ATTACHMENT C

From: Bridget Newton/RKV
To: Barbara B. Matthews/RKV@RKV

Date: Wednesday, December 05, 2012 05:12PM
Subject: Re: Financial Advisory Board

Hi Barb - after reading your email, I thought I should send what I have so far. I am very pleased as they appear to be very similiar. In an attempt to satisfy Mark's concerns, I followed the format of his Task Force and incorporated language in the section titled "Need" to provide justifications for such a body.

While I appreciate your suggestion of incorporating this as part of the code - given the significant delay this item has already incurred - I am reluctant to add that wrinkle at this time. Perhaps we could add that step at a later date when codifying other boards and commissions as many of our current B's and C's are not mentioned in the code.

Please review and let me know if we can put the best of each into one - hopefully satisfying everyone.
Thanks again for all of your help with this!!

Sincerely-
Bridget

Bridget Donnell Newton
Councilmember
City of Rockville
240-314-8293

-----Barbara B. Matthews/RKV wrote: -----

> To: Bridget Newton/RKV@RKV
> From: Barbara B. Matthews/RKV
> Date: 12/05/2012 03:55PM
> Subject: Financial Advisory Board
>
> Hi, Bridget:
>
> The attached outlines my thoughts as well as Gavin's regarding scope of responsibilities, qualifications for membership, and reporting. I hope you find these suggestions helpful.
>
> In the "Next Steps" notes, you'll see that I'm recommending that the establishment of this Board be formalized in the City Code. As a matter of practice, I believe that any statutory commission should be codified.
>
> I'll be checking my e-mails while I'm away so don't hesitate to send me any questions you have about these suggestions.
>
> Thanks,
>
> Barb

_____*(See attached file: Financial Advisory Board (Staff Comments).docx)*

Barbara B. Matthews
City Manager
City of Rockville
111 Maryland Avenue
Rockville, MD 20850-2364
Phone: 240-314-8102
Fax: 240-314-8130

[attachment "Financial Advisory Board (Staff Comments).docx" removed by Bridget Newton/RKV]

Attachments:

Proposal by Councilwoman Bridget Donnell Newton.docx

Proposal by Councilwoman Bridget Donnell Newton for the Establishment of a Financial Advisory Board

For the meeting to be held December 10th 2012

DRAFT

Purpose: The Purpose of the Financial Advisory Board is to provide additional resources to assist the Mayor and Council in conducting, to the best of their ability, their fiduciary responsibility of overseeing the financial governance of the City.

Need: Management of the City's financial affairs and reporting mechanisms have been well regarded and recognized within the financial community of government watch groups. However the City faces headwinds stemming from revenue declines and cost increases many of which are outside of the City's control, such as declining property values, increasing employee benefit expenses as well as significant under-funded retiree and employee pension and medical benefit plans. (It should be noted that at some point in the near future the City may be required to accrue for the underfunded benefit plans which would have a materially negative effect on the City's Balance Sheet, which in turn could jeopardize the City's coveted AAA rating.) Managing these headwinds will result in difficult choices as well as require a financial skill set with experience in creatively dealing with budget deficits to assure our citizens that we deliver the basic services as well as the amenities they have become used to receiving, all at an affordable level. Currently the Mayor and Council receive budget proposals from the skilled financial staff of the City who prepare them. The Council and staff would be well served, at little expense, by a body of stakeholders who posses the required skills, to receive advice, suggestions, and comments, assisting the Mayor and Council in evaluating the proposed budget and possibly providing insight into various alternatives.

The Mayor and Council are given financial information and instruction throughout the year that is tailored to their time constraints and knowledge base. A standing body of qualified members whose focus is purely financial and whose term overlaps those of the Council members could devote more time and could review on a more detailed basis quarterly financial information, bonding requests, economic incentive offers, create a knowledge base of surrounding jurisdictions' approaches to financial affairs and policies, and act on any other financial matter that the Mayor and Council may direct, serving to augment the knowledge of the Mayor and Council and possibly provide supplemental material in concert with the finance staff.

Goals: The goals of the Financial Advisory Board are to achieve the stated purpose of assiting the Mayor and Council regarding financial matters.

Deliverables: The Financial Advisory Board would provide a written narrative in the form of minutes of its meetings as well as related reports that it believes will assist the Mayor and Council, all on a quarterly basis. The format of any reports would be decided by the Board. It would also be provided time, as requested and is available, to orally present to the Mayor and Council. The first item of business for the Board would be for all members to familiarize

themselves with the financial affairs of the City. Annually, but commencing in FY14, the Board would provide comments, suggestions and should it choose, recommendations regarding the next fiscal year's Operating and Capital budgets as well as five year projections, prior to their adoption. Commencing with its first meeting, and quarterly thereafter, it would provide any supplemental commentary it may chose to make, regarding the quarterly and annual financial reports provided by staff. As necessary the Board would review and report on bonding requests, practices and or policies of other jurisdictions as it relates to matters of concern by the Mayor and Council, or any other matter as may come before it by request from the Mayor and Council.

Structure and Qualifications: A five member board, appointed by the Mayor and Council, with staggered 3 year terms. The board would select its own Chairperson. The board would consist of at least three residents of the City and any two others who can demonstrate a stakeholder presence, ideally with at least one member from the Rockville business community that pays Rockville taxes or fees. Additionally one member of the finance staff would be assigned to assist the Board. The Board would meet a minimum of 4 times per year and on special occasions as needed. One member shall be a Certified Public Accountant licensed to practice or retired and no longer licensed, at least one other shall have experience with financial matters related to larger employers and all others shall demonstrate experience directly in, or related to finance or accounting.