



STATE OF WASHINGTON
PUBLIC DEPOSIT PROTECTION COMMISSION

BRIEFING BOOK

November 14, 2023 Meeting

WASHINGTON PUBLIC DEPOSIT PROTECTION COMMISSION

MEETING MINUTES

Olympia, Washington

March 22, 2023

3:30 PM

✘ DRAFT until formally adopted and signed by the Commission Members

The Washington Public Deposit Protection Commission met via Zoom, with an in-person viewing option for the public in Conference Room 2022 of the Helen Sommers Building in Olympia, in special meeting after notice duly given to the public.

Present: State Treasurer Mike Pellicciotti, Chair
Governor Jay Inslee, Member
Lieutenant Governor Denny Heck, Member

Also Present Virtually: Shad Pruitt, Office of the State Treasurer
Mandy Kaplan, Office of the State Treasurer
Scott Forbes, Office of the Attorney General
Tammie Nuber, Office of the State Treasurer
Anna Borris, Office of the State Treasurer
Aaron Sherman, Office of the State Treasurer
Danni Colo, Office of the State Treasurer
Molly Johannessen, Office of the State Treasurer

Invited Guest from the Department of Financial Institutions:
Charlie Clark, DFI Director
Amy Hunter, Division Director – Credit Unions
Matt Harvey, Program Manager Division of Banks
Drew Bouton, Policy Director
Ali Higgs, Director of Regulatory and Legal Affairs

Chair Pellicciotti called the Public Deposit Protection Commission (PDPC) meeting to order at 3:31 PM on March 22, 2023, and noted that all three PDPC members were present, and a quorum was established.

I. Commission Action – Approval of Minutes

Chair Pellicciotti asked for a motion to approve the November 29, 2022, PDPC meeting minutes, Lieutenant Governor Heck motioned approval, Governor Inslee seconded the motion. The motion passed unanimously.

II. Commission Report – New PD Financial Institutions Update

Chair Pellicciotti introduced PDPC Administrator Mandy Kaplan, who provided an update on public depositary changes approved since the last PDPC meeting. These included:

- Approval of Public Depositary
 - Authority granted to Idaho Central Credit Union, Pocatello Idaho on February 10, 2023
- Termination of Public Depositary
 - Termination of United Business Bank, Walnut Creek, California on January 11, 2023

III. Public Deposit Protection Commission Overview Update

- Deputy Treasurer Shad Pruitt updated members on the public deposit protection program. He also reported that none of our public depositaries are operating under regulatory concern, and that all 82 public depositaries met the federal standards for being well capitalized. All of our public depositaries are currently favorably rated.

Governor Inslee asked if the concerns associated with the financial management of the Silicon Valley Bank (SVB) failure in California caused similar concerns in Washington.

Deputy Treasurer Pruitt stated that SVB had a lot of risk due to the level of uninsured deposits at over 90% of total deposits. In addition, SVB invested in fixed income investments and had to sell earlier than the maturity date for a loss.

Director Clark stated that the SVB issue was an outlier, and that SVB held a lot of treasury securities and mortgage securities which are traditionally longer maturity dated investments.

Lieutenant Governor Heck commented that SVB waited too long before selling because SVB did not want to take the loss, and he asked Director Clark if DFI tracked similar risks with financial institutions in Washington.

Director Clark stated that Federal and State regulators are watching liquidity and interest rate risk closely. In addition, the Federal Reserve provided additional liquidity funding to mitigate the risk of cash runs. He stated Washington's financial institutions are able to get liquidity if needed, because they have strong asset quality, and DFI is monitoring them closely.

Chair Pellicciotti thanked both commissioners for their leadership on banking regulation through their respective work on issues in past years.

IV. Public Comment

No public comment was provided.

Having no further business before the Public Deposit Protection Commission, Chair Pellicciotti adjourned the meeting at 3:55 PM.

