in this orientation process.

D. Self-Evaluation Report for year ending December 31, 2010

Mr. Barnes noted that the Audit Committee Charter requires the Audit Committee to annually conduct a self-evaluation of its performance. He had prepared a draft self-evaluation performance report for the Audit Committee for the year ending December 31, 2010, in the form of a report to the Board. This report outlines deficiencies and recommendations for correcting these deficiencies. Mr. Barnes indicated that the Audit Committee can and has implemented changes to correct these deficiencies, and would continue to operate so as to avoid any deficiencies in the future. At the recommendation of Mr. Gould, the Board adopted a resolution approving the self-evaluation report (Cooper, Gould, passing unanimously).

E. Audit Committee Report on Review of Audit Committee Charter

Mr. Barnes noted that the Audit Committee Charter requires the Audit Committee to annually review of its Charter and provide a report to the Board making recommendations for revision of the Charter. Mr. Barnes had prepared a draft report on the revision of the Audit Committee Charter, but because of the lack of a quorum to consider the report, Mr. Gould recommended that the STERA Board table any action on the report or the revision of the Audit Committee Charter until the next meeting.

At the recommendation of Mr. Gould, the Board adopted a resolution tabling the report and any revisions to the Audit Committee Charter until the next meeting (Gould, Corwin, passing unanimously).

F. Assessment of the Effectiveness of Internal Controls for year ending December 31, 2010

Mr. Barnes reported that per the Audit Committee Charter, the Audit Committee has prepared a draft Assessment of the Effectiveness of Internal Controls for STERA for the year ending December 31, 2010. This review of this assessment formerly had been conducted by the Governance Committee. However, the NYS ABO model audit committee charter (and accordingly STERA's Audit Committee Charter) provides that the assessment should be conducted by the Audit Committee. The draft assessment is prepared in a format consistent with NYS ABO specifications. The draft Assessment also incorporated the contents of the auditor's deficiencies letter.

However, because of the lack of a quorum to consider the draft Assessment, and because of the inability of the Audit Committee to ask the auditor any questions and to hear the auditor's

recommendations, if any, Mr. Gould recommended that the STERA Board table any action on the Assessment, and delegate the responsibility for review of the Assessment and approval of the Assessment to the Audit Committee and Executive Committee, respectively, at their upcoming joint meeting to be scheduled later in March 2011. It was noted that this Assessment must be submitted to NYS ABO by March 31, 2011, and that the Assessment must be included in the Annual Report for the year ending December 31, 2010.

At the recommendation of Mr. Gould, the Board adopted a resolution tabling any action on the Assessment, and delegating the responsibility for review of the Assessment and approval of the Assessment to the Audit Committee and Executive Committee, respectively, at their upcoming meetings to be scheduled later in March 2011 (Daly, Gould, passing unanimously).

The Audit Committee will meet as required in upcoming months to discharge its duties.

6. Executive Committee

Mr. Eade noted that due to a lack of a quorum, there had been no Executive Committee held on March 8, 2011 immediately prior to the STERA Board meeting. There will be a joint Audit Committee / Executive Committee meeting held later in March 2011, at which time the Executive Committee will take action on its self-evaluation report for the year ending December 31, 2010, in addition to other business that the STERA Board expressly delegates it to do.

7. Governance Committee

Chairman Joseph Eade delivered the Governance Committee report. The Governance Committee met on March 1, 2011, and again on March 8, 2011 immediately prior to the STERA Board meeting.

The STERA Board considered an umbrella motion including action on the following STERA actions, which are reported herein as individual motions on the individual actions. Mr. Daly noted that there had been significant discussion on each item by the Governance Committee.

Review of Current STERA Policies

A. Revisions to Governance Committee Charter

The Board received a report from the Governance Committee Charter regarding the Committee's recommendations to revise the Committee's Charter. The Board discussed the proposed revisions, and noted that the proposed revisions would bring the Governance Committee Charter in line with the STERA bylaws, NYS ABO regulations, and NYS law, and provide improved flow and structure of the document. The Board adopted a resolution approving the recommended revisions to the Governance Committee Charter (Daly, Corwin, passing unanimously).

B. Revision of Bylaws

The Governance Committee recommended that the Board make a finding that the Bylaws have been implemented by the Authority and that the Bylaws are an effective guide for operation

and governance of the Authority, and recommending that the Board revise the Bylaws as follows:

Article IX, Section 3 Executive Committee shall be revised to read:

ARTICLE IX (COMMITTEES), Section 3 (Executive Committee) – The Executive Committee shall consist of six members and shall be comprised of the Chairperson; Vice Chairperson; Second Vice Chairperson; a fourth member, to be a board member from the county not otherwise represented on the Executive Committee, to be designated by the Chairman and approved by the Board of Directors; a fifth member, to be the board member appointed by the Southern Tier West Regional Planning and Development Board; and a sixth member, to be the board member appointed by the Seneca Nation of Indians. The Executive Committee shall be chaired by the Chairperson, or in the Chairperson’s absence, the Vice Chairperson. Inasmuch as the board member appointed by the Seneca Nation of Indians statutorily is a non-voting member, this member shall not have a vote on the Executive Committee, nor shall this member’s presence or absence be counted against any quorum requirements that the Board may adopt for the Executive Committee. The Executive Committee shall be authorized to do business for the Board in between Board meetings and shall have the authority to execute the powers of the Board when the Board is not in session, provided that the Board shall delegate or specify certain matters, powers, or issue parameters so as to give direction to or constrain the authority of the Executive Committee in executing the powers of the Board. The Executive Committee shall not have the power to: (1) amend or repeal the bylaws, or adopt new bylaws; (2) amend or repeal any resolution of the Board, which by its terms shall not be so amendable or repealable; and (3) fill the vacancies in any committee. Decisions of the Executive Committee shall be ratified by resolution of the full Corporation Board at the following meeting of the full Corporation Board.

