

WAYNE COUNTY WATER AND SEWER AUTHORITY
FINANCE COMMITTEE CHARTER
(Adopted September 28, 2010)

Purposes

The purposes of the Finance Committee (the “Committee”) of the Board of Directors (“Board”) of the Wayne County Water And Sewer Authority (the “Authority”) are to assist the Board in fulfilling its oversight responsibilities as set forth in the Public Authorities Reform Act of 2009, as the same may be amended from time to time, (the “Act”) with respect to the Authority’s (i) debt and debt practices; (ii) issuance and management of debt; (iii) annual budget; (iv) capital plan; (v) investments; and (vi) procurement of goods and services.

Composition and Procedure

1. Membership and Appointment. The Committee shall be composed of not less than three independent directors as defined in Section 2 below who shall be appointed by the Board in accordance with the bylaws (“Bylaws”) of the Authority and shall constitute a majority on the Committee; provided, however, that in the event that the Board has fewer than three independent members, the Board may appoint non-independent members, provided that the independent members must constitute a majority of the members of the Committee. The members of the Committee shall serve at the pleasure of the Board for such term or terms as the Board may determine. The Board shall designate one of the members as Chairperson of the Committee.
2. Independence and other Qualifications. At least a majority of the Committee members must meet the definition of an “independent member” as defined in § 2825 of the Public Authorities Law, as amended. Members of the Committee shall possess the necessary skills to understand the duties and functions of the Committee.
3. Committee Meetings. The Committee shall meet at least twice per year or more frequently as necessary to carry out its responsibilities under this Charter and, in any event, prior to any debt issuance planned to be undertaken by the Authority, and no notice to members of the Committee shall be required for any regular meeting. Special meetings may be called with notice provided as required under the Bylaws. Meetings of the Committee shall be open to the general public, except for executive sessions, in accordance with applicable law and the Bylaws. The Committee Chairperson shall, in consultation with the other members of the Committee, establish the agenda for, and supervise the conduct of each Committee meeting. A copy of the agenda, together with appropriate briefing materials to be discussed at the meeting, will to the extent practicable be distributed to members of the Committee in advance of each meeting. A majority of the number of Committee members selected by the Board will constitute a quorum for conducting business at a Committee meeting. The act of the majority of Committee members present at a Committee meeting at which a quorum is in attendance will be the act of the Committee, unless a greater number is required by law or the Authority’s enabling legislation or Bylaws.
4. Minutes Required. The Committee shall keep accurate minutes of its meetings and shall present such minutes to the Board. Minutes shall consist of a record or summary of all

motions, proposals, resolutions and any other matter formally voted upon and the vote thereon, and shall include, as appropriate, copies of the agenda and other materials discussed or presented at the Committee meeting. Such minutes shall be available to the public in accordance with the provisions of the Freedom of Information Law and the Bylaws.

5. Report to the Board. The Committee shall report to the Board on its activities at the next regularly scheduled meeting of the Board following each meeting of the Committee.
6. Authorization. The Committee is empowered by the Board to take all appropriate action within the scope of its responsibilities as set forth in this Charter and the Bylaws. The Committee shall have full and unrestricted access to all financial and related information of the Authority as required to properly discharge its responsibilities.
7. Meetings with Management and Advisors. The Committee may request any officer or employee of the Authority, or any representative of the Authority's outside legal counsel or independent auditors, to provide pertinent information and attend a meeting or to meet with any members of, or advisors to, the Committee.

Duties and Responsibilities

The following shall be the common recurring duties and responsibilities of the Committee in carrying out its oversight responsibilities. These duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Committee may recommend to the Board that they be altered or supplemented as appropriate under the circumstances to the extent permitted by the Act or other applicable law.

1. Oversight of Debt Issuance.

It shall be the responsibility of the Committee to:

- (a) Review proposals for the issuance of debt by the Authority and to make recommendations concerning those proposals to the Board.
- (b) Make recommendations to the Board concerning the level of debt and nature of debt issued by the Authority.
- (c) 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.
- (d) Meet with and request information from Authority staff, independent auditors and advisors or outside counsel, as necessary to perform the duties of the committee.
- (e) Retain, at the Authority's expense, such outside counsel, experts and other advisors as the Committee may deem appropriate.
- (f) Review proposals relating to the repayment of debt or other long-term financing arrangements by the Authority.

- (g) 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.
- (h) Report annually to the Board how the Committee has discharged its duties and met its responsibilities as outlined in this Charter.
- (i) Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with this Charter and request Board approval for proposed changes.

2. Review of the Authority's Annual Budget

The Committee shall:

- (a) Review the Authority's proposed annual operating budget as presented by Authority management for the upcoming fiscal year.
- (b) Recommend for Board approval the Authority's annual operating budget after incorporating necessary amendments.
- (c) Monitor and report to the Board on the Authority's compliance with its adopted budget during the fiscal year (actual versus estimated budget) on a monthly/quarterly basis.

3. Oversight of the Authority's Investments.

The Committee shall:

- (a) Annually review the Authority's investment policy and evaluate allocation of assets.
- (b) Review and recommend to the Board approval of the Authority's annual investment report.
- (c) Annually review the Authority's audit of investments as provided by the Authority's independent auditors.
- (d) Recommend to the Board the selection of investment advisors.
- (e) Monitor the economic performance of the Authority's pension plans.

4. Assessment of the Authority's Capital Requirements and Capital Plan.

The Committee shall:

- (a) Assess the financial requirements of the Authority's capital plans. The assessment shall 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.
- (b) 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.

5. Review of the Authority's Financial and Procurement Thresholds

The Committee shall:

- (a) Review and make recommendations to the Board regarding any proposed procurements submitted to the Committee by the Authority's procurement officer.
- (b) Review and recommend changes to the Authority's thresholds for procuring goods and services and procurement policy.
- (c) Review and recommend changes to the Authority's fee schedules.
- (d) Review the scope and terms of the Authority's insurance policies and liability coverage on an annual basis.