

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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Wednesday, April 19, 2023

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HELD AT: COMMITTEE ROOM, CITY HALL

B E F O R E: Justin L. Brannan, Chairperson

COUNCIL MEMBERS:

- Diana Ayala
- Charles Barron
- Gale A. Brewer
- Selvena N. Brooks-Powers
- David M. Carr
- Amanda Farias
- Kamillah Hanks
- Crystal Hudson
- Farah N. Louis
- Francisco P. Moya
- Chi A. Ossé
- Keith Powers
- Althea V. Stevens
- Marjorie Velázquez
- Nantasha M. Williams
- Julie Won

A P P E A R A N C E S (CONTINUED)

Mary Christine Jackman
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Hua Tan
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Linda Levy
Lower East Side
People's Federal Credit Union

Judith Hertzberg
True Blue New York

Thomas Marois
Professor
SOAS University of London

1 COMMITTEE ON FINANCE

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2 SERGEANT AT ARMS: Quiet please, good afternoon
3 and welcome to the New York City hybrid hearing oof
4 the Committee On Finance. At this time, please
5 silence all electronic devices. Chair, we're ready
6 to begin.

7 CHAIRPERSON BRANNAN: Thank you, Sergeant. Good
8 morning, or good afternoon. Welcome to today's
9 Finance Committee hearing. I'm councilmember Justin
10 Brannan. I have the privilege of chairing the
11 Committee on Finance. We've been joined today by
12 Councilmembers Ossé, Hudson, Hanks, Powers, Barron,
13 Won, and Carr, and Councilmember Moya on Zoom.

14 Today, the Committee will be holding a hearing on
15 four pieces of legislation, three introductions and
16 one resolution, all sponsored by Councilmember Keith
17 powers. Intro 498 would require the Department of
18 Finance to report on the city's use of depository
19 financial services. Intro 499A would require the
20 Office of Management and Budget to report on the
21 City's use of non-depository financial services.
22 Intro 999 would establish a task force to study
23 options and make recommendations for a plan to
24 implement a municipal bank, a municipal public bank,
25 and Reso 203A would call for the passage of pending

2 state legislation, which would authorize the
3 establishment of a public bank in New York.

4 Over the course of FY 22, the city took in more
5 than \$122 billion in receipts by way of taxes,
6 government grants, municipal bond sales, and other
7 sources. Contrary to some belief, the city doesn't
8 actually spend it as soon as they get it. The city
9 stores its revenue in a series of bank accounts,
10 along with short-term investment options until
11 necessary to meet payroll and other expenses.

12 In the current economic climate, we need to be
13 especially mindful of every aspect of our city's
14 finances, and that includes where we bank. This is
15 even more true now after two historic bank closures,
16 including one here in New York, have raised questions
17 and concerns about safeguards in the banking sector.
18 For example, at the time Signature Bank failed and
19 entered federal receivership, there was public
20 information that Signature Bank was an approved
21 depository of the city's Banking Commission. But it
22 was not public whether Signature Bank held the City's
23 deposits at that time.

24 The goal of these bills today in this hearing is
25 not to doubt the public servants who operate the city

2 treasury and ensure both the availability and return
3 on our revenue, but to gain transparency and
4 oversight in these processes.

5 The recent bank closures-- can we just have quiet
6 in here please? The recent bank closures have also
7 called attention to a competing banking model
8 advanced by both advocates and members of the State
9 Legislature in Albany that the city should have the
10 authority to-- the authority to charter a publicly
11 owned bank to receive city revenue and lend out
12 excess funds in support of city social policies as
13 well as to gain return on investment. Such a bank
14 has been in operation by the state of North Dakota
15 for over 100 years, making loans at subsidized rates
16 to local financial institutions and student loans for
17 attendance at North Dakota colleges. Whether this
18 model can scale up to meet the banking services needs
19 of New York City remains an open question, but one
20 better answered after learning more about how those
21 needs are met.

22 Before we turn to our witness testimony, I want
23 to recognize the Majority Leader who is the sponsor
24 of the bills we're hearing today, Councilmember
25 Powers for remarks on his bills.

2 MAJORITY LEADER POWERS: Thank you. And I want
3 to thank Chair Brannan for holding the hearing today.
4 And I want to thank the sponsors of this bill,
5 including Manhattan Borough President Mark Levine,
6 who had previously sponsored these bills in the last
7 session, and of course the Public Bank Coalition for
8 their advocacy on this issue as well.

9 We have four bills to hear today related to
10 increased transparency about New York City's finances
11 and lay the groundwork for a municipal public bank.
12 We're here today to talk about a new idea for New
13 York City, a municipal public bank that puts public
14 dollars to work for our communities. For those who
15 aren't familiar, a public bank is a financial
16 institution owned and operated by a public entity, in
17 this case the New York City, and accountable more
18 directly to New Yorkers. Public banks present an
19 alternative to traditional banks and can serve as a
20 powerful tool for local governments to invest in our
21 communities.

22 This hearing is particularly timely, as everyone,
23 I hope, filed their taxes yesterday, and if you
24 didn't, I hope you got an extension. Every year New
25 York City-- Every year-- Oh, did you forget Kamillah?

2 Every year New York City collects TENS of billions of
3 dollars of revenue to fund programs and service our
4 capital needs. And we will hear most of this money
5 is placed in deposit with traditional banking
6 institutions located-- mainly located here-- right
7 here in New York City.

8 With a public bank, we would have the opportunity
9 to fill gaps in our banking system by providing high-
10 quality affordable financial services to unbanked and
11 underbanked communities, support community-based
12 credit unions, loan funds, and small businesses.
13 Imagine if even a portion of the money of the city
14 deposit in private banks was reinvested in
15 neighborhood-led development, permanently affordable
16 housing, living wage jobs, and renewable energy with
17 a public bank that is possible, and tax dollars can
18 be invested even more for the public good.

19 The legislation we're hearing today will help
20 shine a light on our city's current financial
21 investments in lay the groundwork for the creation of
22 a public bank in New York City. We of course also
23 are calling on our colleagues in Albany to take the
24 step to actually grant and authorize that.

2 The Chair listed out the bills, so I won't repeat
3 what they do. But I'm certainly looking forward to
4 hearing the Admins testimony here today, and hearing
5 from the public about ways that we can move forward
6 this and how we can do it successfully. This will
7 bring us one step closer to transparency and
8 accountability, and help us create an economy that
9 supports working middle class New Yorkers. I want to
10 thank the committee staff, my fellow committees for
11 hearing this legislation today, federal bill
12 sponsors, and the advocates for their support.

13 I want to thank Hallie and Ben in my office for
14 working diligently on this and look forward to
15 hearing testimony today and moving this legislation
16 forward.

17 CHAIRPERSON BRANNAN: Thank you, Councilmember
18 Powers. Now we're going to turn to Committee
19 Counsel, Mike Toomey, to swear in our witnesses.

20 COUNSEL: Afternoon. Please raise your right
21 hands.

22 Do you affirm that your testimony be truthful to
23 the best of your knowledge, information, and belief,
24 and that you will face honestly and faithfully answer
25 a councilmember questions? Mary Christine Jacmkan?

2 MS. JACKMAN: I do.

3 COUNSEL: Hua Tan?

4 MR. TAN: I do.

5 COUNSEL: Thank you. Please proceed.

6 MS. JACKMAN: Good afternoon Chair Brannon and
7 the members of the Finance Committee. My name is
8 Mary Christine Jackman, and I am the city's treasurer
9 at the New York City Department of Finance. I am
10 joined today by my colleague Hua Tan, the Director of
11 Banking Relations and Services. We are here to
12 discuss the legislation in relation to the city's
13 treasury.

14 First, I'd like to give a brief overview of the
15 current New York City banking process. New York
16 State law requires all municipal bank deposits to be
17 fully collateralized. The New York City Banking
18 Commission staffed by DOF's Treasury requires that
19 city deposits are protected by being placed only in
20 designated financially secure banks. The city's
21 procurement process promotes competition among
22 designated banks endeavoring to provide financial
23 products and services to the city, to ensure reduced
24 costs, and ensure that appropriate products and
25 services are selected. Treasury staff monitors the

2 billing and administration of all city bank accounts.
3 The comptroller's office approves the opening of the
4 city bank accounts.

5 Regarding the legislation under discussion at
6 today's hearing, my testimony will focus primarily on
7 Intro 498. The Office of Management and Budget has
8 submitted written testimony addressing Intro 499, and
9 while we are willing and eager to participate in any
10 taskforce created in the future, Intro 999 is reliant
11 on the state legislation that has not yet been
12 passed.

13 Intro 498 introduced by Councilmember Powers
14 would require DOF to make quarterly reports regarding
15 the city bank accounts of deposit, disaggregated by
16 account, and reaggregated by bank or trust company.

17 We are largely supportive of the legislation, and
18 would work with council to ensure that the bill
19 achieves increased transparency and usable data
20 sharing. When considering reporting requirements.
21 It is relevant to discuss two major types of bank
22 accounts that the city employs. There are many
23 accounts for which the city has fiduciary
24 responsibility but not ownership. These accounts are
25 held under the city's taxpayer ID, but are not

2 technically or legally city funds. Examples of
3 fiduciary accounts are the Comptroller's custody
4 accounts, or the HPD escrow accounts.

5 The other type of overarching account is what we
6 refer to as working accounts, which have money moving
7 through them constantly. These daily fluctuations
8 complicate reporting and result in overstated average
9 balances that would not be available to be invested
10 or otherwise used.

11 Let's use last Friday, April 14, as an example,
12 the city of New York had payroll disbursements of
13 \$785 million. That money went into the bank account
14 in the morning and was cleared out by the end of day.
15 It was probably cleared out before 11 a.m. Each
16 quarter there is an average of six pay periods with
17 comparable amounts moving through these accounts.
18 This makes the average balance of the payroll account
19 look higher, but the truth is, is that the money is
20 moving through the account not sitting idly.

