

NHRS Board of Trustees, Governance Committee
December 12, 2017

NOTE: These minutes from the December 12, 2017 Governance Committee meeting were approved at the February 9, 2018 meeting.

**Governance Committee
Board of Trustees
December 12, 2017**

Public Minutes

**New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301**

Governance Committee Members: Don Roy, *Chair*; David McCrillis, and Dick Gustafson, Ph.D.
Absent: Bill Dwyer.

Staff: George Lagos, *Executive Director*; Tim Crutchfield, Esq., *Chief Legal Counsel*; Larry Johansen, *Director of Investments*; Mark Cavanaugh, Esq., *Associate Counsel and Compliance Officer*; and Margaret Astles, *Executive Assistant*.

Chair Roy called the Governance Committee meeting to order at 12:15 p.m. On a motion by Trustee Gustafson, seconded by Trustee McCrillis, the Committee approved the September 12, 2017 Governance Committee meeting minutes.

The Committee conducted its annual review of the Governance Manual, noting that the following four Board policies were adopted or revised over the past year; Procurement Policy, Private Markets Disclosure Policy, OFAC Policy and Gainful Occupation Offset Waiver Policy.

Associate Cavanaugh noted that the duplicate Employer Withdrawal Policy will be removed from the Manual and the annual updating of information has been done in the Appendices and Exhibits.

On a motion by Trustee McCrillis, seconded by Trustee Gustafson, the Committee unanimously voted to recommend to the full Board that it approve the annual revisions to Governance Manual.

The Committee then reviewed the Fiduciary Insurance Renewal of the current policy with Hudson Insurance for \$20 million in coverage with a \$100,000 deductible and an annual premium of \$123,000. Chief Legal Counsel Crutchfield indicated that he is attempting to negotiate a two year policy with Hudson at the same premium level. Mr. Crutchfield advised that the broker solicited additional quotes from three carriers. However, AIG and Chub both declined to provide quotes based on their inability to compete with the current placement coverage and premium and the third carrier, Markel, quoted an extremely high premium, eliminating it from consideration. There are no further quotes expected. Trustee McCrillis asked staff to check on Hudson's current AM Best rating.

On a motion by Trustee McCrillis, seconded by Trustee Gustafson, the Committee unanimously voted to recommend to the full Board that it renew its fiduciary insurance coverage with Hudson unless staff receives a compelling quote for similar coverage from another carrier prior to the January Board meeting.

Mr. Cavanaugh reported to the Committee that the Compliance Calendar with key regulatory dates is now in draft form.

In response to a question about tax filings, noted on the Compliance Calendar, Mr. Cavanaugh explained the item was in reference to the required IRS payroll forms which are filed by the system.

Executive Director Lagos asked the Committee members if they would like to see a new format to the ETeam's operational reports. The Trustees indicated that the ETeam's monthly information provided is useful but a few suggestions were offered such as placing issues that warranted discussion be placed first in the reports and bar graphs or other visual charts be utilized in monthly Member Services figures in order to better illustrate trends and variances.

Executive Director Lagos noted that Trustee self-evaluations at the Board level have not been done for quite some time. He asked the Committee members if they felt it should be a considered and they indicated it would be important to do. It was agreed that staff would provide background information at the next Committee meeting.

On a motion by Trustee Gustafson, seconded by Trustee McCrillis, the Committee voted to adjourn.

Respectfully submitted,

Margaret M. Astles