



CITY COUNCILMEMBER
RIGEL ROBINSON
 DISTRICT 7

CONSENT CALENDAR

October 26, 2021

To: Honorable Mayor and Members of the City Council
 From: Councilmember Rigel Robinson (Author), Mayor Arreguin (Co-Sponsor),
 Councilmember Harrison (Co-Sponsor) and Councilmember Bartlett (Co-Sponsor)
 Subject: Budget Referral: Public Bank East Bay

RECOMMENDATION

Refer \$50,000 to the November 2021 AAO process for a contribution to the Friends of the Public Bank East Bay for the development of a business plan for the Public Bank East Bay.

BACKGROUND

Public Bank East Bay was founded by public banking advocates in August 2016 to advocate for a public bank for Alameda and West Contra Costa Counties.

In 2017 the City of Oakland led the exploration of creating a public bank in response to community advocacy. On June 27, 2017, the Council adopted a resolution in support of the City of Oakland's efforts to create a Public Bank and referred to the City Manager to investigate the possibility of forming a mutually beneficial partnership with any future Oakland public bank. Three months later, on September 12, 2017, the Council approved a contribution from the Finance Department towards the funding of a feasibility study for such a bank. Ultimately, four East Bay jurisdictions came together to fund the feasibility study; the City of Oakland contributed \$40,700, the City of Berkeley \$25,000, the County of Alameda \$25,000, and the City of Richmond \$5,000, with \$3,200 from other sources.

On October 2, 2019, Governor Newsom signed AB 857, enabling local public bank charters in California. The Council adopted a resolution in support of AB 857 on April 23, 2019. In response to its passage, Public Bank East Bay advocates incorporated as a 501(c)(3) nonprofit, Friends of the Public Bank East Bay.

Friends of the Public Bank East Bay's mission is to provide community oversight and stewardship in the formation and functioning of a Public Bank in the East Bay. They are currently working to produce a viability study to follow up on and fill the gaps in the 2017 feasibility study. That new study should be completed at the end of this month, in advance of the November budget process.

Friends of the Public Bank East Bay are seeking funding to create a business plan for the bank, as required by state law. They are working with Gary Findley, an attorney and banking expert of Gary Steven Findley & Associates, to complete the plan. Their

estimated cost for completion of the plan is \$250,000. This item recommends contributing \$50,000 towards that effort, representing one fifth of the estimated total cost.

Other local governments in California are also moving forward on creating public banks in response to the passage of AB 857. On June 15, 2021, the San Francisco Board of Supervisors adopted an ordinance creating a working group to create a business plan for a San Francisco Public Bank.¹ San Diego's council asked San Diego Mayor Todd Gloria to create a business plan for a San Diego bank in January of this year.² Most recently, the Los Angeles City Council authorized issuance of an RFP for a Los Angeles Public Bank business plan on October 5th.³

FINANCIAL IMPLICATIONS

\$50,000 from the General Fund.

ENVIRONMENTAL SUSTAINABILITY

A public bank may create an alternate institution that could hold the City's cash reserves, allowing the City of Berkeley to withdraw its savings from financial institutions like Wells Fargo that finance environmentally destructive infrastructure projects like oil pipelines.

CONTACT PERSON

Councilmember Rigel Robinson, (510) 981-7170
Soli Alpert, Legislative Assistant, (510) 981-7171

Attachments:

- 1: 2017 Resolution
- 2: 2017 Contribution to Feasibility Study
- 3: 2019 Resolution in Support of AB 857
- 4: San Francisco Ordinance
(<https://sfgov.legistar.com/View.ashx?M=F&ID=9596572&GUID=E3366761-048C-40AD-AF3D-FC352B6A33D7>)

¹ <https://sanfrancisco.cbslocal.com/2021/06/15/sf-supes-approve-plan-to-create-first-public-bank-in-u-s/>

² <https://www.sandiegouniontribune.com/news/politics/story/2021-01-23/san-diego-resumes-efforts-to-create-city-run-public-bank>

³ <https://www.dailynews.com/2021/10/05/la-city-council-to-consider-motion-aimed-at-developing-public-bank/>



Office of the Mayor

CONSENT CALENDAR

June 27, 2017

TO: Members of the City Council

FROM: Mayor Jesse Arreguin and Councilmembers Sophie Hahn, Linda Maio, and Cheryl Davila

SUBJECT: Support the City of Oakland's Efforts to Create a Public Bank and

RECOMMENDATION

Adopt a Resolution in support of the City of Oakland's efforts to create a Public Bank of Oakland and refer to the City Manager to investigate the possibility of forming a mutually beneficial partnership with any future Oakland public bank.

