

**HUDSON DEVELOPMENT CORPORATION**  
**AUDIT AND FINANCE COMMITTEE CHARTER**

This Audit and Finance Committee Charter was adopted by the Board of Directors of Hudson Development Corporation (the “HDC” or the “Corporation”), a local development corporation established under the laws of the State of New York, on this \_\_\_ day of November, 2023.

**ARTICLE I**  
**Core Functions**

The core functions of the Audit & Finance Committee are set forth in the Bylaws and include: (i) providing assistance to members of the Corporation in fulfilling their fiduciary responsibilities relating to accounting, reporting and regulatory compliance practices; (ii) maintaining, by way of regularly scheduled meetings, a direct line of communication between the members of the Corporation and the Corporation’s independent accountants and auditors to provide for exchanges of views and information; (iii) maintaining, as appropriate, a direct line of communication between the members of the Corporation and the governmental authorities having audit authority or fiscal oversight of the Corporation; (iv) approving the budget of the Corporation for submission to the Board; (v) approving and/or directing the transfers of moneys under the approved budget; and (vi) recommending to the Board the level of cash reserves and the level of fund balances of the Corporation.

**ARTICLE II**  
**Composition**

The Audit & Finance Committee shall be comprised of at least three members. Members of the Committee should be familiar with corporate financial and accounting practices. The Board shall designate one member of the Audit & Finance Committee to serve as chair of the Audit & Finance Committee. Each member of the Audit & Finance Committee shall serve for a term of one (1) year and until his or her successor shall be appointed and qualified.

At least three members of the Audit & Finance Committee must be an “independent member” within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time. Audit & Finance Committee members shall be prohibited from being an employee of the Corporation or an immediate family member of an employee of the Corporation. Members of the Audit & Finance Committee shall not engage in any private business transactions with the Corporation or receive compensation from any private entity that has material business relationships with the Corporation, or be an immediate family member of an individual that engages in private business transactions with the Corporation or receives compensation from an entity that has material business relationships with the Corporation.

**ARTICLE III**  
**Committee Meetings**

The Audit & Finance Committee will meet a minimum of twice each calendar year (at least once prior to the commencement of the annual audit process and once after completion of the annual audit process). Additional meetings may be necessary or appropriate to adequately fulfill the obligations and duties outlined in this Charter. The Audit & Finance Committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

Meeting notices and agendas will be prepared for each meeting and provided to Audit & Finance Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting. A quorum of the Audit & Finance Committee shall consist of a majority of the members serving on the Audit & Finance Committee irrespective of vacancies. The affirmative vote of a majority of the members serving on the Audit & Finance Committee shall constitute an act of the Audit & Finance Committee. Minutes of all meetings shall be recorded by the Secretary or any Assistant Secretary of the Corporation. All meetings shall comply with the requirements of the Open Meetings Law.

**ARTICLE IV**  
**Committee Responsibilities**

The Audit & Finance Committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) oversight of management's internal controls, compliance and risk assessment practices; (c) special investigations and whistleblower policies; (d) miscellaneous issues related to the financial practices of the Corporation; and (e) shall review proposals for the issuance of debt by the Corporation and make recommendations regarding such proposed debt issuance.

A. **Independent Auditors and Financial Statements**

The Audit & Finance Committee shall:

(i) Recommend to the Board the hiring of independent auditors, establish the compensation to be paid to the auditors retained by the Corporation and provide oversight of the audit services provided by the independent auditor.

(ii) Establish procedures for the engagement of the independent auditor to provide permitted audit services. The Corporation's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit & Finance Committee. Non-audit services include tasks that directly support the Corporation's operations, such as (a) bookkeeping or other services related to the accounting records or financial statements of the Corporation; (b) financial information systems design and implementation; (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; (d) actuarial services; (e) internal audit outsourcing services; (f) management functions or human resource services; (g) broker or dealer, investment advisor, or investment banking services; and (h) legal services and expert services unrelated to the audit function.

(iii) Review and approve the Corporation's audited financial statements, associated management letter and all other auditor communications.

(iv) 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 of the Corporation.

(v) Meet with the Corporation's independent auditor at least annually to discuss the financial statements of the Corporation, and on an as-needed basis to discuss any significant issues that may have surfaced during the course of the audit.

(vi) 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 Controls, Compliance and Risk Assessment**

The Audit & Finance Committee shall review management's assessment of the effectiveness of the Corporation's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses, if any, in the Corporation's internal controls, regulatory compliance, organizational structure and operations, and if applicable, any weaknesses noted.

**C. Debt Issuance**

The Audit & Finance Committee shall review proposals for the issuance of debt and make recommendations regarding such proposed debt issuance.

**ARTICLE V**  
**Committee Reports**

The Audit & Finance Committee shall:

A. report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Audit & Finance Committee and when otherwise requested by the Board;

B. report to the Board, at least annually, regarding any proposed changes to this Charter; and

C. report to the Board on a periodic basis, at least annually, the findings of its independent auditors. These reports shall include careful consideration of the actions taken by management on the independent auditors' suggestions for correcting weaknesses, if any, in the Corporation's internal controls, regulatory compliance, organizational structure and operations. These reports may include the adequacy of the audit effort by the Corporation's independent auditors, the financial and regulatory compliance reporting decisions of management, the adequacy of disclosure of information essential to a fair presentation of the financial affairs and regulatory

compliance efforts of the Corporation, and the organization and quality of the Corporation's system of management and internal accounting controls.

**ARTICLE VI**  
**Amendments**

This Charter may be amended upon affirmative vote of a majority of the Board of the Corporation.