



**NEW HAMPSHIRE
Public Deposit
Investment Pool**



INFORMATION STATEMENT

October 5, 2020

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This Information Statement contains important information on the New Hampshire Public Deposit Investment Pool.
Please read the Information Statement carefully before you invest.

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Key Facts

Part 1 presents key facts about the Pool, including information on costs, policies, and how to place transaction orders. Part 1 is descriptive, not definitive, and is qualified by the information contained in Part 2.

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Part 2

Information Statement Addendum

Part 2 contains supplemental information to Part 1. Some of this information further defines or qualifies information presented in Part 1. There is also information on additional topics, such as the history of the Pool. Parts 1 and 2 together constitute the offering document for the Pool.

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Part 1 – Key Facts

Terms Used in This Document

Account Application The form to open a Pool account.

ACH Automated clearing house is a secure payment transfer system that connects all U.S. financial institutions. The ACH network acts as the central clearing facility for all Electronic Fund Transfer (EFT) transactions that occur nationwide.

Advisory Agreement Investment Advisory and Administrative Services Agreement between the State of New Hampshire Banking Commissioner, with the approval of the New Hampshire Public Deposit Investment Pool Advisory Committee and the Program Administrator.

Advisory Committee The Advisory Committee of the New Hampshire Public Deposit Investment Pool established pursuant to Sections 383:22-24 of the New Hampshire Revised Statutes Annotated.

Business Day Any Monday through Friday, exclusive of national and State of New Hampshire holidays, on which both the bond market (as determined by the Securities Industry and Financial Markets Association “SIFMA”) and the Custodian are open for business. The Pool may close early on any days when the bond market closes early. In light of anticipated limited availability for money market securities and fixed income settlement capacity limitations, the Pool will not be open for business on Good Friday even if the primary trading markets are open.

Cooperation and Management Agreement The document outlining the agreement between the State of New Hampshire Bank Commissioner and Pool Investors.

Custodian The designated bank, agent, or trust company responsible for safeguarding financial assets of the Pool.

Eastern Time East Coast time, either daylight or standard depending on time of year.

EON The Program Administrator’s web-based information and transaction service.

FDIC Federal Deposit Insurance Corporation.

FINRA Financial Industry Regulatory Authority.

GASB 79 Statement No. 79 of the Governmental Accounting Standards Board.

Internal Revenue Code The Internal Revenue Code of 1986, as amended.

Investors New Hampshire public entities that are eligible to invest in the Pool.

Moody’s Moody’s Investors Service Rating Agency.

MSRB Municipal Securities Rulemaking Board.

NAV The net asset value of Pool shares.

NCUA National Credit Union Administration

NH PDIP New Hampshire Public Deposit Investment Pool

Pool The NH PDIP portfolio, which is a professionally managed commingled money market investment portfolio established pursuant to Section 383:22 of the New Hampshire Revised Statutes Annotated.

Program The New Hampshire Public Deposit Investment Pool.

Program Administrator PFM Asset Management LLC, the Program’s investment adviser and administrator.

Public Entities The State of New Hampshire, governmental units, pooled risk management programs established pursuant to Section 5-B of the New Hampshire Revised Statutes Annotated, agencies, authorities, commissions, boards, political subdivisions and all other public units within or instrumentalities of the State of New Hampshire.

RSA New Hampshire Revised Statutes Annotated.

Shares Units representing an equal proportionate share of beneficial interest in the assets of the Pool.

Standard & Poor’s Standard & Poor’s Rating Agency.

Pool Summary

New Hampshire Public Deposit Investment Pool

Investment Objective

The objective of the Pool is to earn a competitive rate of return while preserving principal, providing liquidity, and seeking a stable NAV of \$1.00. There can be no assurance that this investment objective will be achieved. The Pool seeks to achieve its investment objective through professionally managed investment funds governed by the investment policies and restrictions described below.

Principal Investment Strategies

The Pool invests exclusively in the following types of investments all of which were approved by the New Hampshire Bank Commissioner with the assistance of the Advisory Committee:

- U.S. Government and agency obligations
- Asset-backed securities
- State of New Hampshire and New Hampshire municipal obligations
- Government money market mutual funds
- Commercial paper
- Bankers' acceptances
- Negotiable certificates of deposit
- Repurchase agreements collateralized by U.S. Government and agency obligations
- Collateralized bank deposits or certificates of deposit
- Corporate obligations
- FDIC or NCUA Insured Deposits

The Pool is managed to maintain a dollar-weighted average maturity of no more than 60 days and a dollar-weighted average life (final maturity, adjusted for demand features but not interest rate adjustments) of no more than 120 days. In addition, it only buys investments that have a remaining maturity of three hundred ninety-seven (397) days or less at the time of purchase (except for variable-rate notes issued by the U.S. Government or its agencies or instrumentalities,

which must have remaining maturities of 730 days or less).

The Program Administrator may adjust exposure to interest rate risk, typically seeking to protect against possible rises in interest rates and to preserve yield when interest rates appear likely to fall.

The Pool has received a rating of AAAm from Standard & Poor's.

Main Risks

As with any similar pooled investment, there are several factors that could hurt the Pool's performance, cause Investors to lose money, or cause the Pool's performance to be less than that of other investments.

- **Interest rate risk** When short-term interest rates fall, the Pool's yield is likely to fall. When interest rates rise, especially if the rise is sharp or unexpected, the Pool's share price could fall.
- **Credit risk** The issuer of a security could fail to pay interest or principal in a timely manner. The credit quality of the Pool's holdings could change rapidly in certain markets, and the default or decline in credit quality of even a single investment could cause the Pool's share price to fall.
- **Liquidity risk** The Pool's share price could fall during times when there are abnormal levels of redemption requests or markets are illiquid.
- **Management risk** Performance could be hurt by decisions made by the Program Administrator, such as choice of investments or timing of buy/sell decisions.

An investment in the Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Pool seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Pool.

Management

Program Administrator PFM Asset Management LLC.

Fees and Expenses

These are the fees and expenses Investors will pay when they buy and hold Shares in this Pool.

Annual Pool Operating Expenses

(Fees and expenses shown are based on the Investment Advisory and Administrative Services Agreement between the State of New Hampshire Banking Commissioner and the Program Administrator which is currently in effect and may be subject to certain fee waivers, as described below.)

Program Administration fees	0.25%
Other operating expenses	0.00%
Total annual operating expenses	0.25%

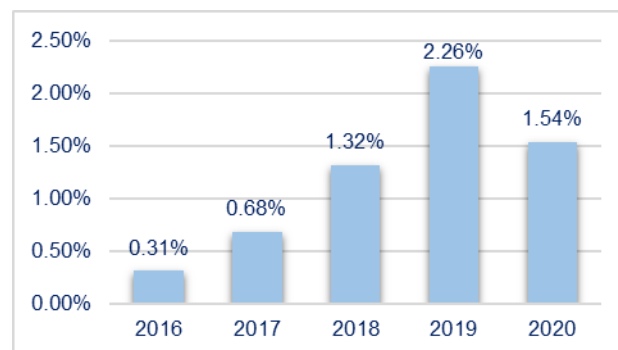
The figures shown above do not reflect the effects of any contractual or voluntary expense reductions. The Program Administrator is obligated to pay the annual operating expenses – such as custodial, audit, and rating fees – so there is no separate charge shown for these expenses. Per the prior Investment Advisory Agreement, the Program Administrator agreed to waive fees necessary such that the total annual operating expenses of the Pool did not exceed 0.20% of average daily net assets through June 22, 2016. After this date, the Program Administrator may, at its sole discretion, voluntarily waive fees as necessary or desirable to maintain a competitive yield

For more complete information on expenses of the pool and fee waivers, see “Expenses of the Pool.”

