

NEW HAMPSHIRE RETIREMENT SYSTEM

BOARD MEETING

Tuesday, April 11, 2023

Agenda

WebEx information will be provided in advance of the meeting.

10:00 a.m.	1. Ascertain Quorum and Call to Order		T. Lesko
10:05 a.m.	2. Approval of Minutes	(P. 3)	T. Lesko
	<ul style="list-style-type: none"> March 14, 2023 (Action Expected) 		
10:10 a.m.	3. Standing Committee Reports		
	<ul style="list-style-type: none"> Audit 	(N/A)	M. Mezzapelle
	<ul style="list-style-type: none"> Governance <ul style="list-style-type: none"> VCP Policy Revisions (Action Expected) 	(P. 14)	D. Roy
	<ul style="list-style-type: none"> Investments <ul style="list-style-type: none"> IIC Monthly Report Quarterly Report Callan Monthly Review (Feb. 28, 2023) Callan Quarterly Review Proxy Voting Policy Revisions (Action Expected) 	(P. 31)	M. Kelliher
	<ul style="list-style-type: none"> Legislative <ul style="list-style-type: none"> HB 1587 certification (Action Expected) 	(P. 103)	K. Merrifield
	<ul style="list-style-type: none"> Benefits 	(P. 116)	G. Martins
	<ul style="list-style-type: none"> PPCC <ul style="list-style-type: none"> ED Performance Evaluation (Non-Public Expected) 	(P. 117)	S. Hannan
10:40 a.m.	4. PGV3 Parallel Processing Overview	(P. 118)	T. Knight/LRS
11:00 a.m.	5. Operating Reports		
	<ul style="list-style-type: none"> Executive 	(P. 131)	J. Goodwin

○ Contracts
(Action Expected)

		• Member Services	(P. 148)	N. Miller
		• Finance	(P. 152)	M. Mullen
		• Human Resources	(P. 162)	R. Cain
		• Legal	(P. 164)	T. Crutchfield
		• PIO	(P. 167)	M. Karlon
		• IT	(P. 171)	J. Laferriere
		• Investments	(P. 175)	R. Leveque
11:35 a.m.	5.	Consent Agenda	(P. 178)	T. Lesko
		(Action Expected)		
11:40 a.m.	6.	Trustee Travel	(P. 193)	T. Lesko
11:45 a.m.	7.	Action Items – March 14, 2023	(P. 194)	J. Goodwin
11:50 a.m.	8.	Board Checkpoint Discussion	(P. 195)	T. Lesko
11:55 a.m.	9.	Adjournment		T. Lesko
	10.	Informational Materials	(P. 196)	
		Executive Summary of Board Actions Quarterly		
		Report to the General Court 2023 Board Action		
		Calendar Committee Membership		
		Trustee Confidential Contact Information – N/A		
		Trustee Appointments and Terms NHRS		
		Conference Resource List		
		NHRS Acronyms		

Remote access information will be provided in advance of the meeting at:

<https://www.nhrs.org/meetings-events/event/2023/04/11/default-calendar/board-of-trustees-meeting>

The following email will be monitored throughout the meeting by someone who can assist with and alert the Board to any technical issues:

publicrelations@nhrs.org (or call 603-410-3682)

NHRS Board of Trustees

DRAFT Minutes – March 14, 2023

Note: These **draft** minutes from the March 14, 2023, Public Session are subject for approval at a subsequent Board of Trustees meeting.

Board of Trustees

March 14, 2023

DRAFT Public Minutes

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

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

**These Trustees participated remotely, therefore, all votes were by roll call.*

Absent: *Trustee Jon Frederick.*

Staff: *Jan Goodwin, Executive Director; Timothy Crutchfield, Deputy Director and Chief Legal Counsel; Raynald Leveque, Chief Investment Officer; Marie Mullen, Director of Finance; Nancy Miller, Director of Member Services; John Laferriere, Director of IT; Rosamond Cain, Director of Human Resources; Marty Karlon, Director of Communications and Legislative Affairs; Mark F. Cavanaugh, Associate Counsel and Compliance Officer; Heather Hoffacker, Internal Auditor; Nina Calkins, Administrative and Contact Center Manager; Tracy Knight, Project Manager; Ann Stetson, Senior Business Analyst; Greg Richard, Senior Investment Officer; and Christine McKenney, Administrative Assistant.*

Chair Tim Lesko called the March 14, 2023, regular meeting of the NHRS Board of Trustees to order at 10:30 a.m. Because the Chair determined there were items on today's agenda that required immediate Board action, the establishment of a physical quorum was not required under RSA 91-A due to today's inclement weather.

After establishing a quorum, Chair Lesko called for a vote to approve the minutes of the February 14, 2023, Board meeting. On a motion by Trustee Merrifield seconded by Trustee Martins, the Board voted to approve the meeting minutes, as amended, with Trustees Mezzapelle and Roy abstaining.

Trustee Mezzapelle opened with her report of the Audit Committee, which met earlier this morning, stating the Committee heard internal audit updates, and noted several audits that have been put on hold because of the PGV3 parallel processing. She stated the Committee heard a presentation from Marie Mullen, Director of Finance, on the Fiscal Year (FY) 22 GASB 68 & 75 Audit Reports and the results from the System's external auditor, Plante Moran, noting the reports were issued with unmodified opinions, meaning there were no material issues identified. Trustee Mezzapelle stated the Committee voted unanimously to approve and recommend that the full Board accept the June 30, 2022 GASB 68 & 75 Reports.

On a motion by Trustee Merrifield, seconded by Trustee Quigley, the Board voted unanimously to accept the recommendation of the Audit Committee to approve the June 30, 2022 GASB 65 & 75 Statement Reports, as presented.

Trustee Mezzapelle concluded her report, noting that Finance would be working on implementing three of the audit recommendations from Plante Moran in its FY 22 opportunities letter while simultaneously managing requirements for the PGV3 project.

Trustee Roy provided an update on the Governance Committee, noting it met March 6 and reviewed proposed staff revisions to the Voluntary Compliance Program Policy regarding the required minimum distributions resulting from the recently passed federal legislation, Secure 2.0. NHRS's external tax counsel, Groom Law, also reviewed these revisions. He reported that the Committee voted unanimously to recommend to the full Board that it adopt the proposed revisions, which will be presented at the April Board meeting. Lastly, he noted the Committee conducted its annual review of the NHRS fee schedules for copies and determined no changes were required.

Trustee Kelliher gave her report on the February 14, 2023, Independent Investment Committee (IIC, Committee) meeting. The Committee heard from Chief Investment Officer Raynald Leveque, who provided an update on investment returns through recent time-periods, referring to Callan's December 31, 2022, review, holdings within the NHRS portfolio, rebalancing, and the Work Plan, which is undergoing staff analysis. Trustee Kelliher reported that the Committee discussed and voted unanimously to change the current public markets investment management contract terms from two years, with an automatic 12-month renewal, to a five-year term, with a 12-month automatic renewal, which would take effect for new mandates and renewals going forward.

She stated that the Committee then unanimously voted to extend the contract with Fidelity Investments (Fidelity), who manages a \$349 million in a tactical bond strategy for the System, for a five-year term through January 2028, following Fidelity's presentation at its January meeting. Also at the February meeting, the Committee heard from the System's Fixed Income investment manager, Manulife, as part of its contract review. Trustee Kelliher noted the Committee next heard from AbelNoser on its calendar year 2022 analysis of the System's equity trading costs, which was determined to be favorable relative to peers. Callan gave the IIC an overview of its 2023 Long-Term Capital Markets Assumptions on building Market Assumptions by asset class.

Trustee Kelliher turned to Mr. Leveque, who reported on the NHRS performance as of January 31, 2023, noting the Total Fund return came in at 4.3%, down 93 basis points from the policy benchmark of 5.22% for the month. NHRS's FY 23 Total Fund performance fiscal year-to-date outperformed the policy benchmark by +150 basis points, with positive performances for 3, 5, and 10-year periods. The Plan is currently valued at \$11.2 billion AUM (Assets Under Management).

Trustee Merrifield began the report of the Legislative Committee, which had not met since the February Board meeting, and noted the Legislative calendar and tracker in the Board materials, turning to Director of Communications and Legislative Affairs Marty Karlon to provide an update on legislative activity. Mr. Karlon gave a summary of pending bills that would have significant impact on NHRS, including House Bill (HB) 436, which proposes to move Group II, Tier B members into Tier A to enable them to receive nearly the same benefits as the vested Tier A members; HB 50, regarding the state paying 7.5% of local employer retirement contributions to Group I and Group II

members; HB 555, which would allocate 75% of future state surplus to the System's unfunded accrued liability; HB 250, relative to doubling the Group II accidental death benefit; and HB 571, a Group II Cost-of-Living-Adjustment (COLA) bill, which he noted could be amended to be a one-time payment next year. He also reported on two other bills relative to NHRS investments that staff is monitoring and may require Board consideration. The first bill would prevent NHRS from investing in companies that boycott Israel, commenting that the House ED & A Committee voted to recommend it expedient to legislate last week. The other bill would prohibit the System from investing in any managers that put ESG (Environmental Social Governance) above or in concert with its fiduciary duty to act solely in the interest of its members and beneficiaries and Mr. Karlson noted the bill was amended with different language and would instead require NHRS to provide a quarterly report to the State Legislative Budget Assistant Office on its compliance with that fiduciary duty. The House ED & A voted unanimously that the bill Ought to Pass (OTP) and moves on to the House for a vote this week. Mr. Karlson concluded with an update on the System's legislative clean-up bill, HB 193, which is scheduled for a public hearing in the Senate tomorrow.

Trustee Martins delivered a brief update of the Benefits Committee, noting it had not met since the February Board meeting.

Trustee Hannan gave the PPCC report, which had not met since the last Board meeting, noting it is scheduled to meet next week. Ms. Hannan announced she would email the Executive Director Evaluation to Trustees this week for completion.

Chair Lesko turned to Ms. Goodwin for her Executive operating report, and she opened with the announcement of the new Director of IT John Laferriere and Controller Jennifer Gordon. Next, she noted the KPMs, which were at 98.86% for the month, and commented on the 12-month rolling average, which is well above the 95% benchmark. She then gave an update on the PGM3 project, noting it is 75% complete, with Deliverable 5 (D5) (Benefit Payroll) at 100% complete, and mentioned that staff would be in UAT testing of Deliverable 6 (D6) (Year-End Processes, Auditing, and Security), which is 90% complete, through the end of this month. She stated D7 (Member Direct) is 6% complete and design review meetings are underway on this deliverable. Ms. Goodwin reported on the progress of the employer XML test files and noted the items on hold for D6 because of the extensive work expected during parallel processing, which involves duplicating data in the current PGM2 system and in PGM3. She further explained the E-Team has been meeting regularly to determine which processes can be put on hold during parallel processing. She noted that the April Board meeting will have a presentation on parallel processing. Ms. Goodwin reported she met her KPMs for the month. She gave an update on the Contact Center, which continues to achieve its monthly goals, as well as her monthly calls to members, employers, and retirees, which continue to elicit favorable responses and positive feedback. She closed with her action plan, noting Item 4 would be moved to an "on-hold" status, because it would not be completed by the end of the month. She informed Trustees that many of the E-Team action plans would contain an "on-hold" section until parallel processing is done.

Mr. Leveque presented his report on Investments, noting his department met all its KPMs last month and provided an overview of the agenda for the March IIC meeting, which will occur after today's Board meeting. He noted his action plan has not changed this month but anticipates a portfolio review of the Total Plan by the Investment Team next month and a strategic asset allocation update due in the third quarter. Mr. Leveque apprised the Board of the recent volatility of the banking industry, notably two institutions, Silicon Valley Bank

(SVB) and Signature Bank, explaining that the federal government has backstopped all deposits in SVB. He reported that the NHRS portfolio has 0.3% of indirect exposure to the two banks and a contingent third, First Republic, translating to about \$3 million in the Public Markets portfolio. He noted the First Republic Bank is not insolvent, but the NHRS is monitoring the banks and taking appropriate action relative to any scheduled private equity capital calls. A brief discussion followed about the banking situation, which the NHRS is experiencing minimal exposure, about 4.5% of its total assets in the banking industry.

Director of Member Services Nancy Miller updated the Board on the latest activity in her department, noting continued work on PGV3, alongside payroll, and the large number of calls it received this month following the tax correction letters to impacted retirees, noting the corrected payments would be distributed in April. Ms. Miller reported her department is reviewing activities that it can delay due to planning for parallel processing. Her department is working with Finance, the project manager at LRS, the in-house project team, and E-Team on assigning leaders to perform certain activities as part of parallel processing. She noted Member Services met all 21 of its KPMs, and in closing, gave an update of her action plan.

Director of Finance Marie Mullen gave her Finance report, noting her department's PGV3 involvement with D6 testing and D7 design document reviews this month, and the work on employer reporting, noting its weekly meetings with PIO on developing the employer reporting training. She also noted her department is evaluating items that can be delayed during parallel processing and identifying the resources needed to meet year-end requirements, such as the ACFR (Annual Comprehensive Financial Report). Ms. Mullen reported that Finance met 12 of its 15 KPMs for the month, noting three of the KPMs did not have deliverables for the month. She stated that cash flows for January 2023 and fiscal year-to-date were within the expected range. She reported that in March, NHRS anticipates reimbursement from the state in the amount of about \$10.8 million for the authorized \$500 per person COLA bill in FY 22. She reported on the administrative expenses, commenting that both statutory and investments are below budget for the year. Ms. Mullen mentioned that a few categories are overbudget because of quarterly payments, and most of it would come into balance over the year. She updated the Board on PGV3 project spending, noting it has been below budget since inception and remains below budget in FY 23. In closing, she reported on her action plan, noting two or three items would be put on hold to focus on PGV3, the parallel processing, and year-end items.

Rosamond Cain, Director of Human Resources, opened her report, echoing similar comments that her department will place some action plan items on hold in preparation for parallel processing, including all staff training. She noted there are four staff openings for which NHRS is actively recruiting. She mentioned there are several temporary employees and that there will be a need for more for PGV3. In closing, she reported that NHRS will move to its new payroll vendor, ADP, next month, and would go live for staff payroll on May 5.

Deputy Director and Chief Legal Counsel Tim Crutchfield opened his Legal report with the ongoing lawsuit filed by five employees from the Department of Corrections at the Berlin facility who believed they should have been reclassified from Group I to Group II, approximately 20 years ago, noting that NHRS's external counsel, Attorney Peter Foley, along with the State Attorney General's Office, each filed a Motion To Dismiss and the petitioners filed a response and NHRS would file a reply in the coming weeks. Mr. Crutchfield reported that Legal met seven of its eight KPMs this month, noting that because of competing priorities with PGV3, the employer auditors missed the KPM of performing a rolling average of two employer audits per experienced auditor per month over a 12-month period. He commented that he expects it to be a persistent issue while there is PGV3 testing, but that

his department is working to determine if there are any efficiencies that can be implemented to meet that KPM. In closing, he noted items on his action plan have either been completed or are on schedule.

Mr. Karlon gave his report on PIO, commenting on the work his team has been doing while his focus has been on legislative activities, noting their support with the day-to-day operations and planning for future events. He mentioned the retirement education sessions held during school vacation week last month. He reported that PIO met all seven of its KPMs for the month. Lastly, he mentioned three items on his action plan have been put on hold until the PGV3 project is completed, noting that PIO would be involved with the PGV3 training during the summer.

Chair Lesko introduced John Laferriere, the new Director of IT, who presented his first operating report to the Board, beginning with cyber security awareness, noting that IT continues to send monthly phishing tests to keep staff alert, noting there were two failures this month, down from four last month. He gave a status update on several projects, including the completed Dell Storage Upgrade for PGV3; moving Office 365 to the cloud; and integrating Teams into the phone system. He stated IT is seeking quotes for a replacement generator, cloud technology for the PGV3 services and running payroll, and new copiers. He reported IT met all eight of its KPMs and gave an overview of upcoming projects. Mr. Laferriere closed his report with customer satisfaction, which is at 99%, and noted two new items on his action plan, which is on schedule.

Chair Lesko next presented the Consent Agenda, and on a motion by Trustee Quigley, seconded by Trustee Merrifield, the Board voted to approve the Consent Agenda, as presented, with Trustee Quigley abstaining on Item 1.

There were no travel reports or requests.

Ms. Goodwin provided an update on Action Items from the February 14, 2023, Board meeting, commenting that Items 1, 4, and 5 are complete, and that three others are in process.

During the Board checkpoint, Chair Lesko acknowledged the importance of the PGV3 project and congratulated staff for their work on the project.

With no further business to discuss, on a motion by Trustee Quigley, seconded by Trustee Merrifield, the Board voted unanimously to adjourn the meeting at 11:30 a.m.

Respectfully submitted,

Christine McKenney
Administrative Assistant

AUDIT COMMITTEE

GOVERNANCE COMMITTEE



To: NHRS Board of Trustees

From: Mark F. Cavanaugh, Associate Counsel and Compliance Officer

Date: March 15, 2023

Re: VCP Policy Revisions

Item: Action: ☒ Discussion: ☐ Informational: ☐

Due to recent changes in federal law, there is a need to make revisions to the Voluntary Correction Program Policy that was last revised on March 12, 2020.

The proposed revisions are as follows:

Page 3: Revisions to reflect change in federal tax law increasing the minimum age at which distributions from NHRS must commence.

Groom Law Group has reviewed this policy annually and agrees that these revisions are appropriate. Staff presented them to the Governance Committee at its March 6, 2023 meeting for consideration and the Committee unanimously voted to recommend to the full Board that the revisions be accepted. Staff now respectfully requests Board action.

Our Mission: To provide secure retirement benefits and superior service.

Voluntary Correction Program Policy - Approved at the June 14, 2011 NHRS Board meeting. Amended May 8, 2012 and March 12, 2020.

NEW HAMPSHIRE RETIREMENT SYSTEM PLAN POLICIES

Policy Number: 2011-1

Topic: Voluntary Correction Program and Determination Letter Compliance

I. Purpose

Pursuant to RSA 100-A:14, II, this Policy has been approved by the board of trustees of the New Hampshire Retirement System (NHRS) to satisfy the terms of the Voluntary Correction Program compliance statement issued by the Internal Revenue Service to NHRS on September 1, 2010, and the determination letter issued by the Internal Revenue Service to NHRS on March 9, 2011.

- A. Definitions. To clarify the definition of "plan year" under NHRS.
- B. Limits on Compensation. To affirm that the annual compensation taken into account under NHRS will be limited to the maximum permissible amount that may be allowed under the Internal Revenue Code of 1986, as amended (Internal Revenue Code), and to define compensation under Internal Revenue Code Section 415.
- C. Internal Revenue Code Compliance Provisions. To affirm that NHRS will comply with qualification requirements of the Internal Revenue Code, including but not limited to, maximum contribution and benefit limits, the trust requirement, forfeiture treatment, required minimum distributions, actuarial assumptions, eligible rollover distributions, prohibited transactions, USERRA requirements, vesting requirements, and electronic transaction requirements. See e.g., RSA 100-A:1, XVII and XXV, RSA 100-A:2, RSA 100-A:4, IV, RSA 100-A:10, RSA 100-A:11-a, RSA 100-A:13, RSA 100-A:13-b, RSA 100-A:15, and RSA 100-A:54.

II. Policy

A. Definitions

(a) "Plan year" means the fiscal year beginning each July 1 and ending the following June 30.

B. Limits on Compensation

(a) Limit under Internal Revenue Code 401(a)(17): In no event will the earnable compensation for purposes of determining average final compensation exceed the limit under Internal Revenue Code Section 401(a)(17) pursuant to Section II.C(e) of this Policy.

(b) Limit under Internal Revenue Code 415:

- (1) Calculation of a member's earnable compensation for the final 12 months of creditable service ending with the termination of employment pursuant to Ret 310.02(c) and Ret 310.03(b) shall include amounts paid after separation from service only if such amounts are paid by the later of 2½ months after an employee's severance from employment or the end of the plan year that includes the date of the employee's severance from employment and if:
 - a. the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or
 - b. the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.
- (2) Notwithstanding the definition of earnable compensation under Ret 310, for purposes of the limitations under Internal Revenue Code Section 415, the definition of compensation pursuant to Section II.C(i)(2) of this Policy shall apply.

C. Internal Revenue Code Compliance Provisions

(a) Effective as of July 1, 1989, the Retirement System will satisfy the qualification requirements in Internal Revenue Code Section 401, as applicable. In order to meet those requirements, NHRS is subject to the following provisions, notwithstanding any other provision of New Hampshire law. The board of trustees may adopt additional policies to implement this section, including additional policies to comply with the Pension Protection Act of 2006.

(b) Internal Revenue Code Section 401(a)(1), (2): Effective as of July 1, 1989, the assets of NHRS are held in trust and may not be used for or diverted to any purpose other than for the exclusive benefit of the members and their beneficiaries and for paying NHRS's reasonable administrative expenses.

(c) Internal Revenue Code Section 401(a)(8): Effective as of September 1, 1974, NHRS will use forfeitures that arise for any reason, including from termination of employment or death, to reduce employer contributions. Forfeitures may not be applied to increase the benefits of any member.

(d) Internal Revenue Code Section 401(a)(9):

- (1) Effective as of July 1, 1989, NHRS will pay all benefits in accordance with a good faith interpretation of the requirements of Internal Revenue Code Section 401(a)(9) and the regulations in effect under that section, as

applicable to a governmental plan within the meaning of Internal Revenue Code Section 414(d).

