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The City of San Diego

MANAGER'S REPORT

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DATE ISSUED: October 3, 1990 REPORT NO. 90-427

ATTENTION: City Council, Agenda of October 9, 1990

SUBJECT: Submission of Public Comment to the Comptroller of the Currency Regarding Wells Fargo/Great American Merger

SUMMARY:

Issues -

1.) Should the City Council submit to the United States Comptroller of the Currency the public comments received at the September 19, 1990 meeting of the Public Services and Safety Committee regarding Wells Fargo Bank's acquisition of Great American First Savings Bank's retail branch network?

2.) Should the City Council recommend to the United States Comptroller of the Currency approval of the Wells Fargo/Great American merger conditioned upon the commitment of Wells Fargo to comprehensive San Diego Community Reinvestment program.

Manager's Recommendations -

1.) Approve this Report and submit it and the attached compilation of public testimony to the Comptroller.

2.) Recommend approval of the merger conditioned upon the commitment as described in this report.

Other Recommendations - None.

Fiscal Impact - None.

BACKGROUND

In July, 1990, Great American First Savings Bank agreed to sell various assets including its California retail branch network (64 in San Diego County) to Wells Fargo Bank. The proposed transaction is currently under consideration by the appropriate federal bank regulatory agency, the United

States Office of the Comptroller of the Currency. Federal regulations provide for public comment prior to approval or denial of the sale by the Comptroller.

On September 19, 1990, the Public Services and Safety Committee held a hearing to receive public comment on the impact of the proposed transaction. Over 30 individuals and groups provided comment. Several senior officers of Wells Fargo also offered testimony. The Committee requested that the City Manager compile the public testimony and incorporate it into a report to the full Council with a recommendation that the comments received be formally submitted to the Comptroller. A summary of the oral testimony is provided as Attachment I to this report. A complete transcript appears as Attachment II. Written comments were also submitted and are included as Attachment III.

On September 24, 1990, the Council approved Resolution R-276607, requesting that the Comptroller grant a 30-day extension of the comment period to permit compilation of the comments received on the 19th and consideration of the matter by the full Council.

DISCUSSION

The proposed transaction will have a significant impact on the availability of banking services and credit in the City. Great American has long maintained a commendable community reinvestment record in San Diego. This sale represents the fourth locally-based financial institution in the last year to be acquired by larger banks based elsewhere. Wells Fargo is proposing to make a significant investment in San Diego which will provide a timely infusion of much-needed capital into an institution which may otherwise decline into insolvency. If the acquisition is consummated, Wells Fargo will become San Diego's largest retail bank.

Although a variety of opinions were expressed and specific credit needs enumerated, the general public consensus at the September 19 PS&S meeting was that the proposed transaction should be approved, subject to certain commitments to be made by Wells Fargo with respect to community reinvestment in San Diego. These commitments involve the development by Wells Fargo of a San Diego specific community reinvestment program involving but not limited to the following elements:

- Maintenance and expansion of Great American's existing commitments with respect to affordable housing, charitable giving and its Southeast San Diego branch operations;

- Commitment of a San Diego bank officer responsible for implementation of affordable housing and community development projects;

- Support of technical assistance and capacity building efforts for San Diego community-based organizations;

- Expansion of retail banking services to minority and lower income areas and residents; and

- Expansion of small business lending, especially for loans under $50,000.

ALTERNATIVE

Take no action, permit the comment period to expire and allow the Comptroller to rule on the proposed transaction without formal comment from the City.

Respectfully submitted,

Maureen A. Stapleton
Deputy City Manager

SPOTTS/MAS/MS/rfs

10/02/90

MS64MR/WF/GA

ATTACHMENT I

SUMMARY OF ORAL COMMENTS
PS&S MEETING - 9/19/90

SPEAKER	REPRESENTING	ORAL COMMENTS
Leon Williams	S.D. County Supervisor/ Reinvestment Task Force Co-Chair	(Written comments included in Attachment III.) Wells Fargo (WF) should honor existing Great American (GA) commitments; small business loans under $50,000, especially in southeast San Diego; construction and permanent financing for affordable housing; establish a community development officer position for S.D.; and continue operation of GA's southeast S.D. branch.
Jim Bliesner	Reinv. Task Force	(Refer to written comments in Attachment III.)
Kurt Chilcott	City Economic Development Division (EDD)	Assume GA commitments; consider new investment in Economic Development, small business and affordable housing.
Jerry Groomes	Southeast Economic Devmt. Corp. (SEDC)	Maintain Southeast S.D. GA branch office and improve access to credit for Southeast S.D. businesses; endorses Reinv. Task Force written comments.
Michael McGraw	Calif. Southern Small Business Dvmt. Corp.	Continue GA sponsorship of this organization; participate in its small business loan guarantee program.
Evan Becker	City Housing Commission	(Written comments included in Attachment III.) Maintain $2.5MM GA participation in leverage rehab loan program; provide construction and permanent financing for first time homebuyers; support the Housing Trust Fund and non-profit housing development organizations; provide redevelopment assistance; maintain HUD at-risk projects as low and moderate income; purchase low-income housing tax credits; and maintain principal role of GA investment in single room occupancy (SRO) projects.
Tom Hall	Old Globe Theatre	WF has been a past contributor since 1985 and has agreed to assume and expand upon GA's prior commitments, including in-schools theater project for low income students.

Jean Ertle	S.D. Catholic Diocese-Peace and Justice Comm.	(Written comments included in Attachment III.) Continue GA community reinvestment commitment to low income and minority neighborhoods and affordable housing, working with community-based organizations; develop a specific targeted community reinvestment plan.
Jim Esterbrooks	County Ofc. of Education	WF has supported past programs: 1) incentives for high performance schools; 2)telephone information resources for parents; 3) summer learning guide to Balboa Park; and 4) academic decathlon.
Harold Brown	Black Economic Dvmt. Task Force	Request WF continue GA support for minority entrepreneurship, e.g., MESBIC.
Scott Kessler	Adams Avenue Business Association	Request support for proposed Mid-City Small Business Loan Program for loans under $50,000.
James Murray	Timberock Co.	(Written commenst included in Attachment III.) Supports written comments of Reinv. Task Force.
Frank Gormlie	City Hghts. Community Dvmt. Corp.	Requests WF provide: 1) construction and permanent financing to local non-profit organizations for affordable housing; 2) below-market interest rate small business loans under $50,000; 3) charitable giving to social service and community development organizations; and 4) improved access to low-cost banking services, including opening a WF branch in City Heights.
Jack Walsh	Self	Requests continuation of GA/Housing Commission leverage rehab loan program; notes that the City is fortunate to have a strong lender like WF filling the capital void left by troubled local S&L's.
Linda Stephens	S.D. Museum of Art	WF has been active as a contributor and board of trustees member.
Tom Fox	Normal Heights Community Dvmt. Corp.	WF should meet with local organizations to assess unmet community credit needs and develop a program for meeting those needs.

Terry Odendahl	Aids Foundation of S.D.	WF made a recent major grant to this organization.
Dan Berry	Self	WF brings much-needed capital to replace GA; optimistic about approval from WF on several affordable housing projects.
Frank Jordan	NAACP/Metropolitan Fellowship Foundation	WF should focus on empower of community-based organizations, affirmative action; keep GA Southeast S.D. branch open.
Ibrahim Naeem	S.D. Urban League	Economic development in southeast S.D. is priority one; also affordable housing; and working with community-based groups.
Barbara Barsky	Affordable Housing Developer	WF has expressed willingness to replace GA Letter of Credit, permitting remarketing of tax-exempt bonds.
Ralph Strahm	S.D. County Library	WF employees have been involved volunteers.
Alan Smith	S.D. Apt. Assn.	(Written comments included in Attachment III.) Notes WF and GA occupy different niches in the financial markets; meet or exceed GA record of low income residential lending; establish local loan review committee; compete for SF FHLB affordable housing funds; and hire local multi-family housing bank officer.
Mateo Camarillo	Certified Dvmt. Corp.	(Written comments included in Attachment III.) WF has not honored its past commitments for SD small businesses; endorses Reinvestment Task Force recommendations; wants specific loan commitment for small and minority business specifically for S.D.; 2% of WF profits for charitable contributions; loans in S.D. for housing and small business should be proportionate to overall WF portfolio; adopt employment policies reflecting S.D. work-force makeup; City of S.D. to evaluate WF performance and consider it regarding any City business with WF; elect a S.D. resident to WF board of directors.
Catherine Rodman	Legal Aid Society	WF expand depository and check cashing services, consumer loans; needed for very low income housing affordable to those on general relief.

Pete Vigil	Aids Assistance Fund	WF has been an active supporter; this organization supports the merger.
Edward Davis	DBD Collection Agency (minority-owned business)	WF should award contracts to MBE's.
Michael Galasso	Affordable Housing Developer	GA was a major provider of SRO permanent financing; a similar commitment from WF is needed--at minimum $5-10MM annually in S.D.
Lynn Skinner	Humanitas Foundation	WF provided emergency below-market rate construction financing for a non-profit affordab housing project; working with WF on additional such projects.
John Stump	City Heights Resident	Checking and depository services needed in City Heights.