BACKGROUND

A public bank is a way to manage city funds in the public interest. Public banks collect deposits from government entities such as school districts, tax receipts and state infrastructure funds and use the money to issue loans that support public priorities. They operate in the public interest through institutions owned by the people and directed by their representative government. Additionally, they can have investment priorities that focus on the creation of local jobs that spur economic growth by providing affordable credit to small and medium-sized businesses that have been historically ignored by the larger, more established banks. Locally, 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.

Public banking is not a new idea. North Dakota created the Bank of North Dakota in 1919. During the Great Recession, the Bank of North Dakota 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. This is 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.

The City of Oakland, led by council members Kaplan and Kalb, is currently investigating the possibility of establishing a Public Bank of Oakland. Currently, the City is evaluating two bids to do a study analyzing the feasibility and economic impact of establishing a Public Bank that includes the City of Oakland. The public bank could take a regional form that could include the Cities of Berkeley and Richmond. At a time when the City of Berkeley is actively looking to reinvest its city funds in ethical institutions with socially

responsible values, a public bank could represent an alternative that meets City's banking needs.

Oakland joins other cities like Philadelphia and Santa Fe that are exploring the possibility of forming a public bank at the city level.

ENVIRONMENTAL SUSTAINABILITY

Directs Berkeley toward investing our taxpayer dollars in a socially responsible manner, including with banks that are not engaged in oil pipeline projects

FINANCIAL IMPLICATIONS

Pending a positive outcome of the feasibility study conducted and funded by Oakland, Council will consider contributing to the cost of producing a business plan for a regional public bank, along with other jurisdictions in the region who are interested in partnering in this endeavor.

CONTACT PERSON

Mayor Jesse Arreguin

510-981-7100

Attachments:

1. Resolution

RESOLUTION NO. ##,###-N.S.

IN SUPPORT OF THE EFFORTS OF THE CITY OF OAKLAND TO CREATE A PUBLIC BANK OF OAKLAND AND TO INVESTIGATE THE POSSIBILITY OF FORMING A PARTNERSHIP 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, 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 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 said 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 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 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 found 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 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 Berkeley 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 City of Berkeley hereby declares that it is the policy of the City of Berkeley to endorse the efforts of the City of Oakland to create a public bank.

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

BE IT FURTHER RESOLVED that pending a positive outcome of the feasibility study conducted and funded by Oakland, the City of Berkeley will consider contributing toward 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.



Office of the Mayor

CONSENT CALENDAR
September 12, 2017

TO: Members of the City Council

FROM: Mayor Jesse Arreguin and Councilmembers Sophie Hahn, Kate Harrison, and Ben Bartlett

SUBJECT: Support the City of Oakland's Regional Public Bank Feasibility Study

RECOMMENDATION

Authorize \$25,000 from the Finance Department Banking Fees budget to the City of Oakland to support their feasibility study of a regional public bank.

BACKGROUND

The City of Oakland, led by Councilmembers Kaplan and Kalb, is currently investigating the possibility of establishing a Public Bank of Oakland, and has recommended a feasibility and economic impact analysis. This study could include the development of a regional institution that also serves the cities of Berkeley and Richmond.

Oakland has committed to covering \$75,000 of the \$100,000 total cost. Councilmember Kaplan reached out to the City of Berkeley through the Office of the Mayor to formally request a contribution in the amount of \$25,000. The request also included City of Oakland Ordinance No.12731 which provides for the receipt of such funds.

On June 27, 2017, the City Council voted to support Oakland's efforts to create a public bank, and considered funding a multi-jurisdictional publicly owned bank if Berkeley could participate. At a time when the City of Berkeley is actively looking to reinvest its city funds in ethical institutions with socially responsible values, a public bank could represent an alternative that meets City's banking needs.

ENVIRONMENTAL SUSTAINABILITY

Directs Berkeley toward banking in the public interest.

FINANCIAL IMPLICATIONS

\$25,000 from banking fees allocated in the Finance Department Budget.

ATTACHMENTS

1. Resolution
2. City of Oakland Ordinance No. 12731
3. City of Berkeley Resolution

RESOLUTION NO. ##,###-N.S.

