

BY-LAWS  
OF  
RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY

ARTICLE I

THE AGENCY

SECTION 1. NAME. THE NAME OF THE AGENCY SHALL BE, "RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY."

SECTION 2, SEAL OF AGENCY. THE SEAL OF THE AGENCY SHALL BE IN THE FORM OF A CIRCLE AND SHALL BEAR THE NAME OF THE AGENCY AND THE YEAR OF ITS ORGANIZATION.

SECTION 3, OFFICE OF AGENCY. THE OFFICE OF THE AGENCY SHALL BE AT 200 HOWELL AVENUE IN THE TOWN OF RIVERHEAD, NEW YORK, BUT THE AGENCY MAY HAVE OTHER OFFICES AT SUCH OTHER PLACES AS THE AGENCY MAY FROM TIME TO TIME DESIGNATE BY RESOLUTION.

ARTICLE II

OFFICERS

SECTION 1. OFFICERS. THE OFFICERS OF THE AGENCY SHALL BE A CHAIRMAN, A VICE CHAIRMAN, A SECRETARY, A TREASURER, AN ASSISTANT SECRETARY AND AN ASSISTANT TREASURER. ANY TWO OR MORE OFFICERS, EXCEPT THE OFFICE OF CHAIRMAN AND SECRETARY, MAY BE HELD BY THE SAME PERSON.

SECTION 2. CHAIRMAN. THE CHAIRMAN SHALL PRESIDE AT ALL MEETINGS OF THE AGENCY. EXCEPT AS OTHERWISE AUTHORIZED BY RESOLUTION OF THE AGENCY, THE CHAIRMAN SHALL EXECUTE ALL AGREEMENTS, CONTRACTS, DEEDS, AND ANY OTHER INSTRUMENTS OF THE AGENCY. AT EACH MEETING THE CHAIRMAN SHALL SUBMIT SUCH RECOMMENDATIONS AND INFORMATION AS HE MAY CONSIDER PROPER CONCERNING THE BUSINESS, AFFAIRS, AND POLICIES OF THE AGENCY.

SECTION 3. VICE CHAIRMAN. THE VICE CHAIRMAN SHALL PERFORM THE DUTIES OF THE CHAIRMAN IN THE ABSENCE OF INCAPACITY OF THE CHAIRMAN; AND IN CASE OF THE RESIGNATION OR DEATH OF THE CHAIRMAN, THE VICE CHAIRMAN SHALL PERFORM SUCH DUTIES AS ARE IMPOSED ON THE CHAIRMAN UNTIL SUCH TIME AS THE AGENCY SHALL APPOINT A NEW CHAIRMAN.

SECTION 4. SECRETARY. THE SECRETARY SHALL KEEP THE RECORDS OF THE AGENCY, SHALL ACT AS SECRETARY OF THE MEETINGS OF THE AGENCY AND RECORD ALL VOTES, AND SHALL KEEP A RECORD OF THE PROCEEDINGS OF THE AGENCY IN A JOURNAL OF PROCEEDINGS TO BE KEPT FOR SUCH PURPOSE, AND SHALL PERFORM ALL DUTIES INCIDENT TO HIS OFFICE. HE SHALL KEEP IN SAFE CUSTODY THE SEAL OF THE AGENCY AND SHALL HAVE POWER TO AFFIX SUCH SEAL TO ALL CONTRACTS AND OTHER INSTRUMENTS AUTHORIZED TO BE EXECUTED BY THE AGENCY.

SECTION 5. ASSISTANT SECRETARY. THE ASSISTANT SECRETARY SHALL PERFORM THE DUTIES OF THE SECRETARY IN THE ABSENCE OR INCAPACITY OF THE SECRETARY; AND IN CASE OF THE RESIGNATION OR DEATH OF THE SECRETARY, THE ASSISTANT SECRETARY SHALL PERFORM SUCH DUTIES AS ARE IMPOSED ON THE SECRETARY UNTIL SUCH TIME AS THE AGENCY SHALL APPOINT A NEW SECRETARY.

SECTION 6. TREASURER. THE TREASURER SHALL HAVE THE CARE AND CUSTODY OF ALL FUNDS OF THE AGENCY AND SHALL DEPOSIT THE SAME IN THE NAME OF THE AGENCY IN SUCH BANK OR BANKS AS THE AGENCY MAY SELECT. EXCEPT AS OTHERWISE AUTHORIZED BY RESOLUTION OF THE AGENCY, THE TREASURER SHALL SIGN ALL INSTRUMENTS OF INDEBTEDNESS, ALL ORDERS, AND ALL CHECKS FOR THE PAYMENT OF MONEY; AND SHALL PAY OUT AND DISBURSE SUCH MONEYS UNDER THE DIRECTION OF THE AGENCY. EXCEPT AS OTHERWISE AUTHORIZED BY RESOLUTION OF THE AGENCY, ALL SUCH INSTRUMENT OF INDEBTEDNESS, ORDERS, AND CHECKS SHALL BE COUNTERSIGNED BY THE CHAIRMAN. THE TREASURER SHALL KEEP REGULAR BOOKS OF ACCOUNTS SHOWING RECEIPTS AND EXPENDITURES, AND SHALL RENDER TO THE AGENCY AT EACH REGULAR MEETING AN ACCOUNT OF HIS TRANSACTIONS AND ALSO OF THE FINANCIAL CONDITION OF THE AGENCY. HE SHALL GIVE SUCH

BOND FOR THE FAITHFUL PERFORMANCE OF HIS DUTIES AS THE AGENCY MAY DETERMINE.