After discussion, the Board made a finding that the Bylaws have been implemented by the Authority and that the Bylaws are an effective guide for operation and governance of the Authority, and adopted a resolution revising the Bylaws as indicated above (Daly, Corwin, passing unanimously).

Mr. Eade noted that Chairman Margeson had asked him to appoint Mr. Daly to membership on the Executive Committee, and Mr. Eade did so. The Board adopted a resolution ratifying this appointment (Gould, Everetts, passing unanimously). Mr. Eade noted that Mr. Cooper also would sit on the Executive Committee as the Southern Tier West representative.

C. Code of Ethics

At the recommendation of the Governance Committee, the Board made a finding that the Code of Ethics was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

D. Standards of Conduct Policy

At the recommendation of the Governance Committee, the Board made a finding that the Standards of Conduct Policy was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

At the recommendation of the Governance Committee, the Board directed the Governance Committee to merge the Ethics Policy and Standards of Conduct Policy into a single policy, inasmuch as there seemed to be some overlap in content, and make certain that the policy complied with both the PAAA and PARA and NYS ABO requirements and with the suggestions of the auditor (Daly, Corwin, passing unanimously).

E. Compensation, Reimbursement and Attendance Policy

At the recommendation of the Governance Committee, the Board made a finding that the Compensation, Reimbursement and Attendance Policy was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

F. Contract and Procurement Policy (i.e., Procurement Guidelines)

At the recommendation of the Governance Committee, the Board made a finding that the Contract and Procurement Policy (i.e., Procurement Guidelines) was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

G. Defense and Indemnification Policy

At the recommendation of the Governance Committee, the Board made a finding that the Defense and Indemnification Policy was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

H. Investment Policy

At the recommendation of the Governance Committee, the Board made a finding that the Investment Policy was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

I. Lobbying Policy

At the recommendation of the Governance Committee, the Board made a finding that the Lobbying Policy was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

J. Measurements for Organization Performance Evaluation

At the recommendation of the Governance Committee, the Board made a finding that the Measurements for Organizational Performance Evaluation were appropriate without revision (Daly, Corwin, passing unanimously).

K. Mission Statement

At the recommendation of the Governance Committee, the Board made a finding that the Mission Statement was appropriate without revision (Daly, Corwin, passing unanimously).

L. New Member Orientation Process

At the recommendation of the Governance Committee, the Board made a finding that the New Member Orientation Process comply with NYS ABO and PARA requirements; made a finding that the New Member Orientation Process was appropriate without revision; and made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

M. New Member Orientation Process Reference Document

At the recommendation of the Governance Committee, the Board made a finding that the New Member Orientation Process Reference Document and web site comply with NYS ABO and PARA requirements; made a finding that the New Member Orientation Process Reference Document and web site were appropriate without revision; and made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

The Board noted that this reference document contains certain factual data that are subject to constant change (e.g., Board and committee membership, web site urls, etc.), and directed that staff keep the document up to date with the most current information available for the use of new and current Board members and the general public. When using this document, Board members are encouraged to always use the latest version of the document, which will be posted on the web site, as opposed to using a printed version of that document, which may be out of date.

N. Property Disposition Guidelines

At the recommendation of the Governance Committee, the Board made a finding that the Property Disposition Guidelines were appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

O. Travel Policy

At the recommendation of the Governance Committee, the Board made a finding that the Travel Policy was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

P. Uniform Tax Exemption Policy

At the recommendation of the Governance Committee, the Board made a finding that the Uniform Tax Exemption Policy was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

Q. Whistleblower Policy

At the recommendation of the Governance Committee, the Board made a finding that the Whistleblower Policy was appropriate without revision, and that the Board also made a finding that STERA was in compliance with the policy (Daly, Corwin, passing unanimously).

Proposed New STERA Policies

R. Records Management Program

The Board discussed the proposed Records Management Program, revised to accommodate Board concerns expressed at the November 15, 2010 meeting, and indicated that it felt that the proposed program, as revised, was appropriate and avoided any of the issues raised by the Board. At the recommendation of the Governance Committee, the Board adopted a resolution approving and adopting the STERA Records Management Program as revised, adopting the New York State Archives' "Records Retention and Disposition Schedule MI-1," and designating the CEO as STERA Records Management Officer (Daly, Corwin, passing unanimously).

S. Equal Opportunity and Affirmative Action Policy

The Board discussed the proposed Equal Opportunity and Affirmative Action Policy, noting that NYS ABO expects that authorities will create an Equal Opportunity and Affirmative Action Policy. At the recommendation of the Governance Committee, the Board adopted a resolution approving and adopting the proposed Equal Opportunity and Affirmative Action Policy and directing that operations conform to the policy (Daly, Corwin, passing unanimously). The Board noted that the Equal Opportunity and Affirmative Action Policy must be made available to the public on the web site, and must be made available to all prospective employees and all entities desiring to do business with STERA.

