

RESOLUTION NO. 56-17

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND,
CALIFORNIA TO ENDORSE THE EFFORTS OF THE CITY OF OAKLAND TO
CREATE A PUBLIC BANK FOR OAKLAND AND TO INVESTGATE THE
POSSIBILITY OF FORMING A PARTERNSHIP WITH ANY FUTURE PUBLIC BANK
OF OAKLAND OR REGIONAL PUBLIC BANK**

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 local communities; and

WHEREAS, a public bank can have investment priorities that focus on the creation of jobs 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 the Bay Area; and

WHEREAS, a public bank can have investment priorities that provide loans for energy conservation, installation of solar panels and measures for conserving water; 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 9th, 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, the aforementioned Wall Street banks' criminal conduct and wrongful behavior should not be rewarded with future business dealings with local and state government bodies; 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, on April 26 a resolution passed 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, the City and County of San Francisco recently approved the establishment of a Task Force to determine the feasibility of a public bank of San Francisco; and

WHEREAS, the City of Oakland has chosen a contractor and is in the process of hiring them to do a Feasibility Study for the Public Bank of Oakland; and

WHEREAS, the City of Richmond 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 Richmond City Council, on behalf of the City of Richmond does hereby endorse the efforts of the City of Oakland to create a public bank; and

BE IT FURTHER RESOLVED, that the City Manager, or his designee, shall investigate the possibility of forming a mutually beneficial partnership with any future Oakland public bank; and

BE IT FURTHER RESOLVED, that pending a positive outcome of the feasibility study conducted and funded by Oakland, the City of Richmond will consider contributing towards the cost of producing a draft business plan for a regional public bank, along with Oakland and other jurisdictions in the area who are interested in partnering in this endeavor.

I certify that the foregoing resolution was passed and adopted by the Council of the City of Richmond at a regular meeting thereof held May 23, 2017, by the following vote:

AYES: Councilmembers Choi, Martinez, McLaughlin, Myrick, Willis, and Vice Mayor Beckles.

NOES: Mayor Butt.

ABSTENTIONS: None.

ABSENT: None.

PAMELA CHRISTIAN
CLERK OF THE CITY OF RICHMOND
(SEAL)

Approved:

TOM BUTT
Mayor

Approved as to form:

BRUCE GOODMILLER
City Attorney

State of California }
County of Contra Costa } : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. 56-17**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on May 23, 2017.



Pamela Christian, Clerk of the City of Richmond