

NEW HAMPSHIRE PUBLIC DEPOSIT INVESTMENT POOL

June 22, 2015

New Hampshire Banking Department
53 Regional Drive
Concord, NH 03301

MINUTES OF NON-PUBLIC SESSION

Present - Glenn Perlow, Bank Commissioner; Daniel R. Lynch, NH Municipal Association; Sharon Wickens, City of Manchester, NH Government Finance Officers' Association; William Dwyer, Treasurer, NH Department of the Treasury; Christopher MacDonnell, Bank of New Hampshire, NHBA.

Recused: Lyn Gelinias, RBS Financial Group, NHBA

Absent: - Designee, NH Department of Revenue; Dean Michener, NHSBA.

Also Present - Ingrid White, Deputy Bank Commissioner; Emelia Galdieri, Legal Counsel, NH Banking Department; Spencer Culp, Director of Trust Supervision, NH Banking Department; Doreen Sheppard, Paralegal, NH Banking Department; JoAnn Klatskin, Cutwater.

Nonpublic session open at 9:10 a.m.

Emelia Galdieri stated that the contract has been fine-tuned from prior version. Page 2, section 2 changed to address PFM concerns regarding delays in the process and concern about 8/10/15 deadline.

Chris MacDonnell asked whether there is paperwork involved in getting participants signed up. Emelia Galdieri answered there is and PFM's concern was not about getting paperwork out in time but whether it would all be received back in time from the participants.

Glenn Perlow explained that, due to delays, PFM had less time to get their part done. Rather than sign a contract with uncertain ability to have it completed, changed the time to address situation.

Emelia Galdieri explained concern about PFM's and Cutwater's electronic systems and ability for information to come over and mesh properly. This is why the Commissioner had Cutwater sign a nondisclosure agreement; to enable PFM and Cutwater to speak directly to work out the details of the transition.

JoAnn Klatskin stated there had been a long telephone conversation between PFM and Cutwater and many of the concerns had been talked through.

Emelia Galdieri explained further details of the contract.

Regarding the indemnification information, the original draft contract said that PFM would be indemnified by the commissioner and the committee. This clause was changed so that any indemnification would be limited to the assets of the pool. This change is consistent with the prior contract with Cutwater.

Regarding Appendix A – Compensation and Expenses. PFM had enumerated expenses. That was changed to state that PFM would be responsible for all expenses.

Chris MacDonnell stated concern about compensation to PFM. 30 basis points may end up with a negative yield. Emelia Galdieri responded that there is a limitation built in for first 12 months. Chris MacDonnell asked if there is anything we can do to guarantee beyond that.

Glenn Perlow stated it is doubtful anyone will agree to take the contract if have to guarantee to take the hit based on the market. The participants will speak with their feet if the fund doesn't produce income. If the Fed does raise rates this year it might be a fairly thriving market.

Bill Dwyer stated the proposal said PFM had not “broke the buck” on any of its other pools. Seems like they know what they're doing.

Glenn Perlow explained that no P-37 is attached to the contract. Preference is not to include it. P-37 is designed for direct contracting with the state. Has many irrelevant terms to this contract. Relevant terms in P-37 are already incorporated into this contract. Attorney General views this contract as different than regular state contracts.

Bill Dwyer asked about “conflict of law” principle on page 13.

Glenn Perlow explained it means that to the extent any other state or federal law conflicts with NH, it is NH law that absolutely applies to the contract.

Bill Dwyer pointed out that the notice requirement on page 14, requires them to give us 90 days notice to cancel while we need only give 30.

Emelia Galdieri stated that is correct and that PFM proposed that timeline.

Glenn Perlow stated that the prior contract had an automatic renewal. That is changed to a straight 5-year contract that has to be reviewed/renegotiated at that time.

Glenn Perlow requested a motion to authorize him to execute the contract on behalf of the committee. Motion made by Sharon Wickens, second by Chris MacDonnell and VOTED unanimously.

Glenn Perlow requested a motion to seal the minutes of the non-public session. Motion made by Sharon Wickens, second by Bill Dwyer and VOTED unanimously.

Non-public session ended 9:35 a.m.