T. Management Performance Evaluation Standards

The Board discussed the proposed Management Performance Evaluation Standards, noting that the Governance Committee has the responsibility per its charter to create standards for annual performance evaluation by the STERA Board of senior management staff, and also that, from the Board self-evaluation survey form distributed by NYS ABO, NYS ABO apparently has an expectation that STERA will undertake an annual evaluation of senior management staff.

The Board noted that STERA has no direct employees, and the Management Performance Evaluation Standards instead could be used to annually evaluate senior contract staff performance.

At the recommendation of the Governance Committee, the Board adopted a resolution approving the Management Performance Evaluation Standards and directing that the standards be used to annually evaluate the performance of senior contract management staff (Daly, Corwin, passing unanimously).

U. Competencies and Personal Attributes Required of Board Members

The Board discussed the Governance Committee’s responsibility per its charter to create a Policy Regarding Competencies and Personal Attributes Required of Board Members. This Policy would be transmitted to entities authorized by STERA’S enabling legislation to appoint members when those entities are engaged in the process of selecting and designating STERA Board members, to assist them in this process. The Policy would be intended to provide STERA with active members who are fit for the duties and responsibilities of service on the STERA Board, and who will participate actively in the affairs of STERA so as to enable STERA to succeed in achieving its mission and goals. The Board reviewed a draft proposed Policy Regarding Competencies and Personal Attributes Required of Board Members.

At the recommendation of the Governance Committee, the Board adopted a resolution approving the proposed Policy and directing that it be transmitted to entities authorized by STERA’S enabling legislation to appoint members when those entities are engaged in the process of selecting and designating STERA Board members in order to assist them in this process (Daly, Corwin, passing unanimously). The Board noted that the Policy Regarding Competencies and Personal Attributes Required of Board Members must be made available to the public on the web site.

V. Public Access to Records Policy

The Board discussed the Governance Committee’s responsibility per its charter to create a Public Access to Records Policy, and in this regard, reviewed a proposed draft policy. At the recommendation of the Governance Committee, the Board adopted a resolution approving the proposed Policy (revised so as to designate the Chairman as appeals officer empowered to make decisions on appeals for STERA), designating the STERA Chief Executive Officer as Records Access Officer, and designating the Chairman as Records Access Appeals Officer (Daly, Corwin, passing unanimously). The Board noted that the policy would be posted as a public notice in the STERA office.

W. Public Access to Records – Subject Matter List

The Board discussed the requirement of the Public Access to Records Policy to create a Subject Matter List of records maintained and available per this policy, and in this regard, reviewed a proposed draft Subject Matter List. At the recommendation of the Governance Committee, the Board adopted a resolution approving the Subject Matter List (Daly, Corwin, passing unanimously). The Board noted that the Subject Matter List would be posted as an appendage to the public notice Public Access to Records Policy that would be posted in the STERA office.

STERA Reports

X. Four-Year Financial Plan for the years 2011 – 2014

The Board reviewed a proposed Four Year Financial Plan for the years 2011 to 2014, including a capital and operating budget. The Board noted that without certainty regarding grants that might be obtained for capital projects and/or operations, the Four Year Financial Plan for this projection period must be conformed to those revenues and expenses that could be estimated with relative certainty.

Mr. Barnes reported that recently the NYS ABO had indicated to him verbally that in satisfaction of this requirement, NYS ABO will accept a budget submitted through the PARIS system that projects out four years. NYS ABO expects to provide a more detailed guidance on this issue in the future.

At the recommendation of the Governance Committee, the Board adopted a resolution approving the Four Year Financial Plan for the years 2011 to 2014 and directing that the Four Year Financial Plan be transmitted to NYS ABO by the March 31, 2011 deadline and be included in the Annual Report (Daly, Corwin, passing unanimously). The Board noted that the Four Year Budget must be made available to the public on the web site.

Y. Property Listing Report for the year ending December 31, 2010

The Board reviewed the draft Property Listing Report prepared for December 31, 2010, and noted (a) that this was a complete listing of all real property owned by STERA as of December 31, 2010 and (b) that the report reflected changes to property listing descriptions made by the Real Property Departments of the six counties since the original property descriptions had been provided to STERA. The Board noted that STERA owned no personal property during the year ending December 31, 2010, and in fact has not owned any personal property since inception in 2000.

At the recommendation of the Governance Committee, the Board adopted a resolution making a finding that STERA was in compliance with the Property Disposition Policy, adopting the Property Listing Report prepared for December 31, 2010, authorizing the transmission of the Property Listing Report to NYS ABO by the March 31, 2011 deadline for submission, and authorizing the inclusion of the Property Listing Report in the Annual Report (Daly, Corwin, passing unanimously). The Committee noted that the Property Listing Report must be made available to the public on the web site.

Z. Property Disposition Report for the year ending December 31, 2010

The Board reviewed the draft Property Disposition Report prepared for December 31, 2010. The Board noted that the decisions to make any and all real property dispositions, and the sales prices for any such dispositions, were the province of WNYP and not STERA, and that accordingly, STERA had not made any decisions to dispose of any real property or any decisions on sale prices for any real property disposed of, without direction to do so by WNYP. The Board noted that the Sprague Street easement was granted by STERA to the City of Jamestown with no

fee at the recommendation of WNYP and NS, and does not appear in the report as a disposition of real property, as the title to the underlying property still is retained by STERA.

