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A Local Law in relation to the establishment of a task force to study options and make recommendations for a plan to implement a municipal public bank

Be it enacted by the Council as follows:

Section 1. Definitions. For purposes of this local law, the following terms have the following meanings:

Agency. The term "agency" means a city, county, borough, or other office, department, division, bureau, board or commission, or a corporation, institution or agency of government, the expenses of which are paid in whole or in part from the city treasury, unless otherwise specified.

City. The term "city" means the city of New York.

Community banking experience. The term "community banking experience" means current or past employment experience as an officer, director, executive, or an equivalent senior leadership role at a community development financial institution certified by the U.S. Department of the Treasury Community Development Financial Institutions Fund.

Independent. The term "independent" means that at the time of their appointment to the task force, a task force member does not hold public office and has not held public office for five years or more prior to such time of appointment.

Task force. The term "task force" means the public bank implementation plan task force established by this local law.

§ 2. Task force established. There is hereby established a task force to be known as the public bank

implementation plan task force.

§ 3. Duties. The task force shall (i) study the potential for a public bank sponsored by the city under the terms of the proposed Article 3-C of the Banking Law as contemplated by New York State Senate Bill 1754 for the year 2023, as amended (the "Article"), (ii) recommend a draft plan to satisfy the governance and charter requirements for a public bank as set forth in the Article, and (iii) issue a report that addresses in detail all of the items set forth in paragraph 6 hereof.

§ 4. Membership. a. The task force shall be composed of the following members:

1. Three members appointed by the mayor, one of whom shall be the commissioner of finance or such commissioner's designee, one of whom shall be the commissioner of consumer and worker protection or such commissioner's designee, and one of whom shall be a representative of a labor organization.

2. Three members appointed by the comptroller, at least two of whom shall be independent, and one of whom shall have community banking experience; and

3. Three members appointed by the speaker of the council, at least two of whom shall be independent, and one of whom shall be a representative of an organization or association that exclusively or predominantly represents small businesses, as defined in article 4-b of the economic development law, and one of whom shall be a member of a community-based organization whose principal purpose is community development, economic development, consumer protection, or a combination thereof.

b. The speaker of the council shall designate the chair of the task force from among the speaker's appointees.

c. The mayor may invite officers and representatives of relevant federal, state and local agencies and authorities to participate in the work of the task force.

d. When naming their designees or members, the commissioners, mayor, comptroller, and speaker shall maximize board diversity to include representatives of historically-redlined communities and other groups to be served by the bank's underwriting and financial policies.

e. All appointments required by this section shall be made no later than 90 days after the effective date of this local law.

f. Each member of the task force shall serve at the pleasure of the officer who appointed the member. In the event of a vacancy on the task force, a successor shall be appointed in the same manner as the original appointment for the remainder of the unexpired term. All members of the task force shall serve without compensation.

§ 5. Meetings. a. The chair shall convene the first meeting of the task force no later than 30 days after the last member has been appointed, except that where not all members of the task force have been appointed within the time specified in section four, the chair shall convene the first meeting of the task force within 10 days of the appointment of a quorum.

b. The task force may invite experts and stakeholders to attend its meetings and to provide testimony and information relevant to its duties.

c. The task force shall meet no less than once each quarter to carry out the duties described in section three.

d. The meeting requirement of subdivision c shall be suspended when the task force submits its report as required by section six.

§ 6. Report. a. No later than one year from its first meeting, the task force shall submit a report to the mayor, the comptroller, and the speaker of the council setting forth its recommendations for the composition of a public bank in the city that satisfies the requirements contained in the Article, which recommendations shall address in detail but not be limited to the following:

1. The purpose of the proposed public bank that is consistent with the purposes required under the Article;

2. How to achieve a minimum initial capitalization that is no less than ten percent of the public bank’s projected lending total for the first year of operation after receipt of its charter;

3. The establishment of adequate reserves and liquidity to cover the public bank's obligations related to deposit withdrawals and defaulted loans;

4. The qualifications of the proposed chief executive officer and management team;

5. An organizational chart;

6. Policies and procedures prohibiting any elected official or affiliates of those officials from receiving a loan or other financial benefit from the public bank;

7. Procedures for obtaining fidelity insurance;

8. Establishing sufficient internal audits and controls;

9. A pro forma financial statement projecting assets, liabilities, income and expenses for no less that a three year period;

10. Ensuring there will be no material negative impact of the public bank on the city's financial condition;

11. A plan to comply with the Community Reinvestment Act and fair lending requirements, pursuant to section two hundred ninety six-a of the Executive Law;

12. The corporate and governance structure of the public bank, and a certificate of incorporation, if applicable;

13. The contents of a narrative business plan describing the banking services to be provided;

14. Whether the public bank will insure or collateralize deposits from the city or any other governmental entity;

15. The manner in which the public bank will raise capital, including but not limited to (i) the receipt and leverage of public deposits, (ii) sponsor equity contributions, (iii) passive member or shareholder equity contributions, ((v) sale of corporate debt to the city, and (v)sale of corporate debt to third parties,

16. An assessment of market opportunity and risk; and

17. The provision of any other documents or information that the New York State Department of



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Financial Services may require.

b. Notwithstanding the foregoing, the taskforce shall not be required to address an item set forth in subparagraph a above within one year of its first meeting if it identifies in writing the reason that item could not be completed and how much extra time it would need to complete that item.

c. The commissioners of finance and of consumer and worker protection shall publish the task force's report electronically on their respective department websites no later than 10 days after its submission to the mayor and the speaker of the council.

§ 7. Agency support. Each agency affected by this local law shall provide appropriate staff and resources to support the work of such agency related to the task force.

§ 8. Termination. The task force shall terminate 180 days after the date on which it submits its report, as required by section six.

§ 9. Effective date. This local law takes effect immediately.

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