

Nov 9, 2017
Washington
Infrastructure
and Public
Depository
Task Force,
Tacoma
Washington

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Funding Infrastructure Benefits the Local Economy

- Local Jobs more money to spend locally.
- Local business have increased earnings
 - More hires, more money to spend locally.
- Banks benefit from loans made to contractors and sub-contractors
 - More hires, more money to spend locally.

A Public Bank Can Reduce the Debt Burden on Tax Payers by. . .

- Funding public projects for less.
- Refinancing existing public debt.
- Reinvesting interest earned from loans to benefit the public that funded the bank.
- It could help lower taxes!

A Public Bank Can Be More Nimble Than the Bonding Process

- It can fund projects or components of projects when they are shovel-ready.
- Loans might be issued for shorter periods of time and staggered.
- Shorter-term loans can reduce burden of longer-term bond debt



You're never too big

Owning A Bank Charter Can Provide Greater Access to Low-interest Credit

- It can leverage its investment capital to issue bank credit
- Borrow at very low rates to meet liquidity needs
- The public would benefit from the same system that benefits private investors.

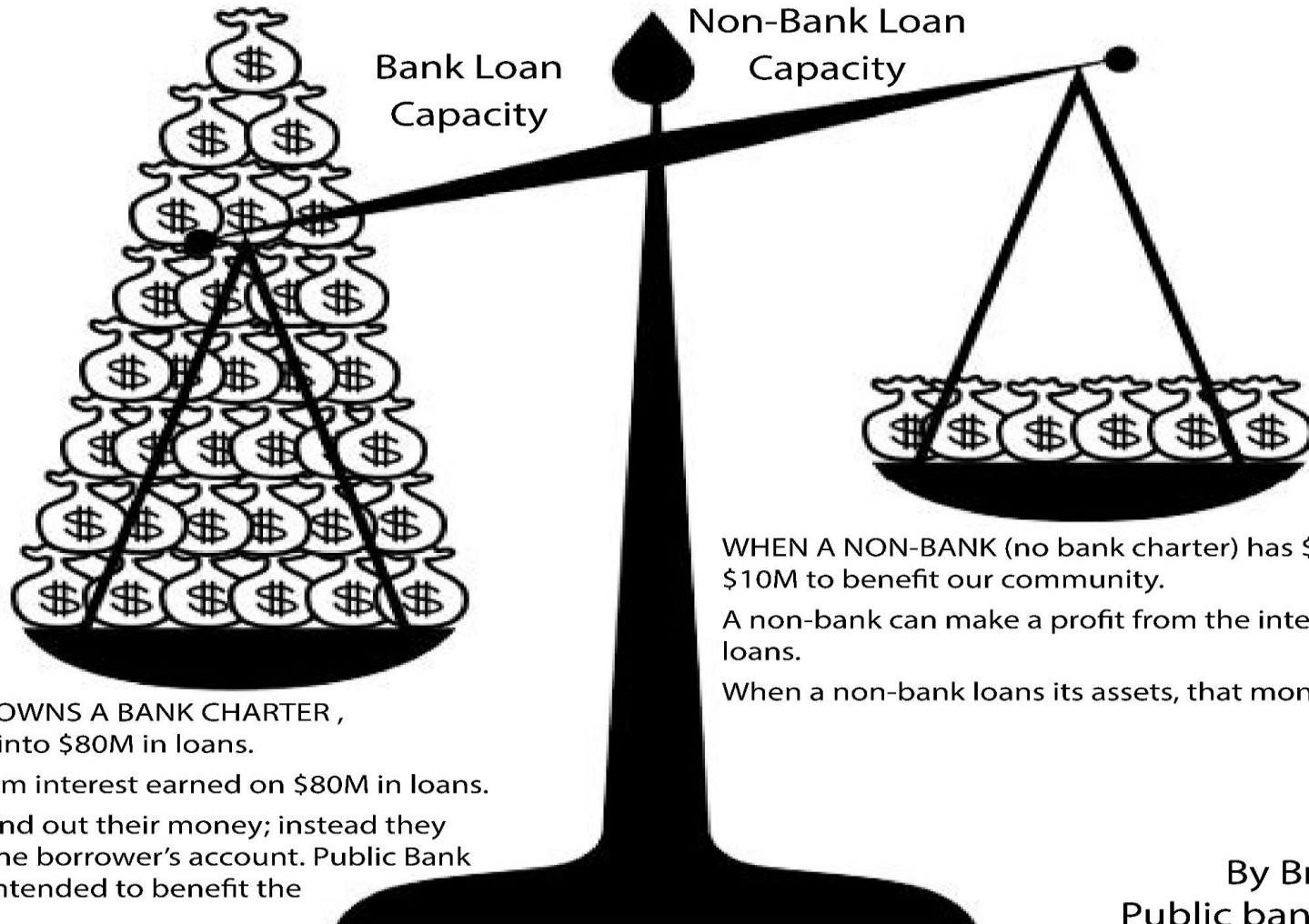
BANK OR NON-BANK?

