

**SAN FRANCISCO PUBLIC BANK
GOVERNANCE PLAN
BOARD OVERSIGHT COMMISSION
BOARD OF DIRECTORS AND OFFICERS**

A. Introduction

In October 2019, the State of California passed AB 857 to provide a pathway for local government agencies to charter public banks. In 2021 the San Francisco Board of Supervisors created The San Francisco Reinvestment Working Group (RWG) by unanimously passing [ordinance No. 87-21](#). The RWG is tasked with submitting to the Board of Supervisors and the Local Agency Formation Commission (LAFCo), a business and governance plan to establish a state-licensed public bank. Among other requirements, this plan must include the business plan elements required for a State public bank license and the plan must recommend a governance and regulatory structure for the creation of the San Francisco Public Bank (the “Bank”).

The initial focus of the Bank will be in the following areas:

- Affordable housing
- Green energy
- Small and scaling diverse businesses, including but not limited to Black, Latinx, API, LBGTQ+, and immigrant owned businesses
- Coordination with Community Development Financial Institutions (CDFIs) and Co-operative Financial Institutions (CFIs)

The RWG began meeting in April 2022 and is being consulted by HR&A Advisors, The Findley Companies, and Contigo (the “Consulting Team”). The governance structure outlined within this Governance Plan is a model generated by advocates within the San Francisco Public Bank Coalition (SFPBC), the Consulting Team and the RWG. The purpose of this Governance Plan is to commence communication with the California Department of Financial Protection and Innovation (CDFPI) and the Federal Deposit Insurance Corporation (FDIC) and to seek comment related to the governance structure given this type of governance model has not been utilized for an FDIC insured entity in the United States and that the Bank will be capitalized by governmental agencies.

In any publicly owned entity inclusive of financial institutions that are regulated by the CDFPI and FDIC a major focus of a governance plan is to ensure that the Bank is sufficiently independent from undue political influence and also is fulfilling its public mandate. This governance plan is grounded by its mission and principles. A public bank without a public mandate rooted in its constituency’s values would simply be another for-profit entity subject to the changing tides of politics. The governance plan for the Bank follows the following principles:

MISSION

The San Francisco Public Bank shall advance social, economic, gender, racial, and environmental equity.

PUBLIC OWNERSHIP

San Francisco taxpayer money is currently entrusted to major banks that engage in practices fundamentally contrarian to the values of San Franciscans. The profit derived from their loans benefits the major bank shareholders who are not accountable to San Francisco. Only public entities should be able to invest in the capital of the Bank.

COMMUNITY WEALTH BUILDING

The Bank shall seek to promote an economy that upholds social justice and ecological sustainability in its lending programs. In its lending priorities, it shall promote community ownership and community wealth building, including investments in permanently affordable housing, locally-owned social enterprises, cooperatives, and community-based nonprofit organizations.

LOCAL CONTROL

The Bank should operate on principles of local control for the benefit of the communities within San Francisco.

PUBLIC WELFARE

The Bank should invest for the purposes of enhancing the welfare of the people of San Francisco rather than the private wealth of a class of shareholders or a major bank.

INDIGENOUS RIGHTS

The Bank shall act within a reparations framework to honor that we are on Ohlone land, protect sacred sites, support Indigenous land trusts, and uphold Indigenous people's right to Free, Prior, and Informed Consent.

PROHIBITIONS

The Bank should refrain from investing in sectors that exacerbate negative environmental conditions and socio-economic disparities, including fossil fuels, tobacco, military and weapons, prisons and detention centers.

UNDERSERVED COMMUNITIES

The Bank should directly or indirectly provide credit and financial services to local communities underserved by mainstream commercial banks and lenders as well as public finance programs, to undo the historical legacy of wealth disparities and harmful economic, environmental, social, housing and transportation impacts.

COOPERATION WITH EXISTING COMMUNITY BANK INSTITUTIONS

The Bank shall strengthen the lending capacity of existing credit unions, community development financial institutions ("CDFI") and local community financial institutions ("CFI") by partnering, rather than competing; Work with them on participation lending and other programs.

ACCOUNTABILITY & TRANSPARENCY

The Bank shall adopt mechanisms for ensuring community oversight, accountability and transparency.

B. Two-tiered Governance Model

The RWG and Consultants have evaluated various governance models around the world including governance models identified with Germany and the Nordic Investment Bank that have a public focus. Included in the research was a review of the work done by Dr. Thomas Marois' from the University of London on public governance models throughout the world. Based upon the research the RWG and Consultants propose a two-tier governance model as follows:

Bank Oversight Commission

The highest decision making body of the bank's governance structure, comprised of an inclusive and diverse mix of San Franciscan stakeholders. The membership of the oversight body should reflect the city's racial, ethnic, economic, and gender diversity.

1. Bos Appointee - Affordable Housing
2. Bos Appointee - Renewable energy expert
3. Bos Appointee - Clean Power SF rep
4. Bos Appointee - Cultural District rep
5. Bos Appointee - Minority & women owned SME's
6. Bos Appointee - Credit unions, Comm banks, CDFI's
7. Bos Appointee - Credit unions, Comm banks, CDFI's
8. Bos Appointee - Credit unions, Comm banks, CDFI's
9. Bos Appointee - Credit unions, Comm banks, CDFI's
10. Bos Appointee - Labor
11. Bos Appointee - SFUSD
12. Bos Appointee - City College
13. Bos Appointee - Worker-owned/controlled enterprises
14. Bos Appointee - Worker-owned/controlled enterprises
15. Bos Appointee - CLTs, housing co-ops
16. Bos Appointee - Public health institutions
17. Bos Appointee - Bank worker's union
18. Bos Appointee - Food & agriculture

19. Mayor Appointee - Affordable Housing
20. Mayor Appointee - Cultural District rep
21. Mayor Appointee - Minority & women owned SME's
22. Mayor Appointee - Credit unions, Comm banks, CDFI's
23. Mayor Appointee - Credit unions, Comm banks, CDFI's
24. Mayor Appointee - Labor
25. Mayor Appointee - CLTs, housing co-ops

Lending & Sustainability Committee

Ethics & Equity Committee

Community Outreach Committee



Board of Directors

Oversees the bank's operations, selects the initial management team, and nominates a CEO that must be ratified by a majority vote of the Oversight Commission in order to assume their position.

