

**AGENDA**  
**CHARTER REVIEW COMMISSION**  
Wednesday, February 11, 2026, 8:00 a.m.  
Council Office Building, 4th Floor, 100 Maryland Ave., Rockville, MD  
[Zoom Link](#) – Password: 209280

(All times are approximate)

**8:00 a.m. - I. Administrative Matters**

- Acknowledgment of a Quorum
- Approval of Agenda
- Approval of minutes of January 14, 2026, meeting

**8:15 a.m. - II. Budget Reserves Workgroup** (Commissioners Naftal, Persh, Presman and Nachtsheim)

Background: Currently, the County has two main funds that are sources for reserves:

(1) The surplus accrued in the Unrestricted General Fund Balance (UGFB) which is governed by the 5% cap in Charter Section 310; and (2) The Revenue Stabilization Fund (RSF) created by legislation and included in the County Code. The Code states that annual contributions to the RSF are mandatory. Through a series of resolutions, the County Council also has established a written policy on Reserves, which sets a 10% target for the combined reserves in the UGFB and RSF. The 10% target has been met and exceeded. (A copy of Charter Section 310 is included in Attachment 3).

- Presentation led by the Workgroup on a proposed Charter amendment that the Workgroup previously circulated to Commissioners (included in Attachment 3).
- After a motion is made and seconded for the Commission to adopt a resolution recommending any proposed Charter Amendment, the Commissioners will be afforded the opportunity for discussion and debate on the motion, including discussion of any suggested alternatives.
- After the discussion is closed, a straw vote on the primary motion (or primary motion as amended) will be taken to determine preliminarily whether a majority supports the motion and recommendation so that it should be treated as the Commission's position for purposes of writing the first draft of the 2026 Commission Report. (Separate votes may be taken on any proposed alternatives proposed in a motion and seconded.)
- Proponents of a recommendation that does not receive a vote of approval by the majority may write a Minority View section that will be included in the Report. (See the 2024 Report for examples.)

**9:10 a.m. – III. Discussion of Assignments and Target Dates for First Draft of 2026 Report**

- A proposed drafting schedule for the Report is included as Attachment 1.
- A proposed template for the draft report is included as Attachment 2.

**9:25 a.m. - IV. Staff Updates or Comments**

**ADJOURN**

**NEXT MEETING REMINDERS**

- Next regularly scheduled Commission meeting is Wed., March 11, 2026, at 8:00 a.m.

## Attachment 1

### Proposed Drafting Schedule for 2026 Report

#### Period for Writing First Draft of the 2026 Report.

- Feb. 11 – 25 drafting period: Drafters should please circulate first drafts of their section to the Chair and all Commissioners by Feb. 25.
  - Members who elect to write up their individual opinion (concurring or dissenting) can choose whether or not to submit their individual written opinion for inclusion in the first draft (if they want it be part of the discussion at the March 11 meeting). Or they can submit their individual opinions after the March 11 meeting for inclusion in the second draft.
- Feb. 26 – March 3: Chair will combine all first drafts with introductory sections to create a single master document during the period Feb. 26 to March 3.
  - Commissioners are welcome to provide written comments to the Chair on any aspect of the first draft between Feb. 26 and March 3.
  - The Introduction for the 2026 Report will be substantially the same as the Introduction for the 2024 Report (The Charter, How the Charter is Amended, and the Role of the Commission).
- March 4 – 5: Target dates for Chair to circulate a complete first draft to all Commissioners and to Staff for their review prior to our March 11 meeting.

#### Period for Creating Second Draft

- March 11 – Regular monthly Commission meeting. Commissioners to provide their comments on the first draft of the 2026 Report. (If the Chair has a later-edited version of the March 4 draft, it will be circulated at that time).
- March 11 – 14: Commissioners and Staff should provide any additional written comments on each section of the Report to the drafter of that section and to the Chair by March 14.
- March 14 – 23: Period for drafters to revise and edit all sections of the 2026 Report as necessary, based on the comments previously received.
- March 23: Drafters should submit all revisions & second drafts to the Chair by March 23.
  - Members who elect to write up their individual opinion (concurring or dissenting) also should submit those to the Chair by March 23 for inclusion in the complete second draft.

(continued)

## **Attachment 1**

- March 24 – 28: Period for Chair to compile a complete second (and hopefully final) draft.
- March 29 - 31: Target dates for Chair to circulate a complete second draft of the Report to all Commissioners and to Staff prior to the April 8 meeting (preferably with any minority statements or dissenting statements included, if there are any).

### Approval of Final Report

- April 8: Regular monthly Commissioner meeting. Commissioners to provide any final comments and then vote on formally adopting the 2026 Report (with possible draft press release).
- April 9 - 22: Staff formatting, printing and transmission of the Final 2026 Report to the Council with Press Release (official deadline is May 1, 2026)

### Post-Report

- May 13 meeting: To be determined
- June 10 meeting: To be determined
- June: County Council hearing on Commission's 2026 Report (Chair testifies).

