

[Administrative Code - Extension of Sunset Date and Deadline for Required Reports of Reinvestment Working Group]

Ordinance amending the Administrative Code to extend the time for the Reinvestment Working Group to submit required reports to the Board of Supervisors and the Local Agency Formation Commission, from the current one-year deadline to September 30, 2023, and to extend the sunset date for the Working Group to December 31, 2023.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. General Findings.

(a) Ordinance No. 87-21 created the Reinvestment Working Group to prepare a business and governance plan for establishing a Municipal Finance Corporation (MFC), and a business and governance plan for the MFC to become a public bank. The ordinance required the Working Group to submit these plans to the Board of Supervisors and the Local Agency Formation Commission within one year from the date of its first meeting.

(b) The Working Group held its first meeting on April 21, 2022, and has been working on developing the plans referenced above.

(c) On or about July 22, 2022, the Board of Supervisors entered into a contract with a consultant to provide public bank consulting services.

1 (d) The Working Group has indicated it needs an extension of approximately six
2 months to complete its work and submit the required plans to the Board of Supervisors and
3 the Local Agency Formation Commission.
4

5 Section 2. Chapter 5, Article 16, of the Administrative Code is hereby amended by
6 revising Sections 5.16-4, 5.16-6, and 5.16-7, to read as follows:

7 **SEC. 5.16-4. POWERS AND DUTIES OF THE WORKING GROUP.**

8 (a) Not later than September 30, 2023, ~~one year from the date of the first Working Group~~
9 ~~meeting~~, the Working Group shall submit to the Board of Supervisors and to the Local Agency
10 Formation Commission a business and governance plan for establishing and operating an
11 MFC, which shall address the MFC's planned lending services, prioritizing investment in
12 affordable housing production and preservation, Local Enterprise, and public infrastructure;
13 organization and management; financial projections; and funding requirements; and which
14 may include recommendations for modifications of City laws and regulations.

15 (b) Not later than September 30, 2023, ~~one year from the date of the first Working Group~~
16 ~~meeting~~, the Working Group shall submit to the Board of Supervisors and to the Local Agency
17 Formation Commission a business and governance plan for the MFC to become a Public
18 Bank, which plan shall:

19 (1) meet the elements required in a business plan to be submitted as part of a
20 public bank license application to the California Department of Financial Protection and
21 Innovation;

22 (2) include a study that meets the requirements of California Government Code
23 Section 57606(a) for state-chartered public banks and, at the discretion of the Working Group,
24 may address the elements set forth in California Government Code Section 57606(b);
25

1 (3) incorporate the following time objectives: the MFC applying for a public bank
2 license within three years of its establishment, and becoming operational as a Public Bank
3 within five years of its establishment; and the Public Bank providing comprehensive banking
4 services to the City within five years of its becoming operational;

5 (4) establish lending priorities that promote economic security, affordability,
6 environmental sustainability, and general wellbeing for all San Franciscans, which shall:

7 (A) prioritize investment in affordable housing production and
8 preservation with a focus on: housing to meet the needs of low-income households (as set
9 forth in Planning Code Section 415) and Social Housing Developments (as defined in
10 Administrative Code Section 10.100-78(e)) for households earning up to 80% of Area Median
11 Income; Local Enterprise; and public infrastructure;

12 (B) evaluate implementing additional lending programs investing in public
13 lands, zero-emission renewable energy systems, energy efficiency upgrades, student loans,
14 and sustainable food systems, and foreclosure prevention/homeowner assistance; and

15 (C) prohibit lending for market-rate housing and for lending that conflicts
16 with the City's values, which shall include, but not be limited to, predatory lending; lending for
17 fossil fuels, tobacco, firearms, and weapons; and lending to businesses with a record of labor
18 law violations, prisons, and detention centers;

19 (5) recommend a governance and regulatory structure of a Public Bank that
20 encompasses compliance with legal requirements, ethical standards, lending priorities, and
21 standards for transparency, community oversight, and accountability;

22 (6) make recommendations for modifications of City laws and regulations, which
23 may include draft legislation or regulations;

24 (7) make recommendations whether to establish and operate the Public Bank in
25 partnership with other California cities, counties, or other local agencies, or to include other

1 California cities, counties, or other local agencies in the capitalization or as customers of the
2 Public Bank;

3 (8) make recommendations for capitalization and loan funding of at least \$300
4 million, from sources including but not limited to appropriations from the Treasurer's
5 Investment Pool, the General Fund, and budget surpluses; and

6 (9) address any other matter the Working Group deems appropriate in light of
7 its purposes.

8 (c) The Working Group may in its discretion incorporate the analysis of the Municipal
9 Bank Feasibility Task Force Report into the plans required under subsections (a) and (b).

11 **SEC. 5.16-6. ORGANIZATION AND OPERATIONS.**

12 (a) Each appointing authority shall name its appointees within 30 days of, and the
13 Working Group shall convene within 60 days of, the effective date of this Article XVI. The
14 Working Group shall meet at least once per month until it submits the business and governance
15 plans to the Board of Supervisors and Local Agency Formation Commission as required under Section
16 5.16-4.

17 * * * *

19 **SEC. 5.16-7. SUNSET DATE.**

20 This Article XVI shall expire by operation of law, and the Working Group shall
21 terminate, ~~eighteen months from the Article's effective date~~ on December 31, 2023. Upon expiration
22 of this Article, the City Attorney shall cause it to be removed from the Administrative Code.

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

(a) This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

(b) It is the intent of the Board of Supervisors that the authority conferred on the Reinvestment Working Group by extending the sunset date in Section 2 shall be without interruption, and that the incumbent members of the Working Group shall continue to hold their seats without reappointment. As a result, the amendment to Section 5.16-7 of the Administrative Code, which extends the sunset date of the Task Force past its current sunset date, shall, upon the effective date of this ordinance, be retroactive to February 2, 2023. The remaining provisions of the ordinance, however, shall not be retroactive.

Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the “Note” that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/
VICTORIA WONG
Deputy City Attorney

n:\legana\as2022\2300066\01642571.docx