

NEW HAMPSHIRE PUBLIC DEPOSIT INVESTMENT POOL

August 11, 2016

New Hampshire Banking Department
53 Regional Drive
Concord, NH 03301

MINUTES OF PUBLIC SESSION

Call the Meeting to Order: NH Banking Department Commissioner, Jerry Little, called the meeting to order at 9:00.

Attendance and Quorum: Attendance taken.

Present: Sharon Wickens, City of Manchester, NHGFOA; Shaun Thomas, NH Department of Revenue; William Dwyer, Treasurer, NH Department of the Treasury; Lyn Gelinias, Citizens Bank, NHBA; Christopher MacDonnell, Bank of NH; Jerry Little, Commissioner, NH Banking Department.

Also Present: Ingrid White, Deputy Commissioner, NH Banking Department; Emelia Galdieri, NH Banking Department; Doreen Sheppard, NH Banking Department; Barbara Fava, PFM; William Sullivan, PFM; and JoAnn Klatskin, PFM; and Jeffrey Rowe, PFM; Dan Hess, PFM, via telephone.

A quorum was established and the committee reviewed the draft minutes from the meeting of May 12, 2016. Ms. Fava suggested that the word “monthly” be inserted before “stress test” in the second to last paragraph on page one of the minutes. On page two, change “as” to “for” before LGIP. Add “79” after the word “rule”, in the first paragraph. Add “as” before “agent” in the second paragraph. Change “Molly” to “Molloy” in paragraph 6. Change the date of the May 2016 meeting from “11” to “12.” Bill Dwyer moved to accept minutes with amendments, seconded by Lyn Gelinias and VOTED Unanimously.

Ms. Fava reviewed the information statement under Tab V. Redemption checks are no longer being sent. Reviewed page 9 of the draft Information Statement. PFM recommends change to draft Information Statement to remove redemption by check language. Motion to accept change by Ms. Wicken, seconded by Chris Mr. MacDonnell and VOTED Unanimously.

Ms. Fava reviewed financial reports under Tab II. \$150,000,000 in the pool as of August 10, 2016. Bill Sullivan stated yield is .49.

Mr. Rowe of PFM reviewed market update under Tab III of booklet. Deputy White questioned whether investors will return to prime money market accounts once dust settles. Mr. Rowe stated probably will over time. Net asset value remains stable. Commissioner Little questioned difference between the net assets market value and the net assets market value under Tab II, page 9. Mr. Dwyer answered that it is for accrued interest. PFM is at one-year mark of managing pool. Been able to widen gap yield. Commissioner Little asked what happened a year ago to move line. Mr. Rowe stated PDIP switched to PFM. A change in policy allowed pool to take

advantage of different tools. Ms. Fava explained that prior manager had kept the fund short in anticipation of the change. Mr. Rowe discussed the stress test. Testing at more realistic levels; i.e., 75 basis points.

Ms. Fava commented that that the stress test is being discussed, although it does not need to be acted upon. Mr. Dwyer questioned whether the information is confidential. Ms. Fava stated it is not confidential because it is more than 30 days old. Commissioner Little referred to page 26; what board action required if pool “breaks the buck?” Ms. Fava explained options:

1. Upside break- sell at loss;
2. Sell at a loss;
3. Hold, continue to sell at \$1;
4. Suspend redemption;
5. Let share price drop below \$1.

Mr. Rowe added that there would have been thresholds met along the way. It would not have been sudden or necessarily unexpected. Mr. Dwyer asked whether S&P or SEC would be notified. Mr. Sullivan explained S&P notification. Commissioner Little asked if stress test is done more often in special circumstances. Ms. Fava answered that it is.

Ms. Fava reviewed the marketing update under Tab IV. Check redemption has been eliminated. PFM has absorbed overdraft fees thus far. Renewed interest by trustees of trust funds. New member from the Keene area.

Ms. Fava reviewed information under Tab VI. Legislative amendment to allow investors to by CDs through the pool. Would like to have NH banks participate. Mr. Sullivan stated that US Bank does not have a branch in NH. Ms. Klatskin stated that she has spoken with a couple of local banks that are, initially, interested. The statute addressing this is not a NH banking statute. It was recommended that the NH Banking Association be approached directly to help draft/sponsor legislation.

Ms. Fava reviewed Tab VII, upcoming meeting schedule. Date set for August 10, 2017 at 9:00 a.m.

Meeting adjourned at 10:30 a.m.