

To: The Public Bank Task Force

From: Governance Sub-committee

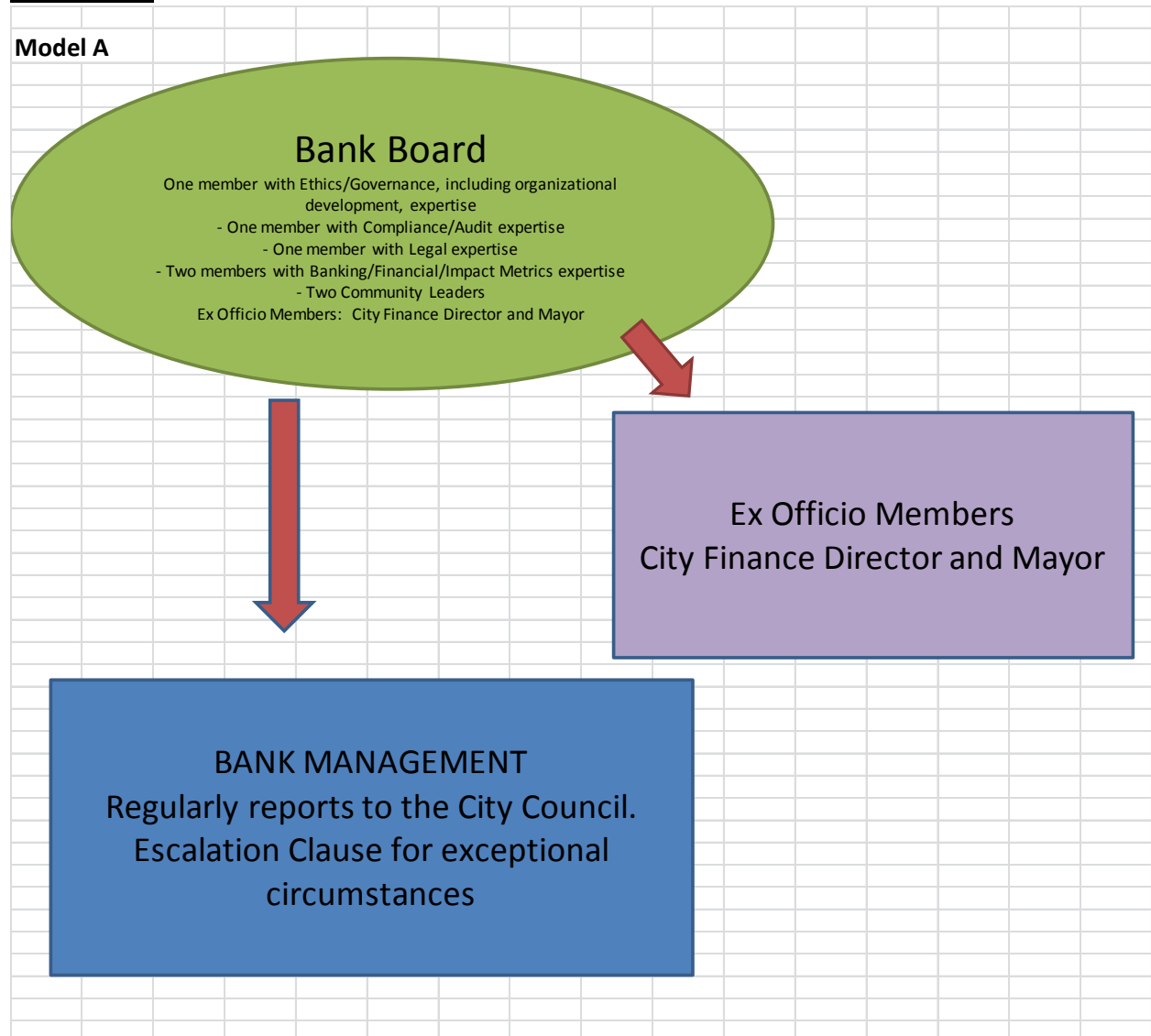
Date: October 11, 2017

Subject: Three Governance Models

Three Governance Models

A common goal in these examples is creation of a relationship among the entities that is appropriately accountable and independent of one another. In the models below, aspects that would contribute to a firewall between management of the bank and political influence include the vetting process in all three examples and the citizen advisory board in Model C. Model A has more community involvement, and Model B places a stronger emphasis on elected officials' accountability to the public.

MODEL A:



Nomination Process for a Bank Board could have these parts:

- City Councilors encouraging application by qualified people in their districts with the aim of geographic diversity.
- Applications by members of the public.
- Vetting of these applications by the appropriate professional and community groups, i.e., attorney applications vetted by attorneys, public at large applications vetted by representatives of not-for-profits, faith communities, etc. (This step reflects experience of the Bank of North Dakota and NM Judiciary assignments.)
- Final selection of nominees done by the professional and community groups listed above.
- Confirmation hearings by City Council, with public input

BANK BOARD of seven members:

- One member with Ethics/Governance, including organizational development, expertise
- One member with Compliance/Audit expertise
- One member with Legal expertise
- Two members with Banking/Financial/Impact Metrics expertise
- Two Community Leaders

Ex Officio Members: City Finance Director and Mayor

This body would draft roles and responsibilities for the Bank Board and the Bank Management and submit to the City Council for review and passage of an Ordinance.