CONTRIBUTE TO A FORMAL FEASIBILITY STUDY TO SUPPORT A 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, a comprehensive feasibility study completed for the City of Santa Fe found 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 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 Berkeley, passed a resolution on June 27, 2017 supporting Oakland's efforts to create a public bank and also considered funding the development of such a bank if Berkeley could be a part of a multi-jurisdictional publicly owned bank; and

WHEREAS, the City of Berkeley has been formally asked to contribute 25% of the overall costs of the Feasibility Study authorized by the City of Oakland.

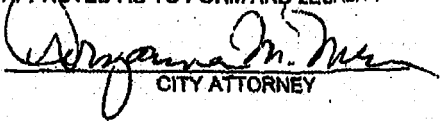
NOW THEREFORE, BE IT RESOLVED that the City of Berkeley hereby declares that it will contribute \$25,000 toward a Feasibility Study commissioned by the City of Oakland to create a public bank.

BE IT FURTHER RESOLVED that this resolution shall take effect immediately upon passage and funds will be distributed from the City of Berkeley Finance Department budget as requested by the City of Oakland.

OFFICE OF THE CITY CLERK
FILED

APPROVED AS TO FORM AND LEGALITY

2006 JAN 26 PM 5:19


CITY ATTORNEY

ORDINANCE NO. 12731 C.M.S.

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE TITLE 2, CHAPTER 2.04, ARTICLE 2.04.160, EXPENDITURES FROM RESTRICTED GIFT PROCEEDS, TO DELEGATE LIMITED AUTHORITY TO THE CITY ADMINISTRATOR TO, WITHOUT CITY COUNCIL ACTION, ACCEPT GIFTS AND DONATIONS AND TO APPROPRIATE AND EXPEND MONIES DERIVED FROM GIFTS AND DONATIONS, AND REPEALING OAKLAND MUNICIPAL ORDINANCE NO. 8144 C.M.S., ADOPTED JUNE 9, 1970, WHICH CONTAINS CONFLICTING AND OBSOLETE PROVISIONS

WHEREAS, pursuant to Oakland Charter – Article XII, Section 1203, *Gifts and Trusts*, specifies the City Council is authorized to accept gifts and trust on behalf of the City and to control, manage, dispose of and otherwise administer the same in accordance with their terms; and

WHEREAS, Oakland Charter – Article VIII, Section 806, *Receipts and Expenditures*, specifies that:

All monies received by the City shall be deposited in the City Treasury, and no monies shall be disbursed from the treasury without the approval of the City Administrator or [his/her delegee]. No expenditure of City funds shall be made except for the purposes and in the manner specified by an appropriation of the Council . . .

WHEREAS, Council adopted Ordinance 8144 C.M.S., June 9, 1970, which authorized the City Manager and Directors of Museum, Parks and Recreation and Library to accept unrestricted gifts and donations for use by the respective department, but excluded authority to accept gifts and donations for construction of public improvements; and

WHEREAS, the City Council amended Section 2.04.160, *Expenditures from Restricted Gift Proceeds*, of the City's Purchasing Ordinance, Ordinance No. 7937 C.M.S., as amended, on October 4, 1973, authorizing the City Administrator to expend monies derived from gifts and donations to the City in accordance with any special conditions of the donor provided the City Council has accepted the gift/donation by resolution; and

WHEREAS, the City Council wishes to improve the City's efficiency in accepting, appropriating and utilizing gifts and donations in order to encourage the offering of such gifts and donations to the City and to facilitate their timely use by the City for the public's benefit; and

WHEREAS, to improve the City's efficiency in accepting, appropriating and utilizing gifts and donations, the City Council wishes to delegate authority to the City Administrator, within set dollar limits, to accept, appropriate and expend monies derived from restricted gifts and donations to the City of Oakland; and

WHEREAS, the City Administrator will comply with all Charter requirements for fiscal administration of such funds and otherwise apply proper and sufficient procedures and controls necessary to monitor and ensure fiscal and performance accountabilities;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF OAKLAND DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Amendment to Title 2, Chapter 2.04, Section 2.04.160 of the Oakland Municipal Code. Oakland Municipal Code Title 2, Chapter 2.04, Section 2.04.160 is amended to authorize the City Administrator to accept, appropriate and expend monies derived from restricted gifts and donations as follows:

2.04.160 Acceptance, appropriation and expenditures from restricted gift proceeds.

Notwithstanding any other provision of this article, the City Administrator is delegated limited authority to accept restricted gifts and donations to the city up to fifty thousand dollars, including money gifts, and to appropriate and expend monies derived from such gifts/donations, without City Council action, provided that: 1) the gift/donation does not create unbudgeted costs for the City, 2) the gift/donation is for a program or project that has been approved by the Council in the biennial or mid-cycle operating or Capital Improvement Program (CIP) budget, or by City Council legislation during the fiscal year, and 3) the gift/donations or proceeds therefrom are used in accord with restrictions and/or special conditions of the donor.

Notwithstanding the above, the City Administrator is authorized to expend monies derived from restricted gifts/donations that exceed fifty thousand dollars (\$50,000.00) without City Council action when the gift has been approved, accepted and appropriated by City Council resolution provided such expenditure is in accord with any restrictions or special conditions of donor.

All funds accepted hereunder shall be deposited into the City Treasury. The City Administrator will provide an annual report to Council on all gifts and donations accepted hereunder during the previous year.

Section 2. Remaining Provisions Unchanged. Except as amended herein, all provisions, articles, sections, subsections, sentences, clauses or phrases of Oakland Municipal Code 2.04, shall remain unchanged and in full force and effect.

Section 3. Oakland Municipal Ordinance No. 8144 C.M.S. Repealed. Oakland Municipal Ordinance No. 8144 C.M.S., adopted June 9, 1970, which authorized the City Manager,

Director of Museums, Director of Parks and Recreation, and Director of Library to accept certain unrestricted gifts and donations on behalf of the City of Oakland is hereby repealed.

Section 4. Severability. If any article, section, subsection sentence, clause or phrase of this ordinance is held to be invalid or unconstitutional, the offending portion shall be severed and shall not affect the validity of remaining portions which shall remain in full force and effect.

Section 5. Effective Date. This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise, it shall become effective upon the seventh day after final adoption.

352274

Introduction Date: FEB 7 2006

IN COUNCIL, OAKLAND, CALIFORNIA, FEB 21 2006, 2006

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID AND
PRESIDENT DE LA FUENTE — 8

NOES- 0
ABSENT- 0
ABSTENTION- 0

ATTEST: Latonda Simmons
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

OFFICE OF THE CITY CLERK
OAKLAND

Approved as to Form and Legality

2006 JAN 26 PM 5:19

Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. 79714 C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR, ON BEHALF OF THE CITY OF OAKLAND, TO ACCEPT AND APPROPRIATE RESTRICTED GRANTS WITH A MARKET OR MONETARY VALUE OF FIFTY THOUSAND DOLLARS (\$50,000.00) OR LESS, WITHOUT PRIOR CITY COUNCIL ACTION

WHEREAS, Oakland Charter -- Article VIII, Section 806, *Receipts and Expenditures*, specifies that all monies received by the City shall be deposited in the City Treasury, and no monies shall be disbursed from the treasury without the approval of the City Administrator or of another officer duly authorized by him/her; and no expenditure of City funds shall be made except for the purposes and in the manner specified by an appropriation of the Council, or made without proper accounting documentation and sufficient funds in the City Treasury and in proper accounts; and

WHEREAS, the City Council wishes to improve the City's efficiency in accepting, appropriating and utilizing grants in order to encourage the solicitation and offering of grants to the City and to facilitate their timely use by the City for the public's benefit; and

WHEREAS, to improve the City's efficiency in accepting, appropriating and utilizing grants, the City Council wishes to delegate authority to the City Administrator, within set dollar limits, to accept and appropriate monies derived from restricted grants to the City of Oakland; and

WHEREAS, the City Administrator will comply with all Oakland Charter requirements for fiscal administration and expenditure of such funds and otherwise apply proper and sufficient procedures and controls necessary to monitor and ensure fiscal and performance accountabilities; now, therefore, be it

RESOLVED: That the City Administrator, on behalf of the City Council, is hereby authorized to accept and appropriate, without prior City Council action, monies derived from any restricted grant with a market or monetary value of fifty thousand dollars (\$50,000.00) or less, provided that: 1) the grant is for programs and projects approved by the City Council in the biennial or mid-cycle operating or Capital Improvement Program (CIP) budget, or by City Council legislation during the fiscal year, 2) the grant does not create unbudgeted costs for the City, and 3) the grant does not require specific approval by the legislative body; and, be it

FURTHER RESOLVED: That all funds accepted hereunder shall be deposited into the City Treasury; and, be it

FURTHER RESOLVED: That expenditures of grant funds shall be in accordance with the requirements of the City of Oakland purchasing requirements codified in Oakland Municipal Code Title 2, Chapter 2.04; and, be it

FURTHER RESOLVED: That the City Administrator shall present a report annually to the City Council listing the grants accepted and appropriated on behalf of the City Council during the prior year.

