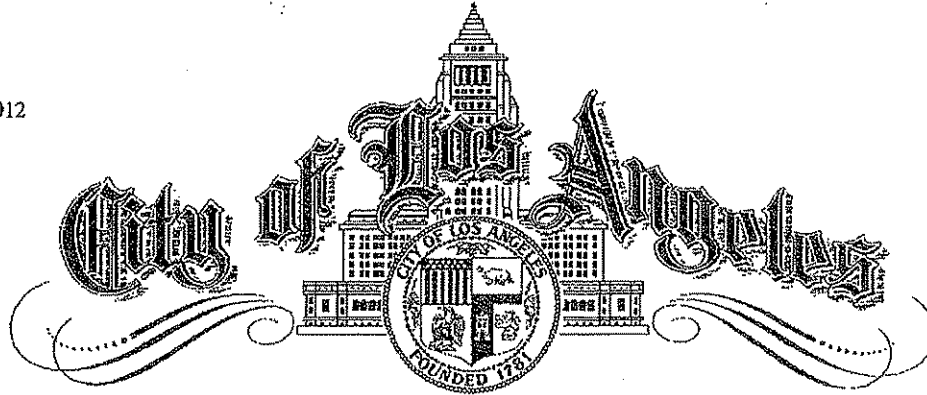


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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 1 2 - 0 1 3 2

MAY 0 9 2012

REPORT RE:

AN ORDINANCE ADDING SECTION 20.95.1 TO CHAPTER 5.1 OF THE LOS ANGELES ADMINISTRATIVE CODE TO PROVIDE FOR THE ESTABLISHMENT OF A RESPONSIBLE BANKING INVESTMENT MONITORING PROGRAM

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 09-0234

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance approved as to form and legality. This draft ordinance would amend the Los Angeles Administrative Code (LAAC) by adding Section 20.95.1 to Chapter 5.1 in order to establish a Responsible Banking Investment Monitoring Program within the City of Los Angeles for both commercial and investment banks which seek City business.

The Monitoring Program would require commercial banks to provide the City Treasurer with a statement of community reinvestment goals, including the number, size and type of small business loans; home mortgages; home improvement loans; community development loans; and investments within the City of Los Angeles, provided by census tract. In addition, such statements shall also include the institution's participation in the City's foreclosure prevention and home loan principal reduction programs reported by census tract; and its federal Community Reinvestment Act (CRA) score.

Investment banks would be required to provide the City Administrative Officer with a statement of their corporate citizenship criteria which shall include but not be limited to: participation in charitable programs or scholarships within the City during the year immediately predating the filing and internal policies regarding utilization of subcontractors which are designated as "women owned," "minority owned," or "disadvantaged" business enterprises.

The statements required by this ordinance are intended to encourage community reinvestment by banks that seek City business. The information provided by the banks would be made public via the City's website within 90 days after its filing.

Council Rule 38 Referral

The draft ordinance has been sent to the Director of Finance/City Treasurer and City Administrative Officer pursuant to Council Rule 38 for review and comment directly to Council.

If you have any questions regarding this matter, please contact Assistant City Attorney Val Dinu at (213) 978-7780. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

CC:VFD:lee
Transmittal

ORDINANCE NO. _____

An ordinance adding Section 20.95.1 to Chapter 5.1 of the Los Angeles Administrative Code to provide for the establishment of a Responsible Banking Investment Monitoring Program.

THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:

Section. 1. Section 20.95.1 is hereby added to Chapter 5.1 of the Los Angeles Administrative Code to read:

Sec. 20.95.1 Additional Disclosures Required From Financial Institutions.

The intent of the Responsible Banking Investment Monitoring Program is to spur community reinvestment by the City's financial institutions and underwriters.

In addition to the disclosures required elsewhere in this Chapter, banking institutions already providing City banking business or seeking City banking business must also disclose the following information through annual filings with the appropriate City official as described below:

(a) Commercial banks: An annual statement of community reinvestment goals. Specific to the City of Los Angeles, the statement shall contain information including but not limited to the number, size and type of small business loans; home mortgages; home improvement loans; community development loans; and investments within the City of Los Angeles, to be provided by census tract for the year immediately predating the filing. In addition, such statements shall also include the institution's participation in the City's foreclosure prevention and home loan principal reduction programs and any other similar programs reported by census tract; and its federal Community Reinvestment Act (CRA) score.

"Commercial bank" shall be defined for purposes of this Chapter as a banking institution that accepts cash deposits for checking and savings accounts from customers and uses those cash deposits to issue loans.

The statement required by this Section shall be filed by July 1st of each year with the City Treasurer, who shall make this information available to the public on its official website within 60 days after it is filed. The information required by this Section shall be first filed by the commercial bank when it applies to receive City deposits or other commercial banking business with the City and shall be updated annually as long as the bank continues to receive or seek City business.

(b) Investment banks: A statement of their corporate citizenship which shall include but not be limited to: participation in charitable programs or scholarships within the City during the year immediately predating the filing; internal policies regarding utilization of subcontractors which are designated as "women owned," "minority owned," or "disabled" business enterprises.

"Investment bank" shall be defined for purposes of this Chapter as a financial institution that provides underwriting services including the buying and selling of stocks, bonds and other securities and other debt related services.

The statement required by this Section shall be filed by July 1st of each year with the City Administrative Officer, who shall make this information available to the public on its official website within 60 days after it is filed. The information required by this Section shall be first filed by the investment bank when it applies to participate in the City's selling of municipal indebtedness or other investment business with the City and shall be updated annually as long as the financial institution continues to receive or seek City business.

The City Administrative Officer, or the relevant city department, not excluding proprietary departments, will produce a matrix of the information provided by the financial institutions, as defined by the City Administrative Officer, whenever a financial transaction is transmitted to Council for approval.

A financial institution which has both commercial and investment branches shall be subject to the type of disclosure associated with the kind of City business it pursues: cash deposits or other types of commercial banking services or the selling of securities or other debt related services.

Investment banks shall not be subject to disclosure requirements identified in Section 20.95 as long as they seek only investment banking business as defined above. If the financial institution seeks City's commercial banking business then that financial institution is subject to all of this Chapter's requirements.

(c) The information requested by this Section shall be disclosed on a form to be provided by the City, and signed by an authorized representative under penalty of perjury. The disclosure statements filed by banking institutions shall be posted on the appropriate City websites for public viewing within 30 days of the beginning of each new City fiscal year; and be available for public inspection and copying.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By Valentin F. Dinu (PSE)
VALENTIN F. DINU
Assistant City Attorney

Date 5/9/12

File No. C.F. 09-0234