

BY-LAWS
OF
EAST OF HUDSON WATERSHED CORPORATION

November 10, 2011
As Amended March 29, 2012
As Amended August 12, 2014
As Amended May 12, 2020

A New York Not-For-Profit Corporation

ARTICLE I
OFFICES; PURPOSES

SECTION 1. PRINCIPAL OFFICE

The principal office of the Corporation for the transaction of its business shall be at 2 Route 164 in the Town of Patterson, Putnam County, or such other place located within the County of Westchester, County of Dutchess or County of Putnam, State of New York, as may be designated by the Board of Directors.

SECTION 2. OTHER OFFICES

The Corporation may also have offices at such other places where it is qualified to do business, as its business may require and as the Board of Directors may designate from time to time.

SECTION 3. OBJECTIVES AND PURPOSES; POWERS

The Corporation shall have such purposes and powers as are set forth in its certificate of incorporation ("Certificate of Incorporation").

ARTICLE II
MEMBERS

SECTION 1. QUALIFICATIONS

There shall be only one class of members. Only the municipalities located within the region known as the East of Hudson New York City Watershed, being those municipalities that lie wholly or partly within the boundaries of the drainage basins of the City of New York reservoirs located East of the Hudson River in Westchester, Putnam and Dutchess Counties, shall be eligible for membership in the Corporation. An eligible municipality may join as a member at any time prior

to January 1, 2012, by resolution of the governing board of the municipality. Any municipality eligible to become a member may be added to the Corporation after January 1, 2012, by resolution of the governing board of the municipality and approval by a majority vote of the existing members. Members shall be represented by the Supervisor in the case of a town, the Mayor in the case of a village and by the County Executive in the case of a county (hereinafter referred to collectively as the “Chief Elected Officials”).

SECTION 2. PLACE OF MEETING

All meetings of members shall be held in the County of Westchester, County of Dutchess or the County of Putnam, State of New York, at such place as may be fixed from time to time by the Board of Directors, or at such other place within the State of New York as shall be designated from time to time by the Board of Directors and shall be stated in the notice of the meeting. All meetings of the members shall be conducted in accordance with the New York State Open Meetings Law.

SECTION 3. ANNUAL MEETINGS

An annual meeting of members shall be held at least once a year to elect officers for the succeeding year on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, and shall transact such other business as the Board of Directors determines to be proper.

SECTION 4. SPECIAL MEETINGS

Special meetings of members may be called by the Board of Directors or by the President or Secretary of the Corporation. Business transacted at a special meeting of members shall be confined to the purpose or purposes set forth in the notice of such meeting.

SECTION 5. NOTICE OF MEMBERS' MEETINGS

(a) Notice. Written notice, stating the place, day and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered either personally or by first-class mail, e-mail or facsimile to each member entitled to vote at such meeting to the address, fax number or email address as it appears on the record of members, not less than ten (10) nor more than fifty (50) days before the date of the meeting. A member may request, in writing, that it receive notice of a meeting via first-class mail. If notice is sent by first-class mail, the notice shall be deemed delivered when deposited in the United States mail, postage prepaid, directed to the member at its address as it appears on the records of the Corporation. Written notice shall also be published in a manner consistent with the New York State Open Meetings Law. No action may be taken on any matter that was not set forth in the notice of meeting.

(b) Waiver. Notice of meeting need not be given to any member who submits a waiver of notice, in person or by proxy, whether before or after the meeting. Waiver of notice may be written or electronic. If written, the waiver must be executed by the member's Chief Elected Official by signing such waiver or causing his or her signature to be affixed to such waiver by any reasonable means, including, but not limited to facsimile signature, and delivered to the Secretary of the Corporation. If electronic, the transmission of the waiver must be sent by email

and set forth, or be submitted with, information from which it can reasonably be determined that the transmission was authorized by the member. The attendance of any member at a meeting, in person, by video conference or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by such member.