A Public Bank for Santa Fe – Weighted in Favor of the People

A Public Bank for Santa Fe can make low cost loans to the City for much needed projects and services. It can also partner with local financial institutions to make low cost loans for affordable housing, small business or green energy.

Bank Profits earned on these loans go back to benefit the community not private shareholders.

City has \$10 Million to Invest



BECAUSE A PUBLIC BANK OWNS A BANK CHARTER , it can leverage that \$10M into \$80M in loans.

The Bank earns a profit from interest earned on \$80M in loans.

Chartered banks do not lend out their money; instead they issue electronic credit to the borrower's account. Public Bank loans create new money intended to benefit the community it serves.

WHEN A NON-BANK (no bank charter) has \$10M to invest it can lend that \$10M to benefit our community.

A non-bank can make a profit from the interest earned on that \$10M in loans.

When a non-bank loans its assets, that money is gone until it is paid back.

By Brass Tacks Team
Public banking Facts That Stick!



On the other hand . . .

Experience with a revolving loan fund can help establish the need for, as well as, an applicant's qualifications for opening a public bank to fund public facilities and infrastructure.



Banks & Government, The Public is Ready To Do It Differently!



Public Bank, Public Funds, Public Over-sight

- Public Bank decisions are made by professional Bankers
- No Government Meddling Allowed
- Process is Transparent, Accountable to the Public

Governed by

Laws

Regulations

Public Confidence

Public Purpose Doctrine

How would a public bank to fund infrastructure and facilities better serve the

***health, welfare, safety, morals
and general welfare of the public?***

State Anti-Donation Clause

- What are the legal precedents for investing in a utility like a Public Bank?
- What exceptions have been made to your State's anti-donation clause?

State Investment & Depository Laws & Regs.

Where may public funds be deposited?

What funds are available for investment?

Would deposits need to be collateralized?

What are the exceptions?