(2) Notwithstanding any other provision of this Policy, effective on and after January 1, 2002, NHRS is subject to the following provisions:

- a. Benefits must begin by the required beginning date, which is the later of April 1 of the calendar year following the calendar year in which the member reaches 70½ years of age (or age 72 in the case of a member who attains age 70½ on or after January 1, 2020; or age 73 in the case of a member who attains age 72 after December 31, 2022 and age 73 before January 1, 2033; and age 75 in the case of a member who attains age 74 after December 31, 2032) or April 1 of the calendar year following the calendar year in which the member terminates employment. If a member fails to apply for retirement benefits by April 1 of the calendar year following the calendar year in which he or she reaches 70½ years of age (or age 72 in the case of a member who attains age 70½ on or after January 1, 2020; or age 73 in the case of a member who attains age 72 after December 31, 2022 and age 73 before January 1, 2033; and age 75 in the case of a member who attains age 74 after December 31, 2032) or April 1 of the calendar year following the calendar year in which he or she terminates employment, whichever is later, the board of trustees will begin distributing the benefit as required by this Policy.
- b. The member's entire interest must be distributed over the member's life or the lives of the member and a designated Beneficiary, or over a period not extending beyond the life expectancy of the member or of the member and a designated Beneficiary.
- c. The life expectancy of a member, the member's spouse, or the member's Beneficiary may not be recalculated after the initial determination for purposes of determining benefits.
- d. If a member dies after the required distribution of benefits has begun, the remaining portion of the member's interest must be distributed at least as rapidly as under the method of distribution before the member's death.
- e. If a member dies before required distribution of the member's benefits has begun, the member's entire interest must be either
 - (i) distributed (in accordance with federal regulations) over the life or life expectancy of the designated Beneficiary, with the distributions beginning no later

than December 31 of the calendar year following the calendar year of the member's death, or

(ii) distributed within five years of the member's death.

- (3) The amount of an annuity paid to a member's Beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Internal Revenue Code Section 401(a)(9)(G), and effective for any annuity commencing on or after July 1, 2008, the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6, Q&A-2.
- (4) The death and disability benefits provided by NHRS are limited by the incidental benefit rule set forth in Internal Revenue Code Section 401(a)(9)(G) and Treasury Regulation Section 1.401-1(b)(1)(i) or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed 25% of the cost for all of the members' benefits received from NHRS.

(e) Internal Revenue Code Section 401(a)(17):

- (1) Notwithstanding the rules for calculating compensation for determination of benefits under Ret 310, effective July 1, 1996, in accordance with the Omnibus Budget Reconciliation Act of 1993 (OBRA '93), except as provided in this section, the annual compensation NHRS takes into account for any purpose, including contributions or benefits, may not exceed the amount allowed by Internal Revenue Code Section 401(a)(17) as of the first day of the plan year.
- (2) The annual compensation of each member taken into account in determining benefits or contributions for any plan year beginning on or after July 1, 1996, and prior to July 1, 2002, may not exceed \$150,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section 401(a)(17)(B).
- (3) Effective only for the 1996 plan year, the rules of Internal Revenue Code Section 414(q)(6) will apply in determining the annual compensation limitation, except that a member of the family group will include only the spouse of the member and any lineal descendant of the member who has not attained age nineteen (19) before the close of the year. If the annual compensation of a member and his family members is so limited, the annual compensation of the member and each such family member will be equal to the compensation of each such individual determined without regard to Internal Revenue Code Sections 401(a)(17) and 414(q)(6) divided by such annual compensation for all such individuals as so determined and the quotient multiplied by the applicable Internal Revenue Code Section 401(a)(17) limitation amount, as described above.
- (4) The annual compensation of each member taken into account in determining benefits or contributions for any plan year beginning on or after July 1, 2002, may not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Internal Revenue Code Section 401(a)(17)(B).

- (5) For purposes of paragraphs (e)(1) through (e)(4), annual compensation means compensation during the fiscal year. The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. If the determination period consists of fewer than 12 months, the annual compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. If the compensation for any prior determination period is taken into account in determining a member's contributions or benefits for the current plan year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period.
- (6) The limits referenced in paragraph (e)(1) through (e)(5) above apply only to plan years beginning on or after July 1, 1996, and only to individuals who first become members in plan years beginning on and after July 1, 1996. Individuals who become members before plan years beginning on and after July 1, 1996, are not subject to the limits of Internal Revenue Code Section 401(a)(17). Pursuant to Section 13212(d)(3)(A) of OBRA '93, and the regulations issued under that section, the annual compensation in effect under Internal Revenue Code Section 401(a)(17) does not apply to any such member in any year.

(f) Internal Revenue Code Section 401(a)(25): Effective as of July 1, 1989, NHRS will determine the amount of any benefit that is determined on the basis of actuarial assumptions using assumptions adopted by the board of trustees by policy; such benefits will not be subject to employer discretion. Any such assumptions are incorporated herein by reference.

(g) Internal Revenue Code Section 401(a)(31): This subsection applies to distributions made on or after January 1, 1993. Notwithstanding any contrary provision or retirement law that would otherwise limit a distributee's election under this Policy, a distributee may elect, at the time and in the manner prescribed by the board of trustees, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

- (1) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or the life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Internal Revenue Code Section 401(a)(9); the portion of any distribution that

is not includible in gross income; and any other distribution that is reasonably expected to total less than \$200 during the year. Effective January 1, 2002, a portion of a distribution will not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Internal Revenue Code Section 408(a) or (b), or to a qualified defined contribution plan described in Internal Revenue Code Section 401(a) or to a qualified plan described in Internal Revenue Code Section 403(a), or on or after January 1, 2007, to a qualified defined benefit plan described in Internal Revenue Code Section 401(a) or to an annuity contract described in Internal Revenue Code Section 403(b), that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not so includible.

(2) Eligible retirement plan: An eligible retirement plan is:

- a. effective January 1, 2002, a plan eligible under Internal Revenue Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred into the plan from NHRS,
- b. an individual retirement account described in Internal Revenue Code Section 408(a),
- c. an individual retirement annuity described in Internal Revenue Code Section 408(b),
- d. an annuity plan described in Internal Revenue Code Section 403(a),
- e. effective January 1, 2002, an annuity contract described in Internal Revenue Code Section 403(b),
- f. a qualified trust described in Internal Revenue Code Section 401(a), that accepts the distributee's eligible rollover distribution, or
- g. effective January 1, 2008, a Roth IRA described in Internal Revenue Code Section 408A.

(3) Effective January 1, 2002, the definition of eligible rollover distribution also includes a distribution to a surviving spouse, or to a spouse or former spouse who is an alternate payee under a domestic relations order, as defined in Internal Revenue Code Section 414(p).

(4) Distributee: A distributee includes an employee or former employee. It also includes the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the

alternate payee under a qualified domestic relations order, as defined in Internal Revenue Code Section 414(p). Effective January 1, 2007, it further includes a nonspouse beneficiary who is a designated beneficiary as defined by Internal Revenue Code Section 401(a)(9)(E). However, a nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution and the account or annuity will be treated as an "inherited" individual retirement account or annuity.

- (5) Direct rollover: A direct rollover is a payment by NHRS to the eligible retirement plan specified by the distributee.

(h) Automatic Rollovers under Internal Revenue Code Section 401(a)(31)(B): Effective January 1, 2006, in the event of a mandatory distribution greater than \$1,000, if a member does not elect to have such distribution paid directly to an eligible retirement plan specified by the member in a direct rollover or to receive the distribution directly, the board of trustees will pay the distribution in a direct rollover to an individual retirement plan designated by the board of trustees in accordance with Internal Revenue Code Section 401(a)(31)(B) and IRS Notice 2005-5.

- (i) Internal Revenue Code Section 415:

(1) General: Effective as of July 1, 1989, member post-tax contributions paid to, and retirement benefits paid from, NHRS may not exceed the annual limits on contributions and benefits, respectively, allowed by Internal Revenue Code Section 415 and the regulations thereunder. The foregoing section of the Code and the regulations thereunder are incorporated herein by reference. Notwithstanding the foregoing, effective July 1, 2004, the Plan shall comply with the provisions of the Pension Funding Equity Act of 2004 modifying the rules set forth in section 415 of the Code, to the extent applicable.

(2) Applicable Compensation: For purposes of applying the limits under Internal Revenue Code Section 415, the definition of compensation where applicable will be compensation as defined in Treasury Regulation Section 1.415(c)-2(d)(3), or successor regulation; provided, however, that the definition of compensation will exclude member contributions picked up under Internal Revenue Code Section 414(h)(2), and for limitation years beginning after December 31, 1997, compensation will include the amount of any elective deferrals, as defined in Internal Revenue Code Section 402(g)(3), and any amount contributed or deferred by the employer at the election of the member and which is not includible in the gross income of the member by reason of Internal Revenue Code Section 125 or 457, and for limitation years beginning on and after January 1, 2001, Internal Revenue Code Section 132(f)(4). For limitation years beginning on and after January 1, 2007, compensation for the limitation year will also include compensation paid by the later of 2½ months after an employee's

severance from employment or the end of the limitation year that includes the date of the employee's severance from employment if:

- a. the payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or
- b. the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.

(3) Defined Benefit Limits:

- a. Before July 1, 1995, a member may not receive an annual benefit that exceeds the limits specified in Internal Revenue Code Section 415(b), subject to the applicable adjustments in that section. On and after July 1, 1995, a member may not receive an annual benefit that exceeds the dollar amount specified in Internal Revenue Code Section 415(b)(1)(A), subject to the applicable adjustments in Internal Revenue Code Section 415(b).
- b. On and after July 1, 1995, in no event shall a member's annual benefit payable under NHRS in any limitation year be greater than the limit applicable at the annuity starting date, as increased in subsequent years pursuant to Internal Revenue Code Section 415(d) and the regulations thereunder. If the form of benefit without regard to the automatic benefit increase feature is not a straight life or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the Internal Revenue Code Section 415(b) limit applicable at the annuity starting date or adjusting the form of benefit to an actuarially equivalent straight life annuity benefit determined using the following assumptions that takes into account the death benefits under the form of benefit:
 - (i) For a benefit paid in a form to which section Internal Revenue Code Section 417(e)(3) does not apply, the actuarially equivalent straight life annuity benefit which is the greater of (or the reduced Internal Revenue Code Section 415(b) limit applicable at the annuity starting date which is the lesser of when adjusted in accordance with the following assumptions):
 - A. The annual amount of the straight life annuity(if

any) payable to the participant under the plan commencing at the same annuity starting date as the form of benefit payable to the participant, or

- B. The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the participant, computed using a 5 percent interest assumption (or the applicable statutory interest assumption) and (i) for years prior to July 1, 2009, the applicable mortality tables described in Treasury Regulation Section 1.417(e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Rulings 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)); or
- (ii) For a benefit paid in a form to which Internal Revenue Code Section 417(e)(3) applies, the actuarially equivalent straight life annuity benefit which is the greatest of (or the reduced Internal Revenue Code Section 415(b) limit applicable at the annuity starting date which is the least of when adjusted in accordance with the following assumptions):
- A. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial experience;
 - B. The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a 5.5 percent interest assumption (or the applicable statutory interest assumption) and (i)

for years prior to July 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B)); or

- C. the annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable (computed using the applicable interest rate for the distribution under Treas. Reg. §1.417(e)-1(d)(3) (the 30-year Treasury rate (prior to July 1, 2007, using the rate in effect for the month prior to retirement, and on and after July 1, 2007, using the rate in effect for the first day of the plan year with a one-year stabilization period)) and (i) for years prior to July 1, 2009, the applicable mortality tables for the distribution under Treasury Regulation Section 1.417(e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent Revenue Ruling modifying the applicable provisions of Revenue Ruling 2001-62), and (ii) for years beginning on or after July 1, 2009, the applicable mortality tables described in Internal Revenue Code Section 417(e)(3)(B) (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing Internal Revenue Code Section 417(e)(3)(B))), divided by 1.05.

(4) Cost of Living Adjustments: For purposes of applying the limits under Internal Revenue Code Section 415(b) (Limit), the following will apply:

- a. prior to July 1, 2007, adjustments under former RSA 100-A:41-a (a),(b) and (c) will be taken into consideration when determining a member's applicable Limit
- b. on and after July 1, 2007, with respect to a member who does

not receive a portion of the member's annual benefit in a lump sum:

- (i) a member's applicable Limit will be applied to the member's annual benefit in the first limitation year without regard to any automatic cost of living increases under former RSA 100-A:41-a, b, and c;
 - (ii) to the extent the member's annual benefit equals or exceeds the Limit, the member will no longer be eligible for cost of living increases under former RSA 100-A:41-a, b, and c until such time as the benefit plus the accumulated increases under former RSA 100-A:41-a, b, and c are less than the Limit; and
 - (iii) thereafter, in any subsequent limitation year, the member's annual benefit including any automatic cost of living increase applicable under former RSA 100-A:41-a, b, and c shall be tested under the then applicable benefit limit including any adjustment to the Internal Revenue Code Section 415(b)(1)(A) dollar limit under Internal Revenue Code Section 415(d) and the regulations thereunder; and
- c. on and after July 1, 2007, with respect to a member who receives a portion of the member's annual benefit in a lump sum, a member's applicable Limit shall be applied taking into consideration automatic cost of living increases under former RSA 100-A:41-a, b, and c as required by Internal Revenue Code Section 415(b) and applicable Treasury Regulations.

(5) Defined Contribution Limits:

- a. Unless the provisions of paragraph (6) apply, the post-tax member contributions and any additional member annuity contributions will be subject to the annual limits of Internal Revenue Code Section 415(c), subject to annual adjustments.
- b. Notwithstanding any other provision of law to the contrary, the board of trustees may modify a request by a member to make a contribution to NHRS if the amount of the contribution would exceed the limits provided in Internal Revenue Code Section 415 by using the following methods:
 - (i) If the law requires a lump sum payment for the purchase of service credit, the board of trustees may establish a periodic payment plan for the member to avoid a contribution in excess of the limits under Internal Revenue Code Sections 415(c) or 415(n).
 - (ii) If payment pursuant to clause (i) will not avoid a contribution in excess of the limits imposed by Internal

Revenue Code Section 415(c), the board of trustees will either reduce the member's contribution to an amount within the limits of that section or refuse the member's contribution.

(6) Permissive Service Credit Purchases:

- a. Effective for permissive service credit contributions made in years beginning after December 31, 1997, if a member makes one or more contributions to purchase permissive service credit under NHRS, then the requirements of this section will be treated as met only if—
 - (i) the requirements of Internal Revenue Code Section 415(b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of Internal Revenue Code Section 415(b), or
 - (ii) the requirements of Internal Revenue Code Section 415(c) are met, determined by treating all such contributions as annual additions for purposes of Internal Revenue Code Section 415(c).

For purposes of applying clause (i) NHRS will not fail to meet the reduced limit under Internal Revenue Code Section 415(b)(2)(C) solely by reason of this paragraph (6), and for purposes of applying clause (ii) NHRS will not fail to meet the percentage limitation under Internal Revenue Code Section 415(c)(1)(B) solely by reason of this paragraph (6).

- b. For purposes of this paragraph (6) the term "permissive service credit" means service credit—
 - (i) specifically authorized by state law and recognized by NHRS for purposes of calculating a member's benefit under NHRS,
 - (ii) which such member has not received under NHRS, and
 - (iii) which such member may receive only by making a voluntary additional contribution, in an amount determined under NHRS, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in years beginning after December 31, 1997, such term may include service credit for periods for which there is no performance of service, and, notwithstanding clause (ii), may include service credited in order to provide an increased benefit for service credit which a member is receiving under

NHRS.

- c. The NHRS will fail to meet the requirements of this paragraph
 - (i) If more than 5 years of nonqualified service credit are taken into account for purposes of this paragraph (6), or
 - (ii) any nonqualified service credit is taken into account under this paragraph (6) before the member has at least 5 years of participation under NHRS.
- d. For purposes of subparagraph c, effective for permissive service credit contributions made in years beginning after December 31, 1997, the term "nonqualified service credit" means permissive service credit other than that allowed with respect to—
 - (i) service (including parental, medical, sabbatical, and similar leave) as an employee of the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in Internal Revenue Code Section 415(k)(3)),
 - (ii) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (i)) of an education organization described in Internal Revenue Code Section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed,
 - (iii) service as an employee of an association of employees who are described in clause (i), or
 - (iv) military service (other than qualified military service under Internal Revenue Code Section 414(u)) recognized by such governmental plan.

In the case of service described in clause (i), (ii), or (iii), such service will be nonqualified service if recognition of such service would cause a member to receive a retirement benefit for the same service under more than one plan.
- e. For an eligible member, the limitation of Internal Revenue Code Section 415(c)(1) shall not be applied to reduce the amount of permissive service credit which may be purchased

to an amount less than the amount which was allowed to be purchased under the terms of NHRS's statutes and rules as in effect on August 5, 1997. For purposes of this subparagraph, an eligible member is an individual who first became a member in NHRS before July 1, 1998.

- (6) Trustee-to-Trustee Transfers: In the case of a trustee-to-trustee transfer after December 31, 2001, to which Internal Revenue Code Section 403(b)(13)(A) or 457(e)(17)(A) applies (without regard to whether the transfer is made between plans maintained by the same employer)—
 - a. the limitations of subparagraph (6)(c) will not apply in determining whether the transfer is for the purchase of permissive service credit, and
 - b. the distribution rules applicable under federal law to NHRS will apply to such amounts and any benefits attributable to such amounts.
- (7) Limitation Year: The limitation year for purposes of Internal Revenue Code Section 415 is the fiscal year beginning each July 1 and ending the following June 30.
- (8) Amendment: Nothing contained in this section will limit the Legislature from modifying benefits to the extent such modifications are permissible by applicable state and federal law.
- (j) Internal Revenue Code Section 503(b): Effective as of July 1, 1989, the board of trustees may not engage in a transaction prohibited by Internal Revenue Code Section 503(b).
- (k) Internal Revenue Code Section 414(u):
 - (1) Effective December 12, 1994, notwithstanding any other provision of NHRS law, contributions, benefits and service credit with respect to qualified military service are governed by Internal Revenue Code Section 414(u) and the Uniformed Services Employment and Reemployment Rights Act of 1994.
 - (2) Effective with respect to deaths occurring on or after January 1, 2007, while a member is performing qualified military service (as defined in chapter 43 of title 38, United States Code), death benefits shall be provided by NHRS under RSA 100-A:9-I to the survivors of a member to the extent required by Internal Revenue Code Section 401(a)(37). A deceased member's period of qualified military service must be counted for vesting purposes.
 - (3) Beginning January 1, 2009, to the extent required by Internal Revenue Code Sections 3401(h) and 414(u)(2), any differential wage payments to an individual from an employer (while the individual is performing qualified military service (as defined in chapter 43 of title 38, United States Code)) shall be treated as compensation for purposes of applying the limits on annual additions under Internal Revenue Code Section 415(c).
- (l) Internal Revenue Code Section 411(e): Effective as of September 1, 1974, in

addition to any protection provided by this ordinance and New Hampshire law:

- (1) A member will be 100% vested in all Plan benefits upon attainment of the Plan's age and service requirements for the Plan's normal retirement benefit; and
 - (2) A member will be 100% vested in all Plan benefits, to the extent funded, if the Plan is terminated.
- (m) Electronic Transactions: In those circumstances where a written election or consent is not prohibited by NHRS or the Internal Revenue Code, an electronic or telephonic form, in lieu of or in addition to a written form, may be permitted by NHRS.

Independent Investment Committee's Monthly Report to the Board

NHRS Investment Team
Board of Trustees Meeting
April 11, 2023

Total Plan Performance as of February 28, 2023



The table below details the rates of return for the fund's asset classes over various time periods ended February 28, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2023								
Composite	Total Fund Weighting As of 2/28/2023	Last Month	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Domestic Equity	30.83%	-2.21%	8.94%	5.04%	-6.38%	12.11%	8.79%	11.18%
Domestic Equity Benchmark(1)		-2.34%	6.89%	4.39%	-8.07%	11.05%	9.18%	11.96%
Excess Return		0.12%	2.05%	0.65%	1.69%	1.05%	-0.39%	-0.78%
Total Non US Equity	17.55%	-2.37%	10.56%	5.59%	-4.76%	4.66%	1.47%	3.99%
Non US Equity Benchmark(2)		-3.51%	7.41%	4.32%	-7.19%	5.27%	1.62%	3.94%
Excess Return		1.14%	3.15%	1.27%	2.43%	-0.60%	-0.15%	0.06%
Total Fixed Income	18.57%	-2.44%	-0.38%	0.98%	-8.38%	-1.55%	1.00%	1.80%
Bloomberg Capital Universe Bond Index		-2.46%	-1.76%	0.57%	-9.30%	-3.41%	0.68%	1.39%
Excess Return		0.02%	1.38%	0.41%	0.92%	1.86%	0.32%	0.41%
Total Cash	0.97%	0.35%	2.19%	0.75%	2.34%	0.91%	1.43%	0.91%
3-Month Treasury Bill		0.33%	1.96%	0.64%	2.10%	0.84%	1.35%	0.83%
Excess Return		0.03%	0.23%	0.11%	0.25%	0.07%	0.08%	0.08%
Total Real Estate (Q3)*	12.82%	-0.08%	1.07%	0.04%	20.84%	15.59%	12.59%	12.52%
Real Estate Benchmark(3)		-1.75%	1.22%	-3.48%	11.15%	9.77%	8.23%	9.40%
Excess Return		1.67%	-0.15%	3.52%	9.69%	5.82%	4.37%	3.13%
Total Private Equity (Q3)*	14.17%	-0.03%	-2.06%	-0.02%	1.45%	17.74%	15.29%	12.68%
Private Equity Benchmark(4)		5.31%	-7.46%	14.02%	-6.72%	14.22%	14.34%	17.21%
Excess Return		-5.35%	5.39%	-14.04%	8.17%	3.52%	0.95%	-4.52%
Total Private Debt (Q3)*	5.10%	-0.02%	1.32%	-0.02%	6.60%	6.12%	5.60%	7.12%
Private Debt Benchmark(5)		1.95%	-2.85%	4.18%	-2.22%	1.64%	2.64%	7.85%
Excess Return		-1.97%	4.17%	-4.20%	8.83%	4.48%	2.97%	-0.74%
Total Fund Composite	100.00%	-1.57%	4.21%	2.65%	-1.71%	8.43%	6.64%	7.78%
Total Fund Benchmark(6)		-1.56%	2.74%	3.58%	-5.32%	6.48%	6.06%	7.73%
Excess Return		-0.01%	1.46%	-0.93%	3.60%	1.95%	0.58%	0.06%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2003. Prior to 7/1/2003 it was the MSCI EAFE Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% S&P LSTA Leveraged Loan 100 Ldx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 30.0% Russell 3000 Index, 25.0% Bloomberg Universal, 20.0% MSCI ACWI ex-US, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 2/28/23, the Total Fund has returned 6.82% versus the Total Fund Custom Benchmark return of 6.66%.