SECTION 6. QUORUM FOR MEETINGS

Unless the Certificate of Incorporation provides otherwise, two-thirds (2/3) of all members of the Corporation entitled to vote and represented in person or by video conference by the Chief Elected Official or by proxy at a meeting duly called and held shall constitute a quorum for the transaction of any business.

SECTION 7. ADJOURNED MEETINGS

The members who are present at a meeting in person or by video conference may adjourn the meeting despite the absence of a quorum. When a determination has been made at a meeting by the members entitled to notice of, or to vote at, any meeting of members, such determination shall apply to any adjournment thereof, unless the members fix a new date for the adjourned meeting. When a meeting is adjourned to another time or place less than twenty-four (24) hours from the original day and time, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting any business may be transacted that might have been transacted at the original meeting. If the adjournment is for more than twenty-four (24) hours, or if after the adjournment a new date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each member entitled to vote at the meeting.

SECTION 8. LIST OF MEMBERS

The Secretary of the Corporation shall prepare and make available, at least ten (10) days before each meeting of members, a complete list of the members entitled to vote at such meeting, arranged by county in alphabetical order showing the Chief Elected Official, mailing address, email address and facsimile number of each member. Such list shall be open to the examination by any member, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and made available at the time and place of the meeting during the whole time thereof, and may be inspected by any member who is present in person or by video conference.

SECTION 9. ACTION BY MEMBERS

Except as otherwise required by applicable law or as provided in the Certificate of Incorporation or otherwise in these By-laws, any corporate action to be taken by resolution by vote of the members shall be authorized by a majority vote of all members of the Corporation. At each and every meeting of the members, every member shall be entitled to vote in person or by video conference represented by the Chief Elected Official of the member or by proxy appointed by the Chief Elected Official in writing. Each member shall be entitled to one vote of equal weight.

SECTION 10. PROXIES

Each Chief Elected Official entitled to vote at a meeting of members may in writing delivered to the Secretary of the Corporation in advance of or at a meeting authorize another person or persons to act for him/her by proxy, but no such proxy shall be voted or acted upon more than one year from its date.

SECTION 11. MEMBERSHIP YEAR

The membership year shall coincide with the calendar year for all members.

SECTION 12. WITHDRAWAL

A member may withdraw from membership in the Corporation upon thirty (30) days prior written notice to the Secretary of the Corporation of its intent to withdraw, following the adoption by such municipality's governing board of a resolution authorizing such withdrawal. The withdrawal shall be effective upon a date set forth in such notice no earlier than thirty (30) days from the date of such notice. The member shall be responsible for its apportioned share of all expenses incurred by the Corporation as of the effective date of withdrawal. The remaining members shall be responsible for the withdrawn member's share of the Corporation's expenses incurred after the effective date of the withdrawal by reallocation of such expenses among all remaining members. The member withdrawing from the Corporation will be entitled to rebate of any payments made to the Corporation in excess of its share of the Corporation's expenses that remains as of the effective date of withdrawal.

SECTION 13. CREDITS FOR PHOSPHORUS REDUCTIONS

In the event of a member's withdrawal, the credit for any reduction of phosphorus from the installation of one or more stormwater retrofit projects paid for wholly or partly with the Corporation's funds, including any grants or third-party contributions provided to the Corporation, shall remain with the remaining members for the benefit of the members' regional compliance with the Municipal Separate Storm Sewer System ("MS4") heightened requirements and shall not inure to the individual benefit of any municipality that withdraws from the Corporation.

SECTION 14. AMENDMENTS

Amendments of the Certificate of Incorporation and the By-Laws require the affirmative vote of two-thirds of the members entitled to vote. Any proposed amendment must be included in the notice of the meeting before it can be voted upon.

