

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY  
AMENDED AND RESTATED AUDIT COMMITTEE CHARTER Amended  
and Restated November, 2006

I. Purpose/Overview of Responsibilities. Established in March 2005 the purpose of the Audit Committee is: (i) to represent and assist the Board of Commissioners in its general oversight of the Authority's accounting and financial reporting processes, audits of the financial statements, and internal control and audit functions; (ii) to assure that the Authority's Board fulfilled its responsibilities for the Authority's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting; and (iii) to provide an avenue of communication between management, the independent auditors, any internal auditors, and the Board of Commissioners. As such, the Audit Committee is responsible for overseeing the actions of management, the internal auditor, if any, and the external auditors.

A. Management is responsible for:

1. Preparation, presentation and integrity of the Authority's financial statements;
2. Accounting and financial reporting principles; and
3. The Authority's internal controls and procedures designed to promote compliance with accounting standards and applicable laws and regulations.

B. The Authority's independent external auditors are responsible for performing an independent audit of the Authority's financial statements.

C. The functions of the Audit Committee are not intended to duplicate or to certify the activities of management, any internal auditor or the external auditors, nor can the Committee certify that the external auditors are "independent" under applicable rules. The Audit Committee serves a Board-level oversight role where it oversees the relationship with the independent external auditors and any internal auditor, as set forth in this Charter, and provides advice, counsel and general direction, as it deems appropriate, to management and the auditors on the basis of the information it receives, discussions with the auditors, and the experience of the Committee's members in business, financial and accounting matters.

II. Membership.

A. The Audit Committee shall be comprised of at least three commissioners as determined and appointed by the Board of Commissioners, one of whom shall be designated by the Board as Chair of the Committee. The Board may appoint additional individuals, who need not be commissioners, to the Audit Committee. Members of the Committee will serve for staggered three-year terms.

B. Only Commissioners who are "independent," within the meaning of the Public Authorities Accountability Act of 2005 as such Act may be amended from time to time, may serve on the Audit Committee.

C. The Audit Committee members need not be professional accountants or auditors. However, to the extent practicable, members of the Audit Committee should be familiar with corporate financial and accounting practices. In carrying out its oversight responsibilities, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Authority's financial statements and disclosures are complete and accurate and are in accordance with applicable rules and regulations. These are the responsibilities of Management and the independent auditor. Accordingly, in carrying out its oversight responsibilities, the Audit Committee does not provide any expert or special assurance as to the Company's financial statements or other practices; nor does it provide any professional certification as to the independent external or internal auditor's work.

### III. Meetings.

A. The Audit Committee shall meet at least twice per year with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in this Charter.

B. The Audit Committee may ask members of Management or others to attend Audit Committee meetings and provide pertinent information.

C. The Audit Committee shall meet periodically with Management, the independent auditors and any internal auditor.

D. At least half the members of the Audit Committee will constitute a quorum with a majority of votes of those Committee members present at a meeting in which a quorum has been established being sufficient to adopt a resolution or otherwise take action.

E. All meetings of the Audit Committee shall be open to the public except to the extent that the Audit Committee elects to go into "executive session" as permitted by the New York Open Meetings Law.

### IV. Responsibilities.

A. The Audit Committee is directly responsible for overseeing the work of the independent external auditors who shall audit the Authority's financial statements on a regular basis.

I. The Audit Committee shall recommend to the Board of Commissioners the hiring of a certified independent accounting firm for the Authority, establish the compensation to be paid to the independent accounting firm, and provide direct oversight of the performance of the independent audit performed by the independent accounting firm for that purpose.

2. The independent external auditors shall not provide any non-audit services to the Authority. Non-audit services include tasks that directly support the Authority's operations, such as bookkeeping or other services related to the accounting records or financial statements of the Authority, 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.

3. No person or entity shall be eligible to serve as the Authority's external auditor if the chief executive officer, chief financial officer, or any member of the Audit Committee was employed by that person or entity within two years preceding the date of the audit.

4. The independent external auditors shall report directly to the Audit Committee and the Audit Committee shall report to the Board of Commissioners.

B. In furtherance of its obligation to oversee the independent external auditors, among other things, the Audit Committee shall:

I. Review the condition of the Authority with the independent external auditors on an annual basis and convey to the Board of Commissioners and Management any recommendations made by the independent external auditors.

