

These minutes from the October 8, 2013, Governance Committee meeting were approved at the November 12, 2013 Committee meeting.

**Governance Committee
Board of Trustees
October 8, 2013**

Public Minutes

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

Committee Members: Don Roy, *Chair*; Dean Crombie; Dick Gustafson, Ph.D.; David McCrillis; Guy Scaife.

Trustee: Germano Martins.

Staff: George Lagos, *Executive Director*; Tim Crutchfield, Esq., *Chief Legal Counsel*; Larry Johansen, *Director of Investments*; Mark Cavanaugh, Esq., *Regulatory Compliance Officer*; Shannan Hudgins, *Administrative Coordinator*.

Chair Roy called the meeting to order at approximately 12:10 p.m. On a motion by Trustee Gustafson, seconded by Trustee Scaife, the minutes from the September 10, 2013, Committee meeting were approved.

Atty. Cavanaugh provided a brief update of the Governance Committee Charter, noting the suggested changes that had been highlighted for the Committee's convenience in the meeting materials. Following a brief discussion, on a motion by Trustee McCrillis, seconded by Trustee Scaife, the Committee unanimously approved the revised Governance Committee Charter.

Atty. Crutchfield reported that RMD remediation which had been proposed through the Voluntary Correction Program (VCP) had resulted in a positive response letter from the IRS. In its letter, the IRS confirmed its acceptance of the proposed corrections, which Attorney Crutchfield informed the Committee had already been completed by NHRS Staff.

Atty. Crutchfield reminded the Committee that the third and final phase of the RFP for legal services would be issued for local counsel in three areas: benefits, employment law, and litigation. He anticipated a substantial number of submissions from local law firms.

Mr. Lagos discussed the Hewitt EnnisKnupp contract for Nancy Williams, who served as the system's governance consultant. He noted that the contract expired as of the end of the year and suggested that the needs of the retirement system did not require a fixed price contract at \$25,000. He expressed the view that a shift to a time-and-expense contract would offer NHRS better value and that he did not believe that this

arrangement would jeopardize the long-term working relationship which had been established between Ms. Williams and the NHRS Board. Mr. Lagos stated the discussion would be included in the November Board Agenda.

The Committee then began formal interviews with two investment counsel firms. Attorneys Jim Hatem and John Beals from the Manchester office of Nixon Peabody began their presentation at approximately 12:25 p.m. Atty. Hatem provided a firm-wide orientation for the Committee, and Atty. Beals discussed the team of attorneys which focused on investment counsel services. A series of questions by Committee members and Staff followed that included Dodd-Frank issues, conflict-of-interest matters, and whether or not there was a potential benefit or advantage to NHRS for selecting a firm situated locally.

Attorneys Rafael Stone, Robert Perez, and Vandana Harris from Foster Pepper in Seattle began their presentation to the Committee at approximately 1:00 p.m. Atty. Stone provided an overview of the firm and focused on the firm's exclusive dedication to investment services for public plan LP's. Atty. Perez discussed Foster Pepper's strategies to provide efficient and timely responses to queries from NHRS investment staff. Atty. Harris provided an international perspective to their practice, citing her qualification in the United Kingdom which extended to the European Union and had proved to be an advantage to NHRS in an income tax disagreement with UK's Inland Revenue. A question-and-answer discussion followed, which included client education opportunities and counsel availability despite the geographical location of the firm.

Following the presentations, on a motion by Trustee Gustafson, seconded by Trustee Scaife, the Committee entered into a non-public session under RSA 91-A:3, II(c) to discuss a matter, which, if discussed in public, could adversely affect the reputation of someone other than a member of the public body on a roll call vote, as follows:

Ayes: Trustees Roy, Crombie, Gustafson, McCrillis, and Scaife.

Nays: None.

On a motion by Trustee McCrillis, seconded by Trustee Gustafson, the Committee unanimously voted to conclude the non-public session.

On a motion by Trustee McCrillis, seconded by Trustee Gustafson, the Committee unanimously voted to recommend to the full Board that it authorize Staff to enter into an agreement with Foster Pepper Law Firm pursuant to the Legal RFP for Investment Counsel, subject to the satisfactory conclusion of fee negotiations.

Chair Roy confirmed the date of the next Governance Committee as Tuesday, November 12, 2013, immediately following the regular Board of Trustees meeting.

On a motion by Trustee Scaife, seconded by Trustee Gustafson, the meeting adjourned at approximately 2:05 p.m.

Respectfully submitted,
Shannan Hudgins