SECTION 7. ASSISTANT TREASURER. THE ASSISTANT TREASURER SHALL PERFORM THE DUTIES OF THE TREASURER IN THE ABSENCE OR INCAPACITY OF THE TREASURER; AND IN THE CASE OF THE RESIGNATION OR DEATH OF THE TREASURER, THE ASSISTANT TREASURER SHALL PERFORM SUCH DUTIES AS ARE IMPOSED ON THE TREASURER UNTIL SUCH TIME AS THE AGENCY SHALL APPOINT A NEW TREASURER. HE SHALL GIVE SUCH BOND FOR THE FAITHFUL PERFORMANCE OF HIS DUTIES AS THE AGENCY MAY DETERMINE.

SECTION 8. ADDITIONAL DUTIES. THE OFFICERS OF THE AGENCY SHALL PERFORM SUCH OTHER DUTIES AND FUNCTIONS AS MAY FROM TIME TO TIME BE AUTHORIZED BY RESOLUTION OF THE AGENCY OR BE REQUIRED BY THE AGENCY, BY THE BY-LAWS OF THE AGENCY, OR BY THE RULES AND REGULATIONS OF THE AGENCY.

SECTION 9. APPOINTMENT OF OFFICERS. ALL OFFICERS OF THE AGENCY EXCEPT THE FIRST CHAIRMAN SHALL BE APPOINTED AT THE ANNUAL MEETING OF THE AGENCY FROM AMONG THE MEMBERS OF THE AGENCY, AND SHALL HOLD OFFICE FOR ONE YEAR OR UNTIL THE SUCCESSORS ARE APPOINTED.

SECTION 10. VACANCIES. SHOULD ANY OFFICE BECOME VACANT, THE AGENCY SHALL APPOINT A SUCCESSOR FROM AMONG ITS

MEMBERSHIP AT THE NEXT REGULAR MEETING, AND SUCH APPOINTMENT SHALL BE FOR THE UNEXPIRED TERM OF SAID OFFICE.

### ARTICLE III

#### GOVERNANCE COMMITTEE.

##### **PURPOSE**

PURSUANT TO ARTICLE III, OF THE AGENCY'S BY-LAWS, THE PURPOSE OF THE GOVERNANCE COMMITTEE IS TO ASSIST THE BOARD OF DIRECTORS BY:

- KEEPING THE BOARD INFORMED OF CURRENT BEST PRACTICES IN CORPORATE GOVERNANCE;
- REVIEWING CORPORATE GOVERNANCE TRENDS FOR THEIR APPLICABILITY TO THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY;
- UPDATING THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY'S CORPORATE GOVERNANCE PRINCIPLES AND GOVERNANCE PRACTICES; AND
- ADVISING THOSE RESPONSIBLE FOR APPOINTING DIRECTORS TO THE BOARD ON THE SKILLS, QUALITIES AND PROFESSIONAL OR EDUCATIONAL EXPERIENCES NECESSARY TO BE EFFECTIVE BOARD MEMBERS.

##### **POWERS OF THE GOVERNANCE COMMITTEE**

THE BOARD OF DIRECTORS HAS DELEGATED TO THE GOVERNANCE COMMITTEE THE POWER AND AUTHORITY NECESSARY TO DISCHARGE ITS DUTIES, INCLUDING THE RIGHT TO:

- MEET WITH AND OBTAIN ANY INFORMATION IT MAY REQUIRE FROM AUTHORITY STAFF.
- OBTAIN ADVICE AND ASSISTANCE FROM IN-HOUSE OR OUTSIDE COUNSEL, ACCOUNTING AND OTHER ADVISORS AS THE COMMITTEE DEEMS NECESSARY.
- SOLICIT, AT THE AGENCY'S EXPENSE, PERSONS HAVING SPECIAL COMPETENCIES, INCLUDING LEGAL, ACCOUNTING OR OTHER CONSULTANTS AS THE COMMITTEE DEEMS NECESSARY TO

FULFILL ITS RESPONSIBILITIES. THE GOVERNANCE COMMITTEE SHALL HAVE THE AUTHORITY TO NEGOTIATE THE TERMS AND CONDITIONS OF ANY CONTRACTUAL RELATIONSHIP SUBJECT TO THE BOARD'S ADOPTED PROCUREMENT GUIDELINES AS PER PUBLIC AUTHORITIES LAW SECTION 2879, AND TO PRESENT SUCH CONTRACTS TO THE BOARD FOR ITS APPROVAL.

