

**To the Mayor and Members of the City Council****October 12, 2021**

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**SUBJECT: RESEARCH FOR PROPOSED RESPONSIBLE BANKING  
ORDINANCE**

The purpose of this informal report is to provide a brief overview of Responsible Banking Ordinances adopted by other cities and to propose next steps to research the possible implementation of this type of ordinance in Fort Worth.

**Background**

According to the National Community Reinvestment Coalition (NCRC), since 1991 more than a dozen municipalities including Cleveland, Boston, Chicago, Philadelphia, San Jose, Seattle, Pittsburgh, Los Angeles, Kansas City, Portland, and New York have adopted Local Responsible Banking Ordinances ("RBOs") that seek to achieve various policy goals, including increasing the amount of responsible loans, investments, and financial services provided to minority and low- and moderate-income communities and to older adults, through heightened public accountability to municipalities and their residents from financial institutions receiving municipal deposits and other city business. At least two Texas cities, Dallas and Desoto, are considering similar measures.

Using publicly accessible data reported through the Community Reinvestment Act (CRA), banking institutions' performance in serving low-to-moderate-income (LMI) individuals and households through various financial investments are graded and reported using a standardized scale. RBOs leverage this data and attempt to increase performance of financial institutions within the municipality. Some ordinances customize analysis to the communities they serve by establishing city-specific processes for reviewing publicly accessible CRA data, evaluation methods, and public input mechanisms, and direct how the resulting data is to be used to produce measurable outcomes and inform city decisions with the goal of holding financing institutions publicly accountable and incentivizing them to increase their responsible lending and investing in local neighborhoods.

The City currently has multiple banking relationships that, combined, represent total deposits of roughly \$2.6B. The largest roles are played by JP Morgan Chase, which is the City's general depository bank, and Wells Fargo, which handles revenues from City mineral leases and serves as trustee for the Permanent Fund, consisting of previously received gas-related revenues. The City, directly or through component units, also has financial relationships with UMB Bank, Citibank, US Bank, Pinnacle Bank, and Simmons Bank. If the City Council were to adopt an RBO for Fort Worth, one of the determinations to be made would be whether all banks doing business with the City are subject to such requirements or only those with an as-yet-to-be-established minimum amount of City business.

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ORDINANCE****Next Steps**

Staff recommends convening an internal working group comprised of the following individuals or their designees: City Manager, the Director of Finance, the Director of Economic Development, the Director of Diversity and Inclusion, the Director of Neighborhood Services, the Director of Planning and Data Analytics, the Director of Development Services, the City Attorney, and the Director of Communications and Public Engagement. The working group's task would be to research, report and recommend a path forward for the City.

As part of its analysis, the working group will review existing RBOs in other municipalities and their outcomes, recent state legislation impacting local banks and the potential impact on the City's depository services, changes to the CRA and its reporting requirements, legal challenges to RBOs, and other relevant considerations. Public engagement with local and regional financial institutions and residents will also be conducted. It is anticipated that a final recommendation will be presented to the City Council by February 2022.

If you have any questions about this information please contact Christina Brooks, Chief Equity Officer | Director Diversity and Inclusion Department 817-392-8988.

**David Cooke**  
**City Manager**