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ATTACHMENT II

PS&S MEETING OF SEPT. 19, 1990

PRATT: We will now go to our Action Agenda. The first item will be the report on the Well Fargo-Great American merger. We'll have remarks by the Legislative Specialist Miss Beltran.

BELTRAN: Thank you, Mr. Pratt. On Sept. 5th the Public Services & Safety Committee accepted a request from Chairman Pratt and the City/County Reinvestment Task Force to hold a public hearing soliciting public testimony and lender comment regarding Wells Fargo's lending policies and practices. Under the 1977 Community Reinvestment Act, when considering certain applications involving a federally-insured financial institution, the Board of Governors of the Federal Reserve System and other agencies are required to take into account the institution's record of helping to meet the credit needs of the entire community, including low- and moderate-income neighborhoods. Wells Fargo filed its application to merge with Great American on August 31st, thus commencing a 30-day public comment period afforded under CRA. The purpose of this hearing is to obtain input from the public on the applicant's current and intended strategy for fulfilling its CRA obligations. Based on the committee's assessment of testimony received during the hearing, formal comments can be introduced for City Council consideration. Once approved, comments could later be submitted to the Comptroller of the Currency for the Agency's review while considering the applicant's merger approval request.

PRATT: Thank you very much. I would like to welcome the members of the public here, as well as Mr. Clyde Osler. I believe Mr. Steve Hall, Karen Wayman, Wegman(?) ...I'm sorry...and there's another gentleman...Drew Hansen... Welcome to the PS&S Committee. There's a great deal of interest in this particular issue by the members of the committeee, and certainly I have a great deal of interest in the merger in light of the role that Great American plays within the 4th District, and within the city of San Diego as a whole. This is an opportunity for Wells Fargo to share with us what they intend to do as far as providing the types of services that we have come to know and love from Great American. So I'm not going to belabor the point. I will give the opportunities

to speak to the people who are here. I understand that Chairman Leon Williams is here from the Board of Supervisors, and he, of course, has another meeting to attend to chair that great County of ours, so I'd like to give Mr. Williams an opportunity to address us first. Supervisor Williams.

WILLIAMS: Thank you very much, Mr. Chairman and committee members and staff. It's a real pleasure to be here, although it's something of a sad occasion for me to see Great American in the position that it's in. But, just to say a few things, I was, as most of you probably know, a member of this Council for 14 years and a substantial part of my effort during all that time was to focus on maintaining the city of San Diego in a viable condition, especially with respect to the downtown, older areas. And, of course, we made a lot of progress, as you can see by just looking around what's happening to downtown. The last 8 years, though, since I've been a member of the Board of Supervisors of the County San Diego, I have co-chaired with several members of the Council, but now Councilman Filner, the Reinvestment Task Force. And over the last 6 years of those years, we have noticed that there's ample evidence of disinvestment in many parts of the city of San Diego, and the county also. Great American, of course, was as all of us know, a very important part of San Diego, and San Diego's financial community, and did a tremendous amount of work in reinvestment in older areas, and throughout the city and county of San Diego. They did specific things like SROs, mixed uses, lending for churches, and they had a long list...I was looking at it, and you probably have it in your folders there someplace...a long list of community agencies that they made contributions to and helped. And I am very very interested in seeing Wells Fargo come in as a good corporate citizen. We spent, as you probably know, during the time I was on the Council, and even as a member of the Board of Supervisors, we spent many millions of dollars of tax money to encourage investment to give advantages to corporate organizations that would locate in San Diego, and that was to maintain economic viability. And I think we still need to continue to do that, and Wells Fargo -- I don't know what their giving record is. I understand that they need to be buoyed up a little bit. And it's for that reason that I'm here, and asking that you join with, or maybe on behalf of, or instead of, because you have more power than the Reinvestment Task Force, and we might do it over in the County -- communicate to the

Comptroller of the Currency our concerns, and I know that you're going to have a number of people, at least I hope you have a number of people, expressing some specifics, but I would like to just name a few. I see you're flashing my red light. I'll just name a few of the things that the Reinvestment Task Force has looked at. One of them is establishment of a small business lending pool for loans under $50,000. That's a very significant need, and especially Southeast San Diego. Another is construction and long-term financing of low-income housing to non-profit and private developers. And another one that's very important to us is to honor existing giving commitments of Great American to the various organizations throughout the city and county, and to establish a Community Reinvestment Act staff position to implement Wells Fargo's plans in S.D. county. And another one is to continue banking services of the existing Southeast San Diego Great American branch. And we're going to have some written testimony, I think, a written paper that we can present and do whatever we can to be supportive of you and hope that you will support the Reinvestment Task Force. Thank you so much.

PRATT: Thank you very much, Chairman Williams. I would like to give...I took Mr. Williams out of order because he has to chair the Board of Supvrs. meeting this morning, but I'd like to give Mr. Osler and anyone from Wells Fargo an opportunity to at least make an opening statement to ...again, we welcome you to our committee, and we're glad that you have decided to be with us to share with us your intentions and I guess the good news about Wells Fargo. Those of us in San Diego don't really know that much about WF, but we welcome you and you can make a statement before we go into the testimony from the citizens here today. Mr. Osler. Ah...you can talk from there if you'd like. The microphone..if you'll turn it on, there's a button just below your...on the panel there.

OSLER: OK. Well, we do welcome the opportunity to come, and we know that we're not well known in San Diego, so we look for every opportunity to talk about Wells. I think we have a good record. We appreciate your concern, and we are not only aware of it, but are in sympathy with it ourselves. Let me just, by way of introduction, tell you who the people are here. I'm a vice-chairman of WF in charge of the retail branch, what we would call sales, service and operations. Karen Wegman(?) is an executive vice president at WF Bank, and she is also the president of WF Foundation,

very involved in the community development area for Wells in charitable giving. Steve Hall, to my right, is a vice president and works for her, and he is in charge of community development, the area that you're most interested in. Drew Tansman(?), to my left, lives here in San Diego, is a senior vice president currently in charge of our mortgage activities, which are headquartered here in S.D. and Drew will be responsible for the branch system that remains in S.D. Let me just make a couple of comments. We are obviously looking forward to the opportunity to expand our business activities in S.D. area. San Diego, as you know, is a very large county. I was told the 3rd largest, and one of the fastest growing. Up to this point, however, in spite of San Diego's size and importance, just for historical reasons, WF has had ...starting out with about 10 or 12 branches which we have worked diligently over years to build up to about 20 branches ...that would put us at about 1 percent, maybe 2 percent of the market in S.D. So we have not been a large retail presence, and I suspect that our giving an involvement in the community may actually be proportionately larger than our business share, but both have been small, certainly relative to Great American. The Great Amer. acquisition, once comsummated, is going to give us an opportunity to expand our business market share, as well as our involvement in the community. We are very aware and appreciative of the important role that Great American has played in S.D. and we appreciate and are aware of your concern for that role and what role we'll play. I can tell you that we have paid a very high price, relative to what people pay, to be the largest bank in S.D. A part of that decision is looking at the people at Great Amer. and how they conduct themselves, both in a business sense and a community sense, because we'll be retaining a good number of those people and their traditions and try to pick up their responsibilties. So, we are ...we think we have our own very long tradition of corporate responsibility and we're a very responsible bank, very successful bank, very strong, but we're also very involved in a lot of what you have called corporate citizenship. And part of the approach to the Great American is to view it as a merger, because of the like backgrounds and interest. Let me just give you some numbers and examples. We looked over the last three years. WF, in terms of its economic dev. loan program, has made ...vested over $336 million. This is a growing portfolio. I looked at the numbers on the plane to refresh myself, and the number in 1989 of eco. dev. loans was double the number in 1988. The number in year to date 1990 is $147 million, with $50 million in

the pipeline. That means by the end of 1990 we will have done $200 million in low-income eco. dev. loans. Now this involves a full range of products, including construction loans, permanent loans. It also involves $11 million of direct loans to low-income customers of ours. We call this a LIFT Loan program -- Low Income Finance Term Loan. We are also, on the other side of the coin, very involved in charities. WF has given over the same 3 year period $7 million to United Way. We are, for example, in San Francisco, where we have a large market share, we are the largest corporate giver, even though there are probably a half-dozen financial...a half-dozen large corporations in the city who are much larger than WF, we are the largest corporate giver. We gave over $22 million in that same 3 year period, either through corporate or foundation grants, so we think we have a good record, and as we move into S.D. we would expect to duplicate that record here. Let me just mention, your staff has mentioned to you the Community Reinvestment Act of 1977. This obligates all financial institutions to attempt to identify and meet the credit needs of the entire community. It specifically mentions low- and moderate-income borrowers. This is a responsibility that we take very seriously, and we have developed a wide range of credit products that I mentioned briefly, and have a number of the line groups at WF ...uh, have specific people dedicated to making it happen. We have actually, in our own minds at least, tried to be a leader in this respect. You may recall at the early part of this year we announced a billion dollar goal for the next 7 years that in the eco. dev. area we would be attempting to reach a billion dollars of such loans and lending over a next 7-year period. We have not...this was an internal goal...we went public with it. We have not, typically tooted our own horns, either in the charitable area or this area. You said you wanted to get to know us. It's not really our style; however, we will when we think it benefits what we're trying to accomplish. Wells was the first major bank to make such an announcement, and as you might guess, all the other major banks subsequently announced similar large goals. We've done the same things in other areas. After the S.F. earthquake last year, we immediately announced the first thing that morning that Wells would pledge a million dollars to various charitable organizations working after the earthquake. And again, were followed by the large corporations in town. Most recently, I was thinking about it again on the plane, with the recent reservist call-up to go to Saudia Arabia, there is a fairly old and arcane bank

me just say that I can assure you that WF is genuinely interested in participating, and in the continued successful development of San Diego's community. We've made a very large investment here, and we understand that we both business and community obligations. The bank's corporate community development group, I have 2 members to my right, are going to be working very hard, as part of that billion dollar commitment, to find opportunities, and expansion into S.D. we do see as an opportunity to help us meet that goal...to find opportunites of good local community dev. and I would encourage anybody on the committee, or any other part of the S.D. government, or any other part of the S.D. community to contact them directly. We are always open to ideas and suggestions.