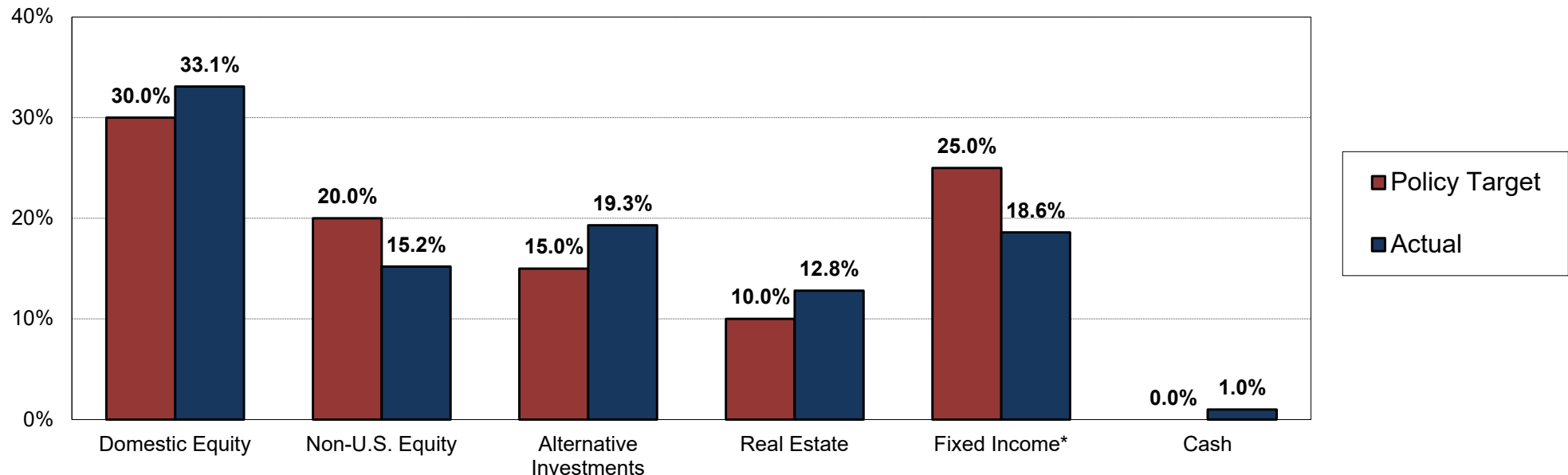
*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

Source: Callan

Asset Class Policy Targets vs. Actual Allocation



**Asset Class Targets vs. Actual Allocation
as of February 28, 2023 (Preliminary)**



Asset Class	Policy Target	Actual	Range
Domestic Equity	30.0%	33.1%	20 - 40%
Non-U.S. Equity	20.0%	15.2%	15 - 25%
Alternative Investments	15.0%	19.3%	5 - 25%
Real Estate	10.0%	12.8%	5 - 20%
Fixed Income*	25.0%	18.6%	20 - 30%
Cash	0.0%	1.0%	NA
	100.0%	100.0%	

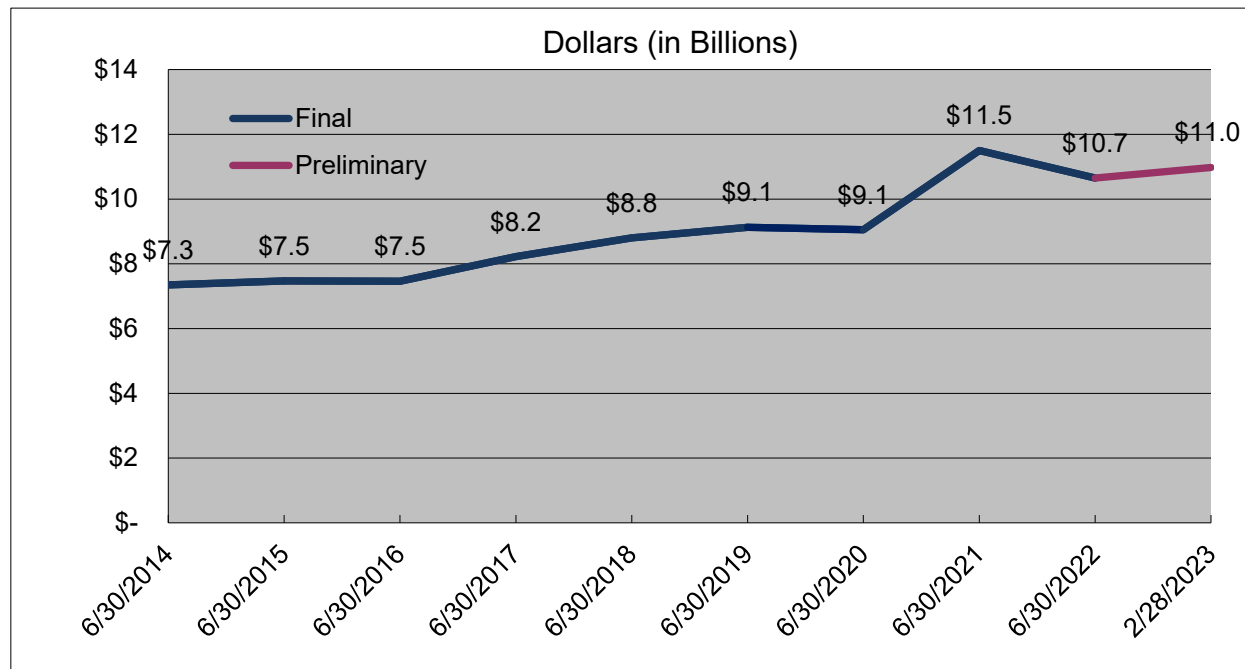
Source: NHRS

**Fixed Income is below range when Cash is included; Staff is monitoring Fixed Income and will rebalance from Domestic Equity as needed to meet minimum target range*

Total Fund Market Value



Fiscal Year	Dollars (in Billions)
June 30,2014	\$7.3
June 30,2015	\$7.5
June 30,2016	\$7.5
June 30,2017	\$8.2
June 30,2018	\$8.8
June 30,2019	\$9.1
June 30,2020	\$9.1
June 30,2021	\$11.5
June 30,2022	\$10.7
February 28,2023	\$11.0



Source: NHRS



NHRS

New Hampshire Retirement System

Independent Investment Committee's Quarterly Report to the Board April 11, 2023



Discussion Topics

- Asset Allocation and Portfolio Structure
- Investment Performance
- Universe Comparisons
- Investment Expenses by Asset Class

Key Observations

NHRS Pension Plan

Asset Allocation and Portfolio Structure

- Overall, the Fund's asset allocation was close to the permissible Policy ranges at quarter-end. The Fund's allocation to defensive positions, including fixed income and cash, represented 20.0% of total assets. The fixed income allocation was below the policy range by 1.2%, balanced by a 1.2% allocation to cash equivalent instruments. Opportunities to rebalance the fixed income allocation back within the Investment Policy parameters should continue to be explored. The international equity component of the Fund is in the process of being rebalanced and is at the lower threshold of the approved allocation range. The Fund had an overweight to domestic equity, real estate and alternatives, and underweight positions within non-U.S. equity and fixed income

Investment Performance

- The Fund had a gross return of 5.20% over the second quarter of Fiscal Year 2023, underperforming the market benchmark by 0.15% and ranking in the 62nd percentile of its peers. On a net-of-fees basis, the Fund returned 5.03%
 - The U.S. Equity and Fixed Income portfolios had positive impacts on relative performance
 - By contrast, the Alternative Assets, Non-U.S. Equity, and Real Estate portfolio detracted from performance
- Overall, performance is competitive relative to both benchmarks over longer periods measured. The Fund outperformed the peer group median over the long term, ranking in the top 17% of peers in the trailing 10-year period, and in the top 36% of peers over the last 25 years
- The Fund exhibits attractive risk-adjusted performance, as measured by the Sharpe Ratio over the last five years. In addition, relative risk-adjusted scores, as measured by the Excess Return Ratio, are also strong. Both of these ratios ranked within the top 25% of peers

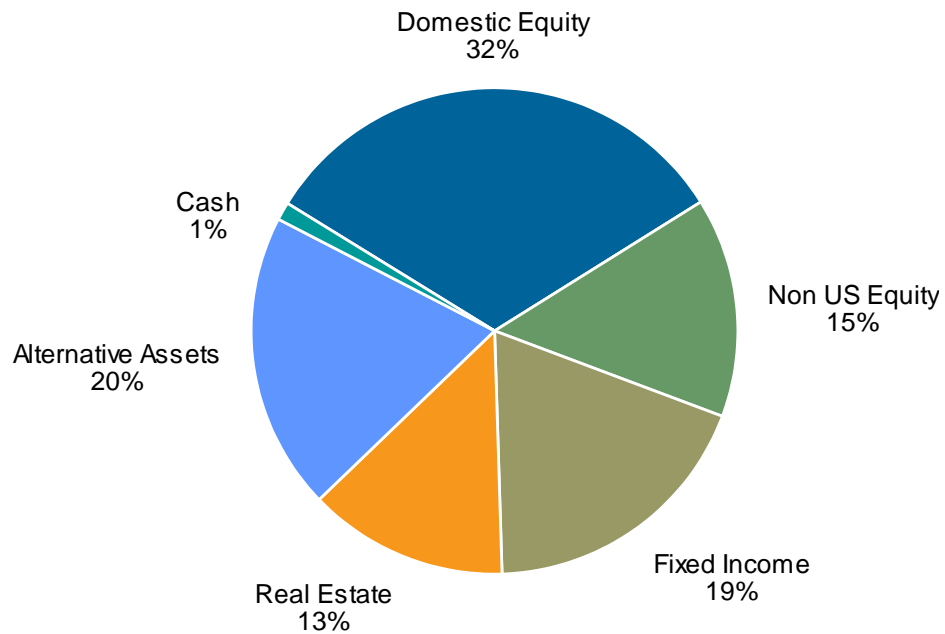
Other Developments

- NHRS Staff and Callan will work closely together to evaluate the Fund's strategic asset allocation and overall portfolio structure in 2023

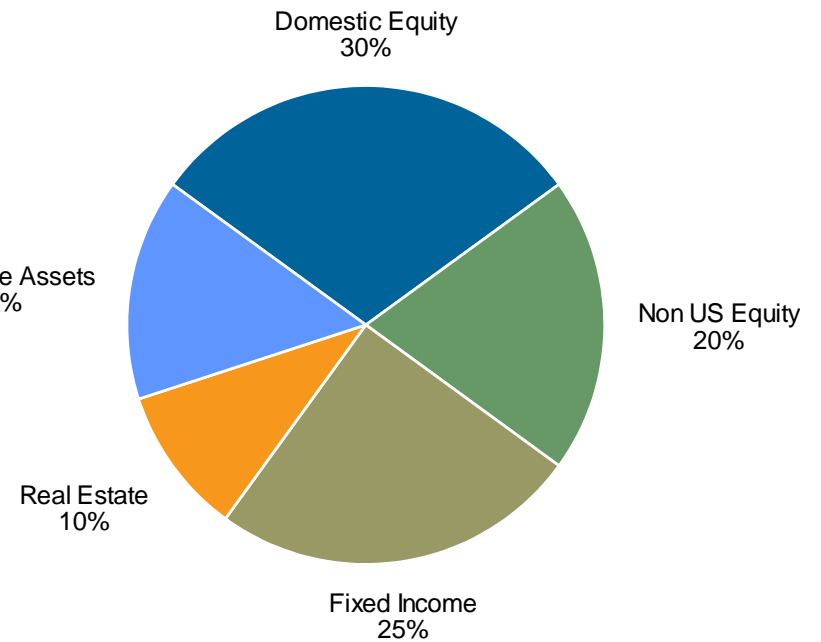
Total Fund

Actual Asset Allocation vs. Target, as of December 31, 2022

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$Millions Actual	Weight Actual	Target	Percent Difference	\$Millions Difference
Domestic Equity	3,464	32.3%	30.0%	2.3%	248
Non US Equity	1,567	14.6%	20.0%	(5.4%)	(577)
Fixed Income	2,018	18.8%	25.0%	(6.2%)	(662)
Real Estate	1,423	13.3%	10.0%	3.3%	350
Alternative Assets	2,125	19.8%	15.0%	4.8%	517
Cash	124	1.2%	0.0%	1.2%	124
Total	10,721	100.0%	100.0%		

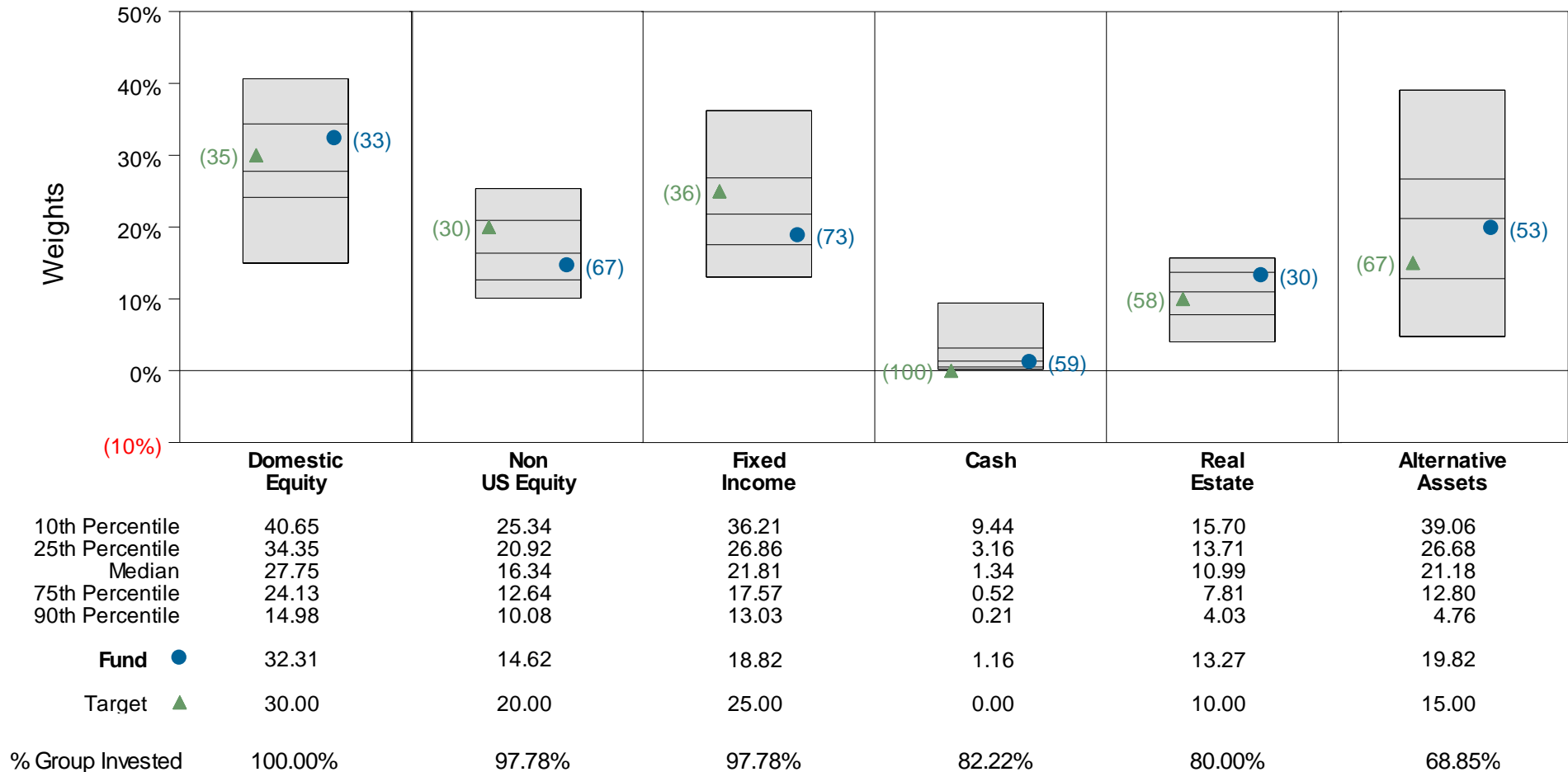
*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

**The United States equity portion of the Walter Scott Global Equity fund is allocated to the Domestic Equity composite.

Total Fund

Actual Asset Allocation vs. Large Public DB Plan (>\$1B) Peer Group, as of December 31, 2022

Asset Class Weights vs Callan Public Fund Spons - Large (>1B)

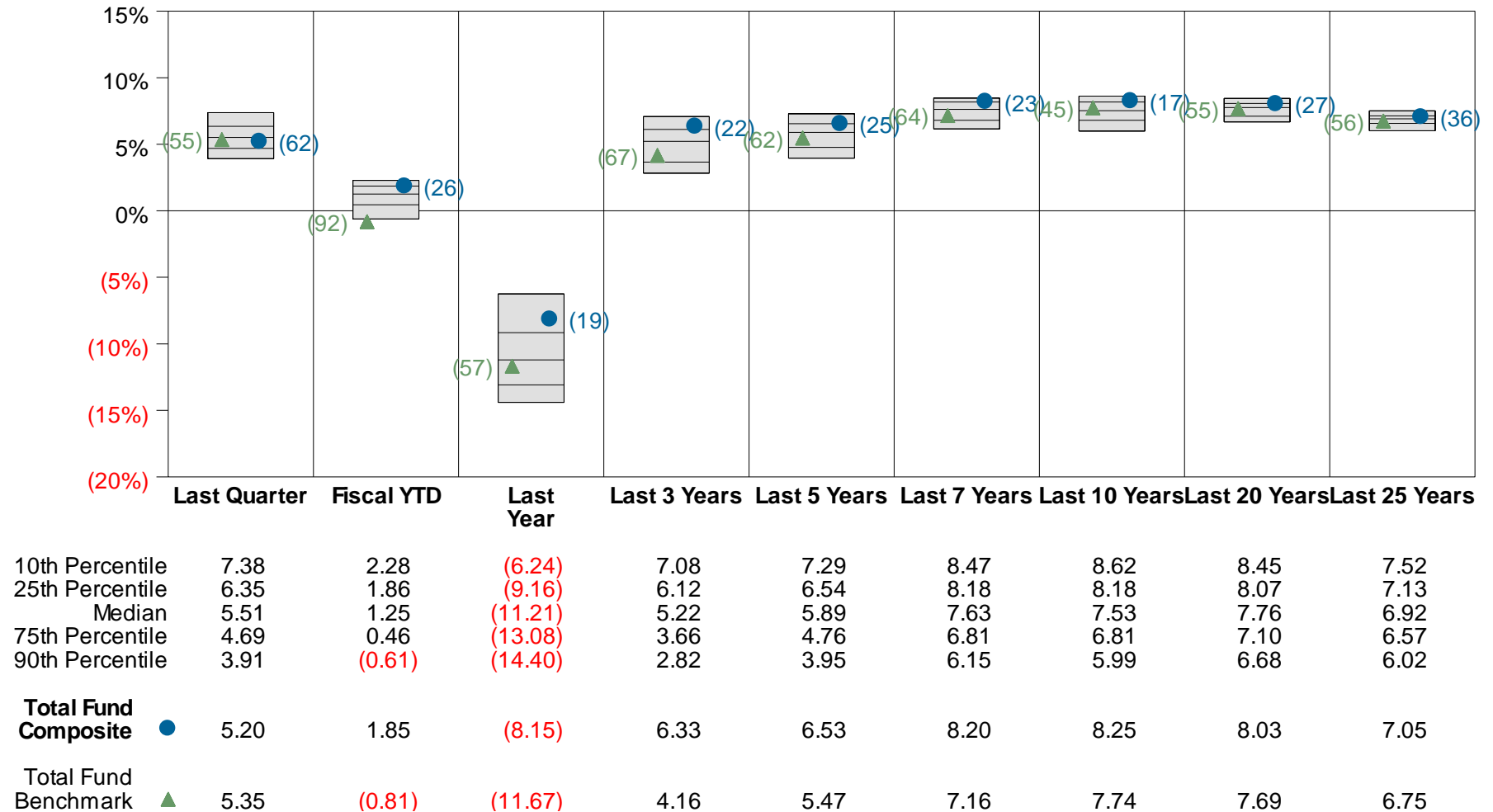


*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

Total Fund Performance – Gross of Investment Management Fees

Performance vs. Large Public DB Plan (>\$1B) Peers, as of December 31, 2022

Performance vs Callan Public Fund Large DB (Gross)



Note: Investment results are shown gross of investment management fees versus corresponding peer group.

*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

INVESTMENT EXPENSES BY ASSET CLASS

Investment activity fees and other related expenses:

For the Quarter and Fiscal Year to Date through 12/31/22 (in thousands)

	Assets Under Management	Fees (Quarter)	Fees (FYTD)
Equity Investments			
Domestic (U.S.)	3,463,844	2,410	4,865
Non-U.S.	1,567,035	1,774	4,281
Fixed Income Investments	2,017,993	1,433	2,889
Alternative Investments	2,125,056		
Gross		3,926	7,811
Real Estate Investments	1,422,541		
Gross		2,843	6,177
Cash	124,326		
Subtotal Gross Investment Mgt Fees		12,385	26,023
Custodial Fees		137	284
Brokerage Fees		329	611
Investment Advisor Fees		163	325
Investment Professional Fees		9	100
Investment Staff Administrative Expense		216	457
Subtotal Investment Servicing Fees		854	1,776
TOTAL GROSS INVESTMENT EXPENSES	10,720,796	13,239	27,799

Notes:

1. Fees for both the Quarter and the Fiscal Year to Date shown here are reported on a cash basis. For most fees, there is a lag between the service provided and payment of the fee.
2. Gross fees are those paid in the quarter for partnership operating costs.
3. Annual audited GAAP accrual fee amounts are included in the Annual Comprehensive Financial Report (ACFR), audited by the external auditor Plante Moran, as well as in the Comprehensive Annual Investment Report (CAIR). Both reports are available at <https://www.nhrs.org/funding-and-investments/reports-valuations>.
4. NHRS requires a "most favored nation" clause in investment contracts that states that if another comparable public plan invests in a fund at a lower fee structure, NHRS' fees will also be adjusted downward.