**ARTICLE III
DIRECTORS**

SECTION 1. POWERS

Subject to the provisions of the New York Not-For-Profit Corporation Law, Public Authorities Law, and any limitations in the Certificate of Incorporation and these By-laws, the activities and affairs of the Corporation shall be conducted and all corporate powers shall be exercised by, or under the direction of, the Board of Directors.

SECTION 2. COMPOSITION OF THE BOARD

(a) The Board of Directors shall be composed of the Chief Elected Officials of the members.

(b) As used in these By-laws, the term "entire Board" means the total number of Directors entitled to vote that the Corporation would have if there were no vacancies.

SECTION 3. DUTIES

It shall be the duty of the Directors to:

(a) Perform any and all duties imposed on them collectively or individually by law, by the Certificate of Incorporation or by these By-laws, including, if appropriate, amendments of these By-laws.

(b) Appoint and remove, employ and discharge, and, except as otherwise provided in these By-laws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the Corporation.

(c) Supervise all officers, agents and employees of the Corporation to assure that their duties are performed properly.

(d) Meet at such times and places as required by these By-laws.

(e) Register their addresses with the Secretary of the Corporation. Notices of meetings mailed or delivered by facsimile or email to the Directors at such addresses shall be valid notice thereof.

SECTION 4. COMPENSATION

The Board of Directors shall serve without compensation. Directors shall be allowed reasonable advancement or reimbursement for expenses incurred in the performance of their regular duties as specified in Section 3 of this Article.

SECTION 5. RESTRICTION REGARDING INTERESTED DIRECTORS

Neither the Corporation nor any of its Directors, officers, members, partners or employees shall have any private interest nor shall they acquire any private interest, directly or indirectly, in any contracts or subcontracts that would or may conflict in any manner or degree, or provide the appearance of a conflict, with the performance of their duties to the Corporation as provided herein or as otherwise provided by law.

SECTION 6. PLACE OF MEETINGS

All meetings of the Board shall be held in the County of Westchester, County of Dutchess or the County of Putnam, State of New York, at such place as may be fixed from time to time by the Board of Directors, or at such other place within the State of New York as shall be designated from time to time by the Board of Directors and shall be stated in the notice of the meeting. All meetings of the members shall be conducted in accordance with the New York State Open Meetings Law.

SECTION 7. REGULAR, SPECIAL AND ANNUAL MEETINGS

A meeting of the Board of Directors shall be held at least once a year immediately following the annual meeting of members, for the election of officers and for the transaction of such other business as may properly come before the meeting. Such annual meetings shall be noticed in the same manner as special meetings. Special meetings of the Board may be called by any two Directors and may be held at any place within the State of New York that has been designated in the notice of the meeting. If not specified in the notice of the meeting, all meetings shall be held at the principal office of the Corporation. The business transacted at all meetings of the Board shall be confined to the purpose or purposes set forth in the notice of the meeting, except as provided in Section "12" of this Article. All meetings of the Board of Directors shall be conducted in accordance with the New York State Open Meetings Law.

SECTION 8. NOTICE OF MEETINGS

(a) Notice. Written notice of a regular meeting of the Board of Directors shall be delivered either personally or by mail, or by e-mail or facsimile to each Director entitled to vote at such meeting, not less than seven (7) days before the date of the meeting. Notice shall be provided to the mailing address, email address or facsimile number on file with the Corporation's Secretary. A Director may request, in writing, that it receive notice of a meeting via first-class mail. Special meetings of the Board shall be held upon four (4) days notice. A copy of the notice of any Board of Directors meeting shall also be provided to the news media selected by the Board. If notice is sent by mail, the notice shall be deemed delivered when deposited in the United States mail, postage prepaid, directed to the member at its address as it appears on the records of the Corporation. Written notice shall also be published in a manner consistent with the New York State Open Meetings Law. No action may be taken on any matter that was not set forth in the notice of meeting. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than twenty-four (24) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to Directors absent from

the original meeting if the adjourned meeting is held more than twenty-four (24) hours from the time of the original meeting.