In closing, let me just suggest that before the meeting I met a number of groups who in hearing about this meeting today have come forward to say good things about WF, and I don't know that I'll have an opportunity at end, so I just want to thank everyone who's here on our behalf.

PRATT: Thank you very much, Mr. Osler. We will now go to public testimony. Jim Bliesner.

BLIESNER: I have no public statement to Supervisor's comments, on behalf of the Reinvestment Task Force.

PRATT: Kurt Chilcott...is Kurt here? We'll let you give your.

CHILCOTT: Yes, we submitted, on behalf of the City Manager, a letter to the committee, and we would encourage WF to look at, as has already been mentioned....look at taking over some of the activities that Great American has provided traditionally in the community, and to look at working with the City and other community groups that we work with quite frequently to continue to work with them, look at investment in the housing, affordable housing and small business and economic dev. fields. I think that's really all the comments at this point.

PRATT: Thank you much, Kurt. The next speaker will be Mr. Jerry Groomes, SEDC.

GROOMES: Good morning, Mr. Chairman and members of the committee. Thank you for this opportunity. I would like to make a couple of comments because

PRATT: Thank you very much. Mr. Michael McCraw.

McCRAW: Thank you for allowing me to present just a brief comment. I'm Mike McCraw. I'm the president and CEO of California Southern. We're a small business development corp. and I think it's important that we present, because for one thing Great American was a corporate sponsor to help us come to S.D. And number 2, as it was founded by the branch manager of the Southeast Branch, Dennis Calvin. We support the acquisition in that WF will bring substantial capital to our community and a more solidified lending environment. Calif. Southern can assist with this because what we provide are loan guarantees to small businesses, and we will make ourselves available to provide a mechanism for WF to address CRA through small business lending. We can also assist in that the Federal Reserve has acknowledged our loan guarantee program as a way of addressing CRA. We have been approached already by some of the area banks to assist in administering a loan pool program. That is, to provide direct lending. I think it's important to recognize that the smaller loans, the loans that are most needed by the small businesses are not truly cost effective for the large banks to administer. That is, that servicing costs and underwriting costs oftentimes prohibit the larger banks because of the various layers within the corporate structure. And Cal Southern can offer a very cost effective means in that we're a small corporation, but with underwriting and servicing capabilities. So we're here to offer a means of facilitating WF and the other banks in the area, their efforts to provide loans to small businesses, and we hope that we will be able to work together in the future. Thank you.

PRATT: Thank you very much, Mr. McCraw. Mr. Evan Becker.

BECKER: Thank you, Mr. Chairman, members of the committee, and welcome to our WF officials. I've delivered to you some written testimony which gets into some specifics, and let me just take a couple of minutes to summarize some of that. It's a bit repetitive with some things that Mr. Osler has mentioned, because we have in fact had considerable amount of positive dialogue with Steve Hall, primarily, in regard to some of our interest in connection with the acquisition. To the Housing Commission, this boils down to an interest in establishing some specific business relationships that will really advance and continue some of the positive programs that we've had in this city, especially those that Great American has had a very strong commitment to. And let me just say again that number one on that list would be the leverage

rehabilitation loan program. For those of you who don't know, that program rehabilitated over 600 units in the city last year, single-family and multi-family, with about a $2.5 million commitment from Great American. Now, in addition, that $2.5 million enabled us to leverage far more than that in federal and state money to accomplish that rehabilitation. It is generally recognized as one of the most effective rehabilitation loan programs ...local programs...in this country. We are...it's very important to ask that we be able to continue that program and again, Wells has made a verbal commitment to me that they will be willing to do so. I've mentioned a number of other specific things, and again, these have been discussed with WF and I think we've got their strong interest in fashioning commitments on each of these. We've got specific first-time homebuyer programs under way; we're very anxious to work with them on not only construction financing, but permanent financing as well, and in addition, a program perhaps that could piggyback on the mortgage credit certificate program that we have just launched in the city toward providing first-time homebuyer opportunities. I'm sure you will hear again about the interest and commitments to the Housing Trust Fund. I would remind you that the Housing Trust Fund concept was based on being able to take essentially scarce public funds, housing trust funds, and leverage additional conventional debt and equity financing. It's going to be very important for the private lending community to step up and provide commitments to go with the housing trust funds. You will be hearing a lot from the non-profit community here today. The non-profit housing development community is working very hard to built its capacity. I think redevelopment assistance, as well as project-specific assistance is going to be very much in need in the future here. You know, many of you that were working hard to preserve some of these expiring HUD subsidy programs and projects, working concurrently on over 800 units to put them in non-profit, non-speculative ownership. They are aware that we need help with that in the form of debt financing. Equit in the form of purchase of tax credits, perhaps. Last, I would just remind again that Great American Bank was a principal, if not the principal lender regarding the single-room-occupancy hotel program, and I know that the projects that the Housing Commission participated in had Great American there in most cases as the primary lender. And to the extent that we're going to continue that success with the SRO program, we're going to need a continuation of that kind of commitment. We need these kinds of commitments from WF and I hope we can translate our positive discussions into those kinds of commitments. At the same time, I'd like to thank these people for the cooperation that they've shown thus far with the Housing Commission. Thank you.

PRATT: Thank you, Mr. Becker. Mr. Tom Hall, representing the Old Globe Theatre.

HALL: Thank you, Chairman Pratt, members of the committee. My name is Tom Hall. I'm the managing director of the Old Globe Theatre, and I'm here this morning representing the Globe in suport of WF efforts for the future of S.D. As a native San Diegan, an active member of our arts and business community, I share the concerns of others at the loss of Great American Savings Bank as one of the most significant locally-owned and operated financial institutions in the city. However, as someone who has had the great good fortune to work closely with WF over a multi-year period, I can assure that were we to hand pick a successor to Great American, we couldn't find a better candidate than WF Bank. Unlike the speakers before me, rather than focus on what our needs are for the future, I would like to give you just a brief breakdown of some of the community and social programs that Wells has been involved in here, long before any of us knew that they may have an increased presence in S.D. I'd like to preface it by reading a quote to you from probably the best-known national directory of corporate philanthropy, and in a profile of WF Bank they say that WF has a corporate good neighbor approach to their work, with an emphasis on quality of life and education, supporting community activities that contribute to the economic, social, cultural and health needs of the localities in which they operate. I can tell you from our perspective that our relationship with WF has fit that description perfectly. Wells began with the Globe in 1985, with a significant gift that was focused for community outreach. Since that time, they have continued their support on an annual basis, and in every instance, they have looked at the broad spectrum of community activities, artistic programs that we offer, and have been very careful to insure that their monies went to benefit as many people as possible. As mentioned, recently WF has agreed to assume and expand upon the largest corporate contribution in our history, which was pledged by Great American Bank. And in the coming year, WF will be at the forefront of all private-sector supporters of the Old Globe Theatre. I think it's important to point out that Wells didn't just simply come in and take over a commitment or a perceived commitment. They met with us repeatedly. They looked at our programming. They assessed the value that that programming had across a broad spectrum of the community and frankly, they changed or refocused some of the dollars in terms of where it was going to go. Principal among the programs they'll be underwriting is our Teatro Meta(?) in-schools project. Some of you may be familiar with it. It's a program that we instituted some years ago that focuses on low-income student who are at risk of dropping out,

who have no opportunity to excell in the schools. WF took a look at that program and came back to us and said, before they did anything else, they wanted the opportunity to completely underwrite that for the coming year. I think that demonstrates a very strong commitment from WF to this community, way beyond what their business interests are, and I would urge you to suport them. We feel they'll provide a bright future to S.D. We do mourn the loss of Great Amer., but we think we've got as good a replacement as we could find in WF. Thank you.

PRATT: Thank you, Mr. Hall. Miss Jean Ertle(?).

