



AGENDA REPORT

City Council

DATE:	May 28, 2024
TO:	Members of the City Council
FROM:	Mayor Eduardo Martinez Vice Mayor Claudia Jimenez Councilmember Gayle McLaughlin
Subject:	Authorize Public Bank East Bay to Apply for Regulatory Approval
FINANCIAL IMPACT:	\$750k. This amount has been set aside by the City Manager as per our share of capitalizing the bank.
PREVIOUS COUNCIL ACTION:	May 23, 2017, April 5, 2022, April 19, 2022, July 11, 2023
STATEMENT OF THE ISSUE:	The main purpose of this item is to approve a resolution for the next step to be taken in terms of creating the Public Bank East Bay (PBEB). It authorizes PBEB to apply for regulatory approval and providing the State approval is granted, this authorizes Richmond to provide its agree upon amount of capitalization for the bank (\$750k) as a founding City member.
RECOMMENDED ACTION:	ADOPT a resolution of the City Council of the City of Richmond authorizing the Public Bank East Bay to apply for State regulatory approval, assuring the City of Richmond’s Investment Policy is modified as needed for entering into a Public Bank, and authorizing the City of Richmond, after regulatory approval, to provide its share of founding capital – Councilmember Gayle McLaughlin (510-620-6636), Vice Mayor Claudia Jimenez (510-620-6565) and Mayor Eduardo Martinez (510-620-6503).

DISCUSSION:

We have had multiple meetings of the City Council that have clarified our intention to be a part of the Public Bank East Bay. We are now ready to seek approval from the State regulators. Once the bank has been approved by the regulators, we will be able to take further steps to launch the bank. This bank will allow our city and community to have access to small business loans, as well as funding for affordable housing and climate mitigation projects. Other funding efforts will be identified as well, as the bank grows.

HISTORY

On May 23, 2017, the Richmond City Council adopted Resolution 56-17, endorsing the efforts to create a public bank, and resolving to investigate the possibility that the City of Richmond might partner with such bank.

On April 5, 2022, the Richmond City Council adopted Resolution 48-22, approving the Viability Study for the Public Bank East Bay (the “Bank”), resolving to become a founding member of the Bank and agreeing to join in the application to the State of California’s Department of Financial Protection and Innovation (the “State”) for the Bank’s public banking charter.

By adopting Resolution 48-22, the Richmond City Council further amended its investment policy to allow the City of Richmond to invest in the Bank and to become a founding member of the Bank. Also, in adopting Resolution 48-22, the Richmond City Council requested that Alameda County commit to joining the Bank immediately upon the State’s approval of the Bank’s public banking charter.

In addition, on April 19, 2022, Councilmember McLaughlin was appointed as the City of Richmond’s representative to the Board of Directors of the future Bank.

On July 11, 2023, the Richmond City Council authorized Councilmember McLaughlin, as a member of the future Bank’s Board of Directors, to vote in favor of the appointment of the interim CEO to the Bank.

NEXT STEP

It is now time to take the next step as identified in the resolution and the recommended action which states:

ADOPT a resolution of the City Council of the City of Richmond authorizing the Public Bank East Bay to apply for State regulatory approval, assuring the City of Richmond’s Investment Policy is modified as needed for entering into a Public Bank, and authorizing the City of Richmond, after regulatory approval, to provide its share of founding capital.

Richmond’s share of capitalization is \$750k and City Manager Shasa Curl has clarified that it is set aside in the FY 2024-25 budget.

DOCUMENTS ATTACHED:

Attachment 1 – Resolution