

BY-LAWS
OF
DUTCHESS COUNTY WATER
AND WASTEWATER AUTHORITY

ARTICLE I - THE AUTHORITY

- Section 1. Name. The name of the Authority shall be "Dutchess County Water and Wastewater Authority."
- Section 2. Seal of Authority. The seal of the Authority shall be in the form of a circle and shall bear the name of the Authority and the year of its organization.
- Section 3. Office of Authority. The office of the Authority shall be at 27 High Street, Poughkeepsie, New York, but the Authority may have other offices at such other places as the Authority may from time to time designate by resolution.

ARTICLE II - OFFICERS

- Section 1. Officers. The officers of the Authority shall be a Chairman, a Vice Chairman, a Secretary, and a Treasurer. Any two or more offices, except the offices of Chairman, Vice Chairman and Secretary, may be held by the same person.
- Section 2. Chairman. The Chairman shall preside at all meetings of the Authority. Except as otherwise authorized by resolution of the Authority, the Chairman shall execute all agreements, contracts, deeds, and any other instruments of the Authority. At each meeting, the Chairman shall submit such recommendations and information as he may consider proper concerning the business, affairs and policies of the Authority.
- Section 3. Vice Chairman. The Vice Chairman shall, in the absence or disability of the Chairman, perform all the duties and responsibilities of the Chairman.
- Section 4. Secretary. The Secretary shall keep the records of the Authority, shall act as secretary of the meetings of the Authority and record all votes, and

shall keep a record of the proceedings of the Authority in a journal of proceedings to be kept for such purpose, and shall perform all duties incident to his/her office. He/she shall keep in safe custody the seal of the Authority and shall have power to affix such seal to all contracts and other instruments authorized to be executed by the Authority.

Section 5. Treasurer. The Treasurer shall have the care and custody of all funds of the Authority and shall deposit or cause the same to be deposited in the name of the Authority in such bank or banks as the Authority may select. Except as otherwise authorized by resolution of the Authority, 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 Authority. Except as otherwise authorized by resolution of the Authority, all such instruments of indebtedness, orders and checks shall be countersigned by the Chairman. The Treasurer shall keep or cause to be kept regular books of accounts showing receipts and expenditures, and shall render to the Authority at each regular meeting an account of his/her transactions and also of the financial condition of the Authority. He/she shall give such bond for the faithful performance of his/her duties as the Authority may determine.

Section 6. Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be authorized by resolution of the Authority or be required by the Authority, by the by-laws of the Authority, or by the rules and regulations of the Authority.

Section 7. Election of Officers. The first officers of the Authority shall be elected as soon as practical. Thereafter, all officers of the Authority shall be elected at the annual meeting of the Authority from among the members of the Authority and shall hold office for one year or until the successors are elected and qualified. Nothing herein shall prevent an individual from succeeding their self in office. Notwithstanding anything herein to the contrary, the Secretary need not be a member of the Authority.

Section 8. Vacancies. Should any office become vacant, the Authority shall elect a successor from among its membership at the next regular meeting, and such election shall be for the unexpired term of said

office.

Section 9. Executive Director. An Executive Director may be appointed by the Authority, and he/she shall have general supervision over the administration of the business and affairs of the Authority, subject to the direction of the Authority. He/she shall be charged with the management of all projects of the Authority.

Section 10. Deputy or Assistant Director. Deputy or Assistant Directors may be appointed by the Authority, and he/she/they shall assist the Executive Director.

Section 11. Additional Personnel. The Authority may from time to time employ such personnel or enter into contracts for consultant services as it deems necessary to exercise its powers, duties and functions as prescribed by the Public Authorities Law of the State of New York, as amended, and all other laws of the State of New York applicable thereto. The selection and compensation of all personnel and consultants shall be determined by the Authority subject to the laws of the State of New York.

ARTICLE III - MEETINGS

Section 1. Annual Meeting. The Annual Meeting of the Authority shall be held in the month of January at the time and place so chosen by the Authority Board. (1/14/97)

Section 2. Regular Meetings. Regular meetings of the Authority may be held at such times and places as from time to time may be determined by resolution of the Authority.

Section 3. Special Meetings. The Chairman of the Authority may, when he/she deems it desirable, and shall, upon the written request of two other members of the Authority, call a special meeting of the Authority 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 Authority or may be mailed to the business or home address of each member of the Authority at least five 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 Authority are present

at a special meeting, with or without notice thereof, any and all business may be transacted at such special meeting.

Section 4. Telephone Meetings. The Chairman of the Authority may, when he/she deems it desirable, conduct a special meeting of the Authority by means of a telephone call. Such a meeting shall be conducted in accordance with the conditions of Article III, Section 3. of these by-laws. For all telephone meetings of the Authority, a speaker phone connection shall be provided at the regular meeting place of the Authority. Such meeting shall be conducted by a conference call in which all telephone participants can hear both those participating by telephone and those present in person. A quorum may be present either by telephone or in person. The meeting shall be conducted in a room accessible to the public for purposes of the meeting. The Secretary of the Authority shall acknowledge the identity of the telephone participants. (3/11/97)

Section 5. Order of Business. At the regular meetings of the Authority, the following shall be the order of business:

1. Roll Call
2. Reading and Approval of the Minutes
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 there shall be copies in or attached to a journal of the proceedings of the Authority.

