

Responsible Banking and Contracting

[New]

ARTICLE XX. RESPONSIBLE BANKING AND CONTRACTING POLICY

SECTION 1. Responsible Banking

Subd. 1. Definitions. For the purpose of this section, certain terms are defined as follows:

A. "Banking institution" shall mean:

- i. State and national banks;
- ii. Credit unions as defined by federal and state law;
- iii. Any institution not previously specified that proposes to enter into a contract with the District for "banking services" as defined below.

B. "Banking services" shall include, but not be limited to, deposit services, electronic access services, disbursement services, lending money on the security of real or personal property or without security and other credit services, clearing and safekeeping of securities, wire transfers of funds, underwriting, and/or other services associated with the issuance or refinancing of bonds and commercial paper, and collection, investment and disbursement services of funds associated with securities transactions.

C. "District" shall mean the St. Paul Public Schools.

D. "Office" shall mean the St. Paul Public Schools Office of Business and Financial Affairs or its equivalent.

Subd. 2. Disclosures of Lending Information for District Depositories and other Banking Business in the Office of Business and Financial Affairs.

A. Banking institutions seeking District banking business through the Office of Business and Financial Affairs shall disclose, at the time they initially apply to engage in such business, and annually thereafter, the following lending and investment information needed for evaluation of the policies and practices regarding housing and economic and community

development of such depository. The information shall be reported for the institution and its affiliates and subsidiaries. The information shall be reported separately for each affiliate/subsidiary and aggregated for the institution as a whole. Except where otherwise specified, the information shall be made on forms provided by or prescribed by the Office. The information shall be filed with the Office at the time of the initial application and by June 1 of each year after they were awarded District banking business.

1. Residential Lending Information. The total number and the total dollar amount of residential loans for one (1) to four (4) family dwellings applied for and originated during the previous calendar year in each of the following categories. The data for each item below shall be provided for the entire District, and for each census tract within the District. For home loans, fixed rate loans shall be reported separately from adjustable rate loans:

- i. Home purchase loans, both federally insured and conventional loans;
- ii. Refinancing of home loans;
- iii. Home improvement loans;
- iv. Home equity loans;
- v. Multi-family loans;
- vi. Non-occupant loans;
- vii. Modifications of distressed loans and type of modification, including interest rate reductions, forbearance, principal reduction, or repayment plans in which the outstanding loan amount increases, and an indication of whether the modification was executed under the federal Home Affordable Modification Program (HAMP), another federal program, or the institution's own modification program;
- viii. Short Sales, deeds in lieu, and other mechanisms besides loan modifications that avoid foreclosure;
- ix. Defaults and delinquencies on home loans as well as a statement as to whether the banking institution commit to using mediation prior to foreclosing in cases involving families in the District with school-age children;
- x. Real Estate Owned properties – the number owned by the institution and documentation regarding efforts to address material, health, and safety deficiencies in the properties.

2. Small Business Lending Information. The total number and the total dollar amount of small business loans applied for and originated during the previous calendar year (a) for the

entire District and (b) for each census tract within the District. Loans to small businesses with revenues above \$1 million dollars shall be reported separately from loans to small businesses with revenues under \$1 million. The banking institution can use the data reporting procedures mandated by the federal Community Reinvestment Act for reporting small business loans.

3. Community development loans and investments. The total number and dollar amount of community development loans and investments including loans and investments for affordable housing, small business development, economic development, and community facilities for the entire District and for each census tract.

4. Charitable and philanthropic activities. Charitable and/or community investment activities within the District, including in-kind donations. The percentage of the bank's net income that these contributions comprise.

5. Branches and deposits. The number of branches, ATMs, and number and dollar amount of deposits, including the number of savings and checking accounts, for residents within the entire District and for each census tract.

6. Consumer loan data. The total number and dollar amount of consumer loans and other lines of credit, including the minimum, median, and maximum nominal and effective interest rates applied to residents within the District.

7. Affordable banking products. Details regarding small consumer loans that can serve as an alternative to payday loans, and affordable check cashing and other transactional services used by consumers with limited banking accounts or experience;

8. Investments in payday lending and fossil fuel producers. The banking institution's role in credit agreements, credit facilities, or securities issuances for payday lenders, private prisons and detention centers, law enforcement or corrections agencies or their suppliers and vendors, and fossil fuel producers. This includes, but is not limited to, serving as arranger, bookrunner, administrative agent, manager, underwriter, trustee, administrative agent, documentation agent, or syndication agent.

9. Employment. Information regarding the number of people of color, women and District residents employed by the banking institution by job classification.

10. Any additional information requested by the Office.

B. All banking institutions that provide banking services to the District shall notify the Office in writing, of the closings of any physical branches located within the District limits. The contents of the notice shall include:

1. Identification and address of the branch closed;
2. The date of the closing;
3. A statement of the reasons for the decision to close the branch.

C. Banking institutions shall be evaluated according to their classification as "local institutions" or "non-local institutions," as defined below. The primary factor to be used for classifying the institution as a local institution will be the institution's listing of branch locations as reported in the most recent FDIC or NCUA summary of deposit reference file.

1. A "local institution" is defined as a banking institution with 60% or greater of its depository and lending operations within the state of Minnesota.

2. A "non-local Institution" is defined as a banking Institution with over 40% of its depository and lending operations outside the state of Minnesota.

