

AUDIT COMMITTEE CHARTER

A. PURPOSE

The purpose of the Audit Committee (“Committee”) is to: recommend to the Board of Trustees the hiring of a certified independent accounting firm for the Authority; establish the compensation to be paid to the accounting firm; provide direct oversight of the performance of the independent audit conducted by the accounting firm hired for such purposes; provide direct oversight of the internal audit function; and perform such other responsibilities as the Trustees shall assign to it.

B. MEMBERSHIP AND ORGANIZATION

(1) Committee Composition

The Committee shall be comprised of three independent members of the Board of Trustees who shall possess the necessary skills to understand the duties and functions of the Committee and be familiar with corporate finance and accounting. Committee members and the Committee Chair shall be selected by a vote of the Board of Trustees.

(2) Term

Committee members shall serve for a period of five years subject to their term of office under the Public Authorities Law § 1003. Committee members may be reelected to serve for additional periods of five years subject to their term of office. A Committee member may resign his or her position on the Committee while continuing to serve as a Trustee. In the event of a vacancy on the Committee due to death, resignation or otherwise, a successor will be selected to serve in the manner and for the term described above.

(3) Removal

A Committee member may be removed if he or she is removed as a Trustee for cause, subject to Public Authorities Law § 2827, or is no longer eligible to serve as a Committee member.

(4) Meetings and Quorum

The Committee shall hold regularly scheduled meetings at least three times per year. A Committee member may call a special meeting of the Committee individually, or upon the request of the Authority’s President and Chief Executive Officer, Chief Operating Officer, Executive Vice President and General Counsel, Chief Risk Officer, Chief Financial Officer, Controller, or head of the Office of Internal Audit (“OIA”).

In addition, the Committee: (1) shall meet at least three times a year with the head of the OIA for the purpose of reviewing audit activities, audit findings, management's responses, remedial action plans, and providing the OIA with an opportunity to discuss items and topics of relevant to the Audit Committee; (2) shall meet at least twice a year with the Authority's independent accountants to discuss the audit work plans, objectives, results and recommendations; and (3) may meet independently with the Authority's President and Chief Executive Officer, Chief Operating Officer, Executive Vice President and General Counsel, Chief Risk Officer, Chief Financial Officer, Controller, or head of the OIA on matters or issues and items within the Committee's purview as it deems necessary. These meetings may be held as part of a regular or special meeting in the Committee's discretion.

An agenda shall be prepared and distributed to each Committee member prior to each meeting and minutes shall be prepared in accordance with the New York Open Meetings Law. A majority of those present, but no less than two Committee members, at a regular or special meeting of the Committee shall constitute a quorum for the purposes of conducting the business of the Committee and receiving reports.

Any meeting of the Committee may be conducted by video conferencing.

To the extent permitted by law, the Committee may hold meetings or portions of meetings in executive session.

C. FUNCTIONS AND POWERS

The Committee shall have the following responsibilities:

(1) General Powers

The Committee may call upon the resources of the Authority to assist the Committee in the discharge of its oversight functions. Such assistance may include the assignment of Authority employees to assist the Committee, and the retention of external advisors subject to the requirements of the Public Authorities Law and the Authority's Expenditure Authorization Procedures.

The Committee may direct any Authority employee to make oral or written reports to the Committee on issues and items within the Committee's purview.

The Committee may direct the Authority's internal auditors to conduct special audits of items and issues of concern to the Committee.

(2) Accounting, Financial Reporting, and Oversight of Independent Accountants and Controller

The Committee shall seek to enhance the integrity, quality, reliability and accuracy of the Authority's financial statements and accompanying notes, and shall oversee the relationship with the Authority's independent accountants. To accomplish this objective, the Committee shall:

- a. Provide advice to the Trustees on the selection, engagement, compensation, evaluation and discharge of the independent accountants.
- b. Review and discuss as necessary the Authority's financial statements including any material changes in accounting principles and practices with the independent accountants, the Controller, or members of Authority management.
- c. Review and approve the Authority's annual audited financial statements (including the independent accountants' associated management letter).
- d. Oversee the establishment of procedures for the effective receipt and treatment of (i) complaints regarding auditing, internal auditing and accounting matters, and (ii) the confidential submission of concerns raised by whistleblowers and other persons regarding accounting or auditing practices.
- e. Review at least annually the scope, objectives and results of the independent accountants' examination of the annual financial statements and accompanying notes, and report to the Trustees on the Committee's findings.
- f. Assure the independence of the independent accountants by approving any non-audit work for the Authority and examining the accountant's relationship with the Authority.
- g. Report to the Trustees on any matters relevant to the audit process or independent accountant communications, and make such recommendations as the Committee deems appropriate.

(3) Risk Management, Internal Controls and Oversight of the OIA

The Committee shall seek to enhance the Authority's risk management infrastructure, and ensure timely and effective identification and mitigation of critical business risks. To accomplish these objectives the Committee shall:

- a. Review and approve the appointment, evaluation and removal of the head of the OIA.
- b. Provide oversight of the OIA and the OIA's resources and activities to facilitate the OIA's improvement of internal controls.
- c. Require the head of the OIA to attend any meeting of the Committee and to prepare and deliver such reports as the Committee requests.
- d. Provide guidance to the Authority's Chief Risk Officer and enterprise risk management program on critical business objectives, risks and philosophy and tolerance for risk mitigation, and establish requirements for the Chief Risk Officer to report to the Committee.

- e. Report at least annually to the Board of Trustees on matters relating to the internal audit function and enterprise-wide risk management infrastructure, and make such recommendations as the Committee deems appropriate.