

COMPARED VERSION
COMMITTEE SUBSTITUTE TO ORIGINAL ORDINANCE

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 240559

Amending Chapter 2, Code of Ordinances, by enacting new Sections 2-1616 through 2-1620 for the purpose of imposing proprietary socially responsible banking practices on depository banks engaging in business with the City of Kansas City.

WHEREAS, the practices and products of financial institutions, such as loans and investment products, have a measurable impact on the City's tax base, quality of life, and overall economic viability and competitiveness; and

WHEREAS, economic viability and competitiveness comes from strengthening and providing opportunities within all areas of the City; and

WHEREAS, financial institutions receive deposits and other forms of investments and accounts from the City; and

WHEREAS, City banking needs are significantly complex reflecting the operations of a \$2.3 billion organization and a limited number of financial institutions are capable of handling City business and banking institutions are selected in accordance with the requirements of Section 2-1614, Code of Ordinances; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2, Code of Ordinances is hereby amended by enacting new Sections 2-1616 through 2-1620 as follows:

Sec. 2-1616. Socially Responsible Banking- Purpose

Financial institutions have a continuing and affirmative obligation to serve the credit and other financial needs of all residents, including and especially historically disadvantaged communities, such as minority communities, low- and moderate-income communities, and older adults, consistent with applicable laws and safety and soundness. Socially responsible efforts made by financial institutions will be reviewed and evaluated in the context of selection and retention of financial institutions subject to the constraints of Section 2-1614, Code of Ordinances, the City's minimum banking criteria, and the City's significantly complex operational needs.

Sec. 2-1617. Required Disclosures In City Banking Contracts.

(a) Subject to federal regulatory requirements, a depository institution desiring designation as a City depository shall submit annually to the City available information to facilitate the evaluation of its policies and practices regarding housing and economic and community development of such depository:

- (1) *Residential Lending Information.* The total number and the total dollar amount of residential loans for one to four family dwellings applied for and originated during the previous calendar year in each of the following categories:
 - A. Home purchase loans, both federally insured and conventional loans;
 - B. Refinancing of home loans;
 - C. Home improvement loans;
 - D. Multi-family loans;
 - E. Loans to non-occupant owners of single family housing;
- (2) The data for each item above shall be provided for the entire City. For home loans, fixed rate loans shall be reported separately from adjustable rate loans.

(b) *Small Business Lending Information.* The total number and the total dollar amount of small business loans originating during the previous calendar year for the entire City. Loans to small businesses with revenues exceeding \$1,000,000.00 shall be reported separately from loans to small businesses with revenues not exceeding \$1,000,000.00. The City depository may use the data reporting procedures mandated by the federal Community Reinvestment Act for reporting small business loans.

(c) *Community development loans and investments.* The number and dollar amount of community development loans and investments including loans and investments in affordable housing, small business development, economic development, and community facilities for the entire City and for each census tract. The definition of community development is that of the federal Community Reinvestment Act regulations. For each loan and investment, the institution shall indicate if the loan or investment was for affordable housing, small business development, economic development, community facilities.

(d) *Branches and deposits.* The number of branches, ATMs, and number and dollar amount of deposits for the entire City and by branch location.

(e) The most recent annual report or SEC 10-K report with quarterly financial updates.

(f) The most recent "Community Reinvestment Act Evaluation" issued by the federal regulatory agency authorized to conduct such evaluations.

(g) Information regarding the number of women and minorities employed by the depository as loan officers and as members of its board of directors and senior management staff.

(h) Any additional information the depository is required to collect and disclose publicly by law or regulation requested by the City Treasurer.

Sec. 2-1618. Community Reinvestment Plan.

(a) Once every two years, the current City depositories shall submit a Community Reinvestment Plan. Such plan shall describe current and proposed initiatives to address the financial needs of the City, its residents and businesses, including low- and moderate-income residents, minority residents, older adults, low- and moderate-income communities, and minority communities, including:

- (1) Small consumer loans, including those that serve as an alternative to payday loans;
- (2) Affordable check cashing and other transactional services used by consumers with limited banking accounts or experience;
- (3) Participation in City-sponsored neighborhood development programs;
- (4) Equitable contributions to, or partnerships with, community based non-profit organizations in the City that engage in neighborhood development;
- (5) Provision of full service banking in City neighborhoods;
- (6) Plan to market loan products and services throughout the City to include:
 - A. Low- and moderate-income neighborhoods;
 - B. Minority neighborhoods;
 - C. Low- and moderate-income consumers;
 - D. Minority consumers;
 - E. Small businesses;
 - F. Minority-owned business enterprises;
 - G. Women-owned business enterprises;
 - H. Veteran-owned business enterprises.

Sec. 2-1619. Community Reinvestment Review Panel.

(a) There is hereby established a Community Reinvestment Review Panel to evaluate submitted Community Reinvestment Plans. The review process shall occur once every two years and will be administered by the Panel, which shall be composed of the following:

- (1) Director of Finance Department;

- (2) Director of Neighborhood and Community Services Department
- (3) Director of Housing and Community Development Department;
- (4) Two councilmembers as appointed by the Mayor who will consider historic disinvestment in each Council district when determining membership
- (5) Three members of community organizations as appointed by the Mayor whose principal purpose is neighborhood/housing development or civil rights enforcement.

~~(0) [recommend adding representative(s) from financial institutions here as advisors? Maybe those who aren't City depositories]~~

~~(c)~~ The Panel shall make publicly available the annual data that depositories are required to collect and disclose publicly by law or regulation and the Community Reinvestment Plans.

~~Sec. 2-1620. Deposits and investments in institutions practicing predatory lending prohibited. Severability.~~

~~If any section, subsection, word, or phrase in this division of the Code of Ordinances is held unenforceable, invalid, or illegal, every other section, subsection, word, and phrase shall continue to have the full force and effect of law.~~

~~The City shall not keep any City funds on deposit in any bank, its affiliates, or other financial institution that makes predatory home loans, abusive payday loans, or other unscrupulous non-home loan or financial products.~~

~~In the event the City discovers funds on deposit in a financial institution or other entity described in Section 2-1620(1), then the Director of Finance will report such occurrence to the Community Reinvestment Panel with a plan for divestiture.~~

Approved as to form:

Samuel Miller
Assistant City Attorney