Past Performance

All performance figures shown here assume that dividends were reinvested. Figures shown are for the five most recent audited fiscal years. For current yield information, call (844) 464-7347. Past performance may not indicate future results.

Fiscal Year Total Returns (%)



Purchase and Sale of Pool Shares

Minimum Initial Investment No minimum.

Minimum Account Balance No minimum.

Minimum Holding Period 1 day.

You can place orders to buy or sell Shares by wire, ACH, or check.

Placing Orders

To place orders, contact us at:

Online www.nhpdip.com

Phone 844-4NH-PDIP (844-464-7347)

Wire transfer orders can be processed the same Business Day if they are received and accepted by the Program Administrator by 2:00 p.m. Eastern Time and if the Pool’s Custodian receives federal funds by wire prior to the close of business. Wire orders received after 2:00 p.m. Eastern Time are processed on the next Business Day. ACH transfer orders are processed on the next Business Day if requested by 4:00 p.m. Eastern Time. ACH orders received after 4:00 p.m. Eastern Time are processed on the second Business Day after the Business Day on which they are received.

For more complete information on buying and selling Shares, see “Buying Shares” and “Redeeming Shares.” For information on the potential tax consequences of investing in the Pool, see “Tax Information.”

Investing

Opening an Account

Eligible Investors

The Pool was established by the State of New Hampshire Bank Commissioner in consultation with the NH PDIP Advisory Committee pursuant to RSA 383:22-24 for the exclusive use of Investors.

Participation in the Pool is open to the State of New Hampshire, governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions and all other public units within or instrumentalities of the State of New Hampshire (collectively, "Public Entities").

Qualified organizations wishing to invest in the Pool must first become a party to the Cooperation and Management Agreement between the State of New Hampshire Bank Commissioner and the Investors.

NH PDIP Account Opening Process

- For new investors, complete the Participation Certificate.
- Complete the appropriate Account Application forms. To obtain forms, call (844) 464-7347 or visit www.nhpdip.com to download them.
- Provide a completed IRS W-9 form.

Send the above documents to:

NH PDIP Client Services Group
c/o PFM Asset Management LLC
P.O. Box 11760
Harrisburg, PA 17108-1760

Or fax to (888) 535-0120

Buying Shares

Once an Investor's application has been received and accepted by the Program Administrator, an investment in the Pool can be made using one of the methods in the table below. Funds used to purchase investments must be in U.S. dollars and must be drawn on a U.S. Bank or a U.S. branch of a foreign bank.

NH PDIP may charge fees to an Investor when a wire is not received on the expected settlement date, when an ACH transfer is refused, or when a deposited check is refused by the paying bank.

All investments must meet the terms described in the "Pool Summary" section in Part I of this Information Statement.

Method	Instructions	Additional information
Wire (same-day settlement)	<ul style="list-style-type: none"> • Initiate the transaction on the Internet at www.nhpdip.com or by calling the Program Administrator at (844) 464-7347 before 2:00 p.m. Eastern Time. • Provide the following information: <ul style="list-style-type: none"> — Investor's account name and account number — Amount being wired — Name of bank sending wire • Instruct your bank to initiate the wire on the same day to U.S. Bank National Association. Detailed instructions can be obtained on the Internet at www.nhpdip.com or by calling the Program Administrator at (844) 464-7347. 	<ul style="list-style-type: none"> • The Pool does not charge fees for receiving wires. However, the sending bank may charge for wiring funds. To reduce potential charges use ACH transfer, which is described below. • Important—An Investor must initiate an Internet transaction or notify the Program Administrator by telephone of a deposit before 2:00 p.m. Eastern Time, and a Federal Reserve wire or bank wire convertible to Federal Funds on a same-day basis must be received that day by the Custodian if the investment is to begin earning income that day. • It is your responsibility as an Investor to ensure that immediately available funds are received by NH PDIP on the expected settlement date. • The Pool reserves the right to charge a fee for funds not received on the settlement date.

Method	Instructions	Additional information
ACH transfer (settles next Business Day)	<ul style="list-style-type: none"> ● Before making your first transfer, call the Program Administrator at (844) 464-7347 and register for ACH transfers. ● An Investor may initiate an Internet transaction at www.nhpdip.com or by calling the Program Administrator at (844) 464-7347 prior to 4:00 p.m. Eastern Time, and giving instructions for the movement of funds from its financial institution to its designated Pool account. 	<ul style="list-style-type: none"> ● Funds will transfer overnight and begin earning income the next Business Day. ● When using ACH to purchase Shares, the Program Administrator will instruct the Custodian Bank to withdraw funds from the Investors designated bank account. Before initiating an ACH, the Investor must provide written instructions designating the bank from which funds will be withdrawn. The written instructions must be signed by an authorized person. ● An Investor must notify the Program Administrator in writing of any changes to the specified banking instructions. ● The Pool reserves the right to charge a fee for funds not received on settlement date. Including non-receipt due to an Investor's bank account having an ACH filter or ACH block.
Check (settles two or more Business Days after the order arrives)	<ul style="list-style-type: none"> ● Instructions for depositing checks by mail are available by contacting the Program Administrator at (844) 464-7347. ● Checks will be deposited when received by the Custodian, and proceeds will be invested when they are converted to fully available Federal Funds. This procedure may take two or more Business Days. 	<ul style="list-style-type: none"> ● It is not advisable to use checks for investment of proceeds of tax-exempt borrowings.
Online	<ul style="list-style-type: none"> ● Before making your first online transaction, submit a Contact Record Form, which may be obtained either by calling the Program Administrator at (844) 464-7347 or by visiting www.nhpdip.com. ● Use EON to place wire or ACH orders with the Program Administrator. ● When buying shares by wire, instruct your bank to initiate the wire on the same day to U.S. Bank National Association. Detailed instructions can be obtained on the Internet at www.nhpdip.com or by calling the Program Administrator at (844) 464-7347. 	

Redeeming Shares

An Investor may withdraw all or any portion of the funds in its Pool account at any time by redeeming Shares. Shares will be redeemed at the NAV per share next determined after receipt of a request for withdrawal in proper form.

The NAV determination is made at the conclusion of each Business Day. Funds may be withdrawn in any of the ways shown below.

