

PUBLIC REALM IMPROVEMENT FUND GOVERNING GROUP INC.

AUDIT COMMITTEE CHARTER

THIS CHARTER is the Charter for the Audit Committee of the Board of Directors of the Public Realm Improvement Fund Governing Group Inc. (respectively, the “Committee” and the “Corporation”). For purposes of this Charter, an “Independent Auditor” shall mean a certified public accounting firm, nationally recognized, that is independent and superior in its response to the procurement process pursuant to which it was retained by the Board of Directors of the Corporation (the “Board of Directors” or the “Board”).

1. The Purpose of the Committee. The purpose of the Committee is to:

- Oversee and assess the effectiveness of the Corporation’s reporting process to insure that the reporting process is credible, controlled and reliable, and its reporting is transparent, comparable, consistent and of high quality.
- Oversee the accounting and reporting of the Corporation to insure that the financial statements of the Corporation fairly and accurately present the financial position of the Corporation.
- Oversee the internal audit activities of the Corporation.

2. The Objectives of the Committee. The Committee’s objectives, in support of its purpose, shall be the following:

- To assure for the Corporation a system of internal financial control that will accomplish the following:
 - safeguard the assets of the Corporation against loss from unauthorized use or disposition;
 - cause transactions to be executed in accordance with authorization by the Board of Directors;
 - properly record and account for all financial transactions;
 - insure that all actions of an accounting nature are in accordance with the promulgations of the Government Accounting Standards Board; and
 - prepare financial statements that fairly present the financial position of the Corporation in accordance with Generally Accepted Accounting Principles (“GAAP”).
- To assure for the Corporation an external audit process that satisfies the following conditions:
 - independence;
 - impartiality; and
 - execution in accordance with Generally Accepted Auditing Standards.

- To assure the Corporation’s compliance with all financial reporting obligations to third parties, whether required by statute or contract.
- To maintain free and open communication and productive working relationships with or among:
 - the members of the Committee;
 - the members of the Board of Directors;
 - the Board’s officers;
 - the Independent Auditor;
 - contract parties; and
 - other governmental entities.

3. Authority and Powers of the Committee. For purposes of this Charter, the term “Professional Contract(s)” shall mean contracts in which the Corporation engages professional services, related to the purpose and objectives of the Committee as described in this Charter, in the following areas: independent audit services, legal services and other consultant services. The Committee shall have the following authority and may exercise the following powers:

- To perform all activities within the scope of this Charter.
- To report directly to the Board of Directors.
- To recommend to the Board for its approval, that the Corporation enter into a Professional Contract with an Independent Auditor for the purpose of obtaining independent audit services for the Corporation.
- To prescribe the compensation for the Independent Auditor.
- To recommend to the Board for its approval, that the Corporation enter into Professional Contracts, other than the Professional Contract with the Independent Auditor.
- To supervise and review the work, services and counsel provided under Professional Contracts, including but not limited to the work and services provided by the Independent Auditor. In particular, the Committee shall monitor the work of the Independent Auditor so that such work is in conformity with the requirements set forth in Appendix 1 hereto.
- To have unrestricted access to (i) the Board and its officers, (ii) the Corporation’s facilities, real and personal, and (iii) the books and records of the Corporation.
- To review for adequacy, reliability and clarity, and to monitor conformity with GAAP, the Corporation’s accounting practices, including but not limited to: (i) the procedures for internal financial control; (ii) the accounting of all transactions; (iii) the audit procedures employed by the Independent Auditor; and (iv) the dissemination of the financial position and performance information of the Corporation.
- To review from time to time the fees, compensation and expenses paid under Professional Contracts.
- Any member of the Committee shall have the right to propose to his or her co-members and to the Board changes and amendments to this Charter.

4. Required Credentials for Members of the Committee. Individuals appointed to be members of the Committee shall have the following credentials:

- The ability to read and understand financial statements.
- A working knowledge of GAAP, to the extent practicable.
- A working knowledge of concepts commonly used in corporate finance, to the extent practicable.
- The absence of any conflict-of-interest that would impair the individual's ability to faithfully and impartially pursue the purpose of this Committee and to perform its objectives, all as set forth in this Charter. In particular (and without limiting the generality of the foregoing), any individual to be appointed a Committee member shall not have a conflict-of-interest that would interfere with that individual's impartial selection or impartial oversight of the Independent Auditor, including but not limited to determinations as to appropriate compensation.
- Independence in accordance with the standards set forth in Appendix 2 annexed hereto.

5. Standards to which the Committee must adhere. In performing its responsibilities, the Committee shall adhere to the following:

- Law, both statute and contract.
- GAAP.
- Authorization provided by the Board of Directors and by the Corporation's Certificate of Incorporation and By-Laws.
- The Corporation's mission and purpose.
- Commonly recognized principles of prudence, integrity and impartiality.

