

A BILL FOR AN ACT AUTHORIZING ONE OR MORE POLITICAL SUBDIVISIONS OF THE STATE TO CREATE A PUBLIC BANK

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BILL SUMMARY

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

This bill defines a new entity to be known as a “public bank” and authorizes one or more political subdivisions of the state to form a public bank to be chartered under the "State Banking Code".

38 The bill also creates a new subdivision of the division of banking, to be known as the “Colorado state public
39 banking board” or “public banking board” to charter and regulate public banks, subject to separate statutory
40 provisions applicable specifically to public banks.

41 The code states that the mission of public banks is to support a strong, stable, and regenerative economy, and to
42 stimulate local economic recovery for people, businesses, and governmental entities.

43 Under the state banking code public banks:

44 (a) Accept deposits from their respective government and may accept deposits from the federal government,
45 the state, and from other political subdivisions of the state that do not have their own public bank.

46 (b) Will make all of its loans within its sponsoring government’s jurisdiction.

47 (c) May accept deposits from local financial institutions within their jurisdiction to facilitate clearing their
48 checks.

49 (d) Will cooperate with local financial institutions within their jurisdiction by making loans in partnership
50 with them and may make loans in partnership with local financial institutions located in adjoining
51 jurisdictions that do not yet have a public bank, provided the borrower is located in the public bank’s
52 jurisdiction.

53 (e) Will not compete with local financial institutions for deposits or in making loans.

54 (f) Will engage in countercyclical lending practices that tend to avert asset bubbles such as by lending to
55 create new goods and services, and that reduce or prevent recession, such as increasing lending in an
56 economic downturn in partnership with local financial institutions.

57 (g) Due to the inability of FDIC insurance to cover more than a minute portion of a public bank’s deposits,
58 most of which will be from its own government, and to help ensure countercyclical lending, FDIC
59 insurance will not be required.

60 (h) A public bank is authorized to back its public deposits by a general pledge of its government’s tangible
61 and intangible assets as collateral, or, in the alternative, by a pledge of its good faith and credit.

- 62 (i) A public bank may not be privatized or sold or merged except to or with another public bank that
63 continues operations. A public bank shall automatically qualify as a public depository if it holds deposits
64 primarily of its political subdivision. A public bank shall be exempt from state, county, and municipal
65 taxes and licenses, of any kind.
- 66 (j) The code establishes procedures for governance of public banks, including the selection of a board of
67 directors, appointment of the chief executive officer and other officers of the bank, and the advisory
68 council.
- 69 (k) The code establishes the requirements that an application of a political subdivision or subdivisions for a
70 public bank charter must fulfill and provide to the public banking board.
- 71 (l) The code also establishes the proper standards for operations and financial soundness of a public bank
72 and requires that the public banking board oversee and ensure that a public bank complies with all
73 requirements of the public banking statutes and regulations thereunder governing the operations of a
74 public bank to ensure its safety and soundness and its benefits and support for a strong and stable state
75 banking system and economy.

76

77 **BODY OF LEGISLATION**

78 ➤ **ARTICLE 91-101 General Provisions**

79 ◆ **11-91-101 Legislative declarations**

80 THE GENERAL ASSEMBLY OF THE STATE OF COLORADO HEREBY FINDS AND DECLARES:

- 81 (a) THE STATE HAS A STRATEGIC OPPORTUNITY TO CREATE MAJOR BENEFITS FOR ITS
82 CITIZENS BY CODIFYING THE EXISTING AUTHORITY OF POLITICAL SUBDIVISIONS OF THE
83 STATE TO ESTABLISH A PUBLIC DEPOSITORY AND LENDING INSTITUTION OWNED BY ONE
84 OR MORE POLITICAL SUBDIVISIONS AND SERVING THE COMMUNITY IT REPRESENTS.
85 PUBLIC BANKS WILL PRODUCE SUBSTANTIAL NEW REVENUE WITHOUT RAISING TAXES,

86 WHILE INCREASING FINANCING FOR ESSENTIAL SERVICES AND PROJECTS THAT WILL
87 BENEFIT PRESENT AND FUTURE GENERATIONS.

88 (b) IN ORDER TO FUND LARGE INFRASTRUCTURE PROJECTS AND IN TIMES OF FINANCIAL
89 CRISIS THROUGHOUT COLORADO HISTORY, POLITICAL SUBDIVISIONS HAVE BORROWED
90 MONEY FOR PUBLIC PURPOSES FROM PRIVATE INVESTORS, WHICH NEARLY DOUBLES THE
91 TOTAL COST DUE TO THE INTEREST PAID ON THE DEBT. AS A RESULT, PUBLIC DEBT
92 STEADILY INCREASES OVER TIME. A PUBLIC BANK LEND DIRECTLY TO ITS GOVERNMENT
93 AND THEREBY CAN REDUCE THE COST OF INTEREST AND THE SIZE OF ITS
94 GOVERNMENT'S DEBT AND ENABLE GOVERNMENT TO OPERATE MORE EFFECTIVELY AND
95 EFFICIENTLY WHENEVER IT NEEDS FINANCING.

96 (c) A PUBLIC BANK WILL HELP PREVENT RECESSIONS AND REDUCE THEIR SEVERITY
97 THROUGH COUNTER-CYCLICAL LENDING BY: (i) INCREASING LENDING IN A RECESSION
98 TO OFFSET OR LESSEN THE DECLINE, IN PARTNERSHIP WITH LOCAL FINANCIAL
99 INSTITUTIONS , WITH WHOM IT MAKES JOINT LOANS, JUST AS THE BANK OF NORTH
100 DAKOTA PREVENTED RECESSION IN THAT STATE IN 2008; (ii) AVOIDING INFLATIONARY
101 BUBBLES OF EXISTING ASSETS BY LENDING TO PRODUCE NEW GOODS AND SERVICES;
102 AND (iii) BY NOT PAYING FEES AND COMMISSIONS TO LENDING OFFICERS FOR MAKING
103 LOANS.

104 (d) BASED UPON THE ABILITY OF A BANK TO LEND UP TO TEN TIMES ITS CAPITAL, A PUBLIC
105 BANK WILL COOPERATE WITH EXISTING LENDING INSTITUTIONS AND PROGRAMS TO
106 INCREASE THEIR LENDING CAPACITY. SUCH PROGRAMS INCLUDE:

107 (e) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFIs); THE "CLIMBER" SMALL
108 BUSINESS LOAN PROGRAM; COMMUNITY DEVELOPMENT PROGRAMS; AND SUSTAINABLE
109 ECONOMIC DEVELOPMENT PROGRAMS.

110 (f) POLITICAL SUBDIVISIONS OF COLORADO ARE CURRENTLY EXPERIENCING ECONOMIC
111 RECESSION RESULTING IN BUDGET CUTS IN ORDER TO AVOID BUDGET DEFICITS. PUBLIC

112 BANKS CAN INCREASE LENDING FOR ESSENTIAL PURPOSES IN ORDER TO REDUCE THE
113 NEED FOR BUDGET CUTS DURING THE PRESENT CRISIS AND CAN HELP PREVENT OR
114 MITIGATE FUTURE CRISES.

