

NHRS Board of Trustees

**DRAFT** Minutes – June 11, 2024

**Note:** These **draft** minutes from the June 11, 2024, Public Session are subject for approval at a subsequent Board of Trustees meeting.

**Board of Trustees  
June 11, 2024**

**DRAFT Public Minutes**

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

Participating: *Trustees Maureen Kelliher, Chair; Jon Frederick, Sue Hannan, Jason Henry, Robert Maloney\*, Andrew Martineau, Germano Martins, Ken Merrifield, Monica Mezzapelle, Paul Provost, Joshua Quigley, and Don Roy.*

\* Participating remotely. Because some Trustees were participating remotely, all votes were by roll call.

Staff: *Jan Goodwin, Executive Director; Timothy Crutchfield, Deputy Director and Chief Legal Counsel; Rosamond Cain, Director of Human Resources; Marty Karlon, Director of Communications & Legislative Affairs; John Laferriere, Director of IT; Raynald Leveque, Chief Investment Officer; Nancy Miller, Director of Member Services; Marie Mullen, Director of Finance; Mark Cavanaugh, Associate Counsel and Compliance Officer; Heather Hoffacker, Internal Auditor; Nina Calkins, Administrative and Contact Center Manager; Deanna Higgins, Contact Center Supervisor; Diana Crichton, Hearings Examiner; Jonathan Diaz, Investment Officer; Jesse Pasierb, Investment Operations Analyst; Mariel Holdredge, Executive Assistant.*

Guests: Denis Dancoes, Thomas Farrelly, and Dillon Carlyle: Cushman & Wakefield; Heidi Barry and Jeff Tebeau: GRS; Anthony Frammartino, Tony Pietro, Joe Davenport, and Christian Nye: The Townsend Group.

Chair Maureen Kelliher called the June 11, 2024, regular meeting of the NHRS Board of Trustees to order at 9:15 a.m.

A quorum was established and Chair Kelliher called for a vote to approve the minutes of the April 9, 2024, Board meeting. On a motion by Trustee Quigley, seconded by Trustee Roy, the Board voted unanimously to approve the meeting minutes, with Trustee Maloney not present.

Trustee Mezzapelle provided the Audit Committee report, noting the Committee met this morning prior to the Board meeting. The Committee heard a presentation from the System's external auditor, Plante Moran, on its approach to the Fiscal Year (FY) 24 Audit and encouraged the Committee to bring forward any concerns. The Committee then reviewed the status of the Audit Tracker, the FY 24 Risk Assessments, and the FY 25 Internal Audit Plan. Trustee Mezzapelle reported on updates the Committee heard from Internal Audit and Finance.

Trustee Roy provided the report of the Governance Committee, which met on May 16, and June 4, to review the first two sections of the Statement of Beliefs as part of its preparation to bring a recommendation to the Board.

Trustee Provost gave his report on the April 9, 2024, Independent Investment Committee (IIC, Committee) meeting, with four of the five members participating with one vacant position. He reported that the Committee heard from Chief Investment Officer Raynald Leveque, who provided an update on investment returns, holdings, and reported on the team's investment activities and work plan. The Committee then heard a presentation from Brookfield Asset Management on infrastructure investing.

Trustee Provost turned to Mr. Leveque who reported on the NHRS performance as of April 30, 2024. Mr. Leveque remarked on the long-term performance of the Total Fund for 3, 5, and 10 years, noting it continues to do well relative to the policy benchmark. He provided a calendar year-to-date overview of the System's portfolio performance, highlighting the positive returns in fixed income, real estate, private debt, and private equity. As of April 30, 2024, the Plan's assets total \$11.8 billion.

Trustee Merrifield reported on the Legislative Committee, which had not met since the last Board meeting. He updated the Board that there were three NHRS-related bills that will be sent to the Governor: HB 1307, HB 1559, and HB 1647. He provided a high-level summary of those bills.

Trustee Martins delivered an update of the Benefits Committee, noting it met twice since the last Board meeting, on May 7, and June 4, and approved four disability applications at each meeting.