Method	Instructions	Additional information
Wire (same-day settlement)	<ul style="list-style-type: none"> Initiate the transaction on the Internet at www.nhpdip.com or call the Program Administrator at (844) 464-7347 on any Business Day to request a withdrawal and the transfer of proceeds. If your request is received before 2:00 p.m. Eastern Time, funds will be wired on that same day. Requests received after 2:00 p.m. Eastern Time will be processed on the following Business Day. 	<ul style="list-style-type: none"> Funds may be transferred from the Pool by wire only according to the written banking instructions provided by an authorized person of the Investor. An Investor must notify the Program Administrator in writing of any changes to the specified banking instructions. Wire requests will not be honored if there is an insufficient Share balance to pay the wire.
ACH transfer (settles next Business Day)	<ul style="list-style-type: none"> Before making your first transfer, call the Program Administrator at (844) 464-7347 and register for ACH transfers. Initiate the transaction on the Internet at www.nhpdip.com or by calling the Program Administrator at (844) 464-7347 before 4:00 p.m. Eastern Time, and giving instructions for the movement of funds to its financial institution from its designated Pool account. 	<ul style="list-style-type: none"> Funds will transfer overnight and be available the next Business Day. Funds will remain invested in the Investor's designated Pool account until the day they are transferred. Funds may be transferred from the Pool by ACH to the financial institution designated in writing by an authorized person of the Investor. An Investor must notify the Program Administrator in writing of any changes to the specified banking instructions. The Pool will charge a fee for ACH redemptions that cannot be honored due to insufficient funds or other valid reasons.
Online	<ul style="list-style-type: none"> Before making your first online transaction, submit a Contact Record Form, which may be obtained either by calling the Program Administrator at (844) 464-7347 or by visiting www.nhpdip.com. Use EON to place wire or ACH orders with the Program Administrator. 	

Emergencies: Right to Suspend Withdrawals

The New Hampshire Banking Commissioner or the Program Administrator may suspend the right of withdrawal from the Pool or postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the New Hampshire Banking Commissioner or the Program Administrator, an emergency exists such that disposal of the Pool's securities or determination of its net asset value is not reasonably practicable.

If the right of withdrawal is suspended, an Investor may either withdraw its request for that withdrawal or receive payment based on the net asset value of the Pool next determined after the right of withdrawal is reinstated.

Other Redemption Policies

The Pool may redeem Shares owned by an Investor to reimburse the Pool for any failure by that Investor to make full payment for Shares purchased by the Investor.

Redemption payments may be made in whole or in part in securities or other property of the Pool. Investors receiving any such securities or other property on redemption will bear any costs of sale.

Additional Account Features

The Pool offers certain additional account features at no extra charge, including:

- **Statements** Confirmations of each investment in and withdrawal from a Pool account will be made available online at www.nhpdip.com within two days of the transaction. A statement of each account will be provided online at www.nhpdip.com or mailed to specific statement recipients each month to each Investor. This statement will show the dividend paid and the account balance as of the statement date. The statement will also show total dividends paid during the calendar or fiscal year.
- **Information Services** Toll-free telephone service (844) 464-7347 is available to provide Investors with information including current yield, up-to-date account information and transaction history, and to receive instructions for the investment or withdrawal of funds.
- **Website** Account information and information regarding the Pool can be found at www.nhpdip.com. Investors can initiate transactions or access account information using the EON. Unique user names and passwords are assigned to each individual accessing EON and multi-factor authentication is required for all

EON access sessions. The system can be accessed through the Pool's website by selecting "Account Access." Instructions on how to setup EON access can be received by contacting the Program Administrator at (844) 464-7347.

- **Information on Pool Holdings** The Pool discloses a summary of its holdings online monthly as of 60 days prior and a full description of holdings in the annual audited financial reports.

Tax Information

We suggest that you check with your tax advisor before investing in the Pool. Relevant considerations include:

- Section 115(1) of the Internal Revenue Code, which provides that the gross income of a state or political subdivision does not include income derived from the exercise of any essential government function.
- Section 148 of the Internal Revenue Code (and related regulations) covering arbitrage rebate requirements and limitations, which may apply to anyone investing tax-exempt or tax-credit bond proceeds. States and municipalities may be required to pay the U.S. Treasury a portion of earnings they derive from the investment of tax-advantaged bond proceeds.

Use of Amortized Cost

The New Hampshire Banking Commissioner has determined, in consultation with the Program Administrator, that it will manage the Pool in accordance with GASB 79 requirements, as applicable, for continued use of amortized cost.

Financial Highlights

The Pool's audited financial statements are included in the NH PDIP Annual Report for the Pool's fiscal year then ended. The most recent Annual Report is available online at www.nhpdip.com or upon request.

Part 2 – Information Statement Addendum

General Information

Overview - The New Hampshire Public Deposit Investment Pool

History and Purpose

Pursuant to RSA 383:22-24, the State of New Hampshire Bank Commissioner, with the assistance of an Advisory Committee, has established and operates the New Hampshire Public Deposit Investment Pool. The Pool was established for the purpose of investing funds of the State of New Hampshire, funds under custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions and all other public units within, or instrumentalities of, the State of New Hampshire. The Pool cannot accept funds for investment from other sources. The Pool commenced operations on April 14, 1993.

Organization and Purpose

The Pool provides Investors comprehensive investment management and accounting services.

The net income of the Pool is calculated daily and dividends are declared daily and paid monthly. Each month, dividends are automatically re-invested in Shares of the Pool (*see Part 2 - Daily Income and Dividends of the Pool*).

The Pool seeks to provide Investors with the following features:

Preservation of Principal Investments in the Pool are made only in securities approved by the New Hampshire Bank Commissioner with the assistance of the Advisory Committee, and in accordance with policies designed to preserve capital. While the Pool seeks to maintain a stable NAV of \$1.00 per Share, it is possible to lose money investing in the Pool. **An investment in the Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

Liquidity Investments in the Pool may be made, and Investors may withdraw funds from the Pool on any Business Day.

Income The Pool seeks to earn a competitive rate of income consistent with preserving principal and maintaining liquidity.

Convenience The Pool offers the option of investing by electronic funds transfer or check. Investors that invest the proceeds of debt issues in the Pool do not have to schedule investment maturities to meet project draw schedules. Investors can use the Internet to check account balances and activity, and to initiate transactions.

Professional Management Investments in the Pool are managed by investment professionals who are experienced in managing local government investment pools who follow both general economic and current market conditions affecting interest rates.

Diversification The Shares of the Pool represent beneficial interests in a diversified portfolio of high-quality instruments approved for investment by the New Hampshire Bank Commissioner with the assistance of the Advisory Committee.

Accounting, Safekeeping and Separate Accounts The Pool accounts for each Investor's funds in compliance with governmental accounting and auditing requirements, and does all of the bookkeeping and safekeeping associated with the ownership of securities.

The Pool also provides recordkeeping.

For further information or assistance, call toll free (844) 464-7347.

Cooperation and Management Agreement

Copies of the Cooperation and Management Agreement may be obtained from the Program Administrator or online at www.nhpdip.com and should be read carefully before investing in the Pool. All descriptions contained in this Information Statement are subject to and limited by provisions set forth in the Cooperation and Management Agreement.