115 (g) THE INTEREST INCOME ON THE LOANS IT MAKES MAY BE SHARED WITH THE POLITICAL
116 SUBDIVISION THAT OWNS THE BANK AND THEREBY ENABLE IT TO BETTER MEET
117 ESSENTIAL NEEDS OF ITS COMMUNITY.

118 (h) PUBLIC BANKS CAN REFINANCE EXISTING DEBT AND FINANCE MAJOR NEW
119 GOVERNMENT PROJECTS DIRECTLY AT LOWER INTEREST RATES AND THEREBY CREATE
120 AN IMMEDIATE SOURCE OF INCOME FOR THE BANK FROM THE OUTSET OF ITS
121 OPERATIONS.

122 (i) PUBLIC BANKS THAT OPERATE ON THE BANK OF NORTH DAKOTA MODEL, AS CALLED
123 FOR IN THIS LEGISLATION, WILL HAVE VERY LOW OVERHEAD, SAFE LENDING, AND A
124 VARIETY OF LENDING POSSIBILITIES FROM ITS OUTSET, INCLUDING FINANCING OR
125 REFINANCING GOVERNMENT DEBT. SUCH PRACTICES WILL GIVE THE BANK A GOOD
126 PROSPECT OF BEING PROFITABLE IN ITS FIRST YEAR AND THEREAFTER, IN CONTRAST TO
127 NEW PRIVATE BANKS THAT USUALLY REQUIRE THREE YEARS BEFORE THEY PRODUCE A
128 PROFIT.

129 (j) PUBLIC BANKS, IN PARTNERSHIP WITH LOCAL FINANCIAL INSTITUTIONS, CAN PROVIDE
130 LOWER COST LOANS FOR SMALL BUSINESSES, AFFORDABLE HOUSING, RENEWABLE
131 ENERGY, INFRASTRUCTURE, HEALTH CARE, SUSTAINABLE AGRICULTURE, EDUCATION,
132 STUDENT LOANS, BROADBAND, AND OTHER ESSENTIAL NEEDS AND SERVICES.

133 (k) THE FINANCING PARADIGM IN THE UNITED STATES HAS BEEN FOR GOVERNMENT TO
134 RELY EXCLUSIVELY ON PRIVATE BANKS AND PRIVATE INVESTORS RATHER THAN PUBLIC
135 BANKS.

136 (l) THE LONE EXCEPTION IS **THE 103-YEAR-OLD BANK OF NORTH DAKOTA . IN 2020, THIS**
137 **PUBLICLY OWNED BANK REPORTED ITS TWENTIETH CONSECUTIVE YEAR OF HIGH**

138 **PROFITS** FOR THE PEOPLE OF NORTH DAKOTA, AVERAGING **TWENTY PERCENT RETURN**
139 **ON EQUITY (20% ROE)** OVER THIS PERIOD, WHILE INCREASING PUBLIC FINANCING
140 CAPACITY FOR THE STATE. THE BANK OF NORTH DAKOTA, LENDING IN PARTNERSHIP
141 WITH LOCAL FINANCIAL INSTITUTIONS TO INCREASE ACCESS TO CREDIT FOR ITS PEOPLE
142 AND BUSINESSES, HOME LOANS, STUDENT LOANS, AND OTHER ECONOMIC DEVELOPMENT
143 PROGRAMS, HAS ALSO PROVIDED STABILITY AND FINANCIAL CAPACITY TO THE PEOPLE
144 OF THE STATE THROUGH ADVERSE ECONOMIC CYCLES, INCLUDING OFFSETTING THE OIL
145 PRICE CRASH OF 2015.

146 (m) FINDING THAT THERE IS NO LEGAL DEFINITION FOR A “PUBLIC BANK” IN EXISTING
147 COLORADO LAW, THIS BILL WILL CREATE AND DEFINE A NEW ENTITY CALLED A “PUBLIC
148 BANK” FOR THE EXPRESS PURPOSE OF SERVING THE PUBLIC GOOD OF THE PEOPLE OF ITS
149 POLITICAL SUBDIVISION OR SUBDIVISIONS.

150 (n) A PUBLIC DEPOSITORY BANK ENABLES ITS POLITICAL SUBDIVISION TO EXPAND ITS
151 EXISTING LOAN PROGRAMS.

152 A PUBLIC DEPOSITORY BANK WILL:

- 153 i. SUPPORT SMALL AND MEDIUM-SIZED ENTERPRISES IN THE POLITICAL SUBDIVISION,
154 ESPECIALLY IN UNDERSERVED COMMUNITIES OR IN LINES OF BUSINESS WHERE
155 TRADITIONAL SOURCES OF FINANCING ARE NOT AVAILABLE.
- 156 ii. ASSIST WORKERS AND COMMUNITIES IN CREATING JOBS BY SUPPORTING
157 COOPERATIVE BUSINESS MODELS INCLUDING WORKER-OWNED AND MANAGED
158 COOPERATIVES.
- 159 iii. PROMOTE SUSTAINABLE AGRICULTURE, ADDRESS FOOD INSECURITY, AND
160 PROVIDE FINANCING FOR RURAL BUSINESSES. ADDRESS THE HISTORIC AND CURRENT
161 ECONOMIC INEQUITIES EXPERIENCED BY LOCAL COMMUNITIES OF COLOR, THEIR
162 NEIGHBORHOODS AND THEIR ENTERPRISES THROUGH AFFORDABLE FINANCING.

- 163 iv. ADDRESS THE HISTORIC AND CURRENT DISADVANTAGES EXPERIENCED BY THE
164 STATE’S WOMEN-OWNED ENTERPRISES WITH AFFORDABLE FINANCING.
- 165 v. OFFER AFFORDABLE FINANCING TO LOCAL BUSINESSES THAT WORK TO PREVENT
166 UNLAWFUL DISCRIMINATION BASED UPON RACE, GENDER, SEXUAL ORIENTATION,
167 COLOR, NATIONALITY, AGE, OR ECONOMIC STATUS.
- 168 vi. SUPPORT THE URGENT EXPANSION AND DEVELOPMENT OF PUBLIC AND PRIVATE
169 MEASURES TO MITIGATE THE GRAVE DANGERS THAT CLIMATE CHANGE POSES TO THE
170 PUBLIC AND TO PROMOTE SUBSTANTIAL REDUCTIONS IN GREENHOUSE GAS
171 EMISSIONS.

172 ➤ **11-91-102 Definitions**

173 (a) “LOCAL” MEANS WITHIN THE JURISDICTION OF THE SPONSOR.

174 (b) “LOCAL BUSINESS” MEANS A BUSINESS, A MAJORITY OF WHOSE OWNERS ARE
175 RESIDENTS OF THE POLITICAL SUBDIVISION OR SUBDIVISIONS OF THE SPONSOR.

176 (c) “LOCAL FINANCIAL INSTITUTION” MEANS A CERTIFIED COMMUNITY DEVELOPMENT
177 FINANCIAL INSTITUTION, A CREDIT UNION OR SAVINGS AND LOAN ASSOCIATION, AS
178 DEFINED IN THE BANKING CODE, OR A SMALL BANK OR AN INTERMEDIATE SMALL
179 BANK, AS DEFINED IN SECTION 25.03¹ OF TITLE 12 OF THE CODE OF FEDERAL
180 REGULATIONS.