356528


IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, [REDACTED], QUAN, REID AND PRESIDENT DE LA FUENTE -7

NOES - 0
ABSENT - NADEL - 1
ABSTENTION - 0

ATTEST:



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



INTER OFFICE MEMORANDUM

TO: City Administrator and Council Members **FROM:** Katano Kasaine
Director of Finance

SUBJECT: Public Bank Feasibility Study **DATE:** August 2, 2017
Donation Process

This memo outlines the process for accepting donations to apply toward the Public Bank Feasibility Study for Oakland and potential Multi-Jurisdictional publicly owned bank. Listed below is the process for the acceptance of donations:

- Donors should make checks payable to the City of Oakland. Any donations received in an amount greater than \$50,000 must be approved by the City Council.
- The signed Irrevocable Donation Agreement and check should be mailed or delivered in person to the following address:

City of Oakland
Finance Department – Treasury Bureau
Attention: David Jones, Interim Treasury Manager
150 Frank H. Ogawa Plaza #5330
Oakland, CA 94612
510.238.6508

- All checks must be received by 5:00 p.m. (PST) Friday, September 15, 2017 in order to provide donation results to City Council on Tuesday, September 19, 2017. **However, the City will continue to accept donations after that date.**
- A receipt of the donation will be mailed to the Donor directly.
- For any tax related matters, the Donor should consult with their tax advisor.
- Donations cannot be refunded.

If you have any questions, please contact me at 510.238.2989.

KATANO KASAINÉ
Director of Finance

CITY OF OAKLAND

IRREVOCABLE DONATION AGREEMENT

This Agreement is made by and between _____ (the "Donor") and the City of Oakland, CA (the "City"). The Agreement shall be effective as of the date of execution by the parties hereto.

The Donor hereby voluntarily and irrevocably donates (1) the amount of \$ _____ ; and/or (2) the property (description): _____ ; and/or (3) the service (description): _____ to the City of Oakland for the following purpose:

- Research the legality and feasibility of establishing a multi-jurisdiction publicly owned bank to help finance community projects, reduce risk to public funds in existing financial markets, and provide better financial returns on public investments;
- Research the impacts of the legality and feasibility of providing banking services to the cannabis industry; and
- Contract to complete a feasibility study of a multi- jurisdiction public bank that includes the City of Oakland and at least three other East Bay jurisdictions.

The Donor hereby relinquishes all dominion and control over the donated funds and/or property contributed. Except as otherwise expressly stated herein, the Donor agrees that the City shall, at its sole discretion, have exclusive control over any property, projects, programs or other activities for which donated funds or property are used.

The City accepts the voluntary irrevocable donation from the Donor in accordance with Oakland City Council Ordinance No. 12731 and Resolution No. 79714.

This Agreement represents the full and complete agreement between the parties and supersedes all prior or contemporaneous understandings, communications or representations, whether oral or written, regarding the subject matter of the Agreement.

No amendment or modification to this Agreement shall be effective or binding unless the amendment or modification is in writing and duly executed by each of the parties hereto.

DONOR

CITY OF OAKLAND

By: _____

By: _____

Authorized Representative

Print Name: _____

Date: _____

Date: _____

RESOLUTION NO. ##,###-N.S.

IN SUPPORT OF THE EFFORTS OF THE CITY OF OAKLAND TO CREATE A PUBLIC BANK OF OAKLAND AND TO INVESTIGATE THE POSSIBILITY OF FORMING A PARTNERSHIP 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, 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 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 said 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 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 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 found 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 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

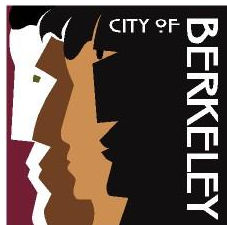
WHEREAS, the City of Oakland has chosen a contractor and is in the process of hiring them to do a Feasibility Study for the Public Bank of Oakland; and

WHEREAS, the City of Berkeley 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 City of Berkeley hereby declares that it is the policy of the City of Berkeley to endorse the efforts of the City of Oakland to create a public bank.