The Board also noted that STERA owned no personal property during the year ending December 31, 2010, and in fact has not owned any personal property since inception in 2000.

At the recommendation of the Governance Committee, the Board adopted a resolution making a finding that STERA was in compliance with the Property Disposition Policy, adopting the Property Disposition Report prepared for December 31, 2010, authorizing the transmission of the Property Disposition Report to NYS ABO by the March 31, 2011 deadline for submission, and authorizing the inclusion of the Property Disposition Report in the Annual Report (Daly, Corwin, passing unanimously). The Board noted that the Property Disposition Report must be made available to the public on the web site.

AA. Procurement Report for the year ending December 31, 2010

The Board reviewed the draft Procurement Report for the year ending December 31, 2010. At the recommendation of the Governance Committee, the Board adopted a resolution making a finding that the Authority was in compliance with the Procurement Policy, adopting the Procurement Report, authorizing the transmission of the Procurement Report to NYS ABO by the March 31, 2011 deadline for submission, and authorizing the inclusion of the Procurement Report in the Annual Report (Daly, Corwin, passing unanimously). The Board noted that the Procurement Report must be made available to the public on the web site.

BB. Investment Report for the year ending December 31, 2010

The Board reviewed the draft Investment Report for the year ending December 31, 2010, noting that the Authority had no investments during the year ending December 31, 2010. All funds are kept in interest bearing accounts that are federally insured.

At the recommendation of the Governance Committee, the Board adopted a resolution making a finding that the Authority was in compliance with the Investment Policy, adopting the Investment Report for the year ending December 31, 2010, authorizing the transmission of the Investment Report to NYS ABO by the March 31, 2011 submission deadline, and authorizing the inclusion of the Investment Report in the Annual Report (Daly, Corwin, passing unanimously). The Board noted that the Investment Report must be made available to the public on the web site.

CC. Performance Evaluation Processes and Reports – Summary of Performance Evaluation Processes

The Board discussed the various required performance evaluation processes, including the Board's role, the Audit Committee's role, the Governance Committee's role, and Management's role in these evaluations, as required by the STERA bylaws and by NYS regulation. The various required performance evaluation processes include items DD through II, as follows:

DD. Organizational Self-Evaluation Report for the year ending December 31, 2010 using Measurement Standards per NYS ABO Policy Guidance 10-02

The Board reviewed a draft Organizational Self-Evaluation Report prepared using the authority's Measurement Standards, per NYS ABO Policy Guidance 10-02. The Self-Evaluation Report concluded that as measured by achieving success in terms of STERA's Measurements, STERA is achieving its purpose and meeting its performance goals expressed in its Measurements. The Board felt that there are individual performance goals in which situations beyond STERA's control (e.g., macroeconomic conditions and availability of state and federal rehabilitation funding) influence STERA's success in achieving its performance goals, but the Board felt that on the whole STERA is achieving its purpose and meeting its performance goals expressed in its Measurements.

At the recommendation of the Governance Committee, the Board adopted a resolution making a finding that STERA is achieving its purpose and meeting its performance goals expressed in its Measurements, approving and adopting this Self-Evaluation Report, authorizing the inclusion of the report in its Annual Report (Daly, Corwin, passing unanimously). The Board noted that the Self-Evaluation Report must be made available to the public on the web site.

EE. Organizational Compliance Evaluation Report for the year ending December 31, 2010

The Board reviewed a Organizational Compliance Report submitted by the Governance Committee and prepared with respect to the compliance requirements of the authority's Bylaws, NYS ABO Policy Guidances, and NYS laws and regulations. The Organizational Compliance Report concluded that except for certain compliance issues at the Audit and Governance Committee level, which the Committees are addressing, and except for satisfaction of Board training requirements, STERA is in compliance with these requirements. The Report also indicated that by taking all actions recommended in the Report, the Board would be in compliance with all requirements. The Report specifically noted the Board's need to undertake the following actions:

- Insure that all Board members receive training from a State-approved trainer within one year of appointment to the STERA Board
- Receipt and approval of the audit and management letter for the year ending December 31, 2010
- Review and revision or updating of all STERA policies as required
- Modifying governance and operating activities so as to better conform to policies, regulations and guidances, and so as to more effectively achieve organizational goals
- Creation of new STERA policies as required
- Completion of all performance evaluation processes and taking all actions implied by these evaluations so as to improve performance
- Approval of all required reports, submission of these reports to the NYS ABO by the March 31, 2011 submission deadline, and publication of these reports on STERA's web site

At the recommendation of the Governance Committee, the Board adopted a resolution approving this Report; directing that the actions recommended therein would be undertaken by STERA, so as to improve compliance; and authorizing the inclusion of this compliance report in

the Annual Report (Daly, Corwin, passing unanimously). The sole instance of significant non-compliance (the lack of several members of the STERA Board to have received training by a State-approved trainer) will be detailed later in these minutes (see item OO in this section of the minutes of this meeting). The Board noted that the Organizational Compliance Report must be made available to the public on the web site.