1. Community rep
2. Community rep
3. Community rep
4. Community rep
5. Community rep
6. Credit unions, Comm banks, CDFI's
7. Credit unions, Comm banks, CDFI's
8. Credit unions, Comm banks, CDFI's
9. Credit unions, Comm banks, CDFI's
Ex officio Public bank CEO (not president)



SF Public Bank

C. The BOC Structure and Committees

The top tier is the 25-member Bank Oversight Commission (BOC) and the second tier is a 9-member Board of Directors (the “Bank Board”). The BOC supervises and advises the Bank Board but does not make any decisions related to the operation of the Bank with the exception of the election of the Bank Board (serving in a traditional shareholder role), the development of certain policies for Bank Board ratification and the ratification of the appointment of the CEO. The Bank Board oversees the Bank’s operations, selects the initial management team, and nominates a CEO that must be ratified by a majority vote of the BOC in order to assume their position.

The BOC will be composed of an inclusive and diverse mix of San Franciscan stakeholders, reflect the racial, ethnic, economic, and gender diversity of San Francisco, and act as the Bank’s shareholder body. To fulfill the principle of local control, it is strongly preferred that each member of the BOC and the Bank Board be a resident of San Francisco or have conducted business within San Francisco. Waivers on this requirement should be made available in exceptional circumstances. 18 members of the BOC shall be appointed by the Board of Supervisors and 7 of the BOC shall be appointed by the Mayor.

BOC members will be appointed for a four year term with a staggered approach. The initial BOC will have six BOC members appointed for a one year term, six appointed for a two year term, six appointed for a three year term and seven appointed for a four year term. This staggered approach will provide for consistency in the BOC and that each member of the BOC will be entitled to serve two terms before being termed out.

All 25 members of the BOC shall be subject to a public hearing and vote by the Board of Supervisors. All future appointees to the BOC shall also be subject to an initial public hearing. In addition, members of the BOC shall be subject to removal by their respective appointing officers. The following table sets forth the appointing authority and qualifications for the 25 members of the BOC:

Seat #	Appointing Authority	Qualification
1	Board of Supervisors	Affordable housing advocate
2	Board of Supervisors	Renewable energy expert
3	Board of Supervisors	CleanPowerSF representative
4	Board of Supervisors	Cultural District representative
5	Board of Supervisors	Minority or women small-to-medium enterprise (SME’s) owner
6-9	Board of Supervisors	Credit union, community bank, or CDFI representative
10	Board of Supervisors	Organized labor representative
11	Board of Supervisors	SFUSD representative
12	Board of Supervisors	City College representative

13 & 14	Board of Supervisors	Worker-owned or controlled enterprise representative
Seat #	Appointing Authority	Qualification
15	Board of Supervisors	Community land trust or housing cooperative advocate
16	Board of Supervisors	San Francisco public health institution representative
17	Board of Supervisors	Bank worker's union representative
18	Board of Supervisors	Food and agriculture sector representative
19	Mayor	Affordable housing advocate
20	Mayor	Cultural District representative
21 & 22	Mayor	Minority or women small-to-medium enterprise (SME's) owner
23	Mayor	Credit union, community bank, or CDFI representative
24	Mayor	Organized labor representative
25	Mayor	Community land trust or housing cooperative advocate

The BOC shall focus its work into three committees: Lending & Sustainability, Ethics & Equity, and Community Outreach. These are advisory roles to the Bank and will assist in modifying the Business Plan for the Bank through communication with the Bank Board.

The BOC will initially meet monthly and reconsider the frequency of meetings once the Bank exits its de novo review period.

It is noted that AB 857 restricts public banks to local agency banking, infrastructure lending, wholesale lending, participation lending, and only retail activities where those activities are not already provided by local financial institutions. As a result, AB 857 restricts public banks from most direct personal lending and provides fewer opportunities for self-dealing among commissioners or directors. Nevertheless, in addition to standard Form 700 filings and other ethics training required in San Francisco civil service, the BOC and the Bank Board shall adopt policies to prevent conflicts of interest such as requiring members to report their conflicts to the BOC's Ethics & Equity Committee Chair and the Bank Board and abstain from any votes regarding such conflicts. The BOC will also be required to participate in the Bank management training so that they are able to meaningfully hold the Bank Board accountable to its core mission and principles rather than simply defer to management.

The Bank Board is ultimately responsible for managing the activities of the Bank and has fiduciary duties including answering to regulators. However, as a means of providing communication and transparency, two members of the BOC will be able to attend meetings of the Bank Board under observation rights with no voting capacity. In addition, the two BOC members who will attend the Bank Board meetings will execute confidentiality agreements in order to protect privacy of customer information and will not be able to attend

meetings with the various regulatory agencies for the Bank without specific consent from the regulatory agencies.

The BOC Committees and Responsibilities are as follows:

Lending & Sustainability

- Establish the framework for the public bank's loan policy, consistent with the public bank's lending priorities and prohibitions, as well as applicable regulatory requirements. This framework shall be further elaborated by the Bank Board and subject to final approval by the BOC. The framework should include the following principles:
 - Community Wealth Building - lending programs should promote an economy that upholds social justice, ecological sustainability, and community ownership, including investments in permanently affordable housing, locally-owned social enterprises, cooperatives, and community-based nonprofit organizations.
 - Local Control - Bank should operate for the benefit of the communities within San Francisco; only public entities should be able to invest in the capital of Bank.
 - Public Welfare - should invest for the purposes of enhancing the welfare of the people of San Francisco rather than the private wealth of a class of shareholders.
 - Indigenous Rights - Bank shall act within a reparations framework to honor that we are on Ohlone land, to protect sacred sites and support land trusts, and uphold indigenous people's right to Free, Prior, and Informed Consent.
 - Prohibitions - Bank should refrain from investing in sectors that exacerbate negative environmental conditions and socio-economic disparities, including fossil fuels, tobacco, military and weapons, prisons and detention centers.
 - Underserved communities - Bank should directly or indirectly provide credit and financial services to local communities underserved by mainstream commercial banks and lenders as well as public finance programs, to undo the historical legacy of wealth disparities and harmful economic, environmental, social, housing and transportation impacts.
 - Cooperation with Existing Credit Unions CDFIs and CFIs - Bank shall strengthen the lending capacity of existing credit unions and local banks by partnering, rather than competing, with them on participation lending and other programs.
 - Accountability & Transparency - Bank shall adopt mechanisms for ensuring community oversight, accountability, and transparency.
- Establish sustainability standards applicable to the loan policy and other operations and activities of the Bank that encompass guidelines for managing environmental and social risk, lifecycle carbon emissions, governance, improving human rights, minority economic empowerment, financial inclusion, capacity building, collaborative partnerships, and transparency.
 - Direct the Bank Board to incorporate a variety of tools to ensure mission alignment with the principles above, including incorporating mission-based metrics into the Bank's strategies and investment policies; requiring the Bank to stress test its balance sheet against these metrics; directing the Bank to disclose mission-based impact at portfolio and project level; requiring the Bank to resource internal capability to manage and mitigate risk.

