PUBLIC BANKING
A Strategy Overview

Prepared by National Commonwealth Group

This document is an overview of our public banking strategy (explored in depth in the *Banking & Credit in America* document that can be downloaded here.)

In the *Banking* document we lay out the concept of public banking, why it is needed, where it exists today in the U.S. (only one government and two non-profit-owned public banks) and around the world (especially in Germany), and how we envision it being developed and implemented here. It is our opinion that each state should have its own public banking system and the Banking document lays out a strategy for local organizers. We offer two alternative paths to implementation, based on the availability of local funding.

Some organizations like PBI (Public Banking Institute) advocate for government-only-owned banks. We, like Germany, include non-profit-owned banks under the public banking umbrella (see our website for a quick overview.) We define a public bank as "… a bank owned by either a government entity such as a country, state, county or city, or a non-profit organization (or both), rather than by private shareholders."

Our preferred version of a public bank represents a joint effort between non-profits and governments, each of which bring strengths and weaknesses that make it difficult to establish and run a bank on their own, but through a properly structured joint effort, can cancel out the weaknesses and leverage the strengths.

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SUMMARY OF OUR MODEL

What's included?

A public benefit financial enterprise[1] built around a central holding company with a group of subsidiaries that include regulated commercial banks and various parallel financial institutions like mortgage banks, real estate hedge funds, and more.

Who runs things?

Not government-run

One or more non-profits establish and operate the holding company and its component businesses.

Who funds it?

Governments are passive investors

State and local governments have substantial pools of funds[2] separate from their annual budgets (rainy day funds, pension funds, etc.) that they currently invest on Wall Street. These could be tapped (probably requiring some legislative changes) or new funds could be allocated through bond issues. The governments, along with foundations and others will serve as passive investors, typical for limited partnerships or manager-managed limited liability companies (our investment vehicles of choice).

What kinds of banking?

We envision the need for both wholesale and retail banking.

Wholesale

The wholesale component would most closely resemble the state-owned Bank of North Dakota, which serves as both a central bank (check clearance and other central bank functions) for the state and its community banks and credit unions, and a banker's bank (loan syndication, loan acquisition, correspondent services, etc.) to those institutions.

Retail

The retail component would most closely resemble the German Sparkassen (savings) banks, which are the equivalent of community banks in the U.S. only they are each owned by a local non-profit (similar to a community foundation in the U.S.). Therefore those banks are owned by, and for the benefit of, the public, who are also their prime customers.

In fact, small and medium sized local businesses (SMEs) are one of the Sparkassen's main customer groups and Germany has one of the healthiest small business communities in the world, much of it attributable to the Sparkassen banks. They provide the seed capital for one out of every two raw startup companies, a concept unheard of in modern U.S. banking and one that holds the promise of reigniting job creation in this country.

Helping small business

Why do we need public community banking?

In the U.S., community banking is dying (explained in the *Banking* document), even though it provides a vital contribution to local economies that is ignored by the large banks or other financial institutions. We see our Sparkassen-like structure as the only viable way of rescuing community banking. That could entail investing in (or possibly acquiring) existing community banks and converting them to provide public banking services and/or establishing new public banks where needed.

Rescuing community banks

What about wholesale banking?

Our wholesale banking activities would provide services to those banks which would not want or need an investment (or to be acquired and converted) in order to survive, but who could benefit from services provided by a publicly funded bankers' bank. Thus we feel that it is vital to have both the wholesale and retail public banking services as part of our overall banking strategy, as each serves a different need and constituency.

Strengthening community banks

WHERE TO START?

In the *Banking* document we detail two approaches to building a public banking ecosystem. We feel it is better to start with the commercial banking structure (probably retail banking). If that's not possible, we show how to start small with non-bank functions and build up to commercial banking. Funding determines which approach each state will take.

Biggest boost from commercial banking

Invest, buy or build?

The fastest way to provide public banking services is to invest in existing banks, with the requirement that they use those funds for targeted public benefit objectives. The requirements for regulatory approval of investment in a bank are far less onerous (as little as no pre-approval to a short approval process, depending on the size of the investment and the amount of control given to the new investor) then either buying a bank or building a brand new one. The next fastest way is to buy a bank (can take approximately six months) rather than build one from scratch (can take one to two years). Purchase prices for community banks can range from around $5 million up to billions whereas investments in them can be far less.

How much will it cost?

Cheaper is slower

Our preferred path will require $2 million to $5 million to start and produce the fastest results, whereas the alternate, non-bank path can be launched with just a few hundred thousand dollars, but can take much longer to reach the commercial public banking goal.

