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CITY-COUNTY REINVESTMENT TASK FORCE

Jim Bliesner • Reinvestment Director

City County Reinvestment Task Force
1600 Pacific Highway
Board of Supervisors Library
Thursday, August 15, 1991
12:00 Noon

MINUTES

Item 1: Introductions

Members Present:

Archita Olfato de Leon - Deputy Mayor Filner's Office
Vikki Robinson - Supervisor Leon Williams' Office
Dorothy Kwait - San Diego Organizing Project
Jeff Stone - San Diego Trust & Savings
Sheila Washington - San Diego Incubator

Members Excused:

Carolyn Johnson - Great American
Lynda Tauzier - First National Bank

Members Absent:

David Cruz - South Bay Economic Development

Participants:

Juan Maldonado - Security Pacific Bank
Benjamin Martinez - Student Intern
Marty Spuehler - The Money Store
Lorenzo Higley - San Diego Youth Services
Mark Sullivan - City Economic Development Dept.

Item 2: Approval of Minutes

* M/S/C (Robinson/Stone) Accept minutes as presented with one modification: that Jeff Stone be recorded as present for July meeting.

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Item 3: **Public Comments**

* Lorenzo Higley made public comments regarding the impact of the Bank of America - Security Pacific merger on local credit needs. He supported the idea of a Countywide needs assessment. He also suggested that the Task Force develop a reinvestment newsletter. He suggested that lenders should consider paying for these efforts.

  These suggestions were referred to staff for consideration and response.

Item 4: **County Housing and Economic Development Trust Fund**

* Discussion regarding the proposed Trust Fund occurred. There was review of sources. Task Force members requested opportunity to review the concept paper and expect a vote at the next meeting.

Item 5: **Integration Incentive Program**

* M/S/C (Robinson/Washington) That the Task Force not endorse this program at this time due to the potential for gentrification.

Item 6: **Project Update**

* Information presented per the written report. No action required or taken.

Item 7: **New Business**

* No new business.

Item 8: **Adjournment**

* Meeting adjourned at 1:23 p.m.

Respectfully submitted,

JIM BLIESNER

DECISION ITEM

ITEM 4: County Housing and Economic Development Trust Fund

A full discussion regarding the proposed County Trust Fund is contained in the attached concept paper. It identifies the concept of both a housing and an economic development fund. It also identifies a possible funding source.

The funding source is related to the achievement of CRA goals and general fair lending practices.

The endorsement of the Trust Fund by the Task Force would allow RTF staff and members to proceed with discussions with County staff and representatives from various cities in the County about the fund. More than likely the final shape of the Fund and possibly the revenue source would be modified before a final product is formulated for approval by the Board of Supervisors.

Recommendation: It is recommended that the Task Force endorse a County Housing and Economic Development Trust Fund and work with pertinent parties to formulate a funding source.

It is more than likely that a number of funding sources will be reviewed and considered by parties to the formulation of a Trust Fund. The Task Force may want to continue to review them and decide later on a particular option.

A second option is to endorse the draft paper as written and pursue specifically the assessment on non-regulated lenders as the primary revenue source. The approval of this source is consistent with previous efforts of the Task Force to encourage an "equal playing field" between regulated lenders and non-regulated lenders.

DECISION ITEM

ITEM 5: **Bank of America/Security Pacific Merger**

Public announcements have been made regarding the intent of the Bank of America to acquire Security Pacific Bancorp. According to representatives of the banks and federal regulators an actual application will be filed within the next fifteen days. Thirty days after that will provide opportunity for public comment.

Communication has been received from the Executive Vice President of the Bank of America State Development Bank expressing a desire to meet with any groups or organizations wishing to review their record and assist in defining a long term CRA program for the merged bank. The Task Force, to date, has not responded to that offer.

The general practice of the Task Force in these cases had been to convene a regular group of community and government organizations to discuss and formulate a group presentation to the lender. The Task Force has then convened and moderated the discussion. In most cases, the organizations have presented needs and requested that the lender return for a future meeting with a specific CRA plan for the groups' review. In this manner the lender has received regular feedback from organizations directly involved in developing affordable housing and doing small business lending.

Specific plans have been formulated with some lenders (Home Federal). In other instances, more general commitments have been defined (Wells Fargo, Security Pacific, Mitsui). These arrangements have generated, over time, a number of housing, small business, and philanthropic activities in San Diego City and County.

It is the perception of some (City of San Diego Economic Development staff and Normal Heights Community Development Corporation) that these agreements are not adequate and efforts should be made to aggressively pursue a more detailed commitment (ala Pittsburgh Community Reinvestment Group. See attached).

Accordingly, the City has requested a meeting with Bank of America officials to begin negotiations. The City is seeking an agreement similar to the Pittsburgh agreement that is quantifiable, very specific, and closely monitored with Bank of America officials. They have asked the RTF to participate in those negotiations.

Other options exist for the Task Force to follow. One is to do as the Task Force has consistently done; convene pertinent community organizations to discuss and define credit needs, then to convene a meeting between the groups and the Bank of America. The goal would be an equitable CRA plan by the Bank of America for San Diego. Individual organizations may choose to intervene in the merger. The City may choose to do so as well.

The City has requested $60,000 from the Housing Commission to implement a credit needs assessment in the context of the merger.

Task Force staff is currently analyzing the CRA record of both Security Pacific and the Bank of America in San Diego. This analysis would be made available to anyone requesting it, including the Federal Reserve Bank.

Other options include: doing nothing; endorsing the records of both Security Pacific and the Bank of America; asking the City and/or County governments to intervene in the merger proceedings on behalf of community credit needs or...

Recommendation: It is recommended that an analysis of Bank of America and Security Pacific CRA records in San Diego be completed. When complete, it is recommended that the Task Force convene relevant agencies to define a productive CRA plan for San Diego and work with the Bank of America representatives to define a specific program.

PROJECT UPDATE

Spring Valley Credit Needs Assessment - Attached is a very preliminary data review and list of recommendations for small business in Spring Valley. It was reviewed by the area committee on Monday, September 16. Input form that meeting is being incorporated. The Task Force may have additional input on useful recommendations.

Church Lending Workshop - Report from Lynda Tauzier.

City Reinvestment Policy - A request has been made by the City Economic Development Department for $60,000 from the Housing Commission for a credit needs assessment.

Task Force Funding - The Housing Commission considered funding of the Task Force for six months at its September 16 meeting. The County funding commitment is not clear at this time. The existing funding ends at the end of October.

Metropolitan Fellowship Foundation - See attached letter of commitment from Wells Fargo Bank for a construction loan for the senior citizen project scheduled for Southeast San Diego. The project was reviewed and endorsed by the Task Force about a year ago. The commitment is a multi-million dollar loan. Funding for project consultants was received from L.I.S.C. to put the package together.