

AUDIT COMMITTEE CHARTER

This Audit Committee Charter was adopted by the Board of Directors of the Chemung County Industrial Development Agency (the Agency), a public benefit corporation established under the laws of the State of New York, on the 20th day of December, 2007.

Purpose

Pursuant to Article III, Section I of the Agency's bylaws, the purpose of the audit committee shall be to (1) assure that the agency's board 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 CFO, 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 agency.
- Conduct or authorize investigations into any matters within its scope of responsibility.
- Seek any information it requires from agency staff, all of whom should be directed by the board to cooperate with committee requests.
- Meet with agency staff, independent auditors or outside counsel, as necessary.
- Retain, at the agency's expense, such outside counsel, experts and other advisors as the audit committee may deem appropriate.

The Chemung County Industrial Development Agency board 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 III, Section I of the Agency's bylaws. The audit committee shall consist of at least three members of the board of directors who are independent of agency operations. The Agency's board 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 agency.

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, in person or via telephone or videoconference. 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 agency.

Meeting agendas will be prepared for every meeting and provided to the audit committee members along with briefing materials 5 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 recorded.

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:

- 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 approve 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 and the Chief Financial Officer, 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 Chief Financial Officer.
- Ensure that the internal audit function is organizationally independent from agency 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 Chief Financial Officer.

C. Internal Controls, Compliance and Risk Assessment

The audit committee shall:

- Review management's assessment of the effectiveness of the agency'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 agency 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 authority or any persons having business dealings with the agency or breaches of internal control.
- Develop procedures for the receipt, retention, investigations and/or referral of 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 (for example, issues may be referred to the State Inspector General or other investigatory organization).
- Review all reports delivered to it by the Inspector General and serve as a point of contact with the Inspector General.

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, reassess 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 the board approval for proposed changes.

GOVERNANCE COMMITTEE CHARTER

This Governance Committee Charter was adopted by the Board of Directors of the Chemung County Industrial Development Agency, a public benefit corporation established under the laws of the State of New York, on this 20th day of December, 2007.

Purpose

Pursuant to Article III, Section 2 of the Chemung County Industrial Development Agency's bylaws, the purpose of the governance committee is to assist the Board by:

- Keeping the Board informed of current best practices in corporate governance;
- Reviewing corporate governance trends for their applicability to the Chemung County Industrial Development Agency;
- Updating the Chemung County 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 agency 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 III, Section 2 of the Agency's bylaws. The governance committee shall be comprised of three (3) independent members. (The size of the committee is determined by the Board of Directors). The governance committee members shall be appointed by, and will serve at the discretion of the Chemung County Industrial Development Agency's 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 serving 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 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.

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. As committee members are expected to attend each meeting, in person or via telephone or videoconference.

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 recorded.

Reports

The governance committee shall:

- Report 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 goods 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 by-laws. The governance committee will oversee the implementation and effectiveness of the by-laws 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 Managing Director and other senior Authority officials.
- Annually review, assess and make necessary changes to the governance committee charter and provide a self-evaluation of the governance committee.