(b) Waiver. Notice of a meeting need not be given to any Director who submits a waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. Such waiver of notice may be written or electronic. If written, the waiver must be executed by the Director or Chief Elected Official signing such waiver or causing his or her signature to be affixed to such waiver by any reasonable means including but not limited to facsimile signature. If electronic, the transmission of the consent must be sent by electronic mail and set forth, or be submitted with, information from which it can reasonably be determined that the transmission was authorized by the Director.

SECTION 9. CONTENTS OF NOTICE

Notice of all regular and special meetings of the Directors shall specify the place, day and hour of the meeting and the purpose or purposes for which the meeting is called.

SECTION 10. QUORUM FOR MEETINGS

A quorum shall consist of two-thirds (2/3) of the entire Board present in person or by video conference or represented by an Alternate appointed in writing by the Member. Except as otherwise provided in these By-laws, in the Certificate of Incorporation, or by law, no business shall be considered by the Board at any meeting at which a quorum is not present. The only motion the President shall entertain at a meeting at which a quorum is not present is a motion to adjourn. A majority of the Directors present at such meeting may adjourn the meeting from time to time until the time fixed for the next regular meeting of the Board. At the adjourned meeting, any business may be transacted that might have been transacted at the original meeting provided a quorum is present. When a meeting is adjourned for lack of quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such a meeting, other than by announcement of the meeting at which the adjournment is taken, except as provided in Section 8 of this Article. The Directors present in person or by video conference at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of Directors from the meeting, provided that any action thereafter taken must be approved by a majority of the entire Board or such greater percentage as may be required by law, the Certificate of Incorporation or these By-laws.

SECTION 11. BOARD ACTION

Every act performed or decision made by resolution of a majority of the entire Board at a meeting duly held at which a quorum is present shall be the act of the Board of Directors, unless the Certificate of Incorporation, these By-laws or provisions of the New York Not-For-Profit Corporation Law require a greater percentage of votes for approval of a matter by the Board. Each Director shall be entitled to one vote of equal weight.

SECTION 12. CONDUCT OF MEETINGS

Meetings of the Board of Directors shall be presided over by the President of the Corporation or, in his or her absence, by the Vice President of the Corporation, or in the absence of each of these persons, by a Chair chosen by a majority of the Directors present in person or by video conference at the meeting. The presiding officer shall prepare the agenda for the meetings and provide the agenda with the notice of meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board, provided that in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting. Directors may add matters to the agenda at the meeting, but may not take action on such matters if they were not disclosed in the notice of meeting, unless all Directors or their proxies are present in person or by videoconference and vote unanimously to take action.

SECTION 13. ALTERNATES

In the absence of a Director from a meeting of the Board, his/her Alternate may, upon written notice to the Secretary of the Corporation, attend such meeting and exercise therein the rights, powers, and privileges of the absent Director. When so exercising the rights, powers, and privileges of the absent Director, such Alternate shall be subject in all respects to the provisions of the Certificate of Incorporation and these By-laws governing Directors.

ARTICLE IV OFFICERS

SECTION 1. NUMBER OF OFFICERS

The officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer. The Corporation may also have, as determined by the Board of Directors, one or more Vice Presidents, and one or more Assistant Secretaries, Assistant Treasurers or other officers. Any number of offices may be held by the same person except that the Secretary may not serve concurrently as the President.

SECTION 2. QUALIFICATION, ELECTION, AND TERM OF OFFICE

Officers shall be elected by the Board of Directors, at the annual meeting of Directors, and shall hold office for one (1) year and until their respective successors shall be elected and qualified. A member of the Board of Directors may also serve as an officer of the Corporation. No employee of the Corporation may serve as Chair of the Board or President or hold any other title with similar responsibilities.

SECTION 3. SUBORDINATE OFFICERS

The Board of Directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, receive such compensation, if any, and perform such duties as may be prescribed by the Board of Directors.

