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OFFICE OF THE CITY CLERK
OAKLAND

2013 DEC -5 PM 3: 23

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Katano Kasaine

SUBJECT: Contracts for Banking and Custodial
Services

DATE: December 4, 2013

City Administrator
Approval

Date

12-5-13

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council adopt the proposed resolutions selecting either J.P. Morgan Chase, N.A. ("J.P. Morgan") or Wells Fargo Bank, N.A. ("Wells Fargo") for depository services.

REASON FOR SUPPLEMENTAL

At the December 3, 2013 meeting, the Finance and Management Committee asked staff to provide additional information regarding J.P. Morgan Chase, N.A. ("J.P. Morgan") and the mortgage activities in Oakland with respect to J.P. Morgan and Wells Fargo Bank, N.A. ("Wells Fargo").

Over the past five years, since J.P. Morgan entered the California market with a retail / small business presence, J.P. Morgan has built strong partnerships with the state of California, other cities and counties and Oakland specifically. Currently, J.P. Morgan has 17 locations in the City of Oakland which include 10 branches and 7 full service ATMs for added service. J.P. Morgan successfully grew from 4 employees in 2008 to over 190 today, of which 178 of these employees are Oakland residents. J.P. Morgan has 113,000 consumer customers and more than 7,000 small business customers in Oakland alone. In other words, over 1/4 of Oakland's citizens have some relationship with J.P. Morgan. J.P. Morgan is a participant in the "Bank on Oakland" program, offering low cost checking products to assist under banked individuals to gain access to mainstream banking. J.P. Morgan has expressed their willingness to continue identifying areas of need and participate to benefit your community.

J. P. Morgan has gone from no market presence in California to over 1,000 branches in 2013, employing 19,288 Californians. While other banks are consolidating branches, J.P. Morgan is planning on adding an additional 100 branches in 2014 in California.

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J.P. Morgan Community Redevelopment Act (CRA) rating is "Outstanding" in California. The "Satisfactory" rating reported previously is their national rating. The review notes that J.P. Morgan was successful in providing banking and especially loans to a broad spectrum of lenders, and in particular 'outstanding' in serving less economically advantaged individuals and communities. A significantly positive volume of community development loans raised a good distribution of loans within geographies of different income levels and a good distribution of loans to borrowers of different income levels to an excellent level. In addition, the bank had excellent lending activity in a state with strong competition for loans. With respect to Oakland, from January 2011 through December 2012, J.P. Morgan provided:

- Over 18,500 home mortgage loans for over \$5.7 million, of which 30% were made to LMI borrowers and 17% were made for homes located in Low-Moderate-Income census tracts.
- Over 15,000 small business loans for more than \$377 million, of which 19% were made to businesses located in Low-Moderate-Income census tracts.

From January 2011 through October 2013, J.P. Morgan provided with respect to Oakland:

- Nearly \$220 million in community development loans, all of which was provided for affordable housing purposes.
- \$63.6 million in CRA qualified investments, \$49 million of which is in the form of Low Income Housing Tax Credit (LIHTC) investments for affordable housing purposes.
- \$6.9 million in community development grants, primarily for the development of affordable housing and for community services targeted to LMI individuals.

After only 5 years in the market, in 2013, J.P. Morgan was named "One of the Top 10 Corporate Philanthropists" in the Bay Area by the San Francisco Business Times. In 2012, J.P. Morgan has contributed \$15.5 million in the area of community development investment which is slightly higher than Wells Fargo with a total of \$14.1 million. J.P. Morgan expressed they will continue to broaden their market outreach and commitment to the communities in which they bank through charitable grants and giving. New to their list of grants in the City of Oakland include:

- Intercity Advisors to support their Scaling Job Creation through Quality Small Business Support Services and Capital.
- East Bay Asian Local Development Corporation (EBALDC) to support the development of the Healthy Neighborhood in Havenscourt in East Oakland.
- East Bay Community Foundation to support the Oakland Unified School District's improvement programs and graduation rates.
- Linked Learning in California of which Oakland is one of the six districts receiving funds.

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In November 2013, the California Statewide Communities Development Corporation (CSCDC) announced that it is partnering with J.P. Morgan, the City of Oakland and Low Income Investment Fund to provide a NMTC financing that will allow East Bay Asian Local Development Corporation to refinance \$3.2M of existing high interest rate debt and carry out tenant improvements on 15,000 square feet of retail space that will be leased to local small restaurants and vendors. Based on their figures and track records, J.P. Morgan Community Development Investments will continue to grow in Oakland.

