Trustee Education Policy – Approved at the June 10, 2008, NHRS Board Meeting.

Purpose

As a matter of general policy concerning fiduciary education, each and every Trustee has an inherent and continuing obligation to the System's members and beneficiaries to be informed in the prudent management of their trust, and are encouraged to attend education sessions to better prepare them to meet their fiduciary duties.

The complexities of the prudent management of the more than $6 billion held in trust by the Board, and the delegated administration by staff of the current and future retirement benefits of the members and beneficiaries of the System, impose a continuing need for its trustees to obtain education to allow them to perform those fiduciary and administrative duties owed to the members of the System.

In order to permit Trustees to discharge their fiduciary duties with care, skill, prudence, and diligence and to ensure that all Trustees have a full understanding of the issues facing NHRS, the Board has adopted orientation and continuing education programs; encourages education; and makes available appropriate periodicals to foster Trustee awareness of relevant developments.

Trustees are strongly encouraged to obtain education on a regular basis that provides and improves core competencies necessary to govern a complex, multi-billion dollar public pension fund with global investments. By Board policy, the Trustees are committed to participating in ongoing orientation and educational activities relating to pension plan governance, investment, and other germane topics – with the expectation and goal of maintaining high levels of engagement and competence.

Orientation of New Trustees:

- ***Attendance:*** Each new Trustee is encouraged to attend an orientation session.
- ***Timing for Orientation:*** The new Trustee is urged to attend orientation before sitting at the first Board meeting as a voting member. The orientation will be arranged to meet the Trustee's schedule and may take place over 2 or more days.
- ***Time Commitment:*** The orientation is expected to take at least 10 hours of study and presentation time and may require more time depending on the needs of individual Trustees.
- ***Development and Content:*** The orientation sessions will be developed by the Executive Director and reviewed by the Ad-Hoc Committee on

Governance and approved by the Board, and will, at a minimum, include the following topics:

- A brief history and overview of NHRS, including the mission and purpose of the system
- A summary of the laws and rules governing NHRS and the Board
- An explanation of the legal status of NHRS
- An explanation of fiduciary responsibility, conflicts of interest, and ethics
- An explanation of the strategic plan and the planning process
- A high level review of existing Board policies
- A brief explanation of the benefit structure
- Actuarial concepts and key terms
- Investment review and key terms
- Biographical information on the other Trustees and executive staff
- A briefing on current and emerging hot topics in the public fund industry
- An introduction to the NHRS executive staff, and an overview provided by each of them regarding the operations of their various operating divisions
- A tour of the NHRS offices
- Other topics as requested by the Board

▪ ***Written Materials:*** At or before the orientation session(s), the new Trustees will receive the following documents:

- A listing of names, addresses, and contact information for the Trustees
- A listing of names and contact information for Executive Management
- Organizational chart
- Background information about Executive staff
- Description of Board delegations and Executive staff duties
- The Board of Trustee Governance Manual, including all governance policies
- Bylaws
- Governing statutes
- The most recent Board packet
- Minutes from the last year of Board and Committee meetings with the list of Committees
- Most recent CAFR
- Most recent actuarial valuation and experience study reports
- Most recent investment performance report
- Fiduciary liability policy or summary of it
- Background information about outside consultants and attorneys
- List of all service providers and their roles
- Summary of pending litigation
- Summary of pending state and federal legislation
- Summary of benefits in each plan
- Statistics on member services
- Publications and brochures about benefits and services

- Sample (anonymous) member statements and estimates
- Operating budget for the System
- Executive Director evaluation criteria form to be used in upcoming year
- Board self-evaluation form, if applicable
- Strategic plan materials, if available
- Investment dictionary and pension glossaries
- Website information
- Selected industry books and periodicals
- Any other relevant information or documents deemed appropriate by the Board and/or Executive Director

Ongoing Trustee Education:
Recognizing that the knowledge required for Trustees to perform their fiduciary duties with the high level of care and prudence required goes beyond on-the-job training, the Board supports the pursuit of ongoing education in a variety of ways.

- ***In-House Education Sessions:*** Based on the personal education needs of the Trustees and the new topics facing the Board, the Executive Director will arrange for staff or outside service providers to conduct educational sessions throughout the year at Board meetings. A minimum of one in-house education session will be held per year.
- ***Retirement Industry Periodicals:*** Trustees are encouraged to subscribe to periodicals that address pension and investment-related topics. The expense for the periodicals will be paid by the System.
- ***Fiduciary Training:*** Each year the Chief Legal Officer will arrange for a fiduciary education session that will update the Trustees on issues affecting their service on the Board. Trustees are expected to attend.
- **Educational Conferences:** Attending educational conferences is considered an appropriate way for Trustees to receive continuing education on issues affecting the System. Trustees are encouraged to attend conferences not only to hear speakers on industry topics but also to network with their counterparts serving on similar boards in other states. The Board will maintain a resource list of educational conferences as a framework for the types of opportunities Trustees should consider in their fiduciary education. The list will be maintained in an effort to help Trustees make decisions about what conference they want to attend. However, the resource list should not be considered an exhaustive list, as other conferences may be identified that Trustees would benefit from attending. It will normally be the case that no more than two members of the Board and staff shall be given approval to attend the same educational conference; however, the Board, in its discretion, may approve additional attendees.
- **Trustee Commitment:** Trustees are encouraged to help seek out, evaluate and take advantage of appropriate educational tools, which may include, but

are not limited to external conferences, seminars, workshops, roundtables, courses or other similar vehicles.

- **Travel Evaluation:** In considering out-of-state educational opportunities, Trustees should weigh the costs and benefits of travel versus locally based education to determine if reasonable alternatives exist, particularly related to international travel.
- **Approval of Educational Travel:** When the Board is asked to approve travel of Trustees, it will be given information about the agenda, expected costs and value of the conferences before the vote for approval or disapproval is taken. (See Education Request Form in Appendix B).
- **Self Study Program:** The Executive Director, at the direction of the Board, will develop a self study program to assist those Trustees who desire another way to increase their knowledge about the System and the issues facing the Board. Web-based education programs may also be an appropriate way for Trustees to receive additional education and may, in some instances, serve as an alternative to conferences and seminars.
- **Continuing Improvement:** The Board recognizes that some educational opportunities are better than others. In order to adequately assess the value of each, the Trustees will evaluate in-house and external sessions after attending so the Board can assess whether the educational opportunities were meaningful and helpful. (See Education Evaluation Form in Appendix B).