DEFINITION OF ASSET CLASSES

Domestic Equity: The allocation to domestic equity serves to expose the fund to the largest economy of the world. An allocation to domestic equity should allow for return enhancement and principal appreciation.

Non-U.S. Equity: The allocation to non-U.S. equity, both developed and emerging markets, will serve as potential for return enhancement and principal appreciation. A secondary consideration is the diversification it provides from the U.S. market. While the U.S. and non-U.S. markets are considerably correlated, they are not perfectly correlated. Assets that are not perfectly correlated serve to reduce volatility over the long term.

Fixed Income: The investment in fixed income will serve to reduce volatility experienced in the equity markets, as well as offer an opportunity for return enhancement by investment in selected securities (for example, investment grade corporates and high yield). A portion of the fixed income allocation is expected to be invested in Treasury or other government-related issues, which will serve to reduce risk within the portfolio.

Alternative Investments: Alternative investments are nontraditional investments, not covered by another investment class. In general, alternative investments are incorporated into the NHRS asset allocation to enhance the portfolio's risk-adjusted return (private equity/private debt) or to diversify volatility (opportunistic strategies). While the risk associated with these types of investments is higher than that of other asset classes, the expected return is also higher.

Real Estate: The investment in real estate will serve as an inflation hedge, return enhancement opportunity, income generator, and diversification source and will include investments within core, value-added, and opportunistic opportunities.

Callan

February 28, 2023

**New Hampshire Retirement
System**

**Investment Measurement Service
Monthly Review**

Asset Class Excess Returns

February 28, 2023

The table below details the rates of return for the fund's asset classes over various time periods ended February 28, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2023								
Composite	Total Fund Weighting As of 2/28/2023	Last Month	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Domestic Equity	30.83%	-2.21%	8.94%	5.04%	-6.38%	12.11%	8.79%	11.18%
Domestic Equity Benchmark(1)		-2.34%	6.89%	4.39%	-8.07%	11.05%	9.18%	11.96%
Excess Return		0.12%	2.05%	0.65%	1.69%	1.05%	-0.39%	-0.78%
Total Non US Equity	17.55%	-2.37%	10.56%	5.59%	-4.76%	4.66%	1.47%	3.99%
Non US Equity Benchmark(2)		-3.51%	7.41%	4.32%	-7.19%	5.27%	1.62%	3.94%
Excess Return		1.14%	3.15%	1.27%	2.43%	-0.60%	-0.15%	0.06%
Total Fixed Income	18.57%	-2.44%	-0.38%	0.98%	-8.38%	-1.55%	1.00%	1.80%
Bloomberg Capital Universe Bond Index		-2.46%	-1.76%	0.57%	-9.30%	-3.41%	0.68%	1.39%
Excess Return		0.02%	1.38%	0.41%	0.92%	1.86%	0.32%	0.41%
Total Cash	0.97%	0.35%	2.19%	0.75%	2.34%	0.91%	1.43%	0.91%
3-Month Treasury Bill		0.33%	1.96%	0.64%	2.10%	0.84%	1.35%	0.83%
Excess Return		0.03%	0.23%	0.11%	0.25%	0.07%	0.08%	0.08%
Total Real Estate (Q3)*	12.82%	-0.08%	1.07%	0.04%	20.84%	15.59%	12.59%	12.52%
Real Estate Benchmark(3)		-1.75%	1.22%	-3.48%	11.15%	9.77%	8.23%	9.40%
Excess Return		1.67%	-0.15%	3.52%	9.69%	5.82%	4.37%	3.13%
Total Private Equity (Q3)*	14.17%	-0.03%	-2.06%	-0.02%	1.45%	17.74%	15.29%	12.68%
Private Equity Benchmark(4)		5.31%	-7.46%	14.02%	-6.72%	14.22%	14.34%	17.21%
Excess Return		-5.35%	5.39%	-14.04%	8.17%	3.52%	0.95%	-4.52%
Total Private Debt (Q3)*	5.10%	-0.02%	1.32%	-0.02%	6.60%	6.12%	5.60%	7.12%
Private Debt Benchmark(5)		1.95%	-2.85%	4.18%	-2.22%	1.64%	2.64%	7.85%
Excess Return		-1.97%	4.17%	-4.20%	8.83%	4.48%	2.97%	-0.74%
Total Fund Composite	100.00%	-1.57%	4.21%	2.65%	-1.71%	8.43%	6.64%	7.78%
Total Fund Benchmark(6)		-1.56%	2.74%	3.58%	-5.32%	6.48%	6.06%	7.73%
Excess Return		-0.01%	1.46%	-0.93%	3.60%	1.95%	0.58%	0.06%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2003. Prior to 7/1/2003 it was the MSCI EAFE Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% S&P LSTA Leveraged Loan 100 ldx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 30.0% Russell 3000 Index, 25.0% Bloomberg Universal, 20.0% MSCI ACWI ex-US, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 2/28/23, the Total Fund has returned 6.82% versus the Total Fund Custom Benchmark return of 6.66%.

*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

Domestic Equity Excess Returns

February 28, 2023

The table below details the rates of return for the fund's investment managers over various time periods ended February 28, 2023. Negative manager excess returns are shown in **red**, positive excess returns in **green**. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2023								
Composite	Total Fund Weighting As of 2/28/2023	Last Month	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Domestic Equity	30.83%	-2.21%	8.94%	5.04%	-6.38%	12.11%	8.79%	11.18%
Domestic Equity Benchmark(1)		-2.34%	6.89%	4.39%	-8.07%	11.05%	9.18%	11.96%
Excess Return		0.12%	2.05%	0.65%	1.69%	1.05%	-0.39%	-0.78%
Large Cap Domestic Equity	17.70%	-2.45%	6.06%	3.67%	-7.71%	11.32%	8.56%	11.39%
S&P 500 Index		-2.44%	6.08%	3.69%	-7.69%	12.15%	9.82%	12.25%
Excess Return		-0.01%	-0.03%	-0.02%	-0.02%	-0.83%	-1.26%	-0.86%
BlackRock S&P 500	17.70%	-2.45%	6.06%	3.67%	-7.71%	12.11%	9.79%	12.23%
S&P 500 Index		-2.44%	6.08%	3.69%	-7.69%	12.15%	9.82%	12.25%
Excess Return		-0.01%	-0.03%	-0.02%	-0.02%	-0.04%	-0.03%	-0.02%
Smid Cap Domestic Equity	5.71%	-2.50%	11.46%	7.09%	-5.68%	12.47%	7.30%	10.04%
Russell 2500 Index		-2.35%	12.14%	7.42%	-5.42%	11.48%	7.67%	9.96%
Excess Return		-0.16%	-0.68%	-0.32%	-0.26%	0.99%	-0.37%	0.08%
AllianceBernstein	3.54%	-1.78%	13.12%	8.44%	-9.21%	12.60%	7.93%	10.56%
Russell 2500 Index		-2.35%	12.14%	7.42%	-5.42%	11.48%	7.67%	9.96%
Excess Return		0.57%	0.97%	1.03%	-3.79%	1.13%	0.26%	0.60%
TSW	2.17%	-3.67%	8.86%	4.96%	0.73%	12.25%	6.30%	9.14%
TSW Blended Benchmark (2)		-2.83%	11.47%	6.88%	-3.70%	12.66%	7.71%	9.98%
Excess Return		-0.84%	-2.61%	-1.92%	4.43%	-0.41%	-1.41%	-0.84%
Small Cap Domestic Equity	7.41%	-1.42%	14.37%	6.83%	-3.64%	14.08%	10.27%	11.42%
Russell 2000 Index		-1.69%	12.11%	7.89%	-6.02%	10.08%	6.01%	9.06%
Excess Return		0.27%	2.26%	-1.07%	2.37%	4.00%	4.26%	2.36%
Boston Trust	2.02%	-1.56%	14.01%	6.28%	3.09%	16.55%	11.85%	11.19%
Russell 2000 Index		-1.69%	12.11%	7.89%	-6.02%	10.08%	6.01%	9.06%
Excess Return		0.13%	1.91%	-1.61%	9.10%	6.48%	5.84%	2.13%
Segall Bryant & Hamill	2.04%	-1.44%	16.13%	5.15%	-3.10%	15.59%	11.02%	10.91%
Russell 2000 Index		-1.69%	12.11%	7.89%	-6.02%	10.08%	6.01%	9.06%
Excess Return		0.25%	4.02%	-2.74%	2.91%	5.52%	5.01%	1.85%
Wellington	3.34%	-1.31%	13.53%	8.21%	-7.61%	11.84%	9.02%	11.83%
Russell 2000 Index		-1.69%	12.11%	7.89%	-6.02%	10.08%	6.01%	9.06%
Excess Return		0.38%	1.42%	0.32%	-1.60%	1.76%	3.00%	2.78%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) TSW Blended Benchmark is the Russell 2500 Value Index as of 7/1/2019. Prior to 7/1/2019 it was the Russell 2500.

Non-US Equity Excess Returns

February 28, 2023

The table below details the rates of return for the fund's investment managers over various time periods ended February 28, 2023. Negative manager excess returns are shown in **red**, positive excess returns in **green**. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2023								
Composite	Total Fund Weighting As of 2/28/2023	Last Month	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Non US Equity	17.55%	-2.37%	10.56%	5.59%	-4.76%	4.66%	1.47%	3.99%
Non US Equity Benchmark (1)		-3.51%	7.41%	4.32%	-7.19%	5.27%	1.62%	3.94%
Excess Return		1.14%	3.15%	1.27%	2.43%	-0.60%	-0.15%	0.06%
Core Non US Equity	10.74%	-1.82%	14.11%	7.11%	-1.30%	5.89%	1.86%	3.75%
Core Non US Benchmark (2)		-3.51%	7.41%	4.32%	-7.19%	5.27%	1.62%	3.94%
Excess Return		1.69%	6.70%	2.80%	5.89%	0.62%	0.25%	-0.19%
Aristotle	1.38%	-2.67%	9.63%	4.78%	-7.27%	-	-	-
MSCI EAFE		-2.09%	12.57%	5.84%	-3.14%	-	-	-
Excess Return		-0.58%	-2.95%	-1.07%	-4.13%	-	-	-
Artisan Partners	3.09%	-2.54%	13.17%	5.85%	-2.41%	3.44%	2.75%	-
MSCI EAFE		-2.09%	12.57%	5.84%	-3.14%	6.84%	2.64%	-
Excess Return		-0.45%	0.59%	0.01%	0.73%	-3.40%	0.10%	-
BlackRock SuperFund	1.55%	-3.05%	-	-	-	-	-	-
MSCI ACWI Ex-US		-3.51%	-	-	-	-	-	-
Excess Return		0.46%	-	-	-	-	-	-
Causeway Capital	3.39%	0.05%	20.46%	11.05%	5.83%	11.90%	4.09%	-
MSCI EAFE		-2.09%	12.57%	5.84%	-3.14%	6.84%	2.64%	-
Excess Return		2.14%	7.88%	5.21%	8.97%	5.06%	1.45%	-
Lazard	1.32%	-2.23%	8.15%	4.80%	-7.00%	-	-	-
MSCI EAFE		-2.09%	12.57%	5.84%	-3.14%	-	-	-
Excess Return		-0.14%	-4.42%	-1.04%	-3.86%	-	-	-
Emerging Markets	1.48%	-5.70%	0.06%	0.79%	-12.97%	-2.55%	-4.17%	0.26%
MSCI EM		-6.48%	-2.12%	0.90%	-15.28%	0.97%	-1.86%	1.52%
Excess Return		0.78%	2.18%	-0.11%	2.31%	-3.52%	-2.31%	-1.26%
Wellington Emerging Markets	1.40%	-6.74%	-0.08%	-0.99%	-12.19%	-2.29%	-4.17%	1.48%
MSCI EM		-6.48%	-2.12%	0.90%	-15.28%	0.97%	-1.86%	1.52%
Excess Return		-0.26%	2.04%	-1.89%	3.09%	-3.26%	-2.30%	-0.04%
Non US Small Cap	1.11%	-2.45%	12.16%	5.54%	-9.13%	-0.52%	-5.80%	0.98%
MSCI EAFE Small Cap		-2.17%	9.77%	5.13%	-9.68%	5.29%	0.68%	6.08%
Excess Return		-0.28%	2.39%	0.40%	0.55%	-5.81%	-6.49%	-5.10%
Wellington Int'l Small Cap Research	1.11%	-2.45%	12.16%	5.54%	-9.13%	-	-	-
MSCI EAFE Small Cap		-2.17%	9.77%	5.13%	-9.68%	-	-	-
Excess Return		-0.28%	2.39%	0.40%	0.55%	-	-	-
Global Equity	4.22%	-2.35%	9.36%	4.54%	-5.76%	9.00%	8.46%	10.04%
MSCI ACWI net		-2.87%	6.47%	4.10%	-8.26%	8.81%	5.82%	7.93%
Excess Return		0.52%	2.90%	0.44%	2.50%	0.20%	2.64%	2.11%
Walter Scott Global Equity	4.22%	-2.35%	9.36%	4.54%	-5.76%	9.00%	8.46%	10.04%
Walter Scott Blended Benchmark (3)		-2.87%	6.47%	4.10%	-8.26%	8.81%	5.82%	7.93%
Excess Return		0.52%	2.90%	0.44%	2.50%	0.20%	2.64%	2.11%

(1) The Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2003. Prior to 7/1/2003 it was the MSCI EAFE Index.

(2) The Core Non US Equity Index is the MSCI ACWI ex US as of 7/1/2007. Prior to 7/1/2007 it was the MSCI EAFE Index.

(3) The Walter Scott Blended Benchmark is the MSCI ACWI Index as 5/1/2008. Prior to 5/1/2008 it was the MSCI EAFE Index.

Fixed Income Excess Returns

February 28, 2023

The table below details the rates of return for the fund's investment managers over various time periods ended February 28, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2023								
Composite	Total Fund Weighting As of 2/28/2023	Last Month	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Fixed Income	18.57%	-2.44%	-0.38%	0.98%	-8.38%	-1.55%	1.00%	1.80%
<i>Fixed Income Benchmark (1)</i>		-2.46%	-1.76%	0.57%	-9.30%	-3.41%	0.68%	1.39%
<i>Excess Return</i>		0.02%	1.38%	0.41%	0.92%	1.86%	0.32%	0.41%
BlackRock SIO Bond Fund	2.27%	-1.21%	0.86%	0.94%	-3.21%	0.61%	-	-
<i>BlackRock Custom Benchmark (2)</i>		0.35%	2.21%	0.73%	2.39%	1.00%	-	-
<i>Excess Return</i>		-1.56%	-1.35%	0.21%	-5.60%	-0.38%	-	-
Brandywine Asset Mgmt	2.00%	-5.32%	-2.84%	-0.60%	-14.64%	-2.69%	-2.03%	0.47%
<i>Brandywine Custom Benchmark (3)</i>		-3.37%	-4.41%	-0.28%	-15.98%	-6.71%	-2.82%	-1.04%
<i>Excess Return</i>		-1.95%	1.57%	-0.32%	1.34%	4.02%	0.79%	1.50%
FIAM (Fidelity) Tactical Bond	3.25%	-1.75%	1.86%	1.88%	-6.69%	-0.39%	-	-
<i>Bloomberg Aggregate</i>		-2.59%	-2.57%	0.41%	-9.72%	-3.77%	-	-
<i>Excess Return</i>		0.83%	4.43%	1.47%	3.04%	3.38%	-	-
Income Research & Management	6.80%	-2.37%	-2.03%	1.05%	-9.79%	-3.34%	1.16%	1.61%
<i>Bloomberg Gov/Credit</i>		-2.59%	-2.51%	0.34%	-10.06%	-3.89%	0.73%	1.22%
<i>Excess Return</i>		0.23%	0.48%	0.71%	0.27%	0.54%	0.43%	0.39%
Loomis Sayles	2.42%	-2.38%	1.09%	1.14%	-7.19%	0.52%	2.60%	3.14%
<i>Loomis Sayles Custom Benchmark (4)</i>		-2.13%	0.40%	1.13%	-8.19%	-1.92%	1.42%	2.20%
<i>Excess Return</i>		-0.25%	0.69%	0.01%	0.99%	2.44%	1.18%	0.93%
Manulife Strategic Fixed Income	1.83%	-2.26%	1.36%	0.72%	-6.25%	-0.78%	1.28%	-
<i>Bloomberg Multiverse</i>		-3.27%	-2.43%	-0.06%	-13.25%	-4.94%	-1.64%	-
<i>Excess Return</i>		1.01%	3.79%	0.78%	7.00%	4.16%	2.92%	-
Total Cash	0.97%	0.35%	2.19%	0.75%	2.34%	0.91%	1.43%	0.91%
<i>3-month Treasury Bill</i>		0.33%	1.96%	0.64%	2.10%	0.84%	1.35%	0.83%
<i>Excess Return</i>		0.03%	0.23%	0.11%	0.25%	0.07%	0.08%	0.08%
Total Marketable Assets	67.92%	-2.28%	6.49%	3.95%	-6.36%	5.84%	4.50%	6.58%
<i>Total Marketable Index (5)</i>		-2.69%	4.33%	3.10%	-7.91%	4.88%	4.60%	6.70%
<i>Excess Return</i>		0.41%	2.16%	0.85%	1.55%	0.96%	-0.10%	-0.12%

(1) The Fixed Income Benchmark is the Bloomberg Universal Bond Index as of 7/1/2007.

(2) The BlackRock Custom Benchmark is 3 Month SOFR compounded in arrears as of 1/1/2022.

(3) The Brandywine Blended Benchmark is the FTSE WGBI Ex-China Index as of 11/1/2021.

(4) The Loomis Sayles Custom Benchmark is 65% Bloomberg Aggregate and 35% Bloomberg High Yield.

(5) Marketable Assets Index is 40% Russell 3000, 26.7% MSCI ACWI ex US, and 33.3% Bloomberg Universal as of 7/1/2021.

Alternatives Excess Returns

February 28, 2023

The table below details the rates of return for the fund's investment managers over various time periods ended February 28, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2023								
Composite	Total Fund Weighting As of 2/28/2023	Last Month	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Real Estate (Q3)* (5)	12.82%	-0.08%	1.07%	0.04%	20.84%	15.59%	12.59%	12.52%
<i>Real Estate Benchmark (1)</i>		-1.75%	1.22%	-3.48%	11.15%	9.77%	8.23%	9.40%
<i>Excess Return</i>		1.67%	-0.15%	3.52%	9.69%	5.82%	4.37%	3.13%
Strategic Core Real Estate (Q3)*	8.65%	-0.06%	1.59%	-0.04%	25.78%	14.52%	12.13%	11.65%
<i>Real Estate Benchmark (1)</i>		-1.75%	1.22%	-3.48%	11.15%	9.77%	8.23%	9.40%
<i>Excess Return</i>		1.70%	0.36%	3.43%	14.63%	4.75%	3.90%	2.25%
Tactical Non-Core Real Estate (Q3)*	4.17%	-0.13%	0.03%	0.22%	12.10%	17.35%	13.36%	14.08%
<i>Real Estate Benchmark (1)</i>		-1.75%	1.22%	-3.48%	11.15%	9.77%	8.23%	9.40%
<i>Excess Return</i>		1.62%	-1.19%	3.69%	0.95%	7.59%	5.13%	4.68%
Total Alternative Assets (Q3)*	19.26%	-0.03%	-1.21%	-0.02%	2.73%	14.12%	11.66%	9.81%
<i>Alternative Assets Benchmark (2)</i>		4.20%	-5.85%	10.70%	-5.13%	9.88%	10.11%	12.77%
<i>Excess Return</i>		-4.22%	4.64%	-10.72%	7.86%	4.23%	1.55%	-2.95%
Total Private Equity (Q3)*	14.17%	-0.03%	-2.06%	-0.02%	1.45%	17.74%	15.29%	12.68%
<i>Private Equity Benchmark (3)</i>		5.31%	-7.46%	14.02%	-6.72%	14.22%	14.34%	17.21%
<i>Excess Return</i>		-5.35%	5.39%	-14.04%	8.17%	3.52%	0.95%	-4.52%
Total Private Debt (Q3)*	5.10%	-0.02%	1.32%	-0.02%	6.60%	6.12%	5.60%	7.12%
<i>Private Debt Benchmark (4)</i>		1.95%	-2.85%	4.18%	-2.22%	1.64%	2.64%	7.85%
<i>Excess Return</i>		-1.97%	4.17%	-4.20%	8.83%	4.48%	2.97%	-0.74%

(1) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(2) The Alternative Assets Benchmark is 66.7% Russell 3000 Index + 2% lagged 1 quarter and 33.3% ((50% S&P LSTA Leveraged Loan 100 Index + 50% Bloomberg High Yield Index) + 1%) lagged 1 quarter as of 7/1/2022.

(3) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(4) The Private Debt Benchmark is (50% S&P LSTA Leveraged Loan 100 Index / 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(5) Total Real Estate returns includes Townsend discretionary fee as of 7/1/2022.

