

BUDGET AND FINANCE COMMITTEE REPORT relative to including terms in Request for Proposals (RFPs) to allow the City to take action against banking and financial institution contractors; and Wells Fargo illegal activities and investigations into the City's bank accounts.

Recommendations for Council action:

1. INSTRUCT the Office of Finance (Finance) and the City Administrative Officer (CAO) to include in RFPs and agreements with banking and financial institutions a requirement that the institution disclose to the City any public enforcement action undertaken by any federal or state agency against the institution within ten days after an action is taken or a fine is imposed, and disclose any public enforcement actions undertaken by local agencies annually.
2. INSTRUCT Finance and the CAO to report to the City Council of any such notification from banking and financial institution contractors within 30 days after the regulatory action or fine is disclosed to the City.
3. INSTRUCT Finance and the CAO to seek to negotiate terms in future banking and financial institution contracts that hold contractors, for which an agreement has been terminated, liable for any and all excess costs incurred by the City of Los Angeles for procuring services similar to those so terminated.

Fiscal Impact Statement: The CAO reports that there is no impact on the General Fund. The recommendations in this report are in compliance with the City's Financial Policies.

Community Impact Statement: None submitted.

#### SUMMARY

At its regular meeting held on June 26, 2017, the Budget and Finance Committee considered a CAO report relative to terms in RFPs to allow the City to take remedial action against banking and financial institution contractors; and a report from the Office of Finance relative to Wells Fargo Bank illegal activities and an investigation into the City's bank accounts.

The Assistant Finance Director and Finance's Chief of Revenue Management, and representatives of the CAO addressed the Committee, provided brief overviews of their departments' respective reports, and responded to related questions. During discussion, the Committee Chair noted that Recommendation No. 1 of the CAO report might be somewhat onerous on the financial institution reporting and to the City as far as the amount of information being reported concerning possible minor violations with local agencies, such as a citation for failing to properly secure a window from entry on a foreclosed home. The Committee Chair recommended that Recommendation No. 1 of the CAO's report be amended to retain the 10-day reporting requirement for state and federal action, but local agency action reporting consolidated into an annual report to the City.

Additionally, the Committee discussed agreement termination, recovery of costs, the type of violations that might trigger an agreement termination, and what would be involved in transferring

services to a new provider after such a termination.

After providing an opportunity for public comment, the Committee approved the recommendations in the CAO report as amended. 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
MARTNEZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

REW  
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