We set $2 million - $5 million as our target as that should be sufficient to invest in a small bank where those resources are sufficient to produce a meaningful impact on the targeted objectives. Otherwise we would need to raise at least $10 million in order to actually acquire a bank and leave some working capital to grow it and its companion activities. Our structure would allow for adding substantially more capital after the initial investment and/or acquisition, obtained from various public sources as we define in the *Banking* document. And thus growth can be realized relatively quickly, once we have the initial basic chartered public banking infrastructure in place.

Where are the target banks?

Community banks are the best launch platform

There are only 22 bankers' banks in the country. None that we are aware of might be open to an investment or even be acquirable. Bankers' banks have a different infrastructure and business model than a community bank. In addition, the scope of services provided by most bankers' banks is substantially more limited than that provided by the much larger Bank of North Dakota, which we wish to emulate in terms of the full scope of services provided.

In contrast, there are a large number of small community banks that could be candidates for investment and/or acquisition to provide our first retail Sparkassen-like public banking services. We conclude that it would be much easier to get started with the retail banking emphasis first, and then add the wholesale services as a parallel business focus, which could be added to one or more existing community banks rather than going to the limited number of bankers' banks.

The funding hurdle

Proof of concept is found overseas

The key is being able to raise the initial $2 million to $5 million. There may be numerous examples of non-profits that own a minority interest in a community bank, but given the nature of existing corporate laws and the non-disclosure of their owners, it is a near impossibility to determine such ownership examples. In contrast, we have determined that there are only two non-profit organizations that wholly own a U.S. bank. Neither of them fits our model and thus we have no examples that prove the concept for potential funding sources. (There are plenty of examples in other countries, of course, including the very successful and safe Sparkassen in Germany. In Global Finance Magazine's ranking of the world's safest banks, the top 9 banks in the magazine's World's 50 Safest Banks list are all state-backed institutions, and 4 are in Germany. The No. 1 bank on the list is Germany's KfW, which doesn't so much act as a traditional bank but as a government-driven lending machine, created in post-war Germany to spur infrastructure spending.)

The fact that our public banking efforts would be under a non-profit ownership structure further complicates things because there are fewer options for raising funds under such an ownership model here in the United States.

That led us to developing a backup strategy for states that could be started with substantially less funds, centered around the problems created by the housing (foreclosure) crisis and its impact on community banks and their homeowner customers.

We determined that if we could come up with a way to help community banks shed their distressed real estate loans, we could:

- Help community banks get healthier.
- Build a profitable capital base for our enterprise, allowing it to grow to the point where it could acquire its first bank.
- Rescue homeowners facing foreclosure.

The Slow Build Option

Acquire distressed assets and convert into new instruments

Step 1: Establish a real estate private equity "hedge fund" that would acquire distressed notes and mortgages from community banks (and others) and convert those notes and mortgages into new instruments (new notes and mortgages, rental agreements, rent-to-own agreements, etc.) that can be resold at a gain to the fund. Acquisition can be done in a number of ways, including:

1. Outright cash purchases of notes and mortgages at a substantial discount from their face value, where all the upside is retained by the fund and its investors.

2. Conditional purchase agreements or joint venture arrangements wherein the seller can share in the upside of the re-sold new instruments.

3. Assignment by the current note holder that entails a transfer of ownership to the fund in exchange for equity in the fund, which is liquidated when the new assets are sold.

The second and third options require far less capital up front and can be instituted for largely administrative costs in the range of a typical high tech startup, generally less than $250,000.

Subsidiaries enable growth

Step 2: To round out this system and provide a reliable source of funds that would be used to buy those new instruments, two parallel subsidiaries of the financial holding company would need to be created: a mortgage bank that would purchase and hold the new notes and mortgages, and a real estate property rental company that would own and rent out properties acquired from the hedge fund.

Over time these operations should provide the enterprise with sufficient financial gain and/or operational credibility to give the founders the ability to invest in or acquire a bank, which might be possible via:

- The capital it needs (from profits).
- The ability to borrow the funds it needs.
- Credibility with potential capital sources (local governments, foundations, pension funds, etc.) to raise investor funds

In this way, those holding companies can invest in or purchase their first bank and begin to build the public banking ecosystem.

In summary, this alternate path represents a bootstrap way to get to the larger goal on the assumption that until the viability of a public benefit financial infrastructure can be demonstrated, it may prove difficult to get adequate funding for the commercial banking side of this system. There are no working models in the U.S. to serve as examples.