### **COMPOSITION AND SELECTION**

THE MEMBERSHIP OF THE COMMITTEE SHALL BE AS SET FORTH IN ACCORDANCE WITH AND PURSUANT TO ARTICLE II, SECTION 10.1 OF THE AGENCY'S BYLAWS. THE GOVERNANCE COMMITTEE SHALL BE COMPRISED OF THREE INDEPENDENT MEMBERS. THE GOVERNANCE COMMITTEE MEMBERS SHALL BE APPOINTED BY, AND WILL SERVE AT THE DISCRETION OF THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY BOARD OF DIRECTORS. THE BOARD MAY DESIGNATE ONE MEMBER OF THE GOVERNANCE COMMITTEE AS ITS CHAIR. THE MEMBERS SHALL SERVE UNTIL THEIR RESIGNATION, RETIREMENT, REMOVAL BY THE BOARD OR UNTIL THEIR SUCCESSORS SHALL BE APPOINTED AND QUALIFIED. WHEN FEASIBLE, THE IMMEDIATE PAST GOVERNANCE COMMITTEE CHAIR WILL CONTINUE SERVICE AS A MEMBER OF THE COMMITTEE FOR AT LEAST ONE YEAR TO ENSURE AN ORDERLY TRANSITION.

GOVERNANCE COMMITTEE MEMBERS SHALL BE PROHIBITED FROM BEING AN EMPLOYEE OF THE AGENCY OR AN IMMEDIATE FAMILY MEMBER OF AN EMPLOYEE OF THE AGENCY. IN ADDITION, GOVERNANCE COMMITTEE MEMBERS SHALL NOT ENGAGE IN ANY

PRIVATE BUSINESS TRANSACTIONS WITH THE AGENCY OR RECEIVE COMPENSATION FROM PRIVATE ENTITY THAT HAS MATERIAL BUSINESS RELATIONSHIPS WITH THE AGENCY, OR BE AN IMMEDIATE FAMILY MEMBER OF AN INDIVIDUAL THAT ENGAGES IN PRIVATE BUSINESS TRANSACTIONS WITH THE AGENCY OR RECEIVES COMPENSATION FROM AN ENTITY THAT HAS MATERIAL BUSINESS RELATIONSHIPS WITH THE AGENCY.

THE GOVERNANCE COMMITTEE MEMBERS SHOULD BE KNOWLEDGEABLE OR BECOME KNOWLEDGEABLE IN MATTERS PERTAINING TO GOVERNANCE.

### **COMMITTEE STRUCTURE AND MEETINGS**

THE GOVERNANCE COMMITTEE WILL MEET A MINIMUM OF TWICE A YEAR, WITH THE EXPECTATION THAT ADDITIONAL MEETINGS MAY BE REQUIRED TO ADEQUATELY FULFILL ALL THE OBLIGATIONS AND DUTIES OUTLINED IN THE CHARTER. ALL COMMITTEE MEMBERS ARE EXPECTED TO ATTEND EACH MEETING.

MEETING AGENDAS WILL BE PREPARED FOR EVERY MEETING AND PROVIDED TO THE GOVERNANCE COMMITTEE MEMBERS AT LEAST FIVE DAYS IN ADVANCE OF THE SCHEDULED MEETING, ALONG WITH THE APPROPRIATE MATERIALS NEEDED TO MAKE INFORMED DECISIONS. THE GOVERNANCE COMMITTEE SHALL ACT ONLY ON THE AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS AT A MEETING OR

BY UNANIMOUS CONSENT. MINUTES OF THESE MEETINGS ARE TO BE KEPT.

## **REPORTS**

THE GOVERNANCE COMMITTEE SHALL:

- REPORTS ITS ACTIONS AND RECOMMENDATIONS TO THE BOARD AT THE NEXT REGULAR MEETING OF THE BOARD.
- REPORT TO THE BOARD, AT LEAST ANNUALLY, REGARDING ANY PROPOSED CHANGES TO THE GOVERNANCE CHARTER OR THE GOVERNANCE GUIDELINES.
- PROVIDE A SELF-EVALUATION OF THE GOVERNANCE COMMITTEE'S FUNCTIONS ON AN ANNUAL BASIS.

## **RESPONSIBILITIES**

TO ACCOMPLISH THE OBJECTIVES OF GOOD GOVERNANCE AND ACCOUNTABILITY, THE GOVERNANCE COMMITTEE HAS RESPONSIBILITIES RELATED TO: (A) THE AGENCY'S BOARD; (B) EVALUATION OF THE AGENCY'S POLICIES; AND (C) OTHER MISCELLANEOUS ISSUES.

