

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



June 16, 1998

Board of Governors
Federal Reserve System
20th and C Streets NW
Washington, D.C. 20551

Panel 17
7-10-98 Michele Faddi to
Hon. Mary King,
Superior Alameda Co.

Dear Boardmembers:

On behalf of the 9 counties and 97 cities that are members of the Association of Bay Area Governments, I am writing to submit our comments on the proposed merger of BankAmerica and NationsBank.

Our Association recently convened a regional hearing on the impact of the merger; many of those testifying you are hearing from on a separate basis, but we have enclosed for your review any written testimony submitted to us. Our own concerns can be summarized as follows:

- **Job Losses** - We are concerned about the large number of jobs being eliminated, and particularly concerned about the number that will be eliminated, not just in San Francisco but throughout the Bay Area. *We ask that employees receive reasonable notice of any layoffs, and that the new bank make a commitment to job training and placement.*
- **Community Development** - We are concerned about the recent community development "commitment" that fails to provide specifics about distribution throughout various states, regions and communities. In addition, reference to "small business" fails to provide specific commitments to minorities and low income populations. *We are concerned about the preservation of BoFA's community development bank, and demand that the new bank not compete with non-profit housing developers in the Bay Area.*
- **Consumer Protection** - We are concerned about branch closures, fee increases, ATM availability and ATM fees, and honoring commitments to current customers. If the new bank plans to save over a billion dollars by 1999, we can only suspect that it is the consumers who will feel the impact. *The merger announcement boasted that the new bank will have \$570 billion in assets; how will this giant maintain its connection to the hometown customers?*

Federal Reserve
June 16, 1998
Page Two

- **Fairness to Minority and Low Income Populations** - It has been stated that NationsBank has a reputation for "generic lending"-- and California is not a generic state. (Our Association has forecast significant changes in regional demographics: the Asian population will grow from 16% of the population in 1990 to 20% in 2020; the Hispanic population will grow from 14% to 24%; by 2020, the Caucasian population will no longer be a majority, at 47%.) We are concerned that NationsBank is not prepared to deal with the diversity in California and especially the Bay Area. We are concerned with reports that NationsBank has a very poor record of lending to minorities and low income populations, lending only 6.3% to low income households, and even lower percentages to minorities. *The new bank must not be dragged down by the poor standards established by NationsBank-- similar performance with minority and low income lending will not pass muster in the Bay Area.*

We are concerned about the closure of BofA's San Francisco headquarters and the transfer of decisionmaking to Charlotte. North Carolina is a long way from California-- in miles-- and light years away, we believe, in attitude.

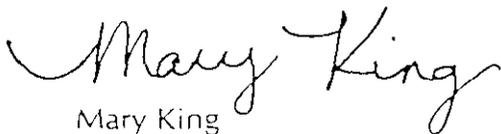
Our concerns are not relieved by word that global operations will be based in San Francisco; such operations will be looking west to the Pacific Rim and will not be concerned about jobs and customer relations in the rest of the Bay Area.

More generally, we are concerned about the reduction of competition in this merger, as well as other proposed mergers in banking. *With fewer banks, who will be compelled to offer free checking, free ATMs, and true customer service?*

Before any decisions are made, we ask that the Federal Reserve convene regional hearings, including one in the Bay Area. We ask that Mr. McColl and Mr. Coulter personally attend the hearings, and personally respond to questions. We ask that the public comment period be extended until every relevant analysis has been made public and given time for thorough review. We also ask that current discrimination cases against NationsBank be released for public review.

Mergers don't tend to favor consumers, and don't tend to favor small businesses. BofA customers are our constituents, and we voice our concerns on their behalf.

Sincerely,



Mary King
ABAG President and
Alameda County Supervisor