

WASHINGTON PUBLIC DEPOSIT PROTECTION COMMISSION

MEETING MINUTES

Olympia, Washington

March 22, 2023

3:30 PM

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

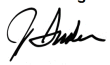
No public comment was provided.

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

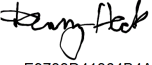
**STATE OF WASHINGTON
PUBLIC DEPOSIT PROTECTION COMMISSION**

DocuSigned by:

74DDAB6AC796466...

STATE TREASURER MIKE PELLICCIOTTI, CHAIR

DocuSigned by:

3A6D46480BF140D...

GOVERNOR JAY INSLEE

DocuSigned by:

E9733D41364B4AC...

LIEUTENANT GOVERNOR DENNY HECK

ATTEST: 
C3FFA899360644C...

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