

Note: These minutes from the September 13, 2011, Annual Meeting were approved and executed at the October 11, 2011 regular Meeting of the Board of Trustees.

**Annual Meeting
Board of Trustees
September 13, 2011**

Public Minutes

**New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire**

Trustees: Lisa Shapiro, Ph.D., *Chair, presiding*; Danny O'Brien, *Vice Chair*; Dean Crombie; Keith Hickey; Kate McGovern, Ph.D.; Brian Morrissey; Cathy Provencher; Don Roy; Jack Wozmak. Richard Gustafson, Ph.D., and Tara Reardon, *absent*.

Staff: Kim France, *Interim Executive Director*; Larry Johansen, *Director of Investments*; Jack Dianis, *Director of Finance*; Tim Crutchfield, Esq., *Chief Legal Counsel*; Nancy Miller, *Director of Member Services*; Denise Call, *Director of Employer Services*; Heather Fritzky, *Accounting & Finance Reporting Supervisor*; Carolyn Johnson, Esq., *Hearings Examiner*; John Browne, *Internal Auditor*; and Shannan Hudgins, *Administrative Coordinator*.

Guests: David T. Kausch, *GRS*; Ian Lanoff, Esq., and Julia Zuckerman, Esq., *Groom Law Group*; Andrew Schulman, Esq., *Getman, Schulthess & Steere*; Nancy Williams, *HewittEnnisKnupp*.

Dr. Lisa Shapiro, *Chair*, called the Annual Meeting to order at 9:08 a.m. In accordance with the Board of Trustees Governance Manual, Dr. Shapiro stated that the Annual Meeting was traditionally education focused, and the first portion of the day would be devoted to Trustee education. The Board received four presentations, each approximately forty-five minutes, from the following industry experts:

Ian Lanoff, Esq., *Groom Law Group*, Fiduciary Education;
Nancy Williams, Esq., *Hewitt EnnisKnupp*, Governance Education;
David Kausch, FSA, EA, MAAA, *Gabriel Roeder Smith & Company*,
Actuarial Principles and Reports Education; and
Harold Janeway, *Chair, NHRS IIC*, and Larry Johansen, *Director of Investments*, NHRS Investment Program Education.

Following a break for lunch, Dr. Shapiro turned to the Agenda, beginning with approval of minutes. On a motion by Trustee Hickey, seconded by Trustee O'Brien, the Board unanimously approved the public and non-public minutes from the June 14, 2011, regular meeting of the Board of Trustees, and the public minutes from the June 28, 2011, Special Meeting of the Board of Trustees.

On a motion by Trustee Hickey, seconded by Trustee O'Brien, the Board unanimously approved the public minutes from the August 4, 2011, Special Meeting of the Board of Trustees.

Dr. Shapiro held the August 9, 2011 public and non-public meetings until the October 11, 2011, regular meeting where she anticipated seven Trustees in attendance at the August 9, 2011 meeting would be present and able to vote on those minutes.

Dr. Shapiro next stated she would entertain a motion to approve the Consent Agenda with the exceptions of the Tuition Assistance Request, the Disability Applications of H.E., B.H., C.R., S.S., and the Administrative Recommendation for Daniel Guerrette. Moved by Trustee O'Brien and seconded by Trustee Hickey, the Consent Agenda, as amended, was unanimously approved.

For the first of the two Consent Agenda items held for public discussion, Trustee Provencher requested that the Tuition Assistance Request paperwork accurately reflect that there was only one applicant requesting assistance for one course. On a motion by Trustee Provencher, seconded by Trustee Morrissey, the corrected Tuition Assistance Request was unanimously approved.

For the second of the two Consent Agenda items held for public discussion, Trustee Morrissey requested that Mr. Guerrette's recommendation be forwarded to the Benefits Committee for review. Trustee McGovern requested that the Disability Application of H.E. also be forwarded to the Benefits Committee for review.

On a motion by Trustee Hickey, seconded by Trustee Morrissey, the Board voted to enter into non-public session under RSA 91-A:3, II(c) to discuss disability applications with the required roll call vote:

Ayes: Trustees Shapiro, O'Brien, Crombie, McGovern, Wozmak, Roy, Hickey, Morrissey, and Provencher.

Nays: None.

The Board unanimously voted to conclude the non-public session on a motion by Trustee Provencher that was seconded by Trustee O'Brien.

Trustee Hickey moved to table the disability applications of C.R. and S.S. until further medical information could be obtained. Seconded by Trustee O'Brien, the motion passed unanimously.

On a motion by Trustee Hickey, seconded by Trustee Morrissey, the Board unanimously approved the disability application of B.H.

Dr. Shapiro moved to the next item on the Agenda, the Legal Update, and stated she would entertain a motion to temporarily adjourn the meeting to consult with legal counsel under RSA 91-A:2, I(b). Moved by Trustee O'Brien and seconded by Trustee Roy, the Board unanimously voted to temporarily adjourn.

On a motion by Trustee O'Brien, seconded by Trustee Hickey, and unanimously approved, the Board reconvened.

On a motion by Trustee Hickey, seconded by Trustee Morrissey, the Board voted to enter into non-public session under RSA 91-A:3, II(e) to discuss a pending legal claim, as follows:

Ayes: Trustees Shapiro, O'Brien, Crombie, McGovern, Wozmak, Roy, Hickey, Morrissey, and Provencher.

