



Testimony of Lawrence Wilson
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State of Connecticut Office of the Treasurer
SUBMITTED TO THE BANKS COMMITTEE
MARCH 11, 2010

Senator Duff, Representative Barry, and members of the Banks Committee, my name is Larry Wilson, Assistant Treasurer for Cash Management with the Office of the State Treasurer. I am pleased to be here today on behalf of State Treasurer Denise Nappier, and we thank you for the opportunity to offer testimony concerning **Raised Bill No. 5396, An Act Increasing Investment in Community Banks and Credit Unions.**

As a matter of public policy, we believe it is in the public interest, the best interest of our business community, and in the best interest of the State of Connecticut, to do what we can to encourage the continued viability of community banks in our State. That was why Treasurer Nappier proposed and the General Assembly enacted in 2003 legislation that gave her authority under Section 3-24j *et seq.* of the Connecticut General Statutes to establish a program in which community banks and credit unions – defined as those banks and credit unions with assets not exceeding \$500 million and domiciled in Connecticut – could compete for investments of State monies.

The Committee may be interested to learn how we have implemented that authority through the *Community Bank and Credit Union Initiative*. Under the program, the Treasurer has, based on cash availability, made available a pool of funds of up to \$100 million for investment with community banks and credit unions. State statute requires that these funds come from the State's operating cash. Toward that end, we have in place a competitive bidding process that involves a type of auction in which banks and credit unions may bid for state investments in certificates of deposit with maturities that have ranged from one month to 18 months and denominations of \$500,000 to \$5 million. The program includes clearly stated capital standards for banks wishing to participate. Eleven banks and one credit union have signed up for the program.

Auctions have been held once or twice a month since May 2006. During that time, we have held 54 separate auctions in which we have made available some \$470 million for investment. We have awarded \$327 million in CDs to nine financial institutions over the life of the program, with the program having had a peak investment level of \$79 million. We currently have \$28 million invested with community banks and credit unions.

With that said, we appreciate the Committee's interest in further promoting investment in community banks and credit unions. Thank you for the opportunity to offer testimony.