



# Community Banking Program

City of Flagstaff

Council Work Session

September 30, 2014

# Review

- Why?
  - September 2013
    - Council directed staff to research community banking
- Prior Discussions
  - September 2013
    - City Council Report provided to Council
  - March 2014
    - Presentation by Barbara Goodrich

# Tucson Community Banking Update

- May 2013
  - Two proposals received
- July 2013
  - \$5 million invested with Alliance Bank
  - 2 Year term
- Funds used to spur economic development in Pima County (not restricted to City of Tucson)

# Important Points

- The City is purchasing an investment that will comply with the City's investment policy.
- The City will not be directly involved in the lending process. The selected bank will abide by its own standards.

# Next Steps for Flagstaff

- Request for Proposals (RFP)
  - Modeled directly on City of Tucson RFP
  - Invest \$5 million (~5% of investment funds)
- 4 Criteria to review
  - Organization description (0%)
  - Current local lending practices (30%)
  - Deposit information- term, rate, etc. (20%)
  - Local lending plan (50%)
    - Continued on next slide

# Local Lending Plan

- Requested Information
  - How will the City's deposited funds be used locally for new customer and small business loan generation to help spur local economic activity?
- What We Know
  - Quality investment within City policy
  - Annual reports are at the discretion of the chosen bank
  - No absolute guarantee that invested money is lent within the City of Flagstaff. The chosen bank lends per its rules.

# Next Steps (Continued)

- RFP will go out by end of October 2014
- Staff will return to Council for final action
  - Council may reject all proposals
- Final direction?
- Questions?