

CITY OF OAKLAND
COUNCIL AGENDA REPORT

OFFICE OF THE CITY CLERK
2006 JUN 15 PM 5:45

TO: Oakland City Council Colleagues
FROM: Council President Ignacio De La Fuente
DATE: June 20, 2006 full City Council
RE: **A RESOLUTION URGING THE FEDERAL GOVERNMENT TO DELAY THE PROPOSED ACQUISITION OF GOLDEN WEST BANK (A.K.A. WORLD SAVINGS) HEADQUARTERED IN THE CITY OF OAKLAND BY WACHOVIA BANK HEADQUARTERED IN NORTH CAROLINA UNTIL AFTER WACHOVIA HOLDS PUBLIC HEARINGS IN OAKLAND ON ISSUES IMPORTANT TO OAKLAND INCLUDING, BUT NOT LIMITED TO, WACHOVIA REINVESTING IN OAKLAND, RETAINING JOBS IN OAKLAND, CREATING AFFORDABLE FINANCIAL SERVICES IN OAKLAND, AND ESTABLISHING A TOP-TIER POSITION AT THE BANK'S OFFICES IN OAKLAND THAT REPORTS DIRECTLY TO THE CHIEF EXECUTIVE OFFICER OF WACHOVIA IN NORTH CAROLINA.**

SUMMARY OF RESOLUTION

This Resolution urges the federal government to delay the proposed acquisition of Golden West Bank (a.k.a. World Savings) headquartered in the City of Oakland by Wachovia Bank headquartered in North Carolina until after Wachovia holds public hearings in Oakland on issues important to Oakland including, but not limited to,

- Wachovia reinvesting in Oakland,
- Wachovia retaining jobs in Oakland,
- Wachovia creating affordable financial services in Oakland,
- Wachovia establishing and maintaining a top-tier executive position at the bank's offices in Oakland that reports directly to the Chief Executive Officer of Wachovia in North Carolina.

FISCAL IMPACT

There is minimal fiscal impact for the city government. The headquarters and the three branches of Golden West (World Savings) generate property tax revenues. The portion received by the City of Oakland is over \$80,000 a year. If Wachovia were to sell one or all of its buildings, however, the new owner would still pay property taxes and the City would collect a one-time real estate transfer tax based on the sale price of the building or buildings sold.

In this case, however, the key fiscal impact is not for the city government but for the customers of the bank. This impact is unknown because it is not clear what financial services Wachovia will continue to provide in Oakland if the acquisition is approved by federal agencies. The goal of the Resolution is to encourage the federal agencies to delay any decision until these issues can be discussed in public hearings in Oakland.

ENVIRONMENTAL IMPACT

There is no direct impact to the natural environment.

BACKGROUND

Wachovia Bank of Charlotte, North Carolina, one of the largest banks in the United States, is seeking to acquire Golden West (World Savings Bank). Golden West is one of the only major financial institutions headquartered in Oakland. Golden West currently serves Oakland residents at three bank branches located at 1970 Broadway, 3348 Lake Shore Avenue, and 6450 Moraga Avenue in addition to its headquarters at 1901 Harrison Street. Golden West currently employs approximately 500 people at its Oakland headquarters and another 75 employees at its three local branches.

Nonprofit organizations including the California Reinvestment Coalition based in San Francisco and the Greenlining Institute based in Berkeley share the concerns of the Oakland City Council that a bank based outside of California acquiring a bank based in the East Bay could have a negative impact on the East Bay.

Wachovia is expected to file their official application with the federal regulatory agencies before the end of June. Once Wachovia files its application, the Community Reinvestment Act (CRA) requires a 30-day public comment period. This timeline underscores the urgent need to pass this Resolution tonight.