Each Share represents an equal proportionate interest in the Pool with each other outstanding Share. Upon redeeming Shares, an Investor receives the current net asset value per Share. If liquidation of the Pool should occur, Investors will be entitled to receive their proportionate share of the assets of the Pool less any liabilities of the Pool including, but not limited to, all expenses, costs, charges and reserves attributable to the Pool, as well as their proportionate share of any general assets and liabilities of the Pool. The Shares of the Pool are fully paid and non-assessable and have no preemptive or conversion rights.

Investors can sell Shares or purchase additional Shares in accordance with the procedures outlined in Part 1 of this Information Statement.

The right to conduct the affairs of the Pool is vested exclusively in the New Hampshire Bank Commissioner in accordance with applicable RSA provisions, and the Investors shall have no interest therein other than the beneficial interest conferred by their Shares, and they shall have no right to call for any partition, division, dividend or distribution of any property, profits, rights or interests nor can they be called upon to assume any losses of the Pool or suffer an assessment of any kind by virtue of their ownership of Shares.

Upon the termination of the Pool, and after paying or adequately providing for the payment of all liabilities and upon receipt of such releases, indemnities and refunding agreements as they may deem necessary for their protection, the Pool may distribute the remaining Pool assets, in cash or in kind or partly in cash and partly in kind, among the Investors according to their respective beneficial interests.

The New Hampshire Bank Commissioner and the Advisory Committee

The Pool is currently governed by the State of New Hampshire Bank Commissioner with the assistance of the Advisory Committee. These individuals are responsible for setting overall policies and procedures for the Pool and for hiring and supervising the activities of the Program Administrator, the Custodian, and other agents of the Pool and monitoring the investment performance of the Pool and the method of valuing its Shares. The names of the current Bank Commissioner and Advisory Committee members are available online at www.nhpdip.com.

Service Providers

Investment Adviser and Program Administrator PFM Asset Management LLC, an investment advisory firm with an office at 213 Market Street, Harrisburg, PA 17101, is the Pool's Investment Adviser and Program Administrator. The daily management of the investment affairs and research relating to the Pool is conducted by or under the supervision of the Program Administrator. The Program Administrator is registered under the Investment Advisers Act of 1940. Shares of the Pool are distributed by the Program Administrator's wholly owned subsidiary, PFM Fund Distributors, Inc., a member of FINRA and subject to the rules of the MSRB. PFM Asset Management LLC was established by the participants of Public Financial Management, Inc. in July 2001 to conduct the investment advisory business in which Public Financial Management, Inc. had been engaged since 1980. The Program Administrator is also the investment manager and/or program administrator for 17 other local government investment pool programs, which provide services similar to those provided by the Pool, and for two registered investment company.

Advisory Services. The Program Administrator manages the investment of the assets of the Pool, including the placement of orders for the purchase and sale of investments, pursuant to the Advisory Agreement. The Program Administrator obtains and evaluates such information and advice relating to the economy and the securities markets as it considers necessary or useful to manage continuously the assets of the Pool in a manner consistent with the Pool's investment objectives and policies. The Program Administrator also administers and maintains the Pool's website which provides access to EON. The Advisory Agreement will remain in effect until the specified termination date, unless terminated sooner, and may not be assigned by the Program Administrator without the consent of the New Hampshire Bank Commissioner and Advisory Committee. The Advisory Agreement may be terminated by the Program Administrator, at any time and without penalty, upon at least one hundred eighty (180) days prior written notice to the other party, and unless terminated, shall be in force until midnight on June 21, 2025. The Advisory Agreement may be terminated by the New Hampshire Bank Commissioner and the Advisory Committee on not less than thirty (30) days' notice to the Program Administrator.

Investment Transactions. The Program Administrator is responsible for decisions to buy and sell securities for the Pool, and arranges for the execution of security transactions on behalf of the Pool. Purchases of securities are made from dealers, underwriters and issuers. Sales prior to maturity are made to dealers and other persons. Money market instruments bought from dealers are generally traded on a “net” basis, with dealers acting as principal for their own accounts without a stated commission, although the price of the instrument usually includes a profit to the dealer. Thus, the Pool does not normally incur any brokerage commission expense on such transactions. Securities purchased in underwritten offerings include a fixed amount of compensation to the underwriter, generally referred to as the underwriter’s commission or discount. When securities are purchased or sold directly from or to an issuer, no commissions or discounts are paid.

The policy of the Pool regarding purchases and sales of securities is that primary consideration will be given to obtaining the most favorable price and efficient execution of transactions. In seeking to implement this policy, the Program Administrator will effect transactions with those dealers whom the Program Administrator believes provide the most favorable price and efficient execution. If the Program Administrator believes such price and execution can be obtained from more than one dealer, it may give consideration to placing portfolio transactions with those dealers who also furnish research and other services to the Pool. Such services may include, but are not limited to, any one or more of the following: information as to the availability of securities for purchase or sale; statistical or factual information or opinions pertaining to investments; wire services; and appraisals or evaluations of portfolio securities. The services received by the Program Administrator from dealers may be of benefit to it in the management of accounts of some or all of its other clients and may not in all cases benefit the Pool directly. While such services are useful and important in supplementing its own research and facilities, the Program Administrator believes the value of such services is not determinable and does not significantly reduce its expenses. The Pool does not reduce the management fee paid to the Program Administrator by any amount that may be attributable to the value of such services.

Administrative Services. The Program Administrator also provides the following administrative services to the Pool in accordance with the Advisory Agreement:

- *Customer Service.* Operation of an Internet website and a toll-free telephone facility to be used exclusively by Investors or by Public Entities in the State of New Hampshire that are interested in investing in the Pool.
- *Administration and Marketing.* Maintenance of the books and records of the Pool, including Investor account records; supervision, under the general direction of the New Hampshire Bank Commissioner with the assistance of the Advisory Committee, of all administrative aspects of operations; periodic updating and preparation of the Information Statement; preparation of tax returns, financial statements and reports for the Pool; supervision and coordination of the activities of the Custodian; determination of dividends and net asset value of the Pool in accordance with the policies of the Pool; provision of office space, equipment and personnel to administer the Pool; printing and distribution of the Information Statement; preparation and distribution of other explanatory and promotional materials, and provision of technical assistance and guidance to Public Entities considering use of the Pool as an investment vehicle.
- *Investor Account Reports.* Preparation and provision to Investors of confirmation of each Investor investment and redemption transaction, and of monthly statements summarizing transactions, earnings, and assets of each Investor account.

Custodian U.S. Bank National Association, Minneapolis, Minnesota, is the custodian for the Pool. The Custodian holds cash and securities of the Pool and also performs certain check writing services at the request of the Investor as coordinated by the Program Administrator. The Custodian does not participate in determining the investment policies of the Pool or in investment decisions. The Pool may invest in the Custodian’s obligations and may buy or sell securities through the Custodian. Securities purchased under certain repurchase agreements may be held by other custodians agreed to by the Program Administrator on the Pool’s behalf, and the other parties to the repurchase agreements.