In 2013, J.P. Morgan Bay Area Volunteer Group hosted over 8 events with over 450 employee volunteers. In these volunteer efforts, J.P. Morgan Bay Area Volunteer Group partnered with College Track, the San Francisco Food Bank, WorldVision, Taproot Foundation and the Bay Area Discovery Museum. In 2014, the group plans to partner for an event with Alameda County Community Food Bank.

To assist communities address foreclosure issues, J.P. Morgan participates in the First Look Program through the Neighborhood Community Stabilization Trust (NCST) and has a property donation program to assist communities. They actively work with local nonprofits and municipalities who are focused on neighborhood stabilization and increasing homeownership for low-to-moderate income borrowers by making Real Estate Owned (REO) properties available prior to going on the open market. Their partners generally rehab the homes with local workers and sell the homes to low-to-moderate income buyers, creating another owner-occupied property in the neighborhood. In addition, J.P. Morgan has also worked with the City on its new programs after the pilot stage which includes the foreclosure prevention ROOT Loan Fund, blight abatement and registration programs, and Community Buying program to transform foreclosed properties. J.P. Morgan has demonstrated themselves to be not just a good citizen, but a stellar partner to both the communities they serve and the governments that provide the constituents the service they need.

The table below details J.P. Morgan's mortgage activities as of September 2013.

Nation	January 2009 - September 2013	California	Oakland, CA MSA ⁽¹⁾
7,177,298	Total Loans Serviced ⁽¹⁾	1,047,027	136,073
4.90%	60+ Days Delinquent ⁽¹⁾	3.00%	2.30%
1,054,548	Foreclosures Prevented ⁽²⁾	247,031	27,618
579,782	Modifications Completed	135,873	15,245
276,739	Short Sales Completed	86,334	9,748
2.3:1	Ratio of Foreclosures Avoid/ Foreclosures Completed ⁽¹⁾	2.9:1	3.1:1
5,358	Foreclosed Properties Donated or Sold through First Look to Non- Profits ⁽²⁾	2,089	199

⁽¹⁾ As of 9/30/13

⁽²⁾ Foreclosures Prevented totals reflect a unique account total based on the last foreclosure prevention activity completed since 2009 (includes modifications, short sales, deeds in lieu, reinstatements, extensions, payoff).

⁽³⁾ Oakland MSA: San Francisco-Oakland-Fremont, CA

As previously reported Wells Fargo is recognized as a national industry leader in supporting the development of new innovative strategies to address foreclosures and abandoned properties including their partnership with Boston Community Capital on the foreclosure prevention *SUN Initiative* and the Twin Cities' Land Bank to transform abandoned properties. Wells Fargo has worked closely with City Housing and Community Development staff in piloting the City's new foreclosure recovery programs, including the foreclosure prevention ROOT Loan Fund, blight abatement and registration programs, and Community Buying program to transform foreclosed properties.

Given Wells Fargo's innovative approach and willingness to work with local jurisdictions on new solutions to addressing the foreclosure crisis, staff believes that Wells Fargo will continue to work closely with City staff on housing and community development initiatives. In addition, Wells Fargo has provided the following information:

- In 2013, Wells Fargo has contributed a total of \$1.46 million to organizations located in the City of Oakland. Please note; in the affordable housing category Wells Fargo has contributed over \$300 million to organizations located in the City of Oakland and \$117 million of the affordable housing total were specifically designated for foreclosure prevention counseling efforts.

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- In 2012, Wells Fargo made 21,518 grants totaling \$61.7 million to 7,850 nonprofit organizations in California. Wells Fargo charitable contributed to Alameda County total \$3.2 million. Some of the volunteer programs are My Volunteer Time, Grassroots Volunteerism, Reading First, Hands on Banking and Community Support programs.
- Community Development Highlights
 - Affordable Housing (Lakeside Senior Housing and Lion Creek Senior Housing)
 - Various Financial Education and Board Services (Youth Uprising, AnewAmerica, Oakland Business Development Center, Unity Council, East Oakland Youth Development Center, Inner City Advisors, Youth Employment Partnership, etc.)
 - Pastor University - Wells Fargo in partnership with Pastors of Oakland and the Faith Advisory Council and other ministers throughout the Greater Bay Area, launched a series of 3 – financial education seminars aimed to address the Business of the Church, Community Sustainability and Planning for the future.
 - Dia De Los Muertos - Wells Fargo served as the title sponsor for this year's Dia De Los Muertos Celebration in the Fruitvale Village, in collaboration with Unity Council.
- Homeownership/Home Preservation Workshops held in Oakland
 - Home Preservation Workshop – Oakland Convention Center – March 8-9, 2012
 - Homeownership Days- Oakland Convention Center – September 7, 2012
 - Home Preservation Workshop – Oakland Marriott – February 13, 2013
 - CityLIFT –Homeownership Assistance – Oakland Marriott – December 7-8, 2012

