

NEW HAMPSHIRE PUBLIC DEPOSIT INVESTMENT POOL

November 12, 2015

New Hampshire Banking Department
53 Regional Drive
Concord, NH 03301

MINUTES OF PUBLIC SESSION

Call the Meeting to Order – NH Banking Department Commissioner, Glenn Perlow, called the meeting to order at 9:00.

Attendance and Quorum - Attendance taken and quorum established.

Present - Shaun Thomas, NH Dept. of Revenue; Michael Jache, City of Concord, NHGFOA; Daniel R. Lynch, NH Municipal Association; Sharon Wickens, City of Manchester, NH Government Finance Officers' Association; Christopher MacDonnell, Bank of NH, NHBA; Lyn Gelinas, Citizens Bank, NHBA; William Dwyer, Treasurer, NH Department of the Treasury

Also Present - Glenn Perlow, Bank Commissioner; Emelia Galdieri, Legal Counsel, NH Banking Department; Doreen Sheppard, Paralegal, NH Banking Department; Barbara Fava, PFM; William T. Sullivan, Jr., PFM; Leo Karwejna, PFM; JoAnn Klatskin, PFM.

Commissioner Perlow informed the board that he is resigning as Bank Commissioner as of January 2016.

Minutes of the meeting of September 16, 2015. JoAnn Klatskin asked that paragraph 5 of the last page of the minutes be updated by deleting the words, "because they are fully backed." Commissioner Perlow asked for a motion to approve the minutes. Christopher MacDonnell motioned to approve the minutes with changes, seconded by William Dwyer and it was VOTED unanimously.

Barbara Fava reviewed the financial reports as of September 30, 2015. PFM was not managing for the full quarter. Cutwater was manager for first part of the quarter. Under prior agreement with Cutwater, annual report was required to be distributed to pool investors within 90 days. Cutwater did not meet that deadline. Current agreement with PFM requires report within 120 days. That deadline was met. PFM distributed the report to investors on behalf of Cutwater.

Leo Karwejna introduced to board. Will be addressing regulation compliance.

Stress test was emailed monthly in past but now will be only at quarterly meeting. Stated concern that members of advisory board are also potential investors so want to avoid providing insider information.

Barbara Fava reviewed the pool's portfolio. The economy is improving. Yield paid on pool is dependent on the Fed.

Two rate hikes are anticipated from the Fed between now and next spring. PFM has made fairly dramatic changes to asset classes. Keeping portfolio short due to current low rates and expected Fed rate hikes.

Leo Karwejna, CCO, Re: Compliance. PDIP is risk manager. Regulation environment ebbs and flows. SEC is mother regulator. PDIP is exempt from registration but looks to the SEC rules regarding money market mutual funds as a benchmark.

FINRA = shares of pool distributed by broker/dealer. MSRB = looks at shares of pool as municipal securities.

PFM takes conservative, direct approach to compliance.

Because of concern that those on PDIP Advisory Board who can invest not receive more information than other investors, monthly stress test report will be sent only to someone who is not an investor (i.e., Banking); will not be sent to entire board.

Barbara Fava discussed concerns regarding redemption checks sent to investors by mail. Investors may get ACH, wire transfer, or check by mail. If check does not make it to intended payee the pool may be exposed.

JoAnn Klatskin stated many receiving paper checks are trustees of trust funds.

Bill Dwyer asked if we have authority to require participants to accept electronic redemption.

Leo Karwejna believes checks are being sent in overnight mail, but will check on that.

Barbara Fava stated that some believe electronic payment is more expensive. Joann Klatskin will continue to work with investors to move them toward ACH. Recommendation to discontinue redemption checks by March 2016.

Bill Dwyer questioned whether we should wait until the end of the fiscal year.

Barbara Fava stated concerns about continuing to send possibly \$1 million checks.

Michael Jache suggested PFM conduct a webinar on check fraud. Suggested Terry Knowles of AG's Charitable Trusts unit might include in her annual training to trustees.

Motion to allow PFM to discontinue providing redemptions by check as of the end of the fiscal year made by Bill Dwyer, second by Lyn Gelinis and VOTED unanimously.

JoAnn Klatskin explained that she has heard some criticism from investors around changes. Mainly regarding changes to statements and transaction confirmation.

Christopher MacDonnell asked if PFM has ability to customize format. Barbara Fava answered that it is very limited ability.

Leo Karwejna stated that PFM is discussing preparing a summary report to go along with statement.

Barbara Fava explained that PFM wants to make enhancements to offerings. There are some hurdles to be overcome. Statute requires municipal deposits in bank with a branch in NH. US Bank, the pool's current custodian, does not have NH branch. Offering CDs through PDIP would require change to statute. Deadline for current legislative session has already passed.

Glenn Perlow stated that it is likely there will be other related statutory changes proposed for next year and that would be a good time to propose this legislation.

Bill Sullivan explained PFM's Payment Solutions program. Special credit card program offers cash rebates to entity using it.

The board discussed the next meeting date proposed for February 11, 2016.

Glenn Perlow recommended that future agendas highlight potential voting items.

Emelia Galdieri informed the board that a Right to Know request seeking RFP documents had been received from PMA and the Banking Department had responded to it.

Bill Dwyer expressed the board's gratitude for Glenn Perlow's leadership during his tenure.

Meeting adjourned at 10:40 a.m.