Auditor The financial statements of the Pool are audited annually. RSM US LLP is the auditor for the Pool.

Expenses of the Pool

The Pool has entered into arrangements for investment management, custodial, accounting, and audit services. All costs and expenses associated with the management of the Pool are paid by the Program Administrator from the fees paid to it by the Pool. All expenses related to operation of the Pool are paid from the income of the Pool (*see “Daily Income and Dividends of the Pool”*).

The Program Administrator is paid an annual fee in monthly installments based on the following percentages of the average daily net assets of the Pool:

Average Daily Net Assets	Annual Rate
First \$150 million	0.25%
Next \$150 million	0.20%
Next \$250 million	0.17%
Next \$500 million	0.14%
Over \$1.05 billion	0.12%

The Program Administrator may, but shall not be obligated to, reduce a portion of its fees to assist the Pool in an attempt to maintain a positive yield. In the event that the Program Administrator elects to initiate a fee reduction, such fee reduction shall be applicable to the computation of the net asset value (“NAV”) of the Pool on any day in which a fee reduction is applied. At any time after a fee reduction has been terminated, the Program Administrator may elect to have the amount of its accumulated reduced fees restored in whole or in part under the conditions described in its Fee Deferral Agreement with the Pool by way of a payment of fees in excess of the rate it was entitled to, prior to any fee reduction, all as set forth in the Fee Deferral Agreement.

Under the prior Advisory Agreement, the Program Administrator agreed to waive fees necessary such that the total “annual operating expenses” of the Pool did not exceed 0.20% of its average daily net assets through June 22, 2016. “Annual operating expenses” generally include all expenses of the Pool (including investment management, administration, marketing, custodial, accounting and audit fees).

Tax Matters

Pursuant to Section 115(1) of the Internal Revenue Code, federal gross income does not include income derived from the exercise of any essential governmental function that accrues to a state or any political subdivision of a state.

Arbitrage Rebate The Internal Revenue Code generally requires issuers of tax-exempt obligations to rebate to the federal government their arbitrage profits derived from investment of gross proceeds in nonpurpose obligations. Various exceptions from the rebate requirements are available, and each Investor should consult with its bond counsel to determine whether and to what extent appropriate exceptions might be available. The investment by Investors of gross proceeds of debt issues in the Pool will be an investment in a nonpurpose obligation and will be taken into account in determining any rebate liability.

Treatment of Administrative Costs of the Pool U.S. Treasury Regulations Title 26 Section 1.148-5 limits the ability for the expenses of an external commingled fund, like the Pool, to be treated as qualified administrative costs within the arbitrage rebate and yield restriction liability calculations. The limitations apply to an external commingled fund in which an individual investor owns more than 10% of the beneficial interest of the fund. From time to time, the Pool may contain one or more investors that individually own more than 10% of the beneficial interest of the fund. Therefore, Investors should consider the use of the gross yields of the Pool in all arbitrage rebate and yield restriction liability calculations.

The foregoing summary of federal income tax matters affecting Investors in the Pool does not purport to be complete. Investors should consult their bond counsel for advice as to the application of federal income tax law to their particular investment in the Pool.

Arbitrage Rebate Compliance

To further the objective of providing Investors with simplified arbitrage rebate compliance for proceeds of tax-exempt borrowings, the Pool has adopted the following recommended set of practices. The Program Administrator strongly recommends that they be followed to minimize the Investor's rebate compliance costs.

1. An Investor should deposit all the proceeds of a debt issue subject to arbitrage rebate in the Pool on the same day as they are received by the Investor. This will enable the Investor to track the investment and expenditure of these funds.
2. An Investor should identify all the proceeds of a debt issue subject to the same yield at the time of initial investment. A separate account should be established for each fund or group of funds having a different yield by completing an Account Application. The Program Administrator will provide advice on the number and type of accounts that will be needed to provide a clear audit trail.
3. Federal tax law requires issuers of tax-exempt obligations either to make certain rebate payments to the Federal government or to meet certain expenditure guidelines. If the Investor expects to meet one of the expenditure exceptions, it should notify the Program Administrator when making its initial investment so the Program Administrator can provide information regarding the expenditure of the proceeds of an issue.
4. If the Investor expects to make rebate payments, it should note that Federal tax law requires issuers of tax-exempt obligations to meet certain rebate payment requirements at least every five years. However, an Investor may need to account for its rebate liability on an annual basis. The Program Administrator can provide assistance with the preparation of rebate calculations, if requested. There will be a separate charge for each rebate calculation report (see Part 2 - Rebate Calculation Services for the Proceeds of Debt Issues).
5. If the Investor is eligible and has elected to pay a penalty in lieu of making rebate payments, it should notify the Program Administrator by designating this on Schedule A - Bond Issue Information when making its initial investment.
6. It is recommended that Investors not draw down the entire proceeds of a debt issue account before providing for any rebate requirement or penalty payment.

If any Investor and any parties related to the Investor own more than ten percent (10%) of the Shares of the Pool, such ownership may adversely affect the rebate liability of all Investors (see "Tax Matters").

Documentation of Market Price The Program Administrator will follow certain procedures to document that investments are purchased at a "market price" in accordance with requirements of the Internal Revenue Code and related rulings and regulations. These procedures include obtaining three bids or offers for all securities transactions on the secondary market, documenting transaction prices using independent pricing services, and following practices to avoid making "prohibited payments" or receiving "imputed receipts" (as these terms are used in the applicable U.S. Treasury regulations) that improperly reduce the yield on investments.

Rebate Calculation Services for the Proceeds of Debt Issues

With respect to proceeds of tax-exempt borrowings invested in the Pool, including funds whose cash flows are tracked through Investor accounts in the Pool, the Program Administrator will, upon request, provide interim rebate calculation estimates to enable Investors to estimate rebate liabilities for financial reporting purposes.

The Program Administrator will provide each Investor who so requests with a rebate calculation report for any given report period that summarizes calculations of:

- The allowable investment yield;
- Investment activities for the Report Period; and
- A calculation of the rebate liability at the end of the Report Period using the methodology prescribed by the applicable U.S. Treasury regulations.

When an account for the proceeds of a debt issue is opened, the Program Administrator will request certain information from an Investor, including information necessary to permit scheduling of the rebate calculation report or Rebate Exceptions Compliance Report. The Program Administrator will require additional information from an Investor, including copies of the official statement, non-arbitrage or tax certificate, debt issue resolution and similar documents, before the first such rebate calculation report or Rebate Exceptions Compliance Report can be prepared.

Normally, the rebate calculation report will be completed and furnished to the Investor for each debt issue no later than thirty (30) days after the Installment Computation Date, provided that the Investor has authorized its preparation and provided the necessary information to the Program Administrator, but an Investor may request that a rebate calculation report be completed at shorter intervals. Every effort will be made to honor such requests although no assurance can be given that reports can be completed in a shorter time period.

If an account is opened for the proceeds of a debt issue that have been invested outside of the Pool, the Program Administrator will require a rebate calculation report from the date of debt issuance to the date of investment in the Pool.

