

County of Santa Cruz

BOARD OF SUPERVISORS

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March 26, 2021

Chair Bob Nelson
511 E. Lakeside Parkway, Ste 47
Santa Maria, CA 93455

Dear Chair Nelson,

I am writing to you today to seek your agency's interest in participating in a viability study to establish a Central Coast Public Bank encompassing the counties of Santa Cruz, Monterey, San Benito, San Luis Obispo, and Santa Barbara. As you may know, AB 857, a new state law enabling the establishment of public banks in California, was adopted in late 2019. You may have received a similar letter from us in the past, but now citizens' groups from multiple regions throughout the Central Coast of California have joined to form the group People for Public Banking Central Coast (PPBCC) with the goal of exploring the prospect of a cohesive public bank serving our Central Coast communities.

No singular city or county in the Central Coast region is large enough to easily create its own public bank, so Santa Cruz County has decided to take the lead in studying the possibilities for a regional public bank. We are sending this letter to boards of supervisors, city councils, and special district boards throughout the Central Coast to determine if they would be interested in participating in a viability study for a public bank for the Central Coast.

Local public agencies routinely undertake infrastructure projects funded by private banks which have significant interest rates and fees. Public banks can serve that need by issuing bonds to public agencies at much lower costs. By saving on the fees and high interest rates charged by private banks, local governments can maximize their available funds for crucial projects and services such as affordable housing, infrastructure, and preventative measures for resiliency. In addition, the revenue created by the public bank's lending services can be reinvested back into the community.

Public banks can also act quickly in times of local disasters by making emergency loans to social service providers, schools, small businesses, and other vital infrastructures. Public banks can purchase municipal bonds issued by cities and counties to pay for emergency lending and direct subsidy programs

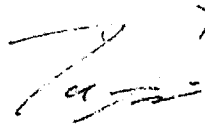
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RE: PUBLIC BANKS
March 25, 2021

which can introduce new funding during times of crisis without exhausting local government reserves, and repayments can then be invested back into the impacted region.

The County of Santa Cruz is currently seeking statements of interest from Central Coast cities, counties, and other public agencies in participating in a viability study for the establishment of a Central Coast public bank. This is not a request for a commitment to fund the study, but rather an inquiry as to whether your agency would like to participate in the process of developing a proposal for a viability study. This viability study will address the issues of funding sources, governance structure, and policies for a Central Coast public bank. Once we have received statements of interest from local entities, we will develop a funding proposal for the viability study with appropriate contributions from the various agencies and, potentially, outside sources.

Attached is a draft resolution for your review. We encourage you to introduce this resolution, which you are welcome to modify as necessary, to your agency's agenda for approval. If approved by your agency, please forward the signed resolution to me at the email below. If you are interested in more information about public banks, including presentations to your agency, feel free to email me at: zach.friend@santacruzcounty.us

Sincerely,



ZACH FRIEND, Supervisor
Second District

Enclosures: Draft Resolution for Viability Study

ZF:cs

cc: Supervisor Gregg Hart
Supervisor Das Williams
Supervisor Joan Hartmann
Supervisor Steve Lavagnino
CEO Mona Miyasato