- Review and evaluate lending activities for consistency with the loan policy and sustainability standards, including:
 - Reviewing loan rates, terms, and fees, including in comparison to other market participants.

Ethics & Equity

- Identify a set of equity outcomes that can serve as benchmarks for public bank impact and success (i.e. eliminate displacement, or every student has access to affordable higher education financing, food security in low income communities, etc.)
- Oversee compliance with AB857 and other relevant laws and regulations.
- Monitor that the operations of the Bank are conducted in accordance with the governance documents, appoint external auditors to audit the Bank’s financial statements, oversee the performance of audits.
- The Chair of the Ethics & Equity Committee accepts information on BOC members’ and Directors’ conflicts of interest.

Community Outreach

- Publish and share an annual report in an accessible, visual, multilingual format
- Hold annual town hall events to present public bank key lending and investment areas alongside equity metrics, for example, race/ethnicity, gender, migration status, neighborhoods and communities served, and community impact. Provide space for the public to comment and advise the BOC on how to fulfill the Bank’s mission to serve local communities.
- Organize focus group sessions every two years around specific priority themes, such as lending and investment areas, that convene community experts to help comment, problem solve, provide analysis, and make recommendations.
- Hold informational recruitment events to recruit potential members of the BOC.

BOC members will be required to execute a Job Description and Qualifications, a copy of which is attached at Exhibit A to this Governance Plan. In addition BOC members will be subject to Bank’s Code of Conduct Policy.

D. The Bank Board of Directors, Board Committees and Management Structure

The Bank is being organized as a public bank. The Bank Board will initially consist of nine directors, the President & Chief Executive Officer, and eight outside directors. The outside directors will include individuals with banking/bank directorship, CDFI experience and/or professional/business experience, primarily in the Bank’s lending areas. The executive management team will include individuals that possess significant experience in CFIs, CDFIs and managing business lines similar to the Bank’s business model. The Executive Management team also must have strong risk management and governance backgrounds, finance, and other experience relevant to the Bank’s business model. Bank Directors must inform the Bank Board of any conflicts of interests prior to adopting resolutions and disclose such conflicts to the Chair of the BOC’s Ethics & Equity Committee without delay.

Governance

Within the Bank the following governance structure is proposed:

- With the exception of the Asset Liability Committee (ALCO), Board level committees will be chaired by outside independent directors.
- The proposed Chief Financial Officer (CFO) will Chair ALCO and the proposed President & CEO will be a voting member of that committee.
- As Executive Management team members, the Chief Credit Officer (CCO) , CFO, Chief Risk Officer (CRO) will be presenting and leading discussions in committee meetings but will not be voting members of any Board committee with the exception of the CFO on ALCO and the CCO and CEO on Loan Committee.
- The Board will allow for an even distribution of committee assignments without being overly taxing on any one member.

Outside directors will include individuals with prior bank board, bank regulatory experience or subject matter expertise in a lending focus of the Bank. The proposed outside Board members will all be experienced business people and will have sat or sit on corporate or non-profit boards.

Bank Directors will be required to execute a Job Description and Qualifications, a copy of which is attached at Exhibit B to this Governance Plan. In addition Bank Directors will be subject to Bank’s Code of Conduct Policy

Proposed Directors

The following table lists the desired and expected experience of the proposed directors.

PROPOSED DIRECTORS AND EXPECTED EXPERIENCES

NAME	EXPERIENCE
Chief Executive Officer	Experienced CEO of a community financial institution (CFI) of regional bank c suite officer.
Outside Director 1	Experienced CFI Director, C Suite Officer or CDFI Officer with Financial Expertise.
Outside Director 2	Experienced CFI Director, C Suite Officer or CDFI Officer with Financial Expertise.

NAME	EXPERIENCE
Outside Director 3	Experienced CFI Director, C Suite Officer or CDFI Officer with Financial Expertise.
Outside Director 4	Experienced CFI Director, C Suite Officer or CDFI Officer with Financial Expertise

Outside Director 5	Experienced CFI Director, C Suite Officer or CDFI Officer with Financial Expertise
Outside Director 6	Subject Mater Expertise in Affordable Housing with Financial Experience
Outside Director 7	Subject Mater Expertise in Green Energy with Financial Experience
Outside Director 8	Subject Mater Expertise in Small Business Lending and Diversity with Financial Experience
Non-Voting Attendee 1	Member of BOC with Observation Rights and Confidentiality Agreement
Non-Voting Attendee 2	Member of BOC With Observation Rights and Confidentiality Agreement

Board Committees

The following table provides a list of Board committees with their core functions and proposed composition. An outside independent director will serve as the Board's Chairperson.

COMMITTEE	CORE FUNCTION	PROPOSED MEMBERSHIP*
Audit/Risk Committee	Oversee the audit function. Monitor and set policy around operational, information security, market, and financial and credit risks. Oversee compliance, ERM, and CRA areas.	3 to 4 Outside Directors CRO Is Management Liaison
Loan Committee	Set credit policy and monitor management of credit risk.	CEO/CCO and 3 to 4 Outside Directors
Asset-Liability Committee	Manage the Bank's asset and liability profile and interest rate risk management.	CFO/CEO and 3 to 4 Outside Directors

COMMITTEE	CORE FUNCTION	PROPOSED MEMBERSHIP*
HR/Governance Committee	Oversee HR/Compensation policies and procedures; Ensure appropriate corporate governance	3 to 4 Outside Directors CEO is Management Liaison

* The executive officers will participate in all committees as needed.

The following section provides summaries of duties and meeting frequency of each committee. Please note that in the initial period of the Bank's operations, the Board-level committees are likely to meet more frequently than the meeting frequency detailed in the following descriptions. Initially the committees will meet to review and refine the initial sets of policies and procedures, as recommended by management. The committees will evaluate and recommend monitoring systems and reports as a way of ensuring that systems are in place and are closely monitored to review reports and schedules associated with the relevant committee duties.

Audit/Risk Committee
(Meets at least quarterly)

Audit Duties

- Fulfill duties delineated in the Bank's Audit Policy.
- Serve as an independent body reporting to the full Board.
- Attend regulatory examination, external audit, and credit review meetings.
- Select and appoint independent registered public accounting firm for the financial audit.
- Supervise the audit function to verify that auditors, internal and external, are independent of Bank management and are objective in their findings.
- Monitor management performance in the correction of deficiencies noted in an audit or regulatory examination.
- Hire the Bank's internal audit manager and loan reviewer and monitor such review activities.
- Ensure that the internal audit manager can be terminated only with the approval of the committee.
- Review annual CPA audits, state and federal examinations and report findings to the Board of Directors.
- Ensure financial risk management functions are independent and communicate risk management concerns to the full Board.
- Review all operations, accounting, and administration policies prior to submission to the full Board.
- Coordinate, monitor and report to the Board the status of the Bank's compliance with federal and state banking laws and agency regulations.

