

New Hampshire Public Deposit Investment Pool Advisory Committee Meeting
Friday, June 17, 2011, at 10:00 AM

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

MINUTES

Members present: Ronald Wilbur, NH Bank Commissioner; Catherine Provencher, NH State Treasurer; Kevin A. Clougherty, Commissioner NH Department of Revenue; Nicole Pellenz, TD Bank; Keith Pike, Citizens Bank; Daniel Lynch, NH Municipal Association; and Sharon Wickens, Government Financial Officers Association.

Members absent: Gregory Wenger, NH Association of Counties; Paul Micali, Government Financial Officers Association; and the appointee (vacant) of the NH School Boards Association.

Also in attendance: Jo Ann Klatskin, Regional Director, NH Public Deposit Investment Pool, Cutwater Asset Management; Chris Keating, Managing Director, NH Public Deposit Investment Pool, Cutwater Asset Management; Ingrid White and Betty Pollock, NH Banking Department.

Commissioner Wilbur called the meeting to order at 10:04 a.m.

1. Approval of the Minutes for the Meeting of March 28, 2011 –

Nicole Pellenz made a motion to approve the minutes as distributed, seconded by Keith Pike, the minutes were unanimously approved.

2. Cutwater Report discussion –

The Committee reviewed the PDIP quarterly report. In particular, the stress test worksheet was reviewed. Since this is a new feature in the quarterly report, Commissioner Wilbur asked that Cutwater provide an explanation on stress tests and “breaking the buck.” Jo Ann Klatskin will send out a tutorial that Cutwater has prepared to the Committee.

3. Annual Meeting –

Commissioner Clougherty stated that he is concerned about the low attendance of participants at the pool’s annual meeting. The annual meeting is held in conjunction with the GFOA meeting, on the first Thursday and Friday in May. This year, with the major changes to the pool and the adoption of a new contract, interest should have been higher.

Jo Ann Klatskin remarked that the meeting is open to all attendees and getting people to attend has always been hard, because the meeting is competing for attendees who can attend other breakout sessions at the same time.

Commissioner Clougherty would like to see the meeting held in the main ballroom rather than a work session room.

The next major opportunity for a meeting of participants is in October at the Local Government Center’s Municipal Association Meeting. Commissioner Clougherty will contact some people involved in the event and try to raise awareness of the importance of the PDIP meeting this year.

4. Safety/Liquidity Subcommittee Update –

The Committee discussed the need to develop an emergency plan for suspension of the pool if there is ever a problem. Cutwater will provide some template plans for the Committee to review.

The Committee discussed whether adding a letter of credit to the pool is feasible. Based on current market returns, a letter of credit is not affordable right now. Inclusion of a letter of credit may be a good idea when rates of return rise again. Cutwater was asked to provide historical information on the pool's performance during the 2004-2005 rate moves by the Fed.

Commissioner Clougherty remarked that the pool's dynamic, fluid nature requires constant review to ensure the security of the pool is optimized at all times.

5. Amendment to Exhibit E –

The Committee decided to revisit the investment guidelines at the next meeting, in part because of the new S&P rating standards have been released.

The Committee discussed revising the criteria immediately to allow the pool to take advantage of a commercial paper investment opportunity. On a motion by Commissioner Clougherty, and seconded by Nicole Pellenz, the Committee unanimously voted:

TO AMEND SECTION (J) OF EXHIBIT E, "INVESTMENT CRITERIA", OF THE PDIP COOPERATION AND MANAGEMENT AGREEMENT, DATED MARCH 28, 2011, TO ALLOW U.S. TREASURIES BILLS, NOTES AND BONDS, AND U.S. GOVERNMENT AGENCY FIXED RATE COMMERCIAL PAPER (RESTRICTED TO FNMA, FHLB, SLMA, FHLMC, FFCB, AND TVA) TO BE USED AS COLLATERAL FOR DEPOSITS.

The revised Section (J) should appear as follows (with newly adopted language in **bold**):

Type	Portfolio % Limit	Maximum Maturity	Investment Selection Criteria	Additional Qualifications and Comments
J. Collateralized Deposits	20%		FHLB LOC as Collateral. Tri- Party. U.S. Treasuries Bills, Notes and Bonds as collateral. U.S. Government Agency fixed Rate Commercial Paper (Restricted to FNMA, FHLB, SLMA, FHLMC, FFCB and TVA) as collateral.	Agreement letter and Tri-Party Documentation must be on file with the Program Administrator prior to execution of the transaction. Quarterly evaluations of counterparties must be on file with the Program Administrator as well as annual review of custodian.

6. Cutwater Request –

Cutwater asked whether the Committee would be willing to provide a recommendation for Cutwater. The Committee agreed and Treasurer Provencher volunteered to fill out the

questionnaire on behalf of the Committee. A motion was made by Kevin Clougherty, seconded by Dan Lynch, and carried unanimously.

7. PWC Engagement letter –

The Committee discussed the proposal by Price Waterhouse Coopers to review and report on Exhibit E compliance with the pool. An engagement letter must be returned to PWC for the pool to be assessed. On motion by Treasurer Provencher, and seconded by Dan Lynch, the Committee unanimously voted to enter the contract with PWC and instructed the Bank Commissioner to sign the engagement letter.

8. Other business –

Meeting Dates – Treasurer Provencher asked to move the quarterly meetings to another Friday, as the third Friday presents a meeting conflict. Betty Pollock will send out an availability query to committee members.

With no other business before the committee, a motion to adjourn by Treasurer Provencher and seconded by Dan Lynch, carried unanimously and the meeting was adjourned at 11:29 a.m.

Respectfully submitted,

Ingrid E. White
New Hampshire Banking Department