



# City of Cambridge

O-12.  
Amended Order  
**IN CITY COUNCIL**

March 6, 2000

COUNCILLOR BRAUDE  
COUNCILLOR DECKER  
COUNCILLOR BORN  
MAYOR GALLUCCIO  
VICE MAYOR MAHER  
COUNCILLOR REEVES  
COUNCILLOR SULLIVAN  
COUNCILLOR TOOMEY

WHEREAS: The Cambridgeport Bank is in the midst of converting from a mutual thrift bank to a publicly traded stock company; and

WHEREAS: The Massachusetts Division of Banks has approved such conversion and depositors have just begun to be notified about the conversion and have a right to buy its stock up until March 23, 2000; and

WHEREAS: Based on the experiences of other converted banks, the history of such conversions is that the reconfigured bank is very likely to be sold to a larger, non-local institution; and

WHEREAS: The legal obligations of the bank will change from serving depositors and the community, to serving the interest of shareholders; and

WHEREAS: No community foundation has been established by Cambridgeport Bank to maintain those legal obligations to the community unlike occurred in six out of eight such mutual conversions in Massachusetts, Connecticut and New York in 1999; and

WHEREAS: Cambridgeport Bank's depositors have never had an opportunity to ask questions and discuss the conversion with management and the Cambridgeport Bank corporators (they represent the depositors and voted to approve the conversion; and

WHEREAS: Community leaders and members have never had an opportunity to ask questions and discuss the conversion and its implications for Cambridge and its residents with management and the corporators; and

WHEREAS: Significant changes to a major banking institution in Cambridge may have adverse impacts on affordable housing in Cambridge, which is already in crisis; and

WHEREAS: There are thousands of Cambridgeport Bank depositors who reside in Cambridge and will be affected by such conversion; and

WHEREAS: Cambridgeport Bank has an important role and history of investment in the community; now therefore be it

ORDERED: That this order be referred to the Housing Committee for a televised public hearing to:

4. Ascertain the impact of such conversion on the bank's depositors and on its future commitment to lending for affordable housing and community development and charitable giving.
5. Review the prospects for future independence of the bank, as well as the likely impact of the conversion on the independent status of the City's remaining two community mutual banks.
6. Devise a plan to fully inform all depositors and other relevant stakeholders of the effect of conversion on them and of their right to purchase stock in the bank which would allow them to help chart the future direction of the institution; and be it further

ORDERED: That the City Manager be and hereby is requested to authorize the expenditure of funds necessary to televise such hearing and to adequately publicize it before hand; and be it further

ORDERED: That the City Council urge the Cambridgeport Bank to extend the time period for notifying depositors of their right to purchase stock in the bank to May 8, 2000.

In City Council March 6, 2000.

Adopted as amended by the affirmative vote of nine members.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-



D. Margaret Drury  
City Clerk



# City of Cambridge

O-12.  
Original Order  
IN CITY COUNCIL

March 6, 2000

COUNCILLOR BRAUDE  
COUNCILLOR DECKER

- WHEREAS: The Cambridgeport Bank is in the midst of converting from a mutual thrift bank to a publicly traded stock company; and
- WHEREAS: The Massachusetts Division of Banks has approved such conversion and depositors have just begun to be notified about the conversion and have a right to buy its stock up until May 8, 2000; and
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- WHEREAS: The legal obligations of the bank will change from serving depositors and the community, to serving the interest of shareholders; and
- WHEREAS: No community foundation has been established by Cambridgeport Bank to maintain those legal obligations to the community unlike occurred in six out of eight such mutual conversions in Massachusetts, Connecticut and New York in 1999; and
- WHEREAS: Cambridgeport Bank's depositors have never had an opportunity to ask questions and discuss the conversion with management and the Cambridgeport Bank corporators (they represent the depositors and voted to approve the conversion; and
- WHEREAS: Community leaders and members have never had an opportunity to ask questions and discuss the conversion and its implications for Cambridge and its residents with management and the corporators; and
- WHEREAS: Significant changes to a major banking institution in Cambridge may have adverse impacts on affordable housing in Cambridge, which is already in crisis; and
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ORDERED: That the City Manager be and hereby is requested to authorize the expenditure of funds necessary to televise such hearing and to adequately publicize it before hand.

TO: M. DECKER

349-4287  
Page 1/2  
T/3

TO: Jason Adkins (by fax 742-8280)  
FR: Jim Braude  
RE: City Council action  
DA: 3-1-00 AM

M-  
THIS HAS NOT  
YET GONE TO

Please read, then see questions for you at bottom. Then page me - 703-6111.  
Thx.

MURRAY -  
PAGE ME  
ASAP -  
703-6111

Jim

TO: Margaret Drury, City Clerk  
FR: Jim Braude  
RE: Order for 3-6-00 meeting  
DA: 3-1-00

P.S. Jason,  
CHANGED ARE

The following will be filed by Marjorie Decker and me. Here are the bare bones with some factual info to be inserted later (is Thursday AM too late?) Also, if Bob H were to agree to televise the hearing, what's the approximate cost of such an effort?