FF. Board Self-Evaluation Report for the year ending December 31, 2010 per NYS ABO Policy Guidance 10-05

The Board reviewed a Report on the Board's self-evaluation of its performance as a board for the year ending December 31, 2010, prepared to comply with NYS ABO Policy Guidance 10-05. The self-evaluation report of the Board's performance indicated that although the Board generally was performing very well, there are several instances in which one or more Board members have indicated that there could be room for improvement. The Governance Committee indicated that it felt that in many if not most of these situations, a lack of understanding on the part of individual Board members had lead them to a less-than-satisfactory rating for certain questions asked in the survey. Recognizing this, the Governance Committee had discussed alternative ways of improving Board knowledge and organizational and Board performance. The Governance Committee recommended that the Board take a short period of every meeting and discuss issues relating to any shortcomings identified in the report.

At the recommendation of the Governance Committee, the Board adopted a resolution approving the Self-Evaluation Report, authorizing the transmission of the Report to NYS ABO by the March 31, 2011 submission deadline, authorizing the inclusion of the Report in its Annual Report, and directing that appropriate actions recommended by the Governance Committee be taken to remedy any perceived shortcomings identified in the report (Daly, Corwin, passing unanimously). The Board noted that the Board Self-Evaluation Report also must be made available to the public on the web site.

GG. Board Member Attendance Evaluation Report for the year ending December 31, 2010

The Board reviewed a summary Board Member Attendance Report detailing individual Board member attendance at Board meetings during the year ending December 31, 2010.

At the recommendation of the Governance Committee, the Board adopted a resolution approving the Board Member Attendance Report and authorizing its inclusion in its Annual Report (Daly, Corwin, passing unanimously). The Board noted that the Board Member Attendance Report must be made available to the public on the web site and be transmitted to the six appointing entities.

HH. Governance Committee Self-Evaluation Report for the year ending December 31, 2010

The Board reviewed and discussed a Governance Committee Self-Evaluation Report submitted by the Governance Committee to the Board, containing a self-evaluation by the Committee of its operations during calendar year 2010. Despite the Committee having significant success in

its operations during 2010, the report nonetheless identifies certain deficiencies in Committee operations during 2010. Some of the identified deficiencies relate to topics that were not discussed by the Committee in 2010 (that can be remedied in future years by discussing and taking action on these topics) and other deficiencies relate to items that the Committee could not review and take action on in a timely fashion because necessary materials had not been provided to it in a timely fashion (that could be remedied by the Board and contract staff making those materials available to the Committee in a timely fashion).

Mr. Eade noted the Committee's indication that it intends to remedy all deficiencies identified in the report during 2011. With respect to the latter deficiencies relating to materials not provided to the Committee in a timely fashion, Mr. Eade noted that the Board and contract staff have acted in 2011 so as to make those materials available to the Committee in a timely fashion.

At the recommendation of the Governance Committee, the Board adopted a resolution approving the Governance Committee Self-Evaluation Report and directing that actions be taken to remedy all deficiencies identified in the Report_(Daly, Corwin, passing unanimously).

II. Management (Corporate Officers) Evaluation Report for the year ending December 31, 2010

The Board reviewed a draft Management Evaluation Report containing an evaluation of the performance of contract management staff during the year ending December 31, 2010. The Report was prepared using the draft Management Performance Evaluation Standards.

At the recommendation of the Governance Committee, the Board adopted a resolution approving the Management Evaluation Report, authorizing its inclusion in its Annual Report, and directing that the Report be posted on the web site (Daly, Corwin, passing unanimously).

Structure, Governance, and Operating Activities

JJ. NYS ABO Policy Guidance 11-01: Compliance Review Process

The Board noted that on February 1, 2011, the NYS ABO issued Policy Guidance 11-01: Compliance Review Process. The Guidance indicates that NYS ABO will undertake compliance reviews of authorities in order to assess compliance and encourage authorities work toward rectifying any compliance deficiencies. The Guidance indicates the processes that the NYS ABO may take in undertaking these compliance reviews. Policy Guidance 11-01 supercedes Policy Guidance 7-03: Compliance Review Process. The NYS ABO encourages authorities to share the Policy Guidance with all members of the Board of Directors and executive staff. The Committee recommended that all Board members review the new Guidance.

KK. NYS ABO Policy Guidance 11-02: Enforcement Powers of the Authorities Budget Office

The Board noted that on February 10, 2011, the NYS ABO issued Policy Guidance 11-02: Enforcement Powers of the Authorities Budget Office. The transmission email issued by NYS ABO indicates that the Guidance is "a public notice of the ABO's intent regarding its powers of

enforcement. The failure of the board or the chief executive officer of an authority to properly perform their duties and obligations may result in the ABO exercising its enforcement authority, including a public warning, censure or recommendation for the suspension or removal of board members and officers.” The NYS ABO encourages authorities to share the Policy Guidance with all members of the Board of Directors and executive staff. The Committee recommended that all Board members review the new Guidance.

LL. Acknowledgement of Fiduciary Duties and Responsibilities Form

The Board noted that all STERA Board members had received a copy of the Acknowledgement of Fiduciary Duties and Responsibilities Form, which is required by NYS ABO to be executed by all Board members and maintained by STERA in a file. The Board adopted a resolution requiring all Board members to execute the form and transmit the form to STERA for retention (Daly, Corwin, passing unanimously).