State Banking Laws and Regulation

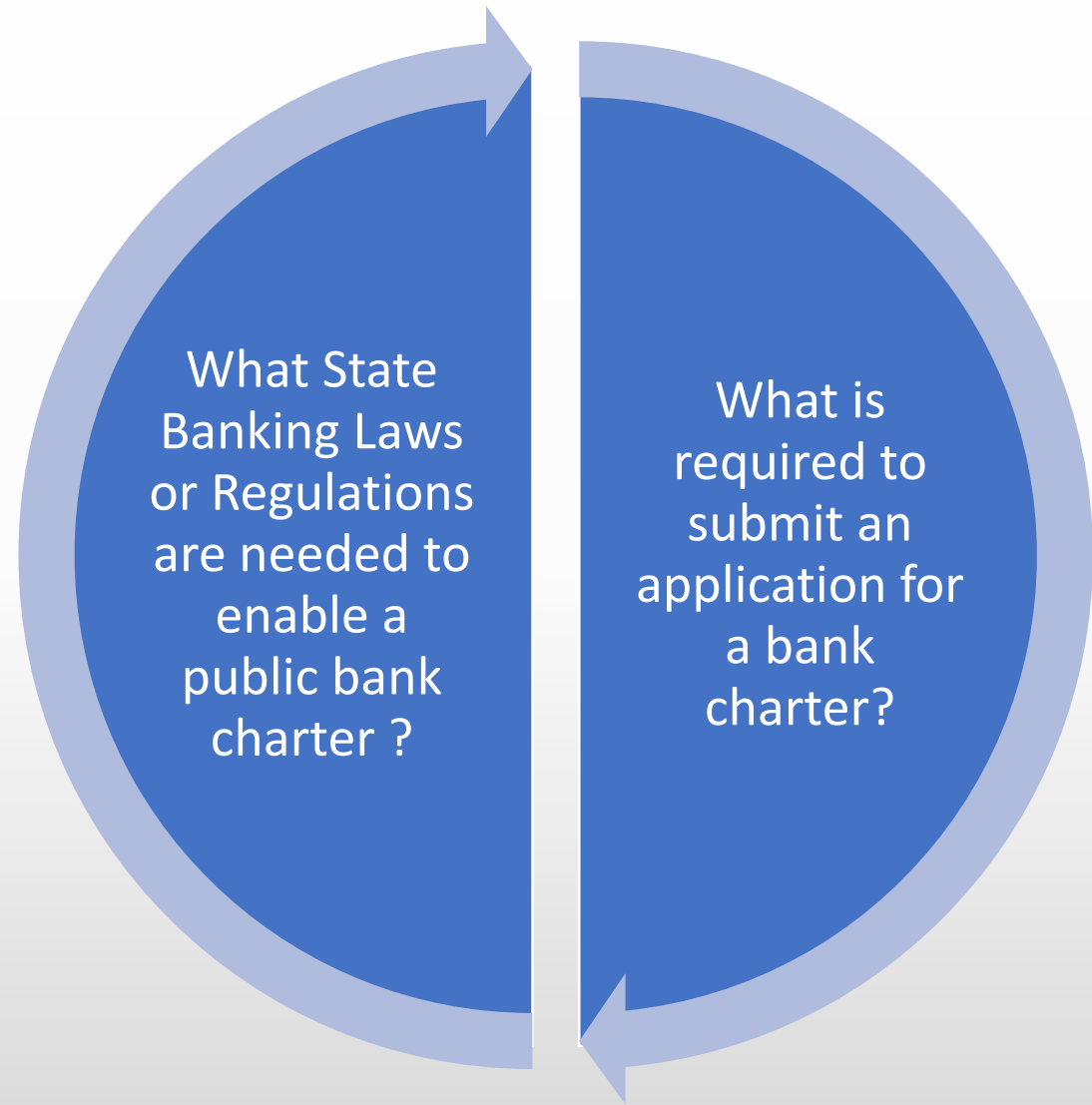
Do they provide for a public ownership of a bank?

Do they require FDIC Insurance?

Do they require FED approval?

The legislature
creates State
Banking Laws
and
Regulations.

The Dept. of
Financial
Institutions
Issues State
Bank Charters



Applying for a Bank Charter

- Five-Year Business Plan
- Kind of bank
- Niche, purpose
- Source of capitalization
- Is a bank-holding company needed?
- Governance Model