## **RELATIONSHIP TO THE AGENCY'S BOARD**

THE BOARD OF DIRECTORS HAS DELEGATED TO THE GOVERNANCE COMMITTEE THE RESPONSIBILITY TO REVIEW, DEVELOP, DRAFT, REVISE OR OVERSEE POLICIES AND PRACTICES FOR WHICH THE GOVERNANCE COMMITTEE HAS SPECIFIC EXPERTISE, AS FOLLOWS:

- DEVELOP THE AGENCY'S GOVERNANCE PRACTICES. THESE PRACTICES SHOULD ADDRESS TRANSPARENCY, INDEPENDENCE, ACCOUNTABILITY, FIDUCIARY RESPONSIBILITIES, AND MANAGEMENT OVERSIGHT.
- DEVELOP THE COMPETENCIES AND PERSONAL ATTRIBUTES REQUIRED OF DIRECTORS TO ASSIST THOSE AUTHORIZED TO



APPOINT MEMBERS TO THE BOARD IN IDENTIFYING QUALIFIED INDIVIDUALS.

IN ADDITION, THE GOVERNANCE COMMITTEE SHALL:

- DEVELOP AND RECOMMEND TO THE BOARD THE NUMBER AND STRUCTURE OF COMMITTEES TO BE CREATED BY THE BOARD.
- DEVELOP AND PROVIDE RECOMMENDATIONS TO THE BOARD REGARDING BOARD MEMBER EDUCATION, INCLUDING NEW MEMBER ORIENTATION AND REGULARLY SCHEDULED BOARD MEMBER TRAINING TO BE OBTAINED FROM STATE-APPROVED TRAINERS.
- DEVELOP AND PROVIDE RECOMMENDATIONS TO THE BOARD ON PERFORMANCE EVALUATIONS, INCLUDING COORDINATION AND OVERSIGHT OF SUCH EVALUATIONS OF THE BOARD, ITS COMMITTEES AND SENIOR MANAGEMENT IN THE AGENCY'S GOVERNANCE PROCESS.

#### **EVALUATION OF THE AGENCY'S POLICIES**

THE GOVERNANCE COMMITTEE SHALL:

- DEVELOP, REVIEW ON A REGULAR BASIS, AND UPDATE AS NECESSARY THE AGENCY'S CODE OF ETHICS AND WRITTEN POLICIES REGARDING CONFLICTS OF INTEREST. SUCH CODE OF ETHICS AND POLICIES SHALL BE AT LEAST AS STRINGENT AS THE LAWS, RULES, REGULATIONS AND POLICIES APPLICABLE TO STATE OFFICERS AND EMPLOYEES.
- DEVELOP AND RECOMMEND TO THE BOARD ANY REQUIRED REVISIONS TO THE AGENCY'S WRITTEN POLICIES REGARDING THE PROTECTION OF WHISTLEBLOWERS FROM RETALIATION.
- DEVELOP AND RECOMMEND TO THE BOARD ANY REQUIRED REVISIONS TO THE AGENCY'S EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION POLICIES.
- DEVELOP AND RECOMMEND TO THE BOARD ANY REQUIRED UPDATES ON THE AGENCY'S WRITTEN POLICIES REGARDING PROCUREMENT OF GOOD AND SERVICES, INCLUDING POLICIES RELATING TO THE DISCLOSURE OF PERSONS WHO ATTEMPT TO INFLUENCE THE AGENCY'S PROCUREMENT PROCESS.
- DEVELOP AND RECOMMEND TO THE BOARD ANY REQUIRED UPDATES ON THE AGENCY'S WRITTEN POLICIES REGARDING THE DISPOSITION OF REAL AND PERSONAL PROPERTY.
- DEVELOP AND RECOMMEND TO THE BOARD ANY OTHER POLICIES OR DOCUMENTS RELATING TO THE GOVERNANCE OF THE

AGENCY, INCLUDING RULES AND PROCEDURES FOR CONDUCTING THE BUSINESS OF THE AGENCY'S BOARD, SUCH AS THE AGENCY'S BYLAWS. THE GOVERNANCE COMMITTEE WILL OVERSEE THE IMPLEMENTATION AND EFFECTIVENESS OF THE BYLAWS AND OTHER GOVERNANCE DOCUMENTS AND RECOMMEND MODIFICATIONS AS NEEDED.