Section 6. The voting on all questions coming before the Authority shall be by roll call, and the yeas and nays shall be entered on the minutes of such meeting, except in the case of election of officers when the vote may be by ballot. Three affirmative votes shall be necessary to pass a resolution.

Section 7. Quorum. Three voting members shall constitute a quorum.

ARTICLE IV - COMMITTEES

Section 1. Governance Committee

The Authority shall establish and maintain a Governance Committee, the purposes of which shall

be to assist the Board by: (1) keeping the Board informed of current best practices in corporate governance; (2) reviewing corporate governance trends for their applicability to the Dutchess County Water and Wastewater Authority; (3) updating the Dutchess County Water and Wastewater Authority's corporate governance principles and governance practices; and (4) advising those responsible for appointing directors to the Board on the skills, qualities and professional or educational experiences necessary to be effective Board members.

The Powers, Composition, Committee Structure and Meetings, Reports and Responsibilities of the Governance Committee shall be as provided in the Governance Committee Charter, which is attached hereto and made a part hereof.

Section 2. Audit Committee

The Authority shall establish and maintain an Audit Committee, the purposes of which shall be to (1) assure that the Authority's board fulfills 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 (2) provide an avenue of communication between management, the independent auditors, the internal auditors, and the board of directors.

The Powers, Composition, Meetings and Responsibilities of the Audit Committee shall be as provided in the Audit Committee Charter, which is attached hereto and made a part hereof.

Section 3. Finance Committee

The Authority shall establish and maintain a Finance Committee, the purposes of which shall be to oversee the Authority's debt and debt practices and to recommend policies concerning the Authority's issuance and management of debt.

The Powers, Composition, Meetings and Responsibilities of the Finance Committee shall be as provided in the Audit Committee Charter, which is attached hereto and made a part hereof.

Section 4. The Authority shall have the power to, from time to time, establish such additional Committees as it deems necessary and appropriate.

ARTICLE V The Authority shall have the power to adopt such rules, regulations and policies as it deems necessary and appropriate to govern the activities of the Authority, and to amend, from time to time, such rules, regulations and policies. All duly adopted rules, regulations and policies of the Authority shall be recorded in the journal of proceedings of the Authority.

ARTICLE VI - AMENDMENTS

Section 1. Amendments to By-Laws. The by-laws of the Authority shall be amended only with the approval of at least a majority of all of the voting members of the Authority 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 Authority.

By-laws as adopted February 18, 1992
As amended January 14, 1997
As amended March 11, 1997
As amended December 16, 1997
As amended February 19, 2003
As amended March 21, 2007
As amended June 16, 2010
As adopted January 19, 2011.

BY ORDER OF THE DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY

Rudy Vavra, Secretary

STATE OF NEW YORK)
) ss:
COUNTY OF DUTCHESS)

I, the undersigned Secretary of the Dutchess County Water and Wastewater Authority (the "Authority"), DO HEREBY CERTIFY:

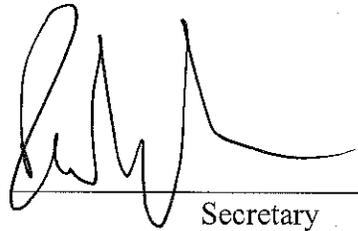
That I have compared the annexed extract of the minutes of the meeting of the Authority, including the resolution contained therein, held on the 17th day of November, 2010, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Authority and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to and such resolution has not been amended, modified or rescinded and is in full force and effect on the date hereof.

I FURTHER CERTIFY (i) all members of the Authority had due notice of said meeting (ii) pursuant to Section 103 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that notice of the time and place of said meeting was duly given in accordance with such Section 103, (iii) the meeting was in all respects duly held, and (iv) there was a quorum present throughout.

I FURTHER CERTIFY that the attached is a complete and true copy of the By-Laws of the Dutchess County Water and Wastewater Authority as they exist as of this date.

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the seal of the Authority as of the 19th day of January, 2011.

(Seal)



Secretary

AUDIT COMMITTEE CHARTER

This Audit Committee Charter was adopted by the Board of Directors of the Dutchess County Water and Wastewater Authority, a public benefit corporation established under the laws of the State of New York, on this 21st day of March, 2007

Purpose

Pursuant to Article IV, Section 2 of the Authority's bylaws, the purpose of the audit committee shall be to (1) assure that the Authority's board fulfills 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 (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 Authority employees, all of whom should be directed by the board to cooperate with committee requests.
- Meet with Authority staff, independent auditors or outside counsel, as necessary.
- Retain, at the Authority's expense, such outside counsel, experts and other advisors as the audit committee may deem appropriate. The Authority board 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 consist of at least two members of the board of directors who are independent of Authority operations. It is permissible to appoint a non-board member to the committee, provided that these non-board members are independent and do not constitute the majority of the committee. The Authority's board will appoint the audit committee members and the audit committee chair.