**STATE OF WASHINGTON
PUBLIC DEPOSIT PROTECTION COMMISSION**

STATE TREASURER MIKE PELLICCIOTTI, CHAIR

GOVERNOR JAY INSLEE

LIEUTENANT GOVERNOR DENNY HECK

ATTEST:

**MANDY KAPLAN, ADMINISTRATOR
PUBLIC DEPOSIT PROTECTION COMMISSION**



State of Washington
PUBLIC DEPOSIT PROTECTION COMMISSION

MIKE PELLICCIOTTI, Chair
State Treasurer

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Governor

DENNY HECK, Member
Lieutenant Governor

April 20, 2023

Ken Leonard, President
America's Credit Union
P.O. Box 5060
Dupont, Washington 98327


Dear President Leonard:

As the Chair of the Public Deposit Protection Commission (PDPC) and based upon authority delegated under Resolution No. 2018-3, I hereby approve the America's Credit Union, NCUA Charter #09373, headquartered in Dupont, Washington as a public depository under Washington law. The Credit Union is given the authority to accept public deposits in their Washington State branches under the terms of the Public Deposit Protection Act (chapter 39.58 RCW) effective April 20, 2023.

America's Credit Union has agreed to pledge eligible collateral to the PDPC in accordance with the provisions of chapter 39.58 RCW and Resolution No. 2018-1, which will include a Letter of Credit held at the Federal Home Loan Bank of Des Moines. Collateral shall be valued at market value, and the total market value pledged shall not be reduced without prior written authorization, from the PDPC.

If you have any questions, please contact Mandy Kaplan, PDPC Administrator at (360) 902-8977 or pdpc@tre.wa.gov.

Sincerely,

DocuSigned by:

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Mike Pellicciotti, Chair
Washington State Treasurer

Office of the State Treasurer

P.O. Box 40206 • Olympia, Washington 98504-0206 • (360) 902-8977
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June 21, 2023

John Mattern, Managing Director, SVP
BMO Harris N.A.
320 Canal Street
Chicago, Illinois 60606

Dear Director Mattern,

As the Chair of the Public Deposit Protection Commission (PDPC) and based upon authority delegated under Resolution No. 2018-3, I hereby approve BMO Harris Bank, N.A., FDIC Certificate #16571, headquartered in Chicago, Illinois, as a public depository under Washington law. The Bank is given the authority to accept public deposits in their Washington State branches under the terms of the Public Deposit Protection Act (chapter 39.58 RCW) effective June 20, 2023.

Due to the recent acquisition of the Bank of the West, BMO Harris Bank, N.A. applied to become a public depository and has agreed to pledge eligible collateral to the WA PDPC in accordance with the provisions of chapter 39.58 RCW. Securities eligible as collateral shall be valued at market value, and the total market value of securities pledged in accordance with this chapter shall not be reduced by withdrawal or substitution of securities except by prior authorization, in writing, by the PDPC.

If you have any questions, please contact Mandy Kaplan, PDPC Administrator, at (360) 902-8977 or pdpc@tre.wa.gov.

Sincerely,

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August 2, 2023

Geofferey Lundfeldt, President
Global Credit Union
P.O. Box 196613
Anchorage, Alaska 99519

Dear President Lundfeldt,

As the Chair of the Public Deposit Protection Commission (PDPC) and based upon authority delegated under Resolution No. 2018-3, I hereby approve the Global Credit Union, NCUA Charter #5913, headquartered in Anchorage, Alaska as a public depository under Washington law. Effective August 2, 2023, the Credit Union is given the authority to accept public deposits in their Washington State branches under the terms of the Public Deposit Protection Act (chapter 39.58 RCW).

Global Credit Union has agreed to pledge eligible collateral to the PDPC in accordance with the provisions of chapter 39.58 RCW and Resolution No. 2018-1, which will include a Letter of Credit held at the Federal Home Loan Bank of Des Moines. Collateral shall be valued at market value, and the total market value pledged shall not be reduced without prior written authorization from the PDPC.

