

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD
AGENDA**

DATE: October 17, 2019
Black Eyed Susan Conference Room, 3rd Floor City Hall
TIME: 6:30 p.m.

- I. Call to Order at 6:30 p.m.
- II. Approve Agenda
- III. Approve Minutes
 - Attachment: Minutes from September 4, 2019
- IV. Reports
 - Beryl L. Feinberg, Mayor and Council Liaison
 - Stacey Webster, City Staff Liaison
 - FAB Member Reports – See Action Plan
- V. Old Business
 - Follow-up from Last Meeting – Wright
 - Other
- VI. Presentation from the Retirement Board
- VII. New Business
- VIII. Future Agendas and Meeting Dates
- IX. Good of the Board
- X. Adjourn

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: September 4, 2019

LOCATION: Black Eyed Susan Conference Room, 3rd Floor City Hall

TIME: 6:30 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Andrew Brammer, Jack Kelly, Corey Orlosky, Darryl Parrish, Bob Wright (Board chair)
Staff Liaison: Stacey Webster, Deputy Director of Finance
Mayor and Council Liaison: Beryl Feinberg
Guests: Rob DiSpirito, City Manager; Nicholas Obodo, Keng Goh, and Bryan Arneja from the Department of Information Technology (7:00 pm arrival);
William Spagnuolo, Prospective Board Member

ABSENT: Board Member: Kuan Lee

I. Call to Order

Mr. Wright called the meeting to order at 6:29 p.m.

II. Approve Agenda

Mr. Wright asked the Board if they had any changes to the agenda; there were no changes from the Board members. Mr. Wright had a few changes: 1) introducing Mr. Spagnuolo, a prospective Board member and 2) moving up Mr. Kelly's Board member report and the discussion and vote on the FY 2019 Annual Report and FY 2020 Action Plan because Mr. Kelly had to leave early to serve on the City's Boards and Commissions Task Force. All members agreed to this agenda adjustment.

All board members introduced themselves to Mr. Spagnuolo. Mr. Spagnuolo introduced himself; he moved to Rockville one year ago and has experience in different areas of risk management, finance, and treasury.

(Order of agenda was adjusted to include components of Item IV. and Items VI. / VIII.)

IV. Member Reports – Mr. Kelly reported that the Purchasing Guide was released on i-Rock (staff's internal website) for City staff. Ms. Lewis sent an email to Mr. Wright and Mr. Kelly explaining that she is in the process of setting up a OneDrive account so that the Board can access the documents.

VI. Review FY 2020 Action Plan / VIII. New Business (FY 2019 Annual Report) – Mr. Wright gave all Board members a print out of the Annual Report for FY 2019 and the Action Plan for FY 2020. Mr. Wright emailed both documents prior to this meeting and asked for edits/comments. He edited the documents based on the feedback he received and asked the Board if they were comfortable with the items as presented.

The FY 2020 Action Plan has 11 items, compared to 15 items in FY 2019. Mr. Kelly gave Mr. Wright his edits, which he described as minor. Mr. Kelly asked about performance compensation associated with the Compensation and Classification Study. Mr. DiSpirito said that he will follow-up with Ms. Marshall to find out if the performance evaluation process will be included in the Study.

Ms. Webster noted that the timing of #3 should be changed to FY 2021. This is a result of the Mayor and Council recently (June 2019) adopting changes to the City's Statement of Investment Policy.

Mr. Kelly asked if the Board was interested in adding cybersecurity to their FY 2020 Action Plan based on the meeting's discussion. Mr. Wright said that he will include language in the memorandum that says the Board will return to the Mayor and Council if a need arises during the year. Cybersecurity would fall under this caveat.

Mr. Parrish asked that #5 be changed to review of the quarterly financial reports, not review changes that the City proposes to the quarterly financial report format.

Mr. Orlosky made a motion to approve the FY 2019 Annual Report and FY 2020 Action Report; Mr. Kelly seconded the motion. All members voted in favor.

III. Approve Minutes

Mr. Brammer made a motion to approve the minutes from June 12, 2019. Mr. Parrish seconded the motion. All members voted in favor.

IV. Reports

- Beryl L. Feinberg, Mayor and Council Liaison – Councilmember Feinberg highlighted some of the upcoming Mayor and Council agenda items. More specifically discussion and/or action on the following items: DRRA, MPDU sales, early childhood programs in Rockville, ballot harvesting, and the REDI Annual Report on Sept. 9, 2019; small cell antennas, FAB reports, supplemental employee contributions, sign code, and accessory buildings and structures on Sept. 16, 2019; Mayor and Council travel reimbursements on Sept. 23, 2019; MOU with Montgomery County for soccer fields and lights, accessory buildings and structures, project plan for 900 Rockville Pike, Environment Commission

report, and caregiver funding on Oct. 7, 2019; and sign code and FAST update/workplan on Oct. 21, 2019.

