



FOR IMMEDIATE RELEASE
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Contact: Bill Harris
619-917-1414

FACT SHEET

MAYOR SANDERS BOLSTERS COMMUNITY REINVESTMENT WITH \$5 MILLION DEPOSIT COMMITTED TO LOCAL BANK

MAYOR'S DECISION TAKES ADVANTAGE OF NEW LAW ALLOWING USE OF CITY'S FINANCIAL CLOUT TO SUPPORT COMMUNITY LENDING EFFORTS

Mayor Jerry Sanders has approved the deposit of \$5 million to Neighborhood National Bank as part of his effort to use the City's financial clout to support community lending efforts. The City has already granted an annual contract for managing \$450 million of the City's direct deposit payroll accounts to the San Diego Metropolitan Credit Union. The deposit to Neighborhood National will be invested as part of the Certificate of Deposit Account Registry Service (CDARS) offered through the bank and will help to improve the availability of loans for the bank's local customers.

Neighborhood National Bank was the first bank in Southern California to offer CDARS. Through this program, community banks can now insure funds from government agencies above the standard \$100,000 Federal Deposit Insurance (FDIC) limit. "The goal is to keep as many deposits in local institutions, which recycles local tax dollars and benefits California taxpayers," said Bob McGill, Neighborhood National Bank Chairman and CEO. "More deposits mean more opportunities for the local community through loans to small businesses, homeowners and families.

DEPOSIT CONTINUES MAYOR'S COMMITMENT TO COMMUNITY REINVESTMENT ACTIVITY

Mayor Sanders has pushed for greater awareness and accountability for the community reinvestment activities of its financial partners. With approval from the Mayor, the City has continued to disperse its financial accounts among institutions making a strong commitment to meeting the needs of San Diego's communities. The City's efforts include:

- Financing Water Revenue Notes with J.P. Morgan a firm that has made more than \$29 million in qualified community development loans in the San Diego region over the past few years

- Private financing for wastewater projects through Citigroup which has invested in the San Diego region with more than \$130 million in low and moderate-income census tracts, over \$130 million in small business loans and \$23 million in affordable housing development within the past few years, and
- Contracting for general banking services with Bank of America which has invested over \$1.4 billion in the San Diego region in 2006 alone (last full year of reports for reinvestment activities).

CITY INVESTMENT 100% PROTECTED BY FDIC INSURANCE

The CDARS program is sponsored by Promontory Interfinancial Network allowing an institutional investor such as the City to deposit funds with a local bank, which are then invested in Certificates of Deposit (CDs). Because the CDs are each limited to \$100,000 in principal and interest they are protected by the Federal Deposit Insurance Corporation giving the City greater safety for its investment.

The deposits are exchanged with other member banks, and ultimately the funds deposited by the City can be used for local community lending programs offered by Neighborhood National Bank. Neighborhood National is a local bank with branches in San Diego, National City and East County.

RESTORING FINANCIAL STABILITY TO THE CITY REMAINS MAYOR'S TOP PRIORITY

Returning the City to financial stability has been the Mayor's first priority since taking office. He has reinforced his commitment to that goal by supporting an investment policy for the City focused on, in order of priority:

1. Preserving the safety of principal in the City's investment portfolio
2. Maintaining liquidity in the City's portfolio
3. Capturing the highest yield possible for investments made by the City.

NEIGHBORHOOD NATIONAL BANK A LOCAL SUCCESS STORY

Neighborhood National Bank opened to the public in 1997 and was the first bank to be designated by the U.S. Treasury as a nationally chartered Community Development Bank (CDB), and a Community Development Financial Institution (CDFI). Neighborhood National Bank is a full-service bank with assets exceeding \$100 million.