



SF Reinvestment Working Group:

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.

SF Reinvestment Working Group (RWG)

1. Background on the SF Reinvestment Working Group
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3. RWG Accomplishments
4. Timeline for Deliverables

SF Reinvestment Working Group (RWG)

- 2019's AB857 (Chiu) created a state license for public banks
- RWG was created by ordinance #87-21 (Preston)
- Tasked with submitting to the BOS and LAFCo:
 1. a business and governance plan to establish a City-owned, non-depository lending corporation (a municipal finance corporation or MFC), and
 2. a separate business and governance plan for the MFC to become a state-licensed public bank
- LAFCo agreed to support the RWG as part of its work studying municipal financial services

Summary of the Extension Ordinance

Event	Original Ordinance	Extension Ordinance
Plans Due to the BOS	April 21, 2023	September 31, 2023
RWG Sunset Date	February 2, 2023	December 31, 2023

- Extension is needed because of delays in seating the RWG and hiring HR&A, the consultant
- HR&A has agreed to a no-cost extension of their contract
- The RWG aims to complete the plans by May 31, 2023
- The extension ordinance provides additional time in case more time is needed or if the RWG wishes to continue to meet for any follow-up matters until December 31, 2023

RWG Accomplishments

- Community outreach: the RWG worked with Contigo Communications (LBE subcontractors of HR&A Advisors) on a community engagement plan with focus groups and interviews with stakeholders
- Lending Gaps and Priority Analysis: HR&A identify market gaps and community needs for lending services to validate the need for a public bank and inform the development of the business plans
- Governance Plan: the RWG worked with HR&A's subcontractor banking experts (Gary Steven Findley and Associates) and community stakeholders to draft a bank governance plan
 - Mr. Findley submitted to the FDIC and CDFPI and arranged a meeting to receive feedback
- HR&A (and Gary Steven Findley and Associates) delivered first drafts on 2/10/23 of:
 - Draft MFC plans
 - Draft Public Bank plans
 - Draft memo on Green Bank options

RWG Accomplishments: First Drafts of Plans

- Draft MFC plans:
 - Modeled based on \$20 million in capital and \$50 million in funding by year three
 - MFC is projected to reach total assets of nearly \$70 million by the end of its third year of operation and achieve annual breakeven in the third year of operation
- Draft Public Bank plans:
 - Modeled based on \$50 million in capital and \$188 million in funding by year three
 - Bank is projected to achieve monthly profitable operations by the end of the third year
 - Thereafter, the bank would generate earnings sufficient to support future growth
- Draft memo on Green Bank options
 - Outlines how a “green bank” entity could operate alongside or as part of an MFC or public bank
 - Describes how a green bank structured as an MFC could be eligible for the Inflation Reduction Act’s \$27 billion Greenhouse Gas Reduction Fund

Timeline for RWG Deliverables

Event	Original Ordinance
Feb 10, 2023	HR&A submits drafts of business and governance plans for the MFC and public bank, plus memo on green bank options
Mar 31, 2023	HR&A submits final MFC business and governance plans
May 10, 2023	HR&A submits final public bank business and governance plans
May 31, 2023	Contract with HR&A ends after they submit the final versions of all deliverables
Jun-Dec 2023	RWG may continue to meet as desired for any follow-up matters
Dec 31, 2023	The RWG sunsets

Members of the RWG

Seat	Member Name	Seat Attributes
1	Rafael Morales	Technical expert in financial institutions
2	Jennifer Finger	Technical expert in financial institutions
3	Elizabeth Dwyer	Technical expert in financial institutions
4	Fernando Marti (Vice Chair)	Community representative
5	Christin Evans (Chair)	Community representative
6	Michelle Pierce	Community representative
7	Sylvia Chi	Community representative
8	Anna Van Degna	Controller's designee
9	Amanda Fried	Treasurer's designee

Community Outreach Participants

Affordable Housing Development & Homeownership

- Council of Community Housing Organizations
- Episcopal Community Services of San Francisco
- Homeownership San Francisco
- Housing Rights Committee of San Francisco
- Mission Economic Development Agency
- Mission Housing Development Corporation
- San Francisco Community Land Trust
- San Francisco Housing and Development Corporation
- Tenderloin Neighborhood Development Corporation
- Young Community Developers

CFIs, CDFIs, and Credit Unions

- Beneficial State Bank
- California Credit Union League
- EastWest Bank
- Enterprise Community Loan Fund
- Housing Trust Silicon Valley
- ICA Fund Good Jobs
- Main Street Launch
- Mission Economic Development Agency
- Momentus Capital
- Pacific Community Ventures
- San Francisco Federal Credit Union
- Self-Help Federal Credit Union
- Working Solutions

Green Investments and Environmental Justice

- Bay Area Climate Adaptation Network member
- Bayview-Hunters Point Community Advocates
- Emerald Cities
- Just Solutions Collective

- San Francisco Climate Emergency Coalition
- San Francisco Electrical Contractors Association
- Bicis del Pueblo

Small Business

- California Reinvestment Coalition
- Chinatown Merchants Association
- Literacy for Environmental Justice (provided input related to small businesses and green energy)
- National Association of Minority Contractors
- North-East Business Association
- Project Equity
- San Francisco Small Business Commission member
- Small Business Majority
- Sunset Mercantile
- Multiple small businesses

City and County of San Francisco

- Contract Monitoring Division
- Office of Economic and Workforce Development
- Office of Small Business
- Port of San Francisco

Community and Policy Advocacy Organizations

- People Organizing to Demand Environmental and Economic Justice
- SPUR (the San Francisco Bay Area Planning and Urban Research Association, which goes by SPUR, is a nonprofit public policy organization)

Other Organizations (Insurance)

- Merriwether & Williams (private company providing risk management and insurance brokerage services that has supported City programs in the past)

SAN FRANCISCO LOCAL AGENCY FORMATION COMMISSION

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Questions?



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