



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

Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York 14779
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"This institution is an equal opportunity organization"
John Margeson, Chairman

STERA GOVERNANCE COMMITTEE

MINUTES – March 8, 2011

The Governance Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:00 AM on March 8, 2011 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
Seth Corwin
William Daly
Timothy O'Grady

Representing

Cattaraugus County
Steuben County
Chautauqua County
Allegany County

Committee Members Not In Attendance

None

Board Members In Attendance

James Cooper

Representing

Southern Tier West RPDB

Others Attending

Thomas Barnes

Representing

STERA Corporate Secretary

1. 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.

2. Reading and Approval of the Minutes of the Previous Meeting

The Committee approved the minutes of the prior meeting, held March 1, 2011 (O'Grady, Daly, passing unanimously).

Unfinished Business

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

The Committee reviewed the draft Annual Report for the year ending December 31, 2010. There was a sense that it might be premature to recommend that the Board take any action on the Annual Report at

the March 8, 2011 STERA Board meeting because of the feeling that the Board might not take any action to approve the Audit, management letter, and deficiencies letter. There was some discussion that perhaps the best way for the Board to proceed was to have the Board call for a joint Audit Committee / Executive Committee meeting 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. Under this scenario, the Board would have to give the Executive Committee the express authority to approve the Audit, management letter, deficiencies letter, and Annual Report. However, in order to transmit the Audit, management letter, deficiencies letter, and Annual Report to NYS ABO by the March 31, 2011 submission deadline, this joint Audit Committee / Executive Committee meeting would have to occur prior to March 31, 2011.

The Committee adopted a resolution recommending 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 (Daly, O'Grady, passing unanimously).

The Committee 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.

4. Other Unfinished Business

There was no other Unfinished Business.

New Business

5. Governance Activities – Discussion of Audit Deficiencies Letter

Mr. Barnes summarized the contents of the auditor's deficiencies letter.

- As regards the internal controls deficiencies represented by the fact that the CEO and CFO offices are held by the same person, and the internal preparation of financial statements by the CFO without other internal review, Mr. Barnes indicated that there doubtless would be some recommendations coming either from the auditor or from the Audit Committee.
- With respect to the Records Management Policy, the Governance Committee had recommended the adoption by the Board of Records Management Policy, which should resolve this issue if the Board approves the policy at its March 8, 2011 Board meeting.
- With respect to the Conflict of Interest issue, the Committee noted that STERA was in compliance with the law by the filing of Cattaraugus County Ethics Forms by individual Board members. The Committee discussed whether it would be appropriate and actually add value to STERA's internal

control functions to undertake a separate filing process internally whereby Board members would disclose businesses and investments and family members whose existence might give rise to potential conflicts. Mr. Daly noted that Board members could write any such conflicts on the Cattaraugus County Ethics Form so as to disclose these potential conflicts, and he felt that such a parallel internal conflicts declaration process was unnecessary. The Committee adopted a resolution recommending that STERA continue the filing of Cattaraugus County Ethics Forms by individual Board members, and not create a parallel internal conflicts declaration process (Daly, Corwin, passing unanimously).

6. Public Comment

There was no public comment.

7. Next Meeting Date and Agenda for Next Meeting

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

8. Adjournment

The Board adopted a resolution to adjourn at 9:35 AM (Daly, Corwin, 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: _____