ERTLE: Good morning. My name is Jean Ertle, and I'm here today as director of Office for Justice and Peace of the S.D. Catholic Diocese to comment on the planned merger of Great Amer. and WF Banks. Catholic social teaching includes among its values these principals: stewardship, which calls us to use the gifts of creation for the benefit of all, and raises basic questions of equity, fairness and justice; participation, which suggests that we measure our progress by whether people are able to shape their own destiny and meet their own basic needs by a broader participation in economic, civic and social life; and a preferential option for the poor, which recognizes that the deprivation and powerlessness of poor people wounds the whole community. The continued presence of Great American Bank branches in our low-income and minority communities, Great American's commitment to finance low-income housing, and its involvement with community-based non-profits have given witness to these principals. The loss of this S.D.-based financial institution could create a void in these areas. The Office for Justice and Peace would expect WF Bank to fill this void, continuing to operate those branches located in the low-income and minority regions, and as the largest lender in S.D. to recognize its responsibility as members of our broader community by developing a specific, targeted lending program for low-income neighborhoods, and by working more closely with with community-based non-profit groups. In closing, I'd like to quote the _____ Bishops, who in their pastoral letter, Economic Justice for All, point out that in U.S. law, although the primary responsibility of managers is to exercise prudent judgment in the interest of a profitable return to investors, morally this legal responsibility may be exercised only within the balance of justice -- to employees, customers, suppliers and the local community. Thank you very much.

PRATT: Thank you. Jim Esterbrooks.

ESTERBROOKS: Thank you very much, Chairman Pratt. My name is Jim Esterbrooks. I'm a public information officer at the County Office of Education, and I appreciate the opportunity to address the committee on behalf of the County Supt. of Schools and the County Office of Education. WF has been extremely supportive of the efforts of the Co. Office of Educ. to improve school performance and student achievement. Four specific Co. Office of Educ. programs have received substantial support from WF. The High(?) Performance Schools Project has helped 24 local schools improve academic achievement by the use of financial incentives to reward improved performance. The Ed Info telephone information system has provided research-based information to parents on a toll-free telephone line that helps those parents improve their students' efforts and performance in schools. The Summer Learning Guide has been a comprehensive catalogue of all the learning classes, learning opportunities in Balboa Park offered each summer. And the Academic Decathlon is the largest, the single largest individual academic competition conducted for public schools, and private schools, in S.D. County. In addition to their financial support of the Decathlon, WF has also provided volunteer workers to work on the day of the competition and with 50 high schools and 9 kids from each school competing in a day-long competition, that's a lot to ask of any volunteer. This support has helped improve schools throughout the county and has reflected a deep and knowledgeable interest in public school performance. In the eyes of the County Ofc. of Educ., WF is already a model corporate citizen, and on behalf of the County Supt. of Schools, I urge the committee to support this merger. Thank you.

PRATT: Thank you very much. Mr. Harold Brown.

BROWN: Mr. Chairman. Thank you very much for this opportunity to speak on behalf of the Black Economic Development Task Force. The Task Force was established to act as an advocate for Black economic dev., and also to support the eco. dev. of the other ethnic communities in S.D. The impact that the African-American community will feel, as a result of the loss of the Great Amer. Bank, is a very serious one. Gr. Amer. has been a friend to the African-Amer. community. It has provided not only financial support, but it has provided the kind of spiritual support that is needed for a disenfranchised group. I hope that WF Bank will be able to fill such a void, which will not be an easy task because it must come from the top, as we all know. I make no assumptions that that commitment is not there at WF. My comments are made only to remind WF that the commitment at the top, as any manager knows, is a

very important item that must be recognized so that it can filter down to those who must follow. An example of Great American's commitment to the A-A communities, the Latino communities, the Native American communities and the Asian communities, is as follows: If I could offer to you one issue that is of dire importance to Afro-Amer. in this nation, and I suspect to the other ethnic groups, is the problem of a lack of capital for the entrepreneurs who want to throw their hats into the ring of entrepreneurship, and also to those businesses that are owned by African-Americans and other ethnic groups who want to expand their businesses. And to cite the statistics would be a dismal act when you look at the amount of participation of minority businesses in the economic mainstream. But an example of Great American's commitment is found in its support for establishing a small business investment company that will serve the minority communities, commonly known as a MESBIC(?). Great Amer. was one of the key supporters of this particular project, and I would encourage the WF to continue that kind of commitment, not only to that particular vehicle, but to any vehicle that speaks to the lack of access to capital for the ethnic groups. So, with that, I see the red light blinking also, and I thank you, Mr. Chairman, for that opportunity, and on behalf of the Black Eco. Dev. Task Force we will certainly be in touch with WF representatives.

PRATT: Thank you, Mr. Brown. Mr. Scott Kesler, and then James Murray and Frank Gormley.

KESLER: I want to thank the committee for this opportunity. My name is Scott Kesler, and I'm the director of the Adams Ave. Business Assoc. which is one of S.D.'s business improvement districts, and we've been involved in the last year in trying to acquire, or to set up a small business loan development program with a number of banks. And we are in the process and negotiating with WF now in setting up a Mid-City Small Business Dev. Program. And so far our conversations, mostly with Mr. Steve Hall, have been promising and yet we remember, or have had a history with other financial institutions this year where the negotiations have started off promising, but we really haven't gotten a program off of the ground. And we think it's important that the City comments to the Comptroller, in order to assure that there would be something forthcoming from WF in regards to small business loans. And it's been mentioned a couple of times already today, but small business is one of the ...tape ends, portion lost.....possible to banks to deal with loans like under $25,000 - $50,000, so I'd like to say that we look forward to working out a relationship with WF as far as our plan that we've proposed to them. Thank you.

PRATT: Thank you. Mr. Murray, and then Mr. Frank Gormley and then Jack Walsh.

MURRAY: My name is James Murray, president of the Timberock(?) Company, La Jolla, CA. specializing in community services for business and government. Having been retained this year to assist with affordable housing planning for Pacific Gas & Electric Co., Southern Calif. Gas Co., Southern Calif. Edison, SDG&E, the National Energy Mgmt. Foundation. In view of your time today and the magnitude of this question, I would like to direct my comments toward the question of affordable housing. Federal regulators want to see loans on the books, documentation of public relation approaches are important. But if the banks do not make sufficient loans, they may be precluded from receiving deposits. In other words, the banks must make these loans. How can they make loans in view of the land costs and zoning considerations in most places in S.D., city and county. There seems to be no solution, and no amount of willingness or pressure from the government communities can change that. Alan Greenspan, Federal Economics spokesman, has said the bottom line to any federal action will be that there will be no unsafe and unsound loans. May I compliment the Public Services Committee for you attention in working towards to solutions to the question of the private sector's public interest responsibilities as federal action begins from local govt. understanding these issues. One approach to the solution of the paradox is through a public-private partnership. It hinges on surplus govt. property, willingness on the part of govt. to assist the private sector with zoning and financial incentives and guarantees, and an absolute commitment on the private sector's part to loan money if the land and zoning considerations are favorable. At that point, developers will be able to make a profit and they will be able to build all the affordable housing necessary. The means to catalyze this solution is American competition. Banks may begin to compete with each other for deals with cities and counties. In return, the govt. entities can energize their housing authorities, redevelopment agencies, community dev. agencies and zoning authorities to produce new services to out-compete other cities which may not be prepared to do as much. A great deal of work in restructuring needs to take place within the institutions to achieve a public-private sector partnership. Following this line I've been working for almost 3 mos. on a plan for a similar financial institution interested in this approach. In 1979, as a representative for the S.D. Urban League to the S.D. Housing Coalition, a consortium of S.D.'s major community dev. orgs., I was chosen to serve on a state-wide coalition of community dev. orgs. From that experience, I became aware of how well organized and advanced S.D. is in community dev. From then to the present, I have kept up-to-date

on the City-County Task Force...Reinvestment Task Force...and seen it evolve into an effective organization reprsenting fairly the interests of the community govt. and business. That's enough for me, and I wish you to support the Reinvestment TF and further research on this issue.

PRATT: Thank you very much. Frank Gormley, Jack Walsh and Linda Stevens.

GORMLEY: Good morning, Mr. Chairman and members of the committee, Great American ...excuse me, Wells Fargo officials. I'm Frank Gormley from the City Heights Community Dev. Corp. The City Heights CDC is a non-profit community-based eco. dev. corp. and organization. We're working to revitalize the City Heights residential and business areas. It's an area which experiences private and public disinvestment. We have identified some specific concerns regarding access to credit. They are, number 1, lending for construction and long-term financing for affordable housing by non-profit orgs.; 2) making small business loans available under $50,000, with reduced collateral and interest requirements; 3) charitable giving toward community-based social service orgs. and comm. dev. groups; and 4) increased access to low-cost banking services.

City Heights is forced, due to the absence of bank branch offices to its banking at check cashing stores. We often pay 5% of the check's value just to cash our checks. In a neighborhood of 40,000 persons, we only have one bank branch, the Union Bank. However, there are at least seven check cashing stores. This is disinvestment. We would like to have an assessment made on whether a branch should be established on our main ...one of our main business streets, University Ave. Thank you.

PRATT: Thank you. Mr. Walsh.