2. Meet with the external auditors at least twice per year for the purpose of, among other things:

a. Reviewing and discussing reports from the independent external auditors on: all accounting policies and practices used by the Authority; alternative accounting treatments related to material items that have been discussed with Management, including the ramifications of the use of the alternative treatments and the treatment preferred by the independent external auditors; and other material written communications between the independent external auditors and Management.

b. Reviewing with the independent external auditor its judgments as to the quality, not just the acceptability, of the Authority's accounting principles and such matters as are required to be discussed with the Committee under generally accepted auditing standards.

c. Reviewing and discussing with Management and the independent external auditors various topics and events that may have significant financial impact on the Authority or that are the subject of discussions between Management and the independent external auditors.

d. Reviewing and discussing with the independent external auditors: its audit plans, and audit procedures, including the scope, fees and timing of the audit; directing the auditors to areas that, in the Audit Committee's opinion, require more attention; reviewing and discussing the results of the annual audit examination and any

accompanying management letters; and reviewing and discussing the results of the independent external auditor's procedures with respect to interim periods.

e. Reviewing the results of internal audits and approving procedures for implementing accepted recommendations.

f. Reviewing, at least annually, all relationships between the independent external auditors and the Authority and otherwise assess the independent external auditors' independence.

C. The Audit Conunittee shall develop and recommend to the Board for its approval:

I. Guidelines for a system of internal control that are in accordance with Article 9 of the Public Authorities Law and internal control standards;

2. A system of internal control and a program of internal control review designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the Authority's ongoing internal controls;

3. Designation of an internal control officer, who shall report to the Chief Executive Officer, who shall be responsible for implementing and reviewing the internal control responsibilities established under Article 9 of the Public Authorities Law;

4. Education and training efforts to ensure that Commissioners, officers and employees have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques;

5. A determination, and periodic review of that determination, of whether an internal auditor is required, based on an evaluation of exposure to risk, costs and benefits of implementation, and any other factors that are determined to be relevant.

D. The Audit Conunittee shall make available to each Commissioner, officer and employee of the Authority a clear and concise statement of the generally applicable managerial policies and standards with which he or she is expected to comply; which statement shall emphasize the importance of effective internal control to the Authority and the responsibility of each Commissioner, officer and employee for effective internal control.

E. The Audit Committee shall:

I. Ensure that the Authority has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflict of interest or abuse by the Commissioners, officers or employees of the Authority or any persons having business dealings with the Authority or breaches of internal control.

2. Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing that the appropriate body.

3. Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation.

F. If the Board of Commissioners elects to appoint an internal auditor, the Audit Committee shall be directly responsible, subject to oversight by the Board, for his/her appointment, replacement and performance and shall :

1. Establish clearly defined responsibilities for any internal auditor including, without limitation:

a. directing Authority-wide internal audit functions, including conducting financial, operational, procurement, compliance, contract, and any other necessary audits;

b. conducting periodic reviews of the Authority's legal department, insurance coverage, and banking relationships; and

c. coordinating the work of any internal auditor with the work of the independent external auditors.

2. Review and examine the objectivity, effectiveness and resources of any internal auditor.

3. Review with the internal auditor, if any, the results of internal audit activities and progress with respect to the internal audit plan.

G. The Audit Committee, with the assistance of the internal auditor, if any, shall:

I. Investigate compliance with the Authority's policies and refer instances of material non-compliance to the State Inspector General for investigation.

2. Establish procedures for the receipt, retention, investigation and/or referral to the State Inspector General of complaints received by the Authority regarding accounting, internal controls, and auditing.

3. Review all reports delivered to the Committee by the Inspector General and serve as a point of contact with the Inspector General.

H. The Audit Committee shall review all reports and draft reports delivered by the State Inspector General to the Authority and shall service as a point of contact with the State Inspector General.

I. The Audit Committee shall:

1. Review and discuss with Management the Authority's major financial risk exposures and the steps Management has taken to monitor and control such exposures.

2. Review the Authority's annual financial statement, associated management letter, report on internal controls, and all other auditor communications and make a recommendation to the Board with respect to such documents as is necessary or appropriate.

3. 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

4. Resolve disagreements with respect to, and oversee compliance with, accounting policies and principles.

5. Review and advise the Board of Commissioners with respect to proposed public and private funding.

6. Review and assess, at least annually, the Audit Committee's Charter and submit any needed changes to the Charter for approval of the Board.

7. Conduct an annual performance evaluation of the Audit Committee.

J. The Audit Committee shall review other matters and perform other oversight functions that are appropriately within the scope of its responsibility and/or that are otherwise assigned to it by the Board of Commissioners.

K. The Audit Committee has the power to investigate any matter brought to its attention. The Audit Committee:

1. shall have full access to all books, records, facilities and personnel of the Authority; and

2. may, at the expense of the Authority, retain outside counsel, auditors or other independent experts to assist the Committee in performing its responsibilities to the extent the Committee reasonably determines that doing so is necessary.