SECTION 4. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the Board of Directors, at any time. Any officer may resign at any time by submitting written notice to the Board of Directors or to the President or Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The provisions of this Section shall be superseded by any conflicting terms of a contract between the Corporation and an officer of the Corporation that has been approved or ratified by the Board of Directors and that relates to the employment of such officer.

SECTION 5. VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by vote of the Board of Directors as provided in Section 11 of Article III. In the event of a vacancy in any office other than that of President, such vacancy may be filled temporarily by appointment by the President until such time as the Board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the Board may or may not be filled, as the Board shall determine.

SECTION 6. DUTIES OF PRESIDENT

Unless another person is specifically appointed as Chair of the Board of Directors, the President shall preside at all meetings of the Board of Directors. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the Certificate of Incorporation, or by these By-laws, or that may be prescribed by the Board of Directors. Except as otherwise expressly provided by law, by the Certificate of Incorporation or by these By-laws, the President shall, in the name of the Corporation, execute such deeds, mortgages, bonds, contracts, checks or other instruments that may be authorized by the Board of Directors.

SECTION 7. DUTIES OF VICE PRESIDENT

In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions imposed upon, the President. The Vice President shall have other powers and perform such other duties as may be required by law, by the Certificate of Incorporation, or by these By-laws, or as may be prescribed by the Board of Directors.

SECTION 8. DUTIES OF SECRETARY

The Secretary shall:

(a) certify and keep at the principal office of the Corporation the original or a copy of these By-laws, as amended to date;

(b) keep and maintain, or cause to be kept and maintained, at the principal office of the Corporation or at such other place as the Board may determine, a book of minutes of all meetings of the members, all meetings of the Directors, and, if applicable, meetings of committees of Directors, recording therein the date, time and place of holding, whether regular, special or annual, how

called, how notice thereof was given, the names of those present in person or by video conference at the meeting, and the proceedings thereof;

(c) ensure that all notices are duly given in accordance with the provisions of these By-laws or as required by law;

(d) be custodian of the membership ledger of the Corporation, the corporate records of the Corporation and of the corporate seal of the Corporation, if one is designated by the Board of Directors, and ensure that the seal is affixed to all duly executed documents, the execution of which on behalf of the Corporation under its seal is authorized or required by law, these By-laws or by the Board of Directors;

(e) exhibit at all reasonable times to any Director of the Corporation, or to his or her agent or attorney, on request therefor, the By-laws and the minutes of the proceedings of the members or of the Directors of the Corporation; and

(f) in general, perform all duties incident to the office of the Secretary and such other duties as may be required by law, by the Certificate of Incorporation, or by these By-laws, or that may be prescribed by the Board of Directors.

SECTION 9. DUTIES OF TREASURER

The Treasurer shall:

(a) supervise the charge and custody of all funds and securities of the Corporation, and the deposit of all such funds in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors;

(b) keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times;

(c) deposit or cause to be deposited all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board of Directors;

(d) disburse or cause to be disbursed the funds of the Corporation as may be ordered by the Board of Directors;

(e) render to the President and Directors, whenever they request it, an account of all transactions of the Corporation; and

(f) in general, have other powers and perform all duties incident to the office of the Treasurer and such other duties as may be required by law, by the Certificate of Incorporation, or by these By-laws, or that may be prescribed by the Board.

SECTION 10. COMPENSATION

The salaries of the officers, if any, shall be fixed from time to time by resolution adopted by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director of the Corporation. Any Director or Officer who may benefit from a compensation arrangement may not be present or otherwise participate in the any deliberations regarding that arrangement, provided that the Board or authorized Committee may request that such person who may benefit from such compensation present information as background or answer questions at a committee or Board meeting prior to the commencement of deliberations or voting relating thereto. In all cases, any salaries received by officers of the Corporation shall be reasonable and given in return for services actually rendered the Corporation that relate to the performance of the public purposes of the Corporation.