MM. Cattaraugus County Ethics (conflict of interest and financial disclosure) Form

The Board noted that on February 18, 2011, Cattaraugus County mailed STERA Board members its Ethics (conflict of interest and financial disclosure) Form for execution by all STERA Board members and mailing of the executed form back to Cattaraugus County. The Governance Committee encourages all Board members to mail the executed form back to Cattaraugus County at their earliest convenience, if they have not done so already. It is a NYS ABO requirement that all STERA Board members execute the form and file it with Cattaraugus County. The deadline for returning the executed forms to Cattaraugus County is April 30, 2011. Cattaraugus County has indicated that if any STERA Board members do not return the executed form, it would ask STERA to help expedite the return of the delinquent executed forms. Mr. Barnes offered to obtain this form and transmit to any Board member who has not yet received it.

The Board adopted a resolution requiring all Board members to execute the form and transmit the form to Cattaraugus County in a timely fashion for retention (Daly, Corwin, passing unanimously).

NN. Governance Practices with respect to Transparency, Independence, Accountability, Fiduciary Responsibilities, and Management Oversight

The Board noted that per the NYS ABO model Governance Committee Charter, and accordingly the STERA Governance Committee Charter, the Governance Committee has responsibilities for reviewing STERA structural, governance and operating policies and activities. Many of the policies and governance practices practiced by the authority derive directly from these corner stone principles (transparency, independence, accountability, fiduciary responsibilities, and management oversight) prescribed by the State Legislature and NYS ABO.

The Board discussed this topic, and noted some of the responses to the Board Self Evaluation process (especially question #2 – “The policies, practices and decisions of the Board are always consistent with (its) mission” and question #4 – “The Board has adopted policies, by-laws, and

practices for the effective governance, management and operations of the Authority and reviews these annually”).

At the recommendation of the Governance Committee, the Board adopted a resolution adopting no change in STERA’s governance practices with respect to transparency, independence, accountability, fiduciary responsibilities, and management oversight (Daly, Corwin, passing unanimously).

OO. Compliance with Board Member Training Requirements

The Board discussed mandated training to be obtained from State-approved trainers, and noted that there have been reports that NYS ABO would approve web-based training. STERA also has discussed in-person training to be provided by one or more County IDA’s in New York State and made available to STERA Board members and staff. The Committee noted that several Board members (Brisky, Cooper, Euliano, and O’Grady) have yet to complete this required training (plus the replacement for Mr. Kruger, who is yet to be appointed). The Board adopted a resolution requiring Board members to take the State-approved training if they have not yet done so by the end of the calendar year (Daly, Corwin, passing unanimously).

PP. Compliance with Staff Training Requirements

The Board noted that both contract staff persons have received training from State-approved trainers in compliance with NYS ABO and PAAA requirements.

QQ. Number and Structure of STERA Committees

The Board noted that STERA currently has three standing Committees, the Executive Committee, the Audit Committee, and the Governance Committee, whose existence is authorized by STERA’s bylaws. The Board also noted that STERA has provision in its bylaws authorizing the creation of other standing and/or special committees, including a nominating committee and a finance committee, both of which are not specifically named in the bylaws.

The Board noted that NYS ABO, PAAA, and PARA do not require the creation of a finance committee unless STERA issues debt, which it never has done, and noted that as a consequence, the Governance Committee recommended that the Board not create a finance committee until such time as it decided to issue debt.

At the recommendation of the Governance Committee, the Board adopted a resolution making no changes in the number and structure of committees other than those already discussed in the discussion relating to a proposed bylaws revision relating to the Executive Committee (Daly, Corwin, passing unanimously).

RR. Compensation and Benefits for the Managing Director and Other Senior Authority Officials

The Board noted that the Authority has no direct employees, and accordingly there are no such individuals (Board or corporate officers or other management personnel) receiving

compensation and benefits from the Authority. At the recommendation of the Governance Committee, the Board adopted a resolution (a) recognizing that the Governance Committee had reviewed this matter per the requirements of the Governance Committee Charter and (b) taking no action in this matter (Daly, Corwin, passing unanimously).

SS. Other STERA Policies or Documents Related to the Governance of the Authority

The Board 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. In this regard, the Board also considered the results of the Board Self-Evaluation prepared per NYS ABO Guidance 10-05.

At the recommendation of the Governance Committee, the Board adopted a resolution making 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 making no changes to the Authorities governance and operating policies and procedures other than have been otherwise approved by the Board at this meeting (Daly, Corwin, passing unanimously).

TT. Annual Report for the year ending December 31, 2010

Upon consideration of the discussions and recommendations of the Audit Committee and Governance Committee, the Board adopted a resolution tabling action on the Annual Report for the year ending December 31, 2010 (Daly, Corwin, passing unanimously).

The Board noted that the Annual Report must be made available to the public on the web site and transmitted to the six appointing entities and various other NYS offices.

8. Joint Audit Committee / Executive Committee Meeting

The Board adopted a resolution:

- directing that there shall be a meeting of both the Audit Committee and the Executive Committee held on the same date later in the month of March 2011, provided that there shall be a quorum for both committees and that a representative of STERA auditor Joseph Trussalo CPA shall be present to present the Audit, management letter, and deficiencies letter; to respond to questions from the Committees; and to recommend actions to be taken by STERA in response to the deficiencies letter;
- that it shall be the responsibility of the Audit Committee to consider the Audit, management letter, and deficiencies letter; the auditor's response to questions; and the auditor's recommendations for actions to be taken by STERA in response to the deficiencies letter, and make recommendations to the Executive Committee;
- that it shall be the Audit Committee's responsibility to consider the draft Assessment of the Effectiveness of Internal Controls, along with any comments by the auditor, and make recommendations for its adoption by the Executive Committee;

- that it shall be the Audit Committee’s responsibility to consider the draft Audit Committee Charter Review Report, and make recommendations to the Executive Committee for the revision of Audit Committee Charter;
- that it shall be the Executive Committee’s responsibility to consider and approve the
 - Audit, management letter, and deficiencies letter,
 - the Assessment of the Effectiveness of Internal Controls,
 - the Annual Report for the year ending December 31, 2010,
 - revisions to the Audit Committee Charter

This resolution was approved (Daly, Corwin, passing unanimously).