That is why the German model is potentially so important. The engagement of the Sparkassen community can help to bring their model to the U.S. Nobody has to convince the Germans of the efficacy and value of the Sparkassen public banking model. They see the fruits of it every day and can hold it up to the world as one of the best systems anywhere that can effectively serve the needs of small businesses and main street communities. That is why we have reached out to them and elicited a positive response to our plans.

MOVING FORWARD WITH THE FIRST STATE

We have made great progress in designing various pieces of this puzzle and are poised to implement our strategy on either of our two possible tracks. The elements are:

Development of the plan

Step-by-step plan

The *Banking* document analyses the nature of the banking problem in this country and provides a detailed strategic plan on how to establish an entire new financial ecosystem at the local level. This is built around a holding company with a number of subsidiaries that would provide local communities with a full spectrum of financial services all under public ownership and mandate. Following are summaries of different parts of that plan and where we are with implementation.

Connecting with existing public banking resources

Bringing in expertise

There are two primary sources of expertise that we have reached out to.

Wholesale banking: We have connected with a number of experts in this space, including several executives[3] recently retired from the Bank of North Dakota. One or more are available as consultants when we are ready to implement our BND-like wholesale public banking infrastructure. The Bank of North Dakota itself is a potential source of additional input.

Retail banking: Here the world's leading experts are in Germany and in particular the Sparkassen banking community. Our *Banking* document provides a good deal of information about the Sparkassen banks (particularly in Chapter 5.)

The Sparkassen

Emulating Sparkassen success

The Sparkassen banks are all individual entities locally owned and run, but which work cooperatively on a number of dimensions. They fall under eight regional groups, which tend to align along geographic and economic commonalities.

Each region has an administrative structure to facilitate member banks' needs and mutual cooperation, and to serve as the representative body to the other regions. They also interface with the entity that has been established to aid them all as well as assist interested parties from around the world, the Savings Banks Foundation for International Cooperation.[4]

Its mission statement[5] says, "The mission of the Savings Banks Foundation for International Cooperation - SBFIC is to make the German Sparkassen experience accessible to similar financial institutions in other developing and transition countries." Thus one of their primary goals is to help promote the Sparkassen model around the world and to help those nations interested in importing their expertise and applying it locally.

The SBFIC Objective statement[6] points out that they are primarily concerned with helping their client countries to nurture small and medium sized businesses enterprises (SMEs), as they do in Germany.

> "...By strengthening regional and local financial structures, the Sparkassenstiftung (SBFIC) not only helps to improve development options for broad segments of the population and local companies, but ultimately helps to generate jobs and income."[7]

Getting the SBFIC involved

Requesting SBFIC assistance

Given that the Sparkassen banking model most closely resembles the model we would like to deploy here in the U.S., we reached out to senior contacts at one of the eight regional groups, who in turn connected us with SBFIC. Our project has come to the attention of the highest levels of the Sparkassen community. They are very interested in helping us to advance the Sparkassen model in the U.S. and have offered assistance.

However, they are constrained from actively assisting without a formal request from a government entity. That could be at the federal, state or even county and large metro level. It is the government request that is the trigger, not who it comes from.

That is not to say that the higher up the level of request, the more weight it will carry. Nonetheless, we are of the opinion that if we can get some level of government involvement that it will enhance their ability to assist. And we are confident that getting their involvement will be a game changer (see Next Steps below.)

LAUNCHING OUR EFFORTS

Michigan and California

While our *Banking* document spells out two pathways to building a public benefit financial enterprise in each state, we have elected to purse a direct path to commercial banking for our first state effort. We have targeted two states where we feel we have the greatest prospects for a relatively fast launch — Michigan and California. This means creating the infrastructure to invest in (or acquire) our first bank and building the ecosystem around it.

The initial goal is to locate a small bank in Michigan or California that would be available and interested in an investment (or perhaps acquisition) under our terms and conversion into our first Sparkassen-like community bank. Existing community banks are already designed to provide retail banking services to the general public and moving them toward a more public benefit (Sparkassen-like) direction is a mere shift in emphasis that can be superimposed over existing resources and systems.

Not so when it comes to wholesale banking services, where the customers are other banks and credit unions, not the general public. That would require establishing a new business infrastructure to provide those services that would in all likelihood be established as a distinct and separate business unit.

As soon as we can, we would begin to develop a parallel structure that would provide the BND-like wholesale banking services to other Michigan and/or California community banks and credit unions. Preparations for that wholesale banking business can be put in motion even before the initial bank investment and/or acquisition has been completed.

