



**State Bank  
of Washington**

# Agenda

- ▶ **Welcome and Logistics**
- ▶ **Introductions**
- ▶ **Launch Pad – Where we are now?**
- ▶ **Walt McRee**
- ▶ **Ellen Brown**
- ▶ **Lunch Break 12:15 – 12:45**
- ▶ **Dr. Karl Beitel**
- ▶ **Breakout Discussion and Report**
- ▶ **Concluding Action Steps**





# **What Washington State Could Do with Its Own Bank**

**Ellen Brown, JD  
Public Banking Institute**

**Washington State Public Bank Forum  
Seattle, Washington  
July 14-15, 2017**

# Creating New Public Financial Institutions: Options for the State of Washington

**Karl Beitel**

**Director, Public Bank Project**

But Washington State has plenty of money—it just can't be “spent”.

The state has:

- \$90 billion in public pension funds
- \$15+ billion in its Local Government Investment Pool & Treasury/Trust Portfolio



# The magic of leverage: How Washington could do it.

Capital: \$100M from pension funds x 5% = \$5M

Deposits: \$1B from Local Gov Inv Pool/Treasury  
x 1.1% = \$11M

Loans: \$1B less 10% = \$900M to lend or invest.

Invested in bonds or loans earning 3% = \$27M,  
less \$16M (cost of funds)

less \$3M loan loss reserves (BND withholds  
11% of interest income)

= \$8M profit x 12.5 years = \$100M.

**After capital repayment, \$13M/profit annually.**

# Or, using cannabis cash



Capital: \$100M from pension funds x 5% = \$5M

Deposits: \$0.

Loans: \$1B less 10% = \$900M to lend or invest.

Invested in bonds or loans earning 3% = \$27M,

less \$5M (cost of funds) & \$3M for loan loss

= \$19M profit x 5.26 years = \$100M.

**After capital repayment (or if capital comes from a one-time state injection), \$24M/profit annually.**

# Capitalization

## Options:

- General Fund (one-time or limited allocations)
- Pension Funds (public, national in scope)
- Foundations
- Socially Responsible Investment Funds, individuals

Limited Allocations - E.g., If Washington Public Pension funds allocated  $\frac{1}{2}$  of 1%, \$45 million in equity

Target level: \$250-300 Million; All Tier I (common stock); can have different classes –Class A (voting shares); Class B (non-voting)