

New Hampshire Public Deposit Investment Pool Advisory Committee Meeting  
Tuesday, November 9, 2010, at 1:00 PM  
New Hampshire Banking Department  
53 Regional Drive, Suite 200, Concord, New Hampshire

MINUTES

Attendance:

Members present: Deputy Bank Commissioner Robert Fleury; Nicole Pellenz, New Hampshire Bankers Association; Daniel Lynch, NH Municipal Association; Paul Micali, Government Financial Officers Association; Barbara Robinson, Director of Municipal Services, NH Dept. of Revenue designee for Commissioner Kevin Clougherty; Gregory Wenger, NH Association of Counties; and Sharon Y. Wickens, NH Municipal Association.

Members absent: Catherine Provencher, NH State Treasurer; and Jeannette Davila, New Hampshire Bankers Association.

Vacant: NH School Board Association

Also in attendance: Celia Leonard, Ingrid White, and Betty Pollock – NH Banking Department.

Robert Fleury called the public meeting to order at 1:10 pm.

Previous minutes were not presented to the committee for approval.

Pursuant to RSA 91-A:3, II, and 91-A:5, IV, and on a motion by Paul Micali and second by Nicole Pellenz, members unanimously moved to enter a nonpublic session at 1:10 pm.

The Committee voted to exit nonpublic session at 2:25 on a motion Gregory Wenger and seconded by Daniel Lynch.

The committee discussed their fiduciary duty, the pool security, liquidity, return and guarantee – versus a lower fee structure.

There was an exchange of observations and comments by committee members regarding service, communication, improved reports, connection with clients, benchmarks set by the board, and compliance with current laws and regulations and changes affecting the pool's operations.

After discussion, on a motion by Gregory Wenger and second by Sharon Wickens, the advisory committee voted unanimously to enter into negotiations for a contract. Paul Micali and Daniel Lynch volunteered to participate as members of the negotiation team.

It was noted that the confidentiality provisions in the RFP require all negotiations for the contract to remain confidential until the contract is signed.

Other business – None

A motion to adjourn was made by Nicole Pellenz and second by Barbara Robinson and was adjourned at 2:40 p.m.

Respectfully submitted,

Betty Pollock  
New Hampshire Banking Department

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Minutes from the Nonpublic Session

Attendance:

Members present: Deputy Bank Commissioner Robert Fleury; Nicole Pellenz, New Hampshire Bankers Association; Daniel Lynch, NH Municipal Association; Paul Micali, Government Financial Officers Association; Barbara Robinson, Director of Municipal Services, NH Dept. of Revenue designee for Commissioner Kevin Clougherty; Gregory Wenger, NH Association of Counties; and Sharon Y. Wickens, NH Municipal Association.

Members absent: Catherine Provencher, NH State Treasurer; and Jeannette Davila, New Hampshire Bankers Association.

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Also in attendance: Celia Leonard, Ingrid White, and Betty Pollock – NH Banking Department.

Robert Fleury called the public meeting to order at 1:10 pm.

Previous minutes were not presented to the committee for approval.

On a motion by Paul Micali and seconded by Nicole Pellenz, members unanimously moved to a nonpublic session at 1:10 pm, pursuant to RSA 91-A:3, II and 91-A:5, IV.

Ingrid White and Bob Fleury presented members with a summary of findings from reference checks obtained when they conducted teleconferences with pool participants (both current participants and former participants) in Cutwater and PFM. They phoned two “positive” references from both Cutwater and PFM and the three “negative” references provided by PFM. All seven references were very good. The discussion included: customer service; how they thought their program was managed during the economic downturn; why they chose the company they did to manage their plan - over other competing companies; if they left a pool – why (such as bonds expired or better rates); critiques or dislikes of the pool.

Advisory committee members discussed the proposal presentations made by both Cutwater and PFM and the committee’s fiduciary duty, emphasizing security and liquidity of the pool. Both presentations were very good. Members felt that PFM engaged to some extent in ‘scare tactics’ when discussing the pool’s current provider.

Advisory committee members discussed the lack of credit facility in the next contract. The committee discussed the benefits and drawbacks of both the credit rating solution (PFM) and the letter of credit solution (Cutwater). It was noted that both the credit rating and the letter of credit are costs that are included in the total plan fee.

The committee noted that since the pool's invested assets are constrained by strict parameters set by PDIP, the difference between the investment strategies of the two applicants is relatively small. The difference in the proposed fee between the two applicants is also very small (Cutwater is 3 bps lower than PFM). The focus should be on the liquidity and security of the assets. Customer service is also an important aspect. Members discussed current service with Cutwater and made comments regarding service, reports, and communications.

Committee members commented they had been contacted by town and city administrators, who expressed support for continuing the relationship with Cutwater. No negative comments had been received.

Committee members felt that both applicants were very competitive. However, transitioning the pool to a new service platform would create upheaval and disrupt service. Without significant added value under a new plan, and considering a lack of dissatisfaction on the part of the plan participants, the committee members decided to first attempt contract negotiations with Cutwater, the current provider. The committee agreed to revisit PFM's proposal if contract negotiations with Cutwater break down.

The Committee voted to exit nonpublic session at 2:25 on a motion Gregory Wenger and seconded by Daniel Lynch.

Respectfully submitted,

Betty Pollock  
New Hampshire Banking Department