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

BE IT FURTHER RESOLVED that pending a positive outcome of the feasibility study conducted and funded by Oakland, the City of Berkeley will consider contributing toward 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.



Jesse Arreguín
Office of the Mayor

REVISED AGENDA MATERIAL for Supplemental Packet 2

Meeting Date: [April 23, 2019]

Item Number: 23

Item Description: Resolution in Support of a Public Bank

Submitted by: Mayor Arreguín

Minor edits were added to specify that the resolution is in support of AB 857, state legislation that enables public entities to apply for a public bank charter from the California Department of Business Oversight.

A letter from Mayor Arreguín to Assemblymember Wicks asking for her support of AB 857 is included as an additional attachment.



Kate Harrison
Councilmember District 4

CONSENT CALENDAR
April 23rd, 2019

To: Honorable Mayor and Members of the City Council

From: Councilmember Kate Harrison, [Rigel Robinson](#), [Cheryl Davila](#) and Mayor [Arreguin](#)

Subject: Resolution in Support of [the Public Banking Act AB 857](#)

RECOMMENDATION

Adopt a resolution affirming Berkeley's support for ~~public banking~~ [the Public Banking Act AB 857](#) and send that resolution to Governor Newsom, Senator Skinner, and Assemblymember Wicks urging state legislation to enable local agencies to create public banks.

BACKGROUND

Public banks offer a way for governmental agencies such as cities, counties and states, as well as some organizations such as pension funds, to invest their funds in an institution that allows the investing organizations to avoid the high financial costs of dealing with private sector for-profit banks. Because public banks are created in the public interest rather than to maximize profit, public banks also generate income from their investments that can be re-invested in public benefit projects such as affordable housing, public transportation, and social programs. A public bank could decide to have no investment in fossil fuels, weapons, or tobacco in line with the priorities set by the Peace and Justice Commission. It could adhere to principles of economic, racial and environmental justice.

Public banks are run by qualified bankers serving a public mission and these banks partner with and support rather than compete with local banks. The Bank of North Dakota, a public bank which was founded in 1919, successfully weathered the last recession without the bailouts that went to Wall Street banks, and has provided hundreds of millions of dollars to North Dakota's treasury over the years.

Public Bank of the East Bay (PBEB) is an organization founded in August 2016 to advocate for a public bank for Alameda and West Contra Costa Counties. In 2018, the City of Oakland spearheaded a study on the feasibility of an East Bay public bank, using contributions from the City of Berkeley and from Alameda County. The study deemed a public bank feasible, though still not legal under state law. [AB 857 will enable cities, counties or regions to apply for a bank license under a "public bank charter" clearing a regulatory hurdle in our efforts. This application would be evaluated and regulated by the Department of Business Oversight with the same, if not more, scrutiny as any other new](#)

[bank.](#) We urge our representatives and governor to support legislation to allow local jurisdictions to create public banks through charter processes.

FISCAL IMPACTS OF RECOMMENDATION

Because public banks invest according to common need, rather than private profit, the dividends from a public bank may reduce pressure on the General Fund.

ENVIRONMENTAL SUSTAINABILITY

Private banks often invest in fossil fuel capital projects such as the Dakota Access Pipeline. Public banking, through fossil fuel divestment, promote environmental sustainability.

CONTACT PERSON

Kate Harrison, Berkeley City Councilmember, (510) 981-7140

ATTACHMENTS

1: Resolution

2: [Letter from Mayor Arreguín](#)

RESOLUTION NO. ##,###-N.S.