*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of February 28, 2023, with the distribution as of January 31, 2023. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	February 28, 2023				January 31, 2023	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Total Domestic Equity	\$3,384,637,807	30.83%	\$4,559,151	\$(75,842,173)	\$3,455,920,829	30.92%
Large Cap Domestic Equity	\$1,943,907,750	17.70%	\$4,559,151	\$(48,746,220)	\$1,988,094,819	17.79%
Blackrock S&P 500	1,943,907,750	17.70%	4,559,151	(48,746,220)	1,988,094,819	17.79%
SMid Cap Domestic Equity	\$627,063,270	5.71%	\$0	\$(15,828,479)	\$642,891,750	5.75%
AllianceBernstein	388,860,138	3.54%	0	(6,864,239)	395,724,377	3.54%
TSW	238,203,133	2.17%	0	(8,964,240)	247,167,373	2.21%
Small Cap Domestic Equity	\$813,666,787	7.41%	\$0	\$(11,267,474)	\$824,934,261	7.38%
Boston Trust	222,151,578	2.02%	0	(3,445,645)	225,597,222	2.02%
Segall Bryant & Hamill	224,407,888	2.04%	0	(3,146,868)	227,554,755	2.04%
Wellington	367,107,322	3.34%	0	(4,674,961)	371,782,283	3.33%
Total Non US Equity	\$1,927,366,651	17.55%	\$10,094,374	\$(45,987,749)	\$1,963,260,026	17.57%
Core Non US Equity (1)	\$1,179,054,471	10.74%	\$175,000,000	\$(21,051,507)	\$1,025,105,978	9.17%
Aristotle	151,870,820	1.38%	0	(4,108,822)	155,979,642	1.40%
Artisan Partners	339,572,816	3.09%	0	(8,666,477)	348,239,292	3.12%
BlackRock Superfund	169,658,420	1.55%	175,000,000	(5,341,580)	-	-
Causeway Capital	372,094,269	3.39%	0	330,850	371,763,419	3.33%
Lazard	145,158,157	1.32%	0	(3,248,419)	148,406,576	1.33%
Emerging Markets	\$162,879,057	1.48%	\$(164,905,626)	\$(11,007,604)	\$338,792,287	3.03%
Neuberger Berman	8,688,405	0.08%	(164,905,626)	9,161	173,584,870	1.55%
Wellington Emerging Markets	154,190,652	1.40%	0	(11,016,765)	165,207,417	1.48%
Non US Small Cap	\$121,662,978	1.11%	\$0	\$(2,985,760)	\$124,648,738	1.12%
Wellington Int'l Small Cap Research	121,662,978	1.11%	0	(2,985,760)	124,648,738	1.12%
Global Equity	\$463,770,146	4.22%	\$0	\$(10,942,878)	\$474,713,023	4.25%
Walter Scott Global Equity	463,770,146	4.22%	0	(10,942,878)	474,713,023	4.25%
Total Fixed Income	\$2,038,711,079	18.57%	\$0	\$(50,546,676)	\$2,089,257,755	18.69%
BlackRock SIO Bond Fund	249,139,051	2.27%	0	(2,957,967)	252,097,017	2.26%
Brandywine Asset Mgmt	220,049,592	2.00%	0	(12,303,293)	232,352,885	2.08%
FIAM (Fidelity) Tactical Bond	356,361,572	3.25%	0	(6,265,147)	362,626,719	3.24%
Income Research & Management	746,650,456	6.80%	0	(18,010,916)	764,661,372	6.84%
Loomis Sayles	265,731,058	2.42%	0	(6,411,354)	272,142,412	2.44%
Manulife Strategic Fixed Income	200,779,349	1.83%	0	(4,598,000)	205,377,350	1.84%
Total Cash	\$106,409,581	0.97%	\$(34,297,573)	\$441,497	\$140,265,656	1.26%
Total Marketable Assets	\$7,457,125,118	67.92%	\$(19,644,048)	\$(171,935,101)	\$7,648,704,267	68.44%
Total Real Estate	\$1,407,284,375	12.82%	\$(3,931,448)	\$(600,760)	\$1,411,816,583	12.63%
Strategic Core Real Estate	949,667,174	8.65%	(1,484)	1,458	949,667,199	8.50%
Tactical Non-Core Real Estate	457,617,201	4.17%	(3,929,964)	(602,219)	462,149,384	4.14%
Total Alternative Assets	\$2,115,082,799	19.26%	\$283,140	\$(563,506)	\$2,115,363,165	18.93%
Private Equity	1,555,654,606	14.17%	699,381	(479,354)	1,555,434,579	13.92%
Private Debt	559,428,193	5.10%	(416,241)	(84,152)	559,928,586	5.01%
Total Fund Composite	\$10,979,492,292	100.0%	\$(23,290,898)	\$(173,100,826)	\$11,175,884,016	100.0%

-Alternatives market values reflect current custodian valuations, which may not be up to date.

(1) Includes \$699,990 in legacy assets that are not actively managed and in liquidation following the termination of Fisher Investments.

Callan



March 1, 2023

New Hampshire Retirement System – Defined Benefit Plan

Fourth Quarter 2022

Executive Summary

Angel G. Haddad

Senior Vice President, Fund Sponsor Consulting

Britton M. Murdoch

Vice President, Fund Sponsor Consulting

Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

Equity and Fixed Income Markets Down Together in 2022

Declines for both stocks and bonds for three straight quarters are extremely unusual

Global equity markets down sharply in 2022 despite rebound in 4Q

- Similar impact across all equity market segments: developed, emerging, small cap

Fixed income down with sharply higher inflation and interest rates

- Bloomberg Aggregate: -13% for the year, worst year ever for the index by a wide margin
- CPI-U: +6.5% for the year ended Dec. 2022
- ▶ Number of times stocks and bonds have been down together
 - 38 quarters in almost 100 years, about 10% of the quarters
 - But just twice on annual basis
- ▶ Inflation at highest rate in decades
- ▶ Economic data show growth hit 'pause'
 - GDP rose 2.9% in 4Q22, after a 3.2% rise in 3Q, a 0.6% drop in 2Q, and a 1.6% decline in 1Q.

Returns for Periods ended 12/31/22

	Quarter	Year to Date	1 Year	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	7.18	-19.21	-19.21	8.79	12.13	7.68
S&P 500	7.56	-18.11	-18.11	9.42	12.56	7.64
Russell 2000	6.23	-20.44	-20.44	4.13	9.01	7.13
Global ex-U.S. Equity						
MSCI World ex USA	16.18	-14.29	-14.29	1.79	4.59	4.65
MSCI Emerging Markets	9.70	-20.09	-20.09	-1.39	1.44	--
MSCI ACWI ex USA Small Cap	13.31	-19.97	-19.97	0.67	5.24	6.87
Fixed Income						
Bloomberg Aggregate	1.87	-13.01	-13.01	0.02	1.06	3.97
90-day T-Bill	0.84	1.46	1.46	1.26	0.76	1.91
Bloomberg Long Gov/Credit	2.61	-27.09	-27.09	-1.21	1.57	5.38
Bloomberg Global Agg ex-US	6.81	-18.70	-18.70	-3.07	-1.64	2.71
Real Estate						
NCREIF Property	-3.50	5.53	5.53	7.46	8.82	9.04
FTSE Nareit Equity	5.24	-24.37	-24.37	3.68	6.53	7.87
Alternatives						
CS Hedge Fund Index	0.92	1.06	1.06	4.25	4.24	5.81
Cambridge Private Equity*	-1.84	-3.77	-3.77	16.84	15.31	14.31
Bloomberg Commodity	2.22	16.09	16.09	6.44	-1.28	1.87
Gold Spot Price	9.22	-0.13	-0.13	6.88	0.86	7.64
Inflation - CPI-U	0.00	6.45	6.45	3.78	2.60	2.47

*Cambridge PE data through 09/30/22.

Sources: Bloomberg, Callan, Cambridge, Credit Suisse, FTSE Russell, MSCI, NCREIF, S&P Dow Jones Indices

Key Observations

NHRS Pension Plan

Asset Allocation and Portfolio Structure

- Overall, the Fund's asset allocation was close to the permissible Policy ranges at quarter-end. The Fund's allocation to defensive positions, including fixed income and cash, represented 20.0% of total assets. The fixed income allocation was below the policy range by 1.2%, balanced by a 1.2% allocation to cash equivalent instruments. Opportunities to rebalance the fixed income allocation back within the Investment Policy parameters should continue to be explored. The international equity component of the Fund is in the process of being rebalanced and is at the lower threshold of the approved allocation range. The Fund had an overweight to domestic equity, real estate and alternatives, and underweight positions within non-U.S. equity and fixed income

Investment Performance

- The Fund had a gross return of 5.20% over the second quarter of Fiscal Year 2023, underperforming the market benchmark by 0.15% and ranking in the 62nd percentile of its peers. On a net-of-fees basis, the Fund returned 5.03%
 - The U.S. Equity and Fixed Income portfolios had positive impacts on relative performance
 - By contrast, the Alternative Assets, Non-U.S. Equity, and Real Estate portfolio detracted from performance
- Overall, performance is competitive relative to both benchmarks over longer periods measured. The Fund outperformed the peer group median over the long term, ranking in the top 17% of peers in the trailing 10-year period, and in the top 36% of peers over the last 25 years
- The Fund exhibits attractive risk-adjusted performance, as measured by the Sharpe Ratio over the last five years. In addition, relative risk-adjusted scores, as measured by the Excess Return Ratio, are also strong. Both of these ratios ranked within the top 25% of peers

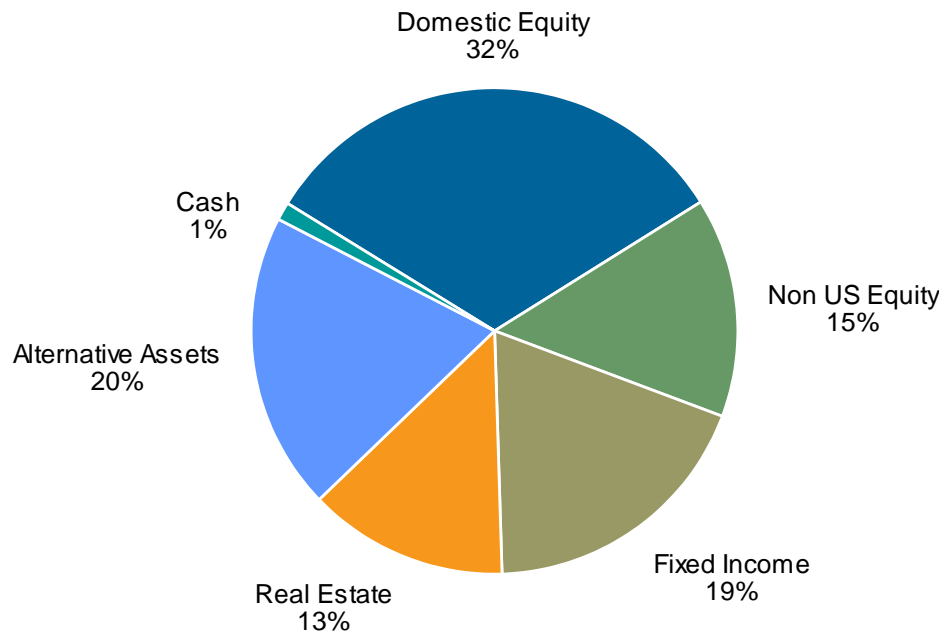
Other Developments

- NHRS Staff and Callan will work closely together to evaluate the Fund's strategic asset allocation and overall portfolio structure in 2023

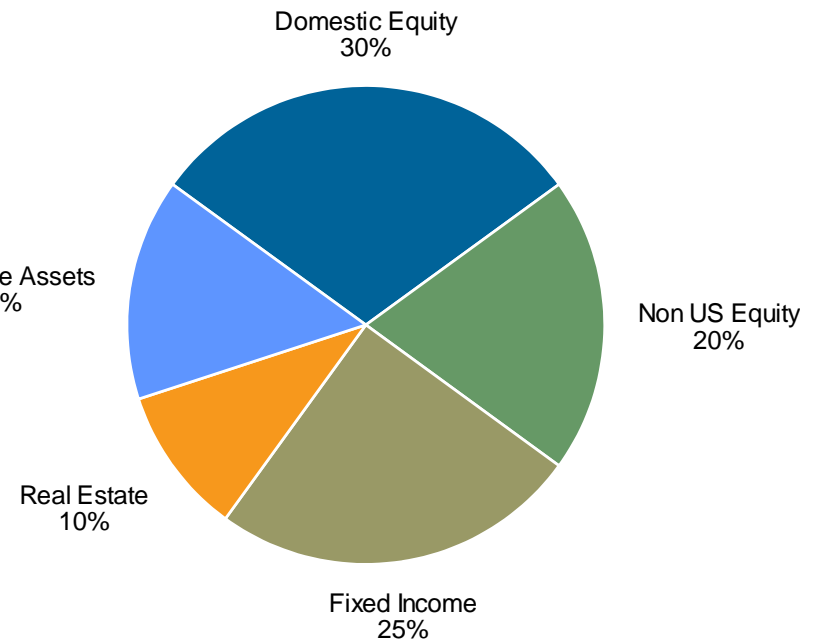
Total Fund

Actual Asset Allocation vs. Target, as of December 31, 2022

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$Millions Actual	Weight Actual	Target	Percent Difference	\$Millions Difference
Domestic Equity	3,464	32.3%	30.0%	2.3%	248
Non US Equity	1,567	14.6%	20.0%	(5.4%)	(577)
Fixed Income	2,018	18.8%	25.0%	(6.2%)	(662)
Real Estate	1,423	13.3%	10.0%	3.3%	350
Alternative Assets	2,125	19.8%	15.0%	4.8%	517
Cash	124	1.2%	0.0%	1.2%	124
Total	10,721	100.0%	100.0%		

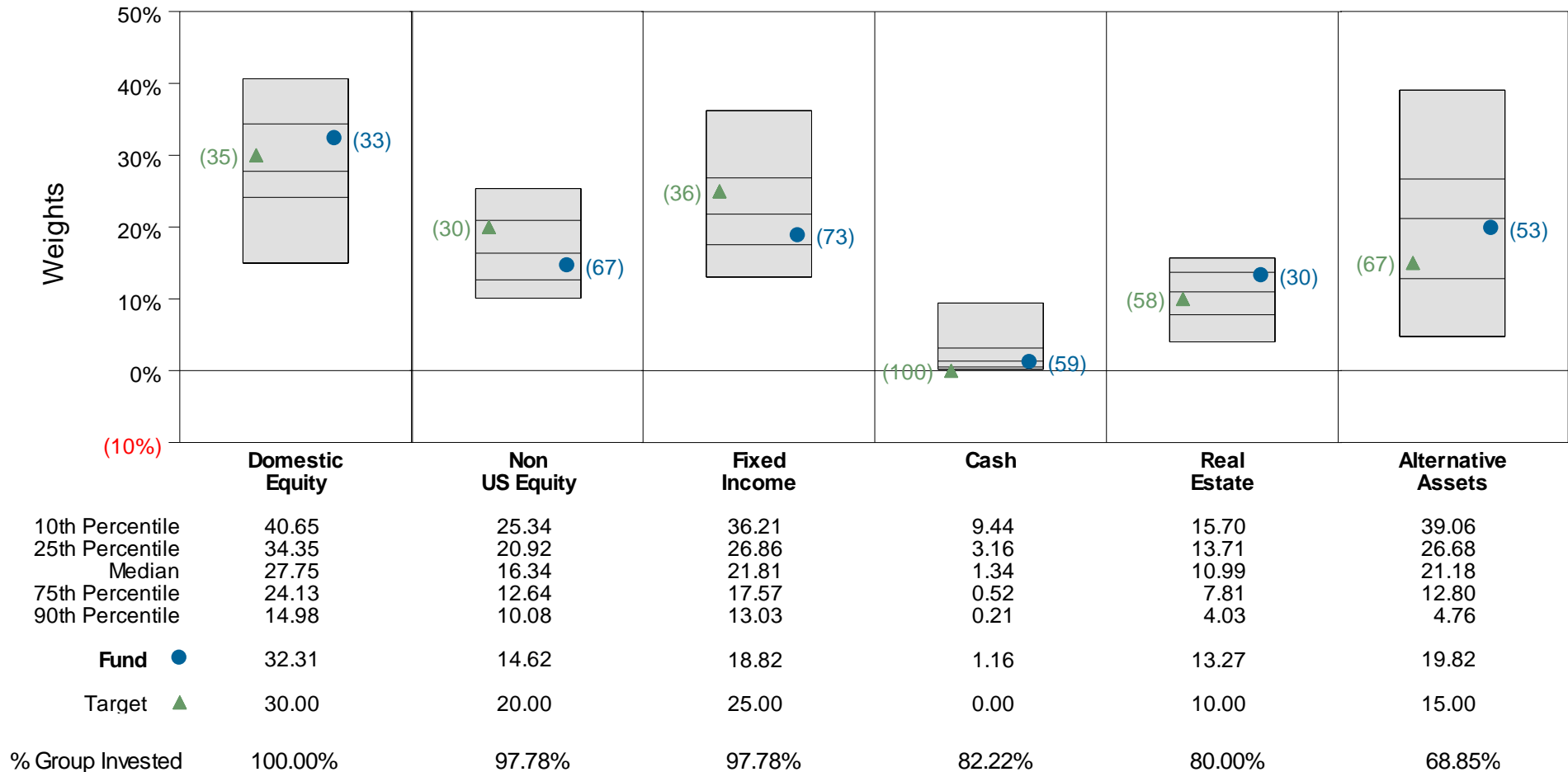
*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

**The United States equity portion of the Walter Scott Global Equity fund is allocated to the Domestic Equity composite.

Total Fund

Actual Asset Allocation vs. Large Public DB Plan (>\$1B) Peer Group, as of December 31, 2022

Asset Class Weights vs Callan Public Fund Spons - Large (>1B)



*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

Total Fund

Market Values

	December 31, 2022				September 30, 2022	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Total Domestic Equity	\$3,216,552,951	30.00%	\$0	\$242,648,474	\$2,973,904,477	29.00%
Large Cap Domestic Equity	\$1,870,663,499	17.45%	\$0	\$131,416,777	\$1,739,246,722	16.96%
Blackrock S&P 500	1,870,663,499	17.45%	0	131,416,777	1,739,246,722	16.96%
S Mid Cap Domestic Equity	\$585,022,580	5.46%	\$0	\$45,326,495	\$539,696,085	5.26%
AllianceBernstein	358,278,490	3.34%	0	23,961,810	334,316,679	3.26%
TSW	226,744,090	2.11%	0	21,364,684	205,379,406	2.00%
Small Cap Domestic Equity	\$760,866,872	7.10%	\$0	\$65,905,202	\$694,961,670	6.78%
Boston Trust	208,863,896	1.95%	0	21,455,487	187,408,409	1.83%
Segall Bryant & Hamill	213,138,431	1.99%	0	22,575,746	190,562,685	1.86%
Wellington	338,864,545	3.16%	0	21,873,969	316,990,576	3.09%
Total Non US Equity	\$1,814,326,702	16.92%	\$(56)	\$229,914,491	\$1,584,412,266	15.45%
Core Non US Equity *	\$939,207,493	8.76%	\$(56)	\$137,731,503	\$801,476,046	7.81%
Artisan Partners	320,469,946	2.99%	0	44,799,863	275,670,083	2.69%
Causeway Capital	334,785,379	3.12%	0	58,420,774	276,364,605	2.69%
Lazard	138,402,107	1.29%	0	17,156,772	121,245,335	1.18%
Aristotle	144,844,926	1.35%	0	17,295,997	127,548,929	1.24%
Emerging Markets	\$316,721,386	2.95%	\$0	\$26,245,521	\$290,475,865	2.83%
Neuberger Berman	161,233,221	1.50%	0	13,578,160	147,655,060	1.44%
Wellington Emerging Markets	155,488,165	1.45%	0	12,667,361	142,820,804	1.39%
Non US Small Cap	\$115,144,091	1.07%	\$0	\$15,551,543	\$99,592,548	0.97%
Wellington Int'l Small Cap Research	115,144,091	1.07%	0	15,551,543	99,592,548	0.97%
Global Equity	\$443,253,732	4.13%	\$0	\$50,385,925	\$392,867,807	3.83%
Walter Scott Global Equity	443,253,732	4.13%	0	50,385,925	392,867,807	3.83%

*Includes \$705,134 in legacy assets that are not actively managed and in liquidation following the termination of Fisher

