



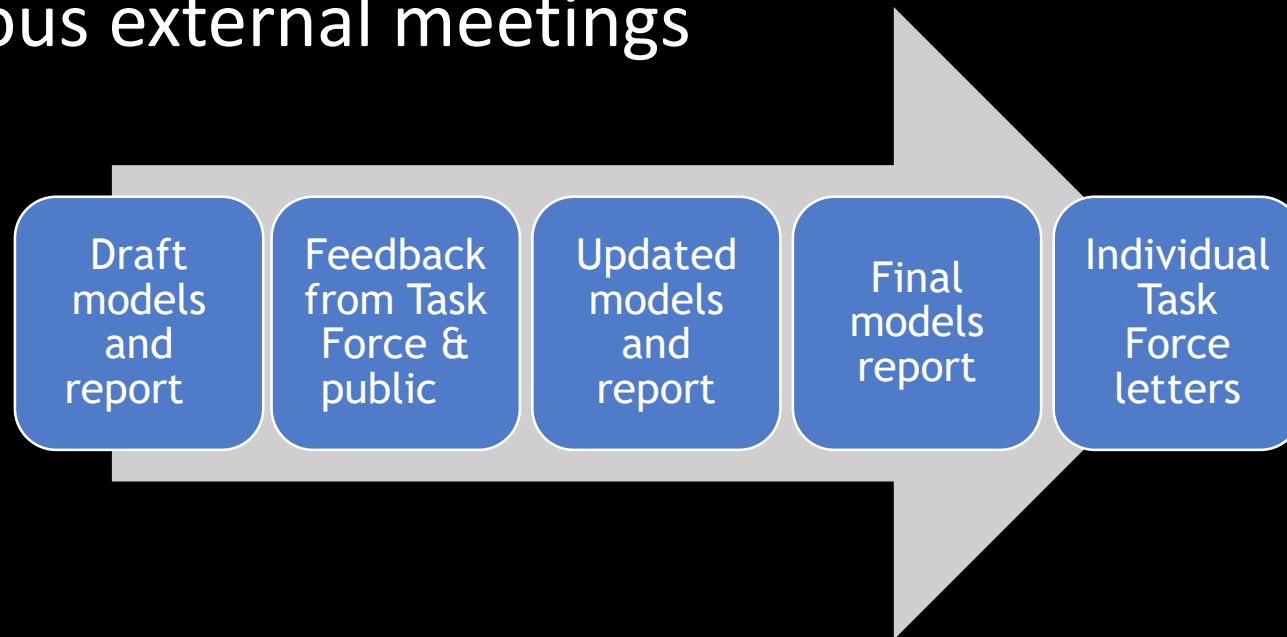
Municipal Bank Feasibility Task Force Report

Budget & Finance Committee - October 7, 2020



Process Overview

- **Task Force Members:** community advocates, attorneys, bankers, government officials
- **13 months:** February 2018 through January 2019
- **Interactive and Iterative Process:** 8 Task Force meetings and numerous external meetings



Municipal Bank Models



Model 1: Reinvest

- Non-bank (uses debt instead of deposits)
- Affordable housing loans
- Wholesale small business loans
- Direct small business loans

Model 2: Divest

- City's banking services
- Hold City's short-term cash
- Participation business loans

Scenario 3: Combination

- City's banking services
- Hold City's short-term cash
- Affordable housing loans
- Wholesale small business loans
- Direct small business loans



Comparison of Models

	Model One: Reinvest	Model Two: Divest	Model Three: Combination
Breakeven Point Details			
Years to Break Even	10	31	56
Size at Breakeven	\$1.1 billion	\$3.1 billion	\$10.4 billion
Estimated Investment to Break Even			
Start-Up Costs	\$6 million	\$119 million	\$119 million
Operational Subsidy	\$13 million	\$990 million	\$2.2 billion
Capital Investment	\$165 million	\$460 million	\$1.6 billion
TOTAL	\$184 million	\$1.6 billion	\$3.9 billion



Treasurer's Pooled Investment Fund

- Treasurer **holds and invests money** appropriated through the budget process and “not required for the immediate needs of the City” (p. 36)
- Investment options **constrained by strict state law** – priorities are safety, liquidity and yield and time-limited (pp. 36-38)
- The Pool cannot be used as a source of long-term, low-cost funds unless appropriated for that purpose (p. 38)
 - Already appropriated and spent in budget
 - Must be invested short-term (longest allowable is 5 years, average duration is 0.61 years)

Thank You!



Thank you all very much for your
time and attention.

For questions:

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