21 The Treasury division works diligently to make
22 sure money is not inactive. Every morning balances
23 are verified, incoming money is accounted for,
24 outgoing accounts are subtracted, and any residual
25 amounts are invested by the comptroller's office

2 until they are needed. These funds do not remain at
3 the bank. Another example: Some have expressed
4 concern over the \$60 million in city funds on deposit
5 at Signature Bank the day it was taken over by
6 federal and state regulators. However, almost \$30
7 million of that total was for housing and
8 preservation development participation loans, which
9 helped multifamily building owners throughout the
10 city to facilitate the moderate or substantial
11 rehabilitation and affordability of housing for low-
12 to-moderate income households. The remaining \$30
13 million was for Administration for Children's
14 Services, payments to voucher childcare providers,
15 which always leave the bank shortly after their
16 deposit. Importantly, in both of these instances, at
17 this point, the funds at Signature Bank were in use
18 by the programs and not available for investment or
19 other use.

20 With respect to Signature Bank, and to all of our
21 depository banks, all city deposits were fully
22 collateralized in accordance with state law. That
23 means that Signature had on deposit secure assets
24 protecting the entire value of the deposits. Because
25 they were collateralized. The city's deposits were

2 secure before the Federal Reserve, US Treasury, and
3 Federal Deposit Insurance Corporation acted to
4 guarantee all deposits.

5 The Department of Finance believes that it could
6 support Intro 498, as long as a few minor changes are
7 made, such as providing adequate time for
8 implementation. Overall, this bill is something that
9 we look forward to working with council.

10 Intro 999, which was also instituted introduced
11 by Councilmember Powers establishes a task force to
12 study options and make recommendations for a plan to
13 implement a municipal bank Public Bank. The
14 Department of Finance will have to play a key role in
15 this process if the state passes legislation giving
16 the city authorization.

17 We look forward to discussing this bill further
18 with all relevant stakeholders and the challenges and
19 complexities regarding public banking. For example,
20 the two highest costs of a new bank are
21 capitalization and compliance with federal and state
22 regulations. The FDIC requires at least a three-year
23 plan that demonstrates how startup costs and expected
24 expenses and losses will be covered. This bill
25 states that quote, "there will be no material

2 negative impact of the public bank on the city's
3 financial condition." Unquote. However, this may
4 not be possible to guarantee, as even profitable
5 banks regularly experienced losses. As this new
6 public bank would be geographically constrained to
7 economic activity in New York City, its losses would
8 be disproportionate in the event of an economic
9 recession in our city. Should such losses occur, it
10 may be necessary to allocate additional funding from
11 the city budget to the bank during already-
12 challenging economic times.

13 There are certainly reasons why the Bank of North
14 Dakota is the only state-owned, state-run financial
15 institution in the United States at this time.
16 Incidentally, last year North Dakota bank, the only
17 public bank in the United States, spent \$33 million
18 in banking expenses with a population of
19 approximately 775,000 People. New York City, on the
20 other hand spent \$24 million in banking fees with a
21 population of almost 8.5 million.

22 Finally, the law department is reviewing this
23 proposed legislation, and may raise additional
24 concerns once the review has been completed.

2 As always, I want to thank Chair Brannon, the
3 legislative sponsors, and the members of this
4 committee for taking time to hear my testimony. And
5 I'm happy to answer any questions you may have
6 regarding this legislation.

7 CHAIRPERSON BRANNAN: Thank you so much.
8 Quickly, we've been joined by members Lewis, Brewer,
9 Stevens, Brooks-Powers, and Ayala.

10 So the city's cash flow moves on two separate
11 tracks, right? DOF manages cash-through depository
12 services, and the controller's Asset Management
13 Bureau is responsible for managing investments and
14 cash equivalents, right?

15 MS. JACKMAN: The-- Yes. The City-- The DOF
16 does do the deposits. That's correct. And
17 Comptroller is responsible for the accounting for
18 those-- those transactions.

19 CHAIRPERSON BRANNAN: Okay. So what is the
20 rationale and holding some of the taxpayers money in
21 cash and some in in cash equivalent investments?

22 MS. JACKMAN: That's on the Comptroller's side.
23 When-- What we do is we try to clear out as much of
24 the cash as possible every single day. And we turn
25 it over to the Comptroller's office for investment.

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2 CHAIRPERSON BRANNAN: What-- And what is the--
3 What's the rationale there? Like why wouldn't we
4 keep more cash on hand versus-- How do you decide to
5 clear that out versus to keep it?

6 MS. JACKMAN: We don't-- We try not to keep
7 anything. The-- The only money that would be left in
8 the account would be to try and cover any-- any
9 transactions that come through during the night. So-
10 - So at the-- Before 11, we're turning over all of
11 the residual cash to the Comptroller's office,

12 CHAIRPERSON BRANNAN: And how does DOF and the
13 Comptroller's office coordinate while you're both
14 working on separate tracks?

15 MS. JACKMAN: we're not really working on
16 separate tracks. What we're-- What we're doing is
17 we're checking the daily cash management and daily
18 cash flow. And then based on whatever that result
19 is, by 11, then they know how much cash they have to
20 invest for the day.

21 CHAIRPERSON BRANNAN: Okay. And what's the
22 rationale for having two separate offices handle
23 this?

24 MS. JACKMAN: That was decided long before I ever
25 got here and probably before anyone in this room did.

2 COUNCILMEMBER BREWER: Probably not me.

3 MS. JACKMAN: Oh. [LAUGHS.]

4 CHAIRPERSON BRANNAN: Are there more cost-
5 effective opportunities for the city to do more work
6 in house rather than contracting out to different
7 financial institutions?

8 MS. JACKMAN: I don't know that. The daily cash
9 flow is contracted out. That's-- That's done in the
10 Comptroller's office.

11 CHAIRPERSON BRANNAN: I'm just saying-- Well not-
12 - Just in general.

13 MS. JACKMAN: I don't think there's that much
14 contracted out.

15 CHAIRPERSON BRANNAN: But things like investment-
16 - you know, investment advisory, payroll, debt
17 collection, lockbox, professional services, any
18 professional services in connection with the issuance
19 of municipal debt? Do you think there's more that we
20 could be doing in house that we're currently not
21 doing in house?

22 MS. JACKMAN: That would-- A lot of those things
23 that you mentioned would be a Comptroller question.
24 That would not be a Department of Finance question.

2 And then in addition to that, we do most things in
3 house.

4 CHAIRPERSON BRANNAN: How many depository bank
5 accounts does the city currently have?

6 MS. JACKMAN: That's a great question, because,
7 as I mentioned, there's two kinds of accounts.
8 There's the working accounts and there's the
9 fiduciary accounts. There are approximately, give or
10 take, because we're opening and closing accounts
11 every day. There's 2124 working accounts, and
12 there's 2267 fiduciary accounts.

13 CHAIRPERSON BRANNAN: And can you describe-- not
14 all of them, but can you describe their different
15 purposes and functions--

16 MS. JACKMAN: Sure.

17 CHAIRPERSON BRANNAN: -- and why are there so
18 many?

19 MS. JACKMAN: Oh. Well, because, for instance,
20 we have 1624 schools. Each school has at least one
21 account.

22 CHAIRPERSON BRANNAN: Okay, so that's included--

23 MS. JACKMAN: The larger accounts--

24 CHAIRPERSON BRANNAN: --that's included in your
25 number. I get it.

2 MS. JACKMAN: Yeah. The larger schools have more
3 than one account. So-- So in those cases, there's--
4 there's 1700 of the working accounts already, right?

5 For the fiduciary accounts, we-- they use our tax
6 ID, but we have the responsibility, and the
7 privilege, and the duty of caring for these funds for
8 others. So, for instance, like, there's tenant
9 accounts, there's custody accounts, there's
10 Children's Services accounts, there's all kinds of
11 accounts that are opened, or-- there's also escrow
12 accounts for the legal department. There's-- these
13 are all under a specific name, or a specific person,
14 or a specific entity. So there's individual accounts
15 for each one of those. And those funds cannot be
16 commingled. That's-- That's part of the reason--
17 That's part of the reason that we have so many bank
18 accounts, is that the funds cannot be commingled.

19 CHAIRPERSON BRANNAN: Got it.

20 MS. JACKMAN: And particularly with the fiduciary
21 accounts.

22 CHAIRPERSON BRANNAN: Now can the agencies access
23 these accounts directly, or it has to go through DOF?

24

25

2 MS. JACKMAN: All of the account openings and
3 closings are supposed to go through DOF. And the
4 openings are supposed to go through the Comptroller.

5 CHAIRPERSON BRANNAN: But what about accessing it
6 once it's opened?

7 MS. JACKMAN: In each agency-- Well, it depends
8 on the use of the account. Some of the accounts,
9 there are designated people in the financial portion
10 of the agency who are able to-- to make payments or--
11 or to do other things with their with their accounts.
12 But for the most part, all of those people have to be
13 authorized through Security Administration.

14 CHAIRPERSON BRANNAN: Okay. And what kind of
15 safeguards are in place to prohibit any improper use
16 of the funds by the banks? Like, you know,
17 unacceptably risky lending?

18 MS. JACKMAN: Well, the-- All of our funds are
19 collateralized. So if, if anything goes wrong at the
20 bank, we can immediately pull all of the
21 collateralized money, or the investments, whatever
22 they pledged, whether they pledged a letter of
23 credit, or whether they pledged a government
24 security, or whatever they've pledged, we can have
25 immediate access to that and we can actually cash it

2 in. So that's-- that's that protection. The other
3 protections are that we have contracts with the
4 banks. And they're held to a high standard with the
5 contracts that we have with them. The banks also are
6 regulated. That's one of the requirements to use a
7 bank is that it's got a federal or a state charter.
8 And there's absolute regulation and oversight because
9 of all of those organizations that are overlooking
10 each one of the banks.

11 CHAIRPERSON BRANNAN: Can you tell us at present
12 which of the approved banks have city funds deposited
13 in them, and what are the amounts at each bank?

14 MS. JACKMAN: I can tell you the banks that have
15 funds. I don't know at this moment, because it
16 shifts so much. As you know, the Banking Commission
17 designated 28 banks. Of that 15-ish have funds, and
18 a couple of banks have banking development district
19 deposits.

20 CHAIRPERSON BRANNAN: Okay. I think I want to
21 hand it to the bill sponsor, and then I'll come back
22 for more. Keith?

23 MAJORITY LEADER POWERS: Thank you. Just a
24 follow up question. I know that the staggering
25 amount of accounts that we have in the city, but your

2 explanation helps make sense why. I guess-- How do
3 agencies decide which of the approved banks to use
4 for a deposit, and the amount to deposit, if we have
5 a wide range of public institutions that we're
6 choosing from-- or private institutions that we're
7 using from?

