

February 9, 2011

The Honorable Janet Cowell  
Treasurer  
North Carolina Department of State Treasurer  
325 Salisbury Street  
Raleigh, NC 27603-1385

Dear Treasurer Cowell:

Thank you for the opportunity to provide you with this proposal to assist the Investment Advisory Committee (IAC) with a self-evaluation. Undertaking such an evaluation is considered a best practice, not only for corporate boards, non-profit boards, and pension funds, but also for state investment boards and advisory committees.

We have assisted many boards and committees with this governance practice, and have witnessed numerous positive results. Some of our clients for this service have been the State of Wisconsin Investment Board, the California State Teachers' Retirement System, the Illinois Municipal Retirement Fund, the Ohio Public Employees Retirement System, the Fire and Police Pension Association of Colorado, and the Los Angeles City Employees' Retirement System. In all cases, the process has led to improvements in governance and efficiencies in operations. Given our facilitation experience and in-depth understanding of public funds, we believe we are uniquely qualified to assist the IAC members in completing an evaluation that they will find to be a valuable use of their time.

We propose four steps for the IAC's self-evaluation. First, we will identify a process that will work well for the IAC and that takes into account relevant North Carolina open meetings and open records laws. For some boards or committees, we send out evaluation forms that are completed prior to the evaluation session. We confidentially tabulate the results and prepare a summary booklet to share and discuss. Some organizations do not want a summary booklet that could be considered a public document and subject to open records laws. In those situations, we send the evaluation criteria to the participants prior to the meeting and ask them to think about how the committee functions but do not ask them to complete the form.

Second, we will assist the Committee in selecting the appropriate criteria to use. We know that all entities are unique. They have different reasons for the number and type of criteria they select. What is important is that the criteria actually meet their current needs. We will thoughtfully propose criteria that are relevant to the IAC based upon our knowledge of the IAC's purpose and the Treasurer's preferences. For some clients we have recommended a two part evaluation with two sets of criteria. Part 1 encourages personal introspection and involves each Committee member evaluating himself or herself as a member of the committee. This is for their self reflection only and is not meant to be shared with others. Part 2 gives the Committee members an opportunity to evaluate the Committee's performance as a whole and to share their views with each other. If the evaluations are done candidly, the results lead to improvements in interaction among the members, between the committee and staff, and between the committee and the ultimate fiduciary they advise.

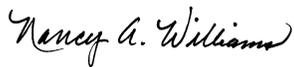
Next, we will come on-site and facilitate the self-evaluation so that all Committee members, including the Committee Chair, can participate equally in the evaluation. We are particularly adept at generating discussions about strengths and weaknesses so that the participants can reach consensus on changes that would improve the Committee's effectiveness.

Finally, we document any outcomes or policy changes that are desired by the Committee, and are available to provide advice on implementation.

I, Nancy Williams, would be the lead consultant and will be assisted by an analyst, as necessary. If this approach seems reasonable to you, we will be happy to provide you with cost estimates and reserve the dates when you would want to have the self-evaluation session take place.

For your reference, attached to this letter is biographical information. If there is any other information that we can provide to you, please let us know.

Sincerely,



Nancy A. Williams  
Principal



David Testore  
Chief Administrative Officer

Enclosures:  
Attachment A: Biography

## **Attachment A: Biography**

### **Nancy A. Williams**

Nancy is an attorney and a principal in the firm. She co-leads the Fiduciary Services practice and focuses on board governance, policy development, strategic planning, fiduciary education, operational reviews, fiduciary and performance audits, and related services.

She began her career as an Assistant Attorney General in Ohio, representing and later sitting on the boards of several public retirement systems. Following that, Nancy became the first General Counsel to the State Teachers Retirement System of Ohio and subsequently the Deputy Executive Director for member Benefits and General Counsel of the Colorado Public Employees Retirement Association. Following her public sector service, she entered the consulting field with Mercer where she was the National Public Sector Practice Leader for nearly ten years. In 2005, she joined EnnisKnupp.

Nancy's relevant work includes:

- Facilitating board and committee evaluations, executive director evaluations, new trustee orientations, and fiduciary training sessions
- Providing second opinions on practices of public retirement systems
- Refining board policies and developing board governance manuals
- Leading boards in strategic planning efforts, including implementation and benchmarking
- Conducting governance diagnostics for large public sector clients
- Developing new trustee orientation programs for public sector entities
- Leading operational reviews, fiduciary audits, and best practice reviews of complex public funds
- Researching statutory constraints on public agencies and making recommendations for modifications

Nancy has contributed much to improving the practices in the public retirement industry through her volunteer activities with notable industry organizations in the following roles: Founder and Past President of the National Association of Public Pension Attorneys (NAPPA), Advisory Board Member of the National Association of State Retirement Administrators (NASRA), Public Employees Committee Member of the International Foundation of Employee Benefit Plans (IFEBC), Past Executive Board Member of the National Conference of Public Employee Retirement Systems

(NCPERS), Past Committee Member of the National Council on Teacher Retirement (NCTR), Former Advisor to the Commissioner on Uniform State Laws, Advisor for the National Education Association Retirement Committee (NEA), Advisor to the Governmental Accounting Standards Board (GASB), Advisor to the Private Equity Committee of the CFA Institute, Instructor at the Stanford Law School Fiduciary College, and Instructor for the Certificate of Achievement in Public Pension Policy (CAPPP).

Nancy holds a B.S. degree in business administration from Ohio State University and a Juris Doctor degree from Capital University Law School. She maintains her license to practice law in California and Colorado.