

New Hampshire Public Deposit Investment Pool

October 20, 2022

New Hampshire Banking Department
53 Regional Drive
Concord, NH 03301

MINUTES OF PUBLIC SESSION

Present: Emelia Galdieri, Commissioner; Monica Mezzapelle, NH State Treasurer; Charles Nickerson, NH Association of Counties; Dan Lynch, NH Municipal Association; Keith Pike, NH Bankers Association;; and Michele Bogardus, NH Government Finance Officers Association; Dawn Enwright, NH Government Finance Officers Association.

Also Present: Bob Lamberti, Deputy General Counsel, NH Banking Department; and Katia Frock, PFMAM.

Via Remote Call-In: Joe Thornton, NH Bankers Association; Kerri Muskin, PFMAM; John Molloy, PFMAM; Ronald Kelly, PFMAM; Dan Hess, PFMAM; Ryan Hale, NH Bankers Association; Jason Ferreira, Ernst and Young; Jeff Kessler, Ernst and Young; Mike Costigan, Ernst and Young.

Commissioner Galdieri opened the meeting at 9:01 a.m.

The roll was called for attendance, and it was established that a quorum of the committee was present via in-person attendance.

Tab I: Minutes:

The minutes of the meeting of August 25, 2022, were reviewed.

Commissioner Galdieri asked for a motion to accept the minutes of August 25, 2022.

Dawn Enwright made the motion to accept with amendment, seconded by Monica Mezzapelle.

Edits: Keith Pike, was not present on August 25, 2022. Dawn Enwright requests spelling change to her name in minutes, as it was misspelled as Enright. Michele Bogardus notes that she is listed as being appointed by the NH Municipal Association but is actually appointed by the NH Government Finance Officers Association.

Roll Call vote was taken. Commissioner Galdieri abstained. Keith Pike abstains. All voting members in favor, motion carries 6-0.

Tab II: Investment Advisor Report, presented by Kerri Muskin, PFMAM:

Kerri Muskin, PFMAM discussed the quarterly market update.

Page 2 - 6: General discussion of CPI and inflation. Discussion of growing consumer credit usage and housing affordability and unemployment.

Page 7-8: Discussion of the Fed's projections through 2024.

Page 9-10: Discussion of treasury yield curves as they relate to expectations of recessions historically.

Page 11: Floating rate notes have provided a hedge to interest rate risk. Contribute to the pool's ability to adjust to the rising interest rate environment.

Page 14-21: Discussion of NH PDIP investment overview. Large increase in net assets, with net asset value (NAV) within range. Credit quality held this quarter. Pool favors shorter maturity because it is advantageous to do so in this market. Portfolio is outperforming S&P index for other LGIPs nationwide this quarter.

Page 22-27: Stress test discussion. Portfolio is well structured enough to withstand any extreme market scenarios. Daily liquidity targets remain appropriate.

Tab III – Financial Report, Katia Frock, PFMAM and Dan Hess, PFMAM:

Page 1-4: increase of approximately 70% in net position over last quarter. Influx in assets after tax revenues have come in. Moving forward will see some funds exit pool. Discussion of waiver reimbursement. Currently, entire amount waived is still recoverable.

Page 11 - 18: General discussion of the draft annual report, including management discussion and analysis. There was an increase in net position compared to last fiscal year.

Page 22: Footnote D notes updated fees and charges relating to the merger of PFM with US Bank.

Page 23: Fee waiver schedule.

Page 30 - 63: Ernst and Young discuss 2022 Audit Results. Mike Costigan, Jeff Kessler, Jason Ferreira from EY on the phone.

Commissioner Galdieri asked for motion to accept auditors report and annual report for the period ending June 30, 2022:

Dan Lynch makes the motion, seconded by Charles Nickerson.

Roll call vote taken: Commissioner Galdieri, Charles Nickerson, Monica Mezzapelle, Michele Bogardus, Daniel Lynch, Keith Pike, Dawn Enwright, Joe Thornton all in favor. Motion passes 8-0.

Tab IV – Broker Dealer Consolidation, John Molloy, PFMAM:

Page 2-5: Broker dealer is responsible for marketing, sales of shares of PDIP. After its acquisition by US Bank, PFM has two broker dealers, one is PFM Fund Distributors and US Bancorp Investment. Goal now is to consolidate those two into one, to reduce management, reporting, overlap between both organizations. Discussion of next steps for board action to make this change effective.

Dan Lynch makes motion to have Commissioner Galdieri obtain any required approval from NH Governor and Executive Council to change PDIP marketing service provider from PFMFD to USBI. Charles Nickerson seconds and asks to see full contract amendment before adopting.

Roll call taken. Commissioner Galdieri, Charles Nickerson, Monica Mezzapelle, Michele Bogardus, Dan Lynch, Keith Pike, Dawn Enwright, Joe Thornton in favor. Motion passes 8-0.

Tab V - Marketing Update, Katia Frock, PFMAM:

Katia Frock described in-person, email, telephone, and regular mail marketing campaigns undertaken by Beth Galperin over the past quarter.

Tab VI – Senate Bill 272 Study Committee Update:

Commissioner Galdieri updates on SB272 study committee. Committee report recommends moving the PDIP administration from Banking Department to Treasury Department.

Tab VII - Upcoming Meeting Dates, Katia Frock, PFMAM:

Next meeting is February 16, 2022. Review of all future meetings through next October.

Other Business.

None.

Charles Nickerson moved to adjourn the meeting. Seconded by Dan Lynch. Roll call vote taken. All in favor, motion carries 8-0.

Commissioner Galdieri adjourned the meeting at 11:17 a.m .