¹ Definitions “Bank” means a national bank (including a Federal branch as defined in part 28 of this chapter) or a savings association, the deposits of which are insured by the FDIC pursuant to Chapter 16 of Title 12, as described in 12 U.S.C. 1813(c)(2), except as provided in § 25.01(c)."

“Intermediate bank” means a bank with assets that exceed the small bank asset size threshold provided in the small bank definition, as adjusted, and that had assets of \$2.5 billion or less in four of the previous five calendar quarters; the dollar figures in this definition shall be adjusted annually and published by the OCC, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each twelve-month period ending in November, with rounding to the nearest \$100,000.

12 CFR 25.03 Definitions (Code of Federal Regulations (2021 Edition))

181 (d) "PRIVATE BANK" MEANS ANY BANK NOT OWNED BY A STATE, OR POLITICAL
182 SUBDIVISION OF A STATE, OR ANY OTHER GOVERNMENTAL ENTITY.

183 (e) "PUBLIC BANK" MEANS A DEPOSITORY BANK OWNED BY A POLITICAL SUBDIVISION
184 OR SUBDIVISIONS OF THE STATE AND THAT IS CHARTERED PURSUANT TO THIS TITLE.

185 (f) "PUBLIC BANKING BOARD" MEANS THE SUBDIVISION OF THE DIVISION OF BANKING
186 ESTABLISHED IN THIS LEGISLATION AND RESPONSIBLE FOR CHARTERING AND
187 REGULATING PUBLIC BANKS IN COLORADO.

188 (g) "PUBLIC DEPOSITS" MEANS DEPOSITS OF A GOVERNMENTAL ENTITY OR OF A
189 SPONSOR.

190 (h) "SPONSOR" MEANS THE POLITICAL SUBDIVISION OR SUBDIVISIONS THAT OWN A
191 PUBLIC BANK.

192 (i) "TABOR ENTERPRISE" MEANS A SELF-SUSTAINING BUSINESS THAT COMPLIES WITH
193 THE TERMS OF SECTION 20 (2)(d), ARTICLE X OF THE COLORADO CONSTITUTION,
194 COMMONLY KNOWN AS THE "TABOR AMENDMENT".

195 (j) "AFFILIATE" MEANS:

- 196 i. IN THE CASE OF A PERSON OTHER THAN AN INDIVIDUAL, ANOTHER PERSON THAT
197 DIRECTLY, OR INDIRECTLY THROUGH ONE OF MORE INTERMEDIARIES, CONTROLS, OR
198 IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH SUCH PERSON.
- 199 ii. IN THE CASE OF AN INDIVIDUAL, (I) ANY MEMBER OF THE IMMEDIATE FAMILY OF
200 SUCH INDIVIDUAL, INCLUDING PARENTS, SIBLINGS, SPOUSE AND CHILDREN
201 (INCLUDING THOSE BY ADOPTION) AND ANY OTHER PERSON WHO LIVES IN SUCH
202 INDIVIDUAL'S HOUSEHOLD; THE PARENTS, SIBLINGS, SPOUSE, OR CHILDREN
203 (INCLUDING THOSE BY ADOPTION) OF SUCH IMMEDIATE FAMILY MEMBER, AND IN
204 ANY SUCH CASE ANY TRUST WHOSE PRIMARY BENEFICIARY IS SUCH INDIVIDUAL OR
205 ONE OR MORE MEMBERS OF SUCH IMMEDIATE FAMILY AND/OR SUCH INDIVIDUAL'S
206 LINEAL DESCENDANTS; (II) THE LEGAL REPRESENTATIVE OR GUARDIAN OF SUCH

207 INDIVIDUAL OR OF ANY SUCH IMMEDIATE FAMILY MEMBER IN THE EVENT SUCH
208 INDIVIDUAL OR ANY SUCH IMMEDIATE FAMILY MEMBER BECOMES MENTALLY
209 INCOMPETENT; AND (III) ANY PERSON CONTROLLING, CONTROLLED BY OR UNDER
210 COMMON CONTROL WITH SUCH INDIVIDUAL.

211 iii. AS USED IN THIS DEFINITION, THE TERM "CONTROL," INCLUDING THE CORRELATIVE
212 TERMS "CONTROLLING," "CONTROLLED BY" AND "UNDER COMMON CONTROL WITH,"
213 MEANS POSSESSION, DIRECTLY OR INDIRECTLY, OF THE POWER TO DIRECT OR CAUSE
214 THE DIRECTION OF MANAGEMENT OR POLICIES (WHETHER THROUGH OWNERSHIP OF
215 SECURITIES OR ANY PARTNERSHIP OR OTHER OWNERSHIP INTEREST, BY CONTRACT
216 OR OTHERWISE) OF A PERSON. SUCH CONTROL SHALL BE PRESUMED TO EXIST WHERE
217 A PERSON OWNS A TEN PERCENT OR GREATER OWNERSHIP INTEREST IN ANOTHER
218 PERSON.

219 ➤ **ARTICLE 91-201: Subdivision of Public Banking**

220 ◆ **11-91-201 Establishment of Colorado state public banking board**

221 A NEW SUBDIVISION OF THE DIVISION OF BANKING IS HEREBY CREATED TO BE KNOWN AS
222 THE "COLORADO STATE PUBLIC BANKING BOARD" OR "PUBLIC BANKING BOARD" TO
223 CHARTER AND REGULATE PUBLIC BANKS, SUBJECT TO SEPARATE STATUTORY PROVISIONS
224 APPLICABLE SPECIFICALLY TO PUBLIC BANKS CONSISTENT WITH PROVISIONS HEREIN AND
225 TO BE DRAFTED TO CONSTITUTE A FULL BODY OF LEGISLATION AND REGULATIONS
226 PURSUANT THERETO FOR THE REGULATING OF PUBLIC BANKS.

227 ◆ **11-91-202 Composition and operation of the public banking board**

228 (a) THE BOARD WILL CONSIST OF NINE MEMBERS, WHO ARE RESIDENTS OF COLORADO,
229 SELECTED FROM THE FOLLOWING CATEGORIES:

230 i. THREE PERSONS WITH SIGNIFICANT KNOWLEDGE AND EXPERTISE IN PUBLIC
231 BANKING.

232 ii. THREE BANKING OFFICIALS FROM LOCAL FINANCIAL INSTITUTIONS.

233 iii. THREE PERSONS FROM AMONG STAKEHOLDER INTERESTS SUCH AS LABOR,
234 ENVIRONMENTAL, AGRICULTURE, AFFORDABLE HOUSING, EDUCATION, HEALTH, AND
235 SMALL BUSINESS.

236 (b) THE PUBLIC BANKING BOARD WILL HAVE THE FOLLOWING RESPONSIBILITIES:

237 i. PROTECT THE PUBLIC INTEREST AND PRESERVE THE PUBLIC TRUST IN THE
238 COLORADO PUBLIC BANKING INDUSTRY BY REGULATING THE BUSINESS OF STATE-
239 CHARTERED PUBLIC BANKS.

240 ii. THE BOARD SHALL HIRE SUCH SUBORDINATE PERSONNEL AS THEY DEEM
241 NECESSARY TO FULFILL THE BOARD'S PURPOSES AND DUTIES UNDER THIS CHAPTER.

