

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.

SECTION 10.1 GOVERNANCE COMMITTEE.

PURPOSE

PURSUANT TO ARTICLE II, SECTION 10.1 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)**

SECTION 10.2 AUDIT COMMITTEE.

PURPOSE

PURSUANT TO ARTICLE II, SECTION 10.2 OF 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)**

SECTION 11. ADMINISTRATIVE DIRECTOR. AN ADMINISTRATIVE 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 SHALL BE CHARGED WITH THE MANAGEMENT OF ALL PROJECTS OF THE AGENCY.

SECTION 12. 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 III

MEETINGS

SECTION 1. ANNUAL MEETING. THE ANNUAL MEETING OF THE AGENCY SHALL BE HELD ON THE FIRST WEDNESDAY OF JANUARY AT EIGHT O'CLOCK IN THE EVENING AT THE REGULAR MEETING PLACE OF THE AGENCY. IN THE EVENT SUCH DAY SHALL FALL ON A LEGAL HOLIDAY, THE ANNUAL MEETING SHALL BE HELD ON THE NEXT SUCCEEDING DAY THAT IS NOT A LEGAL HOLIDAY.

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 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 IV

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.

ARTICLE V

ETHICS

THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY SHALL IN ALL RESPECTS BE GOVERNED IN CONFORMITY WITH THE CODE OF

ETHICS OF THE TOWN OF RIVERHEAD AS ADOPTED NOVEMBER 16, 2004, AS THE SAME MAY BE AMENDED FROM TIME TO TIME. EACH BOARD MEMBER, OFFICER, AND EMPLOYEE SHALL COMPLY IN ALL RESPECTS WITH SUCH CODE. **(ARTICLE V, ETHICS, ADDED BY RESOLUTION OF AMENDMENT DATED JULY 10, 2006)**

ARTICLE VI

WHISTLE-BLOWER POLICY

THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY SHALL BE GOVERNED BY THE FOLLOWING WHISTLE-BLOWER POLICY.

TO HELP ENSURE THAT THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY (THE "ORGANIZATION") COMPLIES WITH THE HIGHEST STANDARDS OF FINANCIAL REPORTING AND LAWFUL AND ETHICAL BEHAVIOR, THE AUDIT COMMITTEE RECOMMENDS AND THE BOARD OF DIRECTORS ESTABLISHES THE FOLLOWING PROCEDURE FOR THE REPORTING OF ILLEGAL OR UNETHICAL CONDUCT IN CONNECTION WITH THE ORGANIZATION'S FINANCES OR OTHER ASPECTS OF ITS OPERATIONS, AND THE RETENTION AND TREATMENT OF SUCH COMPLAINTS, INCLUDING CONFIDENTIAL, ANONYMOUS SUBMISSIONS RECEIVED FROM EMPLOYEES.

SHOULD ANY PERSON KNOW OR HAVE A REASONABLE BELIEF THAT PERSONS ASSOCIATED WITH THE ORGANIZATION PLAN TO ENGAGE OR HAVE ENGAGED IN ILLEGAL OR UNETHICAL CONDUCT IN CONNECTION WITH THE FINANCES OR OTHER ASPECT OF THE ORGANIZATION'S

OPERATIONS, THAT PERSON SHOULD IMMEDIATELY FILE A COMPLAINT WITH THE EXECUTIVE DIRECTOR (A "COMPLAINT"). EMPLOYEES OF THE ORGANIZATION MAY SUBMIT COMPLAINTS ON A CONFIDENTIAL, ANONYMOUS BASIS. IF THE COMPLAINT CONCERNS THE EXECUTIVE DIRECTOR OR THE COMPLAINANT IS NOT COMFORTABLE REPORTING TO THE EXECUTIVE DIRECTOR, THEN THE COMPLAINANT SHOULD NOTIFY THE CHAIRMAN OF THE BOARD INSTEAD. ISSUES ARISING UNDER THE ORGANIZATION'S EQUAL EMPLOYMENT OPPORTUNITY POLICY, INCLUDING THE POLICY AGAINST HARASSMENT, EMPLOYEE BENEFIT POLICIES AND ISSUES GENERALLY HANDLED BY INDIVIDUALS RESPONSIBLE FOR THE ORGANIZATION'S PERSONNEL PRACTICES AND PROCEDURES ARE NOT COVERED BY THIS POLICY. MECHANISMS FOR RESOLVING SUCH ISSUES ARE ADDRESSED IN SEPARATE PROCEDURES.