8 MS. JACKMAN: The Banking Commission, every two
9 years, requests applications from the banks who are
10 interested in providing services or products to the
11 City. Actually, this is this is one of the years
12 that the applications have been sent to the Banking
13 Commission to be analyzed. There's a very extensive
14 application that is-- All of the requirements are
15 delineated in Title 22. And the banks have to comply
16 with all of those points in-- in Title 22. It's a
17 very extensive process. As you know, the Banking
18 Commission is made up of the Mayor or his designee,
19 the Comptroller or his designee, and the Finance
20 Commissioner or his designee.

21 MAJORITY LEADER POWERS: Okay. And do you have
22 an opinion on how well the existing banking
23 institutions and arrangements are serving New York
24 City?

2 MS. JACKMAN: How they're...? I'm sorry, I
3 missed that.

4 MAJORITY LEADER POWERS: Do you have an opinion
5 on how well the existing banking institutions and
6 arrangements are serving the city?

7 MS. JACKMAN: I take great pride in the fact that
8 I helped negotiate those contracts. And I paid very
9 close attention to make sure that every one of those
10 banks is delivering the products and services that we
11 have contracted with them for.

12 MAJORITY LEADER POWERS: Okay, thank you. Do
13 you-- In your opinion, what would the process look
14 like for the city to develop a public bank if state
15 legislation passed to authorize that? I know maybe
16 you can't speak to every step, but certainly from
17 your vantage point, what would be the process, and
18 what would be the biggest challenges?

19 MS. JACKMAN: I just made a quick list.

20 MAJORITY LEADER POWERS: All right. Let's hear
21 it.

22 MS. JACKMAN: Alright. First of all, define the
23 parameters of the bank. Draft articles of
24 incorporation. Figure out the sources of startup and
25 long term capital. Design a governance structure.

2 Complete a formal assessment of market opportunities,
3 but more importantly, market risks. A business plan
4 is required to apply for a charter. A bank requires
5 either a state or federal charter. (At this time,
6 neither one of those is legal for a municipality in
7 New York.) A bank requires many millions of dollars
8 of startup capital. Using public funds requires
9 extra due diligence, because these are public funds,
10 and losses are just a cost of doing bank business.
11 Where will the losses be posted? Draw up plans for
12 regulatory and legal compliance and attorneys to
13 assist. Plan extensive cybersecurity. (If we were
14 to open a de novo bank, it will be targeted by
15 national and international hackers.) Make an
16 application for Federal Deposit Insurance Corporation
17 coverage. (That application is like 50 pages long,
18 just-- just for reference.) Apply for access to the
19 Federal Reserve Bank federal payment system, because
20 we can't be-- we won't be able to do anything without
21 access to the payment system. We have something as
22 mundane as trying to figure out where we're going to
23 store the cash. As a municipality, a large volume of
24 coins and paper money moves through New York City.
25 It will have to be collected. But it will also have

2 to be protected. How will New York City handle
3 cheering change requests for the banking centers?
4 Those are just some of the-- those are just some of
5 the very basic things that need to be discussed, and
6 decided upon, and figured out.

7 MAJORITY LEADER POWERS: Thank you for that.
8 Thank you for that list. A question on reporting:
9 What data-- What data and information does the
10 Department of Finance and OMB currently report
11 publicly. Are-- This is for Intro 498 and 499, which
12 require additional public disclosure. What
13 information is reported? Where is it reported? And,
14 well, those are my two questions.

15 MS. JACKMAN: Okay. At the current time, there
16 are not requirements for the-- for the public
17 reporting. We report through the division, of
18 course, as to where things are, and of course, you
19 know that the Comptroller produces the annual-- the
20 comprehensive annual financial report.

21 MAJORITY LEADER POWERS: So if I'm a member of
22 the-- I'm a taxpayer in New York City, and I want to
23 know what our current arrangements are with banking
24 institutions, is there a place to find that?

2 MS. JACKMAN: The comprehensive annual financial
3 report.

4 MAJORITY LEADER POWERS: Got it. From the city
5 Comptroller?

6 MS. JACKMAN: Yes.

7 MAJORITY LEADER POWERS: Correct. Okay, thanks.
8 And then I'll just ask a couple more questions. And
9 then, I know, I'll hand it back. What factors does
10 the Banking Commission consider when designating a
11 bank?

12 MS. JACKMAN: It considers all kinds of things.
13 But especially we focus on their CRA rating, their
14 financial stability, their equal opportunity
15 employment practices, their equal opportunity
16 employment lending, or equal opportunity lending, and
17 an other community service or programs that they're
18 supporting within our communities.

19 MAJORITY LEADER POWERS: And then, how much how
20 much in fees and regulated costs does the City-- does
21 each of the City's current designated banks charge
22 the City?

23 MS. JACKMAN: Each of those is negotiated. And
24 because of our competitive procurement process, we

2 get lower pricing than anything that they publish.
3 And that's all unique to the contract.

4 MAJORITY LEADER POWERS: So for instance, in last
5 fiscal-- or the last calendar year, do you know how
6 much the city paid in terms of fees to your bank
7 institutions?

8 MS. JACKMAN: As I mentioned, while North Dakota
9 paid \$33 million, we only paid \$24.

10 MAJORITY LEADER POWERS: Right. Right. Got it.
11 And how often does that procurement process take
12 place? Or how often do-- Well, maybe a different
13 question: How often do we negotiate those rates and
14 fees?

15 MS. JACKMAN: It depends on the contract. As
16 soon as the contract is up.

17 MAJORITY LEADER POWERS: Okay. So then how
18 often-- what is--

19 MS. JACKMAN: And then-- well--

20 MAJORITY LEADER POWERS: Yeah, go ahead.

21 MS. JACKMAN: I mean, that's-- that's whenever
22 that's whenever the contract is negotiated. And then
23 there are clauses in the contract for further
24 negotiation or not, depending on the contract.

2 MAJORITY LEADER POWERS: Got it. And what's the-
3 - what's the average procurement pro-- what's the
4 average procurement length, contract length?

5 MS. JACKMAN: Um, historically, it's been about
6 three years with one year renewal.

7 MAJORITY LEADER POWERS: Got it. Say that one
8 more time?

9 MS. JACKMAN: Historically--

10 MAJORITY LEADER POWERS: Yeah.

11 MS. JACKMAN: -- it's been three years--,

12 MAJORITY LEADER POWERS: Three years with--

13 MS. JACKMAN: --with another one-or-two-year
14 renewal.

15 MAJORITY LEADER POWERS: And at the end of that
16 is another opportunity to renegotiate that rate,
17 those--

18 MS. JACKMAN: It depends. Usually-- usually we
19 go back out for RFP.

20 MAJORITY LEADER POWERS: Got it. Okay. And I
21 just want to get on the record: I think you said
22 this already. But with the collapse of Signature
23 Bank, which held \$60 million of the City's deposits,
24 did that affect any of our-- any financial standing
25 for the City? And did it affect any of the City's

2 policies and future plans, regarding designation of
3 banks?

4 MS. JACKMAN: It did not affect any of the city's
5 financial status at all, because as I mentioned, it
6 was fully collateralized. And the money was
7 absolutely in process and use.

8 Did it affect anything? I think that the Banking
9 Commission will add a few more measures to their
10 investigation into the financial status of a bank
11 going forward.

12 MAJORITY LEADER POWERS: Okay. Thank you. I may
13 have more questions. But I think that's it for right
14 now. Thank you for your testimony.

15 MS. JACKMAN: Thank you.

16 CHAIRPERSON BRANNAN: The recent banking crisis
17 in March re-exposed the fragility of the global
18 banking system, and regulators traced the recent
19 failures at Silicon Valley Bank to balance sheet
20 management. How well-situated are the city's partner
21 banks to counter this type of interest rate risk that
22 brought down these banks?

23 MS. JACKMAN: Councilmember, I really believe
24 that absolutely everyone after March is paying closer

2 attention to everything. I-- That is, I mean, that's
3 just what everybody's doing.

4 CHAIRPERSON BRANNAN: Okay, but is it something
5 that-- is it something there will be a particularly
6 renewed focus on now, for the city?

7 MS. JACKMAN: The-- The previous standard was
8 that banks believed that if they had 10% liquid and
9 90% available for investment or for use otherwise,
10 that the 10% was enough. In this particular case, in
11 Silicon Valley Bank's case, \$42 billion had moved out
12 of the bank before 9 a.m., California time. So that
13 was a lot more than 10%.

14 I think everyone is looking at and reevaluating
15 the situation because never before have you been Has
16 anyone been able to move that much money without
17 leaving their home. I mean, that that money all
18 moved electronically. So the regulators, the FDIC,
19 the Treasury, all of the above, everyone is looking a
20 lot closer at what is a better number for liquidity
21 for the banks.

22 CHAIRPERSON BRANNAN: And then my last question,
23 and then I want to turn into my colleagues, the-- the
24 New York Community Bank, which is Flagstar's parent
25 bank that that purchased Signature--

2 MS. JACKMAN: Yes.

3 CHAIRPERSON BRANNAN: --and merged the required
4 assets into what is now Flagstar. But the media is
5 saying that New York Community Bank is also applying
6 in its own name to be a designated bank?

7 MS. JACKMAN: Yes. This time they did apply.

8 CHAIRPERSON BRANNAN: Okay. So, does the City
9 permit parent and subsidiary banks to each serve as a
10 designated bank?

11 MS. JACKMAN: I don't know that we've had this
12 situation before.

13 CHAIRPERSON BRANNAN: Okay. So there's no other
14 parent banks and subsidiaries that are currently...?

15 MS. JACKMAN: Not at this time.

16 CHAIRPERSON BRANNAN: Okay. And why would we do
17 that?

18 MS. JACKMAN: Well, New York Community Bank is
19 actually a BDD. They're actually approved by the
20 State Banking Development District Program. And so
21 we do have a relationship with them because of the
22 Banking Development District Program. And they were
23 applying, I think, mostly because of that. Flagstar
24 bank, as you know, just came into the-- into the

2 picture, the 19th of March. So that's-- that's where
3 Flagstar bank is.