242 iii. REVIEW AND DECIDE UPON APPLICATIONS FOR A CHARTER FOR A PUBLIC BANK.

243 iv. REGULATE CHARTERED PUBLIC BANKS PURSUANT TO THE STATUTES AND
244 REGULATIONS GOVERNING PUBLIC BANKS.

245 v. PREPARE AND UPDATE REGULATIONS GOVERNING PUBLIC BANKS PURSUANT TO
246 THIS CHAPTER.

247 (c) COMPENSATION OF PUBLIC BANKING BOARD MEMBERS

248 i. BOARD MEMBERS SHALL BE REIMBURSED FOR THEIR TIME AND TRAVEL EXPENSES FOR
249 ATTENDING MEETINGS OF THE BOARD AT THE CUSTOMARY RATE FOR STATE OFFICIALS.

250 ➤ **ARTICLE 92: Authorization for political subdivisions of the state to**
251 **establish public banks – enterprise**

252 **◆ 11-92-101 Authorization of political subdivisions to form public bank**

- 253 (a) ONE OR MORE POLITICAL SUBDIVISIONS OF THE STATE MAY FORM A LIMITED
254 LIABILITY COMPANY UNDER ARTICLE 80 OF TITLE 7 OR MAY FORM A PUBLIC
255 BENEFIT CORPORATION UNDER PART 5 OF ARTICLE 101 OF TITLE 7 FOR THE
256 PURPOSE OF OPERATING A STATE CHARTERED PUBLIC BANK UNDER THIS CODE.
- 257 (b) A POLITICAL SUBDIVISION SHALL NOT FORM A LIMITED LIABILITY COMPANY OR A
258 PUBLIC BENEFIT CORPORATION AS A PUBLIC BANK WITH ANY PERSON OTHER
259 THAN ANOTHER POLITICAL SUBDIVISION.
- 260 (c) A PUBLIC BANK UNDER THIS SECTION MAY BE FORMED AS A TABOR ENTERPRISE.
261 IF A PUBLIC BANK IS FORMED AS A TABOR ENTERPRISE, ITS STATUS SHALL BE
262 EFFECTIVE SO LONG AS IT COMPLIES WITH THE REQUIREMENTS OF ARTICLE X,
263 SECTION 20 (2)(d) OF THE COLORADO CONSTITUTION, CURRENTLY REQUIRING THAT
264 IT IS GOVERNMENT-OWNED, RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS,
265 AND RECEIVES LESS THAN TEN PERCENT OF ITS TOTAL REVENUES IN ANY YEAR IN
266 GRANTS FROM THE STATE OF COLORADO OR ANY OF ITS POLITICAL SUBDIVISIONS
267 COMBINED.
- 268 (d) A PUBLIC BANK IS NOT SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE
269 CONSTITUTION SO LONG AS IT CONSTITUTES AN ENTERPRISE UNDER THAT
270 SECTION.

271

272 **◆ 11-92-102 The mission and purposes of public banks**

273 THE MISSION OF PUBLIC BANKS IS TO SUPPORT A STRONG, STABLE, AND REGENERATIVE
274 ECONOMY, AND TO STIMULATE LOCAL ECONOMIC RECOVERY FOR PEOPLE, BUSINESSES,
275 AND GOVERNMENTAL ENTITIES.

276 THE PURPOSES OF A PUBLIC BANK MAY INCLUDE:

- 277 (a) TO REDUCE THE COST OF DEBT AND THE OUTSTANDING DEBT OF POLITICAL
278 SUBDIVISIONS, AND OF THE PEOPLE AND BUSINESSES OF THEIR LOCAL COMMUNITIES.
- 279 (b) PROVIDE LOAN PARTICIPATION AND CREDIT SUPPORT FOR LOCAL FINANCIAL
280 INSTITUTIONS WHILE ADDRESSING CREDIT NEEDS IN THE LOCAL COMMUNITIES.
- 281 (c) ADDRESS UNMET SOCIAL AND ECONOMIC NEEDS OF THE PEOPLE OF COLORADO AND
282 PRIORITIZE SOLUTIONS FOR THE COMMON GOOD.
- 283 (d) OBTAIN A REASONABLE MONETARY RETURN ON INVESTMENTS.
- 284 (e) STRENGTHEN THE LOCAL FINANCIAL SYSTEM BY MAKING LOANS IN PARTNERSHIP
285 WITH LOCAL FINANCIAL INSTITUTIONS, AND BY NOT COMPETING WITH THEM TO
286 OBTAIN PRIVATE DEPOSITS OR IN MAKING LOANS.
- 287 (f) FINANCE PUBLIC INFRASTRUCTURE AND REFINANCE EXISTING GOVERNMENT DEBT
288 AT LOWER INTEREST RATES.

289 ➤ **11-92-103 Powers of a public bank**

- 290 (a) THE PUBLIC BANK SHALL HAVE ALL THE RIGHTS AND POWERS OF A PRIVATE BANK AS
291 SET FORTH IN SECTION 11-103-101 OF THIS TITLE AND OTHER RIGHTS AND POWERS
292 CONFERRED BY TITLE 11, SUBJECT TO LIMITATIONS IN THIS ARTICLE IN STATUTES TO
293 BE PREPARED, WHICH RIGHTS AND POWERS SHALL BE EXERCISED IN A MANNER
294 CONSISTENT WITH ITS MISSION AND PURPOSES. THE PUBLIC BANK MAY LIMIT AND
295 DEFINE ITS RIGHTS AND POWERS IN THE APPLICATION THAT IT SUBMITS PURSUANT TO
296 SECTION 11-93-201 OF THIS ARTICLE.
- 297 (b) NOTWITHSTANDING SECTION 11-10.5-106, A PUBLIC BANK THAT HOLDS DEPOSITS OF
298 ITS SPONSOR, OR ALSO HOLDS DEPOSITS OF OTHER POLITICAL SUBDIVISIONS AS
299 AUTHORIZED IN SECTION 11-92-105(b) OF THIS SECTION IS AN ELIGIBLE PUBLIC
300 DEPOSITORY.

301 (c) ANY OFFICIAL CUSTODIAN, AS DEFINED IN SECTION 11-10.5-103(9), MAY DEPOSIT
302 PUBLIC FUNDS IN ANY PUBLIC BANK WITHIN ITS JURISDICTION THAT IS AN ELIGIBLE
303 PUBLIC DEPOSITORY, OR, IF THE PUBLIC UNIT OF THE CUSTODIAN DOES NOT HAVE ITS
304 OWN PUBLIC BANK, THE CUSTODIAN MAY TEMPORARILY DEPOSIT PUBLIC FUNDS IN A
305 PUBLIC BANK OF AN ADJOINING JURISDICTION UNTIL THE PUBLIC UNIT HAS ITS OWN
306 PUBLIC BANK.

307 (d) A PUBLIC BANK THAT HOLDS DEPOSITS PRIMARILY OF ITS SPONSOR IS NOT REQUIRED TO
308 OBTAIN OR MAINTAIN DEPOSIT INSURANCE PROVIDED BY THE FEDERAL DEPOSIT
309 INSURANCE CORPORATION OR ANY SUCCESSOR AGENCY.