ACTION REQUESTED OF THE CITY COUNCIL

When a bank applies to the federal government to acquire another institution, it provides a unique opportunity to call upon that bank to reinvest in the impacted communities. Therefore, I am asking the City Council to approve this Resolution to urge the federal government to delay the proposed acquisition of Golden West Bank (a.k.a. World Savings) headquartered in the City of Oakland by Wachovia Bank headquartered in North Carolina until after Wachovia holds public hearings in Oakland on issues important to Oakland including, but not limited to,

- Wachovia reinvesting in Oakland,
- Wachovia retaining jobs in Oakland,
- Wachovia creating affordable financial services in Oakland,
- Wachovia establishing and maintaining a top-tier executive position at the bank's offices in Oakland that reports directly to the Chief Executive Officer of Wachovia in North Carolina; and be it further

The Resolution also asks the our City Clerk to fax this Resolution as soon as possible to the current Chief Executive Officers of both Golden West and Wachovia as well as to the federal agencies regulating the proposed acquisition including the Federal Reserve and the U.S. Comptroller of the Currency.

Thank you.

Report prepared by: Alex Pedersen, Legislative Aide, Office of City Council President Ignacio De La Fuente

05 JUN 15 11:25:50

Approved as to Form and Legality

OAKLAND CITY COUNCIL


City Attorney

RESOLUTION NO. _____ C. M. S.

INTRODUCED BY COUNCILMEMBER PRESIDENT IGNACIO DE LA FUENTE

A RESOLUTION URGING THE FEDERAL GOVERNMENT TO DELAY THE PROPOSED ACQUISITION OF GOLDEN WEST BANK (A.K.A. WORLD SAVINGS) HEADQUARTERED IN THE CITY OF OAKLAND BY WACHOVIA BANK HEADQUARTERED IN NORTH CAROLINA UNTIL AFTER WACHOVIA HOLDS PUBLIC HEARINGS IN OAKLAND ON ISSUES IMPORTANT TO OAKLAND INCLUDING, BUT NOT LIMITED TO, WACHOVIA REINVESTING IN OAKLAND, RETAINING JOBS IN OAKLAND, CREATING AFFORDABLE FINANCIAL SERVICES IN OAKLAND, AND ESTABLISHING A TOP-TIER POSITION AT THE BANK'S OFFICES IN OAKLAND THAT REPORTS DIRECTLY TO THE CHIEF EXECUTIVE OFFICER OF WACHOVIA IN NORTH CAROLINA.

WHEREAS, Wachovia Bank of Charlotte, North Carolina seeks to acquire Golden West (World Savings Bank) of Oakland, California; and

WHEREAS, Golden West is one of the only major financial institutions headquartered in Oakland; and

WHEREAS, Golden West currently serves Oakland residents at 3 bank branches located at 1970 Broadway, 3348 Lake Shore Avenue, and 6450 Moraga Avenue in addition to its headquarters at 1901 Harrison Street; and

WHEREAS, Golden West generates property tax revenues, which include over \$80,000 a year for the City of Oakland; and

WHEREAS, Golden West currently employs approximately 500 people at its Oakland headquarters and another 75 employees in its 3 local branches; and

WHEREAS, when a bank applies to the federal government to acquire another institution, it provides a unique opportunity to call on the bank to reinvest in the impacted communities; and

WHEREAS, nonprofit organizations including the California Reinvestment Coalition based in San Francisco and the Greenlining Institute based in Berkeley share the concerns of the Oakland City Council that a bank based outside of California acquiring a bank based in the East Bay could have a negative impact on the East Bay; now, therefore, be it

RESOLVED, the City Council of the City of Oakland hereby calls upon the federal government to delay the proposed acquisition of Golden West Bank (a.k.a. World Savings) headquartered in the City of Oakland by Wachovia Bank headquartered in North Carolina until after Wachovia holds public hearings in Oakland on issues important to Oakland including, but not limited to,

- Wachovia reinvesting in Oakland,
- Wachovia retaining jobs in Oakland,
- Wachovia creating affordable financial services in Oakland,
- Wachovia establishing and maintaining a top-tier executive position at the bank's offices in Oakland that reports directly to the Chief Executive Officer of Wachovia in North Carolina; and be it further

RESOLVED, the City Clerk of the City of Oakland will fax this Resolution as soon as possible to the current Chief Executive Officers of both Golden West and Wachovia as well as to the federal agencies regulating the proposed acquisition including the Federal Reserve and the U.S. Comptroller of the Currency.

IN COUNCIL, OAKLAND, CALIFORNIA, _____,

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California