

**MINUTES OF THE
MANAGEMENT ADVISORY COUNCIL
January 20, 2010**

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Peter Bucknall, MAC Chair, called the meeting to order at 9:02 a.m. Peter thanked those in attendance for their participation. He welcomed and introduced the guest speaker, Deputy Commissioner Alan Cicchetti from the Department of Banking.

Guest Presentation

Deputy Commissioner Cicchetti thanked MAC for the opportunity to update the membership on issues in the banking industry. Mr. Cicchetti is the Director of the Consumer Credit Division and has been with the Department of Banking for 13 years.

Mr. Cicchetti had last spoken to MAC in September 2008, when the subprime mortgage crisis was in full swing. The good news at this point is that the subprime crisis is behind us. The bad news is that loan portfolios remain very troubled, given the high unemployment rate. There continues to be a high vacancy rate in commercial properties. Connecticut remains in difficult straits, with the deficit so high. There is a glut of properties on the market that are not being bought. Sources of revenue for the state are faltering. The casinos are having difficulty, and this further reduces state revenues from slot machines. The same economic problems exist at the federal level. Last night's election was pivotal, and changes appear to be coming in Washington, D.C.

As a result of new legislation, lending rules and consumer protections have been put in place and compliance is being brought about in the mortgage industry. Subprime product was not eliminated legislatively, but is no longer available in the marketplace. There is a system to determine who gets the riskier products. In the free market situation, the "prime borrower" with strong credit is afforded the prime published rates. For non-prime loans, 1 to 1-1/4 percent is added to the interest rate. Generally, for the high-risk borrower who would only qualify the highest cost loan, loans simply aren't being made.

The Financial Institutions Division regulates state-chartered banks and credit unions. One issue in this sector is that the client base is aging demographically. The small, local banks are experiencing lots of competition from the larger banks. The small banks are having difficulty attracting young customers. The younger customers tend to want to use technology as opposed to coming into a bricks-and-mortar institution.

The Securities Division is responsible for licensing and regulating financial advisors.

The Consumer Credit Division regulates eight or nine license types, including mortgage brokers, lenders, and loan originators. There is no bricks-and-mortar requirement to be subject to the Department's oversight. If an entity is doing business with a Connecticut borrower on a Connecticut property, it is subject to the Department's licensing requirements. The number of entities doing business in Connecticut has shrunk. There have been some major national-level enforcement actions, including a multi-state settlement with Ameriquest and the shutting down of Taylor, Bean & Whitaker Mortgage Corp. In the current marketplace, the traditional conforming products are not as saleable as they were historically; customers are seeking mortgage with no money down. At the state level, the Department carries out an active enforcement program. The Department cooperates with federal agencies and also responds to consumer complaints and "tips".

Through the federal SAFE Act, a nationwide mortgage licensing system has been instituted and is operated by the U.S. Department of Housing and Urban Development. This is a paperless system that is web-enabled. All mortgage loan originators have a unique identification number that must be recorded on all mortgage paperwork. This enables tracking for trends. Licensing requirements include: pre-education (20 hours in subjects such as ethics and non-traditional products); a national test; a state-specific test; a test for financial responsibility; a review for any history of license revocations or felony convictions; and 8 hours annually of continuing education. FHA lenders cannot employ anyone with a history that violates the SAFE Act.

A brief question and answer session followed the presentation.

After a brief recess, Peter Bucknall called the business meeting to order at 10:17 a.m. Peter thanked everyone for their attendance at the guest presentation.

Approval of Minutes

The minutes of the December 16, 2009 meeting were approved unanimously, as submitted.

Treasurer's Report

Dave Lynn, Treasurer, reported that the balance in the treasury as of January 1, 2010 is \$2,585.37. This reflects a dividend of \$3.84 paid on January 1, 2010. The Treasurer's report was accepted unanimously, as submitted.

Committee Reports

Credentials. Ellen Carter, MAC Credential Chair, was unable to attend the meeting but advised via e-mail that no changes in membership have been reported to her. There was discussion of the need to send a letter to agencies that are to hold elections for terms beginning January 1, 2010. Letters should be sent to agency heads, with a copy to the MAC representative and the human resources administrator. Peter will follow up with Ellen regarding the process.

A manager from the Office of State Ethics (OSE) has inquired about having representation on MAC. According to the by-laws, an agency that is not a part of another agency for "administrative purposes only" can petition the Executive Committee for representation on MAC if they have at least four managers or if they "pool" with one or more other small agencies to reach the threshold of four managers and "share" a representative. Their inclusion would require a by-laws amendment, which would be drafted by the Credentials Chair. A follow-up will be done with OSE.

Old Business

Speakers and Logistics. Donald Currey has invited Senator Donald Williams to speak at the February 17, 2010 meeting. The Senator has accepted, and is scheduled to speak at 10:00 a.m. We were successful in securing Conference Rooms A and B for the February meeting, thanks to the help of Wanda Seldon and her support staff. Mark reported that he has been unable to make progress on scheduling an economist. Mark will attempt again at another time. Several other potential topics were

discussed. These included presentations on: Employee Assistance programs and employee stress in the workplace; compassion fatigue in caregivers; the U.S. Census; and employment law. It was mentioned that Shipman & Goodwin has presented to the Personnel Council and that their presentation was very well received.

Web Site. Chris Beloff has been keeping the website very up-to-date. This has included getting an updated membership list posted.

Communications Committee. Tom Crafa had nothing new to report.

Orientation Committee. Dave Lynn reported that the next activity will be participation in the upcoming iteration of the New Managers Orientation Program, which will begin on February 18. Peter and Dave have been invited to present their segment introducing MAC.

Managers Day 2010. A planning committee is to be convened in the near future. Anyone who has not signed up for the committee and wishes to participate should contact Peter.

Other Old Business. There was no other Old Business.

New Business

Donation for Haitian relief. The suggestion was made that MAC make a donation from the treasury to support the Haitian relief effort. An amount of \$100 would be consistent with past donations. A motion passed unanimously to donate \$100 to the American Red Cross, earmarked for the Haitian relief effort.

Other New Business. There was no other New Business.

Adjournment of Business Meeting

The business meeting was adjourned at 10:50 a.m.

The list of those in attendance at the January 20, 2010 meeting is attached and is hereby made a part of these minutes.

The next meeting is scheduled for Wednesday, February 17, 2010 in Conference Rooms A and B at the Department of Transportation. The guest speaker will be Senator Donald Williams, President Pro Tempore, presenting at 10:00 am.

Respectfully submitted,

Elise Kremer
MAC Secretary
MAC Representative for the
Department of Public Health

MAC ATTENDANCE ROSTER
January 20, 2010

<u>Agency</u>	<u>Name</u>	<u>Rep/Alt/Guest</u>
Administrative Services	Dave Lynn, Treasurer	R
Administrative Services	Mary Yabrosky	G
Banking	Claudia Helfgott	R
Correction	Donald Currey	R
Developmental Services	Jadwiga Goclowski	R
Insurance	Barbara Spear	R
Labor	Mark Polzella	R
Mental Health and Addiction Services	Carl Shields	R
Mental Health and Addiction Services	Angela Levix	A
Military	Tony Lewis	R
Motor Vehicles	David Ostafin	A
Pardons and Parole	Rasa Pakalnis	R
Policy and Management	Frank Intino	A
Public Health	Elise Kremer, Secretary	R
Public Safety	Marybeth Bonsignore	G
Public Utility Control	Peter O'Neil	R
Public Works	Robert Cody	R
Revenue Services	Tom Crafa	R
Social Services	Peter Bucknall, Chair	R
Veterans' Affairs	Chris Beloff	A