## **OTHER RESPONSIBILITIES**

THE GOVERNANCE COMMITTEE SHALL:

- REVIEW ON AN ANNUAL BASIS THE COMPENSATION AND BENEFITS FOR THE EXECUTIVE DIRECTOR AND OTHER SENIOR AGENCY OFFICIALS.
- ANNUALLY REVIEW, ASSESS AND MAKE NECESSARY CHANGES TO THE GOVERNANCE COMMITTEE CHARTER AND PROVIDE A SELF-EVALUATION OF THE GOVERNANCE COMMITTEE. **(SECTION 10.1, GOVERNANCE COMMITTEE, ADDED BY RESOLUTION OF AMENDMENT DATED FEBRUARY 5, 2007)**

## ARTICLE IV

### AUDIT COMMITTEE.

#### **PURPOSE**

PURSUANT TO ARTICLE II, THE AGENCY'S BY-LAWS, THE PURPOSE OF THE AUDIT COMMITTEE SHALL BE TO (1) ASSURE THAT THE AGENCY'S BOARD OF DIRECTORS FULFILLS ITS RESPONSIBILITIES FOR THE AGENCY'S INTERNAL AND EXTERNAL AUDIT PROCESS, THE FINANCIAL REPORTING PROCESS AND THE SYSTEM OF RISK ASSESSMENT AND INTERNAL CONTROLS OVER FINANCIAL REPORTING; AND (2) PROVIDE AN AVENUE OF COMMUNICATION BETWEEN MANAGEMENT, THE INDEPENDENT AUDITORS, THE INTERNAL AUDITORS, AND THE BOARD OF DIRECTORS.

## **POWERS OF THE AUDIT COMMITTEE**

IT SHALL BE THE RESPONSIBILITY OF THE AUDIT COMMITTEE TO:

- APPOINT, COMPENSATE, AND OVERSEE THE WORK OF ANY PUBLIC ACCOUNTING FIRM EMPLOYED BY THE AUTHORITY.
- CONDUCT OR AUTHORIZE INVESTIGATIONS INTO ANY MATTERS WITHIN ITS SCOPE OF RESPONSIBILITY.
- SEEK ANY INFORMATION IT REQUIRES FROM AGENCY EMPLOYEES, ALL OF WHOM SHOULD BE DIRECTED BY THE BOARD TO COOPERATE WITH COMMITTEE REQUESTS.
- MEET WITH AUTHORITY STAFF, INDEPENDENT AUDITORS OR OUTSIDE COUNSEL, EXPERTS AND OTHER ADVISORS AS THE AUDIT COMMITTEE MAY DEEM APPROPRIATE.

THE BOARD OF DIRECTORS OF THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY WILL ENSURE THAT THE AUDIT COMMITTEE HAS SUFFICIENT RESOURCES TO CARRY OUT ITS DUTIES.

## **COMPOSITION OF COMMITTEE AND SELECTION OF MEMBERS**

THE AUDIT COMMITTEE SHALL BE ESTABLISHED AS SET FORTH IN AND PURSUANT TO ARTICLE II, SECTION 10.2 OF THE AGENCY'S BY-LAWS. THE AUDIT COMMITTEE SHALL CONSIST OF AT LEAST THREE MEMBERS OF THE BOARD OF DIRECTORS WHO ARE INDEPENDENT OF AUTHORITY OPERATIONS. THE AGENCY'S BOARD OF DIRECTORS WILL APPOINT THE AUDIT COMMITTEE MEMBERS AND THE AUDIT COMMITTEE CHAIR.

AUDIT COMMITTEE MEMBERS SHALL BE PROHIBITED FROM BEING AN EMPLOYEE OF THE AGENCY OR AN IMMEDIATE FAMILY MEMBER OF AN EMPLOYEE OF THE AGENCY. IN ADDITION, AUDIT COMMITTEE

MEMBERS SHALL NOT ENGAGE IN ANY PRIVATE BUSINESS TRANSACTIONS WITH THE AGENCY OR RECEIVE COMPENSATION FROM ANY PRIVATE ENTITY THAT HAS MATERIAL BUSINESS RELATIONSHIPS WITH THE AGENCY, OR BE AN IMMEDIATE FAMILY MEMBER OF AN INDIVIDUAL THAT ENGAGES IN PRIVATE BUSINESS TRANSACTIONS WITH THE AGENCY OR RECEIVES COMPENSATION FROM AN ENTITY THAT HAS MATERIAL BUSINESS RELATIONSHIPS WITH THE AGENCY.

IDEALLY, ALL MEMBERS ON THE AUDIT COMMITTEE SHALL POSSESS OR OBTAIN A BASIC UNDERSTANDING OF GOVERNMENTAL FINANCIAL REPORTING AND AUDITING.

THE AUDIT COMMITTEE SHALL HAVE ACCESS TO THE SERVICES OF AT LEAST ONE FINANCIAL EXPERT, WHOSE NAME SHALL BE DISCLOSED IN THE ANNUAL REPORT OF THE AUTHORITY.

THE AUDIT COMMITTEE'S FINANCIAL EXPERT SHOULD HAVE 1) AN UNDERSTANDING OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND FINANCIAL STATEMENTS; 2) EXPERIENCE IN PREPARING OR AUDITING FINANCIAL STATEMENTS OF COMPARABLE ENTITIES; 3) EXPERIENCE IN APPLYING SUCH PRINCIPLES IN CONNECTION WITH THE ACCOUNTING FOR ESTIMATES, ACCRUALS AND RESERVES; 4) EXPERIENCE WITH INTERNAL ACCOUNTING CONTROLS AND, 5) AN UNDERSTANDING OF AUDIT COMMITTEE FUNCTIONS.

