

COLORADO STATE BANKING BOARD
Record of Proceedings - Regular Session
June 16, 2011

The Colorado State Banking Board (Board) was called to order by Chairman Stephen A. Sherlock (Chairman Sherlock) at 10:02 a.m., June 16, 2011, at 1560 Broadway, Suite 975, Division of Banking (Division) Conference Room, Denver, Colorado. Attending in person were Chairman Sherlock and Board members Adam Coyle, Richard Martinez, Jr., Scott Pearson, Mary Reisher, and Donald Sall. Board members Joseph Cachey III, Tom Goding, and Dennis Reece participated via teleconference. A quorum was declared; 10:03 a.m.

Also in attendance were Acting State Bank Commissioner Fred J. Joseph (Commissioner Joseph), Assistant Attorney General Cathern Smith (AAG Smith), Operations Manager Kara Hunter (K. Hunter), Board Secretary Diana Gutierrez (Board Secretary), and Financial Credit Examiners Cassandra Radcliffe (C. Radcliffe) and Jennifer Kim.

➤Record of Proceedings Approval

Chairman Sherlock called for a motion to approve the May 19, 2011 minutes. Motion by Scott Pearson to approve the May 19, 2011, Record of Proceedings, Regular Session. Second by Rich Martinez. Motion carried unanimously; 10:04 a.m.

There were no rule or application hearings scheduled for this month; therefore, the meeting proceeded to the Division of Banking/Commissioner's Report.

➤Division of Banking/Commissioner's Report

1) Production Report. There were no questions from the Board with regard to the information presented in the report.

2) Delegated Authority Report. Commissioner Joseph briefed the Board on the delegated applications submitted for the month, which included a request from FirstBank to relocate a Lakewood branch and a request from Cache Bank & Trust to close a Greeley branch.

3) Activities Report. Commissioner Joseph briefed the Board on the month's activities, which included a meeting on May 17th with Messrs. Richard Fulkerson (Patten, MacPhee & Associates), and Philip Feigin (Rothgerber Johnson & Lyons LLC), to discuss the oversight in Colorado of capital formation with regard to hedge funds. Discussion.

4) Policy 80-1 – Risk-Based Examination Schedule. Commissioner Joseph and C. Radcliffe presented Policy 80-1 to the Board. C. Radcliffe explained the need to amend the policy to add an additional 90 days to the examination window in order to facilitate the longer time period required to exam 3, 4, and 5 rated institutions. C. Radcliffe briefly explained to the new Board members how the Division's examination schedule works in conjunction with the federal regulatory agencies on joint examinations and the mandates for the other agencies. The Board discussed the requested amendment.

Motion by Mary Reisher to approve the Division's request to amend Policy 80-1 to extend the examination time period up to 90 days for 3, 4, and 5 rated institutions. Second by Adam Coyle. Motion carried unanimously; 10:14 a.m.

5) FY2011/2012 Fee Schedule. K. Hunter presented the fee schedule to the Board. The only two changes made were the addition of shelf charter applications, which the Board had approved at the August 2010 meeting, and the removal of safety deposit box licensing, which does not fall under the Division's purview. No other changes were made. K. Hunter provided the new Board members with a brief explanation of how the fee schedule is structured. The Board discussed the schedule and posed questions to Commissioner Joseph and K. Hunter with regard to the present examiner vacancies within the Division and its effect on the Division's funding level for the next fiscal year. Discussion.

Motion by Rich Martinez to approve the FY2011/2012 Fee Schedule as presented. Second by Joe Cachey. Motion carried unanimously; 10:24 a.m.

6) Proposed Examinations for FY2011/2012. Commissioner Joseph presented the information for the proposed schedule, stating that 154 examinations are mandated and the Division has scheduled 160 for FY2011/2012. Discussion.

There were no other items for presentation to the Board by the Division or Commissioner.

➤ **Commissioner Position Update**

Commissioner Joseph and Chairman Sherlock presented an update to the Board with regard to the Commissioner position. Commissioner Joseph stated that DORA's Human Resources is currently in the process of drafting the Position Description Questionnaire (PDQ) for the restructured position and that the announcement for the position should be made within two to four weeks. The Board posed questions with regard to the delay as a different timeline was presented at the May 19 Board meeting. Discussion. Chair Sherlock stated that to his

knowledge, he knew of no objections from the industry. The Board posed further questions to Commissioner Joseph with regard to possibility of appointing a Deputy Commissioner for Banking, as currently exists in Securities. The Board discussed the matter at length.

There were no further items for discussion in open session; therefore, Chairman Sherlock called for a motion to convene in Executive Session to discuss:

- 1) aggregate statistical data regarding examinations and enforcement actions;
- 2) institutions and financial service providers that are or may be the subject to formal or informal enforcement action or have recently been examined; and
- 3) timing, type, and scope of examinations of individual institutions and financial service providers

stating that such matters must be kept confidential as required by the Colorado Banking Board, Sections 11-102-103(8), 11-102-305, and 11-102-306. Authorization for the Executive Session is in the Open Meetings Law, Section 24-6-402(3)(a)(III), C.R.S.

Motion by Adam Coyle to convene the Executive Session of the June 16, 2011, Banking Board meeting. Second by Rich Martinez. Motion carried unanimously; 10:33 a.m.

The Board retired to Executive Session, which was tape recorded only.

Chair Sherlock called for a motion to adjourn from the Executive Session and reconvene the Regular Session of the June 16, 2011, Banking Board meeting. Motion by Mary Reisher to reconvene the Regular Session. Second by Donald Sall. Motion carried unanimously; 11:24 a.m.

➤Other Items for Discussion

The following items were presented to the Board:

1) Inadequate Capital. The Board determined the rulemaking process would be necessary to address the matter of inadequate capital. Discussion. Motion by Adam Coyle to direct Division staff to proceed with the rulemaking procedure, for Board consideration, to define what is considered insufficient capitalization of an institution. Second by Mary Reisher. Motion carried unanimously; 11:30 a.m.

2) Chairman Sherlock stated that Board member Mary Reisher had submitted her resignation from the Board, effective June 30, 2011. The Board expressed its thanks to Board member Reisher.

3) Chairman Sherlock stated that his first term as Board Chairman would be expiring soon (August 2011) and asked other members to consider their level of interest in serving as Chairman.

There were no other items for discussion.

Motion by Mary Reisher to adjourn the Regular Session of the June 16, 2011, Banking Board meeting. Second by Adam Coyle. Motion carried unanimously; 11:42 a.m.

Meeting adjourned.

I certify that the foregoing information substantially reflects the substance of the discussions as transcribed from my handwritten notes.



Diana S. Gutierrez, Secretary
Colorado State Banking Board

June 17, 2011
Date