6. Specific Responsibilities of the Committee. The following is a non-exclusive list of the responsibilities of the Committee. Committee members must consider this list as a partial guide, to be supplemented by common sense and prevailing professional norms:

- In addition to other meetings required by this Section 6, the Committee shall meet three times per annum with the Independent Auditor and the Board's Treasurer to discuss issues arising within the purview of the Committee's responsibilities. The three meetings shall occur as follows and, in addition to any other relevant topics, must include the following substantive discussions:
 - The first meeting shall occur before commencement of the annual audit. At such meeting the Independent Auditor shall report, in connection with the audit that is to occur, as follows: (i) an overview of the audit process; (ii) the deliverables; (iii) the timetable; and (iv) all significant auditing policies and practices to be used by the Independent Auditor in the course of the audit;

- The second meeting shall occur at the end of the annual audit. The purpose of the meeting will be to: (i) review the draft financial statements; and (ii) discuss (a) issues raised by the Independent Auditor (including adjustments required by the Independent Auditor), (b) the report of the Independent Auditor, (c) all alternative treatments of financial information (within GAAP) that the Independent Auditor has discussed with the Board or its officers and the treatment preferred by the Independent Auditor, (d) ramifications of such alternative treatments, and (e) other material written communications between the Independent Auditor and the Board or its officers, including the report of the Independent Auditor.
- The third meeting shall occur prior to finalization of the Independent Auditor's report on internal control to the Board or its officers (the "Management Letter"). The purpose of the meeting is to review the draft Management Letter (including, where applicable, internal control matters, material corrections, and any unadjusted differences), and the response to the draft.
- The Committee and the Independent Auditor shall annually obtain from the Treasurer written representations regarding responsibility for the integrity of the control and financial reporting systems and processes of the Corporation, and the Treasurer's belief about the quality of such controls and financial reports.
- The Committee shall report at least annually to the Board of Directors and, in general, shall act as a liaison between the Board of Directors and the Independent Auditor.
- The Committee members shall be reasonably available to provide guidance to the Independent Auditor and to provide advice to the officers of the Corporation.
- Every four years, the Committee shall recommend to the Board of Directors for its approval the selection of an Independent Auditor. The Independent Auditor so recommended shall meet the criteria for independence as set forth in Appendix 3 hereto. The Committee, with the help of the Corporation's officers, will be responsible for carrying out the procurement process and such process shall conform to the Corporation's procurement requirements.
- The Committee shall from time to time look into the industry norm for appropriate compensation for independent auditors and shall regularly review the compensation of the Independent Auditor to ascertain whether or not it is reasonable.
- The Committee shall review all "internal control letters" addressed to the Corporation, including but not limited to the Management Letter. The Committee shall review all interim financials, the annual financials presented for audit, and the audited annual financials.
- The Committee, at least once annually, shall review with the Treasurer and the Independent Auditor, the adequacy of the Corporation's internal

control procedures and accounting and auditing procedures generally. The Committee shall review the response to the comments, if any, of the Independent Auditor with respect to these procedures and practices.

- The Committee shall meet at least annually with the Independent Auditor, at a location designated by the Committee to discuss any issues arising within the purview of the Committee's responsibilities.
- The Committee shall meet at least annually with the Treasurer, outside of the presence of the Independent Auditor, to discuss the Treasurer's evaluation of the work performed by the Independent Auditor and the appropriateness of its fees.
- The Committee, when it deems necessary, shall investigate suspected or potential improprieties in bookkeeping, record retention or disclosure of financial information of the Corporation. The Committee shall do the foregoing in consultation with counsel.
- The Committee shall monitor the professional staff of the Independent Auditor.
- The Committee shall review changes in accounting principles or auditing practices that had or are expected to have a significant impact on the preparation of financial statements.
- When it deems advisable, the Committee shall recommend to the Board of Directors the following:
 - entering into Professional Contracts for the purpose of securing specific studies and reports, including non-audit services from the Independent Auditor, and
 - including audited financials in any required public financial disclosures or regulatory filings.
- When it deems advisable, the Committee shall recommend to the Treasurer and the Board changes to this Charter, all in accordance with best practices and accounting standards.
- The Committee shall cause minutes to be prepared for all of its meetings and shall review such minutes for accuracy and thereafter shall approve such minutes.

APPENDICES – REQUIREMENTS

Appendix 1 – Requirements as to the work of the Independent Auditor.

The Independent Auditor may not, while acting in the role of external auditor, provide non-audit services to the Corporation without the previous written consent of the Committee. Examples of non-audit services are: bookkeeping or other services related to the accounting records or financial statements of the Corporation; financial information systems design and implementation; appraisal or valuation services, fairness opinions or contribution-in-kind reports; actuarial services; internal audit outsourcing services; management functions or human services; broker or dealer, investment advisor, or investment banking services; and legal services and expert services unrelated to the audit.

Appendix 2 – Requirements as to the independence of members of the Audit Committee.

An “independent member” shall mean a person who:

- (a) is not, and in the past two years has not been, employed by the Corporation or an affiliate of the Corporation in an executive capacity;
- (b) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than \$15,000 for goods and services provided to the Corporation or received any other form of financial assistance valued at more than \$15,000 from the Corporation;
- (c) is not a relative of an executive officer or employee in an executive position of the Corporation or an affiliate; and
- (d) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or other similar actions of the Corporation or an affiliate.

For purposes of the foregoing, an “affiliate” is any person that controls, is controlled by, or is under common control with the Corporation.

Appendix 3 – Requirements as to the independence of the Independent Auditor.

The Independent Auditor must satisfy the following conditions: (i) an “audit partner” shall not have performed, for each of the previous five fiscal years preceding the audit year, audit services to the Corporation; and (ii) an “executive” of the Corporation shall not have been employed, for the twelve months preceding commencement of the audit,

by the Independent Auditor if he/she participated in any capacity in the audit of the Corporation during the one year period preceding the initiation of the audit. As used herein: “audit partner” shall mean the lead (or coordinating) audit partner (having responsibility for the audit), and the audit partner responsible for reviewing the audit; “executive” shall mean the Chairperson, Treasurer, and any other person serving in an equivalent position for the Corporation.

