

# **FINANCE COMMITTEE CHARTER**

The Board of the Hudson River – Black River Regulating District (“Regulating District” or “Authority”), a public benefit corporation established under the laws of the State of New York, hereby adopts this Finance Committee Charter on this 10<sup>th</sup> Day of April, 2012.

## **Purpose**

Pursuant to article VI, section I of the Regulating District’s bylaws, the purpose of the finance committee is to oversee the Regulating District’s debt and debt practices and to recommend policies concerning the authority’s issuance and management of debt.

## **Powers of the Finance Committee**

It shall be the responsibility of the finance committee to:

- Review proposals for the issuance of debt by the Regulating District 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 Regulating District.
- Make recommendations concerning the appointment and compensation of bond counsel, investment advisors and underwriting firms used by the Regulating District, and to oversee the work performed by these individuals and firms on behalf of the Authority.
- Meet with and request information from Regulating District 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 Regulating District’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.

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

The membership of the committee shall be as set forth in accordance with and pursuant to article VI, section 1 of the authority’s bylaws. The finance committee shall be comprised of not less than three (3) independent members of the board; who shall constitute a majority on the committee. The finance committee members shall be appointed by, and will serve at the discretion of the Regulating District’s board. The board may designate one member of the finance 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 finance committee chair will continue serving as a member of the committee for at least one year to ensure an orderly transition.

Finance committee members shall be prohibited from being an employee of the Regulating District or an immediate family member of an employee of the authority. In addition, finance 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.

Finance committee members should have the background necessary to perform its duties and be knowledgeable, or become knowledgeable, in matters pertaining to finance.

### **Meetings**

The finance 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 finance committee are expected to attend each committee meeting in person or via 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 videoconference shall constitute a quorum.

Meeting agendas shall be prepared prior to every meeting and provided to finance committee members along with appropriate briefing materials five (5) business days before the scheduled finance committee meeting. The finance 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.

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

Meetings of the finance committee are open to the public, and the committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and article 7 of the Public Officers Law that relate to public notice and the conduct of executive session.

### **Responsibilities**

To accomplish good debt management, the finance committee shall have responsibilities related to: (a) the Regulating District's annual and triennial budget; (b) the Regulating District's investments; (c) the Regulating District's capital requirements and capital plan; (d) the Regulating District's financial and procurement thresholds, and; (e) other miscellaneous issues.

#### **A. Review the Authority's Triennial and Annual Budgets**

The finance committee shall:

- Review as required the Regulating District's proposed triennial operating budget as presented by the Regulating District's senior staff for each three year budget period.
- Review the Regulating District's proposed annual operating budget as presented by the Regulating District's senior staff for the upcoming fiscal year.
- Recommend the annual budget to the board for approval after incorporating necessary amendments.
- Monitor and report to the board on the Authority's compliance with its adopted three-year budget during each fiscal year of said budget (actual verses estimated budget).

#### **B. Oversee the Authority's Investments**

The finance committee shall:

- Annually review the Regulating District'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.
- Recommend to the board the selection of investment advisors.

#### **C. Assess the Authority's Capital Requirements and Capital Plan**

The finance committee shall:

- Assess the financial requirements of the Authority's capital plans. The assessment is to include current and future capital needs, a justification of why such capital expenditure is required and an explanation of funding sources for capital projects such as grants, issuance of debt or specified pay-as-you-go resources.
- 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.

#### **D. Review Financial and Procurement Thresholds**

The finance committee shall:

- Review and make recommendations to the board regarding any proposed procurements submitted to the finance committee by the Regulating District's procurement officer.
- Review and recommend changes to the Regulating District's thresholds for procuring goods and services and procurement policy.
- Review and recommend changes to the Regulating District's access permit system fee schedules.

- Review the scope and terms of the Regulating District's insurance policies and liability coverage on an annual basis.
- Review the scope and terms of the Regulating District's contract for the sale of water/generation of power at the Regulating District's facilities.
- Review, at least every five years, the scope and terms of the Regulating District's apportionment of costs to operate the Regulating District's facilities.

#### **E. Other Responsibilities**

The finance 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 their role in the oversight of the Regulating District's debt and debt practices and in recommending policies concerning the Regulating District's issuance and management of debt.
- Review the committee's charter annually, reassess its adequacy, and recommend any proposed changes to the board. The finance committee charter will be updated as applicable laws, regulations, statewide procurement and investment policies and 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.