There will be a separate charge for each rebate calculation report. The fee for a rebate calculation report prepared by the Program Administrator will be billed separately to the Investor at the following rates for debt issues, the proceeds of which are invested exclusively through the Pool from their date of issuance until the date of calculation of the rebate calculation report:

Years of Investment Activity	Fee
1	\$1,250
2	\$1,600
3	\$1,950
4	\$2,300
5	\$2,650

There will be additional charges for refundings requiring allocations of transferred proceeds and for other calculations involving more extensive services. For proceeds of tax-exempt debt issues invested outside the Pool, due to differences of elapsed time since the issuance of the debt, types of investments, volume and type of transactions, number of funds, and condition and availability of records, the Program Administrator cannot charge a standard fee. However, at the request of the Investor, the Program Administrator will provide an estimated cost based on the Investor's specific circumstances.

In addition to the rebate calculation services offered by the Program Administrator, Investors also have the option of contracting directly with another service provider for rebate calculation services. If another service provider is used, the scope of the services provided and the fees charged are entirely the responsibility of the Investor and its service provider.

Information on the Pool

The Pool is organized and operated in a manner and in accordance with investment objectives and policies intended to:

- Preserve principal.
- Provide liquidity so that Investors may have ready access to their pooled funds.
- Provide as competitive a level of current income as is consistent with preserving principal and maintaining liquidity.
- Place investments, document investment transactions, and account for all funds in a manner that is in accordance with the arbitrage rebate provisions of the Internal Revenue Code and applicable regulations, rulings and procedures for the proceeds of tax-exempt debt issues.

There can be no assurance that the investment objectives of the Pool will be achieved.

Authorized Investments

The Program Administrator will invest available cash in the Pool exclusively in the following investments, which are investments authorized by the New Hampshire Bank Commissioner with the assistance of the Advisory Committee. Except as otherwise provided in sub-paragraph (1) under "Investment Restrictions" below, a change in authorized investments requires approval of the New Hampshire Bank Commissioner with the assistance of the Advisory Committee.

- 1) United States Treasury notes, bonds, or bills (fixed and floating rate) for which the full faith and credit of the United States are pledged for the payment of principal and interest, provided that Treasury floating rate notes may not exceed fifty percent (50%) of the assets of the Pool;

- (2) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises, limited to Fannie Mae (“FNMA”), Federal Home Loan Bank (“FHLB”), Freddie Mac (“FHLMC”), Federal Farm Credit Banks (“FFCB”), and Tennessee Valley Authority (“TVA”). Any Federal agency and GSE floating rate notes must reset no less frequently than quarterly and cannot exceed fifty percent (50%) of the assets of the Pool. The following floaters are prohibited: Range, inverse or leveraged floaters, capped floaters and Cost of Funds Index (“COFI”) or Constant Maturity Treasury Index (“CMT”) floaters;
- (3) Asset-backed securities rated AAA/Aaa by Standard and Poor’s and Moody’s or the equivalent short term ratings (A-1+/P-1), backed by credit card or auto loan receivables, provided that such securities may not exceed ten percent (10%) of the assets of the Pool; and no more than five percent (5%) of the Pool’s assets are invested in the asset-backed securities of any one issuer;
- (4) State of New Hampshire and New Hampshire municipality obligations rated A-/A3 or better by Standard and Poor’s and Moody’s, provided that such securities have a remaining maturity less than or equal to 365 days; no more than five percent (5%) of the Pool’s assets are invested in any one issuer and overall municipal obligations may not exceed twenty percent (20%) of the assets of the Pool;
- (5) Government money market mutual funds, provided that such investments may not exceed twenty percent (20%) of the assets of the Pool; and no more than ten percent (10%) of the Pool’s assets are invested in any one fund;
- (6) Commercial paper rated A-1 or better by Standard and Poor’s and a comparable rating by another Nationally Recognized Statistical Rating Organization (“NRSRO”); provided that its maturity may not exceed two hundred and seventy (270) days; no more than five percent (5%) of the assets of the Pool may be invested in the commercial paper of any single corporate issuer; and the entity that issues the commercial paper must have total assets in excess of five hundred million dollars (\$500,000,000); **additional restrictions apply – see Item (6) under Investment Restrictions;**
- (7) Bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers’ acceptances) rated A-1 or better by Standard and Poor’s and a comparable rating by another NRSRO; provided that its maturity may not exceed one hundred eighty (180) days; no more than five percent (5%) of the assets of the Pool may be invested in bankers’ acceptances of any single corporate issuer; and the entity that issues the bankers’ acceptances must have total assets in excess of five hundred million dollars (\$500,000,000); **additional restrictions apply – see Item (6) under Investment Restrictions;**
- (8) Negotiable certificates of deposits rated A-1 or better by Standard and Poor’s and a comparable rating by another NRSRO for maturities less than one year; A or better by Standard and Poor’s and a comparable rating by another NRSRO for maturities greater than one year; no more than five percent (5%) of the assets of the Pool may be invested in the certificates of deposit of any single corporate issuer; and the entity that issues the certificates of deposit must have total assets in excess of five hundred million dollars (\$500,000,000); **additional restrictions apply – see Item (6) under Investment Restrictions;**
- (9) Repurchase agreements with respect to securities described in paragraphs (1) and (2) above executed with primary dealers rated A1 or higher by Standard and Poor’s (or possess a guarantee that has been reviewed by Standard and Poor’s from a rated parent) or P-1 by Moody’s, provided that the term of any such repurchase agreement shall be 90 days or less at the time of purchase and that repurchase agreements greater than 7 days without a Put options may not exceed ten percent (10%) of the assets of the Pool; limited to twenty five percent (25%) per counterparty for agreements with overnight maturities and ten percent (10%) per counterparty for agreements with maturities greater than 1 business day;
- (10) Collateralized bank deposits or certificates of deposit, provided that such investments may not exceed forty percent (40%) of the assets of the Pool; no more than ten percent (10%) of the assets of the Pool may be invested with any single issuer; acceptable collateral includes: FHLB LOC, U.S. Treasury Bills, Notes, and Bonds, fixed-rate U.S. Government Agencies, restricted to FNMA, FHLB, FHLMC, FFCB, and TVA, and tri-party agreements;
- (11) Certificates of deposit insured by the FDIC (Federal Deposit Insurance Corporation) or NCUA (National Credit Union Administration);
- (12) Debt obligations issued by corporations organized under the laws of the United States or any state. All such debt obligations purchased by the Fund shall be rated at least A or better by Standard and Poor’s and a comparable rating by another NRSRO; No more than five percent (5%) of the assets of the Pool may be invested in a corporate obligation of any single corporate issuer. **Additional restrictions apply – see Item (6) under Investment Restrictions;**

Obligations of Agencies or Instrumentalities of the United States Government Certain short-term obligations of agencies or instrumentalities of the United States Government purchased for the Pool may be backed only by the issuing agency or instrumentality and may not be backed by the full faith and credit of the United States Government. For example, Fannie Mae and Freddie Mac have agreements with the U.S. Treasury to provide them with capital in exchange for senior preferred stock. Securities issued by the Federal Home Loan Banks are supported only by the credit of the agency and not by the United States Government, and securities issued by the Federal Farm Credit System are supported by the agency's right to borrow money from the U.S. Treasury under certain circumstances.

