

For the past year, the City has been evaluating the possibility of forming a municipal bank to serve the needs of the City's residents and businesses. A municipally chartered bank would be able to provide financial services to residents, reinvestment in the City to support the development of affordable housing and local infrastructure, and banking solutions for other local businesses that are not currently served by the commercial banking industry. A municipal bank would apply high standards for social, ethical, and environmental stewardship in its lending and banking services practices, meeting the needs of the residents and businesses of the City both through its services and through its business practices.

There are many milestones that must be met in order to achieve the formation of a municipal bank. Changes in federal and State law are necessary and significant decisions regarding the governance structure of a municipal bank must be made. One of the critical steps in the process is ensuring that the City Charter allows the City to form a municipal bank.

City Charter Section 104(g) states that the City "shall not engage in any purely commercial or industrial enterprise, except upon a majority vote of the voters of the City voting on the question." To engage in discussions to form a municipal bank and ensure that the City is provided the flexibility to form a municipal bank that fully meets the needs of City residents and businesses, it would be important for the voters to authorize formation of a municipal bank under Section 104(g) of the City Charter.

With authority such as this provided by the voters, the City will be able to pursue changes in federal and State law. This will also provide the ability to explore all service and governance options to ensure that a City municipal bank provides the most effective services and resources to the community.

I THEREFORE MOVE that the City Council request the City Attorney, with the assistance of the Chief Legislative Analyst, to prepare and present the documents necessary to place on the November 2018 Ballot the necessary amendment to Section 104(g) of the City Charter to authorize the City to form a municipal bank.

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Seconded by: M. B...  
Paul...  
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