4 CHAIRPERSON BRANNAN: Okay. Does-- Does that
5 arrangement pose any new potentially exposure to the
6 city's assets?

7 MS. JACKMAN: I don't know in this particular
8 case, because I haven't examined their financial
9 statements yet. But in all cases, any deposits of
10 the city would be fully collateralized at whichever
11 bank. That-- that would not be connected, and it
12 would not be the same money. That would be totally
13 collateralized, independent of each other.

14 CHAIRPERSON BRANNAN: What-- Can you tell us what
15 what was-- what was in the city's account as of last
16 night?

17 MS. JACKMAN: Which account?

18 CHAIRPERSON BRANNAN: Overall. How much money
19 did we have as of last night?

20 MS. JACKMAN: I think we had-- No. i don't know
21 that. I don't think I know. [CHECKS NOTES] I think
22 we had about \$305 million across all of the accounts.

23 CHAIRPERSON BRANNAN: And is that about average
24 of what it typically is?

2 MS. JACKMAN: No. It fluctuates greatly
3 depending on what's going on with the fiduciary
4 accounts.

5 CHAIRPERSON BRANNAN: So when is it typically
6 highest versus lowest?

7 MS. JACKMAN: Highest will be like July, when we
8 get all the property taxes in.

9 CHAIRPERSON BRANNAN: Yup.

10 MS. JACKMAN: That's-- That's when its highest.
11 And lowest is end of November, beginning of December.

12 CHAIRPERSON BRANNAN: Okay. Okay. I want to
13 turn now to-- And we've also been joined by
14 Councilmember Williams. I want to turn now to, for
15 questions, Councilmember Barron, followed by
16 Councilmember Brewer.

17 COUNCILMEMBER BARRON: First of all, I want to
18 publicly state that I am for public banking. And it
19 doesn't appear that you're too fond of public
20 banking, just from some of your comments. You said,
21 "As this new public bank would be disproportionate in
22 the event-- this will be geographically constrained
23 to economic activity in New York City, its losses
24 would be disproportionate in the event of an economic
25 recession in our city. Should such a loss-- losses

2 occur, it may be necessary to allocate additional
3 funding from the city budget to the bank during
4 already challenging times. And this is why North
5 Dakota may be the only public bank."

6 First of all, public banking didn't-- was--
7 during the pre-colonial times, it was all about
8 public banking. The private banking didn't come into
9 existence until 1781, roughly, according to research.

10 And secondly, I find it interesting that you're
11 concerned about money coming from the city budget to
12 help out a public bank in the event that it has
13 problems.

14 When these private banks are making money,
15 they're capitalists. And when they start losing
16 money, they become socialists, and they want the
17 government to intervene and bail them out. They want
18 the government to do things for them, and that's a
19 contradiction. So you're concerned about using city
20 money. But yet these private banks, all of the city
21 money that's been put it into these private banks and
22 they making mega bucks. They don't want to be
23 regulated the way they ought to be regulated.
24 They're usually against regulation. So they fight
25 for deregulation so they can maximize profits. They

2 want a monopoly on the banking system. And you don't
3 even want to strongly support a public bank, a public
4 bank, and bring up-- What North Dakota? They spend
5 \$33 million, they only have 700,000 people, and we
6 would be spending \$24 million on 8 million people.

7 Public banking: We have a right to have a strong
8 public bank. Because these private banks, when it
9 comes to the black community, we were redlined, we
10 had difficulty getting any loans, we got subprime
11 loans, even though our economic portfolio was
12 equivalent to a white economic portfolio who got
13 prime loans.

14 So all of this racism in the banking system
15 that's happening with these private banks, who get
16 bailout from us. Now you're tiptoeing on a public
17 bank. You know, if they suffer a loss, this is
18 economic strain, and we're going to have to pay--
19 bail them out. You should-- And then you bring up
20 North Dakota. Come on now. That is not right. We
21 need public banking. And I would appreciate it if
22 you were a stronger supporter of our money.

23 We always say it's the City's money. Who's the
24 City? That's the people's money. So our money
25 should be put into a public bank. And this public

2 bank -- all of these banks or private -- is not going
3 to-- you know, what?, some competition they're afraid
4 of? Why wouldn't you strongly support a public bank
5 and say, "Whatever we need to do, we need to get into
6 public banking, because it's public money that the
7 private bankers are using." And so I'm just
8 disappointed in your response to public banking. And
9 this just is a taskforce, you know, checking--
10 looking into it.

11 I mean, I think the city, the Mayor, yourself,
12 should be a strong supporter of our money going to
13 banks controlled by-- it's supposed to be our
14 government, so I'll say that with a quote, our-- this
15 government. You should be a strong supporter of
16 that, not tiptoeing about it, and almost speaking as
17 though you don't want it because it might be a
18 problem if we have losses.

19 I'd like for you to comment to that. Then I have
20 one last thing, and I'm finished.

21 MS. JACKMAN: Thank you for your thoughts.

22 COUNCILMEMBER BARRON: Excuse me?

23 MS. JACKMAN: I said, thank you for your
24 thoughts.

2 COUNCILMEMBER BARRON: Well, I want to hear your
3 thoughts on what I said. What do you mean, "Thank
4 you for my thoughts"?

5 CHAIRPERSON BRANNAN: Councilmember Barron, is
6 there-- What's the question?

7 COUNCILMEMBER BARRON: Well, I want-- My question
8 is what do you think about what I said? Not thanking
9 me for my thoughts. What do you think about what I
10 said regarding public banking? I don't think you're
11 strong enough on it. Why aren't you? Can you
12 respond to my concerns? Other than "Thank you, for
13 your thoughts." That's an insult.

14 MS. JACKMAN: I'm sorry, I did not mean it that
15 way.

16 COUNCILMEMBER BARRON: Well, you did. But--
17 [BELL RINGS] Because the time is running out, can
18 respond to what I said?

19 MS. JACKMAN: I heard what you said.

20 COUNCILMEMBER BARRON: Well, I know you're not
21 deaf. So I know you heard it, but can you respond?

22 MS. JACKMAN: I understand what your thoughts
23 are, and I think you.

24 COUNCILMEMBER BARRON: That's ridiculous. But if
25 that's where you stuck, I'm finished.

2 CHAIRPERSON BRANNAN: Councilmember Brewer?

3 COUNCILMEMBER BREWER: Thank you very much. And
4 I appreciate your testimony. I support the public
5 banks. But I can see-- I'm from North Dakota. So I
6 have a sense of what some of those issues are. Many,
7 many cousins there.

8 A couple questions that I know are a little bit
9 stretched, because I don't know this issue well.
10 "Banking development district": Would those be
11 districts that are unbanked? Is that what it--?

12 MS. JACKMAN: Unbanked and underbanked. Yes.
13 That's correct.

14 COUNCILMEMBER BREWER: Okay. So my question:
15 When I was borough president, we never could get a
16 bank on Roosevelt Island. Is that-- I know this is a
17 little bit of a stretch. But is that something that
18 the Banking Commission deals with? Or that's just
19 anybody doesn't want to go there and there's no bank,
20 there's nothing we can do about it. We could not get
21 a bank there.

22 MS. JACKMAN: Actually, we've been working trying
23 to do that for you. And we work with the state to
24 develop different areas where there is unbanked and

2 underbanked. And that is one of the places that
3 we've been trying to find some.

4 COUNCILMEMBER BREWER: Okay. So-- But nobody's
5 there. And then the next question is: A place like
6 Carver Bank, which I have to say during the pandemic
7 help people get money from the federal government
8 when, with all due respect, JP Morgan did not. So
9 Carver would be an example. They don't fit into your
10 criteria though, right?, with city money. Can you
11 explain why?

12 MS. JACKMAN: The state law-- The state law
13 requires that they have a federal or a state charter.
14 And Carver Bank at this point is not part of that.
15 And then they also didn't apply. So I-- The-- The
16 Banking Commission can't do anything if a bank
17 doesn't apply.

18 COUNCILMEMBER BREWER: Okay.

19 MS. JACKMAN: That's--

20 COUNCILMEMBER BREWER: Okay. So they need to
21 apply, but they also need to have the state or
22 federal too-- designation?

23 MS. JACKMAN: Right. And I really would hope
24 that Carver Bank will try to become a Banking
25 Development District.

2 COUNCILMEMBER BREWER: A wonderful thing, I have
3 to say.

4 MS. JACKMAN: I understand that. We see the good
5 work they're doing.

6 COUNCILMEMBER BREWER: Okay. I will work on
7 that.

8 MS. JACKMAN: Yes, please.

9 COUNCILMEMBER BREWER: All right. Now, this is
10 another question that I should know the answer to.
11 How do credit unions fit into any of this?

12 MS. JACKMAN: They don't because of the federal--
13 because of the state laws that carve out who's
14 eligible to hold public funds.

15 COUNCILMEMBER BREWER: So the credit unions--?

16 MS. JACKMAN: So the credit unions, because of
17 their charters, and because of how they're organized
18 at this point in time, they're not part of the
19 depository bank.

20 COUNCILMEMBER BREWER: And that's a good thing or
21 a bad thing? Should that be changed in your-- I
22 mean, I know we're talking about public banks, but
23 they do serve people extremely well.

24 MS. JACKMAN: Yes. But-- But remember: A credit
25 unions is a cooperative--

2 COUNCILMEMBER BREWER: Oh, I understand. I know.
3 I belong to one.

4 MS. JACKMAN: And so-- And because of that,
5 there's-- there's different structures and different
6 things that they do.

7 COUNCILMEMBER BREWER: Okay. I'm just trying to
8 see how communities can get more support, but that's
9 not one of them. And then my other question, is:
10 The Banking Commission. Is that something that is
11 open-- is under Open Meeting Law?

12 MS. JACKMAN: Yes. Absolutely. And actually,
13 we-- I'm very happy to--

14 COUNCILMEMBER BREWER: I should know these
15 things. So go ahead.

16 MS. JACKMAN: Well no. No, it's not-- There's
17 so many things you have to keep track of. The--
18 Actually, the Banking Commission just put on their
19 website a mailbox for comments and testimony for the
20 upcoming banking meetings, Banking Commission
21 meetings, which will be held in May.

22 COUNCILMEMBER BREWER: Okay. And then have
23 there-- I know that there was a women's bank years
24 ago. But are there no other examples that you know
25 of, except for North Dakota?