## **MEETINGS**

THE AUDIT COMMITTEE WILL MEET A MINIMUM OF TWICE A YEAR, WITH THE EXPECTATION THAT ADDITIONAL MEETINGS MAY BE REQUIRED TO ADEQUATELY FULFILL ALL THE OBLIGATIONS AND DUTIES OUTLINED IN THE CHARTER.

MEMBERS OF THE AUDIT COMMITTEE ARE EXPECTED TO ATTEND EACH COMMITTEE MEETING. THE AUDIT COMMITTEE MAY INVITE OTHER INDIVIDUALS, SUCH AS MEMBERS OF MANAGEMENT, AUDITORS OR OTHER TECHNICAL EXPERTS TO ATTEND MEETINGS AND PROVIDE PERTINENT INFORMATION, AS NECESSARY.

THE AUDIT COMMITTEE WILL MEET WITH THE AGENCY'S INDEPENDENT AUDITOR AT LEAST ANNUALLY TO DISCUSS THE FINANCIAL STATEMENTS OF THE AUTHORITY.

MEETING AGENDAS WILL BE PREPARED FOR EVERY MEETING AND PROVIDED TO THE AUDIT COMMITTEE MEMBERS ALONG WITH BRIEFING MATERIALS FIVE BUSINESS DAYS BEFORE THE SCHEDULED AUDIT COMMITTEE MEETING. THE AUDIT COMMITTEE WILL ACT ONLY ON THE AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS AT A MEETING OR BY UNANIMOUS CONSENT. MINUTES OF THESE MEETINGS WILL BE KEPT.

## **RESPONSIBILITIES**

THE AUDIT COMMITTEE SHALL HAVE RESPONSIBILITIES RELATED TO:

(A) THE INDEPENDENT AUDITOR AND ANNUAL FINANCIAL STATEMENTS;  
(B) THE AGENCY'S INTERNAL AUDITORS; (C) OVERSIGHT OF  
MANAGEMENT'S INTERNAL CONTROLS, COMPLIANCE AND RISK  
ASSESSMENT PRACTICES; (D) SPECIAL INVESTIGATIONS AND  
WHISTLEBLOWER POLICIES; AND (E) MISCELLANEOUS ISSUES RELATED  
TO THE FINANCIAL PRACTICES OF THE AGENCY.

### **A. INDEPENDENT AUDITORS AND FINANCIAL STATEMENTS**

THE AUDIT COMMITTEE SHALL WITH THE APPROVAL OF THE BOARD:

- APPOINT, COMPENSATE AND OVERSEE INDEPENDENT AUDITORS RETAINED BY THE AGENCY AND PRE-APPROVE ALL AUDIT SERVICES PROVIDED BY THE INDEPENDENT AUDITOR.
- ESTABLISH PROCEDURES FOR THE ENGAGEMENT OF THE INDEPENDENT AUDITOR TO PROVIDE PERMITTED AUDIT SERVICES. THE AGENCY'S INDEPENDENT AUDITOR SHALL BE PROHIBITED FROM PROVIDING NON-AUDIT SERVICES UNLESS HAVING RECEIVED PREVIOUS WRITTEN APPROVAL FROM THE AUDIT COMMITTEE. NON-AUDIT SERVICES INCLUDE TASKS THAT DIRECTLY SUPPORT THE AGENCY'S OPERATIONS, SUCH AS BOOKKEEPING OR OTHER SERVICES RELATED TO THE ACCOUNTING RECORDS OR FINANCIAL STATEMENTS OF THE AGENCY, FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION, APPRAISAL OR VALUATION SERVICES, ACTUARIAL SERVICES, INVESTMENT BANKING SERVICES, AND OTHER TASKS THAT MAY INVOLVE PERFORMING MANAGEMENT FUNCTIONS OR MAKING MANAGEMENT DECISIONS.
- REVIEW AND RECOMMEND TO THE BOARD APPROVAL THE AGENCY'S AUDITED FINANCIAL STATEMENTS, ASSOCIATED MANAGEMENT LETTER, REPORT ON INTERNAL CONTROLS AND ALL OTHER AUDITOR COMMUNICATIONS.

- REVIEW SIGNIFICANT ACCOUNTING AND REPORTING ISSUES, INCLUDING COMPLEX OR UNUSUAL TRANSACTIONS AND MANAGEMENT DECISIONS, AND RECENT PROFESSIONAL AND REGULATORY PRONOUNCEMENTS, AND UNDERSTAND THEIR IMPACT ON THE FINANCIAL STATEMENTS.
- MEET WITH THE INDEPENDENT AUDIT FIRM ON A REGULAR BASIS TO DISCUSS ANY SIGNIFICANT ISSUES THAT MAY HAVE SURFACED DURING THE COURSE OF THE AUDIT.
- REVIEW AND DISCUSS ANY SIGNIFICANT RISKS REPORTED IN THE INDEPENDENT AUDIT FINDINGS AND RECOMMENDATIONS AND ASSESS THE RESPONSIVENESS AND TIMELINESS OF MANAGEMENT'S FOLLOW-UP ACTIVITIES PERTAINING TO THE SAME.