WALSH: Chairman, members of the committee, I stand here bearing the scars of 14 years of public services, both as Councilman and a member of the Board of Supervisors. And a lot of those scars came from advocating causes for minority and community-based orgs. And since that time, since leaving public service, I've devoted all of my time to providing affordable housing. In fact, right I've enticed partners to invest in low-income areas in over 1200 affordable units and in no small part thanks to the support of Home Federal and Great American. In fact, when I was in public service, Great American was known as S.D. Federal at that time, to some of you

old-timers in S.D. I'm sure that some of you know that the Chinese characters for the word crisis also stand for the word opportunity, and although with the possible demise of Great American, at least from the S.D. scene, I think that there's a tremendous opportunity for us, and I'm very encouraged by not only the contacts that I've had with WF on my own particular interests, because of my dedication to affordable housing programs in lower-income areas. But some of the statements that were made today, and one of the statements which I'm particularly interested in, of course, is the continuing of the rehab program. I and some of my partnerships are presently involved in two major rehab applications through the Housing Authority, and through Great Amer. And not only will it result in providing improved living conditions for the people, but there will be 400 people who will, now for the first time, have certificates of support that's created by this program, and have subsidies that otherwise would have gone to other cities. Also, WF has been working with a partnership that I'm involved in, and already started to do the diligence in investigation and the provision of possible construction financing for over 160 single-family first-time buyers in the community. Now, a lot of us who have been able to work within lower-income areas have been able to do it because of a personal relationship with the Gordy Luces and the Tom Carters at Great Amer., and Bob Adelizzis and Kim Fletchers at Home Federal. But that sad part right now is that Gr. Amer., of course, is making no loans, and Home Federal is making no new loans within the community, and I see from both the articles in the Times and the Union this morning, which pretty much state the same thing, that Great Amer. is saying that without the sale to WF there's a strong likelihood that the govt. will seize the barely-solvent institution. Now, let me tell you, that's not opportunity, that's crisis. The RTC or the OTS does not maintain branches or open new branches in needed communities etc., they close them. When was the last time that you heard of RTC making a contribution to the Zoo, Mercy Hospital or some other org? RTC does not make loans...new loans in communities, but rather board up bldgs. as Wes can attest, in communities, and they sit there for as long as 6 years. My feeling that this is an opportunity for S.D. as a community to dev. a working, good relationship with WF, who has the capacity to do even more things than the Home Fedls and the Gr. Amers. have been doing within our community, and I speak here today in support of their acquiring, not only the branches, the furniture and the concrete, and the offices etc., but the programs and the spirit that Gr. Amer. has lent to this community, that's been so important to all of us. Thank you.

PRATT: Thank you. Linda Stevens, Tom Fox, Terry Odendahl.

STEVENS: Thank you, Chairman Pratt. My name is Linda Stevens. I'm Development Coordinator for the S.D. Museum of Art. I'm here on behalf of our Director, Steven Brezzo, who regretfully was unable to here today. He did prepare a statement and I would like to read it to you: "It has recently come to our attention that the City of S.D. has an interest in the community involvement history of WF Bank, as a result of the proposed merger between WF and Gr. Amer. Banks. The S.D. Museum of Art is pleased to report that WF Bank Foundation has been a generous corporate citizen since 1982. The company's involvement encompasses various projects, including the support of major exhibitions. WF has contributed significantly to such exhibitions as 20th Century Paintings from the Museum of Modern Art in 1982, Mouton-Rotheschild Paintings for the Labels in 1987, and 1988 Grant Wood and Marvin Cohn, An American Tradition. WF Bank and Fdn. are avid supporters of the arts here in S.D., not only through their financial contributions, but also through their individual support of their local representatives. Randall Zerbach, formerly Senior V.P. in S.D., served on the Museum's Board of Trustees from July, 1987 through June, 1990. serving as Treasurer and Assistant Treasurer during his tenure. Mr. Zerbach was also an active members of the partners in our executive committee, which is committed to involving corporations and individuals with the Museum and the cultural concerns of this growing city. The S.D. Museum of Art is thrilled to have WF Bank in S.D. and we feel confident that their exemplary support of local orgs. will continue to parallel the growth of this changing region." Thank you.

PRATT: Thank you. Mr. Fox.

FOX: Tom Fox, Director of the Normal Heights Comm. Dev. Corp. We've had the opportunity to deal with a number of banks and savings and loans over the last couple of years, in trying to extract reinvestment agreements. I would just like to re-enforce what was said earlier by the Committee Consultant regarding the CRA, and re-enforce the knowledge that what CRA is, is really just a restatement of the Bank Holding Co. Act, which basically prescribes what banks ought to do, and why these insititutions have their charter. Philanthropy is good, and it's encouraged, but banks are chartered to make loans, and they're chartered to make loans in their local communities, the area that they service. And that's why we have CRA, because the Congress of the U.S.

determined, back in 1977 and before, that in fact, based on the evidence, they weren't. So I think we need to take a look at that, and notice the difference between what the institutions say and what they do. I know WF has gotten a lot of list of particulars from various orgs. I think that's good, and more orgs. should be encouraged to do that. A point I do need to make is that Gr. Amer., which all the members of this committee and everyone in this room, is paying for the Gr. Amer. going belly up. Where we, the taxpayers are bailing them out, the fact is Gr. Amer. really didn't stay home and do their knitting. When we asked them over a year ago what process they used to determine local community credit needs, they didn't have a process. If they'd stayed home, made those dull loans to small businessmen, and to minorities and to low-income and working-class people, they wouldn't be going belly-up today. And those are the facts. This isn't a hostile takeover by WF. It isn't like SDG&E or So. Cal. Edison. Either they go into receivership or they get acquired, and that's really the bottom line, is that Gr. Amer. should have done what we hope WF will do now. I think if this committee's going to make a recommendation, what it should do is that it should make a recommendation based on what WF does to ascertain community credit needs. I believe, and I'll take the opportunity to ask Wells today, I think they go to the communities, they should meet with local commun.-based orgs. and non-profits, they should meet with Business Improvement Districts, they should tour those communities, and they should develop a program that meets those needs. That's empowerment, and that really is the basis of any successful comm. lending agreement, and it's the basis of any successful reinvestment agreement to date, anywhere in the country. And I think that they should be doing that, and I would encourage this committee to encourage WF to use that process of empowerment so that any lending agreements that are struck are ones that actually are going to happen in the community, are going to be followed through with, and are going to make a difference. One final word, and that is that we know the FDIC insurance fund is broke, we know that the Bank Ins. Fund is going belly-up now too, and I don't know of a single savings & loan or a single bank that ever went broke making small business loans, loans to the working-class and minority individuals -- not one, not even during the Depression, so we need to bear that in mind. Thank you.

PRATT: Thank you. Mr. Odendahl, Dan Barry, Frank Jordan.

ODENDAHL: Chairperson Pratt, Councilmembers, thank you very much for your attention and for having the hearing today. My name is Dr. Terry Odendahl, and I'm

representing the AIDS Foundation of S.D., an org. which will be formed by the end of this month. I'm currently the chairperson of the board of the S.D. AIDS Project, and we will be merging with the AIDS Assistance Fund within a matter of days, in fact. I'm sure it's no surprise to any of you on the Council that S.D. as a city has one of the fastest-growing AIDS populations in the country. Our case load is increasing daily, and we have been unable to handle this load...we have not had the financing to handle the services that we must provide to individuals, and have been looking very increasingly to the private sector to help us with this issue. I'm very appreciative, as is the entire Board, that the WF Bank has recently, with the last months, made a $25,000 grant to the AIDS Assistance Fund to assist in the merger between the Fund and the Project, which we'll now call the AIDS Foundation henceforth. I wanted to make the point that not only is this the largest bank contribution to an AIDS org. in our community, but it is in fact the largest corporate contribution to an AIDS org. We want to express appreciation for the commitment of WF to the HIV community, and thank you very much.

PRATT: Thank you. Dan Barry, Frank Jordan, Ibrahim Naim.