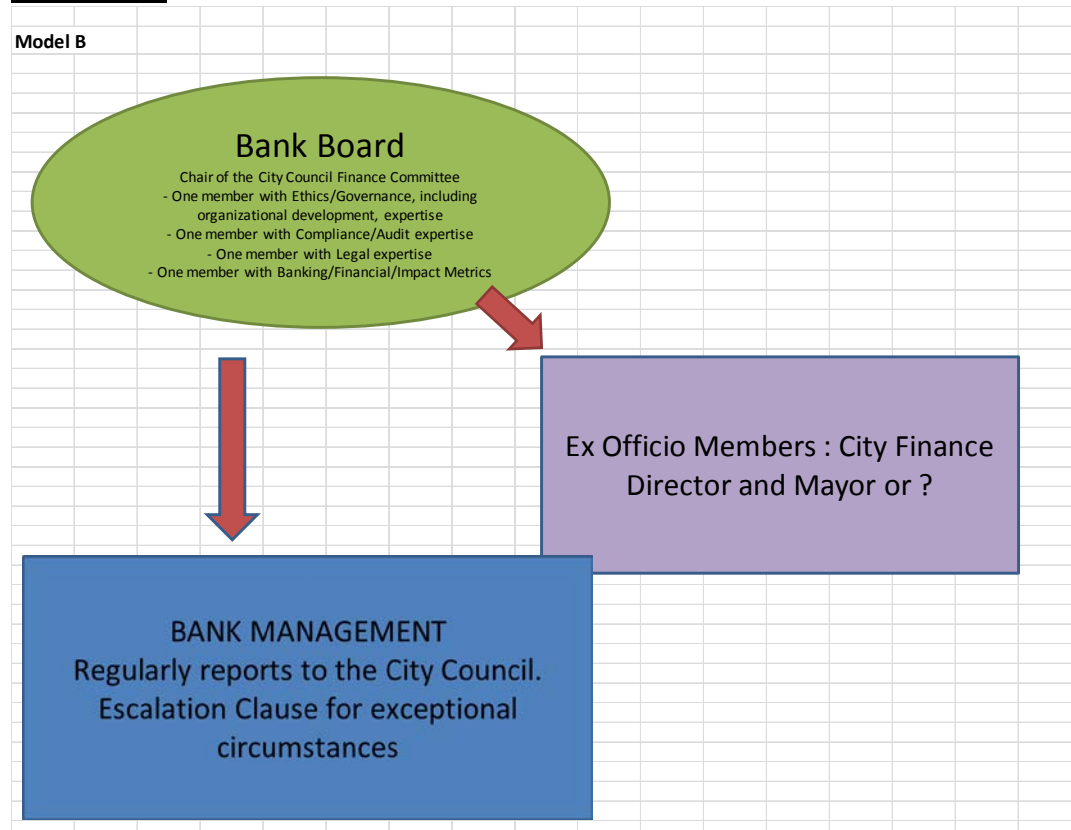
Term limits of three years.

BANK MANAGEMENT

Bank Management will report regularly to the City Council.

Policies will include an escalation clause for exceptional circumstances (probably involving larger bonds, etc. than authorized) for review by the Bank Board and/or City Council.

MODEL B:



Nomination Process for a Bank Board could have these parts:

- City Councilors encouraging application by qualified people in their districts with the aim of geographic diversity.
- Applications by members of the public.
- Vetting of these applications by the appropriate professional and community groups, i.e., attorney applications vetted by attorneys, public at large applications vetted by representatives of not-for-profits, faith communities, etc. (This step reflects experience of the Bank of North Dakota and NM Judiciary assignments.)
- Nominations submitted to the Mayor for selection.
- Mayoral selections to the City Council for confirmation hearings open to the public.

BANK BOARD of seven members

- Chair of the City Council Finance Committee
- One member with Ethics/Governance, including organizational development, expertise
- One member with Compliance/Audit expertise
- One member with Legal expertise
- One member with Banking/Financial/Impact Metrics expertise
- Two Community Leaders

Ex Officio Members: City Finance Director and Mayor or...?

This body would draft roles and responsibilities for the Bank Board and the Bank Management and submit to the City Council for review and passage of an Ordinance.

Term limits of three years.

BANK MANAGEMENT

Management regularly reports to the City Council.

Policies will include an escalation clause for exceptional circumstances (probably involving larger bonds, etc. than authorized) for review by the Bank Board and/or City Council.

MODEL C:

This model would include a fourth body, a Citizen Advisory Board, with responsibility for oversight of transparency and ethics. Nomination and selection process to be determined.

Model C