Subd. 3. Failure to provide information. If any banking Institution refuses or otherwise fails to provide any of the information described herein, the Office shall report such refusal or failure to the School Board. If the institution has previously been designated by the District as an eligible banking Institution, the Office shall withdraw the designation and report this action to the School Board. A banking Institution whose designation as an eligible banking institution is withdrawn by the District shall be entitled to one hearing to determine if the withdrawal was based on its failure or refusal to provide the information required by this Article. The hearing shall be conducted by the Office of Business and Financial Affairs. The banking institution may present evidence to rebut the decision to withdraw the institution's designation. The District's decision is final and may not be administratively appealed by the banking institution.

Subd. 4. Public Disclosure. The information required by this Article shall be disclosed on a form to be provided by the Office and signed by an authorized representative of the banking Institution under penalty of perjury. The disclosure statements filed by the banking institutions shall be posted on the District's website for public viewing within 90 days of the beginning of each new District fiscal year; and be available for public inspection and copying. All such information required in this section will be available for public inspection and also placed on the District's website.

Subd. 5. Evaluation and Ranking of Banking Institutions. At least every two years, the Office shall issue a Request for Proposal/Request for Qualifications (RFP/RFQ) for banking services and consistent with state and federal law, shall include as a factor in the choice of banking institutions with whom to conduct banking transactions the Office's evaluation and ranking of banking institutions as described herein. Each Banking institution shall be scored on a scale of zero (0) to one hundred (100) total points, with 100 being the highest possible score. The final number shall be known as the institution's Community Reinvestment Score. Each banking institution shall be evaluated in the following ten (10) categories corresponding to the data required in Subd. 2A 1-10 above. The institution may earn up to twenty-eight (28) points in the first category and up to eight (8) points in the other nine (9) categories. If the institution does not offer products or services in one of the categories described below, the institution shall be evaluated by the applicable areas of business as a percentage. For example, if an institution does not offer any residential lending, but offers lending and investment in each of the remaining categories, its final score shall be determined by calculating the percentage of points out of a maximum of 72 points rather than 100. Those institutions whose scores are determined across all categories mentioned below will have their score measured on a scale of 100 possible points:

1. Residential and Mortgage Lending Performance,
2. Small Business Lending Performance,
3. Community Reinvestment Performance,
4. Charitable/Philanthropic Activities
5. Branches
6. Consumer lending
7. Affordable banking products
8. Investments in predatory lending (the greater the involvement, the lower the score)

9. Employment

10. Any additional information requested by the Office.

A. Banking institutions that qualify as "local institutions" as defined in subdivision 2C1 above shall receive an additional five points to be added to their total score.

B. The Office is authorized to adopt additional criteria to help evaluate and rank banking institutions' level of involvement in the community. Any such additional criteria shall be consistent with the goals of this Article, and be designed to help establish the banking institutions' Community Reinvestment Scores.

C. The Office's evaluation and scoring of banking institutions shall inform the recommendations of the Office regarding which institutions shall be awarded the District's banking business.

D. Prior to making recommendations regarding which banks shall receive District bank business, the Office shall receive public comments over a period of 60 days regarding the community reinvestment performance of banking institution(s).

E. The Office shall make publicly available before or at the start of the public comment period, the annual data disclosures. The information shall be placed on the official web page of the District and upon request, the Office shall make available to the general public, hard copies of the information.

F. The Office shall consider public comments received during the comment period and at the hearings in making their recommendations. The recommendations shall include which banks shall receive District deposits and other District business and the amount or percentage of deposits received by each institution. The Office shall also make publicly available its recommendations of which banks should receive District business.

Subd. 6. Award of Banking Business. Prior to conducting any banking transactions to which this Article applies, the Office shall review the performance of the banking institution which seeks to do business with the District. The Office shall disqualify any banking institution from receiving District banking services contracts if the institution has exhibited a pattern of discriminatory or other illegal credit practices, or has violated criminal or civil laws. A

banking institution which has been so disqualified shall be entitled to one hearing to determine if the disqualification was based on a finding that it has exhibited a pattern of discriminatory or other illegal credit practices, or violation(s) of criminal or civil laws. The hearing shall be conducted by the Office. The banking institution may present evidence to rebut the disqualification. The Office's decision is final and may not be administratively appealed to the banking institution.

SECTION 2. Responsible Contracting.

Subd. 1. Beginning with contracts entered into during the 2018-19 school year, the District will not contract out services to any outside company that does not pay at least a \$15.16 per hour minimum wage to all of its employees. The District will also pay all of its own employees at least \$15.16 per hour.

Subd. 2. Beginning with contracts entered into during the 2018-19 school year, the District will not contract out services to any outside company that does not offer earned sick leave to all of its employees. Such paid leave shall provide, at a minimum that:

- a. Employees can accrue one hour of earned sick and safe time for every 30 hours worked, up to 72 hours a year.
- b. Employees can use accrued earned sick and safe time after 90 calendar days of employment.
- c. Employers must allow up to 40 hours of accrued earned sick and safe time to be carried over annually.
- d. Successor employer must give remaining employees all earned sick and safe time benefits earned with the predecessor employer/contractor.
- e. Earned sick and safe time can be used for:
 - i. diagnosis, care, or treatment of a mental or physical illness, injury or health condition, and preventive care;
 - ii. care of a family member;
 - iii. safe time for employee or family member absences due to domestic abuse, sexual assault or stalking
- f. Employers may not count earned sick and safe time as absences that lead to discipline, discharge, demotion, suspension, or any other adverse action.