**ARTICLE V
STANDARDS OF CONDUCT**

SECTION 1. STANDARD OF CARE

(a) Each Director and officer shall perform his or her respective duties as a member of the Board and/or as an officer in good faith, and with that degree of diligence, care and skill, including reasonable inquiry, as an ordinarily prudent person would exercise under similar circumstances in like positions.

(b) In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(i) one or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented;

(ii) counsel, public accountants or other persons as to matters that the Director reasonably believes to be within such person's professional or expert competence; or

(iii) a committee of the Board upon which the Director does not serve, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence, so long as in any such case, the Director acts in good faith with the degree of care specified in the paragraph "(a)" of this Section, and without knowledge that would cause such reliance to be unwarranted.

(c) Except with respect to assets held by the Corporation for use or used directly in carrying out the Corporation's purposes, in investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the Corporation's investments, the Board shall avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the Corporation's capital. No investment violates this section if it conforms to provisions authorizing such investment contained in an instrument or agreement pursuant to which the assets were contributed to the Corporation.

SECTION 2. PROHIBITED TRANSACTIONS

Except as provided herein, the Corporation shall not make any loan of money or property to a Director or officer, or to an employer of a Director or officer, or guarantee the obligation of, any Director or officer or family member of any Director or officer, provided, however, that the Corporation may advance money to a Director or officer of the Corporation for expenses reasonably anticipated to be incurred in performance of the duties of such Director officer so long as such individual would be entitled to be reimbursed for such expenses absent that advance, and provided further that this provision shall not prohibit the Corporation from making any loan of money or property or any grant of funds to a member for the purposes of carrying out a stormwater retrofit project of a member or of the Corporation.

SECTION 3. RELATED PARTY TRANSACTIONS

(a) The Corporation shall not enter into any related party transaction unless the transaction is determined by the Board to be fair, reasonable and in the Corporation's best interest at the time of such determination.

(b) Any Director, officer or key employee who has an interest in a related party transaction shall disclose in good faith to the Board, or an authorized committee thereof, the material facts concerning such interest.

(c) With respect to any related party transaction in which a related party has a substantial financial interest, the Board, or an authorized committee thereof, shall in good faith: (i) prior to entering into the transaction, consider alternative transactions to the extent available; (ii) approve the transaction by not less than a majority vote of the Directors or committee members present in person or by video conference at the meeting; and (iii) contemporaneously document in writing the basis for the Board or authorized committee's approval, including its consideration of any alternative transactions.

(d) No related party may participate in deliberations or voting relating to matters set forth in this section; provided that nothing in this section shall prohibit the Board or authorized committee from requesting that a related party present information concerning a related party transaction at a Board or committee meeting prior to the commencement of deliberations or voting relating thereto.

(e) Any transaction in violation of such restrictions shall be voidable by the Board of Directors.

(f) A contract or transaction between the Corporation and a member municipality relating to a stormwater retrofit project shall not be considered a "related-party transaction."

SECTION 4. NON-LIABILITY OF DIRECTORS AND OFFICERS

No Director or officer shall be personally liable to the Corporation in the Corporation's own behalf or for the benefit of the Corporation's creditors for damages for any breach of duty as a

Director or officer; provided, however, that the foregoing shall not eliminate or limit the liability of a Director or officer if a judgment or other final adjudication adverse to such Director or officer establishes that such Director's or officer's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such Director or officer personally gained in fact a financial profit or other advantage to which he or she was not legally entitled, or that such Director's or officer's acts violated Section 719 of the New York Not-For-Profit Corporation Law.