Unfinished Business

9. Operating Status and Proposed Rehabilitation Projects (report by Carl Belke, WNYP RR)

Carl Belke, President & Chief Operating Officer of the WNYP RR, provided a detailed Management Report to the STERA Board. The Management Report covered the areas of Safety, Financial Status of WNYP RR, Operations and Customer Service, Marketing and Freight Business, Mechanical Issues, Engineering and Maintenance of Way, Bridges and Culverts, Signals and Communication, and Other Projects.

As part of the report, he noted:

- There have been two recent instances of trespass, switch tampering and vandalism on the railroad line. Mr. Belke asked for help in indicating to the public and to public safety organizations how important it is for public safety and protection of public and private property for these instances of vandalism to stop.
- There is a bill to continue the rail trespassing prohibitions in front of the NYS Assembly. Mr. Belke asked for STERA’s assistance in moving the bill out of committee. Mr. Zink indicated that he would write a letter in this regard.
- WNYP expects to receive a FRA RRIF loan in the range of \$7 million for tie and surfacing work, bridge steel and masonry repairs, and rail replacement. Construction is anticipated in 2011. The contracts are being held up because of a federal requirement for NYS SHPO sign off on the project. Mr. Belke asked for help in moving the project funding through SHPO review.
- The 2005 Bond Act funds are still being held up. WNYP feels that they may not be released during 2011.
- PENN DOT funding for repairs on the Farmers Valley Branch may be held up as Pennsylvania has put a hold on grants to railroads.
- NS overhead coal traffic is down, with the recession, with federal initiatives to reduce generation of electricity by coal-powered energy plants, and with projected closures of several facilities in NY and NH that are served by NS.
- Local WNYP freight traffic is up, due especially to activity on the Buffalo Line in Pennsylvania.

10. Election of Acting Chairman for Balance of Meeting

As Mr. Eade had to leave the meeting and no other Board officer was present, the balance of the members remaining after Mr. Eade left elected Mr. Cooper as Acting Chairman to chair the balance of the meeting (Corwin, Daly, passing unanimously).

11. NYS 2005 Bond Act Project Status

Although NYS DOT has announced that STERA has been awarded a grant from the Bond Act for repairing four bridges on the Southern Tier Extension line, STERA has not yet received a contract from NYS DOT. Mr. Belke indicated that he has provided to NYS DOT a detailed work plan for the project, once a contract has been awarded. RONY has appealed to the State to release the Bond Act funds.

12. Potential NYS DOT RFP for Rehabilitation Funding

NYS DOT has not yet issued the anticipated RFP for rehabilitation funding discussed at the November 15, 2010 Board meeting.

13. Multi-Modal Freight Transfer Facility and Manufacturing Center Project Status

STERA and Southern Tier West continue to seek funding for line rehabilitation and phase one construction of the transload facility. The Truck-Rail Multi-Modal Freight Facility (Transload Facility) Feasibility Study and Preliminary Engineering Study are downloadable from the Southern Tier West web site (www.southerntierwest.org).

STERA has been contacted by a consultant for EXXON. Exxon is in the process of remediating a brownfield site (Agway/Felmont site in Olean) that is adjacent to and in the southwest corner of the "diamond," which is the intersection of the east-west and north-south railroad lines. The site has adjacency to an I86 interchange and City utilities. The consultant was interested in whether STERA had any interest in developing the site with a rail-related use. Mr. Belke indicated that WNYP has contacted Exxon and encouraged them to seek a rail-shipping developer/tenant.

14. Cattaraugus County (Randolph) Remediation Project Status

The Cattaraugus County Attorney has requested that STERA adopt a resolution authorizing the execution of the documents associated with, and including, the Environmental Easement. The prior authorizing resolutions specified only authorization to execute the easement document. The Board adopted a resolution authorizing the Executive Director to execute the documents associated with, and including, the Environmental Easement (Cooper, Gould, passing unanimously). Cattaraugus County had transmitted the Site Management Plan to STERA on March 8, 2011; the Board directed Mr. Barnes to transmit the Site Management Plan to the Board. Mr. Belke asked for a copy of it too. WNYP may also sign an easement; in any event, WNYP would weigh in on including provisions for site access, flagging, etc., that it would suggest should be included in the easement. Mr. Barnes asked Mr. Belke to provide language in this regard for transmission to the County attorney.

15. Machias (Lime Lake) Wastewater Project Status

Mr. Barnes indicated that the Cattaraugus County Health Department has informed him that the current preferred alignment for the proposed wastewater transmission line is in the right of way of NY Route 16, not the right of way of the Buffalo Line. The reason for this change of preferred alignment lies exclusively with the higher cost of installing the wastewater line in the rail right of way as opposed to the highway right of way.

16. Request of Dresser Rand for Rail Siding (Village of Wellsville)

There is no change in status on this proposal. The project is still do-able, but there is no funding for the installation. NYS DOT has indicated that budgetary funds from the most likely programs probably are not available at this time to fund this project.