BARRY: Good morning. I'm a little bit unique in that I formerly worked for Great Amer. I was with them for over 16 years. I founded the Home Loan Counseling Center, which many S&Ls belonged to, and still do. I was an original member of the Reinvestment Task Force. I was a branch manager at one time in the Southeast Branch, and I helped found and co-authored the often spoken of Rehab Program of the Housing Commisison that Gr. Amer. currently co-operates. I'm very much in favor of WF, I've been, as I said before, I'm somewhat unique, and I've been able to be on the inside of Gr. Amer. and to a smaller degree on the inside of WF working with Steve Hall, and I am greatly encouraged by what I've seen. I think they will continue a lot of what Gr. Amer. has done. One of the benefits, of course, is they bring greater cash and expertise and resources to the community, which, of course, Gr. Amer. no longer has. Without WF there will be a gigantic void, just a gigantic void. I think it's in all of our best interests, of course, to work with Steve, and Clyde and Karen and everybody else that's involved with WF, on a positive note, and get things moving again like we did at Gr. Amer. So far I'm very encouraged. Two items that give me some encouragement are a couple of programs I've been working on. I was with Gr. Amer. 16 years, I indicated before, and for 4 of those years I managed the In-State Commercial Real Estate

Loan Dept., roughly I was involved with over $5 billion in loans. During that time, during the 16 years I was overseeing, I had a collateral responsibility of the CRA activities of Gr. Amer. and oversaw in excess of $2 billion in loans in disadvantaged communities throughout the state. Because of these numbers of years and various opportunities and responsibilities with Gr. Amer., I became acquainted with numerous individuals, two of which have presented me loan programs, and one WF is very close to making a commitment on. And it's right down here, several of you on the Council have heard of it, so.. Crosstown B -- it's a 17-story 284-unit, living unit project. It's an upscale SRO, I'm working on that with the borrower and we're very close to commitment as I understand from WF, hopefully by the end of the month. And it will also have a daycare center, so it'll be a very very good project for the downtown resident who wants to live in something other than an SRO but cannot afford a normal-sized apt. or a small studio. It'll be limited to 60 percent of the median income, so it'll be a lower-income project. The other one I'm working on is a senior care facility with Floyd and Sandra Robinson out in Southeast S.D. I think most of know who they are, and WF is going through the dealings right now, and looking very favorably on that. I feel that I have some insight, with my experience with regard to who can, who will obligate themselves in a very strong, committed fashion with regard to lending. You have a feel for this when you've put on the books over 16 years in excess of $10 billion in loans, $2 billion of which were in the disadvantaged communities. I think WF is going to come through, and I don't think we'll have any problems. Thanks.

PRATT: Thank you, Mr. Barry. Mr. Jordan, Mr. Naim, Mr. Wineteer.

JORDAN: Good morning to Councilmembers and those who came out to voice their opinions this morning. My name is Frank Jordan. I'm a board member of the S.D. branch of the NAACP, and also volunteer with the Metropolitan Fellowship Foundation. We are in support of WF merging with Gr. Amer. as long as they will become a good community citizen. And as long as they will have an outreach campaign that is good or better than Gr. Amer. We would like to see WF consider community reinvestment, but to invest in community-based orgs. that are creating, or have a track record of working in their own communities. We are are basically fed up with people outside of our communities coming in and telling us what's best for us, and we're looking out for your best interests. We want to be a part of the process. And that's all we're saying. We want you to look at your hiring practices -- of Blacks, browns, women and other minorities, as well as to look at your promotion opportunities for Blacks,

browns, women and other minorities. It is very important that everyone have an opportunity to share in prosperity. Fifth, the Southeast Branch is a very important branch that not only serves Southeast S.D., but also Barrio Logan, parts of the 8th and 4th Districts. You made a statement earlier that you invest X amount of dollars each year where you give to United Way. That's a good idea, but in our community we have found, when organizations use clearinghouses, and United Way is a clearinghouse, you give them the X amount of dollars and they will decide where the money goes. Many of our community-based orgs. are really cleared out, so we want you to look at those worthy orgs. that might be in need of a direct contribution, and we have some very outstanding non-profits in our community that are doing very good jobs with their limited funds. So we want you to not only use that approach, but also a personal approach. Get to know us. Get to know what we're doing, how we're doing it, and together we can become very good friends. Thank you.

PRATT: Thank you very much. Mr. Naim, Mr.Wineteer, Barbara Barski.

NAIM: Good morning, Mr. Chairman and members of the committee, and WF representatives. My name is Ibrahim Naim, I'm president of the S.D. Urban League. Having sat through this proceeding, I've heard lots of wonderful ideas, and a tremendous amount of concern expressed about the impending merger. I would simply add my voice to say that there are a number of things that I think are paramount for WF to consider. First among them is economic justice, and by saying that I'm implying that, for a community, and I'm speaking specifically about the Southeast community now, for a community that is under-developed to become a fully-developed community, which in itself will rid it of the myriad of social ills that plague that community, it's important that it has a firm and solid financial economic base, and the comments that were made as regards business loans, business development, should be priority one, I would think. Secondly, as...following Manslow's Hierachy of Needs, I guess, we would probably like you to look quite seriously at housing, affordable housing. Low-income housing is, I think, a misnomer today's market -- but affordable housing. And then the 3rd thing I would say is, as you move in those directions, if you would take some work from the speaker who preceded me, and come out to our community, meet with the people who represent that community, empower the community as you go, and find out what the community feels is in their best interests. I think you will find that your relationship with the minority community and our relationship with you will be a pleasant one. We wish you the best of luck.. Thank you very much.

PRATT: Thank you. Mr. Wineteer.

Unknown: Chairman, I'm not Mr. Wineteer, as you know. He had to leave. Bill Wineteer is the owner of A to Z Towing; he's been very involved in the community, Southeast, as well as city-wide. He's on the Board of Directors....he's a director on our board, as well, and he was hear to speak in support of the acquisition.

PRATT: Thank you. Miss Barksi.

BARSKI: Good morning. I'm Barbara Barski, and I'm one of the developers of Creekside Village Apts., which is a 144-unit apt. project and daycare center in Southeast S.D. The project was financed with tax-exempt bond, with credit enhancement on the bonds provided by Great Amer. The bonds have been in serious jeopardy because of Gr. Amer.'s problems, and WF has stepped forward and indicated their willingness to substitute their credit enhancement for that of Gr. Amer. In fact, they've really bent over backwards to make the processing as speedy as possible in order that the bonds can be remarketed. Prior to obtaining Gr. American's financing commitment, we were turned down by all kinds of institutions. Nobody wanted to lend in this area. So, we're very encouraged by this indication of WF's willingness to lend in lower-income areas. Furthermore, as the chair of the S.D. Apt. Association Affordable Housing Committee, I hope that this an indication of what's to come in the future, and that we're going to have WF's help in producing more affordable housing. Thank you.

PRATT: Thank you. Ralph Strom.

STROM: Good morning, Mr. Chairman and members of the committee. My name is Ralph Strom, I live in the city of San Dieog, and I'm employed as a coordinator of development for the library system of the County of San Diego. My experiences with WF have not been money experiences, they have been people experiences. It's been my privilege in the past to coordinate for the County of S.D. a program of volunteers, which was the largest program in the county, maintained in the entire county of S.D. WF was very involved in supporting and encouraging volunteers in S.D. County. On an annual basis, their employees and their money has been invested in the interest of creating award ceremonies for volunteers throughout S.D. County, and they are commended for doing that. I had the privilege of talking with some of their staff persons and inquire as to whether or not they were there under duress, were they directed to be there, or what was the occasion of their paid employees

to be there on a Saturday, honoring other volunteers? And they were very clear to state that they were there because this is WF's thinking, this is the way we work, this is the way we believe. I commend WF for their work with the volunteers in S.D. County, and I commend them to you as you consider this merger. Thank you very much.

PRATT: Thank you. Mr. Allen Smith.

SMITH: I'm Allen Smith with the S.D. Apt. Assoc. -- the Government Affairs Director. We like WF and we like Gr. Amer., but they both occupy different niches in the financial markets. Our biggest concern is whether it's now going to become identical to the merged operations to what WF is now, or if it's going to take the best of both worlds, the best of what WF has already offered, and the best of Gr. Amer. We support the acquisition on the following conditions, and we've shared a memo with the WF folks just now. First, is we'd like to have a public commitment from them that they will strive to meet or exceed Gr. Amer. Bank's record of residential lending in low-income areas within perhaps, 24 mos. of the acquisition. Gr. Amer.'s record, as I understand it, is that their portfolio consists of 13.4 percent in low-income areas, whereas WF's is 5.5 percent. Secondly, we would encourage them, and ask them to commit to changing their lending practices so that S.D. County housing loans, both for single-family and multi-family, are reviewed and approved by a S.D. County loan committee, rather than a headquarters-based loan committee in San Francisco, which is remote from us and folks who don't know us at all. Third is that the WF actively compete for affordable housing subsidies offered by the Federal Home Loan Bank of San Francisco. There was an article within the last few weeks in the newspaper that suggested of a $20 million fund very few institutions in S.D. went for those funds for affordable housing. And fourth is we would like to ask for a commitment from WF to designate, and if they don't have anybody already, to train them if necessary, one or more persons in the county to act as experts and contact persons for multi-family housing loans. We hope that they will make these kinds of commitments and we welcome them to the community if they do so.

PRATT: Thank you. Mr. Camarillo. Catherine Rodman.

