

GOVERNANCE COMMITTEE CHARTER

The Board of the Hudson River – Black River Regulating District (“Regulating District” or “Authority”), a public benefit corporation established under the laws of the State of New York, hereby adopts this Governance Committee Charter on this 10th Day of April, 2012.

Purpose

Pursuant to Article VI, Section 1 of the Regulating District’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 Regulating District;
- Updating the Regulating District's corporate governance principles and governance practices; and
- Advising those responsible for appointing members to the board on the skills, qualities and professional or educational experiences necessary to be effective board members.
- Keeping the board informed of current field and engineering operations;
- Reviewing compliance with the Offer of Settlement at Great Sacandaga Lake and relevant reservoir operations standards at the Regulating District’s other facilities; and
- Monitoring, and updating when appropriate, the Regulating District's Access Permit System Rules.

Powers of the Governance Committee

The board 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 authority’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 of Committee and Selection of Members

The membership of the committee shall be as set forth in accordance with and pursuant to article VI, section 1 of the authority’s bylaws. The governance committee shall be comprised of not less than three (3) independent members of the board; who shall constitute a majority on the committee. The governance committee members shall be appointed by, and will serve at the discretion of the Regulating District’s board. 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 Regulating District or an immediate family member of an employee of the authority. In addition, governance committee members shall not engage in any private business transactions with the authority or receive compensation from any private entity that has material business relationships with the authority, or be an immediate family member of an individual that engages in private business transactions with the authority or receives compensation from an entity that has material business relationships with the authority.

The governance committee members should have the background necessary to perform duties and be knowledgeable, or become knowledgeable, in matters pertaining to governance.

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. Members of the governance committee are expected to attend each committee meeting in person or via videoconference. The governance committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary. A majority of the committee members present or participating through videoconference shall constitute a quorum.

Meeting agendas shall be prepared prior to every meeting and provided to governance committee members along with appropriate briefing materials five (5) business days before the scheduled governance committee meeting. 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.

A report of the committee's meeting shall be prepared and presented to the board at the board's next scheduled meeting following the meeting of the committee.

Meetings of the governance committee are open to the public, and the committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and article 7 of the Public Officers Law that relate to public notice and the conduct of executive session.

Responsibilities

To accomplish the objectives of good governance and accountability, the governance committee has responsibilities related to: (a) the authority's board; (b) evaluation of the authority's policies; and (c) other miscellaneous issues.

A. Relationship to the Authority's Board

The board 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 authority's governance practices. These practices should address transparency, independence, accountability, fiduciary responsibilities, and management oversight.

- Develop the competencies and personal attributes required of board members to assist those authorized to appoint members to the board in identifying qualified individuals.
- Develop and recommend to the board the number and structure of committees to be created.
- 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 authority's governance process; board member education with regard to the operation of the Regulating District's reservoirs and the access permit system; new member orientation; and regularly scheduled board member training to be obtained from state-approved trainers.
- Develop the authority's reservoir operation practices.
- Develop, review on a regular basis, and update as necessary the authority's access permit system rules and the policies incident to the efficient operation of the access permit system.

B. Evaluation of the Authority's Policies

The governance committee shall:

- Develop, review on a regular basis, and update as necessary the authority'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 authority's written policies regarding the protection of whistleblowers from retaliation.
- Develop and recommend to the board any required revisions to the authority's equal opportunity and affirmative action policies.
- Develop and recommend to the board any required updates on the authority's written policies regarding procurement of goods and services, including policies relating to the disclosure of persons who attempt to influence the authority's procurement process.
- Develop and recommend to the board any required updates on the authority'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 authority, including rules and procedures for conducting the business of the authority's board, such as the authority'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.

C. Other Responsibilities

The governance committee shall:

- Review on an annual basis the compensation and benefits for the executive director and other Regulating District senior staff.
- Present annually to the authority'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 their role in ethics oversight and worker whistleblower protection; procurement; and effective governance (transparency, independence, accountability, fiduciary responsibilities and management oversight); their role in reservoir operations; and oversight of staff's conduct of the access permit system.
- Review the committee's charter annually, reassess its adequacy, and recommend any proposed changes to the board. The governance committee charter will be updated as applicable laws, regulations, best governance practices and 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.