Nays: None.

On a motion by Trustee O'Brien, seconded by Trustee Hickey, and unanimously approved, the Board concluded the non-public session.

Upon coming out of the non-public session, on a motion by Trustee Wozmak, seconded by Trustee O'Brien, the Board voted to seal the minutes of the non-public session and to release the minutes when the circumstances for sealing them no longer apply. The vote was as follows:

Ayes: Trustees Shapiro, O'Brien, Crombie, McGovern, Wozmak, Roy, Hickey, and Provencher.

Nays: Trustee Morrissey.

On a motion by Trustee Provencher, seconded by Trustee Morrissey, the Board unanimously voted to oppose HB 654 and directed Interim Executive Director Kim France to work with staff to testify before the Legislature.

On a motion by Trustee Hickey, seconded by Trustee O'Brien, the Board unanimously voted to waive attorney-client privilege on Atty. Andrew Schulman's memorandum dated September 5, 2011, regarding HB 654.

In preparation for the Organizational Development discussion, Dr. Shapiro stated she would entertain a motion to enter into non-public session under RSA 91-A:3, II(c) to discuss matters which, if discussed in public, would likely affect adversely the reputation of a person, other than a member of the public body itself. Moved by Trustee O'Brien, seconded by Trustee Provencher, the motion passed on the required roll call vote, as follows:

Ayes: Trustees Shapiro, O'Brien, Crombie, McGovern, Wozmak, Roy, Hickey, Morrissey, and Provencher.

Nays: None.

All Staff members were asked to leave the meeting.

On a motion by Trustee Morrissey, seconded by Trustee Hickey, and unanimously approved, the Board concluded the non-public session.

Trustee Hickey offered a motion to authorize the PPCC to work with Nancy Williams, Esq., to draft an advertisement and begin the process of recruiting for an executive director, with a salary range of \$180,000 - \$235,000. Trustee Wozmak provided the second and the motion passed unanimously.

Trustee Hickey moved that the PPCC be granted the authority to expend up to \$25,000 for the expenses related to the hiring of an executive director. Trustee Morrissey provided the second. The motion passed unanimously.

Trustee Hickey stated that he wished the minutes to reflect that the final draft of the Hay Report had been received. He moved that the full Board authorize the PPCC to work with Hay and NHRS staff to review the draft and develop recommendations for the Board's consideration. Seconded by Trustee O'Brien, the motion passed unanimously.

On a motion by Trustee Hickey, and seconded by Trustee O'Brien, the Board voted unanimously to approve the governance consultant contract addendum for HewittEnnis Knupp.

Dr. Shapiro made the following Committee Appointments, noting she would fully populate the other Board committees once the Board had been fully appointed:

Benefits – Trustees McGovern, Reardon, and Roy, with Trustee McGovern as Chair.

Legislative – Trustees Reardon and Wozmak, with Trustee Reardon as Chair.

On a motion by Trustee Hickey, seconded by Trustee O'Brien, the Trustee Travel requests submitted by Trustee McGovern and Trustee Wozmak were unanimously approved.

Dr. Shapiro asked that the Board approve a regular meeting schedule for the coming year, with the first regular meeting in September designated as the Annual Meeting. On a motion by Trustee O'Brien and seconded by Trustee Wozmak, the Board unanimously agreed to a monthly schedule of regular meetings held on the second Tuesday of each month, beginning at 9:00 a.m.

On a motion by Trustee Wozmak, seconded by Trustee Morrissey, the Board unanimously approved the Interim Executive Director's draft summary report of Board actions since April 2011 and accompanying minutes to the Legislature. Ms. France noted that the report is due October 1, 2011 per HB2.

Ms. France asked Trustee Hickey to briefly outline proposed changes to pension accounting by the Governmental Accounting Standards Board (GASB) discussed at the Audit Committee meeting earlier in the day. He noted that if adopted, the proposed changes would fundamentally change the pension accounting rules for governmental entities. On a motion by Trustee Hickey, seconded by Trustee O'Brien, the Board unanimously voted to authorize the Chair sign a joint letter from governmental entities in New Hampshire, including the NHRS, to GASB opposing the proposed changes in response to GASB's request for comments, subject to review of counsel. Ms. France stated that comment letters are due by September 30, 2011.

Ms. France described the NHRS application of increased member contribution rates effective July 1, 2011, and the disparity between the State's submission of member contributions and all other NHRS participating employers. The State did not apply increased member contributions for the payroll dated July 1, 2011 as all other NHRS participating employers did, but rather applied the increased member contributions rates to the payroll dated July 29, 2011. Ms. France noted that she and Mr. Dianis would be meeting with the Department of Administrative Services and other State officials on Friday, September 16, 2011. The result of this disparity is that the State has not collected

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approximately \$824,000 in member contributions. Ms. France continued by stating that because of this disparity, the NHRS is unable to produce complete member statements for members employed by the State and reports for the State. She did further indicate, however, that the consulting actuary had assured her that submission of member data for preparation of the annual actuarial valuation and annual financial report, despite the disparity in reporting from the State, would not result in a delayed annual report.

On a motion by Trustee O'Brien, seconded by Trustee Roy, the meeting adjourned at 5:48 p.m.

Respectfully submitted,
Shannan Hudgins