

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON COMMUNITY DEVELOPMENT

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March 24, 2010
Start: 1:30pm
Recess: XX:XXpm

HELD AT: 250 Broadway
Hearing Room, 14th Fl

B E F O R E:
ALBERT VANN
Chairperson

COUNCIL MEMBERS:
G. Oliver Koppel
Diana Reyna
Melissa Mark-Viverito
Helen D. Foster
James Sanders, Jr.

2 CHAIRPERSON VANN: Good afternoon,
3 colleagues, ladies and gentlemen. We're going to
4 open our meeting now. We have a very important
5 Resolution that requires an action on behalf of
6 the Committee. As you know, I'm Councilman Al
7 Vann, the Chairman of the Committee on Community
8 Development. And I welcome you to our hearing and
9 look forward to what I hope to be a unanimous
10 passage of proposed Resolution 17-A.

11 Our Committee will vote on this
12 Resolution, which calls upon the State Legislature
13 and Governor to enact legislation which allows
14 credit unions, savings banks and savings and loan
15 associations to receive municipal deposits.

16 As a Committee, we have benefitted
17 from two hearings within the past three months, in
18 December and February, where we have considered
19 testimony from divergent perspectives on the same
20 issue of municipal deposits. New York State's
21 century-long prohibition against cities and towns
22 depositing their own funds in local financial
23 institutions, like credit unions, savings banks
24 and savings and loan associations, is an issue
25 that needs to be addressed, which is addressed by

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this Resolution.

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At the February 22nd hearing, Mr.

Michael Smith, President and Chief Executive

Officer of the New York Banker's Association,

conceded that his organization agreed that the

century-long prohibition should end. He stated

that his Association strongly supported provisions

of the Resolution that authorized savings banks

and savings and loans associations to accept

deposits. They had one exception, which was the

case of credit unions. And their primary

complaint there is that credit unions was the

allegation that they do not pay the same taxes as

banks pay and so it would be a disadvantage. It's

a specious argument. And we tend to disagree.

I see it as an issue bank versus

credit union issue, but I really think the most

important thing and important way to look at it is

which institutions are receiving the public money

should be the institutions that are providing

service to the community and how do we benefit

from money being deposited in those institutions.

If New York City were allowed to deposit our funds

in local credit unions and savings banks, I think

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2 that the issue as win-win, because the investment
3 would be in the low-income communities, which we
4 have many around the City. From my perspective,
5 the opportunity for New York City to receive a
6 higher return on its deposits, due to the
7 competition among financial institutions, is
8 beneficial.

9 More importantly, however, the
10 opportunity for homeowners and entrepreneurs and
11 other small businesses in our low-income
12 communities to have institutions that are willing
13 and able to lend them money is a great victory for
14 community development. Right now, homeowners are
15 being foreclosed upon by banks, who, themselves,
16 were bailed out by the public tax dollars. Long-
17 time neighborhood merchants are laying off workers
18 and closing their businesses because they cannot
19 get loans from their long-time banking
20 institutions. These are perilous economic times
21 and every dime of public money should be maximized
22 and accounted for.

23 There is considerable evidence that
24 if, and when, large commercial banks do not
25 adequately serve a community, community

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2 development financial institutions do. The
3 evidence shows that the CDFIs are the only
4 financial institutions that truly understand and
5 connect with the communities in which they conduct
6 business and in which they have children to serve.
7 So, I think there's ample evidence and research to
8 support the Resolution that we will bring forward
9 in a moment.

10 I'd like to thank my fellow
11 Committee members for being here and any questions
12 or statements that you have at this point in time
13 would be appropriate before we come to a vote.

14 Hearing none--

15 COUNCIL MEMBER KOPPEL:

16 [Interposing] Mr. Chairman, I--

17 CHAIRPERSON VANN: Okay.

18 COUNCIL MEMBER KOPPEL: --want to
19 thank you for bringing this forth. There's no
20 doubt in my mind that some of these small
21 institutions, credit unions, community development
22 financial institutions play a very important role
23 and should play a greater role in providing credit
24 and very often, provide that credit under
25 circumstances, they're small loans, that large

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banks just won't go near.

CHAIRPERSON VANN: Um-hm.

COUNCIL MEMBER KOPPELL: So, giving them the ability to have some capital is a very good idea. And the record of these institutions, as they indicated in their testimony, was exemplary. And I was very impressed with the job that they're doing with these small loans that they make in poor communities. So, this is a very good thing.

And certainly, we should pass the Resolution and follow up on it with our colleagues in Albany because I realize that the bankers have a strong lobby, but it's amusing to note that they talk about their contribution through taxes to the State. I suspect because of the large losses they've suffered in the last couple of years, they're not going to be paying very much taxes to the State in the near future.

So, I don't have any problem with, in fact, I'm very strongly in favor of the idea of these small community-based institutions getting municipal deposits.

CHAIRPERSON VANN: All right.

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Thank you. Any other comment?

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WILLIAM MARTIN: William Martin,
Committee Clerk, roll call on the Committee on
Community Development, Resolution 17-A. Council
Member Vann.

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CHAIRPERSON VANN: Aye on all.

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WILLIAM MARTIN: Reyna.

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COUNCIL MEMBER REYNA: Aye.

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WILLIAM MARTIN: Koppel.

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COUNCIL MEMBER KOPPEL: Aye.

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WILLIAM MARTIN: Mark-Viverito.

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COUNCIL MEMBER MARK-VIVERITO: Aye.

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And I want to really commend Chair Vann for his
leadership on this issue. I know it's something
that he's been strongly advocating for.

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WILLIAM MARTIN: By a vote of four

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in the affirmative, zero in the negative, no

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abstentions, item's adopted. Members, please sign

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the Committee report.

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CHAIRPERSON VANN: Right, thank

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you. We'll leave the roll open. There's a couple

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members on their way. Thank you. Have a good

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day, everybody. Okay.

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COUNCIL MEMBER FOSTER: Yes, I'm

2 ready.

3 WILLIAM MARTIN: Council Member

4 Foster.

5 COUNCIL MEMBER FOSTER: Yes.

6 WILLIAM MARTIN: Vote now currently

7 stands at five in the affirmative, zero in the

8 negative and no abstentions.

9 [END 1002]

10 [START 1003]

11 WILLIAM MARTIN: Council Member

12 Sanders.

13 COUNCIL MEMBER SANDERS: Aye on

14 all, as my Chair would always do.

15 WILLIAM MARTIN: The final vote on

16 the Committee on Community Development is now six

17 in the affirmation, zero in the negative and no

18 abstentions.

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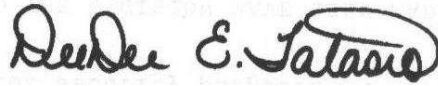
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C E R T I F I C A T E

I, DeeDee E. Tataseo certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

A handwritten signature in cursive script that reads "DeeDee E. Tataseo". The signature is written in black ink and is positioned above a horizontal line.

Date

April 18, 2010