310 (e) A PUBLIC BANK SHALL NOT BE REQUIRED TO BE A MEMBER OF THE FEDERAL RESERVE
311 SYSTEM, AS MEMBERSHIP MAY REQUIRE COMPLIANCE WITH BASEL II AND III LENDING
312 RULES WHOSE EFFECTS ARE PRO-CYCLICAL, WHICH WOULD CANCEL THE COUNTER-
313 CYCLICAL BENEFITS OF A PUBLIC BANK. A PUBLIC BANK MAY HAVE A BUSINESS
314 RELATIONSHIP WITH THE REGIONAL FEDERAL RESERVE BANK SO AS TO DO CHECK
315 PROCESSING, DEPOSIT EXCESS CASH BALANCES, MAINTAIN A RESERVE REQUIREMENT,
316 SAFE-KEEP ITS FEDERAL RESERVE BOOK ENTRY SECURITIES, AND HAVE DISCOUNT WINDOW
317 BORROWING AUTHORITY.

318
319 **◆ 11-92-104 Duties and limitations of a public bank**

320 (f) WITHIN THE OVERALL UNDERWRITING AND FINANCIAL POLICIES OF A PUBLIC BANK, THE
321 PUBLIC BANK SHALL PRIORITIZE LOANS SUPPORTING WORKER COOPERATIVES, COMMUNITY
322 LAND TRUSTS, LOW-INCOME AND AFFORDABLE HOUSING, RENEWABLE ENERGY,
323 INFRASTRUCTURE DEVELOPMENT, NOT-FOR-PROFIT HEALTH CARE AND HOSPITALS, SMALL
324 BUSINESSES, SMALL FARMS, REGENERATIVE AGRICULTURE, MINORITY AND WOMEN-OWNED

325 BUSINESS ENTERPRISES, PUBLIC. EDUCATION. FINANCING OR REFINANCING STUDENT
326 LOANS, AND OTHER INITIATIVES THAT FULFILL THE PUBLIC BANK'S MISSION, WITH A FOCUS
327 ON SERVING UNDERSERVED AND UNDERBANKED COMMUNITIES, AS WELL AS THOSE WITHIN
328 ECONOMICALLY DISTRESSED COMMUNITIES.

329 (g) THE SPONSOR MAY PROHIBIT INVESTMENTS AND LOANS THAT MAY BENEFIT ANY TYPE
330 OF DESIGNATED BUSINESS INCLUDING THE FOSSIL FUEL AND PETROCHEMICAL INDUSTRIES,
331 UNSUSTAINABLE AGRICULTURE, WEAPONS OR GUN MANUFACTURERS, MILITARY SYSTEMS
332 COMPANIES, PRIVATE PRISONS, IMMIGRATION DETENTION FACILITIES, COMPANIES
333 ENGAGED IN OFFSHORE TAX AVOIDANCE OR EXPLOITATIVE BUSINESS OR LABOR PRACTICES
334 OR THE TOBACCO INDUSTRY, ALL AS DETERMINED BY THE SPONSOR IN THE PUBLIC BANK'S
335 GOVERNING DOCUMENTS.

336 (h) A PUBLIC BANK MAY ONLY MAKE LOANS TO BORROWERS LOCATED WITHIN ITS OWN
337 POLITICAL SUBDIVISION OR SUBDIVISIONS AND TO AN ADJOINING SUBDIVISION THAT DOES
338 NOT HAVE ITS OWN PUBLIC BANK.

339 ➤ **11-92-105 Financial and operations framework**

340 THE PUBLIC BANK MAY

- 341 (a) RAISE CAPITAL THROUGH:
- 342 i. REVENUE BONDS,
 - 343 ii. POOLED FUNDS,
 - 344 iii. FEDERAL STIMULUS TO COLORADO,
 - 345 iv. PENSION FUNDS,
 - 346 v. EXISTING REVOLVING LOAN FUNDS,
 - 347 vi. PARTICIPATING POLITICAL SUBDIVISIONS

348 (b) ACCEPT DEPOSITS FROM ITS SPONSOR, THE FEDERAL GOVERNMENT, , THE STATE, AND
349 FROM OTHER POLITICAL SUBDIVISIONS OF THE STATE THAT DO NOT HAVE THEIR OWN
350 PUBLIC BANK.

351 (c) ALL LENDING AND ACTIONS OF THE PUBLIC BANK SHALL ABIDE BY THE UNITED NATIONS
352 DECLARATION ON THE RIGHTS OF INDIGENOUS PEOPLES.

353 (d) THE PUBLIC BANK SHALL NOT BE PRIVATIZED AND SHALL NOT BE SOLD TO, ACQUIRED
354 BY, OR MERGED WITH ANOTHER ENTITY UNLESS SUCH ENTITY IS A FULLY OPERATING
355 PUBLIC BANK WITH A COLORADO PUBLIC BANK CHARTER.

356
357 ➤ **11-92-106 Sound banking practices**

358 (a) A PUBLIC BANK SHALL OPERATE IN ACCORDANCE WITH SOUND BANKING PRACTICES
359 THAT ARE GENERALLY FOLLOWED BY PUBLIC BANKS, SUCH AS THE BANK OF NORTH
360 DAKOTA.

361 (b) A PUBLIC BANK SHALL NOT INVEST IN SPECULATIVE INSTRUMENTS, CREDIT-DEFAULT
362 SWAPS, INTEREST-RATE SWAPS, COMMODITIES FUTURES, COLLATERALIZED DEBT
363 OBLIGATIONS, MORTGAGE-BACKED SECURITIES, OR DERIVATIVES, EXCEPT FOR
364 REASONABLE PROTECTION AGAINST UNUSUAL FLUCTUATIONS IN INTEREST RATES,
365 PROVIDED THE DERIVATIVE IS FIRST APPROVED BY A VOTE OF THE ENTIRE BOARD OF
366 THE BANK.

367 (c) A PUBLIC BANK SHALL NOT OFFER TO ACCEPT OR ACCEPT ANY MONEY FOR A
368 DEMAND, SAVINGS, CHECKING, OR TIME DEPOSIT ACCOUNT, OR ANY OTHER SIMILAR
369 ACCOUNT, IN CONNECTION WITH ANY TRANSACTION FROM ANY PERSON THAT IS NOT
370 A GOVERNMENTAL ENTITY, EXCEPT IN CONNECTION WITH A LOAN MADE IN
371 PARTNERSHIP WITH A LOCAL FINANCIAL INSTITUTION.

373 ➤ **11-92-107 Tax exemption**

374 Tax exempt status.

375 A PUBLIC BANK SHALL BE EXEMPT FROM STATE, COUNTY, AND MUNICIPAL TAXES AND LICENSES OF
376 ANY KIND, INCLUDING INCOME, CAPITAL GAIN, REAL ESTATE, AND MORTGAGE RECORDING FEES.

