

Note: These minutes from the December 6, 2019 Governance Committee meeting were approved at the January 14, 2020 Committee meeting.

Governance Committee
Board of Trustees
New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301

December 6, 2019
Public Minutes

Governance Committee Members present via telephone due to work commitments:
Trustees Don Roy, Chair; Richard Gustafson, Bill Dwyer, Bob Maloney.
Absent: Trustee Sue Hannan.

Staff: George Lagos, *Executive Director*; Tim Crutchfield, *Chief Legal Counsel*; Mark Cavanaugh, *Associate Counsel & Compliance Officer*; Gerard Murphy, *Director of Finance*; and Margaret Astles, *Executive Assistant*.

Trustee Roy called the meeting to order at 12:12 p.m.

Having established a quorum, on a motion by Trustee Gustafson, seconded by Trustee Dwyer, the Committee unanimously voted to approve the minutes of the October 8, 2019 Governance Committee meeting upon a roll call vote.

Chair Roy introduced the discussion regarding the Annual Governance Manual Review. Associate Counsel and Compliance Officer Mark Cavanaugh noted that there are policies adopted by the Board that are more operational and administrative in nature, rather than relating to Board conduct or governance. As a result, he suggested that the Committee consider recommending to the Board that those operational and administrative policies be removed from the Governance Manual and, instead, be maintained in PPM and the NHRS website.

On a motion by Trustee Dwyer, seconded by Trustee Gustafson, the Committee unanimously voted, upon a roll call vote, to recommend to the full Board that it approve the annual revisions to the Governance Manual with staff's recommended removal of certain operational and administrative-related policies.

Director of Finance Gerard Murphy reported that four responses to the RFP for commercial banking services, online payment services, and payroll-processing services had been received, as the current agreement with Citizens Bank is scheduled to expire on December 31, 2019. Citizens Bank was the staff's unanimous recommendation to the Committee, based on its assessment of value, content of the commercial banking products and services offered, as well as staff's satisfaction with the quality and timeliness of the bank's service over the past 20 years, including the presence of a client advocate specific to NHRS. Mr. Murphy noted that Citizens is also a major provider of banking services to our participating employers, allowing NHRS opportunities to collaborate with Citizens to improve the employer reporting and payment processes. In answers to questions from Committee members, Mr. Murphy noted that Citizens' pricing of services was lower than the other RFP responses

received and was a significant factor in the staff's recommendation. Trustee Gustafson noted that since this is a five-year commitment, he asked Mr. Murphy to provide the financial analysis in support of the recommendation to the Board prior to its December meeting. Mr. Murphy concurred and also noted that he would try to negotiate an indexed interest rate on deposits, as suggested by Trustees Maloney and Dwyer, as well as provide verification that there is a termination clause in the contract.

On a motion by Trustee Maloney, seconded by Trustee Gustafson, the Committee unanimously voted, upon a roll call vote, to recommend to the full Board that it select Citizens Bank to provide commercial banking services, online payment services, and payroll-processing services, as presented, subject to successful contract negotiations.

Mr. Crutchfield then provided the Committee with an update on the fiduciary insurance renewal, noting that last year, NHRS was able to secure a two-year rate lock with Hudson Insurance. NHRS recently received confirmation from its insurance broker that the insurance policy had been renewed with the same terms and conditions.

Mr. Crutchfield then informed the Committee that staff had received a request to participate in this year's Public Pension Governance Survey. Staff determined it would not participate as it had received a similar request last year and, after review and input from the National Council on Teacher Retirement (NCTR), it was decided it would not benefit NHRS to participate.

Chair Roy noted that the next Governance Committee meeting date is tentatively set for January 14, 2020, immediately following the Board meeting.

On a motion by Trustee Dwyer, seconded by Trustee Maloney, the Committee unanimously voted, upon a roll call vote, to adjourn the Governance Committee meeting.

Respectfully submitted,

Margaret M. Astles
Executive Assistant