

## **FINANCE COMMITTEE CHARTER**

One committee of the Brownsville Public Utilities Board "BPUB" shall be known as the Finance Committee. Only members of the Board of Directors, appointed by its Chairperson, shall serve on the Finance Committee. The Chairperson of the Board shall designate the Committee Chair. A member of the Board of Directors must be free of any relationship that could influence his or her judgment as a committee member. A member of the Board of Directors may not be associated with a major vendor to, or customer (excluding utility service), of the BPUB. When there is some doubt about independence, as when a member of the committee has a short-term consulting contract with a major customer, or BPUB, the member of the Board of Directors should recuse themselves from any decisions that might be influenced by that relationship. The General Manager and CEO shall serve as liaison between the Committee and Management.

The primary function of the Finance Committee is to assist the BPUB Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information, and external audit processes established by management and/or the Board of Directors.

### **GENERAL RESPONSIBILITIES**

1. The Finance Committee provides open avenues of communication among the External Auditor, Financial Advisor, Bond Counsel, and the Board of Directors.
2. Notice of meetings of the Committee shall be posted under the procedures of the Texas Open Meetings Act, and meetings will be held at the advertised location. Portions of the meetings may be in Closed (Executive) Meeting if authorized by the Texas Open Meetings Act.
3. The Finance Committee shall report committee actions to the full Board of Directors and may make appropriate recommendations.
4. The Finance Committee shall meet at least four times each year, more frequently if circumstances make that preferable. The Finance Committee Chair has the power to call a committee meeting whenever he or she thinks there is a need. A Finance Committee member should not vote on any matter in which he or she is not independent. The Finance Committee may ask members of management or others to attend the meeting and is authorized to receive all pertinent information from management.
5. The Finance Committee shall fulfill any requirements provided for in applicable laws, City Ordinances, or imposed by the Board of Directors.

### **RESPONSIBILITIES FOR ENGAGING AN EXTERNAL AUDITOR**

1. The Finance Committee shall recommend to the Board of Directors a certified public accounting firm to serve as External Auditor of BPUB's annual financial statements. The Finance Committee shall also review and recommend any fees paid to the External Auditor and may recommend dismissal of the External Auditor by the Board of Directors.
2. The Finance Committee shall confirm and assure the independence of the

certified public accounting firm, including a review of consulting services provided by the certified public accounting firm and the fees paid for them.

3. The Finance Committee shall consult with management and the certified public accounting firm if either thinks there might be a need to engage additional auditors. The Finance Committee shall recommend whether to engage an additional firm and, if so, which one.

**RESPONSIBILITIES FOR REVIEWING THE ANNUAL EXTERNAL AUDIT AND THE REVIEW OF QUARTERLY AND ANNUAL FINANCIAL STATEMENTS, BUDGET DOCUMENTS, FINANCING PLANS, AND PROFESSIONAL ENGINEERING REPORTS CONCERNING COST OF SERVICE RATES STUDIES AND WHOLESALE TRANSMISSION COST OF SERVICE STUDIES**

1. The Finance Committee shall ascertain that the External Auditor views the Board of Directors as its client, that it shall be available to the full Board of Directors at least annually and that it shall provide the committee with a timely analysis of significant financial reporting issues.
2. The Finance Committee shall ask management and the External Auditor about significant risks and exposures, and shall assess management's steps to minimize them.
3. The Finance Committee shall review the following with the External Auditor:
  - a. The adequacy of BPUB 's internal controls, including computerized information system controls and security.
  - b. Any significant findings and recommendations made by the External Auditor together with management's responses to them.
4. Shortly after the annual examination is completed, the Finance Committee shall review the following with management and the External Auditor:
  - a. The Board's annual financial statements and related footnotes.
  - b. The External Auditor's opinion on the financial statements.
  - c. The auditor's qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosures and how aggressive (or conservative) the accounting principles and underlying estimates are.
  - d. Any serious difficulties or disputes with management encountered during the course of the audit.
  - e. Anything else about the audit procedures or findings that Generally Accepted Auditing Standards (GAAS) requires the Auditors to discuss with the committee.
5. The Finance Committee shall review annual continuing disclosure filings and other published documents containing the Board's financial statements and shall consider whether the information in the filings is consistent with the information in the financial statements.
6. The Finance committee shall review BPUB's proposed Budgets for Operations and Maintenance and Capital requirements and recommend appropriate actions

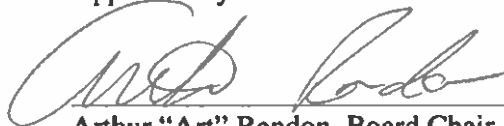
to the full Board of Directors.

7. The Finance Committee shall review financing plans as proposed by staff and BPUB's Financial Advisor to fund capital projects and make recommendations on bond issues to the full Board of Directors.
8. The Finance Committee shall review rate studies prepared internally or by outside consultants and recommend any rate changes to the full Board of Directors.
9. The Finance Committee shall review electric transmission cost of service rate studies (TCOS) prepared internally or by outside consultants and recommend any wholesale transmission service rate changes to the full Board of Directors.
10. The Finance Committee shall review proposals for engaging Financial Advisors, Bond Counsel, Depository Banks, or any other financial services entities and present a recommendation to the full Board of Directors.

### **PERIODIC RESPONSIBILITIES**

1. Review and update the committee's charter annually.
2. Review policies and procedures covering officers' expense accounts and prerequisites, including their use of corporate assets, and consider the results of any review of those areas by the Internal Audit Department.
3. Review, with the Internal Audit Department, the results of their examination of compliance with BPUB's code of conduct.
4. Review legal and regulatory matters that may have a material effect on the Board's financial statements, compliance policies and programs and reports from regulators.
5. Meet with the certified public accounting firm and/or Internal Audit Department and management in separate executive sessions to discuss any matters these groups determine necessary to be discussed privately.

Approved by the BPUB Board of Directors on this 10<sup>th</sup> day of April 2023.



Arthur "Art" Rendon, Board Chair  
Brownsville Public Utilities Board