Attachment 2

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**Attachment 3**

**Section 310 of the Montgomery County Charter**

**Sec. 310. Surplus.**

The County may accumulate earned surplus in any enterprise fund or unappropriated surplus in any other fund. With respect to the General Fund, any unappropriated surplus shall not exceed five percent of the General Fund revenue for the preceding fiscal year. An unappropriated surplus may be used to fund any supplemental or special appropriations.

**Budget Workgroup's Proposed Charter Amendment**

**The following wording would be added to the existing Charter Section 310:**

... The annual budget shall include reserve funds for response to catastrophic events, repair of buildings and other capital assets, revenue shortfalls, and other events defined by the County Council. The amount of reserve funds shall be set by the County Council to enable continuity of County services and rapid response and recovery from unforeseen events. The County Council shall establish a process and criteria for determining when to use reserve funds. Balances in the reserve accounts shall be made public, at least annually, by the County Executive. The County Council shall conduct regular reserve assessments, no less than every five (5) years, to inform County operations as well as policy and practice regarding the County's reserve funds.

## Attachment 4

On December 15, 2025, the Commission's working group on budget issues circulated the following information concerning reserve funds:

### **Montgomery County Charter Commission Budget Committee: Reserve Policy**

The question of whether Montgomery County, Maryland, should formalize its reserve policies in the County Charter has been a topic of discussion and review, particularly in the context of maintaining its excellent bond ratings. According to the current discussions, here is a summary of the issue:

#### **Bonding Agencies and Reserves**

- **Triple-A Rating:** Montgomery County consistently holds the highest possible bond ratings (Aaa/AAA) from all three major agencies (Moody's, S&P, and Fitch).
- **Agency Commendation:** The bond rating agencies have commended the County for its strong financial policies and commitment to maintaining healthy reserves. For instance, Fitch noted the County's "ample" budget flexibility, supported by reserves "well above required thresholds." Moody's specifically mentioned the County's 2024 reserve position of 28% of revenue as a record high, which was generated through conservative budgeting.
- **Formal Policies Exist (Outside the Charter):** While the Charter doesn't mention a reserve policy or contain a specific minimum reserve target, the County Council has established formal reserve policies through legislation and adopted a fiscal policy resolution. This policy sets a goal for total budget reserves (including the Revenue Stabilization Fund) of 10% of the preceding year's governmental revenues.

#### **The Charter Formalization Discussion**

- **Montgomery County Charter Review Commission:** The debate about putting the reserve requirement into the Charter has been raised by the Montgomery County Charter Review Commission.
- **The Argument for Formalizing:** Adding a budgeted reserve requirement to the Charter would ensure fiscal stability and preparedness because:
  - It would not be subject to repeal or weakening by the County Council in future legislation as a reaction to temporary fiscal pressure.
  - Changing a Charter requirement would require voter approval, making the requirement to have reserves more durable and protected.
  - Ensures that reserve planning is part of the annual budget planning process and that funds are available for unforeseen events.
- **The Current Policy:** Currently, the County Code requires annual contributions to the Revenue Stabilization Fund to attain a total budget reserve of 10% of the preceding year's

#### **Attachment 4**

governmental revenues. This is an existing, but legislative, requirement and is not reflected in the County Charter.

In short, the bond rating agencies view the County's strong reserve practices and policies favorably, which is a key factor in the Triple-A rating. The question is not whether a reserve policy should exist (one already does), but whether it should be elevated from a legislative act (County Code/Resolution) to a permanent part of the County Charter. Additionally, it is likely that the bond rating agencies would consider the County's position even stronger if the policy was codified in the Charter, making the position stronger and less susceptible to future manipulation.

## Attachment 5

### **Language discussed at the Commission's meeting on January 14, 2026 (and circulated by email on January 20, 2026)**

This language was summarized at the January meeting as an example of language that would be less prescriptive than the language proposed by the Budget Workgroup.

Wording that would be added to the current Section 310 is underlined in red typeface:

#### **Sec. 310. Surplus and Reserves**

The County may accumulate earned surplus in any enterprise fund or unappropriated surplus in any other fund. With respect to the General Fund, any unappropriated surplus shall not exceed five percent of the General Fund revenue for the preceding fiscal year. An unappropriated surplus may be used to fund any supplemental or special appropriations.

The Council shall establish one or more reserve accounts whose funds may be drawn upon when revenue collection falls short or in any other circumstance the Council deems appropriate. Such reserve accounts are not subject to the limit on unappropriated surplus specified in this section. The process and criteria for determining when to draw on or use reserve funds shall be determined by the Council.