Washington State Public Bank Work Group

Summary of Work Group Meeting 3: September 10, 2026

Attendance

Work Group (WG) Voting Members

- Charlie Clark (Chair), Department of Financial Institutions (DFI)
- Senator Bob Hasegawa
- Representative Sharon Tomiko Santos
- Richelle Geiger, Office of the Insurance Commissioner (OIC)
- Scott Nelson, Washington State Auditor's Office (SAO)
- Jasmine Vasavada, Office of the Washington State Treasurer (OST)
- Greg Guedel, Industry Expert
- Francis Janes, Industry Expert
- Wayne Lau, Industry Expert
- Marco Rossi, Industry Expert
- Peter Tomozawa, Industry Expert

Non-Voting Work Group Participants

- Maria Jawad (Washington State Department of Commerce)

Presenters

- OST: Tammie Nuber, Jasmine Vasavada (WG Member)
- DFI: Matthew Harvey, Deborah Taellious

Other Attendees: Suzanne Becker (Washington State Office of the Attorney General), Julie Tran (Washington State Legislature Senate Committee Services), Sarah Reuben (Legal Assistant to Senator Hasegawa)

DFI Support Staff: Christian Salyers, Ashley Dalmy

BERK Consulting: Brian Murphy, Julia Tesch, Ariel Hsieh, Andrew Lindstrom

Meeting Summary

8:00 – 8:05 am

- **Welcome and Agenda Review:** Chair Clark opened the meeting with an overview of the meeting agenda and by welcoming everyone in attendance

8:05 – 8:15 am

- **Adopt Charter and Operation Agreements:** Brian Murphy (BERK) presented the Charter and Operating Agreements shared in WG Meeting 2 and asked if there was any feedback or requested changes. Brian answered some questions about public records disclosure and confidentiality and confirmed that while the meetings are not subject to open meeting requirements, the documents, meeting chat, and other materials are subject to open records disclosure. After this, the WG approved the charter by consensus.

8:15 – 9:45 am

- **The Current State in Washington:** BERK, OST, and DFI presented on the current state of public finance and banking in Washington.
  - **Introduction:** Ariel Hsieh (BERK) began the presentation with an overview of financial management responsibilities. A request was made to clarify which agency functions are prescribed by law and which are discretionary. This and other requests for additional information will be responded to in Meeting 4.
  - **Washington Public Banking and Public Finance Ecosystem:** Tammie Nuber and Jasmina Vasavada (OST) presented the role that OST plays in detail. Key roles are managing debt, credit, and liquidity. Questions covered details on transaction fees, cadence of contracting with private banks, and the nature of reserve shortfalls in recent budget cycles.
- **Commercial and Retail Banking:** Matthew Harvey (DFI) presented how the state and federal government regulate banks, the implication of federal banking regulations on public banks, and the details of how banks are chartered and/or acquired. Questions covered details on difficulties in acquiring an existing private bank for Federal Reserve access (as existing state and federal regulations presume bank acquisitions will be done in the interest of deposit holders) and challenges relating to FDIC/NCUA insurance policies.
- **Legal Context for Public Banking:** Deborah Taellious (DFI) gave a brief overview of legal considerations in the context of potential powers and activities of a public bank based on the identified Washington constitutional and statutory framework. This was introduced as preliminary information that will be supported with additional context as the process advances.

9:45 – 10:10 am

- **Roundtable:** BERK led a roundtable discussion of the presentations with the prompt: *what are your preliminary ideas about the opportunities or problems a public bank could address?* Response concepts included:
  - A public bank should be a conduit for serving the un- and under-banked.
  - There are limitations with the BND model and how it can apply to WA and our needs for infrastructure, local government, cannabis industry, and

more. We want to serve these needs, so we need to have the right model to do this.

- There is a need to identify the gaps in the system for state agencies and how a public bank could work to fill those gaps, including expansion of loan programs for disasters.

- A new public financial institution will create tension with existing public financial institutions and programs.
  - A public bank can serve many roles, but some of these roles (i.e., serving the under-banked) can be difficult to implement alongside other roles (i.e., a conservatively lending BND-style wholesale bank).
  - The state could benefit from putting the existing concentration account in a public bank rather than managing it through existing commercial bank relationships.
  - How will a public bank relate to the state's goals of maintaining a healthy banking ecosystem and serving the well-being of the people at large? Can both be accomplished? If so, let's address the constitutional and statutory limitations that exist.

10:10 am

- **Closing:** BERK and Matthew Harvey (in lieu of Chair Clark) thanked the WG for thoughtful discussion and for staying in meeting for an additional 10 minutes and closed the meeting.

Summary of Outstanding Questions and Requests for Additional Information

The following questions and requests for information have been acknowledged by BERK, OST, and DFI. Further information will be provided at Work Group Meeting 4.

- Clarity on which agency responsibilities are prescribed and which are discretionary.
- A historical review of the ratio of debt to state revenues for the past 25 years.
- Greater clarity on fees, charges, interest rate reductions, and other ways banks may earn income from providing banking services to Washington state.
- How the 27.7 days of reserves currently noted by OST compares to the historical average.
- More information about the Separately Managed Accounts (SMA) program, including the number of participating entities.
- A presentation on the Public Deposit Protection Commission and collateralization requirements.
- More information about public financing tools for emergency relief services currently used by Vermont.
- A request that concerns regarding the impact that a public bank may have on current loan and grant programs offered by the state (and particularly their ability to receive below-market rate interest rates) be addressed in future WG meetings.