Once retail and wholesale banking services are in place, the next key phase will entail educating counties and their political subdivisions on the benefits of public banking, principally getting local credit flowing again as well as making them more profit than they can get on Wall Street.

Local jurisdictions can accomplish that by a variety of means ranging from issuing bonds to bringing a small portion of their investment funds back from Wall Street and multiplying those funds locally through commercial banking. Commercial banking legally allows them to create approximately $10 in new money for their community for every $1 in capital they put into their local public banking effort.

In a well-known multiplier effect,[8] that $10 in new funds will change hands two to seven times before leaving the local economy. Thus each dollar invested by those local governments will translate into at least $20-$70 in local financial transactions, each with tax and fee revenue-generating potential for the governments, while still preserving the capital, which itself will return gains. BND's 2010 annual report states that the bank made a 19% ROE (return on equity) for the state[9], a figure that far exceeds any return that Wall Street can provide local governments today (In California, for example, Wall Street banks have been returning generally between -8% and 1.75% on the state's pension fund).

Targeted investment

Our Michigan and/or California public banking system will allow these local governments to place their investments with one entity that will allow each jurisdiction to choose how they want their capital to be used locally. They can:

- Invest in generic retail banking through the Sparkassen-like banking services.
- Invest in wholesale banking through the BND-like banking services, which will provide direct support to the existing community banks and credit unions.
- Invest in a targeted credit program such as lending for renewable energy projects and companies, low income housing, land banking or any other special credit needs that are not being adequately addressed by the local banks and other lending institutions.

NEXT STEPS

Several steps need to be taken in order to launch this public banking effort in Michigan and/or California. They include the following (not necessarily in order).

Phase 1 – bank investment or purchase and investor acquisition

A bank holding company to manage the effort

At some point NCG will need to form a new L3C (a hybrid profit/non-profit LLC)[10] to serve as the financial services holding company that will manage the overall effort in Michigan. We are tentatively calling this entity Michigan Public Benefit Financial Holdings L3C (MIPBFH). MIPBFH need only be established when two or more financial subsidiaries (e.g., commercial banking and other non-bank subsidiaries) are in place and need to be centrally owned and managed.

Unlike Michigan, California does not currently provide for L3Cs, so we will need to use a regular LLC to serve as the financial services holding company that will manage the overall effort in California. We are tentatively calling this entity California Public Benefit Financial Holdings LLC (CAPBFH). CAPBFH need only be established when two or more financial subsidiaries (e.g., commercial banking and other non-bank subsidiaries) are in place and need to be centrally owned and manage

More immediately, in Michigan NCG will need to establish an L3C to serve as the bank holding company (a parent company that owns one or more banks, but doesn't engage in banking itself)[11] for MIPBFH's commercial banking activities. We plan to call it Michigan Public Bancorp L3C (MPB). MPB will be setup as a manager-managed L3C[12] wherein NCG/MIPBFH will be the initial managing member and other parties will be non-managing members.

Similarly in California NCG will need to establish an LLC to serve as the bank holding company for CAPBFH's commercial banking activities. We plan to call it California Public Bancorp LLC (CPB). CPB will be established as a manager-managed LLC wherein NCG/CAPBFH will be the initial managing member and other parties will be non-managing members.

MPB and CPB will serve as the investment companies that will need to raise sufficient funds to:

- Invest in or acquire a bank.
- Provide the funding to:
    - Enhance its operations to include the BND-like wholesale banking functions.
    - Establish and administer a promotional and fundraising campaign to pursue additional investment from local governments (including the

state), pension funds, foundations, other non-profit funding sources and other potential investors

As we stated, an initial bank investment could be accomplished for less than $5 million. With respect to a bank acquisition, an appropriate bank should cost in the range of $5 million – $10 million, depending on the method of acquisition. Funding for the investment or acquisition campaign is undetermined until some of the variables, such as number of governments targeted, professional fees, etc., are known.

Pathways to an investment

Flexibility for investors

One of the first things to recognize when contemplating an investment into an existing bank is that the current shareholders may have different goals and objectives than the incoming investors who are interested in establishing public banking objectives. And those incoming investors may have differing objectives (lending to small businesses, low income housing, renewable energy projects, etc.). Thus we ideally need a bank company structure that can accommodate multiple interests.