2 MS. JACKMAN: For the public bank?

3 COUNCILMEMBER BREWER: Yes.

4 MS. JACKMAN: No. And for a woman's bank, the
5 last one that I heard of was in Chicago.

6 COUNCILMEMBER BREWER: Okay, because I don't--

7 MS. JACKMAN: And the Chicago bank won't take
8 deposits from anywhere else other than Chicago.

9 COUNCILMEMBER BREWER: Okay. We had a women's
10 bank here, but it closed.

11 MS. JACKMAN: So-- So, you know, you could work
12 with-- with getting a woman's bank, that would be
13 great.

14 COUNCILMEMBER BREWER: Okay. I'm just trying to
15 think of, you know, as many places as possible, where
16 public money can go, because that's what helps.

17 MS. JACKMAN: Understood.

18 COUNCILMEMBER BREWER: Okay, and then, if there
19 would be such a public bank, would you see it, in
20 addition to the banks that are private? Or-- I
21 mean, obviously, we would like to see a public bank.
22 But do you see that it could be alongside, at least
23 initially, some of the private banks, or do you think
24 it is something we'd have to switch completely, or do
25 you not have an opinion?

2 MS. JACKMAN: I don't have a personal opinion.

3 COUNCILMEMBER BREWER: Right.

4 MS. JACKMAN: But I can tell you that Seattle had
5 wanted to go completely from the bank they were using
6 to a public bank, and they were unable to do that.
7 So they're actually trying to run parallel.

8 COUNCILMEMBER BREWER: They're trying to do what?
9 I'm sorry.

10 MS. JACKMAN: Do parallel.

11 COUNCILMEMBER BREWER: Parallel. So that's
12 something that we could think about then? Okay. All
13 right. Thank you, Mr. Chair.

14 CHAIRPERSON BRANNAN: I neglected to say we were
15 joined by Councilmember Farías. Councilmember Won?

16 COUNCILMEMBER WON: Thank you so much, Chair
17 Brannan. I want to also publicly support my-- my
18 support for public banking. Thank you for your
19 testimony. For New York City, you stated that for
20 Intro 999, but you are currently in conversation as
21 the state legislation for the resolution that you're
22 waiting for, to authorize you. But obviously, you
23 expressed concerns. Do you have other suggestions?
24 Because it seems like it's going to at least take
25 three years for a public bank, if passed, to come to

2 fruition on what you're going to do for mostly people
3 of color and low income communities that have no
4 access to financial agency at all because they don't
5 have credit scores. Right now, my district
6 represents Queensbridge Houses, which has the largest
7 amount of public housing residents in the whole
8 entire country, and more than 80% of them have never
9 had a bank account, and they are unable to open up a
10 bank account, which is why they turn to credit
11 unions. But that isn't always something that is
12 going to allow them to start a business or purchase a
13 home. So what is the Treasury doing for people of
14 color and for low-income communities if public
15 banking is not going to be an option in the near
16 future?

17 MS. JACKMAN: Thank you for your question. The
18 Treasury has specific duties and responsibilities
19 that are already in our-- our job descriptions, et
20 cetera. So while we're extremely supportive of the
21 communities, we don't control a lot of that. That's
22 decided by this wonderful group here.

23 So-- So, so our duties and responsibilities are
24 currently to protect the city's public bonds that we
25 have under our control at the moment. The banking

2 development program is a great program, that we're
3 investing in smaller banks that have been designated,
4 and it's their job to work with the communities.

5 There's also over 80 CDFIs in New York, many of them
6 in New York City, that their-- their task is to make
7 sure that there's funds moving into those
8 neighborhoods and, and helping the people who-- who
9 haven't been able to get a bank account somewhere.

10 COUNCILMEMBER WON: I just want to put on the
11 record that this legislative package is to pass
12 public banking to help those very people, but you
13 just told us that we're the ones in the way of public
14 banking. So I hope that Treasury will continue to be
15 in support as we hopefully can pass state legislation
16 and city legislation in support a public banking.
17 Thank you.

18 MS. JACKMAN: Thank you.

19 CHAIRPERSON BRANNAN: Okay. Thank you so much.

20 MS. JACKMAN: Thank you.

21 CHAIRPERSON BRANNAN: Okay. We will now have the
22 first panel from public testimony.

23 The first panel will include Andy Morrison from
24 the New Economy Project, Christopher Fasano, Ruth

2 Lopez Martinez, and [INAUDIBLE]? I'm sorry. I can't
3 read the handwriting. Sorry.

4 If you want to go right to left, whatever you
5 want begin when you're ready.

6 No, I don't think it's on.

7 MR. MORRISON: All right. Thank you. So I'm
8 Andy Morrison. Good afternoon, Chair Brannan and
9 members of the Committee. Thanks for the opportunity
10 to testify today. I work at New Economy Project.
11 We're a economic justice organization that works with
12 community groups to build a new economy that works
13 for all based on cooperation, neighborhood equity,
14 social and racial justice, and ecological
15 sustainability.

16 We have a 30-year track record working on
17 financial justice and fair lending issues. And we
18 think public banking will address deep-seated
19 inequities in our financial system and economy that
20 perpetuate poverty, segregation, and inequality
21 across our city. And we're very pleased that the
22 Council is moving forward in this way toward a public
23 bank, and strongly support introductions 498, 499,
24 and 999, and resolution 203A sponsored by
25 councilmember Keith Powers.

2 I want to take some time on my testimony to just
3 respond briefly to a couple of things that were
4 raised by the Department of Finance. One: Public
5 banks to Councilmember Brewer's point, would partner
6 with community development financial institutions and
7 small banks and local credit unions to strengthen our
8 banking sector. That's the partnership model that
9 public banks operate under. It's been very
10 successful in North Dakota and other places around
11 the world. So we see a huge opportunity to boost the
12 work that responsible lenders are doing to serve
13 historically redlined black and brown neighborhoods
14 and other low-income communities that the banks-- the
15 big banks are not serving.

16 Second, I just want to point out that it's not
17 analogous to compare the \$24 million that North
18 Dakota spends to-- or that we spend to the \$33
19 million, whichever way it is, because that kind of
20 analysis ignores the broader social benefits that a
21 public bank brings, compared to the almost lack of
22 any benefit we're getting from the current status quo
23 system.

24 And just to finish up. The point about there
25 being a risk of a public bank not doing well during a

2 recession, that's just the opposite. Public banks
3 would partner with CDFIs. CDFIs did very well,
4 during the Great Recession. They actually succeeded,
5 as did the Bank of North Dakota, which brought all
6 sorts of benefits to North Dakota, which I'm happy to
7 talk more about during the question and answer
8 period. Thank you so much for the time and the
9 opportunity to speak today.

10 CHAIRPERSON BRANNAN: Let me just ask: What do
11 you think-- What's the city afraid of with public
12 banking?

13 MR. MORRISON: What's the city afraid of? I
14 think the biggest obstacle to public banking is the
15 banking lobby, is the powerful Wall Street interests
16 that stand to lose from public banking. I think
17 that's the primary obstacle. I think most of the
18 objections to public banking tend to be in bad faith.
19 And, that-- that said, you have to study it. You
20 have to take it very seriously. We don't want-- We
21 don't want to not do our due diligence. And that's
22 why we've taken such care to work with Councilmember
23 Powers, and at the state level, Senator James
24 Sanders, on crafting legislation that would ensure

2 real accountability, transparency, and broadly shared
3 public benefit.

4 CHAIRPERSON BRANNAN: Thank you.

5 Good afternoon, Chair Brannan, members of the
6 committee. I'm Christopher Fasano, a staff attorney
7 with Mobilization For Justice, and a member of the
8 Legal Services Staff Association, Local 2320, which
9 is a unit in UAW Region 9A, and each of these
10 organizations are strong supporters of public
11 banking. So want to thank you for the opportunity to
12 testify in support of Intros 498, 499, 999, and
13 Resolution 203A, which we believe will shine a light
14 on the city's finances, and also lay the groundwork
15 for a municipal public bank.

16 Mobilization For Justice is a nonprofit legal
17 service provider that provides free legal assistance
18 to more than 14,000 New Yorkers each year benefiting
19 over 24,000 New Yorkers. That puts us at the front
20 line of the affordable housing crisis, where we
21 represent tenants facing eviction and homeowners
22 facing foreclosure. And when city residents are
23 denied credit and other basic financial services,
24 they come to Mobilization-- and take out predatory

2 loans, they come to Mobilization For Justice for
3 assistance.

4 A public bank promises provide the lending that
5 private banks cannot and to build permanent
6 affordable housing, originate, and refinance
7 affordable home loans, and provide credit to
8 historically redlined communities that commercial
9 banks have long ignored.

10 I work in our foreclosure prevention project and
11 I just want to briefly note that my clients had
12 struggled to refinance their mortgages during the
13 pandemic when interest rates were historically low.
14 And what we learned was that the commercial banks
15 were discriminating against black homeowners. But it
16 was not just banks like Wells Fargo, which the city
17 cut its ties with last year. Every bank was
18 discriminating against black homeowners and other
19 homeowners of color.

20 Discriminatory lending is unacceptable, and
21 there's no reason-- If the city cut its ties with
22 Wells Fargo, there is no reason for it to continue to
23 bank with these other discriminatory-- other lenders
24 that are engaging in discriminatory practices. And
25 just want to briefly address one other comment that

2 was made earlier about how the-- if we were to create
3 a public bank, it would pose a risk to the city. The
4 Bank of North Dakota recorded a profit every year,
5 including during the financial downturn 2007 through
6 2009, in 2020 as well, and they're a counter-cyclical
7 lender, meaning that they increased lending to their
8 communities. And we saw this in 2020 because the
9 Bank of North Dakota was able to issue more PPP loans
10 per capita than any other state. It is a fiscally
11 responsible institution. It is desperately needed.
12 And it will help New Yorkers in the event of future
13 economic downturn much like the Bank of North Dakota
14 did. Thank you for time.

15 MS. MARTINEZ: [SPEAKING IN SPANISH] Good
16 afternoon, my testimony is in Spanish. My name is
17 Rudy López Martínez, I am a hard-working owner of the
18 Green Clean Planet Cooperative, and I am a member of
19 the Advocacy Council of NYC NOWC, New York City's
20 network of cooperatives.