Total Fund

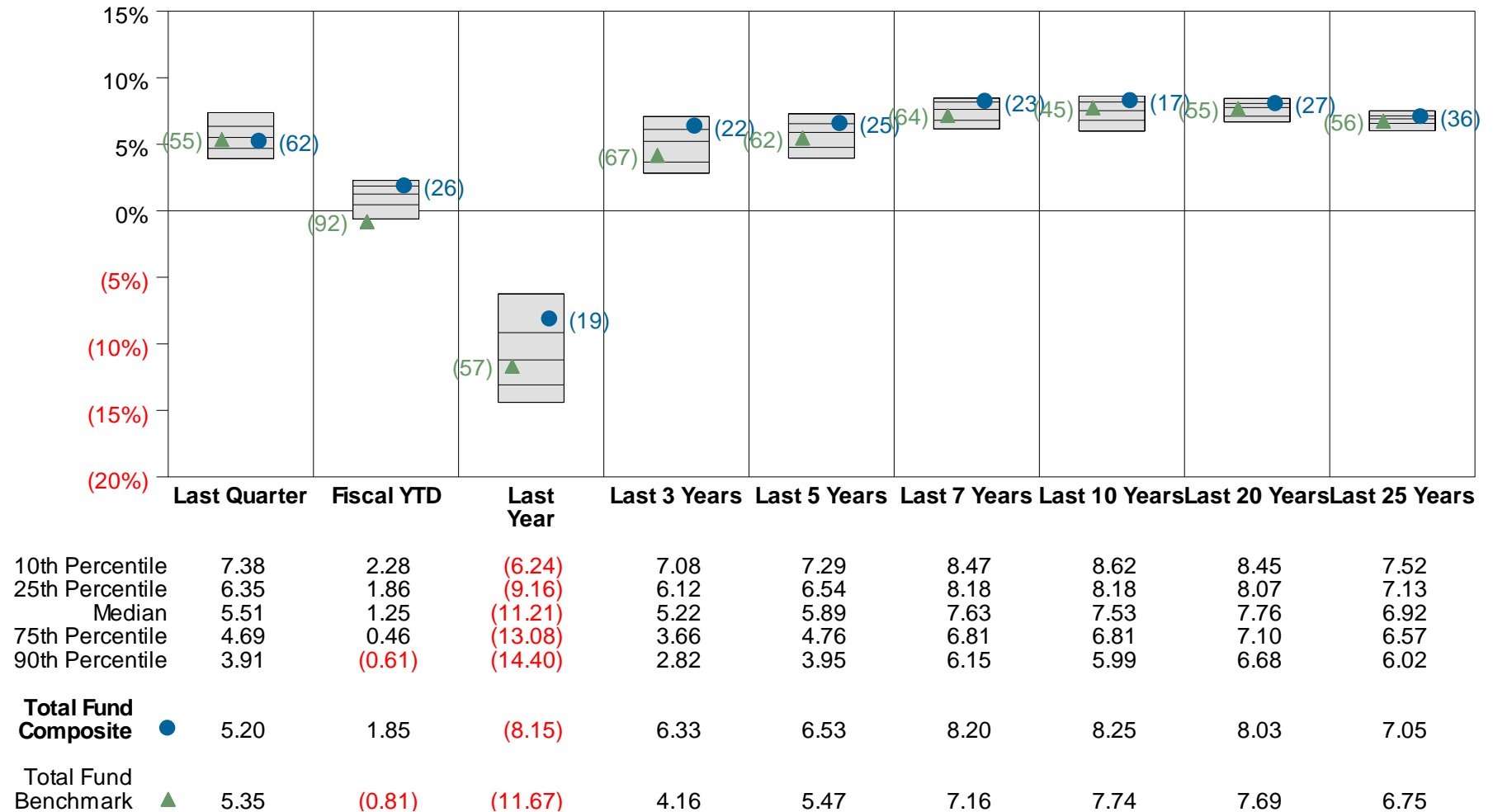
Market Values

	December 31, 2022				September 30, 2022	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Total Fixed Income	\$2,017,993,067	18.82%	\$0	\$52,949,638	\$1,965,043,428	19.16%
BlackRock SIO Bond Fund	246,631,448	2.30%	0	4,245,238	242,386,210	2.36%
Brandywine Asset Mgmt	221,259,682	2.06%	0	14,541,365	206,718,317	2.02%
FIAM (Fidelity) Tactical Bond	349,595,213	3.26%	0	9,523,024	340,072,189	3.32%
Income Research & Management	738,659,439	6.89%	0	11,258,852	727,400,587	7.09%
Loomis Sayles	262,600,601	2.45%	0	7,080,195	255,520,406	2.49%
Manulife Strategic Fixed Income	199,246,682	1.86%	0	6,300,963	192,945,719	1.88%
Total Cash	\$124,325,969	1.16%	\$(57,290,230)	\$1,539,795	\$180,076,405	1.76%
Total Marketable Assets	\$7,173,198,688	66.91%	\$(57,290,286)	\$527,052,398	\$6,703,436,576	65.36%
Total Real Estate	\$1,422,541,323	13.27%	\$14,955,914	\$26,632,629	\$1,380,952,780	13.46%
Strategic Core Real Estate	957,581,943	8.93%	(6,290,668)	17,615,390	946,257,222	9.23%
Tactical Non-Core Real Estate	464,959,379	4.34%	24,698,965	5,564,857	434,695,557	4.24%
Total Alternative Assets	\$2,125,055,510	19.82%	\$(26,625,628)	\$(20,220,808)	\$2,171,901,946	21.18%
Private Equity	1,569,482,408	14.64%	(19,810,251)	(29,457,269)	1,618,749,928	15.78%
Private Debt	555,573,102	5.18%	(6,815,377)	9,236,461	553,152,018	5.39%
Total Fund Composite	\$10,720,795,521	100.0%	\$(68,960,000)	\$533,464,220	\$10,256,291,302	100.0%

Total Fund Performance – Gross of Investment Management Fees

Performance vs. Large Public DB Plan (>\$1B) Peers, as of December 31, 2022

Performance vs Callan Public Fund Large DB (Gross)



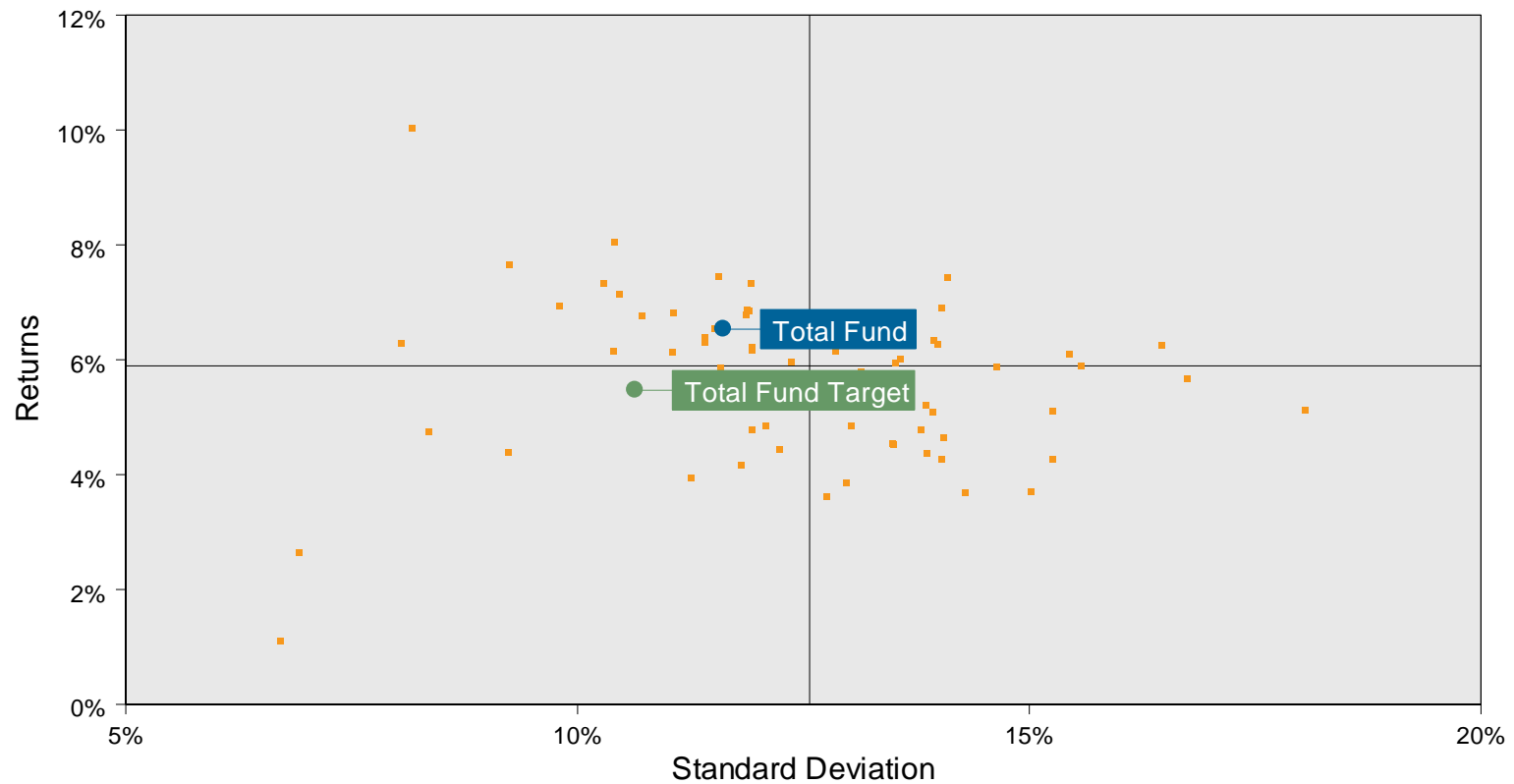
Note: Investment results are shown gross of investment management fees versus corresponding peer group.

*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

Total Fund Performance – Gross of Investment Management Fees

Five-Year Risk/Return Analysis as of December 31, 2022

Five Year Annualized Risk vs Return



Squares represent membership of the Callan Public Fund Spons - Large (>1B)

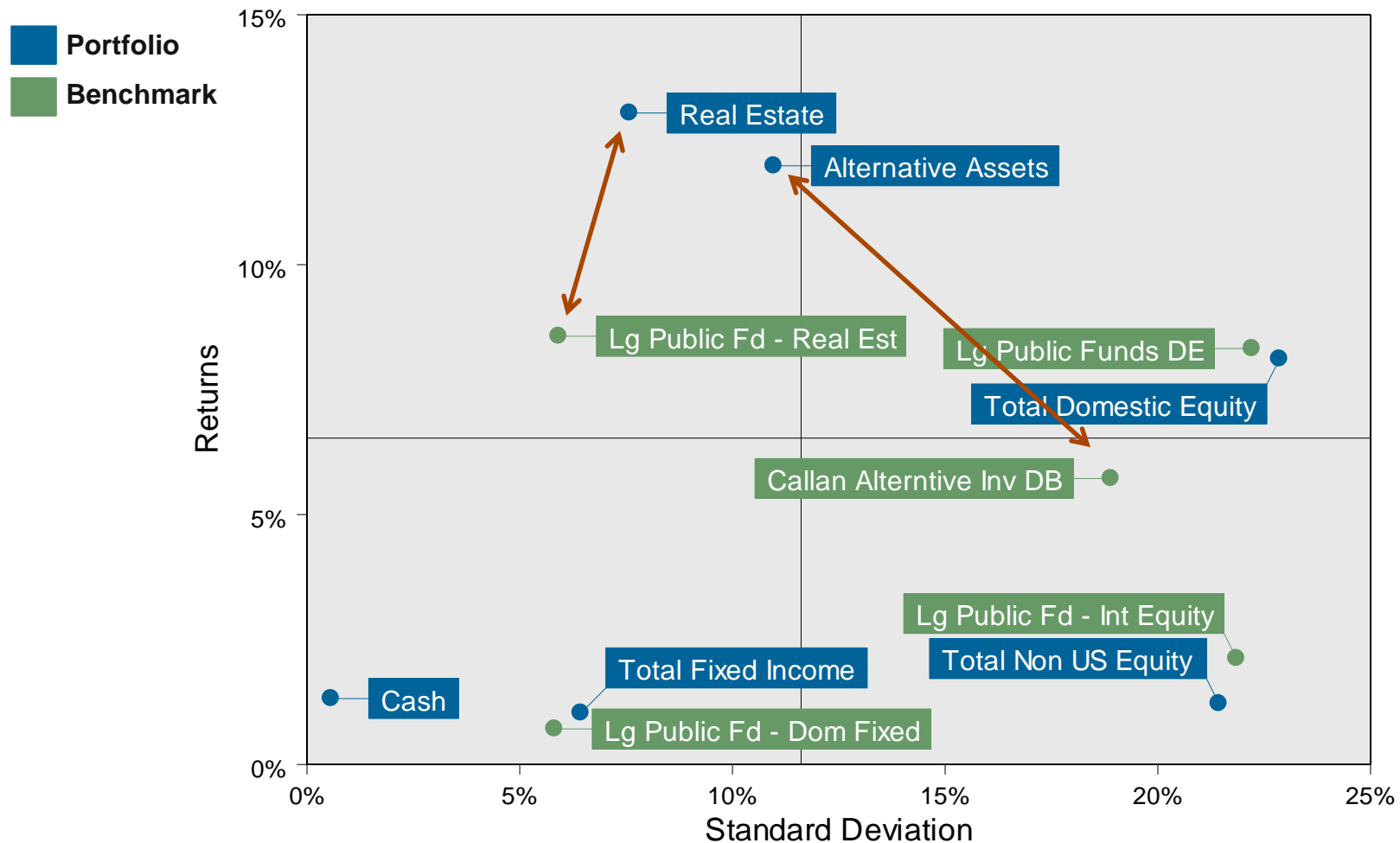
Note: Investment results are shown gross of investment management fees versus corresponding peer group.

*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

Total Fund Performance – Gross of Investment Management Fees

Asset Class Composites – Five-Year Risk/Return Analysis as of December 31, 2022

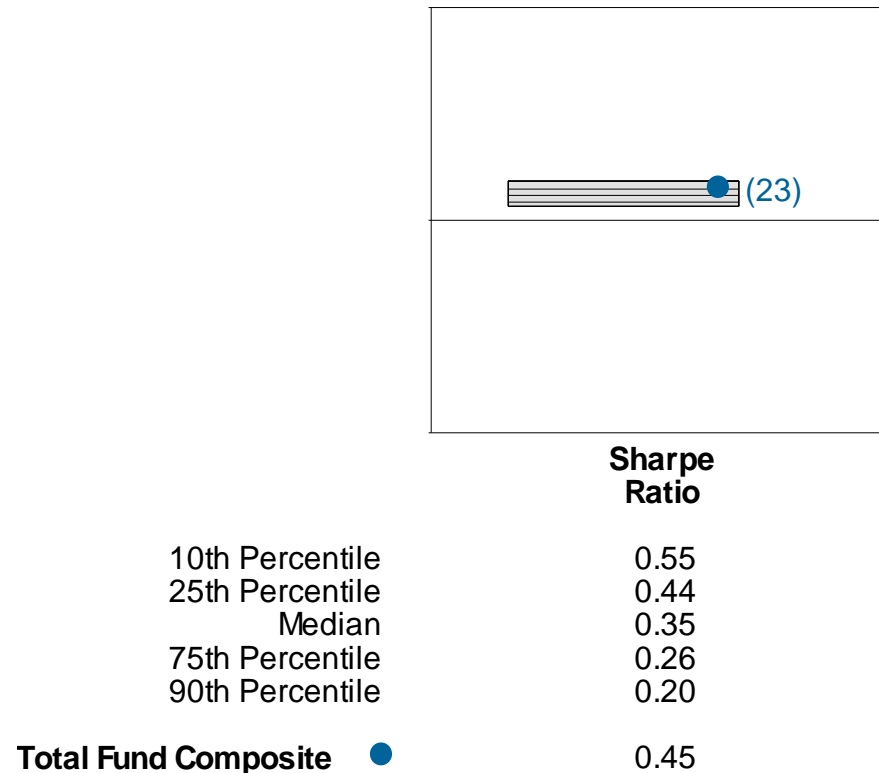
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



Note: Investment results are shown gross of investment management fees.

Total Fund Performance – Gross of Investment Management Fees

Five-Year Sharpe Ratio, as of December 31, 2022



- Measures absolute risk-adjusted performance, taking into account the risk-free rate and portfolio volatility
- Ranks near the top quartile of the peer group

Note: Investment results are shown gross of investment management fees versus corresponding peer group.

Total Fund Performance – Net of Investment Management Fees

One-Year Attribution Analysis vs. Policy Benchmark, as of December 31, 2022

One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	31%	30%	(17.72%)	(19.21%)	0.48%	(0.29%)	0.19%
Non US Equity	17%	20%	(18.04%)	(16.00%)	(0.44%)	0.05%	(0.40%)
Fixed Income	19%	25%	(12.02%)	(12.99%)	0.18%	0.02%	0.21%
Real Estate	12%	10%	20.74%	20.96%	0.01%	0.32%	0.34%
Alternative Assets	20%	15%	2.83%	(10.61%)	2.35%	(0.01%)	2.34%
Cash	1%	0%	1.58%	1.58%	0.00%	0.17%	0.17%
Total			(8.81%) = (11.67%) + 2.60% + 0.26%				2.86%

What helped relative performance?

- Strong absolute performance from the alternative assets portfolios
- Strong relative performance from domestic equity portfolio, particularly small capitalization exposures
- Strong relative performance from fixed income managers
- An overweight to real estate and cash relative to target

What hurt relative performance?

- Negative attribution within international equity versus the MSCI ACWI Ex-US Index
- A slight overweight to domestic equity

*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

Total Fund Performance – Net of Investment Management Fees

Five-Year Attribution Analysis vs. Policy Benchmark, as of December 31, 2022

Five Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return			
Domestic Equity	30%	30%	7.81%	8.64%	(0.18%)	(0.15%)	(0.33%)			
Non US Equity	18%	20%	0.59%	0.88%	(0.06%)	(0.00%)	(0.06%)			
Fixed Income	22%	25%	0.75%	0.18%	0.10%	0.13%	0.23%			
Real Estate	10%	10%	12.64%	9.26%	0.33%	0.02%	0.34%			
Alternative Assets	19%	15%	11.66%	8.44%	0.51%	0.02%	0.53%			
Cash	1%	0%	1.32%	1.32%	0.00%	(0.02%)	(0.02%)			
Total										
			6.15%	=	5.47%	+	0.69%	+	(0.01%)	0.68%

What helped relative performance?

- Strong relative performance from alternatives, real estate and fixed income portfolios
- An underweight to fixed income

What hurt relative performance?

- Weak relative performance within domestic equity and international equity
- A slight underweight to domestic equity

*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

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Appendix

Investment Manager Returns – Net of Investment Management Fees

As of December 31, 2022

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Net of Fees					
Total Domestic Equity	8.09%	3.71%	(17.72%)	6.58%	7.81%
Domestic Equity Benchmark (1)	7.18%	2.40%	(19.21%)	6.37%	8.64%
Secondary Domestic Equity Bmk (6)	7.28%	3.06%	(18.58%)	6.36%	7.76%
Large Cap Domestic Equity	7.55%	2.30%	(18.11%)	6.46%	8.12%
S&P 500 Index	7.56%	2.31%	(18.11%)	7.66%	9.42%
Blackrock S&P 500	7.55%	2.30%	(18.11%)	7.63%	9.40%
SMid Cap Domestic Equity	8.25%	4.08%	(18.54%)	6.13%	5.80%
Russell 2500 Index	7.43%	4.40%	(18.37%)	5.00%	5.89%
AllianceBernstein	7.02%	4.31%	(24.54%)	6.18%	6.27%
TSW	10.25%	3.71%	(6.83%)	6.05%	5.05%
TSW Blended Benchmark (2)	9.21%	4.29%	(13.08%)	5.22%	6.03%
Small Cap Domestic Equity	9.30%	7.06%	(16.09%)	7.46%	8.49%
Russell 2000 Index	6.23%	3.91%	(20.44%)	3.10%	4.13%
Boston Trust	11.32%	7.27%	(8.61%)	9.97%	9.92%
Segall Bryant & Hamill	11.63%	10.44%	(12.96%)	9.79%	9.95%
Wellington	6.71%	4.91%	(21.82%)	5.21%	6.90%
Total Non US Equity	14.34%	4.71%	(18.04%)	(0.94%)	0.59%
Non US Equity Benchmark (3)	14.28%	2.96%	(16.00%)	0.07%	0.88%
Core Non US Equity	17.03%	6.53%	(15.10%)	(0.78%)	0.49%
Core Non US Benchmark (4)	14.28%	2.96%	(16.00%)	0.07%	0.88%
Aristotle	13.43%	4.63%	(20.84%)	-	-
Artisan Partners	16.07%	6.91%	(18.97%)	(1.66%)	1.97%
Causeway Capital	20.98%	8.47%	(7.18%)	2.64%	1.30%
Lazard	14.01%	3.20%	(16.78%)	-	-
Emerging Markets	8.79%	(0.73%)	(21.78%)	(5.46%)	(3.90%)
MSCI EM	9.70%	(2.99%)	(20.09%)	(2.69%)	(1.39%)
Neuberger Berman	8.97%	(2.27%)	(23.25%)	(6.36%)	(4.36%)
Wellington Emerging Markets	8.60%	0.92%	(20.19%)	(4.49%)	(3.45%)
Non US Small Cap	15.40%	6.28%	(24.06%)	(7.42%)	(6.75%)
Wellington Int'l Small Cap Research	15.40%	6.28%	(24.06%)	-	-
MSCI EAFE Small Cap	15.79%	4.41%	(21.39%)	(0.93%)	(0.05%)
Global Equity	12.68%	4.61%	(19.54%)	4.50%	8.14%
MSCI ACWI net	9.76%	2.28%	(18.36%)	4.00%	5.23%
Walter Scott Global Equity	12.68%	4.61%	(19.54%)	4.50%	8.14%
Walter Scott Blended Benchmark (5)	9.76%	2.28%	(18.36%)	4.00%	5.23%

(1) The Domestic Equity Benchmark is the Russell 3000 index as of 7/1/2021. From 7/1/2015 to 6/30/2021 the benchmark was the S&P 500 Index. From 7/1/2003 to 6/30/2015 the benchmark was the Russell 3000 Index. Prior to 7/1/2003 the benchmark was the S&P 500.

(2) TSW Blended Benchmark is the Russell 2500 Value Index as of 7/1/2019. Prior to 7/1/2019 it was the Russell 2500.

(3) The Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2003. Prior to 7/1/2003 it was the MSCI EAFE Index.

(4) The Core Non US Equity Index is the MSCI ACWI ex US as of 7/1/2007. Prior to 7/1/2007 it was the MSCI EAFE Index.

(5) The Walter Scott Blended Benchmark is the MSCI ACWI Index as 5/1/2008. Prior to 5/1/2008 it was the MSCI EAFE Index. (6) Secondary Domestic Equity Bmk consists of 60% S&P 500, 20% Russell 2500, and 20% Russell 2000.

(6) The Secondary Domestic Equity Bmk consists of 60% S&P 500, 20% Russell 2500, and 20% Russell 2000.