## **B. INTERNAL AUDITORS**

THE AUDIT COMMITTEE SHALL:

- REVIEW WITH MANAGEMENT, THE CHARTER, ACTIVITIES, STAFFING AND ORGANIZATIONAL STRUCTURE OF THE INTERNAL AUDIT FUNCTION. THE AUDIT COMMITTEE SHALL HAVE AUTHORITY OVER THE APPOINTMENT, DISMISSAL, COMPENSATION AND PERFORMANCE REVIEWS OF THE INTERNAL AUDIT DIRECTOR.
- ENSURE THAT THE INTERNAL AUDIT FUNCTION IS ORGANIZATIONALLY INDEPENDENT FROM AUTHORITY OPERATIONS.
- REVIEW THE REPORTS OF INTERNAL AUDITORS, AND HAVE AUTHORITY TO REVIEW AND APPROVE THE ANNUAL INTERNAL AUDIT PLAN.
- REVIEW THE RESULTS OF INTERNAL AUDITS AND APPROVE PROCEDURES FOR IMPLEMENTING ACCEPTED RECOMMENDATIONS OF THE INTERNAL AUDITOR.

## **C. INTERNAL CONTROLS, COMPLIANCE AND RISK ASSESSMENT**

THE AUDIT COMMITTEE SHALL:

- REVIEW MANAGEMENT'S ASSESSMENT OF THE EFFECTIVENESS OF THE AUTHORITY'S INTERNAL CONTROLS AND REVIEW THE REPORT ON INTERNAL CONTROLS BY THE INDEPENDENT AUDITOR AS A PART OF THE FINANCIAL AUDIT ENGAGEMENT.

#### **D. SPECIAL INVESTIGATIONS**

THE AUDIT COMMITTEE SHALL:

- ENSURE THAT THE AUTHORITY HAS AN APPROPRIATE CONFIDENTIAL MECHANISM FOR INDIVIDUALS TO REPORT SUSPECTED FRAUDULENT ACTIVITIES, ALLEGATIONS OF CORRUPTION, FRAUD, CRIMINAL ACTIVITY, CONFLICTS OF INTEREST OR ABUSE BY THE DIRECTORS, OFFICERS, OR EMPLOYEES OF THE AGENCY OR ANY PERSONS HAVING BUSINESS DEALINGS WITH THE AGENCY OR BREACHES OF INTERNAL CONTROL.
- DEVELOP PROCEDURES FOR THE RECEIPT, RETENTION, INVESTIGATION AND/OR REFERRAL OF THE COMPLAINTS CONCERNING ACCOUNTING, INTERNAL CONTROLS AND AUDITING TO THE APPROPRIATE BODY.
- REQUEST AND OVERSEE SPECIAL INVESTIGATIONS AS NEEDED AND/OR REFER SPECIFIC ISSUES TO THE APPROPRIATE BODY FOR FURTHER INVESTIGATION.

#### **E. OTHER RESPONSIBILITIES OF THE AUDIT COMMITTEE**

THE AUDIT COMMITTEE SHALL:

- PRESENT ANNUALLY TO THE AGENCY'S BOARD A WRITTEN REPORT OF HOW IT HAS DISCHARGED ITS DUTIES AND MET ITS RESPONSIBILITIES AS OUTLINED IN THE CHARTER.
- OBTAIN ANY INFORMATION AND TRAINING NEEDED TO ENHANCE THE COMMITTEE MEMBERS' UNDERSTANDING OF THE ROLE OF INTERNAL AUDITS AND THE INDEPENDENT AUDITOR, THE RISK MANAGEMENT PROCESS, INTERNAL CONTROLS AND A CERTAIN LEVEL OF FAMILIARITY IN FINANCIAL REPORTING STANDARDS AND PROCESSES.
- REVIEW THE COMMITTEE'S CHARTER ANNUALLY, ASSESS ITS ADEQUACY, AND RECOMMEND ANY PROPOSED CHANGES TO THE BOARD OF THE AGENCY. THE AUDIT COMMITTEE CHARTER WILL BE UPDATED AS APPLICABLE LAWS, REGULATIONS, ACCOUNTING AND AUDITING STANDARDS CHANGE.
- CONDUCT AN ANNUAL SELF-EVALUATION OF ITS PERFORMANCE, INCLUDING ITS EFFECTIVENESS AND COMPLIANCE WITH THE CHARTER AND REQUEST BOARD APPROVAL FOR PROPOSED CHANGES. **(SECTION 10.2, AUDIT COMMITTEE, ADDED BY RESOLUTION OF AMENDMENT DATED FEBRUARY 5, 2007)**



ARTICLE V

PERSONNEL

SECTION 1. EXECUTIVE DIRECTOR. AN EXECUTIVE DIRECTOR SHALL BE APPOINTED BY THE AGENCY, AND SHALL HAVE GENERAL SUPERVISION OVER THE ADMINISTRATION OF THE BUSINESS AND AFFAIRS OF THE AGENCY, SUBJECT TO THE DIRECTION OF THE AGENCY. HE/SHE SHALL BE CHARGED WITH THE MANAGEMENT OF ALL PROJECTS OF THE AGENCY.