21 I have belonged to the cooperative movement since
22 2010, and I believe that it is a way to improve the
23 economy of the City of New York, and in general of
24 the whole country. Cooperatives emerged as a way of
25 improving the economy, and giving many more work

2 opportunities to Latinos, Black Latinos, and Black
3 non-Latinos who have very few job opportunities in
4 this country.

5 This came about as a great opportunity to improve
6 our careers, and today we have options on average
7 around \$18 to \$25 an hour in non-traditional type of
8 work. Because it is non-traditional, cooperatives
9 are out of the focus of traditional businesses, where
10 there is an owner and a few workers.

11 However, during the pandemic, the cooperatives
12 suffered a great economic decline, because we really
13 lost customers who did not have the opportunity to
14 grow in, or to survive the pandemic.

15 Many of us lost our workplace, our premises. We
16 tried to obtain loans with traditional banks, to be
17 able to grow, and to not die in this.

18 So when you have the idea of a public bank, and
19 we support and we want a public bank, as it can
20 really support the cooperatives, and we can get loans
21 without so much paperwork that the other traditional
22 banks offer us, and with interests that we
23 cooperative members can have access to, and be able
24 to emerge again in the economy of this country that
25 is in need. Thank you. [END SPANISH]

2 MEMBER OF CARROLL GARDENS NANNY ASSOCIATION:

3 Good afternoon, Chairman Brannan and members of the
4 Committee. My name is [inaudible], and I am with the
5 Carroll Gardens Nanny Association, or Carroll Gardens
6 Association. And I'm here because we support the
7 public banking. And we want this bill to pass, and I
8 want to like, I don't know, to ask you to be on our
9 side of the history. We will change history, and
10 let's do this, we can do it.

11 Also, because in Carroll Gardens, we organize
12 domestic workers, you know, the nannies, or the
13 healthcare workers, and the-- the house cleaners, to
14 help New York City to run. Because when we stay at
15 home with your kids, or with your elders, you can
16 come to work. And that's why it's so important for
17 us to have this bill passed, or these bills passed.

18 And also because you know domestic workers are in
19 the low income. And a lot of them are immigrants.
20 We have the right to have banking. And in creating
21 this public banking, we will have more-- and that
22 will help us so much to, like, contribute to the city
23 better.

24 And we are here, and we want to be part of the
25 city, and we want to-- to support the city and to

2 continue building New York the way that we are. We
3 have to create the American Dream for everyone. And
4 the domestic workers help so much to the to the rest
5 of the New Yorkers to create that American dream.
6 Why we don't support them to have the right to have
7 the American dream too. Let's do it then. And
8 because we are-- we are the essential workers to pro-
9 - we provide so much help to New York and to all the-
10 - you know we are-- as nannies we are helping to
11 raise the new generations. And then we-- we should
12 have the more the right to have the public banking
13 and have more resources, low income domestic workers
14 that they cannot have a-- they cannot buy houses
15 because it's the banking and stuff like that. And
16 then thank you. Please, let's change history. Thank
17 you.

18 CHAIRPERSON BRANNAN: Thank you so much. Thank
19 you all. Oh. Oh, wait. Question from Councilmember
20 Powers.

21 MAJORITY LEADER POWERS: Sorry. Thank you guys
22 for the testimony. Just a couple-- I just had a
23 couple quick questions. And thank you for some of
24 your responses to the previous testimony.

2 One of the possibilities here is obviously to
3 create a public bank that exists adjacent to the
4 private banks here. And I think that's what many of
5 us are talking about. What-- Can you just expand a
6 little bit on what the benefits are for creating an
7 adjacent public bank, that-- and where there are
8 opportunities to fill in the gaps right now in New
9 York City, if you were to be able to pass state
10 legislation, and we passed ours, and we were able to
11 create a public bank.

12 MR. MORRISON: Thanks for the question. So I
13 think as you're hearing from some of the testimony on
14 this panel, they are just-- they are just profound
15 inequities in banking across the city, where
16 particularly black and brown communities don't have
17 access to bank branch services, responsible loans,
18 and other, like, wealth-building opportunities. And
19 that actually plays out in this burgeoning community
20 control development movement that's taking root
21 across the city, where we have group-- New Yorkers
22 coming together to build community land trusts, to
23 create worker-- worker-owned businesses, and so much
24 more. And I think a continual barrier that those New

2 Yorkers face is lack of access to fair and affordable
3 financing.

4 So we really see a huge opportunity in public
5 banking to catalyze community-led economic
6 development that will strengthen local economies,
7 build community wealth, and address racial
8 inequities. So we're-- we think it's like a no-
9 brainer in that regard.

10 MAJORITY LEADER POWERS: Thanks. Just another
11 question. We hear a lot about the North Dakota
12 example. And we know some of the successes that you
13 mentioned around that as well. But I also hear the
14 critics who say often there's one example, basically
15 to pull from North Dakota. And I like North Dakota,
16 and Councilmember Brewer, but others seem to say it
17 in a way that it feels like you're putting down North
18 Dakota.

19 COUNCILMEMBER BREWER: [HUMOROUS PRONCIATION]
20 It's North Dakota, not North Dakota.

21 MAJORITY LEADER POWERS: But what-- What are--
22 Where are we in other places in terms of establishing
23 this? What examples can we pull from either in the
24 in the US or around the world? And places, if we
25 were set up a task force or, you know, pass

2 legislation to start this process? Where would we be
3 looking for inspiration and guidance? And what-- How
4 do we respond to that sort of criticism around what--
5 Like a few examples.

6 MR. MORRISON: Yeah, sure. I think there's going
7 to be someone who's an expert in this, who's going to
8 be testifying later on public banks. There are
9 hundreds of public banks around the world. So I
10 think we can let Dr. Marwa speak to some of that
11 later. But I'll pass it to Chris to talk.

12 MR. FASANO: And just the-- the brief takeaway is
13 really everywhere. I mean, there are over 900 public
14 banks all throughout the world, with \$49 trillion in
15 assets. So there are public banks in places as
16 diverse as Costa Rica, and Germany -- Germany's very
17 robust system of public banks, called the Sparkassen
18 Banks, which do an extraordinary job supporting small
19 and medium sized businesses. It did very well during
20 the downturn, economic global economic downturn of
21 2009.

22 But domestically, other states are moving forward
23 with public banking. In 2019, California passed a
24 bill similar to the one that we're pursuing in
25 Albany, that would allow counties and municipalities

2 to create public banks. And there are groups in, for
3 example, the East Bay and LA and elsewhere that are
4 getting to put together these materials, as we are,
5 to create public banks.

6 So it's not just North Dakota, there's plenty of
7 international models, and other states and cities
8 that are working on this as well.

9 MAJORITY LEADER POWERS: Got it. Thanks, guys.

10 CHAIRPERSON BRANNAN: Thank you, everybody. Oh.
11 Councilmember Brewer.

12 COUNCILMEMBER BREWER: Thank you. And we heard
13 from the Department of Finance about Seattle. Do you
14 have any more information about that? Where they are
15 doing-- I don't know what you would call it?
16 Concurrent banking?

17 MR. MORRISON: I didn't quite understand that
18 point. But, um, we can we can look into it and get
19 back to you.

20 COUNCILMEMBER BREWER: What she was that,
21 apparently, again, I only know what I heard, is that
22 the city has decided not to have just public bank,
23 but to do a concurrent. Now maybe it would be a time
24 or sunsetted? I don't know. I just want to know if
25 you-- I mean, it's a different model.

2 MR. MORRISON: Yeah. Well, I think-- I mean, we
3 imagine a public bank here could coexist with other
4 depository institutions too. Like, the city has
5 billions of dollars in cash on hand, and more than
6 enough to sustain a public bank, and some of the
7 community banks that are doing good work and serving
8 communities could also hold deposits at the same time
9 as a public bank.

10 COUNCILMEMBER BREWER: Do you-- Looking at the
11 same kind of model, than. Depending on how it--

12 MR. MORRISON: Yeah, I-- Again, I don't
13 understand exactly what the point that was made. And
14 I'm not familiar enough with what's going on right
15 now in Seattle.

16 COUNCILMEMBER BREWER: Okay.

17 MR. MORRISON: But can we can look into that more
18 and get back to. But generally, I don't think we
19 imagined just snapping her fingers and taking all of
20 the city's cash and putting it in a public bank.
21 We're talking about phasing something in. But we
22 also want to be bold, because the more-- the bolder
23 we are at the outset, the faster the bank can grow,
24 and the more New Yorkers it can serve.

2 COUNCILMEMBER BREWER: And then you mentioned
3 credit unions. I'm a big supporter of credit unions.
4 But obviously, I guess it has to be a different
5 structure for them to accept public money. Do you
6 know how you would...?

7 MR. MORRISON: The credit unions right now are
8 not allowed-- They're not authorized to hold public
9 deposits by the state. But I will just-- just want
10 to let you know, we're big supporters of community
11 development credit unions. Community development
12 credit unions are part of the public banking
13 coalition in New York City, and they see huge
14 opportunity to partner with the public bank to so
15 that they can do more work in particularly
16 historically Red Line communities. So a member of a
17 credit union on the Lower East Side, the People's
18 Federal Credit Union, is going to testify later today
19 so more on that point.

20 COUNCILMEMBER BREWER: Thank you.

21 CHAIRPERSON BRANNAN: Thank you all. Okay, the
22 next panel, we have Edison Tan, Kyle Geller, Damian
23 Andrade, Jodie Leidecker, and Joyce Ravits.

24 So just state-- say your name and then start your
25 testimony. You want to go left to right this time?

2 Technically. We'll start with--

3 Hi, my name is Edison Tan. I'm a student at City
4 College and also part of NYPIRG Chapter. Like many
5 young people and students, climate change is a very
6 important issue for me. Every year as the climate
7 crisis grows exponentially worse, leading to more
8 record heat waves, droughts, and flooding -- the
9 latter which was especially true for-- for my Borough
10 of Queens a few years ago, late 2021, that's when
11 Hurricane Ida arrived, the New York metro area, as
12 you guys know, was devastated.

13 New York State reported 18 deaths that-- after
14 the storm, and 11 of those came from Queens alone,
15 especially in those neighborhoods with low-- who were
16 more vulnerable, low income, such as Woodside,
17 Elmhurst, and Jackson Heights along with many other
18 neighborhoods, since many people's basement homes
19 flooded.