Investment Manager Returns – Net of Investment Management Fees

As of December 31, 2022

	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Net of Fees					
Total Fixed Income	2.62%	(1.35%)	(12.02%)	(1.24%)	0.75%
Fixed Income Benchmark (1)	2.24%	(2.31%)	(12.99%)	(2.54%)	0.18%
Bloomberg Aggregate	1.87%	(2.97%)	(13.01%)	(2.71%)	0.02%
BlackRock SIO Bond Fund	1.63%	(0.08%)	(6.24%)	0.54%	-
BlackRock Custom Benchmark (2)	0.79%	1.21%	1.32%	0.74%	-
Brandywine Asset Mgmt	6.95%	(2.26%)	(15.84%)	(3.62%)	(1.42%)
Brandywine Custom Benchmark (3)	3.86%	(4.14%)	(18.42%)	(5.81%)	(2.58%)
FIAM (Fidelity) Tactical Bond	2.72%	(0.02%)	(10.86%)	(0.44%)	-
Bloomberg Aggregate	1.87%	(2.97%)	(13.01%)	(2.71%)	0.02%
Income Research & Management	1.50%	(3.05%)	(13.88%)	(2.13%)	0.51%
Bloomberg Gov/Credit	1.80%	(2.84%)	(13.58%)	(2.57%)	0.21%
Loomis Sayles	2.69%	(0.05%)	(11.53%)	0.64%	2.20%
Loomis Sayles Custom Benchmark (4)	2.69%	(0.72%)	(12.32%)	(1.65%)	0.90%
Manulife Strategic Fixed Income	3.19%	0.63%	(9.84%)	(0.81%)	1.01%
Bloomberg Multiverse	4.70%	(2.37%)	(16.01%)	(4.38%)	(1.57%)
Total Cash	0.92%	1.43%	1.58%	0.75%	1.32%
3-month Treasury Bill	0.84%	1.31%	1.46%	0.72%	1.26%
Total Marketable Assets	7.76%	2.44%	(15.91%)	2.33%	3.77%
Total Marketable Index (5)	7.50%	1.19%	(16.01%)	2.04%	4.03%
Total Real Estate (10)	1.40%	1.03%	20.74%	15.57%	12.64%
Real Estate Benchmark (6)	0.31%	4.87%	20.96%	11.38%	9.26%
Strategic Core Real Estate	1.63%	1.63%	25.83%	14.60%	12.20%
Tactical Non-Core Real Estate	0.93%	(0.18%)	11.73%	17.10%	13.37%
Total Alternative Assets	(1.14%)	(1.19%)	2.83%	14.11%	11.66%
Alternative Assets Benchmark (7)	(2.24%)	(14.95%)	(10.61%)	7.76%	8.44%
Total Private Equity	(1.99%)	(2.05%)	1.46%	17.75%	15.33%
Private Equity Benchmark (8)	(3.66%)	(18.84%)	(12.74%)	11.56%	12.65%
Cambridge Global PE Idx 1 Qtr Lag	0.00%	(5.59%)	(1.97%)	20.24%	17.27%
Total Private Debt	1.38%	1.35%	6.98%	6.10%	5.63%
Private Debt Benchmark (9)	0.58%	(6.75%)	(6.59%)	0.44%	1.93%
Cambridge Private Credit Idx 1 Qtr Lag	0.00%	(1.55%)	2.68%	8.19%	7.53%
Total Fund Composite	5.03%	1.52%	(8.81%)	5.90%	6.15%
Total Fund Benchmark *	5.35%	(0.81%)	(11.67%)	4.16%	5.47%

* Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

(1) The Fixed Income Benchmark is the Bloomberg Capital Universal Bond Index as of 7/1/2007.

(2) The BlackRock Custom Benchmark is 3 Month SOFR compounded in arrears as of 1/1/2022.

(3) The Brandywine Blended Benchmark is the FTSE WGBI Ex-China Index as of 11/1/2021.

(4) The Loomis Sayles Custom Benchmark is 65% Bloomberg Aggregate and 35% Bloomberg High Yield.

(5) Marketable Assets Index is 40% Russell 3000, 26.7% MSCI ACWI ex US, and 33.3% Bloomberg Universal as of 7/1/2021.

(6) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(7) The Alternative Assets Benchmark is (5) The Alternative Assets Benchmark is 66.7% Russell 3000 Index + 2% lagged 1 quarter and 33.3% ((50% S&P LSTA Leveraged Loan 100 Index + 50% Bloomberg High Yield Index) + 1%) lagged 1 quarter as of 7/1/2022.

(8) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(9) The Private Debt Benchmark is (50% S&P LSTA Leveraged Loan 100 Index & 50% Bloomberg HY Index) + 1% lagged 1 quarter as of 7/1/2022..

(10) Total Real Estate returns includes Townsend discretionary fee as of 7/1/2022.

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To: Board of Trustees
From: Raynald Leveque, Chief Investment Officer
Date: April 11, 2023
Re: **Revised Proxy Voting Policy**
Item: Action: ☒ Discussion: ☐ Informational: ☐

Attached for your consideration is a red-lined version of the System's Proxy Voting Policy (Policy), which has been updated to reflect a change suggested by Institutional Shareholder Services (ISS), the System's proxy advisor and voting agent. The Policy was most recently updated and approved by the Board in May 2019.

Staff has worked with ISS to review and update the System's Policy to ensure that current industry practices are clearly and accurately reflected within the Policy. As such, the Policy guidelines have been updated to improve consistency within the Policy, making the language used in the U.S. guidelines consistent with the non-U.S. guidelines.

The change to the Policy is reflected on the following page:

- Page 1: relative to Operational Items.

At its March meeting, the Independent Investment Committee voted unanimously to approve the revised Policy for recommendation to the Board of Trustees.

New Hampshire Retirement System Proxy Voting Policy

INTRODUCTION

A proxy is a written power of attorney given by a shareholder of a corporation, authorizing a specific vote on the shareholder's behalf at corporate meetings. A proxy will normally pertain to election of members of the corporation's board of directors, or to various resolutions submitted for shareholder approval. The System's Proxy Voting Policy has been established to protect the System's long-term investment interests and to promote responsible corporate policies and activities which enhance a corporation's financial prospects.

U.S. PROXY VOTING GUIDELINES

I. OPERATIONAL ITEMS

Adjourn Meeting

Generally vote **against** proposals to provide management with the authority to adjourn an annual or special meeting absent compelling reasons to support the proposal.

Vote **for** adjournment proposals that relate specifically to soliciting votes for a merger or transaction if supporting that merger or transaction. Vote **against** such proposals if the wording is too vague or if the proposal includes "other business."

Amend Quorum Requirements

~~Vote **against** proposals to reduce quorum requirements for shareholder meetings below a majority of the shares outstanding unless there are compelling reasons to support the proposal. Proposals to amend quorum requirements for shareholder meetings are evaluated based on several factors which include: market norms, the company's reasons for the change, and the company's ownership structure.~~

Amend Minor Bylaws

Generally, vote **for** proposals to make bylaw or charter changes that are of a housekeeping nature (updates or corrections) unless the proposed changes are believed to be detrimental to shareholder value.

Change Company Name

Generally, vote **for** proposals to change company name unless the reasons behind the change and necessity of the change have not been clearly provided by the company.

Change Date, Time, or Location of Annual Meeting

Generally, vote **for** management proposals to rotate the time or place of annual meetings unless the proposed change is unreasonable and motivation is unclear.

Generally, vote **against** shareholder proposals to rotate the time or place of annual meetings unless the current scheduling or location is unreasonable and change is determined to be in the best interests of the company and its shareholders.

Ratifying Auditors

Generally, vote **for** proposals to ratify auditors unless:

- More than 20 percent of total fees paid to the auditors are attributable to nonaudit, but not including, SEC-related work. Nonaudit fees should be calculated by adding financial information systems design and implementation fees and all other fees.
- An auditor has a financial interest in or association with the company, and is therefore not independent
- There is reason to believe that the independent auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position
- Poor accounting practices are identified that rise to a serious level of concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures

Vote **for** shareholder proposals that request the company rotate its auditors, taking into account the length of rotation specified in the proposal.

Vote **for** shareholder proposals that request the board adopt a policy stating that the company's independent accountants will only provide audit services to the company and no other services.

Vote **for** shareholder proposals requesting the company submit the ratification of its auditors to a shareholder vote.

Transact Other Business

Vote **against** management proposals asking for authority to vote at the meeting for "other business" not already described in the proxy statement.

II. THE BOARD OF DIRECTORS

Voting on Director Nominees in Uncontested Elections

Votes on management proposals to elect director nominees are evaluated by taking the following factors into account: composition of the board and key board committees, attendance at board meetings, corporate governance provisions and takeover activity, long-term company performance relative to a market index, directors' investment in the company, whether the chairman is also serving as CEO, and whether a retired CEO sits on the board. However, there are some actions by directors that should result in votes being withheld. These instances include directors who:

- Attend less than 75 percent of the board and committee meetings without a valid excuse
- In cases of chronic poor attendance without reasonable justification, in addition to voting against the director(s) with poor attendance, generally vote against or withhold from appropriate members of the nominating/governance committees or the full board
- Implement or renew a dead-hand or modified dead-hand poison pill
- Adopts a long-term poison pill without shareholder approval. When it comes to the adoption of short-term poison pill, the nomination of directors will be assessed on a case-by-case basis.
- Ignore a shareholder proposal that is approved by a majority of the votes cast
- Are incumbent board members and the board implements an advisory vote on executive compensation on a less frequent basis than the frequency that received the majority of votes cast at the most recent shareholder meeting at which shareholders voted on the say-on-pay frequency
- Failed to act on takeover offers where the majority of the shareholders tendered their shares
- Are inside directors or affiliated outsiders and sit on the audit, compensation, or nominating committees
- Are inside directors or affiliated outsiders and the full board serves as the audit, compensation, or nominating committee or the company does not have one of these committees
- Are audit committee members and the non-audit fees paid to the auditor are more than 20 percent of total fees paid to the auditors

- Are audit committee members and the company receives an adverse opinion on the company's financial statements from its auditor
- Are audit committee members and poor accounting practices are identified that rise to a level of serious concern, such as: fraud; misapplication of GAAP; and material weaknesses identified in Section 404 disclosures
- Are audit committee members and the audit committee entered into an inappropriate indemnification agreement with its auditor
- Are inside directors or affiliated outside directors and the full board is less than majority independent
- Sit on more than two outside public company boards (i.e. more than three boards in total, including the board seat of the company for which the vote is being cast), or sit on more than one outside public company board if they are CEOs of public companies (i.e. more than two boards in total, including the seat for which the vote is being cast)
- Are on the compensation committee and potentially the full board when there is a recurring or egregious negative correlation between chief executive pay and company performance
- Are on the compensation committee and potentially the full board when the company has recurring or egregious problematic pay practices
- Are on the compensation committee and potentially the full board when the company exhibits a significant level of poor communication and responsiveness to shareholders
- Have failed to address the issue(s) that resulted in any of the directors receiving more than 50% withhold votes out of those cast at the previous board election
- Are incumbent board members and the board had material failures of governance, stewardship, risk oversight, or fiduciary responsibilities at the company

In addition, directors who enacted egregious corporate governance policies or failed to replace management as appropriate would be subject to recommendations to **withhold** votes.

If the board lacks accountability and oversight coupled with sustained poor performance relative to peers, any or all appropriate nominees may be held accountable.

If the board is classified and a continuing director responsible for a problematic governance issue at the board/committee level that would warrant a **withhold/against** vote recommendation is not up for election, any or all appropriate nominees may be held accountable.

Exception may be made for new nominees.

Term Limits

Generally, vote **against** term limits unless it is determined that the lack of new perspectives, resulting from insufficient turnover, may be unfavorable to long-term investment interests.

Board Size

Generally, vote **for** management proposals to determine board size.

Classification/Declassification of the Board

Vote **against** management proposals to classify the board.

Vote **for** shareholder proposals to repeal a classified board.

Cumulative Voting

Vote **against** proposals to eliminate cumulative voting.

Vote **for** proposals to restore or permit cumulative voting in those cases where shareholders have access to the board through their own nominations.

Director and Officer Indemnification and Liability Protection

Vote **for** indemnification proposals that only cover legal expenses when the officer acted in good faith in what he/she believed was the company's interest.

Vote **against** proposals that totally eliminate officers' liability.

A certain level of protection is desirable so as to attract and keep qualified candidates as directors and officers. This protection, however, must not go so far as to excuse officers from being accountable for their actions or for becoming negligent in their duties. The protection should only be effective when officers act in good faith, for the best interests of the company. Specifically, officers should be liable for:

- a) breach of loyalty;
- b) acts or omissions not in good faith or involving intentional misconduct or knowing violations of the law;
- c) unlawful purchases or redemptions of stock;
- d) payments of unlawful dividends; or
- e) receipt of improper personal benefits.

Establish/Amend Nominee Qualifications

Generally, vote **for** management proposals to establish or amend director qualifications unless the proposed criteria are unreasonable and would have a demonstrable effect in precluding dissident nominees from joining the board.

Vote **against** shareholder proposals requiring two candidates per board seat.

Filling Vacancies/Removal of Directors

Vote **against** management proposals to allow for a director's removal from the board only for cause. Directors should be elected or removed by a simple majority vote of shareholders.

Vote **against** management proposals which provide that only continuing directors may fill vacancies on the board.

Vote **for** proposals which allow shareholders to fill vacancies on the board.

Vote **for** proposals to restore shareholder ability to remove directors with or without cause.

Independent Chairman (Separate Chairman/CEO)

Vote **for** shareholder proposals to separate the position of chairman of the board and CEO. The combination of the two positions creates an inherent conflict of interests.

Majority Vote Proposals

Vote **for** reasonably crafted proposals calling for directors to be elected with an affirmative majority of votes cast and/or the elimination of the plurality standard for electing directors (including binding resolutions requesting that the board amend the company's bylaws), provided the proposal includes a carve-out for a plurality voting standard when there are more director nominees than board seats (e.g. contested elections).

Majority of Independent Directors/Establishment of Committees

Generally, vote **for** shareholder proposals asking that boards be comprised of a majority of independent directors, unless it has been determined that the current board composition satisfies our independence threshold.

Vote **for** shareholder proposals asking that board audit, compensation, and/or nominating committees be comprised exclusively of independent directors.

Proxy Access to Nominate Directors

Management and shareholder proposals to enact provisions that give shareholders access to the proxy to nominate directors that are evaluated based on the long-term

investment interests of the System, and are examined by considering the following factors:

- Company-specific factors; and
- Proposal-specific factors, including:
 - The ownership thresholds proposed in the resolution (i.e. percentage and duration);
 - The maximum proportion of directors that shareholders may nominate each year; and
 - The method of determining which nominations should appear on the ballot if multiple shareholders submit nominations

Open Access

Vote **for** any and all equal access proposals.

Equal access proposals generally relate to three major topics:

- a) discussion of management nominees for the board of directors;
- b) discussion of other management proposals;
- c) discussion of shareholders' own proposals or nominees.

Shareholders should have the freedom to obtain information and discuss all of these topics. Only with sufficient information will they be able to vote their proxies wisely and maximize the value of their stock.

Management will often oppose these equal access proposals, seeing them as an infringement of its rights. Management will argue that the added cost and length of proxy statements is inefficient. The marginal cost of longer proxies, however, will be minimal, and the cost will be borne by the stockholders anyway.

Stock Ownership Requirements

Vote **for** shareholder proposals requiring directors to own company stock in order to qualify as a director, or to remain on the board.

Shareholder proposals asking that the company adopt a holding or retention period for its executives (for holding stock after the vesting or exercise of equity awards) shall be evaluated by taking into account any stock ownership requirements or holding period/retention ratio already in place and the actual ownership level of executives.

Plurality Vote Requirement for Director Nominees

Vote **for** proposals to elect director nominees by the affirmative vote of the majority of votes cast at an annual meeting of shareholders.

III. PROXY CONTESTS

Voting for Director Nominees in Contested Elections

Votes in a contested election of directors are evaluated based on the long-term economic interest of the System, and must be examined by taking the following factors into account:

- Past performance relative to its peers;
- Market in which fund invests;
- Measures taken by the board to address the issues;
- Past shareholder activism, board activity, and votes on related proposals;
- Strategy of the incumbents versus the dissidents;
- Independence of directors;
- Experience and skills of director candidates;
- Governance profile of the company;
- Evidence of management entrenchment.

Reimbursing Proxy Solicitation Expenses

Generally, vote **for** proposals to reimburse all appropriate proxy solicitation expenses when voting in conjunction with support of a dissident slate. We will also generally support shareholder proposals calling for the reimbursement of reasonable costs associated with nominating one or more candidates in a contested election where the following apply:

- The election of fewer than 50% of the directors to be elected is contested in the election;
- One or more of the dissident's candidates is elected;
- Shareholders are not permitted to cumulate their votes for directors; and
- The election occurred, and the expenses were incurred, after the adoption of this bylaw.

IV. ANTI - TAKEOVER MECHANISMS

Confidential Voting

Vote **for** a confidential voting policy.

Confidential voting would minimize the ability of management to influence proxy votes. It would allow shareholders the freedom to vote solely in their best interests, not considering actual or perceived pressure from management.

In order to maintain and monitor fiduciary responsibility, fiduciaries should still make their records available to clients after the confidential vote. Therefore, fiduciaries can still be held accountable for their votes.

Advance Notice Requirements for Shareholder Proposals/Nominations

Generally, vote **for** advance notice resolutions provided that the proposals seek to allow shareholders to submit proposals as close to the meeting date as reasonably possible and within the broadest window possible. A reasonable deadline for shareholder notice of a proposal/ nominations must not be more than 60 days prior to a meeting, with a submittal window of at least 30 days prior to the deadline.

Amend Bylaws without Shareholder Consent

Vote **against** proposals giving the board exclusive authority to amend the bylaws.

Vote **for** proposals giving the board the ability to amend the bylaws in addition to shareholders.

Poison Pills

Vote **for** shareholder resolutions requiring that poison pills must be submitted for shareholder approval before going into effect.

Generally, vote **against** management proposals to approve or renew a poison pill unless the following factors are present:

- 1) 20 percent or higher flip-in
- 2) Two- to three-year sunset provision
- 3) No dead-hand or no-hand provision
- 4) Shareholder redemption feature: If the board refuses to redeem the pill 90 days after an offer is announced, ten percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill.

Shareholder Ability to Act by Written Consent

Vote **against** management proposals to restrict or prohibit shareholders' ability to take action by written consent.

Vote **for** shareholder proposals to allow or make easier shareholder action by written consent.

Shareholder Ability to Call Special Meetings

Vote **against** management proposals to restrict or prohibit shareholders' ability to call special meetings.

Vote **for** shareholder proposals to allow or make easier shareholders' ability to call special meetings.

Supermajority Vote Requirements

Vote **against** management proposals to require a supermajority vote to amend any bylaw or charter provision.

Vote **for** shareholder proposals to lower supermajority vote requirements to amend any bylaw or charter provision. However, at companies with shareholder(s) who have significant ownership levels, proposals to lower supermajority vote requirements should be analyzed on a case-by-case basis, taking into account the following:

- Ownership structure;
- Quorum requirements; and
- Vote requirements

Exclusive Venue

Management proposals seeking shareholder approval to limit shareholder litigation to the company's jurisdiction of incorporation are evaluated based on the long-term investment interests of the System, and are examined by considering the following factors:

- Whether the company has been materially harmed by shareholder litigation outside its jurisdiction of incorporation, based on disclosure in the company's proxy statement; and
- Whether the company has the following good governance features:
 - An annually elected board;
 - A majority vote standard in contested director elections; and
 - The absence of a poison pill, unless the pill was approved by shareholders.

Vote **for** shareholder proposals to remove or adjust exclusive venue proposals, unless:

- The company has sufficiently proven that it has been materially harmed by shareholder litigation outside its jurisdiction of incorporation; and
- The company has the following good governance features:
 - An annually elected board;

- A majority vote standard in contested director elections; and
- The absence of a poison pill, unless the pill was approved by shareholders.

V. MERGERS AND CORPORATE RESTRUCTURINGS

Appraisal Rights

Vote **for** shareholder proposals to provide rights of appraisal to dissenting shareholders.

Asset Purchases

Votes on asset purchase proposals are evaluated based on the long-term investment interests of the System, and are examined by considering the following factors:

- Purchase price
- Fairness opinion
- Financial and strategic benefits
- How the deal was negotiated
- Conflicts of interest
- Other alternatives for the business
- Noncompletion risk

Asset Sales

Votes on asset sales are evaluated based on the long-term investment interests of the System, and are examined by considering the following factors:

- Impact on the balance sheet/working capital
- Potential elimination of diseconomies
- Anticipated financial and operating benefits
- Anticipated use of funds
- Value received for the asset
- Fairness opinion
- How the deal was negotiated
- Conflicts of interest

Bundled Proposals

Vote **against** bundled proxy proposals.

Conversion of Securities

Votes on proposals regarding conversion of securities are determined based on the long-term economic interest of the System. When evaluating these proposals the investor should review the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.

Vote **for** the conversion if it is expected that the company will be subject to onerous penalties or will be forced to file for bankruptcy if the transaction is not approved.

Corporate Reorganization/Debt Restructuring/Prepackaged Bankruptcy Plans/Reverse Leveraged Buyouts/Wrap Plans

Votes on proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan are determined based on the long-term investment interest of the System, by taking into consideration the following:

- Dilution to existing shareholders' position
- Terms of the offer
- Financial issues
- Management's efforts to pursue other alternatives
- Control issues
- Conflicts of interest

Vote **for** the debt restructuring if it is expected that the company will file for bankruptcy if the transaction is not approved.

Formation of Holding Company

Votes on proposals regarding the formation of a holding company should be determined based on the long-term economic interests of the System, taking into consideration the following:

- The reasons for the change
- Any financial or tax benefits
- Regulatory benefits
- Increases in capital structure
- Changes to the articles of incorporation or bylaws of the company

Absent compelling financial reasons to recommend the transaction, vote **against** the formation of a holding company if the transaction would include either of the following:

- Increases in common or preferred stock in excess of the allowable maximum as calculated by the ISS Capital Structure model
- Adverse changes in shareholder rights

Going Private Transactions (LBOs and Minority Squeeze Outs)

Going private transactions are evaluated based on the long-term economic interest of the System, by taking into account the following: offer price/premium, fairness opinion, how the deal was negotiated, conflicts of interest, other alternatives/offers considered, and noncompletion risk.

Joint Ventures

Proposals seeking to form joint ventures are determined based on the long-term investment interests of the System, by taking into account the following: percentage of assets/business contributed, percentage ownership, financial and strategic benefits, governance structure, conflicts of interest, other alternatives, and noncompletion risk.

Liquidations

Proposals on liquidations are considered based on the long-term investment interests of the System, by taking into account the following: management's efforts to pursue other alternatives, appraisal value of assets, and the compensation plan for executives managing the liquidation.

Vote **for** the liquidation if the company will file for bankruptcy if the proposal is not approved.

Mergers and Acquisitions/ Issuance of Shares to Facilitate Merger or Acquisition

Proposals to merge one company with another, or for one company to acquire another are determined based on the long-term economic interest of the System. When evaluating the proposals, shareholders should weigh the cost to the company, market reaction, strategic rationale, the immediate and long-term benefits to shareholders, conflict of interests, and the resulting corporate governance changes.

