

**CORRECTED REPORT**

BUDGET AND FINANCE COMMITTEE REPORT relative to options for divestment from all holdings with Wells Fargo Bank.

Recommendations for Council action, as initiated by Motion (O'Farrell - Koretz - Bonin):

1. INSTRUCT the Office of Finance (Finance) to develop a new Request for Proposals (RFP) for the City's general banking services and report to Council prior to releasing the RFP. The RFP should consider the following criteria for any financial institution seeking to do business with the City:
  - a. The financial institution's Community Reinvestment Act score.
  - b. Any recent regulatory enforcement actions against the financial institution.
  - c. The financial institution's compliance with the terms of the Responsible Banking Ordinance.
2. INSTRUCT Finance to report on its purchase and broker transactions with Wells Fargo Bank and the impacts of suspending Finance's investment activities with Wells Fargo until it improves its Community Reinvestment Act score to at least "Satisfactory."
3. REQUEST the City Attorney to report on whether the City may discontinue business with Wells Fargo on the basis of its Community Reinvestment Act score and whether Wells Fargo may be disqualified from, or penalized in, a competitive bid because of that score or recent regulatory actions related to the Wells Fargo fraudulent account scandal.
4. INSTRUCT Finance to report with:
  - a. A list of financial institutions with an investment in the Dakota Access Pipeline.
  - b. A definition of social responsibility and the factors that will be used to determine a financial institution's social responsibility as it relates to the RFP process.
  - c. Details on the types of financial services Wells Fargo provides and the costs associated with each service (in order to gain a clear understanding of how much the contract is actually worth); and details on the dollar amount associated with the deposits the City makes and how it can help smaller institutions determine if they can handle the volume.
  - d. Information on what other cities have done relative to divestment with Wells Fargo, how fast they were able to do so, and how they worked through those challenges, .
  - e. Recommendations for the City to create its own Community Investment Act, scoring systems, and a board or panel that would review and score companies with which the

City does business in banking and other areas so decisions can be made in a systematic and objective manner; with the report to include an analysis of feasibility, benefits, and costs of a separate City evaluation mechanism that would be in addition to, or instead of, the current ranking system.

Fiscal Impact Statement: Neither the CAO nor the Chief Legislative Analyst has completed an analysis of this report.

Community Impact Statement: None submitted.

## SUMMARY

At its regular meeting held on June 26, 2017, the Budget and Finance Committee considered Motion (O'Farrell - Koretz - Bonin) relative to a request to Finance to report on options for divestment from all holdings with Wells Fargo Bank and recommendations on various responsible banking issues; and that Finance also report on the status of the City's depository banking RFP process, including details on what provisions are, or will be, in the RFP to ensure the selected financial institution will not violate consumers' rights.

Councilmember O'Farrell, maker of the Motion, addressed the Committee and provided an overview of the Motion. Additionally, the Assistant Finance Director and Finance's Chief of Revenue Management also addressed the Committee and responded to related questions.

The Committee Chair, in consultation with the maker of the Motion, proposed the amended Recommendations Nos. 1 through 3 above. The Committee recommended approval of those recommendations and further requested that Finance report back on various questions raised during the discussion of this matter as detailed in Recommendation No. 4.

After thorough deliberation, and after providing an extensive opportunity for public comment, the Committee approved the amended recommendations as detailed 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
MARTINEZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

REW  
6/26/17  
FILE NO. 17-0330

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**