Repurchase Agreements A repurchase agreement involves the sale of securities to the Pool and the concurrent agreement by the seller to repurchase the securities within a specified period of time at an agreed upon price, thereby establishing the yield during the buyer's holding period. The yield established for the repurchase agreement is determined by current short-term rates and may be more or less than the interest rate on the underlying securities. The securities underlying a repurchase agreement are, in effect, collateral under the agreement. Securities purchased by the Pool and subject to repurchase agreements are limited to the obligations of the United States Government and agencies of the United States, but may have maturities longer than one year. At the time a repurchase agreement is made, the underlying securities will have a market value at least equal to one hundred and two percent (102%) of the price plus the price differential. If an agreement is in effect for more than one day, the Program Administrator is responsible for monitoring the value of the underlying securities and, in the event their value drops below one hundred and two percent (102%) of the price plus price differential, the counterparty to the repurchase transaction is required to provide additional securities or money within one Business Day so that the value of the collateral is not less than one hundred and two percent (102%) of the price plus price differential. All securities underlying repurchase agreements are required to be delivered to the Custodian or to another custodian agreed to by the Pool and the counterparty. At the expiration of each agreement, the Custodian receives payment of the price plus price differential as a condition for the transfer of the underlying securities to the counterparty. If the counterparty fails to pay the agreed upon price plus price differential on the repurchase date, the risks to the Pool would include any difference between the liquidation value of the underlying securities and the price plus price differential, any costs of disposing of such securities, any costs related to foreclosure, and any loss resulting from a delay in foreclosing on such securities.

The Pool's investment policies and objectives require that all Pool investments have a remaining maturity of three hundred ninety-seven (397) days or less at the time of purchase (except for floating rate and variable rate notes issued by the U.S. Government or its agencies or instrumentalities, which must have remaining maturities of 730 days or less), and that the dollar-weighted average maturity of Pool investments will not exceed sixty (60) days, and that the dollar-weighted average life (portfolio maturity computed to final maturity without regard to interest rate adjustments on investments) will not exceed one hundred and twenty days (120) days. The repurchase date of a repurchase agreement is used to determine its maturity. Debt obligations purchased by the Pool may have interest rates that are periodically adjusted at specified intervals or whenever a reference rate or index changes. These adjustable rate securities may have demand features which give the Pool the right to demand repayment of principal on specified dates or after giving a specified notice. Adjustable rate securities and securities with demand features that meet the definition of "Adjustable Rate Government Securities" in Rule 2a-7 of the Investment Company Act of 1940 Rules and Regulations may be deemed to have maturities shorter than their stated maturity dates.

The Pool is not registered as an investment company under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and, accordingly, is not subject to the provisions of the Investment Company Act of 1940 and the rules and regulations promulgated thereunder including rules relating to registered money market mutual funds.

Since the yield on the Pool may fluctuate daily, Investors should consult with their counsel or financial adviser as to the appropriateness of investing proceeds of tax-exempt bonds in the Pool in the event that covenants with bondholders or provisions of the Internal Revenue Code restrict the yield on investment of the bond proceeds.

The authorizing statute, charter, or bylaws of a Public Entity or the trust indenture or ordinance or resolution under which the debt obligations of a Public Entity are issued or its funds are invested, may contain investment restrictions which prohibit or otherwise limit investment in one or more of the above-described investments. Accordingly, the Public Entity should consult with their legal counsel or financial adviser regarding the legality of investing bond proceeds in the Pool prior to participating in the Pool or investing in the Shares issued by the Pool.

Investment Restrictions

The following investment restrictions and fundamental policies, which, except as otherwise provided in (1) below, may be changed only by approval of the New Hampshire Bank Commissioner with the assistance of the Advisory Committee. The Pool will not:

- (1) Purchase any securities other than those described above under “Authorized Investments” unless changed by the New Hampshire Bank Commissioner with the assistance of the Advisory Committee.
- (2) Invest in securities of any issuer in which an Advisory Committee member, Officer, employee, agent or adviser of the Pool is an officer, director or ten percent (10%) shareholder unless such investment is periodically authorized by resolutions adopted by the New Hampshire Bank Commissioner with the assistance of the Advisory Committee members who are not officers, directors or ten percent (10%) shareholders of such issuer.
- (3) Make loans, except that the Pool may enter into repurchase agreements.
- (4) Borrow money or pledge, hypothecate or mortgage its assets to an extent greater than twenty percent (25%) of the market value of the total assets of the Pool, and then only as a temporary measure for extraordinary or emergency purposes to facilitate withdrawal requests which might otherwise require untimely dispositions of portfolio securities. All such borrowings may be secured only by the assets of the Pool and must be repaid before the Pool makes any additional investments. Interest paid on such borrowings will reduce net income of the Pool.
- (5) Purchase the securities of any single issuer (other than obligations issued and guaranteed as to principal and interest by the government of the United States, its agencies or instrumentalities) if, as a result, more than ten percent (10%) of the Pool’s total assets would be invested in the securities of any one issuer.
- (6) Invest no more than seventy-five percent (75%) of the assets of the Pool in a combination of the following Short Term Investments: Commercial Paper, Negotiable Certificates of Deposit, Corporate Debt Obligations and Banker’s Acceptances;
- (7) Invest more than 10% of net assets in illiquid investments. Illiquid investments are securities that cannot be sold or disposed of in the ordinary course of business at approximately the value ascribed to it by the Pool. Illiquid investments include:
 - Restricted investments (those that, for legal reasons, cannot be freely sold).
 - Fixed time deposits with a maturity of more than seven days that are subject to early withdrawal penalties.
 - Any repurchase agreement maturing in more than seven days and not terminable at approximately the carrying value in the Trust before that time.
 - Other investments that are not readily marketable at approximately the carrying value in the Trust.If the 10% limitation on investing in illiquid securities is adhered to at the time of investment, but later increases beyond 10% resulting from a change in the values of the Pool’s portfolio securities or total assets, the Pool shall then bring the percentage of illiquid investments back into conformity as soon as practicably possible. The Pool believes that these liquidity requirements are reasonable and appropriate to assure that the securities in which the Pool invests are sufficiently liquid to meet reasonably foreseeable redemptions of Shares.
- (8) Daily liquidity: Maintain a minimum 10% asset allocation in cash/U.S. Treasury securities, or securities that can be converted to cash/mature within one business day.
- (9) Weekly liquidity: Maintain a minimum 30% asset allocation in cash/U.S. Treasury securities, certain government agency securities (Discount Notes that mature within 60 days or less) or securities that can be converted to cash/mature within five business days.

Any percentage limitation or rating requirement described under “Authorized Investments” will be applied at the time of purchase.

Procedures for Investment in the Pool

Public Entities may purchase Shares of the Pool. Such purchase requires authorization by the governing body of the Public Entity and execution of the Cooperation and Management Agreement. A copy of the Cooperation and Management Agreement can be obtained by contacting the Program Administrator and is available on the Pool’s website (www.nhpdip.com).