377 ➤ **11-92-108 Exclusive right to name**

378 Exclusive right to use "public bank" or similar name in its title.

379 A PUBLIC BANK HAS THE EXCLUSIVE RIGHT TO USE THE WORDS "PUBLIC BANK" FOLLOWED
380 BY THE NAME OF THE POLITICAL SUBDIVISION, OR, IF MORE THAN ONE POLITICAL
381 SUBDIVISION COMBINES TO FORM THE BANK, OF A DESCRIPTION OF THE COMBINATIONS OF
382 THE LOCAL GOVERNMENTS IN ITS NAME OR TITLE. ANY OTHER PERSON, ASSOCIATION,
383 CORPORATION, OR PARTNERSHIP USING THE WORDS "PUBLIC BANK" FOLLOWED BY THE
384 NAME OF THE POLITICAL SUBDIVISION, OR IF MORE THAN ONE, OF A DESCRIPTION OF THE
385 COMBINATIONS OF THE LOCAL GOVERNMENTS IN ITS NAME OR TITLE IS GUILTY OF A
386 MISDEMEANOR AND, UPON CONVICTION THEREOF, SHALL BE PUNISHED BY A FINE OF NOT
387 MORE THAN ONE THOUSAND DOLLARS FOR EACH WEEK THAT THE OFFENDER CONTINUES
388 TO VIOLATE THIS PROVISION.

389 A PUBLIC BANK SHALL INCLUDE IN ITS TITLE THE TERM "THE PUBLIC BANK OF" OR
390 "_____ PUBLIC BANK".

391 ➤ **ARTICLE 93: Governance.**

392 ◆ **11-93-101 Definitions**

393 (a) "INDEPENDENT": WHEN APPLIED TO A BOARD OF A BANK IS A MEMBER WHO IS NOT
394 ALSO A GOVERNMENT EMPLOYEE.

395 (b) "QUORUM": A SIMPLE MAJORITY OF PARTICIPANTS OF THE BOARD OR COUNCIL.

396 (c) “SPONSOR”: ONE OR MORE POLITICAL SUBDIVISIONS OF THE STATE THAT OWN A
397 PUBLIC BANK.

398
399 **◆ 11-93-102 Principles of public bank governance**

400 (a) SERVING PUBLIC GOOD

401 (b) SECURITY OF PUBLIC FUNDS

402 (c) TRANSPARENCY

403 (d) ACCOUNTABILITY

404 (e) REGIONAL PRINCIPLE OR OPERATION WITHIN THE BANK’S JURISDICTION

405 (f) SAFE AND SOUND OPERATION

406 (g) SUPPORT FOR A SAFE AND SOUND STATE BANKING SYSTEM

407
408 **◆ 11-93-103 Board of directors**

409 (a) A PUBLIC BANK SHALL BE GOVERNED BY ITS BOARD OF DIRECTORS (THE “BOARD”).
410 SUCH BOARD SHALL BE COMPOSED OF SEVEN, NINE, OR ELEVEN DIRECTORS. EACH
411 DIRECTOR SHALL RESIDE WITHIN THE JURISDICTIONAL BOUNDARIES OF ITS SPONSOR.

412 (b) THE BOARD OF A PUBLIC BANK SHALL OVERSEE AND ASSURE COMPLIANCE OF THE
413 BANK WITH ITS GOVERNING LEGISLATION, CHARTER, ARTICLES OF INCORPORATION
414 OR OPERATING AGREEMENTS, AND BYLAWS.

415 (c) THE BOARD SHALL DETERMINE THE COMPENSATION OF THE BANK’S CHIEF
416 EXECUTIVE OFFICER AND SHALL EVALUATE THE CHIEF EXECUTIVE OFFICER’S
417 PERFORMANCE.

418 (d) THE SPONSOR SHALL DETERMINE THE PUBLIC BANK'S INITIAL BOARD IN THE
419 FOLLOWING MANNER:

- 420 i. THE HEAD OR HEADS OF THE EXECUTIVE BRANCH OF GOVERNMENT OR
421 GOVERNMENTS OF THE SPONSOR, SHALL APPOINT THREE MEMBERS, AT LEAST ONE
422 OF WHOM SHALL HAVE COMMUNITY BANKING EXPERIENCE AND AT LEAST ONE OF
423 WHOM SHALL BE INDEPENDENT, AND ONE OF WHOM SHALL BE A GOVERNMENT
424 EMPLOYEE WHETHER APPOINTED OR ELECTED.
- 425 ii. THE LEGISLATIVE BRANCH OR BRANCHES OF THE SPONSOR SHALL APPOINT THREE
426 MEMBERS, AT LEAST ONE OF WHOM SHALL HAVE COMMUNITY BANKING
427 EXPERIENCE AND AT LEAST ONE OF WHOM SHALL BE INDEPENDENT, AND ONE OF
428 WHOM SHALL BE A GOVERNMENT EMPLOYEE WHETHER APPOINTED OR ELECTED.
- 429 iii. THE CHIEF OFFICIAL OR OFFICIALS CHARGED WITH OVERSEEING THE SPONSOR'S
430 FINANCES AND THE ADMINISTRATION OF PUBLIC FUNDS SHALL APPOINT ONE
431 MEMBER WHO SHALL HAVE COMMUNITY BANKING EXPERIENCE AND BE
432 INDEPENDENT; AND
- 433 iv. THE BOARD MEMBERS SELECTED PURSUANT TO PARAGRAPH (d) (i) THROUGH (iii)
434 OF THIS SUBDIVISION SHALL, PURSUANT TO A MAJORITY VOTE, APPOINT AT THEIR
435 DISCRETION AND IN ACCORDANCE WITH SUBSECTIONS (vi) AND (vii) OF THIS
436 SECTION, UP TO AN ADDITIONAL FOUR BOARD MEMBERS, WITH THE PURPOSE OF
437 MAXIMIZING BOARD DIVERSITY TO INCLUDE A VARIETY OF THE SPONSOR'S
438 COMMUNITY STAKEHOLDERS, INCLUDING COMMUNITY-BASED ORGANIZATIONS,
439 LABOR ORGANIZATIONS AND THOSE GROUPS PRIORITIZED BY THE BANK'S
440 UNDERWRITING AND FINANCIAL POLICIES.
- 441 v. THE BOARD SHALL ADOPT BYLAWS, GOVERNING DOCUMENTS OR THEIR
442 FUNCTIONAL EQUIVALENTS AS REQUIRED BY THE PUBLIC BENEFIT CORPORATION
443 LAW, OR LIMITED LIABILITY COMPANY LAW, AS APPLICABLE, BASED ON THE
444 CORPORATE STRUCTURE OF THE BANK. SUCH GOVERNING DOCUMENTS SHALL

445 INCLUDE: (A) PROCEDURES TO REMOVE DIRECTORS CONSISTENT WITH THIS
446 ARTICLE; (B) APPROPRIATE TERM LIMITS FOR BOARD MEMBERS.