Risk Duties

- Formulate compliance and enterprise risk management plans.
- Monitor systems to ensure compliance.
- Establish overall risk tolerance for the Bank.
- Establish a system of internal controls, independent testing and auditing to ensure compliance with the Bank Secrecy Act.
- Establish procedures to ensure effective identification and monitoring of high-risk accounts and areas.
- Establish objectives and priorities for information technology projects.
- Review and approve the implementation of major operating systems including core data and item processing.
- Review and approve significant changes or enhancements to alternate customer delivery channels including Internet banking and automated voice response systems.
- Review and approve significant local and wide area network changes and upgrades.
- Review and approve information technology policies for compliance with regulatory guidelines.
- Review and approve the Bank's Disaster Recovery & Contingency Plan and the Bank Security Policy on an annual basis.
- Monitor information technology performance for its contribution towards the attainment of the Bank's overall strategic plan.
- Ensure operational risk management functions are independent and communicate risk management concerns to the full Board.
- Determine frequency of employee and Board training.
- Review all operations and administration policies prior to submission to the full Board.
- Oversee the Community Redevelopment Act (CRA) compliance (if required).
- Coordinate, monitor and report to the Board the status of the Bank's compliance with federal and state banking laws and agency regulations.

Loan Committee
(Meets at least monthly)

Duties

- Establish the credit risk tolerances and ensure that an adequate reserve has been provided against potential losses in the credit portfolio.
- Require that management report on the handling of credit risk and their compliance with Board decisions regarding acceptable levels of risk.
- Review and recommend changes to Credit Policies and Procedures.
- Review and approve the delegation of loan approval authorities, as appropriate, if such approval is consistent with the Credit Policy and deemed a non-material change by the Committee.
- Require that management report on the monitoring of loan officer compliance with lending policies.
- Verify that management follows proper procedures to recognize adverse trends, identify problems in the loan portfolio and maintain an adequate allowance for loan and lease losses.
- Review and recommend for full Board approval the Bank's ALLL methodology and no less than quarterly, review Management's recommendation of the Bank's ALLL.
- Meet as needed to review loan request and make credit decision on loans requiring Board Approval in accordance with the Bank's Credit Policy.

Asset-Liability Committee (ALCO)
(Meets at least quarterly)

Duties

- Fulfill duties required by the Bank's Asset-Liability and Funds Management (ALM) and Investment policies.
- Review and recommend changes to ALM and Investment Policies.
- Oversee actions relating to interest rate, liquidity, and capital risk exposures.
- Approve management strategies regarding interest risk exposure, investment securities, deposit programs, and lending initiatives.
- Approve investment strategies and review investment positions in securities.

Human Resources/Governance Committee
(Meets at least quarterly)

Human Resources Duties

- Review and approve management's recommendations for title, promotion, salary and bonus for the Bank's executive officers and allocations for other employees of the Bank.
- Establish, review and monitor personnel policies of the Bank.
- Review and approve incentive compensation plans and other employee benefits and similar plans.
- Review performance evaluations of executive officers.
- Review and oversee total compensation and personnel practices to ensure that the Bank is competitive and meets all regulatory requirements.

Governance Duties

- Review and advise with respect to issues and policies affecting the governance of the Bank; periodically reviewing the Bank's Affiliate Transaction Policy, Code of Ethics and Conduct Policy, and Succession Planning Policy in coordination with the BOC.
- Conduct the process of director independence, evaluation, self-assessment, and selection for recommendation for appointment to the Board and its committees.
- Conduct succession planning in accordance with the Bank's Succession Plan for the role of the Chief Executive Officer, and in consultation with the Chief Executive Officer concerning other appointed executive officers. This would also be in consultation with the BOC
- Review and recommend director candidates for review and approval of the BOC.

