

June 18, 2010

**QUESTIONS RECEIVED AND RESPONSES OF THE NH PDIP ADVISORY COMMITTEE
RE RFP 2010-01**

Q1. As it relates to the Credit Facility that is in place to protect Fund Participants against loss, would it be possible to provide details on this existing Credit Facility?

A1. The Credit Facility ensures that Participant funds are protected against any loss of principal and accrued interest. Click on the link below to view the Credit Facility, Exhibit 2, of the 2nd Amendment to the Investment Management and Custodial Agreement.

<http://www.nhpdip.com/document/documents/NHPDIP2ndAmendmenttoInvestmentManagementandCustodialAgreement.pdf>

Q2. On page 13 of the RFP, under item #28 Transition, the RFP refers to the requirement that the new manager is required to underwrite any actual market value adjustment gain or loss at the time of cash surrender. We have the following questions related to this statement:

a) Does the market value adjustment refer to differences between amortized cost and market value?

A-2- a. The securities would be transferred in kind. There would be no cash surrender. There is no liquidity of the portfolio.

b) Does this presume that securities are sold during the enactment of the transition, and if so, are you requiring that the new manager make the fund whole on any differences between amortized cost and the sale price of those securities? If the entire portfolio of securities is transitioned in-kind, are you requiring new managers to underwrite the work of the previous manager?

A-2-b. NA

c) If this statement presumes that securities will be transferred in-kind, are you requiring that the new manager make the fund whole on any differences between amortized cost and mark-to-market valuations?

A-2-c. It does presume securities are transferred in kind. If the market value is less than .995 the difference would be born by the current Manager. There would be no obligation to the new manager.

d) Does this statement refer to any differences in NAV that fall above or below tolerance of the definition of \$1.00 (i.e. below 0.995 or above 1.005)?

A-2-d. See above. A-2-c.

Q-3. The June 30, 2009 PDIP Financial Statement states that the current credit facility covers losses “which result from liquidation of funds on deposit by participants.” So that we can understand and obtain pricing on a similar credit facility, please provide the specific terms and conditions and/or copy of the existing Credit Facility agreement? (page 8, section 22)

A-3. The Credit Facility ensures that Participant funds are protected against any loss of principal and accrued interest. Click on the link below to view the Credit Facility, Exhibit 2, of the 2nd Amendment to the Investment Management and Custodial Agreement.

<http://www.nhpdip.com/document/documents/NHPDIP2ndAmendmenttoInvestmentManagementandCustodialAgreement.pdf>

Q-4. Please provide a recent bank account analysis statement, which summarizes the current use of banking and cash management services.

A-4. No statement available. Bank of America charges the NHPDIP a negotiated custodial fee based on assets under management and a negotiated fee for transactions (wires and ACH). No other banking or cash management services are utilized.

Q-5. Can participants write checks on their PDIP accounts? If so, how many participants are using this service? Is a single, consolidated account used or does each participant have a separate account?

A-5. There is no check writing feature to the NHPDIP. However, Participants may make contributions or withdrawals by check. All checks are processed by the custodial bank, Bank of America, at its Boston, Massachusetts office. Approximately 110 Participants utilize this service.

Q-6. Can participants deposit funds to their PDIP accounts by check? If so, do they mail their checks to the program administrator or deposit checks to a bank branch?

A-6. Participants may make contributions or withdrawals by check. All checks are processed by the custodial bank, Bank of America, at its Boston, Massachusetts office.

Q-7. On average, how many of the following transaction types occur each month?

| | Incoming | Outgoing |
|--------|----------|----------|
| ACH | 60 | 94 |
| Wire | 82 | 111 |
| Checks | 91 | 37 |

Q-8. What is the nature of the arbitrage rebate tracking and reporting currently provided by PDIP? How many reports are prepared per year (i.e. spending exceptions, annual calculations, 5th year calculations)? Is this service included in the expense ratio of the pool or does the participant pay a separate fee? (page 8, section 21)

A-8. Complete arbitrage rebate tracking and reporting is provided to those Participants wanting this service. Generally, three (3) calculations per issue are provided. Participants can request additional reports or calculations for a fee. This service is provided at no additional cost to the Participant if their funds remain in the NHPDIP. Otherwise, the Participant pays a separate fee. This service is not included in the expense ratio of the pool.

