

**Investment Committee Meeting
August 12, 2011**

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

The Investment Committee meeting was called to order at 9:03 a.m. Present were:

Investment Committee: Mr. Harold Janeway (Committee Chair); Dr. Lisa Shapiro and Mr. Thomas Silvia. Mr. Patrick O'Donnell, who had a conflicting commitment made prior to his confirmation to the Investment Committee by the Governor and Executive Council, and Ms. Cathy Provencher were not in attendance.

NHRS Board Members: Dr. Kate McGovern and Mr. Dean Crombie.

NHRS Staff: Ms. Kim France, Interim Executive Director; Mr. Lawrence Johansen, Director of Investments; Mr. Jeff Gendron, Investment Officer; Mr. Scott Needham, Investment Analyst; and Mr. Greg Richard, Investment Analyst.

NEPC, LLC ("NEPC"): Mr. Kevin Leonard, Partner and Senior Consultant; Mr. Sean Gill, Partner; and Mr. Joel Paula, Research Consultant.

Supporting documentation for the items listed below is maintained on file and available for review at the New Hampshire Retirement System's ("NHRS" or "System") administrative office.

Items requiring Committee discussion or action:

There was no Investment Committee meeting in July due a lack of a quorum.

Approval of the June 24, 2011 Investment Committee Minutes

Mr. Janeway surveyed the Committee for comments regarding the draft minutes of the June 24, 2011 Investment Committee meeting. As there were none, he requested a motion for approval of the minutes.

Motion for approval of the public minutes of the June 24, 2011 Investment Committee meeting:

Motion: Mr. Silvia

Second: Dr. Shapiro

Motion carried unanimously.

Comments from the Director of Investments

Mr. Johansen provided a brief overview of the meeting agenda, which includes presentations by two private equity general partners and continued discussion of the fixed income portfolio structure. Mr. Johansen reviewed the preliminary performance of the System's Total Fund through June 30, 2011, referring to the NEPC Performance Report for June 2011. He noted that the preliminary NHRS Total Fund return for the one-year period through June 30, 2011 was 22.8%, outperforming its custom benchmark which returned 22.0%. Mr. Johansen noted that the returns are preliminary as June 30th market valuations for the private market investments, which represent about 7% of the portfolio, need to be finalized.

Mr. Johansen provided an overview of the current market conditions and referenced several articles on the downgrade of U.S. debt, the slowing U.S. economy and the increased market volatility. The Committee discussed these market conditions along with the de-leveraging of the public and private sectors and the housing overhang.

In response to a Committee member question, Mr. Johansen noted that staff monitors cash needs to make certain that liquidity is available to meet benefit payments and capital calls in an efficient and timely manner.

Mr. Johansen referred to the Legislative Update, dated July 14, 2011, and presented a brief update of proposed legislation that impacts the NHRS. He also referred to the Work Plan and related cover memo dated July 12, 2011, and noted that the second quarter of fiscal year 2012 has been added for the Committee's consideration.

Motion to approve the work plan for the second quarter of fiscal year 2012:

Motion: Mr. Silvia
Second: Dr. Shapiro

Motion carried unanimously.

Contract Renewal: Brandywine Global Investment Management ("Brandywine")

Mr. Johansen informed the Committee that the investment management agreement between NHRS and Brandywine is due for renewal and acknowledged Brandywine's presentation at the June 2011 Committee meeting. He noted that at its July 2010 meeting, the Committee requested that NEPC provide a recommendation with regard to such manager agreement renewals when they come due. He referenced memos provided to the Committee from L. Johansen and NEPC, which recommended that the agreement between the System and Brandywine be renewed.

Mr. Johansen discussed the favorable rankings of Brandywine's performance returns compared to those of their peers as measured by the Independent Consultants Cooperative universe for periods ranging from one to ten years ending March 31, 2011.

Motion to renew the investment management relationship with Brandywine Global Investment Management through August 2013:

Motion: Mr. Silvia
Second: Dr. Shapiro

Motion carried unanimously.

Contract Renewal: Loomis Sayles & Company (“Loomis”)

Mr. Johansen informed the Committee that the investment management agreement between NHRS and Loomis is due for renewal and acknowledged Loomis’s presentation at the June 2011 Committee meeting. He referenced memos provided to the Committee from L. Johansen and NEPC, which recommended that the agreement between the System and Loomis be renewed.

Mr. Johansen discussed the favorable rankings of Loomis’s performance returns compared to those of their peers as measured by the Independent Consultants Cooperative universe for periods ranging from one to seven years ending March 31, 2011.

Motion to renew the investment management relationship with Loomis Sayles & Company through August 2013:

Motion: Mr. Silvia
Second: Dr. Shapiro

Motion carried unanimously.

Tennenbaum Opportunities Fund VI, LLC

Mr. Johansen provided a brief introduction of Tennenbaum Capital Partners and the Tennenbaum Opportunities Fund VI, LLC (“TOF VI”). He referenced the NEPC memo titled “Tennenbaum Opportunities Fund VI, LLC – Fund Review and Evaluation” dated July 8, 2011. He then described how a commitment to TOF VI would fit into the System’s Private Equity Work Plan and summarized the status of the Private Equity Work Plan to date.

