

New Hampshire Public Deposit Investment Pool

May 27, 2021

New Hampshire Banking Department
53 Regional Drive
Concord, NH 03301

MINUTES OF PUBLIC SESSION

Public meeting commenced at 9:02 a.m.

Present: Via Remote Call-in: Monica Mezzapelle, NH State Treasurer; James Gerry, NH DRA; Dan Lynch, NH Municipal Association; Charles Nickerson, NH Association of Counties; Keith Pike, NH Bankers Association. David Fredette, joined the meeting at approximately 9:20 am.

Also Present: Via Remote Call-in: Gerald Little, Commissioner NH Banking Department; Chiara Dolcino, General Counsel, NH Banking Department; and Doreen Sheppard, Paralegal, NH Banking Department; John Molloy, PFM; Beth Galperin, PFM; Katia Frock, PFM; and Kerri Muskin, PFM.

Commissioner Little opened the meeting by reading the attached Script To Ensure Meetings Are Compliant With The Right-to-Know Law During The State Of Emergency provided by the Attorney General's specific guidance on holding an emergency meeting.

The roll was called for attendance and it was established that a quorum of the committee was present. All members and others attending confirmed that there was no one else present at their locations.

Tab I: Minutes:

The minutes of the meeting of February 18, 2021, were reviewed. The following edits were proposed:

- Page 2, par 7, change "10th" to "10%"
- Page 2, par 10, change "383" to "3(a)3"
- Page 3, par 9, change "Molly" to "Molloy"
- Page 4, par 11, add "Mr." before "Molloy"

Commissioner Little asked for a motion to accept the minutes of February 12, 2021, as edited. Dan Lynch move to accept the minutes seconded by Charles Nickerson. The roll was called and motion passed, as follows:

Monica Mezzapelle	Yes
Daniel Lynch	Yes
Charles Nickerson	Yes
Keith Pike	Yes
James Gerry	Yes

Tab II: Investment Advisor Report:

Ms. Muskin of PFM reviewed the information under Tab II.

Ms. Muskin discussed the effects of the Covid-19 pandemic on the economy. Globally cases are coming down in the 2nd quarter. Preventing further spread is imperative to the continued improvement of the economy.

There was 6.4% expansion of GDP. Equity markets are strong. Consumer confidence is up month over month. Unemployment and underemployment are both coming down. Non-farm payrolls are increasing. There are approximately 16 million people unemployed but new claims are at a new low.

The Fed continues to keep rates low and projects to do so through 2023. With upward pressure on inflation, Fed is not going to adjust in the short term.

Page 8 discusses yield curve. Longer terms rates are pushing higher while short terms rates are staying around 0. The market believes that the Fed will raise rates sooner than the Fed's current guidance is suggesting. The short term market is flooded with cash helping to keep rates very low. Commercial paper is up beyond pre-pandemic levels. Yield spread has widened.

The portfolio was discussed, beginning on page 13 of Tab II. Performance is down since January and this is not surprising. Assets are down 4.7%. Changes to portfolio composition were noted.

NAV is in good shape. WAM rose by a few days in the last quarter. Fund performance currently up 4 basis points.

The Stress Test was reviewed. In January credit spreads were wider and have been brought closer to normal. Stress test indicates 144 basis points to break the buck. Many extreme things would have to occur for this to happen.

QID status – one new addition to portfolio in most recent quarter.

John Molloy discussed the information under Tab III of the materials. The pool's net position is \$229 million. PFM waived management fees to maintain positive yield for the pool.

Dan Lynch asked whether \$46,000 in waived fees is a restriction against the pool's net position. Mr. Molloy explained that the investment management industry does not consider the fees to be a liability of the fund and not an asset of PFM.

ING US Funding is the new QID that was added in the last quarter.

Ms. Galperin of PFM reviewed the Marketing Update under Tab IV. 21 new accounts have been added. Both Ms. Galperin and Keith Pike of the PDIP Advisory Committee will participate on a panel at the next meeting of the Trustees of Trust Funds.

Commissioner Little addressed issues under Tab V- HB2 Section 285. Efforts to move PDIP not gaining traction. Next step is to charge the pool, otherwise chartered entities are subsidizing NH Banking Department's work for PDIP.

Mr. Fredette asked whether the Banking Department has any idea what the amount of the expense would be. Commissioner Little explained that the department has not tracked this work in the past and will not begin tracking unless/until legislature passes the bill allowing the department to make the charges. The process would include the department communicating to PFM that the pool owes the department. Mr. Molloy confirmed that it would be an invoice from the department. Mr. Molloy also indicated that PFM would like to discuss with the department ways to minimize the department's expenses.

SB 95, if passed, would allow for continued remote option for public meetings. Not known if it will be in place before August 2021 meeting.

Tab VII, Board Changes –

Ms. Galperin spoke regarding changes to the PDIP Advisory Committee, noting that Ms. Wickens resigned and Ms. Bogardus joined it being unfortunate that neither could attend this meeting.

Mr. Molloy raised the issue of one board member who has not attended meetings and, generally, does not respond to requests for availability for attendance. Commissioner Little responded that numerous attempts have been made to the School Board Association regarding the participation of its appointees. The association is very difficult to reach, yet have asked not to be removed from the composition of the committee. Ms. Galperin offered to raise the issue with school finance officers that she has communication with. It was reiterated that the appointee is from the Association of School Boards, per statute.

Tab VIII – Upcoming Meetings.

The next meeting is scheduled for August 26, 2021. The Banking Department will continue to watch the legislation regarding remote option. Future meetings scheduled for October 14, 2021, February 17, 2022 and May 26, 2022.

Commissioner Little asked if there was any other business to be brought before the committee. There being none, the meeting was adjourned at 10:22 a.m.