If you have any questions, please contact Mandy Kaplan, PDPC Administrator at (360) 902-8977 or pdpc@tre.wa.gov.

Sincerely,

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July 28, 2023

Shawn Gilfedder, President
Kitsap Credit Union
155 Washington Avenue
Bremerton, Washington 98337

Dear President Gilfedder,

As the Chair of the Public Deposit Protection Commission (PDPC) and based upon authority delegated under Resolution No. 2018-3, I hereby approve the Kitsap Credit Union, NCUA Charter #68576, headquartered in Bremerton, Washington as a public depository under Washington law. Effective August 2, 2023, the Credit Union is given the authority to accept public deposits in their Washington State branches under the terms of the Public Deposit Protection Act (chapter 39.58 RCW).

Kitsap Credit Union has agreed to pledge eligible collateral to the PDPC in accordance with the provisions of chapter 39.58 RCW and Resolution No. 2018-1, which will include a Letter of Credit held at the Federal Home Loan Bank of Des Moines. Collateral shall be valued at market value, and the total market value pledged shall not be reduced without prior written authorization from the PDPC.

If you have any questions, please contact Mandy Kaplan, PDPC Administrator at (360) 902-8977 or pdpc@tre.wa.gov.

Sincerely,

Mike Pellicciotti, Chair
Washington State Treasurer

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PUBLIC DEPOSIT PROTECTION COMMISSION

May 9, 2023

James Collins, Chief Executive Officer
OBEE Credit Union
P.O. Box 5000
Lacey, Washington 98509

Dear Chief Executive Collins:

As the Chair of the Public Deposit Protection Commission (PDPC) and based upon authority delegated under Resolution No. 2018-3, I hereby approve the OBEE Credit Union, NCUA Charter #60059, headquartered in Lacey, Washington as a public depository under Washington law. The Credit Union is given the authority to accept public deposits in their Washington State branches under the terms of the Public Deposit Protection Act (chapter 39.58 RCW) effective May 10, 2023.

OBEE Credit Union has agreed to pledge eligible collateral to the PDPC in accordance with the provisions of chapter 39.58 RCW and Resolution No. 2018-1, which will include a Letter of Credit held at the Federal Home Loan Bank of Des Moines. Collateral shall be valued at market value, and the total market value pledged shall not be reduced without prior written authorization, from the PDPC.

If you have any questions, please contact Mandy Kaplan, PDPC Administrator at (360) 902-8977 or pdpc@tre.wa.gov.

Sincerely,

Mike Pellicciotti, Chair
Washington State Treasurer



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October 6, 2023

John Herrick
Seattle Credit Union
1910 1st Avenue South
Seattle, Washington 98134

Dear Chief Financial Officer Herrick:


We received your letter dated October 2, 2023, stating Seattle Credit Union (NCUA #68315) headquartered in Seattle, Washington, is requesting to terminate its status as a public depository. Your credit union was given the authority to accept public deposits in their Washington state branches under the terms of the Public Deposit Protection Act (chapter 39.58 RCW) effective July 27, 2020.

In accordance with Washington Administrative Code (WAC) 389-12-035, withdrawing public depositories are required to have a zero balance of public funds on deposit and no liability for loss by another public depository. Your credit union has reported monthly public deposit balances of zero for the last four quarters and has verified a current zero balance of public funds on deposit.

Therefore, as of October 6, 2023, the Chair of the Commission, based upon authority delegated under Resolution No. 2018-3, hereby approves your request to terminate the credit union's public depository status. Seattle Credit Union is no longer eligible to accept Washington public deposits.

If you have any questions, please contact the PDPC Administrator at 360-902-8977 or pdpc@tre.wa.gov

Sincerely,

DocuSigned by:

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Mike Pellicciotti, Chair
Washington State Treasurer

Office of the State Treasurer