Mr. Janeway entertained a motion to convene into non-public session under RSA 91-A:3, II(d) for the purpose of considering the acquisition, sale or lease of real or personal property which, if discussed in public, would likely benefit a party or parties whose interests are adverse to the general community. A motion was made by Mr. Silvia and seconded by Dr. Shapiro to enter into non-public session, in accordance with the aforementioned provision.

Roll call vote:

Aye: Mr. Janeway, Dr. Shapiro, and Mr. Silvia.
Nay: None
Motion carried.

Mr. Mark Holdsworth, co-founder and Managing Partner and Mr. Rajneesh Vig, Managing Director of Tennenbaum Capital Partners presented an overview of the firm and the Tennenbaum Opportunities Fund VI, LLC. They referred to the “Tennenbaum Opportunities Fund VI, LLC – July 2011” presentation.

The Committee discussed the opportunity to invest in Tennenbaum Opportunities Fund VI, LLC.

A motion was made by Mr. Silvia and seconded by Dr. Shapiro to conclude non-public session.

Roll call vote:

Aye: Mr. Janeway, Dr. Shapiro, and Mr. Silvia.

Nay: None

Motion carried.

RFE Investment Partners Fund VIII, LP

Mr. Gill provided a brief introduction of RFE Investment Partners and the RFE Investment Partners Fund VIII, LP (“RFE VIII”). He referenced the NEPC memo titled “RFE Investment Partners Fund VIII, LP – Fund Review and Evaluation” dated August 2, 2011. He then described how a commitment to RFE VIII would fit into the System’s Private Equity Work Plan and summarized the status of the Private Equity Work Plan to date.

Mr. Janeway entertained a motion to convene into non-public session under RSA 91-A:3, II(d) for the purpose of considering the acquisition, sale or lease of real or personal property which, if discussed in public, would likely benefit a party or parties whose interests are adverse to the general community. A motion was made by Mr. Silvia and seconded by Dr. Shapiro to enter into non-public session, in accordance with the aforementioned provision.

Roll call vote:

Aye: Mr. Janeway, Dr. Shapiro, and Mr. Silvia.

Nay: None

Motion carried.

Mr. Michael Foster, Managing Director and Mr. James Parsons, Managing Director of RFE Investment Partners presented an overview of the firm and the RFE Investment Partners Fund VIII, LP. They referred to the “RFE - New Hampshire Retirement System Investment Committee – August 12, 2011” presentation.

The Committee discussed the opportunity to invest in RFE Investment Partners Fund VIII, LP.

A motion was made by Mr. Silvia and seconded by Dr. Shapiro to conclude non-public session.

Roll call vote:

Aye: Mr. Janeway, Dr. Shapiro, and Mr. Silvia.

Nay: None

Motion carried.

Mr. Janeway entertained a motion to commit \$20 million to Tennenbaum Opportunities Fund VI, LLC, subject to contract and legal review.

Motion: Dr. Shapiro

Second: Mr. Silvia

Ayes: Mr. Janeway, Dr. Shapiro

Nays: Mr. Silvia

Motion passed.

Mr. Janeway entertained a motion to commit \$20 million to RFE Investment Partners Fund VIII, LP, subject to contract and legal review.

Motion: Mr. Silvia

Second: Dr. Shapiro

Motion carried unanimously.

Fixed Income Discussion

The Committee continued the discussion of the NHRS fixed income portfolio which commenced at the June Committee meeting. Mr. Leonard and Mr. Paula referenced the “Primary Fixed Income Return and Risk Components” NEPC memo, dated July 11, 2011.

In response to Committee member questions, Mr. Leonard stated that the primary purpose of the NHRS fixed income allocation is for diversification as a hedge to the equity allocation. He noted that the current fixed income composite benchmark is for performance comparison purposes only and has not been utilized to structure the portfolio.

The Committee requested additional analyses regarding the allocations to the existing fixed income managers for the September Committee meeting. The Committee agreed to continue discussing the role and structure of fixed income in the context of the overall NHRS portfolio at its next meeting.

Investment Committee Checkpoint Discussion

Mr. Johansen updated the Committee on the non-U.S. equity transitions that were recently completed and referenced the transition recap informational items. He briefed the Committee on the Investment Manual, which includes the Investment Policy, which will be discussed in depth at the September Committee meeting.

The Committee determined that there were no additional items to discuss.

Informational Items:

Investment Performance – FYTD June 2011

Asset Allocation Update

NEPC Performance Report – June 2011

Non-U.S. Equity Transition Recap

Investment Policy

Motion to adjourn the August 12, 2011 meeting of the NHRS Investment Committee:

Motion: Mr. Silvia

Second: Dr. Shapiro

Motion carried unanimously.

The meeting adjourned at 12:33 pm.