SECTION 2. ADDITIONAL PERSONNEL. THE AGENCY MAY FROM TIME TO TIME EMPLOY SUCH PERSONNEL AS IT DEEMS NECESSARY TO EXERCISE ITS POWERS, DUTIES, AND FUNCTIONS AS PRESCRIBED BY THE NEW YORK STATE INDUSTRIAL DEVELOPMENT AGENCY ACT, AS AMENDED AND ALL OTHER LAWS OF THE STATE OF NEW YORK APPLICABLE THERETO. THE SELECTION AND COMPENSATION OF ALL PERSONNEL SHALL BE DETERMINED BY THE AGENCY SUBJECT TO THE LAWS OF THE STATE OF NEW YORK.

ARTICLE VI

MEETINGS

SECTION 1. ANNUAL MEETING. THE ANNUAL MEETING SHALL BE SET BY RESOLUTION OF THE BOARD

SECTION 2. REGULAR MEETINGS. REGULAR MEETINGS OF THE AGENCY MAY BE HELD AT SUCH TIMES AND PLACES AS FROM TIME TO TIME MAY BE DETERMINED BY RESOLUTION OF THE AGENCY.

SECTION 3. SPECIAL MEETINGS. THE CHAIRMAN OF THE AGENCY MAY, WHEN HE DEEMS IT DESIRABLE, AND SHALL, UPON THE WRITTEN REQUEST OF TWO MEMBERS OF THE AGENCY CALL A SPECIAL MEETING OF THE AGENCY FOR THE PURPOSE OF TRANSACTING ANY BUSINESS DESIGNATED IN THE CALL. THE CALL FOR A SPECIAL MEETING MAY BE DELIVERED TO EACH MEMBER OF THE AGENCY OR MAY BE EMAILED OR MAILED TO THE BUSINESS OR HOME ADDRESS OF EACH MEMBER OF THE AGENCY AT LEAST TWO DAYS PRIOR TO THE DATE OF SUCH SPECIAL MEETING. WAIVERS OF NOTICE MAY BE SIGNED BY ANY MEMBERS FAILING TO RECEIVE A PROPER NOTICE. AT SUCH SPECIAL MEETING NO BUSINESS SHALL BE CONSIDERED OTHER THAN AS DESIGNATED IN THE CALL, BUT IF ALL THE MEMBERS OF THE AGENCY ARE PRESENT AT A SPECIAL MEETING, WITH OR WITHOUT NOTICE THEREOF, ANY AND ALL BUSINESS MAY BE TRANSACTED AT SUCH SPECIAL MEETING.

SECTION 4. QUORUM. AT ALL MEETINGS OF THE AGENCY, A MAJORITY OF THE MEMBERS OF THE AGENCY SHALL CONSTITUTE A QUORUM FOR THE PURPOSE OF TRANSACTING BUSINESS; PROVIDED THAT A SMALLER NUMBER MAY MEET AND ADJOURN TO SOME OTHER TIME OR UNTIL THE QUORUM IS OBTAINED.

SECTION 5. ORDER OF BUSINESS. AT THE REGULAR MEETINGS OF THE AGENCY, THE FOLLOWING SHALL BE THE ORDER OF BUSINESS:

1. ROLL CALL
2. READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING
3. BILLS AND COMMUNICATIONS
4. REPORT OF 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 AGENCY.

SECTION 6. MANNER OF VOTING. THE VOTING ON ALL QUESTIONS COMING BEFORE THE AGENCY SHALL BE BY ROLL CALL, AND THE YEAS AND NAYS SHALL BE ENTERED ON THE MINUTES OF SUCH MEETING, EXCEPT IN THE CASE OF APPOINTMENTS WHEN THE VOTE MAY BE BY BALLOT.

## ARTICLE VII

### AMENDMENTS

SECTION 1. AMENDMENTS TO BY-LAWS. THE BY-LAWS OF THE AGENCY SHALL BE AMENDED ONLY WITH THE APPROVAL OF AT LEAST A MAJORITY OF ALL OF THE MEMBERS OF THE AGENCY AT A REGULAR OR A SPECIAL MEETING, BUT NO SUCH AMENDMENT SHALL BE ADOPTED UNLESS AT LEAST SEVEN DAYS WRITTEN NOTICE THEREOF HAS BEEN PREVIOUSLY GIVEN TO ALL MEMBERS OF THE AGENCY.

Adopted 3-11-2013