Audit committee members shall be prohibited from being an employee of the Authority or an immediate family member of an employee of the Authority. In addition, audit 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.

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, in person or via telephone or videoconference. 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 Authority'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 5 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 recorded.

Responsibilities

The audit 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; and (d) miscellaneous issues related to the financial practices of the Authority.

A. Independent Auditors and Financial Statements

The audit committee shall:

- Appoint, compensate and oversee independent auditors retained by the Authority 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 Authority'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 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.
- Review and approve the Authority'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 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.

C. 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 Authority or any persons having business dealings with the Authority or breaches of internal control.

- Develop procedures for the receipt, retention, investigation and/or referral of 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 (for example, issues may be referred to the State Inspector General or, other investigatory organization.)
- Review all reports delivered to it by the Inspector General and serve as a point of contact with the Inspector General.

D. Other Responsibilities of the Audit Committee

The audit committee shall:

- 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 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, reassess its adequacy, and recommend any proposed changes to the board of the Authority. 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 the board approval for proposed changes.

FINANCE COMMITTEE CHARTER

This Finance Committee Charter was adopted by the Board of Directors of the Dutchess County Water and Wastewater Authority, a public benefit corporation established under the laws of the State of New York, on this 16th day of June, 2010.

Purpose

Pursuant to Article IV, Section 3 of the Authority's bylaws, the purpose of the finance committee is to oversee the Authority's debt and debt practices and to recommend policies concerning the Authority's issuance and management of debt.

Duties of the Finance Committee

It shall be the responsibility of the finance committee to:

- Review proposals for the issuance of debt by the Authority and to make recommendations concerning those proposals to the board.
- Make recommendations to the board concerning the level of debt and nature of debt issued by the Authority.
- Make recommendations concerning the appointment and compensation of bond counsel, investment advisors and underwriting firms used by the Authority, and to oversee the work performed by these individuals and firms on behalf of the Authority.
- Meet with and request information from Authority staff, independent auditors and advisors or outside counsel, as necessary to perform the duties of the committee.
- Retain, at the Authority's expense, such outside counsel, experts and other advisors as the finance committee may deem appropriate.
- Review proposals relating to the repayment of debt or other long-term financing arrangements by the Authority and its subsidiaries.
- Annually review the Authority's financing guidelines and make recommendations to the board concerning criteria that should govern its financings. These should include security provisions required for a bond financing undertaking, specific requirements of credit enhancements or additional guarantees used, such as a pledge of revenues, financial covenants or debt service reserves.
- Report annually to the Authority's board how it has discharged its duties and met its responsibilities as outlined in the charter, and request board approval for proposed changes.

Composition of Committee and Selection of Members

The finance committee shall consist of not less than three independent members of the board of directors, who shall constitute a majority on the committee. Non-board members may be appointed to the committee provided that the independent board members constitute a majority of the committee. The Authority's board shall appoint the finance committee members and the finance committee chair. Members shall serve on

the committee at the discretion of the board. Members appointed to the committee shall have the background necessary to perform its duties.

Meetings

The finance committee shall meet at such times as deemed advisable by the chair, but not less than once a year. The committee must meet prior to any debt issuance planned to be undertaken by the Authority.

Members of the finance committee are expected to attend each committee meeting, in person or via telephone or videoconference. The 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. A majority of the committee members present or participating through telephone or videoconference shall constitute a quorum.

Meeting agendas shall be prepared prior to every meeting and provided to finance committee members along with briefing materials in advance of the scheduled finance committee meeting. The finance committee may act only on the affirmative vote of a majority of the members or by unanimous consent. Minutes of these meetings shall be recorded.

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

GOVERNANCE COMMITTEE CHARTER

This Governance Committee Charter was adopted by the Board of Directors of the Dutchess County Water and Wastewater Authority, a public benefit corporation established under the laws of the State of New York, on this 21st day of March, 2007.

Purpose

Pursuant to Article IV, Section 1 of the Authority'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 Dutchess County Water and Wastewater Authority;
- Updating the Dutchess County Water and Wastewater Authority'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 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 and Selection

The membership of the committee shall be as set forth in accordance with and pursuant to Article IV, Section 1 of the Authority's bylaws. The governance committee shall consist of at least two members of the board of directors who are independent of Authority operations. It is permissible to appoint a non-board member to the committee, provided that these non-board members are independent and do not constitute the majority of the committee. The governance committee members shall be appointed by, and will serve at the discretion of the Authority's 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 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 Authority 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 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, in person or via telephone or videoconference.

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 recorded.

Reports

The governance committee shall:

- Report 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 Authority's Board; (b) evaluation of the Authority's policies; and (c) other miscellaneous issues.

Relationship to the Authority'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 Authority'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 Authority's governance process.

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.

Other Responsibilities

The governance committee shall:

- Review on an annual basis the compensation and benefits for the Managing Director and other senior Authority officials.
- Annually review, assess and make necessary changes to the governance committee charter and provide a self-evaluation of the governance committee.