THE EXECUTIVE DIRECTOR OR CHAIRMAN OF THE BOARD WILL REPORT ALL COMPLAINTS TO THE CHAIR OF THE APPROPRIATE COMMITTEE, SUCH AS THE AUDIT OR GOVERNANCE COMMITTEE, OR IF THE CHAIR IS THE SUBJECT OF THE COMPLAINT, TO ANOTHER MEMBER OF THE COMMITTEE, PRIOR TO THE NEXT REGULARLY SCHEDULED MEETING. IN APPROPRIATE CIRCUMSTANCES, THE EXECUTIVE DIRECTOR OR CHAIRMAN OF THE BOARD MAY REPORT A COMPLAINT TO THE CO-CHAIRPERSON. REPORTS TO THE CO-CHAIR OR OTHER COMMITTEE MEMBER OR TO THE BOARD CHAIRPERSON WILL INCLUDE A COPY OF

THE COMPLAINT, ITS DATE, NATURE AND SOURCE (UNLESS THE COMPLAINANT IS AN EMPLOYEE WHO HAS REQUESTED CONFIDENTIALITY AND/OR ANONYMITY), HOW IT WAS COMMUNICATED, WHETHER THE EXECUTIVE DIRECTOR REGARDS THE COMPLAINT AS CREDIBLE, AND PROPOSALS TO ADDRESS IT. THE CHAIR OR OTHER COMMITTEE MEMBER WILL PROMPTLY REPORT THE COMPLAINT TO THE FULL COMMITTEE, EXCEPT THAT THE COMPLAINT WILL NOT BE SHARED WITH AN INDIVIDUAL WHO IS THE SUBJECT OF THE COMPLAINT. LIKEWISE, IF A COMPLAINT IS REPORTED TO THE BOARD CHAIRPERSON, SHE OR HE WILL PROMPTLY REPORT THE COMPLAINT TO THE FULL BOARD, EXCEPT TO ANY INDIVIDUAL WHO IS THE SUBJECT OF THE COMPLAINT. ALL CREDIBLE ALLEGATIONS WILL BE FOLLOWED UP PROMPTLY, WITH FURTHER INVESTIGATION CONDUCTED IF NEEDED TO RESOLVE DISPUTED FACTS. IN CONDUCTING ITS INVESTIGATIONS, THE ORGANIZATION WILL RESPECT AN EMPLOYEE'S REQUEST FOR CONFIDENTIALITY AND/OR ANONYMITY AND WILL STRIVE TO KEEP THE IDENTITY OF OTHER COMPLAINANTS AS CONFIDENTIAL AS POSSIBLE, CONSISTENT WITH THE NEED TO CONDUCT AN ADEQUATE REVIEW AND INVESTIGATION.

THE COMMITTEE TO WHICH A COMPLAINT HAS BEEN REPORTED WILL INFORM THE BOARD IF ANY COMPLAINT IS CONFIRMED, OR IF THE COMMITTEE OTHERWISE BELIEVES THAT THE BOARD SHOULD BE MADE AWARE OF THE SITUATION. THE COMMITTEE WILL HAVE ULTIMATE

AUTHORITY OVER THE TREATMENT OF ANY COMPLAINTS REPORTED TO IT, SUBJECT TO THE BOARD'S OVERSIGHT. THE COMMITTEE OR, IN THE CASE OF COMPLAINTS REPORTED TO THE FULL BOARD, THE BOARD WILL ENSURE THAT RECORDS OF ALL COMPLAINTS ARE MAINTAINED IN ACCORDANCE WITH THE ORGANIZATION'S DOCUMENT RETENTION POLICY.

THE ORGANIZATION WILL TAKE APPROPRIATE ACTION IN RESPONSE TO ANY COMPLAINTS, INCLUDING, BUT NOT LIMITED TO, DISCIPLINARY ACTION (UP TO AND INCLUDING TERMINATION) AGAINST ANY PERSON WHO, IN THE ORGANIZATION'S ASSESSMENT, HAS ENGAGED IN MISCONDUCT AND REPORTING SUCH MISCONDUCT TO THE RELEVANT CIVIL OR CRIMINAL AUTHORITIES AS REQUIRED BY LAW.