SECTION 5. INDEMNIFICATION BY CORPORATION OF DIRECTORS AND OFFICERS

If a Director or officer of the Corporation is made, or threatened to be made, a party to any civil or criminal action or proceeding (including without limitation, actions or proceedings of an administrative or investigative nature) in any matter arising from the performance by such Director or officer of his or her duties for or on behalf of the Corporation, then, to the full extent permitted by law, the Corporation shall:

(a) Promptly upon written request to the Corporation by, or on behalf of, any Director or officer therefor, undertake the defense of any such action or proceeding for the benefit of such Director or officer, at the Corporation's expense, subject to the right granted to such Director or officer hereby to select legal counsel of his or her reasonable choice and/or to participate in his or her own defense, and subject also to receipt of the undertaking specified by paragraph (c) of section 723 of the New York Not-For-Profit Corporation Law, to repay such amount as, and to the extent required by, paragraph (a) of section 725 of the New York Not-For-Profit Corporation Law, as such statutes may be amended; and

(b) Indemnify such Director or officer for all sums paid by him or her in the way of judgments, fines, amounts paid in settlement, and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, subject to the proper application of credit for any sums advanced to the Director or officer pursuant to clause (a) of this section.

Such right of indemnification shall be a contract right that may be enforced in any manner desired by such Director or officer. Such right of indemnification shall not be exclusive of any other right that such Director or officer may have or hereafter acquire. Without limiting the generality of the foregoing, such Director or officer shall be entitled to his or her rights of indemnification under the Certificate of Incorporation, any agreement, resolution of members, resolution of Directors, provision of law or otherwise, as well as his or her rights under this bylaw.

The indemnification provided for in this section may apply whether or not the claim asserted is based on matters which antedate the adoption of this By-law and may continue as to a person who has ceased to be a Director, officer, incorporator, employee or agent and may inure to the benefit of the heirs and personal representatives of such a person. An application for indemnification by the Corporation must be made on notice to the Attorney General.

SECTION 6. INSURANCE FOR INDEMNIFICATION OF DIRECTORS AND OFFICERS

To the extent not prohibited by the New York Not-For-Profit Corporation Law, the

Corporation shall, by resolution, purchase and maintain insurance:

(a) To indemnify the Corporation for any liability that it may incur as a result of the indemnification of Directors and officers; and

(b) To indemnify Directors and officers against any liability, whether or not the Corporation would have the power to indemnify such Director or officer against such liability under the provisions of Section 722 of the New York Not-For-Profit Corporation Law.

SECTION 7. DEFINED TERMS

(a) An Affiliate of a corporation means any entity controlled by, in control of, or under common control with such corporation.

(b) Independent director means a Director who: (i) is not, and has not been within the last three years, an employee of the corporation or an affiliate of the corporation, and does not have a relative who is, or has been within the last three years, a key employee of the corporation or an affiliate of the corporation; (ii) has not received, and does not have a relative who has received, in any of the last three fiscal years, more than ten thousand dollars in direct compensation from the corporation or an affiliate of the corporation (other than reimbursement for expenses reasonably incurred as a Director or reasonable compensation for service as a Director as permitted by paragraph (a) of section 202 of the Not-For-Profit Corporation Law; and (iii) is not a current employee of or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to, or received payments from, the corporation or an affiliate of the corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of twenty-five thousand dollars or two percent of such entity's consolidated gross revenues. For purposes of this subparagraph, "payment" does not include charitable contributions.

(c) Relative of an individual means his or her (i) spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; or (ii) domestic partner as defined in section twenty-nine hundred ninety-four-a of the public health law.

(d) Related party means (i) any Director, officer or key employee of the Corporation or any affiliate of the Corporation; (ii) any relative of any Director, officer or key employee of the Corporation or any affiliate of the Corporation; or (iii) any entity in which any individual described in clauses (i) and (ii) of this subparagraph has a thirty-five percent or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent.

(e) Related party transaction means any transaction, agreement or any other arrangement in which a related party has a financial interest (as defined in Article X of these Bylaws) and in which the Corporation or any affiliate of the Corporation is a participant.

