

NEW HAMPSHIRE PUBLIC DEPOSIT INVESTMENT POOL

August 8, 2019

New Hampshire Banking Department
53 Regional Drive
Concord, NH 03301

MINUTES OF PUBLIC SESSION

Present: Charles Nickerson, NH Association of Counties; David G. Fredette, NHGFOA; Keith Pike, NH Bankers Association; Shaun Thomas, NH Department of Revenue Administration; Joe Thornton, NH Bankers Association; Sharon Wickens, NHGFOA.

Also Present: Gerald Little, Commissioner NH Banking Department; Chiara Dolcino, General Counsel, NH Banking Department; Doreen Sheppard, NH Banking Department; Brian Sanker, PFM; Beth Galperin, PFM.; Thomas Fahey, NH Bankers Association.

Via Telephone: Jeff Rowe, PFM

Call the Meeting to Order: New Hampshire Banking Department Commissioner, Gerald Little, called the meeting to order at 9:06 a.m.

Draft minutes of meeting of May 9, 2019 were reviewed. Commissioner Little proposed edit to page 3, “public meeting” changed to “public minutes.” No other changes proposed. Motion made by Mr. Fredette, seconded by Ms. Wickens and VOTED Unanimously to accept the minutes of the May 9, 2019 meeting as changed.

Ms. Galperin referred to May minutes stating PFM would provide a list of cities and towns participating in the PDIP. PFM is private. Can that list be provided? General Counsel Dolcino will research and provide answer.

Mr. Sanker of PFM discussed the information under Tab II, Financial Report. Noted assets have grown over past couple of years.

Commissioner Little asked why the Canadian CD is bolded on the page. Mr. Sanker explained it is because that trade isn't settled yet.

Mr. Sanker explained that security enhancements discussed is past meeting continue to roll out over this quarter and next. Include making multi-factor authentication mandatory in quarter 4. Will require stronger passwords. The self-service website will allow participants to create their own password. Currently, must call PFM. Several more notices are due to come out to participants on the printed statements as well as online. Commissioner Little asked whether we will know who is ready. Ms. Galperin answered that we will.

Mr. Sanker noted the audit report would be prepared for the next meeting.

Mr. Rowe, of PFM via telephone, reviewed the information under Tab III. After Fed raised interest rates in 2018, it has cut rates this year. The stock market is responding to interest rates and trade war. Jobs/manufacturing are down sharply although still high. Stocks are very volatile. Economists do not see recession as imminent. Probably a year or two out. Expect the Fed is likely to cut rates again, possibly twice, by the end of the year. Treasury yields are plummeting. Borrowing is less expensive.

PDIP Portfolio – gross yield fell by approximately 13 basis points. All short term market rates are moving lower. Have moved out of treasuries to federal home loan letters of credit.

Commissioner Little referred to a Wall Street Journal article that “rated” the rating firms. Mr. Rowe explained that PFM has its own rating scales and does not rely only on rating firms. He suggested that PFM’s credit analysis team present to the board at the next meeting. It was agreed that this would be helpful. PFM will get it set up.

The WAM was extended back in quarter 2 to take advantage of higher rates. Worked well in view of where rates are now.

Commissioner Little asked if all board members receive the monthly stress test. It was determined that all do not currently. PFM will send monthly to all members.

There was discussion about the point at which board must be notified of stress level and when board meeting/action would be required. Commissioner Little asked if a phone call would come from PFM to him. Mr. Rowe said it would. Mr. Sanker stated that the portfolio is well diversified and can hold onto yield longer.

Ms. Galperin reviewed the Marketing information under Tab IV. A weekly email is sent. Changes or updates will be on the website so that should be checked as well. Continuing to add accounts. Noted upcoming conferences.

Tab V – Role of Banking Department in PDIP. Commissioner Little discussed that research since last meeting indicates no other state in US has its PDIP managed by Banking Department and described the conflict of missions between role of Banking Commissioner and PDIP. Stated that he has no concern about how pool is being managed or about time/resources needed. Only concern is conflict. He explained that legislation would be required to make change.

Ms. Galperin stated that she had spoken to Mr. Dwyer about what PFM does to prepare for meetings, etc.

Mr. Fredette asked how quickly legislation could be brought. Commissioner Little stated that it depends on legislative schedule. The goal would be to get all stakeholders in agreement before bringing any legislation. Mr. Fredette asked who all the stakeholders are. Commissioner Little named Municipal Association, School Boards, GFOA, Bankers Association, etc. All organizations represented on PDIP.

Tab VI – Future meetings. The next meeting of the PDIP Advisory Board is scheduled for October 10, 2019. May 2020 meeting is set for May 28 and the August 2020 meeting was scheduled for August 20, 2020.

Commissioner Little adjourned the meeting at 10:33 a.m.