This presents a problem. The vast majority of U.S. banks are established a corporations (rather than LLCs or other entities), as most states currently only allow corporations to be a bank. Corporations are inflexible when it comes to different investors having different relationships with the company because ownership in corporations is done through stock and all shareholders of one class of stock have to be treated the same as all other investors in that class. And a large percentage of corporations have only one class of stock called common stock. Thus just about every investor in a particular corporation has the same rights and privileges as all other shareholders and cannot have a custom investment agreement.

In contrast, LLCs and other vehicles like limited partnerships are very flexible, allowing every investor to have a custom investment agreement – what percentage of the company they own, their rights to sharing in profits and losses and other such elements can be uniquely defined, investor by investor.

This leads us to conclude that if we want to bring in new investors and allow them to have different goals and relationships to the bank, we will not be able to do that in the bank itself, but rather through a parent company known as a bank holding company (BHC). In essence, the investors own the BHC and the BHC owns the bank. BHCs can be LLCs, which means the investors can have the unique relationship with the BHC that we need for our strategy to have the needed flexibility. And even though most existing BHCs are corporations, they can be converted to LLCs very easily, thereafter allowing those custom investment agreements.

For example, if we bring in a new investor who wants to allocate a certain amount of money to support lending for home energy conservation and weatherization projects, that investor can enter into a custom investment agreement with that BHC that calls for the bank to set up a new (wholly owned) subsidiary that will specialize in that type of lending.

Thus the bank can easily track its profits and losses, which are passed up under consolidated tax returns, along with all the other bank's profits and losses, to the BHC in a lump sum. We are then in a position to divide things up into different buckets.

The custom agreements with the BHC's investors will dictate who gets what piece of the various profits and losses that can be attributed to different activities of the bank. Thus even though the bank is a corporation that has one class of ownership, and everything it does is lumped into one result that is passed up to the BHC (accompanied with the accounting records that tracks all the individual parts) we nonetheless can divide the pie up among the investors as fits their individual investment agreements.

Finally, two or more investors or investor agreements can be established that call for two or more special lending activities, each probably dictating the need for a separate lending division under the bank, that will constitute effectively a different public banking function that the investors want to enable. Thus one bank can perform multiple different public banking functions, to serve different public banking investor objectives, all while providing returns to those different investors according to the results of their particular projects.

Pathways to purchase

Reasons to buy

Now let us turn our attention to the prospects of acquiring a bank in its entirety rather than just investing as a partial owner. Although our goal is to achieve public banking as soon as possible and with the maximum amount of our investment dollars being directed to the intended programs (rather than to just buy a bank), there may be any number of reasons why acquiring the bank becomes an objective. For example, the current owners may no longer wish to own the bank or regulators may force them to sell but there are no buyers.

Acquisition can be accomplished in one of two general ways. .

Option 1 - Cash Purchase	Option 2 - Merger
A cash purchase in which MPB/CPB pays the current owners for their ownership interest. In order to pay those previous owners, MPB/CPB will have to bring in an amount of investment dollars that equals or exceeds the total costs of that acquisition (including all associated sale transaction costs, regulatory approval costs, etc.). As stated, that amount should range between $5 million and $10 million.	A merger in which the current owners would assign their ownership interest to MPB/CPB in exchange for an ownership interest in MPB/CPB. In that case the only amount of funds needed would be to pay for the transaction costs – a small fraction of the total and an amount that could be included in the other pool of funds needed to develop the wholesale banking and promotion

Thus at the low end it is estimated that MPB or CPB will need to raise at least $5 million (assuming the merger approach) or at least $10 million if purchased (perhaps even as high as $20 million), although more can be raised in MPB/CPB if there is sufficient investor interest in the concept.

Phase 2 - expansion

Once investment has been made in the initial bank (or one has been acquired) and the wholesale banking services have been established, the organization is ready to expand to encompass the full spectrum of public banking. Additional investors will be brought in who may invest directly in MPB and/or CPB or indirectly with them through limited partnerships established to provide a means to inject more capital into the Michigan and California public banking systems. MIPBFH and CAPBFH will probably serve as the general partners for each of those additional limited partnerships.

Promoting public banking

A marketing and promotion group would reach out to the various local governments to introduce them to the public banking concept. Initially they will be encouraged to form various “inter-government” agreements between two or more government jurisdictions (the state, counties, cities, townships, etc.) around the idea of public banking in their locale, targeted to an individual or group of credit facilitating objectives.

