

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your BUDGET AND FINANCE COMMITTEE

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to a comparative analysis of three proposals for a Responsible Banking Ordinance.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. REQUEST the City Attorney to prepare and present a Responsible Banking Ordinance (RBO) for commercial banking services as defined by Proposal Two in the City Administrative Officer's (CAO) report dated February 17, 2012, attached to the Council file, to require:
 - a. Applicants to submit local information relating to their participation in the City's foreclosure prevention and home loan principal reduction programs by census tract.
 - b. Applicants to submit information relating to the number and total value of home and small business loans provided throughout the City by census tract.
2. REQUEST the City Attorney to include in the above referenced RBO separate Corporate Citizenship Criteria to distinguish underwriting services. This criteria will require that banks provide information about their corporate citizenship by demonstrating their active roles in the City of Los Angeles that include but are not limited to their development or participation in charitable programs or scholarships, and policies with regard to the use of women owned, minority owned and disadvantaged business enterprises.
3. APPROVE Recommendation No. 5 of the CAO's Report dated November 18, 2011 which authorizes the CAO to negotiate and execute contracts with any or all of the 22 firms on the City's Qualified List for underwriting, remarketing, investment banking and other related services for the City bond programs (Qualified List), as needed, over a three year term with the option to extend the Qualified List for two additional one-year extensions, to serve as senior and co-managers for underwriting, remarketing, investment banking and other related services for the City bond programs, subject to the approval of the City Attorney as to form.
4. INSTRUCT the CAO to convene an Advisory Working Group to the CAO to develop specific criteria for commercial banking services and to develop rules and guidelines for implementing the RBO and report to Council with recommendations. The Advisory Working Group should be comprised of representatives from the following ten groups and departments: two Community Representatives with Reinvestment Expertise, two Banking Industry Representatives, one from CAO, one from Office of Finance, one from Housing Department, one from the Office of the Chief Legislative Analyst, one from the Mayor's Office, one from the Office of the City Attorney.

5. INSTRUCT the Office of Finance/Treasurer and CAO to report back on the merits of distributing City deposits among a greater number of financial institutions.
6. RECEIVE and FILE the City Attorney reports dated August 6, 2010 and November 4, 2010 and the accompanying draft ordinances.
7. RECEIVE and FILE the CAO report dated December 1, 2011 relative to the implementation of the RBO.

Fiscal Impact Statement: The CAO reports that the report recommendations have no immediate fiscal impact on the General Fund.

Debt Impact Statement: The CAO reports that the report recommendations have no immediate debt impact on the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At its meeting of February 27, 2012, the Budget and Finance (BF) Committee considered CAO reports, City Attorney reports and draft ordinances relative to responsible banking. The CAO reports that at the BF Committee meeting on December 5, 2011, the Committee considered a report issued by the CAO dated December 1, 2011. At that time, the Committee also considered a presentation from Councilmember Alarcon, in which the Councilmember provided recommendations for amending the CAO's proposal. In response, the Committee requested that the CAO report back on an analysis comparing three different RBO proposals, including policy issues: (1) the original proposal as drafted by the City Attorney dated November 4, 2010; (2) the CAO's proposal; and (3) the proposal based on recommendations presented by Councilmember Alarcon. The most recent CAO report dated February 17, 2012 is a comparative analysis of the above three RBO proposals.

During Committee consideration on February 27, 2012, Councilmember Alarcon addressed the Committee relative to the three RBO proposals. Additionally, the CAO presented an overview of the CAO recommendations and responded to related questions from Committee members. After further discussion and an opportunity for public comment, the Committee recommended to approve the recommendations contained in the CAO report dated February 17, 2012, and the additional amendments and instructions as reflected above. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
CARDENAS:	YES
ROSENDAHL:	YES
KORETZ:	YES

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-Not Official Until Council Acts-