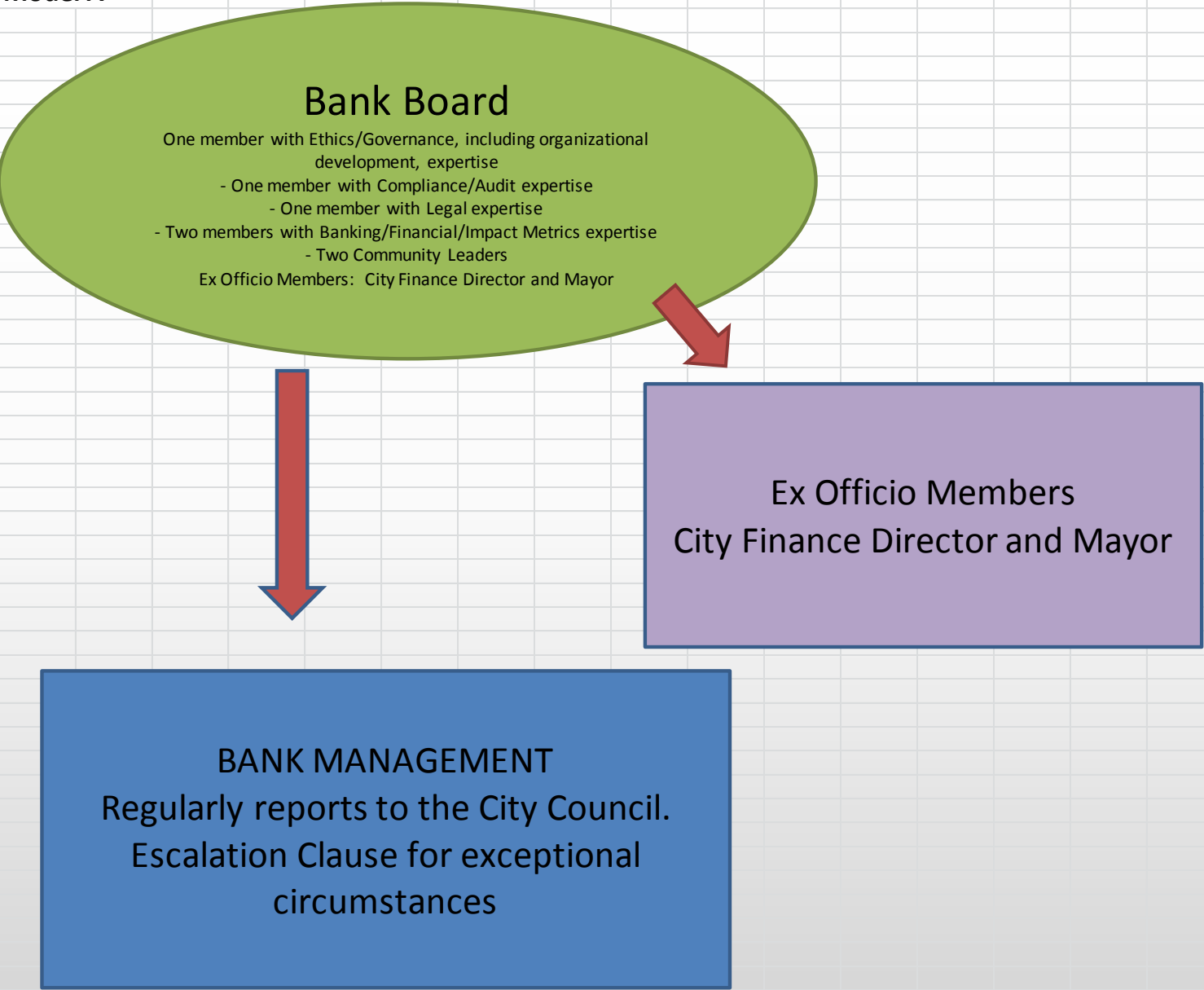
Governance Models – Meeting Banking and Public Confidence Requirements

- Bank of North Dakota model
- Sparkassen Model
- How is government influence excluded from bank decision making?
 - Laws against self dealing
- How is the public informed of bank decisions, investments
 - Would the open meetings requirement affect bank operations
- How does the public give input to the bank?
- How is success measured?

A common goal in these examples is creation of a relationship among the entities that is appropriately accountable and independent of one another. In the models below, aspects that would contribute to a firewall between management of the bank and political influence include the vetting process in all three examples and the citizen advisory board in Model C. Model A has more community involvement, and Model B places a stronger emphasis on elected officials' accountability to the public.