Q-9. To expedite the delivery of monthly statements and to be more environmentally friendly, can the statement of investments for the entire Pool portfolio be posted on-line in lieu of mailing with the statement? (page 9, section 23i)

A-9. No.

Q-10. Please provide a copy of a recent quarterly report to the Commissioner and Committee on Pool and participation level, the status and resolution of any participant problems and developments in the delivery of pool services. (page 10, section 24).

A-10. As of May 31, 2010, there were 680 Participants with balances totaling \$250,468,017. There have been no Participant problems, disruption of service, or any other problems in the delivery of pool services.

Q-11. On page 15 of the RFP under Fees D-10, the RFP asks for details regarding fees for “Legal”, however legal services are not defined in the RFP. What is the nature of the legal services to which this question refers? What has the average annual cost for legal services been for the past several years? Do you have a preferred legal counsel?

A-11. The question refers to, should the manager accrue legal fees in providing the contracted services, than that fee burden is on the manager. Further, the assumption is that any such fees will be considered and calculated in the fees as presented in the proposal. The NHPDIP will not be responsible for any legal charges associated.

Q-12. What “risk management” services are currently provided? Are you looking for any additional risk management services (page 14, question D-2)?

A-12. We are not looking for any additional risk management services beyond those that would normally be provided during the normal course of business related to best management practices.

Extensive risk management services currently are provided which include having risk management and compliance policies and procedures in place and overseen by the Risk Management Department; segregation of duties between the risk management and investment management functions; having a compliance division responsible for continuous monitoring of investment policies, approved broker/dealers, and any applicable regulatory or statutory changes.

Q-13. Can you please provide the State’s conflict of interest laws as mentioned in 16. Conflict of Interest, page 7?

A-13. The proposer shall disclose any actual or potential conflicts of interest in the transmittal letter.

Q-14. Is the intent of the contract to be signed within three (3) months (6. Proposer is Duty Bound by Contract, page 5) or three (3) weeks (27 Contract, page 10)?

A-14. Our intent is that the three (3) months pertains to contract negotiations. Once a contract is reached you have three (3) weeks to sign.

Q-15. Is the intent to have a complete transition plan now (28. Transition, page 13) or simply acknowledge that this is a requirement to be completed within a mutually agreed upon timeframe prior to commencement of transition?

A-15. No. You do not need a complete transition plan now, but a detailed summary on how would you proceed with a transition plan. As requested under K-1 on page 23.

Q-16. Would you consider utilizing a registered money market fund governed by Rule 2a-7 instead of an Separately Managed Account?

A-16. Should the proposer like to provide detail in addition to what is asked, please feel free to do so.

Q-17. What is the all inclusive fee range are you looking for? Does this include a credit facility & custodial services?

A-17. Yes.

Q-18. How many participants do you have investing in the pool currently? How many accounts are there in total? What is the average size of each account?

A-18. Please refer to A.10.

Q-19. Is check writing required? If so, is it a feature that will be used often since we could provide online trading? What is the current monthly volume of checks written?

A-19. Please refer to A.5.

Q-20. Would you consider a minimum initial investment requirement? The requirement of having no minimum balance, unlimited # of accounts for each participant and no minimum transaction amount can increase the cost of managing the fund.

A-20. No.

Q-21. A credit facility would be very expensive in this current market environment. Is this a requirement that need to be in place considering the liquidity of the fund? If so is there a maximum threshold you would be willing to spend on a committed line of credit?

A-21. There is no requirement for a credit facility. However, safety is a primary concern of the fund.

Q-22. Does the arbitrage tracking system need to be certified?

A-22. The tracking system shall meet all applicable arbitrage requirements.

Q-23. If the monthly holdings information is available online does it need to be mailed with the monthly statement?

A-23. Yes.

Q-24. Is the access to records highlighted on page 12 in M, referencing securities purchased or sold on behalf of the pool?

A-24. Both.

Q-25. Would you consider a contract for less than 11 years?

A-25. This needs to be corrected in the original RFP. Please see addendum (forthcoming). We want a five (5) year contract with two (2) options for three (3) years for a total of eleven (11) years.