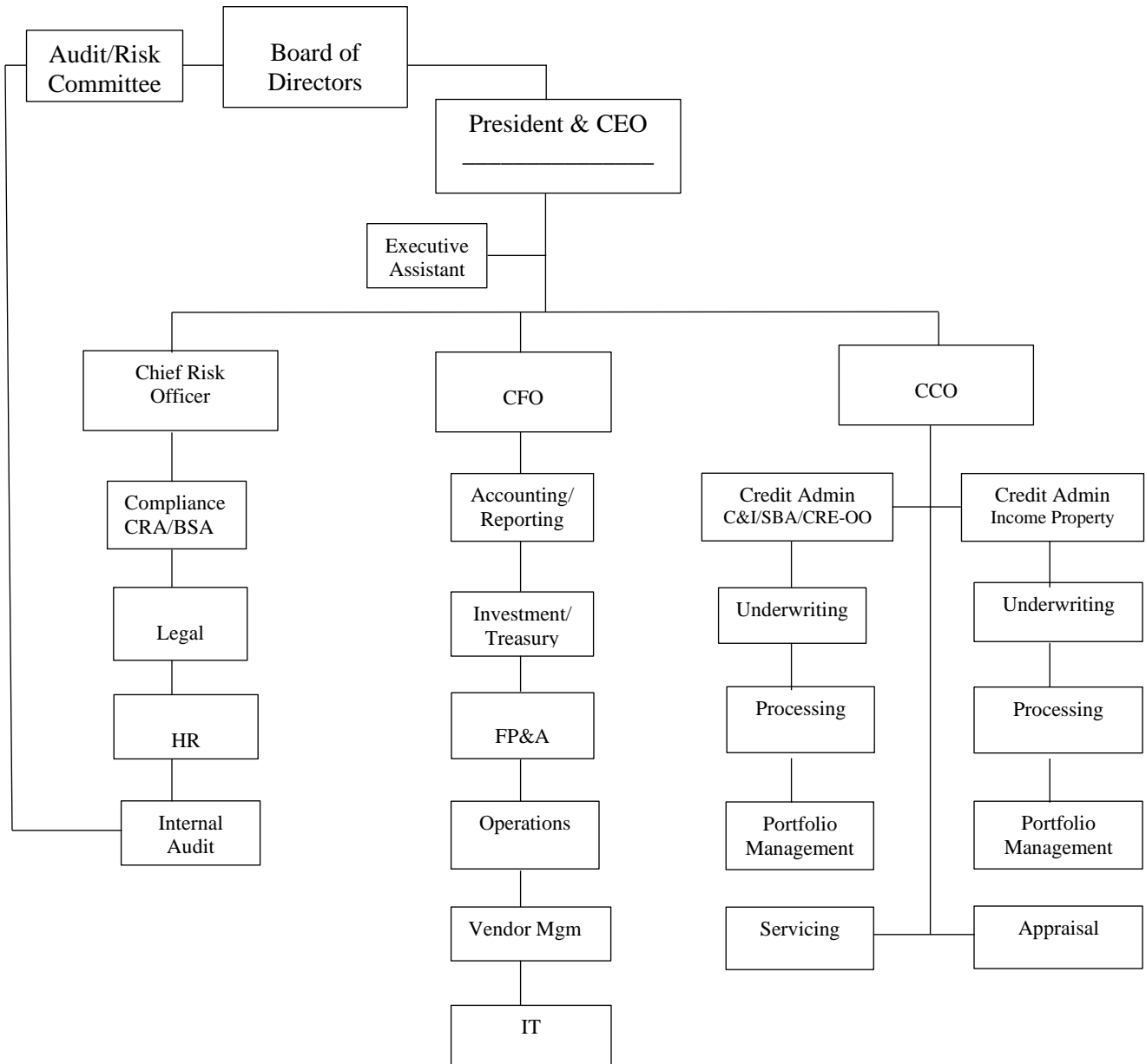
B. Organizational Structure/Officers

Describe the organizational structure and provide an organizational chart, indicating the number of officers and employees. Describe the duties and responsibilities of the senior executive officers. Describe any management committees that are or will be established.

The Bank's organizational structure will be relatively flat with the Chief Financial Officer, the Chief Credit Officer, and the Chief Risk Officer (Compliance Officer), reporting directly to the President/Chief Executive Officer.

The following is the Bank's proposed organizational structure, as depicted on a simple chart:

**San Francisco Public Bank (Proposed)
Organizational Chart**



Proposed Executive Officers

The Bank will be managed by a qualified Executive Management team comprised of experienced bankers with extensive commercial banking experience and proven skills in credit analysis and administration, financial analysis and risk management, regulatory compliance, personnel management and public service experience.

The Executive Management team includes the President/Chief Executive Officer, Chief Credit Officer, Chief Financial Officer and Chief Risk Officer. These individuals will be experienced bankers with extensive relevant banking experience that qualifies them to carry out their duties and responsibilities.

Following is a table listing the summary biographies of the proposed executive officers, followed by a more detailed biography of each officer.

PROPOSED EXECUTIVE OFFICERS SUMMARY BIOGRAPHIES

NAME	POSITION	EXPERIENCE
	President/ CEO	Formerly President/ CEO of a CFI, CDFI or C Suite Officer of Regional Bank
	CCO	Formerly CCO of a CFI or Regional Bank
	CFO	Formerly CFO of a CFI, CDFI or Regional Bank
	CRO	Former CRO or Head of Operations for CFI or Regional Bank

Duties of the Executive Officers

The following are the primary duties of the Executive Management team:

Duties of the President/Chief Executive Officer

- Responsible for the day to day and overall management of the Bank to adhere to the Bank’s Business Plan.
- Ensure the overall safety, soundness and security of the Bank.
- Maintain the overall adequacy and soundness of the organization’s financial structure, especially relating to operational issues.
- Participate in strategic planning and provide advice on the effective ways to meet the growth and earnings goals and objectives of the Bank.
- Provide overall leadership of the Management Officer Team, which consists of the Chief Executive Officer, Chief Financial Officer, Chief Credit Officer and Chief Risk Officer.

- Provide leadership in establishing current and long-range objectives, policies and plans, subject to the approval of the Board.
- Coordinate the Board's responsibility to monitor adherence to the business plan, including review of performance to budget and an annual strategic review.
- Direct the overall marketing and business development activities of the Bank.
- Responsible, with the Chief Financial Officer, for overseeing the investment portfolio and controlling expense areas.
- Responsible, with the Chief Credit Officer, for overseeing the loan portfolio and credit quality.
- Coordinate communication throughout the organization.
- With the Chief Financial Officer, present and interpret the major financial reports for directors, BOC and regulatory agencies.
- Act as the principal representative of the Bank with the press, major customers, community and industry associations, other businesses, and regulatory agencies.
- Meet with major customers, BOC, City and County of San Francisco, the financial community and the public.
- Keep abreast of changes in the market, legislative issues, and the current competitive practices with the financial industry.
- Directly supervise senior officers.
- Serve as a member of the Board and as a member of Board committees as determined.
- Provide coordinating role between directors and management for all Board and Board committee activities as well as any other director-related matters.
- Provide on-going employee training to business development and customer-facing staff to ensure that the customer banking experience meets the vision and expectation of the Bank, its directors and management.
- Participate in community and business-related organizations and attend major civic events to maintain visibility throughout the community and develop new customer relationships.
- Help establish company brand and image.
- Participate in the development of new products and services for each business line of the Bank.
- Identify target markets that will be receptive to the products and services offered by the Bank.
- Develop marketing campaigns and associated collateral materials. Track results of the marketing campaigns.
- Perform any other duties specified by the Board.

Duties of the Chief Financial Officer:

- Manage and ensure the quality of the Bank's financial and accounting functions, including:
 - General accounting and financial reporting, including call reports, financial (statements, and income tax reporting
 - Internal controls, risk management and in association with the CRO, MIS
 - Budgeting and forecasting
 - Asset-liability management (Chair the Asset-Liability Committee)
 - Treasury and investment management
 - Insurance procurement, alongside CRO
 - Prepare reports for monthly director meetings.
 - With the Chief Executive Officer, present and interpret the major financial reports for directors, the shareholders, and regulatory agencies.
 - Prepare material for Bank's financial audit firm and respond to all audits
- Recommend and prepare policies and procedures for proper financial control of the Bank.
- Manage the Finance and Accounting Department.
- Act as a liaison with correspondent banks, Federal Reserve Bank, other related depositories and outside transfer agents.
- Assist the CRO with the development and oversight of the operational risk management programs including facilities/bank security, monthly certifications, BSA oversight, disaster recovery planning and financial reporting requirements.
- Oversee backroom/centralized operations
- Oversee the Bank's vendor management program
- Develop personal banking relationships with a select group of customers including those requiring specialized and/or more complicated transactions.
- Liaison with I/T, data and item processing providers
- Oversee the Information Technology function of the Bank including liaison with third party vendors including Network and core processors in association with the Information Security Officer.
- Oversee IT management to maintain current IT program including risk assessments, software changes, contingency planning, user access, incident response and information security program.
- Facilitate the completion of IT related risk assessments and Disaster Recovery testing.
- Liaise with outside IT support group to monitor information security requirements and reports.
- Assist the CRO in the development, implementation and coordination of policies and procedures in the following areas: employment, compensation, benefits, group health insurance, workers' compensation, training, employee relations, employment related compliance, safety and other related functions.

