

These minutes from the June 11, 2019 meeting of the Governance Committee meeting, were approved at the Committee's July 3, 2019 meeting.

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

June 11, 2019
Public Minutes

Governance Committee Members: Trustees Don Roy, Chair; Richard Gustafson, Bill Dwyer, and Robert Maloney.
Absent: Trustee Sue Hannan.

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

Trustee Roy called the meeting to order at 12:37 p.m.

Having established a quorum, on a motion by Trustee Dwyer, seconded by Trustee Maloney, the Governance Committee voted unanimously to approve the minutes of the April 9, 2019 Committee meeting.

Chief Legal Counsel Crutchfield noted that the progress on the paperless board meetings has been put on hold until further notice.

Chair Roy introduced the discussion on the annual cyber insurance renewal. Attorney Crutchfield reported that NHRS had received two competitive quotes: one from the incumbent, NAS Insurance, and the second from Chubb Insurance; both for a \$3 million limit and \$25,000 deductible. A third quote was received from another carrier with a significantly higher premium for the same coverage limits.

Executive Director Lagos noted that internal staff is working to develop two cyber-security scenarios that could result in financial losses to NHRS. The cyber-security scenarios will be submitted to our insurance broker to see how each policy would respond in the event of a claim. In comparing policies from NAS and Chubb, he noted that NAS was very responsive and handled the data security incident in 2017 very well. On the other hand, Chubb seemed to have additional coverage advantages.

On a motion by Trustee Maloney, seconded by Trustee Dwyer, the Committee voted unanimously to authorize staff to make a conditional approval for the renewal of cyber-security coverage either with the incumbent, NAS, or with Chubb, in time for the July Board of Trustees' meeting.

Upon the suggestion of the Committee, Attorney Crutchfield will ask the broker if either carrier would give NHRS a two-year rate guarantee.

Chair Roy introduced discussion on the Board Self-Evaluation questionnaire. Attorney Crutchfield noted that the questionnaire contained several areas that the Committee may want to consider rewording. Attorney Crutchfield asked the Committee members that they review it and return any other suggested changes to him as soon as possible.

Chair Roy then asked the Committee to refer to the NCPERS Best Governance Practices for Public Retirement Systems, contained in their packets. Attorney Crutchfield noted that an internal staff meeting was held to review the best practices and it was found that NHRS' practices are very much in line with those recommended of NCPERS.

Chair Roy announced that, if necessary, the next meeting for the Committee would likely precede the July 9, 2019 Board of Trustees' meeting.

On a motion by Trustee Gustafson, seconded by Trustee Maloney, the Board voted unanimously to adjourn the meeting.

Respectfully submitted,

Margaret M. Astles
Executive Assistant