THE ORGANIZATION WILL NOT KNOWINGLY, WITH THE INTENT TO RETALIATE, TAKE ANY ACTION HARMFUL TO ANY PERSON, INCLUDING INTERFERENCE WITH LAWFUL EMPLOYMENT OR LIVELIHOOD, FOR REPORTING A COMPLAINT IN GOOD FAITH PURSUANT TO THIS POLICY OR TO LAW ENFORCEMENT OFFICERS, GOVERNMENTAL AGENCIES OR BODIES, OR PERSONS WITH SUPERVISORY AUTHORITY OVER THE COMPLAINANT. LIKEWISE, THERE WILL BE NO PUNISHMENT OR OTHER RETALIATION FOR PROVIDING INFORMATION REGARDING A COMPLAINT IN GOOD FAITH TO, OR OTHERWISE ASSISTING IN ANY INVESTIGATION REGARDING A COMPLAINT CONDUCTED BY, THE ORGANIZATION, LAW ENFORCEMENT OFFICERS, GOVERNMENTAL AGENCIES OR BODIES, OR

PERSONS WITH SUPERVISORY AUTHORITY OVER THE COMPLAINANT. FINALLY, THERE WILL BE NO PUNISHMENT OR OTHER RETALIATION FOR FILING A COMPLAINT IN GOOD FAITH, OR OTHERWISE PARTICIPATING OR ASSISTING IN A PROCEEDING FILED OR ABOUT TO BE FILED (WITH ANY KNOWLEDGE OF THE ORGANIZATION) REGARDING ANY COMPLAINT.

AN INDIVIDUAL WHO DELIBERATELY OR MALICIOUSLY PROVIDES FALSE INFORMATION MAY BE SUBJECT TO DISCIPLINARY ACTION (UP TO AND INCLUDING TERMINATION). **(ARTICLE VI, ETHICS, ADDED BY RESOLUTION OF AMENDMENT DATED FEBRUARY 4, 2008)**

ARTICLE VII

DISPOSITION OF PROPERTY POLICY

SECTION 1. THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY SHALL NOT ACQUIRE REAL PROPERTY WITHOUT THE CORPORATION FIRST ADOPTING A POLICY AND PROCEDURES WITH RESPECT TO BOTH ACQUISITION AND DISPOSITION OF REAL PROPERTY. **(ARTICLE VII, DISPOSITION OF PROPERTY, ADDED BY RESOLUTION OF AMENDMENT DATED FEBRUARY 4, 2008)**

ARTICLE VIII

PURCHASING AND PROCUREMENT POLICY

THE AGENCY SHALL MAKE NO PURCHASE OF SUPPLIES, EQUIPMENT OR MATERIALS NOR SHALL THE AGENCY CONTRACT FOR THE PURCHASE OF SUPPLIES, EQUIPMENT OF MATERIALS EXCEPT AS FOLLOWS:

A. WHEN THE COST OF THE SUPPLY, EQUIPMENT OR MATERIAL INVOLVED SHOULD REASONABLY BE EXPECTED TO COST IN EXCESS OF TEN THOUSAND DOLLARS (\$10,000), THE ITEM TO BE PURCHASED SHALL BE FORMALLY BID AND THE PURCHASE MADE FROM THE LOWEST RESPONSIBLE BIDDER.

B. WHEN THE COST OF THE SUPPLY, EQUIPMENT OR MATERIAL INVOLVED SHOULD REASONABLY BE EXPECTED TO COST IN EXCESS OF THREE THOUSAND DOLLARS (\$3,000) BUT NOT MORE THAN TEN THOUSAND DOLLARS (\$10,000), WRITTEN PRICE QUOTATIONS SHALL BE OBTAINED FROM NOT FEWER THAN THREE (3) VENDORS AND THE PURCHASE MADE AFTER ALL SUCH QUOTATIONS ARE EVALUATED BY THE AGENCY.

C. WHEN THE COST OF THE SUPPLY, EQUIPMENT OR MATERIAL INVOLVED SHOULD REASONABLY BE EXPECTED TO COST IN EXCESS OF ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500) BUT NOT MORE THAN THREE THOUSAND DOLLARS (\$3,000), WRITTEN PRICE QUOTATIONS SHALL BE OBTAINED FROM NOT FEWER THAN TWO (2) VENDORS AND THE PURCHASE MADE AFTER ALL SUCH QUOTATIONS ARE EVALUATED BY THE AGENCY.

D. WHEN THE COST OF THE SUPPLY, EQUIPMENT OR MATERIAL INVOLVED SHOULD REASONABLY BE EXPECTED TO COST IN EXCESS OF FIVE HUNDRED DOLLARS (\$500) BUT NOT MORE THAN ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500), ORAL PRICE QUOTATIONS SHALL BE

OBTAINED FROM NOT FEWER THAN TWO VENDORS (2) AND THE PURCHASE MADE AFTER ALL SUCH QUOTATIONS ARE EVALUATED BY THE AGENCY.

