

**Note:** The public minutes from the February 7, 2012 Legislative Committee meeting were approved and executed at the March 29, 2012, Committee meeting.

**Legislative Committee  
of the  
Board of Trustees  
February 7, 2012**

**THE PUBLIC MINUTES**

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

*Committee Members:* Tara Reardon, *Chair*; Dr. Dick Gustafson; Dr. Kate McGovern; Jack Wozmak.

*Staff:* George Lagos, *Executive Director*; Larry Johansen, *Director of Investments*; Jack Dianis, *Director of Finance*; Tim Crutchfield, *Chief Legal Counsel*; Marty Karlon, *Public Information Officer*; Cecile Merrill, *Project Manager*; Denise Call, *Director of Employer Services*; Bill Spead, *Regulatory Compliance Officer*, and Shannan Hudgins, *Administrative Coordinator*.

Chair Reardon called the meeting to order at 1:30 p.m., stating she would entertain a motion on the December 29, 2011, Committee minutes. On a motion from Trustee Gustafson, seconded by Trustee McGovern, the minutes, both public and non-public, were unanimously approved.

Trustee Wozmak arrived at 1:35 p.m.

For the review and discussion of the status of SB 229, Chair Reardon asked Jack Dianis and Marty Karlon to report on the February 2, 2012, Senate ED&A legislative hearing. Mr. Karlon stated that the hearing had been well-attended, but the ED&A Committee did not take any action. Noting that Senator Jeb Bradley had suggested a formal study be launched, Mr. Karlon stated that cost concerns of the Defined Contribution (DC) plan were at the center of the debate. Trustee Wozmak, who had attended the hearing, stated that NHRS had provided the only articulated commentary behind the cost figures in the DC plan. Senator Groen's amendment was introduced at the hearing and Trustee Wozmak

emphasized that the legislation required more study before it was moved out of committee to full Senate consideration.

Mr. Dianis explained that the DC plan study produced by the NHRS consulting actuary, Gabriel Roeder Smith & Company (GRS), provided a good base that focused on the numbers in the legislation and the amendment. Of note in the amendment were the decreased employer contribution rates; the change in vesting by two years; and the amendment's added, but still vague forfeitures provision. There had been no discussion of administration of the plan. He also noted that as written, the accounting in the bill was not operable under generally accepted principles.

Trustee Wozmak asked that more detail on the numbers in the legislation be identified with a view to revealing who benefited most from a DC plan. He also requested a list of material implications.

Following a discussion that included the \$1.2 billion deficit created by the proposed DC legislation, as well as the Board's fiduciary duties of loyalty and prudence, the Committee asked Staff to continue its work with Senators Carson and Groen on education and plan change implications. Mr. Dianis noted that the executive summary of the GRS DC plan had been particularly helpful.

Mr. Karlon briefly reviewed other pending legislation, including SB 246, HB 1306, the legislative tracker, and the House education session on the 2011 NHRS Comprehensive Annual Financial Report (CAFR) scheduled for Friday, February 10, 2012.

Mr. Lagos stated that staff needed to carefully address the proposed outsourcing of NHRS administration proposed under SB 229 and SB 249. He suggested a clear explanation of the business practice, with appropriate staff prepared to speak to what NHRS does and ready to discuss it fully.

Chair Reardon asked that Mr. Dianis and Mr. Karlon work with her to schedule the next Committee meeting in conjunction with the legislative calendar.

On a motion by Trustee Gustafson and seconded by Trustee McGovern, the meeting adjourned at approximately 2:30 p.m.

*Respectfully submitted,*  
*Shannan Hudgins*