In addition, the Committee reviewed a Gainful Occupation Offset Waiver Request with a recommendation on today's Consent Agenda that the reduction for excess earnings not be made at this time.

Trustee Hannan gave the PPCC report, which met virtually on May 17, and May 24. Trustee Hannan asked to enter into non-public session to discuss employee compensation under RSA 91-A:3, II(a).

On a motion by Trustee Henry, seconded by Trustee Mezzapelle, the Board voted unanimously to enter into a non-public session.

On a motion by Trustee Henry, seconded by Trustee Quigley, the Board voted unanimously to conclude the non-public session. No action was taken in the non-public session.

Trustee Quigley, the Ad hoc Real Estate Committee Chair, reported the Committee met on May 15 and June 3 to tour and discuss office space options.

On a motion by Trustee Quigley, seconded by Trustee Roy, the Board voted unanimously to enter into a non-public session to discuss the possible lease or acquisition of real property under RSA 91-A:3, II(d).

On a motion by Trustee Hannan, seconded by Trustee Roy, the Board voted unanimously to conclude the non-public session.

On a motion by Trustee Hannan, seconded by Trustee Roy, the Board voted unanimously to seal the minutes of the non-public session.

Trustee Maloney then excused himself from the meeting and was subsequently absent for the remainder of the session.

Chair Kelliher turned to Ms. Goodwin, who introduced Heidi Barry and Jeffrey Tebeau of Gabriel, Roeder, Smith & Company to review the fiscal years 2020-2023 experience study and proposed revisions to the System's actuarial assumptions.

Following the review, on a motion by Trustee Merrifield and seconded by Trustee Mezzapelle, the Board unanimously voted to adopt the GRS Experience Study for the period July 1, 2019, through June 30, 2023.

On a motion by Trustee Quigley and seconded by Trustee Henry, the Board unanimously voted to adopt the proposed demographic assumptions as set forth in the GRS Experience Study.

Next, Trustee Merrifield proposed a motion, seconded by Trustee Provost, that the Board adopt the proposed economic assumptions as set forth in the GRS Experience Study, and referred to as Alternative 1 in the Board materials: Wage Inflation Assumption of 3.00% for Employees, Police, and Fire, and, as amended, 2.50% for Teachers; Price Inflation Assumption of 2.25%; and Assumed Rate of Return (ARR) assumption of 6.75%. The ARR was unchanged from the current assumption. The Board voted unanimously to adopt the new economic assumptions.

Executive Director Goodwin gave her executive report, including these highlights. Key performance measure (KPM) scores for April and May were 95.65% and 95.52%, respectively. The PGV3 project is at 89% completion, at the mid-point of the warranty period fewer new bugs are being discovered. In addition, staff is working on the rollout of the enhanced *My Account*. She also reported on member satisfaction surveys, which continue to report that members are pleased with customer service.

Next, Executive Director Goodwin presented NHRS' FY 25 Three-Year Strategic Plan. She noted that the ETeam has worked closely with Funston Advisory Services to develop a new format for NHRS' Strategic Plan. The Strategic Plan focuses on four goals: build on the new pension administration IT platform and implement a longer-term retirement operations strategy and plan; improve organizational effectiveness and accountability; build additional Investment Office capabilities to reduce costs and reliance on external resources while improving performance; and build organizational resilience.

On a motion by Trustee Hannan and seconded by Trustee Roy, the Board voted unanimously to accept the FY 25 Three-Year Strategic Plan.

Mr. Leveque began his Investment operating report, noting Trustee Provost's earlier report on the April IIC meeting and his earlier report on the plan's performance highlights for April. March's investment performance was emailed to Trustees, along with a summary of what happened in the market. Five of the 10 KPMs were achieved, one KPM not achieved, and one KPM was not applicable. Mr. Leveque wrapped up his presentation by highlighting the Investment Team's achievements, including their collaboration with a third-party consultant to draft a five-year strategic plan, to be presented to the Board at the August Board meeting.