E. NO SOLICITATION OF PRICE QUOTATIONS SHALL BE REQUIRED IN THE FOLLOWING INSTANCES:

E-1. WHEN THE COST OF THE SUPPLY, EQUIPMENT OF MATERIAL INVOLVED IS FIVE HUNDRED DOLLARS (\$500) OR LESS,

E-2. WHEN THE PURCHASE IS OF PROFESSIONAL SERVICES,

E-3. WHEN THE PURCHASE IS NECESSITATED BY A BONA FIDE EMERGENCY, WHICH EMERGENCY IS DESCRIBED IN WRITING BY THE AGENCY MEMBER OR EMPLOYEE DECLARING SAME, RATIFIED BY TELEPHONE BY NOT FEWER THAN A MAJORITY OF MEMBERS AND RATIFIED BY RESOLUTION AT THE NEXT MEETING OF THE AGENCY,

E-4. WHEN THE SUPPLY, EQUIPMENT OR MATERIAL SOUGHT TO BE PURCHASED IS AVAILABLE ONLY THROUGH A SINGLE SOURCE, IN CONJUNCTION WITH THE ABOVE MENTIONED GUIDELINES THE APPROPRIATE BIDS WILL BE ENCLOSED WITH A PURCHASE ORDER GENERATED AS FOLLOWS:

A. A PURCHASE ORDER IS GENERATED BY THE EXECUTIVE DIRECTOR AND IS FORWARDED TO THE CHIEF FINANCIAL OFFICER WITH THE APPROPRIATE DOCUMENTATION.

B. THE CHIEF FINANCIAL OFFICER APPROVES PURCHASE ORDERS UP TO A MAXIMUM OF THREE THOUSAND DOLLARS (\$3,000), PURCHASE

ORDERS IN EXCESS OF THREE THOUSAND DOLLARS (\$3,000) REQUIRE AN APPROVAL BY THE TREASURER OF THE BOARD IN ADDITION TO THE CHIEF FINANCIAL OFFICER.

C. THE APPROVED PURCHASE ORDER IS THEN RECORDED AS AN ENCUMBRANCE AGAINST THE BUDGET AND RETURNED TO THE EXECUTIVE DIRECTOR WHO PLACES THE ORDER.

D. MERCHANDISE IS RECEIVED BY THE EXECUTIVE DIRECTOR AND THE PACKING SLIP IS SIGNED AND ATTACHED TO THE APPROVED PURCHASE ORDER; BOTH ARE FORWARDED TO THE CHIEF FINANCIAL OFFICER.

E. THE CHIEF FINANCIAL OFFICER THEN MATCHES THE INVOICE TO THE PURCHASE ORDER AND PACKING INFORMATION AND RECORDS THE ACCOUNTS PAYABLE AND REVERSES THE ENCUMBRANCE.

F. CHECKS ARE GENERATED EVERY OTHER THURSDAY IN CONJUNCTION WITH PAYROLL. CHECKS LESS THAN THREE THOUSAND DOLLARS ARE SIGNED BY THE CHIEF FINANCIAL OFFICER. CHECKS IN EXCESS OF THREE THOUSAND DOLLARS (\$3,000) REQUIRE A SECOND SIGNATURE BY EITHER THE TREASURER OR THE CHAIRMAN OF THE BOARD.

G. EXCEPTIONS TO THE ABOVE MENTIONED PURCHASING GUIDELINES ARE AS FOLLOWS:

1. RECURRING MONTHLY EXPENSES; I.E. UTILITIES, TELEPHONE, RENT

2. PROFESSIONAL SERVICES

IN THESE CASES A BLANKET PURCHASE ORDER WILL BE PREPARED ON JANUARY 1 IN ACCORDANCE WITH THE ANNUAL BUDGET, MONTHLY INVOICES WILL BE MATCHED TO THE BLANKET PURCHASE ORDER AND A RUNNING BALANCE WILL BE MAINTAINED. SHOULD THE AMOUNT OF THE BLANKET PURCHASE ORDER BE EXCEEDED BEFORE THE YEAR END A BUDGET MODIFICATION AND AN ADDITIONAL PURCHASE ORDER SHALL BE GENERATED. **(ARTICLE VIII, PURCHASING AND PROCUREMENT POLICY, ADDED BY RESOLUTION OF AMENDMENT DATED APRIL 7, 2008)**