(f) Key employee means any person who is in a position to exercise substantial influence

over the affairs of the Corporation, as referenced in 26 U.S.C. § 4958(f)(1)(A) and further specified in 26 CFR § 53.4958-3(c), (d) and (e), or succeeding provisions.

ARTICLE VI COMMITTEES

SECTION 1. COMMITTEES

(a) Board Committees. The Corporation shall have committees as may from time to time be designated by resolution of the Board of Directors consisting of not less than three (3) Directors, to aid and assist the Board in the management and affairs of the Corporation. Such committees may include persons who are not also members of the Board, but non-Board members may not vote. These committees shall have the power delegated to them by the Board of Directors by resolution or as set forth in these By-Laws.

(i) The Board of Directors shall establish an Audit Committee. It shall be the responsibility of the committee, in part, to recommend to the Board the hiring of a certified independent accounting firm for the corporation, establish the compensation to be paid to the accounting firm, and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes.

(ii) The Board of Directors shall establish a Governance Committee. It shall be the responsibility of the committee to keep the Board informed of current best governance practices, to review corporate governance trends, to update the corporation's governance principles, and to advise appointing authorities on the skills and experiences required of potential board members.

(iii) The Board of Directors shall establish an Executive Committee, with the composition and authorities and responsibilities as determined by the Board of Directors by resolution or as set forth in these By-Laws, provided that the President of the Corporation shall serve as chair of the Executive Committee. The Executive Committee shall be comprised of three Directors from Westchester County members, three Directors from Putnam County members, and one Director from Dutchess County members. The Executive Committee is authorized to approve SEQRA significance determinations, requests for proposals for engineering services, engineering contracts, requests for construction bids, construction contracts, installation agreements with municipalities and other landowners, easements, change orders, reimbursement agreements with municipalities, and all payments related to approved stormwater retrofit projects.

(b) Advisory committees.

(i) The Board of Directors shall establish a Technical Committee, consisting of non-Board members with technical or planning expertise. It shall be the responsibility of the committee to keep the board informed of engineering and scientific information with respect to stormwater retrofits, total maximum daily loads, phosphorus modeling, waste load allocations and other technical issues related to the New York City Watershed.

(ii) The Board of Directors, by resolution, may appoint from time to time such other committees as the Board shall deem necessary, but no such committee shall have the authority to bind the Board. Provisions of the chapter applicable to Officers generally shall apply to members of such committees.

(c) The Board may designate one or more Directors as alternate members of any committee, who may replace any absent member or members at any meeting of such committee. Each committee of the Board shall serve at the pleasure of the Board. The designation of any such committee and the delegation thereto of authority shall not alone relieve any Director of his duty to the corporation under section 717 of the N-PCL.

**ARTICLE VII
GRANTS ADMINISTRATION**

SECTION 1. PURPOSE OF GRANTS

This Corporation shall have the power to make grants and to render other financial assistance for the purposes expressed in the Certificate of Incorporation of the Corporation.

**ARTICLE VIII
MISCELLANEOUS**

SECTION 1. INTERPRETATION

To the extent that any provision of these By-laws may conflict with any provision of the Certificate of Incorporation, the Certificate of Incorporation shall govern.

SECTION 2. CERTAIN LAWS MADE APPLICABLE

The Corporation shall at all times be bound by, and subject to the following laws: (a) the New York State Open Meetings Law (Public Officers Law, Article 7), as amended to the same extent as a "public body" except to the public notice and enforcement requirements of sections 104 and 107 of the Public Officer's Law, respectively; (b) sections 64, 67, 69-a, 70, 73(5) and 76 of the New York State Ethics in Government Act (Public Officers Law, Article 4), and sections 87 and 89(3) of the New York State Freedom of Information Law (Public Officers Law, Article 6), as amended, to the same extent as an agency. The Corporation shall comply with the requirements of the Public Authorities Accountability Act as they apply to a local authority.