CAMARILLO: Good morning. Thank you, Mr. Chairman, members of the committee. My name is Matteo Camarillo. I am the president of Barrio Enterprise Zone, and I'm here as a board member of the Certified Dev. Corp. -- I'm the chairman of the

Executive Committee. We know the realities of life and conditionally support the merger. We would like certain conditions to be stipulated, and certain goals to be identified that WF buys into. We have had, unlike previous speakers, not positive experiences with WF. When they took over Crocker, they promised us $14 million in small business loans, 50 percent of it south of the Tehachapi Mtns, i.e. in San Diego and not in San Francisco. We're facing the same kind of issue that Chairman Williams and the County Bd. Of Supvrs. in the per capita for S.D. S.D. County is a lost city as far as WF is concerned. In the last 5 years, WF has made 3 loans for small businesses through the SBA Loan Program, that we participate in. Two of those loans are this year. None are to minorities. None are under $200,000. None are for the priority needs of small businesses -- working capital, inventory, lines of credit -- the backbone and the lifeblood of small businesses. We've heard a lot about housing, and obviously that is a priority issue, and we support making commitments and goals reference housing. We'd also like to incorporate some of their goals for small, and I underline small, businesses, because that coincides a lot with the businesses that are in District 4 and District 8, which are the minority communities. The loan commitment that WF has made for $1 billion for the next 7 years -- we'd like there to be goals in proportionality that reflect that S.D. exists, based on our population. When they took over Torrey Pines, we raised our voice in concern in reference to small business and minority loans. As one of the largest banks in the U.S. they must take a leadership role. But we recommend to you and your committee, Mr. Chairman, that the kinds of things that you might want to discuss with WF are as follows: A 2 percent of their profits for charitable contributions. We'd heard a lot of individuals -- reminds me of negotiations I've done on other communities...

PRATT: Mr. Camarillo, could you expedite please?

CAMARILLO: Yes sir. The second recommendation is that their loan portfolio reflect the percentages of population of S.D. County, both in housing and in business. That they fully adopt as goals the Reinvestment Task Force recommendations Number four, that they adopt and employment policies to reflect the work force of S.D. County. Number 5, that the performance be measured on those goals in reference to continuing doing business with the City of S.D., and that the expiration of the current contract with the City of S.D., that be used as a valid of criteria. Number 6, is that at their very first opportunity, elect a person from S.D. to their corporate board of directors. Thank you very much.

PRATT: Thank you, Mr. Camarillo. Miss Rodman.

RODMAN: Yes, good morning, Mr. Chairman and committee members. Thank you for an opportunity to address representatives from WF this morning. My name is Catherine Rodman, and I'm a staff attorney with the Legal Aid Society. The Society's constituency number minimally 300,000 in this county, and while it's ...I'm concerned about the other needs expressed today for the arts and what have you, and economic development, my clients simply want to cash a check, a government check, or open an account and not have to pay transactional fees. It's ironic that those least able to bear the cost of banking are charged most for those costs, and those most able to bear the costs are given free, and even interest checking. In addition to no-cost transaction accounts and cashing government checks, bi-lingual services are needed in S.D., and the continued operation of branch banking. The clients of Legal Aid Society come to us with numerous problems with consumer loans, because they have to go to the used car lot on the corner to purchase a car, and be extended credit, usually at usurious interests and in questionable business ethics. They have to buy their furniture at places, you know, Fast Joe's, No Money Down, Buy Your Furniture Here, because no one will give them a loan to buy their personal belongings, and typically what happens if they buy a bed there and then before the bed's paid off they go back and buy a sofa, and before that's paid off they buy perhaps a TV, what usually happens is that if they default on any payment, for the last lamp they purchased - or what have you, they come back and collect it all because they keep a small balance owing on each piece of property that's purchased. It's illegal, but it's done, and they're very responsible in paying their loans, but the interest rates are usually very high and their access to personal loans from a bank, such as yours, is not there. Economic development is better addressed by others here today, but affordable housing -- I don't know what other people are talking about when they're talking about affordable housing, but from our constituents affordable housing means housing that can be gained for the General Assistance or General Relief payment which monthly now is approximately $280. We tell our residents in the county, county-wide, that you can find housing for a fraction of your total GR assistance, and that's just not the case. Usually 100 percent or more has to be paid to have housing. The federal govt. is getting out of the housing market, has done so over the course of the last 10 years. Mr. Becker from the S.D. Housing Commission highlighted some concerns we have about prepayment of federal subsidies. We've got housing that's becoming increasingly restricted, based on age, to families with children. We have

units being converted that will no longer be affordable, and we have a need for a variety of types of housing units, SRO's, not the upscale ones necessarily, but ones that are truly affordable to those that have been displaced from those hotels demolished over the last decade.

PRATT: Miss Rodman, could you wind it up please?

RODMAN: Certainly. I'd urge regular meetings to be established so that you can identify the community's needs, even to the very-low-income, very-very-low-income constituents that we serve, and that regular meetings be established should your acquisition or merger take place so that you can keep your hand on the pulse of the community. Thank you.

PRATT: Thank you. Mr. Vigil...Mr. Edward Davis, then Michael Gallaso.

VIGIL: Thank you, Mr. Chairman, members of the committee. My name is Pete Vigil, and I'm the interim executive director of the AIDS Assistance Fund. And before I get into the relationship that we have with the WF Bank, I want to just take a moment to talk about who we are and what we do, so it'll put it in perspective. The AIDS Assistance Fund is an organization that provides direct services for people living with AIDS in S.D., and that population is growing dramatically in S.D. San Diego's the 15th largest city in the country officially recognized with AIDS. Unofficially, because of the way it's counted, it's probably larger than that. The count is based on where the diagnosis was taken. We have an influx of people coming from the South, from the East Coast, impacting S.D. and our services. We provide services to around 900 clients a month. That has increased dramatically. We get 45-50 new clients per month, 45 to 50 percent of those are people of color, Spanish, Latinos, families -- it has outstripped our abilities financially to deal with it to a certain point. We are in the process of merging with the AIDS Project of S.D., which is an educational org., and at the end of the month we will be merged. We will be the largest AIDS org. in town. Hopefully, we will be able to provide better services, more services in the consolidated location. WF came to our assistance at a time when we were in need of resources to put the merger together, and to help with our client load. And that client load, as I've said, keeps impacting us dramatically, and I hope to continue working with WF and other corporate individuals in this community to address that need. It is growing so fast and it'll be S.D.'s major social problem in the future. We're seeing drug addiction,

probably 70 percent of the people we see have or have had some sort of drug addiction. We're seeing families -- the youngest client we had was 6 mos. and is now 8 mos. S.D. is one of three discharge points for AIDS patients in the military, and it's the most active one. We're impacted by that also. Out of a budget of $750,000 the AIDS Fdn. had about 35 percent of that in actual cash, the rest was generated from the community, plus we're funded partly by the City, and by the State and the federal govt. The rest of our budget came from private donations, and now thanks to WF, from the corporate community. We need to get a little more active from the corporate community and from the City. We also provide...any my light's flashing here...but we also provide, and I wanted to thank the City for this, the City helps us provide food, about $10,000 worth of food to people living with AIDS in S.D. on a monthly basis through Community Dev. Block Grant money. Thank you...and we are in support of the merger.

PRATT: Thank you very much. Mr. Davis, Mr. Gallaso, Lynn Skinner.

DAVIS: Good morning, Mr. Chairman and members of the PS&S Committee and the WF contingent. My name is Edward Davis. I am one of two principal owners of a minority business enterprise called DBD Collections. We are a collection agency. A financial institution such as WF is typical of the type of client our company attempts to do business with. Comparitively speaking, I think it's generally recognized that improvement is needed to correct deficiencies in WF's lending practices, particularly as it relates to community reinvestment goals. But in addition to WF making a commitment to correct this deficiency, I hope that the bank will also make it a priority to ...tape ends, portion of testimony lost....a number of contract awards to qualified, capable minority-owned businesses. Thank you.

PRATT: Thank you. Mr. Gallaso, Lynn Skinner, John Stump .

GALLASO: Good morning, thank you, Mr. Chairman. My name is Michael Gallaso, I'm president of Metroplis Investment & Development, and with our partners, the Barone Company, James Barone, who's here today, and Housing Opportunities, which is a non-profit development corp., Claus Mendenhall, who is also here today, we have developed in the last three years, in partnership, over 350 new SRO rooms here in S.D. As you know, the S.D. SRO program has been very successful. It's been duplicated in many cities throughout the country, and that program here in S.D. would not be successful without the support, the very strong support of Great Amer. Over the last 3 years, Gr. Amer. has been one

of the prime sources of permanent financing for SROs. They have financed 8 new or renovated SROs. If I could just run down the list for you, I'm sure you'll know many of these. The first new SRO that was built in over 50 years throughout the country was the Baltic Inn, financed by Gr. Amer. The Maryland Hotel, renovated for seniors, financed by Gr. Amer. The Metropolitan Hotel, Simmons Hotel, the Downtown Inn, El Amigo's, Capri Hotel, one of our hotels, Le Pensione. Over 1,000 rooms financed by Gr. Amer. in 3 years. I think that's a commitment, that's a strong commitment to the community, and a strong commitment to a very important program here in S.D. If the SRO program is going to continue to be successful here, we need that type of commitment from WF to continue that program. We strongly urge you to include in any work program with WF a commitment of a minimum of $5 - $10 million a year towards financing new and renovated SROs here in S.D. Thank you very much.

PRATT: Thank you. Lynn Skinner, John Stump.

