

DRAFT

INFRASTRUCTURE AND PUBLIC DEPOSITORY TASK FORCE

Meeting Minutes

October 12, 2017

**John A. Cherberg Building, Capitol Campus
Senate Hearing Room A/B/C**

MEMBERS PRESENT:

Scott Merriman, Office of Financial Management
Brad Hendrickson, Office of the State Treasurer
Scott Nelson, Office of the State Auditor
Darwin Roberts, Deputy Attorney General
Sen. Patty Kuderer
Rep. Steve Kirby
Rep. Mike Volz (via phone)
Jennifer Lawson, US Bank
Alan Crain, Kitsap Bank
Denise Portmann, Bank of the Pacific
Commissioner Kate Dean, Jefferson County
John Comerford (via phone)
Bill Longbrake (via phone)
Yona Makowski
Becky Thompson, Washington Student Achievement Council (via phone)

MEMBERS NOT IN ATTENDANCE:

Sen. Jan Angel

GUESTS PRESENT:

Denny Eliason, Washington Bankers Association
Scott Hutsell, Public Works Board
Jim Justin, Northwest Credit Union Association
Al Ralston, BECU
Jeff Olsen, Washington State Senate
Jane Wall, Association of Washington Cities
Mara Machulsky, Public Works Board
Cecelia Gardner, Public Works Board
Peter Clodfelter, Washington State House of Representatives
Shawn Myers, Assistant Treasurer, Office of the State Treasurer
Anthony Hemstad, Office of the State Treasurer
Susan Dumontet, Department of Financial Institutions
Dominique Meyers, Washington State House Democratic Caucus
Troy Nichols, Community Bankers of Washington
Sen. Bob Hasegawa
Brenda Snyder, Office of the State Treasurer

WELCOME AND INTRODUCTIONS

Brad Hendrickson from the Office of the State Treasurer welcomed the meeting attendees. Hendrickson informed the group that the meeting was being recorded and introduced Brenda Snyder from the Office of the State Treasurer handling the administration of the task force. All Task Force members introduced themselves.

PROVISO REVIEW

Hendrickson explained the proviso which called for OST to establish a 16 member task force with 12 appointments set by the Lt. Governor and Speaker of the House along with individual appointments by the Governor, Treasurer, Auditor and Attorney General. The proviso did not give direction on leadership so Hendrickson opened the floor for comment and nomination of chair and co-chair.

DISCUSSION/SELECTION OF TASK FORCE LEADERSHIP

Hendrickson opened the floor for nominations for chair and co-chair.

Scott Merriman nominated Brad Hendrickson as chair. Commissioner Dean seconded the motion. Hendrickson asked for any other nominations and there were none. Floor opened for discussions and there were no comments. A vote was called and all were in favor. Brad Hendrickson deemed chair.

Discussion moved to nominations for co-chair. Scott Nelson nominated Scott Merriman for co-chair. Floor opened for further nominations or discussion and there were no comments. A vote was called and all were in favor. Motion carried and Scott Merriman deemed co-chair.

Discussion took place about the tight timeline and the difficulty of finishing the task by December 1. It was discussed that attempts will be made to get as much done as possible by December 1st and at least a progress report would be issued by that date. Work might potentially take place after December 1st.

DISCUSSION OF GOALS OF TASK FORCE

Hendrickson invited Sen. Hasegawa to share about the history of the proposed bill for a public depository.

Sen. Hasegawa shared that the bill has been around for the last seven years with a large emphasis based on the North Dakota bank model. The North Dakota bank has been around for since 1919 and has a record of success even during the 2008 crash. The motivation for a public depository in Washington is based on the current infrastructure needs and the lack of ability to meet those needs.

Sen. Kuderer shared that a Senate Caucus group is also looking into the idea of a public depository and would like to be a resource for this Task Force.

Discussion of members followed with acknowledgment that Washington has a different economic framework as North Dakota. The task force should be open-minded to the various avenues that could be addressed including some roadblocks such as capitalization.

There has been other work and research done over the years in Washington as well as several other states. OST will provide the task force with other documents to review from those studies.

Possibly other issues to look into include the (State) constitutionality of a public depository, what a public depository would do that isn't being adequately done today, infrastructure needs, how the treasury is currently operating and regulations that will need to be considered.

TOPICS AND PRESENTATIONS FOR FUTURE MEETINGS

Hendrickson referenced the proposed agenda which had been distributed to the task force members. He asked for input and suggestions for each item.

1. Local government infrastructure needs
2. Overview of current treasury operations
3. Overview of current infrastructure financing programs
4. Private sector infrastructure financing options
5. Previous task force and legislation
6. Public banking advocates
7. State and local government examples
8. Cost of establishing a public depository
9. Legal considerations and briefings
10. Regulatory considerations

Task force members agreed that these topics were important to discuss. Discussion ensued regarding the order of the topics with a strong desire to have the legal and regulatory topics presented earlier before determining structure components.

Other suggested topics included looking at the correlation with the issue of marijuana banking, governance structure, and ongoing funding after startup capitalization costs.

Task force members were invited to suggest speakers for various topics.

MEETING SCHEDULING

Discussion took place on the timing and location of future meetings. Some meetings will be in Olympia but others might be held in central Puget Sound locations such as Seattle, Seatac or Tacoma.

A proposed meeting schedule will be presented at the next meeting. The next meeting was set for October 20th, 2017 from 10:00 am -2:00 pm in Senate Hearing Room A/B/C in John A. Cherberg building on the Capitol Campus in Olympia.

NEXT MEETING AGENDA ITEMS

Hendrickson to review suggestions from Task Force and determine agenda based on speaker availability.

ADMINISTRATIVE CONCERNS

Meetings will be recorded and minutes will be made available online once approved by members.

Per diem for legislative members available through the House and Senate. Reimbursement for non-legislative members is available through Office of the State Treasurer

PUBLIC COMMENT

There was no public comment.

Good of the Order

Sen. Kuderer shared that she is going to Sacramento on October 27th to learn more about California's IBank. The meeting will look at the structure of the IBank and see how it may fit for the State of Washington. Anyone from the Task Force is welcome to join. Sen. Kuderer will distribute further details via email.

Hendrickson stated that the Task Force might also pose questions to the other State Treasurers' offices if desired.

ADJOURNMENT

Scott Merriman motioned to adjourn the meeting. Scott Nelson seconded the motion. The meeting adjourned at 3:17 pm.