Mr. Belke previously had indicated that the estimated cost for reinstallation is about \$200,000, which would cover the re-installation of a switch and the reinstallation of 500 to 600 feet of track. However, he had noted that if this switch were installed, there still may be issues moving freight because of clearance restrictions, the nearest one being on a bridge in east Wellsville. Fixing the clearance issue on the Wellsville bridge would cost approximately \$100,000 to repair or alternately \$1,000,000 to \$1,500,000 to replace the bridge.

Mr. Barnes indicated to Mr. Sirianni that perhaps NYS ESD could be of some help with finding funding for this initiative.

17. Site Development Project Status

Mr. Barnes noted that Southern Tier West intends to work with Chautauqua, Cattaraugus, and Allegany Counties and with the Seneca Nation of Indians to promote the development of business development sites along the east-west and north-south railroads. Southern Tier West is contemplating submitting funding applications for a project that would enable County-based economic development entities to acquire land interests and prepare preliminary engineering sufficient for subsequent improvements that would make the individual sites shovel ready.

Mr. Barnes indicated to Mr. Sirianni that perhaps NYS ESD could be of some help with finding funding for this initiative.

18. Seneca Nation of Indians Representation on STERA Board

As of this date, the Nation has not appointed a representative to the STERA Board.

19. NYS Public Authorities Accountability Act (PAAA) and Public Authorities Reform Act (PARA) Compliance

A. Compliance

Per actions taken earlier in this meeting, STERA has now come into compliance with respect to the following issues:

- Required annual review of existing policies and governance practices
- Creation of specific required policies, including
 - a. Records Management Program
 - b. Equal Opportunity and Affirmative Action Policy
 - c. Management Performance Evaluation Standards
 - d. Competencies and Personal Attributes Required of Board Members
 - e. Public Access to Records Policy
 - f. Public Access to Records – Subject Matter List
 - g. Approval of a Uniform Tax Exemption Policy
- Designation of an Ethics Officer, a Records Management Officer, a Records Access Officer, and a Records Access Appeals Officer, required for purposes of complying with various policies
- Approval of a various required planning documents, reports, and performance evaluations

B. Discussion of Any Desired Policy Modifications

STERA encourages comments on and suggested revisions to the organizational policies, so as to improve organizational effectiveness and PAAA compliance.

C. Training Sessions

Several current members (Brisky, Cooper, Euliano, and O’Grady) have not yet completed NYS ABO’s PAAA compliance training sessions. Mr. Zink indicated that he would seek to work with a county IDA to hold a training session at the Southern Tier West office.

20. Future Status of the Property Tax Abatement Provided by STERA to Norfolk Southern

In the future, STERA may consider extending the abatement period. The Uniform Tax Exemption Policy adopted by STERA will be an element of any such consideration.

21. Other Old Business

There was no other Old or Unfinished Business.

New Business

22. Proposed Obstruction Study

Mr. Zink proposed that STERA sponsor a project in which the rail lines between Olean and Youngstown PA, between Olean and Port Elizabeth NJ, and between Olean and the Port of Buffalo are examined and the obstructions to large dimensioned or heavy traffic are identified (i.e., a height, width, and weight clearance study). Mr. Zink proposed that the project be a \$80,000 total cost, with funding to come from US DOC EDA (\$40,000), STERA (\$30,000) and WNYP (\$10,000). The study would be performed by a consultant to be procured competitively.

Once the study is completed, the next stage would be to work with NYS DOT and PENN DOT to develop construction projects that would remove these obstacles to large-dimensioned or heavy traffic identified.

After discussion, the Board adopted a resolution approving the submission of a grant application to EDA, the execution of any grant award and receipt of grant funds, the committing of STERA's matching funds, the acceptance of matching funds from WNYP, and the execution of any agreement required with WNYP in return for its participation and provision of matching funds (Cooper, Everetts, passing unanimously)..

Other New Business

There was no other New Business.

23. Public Comment

There was no public comment.

24. Next Meeting Date and Agenda for Next Meeting

The next regularly scheduled meeting of the STERA Board will be on June 20, 2011 at 9:30 AM at the Conference Room at the office of the Southern Tier West Regional Planning and Development Board in Salamanca, NY. The June 2011 meeting date will be the Annual Meeting.

At the request of Chairman Margeson, Mr. Eade appointed Mr. Brisky, Mr. Corwin, Mr. Daly, and Mr. O'Grady to a **Nominating Committee** for the presentation of a slate of officers for election at the June 20, 2011 Annual Meeting. The Board adopted a resolution approving these appointments (Gould, Everetts, passing unanimously).

Other regularly scheduled meetings of the STERA Board in 2011 will be held on October 17 and December 19 at 9:30 AM at the Conference Room at the office of the Southern Tier West Regional Planning and Development Board in Salamanca, NY.

The Audit Committee and Governance Committee each might meet before the various 2001 Board meetings if necessary to discuss appropriate matters. Special meetings of each Committee also may be called on other dates as needed.

There will be a special meeting of both the Audit Committee and Executive Committee scheduled to be held on a date (and time) to be determined in late March 2011, as was discussed earlier in this meeting.

25. Adjournment

The meeting adjourned at 11:50 AM (Corwin, O'Grady, passing unanimously).

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

Name: Thomas M. Barnes

Office: Secretary

Date: _____