

LIIF Terms of Reference for Board and Standing Committees

Terms of Reference Finance Committee Low Income Investment Fund *Revised: November 10, 2016*

The Board of Directors appoints Finance Committee members for terms of one year. At a minimum, the Finance Committee is comprised of two directors. In general, the Finance Committee meets quarterly or more frequently if necessary. A quorum requires 51% of Finance Committee members in attendance (in person or by telephone).

Duties and Responsibilities

The following are the duties and responsibilities of the Finance Committee. They are set forth as general guidelines with the understanding that the Board may modify and supplement them as appropriate.

- The Finance Committee reviews related party¹ transactions and presents such transactions to the Board for approval.
- The Finance Committee supports the Audit Committee as needed in discussing LIIF's policies with respect to risk assessment and risk management, including the risk of fraud. The Finance Committee also discusses LIIF's major financial risk exposures (including those arising from any legal matters) and the steps management has taken to monitor and control such exposures. The Finance Committee also monitors off-balance sheet activities through periodic reports from management. Where certain relationships or off-balance sheet transactions present financial exposures to LIIF beyond levels delegated for staff approval, the Finance Committee considers and recommends them to the Board for approval. Finally, the Finance Committee monitors asset-liability and interest rate risk, and reviews and makes recommendations regarding any debt capital transactions requiring Board approval
- The Finance Committee reviews and recommends approval of LIIF's annual budget to the Board of Directors.
- The Finance Committee reviews LIIF's Investment Policy Statement at least annually and recommends proposed changes, if any, to the Board of Directors to ensure accountability for and oversight of cash and investments.
- The Finance Committee evaluates its performance at least annually to determine whether it is functioning effectively.

- The Finance Committee reviews and assesses these Terms of Reference at least annually and recommends proposed changes, if any, to the Board of Directors for approval.
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¹ ***Related party transactions are defined as:***

Affiliates of the enterprise; entities for which investments are accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; principal owners of the enterprise; its management; members of the immediate families of principal owners of the enterprise and its management; and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.