- Interact with other senior officers on personnel policies and practices.
- Working closely with the CCO, review the allowance for loan and lease loss analysis to ensure compliance with currently promulgated GAAP.
- Provide a consulting and analytic resource on a wide variety of financial and planning matters, including the structuring of proposed transactions, product development, and business opportunities.

Duties of the Chief Credit Officer:

- Responsible for the overall quality and diversity of the loan portfolio.
- Develop and monitor loan policies and loan concentration limits.
- Make decisions on both administrative and operational matters pertaining to lending.
- Serve on the Loan Committee and act as a principal spokesperson for the lending function.
- Supervise the collection of non-performing and charged-off loans and manage OREO properties to disposition.
- Work closely with legal counsel to resolve litigation expeditiously while minimizing legal and collection expense.
- Prepare monthly and quarterly lending activity and portfolio condition reports for Board of Directors, committees and regulatory agencies.
- Prepare the quarterly allowance for loan and lease loss analysis and work closely with the CFO to ensure compliance with currently promulgated GAAP.
- Responsible for ensuring that lending activities are in compliance with regulatory requirements.
- Oversee the credit staff and implement training programs on credit administration and the approval process.

Duties of Chief Risk Officer

- Conduct compliance responsibilities to ensure internal controls and compliance efforts are maintained. This will be accomplished by developing, recommending and maintaining policies, procedures and programs to reflect changes in law and regulations to minimize risk.
- Monitor and test the Bank's compliance program.
- Review all disclosures, mailers and marketing material to ensure compliance.
- Coordinate BSA/AML/CIP/OFAC and regulatory compliance, audit and risk assessment matrix review and monitoring activities, including periodic review of departments.
- Maintain and oversee internal certification program including follow up to any corrective actions identified.

- Head the management level Enterprise Risk Management Committee.
- Present status of the audit plan, BSA/AML/CIP/OFAC, compliance management programs, internal/external risk assessments, and information security program to Bank management, Audit/Risk Committee and or Board on a regular basis.
- Monitor audit exceptions and recommendations and the resulting response and follow-up to verify required corrective action has been implemented.
- Attend training and maintain knowledge of procedures to ensure compliance with laws and regulations governing financial institutions, as they apply to BSA/AML/CIP/OFAC, regulatory compliance, audit and enterprise risk management.
- Serve as the Bank's BSA Officer. Manage interfaces regarding the overall BSA/AML/CIP/OFAC program.
- Conduct staff training related to BSA/AML/CIP/OFAC and regulatory compliance programs.
- Oversee and monitor fair lending and CRA compliance.
- Manage the Bank's online compliance training program including program design and job function specific profiles.
- Manage and support the Bank Information Security Officer to ensure IT internal controls and compliance efforts are maintained.
- Manage the Bank's legal and reputational risk and all outside legal firms.
- With other members of Executive Management team, ensure corporate and director compliance with by-laws and state and federal laws and regulations.
- Oversee the Bank's insurance policies and programs.
- Represent the Bank as appropriate in its relationships with regulators and auditors.

Bank Board and BOC Member Training

Training will be scheduled at regular Bank Board meetings, with appropriate subjects such as board governance, BSA, operational regulations, and related topics of importance to general board education. Training will be conducted by management and, when applicable by legal counsel, the Bank's accounting firm, auditors or other qualified professionals. Other training will be opportunistic and dependent upon the timing of appropriate training offered by trade associations, regulators and other groups. BOC members will also be able to attend training sessions.

Training sessions periodically presented by the FDIC, California Department of Financial Protection and Innovation and other banking regulators are effective means for a director to remain abreast of the current regulatory environment and to determine the red flags that should elevate a director's concerns about the condition of the Bank. The Bank will encourage all members of the Bank Board and all BOC members to periodically attend these type of training sessions.

The Bank will establish training programs to include (but not be limited to) the following outline.

Director Handbooks:

All Bank Board members and BOC members will be given the FDIC's "Pocket Guide for Directors" and the Comptroller of the Currency's "The Director's Book", "Detecting Red Flags in Board Reports", and "Internal Controls". In addition, the directors will be provided the "Basics for Directors" from the Kansas City Federal Reserve Bank and the Atlanta Federal Reserve's "Director Guide to Credit". The Bank will conduct training sessions and encourage participation in third party programs that focus on the fiduciary duties of the directors, insider transactions, ethical principles and the responsibilities of Board committees. There also will be training related to the public banking model and the communication with the City of San Francisco.

Compliance Program:

Training will be conducted to address bank compliance issues, such as the general laws and regulations impacting the industry, as well as discussions on the responsibilities of management, the Board, and Board committees. Legal counsel or appropriate consultants will be requested to provide Board and management training on the Bank Secrecy Act/AML laws and regulations, CRA Compliance, Fair Lending and Regulation O. Other training will emphasize the regulations concerning consumer protection, privacy rules, electronic fund transfers, truth-in-savings and fraud detection. Additional special training will highlight recently enacted changes to banking regulations and other issues of heightened concerns of the bank regulatory agencies.

Audits and Regulatory Examinations:

Training will be scheduled on topics such as director responsibility for, participation in, and oversight over the external audit function, as well as the regulatory examination process. This will combine Bank and insiders reporting requirements, insider trading, restrictions on transferability, beneficial ownership, securities law liabilities and the impact of recent regulatory changes.

Lending Regulations:

Sessions will be scheduled to focus on lending regulations, including disclosure requirements and the avoidance of common violations. This program will cover consumer laws an analysis of credit risk, loan approval limits, and underwriting criteria.

Board Governance and Practices:

Training will be conducted on the following practices: fiduciary duties and responsibilities, corporate governance and best practices, board deliberative and reporting processes, accurate and complete meeting recordation, minute preparation, review and preservation, and related matters. The collective experience on the board in terms of banking and other board experience will be an invaluable asset in the development and execution of training programs.

Bank Secrecy Act Training:

All Bank personnel, including Bank directors and BOC members, will be provided Bank Secrecy and customer identification training, ensuring the following minimum issues are addressed:

- The importance placed on on-going education, training and compliance with BSA.
- Employee accountability for ensuring BSA compliance.
- Comprehensive training, including the identification and treatment of business lines that carry a greater potential for BSA violations.
- Training personnel from all areas of the Bank.

- Training and training updates on a frequent basis.
- Explanation of the Bank's BSA/CIP policies, procedures and processes.
- Analysis of the different forms of money laundering and terrorist financing.
- Description of the penalties for noncompliance with internal policies and regulatory requirements.