The CityLIFT program is a collaboration between Wells Fargo Bank N.A., city officials in Alameda and Contra Costa counties, NeighborWorks America, and local NeighborWorks network member The Unity Council. The CityLIFT program is designed to provide down payment assistance and homebuyer education programs in areas most impacted by the financial crisis. The program was modeled after Wells Fargo's innovative NeighborhoodLIFT program and developed in connection with the 2012 settlement with the U.S. Department of Justice, and is a collaboration between Wells Fargo Bank N.A. and NeighborWorks America. With \$5 million provided by Wells Fargo, the East Bay CityLIFTSM program provides down payment assistance grants of \$20,000 to eligible moderate-income homebuyers, homebuyer education, and support programs in nine cities in the Oakland MSA impacted by the housing crisis. Since being introduced with a large-scale homebuyer event in Oakland in December 2012, CityLIFT program has helped create 156 better-prepared homeowners as of December 2013. Additionally, 52 more prospective homebuyers have reserved down payment assistance grants and are in the process of closing on a new mortgage purchase loan with the program. About \$840,000 in down payment assistance program funds are still available that will help create another 42 homeowners in the Oakland MSA. Once fully funded, East Bay CityLIFT program will create a total of 250 homeowners in the Oakland MSA.

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The table below details Wells Fargo's mortgage activities as of September 2013.

Nation	January 2009 - September 30, 2013	California	Oakland, CA MSA ⁽¹⁾
9,663,469	Total Loans Serviced	1,317,751	177,576
5.20%	60+ Days Delinquent	4.21%	3.52%
1,120,220	Foreclosures Prevented	249,170	32,309
818,812	Modifications Completed	176,335	23,169
240,606	Short Sales & DIL Completed	66,787	8,589
1.8:1	Ratio of Foreclosures Avoid/ Foreclosures Completed	2.6:1	3:01

⁽¹⁾ Oakland MSA: San Francisco-Oakland-Fremont, CA

For questions regarding this report, please contact Katano Kasaine, City Treasurer, at (510) 238-2989.

Respectfully submitted,



KATANO KASAINE
City Treasurer, Treasury Division

Reviewed by:
David Jones, Principal Financial Analyst
Treasury Division

Reviewed by:
Jennifer Chin, Treasury Analyst II
Treasury Division

Prepared by:
Dawn Hort, Financial Analyst
Treasury Division

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FILED
OFFICE OF THE CITY CLERK
OAKLAND

Approved as to Form and Legality


CITY ATTORNEY

2013 DEC -5 PM 3:23

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO: (1) NEGOTIATE AND EXECUTE AN AGREEMENT WITH [J.P. MORGAN CHASE, N.A. OR WELLS FARGO BANK, N.A.] TO PROVIDE PRIMARY DEPOSITORY SERVICES FOR THE CITY AT AN ESTIMATED ANNUAL COST AMOUNT OF \$275,000 FOR A THREE-YEAR PERIOD WITH TWO ONE-YEAR OPTIONS TO RENEW, AND (2) NEGOTIATE WITH [J.P. MORGAN CHASE, N.A. OR WELLS FARGO BANK, N.A.] FOR SUCH ADDITIONAL BANKING SERVICES AS SHE MAY FROM TIME TO TIME DEEM APPROPRIATE, AT COSTS SHE DEEMS REASONABLE; AND WAIVING THE REQUIREMENTS OF THE LIVING WAGE ORDINANCE

WHEREAS, the City on July 1, 1999, entered into an agreement with Bank of America to provide depository services for a period of three years, with subsequent renewals; and

WHEREAS, the City on July 1, 2005, entered into a new agreement with Bank of America to provide depository services for a period of three years, with annual renewals at the City's option; and

WHEREAS, the City on July 2, 2009, entered into a new agreement with Wells Fargo to provide depository services for a period of three years, with annual renewals at the City's option; and

WHEREAS, the City, on February 22, 2013, issued a Request for Proposals for depository services; and

WHEREAS, three banking institutions – Union Bank, JP Morgan Chase, N.A. (“J.P. Morgan”), and Wells Fargo Bank, N.A. (“Wells Fargo”) – responded to this RFP; and

WHEREAS, a City selection committee, after considering these banks' respective capabilities and quality and cost of service, has determined that J.P. Morgan as the institution best fitting the criteria; and

WHEREAS, J.P. Morgan has indicated that it can provide the currently required services for an estimated annual amount of \$275,000; Wells Fargo Bank has indicated that it can provide currently required services for an estimated annual amount of \$275,000; and

WHEREAS, The City's Local and Small Local Business Enterprise Program has been waived for this project; and