SKINNER: Mr. Chairman, I'm Lynn Skinner, the president of Humanitous Foundation. We're a non-profit human services and housing org. It's good for a lending institution to have regular programs to assess the needs of the community and to meet them. It's also good for a lending institution to be flexible enough to meet the unusual, the odd, the emergency situation. And that's where WF has been a great good friend. When I was formerly a president of another non-profit housing institution, S.D. Interfaith Housing, a construction loan commitment was cancelled at the last moment on a project. WF came forth, and not hesitatingly but with alacrity, with a construction loan at a below-market rate. Not only that, but they processed an emergency loan over $200,000 in 3 days. I didn't think anybody but a pawn shop would process a loan that fast, but WF did it. And so WF is not only a good friend, but they were the Knight in Shining Armor that rode to our rescue. Humanitous is now working with WF to finance the acquisition of a downtown apt. hotel, which would further preserve downtown housing, and we look forward to a long and mutually beneficial relationship with WF as they increase their presence and their commitment to S.D. Thank you.

PRATT: Thank you. Mr. Stump.

STUMP: Good morning. Thank you for the opportunity to speak before you. I'm here to ask WF and the committee to include in the concerns regarding this merger, customer services for minorities and poor, particularly in the City Heights

area where I'm a resident. In the City Heights area there are 20 percent of all the check-cashing facilities in the city of S.D., yet we only have 5 percent of the population. Recently, when the Board of Supvrs. voted to stop issuing food stamps and start issuing warrants or checks, the persons that most celebrated that event were check-cashing operations, because they knew that their profits were going to go up 6 to 16 percent on every one of those checks. So, the poorest are hit the worst. We need your help in providing banking services to the City Heights and minority areas. It seems cruel that you get a welfare check, and you have to pay 6 to 16 percent of it to get it cashed. Maybe an ATM machine, maybe a direct deposit. I'm not a banker, but I'm sure creative persons like yourselves can think of a way to help us eliminate these poverty vampires. Thank you.

PRATT: Thank you very much. That concludes the public testimony. We'll go to questions or comments from the committee.

ATTACHMENT III

CITY-COUNTY REINVESTMENT TASK FORCE

Jim Bliesner • Reinvestment Director

RECOMMENDED COMMUNITY REINVESTMENT
PROGRAM AND GOALS FOR
WELLS FARGO BANK IN
SAN DIEGO COUNTY

ECONOMIC DEVELOPMENT

* Establish small business lending pool for loan under $50,000 in conjunction with public and non-profit organizations to serve economically depressed areas of the City and County. Examples of this would include geographically targeted programs to be developed by the Southeast Development Corp. and the California Southern Small Business Development Corp.

* Implement two phase economic development plan in conjunction with East County Economic Development Council for economically depressed communities in East County.

* Participate in City and County defined bonding programs directed at small business development.

HOUSING

* Implement "capacity building" program for community based non-profit organizations for low-income housing development through participation in the L.I.S.C. (Local Initiative Support Corp.), San Diego Program ($250,000)

* Continuation of San Diego Housing Commission leveraging agreement for single family and multi-unit housing rehabilitation.

* Development of leveraging agreement with San Diego Housing Commission for implementation of Housing Trust Fund with specific focus on low-income housing construction.

* Construction and long-term financing of low-income housing projects to non-profit and private developers.

* Lending for mobile home park conversions in conjunction with County Housing and Community Development.

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CORPORATE GIVING

* Honor existing commitments of Great American Bank

* Establish community and economic development giving program focussed on organizations in economically depressed areas

ORGANIZATIONS

* Establish CRA staff position in San Diego to implement San Diego Program.

* Hold quarterly progress meetings on Wells Fargo CRA activity in San Diego with public, community and private organizations.

* Implement comprehensive credit needs assessment effort in conjunction with community organizations.

BANKING SERVICES

* Establish specialized banking deposit services for North County farm workers which incorporate bi-lingual personnel and targeted marketing.

* Develop reduced fee check-cashing or direct deposit checking accounts for welfare recipients.

* Continue banking services of existing Southeast San Diego Great American branch.

Certified Development Corporation

Mas

September 26, 1990

Councilman Wes Pratt, Chairman
Public Services and Safety Committee
City of San Diego
202 "C" Street
San Diego, CA 92101

Mr. Chairman and Committee Members:

My name is Mateo R. Camarillo, President of Barrio Enterprise Zone, Inc. and member of the Board of Directors of the San Diego County Certified Development Corporation. We conditionally support the proposed acquisition of Great American Bank by Wells Fargo Bank. The conditions we request are that Wells Fargo:

1. Demonstrate leadership and commitment to the spirit of the Community Reinvestment Act by adopting, as goals, the San Diego City-County Reinvestment Task Force recommendations

2. Adopt a goal of 2% of profits be set aside for charitable and corporate contributions in San Diego County

3. Designate housing and small business loans for City Council Districts 4 and 8 on a per capita basis in proportion to their total loan portfolio

4. Employ ethnic minorities in proportion to their availability in the San Diego work force

5. Elect a person from San Diego to its Corporate Board of Directors

6. Be held accountable for its performance on the above goals and that such performance be taken into account when its contract with the City of San Diego is reviewed for renewal

7. Monitor and evaluate the above goals and performance annually

Sincerely,

Mateo R. Camarillo

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THE SAN DIEGO APARTMENT ASSOCIATION

Committee: Public Services and Safety

Date of Hearing: September 19, 1990

Item #1: Wells Fargo Bank's Acquisition of Great American Bank's Retail Banking Operations

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The San Diego Apartment Association supports the acquisition on the condition that Wells Fargo Bank makes the following public commitments:

1. to meet or exceed Great American Bank's record of residential lending in low income areas (within twenty-four months of the acquisition);

2. to change their lending practices so that San Diego County housing loans (single-family and multi-family) are reviewed and approved by a San Diego County loan committee rather than a headquarters-based loan committee in San Francisco;

3. to actively compete for affordable housing subsidies offered by the Federal Home Loan Bank of San Francisco; and

4. to designate (and train if necessary) one or more persons in their San Diego County operation as their expert and contact person for multi-family housing.

Prepared by R. Alan Smith,
Government Affairs Director
San Diego Apartment Association

1011 CAMINO DEL RIO SOUTH, SUITE 200; SAN DIEGO, CA 92108 (619) 297-1000

SAN DIEGO
HOUSING COMMISSION

TO: Committee on Public Services and Safety

FROM: Evan E. Becker, Executive Director
San Diego Housing Commission

DATE: September 19, 1990

SUBJECT: Testimony Concerning the Proposed Acquisition of Great American Bank by Wells Fargo

Today's credit environment for housing finance is tough, whether you are Pacific Scene, the Housing Commission, or a non-profit community development corporation. It is particularly important in these times to establish commitments with our lenders like Wells Fargo who are seeking to expand their presence as business citizens in the community. I suggest to you that we need to establish specific business relationships that support specific community needs. Business and community reinvestment objectives are not mutually exclusive and cannot be thought of as such.

The Commission has discussed with Wells Fargo several critical needs:

1. Continuation of the Leveraged-Loan Program for Housing Rehabilitation

   This Great American-Housing Commission Program rehabilitated 600 units last year. $2.3 million in Great American loans leveraged a greater amount of state and federal funds. It is recognized as one of the most effective public-private rehabilitation finance programs in the country.

2. Provision of First-time Homebuyer Financing

   The Commission has specific projects needing construction and permanent lending support.

3. Commitment to Provide Private Lending Support to Housing Trust Fund Projects

   The Housing Trust Fund will embody affordable housing projects which are community reinvestment opportunities. Trust Fund effectiveness will depend on leveraging private debt with limited Trust Fund resources.

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4. Provision of Support to Non-profit, Community-Based Housing Development

   The non-profit housing community is working hard to build capacity and implement affordable housing projects. Both pre-development and project financing are needed.

5. Provision of Equity and Debt Financing to Preserve "At-Risk" HUD Projects

   The Commission is working to preserve existing affordable projects through acquisition and non-profit ownership. Debt financing, credit enhancement for bonds, or purchase of tax credits are needed.

6. Continuation of Special Projects Financing such as SRO's

   Great American Bank was the principal permanent lender for the City's SRO program.

Wells Fargo has verbally committed to the continuation of our Leveraged-Loan Rehabilitation Program. We have had positive discussion on the other items and look forward to working with them toward firm commitments.

EEB/kh

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Executive Director

The Zoological Society of San Diego

PSS SEP 19 1990 1

September 17, 1990

TO THE MEMBERS OF THE

PUBLIC SERVICES & SAFETY COMMITTEE

It has been called to our attention that the proposed merger of Great American Bank and Wells Fargo Bank is scheduled to be heard before your Committee on September 19, 1990. We are pleased to inform the Committee that Wells Fargo Foundation has been a generous corporate citizen to the Zoological Society of San Diego since 1983. Their gifts have included $75,000 for the Video Information Centers at the Wild Animal Park and a $100,000 commitment for a bus sponsorship at the San Diego Zoo.

IN 1981, Wells Fargo made a commitment of community service to the Zoological Society by sending a local representative to sit on our Development Committee. This corporate executive served with distinction until his career took him to San Francisco.

The Zoological Society looks forward to a continuing relationship with Wells Fargo on programs and activities that will mutually benefit the community we both serve.

Sincerely,

Douglas G. Myers

Douglas G. Myers
Executive Director

Post Office Box 551, San Diego, California 92112-0551 USA Telephone (619) 231-1515 FAX (619) 231-0249