Such inter-government agreements are the functional equivalent of joint ventures in the business world. In Michigan, such agreements are called “interlocal agreements” or ILAs, authorized under the Michigan Urban Cooperation Act of 1967.[13] In California, such agreements are called “joint powers agreements” or JPAs, authorized under the California Joint Exercise of Powers Act.[14] Both ILAs and JPAs are authorized to issue bonds related to the purpose for which the inter-government agreement is established, and such bonds can be used to support public banking. Both states provide for the bonds to be solely the responsibility of the ILA or JPA.

Thus the state and its counties, cities, townships have the ability to raise public funds for use in a public banking effort in furtherance of economic development objectives. In addition, while those entities would normally not be allowed to directly invest their pension fund monies and other investment funds in a public banking structure, they might be granted an exemption by the state legislature to purchase bonds issued by ILAs and JPAs anywhere in their state, thereby allowing them to take advantage of those publicly sold securities.

The marketing and promotion group would explain how those governments could benefit by the bond issue approach and why they should also seek approval to divert some of their investment funds to the effort.[15] The marketing group will also approach pension funds and non-profit groups like private and public foundations to encourage them to invest along with government organizations.

Each investor will be given the option to determine where and in what manner they would like to have their investment funds applied. That could be in support of retail banking, wholesale banking or with specific lending programs that relate to areas where the investor would like to see enhanced credit availability.

Such investments can likewise be spread over diverse geographic areas in additional to the targeted lending. Thus, for example, an investor could specify that their funds be used in the counties of southeastern Michigan or central California to support lending related to solar energy production.

Over time, MPB or CPB may invest in or acquire additional community banks to add to the public banking system. This will particularly be the case when smaller community banks find themselves in a "sell or die" condition and their only hope of rescue is to be acquired. In many cases, other banks or bank holding companies may consider such banks too small to justify acquiring, leaving those communities without a local bank to serve their needs. Such banks would be prime targets to add to this public banking system.

Phase 3 – parallel banking services

Provide additional financial services

Sooner or later, the other financial services companies described in the *Banking* document will need to be established parallel to the commercial banking services. MIPBFH and CAPBFH will establish additional subsidiaries and limited partnerships to fund and develop these companies. MIPBFH and CAPBFH will serve as the initial managing manager for any such L3Cs/LLCs and as the general partner for these limited partnerships, thus providing coordination and integration of the entire public benefit financial ecosystem.

Chapters 10 – 13 in the *Banking* document detail three potential additional financial services companies, but many more such as venture capital funds, investment banking, community economic development funds, special insurance funds, land banking and more can be established over time. The key is that the entire enterprise is dedicated to the benefit of the public and commercial banking serves as the lynchpin that enables the entire system via its ability to actually create new money that it injects into local economies.

HOW TO CONTACT US

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ENDNOTES

1. We envision the need for a complete public benefit financial "ecosystem" that includes banking, community development funds, investment banking, non-banking credit and the other financial service companies needed by communities to provide the full spectrum of financial services – only under public ownership.

2. Although state and local governments' annual budgets (their "checking accounts") are tight, they have very large pools of investment funds ("savings" accounts) to cover obligations like pensions. They are required to invest those funds and currently do so on Wall Street. See our Banking document starting on p. 20 for more information.

3. A detailed interview and other discussions with one of those executives, Ed Sather, former senior vice president of treasury and trust services, concerning the Bank of North Dakota, along with other public banking related conference calls can be heard at www.publicbankinginstitute.org/pbi-conference-calls.htm

4. www.sparkassenstiftung.de/en/home.html

5. www.sparkassenstiftung.de/en/about-us/mission.html

6. www.sparkassenstiftung.de/en/about-us/objective.html

7. The Sparkassen group has assisted in approximately 50 countries. The British government recently invited the SBFIC to help apply the Sparkassen model to community banking in England.

8. This 10:1 concept is explained in detail in the Banking document beginning on p.13. The local money multiplier effect is explained beginning on p.30.

9. See North Dakota's Economic "Miracle"—It's Not Oil, www.webofdebt.com/articles/north_dakota.php

10. An L3C is a hybrid profit/non-profit LLC. See en.wikipedia.org/wiki/L3C

11. en.wikipedia.org/wiki/Bank_holding_company

12. smallbusiness.chron.com/manager-managed-llc-3078.html

13. http://www.legislature.mi.gov/(S(q1xpgjfsolb2j3ynbr10gx55))/mileg.aspx?page=getObject&objectName=mcl-Act-7-of-1967-Ex-Sess-.

14. http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=06001-07000&file=6500-6536

15. Local governments have substantial investment pools from which they can draw to make these investments, as detailed in the Banking document beginning on p.20.