Memberships / Seminars:

The Bank will consider becoming a member of the American Bankers Association (ABA), Western Bankers Association (WBA) and/or the California Community Banking Network (CCBN). To enhance director education and training, the Bank may utilize training material from other bank trade associations. All Bank Directors and BOC members will be encouraged to attend at least one seminar/educational program annually on relevant director training. The FDIC, ABA, WBA, CCBN, Bankers Compliance Group, law firms and independent bank service providers offer such training on a regular basis. The President/CEO or designee will be responsible for providing directors with information regarding upcoming training programs.

SAN FRANCISCO PUBLIC BANK BOARD OF DIRECTORS JOB DESCRIPTION AND QUALIFICATIONS

Introduction

The fundamental purpose of the Board of Directors of San Francisco Public Bank ("Bank") is to actively support and direct the growth and operation of BANK. This purpose must be accomplished in a highly regulated and competitive environment in which each member of the Board of Directors of Bank ("Bank Board") has the primary fiduciary responsibility for BANK's overall financial security and regulatory compliance. Bank has a two tier governance model that includes a Board Oversight Commission ("BOC") that will have various roles and responsibilities over and beyond the Board of Directors of Bank.

The broad scope of the position as a member of the Bank Board of Directors requires dedication and personal commitment. As a policy setting body for BANK, the Bank Board must develop and oversee the implementation of the strategic plan, provide guidance and counsel to the senior officers, and continue to reinforce and strengthen the BANK's goals, core values and financial position as necessary.

Responsibilities

- Select and retain competent management and appoint Bank's Chief Executive Officer.
- Establish, with management, BANK's long and short term business objectives and risk parameters within which these will be achieved.
 - Understand and support BANK's Mission Statement.
 - Be proactive with respect to managing change; be open to change initiatives which are needed in order to adapt strategically to new realities.
- Monitor operations to ensure they are controlled adequately and are in compliance with laws and policies.
- Oversee BANK's performance.
- Have a fiduciary duty to represent the interests of the BOC, investors and customers.
 - Represent the BOC and investor interests responsibly.
 - Consider objectively and responsibly the needs of the BOC and investors.
 - Hold CEO accountable for establishing, meeting and/or exceeding challenging, yet realistic, financial performance objectives and for upholding the BANK's core values.
 - Whenever appropriate, raise questions or concerns regarding variances in financial performance from budget and/or strategic plan.
- Adopt policies on Director's qualifications, roles, responsibilities, criteria, compensation, indemnification, code of conduct and succession after review and approval by the BOC.
- Attend Board Meetings, Directors' Planning Sessions, Annual Shareholder Meetings and Committee Meetings.
- Attendance at the meetings of the Board of Directors and the Annual Planning Session are required at no less than 80%.
- Directors must commit a sufficient amount of time on a consistent basis to further the business of BANK.
- Maintain independence.
 - Although effective corporate governance requires a high level of cooperation between the Board and management, Directors shall maintain independent judgment in overseeing

the conduct of business and critically evaluate issues presented to the Board by management.

- Keep informed.
 - Directors shall stay informed regarding the activities and condition of BANK and the environment in which it operates.
 - Bring expertise and/or experience that is relevant and valuable.
 - Always come to meetings well prepared.
 - Take all Committee assignments seriously and make a meaningful and appropriate contribution to Committee deliberations and decisions.
 - Voice concerns whenever appropriate; speak up on issues under discussion and let fellow Directors know exactly his or her positions, but have respect for opinions of others.
 - Suggest new ideas for products, services, delivery systems and/or lines of business when appropriate.
 - Understand the BANK's products, services and financial condition.

- Maintain confidentiality of information presented.
- Avoid preferential transactions.

Insiders and their related interests may not receive preferential treatment by BANK. Financial transactions with insiders must be in full compliance with the law, beyond reproach, and in compliance with Bank's Code of Conduct Policy. The basis for each transaction must be fully documented.

- Maintain a duty of loyalty to BANK.
 - Directors will not use BANK information to disadvantage of BANK, and will maintain a duty of loyalty to BANK.
- Periodically review the CEO's performance.
- Establish policies.

The Board shall establish and review policies including Committee Charters. These policies should be formulated to further BANK's business plan in a manner consistent with safe and sound practices. They should contain procedures, including a system of internal controls, designed to foster sound practices, to comply with laws and regulations, and to protect BANK against external crimes, internal fraud and abuse.

- Monitor implementation of policies.
- Provide for independent reviews.
- Engage and evaluate BANK's internal and external auditors.
- Review and monitor regulatory reports and responses to regulatory reports.
- Support business development efforts.
 - Demonstrate through words and actions pride in, and commitment to BANK.
 - Represent BANK when appropriate, visibly and positively in the community.
 - Actively support the business development activities of BANK.
 - Tell BANK's "story" at every opportunity.

- Self-evaluation of contribution and qualifications. Every Director must be willing to honestly evaluate his/her contribution and value to BANK through self-evaluation against this job description.

Qualifications

Candidates for directorship of the BANK must possess the following qualifications:

- Must have business experience which will provide skills, expertise and balance to the Bank Board.
- Must have the time to fulfill the responsibilities of a Director of the BANK.
- Must be willing to execute and abide by the BANK's Code of Conduct.
- Must agree that he/she will resign from the Bank Board if any of the following shall have occurred:
 1. Director's conviction of or entrance of a plea of guilty or nolo contendere to a felony;
 2. Fraudulent conduct by a Director, whether or not in connection with the business affairs of BANK;
 3. Theft, embezzlement or criminal misappropriation of funds by a Director, whether or not from BANK; or
 4. Lack of performance of the expected Director duties after 30 day notice by BANK's Board.

Directors must agree in writing that in the event of a period of great controversy, as determined at the sole discretion of BANK's Board and which may include the receipt by BANK of a regulatory formal enforcement action related to safety and soundness, a member of BANK's Board member, at the request of BANK's Board, will accept an uncompensated leave of absence or resign from BANK's Board until such controversy is resolved.

The Board of Directors has approved this Director Job Description and Qualifications effective _____, 2022.

I have read and understand the Director Job Description and Qualifications. I also understand that I will be asked to read, review and sign the Director Job Description and Qualifications on an annual basis.

Director: _____

Signature: _____

Date: _____

SAN FRANCISCO PUBLIC BANK BOARD OVERSIGHT COMMISSION JOB DESCRIPTION AND QUALIFICATIONS

Introduction

The fundamental purpose of the Board Oversight Commission of San Francisco Public Bank (“BANK”) is to actively support the development of BANK and to provide leadership and oversight to the Board of Directors of BANK in order that BANK and the BANK Board fulfill the vision and mission of the City and County of San Francisco in the establishment of BANK. This purpose must be accomplished in a highly regulated and competitive environment in which each member of the BOC has the primary fiduciary responsibility for assuring BANK’s continued focus on the vision and mission Bank has a two tier governance model that includes the BOC and the BANK Board and the BANK Board will have various roles and responsibilities over and beyond the BOC.

