

DETROIT WATER AND SEWERAGE DEPARTMENT

FINANCE COMMITTEE CHARTER

Purpose

The Finance Committee (the "Committee") is established by the BOWC of Water Commissioners ("BOWC") of the Detroit Water & Sewerage Department ("DWSD") to assist it in fulfilling its oversight responsibilities of the financial management of:

1. the organization's strategic, transactional planning and activities,
2. financing objectives and plans,
3. insurance program,
4. investment programs, and
5. policies.

Composition

1. **Members:** The Committee shall be comprised of as many members as the BOWC shall determine, but in any event, may not be fewer than three members. The members of the Committee shall be appointed by the Chair of the BOWC and serve tenures as determined by the BOWC.
2. **Chairperson.** The Chairperson of the Committee shall be appointed by the Chair of the BOWC.
3. **Removal and Replacement.** The members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the BOWC upon a resolution and majority vote of the BOWC.

Meetings

1. **Meetings:** The Chairperson of the Committee, in consultation with the Committee members,

shall determine the schedule and frequency of the Committee meetings.

2. Agenda: The Chairperson of the Committee shall develop and set the Committee's agenda, in consultation with other members of the Committee, the BOWC and appropriate members of management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review by Committee members.
3. Report to BOWC: The Chairperson of the Committee shall review the Committee's actions with the BOWC at the next regularly scheduled BOWC meeting after such actions were taken.
4. Self-Evaluation and Assessment of Charter: The Committee shall conduct an annual performance self-evaluation and shall report to the BOWC the results of the self-evaluation. The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the BOWC.

Authority and Duties

Transactional Activities

1. The Committee shall review periodically with management DWSD's strategic and financial objectives, and the manner in which transactional activity can contribute to the achievement of those objectives. The transactional activities include, but are not limited to:
 - a. Personal Services Contracts which exceed \$50,000
 - b. Commodity Contracts which exceed \$100,000
 - c. Professional Services Contracts which exceed \$250,000
 - d. Construction Contracts which exceed \$500,000
 - e. Disposal of DWSD property, plant, and equipment which exceeds \$500,000
2. The Committee shall review with management on a regular basis contemplated transactional

opportunities that support DWSD's strategic business objectives.

3. The Committee shall review and evaluate proposed divestitures and asset disposals in excess of limits established by the procurement policy.
4. The Committee shall review and recommend for approval to the BOWC binding agreements for transactions involving consideration in excess of amounts specified in DWSD's purchasing policy; generally, transactions involving consideration equal to or less than amounts outlined in the purchasing policy will not be required to be approved by the Committee unless Commissioner action is otherwise required. For purposes of this Charter, "consideration" includes the value of any committed obligation, including contingent payments, milestones, forecasted royalties, license fees or other committed obligations. Committee approval is not required for management to enter any non-binding transaction, including non-binding Letters of Interest. Management shall, as appropriate, promptly inform the Committee when engaging in negotiations for any non-binding transaction involving consideration in excess of amounts specified in this Charter and the procurement policy, and periodically update the Committee of its progress during such discussions.
5. The Committee shall notify the BOWC promptly following the Committee's approval of any transaction and report to the BOWC at each regular meeting on transactional activity since the last meeting.
6. The Committee shall conduct an annual review of completed transactions involving consideration in excess of \$500,000, for the purposes of: assessing the degree of success achieved; testing the extent to which the projections and other assumptions relied upon in approving transactions have been borne out; identifying the factors differentiating more successful transactions from less successful ones; and evaluating the strategic (technical, marketing, financial, and other) contributions resulting from transactions.

7. The Committee shall provide the BOWC annually a summary of completed transactional activity, including the status of committed obligations.

Finance and Investment

1. The Committee shall review and, when appropriate, make recommendations to the BOWC regarding DWSD's financing and capital structure objectives, strategies and plans.
2. The Committee shall review and, when appropriate, make recommendations to the BOWC regarding DWSD's cash investments, cash management, interest rate and currency risk management policies.
3. The Committee shall review conditions in the capital markets and evaluate DWSD's risk exposure and risk management strategies in light of the environment.
4. The Committee shall monitor the impact of various City of Detroit and governmental activities on DWSD's and the Great Lakes Water Authority debt ratings.
5. The Committee shall review at least annually and, when appropriate, make recommendations to the BOWC regarding DWSD's insurance program and risk management policies.
6. The Committee shall review and approve borrowing arrangements (including prepayments or refinancing), issuances or repurchases of public debt securities by DWSD. The Committee shall review and make recommendations to the BOWC regarding such borrowing arrangements, issuances or repurchases of public debt securities.
7. The Committee shall monitor DWSD's compliance with its debt covenants as incorporated in the bond ordinances of the Great Lakes Water Authority or in the ordinances of future self-issues.
8. The Committee shall monitor DWSD's compliance and activities as it relates to meeting the requirements of tax exempt bonds.