- Stacey Webster, City Staff Liaison – Ms. Webster reported that the City’s Procurement Division finished the new Procurement Guidelines, along with the related forms and instructions. The new guidelines and related documents were posted to the City’s internal website on September 3, 2019. The Director of Procurement, Ms. Jessica Lewis, was working on preparing a cloud-based account to upload the files so that the members of the Board could view (there were too many to send via email). Ms. Lewis will send the Board an email with instructions on how to access the files when the cloud-based account is available.
- FAB Member Reports
 - Financial Management Policies – Mr. Orlosky reported that the City’s Financial Management Policies have language on contingency levels and reserves, but the policies lack the timing of replenishing the contingency levels and reserves if they are depleted below policy levels. Mr. Wright asked Mr. Orlosky to come back with draft language for the Board’s consideration at a future meeting. Ms. Webster said that changes to the policies usually occur with the annual budget process so the next changes will be presented to the Mayor and Council in the Spring of 2020.
 - Investment Report – Mr. Parrish reported that he received the investment report that was prepared by the City’s new asset manager/investment advisor and that it was professional. He congratulated staff on the report.

V. Old Business

Mr. Wright reviewed the following items from the last meeting:

- Staff followed-up with Procurement on the timeline of the Procurement Guidelines and sent the Board an email in June.
- Staff scheduled the FY 2019 Annual Report and FY 2020 Action Report for the Mayor and Council meeting on September 16, 2019.
- Mr. Wright reported that the Caregiver Task Force report was presented to the Mayor and Council on July 15, 2019.

VI. Review FY 2020 Action Plan

This item was presented and approved earlier in the meeting.

VII. City of Rockville's Cybersecurity – Director of Information Technology, Nicholas Obodo

Mr. Wright provided some background on cyberattacks in other cities nationwide. He was curious about what defense mechanisms are in place to prevent cyberattacks in Rockville.

Mr. Obodo introduced Keng Goh and Bryan Arneja, the City's cybersecurity team. Mr. Obodo had a presentation that he used as a guideline for the discussion.

Mr. Obodo discussed how IT has made significant strides to modernize the City's infrastructure and add preventative controls. The greatest vulnerability is the human element, and thus organizational culture is a major challenge. He stressed that we must rely on City employees to do "the right things," which would include appropriate handling of suspicious emails and links that could introduce malware into the City's systems. IT's plan for cultural change includes reset mindset, involve leadership, implement employee awareness program, and reinforce policies and technical controls.

Mr. Brammer asked if IT was actually "testing" employees. Mr. Obodo responded that two vendors are currently testing to understand the baseline of employees. If there is a gap discovered, IT will be able to target training for individuals and/or areas of the organization.

Mr. Obodo described to the Board the many levels of data recovery for the City's different systems. Mr. Goh discussed the Cisco umbrella and the next generation firewall; these are systems that detect malware and/or block inappropriate content to protect the City's network.

Mr. Brammer asked if IT was receiving the financial resources needed to manage these programs. Mr. DiSpirito reported that the Mayor and Council have been very supportive and that funds have been added to support the described programs.

Mr. Brammer also asked about how to protect the City from an "inside" attack. Mr. Obodo explained that the key is to detect and contain any attack, internal or external. The City is using 'Splunk' to rapidly detect and help staff respond to abnormal activity inside the City's network. Mr. Obodo also explained that we are protecting our networks by splitting our data with firewalls and v-networks.

Mr. Obodo briefly described the "cyber kill chain" and the steps involved in stopping a cyberattack. The department also follows best practices and framework for cyberattack prevention in the United States. Cyberattacks continue to evolve and the City needs to keep up with the evolution.

Mr. Obodo explained that we have \$1 million in cybersecurity insurance through LGIT; IT staff works with the City's Risk Manager to ensure the City has the right amount of coverage and will likely increase the level of coverage next year.

Mr. Wright concluded by saying that he was comfortable with the City's efforts and thanked the IT staff for their presentation and discussion.

VIII. New Business

No new business.

IX. Future Meeting Dates and Future Agendas

The next meeting will be held on **October 17, 2019**, at 6:30 p.m. in the Black Eyed Susan Conference Room and will include the following:

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- X. Adjourn

The next meeting after that will be held on November 21, 2019, at 6:30 p.m. in the Black Eyed Susan Conference Room. The Board would like to discuss the CAFR and accompanying letters if the timing is consistent with the completion of those documents. Ms. Webster will check on the timing with the City's Controller, Kimberly Francisco.

Mr. Wright asked the Board to consider endorsing William Spagnuolo for the vacant position. He requested that the Board members send their thoughts via email.

X. Good of the Board (*this was not discussed*)

XI. Adjourn

Mr. Brammer made a motion to adjourn. Mr. Orlosky seconded the motion. All members voted in favor. The meeting adjourned at 8:24 p.m.

Summary of follow-up items:

- Ms. Lewis will send the Board an email with instructions on how to access the Procurement Guidelines when the cloud-based account is available.
- Mr. DiSpirito will follow-up with Ms. Marshall to find out if the performance evaluation process will be included in the Compensation and Classification Study.

- Mr. Wright will present the Board's Annual Report and Action Plan to the Mayor and Council on September 16, 2019.
- Mr. Orlosky will draft Financial Management Policy language on replenishing contingency and reserve levels for the Board's consideration at a future meeting.
- Ms. Webster will confirm that the CAFR and accompanying letters will be available for the Board's review prior to the November 21, 2019, meeting.