The broad scope of the position as a member of the BOC requires dedication and personal commitment. With certain policy setting responsibilities for BANK, the BOC must work with the BANK Board in developing the implementation of the strategic plan, provide guidance and counsel to the BANK Board, and continue to reinforce and strengthen the BANK’s goals, core values and financial position, as necessary.

Responsibilities

- Appoint and remove members of the BANK Board with the consent and approval of BANK’s regulatory agencies (if necessary).
- Set policy and strategy broadly, including:
 - Make recommendations for amendments to authorizing ordinances or legislation (at local and state levels)
 - Create and amend governing documents, including:
 - Codes of Conduct
 - Rules of Procedure
 - Establish principles or frameworks for policies to be elaborated by the BANK Board, and vet and provide final approval of such policies, including:
 - Mission, strategy, and values
 - Lending
 - ESG guidelines for lending
 - Capital and liquidity management
 - Responsible investment
 - Risk management and Bank security policy
 - Procurement
 - Integrity and compliance
 - Audit policy
 - Investigation and enforcement
 - Whistleblower protection
 - Public information
 - Succession planning

- Operations and HR
 - Directors' responsibilities, qualifications, etc.
 - Decide on authoritative interpretation and application of authorizing ordinances and legislation, governing documents, and policies
 - Intervene and provide more direct leadership in the event of a crisis
- Authorizing increase/decrease of BANK's capital with consent and approval of the regulatory agencies (if necessary)
- Final approval of BOD's annual report and audited financial statements
- Appoint BOC Subcommittee members
- Final approval on addition/withdrawal of membership (only applicable if multi-jurisdictional)
- Work with BANK's Board on BANK's long and short term business objectives and risk parameters within which these will be achieved.
 - Understand and support BANK's Mission Statement.
 - Be proactive with respect to managing change; be open to change initiatives which are needed to adapt strategically to new realities.
- Have a fiduciary duty to represent the interests of the City and County of San Francisco.
 - Represent the BOC and BANK interests responsibly.
 - Consider objectively and responsibly the needs of the City and County of San Francisco and BANK's Board.
 - Hold the BANK's Board accountable for establishing, meeting and/or exceeding challenging, yet realistic, financial performance objectives and for upholding the BANK's core values.
 - Whenever appropriate, raise questions or concerns regarding variances in financial performance from budget and/or strategic plan.
- Adopt policies on BOC and BANK Board qualifications, roles, responsibilities, criteria, compensation, indemnification, code of conduct and succession.
- Attend BOC Meetings, BOC and BANK Board Planning Sessions and Committee Meetings.
- Attendance at the meetings of the BOC the Annual Planning Session is required at no less than 80%.
- BOC members must commit a sufficient amount of time on a consistent basis to further the business of BANK.
- Maintain independence.
 - Although effective corporate governance requires a high level of cooperation between the BOC and BANK Board, BOC members shall maintain independent judgment in overseeing the conduct of business and critically evaluate issues presented to the BOC by the BANK Board.
- Keep informed.
 - BOC members shall stay informed regarding the activities and condition of BANK and the environment in which it operates.
 - Bring expertise and/or experience that is relevant and valuable.
 - Always come to meetings well prepared.
 - Take all Committee assignments seriously and make a meaningful and appropriate contribution to Committee deliberations and decisions.

- Voice concerns whenever appropriate; speak up on issues under discussion and let fellow BOC members know exactly his or her positions, but have respect for opinions of others.
- Suggest new ideas for products, services, delivery systems and/or lines of business when appropriate.
- Understand the BANK's products, services and financial condition.
- Attend trainings when made available
- Maintain confidentiality of information presented and abide by any applicable confidentiality laws
- Avoid preferential transactions.

Insiders and their related interests may not receive preferential treatment by BANK. Financial transactions with insiders must be in full compliance with the law, beyond reproach, and in compliance with Bank's Code of Conduct Policy. The basis for each transaction must be fully documented. BOC members must report any conflicts of interest to the Chair of Ethics & Equity committee

- Maintain a duty of loyalty to BANK.
 - BOC members will not use BANK information to the disadvantage of BANK, and will maintain a duty of loyalty to BANK.
- Periodically review BANKs performance.
- Establish policies.

The BOC shall establish and review policies and procedures for BOC including Committee Charters. These policies should be formulated to further BANK's business plan in a manner consistent with safe and sound practices. They should contain procedures, including a system of internal controls, designed to foster sound practices, to comply with laws and regulations, and to protect BANK against external crimes, internal fraud and abuse.

- Monitor implementation of BOC policies.
- Support business development efforts.
 - Demonstrate through words and actions pride in, and commitment to BANK.
 - Represent BANK when appropriate, visibly and positively in the community.
 - Actively support the business development activities of BANK.
 - Tell BANK's "story" at every opportunity.
- Self-evaluation of contribution and qualifications. Every BOC must be willing to honestly evaluate his/her contribution and value to BANK through self-evaluation against this job description.

Qualifications

Candidates for membership of BOC must possess the following qualifications:

- Must have qualifications related to their seat appointment which will provide skills, expertise and balance to the BOC.
- Must have the time to fulfill the responsibilities of a member of the BOC.
- Must be willing to execute and abide by the BANK's Code of Conduct.

- Must agree that he/she will resign from the BOC if any of the following shall have occurred:
 1. BOC members' conviction of or entrance of a plea of guilty or nolo contendere to a felony;
 2. Fraudulent conduct by a BOC member, whether or not in connection with the business affairs of BANK;
 3. Theft, embezzlement or criminal misappropriation of funds by a BOC member, whether or not from BANK; or
 4. Lack of performance of the expected BOC members duties after 30 day notice by the BOC.

BOC members must agree in writing that in the event of a period of great controversy, as determined at the sole discretion of the BOC and which may include the receipt by BANK of a regulatory formal enforcement action related to safety and soundness, a member of the BOC, at the request of the BOC, will accept an uncompensated leave of absence or resign from the BOC until such controversy is resolved.

The BOC has approved this BOC Job Description and Qualifications effective _____, 2022.

I have read and understand the BOC Job Description and Qualifications. I also understand that I will be asked to read, review and sign the BOC Job Description and Qualifications on an annual basis.

Board Oversight Commission Member: _____

Signature: _____

Date: _____