

Councilman Zabinski introduced the following resolution and moved for its adoption.

RESOLUTION NO. 09-40

A RESOLUTION URGING THE FDIC TO CONSIDER ALTERNATIVES TO THE
PROPOSED SPECIAL ASSESSMENT ON DOMESTIC DEPOSITS OF BANKS

WHEREAS the vast majority of banks in the United States are long standing, responsibly managed members of their communities: and

WHEREAS the citizens of the City of Grand Rapids are fortunate to be served by several community banks, including American Bank, First National Bank of Deerwood and Grand Rapids State Bank, as well as national system banks like US Bancorp and Wells Fargo; and

WHEREAS the financial services provided by these institutions have helped build this community's homes and businesses; and

WHEREAS a special assessment proposed by the Federal Deposit Insurance Corporation (FDIC) on the domestic deposits of banks will unfairly penalize all well-run and fully capitalized banks through an onerous assessment on top of a planned increase of regular assessments; and

WHEREAS alternate proposals for risk-based premiums that fairly distribute the cost of providing depository insurance have been generated so that "systemically-important" banks with high risk profiles as determined by adequate regulation and oversight shoulder an appropriate amount of the cost of guaranteeing the solvency of the FDIC; and

WHEREAS there are many alternatives to funding the Depository Insurance Fund in lieu of imposing a special assessment, including using the FDIC's existing authority to borrow from the Treasury, issuing debt instruments to the public or using its authority to borrow from the banking industry; and

WHEREAS the proposed special assessments, if imposed, will have a debilitating effect on the profitability of our community's banks; and

NOW, THEREFORE BE IT RESOLVED, that the elected Council of the City of Grand Rapids urges the FDIC to consider alternatives to the proposed special assessment that provide replenishment of the Depository Insurance Fund without harming the viability of our community's banks.

Passed this 23rd day of March, 2009.


Dale Adams, Mayor

ATTEST:



Karen Alto, Interim City Clerk

Councilman Chandler seconded the foregoing resolution and moved for its adoption: Chandler, McNerney, Zabinski, Christy, Adams; and the following voted against same: None; whereby the resolution was declared duly passed and adopted.