Director of Member Services Nancy Miller updated the Board on some of the activities in her department. The retirement application filing window for July 1 closed on June 1 and the

department is now focused on processing nearly 600 applications, which is down from recent years. Ms. Miller provided an overview of ongoing and upcoming PGV3 projects that include the teacher salary contract project slated to start at the end of June, front-end imaging work, training materials for employer reporting, and the design of a Member Services dashboard. Ms. Miller closed by noting that recruiting was ongoing for open positions and that progress continues on action plan items and KPMs.

Director of Finance Marie Mullen updated the Board on the status of Employer Reporting for PGV3, noting the improvement in timeliness of reporting by employers with only 21 out of 464 that had not reported through May. She also provided an update on the Employer Listening sessions noting the outcomes from the sessions to include additional reporting, training materials, and automation of posting reports. She noted that Trust Fund and Administrative operating expenses and PGV3 project were within budget.

Director Mullen next presented the FY 25 Trust Fund Budget noting the areas of the budget with increases, which were primarily related to an increase in Investment Management fees due to the higher beginning balances for assets. She also noted that, pending the review and approval of the Investment Strategic Plan by the IIC and the Board, there would be a proposed revision to the Trust Fund Budget at the August meeting. On a motion by Trustee Hannan and seconded by Trustee Roy, the Board voted unanimously to approve FY 25 Trust Fund Budget.

Director of Human Resources (HR) Rosamond Cain opened her report with updates on recruiting and current projects. NHRS has formed a task force on communication with volunteers from staff; this task force is charged with enhancing our internal organizational communication and strengthening our culture. She reported that NHRS is currently recruiting for two positions and two positions have been reassessed. She noted that Korn Ferry was selected to conduct an organization wide salary survey. She concluded by reporting that all action plan items are either completed or in process.

Deputy Director and Chief Legal Counsel Timothy Crutchfield gave his Legal report, noting that only four responses from the RFP for IME services had been received by the deadline last Friday. He also provided a summary of oral argument presented on May 29<sup>th</sup> at the Supreme Court in the Keene School District compensation matter. He noted that Legal had achieved all eight of its KPMs for May. Mr. Crutchfield concluded his report with a review of the pending administrative and disability appeals and progress on action items.

Mr. Karlon provided his report on Legislative Affairs and communications, noting while the 2024 legislative session is almost over, the internal implementation work is only getting started and if the governor signs all three pending bills, there will be a significant amount printed and online material to update, not to mention communicating the changes to stakeholders and implementing changes to PensionGold. He also reported that the communications team continues to work closely with multiple business units to roll out a promotional campaign in mid-July to encourage more members to sign up for *My Account* 2.0. He noted that his team had achieved all of its KPMs for April and May.

Director of Information Technology (IT) John Laferriere opened his report indicating no significant security issues have been identified since the last board meeting. Mr. Laferriere also stated that there have been no significant security breaches or problems during the technology infrastructure refresh of all major IT systems. Mr. Laferriere also noted the major IT projects of network, desktop, internet access, and firewall upgrades have been completed, and IT can now support business-driven projects. Additionally, Mr. Laferriere indicated eighty-six change requests were approved and deployed into the production environment and

a Cloud engineering consultant has temporarily joined the IT team to ensure the PG production suite is migrated to the Cloud. Finally, Mr. Laferriere presented a graph that the change in focus from bugs and defects to a more normal operations state focused on enhancements and change requests.

Trustee Henry moved and Trustee Roy seconded a motion to approve the Consent Agenda that was unanimously approved.

There were no travel reports and two Board members requested to attend the CAPPP program.

Ms. Goodwin provided an update on Action Items from the April 9, 2024, Board meeting, commenting that four of the six issues have been completed and the other two were completed during this meeting.

During the Board Checkpoint Discussion, Chair Kelliher announced the retirement of Trustee Martins, who has represented state employees on the Board for three separate stints beginning in 2007.

She also informed the Board that she appointed Trustee Frederick to succeed Trustee Martins as the Benefits Committee chair.

With no further business to discuss, on a motion by Trustee Henry, seconded by Trustee Martins, the Board voted unanimously to adjourn the meeting at 12:45 p.m.

Respectfully submitted,

Mariel Holdrege,  
Executive Assistant