

SUFFOLK COUNTY WATER AUTHORITY

POLICIES AND PROCEDURES

SUBJECT: SCWA FINANCE COMMITTEE

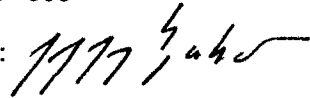
FILE UNDER SECTION NO: 9

EFFECTIVE DATE: DECEMBER 22, 2010

POLICY NO: 905

SUPERSEDES:

APPROVED:



**PURPOSE**

The purpose of the Finance Committee shall be 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.
- 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 this charter.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with this charter and request the board approval for proposed changes.

### **Composition of Committee and Selection of Members**

The finance committee shall consist three members of the Board (one of whom shall be the Chairman), who are independent of Authority operations. The Authority's Board will appoint the audit committee members. Finance Committee members shall serve at the discretion of the Authority Board.

The finance committee members should be knowledgeable or become knowledgeable in matters pertaining to finance.

### **Meetings**

The finance committee will meet a minimum of twice per year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in this Charter. All committee members are expected to attend each committee meeting, in person or via telephone or videoconference.

Meetings agendas will be prepared for every meeting and provided to the finance committee members in advance of the scheduled committee meeting, along with the appropriate materials needed to make informed decisions. The finance committee shall act only on the affirmative vote of a majority of the members at a meeting. Minutes of these meetings are to be recorded.

### **Other Responsibilities of the Finance Committee:**

The finance committee shall:

- Review the Authority's proposed annual operating & maintenance budget as presented by Authority management for the upcoming fiscal year.
- Review the Authority's proposed annual capital budget as presented by Authority management for the upcoming fiscal year.
- Recommend the proposed annual budgets to the board for approval after incorporating necessary amendments.

- Monitor and report to the board on the Authority's compliance with its adopted budget during the fiscal year (actual verses estimated budget) on a biannually.
- Annually review the Authority's investment policy and evaluate allocation of assets.
- Review and recommend to the board approval of the Authority's annual investment report.
- Annually review the Authority's audit of investments as provided by independent auditors.
- Review the financial aspects of major proposed transactions, significant expenditures, new programs and services, as well as proposals to discontinue programs or services and making action recommendations to the board.
- Review and make recommendations to the board regarding any proposed procurements submitted to the committee by the Authority's procurement officer.
- Review and recommend changes to the Authority's thresholds for procuring goods and services and procurement policy.
- Review and recommend changes to the Authority's rates and fee schedules.
- Review the scope and terms of the Authority's insurance policies and liability coverage on an annual basis.
- Review any other matters, which may arise as they pertain to the finances of the Authority and make recommendations, if appropriate.