RESOLUTION ALTERNATIVE RECOMMENDED BY FINANCE COMMITTEE

WHEREAS, no bank's proposal fully meets the specific requirements of the City's Living Wage Ordinance; now therefore be it

RESOLVED, after considering the reports from staff and all of the facts presented, the City Council finds and determines that [J.P Morgan Chase, N.A. or Wells Fargo Bank, N.A.] will best meet the City's need for primary depository services; and be it

FURTHER RESOLVED, that the City Administrator be authorized to negotiate and execute an agreement with [J.P. Morgan Chase, N.A. or Wells Fargo Bank, N.A.] to provide primary depository services for the City for a three-year period with two one-year options to renew, for an estimated annual amount of \$275,000 for current service levels; and be it

FURTHER RESOLVED, that the City Administrator be authorized to negotiate with [J.P. Morgan Chase, N.A. or Wells Fargo Bank, N.A.] for such additional banking services as may from time to time be deemed appropriate, at costs which shall be deemed reasonable; and be it

FURTHER RESOLVED, that the City Council finds and determines that in order to secure these services it is in the best interest of the City to waive the requirements of the Living Wage Ordinance.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2013

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF, AND PRESIDENT
KERNIGHAN

NOES-

ABSENT-

ABSTENTION-

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

FILED
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OAKLAND

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Approved as to Form and Legality


CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO: (1) NEGOTIATE AND EXECUTE AN AGREEMENT WITH [BANK OF NEW MELLON TRUST COMPANY, N.A., OR WELLS FARGO BANK, N.A.] TO PROVIDE PRIMARY CUSTODIAL SERVICES FOR THE CITY AT AN ESTIMATED ANNUAL COST AMOUNT OF \$25,000 FOR A THREE-YEAR PERIOD WITH TWO ONE-YEAR OPTIONS TO RENEW, AND (2) NEGOTIATE WITH [BANK OF NEW MELLON TRUST COMPANY, N.A., OR WELLS FARGO BANK, N.A.] FOR SUCH ADDITIONAL BANKING SERVICES AS SHE MAY FROM TIME TO TIME DEEM APPROPRIATE, AT COSTS SHE DEEMS REASONABLE; AND, WAIVING THE REQUIREMENTS OF THE LIVING WAGE ORDINANCE

WHEREAS, the City on July 1, 1999, entered into an agreement with Wells Fargo Bank, N.A. (the "Wells Fargo") to provide custodial services for a period of three years, with subsequent renewals; and

WHEREAS, the City on July 1, 2005, entered into a new agreement with Bank of America to provide depository services for a period of three years, with annual renewals at the City's option; and

WHEREAS, the City on July 1, 2009, entered into a new agreement with Wells Fargo to provide custodial services for a period of three years, with annual renewals at the City's option; and

WHEREAS, the City, on February 22, 2013, issued a Request for Proposals for custodial services; and

WHEREAS, three banking institutions -BNY Mellon Trust Company N.A ("BNY Mellon"), Union Bank and Wells Fargo- responded to this RFP; and

WHEREAS, a City selection committee, after considering these banks' respective capabilities and quality and cost of service, has determined that BNY Mellon as the institution best fitting the criteria; and

RESOLUTION ALTERNATIVE RECOMMENDED BY FINANCE COMMITTEE

WHEREAS, BNY Mellon has indicated that it can provide the currently required services for an estimated annual amount of \$25,000; Wells Fargo Bank, N.A. can provide the currently required services for an estimated annual amount not to exceed \$25,000; and

WHEREAS, The City's Local and Small Local Business Enterprise Program has been waived for this project; and

WHEREAS, no bank's proposal fully meets the specific requirements of the City's the Living Wage Ordinance; now therefore be it

RESOLVED, after considering the reports from staff and all of the facts presented, the City Council finds and determines that [BNY Mellon or Wells Fargo Bank, N.A.] will best meet the City's need for primary custodial services; and be it

FURTHER RESOLVED, that the City Administrator be authorized to negotiate and execute an agreement with [BNY Mellon or Wells Fargo Bank, N.A.] to provide primary custodial services for the City for a three-year period with two one-year options to renew, for an estimated annual amount \$25,000 for current service levels; and be it

FURTHER RESOLVED, that the City Administrator be authorized to negotiate with [BNY Mellon or Wells Fargo Bank, N.A.] for such additional banking services as she may from time to time deem appropriate, at costs which she shall deem reasonable; and be it

FURTHER RESOLVED, that the City Council finds and determines that in order to secure these services it is in the best interest of the City to waive the requirements of the Living Wage Ordinance.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2013

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF, AND PRESIDENT
KERNIGHAN

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the
Council of the City of Oakland, California