9. The Committee shall review periodically with management, and any outside professionals as the Committee considers appropriate, important tax and tax law trends and developments and their effect on financial markets and DWSD's financial strategies.
10. The Committee shall annually review with management the Capital Improvement Program and its components.
11. The Committee shall review DWSD's capital allocation process annually and significant capital programs periodically.
12. The Committee shall review and approve investments in any single new capital program in excess of \$500,000 over the projected course of the program that was not included in the list of significant projects and/or the total dollar amount of DWSD's most recent Capital Improvement Plan approved by the BOWC.
13. The Committee shall review and make recommendations to the BOWC regarding investments in any single new capital program equal to or in excess of \$500,000 over the projected course of the program that was not included in the list of significant projects and/or the total dollar amount of DWSD's most recent Capital Improvement Plan approved by the BOWC.
14. The Committee shall annually review DWSD's capital expenditure plan and annually review with management the capital asset expenditures in excess of \$500,000 against the plan.
15. The Committee shall review and approve dispositions of capital assets in excess of \$500,000 and review and make recommendations to the BOWC regarding dispositions of capital assets equal to or in excess of \$500,000.
16. The Committee shall meet annually with the external auditors to assess the results of the annual audit including the efficacy of internal controls.

17. The Committee shall meet periodically with the internal audit staff to assess progress toward recommended control improvements.

Additional Duties

1. The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its duties.
2. The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee, as it deems appropriate in accordance with applicable laws and regulations.
3. The Committee will establish an annual planning calendar of Committee activities including which activities will be addressed at which meetings.

Additional Authority

1. The Committee shall have the power to retain experts or advisors to assist the Committee in performing its duties. The Committee may also retain counsel or other advisors, as it deems appropriate. The Committee shall have sole authority to retain and terminate such experts or advisors and to review and approve such experts' or advisors' fees and other retention terms.
2. DWSD's shall compensate any such experts, counsel or other advisors retained by the Committee.

Review of Charter

This Charter may be modified from time to time at the sole discretion of the Board of Water Commissioners.

Approved as Written on October 18, 2017.



**City of Detroit
Board of Water Commissioners
Finance Committee Planning Agenda
October 4, 2017**

October 2017

- Presentation of Preliminary Financial Results for the Year Ended June 30, 2017
- Discussion and Approval of Finance Committee Planning Calendar

November 2017

- September 2017 YTD Results of Operations and Dashboard Discussion
- Treasury Update – Cash and Investments
- Capital Improvement Plan Update

December 2017

- October 2017 YTD Results of Operations and Dashboard Discussion
- Presentation of Proposed Fiscal Year 2018 Operating Budget
- Presentation of Proposed Five Year Capital Improvement Plan

January 2018

- November 2017 YTD Results of Operations and Dashboard Discussion
- Committee Approval of Recommended FY 2019 Operating Budget
- Committee Approval of Recommended FY 2019 – 2023 CIP
- External Auditor Review of Audited Financial Statements FYE June 30, 2017

February 2018

- December 2017 YTD Results of Operations and Dashboard Discussion
- Water and Sewer Rate Discussion and Approval
- Treasury Update – Cash and Investments
- Capital Improvement Plan Update

March 2018

- January 2018 YTD Results of Operations and Dashboard Discussion
- Work Force Plan Review

April 2018

- February 2018 YTD Results of Operations and Dashboard Discussion
- Technology Plan Update (Financial System Requirements)



May 2018

- March 2018 YTD Results of Operations and Dashboard Discussion
- Treasury Update – Cash and Investments
- Capital Improvement Plan Update

June 2018

- April 2018 YTD Results of Operations and Dashboard Discussion
- Finance Department Strategic Initiatives for FY 2019
- External Auditor FY 2018 Planning Discussion

July 2018

- May 2018 YTD Results of Operations and Dashboard Discussion

August 2018

- June 2018 YTD Results of Operations and Dashboard Discussion
- Treasury Update – Cash and Investments
- Capital Improvement Plan Update

September 2018

- Presentation of Preliminary Financial Results for the Year Ended June 30, 2018
- Discussion and Approval of Finance Committee Planning Calendar for FY 2018