Every prospective Investor in the Pool (or the applicable trustee of a debt issue) must complete an Account Application (available online at www.nhpdip.com or by calling the Program Administrator (844) 464-7347), and forward it along with a completed and executed Participation Certificate, to the Program Administrator at the following address:

NH PDIP Client Services Group
c/o PFM Asset Management LLC
P.O. Box 11760
Harrisburg, PA 17108-1760

There is no limit to the number of accounts that can be opened by an Investor. Additional Account Applications are provided for this purpose. The Program Administrator will notify the prospective Investor of its approval of the application(s) and the account number(s) assigned.

Instructions provided by the Investor in the Account Application will remain in effect until the Program Administrator receives written notification from the Investor to change them. Any changes to addresses, Account Applications, names or signatures of authorized officials, or other critical information will require appropriate documentation. Instructions or forms may be obtained by calling the Program Administrator at (844) 464-7347 or online at www.nhpdip.com.

Daily Income and Dividends of the Pool

As of 2:00 p.m. Eastern Time each Business Day, the daily net income (as defined below) of the Pool is determined and declared as a dividend to Investors of record as of the close of business on that day. Shares purchased as of 2:00 p.m. Eastern Time begin earning income dividends on the date of purchase. Shares redeemed as of 2:00 p.m. Eastern Time each day do not earn income for that day. Earnings for Saturdays, Sundays and holidays are declared on the previous Business Day, except for month end. Dividends declared are paid monthly on the last Business Day of each month, and are reinvested automatically in additional Shares of the Pool unless the Investor wishes to receive direct payment of a dividend or distribution. In the event that a direct payment of a dividend or distribution is requested by an Investor, the Program Administrator is authorized to instruct the Custodian to issue a Pool check making such payment to the Investor.

For the purpose of calculating dividends, net income of the Pool consists of interest earned, plus any discount ratably amortized to the date of maturity plus or minus all realized gains and losses on the sale of securities prior to maturity, less ratably amortization of any premium and all accrued expenses of the Pool, including the fees payable to the Program Administrator (see “Expenses of the Pool”).

Valuation of Pool Shares

The Program Administrator, on behalf of the Pool, determines the NAV of Shares of the Pool as of 2:00 p.m. Eastern Time on each Business Day. The NAV per Share of the Pool is computed by dividing the total value of the securities and other assets of the Pool, less any liabilities, by the total number of outstanding Shares of the Pool. Liabilities include all accrued expenses and fees of the Pool, including fees of the Program Administrator, which are accrued daily (see “Expenses of the Pool”).

For the purposes of calculating the NAV per Share of the Pool, investments held by the Pool will be valued at original cost, plus or minus any amortized discount or premium.

The result of this calculation will be a per Share value which is rounded to the nearest penny. Accordingly, the price at which Pool Shares are sold or redeemed will not reflect unrealized gains or losses on Pool securities which amount to less than \$.005 per Share. The Pool will endeavor to minimize the amount of such gains or losses. However, if unrealized gains or losses were to exceed \$.005 per Share, the amortized cost method of verification would not be used, and the NAV per Share of the Pool would change from \$1.00.

It is a fundamental policy of the Pool to maintain a NAV of \$1.00 per Share, but for the reasons discussed here, there can be no assurance that the NAV of the Pool’s Shares will not vary from \$1.00 per Share. The market value basis NAV per Share for a Pool may be affected by general changes in interest rates resulting in increases or decreases in the value of securities held by the Pool. The market value of such securities will tend to vary inversely to changes in prevailing interest rates. Thus, if interest rates rise after a security is purchased, such a security, if sold, might be sold at a price less than its amortized cost. Similarly, if interest rates decline, such a security, if sold, might be sold at a price greater than its

amortized cost. If a security is held to maturity, no loss or gain is normally realized as a result of these price fluctuations; however, withdrawals by Participants could require the sale of Pool securities prior to maturity.

The Program Administrator, and the New Hampshire Bank Commissioner (with assistance from the Advisory Committee) will periodically monitor, as they deem appropriate and at such intervals as are reasonable in light of current market conditions, the relationship between the amortized cost value per Share and a NAV per Share based upon available indications of market value. In the event that the difference between the amortized cost basis NAV per Share and market value basis NAV per Share exceeds 1/2 of 1 percent, the Program Administrator, New Hampshire Bank Commissioner (with assistance from the Advisory Committee) will consider what, if any, corrective action should be taken to minimize any material dilution or other unfair results which might arise from differences between the two. This action may include the reduction of the number of outstanding Shares by having each Investor proportionately contribute Shares to the Pool's capital, suspension or rescission of dividends, declaration of a special capital distribution, sales of Pool securities prior to maturity to reduce the average maturity or to realize capital gains or losses, transfers of Pool securities to a separate account, or redemptions of Shares in kind in an effort to maintain the net asset value at \$1.00 per Share. If the number of outstanding Shares is reduced in order to maintain a constant NAV of \$1.00 per Share, Investors will contribute proportionately to the Pool's capital the number of Shares that represents the difference between the amortized cost valuation and market valuation of the Pool. Each Investor will be deemed to have agreed to such contribution by its investment in the Pool.

To minimize the possible adverse effects of changes in interest rates and to help maintain a stable NAV of \$1.00 per Share, the Pool will maintain a dollar-weighted average portfolio maturity of not more than sixty (60) days, a dollar-weighted average life of not more than one-hundred and twenty (120) days and will not purchase any security with a remaining maturity of more than three hundred ninety-seven (397) days (except for floating rate and variable rate notes issued by the U.S. Government or its agencies or instrumentalities, which must have remaining maturities of 730 days or less), and will only invest in securities determined by the Program Administrator to be of high-quality with minimal credit risk.

Yield Information

Current yield information for the Pool may, from time to time, be quoted in reports, literature and advertisements published by the Pool. The current yield of the Pool, which is also known as the current annualized yield or the current seven-day yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a value of one Share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one Share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by $365/7$.

The Pool may also quote a current effective yield from time to time. The current effective yield represents the current yield compounded to assume reinvestment of dividends. The current effective yield is computed by adding 1 to the net change in account value (exclusive of capital changes and income other than investment income) over a seven-day base period, raising the sum to a power of $365/7$, and subtracting 1 from the result. The current effective yield will normally be slightly higher than the current yield because of the compounding effect of the assumed reinvestment.

The Pool also may publish a "monthly distribution yield" on each Investor's month-end account statement or provide it to Investors upon request. The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one Share (normally \$1.00 per Share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one Share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

At the request of the New Hampshire Bank Commissioner, or Investors, the Pool may also quote the current yield of the Pool from time to time on bases other than seven days for the information of its Investors.

The yields quoted by the Pool or any of its representatives should not be considered a representation of the yield of the Pool in the future, since the yield is not fixed. Actual yields will depend on the type, quality, yield and maturities of securities held by the Pool, changes in interest rates, market conditions and other factors.



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