RESOLUTION IN SUPPORT OF ~~A PUBLIC BANK~~ AB 857, THE PUBLIC BANKING ACT

WHEREAS, a public bank is defined as a financial institution owned by one or more public entities such as a state, city, or county; and

WHEREAS, public banks are created in the public interest rather than to maximize profit, and income from their investments can be re-invested in public benefit programs; and

WHEREAS, a public bank can decide to have no investments in industries that run contrary to Berkeley's values, such as fossil fuels, weapons, or tobacco; and

WHEREAS, a bank owned by the Cities of Oakland, Richmond, and Berkeley and the County of Alameda will allow those jurisdictions to have more local control, transparency, and self-determination, and allow us to invest in public goods such as affordable housing, loans to low-income households, public transit, infrastructure, and renewable energy; and

WHEREAS, public banks are run by qualified bankers serving a public mission and these banks partner with and support local banks and credit unions; and

WHEREAS, the Bank of North Dakota, a public bank founded in 1919, is extremely successful and avoided a foreclosure crisis in 2008 because it did not issue risky mortgages; and

WHEREAS, in September 2018, the Oakland City Council accepted the East Bay Public Bank's Feasibility Study; and

WHEREAS, the State of California's lack of a public-banking charter option imposes an obstacle to efforts to explore a public bank and prevents public banks from becoming operational; and

WHEREAS, Assemblymembers Chiu and Santiago, with the support of the California Public Banking Alliance, have introduced AB 857 in the state legislature creating a uniform regulatory framework for municipal and regional public banks, which would allow for public banking charters under the regulatory oversight of the California Department of Business Oversight;

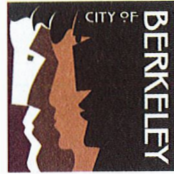
NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley supports the continued efforts to create and operationalize the East Bay Public Bank; and

BE IT FURTHER RESOLVED that the Council of the City of Berkeley urges the California state legislature to enact legislation amending the Government Code to enable local agencies to create public banks regulated by the Department of Business Oversight; and

BE IT FURTHER RESOLVED that the Council of the City of Berkeley hereby supports

| [AB 857](#)

BE IT FURTHER RESOLVED that copies of this Resolution will be sent to Governor Gavin Newsom, Senator Nancy Skinner, and Assemblymember Buffy Wicks.



Office of the Mayor

Jesse Arreguín
Mayor

April 9, 2019

Assemblymember Buffy Wicks
State Capitol, Room 5160
Sacramento, CA 95814

Dear Assemblymember Wicks,

I have been informed that on April 22nd, AB857 will be considered at the Banking Committee that you serve on. AB857 proposes to allow local governments to apply for a banking license from the state so that cities, counties or regions could establish their own public bank. I am writing to express my support for AB857 and share why I believe public banking could have great potential for the East Bay.

In 2017 I convened a City of Berkeley Task Force on Socially Responsible Banking, which has made me keenly aware of the challenges of the municipal banking industry. Competition is limited and municipal financial needs are quite complex. In May 2018, the Berkeley City Council opted in to the last two years of our contract with Wells Fargo because of these challenges, despite previously declaring our intention to sever ties within a year. Still, we are working diligently to find creative solutions that allow public funds to be banked with a socially responsible institution that is invested in the needs of our city and community.

A critical part of this work is the exploration of a multi-jurisdictional public bank. In September 2017, the Berkeley City Council contributed to the public bank feasibility study initiated by the City of Oakland. The report was imperfect, but taken with ongoing research through San Francisco's municipal bank task force, a path forward is more than possible. Since the potential of an East Bay Regional Public Bank is transformative our local leadership has committed to a prudent approach to exploring this mechanism to keep public money working for our local economy. While there are critical questions around capitalization, insurance, governance and possible lines of business, AB 857 simply clears a legal and regulatory hurdle. With this legislation in place our coalition could apply for a charter and be evaluated with the same, if not more scrutiny as any new bank would be.

While a regional public bank is certainly a novel concept, my own work with East Bay Community Energy Authority clearly demonstrates that this community is capable of leading in powerful and innovative ways. Ten years after Wall Street banks brought the global economy to its knees, our local economy is still dominated by these very same institutions. A public bank would not only allow us to sever ties with Wall Street, but also provide an important new tool for publicly financing the critical needs of our region such as affordable housing, small business and sustainable infrastructure. Furthermore, based on the success of the Bank of North Dakota, AB857 requires partnerships between public banks and local banking institutions, serving as a bankers' bank to amplify the important services they already provide.

Given the inordinate power of Wall Street and big banks, the importance of maintaining momentum and multi-jurisdictional buy-in cannot be understated. By supporting AB857 you would be building upon the important momentum and potential that has already been demonstrated by our county, cities and communities.

Opportunities to work on a project of this scale and significance as a regional public bank are rare, and I would be grateful for your support on this effort.

Sincerely,

Mayor Jesse Arreguin