

New Hampshire Public Deposit Investment Pool Advisory Committee Meeting
Friday, September 9, 2011, at 10:00 AM

New Hampshire Banking Department
53 Regional Drive, Suite 200, Concord, New Hampshire

MINUTES

Members present: Robert A. Fleury, Deputy NH Bank Commissioner delegate for Ronald A. Wilbur, NH Bank Commissioner; Catherine Provencher, NH State Treasurer; Kevin A. Clougherty, Commissioner, NH Department of Revenue; Dr. Theodore E. Comstock, Esq., Executive Director, NH School Boards Association; Keith Pike, NH Bankers Association; Daniel Lynch, NH Municipal Association; Sharon Wickens and Paul Micali, Government Financial Officers Association.

Members absent: Gregory Wenger, NH Association of Counties; and Nicole Pellenz, NH Bankers Association.

Also in attendance: Jo Ann Klatskin, Regional Director, NH Public Deposit Investment Pool, Cutwater Asset Management; Jeffrey MacDonald, Managing Director, NH Public Deposit Investment Pool, Cutwater Asset Management; Barbara Robinson, NH Department of Revenue; Ingrid White and Richard Arcand, NH Banking Department.

Deputy Bank Commissioner Fleury called the meeting to order at 10:00 a.m.

A quorum was established and the Advisory Committee welcomed Dr. Theodore E. Comstock, Esq., Executive Director of the NH School Boards Association, to the meeting.

1. Approval of the Minutes for the Meeting of June 17, 2011

Ms. White noted that a sentence was inadvertently used twice as suggested it be removed from Section 2 of the minutes. Ms. Provencher made a motion to approve the minutes as amended, seconded by Ms. Wickens, the minutes were unanimously approved.

2. Review of PricewaterhouseCoopers (PWC) Report on Cutwater Contract Exhibit E

Ms. White opened the discussion regarding the review of the Pool's compliance with the investment guidelines set out in Exhibit E "Investment Criteria". The review was performed at the Advisory Committee's request by PricewaterhouseCoopers LLP.

Mr. Fleury asked for a motion to accept this report. Mr. Clougherty made a motion to accept the report, seconded by Ms. Wickens, the report was unanimously accepted.

Ms. Provencher asked if this should be on the NH PDIP web site (nhpdip.com) and Ms. Klatskin said she would post the cover page.

3. Discussion of Stress Test

Mr. MacDonald led an in-depth discussion regarding the stress tests that were performed on the Pool's assets and the model used by S&P and the enhanced model they use that involves three drivers: interest rate shocks, credit shocks, and redemption shocks.

This test is performed by Cutwater twice a month. The committee discussed developing a policy or contingency plan that would address problems that may arise with the pool if external factors cause this pool to take on additional risk.

Mr. Clougherty asked Cutwater if other state programs have contingency plans. Mr. MacDonald explained that none, to his knowledge, have set up any plans.

4. Cutwater Quarterly Report

The report was distributed and reviewed by Ms. Klatskin.

Ms. Klatskin then reported that now that the pool is rated by S&P, and due to new guidelines from S&P and changes brought on by new federal rules, she recommended some changes to Exhibit E of the PDIP contract, "Investment Criteria." She provided a draft revision to the committee with Cutwater's recommendations for changes to the criteria. The committee discussed the revisions but no decision was made to accept them. Mr. Clougherty asked that the committee be emailed the link to the new S&P guidelines for further review. Ms. Klatskin said she would do that. The committee will take the revisions up again at their next meeting.

5. Other Business

Ms. White explained that the Banking Department has received a Right to Know request for information and that she has asked for responses from several members. Questions about that email were raised and Ms. White will send the request again to several members.

Ms. Provencher asked if the Pool was going to be a presence at the upcoming LGC meeting. Ms Klatskin said no, vendors were not allowed to do presentations. Mr. Micali stated that the NH GOA may be able to get time and space to highlight the Pool at the event.

Mr. Fleury announced that Bank Commissioner Wilbur is looking at the indemnification of the Committee members.

With no other business before the committee, a motion to adjourn by Mr. Clougherty and seconded by Mr. Lynch, carried unanimously and the meeting was adjourned at 11:20 a.m.

Respectfully submitted,

Richard P. Arcand
New Hampshire Banking Department