FIVE  
WITH  
ME

Let's talk later today. Thanks.

Outline:

O-B

Whereas:

The <sup>Combudget</sup> camb-port bank is in the midst of converting from a mutual thrift bank to a publicly traded stock company; and

Whereas, The Mass Division of Banks ~~has~~ has approved such conversion and ~~it now awaits final approval from~~ ~~deponents have just begun to receive information~~

w/A! The history of such conversions is that the reconfigured bank is very likely to be bought by a larger, non-local institution ~~based on the~~

required  
sold to

based on the  
experience of  
other converted  
banks.

the conversion  
and also  
right to  
buy its  
stock by  
May 8, 2000; and

2/3

w/A <sup>ten of thousands of Cambridgeport</sup> there are ~~some~~ <sup>and</sup> ~~port~~ depositors who reside in Cambridge who will be affected by such conversion;

<sup>and</sup> c-port has a history of investment in the community;

an important asset

the bank's commitment to lending for affordable housing ~~has~~ <sup>dropped from</sup> ~~the~~ <sup>in the three years leading up to this plan...</sup>

Ordered that:

Add the whereas to (B) here

<sup>appears to have</sup>

refer to \_\_\_ committee for hearing to:

1. Ascertain the impact of such conversion on the banks's depositors and on its future commitment to lending for affordable housing,
2. review the prospects for future independence of the bank, as well as the likely impact of the conversion on the independent status of the city's remaining two ~~community~~ <sup>mutual</sup> banks
3. Devise a plan to fully inform all depositors and other relevant stakeholders of the effect of conversion on them and of their right to purchase stock in the bank which would allow them to help chart the future direction of the institution...

<sup>and development and charitable giving.</sup>

Further, Urge city manager to authorize the expenditure of funds necessary televise such hearing and to adequately publicize it before hand

Jason:

- yes -
1. verbiage correct?
  2. any whereas-es or ordered-s which you'd recommend adding without suggesting that this thing is an anti-bank jihad
  3. please fill in missing facts such as status of approval, # of cambridge depositors, etc

Once I've heard from you, I'll run this by Marjorie, then call keegan again.

Impact  
See attached

3/3

INSERT A

W/A Cambridgeport's commitment to lending for affordable housing appears to have dropped in the last several years leading up to this conversion. For example, loans to low and moderate income neighborhoods (census tracts) as a percentage of all loans dropped from 27% to 17% between 1995 and 1998. From 1997 to 1998, the dollar volume of loans to low and moderate income borrowers decreased from 13% to 8.2% (\$13 million) of total lending, a 36% drop, while loans to upper-income residents increased from 53% to 56% (\$88.9 million).

Add following concepts: (Insert B)

Whereas, the legal obligations of the bank will change from serving depositors and the community, to serving the interests of shareholders.

Whereas, a community foundation has been established by Cambridgeport to maintain those legal obligations to the community unlike occurred in six out of eight such mutual conversions in Massachusetts, Connecticut and New York in 1999.

Whereas, Cambridgeport's depositors have never had an opportunity to ask questions and discuss the conversion with management and the Cambridgeport corporators (they represent the depositors and voted to approve the conversion).

Whereas, community leaders and members have never had an opportunity to ask questions and discuss the conversion and its implications for Cambridge and its residents with management and the corporators; and

W/A: Significant changes to a major banking institution in Cambridge ~~raises~~ the may have adverse impacts on ~~the~~ affordable housing in Cambridge, which is already in crisis; nor therefore be it



## OFFICE OF THE CITY CLERK

CITY OF CAMBRIDGE

(617) 349-4260

FAX (617) 349-4307

tty/TDD (617) 492-0235

D. MARGARET DRURY  
CITY CLERK

DONNA P. LOPEZ  
DEPUTY CITY CLERK

March 9, 2000

Mr. James Keegan, President  
Cambridgeport Bank  
689 Massachusetts Avenue  
Cambridge, MA 02139

Dear Mr. Keegan:

At its March 6, 2000 meeting the Cambridge City Council adopted an order urging the Cambridgeport Bank to extend the time period for notifying depositors of their right to purchase stock in the bank to May 8, 2000.

A copy of this order is enclosed. At Councillor Braude's request, a copy of the proposed order was faxed to you. Please note that the order was amended at the City Council meeting to correct the date in the second paragraph to March 23, 2000 and to add the final paragraph. Please transmit a copy of the order to the members of your board and to any other Cambridgeport Bank officials necessary to effectuate this action.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in cursive script that reads "Margaret Drury".

D. Margaret Drury  
City Clerk

DMD/dm

cc: Cambridgeport Bank Corporators  
The Honorable, The City Council

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COUNCILLOR DECKER

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26 CM

**Order #12**

The Housing Committee of the City Council to hold a televised public hearing regarding the conversion of the Cambridgeport Bank from a mutual thrift bank to a publicly traded stock company and its implications for affordable housing and other community support.

**Councillors Braude and Decker**

In City Council March 6, 2000

**ORDER ADOPTED**

*As amended*