


16 NOV 15 PM 4:42

Revised Finance & Management Committee 11/15/2016

Approved as to Form and Legality



City Attorney's Office

OAKLAND CITY COUNCIL

**RESOLUTION NO. 86483 C.M.S.**

INTRODUCED BY COUNCILMEMBERS REBECCA KAPLAN, DAN KALB, AND ABEL  
GUILLEN

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**RESOLUTION DIRECTING THE CITY ADMINISTRATOR TO PREPARE AN INFORMATIONAL REPORT WITH THE COST ESTIMATES OF COMMISSIONING A STUDY ANALYZING THE FEASIBILITY AND ECONOMIC IMPACT OF ESTABLISHING A PUBLIC BANK FOR OR INCLUDING THE CITY OF OAKLAND, AND PROVIDING FUNDING OPTIONS FOR THE FEASIBILITY STUDY, INCLUDING THE OPTION OF ALLOCATING TO THE STUDY ANY REMAINDER OF THE MONEY THAT WAS BUDGETED FOR THE GOLDMAN SACHS DEBARMENT PROCEEDINGS.**

**WHEREAS**, there is a desire for local funding solutions that reinvest public funds in the local community; and

**WHEREAS**, public banking operates in the public interest, through institutions owned by the people through their representative governments; and

**WHEREAS**, public banks are able to return revenue to the community and can provide low-cost financing in support of City policies; and

**WHEREAS**, a public bank can have investment priorities that focus on the creation of jobs in Oakland that spur local economic growth by providing affordable credit to small and medium-sized businesses that have been historically ignored by the larger, more established banks; and

**WHEREAS**, a public bank can have investment priorities that center on providing loans for low and moderate income housing to help relieve the current housing crisis facing Oakland; and

**WHEREAS**, a public bank can have investment priorities that provide loans for energy conservation, installation of solar panels and measures for conserving water in Oakland; and

**WHEREAS**, Wall Street banks seek short-term profits for their private shareholders by investing in stocks, derivatives, credit default swaps and other speculative financial instruments; and

**WHEREAS**, Some Wall Street banks have broken criminal statutes and violated civil and regulatory rules with impunity; and

**WHEREAS**, on September 8, 2016, Wells Fargo bank was fined \$185 million for fraudulently opening up accounts without customers' consent, which then damaged customers' credit scores and caused customers to be charged illegal banking fees; and

**WHEREAS**, on May 20, 2015, Citigroup Inc. and JP Morgan Chase & Co. agreed to plead guilty to felony charges for conspiring to manipulate the price of U.S. dollars and euros exchanged in the foreign currency exchange spot market; and

**WHEREAS**, on May 20, 2015, Citigroup Inc. agreed to pay a criminal fine of \$945 million and JP Morgan Chase & Co. agreed to pay a criminal fine of \$550, for illegally manipulating the foreign exchange market; and

**WHEREAS**, on May 20, 2015, the Federal Reserve announced that it was imposing a separate set of fines on Citigroup, Inc. and JP Morgan Chase & Co. of \$342 million for their illegal practices in the foreign exchange markets; and

**WHEREAS**, on March 9<sup>th</sup>, 2016, the Wall Street Journal reported that Wall Street banks had paid in total more than \$100 billion in fines and penalties for mortgage-related fraud, and

**WHEREAS**, said Wall Street banks' criminal conduct and wrongful behavior should not be rewarded with future business dealings with Oakland; and

**WHEREAS**, the state of North Dakota created a state publicly-owned bank (the Bank of North Dakota) in 1919 for the benefit of the people of North Dakota; and

**WHEREAS**, the state of North Dakota, during the recent "Great Recession," escaped the credit crisis and maintained budget surpluses with zero public debt and had the lowest foreclosure rates and unemployment rates in the nation, the lowest credit card defaults, and no bank failures, due in large part to the Bank of North Dakota's willingness to provide loans to keep the state economy functioning while credit had been frozen elsewhere; and

**WHEREAS**, the Bank of North Dakota's total assets have increased seven-fold over the last two decades; and the Bank of North Dakota has returned \$385 million to the General Fund of North Dakota over the last 20 years; and

**WHEREAS**, Community Banks in North Dakota, in large part due to their partnership with the Bank of North Dakota, averaged about \$12,000 in lending per capita compared to an average of \$3,000 for Community Banks in per capita lending nationwide; and

**WHEREAS**, the City of Philadelphia, by unanimous City Council Resolution, authorized the Council's Committee on Commerce and Economic Development to hold hearings regarding public banking; and

**WHEREAS**, a comprehensive feasibility study completed for the City of Santa Fe cost \$50,000 and found that that a public bank is feasible and has the potential to provide enhanced fiscal management, improved net interest rate margins, and a more robust local lending climate; and

**WHEREAS**, a Resolution will soon come before the Santa Fe City Council to appoint a Public Bank for Santa Fe Task Force that will convene and develop a product that will define the process, resources, information and timelines to be met in order to be prepared to submit an application for a New Mexico Bank Charter for a Public Bank for Santa Fe; and

**WHEREAS**, other cities such as Manchester, New Hampshire, and Reading, Pennsylvania have taken steps to examine public banking; and

**WHEREAS**, on October 20<sup>th</sup>, the Oakland Cannabis Regulatory Commission approved a Resolution recommending that the City Council establish a public bank for Oakland; and

**WHEREAS**, the City of Oakland is tasked with holding and protecting the fundamental interest of the public as well as the financial wellbeing of the City; now, therefore be it

**RESOLVED:** That the Oakland City Council directs the City Administrator, or his/her designee, to prepare an informational report with the cost estimates of commissioning experts in public banking to conduct a study analyzing the feasibility and economic impact of establishing a public bank for the City of Oakland, including the legality and feasibility of providing banking services to the cannabis industry; and be it

**FURTHER RESOLVED:** That this informational report shall include funding options for the feasibility study, including the option of allocating to the study the remainder of the money that was budgeted for the Goldman Sachs Debarment Proceedings, and shall consider whether feasibility could be enhanced by partnering with other jurisdictions, such as via a Joint Powers Authority; and be it

**FURTHER RESOLVED:** That, in preparation from this informational report, the City Administrator, or his/her designee, shall, from community stakeholders who have interest or expertise in banking issues, solicit input and information regarding: studying feasibility; other government entities that could partner with Oakland in studying feasibility and/or establishing a public bank; potential contractors to conduct a feasibility study; and possible private funding sources for a feasibility study; and be it

**FURTHER RESOLVED:** That the City Administrator shall return to the Finance Committee with this informational report within ninety (90) days of adoption of this Resolution.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

**NOV 29 2016**

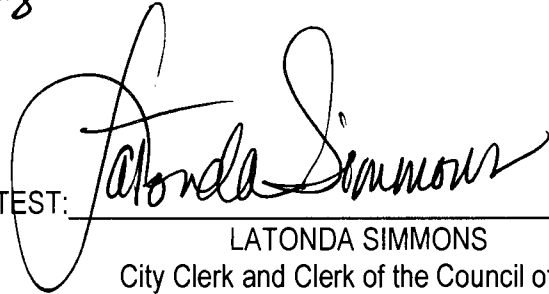
AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID AND  
PRESIDENT GIBSON MCELHANEY - 8

NOES - 0

ABSENT - 0

ABSTENTION 0

ATTEST:



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LATONDA SIMMONS  
City Clerk and Clerk of the Council of the  
City of Oakland, California