20 As climate change continues to get worse, we need
21 urgent action on both the local and federal level to
22 drastically reduce carbon emissions and quickly
23 develop green energy solutions. A big issue and
24 striking issue is Wall Street banks for our green
25 economy. From 2016 to 2020, Chase Bank invested \$317

2 billion into oil and gas companies. In total five of
3 the largest investors on Wall Street have
4 collectively invested over \$1 trillion in the fossil
5 fuel industry over the same time period.

6 So in point, not only are Wall Street banks
7 failing to invest in renewable energy, they are also
8 using our public dollars to invest in fossil fuels,
9 and just exacerbating this climate crisis. So
10 instead of just depositing our public money to Wall
11 Street, sir, we need a public bank so that we can get
12 serious about investing in climate justice. By
13 divesting our tax dollars from Wall Street banks, we
14 kind of send a clear message that gone are the days
15 where we will use our funds to exacerbate the climate
16 crisis. And instead, we can redirect our money into
17 developing green infrastructure, renewable energy
18 projects such as community owned solar panels, as
19 mentioned before, and also building resilience
20 against future storms, which would definitely benefit
21 places like in Queens that were absolutely devastated
22 during Hurricane Ida. And, in addition to building
23 infrastructure. This will ensure that New York meets
24 our ambitious climate goals and starts to seriously
25 cut carbon emissions in our state. So I urge the

2 Council to pass Intro 498, 499, 999, and Resolution
3 203 to finally help bring a public bank to New York.
4 Thank you.

5 Hi, good afternoon. My name is Damian Andrade.
6 And I'm also a part of NYPIRG and a student at
7 Brooklyn College. Like many other young people and
8 students, you know, climate change is a very
9 important issue for me. And every year, the climate
10 crisis just constantly keeps getting worse and worse.
11 As my colleague says, um, you know, from 2016 to
12 2020, you know, Chase Bank alone invested like \$317
13 billion into oil and gas companies, which the top
14 five Wall Street banks collectively invested \$1
15 trillion into the fossil fuels over this same period
16 alone. And not only Wall Street banks are failing to
17 invest in renewable energies. They're also using our
18 public dollars to invest the fossil fuels, and
19 exacerbating the climate crisis. I live in a low-
20 income neighborhood called Sunset Park in Brooklyn.
21 During every time when we have storms, lots of my
22 neighborhoods get flooded-- during-- over flooded
23 sewers because a lot of our infrastructure in Sunset
24 Park lacks the-- like the-- what it needs to be
25 repaired, ASAP. Like hurricane Sandy left my

2 neighborhood and destruction near the pier. Same
3 thing with Ida. Instead of like investing public
4 money into Wall Street banks, we could definitely
5 invest that into a public bank to make sure that our
6 public money is getting put into the community needs.
7 And definitely, it's very important to me. So I
8 could definitely see real change in my community,
9 other than seeing our public money getting put into
10 the Wall Street sector, and they're not even
11 investing in public goods, they're just making them
12 look better making them for profit, which will, you
13 know, bring community solar panels into Sunset Park,
14 also build resilience against future storms. This
15 will just let New York to finally continue going into
16 a green economy. You know, lead the nation to become
17 a green, friendly New York State.

18 I just urge the council to keep on supporting 498
19 499, and 999. And Resolution 203, to help bring a
20 public bank to New York. Thank you.

21 Hi, good afternoon. My name is Kyle Geller. I'm
22 a staff attorney with the New York Public Interest
23 Research Group. And it's a privilege to be here with
24 very motivated college students are very passionate
25 about this issue. So I thank them for coming here.

2 And you know, they've laid out some of the facts just
3 about. Currently, the banks that we do have deposits
4 with and the billions and billions, and really
5 trillions of dollars that these banks have-- have
6 invested in oil and gas companies over the last few
7 years.

8 I would just say, you know, New York State has
9 very ambitious goals for mitigating climate emissions
10 over the next few years. The CLCPA mandates that we
11 really bring emissions down really fast, and a public
12 bank is really one of the ways that we can achieve
13 those goals. In particular, using it to help
14 buildings upgrade their infrastructure, to get in
15 compliance with Local Law 97, it's-- it's a way to
16 really jumpstart some of the funding for that, and--
17 and really start to bring down building emissions
18 quickly as-- as we need to.

19 In particular, so the bills that are in front of
20 us today 498, 499, 999, and resolution 203 are
21 critical first steps toward laying the foundation for
22 a public bank by bringing much-needed transparency
23 and accountability to our current financial
24 relationships with our designated banks. Also laying
25 out an implementation plan for actually establishing

2 a municipal bank. And of course, you know, sending
3 an official message to the state legislature that
4 we're ready to pass the New York Public Banking Act.

5 So yeah, you know, we're here in support of these
6 bills today. And I thank you for the Council's time.

7 MS. LEIDECKER: Hello, Chair Brannan and members
8 of the committee. I'm Jodie Leidecker, and I work at
9 Cooper Square Committee. And you know, I have my own
10 personal relationship to banks in New York City. I
11 lived in a building that had brown water, mold,
12 roaches. I almost drank a roach one time when it got
13 into my glass. So I reached out to the bank and the
14 bank did nothing. They basically turned a blind eye
15 to what was happening to me and my neighbors.

16 So I know intimately the role that banks play in
17 New York City. As an organizer at Cooper Square
18 Committee, you know, we work with a coalition that
19 was formerly known as Toledano Tenants Coalition, now
20 it's known as Tenants Taking Control. And in I think
21 2015, their landlord bought this portfolio of
22 buildings, and proceeded on a campaign so outrageous
23 that he is now permanently banned from real estate.
24 You probably know who I'm referring to.

2 So that landlord was funded by Madison Realty
3 capital with a collateralized loan from Signature
4 Bank. So you can imagine how the tenants felt when
5 they found out that their own tax dollars are being
6 held by a bank that essentially is funding
7 displacement, chaos, and misery in their lives.

8 So, you know, the tenants of Tenants Taking
9 Control, Cooper Square Committee, we really support
10 this People's Bank act. Because we know that when
11 people have ownership, when they have stability in
12 their lives, it has a ripple effect across the whole
13 city, the whole state, right? When people feel
14 invested in their communities, when they're not
15 facing constant displacement pressure, or campaigns
16 of harassment. So we urge you to pass these bills in
17 support of the Public Banking Act. Thank you.

18 MR. GELLER: Oh, I turned it off. Sorry.

19 MS. RAVITS: Good afternoon. My name is Joyce
20 Ravitz. I'm the Chairperson of the Cooper Square
21 Committee. We are on the Lower East Side, helping
22 tenants for over 64 years. I can't get my glasses to
23 work. I'm here to tell you how a New York City
24 Public Bank will benefit New Yorkers and New York.

2 First, what's wrong with the private banks?

3 Cooper Square Committee has frequently seen private
4 banks fund companies that treat New York tenants
5 terribly. Private banks lend money to landlords, who
6 show a substantial-- substantial profit. When a bank
7 backs a landlord, they don't care what the landlord
8 does, except that they want him to earn-- they want
9 to get their profit. So landlords harass tenants,
10 they could fail to give heat, electricity, or other--
11 or give them other things that would make their lives
12 more livable. A private bank still collects its
13 money.

14 Private banks rarely supervise how their money is
15 used, as long as they get a profit. This is bad for
16 New Yorkers and for New York businesses. Public
17 banks invest in economic development to build New
18 York and for New Yorkers not to extract wealth from
19 them. The public banks are obligated to serve in the
20 public interest. The benefits for public banks for
21 New Yorkers extend far beyond landlord-tenant
22 relations. Financial justice: Public banks offer
23 responsible banking and lending services to
24 historically redlined communities. Climate justice:
25 Public banks offer responsible banking. Worker

2 justice: They help businesses, and they give
3 economic opportunities that give a living wage. And
4 housing justice: I spoke about that already.

5 Public banks do not have to make a profit, but if
6 they do that profit goes back to New York City. And
7 that's good for New York. You have before you the
8 chance to let New York City have a public bank. As
9 New York City elected officials you, like public
10 banks, are obligated to work for the good of the
11 people, the good of New York. Please allow New
12 Yorkers to establish a New York City Public Bank
13 soon. Thank you.

14 CHAIRPERSON BRANNAN: We've been joined by
15 councilmember Velázquez. Do you have questions?
16 Okay, thank you all so much.

17 Next, we have Logan Needle.

18 MR. NEEDLE: Good afternoon I just want to start
19 by thanking Chairman Brannon and the rest of the
20 Committee on Finance for allowing me the opportunity
21 to testify today. My name is Logan Needle. I'm a
22 Senior Campaign Lead for the Communications Workers
23 of America District One. Our district represents
24 workers in the private and public sectors who work in
25 telecommunications, news media, broadcast and cable

2 television, education, health care, and public
3 service, among many others. CWA also represents
4 thousands of bank workers. These members are
5 employed by a variety of banks and financial
6 institutions, including credit unions, mortgage
7 companies, and life insurance companies.

8 In addition, CWA is a founding member of the Take
9 On Wall Street campaign, a coalition of more than 50
10 community organizations, labor unions, consumer
11 activists and faith groups who share the goal of
12 building a financial system that works for everyone.
13 The coalition fights for legislation that will rein
14 in Wall Street's predatory power and bring long
15 overdue transparency to the financial sector.

16 Lastly, CWA members are community members and
17 consumers who are directly and personally impacted by
18 our financial system. So that's why I'm here today
19 in support of public banking and the four following
20 relevant pieces of legislation. Intros 498 and 499
21 will bring much-needed transparency to New York's
22 financial relationships with commercial banks, a
23 necessary step towards accountability. Resolution
24 203 urges the state to pass the New York Public
25 Banking Act currently being considered by the New

2 York State Legislature, which creates a safe and
3 appropriate regulatory framework for the
4 establishment of local public banks created by cities
5 and counties and accountable to the public. And
6 lastly, Intro 999 requires the city to create a plan
7 for municipal public bank. CWA is in strong support
8 of all four pieces of legislation.