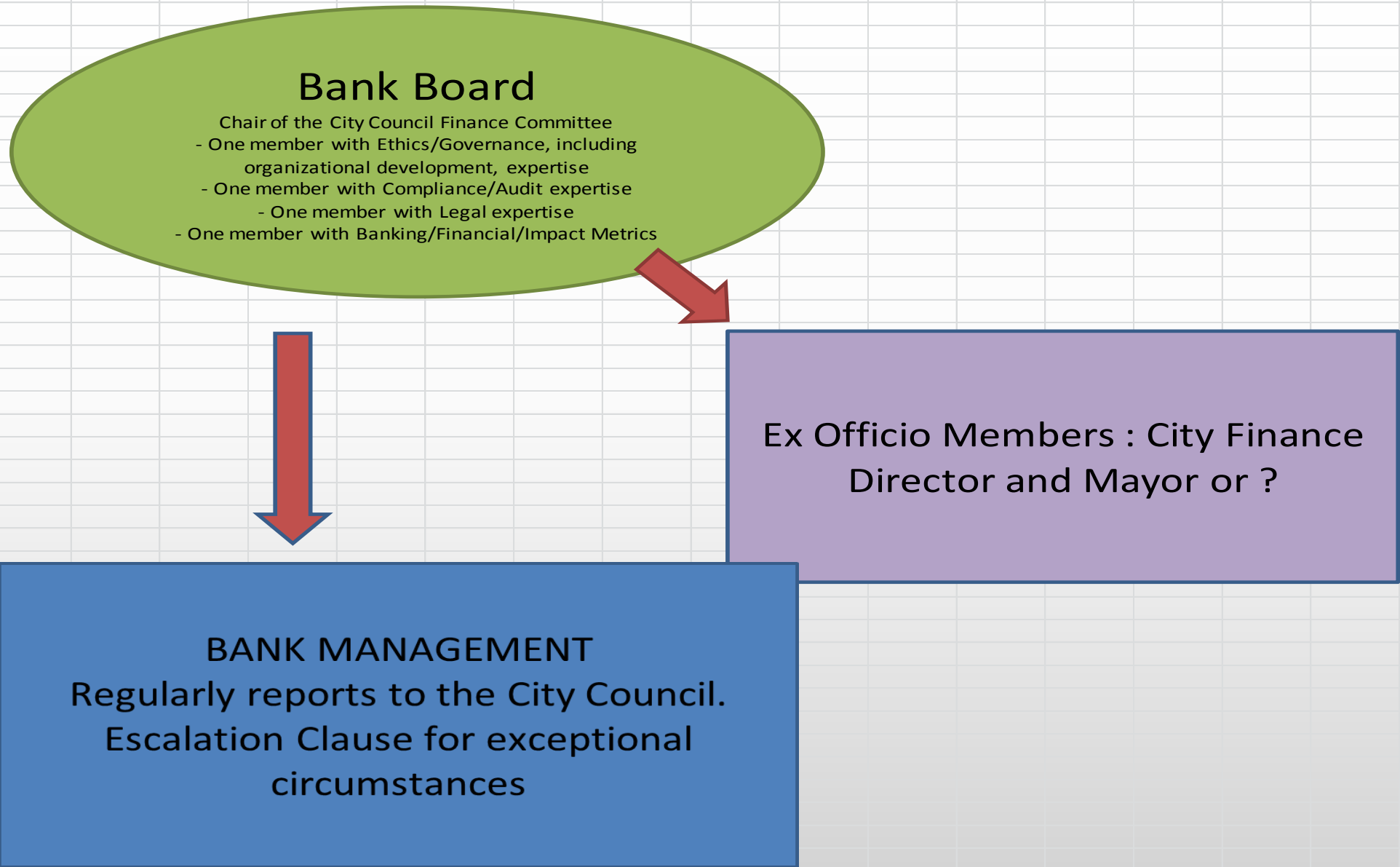
MODEL A:

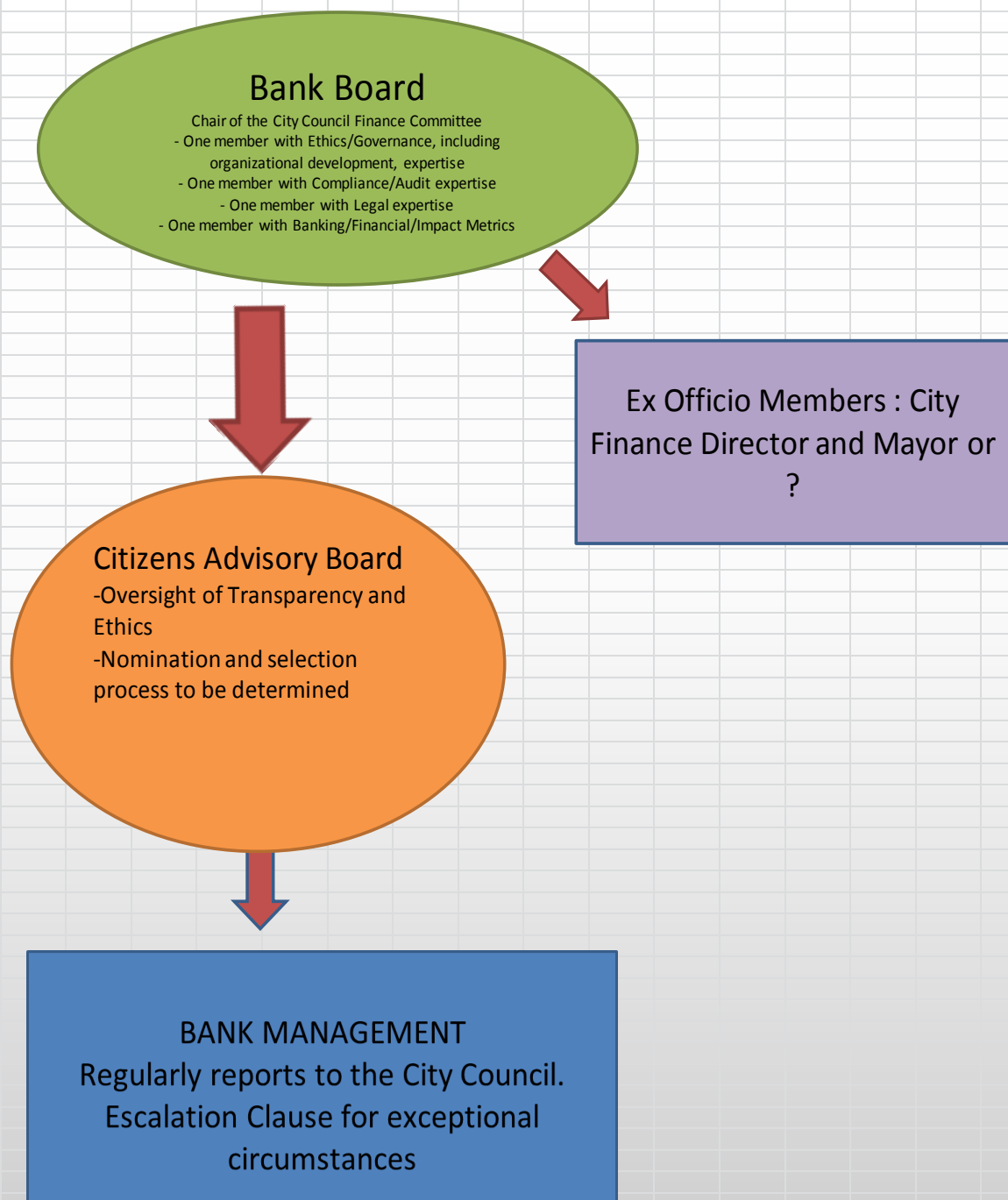
Model A



MODEL B:

Model B





MODEL C:

This model would include a fourth body, a **Citizen Advisory Board**, with responsibility for oversight of transparency and ethics. Nomination and selection process to be determined.



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www.PublicBankingInstitute.org