- 447 vi. AT LEAST ONE BOARD MEMBER APPOINTED PURSUANT TO PARAGRAPH (d) (i) AND
448 ONE BOARD MEMBER APPOINTED PURSUANT TO PARAGRAPH (d) (ii) OF
449 SUBDIVISION (d) OF THIS SECTION SHALL BE A REPRESENTATIVE OF ONE OF THE
450 COMMUNITY STAKEHOLDERS PRIORITIZED BY THE BANK'S LENDING POLICIES.
- 451 vii. WHEN A BOARD MEMBER RESIGNS OR CEASES TO BE A BOARD MEMBER FOR ANY
452 REASON, THE INDIVIDUAL APPOINTED TO REPLACE SUCH BOARD MEMBER SHALL
453 BE APPOINTED IN ACCORDANCE WITH THE SAME SELECTION CRITERIA AND
454 PROCESS BY WHICH SUCH DEPARTING MEMBER WAS APPOINTED UNDER
455 SUBDIVISION (d) OF THIS SECTION.
- 456 viii. THE SPONSOR AND BOARD WILL TAKE REASONABLE EFFORTS TO ENSURE THAT
457 THE COMPOSITION OF THE BOARD REFLECTS THE DIVERSITY OF THE POPULATION
458 OF THE SPONSOR.
- 459 ix. A MAJORITY OF THE BOARD, INCLUDING THE CHAIR, SHALL NOT BE GOVERNMENT
460 EMPLOYEES.
- 461 x. THE BOARD SHALL SET POLICY FOR THE BANK; PROVIDED THAT NEITHER THE
462 BOARD NOR ANY DIRECTOR SHALL BE INVOLVED IN DAY TO DAY DECISIONS
463 REGARDING PARTICULAR INSTRUMENTS.
- 464 xi. THE PRESIDENT SHALL BE APPOINTED BY THE BOARD CONSISTENT WITH BANK
465 POLICY.
- 466 xii. THE PRESIDENT SHALL APPOINT OTHER OFFICERS OF THE BANK SUBJECT TO
467 APPROVAL BY THE BOARD.
- 468 xiii. THE BOARD MAY ESTABLISH ONE OR MORE COMMITTEES TO OVERSEE THE
469 OPERATIONS OF THE BANK AND TO ENSURE THE BANK'S TRANSPARENCY,
470 COMPLIANCE WITH THE LAW, REGULATIONS AND ITS BYLAWS, COMPLIANCE WITH

471 THE PUBLIC PURPOSES OF THE BANK, CREDIT ALLOCATION CONSISTENT WITH ITS
472 CHARTER AND MISSION, ITS FINANCIAL SOUNDNESS, AND ACCOUNTABILITY TO
473 THE PUBLIC AND THE SPONSOR.

474 xiv. THE BOARD SHALL ADHERE TO ALL REPORTING REQUIREMENTS PROVIDED IN THIS
475 CHAPTER AND REGULATIONS ISSUED PURSUANT THERETO REGARDING THE BANK'S
476 OPERATIONS AND FINANCIAL CONDITION AND SHALL COMPLY WITH MEASURES
477 REASONABLY REQUESTED BY THE PUBLIC BANKING BOARD CONSISTENT WITH
478 THIS CHAPTER WITH REGARD TO ITS OPERATIONS AND FINANCIAL CONDITION.

479 xv. THE BOARD OF DIRECTORS SHALL FORM AN ADVISORY COUNCIL IN ORDER TO
480 PROVIDE ADVICE TO THE BOARD AND TO THE SPONSOR AND CARRY OUT ANY
481 OTHER DUTIES AS DETERMINED BY THE SPONSOR AND THE BOARD, INCLUDING
482 THE FOLLOWING:

- 483 1. PROVIDE INPUT TO THE BOARD OF DIRECTORS REGARDING WAYS TO
484 ACCOMPLISH ITS MISSION.
- 485 2. ENSURE THAT THE BANK STRICTLY FOLLOWS ITS ETHICAL STANDARDS AS
486 DETERMINED BY THE SPONSOR AND THE BOARD IN THE BANK'S GOVERNING
487 DOCUMENTS;
- 488 3. PROVIDE TECHNICAL ADVICE AS NEEDED.
- 489 4. PROVIDE AN ANNUAL REPORT TO THE BOARD AND THE SPONSOR, WHO SHALL
490 RELEASE THE REPORT TO THE PUBLIC IN A TIMELY MANNER. THE REPORT
491 SHALL PRESENT AND EVALUATE THE BANK'S OPERATIONS AND PERFORMANCE
492 IN RELATION TO ITS MISSION, ITS ETHICAL STANDARDS, AND ITS FINANCIAL
493 SOUNDNESS.
- 494 5. PROVIDE INTERMEDIATE REPORTS OF THE BANK'S OPERATIONS AS REQUIRED
495 PURSUANT TO REGULATIONS ISSUED TO GOVERN THE BANK'S OPERATIONS.

496 (e) THE BOARD WILL DETERMINE THE INITIAL ADVISORY COUNCIL MEMBERSHIP, THE
497 TERM OF ITS MEMBERS, THEIR QUALIFICATIONS, AND THE METHOD FOR REPLACING
498 ITS MEMBERS, PROVIDED THAT A MAJORITY OF THE ADVISORY COUNCIL IS MADE UP
499 OF MEMBERS WHO ARE NOT GOVERNMENTAL EMPLOYEES. THE ADVISORY COUNCIL
500 SHALL BE COMPRISED OF NO FEWER THAN FIVE AND NO MORE THAN ELEVEN
501 MEMBERS. ANY ADVISORY COUNCIL MEMBER SHALL LIVE WITHIN THE
502 JURISDICTIONAL BOUNDARY OF THE BANK'S SPONSOR.

503 (f) ANY ACTION REQUIRED OR PERMITTED BY THIS CHAPTER TO BE TAKEN BY THE
504 BOARD OR AN ADVISORY COUNCIL MAY BE TAKEN AT A DULY CALLED MEETING OF
505 SUCH BOARD OR COUNCIL IN ACCORDANCE WITH ITS GOVERNING DOCUMENTS, OR
506 WITHOUT A MEETING IF THE ACTION TAKEN IS EVIDENCED BY ONE OR MORE WRITTEN
507 CONSENTS OF THE MAJORITY OF THE BOARD DESCRIBING THE ACTION TAKEN AND
508 SIGNED BY A MAJORITY OF THE MEMBERS OF THE BOARD OR ADVISORY COUNCIL
509 WITH EVIDENCE THAT ALL MEMBERS WERE TIMELY NOTIFIED OF THE PROPOSED
510 ACTION.

511
512 **◆ 11-93-201 Public bank charter application requirements**

513 (a) A PROPOSED PUBLIC BANK CHARTER SHALL BE APPROVED BY THE PUBLIC BANKING
514 BOARD UPON SUBMISSION BY THE SPONSOR OF THE PUBLIC BANK APPLICATION
515 DOCUMENTS THAT DEMONSTRATE THE FOLLOWING:

- 516 i. THE PURPOSE OF THE PROPOSED PUBLIC BANK IS CONSISTENT WITH THE
517 PURPOSES REQUIRED UNDER THIS ARTICLE.
- 518 ii. MINIMUM INITIAL CAPITALIZATION IS NO LESS THAN TEN PERCENT OF THE
519 PUBLIC BANK'S PROJECTED LENDING TOTAL FOR THE FIRST YEAR OF
520 OPERATION AFTER RECEIPT OF ITS CHARTER.

