

NEW HAMPSHIRE PUBLIC DEPOSIT INVESTMENT POOL

October 12, 2017

New Hampshire Banking Department
53 Regional Drive
Concord, NH 03301

MINUTES OF PUBLIC SESSION

Present: Emelia Galdieri, Deputy Bank Commissioner (o/b/o Gerald Little, Commissioner), NH Banking Department; William (Bill) Dwyer, NH State Treasurer; Michael Jache, NHGFOA; Lyn Gelinias, Citizen's Bank, NH Bankers Association; Daniel Lynch, NHMA; Sharon Wickens, NHGFOA.

Also Present: Michele Kelleher, NH Banking Department; John Molloy, PFM; Daniel Hess, PFM; via telephone: Jeff Rowe, PFM; via telephone: Matt Siegel, RSM US LLP; via telephone: Patrick Mulloy, RSM US LLP; and Thomas Fahey, New Hampshire Bankers Association.

Call the Meeting to Order: New Hampshire Banking Department Deputy Bank Commissioner, Emelia A.S. Galdieri, called the meeting to order at 9:02 a.m.

Attendance and Quorum: Attendance taken. Quorum established.

The committee reviewed the draft minutes from the August 10, 2017 meeting. Mr. Dwyer noted the November 2016 meeting was held on the 10th and not the 11th as listed. Additionally, Mr. Dwyer noted he abstained from the August 10, 2017 meeting voting to approve the minutes from the November, 10, 2016 meeting and the unofficial notes from the March 6, 2017 meeting as he missed the meetings prior. Mr. Molloy stated the word "assets" needs to be added between "pool" and "crested" in paragraph 7. Ms. Gelinias noted the spelling of John Molloy's name needs to be corrected from "Molly" to "Molloy" in paragraph 12 of page 1 and paragraph 9 of page 2. Ms. Galdieri noted the spelling of Susan Chamberlin's name needs to be corrected from "Chambers" to "Chamberlin" in paragraph 11 of page 2.

Mr. Dwyer motioned to approve the minutes as corrected; Mr. Jache seconded the motion. The committee unanimously voted to approve the minutes.

Mr. Hess reviewed the information under Tab II in the exhibits. He discussed the September 30, 2017 quarter end financials and noted an increase in about 10% since last quarter (June 30, 2017). He noted a loss on cost basis shown broken out – uncommon, but not to be alarmed. He noted net increase in net position is \$17 million. He noted cash disbursements are standard.

Mr. Molloy connected Patrick Mulloy of RSM US LLP via telephone. Mr. Hess introduced Mr. Mulloy, an RSM auditor, and explained that RSM won the RFP and completed the annual report using the Governmental Accounting Standards Board ("GASB") recording model.

Mr. Hess reviewed the draft annual report, noting that this year's report and last year's report look similar because they use the GASB format but the year prior to that did not. The graphics and structure were updated. Commissioner Little will need to sign a letter of representation before the end of the month. Mr. Hess noted the report is for a single year but compares two years. The financials are condensed but show significant growth (\$133M to \$179M) and the liabilities have decreased from \$358K to \$81K. Page 7, paragraph 3 of the Annual Report was added due to GASB. The Investment Schedule is not required now for GASB but is important to include and was included in the Supplementary Information.

Mr. Dwyer asked about the concentration of credit risk. Specifically, whether the investment policy identified the 5% amount. Mr. Hess stated that the GASB requirement is 5%.

Mr. Siegel of RSM US LLP discussed the audit and noted no exceptions or issues to address.

Mr. Hess and Mr. Molloy offered to leave the room if the committee needed to speak with the auditors privately. The committee declined the offer.

Mr. Lynch motioned to accept the draft audit report and letter of representation; Mr. Jache seconded the motion. The committee unanimously voted in favor.

Mr. Molloy connected Mr. Rowe via telephone to discuss Tab III, the Pool Board Quarterly Market Update. Mr. Molloy passed out an updated report dated October 2017 and the updated report was reviewed. He noted that it is expected that the Feds will raise the rate one more time (at the December meeting).

NHPDIP Portfolio – assets are up 10% and there is very little change to the composition. Net Asset Value (NAV) is very stable. Credit Quality is highly rated. The Weighted Average Maturity (WAM) may come down closer to December. The stress tests results are similar to previous.

Mr. Molloy discussed Tab IV – Marketing Update. He reviewed the marketing materials. There is an email that is sent out weekly to investors and prospective investors; a newsletter that is sent out quarterly; and a monthly market review that has been updated with the pool name and logo and provides information in layman's terms.

Mr. Molloy stated PFM's hiring of the marketing manager for New Hampshire is imminent as it has been advertised and potential candidates have been interviewed. He is hopefully an announcement will be made shortly.

Mr. Dwyer suggested adding a potential benefit to the weekly investor email. Specifically, adding that governance includes municipal representation. Ms. Wickens thought it was a good idea, others agreed. Mr. Molloy thought it would be easy to add.

Mr. Molloy discussed Tab V – the upcoming 2018 NH PDIP board meetings. Meetings are scheduled for February 15, May 10, August 9, and October 11, 2018.

Mr. Jache motioned to adjourn the meeting; Mr. Dwyer seconded the motion. The committee unanimously voted in favor.

Meeting adjourned at approximately 10:10 a.m.