

**Investment Committee Meeting
December 17, 2010**

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

The Investment Committee meeting was called to order at 9:00 am. Present were:

Investment Committee: Dr. Lisa Shapiro (Committee Chair – Pro Tem); Mr. David Jensen, Mr. Patrick O'Donnell; and Mr. Thomas Silvia. There is currently one vacant seat on the Committee.

NHRS Board Members: Mr. Samuel Giarrusso and Mr. Dean Crombie.

NHRS Staff: Mr. Lawrence Johansen, Director of Investments; Mr. Timothy Crutchfield, Chief Legal Counsel; Mr. Jeff Gendron, Investment Officer; Mr. Scott Needham, Investment Analyst; and Mr. Greg Richard, Investment Analyst.

NEPC, LLC (“NEPC”): Mr. Kevin Leonard, Senior Consultant; and Mr. Sean Gill, Partner.

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:

Approval of the November 19, 2010 Investment Committee Minutes

Dr. Shapiro surveyed the Committee for comments regarding the draft minutes of the November 19, 2010 Investment Committee meeting. There was one minor update suggested by the Committee.

Motion for approval of the November 19, 2010 Investment Committee meeting minutes, as amended:

Motion: Mr. Jensen

Second: Mr. Silvia

Motion carried unanimously.

Comments from the Director of Investments

Mr. Johansen proposed a 2011 meeting schedule to the Committee.

Motion to approve the proposed 2011 Committee meeting schedule:

Motion: Mr. O'Donnell

Second: Mr. Silvia

Motion carried unanimously.

Mr. Johansen provided a brief overview of today's meeting agenda. He also drew the Committee's attention to several of the items contained in the Informational Items section of the Committee meeting materials, as described below.

Mr. Johansen referenced materials related to the two recently completed domestic equity portfolio transitions. He commented that the final cost of the small-cap transition managed by State Street Global Markets ("SSGM") came in close to the median pre-trade cost estimate presented by SSGM. Regarding the small / mid-cap transition managed by BlackRock, Mr. Johansen noted that BlackRock solicited blind principal bids for this trade, ultimately selecting one of the bids, thereby locking in trading costs and minimizing potential market opportunity costs and uncertainties. He commented that the principal bid strategy proved very beneficial to NHRS, as market activity that occurred over the transition period would have been adverse to the System had the transition trading gone to market.

Mr. Johansen referred to the memo titled "Northern Trust Securities Lending Update", dated December 1, 2010. He indicated that Northern Trust ("Northern"), the System's master custodian and securities lending agent, recently permitted clients to request a reduction in their existing loan cap of up to 100%. He noted that Staff has submitted appropriate documentation to Northern for the full 100% reduction and that a full exit from the lending program is anticipated in January 2011. He commented that since Northern began allowing clients to reduce their existing loan cap in July 2010, staff has reduced the loan cap from approximately \$471 million to its current position of just under \$5 million. In response to questions from the Committee, Mr. Johansen indicated that the securities lending program has earned approximately \$18 million since its inception. He agreed to provide the Board and Committee with a historical earnings analysis of the securities lending program once it is fully exited.

Mr. Johansen also referenced the NEPC and Wellington Management Company, LLP ("Wellington") updates included in the Informational Items. In response to a Committee member question about the out of court settlement of the lawsuit filed against NEPC by the Town of Fairfield, Connecticut, related to losses suffered by Fairfield as a result of the Bernard Madoff fraud, Mr. Gill noted that the decision to settle was a business decision based on the cost of settlement versus the cost of continuing the litigation process. Regarding the Wellington update, Mr. Johansen commented that Wellington has committed to keeping NHRS informed of any developments that occur related to the subpoena issued to Wellington by the U.S. Attorney's Office in conjunction with an ongoing insider trading investigation.

Mr. Johansen referred to the Siguler Guff Distressed Opportunity Fund IV Update item, related to the recent departure from Siguler Guff of Maria Boyazny, Managing Director. He noted that Staff and NEPC are currently analyzing the situation and that Siguler Guff is in the process of drafting changes to Fund IV's Limited Partnership Agreement ("LPA"). Mr. Johansen commented that once the revised LPA and related information is available and has been reviewed, both Staff and NEPC would present recommendations to the Committee regarding whether or not to move forward with the previously approved commitment to Fund IV.

The Townsend Group Presentation

Mr. Johansen commented that The Townsend Group ("Townsend"), the System's discretionary real estate manager, will be presenting a six-month update of their fiscal year 2011 real estate Manager Investment Plan to the Committee. He noted that this plan includes the gradual rebalancing of the underlying strategic and tactical real estate portfolios to a 50/50 target weighting, the opportunistic liquidation of the System's direct property holdings, and the gradual increase of the real estate portfolio to its 10% target allocation.

Dr. Shapiro 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. O'Donnell and seconded by Mr. Jensen to enter into non-public session, in accordance with the aforementioned provision.

Roll call vote:

Aye: Dr. Shapiro, Mr. Jensen, Mr. O'Donnell, and Mr. Silvia.

Nay: None

Motion carried.

Mr. Anthony Frammartino, Partner; Ms. Terri Herubin, Portfolio Manager; and Mr. Tony Pietro, Financial Analyst, of Townsend, presented an update of the fiscal year 2011 real estate Manager Investment Plan.

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

Roll call vote:

Aye: Dr. Lisa Shapiro, Mr. Jensen, Mr. O'Donnell, and Mr. Silvia.

Nay: None

Motion carried.

Non-U.S. Equity Structure Discussion - Continued

Mr. Leonard presented an overview of non-U.S. equity investment opportunities and potential portfolio structures. He referred to the memo titled “Non-U.S. Equity Portfolio Structure”, dated December 8, 2010.

The Committee discussed the potential portfolio structures presented by NEPC as well as alternative methods of determining the structure of the non-U.S. asset class. The Committee decided to continue this discussion at its January 2011 meeting, and focus on the various characteristics and criteria that should be considered in the selection of non-U.S. equity managers. Additionally, at the Committee’s request, Mr. Johansen agreed to bring in speakers from large investment firms to present their thoughts and opinions on the best methods of constructing a non-U.S. equity portfolio.

Private Equity Structure Discussion - Continued

Mr. Gill presented an overview of private equity markets and investment opportunities. He referred to the memo titled “Private Equity Discussion”, dated December 7, 2010.

In response to questions from the Committee, Mr. Gill commented that NEPC feels there are attractive opportunities available in the distressed segment of private equity markets. He noted that there are compelling opportunities currently available for those investors with liquidity.

In terms of next steps, the Committee decided to pursue a parallel path that allows them to review specific opportunities within the distressed market and middle market segments as they develop a private equity work plan.

Investment Committee Checkpoint Discussion

Mr. Jensen and Mr. O’Donnell acknowledged that this would be their last meeting as Committee members, as they’ve both recently resigned. They were thanked for their service and contributions to the Committee and NHRS.

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

Informational Matters:

Investment Performance – FYTD October 2010

Financial Statements – October 2010

Asset Allocation Update

SSGM Small Cap Transition Post Trade Report

BlackRock Small / Mid Cap Transition Post Trade Report

NEPC Performance Report – October 2010

Northern Trust Securities Lending Update

NEPC, LLC Update

Wellington Management Company, LLP Update

Siguler Guff Distressed Opportunity Fund IV Update

Motion to adjourn the December 17, 2010 meeting of the NHRS Investment Committee:

Motion: Mr. O'Donnell

Second: Mr. Silvia

Motion carried unanimously.

The meeting adjourned at 11:50 am.