

NEW HAMPSHIRE PUBLIC DEPOSIT INVESTMENT POOL

May 20, 2015

New Hampshire Banking Department
53 Regional Drive
Concord, NH 03301

MINUTES OF NON-PUBLIC SESSION

Present - Glenn Perlow, Bank Commissioner; Michael Jache, City of Concord, NHGFOA; Daniel R. Lynch, NH Municipal Association; Sharon Wickens, City of Manchester, NH Government Finance Officers' Association; William Dwyer, Treasurer, NH Department of the Treasury.

Absent: - Designee, NH Department of Revenue; Dean Michener, NHSBA; Christopher MacDonnell, Bank of New Hampshire, NHBA.

Recused: Lyn Gelinis, RBS Financial Group, NHBA

Also Present - Ingrid White, Deputy Bank Commissioner; Emelia Galdieri, Legal Counsel, NH Banking Department; Spencer Culp, Director of Trust Supervision, NH Banking Department; Doreen Sheppard, Paralegal, NH Banking Department.

Nonpublic session open at 9:15 a.m.

Glenn Perlow summarized facts to date relating to the review of PMA's response to the request for proposals for an investment advisor for the PDIP pool. He explained that at the last meeting the committee discussed PMA's failure to disclose the apparent conflict of Lyn Gelinis being on the committee and working for Citizen's Bank, PMA's proposed custodian for the pool. The day before PMA submitted their proposal, Lyn Gelinis recused herself from the request for proposal process. However, PMA failed to disclose the relationship between Lyn Gelinis and the proposed custodian in their proposal. Before scoring the proposal from PMA, the committee agreed to seek counsel from the Attorney General's Office. The AG's office recommended that Mr. Perlow request additional information from PMA regarding the failure to disclose the apparent conflict. Specifically, the AG's office recommended that Mr. Perlow ask PMA to explain its statement that neither PMA nor Citizens Financial Group has any conflict of interest in providing the requested services to NH PDIP. PMA responded that it did not believe a conflict existed. Upon review of PMA's response, the AG's office recommended the Bank Commissioner ask additional questions of PMA. However, PMA failed to provide any explanation regarding why they failed to disclose the apparent conflict.

Emelia Galdieri explained that we were looking for an answer to why they had failed to disclose the conflict. PMA failed to provide an explanation regarding why they failed to disclose the apparent conflict.

Ingrid White explained that PMA stated that Lyn Gelinas would not be involved in the future but that does not address the issue.

Glenn Perlow stated PMA failed in its due diligence. There are specific guidelines in the RFP. Failed to identify the conflict and then failed to address the question.

Glenn Perlow informed that he suggested to the AG's office that he would be recommending the committee disqualify PMA. The AG's advice was that that could be done and recommended the committee make a very clear record.

Michael Jache stated that he had scored PMA lower than the other proposal and he would recommend PFM.

Sharon Wickens stated that she believes disqualifying shows the importance of conflict issues. She would vote to disqualify PMA.

Bill Dwyer stated that he did not get past the initial failure to disclose.

Glenn Perlow stated that staff of the Banking Department reviewed the proposals and also scored PMA lower. PMA should have disclosed the apparent conflict in its transmittal letter pursuant to the instructions in the request for proposals. He indicated that he has no reason to believe that Lyn Gelinas acted inappropriately or had an actual conflict, only the appearance of a conflict. PMA/citizens failed to disclose this apparent conflict.

Sharon Wickens stated it is difficult to believe that Lyn Gelinas disclosed potential conflict but did not tell her supervisors, etc. PMA should have known of Lyn Gelinas' involvement in the PDIP pool.

Glenn Perlow explained that the committee's review of the proposals remains confidential until after contract is awarded. Once a contract is awarded, the minutes of the committee's nonpublic sessions become public. If anyone asks for a copy of the minutes, the minutes will be disclosed. If PMA asks for information after the contract is awarded, PMA will likely get the information.

Dan Lynch stated the transmittal letter requires disclosure of an apparent conflict and asked what else we think could be an apparent conflict.

Glenn Perlow stated that there was nothing in particular. This is a standard requirement in the RFP.

Ingrid White stated there was no discussion about what would/would not be a conflict.

Glenn Perlow stated PMA didn't disclose that Lyn Gelinas was on PDIP, not even the RFP subcommittee.

Dan Lynch stated he is conflicted because when City of Dover gets bids, he supervises that process. Vendors are not required to identify conflicts. It is the City board member's responsibility to recuse him or herself.

Glenn Perlow further described possible apparent conflicts.

Emelia Galdieri stated that the committee specifically asked for disclosure whereas apparently the City of Dover does not ask for this disclosure in its request for proposals.

Dan Lynch asked where the language is that allow us to reject bid.

Emelia Galdieri answered it is in section 5.4 of the request for proposals. That section enables the commissioner and the committee to postpone or cancel the process, and reject nonresponsive proposers.

Bill Dwyer stated that AG's office gave good guidance re: making specific inquiries.