- 521 iii. ADEQUATE RESERVES AND LIQUIDITY EXIST TO COVER THE PUBLIC BANK'S
- 522 OBLIGATIONS RELATING TO DEPOSIT WITHDRAWALS AND DEFAULTED LOANS.
- 523 iv. THE QUALIFICATIONS OF THE PROPOSED DIRECTORS.
- 524 v. THE QUALIFICATIONS OF THE PROPOSED CHIEF EXECUTIVE OFFICER AND
- 525 MANAGEMENT TEAM.
- 526 vi. AN ORGANIZATIONAL CHART.
- 527 vii. POLICIES AND PROCEDURES PROHIBITING ANY ELECTED OFFICIAL, OR
- 528 AFFILIATES OF SUCH OFFICIALS, FROM RECEIVING A LOAN OR OTHER
- 529 FINANCIAL BENEFIT FROM THE PUBLIC BANK.
- 530 viii. A GENERAL PLEDGE BY ITS SPONSOR OF ITS TANGIBLE AND INTANGIBLE ASSETS
- 531 AS COLLATERAL FOR ITS PUBLIC DEPOSITS, OR, IN THE ALTERNATIVE, A PLEDGE
- 532 OF ITS FULL FAITH AND CREDIT TO BACK THE BANK'S PUBLIC DEPOSITS, WHICH
- 533 PLEDGE SHALL BE DEEMED TO CONSTITUTE ACCEPTABLE COLLATERAL IN
- 534 COMPLIANCE WITH § 11-10.5-106 OF THE PUBLIC DEPOSIT PROTECTION ACT. (11-
- 535 10.5-101 – 11-10.5-112.)
- 536 ix. SUFFICIENT PROVISION FOR INTERNAL AUDITS AND CONTROLS AND AN
- 537 ANNUAL EXTERNAL AUDIT BY AN INDEPENDENT AUDITOR.
- 538 x. A PRO FORMA FINANCIAL STATEMENT PROJECTING ASSETS, LIABILITIES,
- 539 INCOME AND EXPENSES FOR NO LESS THAN A THREE-YEAR PERIOD.
- 540 xi. THE IMPACT OF THE PUBLIC BANK ON THE SPONSOR'S FINANCIAL CONDITION.
- 541 xii. A PLAN TO COMPLY WITH THE COMMUNITY REINVESTMENT ACT AND FAIR
- 542 LENDING REQUIREMENTS UNDER COLORADO AND FEDERAL LAW.
- 543 xiii. A COPY OF ITS ARTICLES OF INCORPORATION OR ORGANIZATION.
- 544 xiv. A NARRATIVE BUSINESS PLAN DESCRIBING THE BANKING SERVICES TO BE
- 545 PROVIDED AND

xv. SUCH OTHER INFORMATION AS THE PUBLIC BANKING BOARD MAY
REASONABLY REQUIRE.

- (b) THE SPONSOR SHALL DEPOSIT ALL ITS TAX AND OTHER REVENUE IN THE PUBLIC BANK. THE CHIEF FINANCIAL OFFICER OF THE BANK, SUBJECT TO THE APPROVAL OF THE BOARD OF THE BANK AND ITS ADVISORY COUNCIL, MAY DEPOSIT A PORTION OF ITS TAX AND OTHER REVENUE IN LOCAL FINANCIAL INSTITUTIONS IN THE SPONSOR'S JURISDICTION IF DEEMED BENEFICIAL TO ITS LENDING IN PARTNERSHIP WITH LOCAL FINANCIAL INSTITUTIONS AND TO ITS COMMUNITY'S ECONOMY.
- (c) PUBLIC BANK APPLICATION DOCUMENTS ARE NOT REQUIRED TO INCLUDE A MARKET, PUBLIC CONVENIENCE AND ADVANTAGE, COMPETITIVE IMPACT OR A BANK PREMISES ANALYSIS OR ADDRESS ANY MATTERS OTHER THAN THOSE LISTED IN SUBDIVISION ONE OF THIS SECTION.
- (d) A PUBLIC BANK CHARTER APPLICATION SHALL BE PROMPTLY REVIEWED AND RULED UPON BY THE PUBLIC BANKING BOARD. A PUBLIC BANK CHARTER APPLICATION THAT DOES NOT CONFLICT WITH ANY REQUIREMENTS EXPRESSLY PROVIDED IN SUBDIVISION ONE OF THIS SECTION SHALL BE LIBERALLY GRANTED BY THE PUBLIC BANKING BOARD.
- (e) IF AN APPLICATION IS DENIED, THE PUBLIC BANKING BOARD SHALL PROVIDE A DETAILED WRITTEN EXPLANATION OF THE REASONS FOR THE DENIAL, SPECIFY WHAT ADDITIONAL INFORMATION OR REQUIREMENTS ARE NEEDED, AND PROVIDE THE SPONSOR ADEQUATE TIME TO ADDRESS SUCH REQUIREMENTS.
- (f) IF AN APPLICATION FOR A PUBLIC BANK CHARTER IS DENIED BY THE PUBLIC BANKING BOARD, THE APPLICANT MAY APPEAL TO THE COLORADO SUPREME COURT.

571 (a) A PUBLIC BANK SHALL COMPLY WITH ALL REQUIREMENTS OF ARTICLES 91 THROUGH
572 93 OF THIS TITLE AND OTHER PROVISIONS OF THIS TITLE AS REQUIRED THEREIN, AND
573 ALL OTHER RELEVANT PROVISIONS OF STATE OR LOCAL LAW, EXCEPT TO THE
574 EXTENT THAT A REQUIREMENT OF ANY OF THOSE LAWS IS INCONSISTENT WITH A
575 PROVISION OF ARTICLES 91 THROUGH 93, IN WHICH CASE THE PROVISIONS OF
576 ARTICLES 91 THROUGH 93 SHALL PREVAIL.

577 (b) A PUBLIC BANK SHALL RESPOND TO AND COMPLY WITH REGULATIONS, RULINGS,
578 REQUESTS, AND ORDERS OF THE PUBLIC BANKING BOARD.

579 (c) NOTWITHSTANDING ANY PROVISION OF STATE OR LOCAL LAW, ANY STATE
580 AUTHORITY OR POLITICAL SUBDIVISION OF THE STATE MAY INVEST IN COMMERCIAL
581 PAPER, DEBT SECURITIES OR OTHER OBLIGATIONS OF A PUBLIC BANK WITHIN ITS
582 JURISDICTION.

583 (d) NOTWITHSTANDING ANY PROVISION OF STATE OR LOCAL LAW, A PUBLIC BANK SHALL
584 BE ELIGIBLE TO RECEIVE MONEY FROM ANY FEDERAL AUTHORITY, OR FROM ANY
585 AUTHORITY OF THE STATE, OR FROM ANY POLITICAL SUBDIVISION OF THE STATE.

586
587 **◆ 11-93-203 Owners not to be considered bank holding companies**

588 FOR THE PURPOSES OF TITLE 11 OF THIS CODE, ANY SPONSOR THAT OWNS, CONTROLS, OR
589 HOLDS AN OWNERSHIP INTEREST IN A PUBLIC BANK IS NOT A BANK HOLDING COMPANY BY
590 REASON OF THAT OWNERSHIP INTEREST.

591 **4. EFFECTIVE DATE**

592 **Act subject to petition - effective date.** This act takes effect at 12:01 a.m. on the day following the
593 expiration of the ninety-day period after final adjournment of the general assembly (August 9 2023, if
594 adjournment sine die is on May 11 2023); except that, if a referendum petition is filed pursuant to

595 section 1(3) of article V of the state constitution against this act or an item, section, or part of this act
596 within such period, then the act, item, section, or part will not take effect unless approved by the people
597 at the general election to be held in November 2023 and, in such case, will take effect on the date of the
598 official declaration of the vote thereon by the governor.