9 Public banking is a well established model
10 throughout the world and represents an alternative to
11 predatory Wall Street banks serving as a powerful
12 tool for local governments to invest in permanently
13 affordable housing, living wage jobs, renewable
14 energy, community led development and more. Local
15 public banks strengthen New York's banking sector and
16 local economies advancing racial and economic
17 justice. They partner rather than compete with local
18 banks and credit unions to drive responsible lending
19 and expand affordable financial services in
20 historically redlined neighborhoods.

21 New Yorkers deserve an alternative to Wall
22 Street. Just recently, we saw two of the three
23 biggest bank failures in recent history, Silicon
24 Valley Bank and Signature Bank, and taxpayers were on
25 the hook for \$22 billion of public bailout money. It

2 also recently came to light that the city had \$60
3 million of our public money on deposit with Signature
4 Bank when it collapsed.

5 So New Yorkers deserve better but what are our
6 options? Last year, the city cut ties with Wells
7 Fargo after the bank was repeatedly exposed for
8 lending discrimination. JP Morgan Chase the bank
9 with the most city deposits is the world's largest
10 bank financier of fossil fuels. And as has been well
11 established many of the banks with which the city
12 does business, routinely redline and otherwise
13 exploit working New Yorkers.

14 This year city of New York will collect more than
15 \$100 billion in revenue from taxes and other sources
16 to fund public services. Currently, this money is
17 placed on deposit with these large commercial banks
18 that systematically harm New Yorkers and finance
19 fossil fuels, gun manufacturers, speculative real
20 estate, and other disruptive industries. Public
21 banking offers a bold alternative, and we urge the
22 City Council to take immediate steps toward a more
23 equitable, just and fair economy that works for and
24 is accountable to New Yorkers. Thank you again for
25 your time.

2 CHAIRPERSON BRANNAN: Thank you. Any questions?
3 Thank you so much, Logan.

4 MR. NEEDLE: Thank you.

5 CHAIRPERSON BRANNAN: Okay, our next panel is on
6 Zoom, Gregory Jost, Judas Hertzberg, Linda Levy, and
7 Thomas Marrois.

8 SERGEANT AT ARMS: You may begin

9 MS. LEVY: Okay, I'll start first because I think
10 I got my video on before anybody else did. I'm Linda
11 Levy. I'm from the Lower East Side People's Federal
12 Credit Union. Thank you so much, Chairman Brannon
13 and members of the Committee for allowing us to
14 testify today. I have lots and lots of things I
15 could tell you about public banking and why we think
16 it's a good idea. But the main thing I'd like to
17 talk about is why my credit union feels that this is
18 such an important issue for us, and why we have been
19 working for over seven years to try to get a public
20 bank in New York City.

21 The Lower Eastside People's Federal Credit Union
22 is a community development financial institution,
23 which is a CDFI, that has been serving low-income
24 immigrant New Yorkers since 1986. We have branches
25 on the Lower East Side, and East Harlem, and

2 Manhattan, and on the north shore of Staten Island.

3 We are also currently serving the Bronx with our
4 mobile banking branch and plan to open a fiscal
5 branch in the Bronx in early 2024.

6 In addition to the people who live or work right
7 near our branches, any low-income resident of the
8 city of New York is eligible for membership in our
9 credit union. Currently, 90% of our members are low
10 income and 65% are Latinx. At \$90 million in assets,
11 we are the largest Community Development Credit Union
12 in New York City. Yet clearly, it's a very small
13 financial institution. We have been working with the
14 Coalition Public Bank NYC for over seven years to
15 establish a public bank that will increase our
16 capacity to serve more New Yorkers. A public bank
17 will help us build our credit union and other CDFIs
18 like ours through capital investments and
19 participation lending. As a financial institution
20 with deep roots in our communities and a successful
21 track record of serving the unbanked, we will work in
22 partnership with the Public Bank to bring more
23 financial services, affordable housing and community
24 investment throughout the city.

25 I cannot stress to you--

2 SERGEANT AT ARMS: Time expired.

3 MS. LEVY: Sorry? How important it is to us to
4 see a public bank in New York City. I also would
5 like to mention that when the Department of Finance
6 was testifying and stated that there was a large
7 series of--

8 SERGEANT AT ARMS: Thank you so much. Your time
9 has expired.

10 MS. LEVY: Okay, thank you.

11 COUNSEL: Thank you. We'll now hear from
12 Gregory-- Gregory Jost.

13 SERGEANT AT ARMS: Time has begun.

14 MR. JOST: Hi, good. Afternoon. Thanks so much
15 for having me. I am an Adjunct Professor at Fordham
16 University and I'm also a Consultant with Banana
17 Kelly Community Improvement Association in the South
18 Bronx. We're partnering with Linda and the team at
19 Lower Eastside People's Federal Credit Union to bring
20 the credit union to the Bronx, because our
21 neighborhoods have been collectively failed-- I
22 should say, have been failed collectively by the
23 banking industry.

24 You can look over many generations, decades, the
25 fires, the redlining that has happened, the way that

2 we have a proliferation of fringe financial services
3 in our neighborhoods. We look to partner locally
4 with institutions like Linda's, like the credit
5 union, other small community banks in a way that a
6 public bank for New York City would actually support
7 and help grow and invest in these types of models.

8 Yeah, I don't, I don't think I need to say too
9 much more, I will just add that the regulatory system
10 out there, we cannot put our entire faith in them.
11 They do not have all the tools that they need to
12 ensure that the banks are serving our communities
13 properly. They have imperfect tools that only-- only
14 exist because community residents, residents
15 organized and demanded them back going back into the
16 1970s. And-- And in subsequent decades.

17 So if you're not listening to communities, we
18 would have virtually no tools to make sure that our
19 money works for us in any kind of way in in our
20 neighborhoods. And I-- If you're not sure you can
21 come and meet and I know a lot of you on the City
22 Council are partnering with us already. Thank you
23 for being here. Thank you for your support. I just
24 want to let you know we all think this is a great
25

2 idea. And if there's extra time, I'll give it to
3 Linda.

4 CHAIRPERSON BRANNAN: Thank you. Now we have
5 Judith Hertzberg.

6 SERGEANT AT ARMS: You may begin.

7 Thank you. Good afternoon, Chairman Brennan and
8 members of the committee. My name is Judith
9 Hertzberg. I'm with True Blue New York. I am also a
10 retired money center banking executive, having worked
11 for many years in credit, lending and in all aspects
12 of risk management. And given recent events, I
13 cannot stress the importance of proper risk
14 management.

15 Thank you for the opportunity to testify today in
16 support of Introductions 498, 499, and 999 and the
17 resolution 203A collectively called the People's Bank
18 Act.

19 These measures promote vital public transparency
20 about the city's finances and financial relationships
21 and lay the foundation for a municipal public bank.
22 A little bit about True Blue New York. True Blue New
23 York is a grassroots organization founded to defeat
24 the IDC, elect Democrats to the New York State

2 Senate, and advocate for the passage of much-needed
3 voting reform and good government reform legislation.

4 We continue to advocate for such reforms, as well
5 as the passage of progressive legislation to support
6 a wide variety of economic and social justice reforms
7 that a public bank would support. A public bank is
8 what its name suggests: A financial institution
9 created by a government and chartered to serve the
10 public interest. Through public banking, the city
11 can invest in permanently affordable housing,
12 community solar, and other cooperative and community-
13 led wealth building initiatives. Public banks
14 partner rather than compete with local community
15 development financial institutions, CDFIs, and other
16 responsible lenders to expand fair and affordable
17 financial services in historically redlined
18 communities.

19 Where we put our public dollars is a fundamental
20 matter of public concern. This year, the city of New
21 York will collect more than \$100 billion in revenue
22 from taxes and other sources to fund public services.
23 Currently, this money is placed on deposit with large
24 commercial banks that systematically harm New Yorkers
25 and finance fossil fuels, gun manufacturers,

2 speculative real estate, and other disruptive
3 industries.

4 SERGEANT AT ARMS: Thank you so much. Your time
5 has expired.

6 MS. HERTZBERG: Thank you again for your
7 attention. And I urge the passage of Introductions
8 498, 499, and 999 and Resolution 203.

9 CHAIRPERSON BRANNAN: Thank you, Judith. Now we
10 have Thomas Marois.

11 SERGEANT AT ARMS: Time has begun.

12 MR. MAROIS: Thank you very much. My name is
13 Thomas Marois. I'm a reader, or professor, in SOAS
14 University of London in London, England. I'm here to
15 present on some evidence that public banks. I'm one
16 of the world's leading scholars on public banks. And
17 I just want to suggest that the material I present to
18 you in the next minute or so is verifiable, I can
19 share any of the peer-reviewed publications on which
20 is based, but the evidence is out there in terms of
21 the benefits and potentiality for public banks.

22 The first thing I want to mention is that public
23 banks are anything but niche. The question was
24 raised earlier: Are they elsewhere in the world?
25 And it was mentioned earlier, there are more than 900

2 around the world. They have over \$49 trillion in
3 assets. That's 20% of all banking assets. So \$1 in
4 \$5 in banks today are in public banks. To put that
5 in context, that is the larger than the GDPs of the
6 United States, Germany, and China combined sitting
7 within existing public banks. They exist at all
8 levels, at the city level, state level, national
9 level, and international level. In fact, the very
10 first public bank was a city level public bank in
11 Barcelona created in 1401. So there is nothing new
12 about public banks, they've been around hundreds of
13 years.

14 There are many ways of governing public banks,
15 you can have boards that include central authorities
16 and local authorities. They have-- there are public
17 banks with sectoral or business representatives, and
18 community representatives sitting on the boards of
19 governors. And then there are boards that mix
20 styles. Local authorities, expertise, sectoral
21 representation, and so on. At the same time, they
22 build in-- and can build in racial and gender equity
23 safeguards and mechanisms of accountability that are
24 binding the bank by law to respond to social-- social
25 priorities of the community.

2 They are institutionally stable. Most public
3 banks have been around for decades, some as long as
4 150 years.

5 SERGEANT AT ARMS: Thank you so much. Your time
6 has expired.

7 MR. MROIS: Thank you. Let me finish just by
8 saying then, that there is an opportunity here to
9 create a public bank as a legacy institution, as a
10 gift to the future that can enable public policy.

11 CHAIRPERSON BRANNAN: Thank you. Okay, thanks to
12 everyone who testified today. With that this hearing
13 is adjourned.

14 [GAVEL]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date 04/26/2023