Glenn Perlow stated that this is an advisory committee. Ultimately, the decision is his. Alternatively, all members would be covered by RSA 99-D.

Glenn Perlow requested a motion to disqualify PMA for failure to disclose. Motion made by Bill Dwyer, seconded by Dan Lynch and VOTED unanimously.

Glenn Perlow stated that PMA is disqualified. Stated we have another proposal and it is important that we evaluate it on its merits. The committee could reject this proposal. This contract does not go to the Governor and Council, it does go to the Attorney General. It will be a sole-source contract as we have only one bidder.

Ingrid White stated that 3 references were called. Suggested going section-by-section and come up with a consensus score.

Glenn Perlow explained consensus scoring. Individual scores are for discussion purposes only. The committee will reach a consensus score for each section.

Ingrid White will provide typed notes of communications with the references for the record.

Emelia Galdieri suggested starting with reference section. 1 point for providing 5 references and would add 6 point for the quality of the references to equal 7. Consensus reached for 7 points.

Section A – Transmittal Letter. Each section earns 1 point for a total of 9. Consensus reached for 9 points.

Section B – Certificate Complete earns 1 point. Four exceptions were noted. Ingrid White gave 2 points for each exception noting that the answers provided were reasonable, which totals 9 points for this section. Consensus reached for 9 points for this section. It was noted that 9 is the maximum possible for this section based on the number of exceptions noted.

Section C – earned 1 point. Consensus reached for 1 point.

Section D – contains 40 requirements at 1 point each.

Bill Dwyer commented on the approach to data security/data sharing.

Michael Jache stated that they missed #2; didn't give a guarantee. Sharon Wickens deducted 1 point for that issue. Bill Dwyer did the same. Ingrid White stated that we don't have a guarantee now. Michael Jache's stated that the criteria calls for a guarantee. 0 points for #2. Consensus reached.

Bill Dwyer questioned #28. Michael Jache stated he did not give a point for this one either. Bill Dwyer stated that it does not provide month-to-date or year-to-date and doesn't provide daily yield. He deducted 1/10th point for this. 0 points given. Consensus reached.

Emelia Galdieri explained that the process was determined to be all or nothing on each specific part.

Spencer Culp raised #22. Stated it could be dealt with in the contract negotiations. 1 point was given. Consensus reached.

#31 – Toll free number to be available 8:00 – 5:00 vs. 8:30 -5:30. Award 0 points. Consensus

#32 – Fiscal year to date info. Cannot provide the info as required. Award 0 points. Consensus.

#34 – 0 points. Consensus.

#37 – Dan Lynch questioned what backup will be available if the electronic system goes down. Perhaps needs to be further discussion with PFM? Award 0 points. Consensus.

This section had possible 40 points. Consensus reached that 34 points should be awarded for Section D(i).

Section D (ii) – 1 and 2 = 10 points.

3 = 10 points.

Consensus reached to award 20 points for this section

D (iii) – 25 @ 1 point each.

Dan Lynch raised question of discussing cap on fees during contract negotiations.

10:30 Break

10:35 Reconvene

Section D (iii) includes many sub-parts. Michael Jache stated he had docked points for #16 although he does not recall why. He would agree to give the total 25 points.

25 points awarded by consensus.

D (iv) – Custodial – 19 @ 1 point each.

Dan Lynch stated he awarded 18 points because did not include insurance certificate for custodian. 18 points awarded by consensus.

Ingrid White stated that we should request the insurance certificate for the custodian.

Section E – References.

Section F – Draft Contract = 1 point. P-37 = 1 point. Did not do the P-37.
1 point awarded by consensus.

A total of 124 raw points was given to PFM’s proposal by consensus scoring process.

Emelia Galdieri stated that the scoring was complete and suggested discussion of the timeline. Perhaps we should skip the interview because we are behind schedule and have only one proposer. The committee has authority to do so under the terms of the request for proposals.

Sharon Wickens stated we do not need to interview but do need to discuss re: issues noted during the scoring process.

Glenn Perlow stated that that is part of the negotiation process.

Glenn Perlow explained the next vote is in 3 parts:

- 1- Preliminary selection for purposes of negotiation
- 2- Skip interview
- 3- Acknowledging points scored

Glenn Perlow requested a motion to waive the interview process.

Motion to waive interview made by Dan Lynch, second by Michael Jache and VOTED unanimously.

Motion to move forward with contract negotiations with vendor made by Sharon Wickens, second by Bill Dwyer and VOTED unanimously.

Glenn Perlow requested a motion to approve the minutes of the non-public session on April 24, 2015. Bill Dwyer requested draft minutes be edited to change the word “possible” to “apparent” and the word “crafting” to “drafting.”

Motion to approve the minutes with corrections made by Sharon Wickens, second by Michael Jache and VOTED unanimously.

Motion to seal the minutes of today’s non-public session until the contract is awarded made by Bill Dwyer, second by Michael Jache and VOTED unanimously.

Glenn Perlow requested a motion to exit nonpublic session. Motion made by Michael Jache, second by Sharon Wickens and VOTED unanimously.

Non-public session ended 10:57 a.m.