Private Placements/Warrants/Convertible Debentures

Votes on proposals regarding private placements should be determined based on the long-term investment interests of the System. When evaluating these proposals the investor should review: dilution to existing shareholders' position, terms of the offer, financial issues, management's efforts to pursue other alternatives, control issues, conflicts of interest, and market reaction.

Vote **for** the private placement if it is expected that the company will file for bankruptcy if the transaction is not approved.

Spinoffs

Votes on spinoffs should be considered based on the long-term investment interests of the System, taking the following factors into account:

- Tax and regulatory advantages
- Planned use of the sale proceeds
- Valuation of spinoff
- Fairness opinion
- Benefits to the parent company
- Conflicts of interest
- Managerial incentives
- Corporate governance changes
- Changes in the capital structure

Value Maximization Proposals

Shareholder proposals seeking to maximize shareholder value by hiring a financial advisor to explore strategic alternatives, selling the company or liquidating the company and distributing the proceeds to shareholders should be evaluated based on the following factors: prolonged poor performance with no turnaround in sight, signs of entrenched board and management, strategic plan in place for improving value, likelihood of receiving reasonable value in a sale or dissolution, and whether company is actively exploring its strategic options, including retaining a financial advisor.

VI. STATE OF INCORPORATION

Control Share Acquisition Provisions

Vote **for** proposals to opt out of control share acquisition statutes unless doing so would enable the completion of a takeover that would be detrimental to shareholders.

Vote **against** proposals to amend the charter to include control share acquisition provisions.

Vote **for** proposals to restore voting rights to the control shares.

Control Share Cashout Provisions

Vote **for** proposals to opt out of control share cashout statutes.

Disgorgement Provisions

Vote **for** proposals to opt out of state disgorgement provisions, if maximizing shareholder value.

Fair Price Provisions

Vote **for** management proposals to adopt a fair price provision, as long as the shareholder vote requirement embedded in the provision is no more than a majority of the disinterested shares.

Vote **against** all other management fair price proposals.

Vote **for** shareholder proposals to lower the shareholder vote requirement embedded in existing fair price provisions.

Generally, vote **against** fair price provisions with shareholder vote requirements greater than a majority of disinterested shares.

Freeze Out Provisions

Vote **for** proposals to opt out of state freeze out provisions, if maximizing shareholder value.

Greenmail

Vote **for** proposals to restrict the company's ability to pay greenmail.

Reincorporation Proposals

Proposals to change a corporation's state of incorporation should be examined based on the long-term economic interest of the System, giving consideration to both financial and corporate governance concerns including the following:

- Reasons for reincorporation;
- Comparison of company's governance practices and provisions prior to and following the reincorporation; and
- Comparison of corporation laws of original state and destination state

Vote **against** proposals that seek to reincorporate the company outside of the jurisdiction of the United States.

Stakeholder Provisions

Vote **against** proposals that ask the board to consider nonshareholder constituencies or other nonfinancial effects when evaluating a merger or business combination.

VII. CAPITAL STRUCTURE

Adjustments to Par Value of Common Stock

Vote **for** management proposals to reduce the par value of common stock, if it will not adversely affect shareholder rights.

Common Stock Authorization

Votes on proposals to increase the number of shares of common stock authorized for issuance are determined based on the long-term economic interest of the System, using a model developed by ISS.

Vote **against** proposals at companies with dual-class capital structures to increase the number of authorized shares of the class of stock that has superior voting rights.

Vote **for** proposals to approve increases beyond the allowable increase when a company's shares are in danger of being delisted or if a company's ability to continue to operate as a going concern is uncertain.

Dual-Class Stock

Proposals to recapitalize a company into dual classes of voting stock must be examined based on the long-term economic interest of the System.

Vote **against** the creation of stock with supervoting privileges.

Vote **against** proposals that introduce nonvoting shares or exchange voting shares for nonvoting shares.

Vote **for** shareholder proposals asking that a company report to shareholders on the financial impact of its dual class voting structure.

Vote **for** shareholder proposals asking that a company submit its dual class voting structure for shareholder ratification.

Issue Stock for Use with Rights Plan

Vote **against** proposals that increase authorized common stock for the explicit purpose of implementing a shareholder rights plan (poison pill).

Preemptive Rights

Vote **against** proposals requesting the issuance of shares with or without preemptive rights which are excessive under local market best practice standards.

Preferred Stock

Vote **against** proposals authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ("blank check" preferred stock).

Vote **for** proposals to create "declawed" blank check preferred stock (stock that cannot be used as a takeover defense).

Vote **for** proposals to authorize preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable.

Vote **against** proposals to increase the number of blank check preferred stock authorized for issuance when no shares have been issued or reserved for a specific purpose.

Votes on proposals to increase the number of blank check preferred shares are determined after analyzing the number of preferred shares available for issue given a company's industry and performance in terms of shareholder returns.

Recapitalization

Votes on recapitalizations (reclassifications of securities) are considered based on long-term investment interests of the System, taking into account the following: more simplified capital structure, enhanced liquidity, fairness of conversion terms, impact on voting power and dividends, reasons for the reclassification, conflicts of interest, and other alternatives considered.

Reverse Stock Splits

Generally, vote **for** management proposals to implement a reverse stock split provided that the number of authorized shares will be proportionally reduced or the effective increase in authorized shares is equal to or less than the allowable increase calculated in accordance with stock authorization model developed by ISS. In the event that a proportional reduction of authorized shares is not reciprocated, we will only support such proposals if:

- A stock exchange has provided notice to the company of a potential delisting;
- There is substantial doubt about the company's ability to continue as a going concern without additional financing; or
- The company's rationale or other factors as applicable merit support.

Share Repurchase Programs

Proposals to repurchase shares should be considered based on the long-term economic interest of the System. For example, if this is done because management believes the stock is undervalued then the measure should be approved. If the purchase is proposed as an antitakeover device, then it ought to be opposed. We generally vote **for** management proposals to institute open market share repurchase plans in which all shareholders may participate on equal terms.

Stock Distributions: Splits and Dividends

Vote **for** management proposals to increase the common share authorization for a stock split or share dividend, provided that the increase in authorized shares would not result in an excessive number of shares available for issuance as determined using a model developed by ISS.

Generally, vote **for** proposals to approve stock splits or share dividends unless it is determined that such authorities are detrimental to the long-term economic interest of the System.

Tracking Stock

Vote case-by-case on the creation of tracking stock, weighing the strategic value of the transaction against such factors as:

- Adverse governance changes;
- Excessive increases in authorized capital stock;
- Unfair method of distribution;
- Diminution of voting rights;
- Adverse conversion features;
- Negative impact on stock option plans; and
- Alternatives such as spin-off.

VIII. EXECUTIVE COMPENSATION

Vote **for** resolutions intended to improve the transparency of executive compensation by:

- Requiring a company to place a dollar value on all forms of compensation paid to a company's top-five executives and to include such monetarized disclosure in the summary compensation tables filed by the company with the SEC.
- Requiring a company to disclose to shareholders that compensation paid to a company's top-five executives that are not tax-deductible for federal income tax purposes, and to state the monetary value of the costs of such non-deductibility to the company.

- Requiring a company to disclose to shareholders those gains realized by a company's top-five executives in their exercise of stock options (or in the vesting of restricted shares for restricted share grants) and to report what fraction, if any, is attributable to company outperformance of its industry peers.
- Requiring a company to periodically disclose to shareholders equity investments received as compensation and unloaded by any of the company's top-five executives.

Vote **for** resolutions intended to improve the linkage of executive pay-for-performance by:

- Indexing the exercise price of a company's stock option grants to industry sector or broad market stock movements, or by linking the exercise price to changes in the stock price of firms among the company's industry peer group.
- Establishing executive bonus plans that would discount those improvements in a company's financial performance attributable to industry sector or broad market movements.
- Establishing executive bonus plans that would not utilize metrics based on a company's absolute increases in earnings, sales, or revenues, but rather based on the company's performance relative to its industry peer group.
- Prohibiting a company's top-five executives from unwinding equity-based incentive compensation received from the company.
- Prohibiting a company's top-five executives from hedging or employing any measure intended to eliminate their exposure to a decline in the company stock price.
- Requiring a company's top-five executives to publicly disclose, not less than ten days in advance, their intention to sell company stock, including the number of shares to be sold.
- Requiring "clawback" provisions in executive compensation arrangements that would result in a return to the company of executive over-payments based on performance metrics that are subsequently depressed upon a company's restatement of earnings.
- Requiring equity-based executive compensation arrangements to be "dividend neutral" – i.e., neither encouraging nor discouraging the payment of stock dividends to shareholders.
- Requiring executive stock option plans to adjust downward the exercise price of such options to reflect dividend payments made on company stock during the executive's holding period.
- Curtailing Supplemental Executive Retirement Plans (SERPs) for the top-five executives in the event a company terminates, "freezes", or otherwise curtails a defined benefit plan covering its rank-and-file employees.

- Reducing benefits provided under severance arrangements for a company's chief executive officer (CEO).
- Limiting the ratio of the sum of the compensation paid to a company's top-five executives to 8% of the company's aggregate earnings.

Advisory Votes on Executive Compensation (Say-on-Pay) Management Proposals

Generally, evaluate executive pay and practices based on the overall executive compensation structure's ability to effectively motivate participants to focus on long-term shareholder value and returns, while adhering to market law, disclosure and best practice standards.

Vote **against** management say on pay (MSOP) proposals, **against/withhold** on compensation committee members (or, in rare cases where the full board is deemed responsible, all directors including the CEO), and/or **against** an equity-based incentive plan proposal if:

- There is a misalignment between CEO pay and company performance (pay for performance);
- The company maintains problematic pay practices;
- The board exhibits poor communication and responsiveness to shareholders.

Frequency of Advisory Vote on Executive Compensation (Management "Say on Pay")

Vote **for** annual advisory votes on compensation, which provide the most consistent and clear communication channel for shareholder concerns about companies' executive pay programs.

Advisory Vote on Golden Parachutes in an Acquisition, Merger, Consolidation, or Proposed Sale

We will evaluate these proposals based on our existing policies related to severance packages and problematic pay practices.

Equity-Based and Other Incentive Plans

Proposals concerning director compensation are determined based on compensation methodology developed by ISS.

Vote **against** awarding stock option plans as compensation for directors.

Stock Plans in Lieu of Cash

Votes **for** plans which provide directors with the choice of taking all or a portion of their cash compensation in the form of stock or which provide a dollar-for-dollar cash for stock exchange.

Director Retirement Plans

Vote **against** retirement plans for non-employee directors.

Vote **for** shareholder proposals to eliminate retirement plans for non-employee directors.

Management Proposals Seeking Approval to Reprice Options

Vote **against** management proposals seeking approval to reprice options.

Shareholder Proposals Regarding Executive and Director Pay

Vote **for** shareholder proposals seeking additional disclosure of executive and director pay information, provided the information requested is relevant to shareholders' needs, would not put the company at a competitive disadvantage relative to its industry, and is not unduly burdensome to the company.

Vote **against** shareholder proposals seeking to set absolute levels on compensation or otherwise dictate the amount or form of compensation.

Vote **against** shareholder proposals requiring director fees be paid in stock only.

Vote **for** shareholder proposals to put option repricings to a shareholder vote.

All other shareholder proposals regarding executive and director pay are evaluated by taking into account company performance, pay level versus peers, pay level versus industry, and long term corporate outlook.

Qualified Employee Stock Purchase Plans

Vote **for** proposals to approve qualified employee stock purchase plans where all of the following are aligned with local market best practice standards:

- Purchase price;
- Offering period; and
- The number of shares.

Nonqualified Employee Stock Purchase Plans

Vote **for** proposal to approve nonqualified employee stock purchase plans where all of the following are aligned with local market best practice standards:

- Broad-based participation;
- Limits on employee contribution;
- Company matching contribution;
- No discount on the stock price on the date of purchase (since there is a company matching contribution).

In the event of excessive company matching contributions, we will evaluate the cost of plan against an allowable cap developed by ISS.

Employee Stock Ownership Plans (ESOPs)

Vote **for** proposals to implement an ESOP or increase authorized shares for existing ESOPs, unless the number of shares allocated to the ESOP is excessive (more than five percent of outstanding shares.)

401(k) Employee Benefit Plans

Vote **for** proposals to implement a 401(k) savings plan for employees.

Performance-Based Awards

Generally vote **for** shareholder proposals advocating the use of performance-based awards like indexed, premium-priced, and performance-vested options or performance-based shares, unless:

- The proposal is overly restrictive (e.g., it mandates that awards to all employees must be performance-based or all awards to top executives must be a particular type, such as indexed options)
- The company demonstrates that it is using a substantial portion of performance-based awards for its top executives

Pay-for-Superior-Performance Standard

Generally vote **for** shareholder proposals requesting to establish a pay-for-superior-performance standard whereby the company discloses defined financial performance criteria and a detail list of comparative peer group to allow shareholders to sufficiently determine the pay and performance correlation established in the plan. In addition, establish that no award should be paid out unless the company performance exceeds its peer's median or mean performance on the selected financial and stock price performance criteria.

Golden Parachutes and Executive Severance Agreements

Vote **for** shareholder proposals to require golden parachutes or executive severance agreements to be submitted for shareholder ratification, unless the proposal requires shareholder approval prior to entering into employment contracts.

Proposals to ratify or cancel golden parachutes are determined based on several qualifying factors. An acceptable parachute should include the following:

- The triggering mechanism should be beyond the control of management
- The amount should not exceed three times base amount (defined as the average annual taxable W-2 compensation during the five years prior to the year in which the change of control occurs)
- Change-in-control payments should be double-triggered, i.e., (1) after a change in control has taken place, and (2) termination of the executive as a result of a “change in control”, meaning a change in the company ownership structure
- The agreements do not contain problematic features (e.g. excessive cash severance; excessive golden parachute payments)

Pension Plan Income Accounting

Vote **for** shareholder proposals to exclude pension plan income in the calculation of earnings used in determining executive bonuses/compensation.

Supplemental Executive Retirement Plans (SERPs)

Vote **for** shareholder proposals requesting to put extraordinary benefits contained in SERP agreements to a shareholder vote unless the company's executive pension plans do not contain excessive benefits beyond what is offered under employee-wide plans. In addition, generally vote **for** shareholder proposals urging the board to limit the executive benefits provided under the company's supplemental executive retirement plan (SERP) by limiting covered compensation to a senior executive's annual salary and excluding of all incentive or bonus pay from the plan's definition of covered compensation used to establish such benefits.

Advisory Vote on Executive Compensation (Say-on-Pay)

Generally vote **for** shareholder proposals asking the board to propose an advisory resolution seeking to ratify the compensation of the company's named executive officers (NEOs) on an annual basis. The proposal submitted to shareholders should make it clear that the vote is non-binding and would not have an impact on compensation paid or awarded to any NEO.

Disclosure of Board or Company's Utilization of Compensation Consultants

Generally vote **for** shareholder proposals seeking disclosure regarding the Company, Board, or Board committee's use of compensation consultants, such as company name, business relationship(s) and fees paid.

IX. SOCIAL AND ENVIRONMENTAL ISSUES

Social issue proposals will be considered based on their potential impact on the long-term economic interests of the System. Generally, we will **abstain** absent clear effect of proposal on share value.

NON-U.S. PROXY VOTING GUIDELINES

I. OPERATIONAL ITEMS

Allocation of Income

Vote **for** approve of the allocation of income, unless:

- The dividend payout ratio has been consistently below 30 percent without adequate explanation; or
- The payout is excessive given the company's financial position.

Amend Minor Bylaws/Articles of Association

Generally, vote **for** proposals to make bylaw or charter changes that are of a housekeeping nature (updates or corrections) unless the proposed changes are believed to be detrimental to shareholder value or in absence of adequate information to evaluate the proposal per local market best practice standards.

Amend Quorum Requirements

Proposals to amend quorum requirements for shareholder meetings are evaluated based on several factors which include: market norms, the company's reasons for the change, and the company's ownership structure.

Change in Company Fiscal Term

Vote **for** proposals to change a company's fiscal term unless the company's motivation for the change is to postpone its annual general meeting.

Financial Statements/Director and Auditor Reports

Vote **for** proposals to approve financial statements and director and auditor reports, unless:

- There are concerns about the accounts presented or audit procedures used; or
- The company is not responsive to shareholder questions about specific items that should be publicly disclosed.

General Meeting Formalities

In some markets, shareholders are routinely asked to approve:

- the opening of the shareholder meeting
- acknowledge proper convening of meeting
- that the meeting has been convened under local regulatory requirements
- the presence of quorum
- the agenda for the shareholder meeting
- the election of the chair of the meeting
- the appointment of shareholders to co-sign the minutes of the meeting
- regulatory filings
- the designation of inspector or shareholder representative(s) of minutes of meeting
- the designation of two shareholders to approve and sign minutes of meeting
- the allowance of questions
- the publication of minutes
- the closing of the shareholder meeting
- authorize board to ratify and execute approved resolutions
- prepare and approve list of shareholders

As these are typically formalities associated with the convening of general shareholder meetings, generally vote **for** these and similar routine management proposals.

Lower Disclosure Threshold for Stock Ownership

Vote **against** proposals to lower the stock ownership disclosure threshold below 5 percent unless specific reasons exist to implement a lower threshold.

Stock (Scrip) Dividend Alternative

Generally, vote **for** stock (scrip) dividend proposals.

Vote **against** proposals that do not allow for a cash option unless management demonstrates that the cash option is detrimental to shareholder value.

Transact Other Business

Vote **against** other business when it appears as a voting item.

II. AUDITORS

Appointment of Auditors and Auditor Fees

Vote **for** the reelection of auditors and proposals authorizing the board to fix auditor fees, unless:

- There are serious concerns about the accounts presented or the audit procedures used;
- The auditors are being changed without explanation;
- The name(s) of the proposed auditors has not been published;
- The auditors are being changed without explanation;
- For widely-held companies, excessive fees for non-audit services as determined by local market best practice standards; or
- The lead audit partner(s) has been linked with a significant auditing controversy.

Vote **against** the appointment of external auditors if they have previously served the company in an executive capacity or can otherwise be considered affiliated with the company.

Appointment of Internal Statutory Auditors

Vote **for** the appointment or reelection of statutory auditors, unless:

- There are serious concerns about the statutory reports presented or the audit procedures used;
- Questions exist concerning any of the statutory auditors being appointed; or
- The auditors have previously served the company in an executive capacity or can otherwise be considered affiliated with the company.

Auditor Indemnification and Liability Provisions

Vote **against** proposals to indemnify auditors.

III. THE BOARD OF DIRECTORS

Voting on Director Nominees in Uncontested Elections (Non-U.S.)

Votes on management nominees in the election of directors are evaluated by observing relevant market listing rules and regulations, coupled with local market best practice standards. We will typically not support nominees if:

- Adequate disclosure has not been provided in a timely manner;
- There are clear concerns over questionable finances or restatements;
- There have been questionable transactions with conflicts of interest;
- There are any records of abuses against minority shareholder interests; or
- The board fails to meet minimum corporate governance standards.

Vote **for** individual nominees unless there are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities.

Vote **against** individual directors if repeated absences at board meetings have not been explained (in countries where this information is disclosed).

Votes in a contested election of directors are evaluated based on the long-term economic interest of the System, and must be examined by taking the following factors into account:

- Past performance relative to its peers;
- Market in which fund invests;
- Measures taken by the board to address the issues;
- Past shareholder activism, board activity, and votes on related proposals;
- Strategy of the incumbents versus the dissidents;
- Independence of directors;
- Experience and skills of director candidates;
- Governance profile of the company;
- Evidence of management entrenchment.

Vote **for** employee and/or labor representatives if they sit on either the audit or compensation committee *and* are required by law to be on those committees. Vote **against** employee and/or labor representatives if they sit on either the audit or compensation committee, if they are not required to be on those committees.

Under extraordinary circumstances, vote **against** or **withhold** from directors individually, on a committee, or the entire board, due to:

- Material failures of governance, stewardship, or fiduciary responsibilities at the company; or
- Failure to replace management as appropriate; or
- Egregious actions related to the director(s)' service on other boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

Board Structure

Generally, vote **for** management proposals to determine board size.

Director and Officer Indemnification and Liability Provisions

Votes on proposals seeking indemnification and liability protection for directors and officers are examined based on the indemnification and liability protections applicable in each respective market, provided that they are within reason. We will generally only support those proposals that provide directors and officers protection if they have acted in good faith on company business and were found innocent of any civil or criminal charges for duties performed on behalf of the company.

Discharge of Directors

Generally vote **for** the discharge of directors, including members of the management board and/or supervisory board, unless there is reliable information about significant and compelling controversies that the board is not fulfilling its fiduciary duties warranted by:

- A lack of oversight or actions by board members which invoke shareholder distrust related to malfeasance or poor supervision, such as operating in private or company interest rather than in shareholder interest; or
- Any legal issues (e.g. civil/criminal) aiming to hold the board responsible for breach of trust in the past or related to currently alleged actions yet to be confirmed (and not only the fiscal year in question), such as price fixing, insider trading, bribery, fraud, and other illegal actions; or
- Other egregious governance issues where shareholders will bring legal action against the company or its directors.

IV. PROXY CONTESTS

Voting for Director Nominees in Contested Elections

Votes in a contested election of directors are evaluated based on the long-term economic interest of the System, and must be examined by taking the following factors into account:

- Past performance relative to its peers;
- Market in which fund invests;
- Measures taken by the board to address the issues;
- Past shareholder activism, board activity, and votes on related proposals;
- Strategy of the incumbents versus the dissidents;
- Independence of directors;
- Experience and skills of director candidates;
- Governance profile of the company;
- Evidence of management entrenchment.

V. ANTI - TAKEOVER MECHANISMS

Anti-takeover/Entrenchment Devices

Generally vote **against** all antitakeover proposals, unless they are structured in such a way that they give shareholders the ultimate decision on any proposal or offer.

Depositary Receipts and Priority Shares

Generally vote **against** the introduction of depositary receipts and priority shares.

Issuance of Free Warrants

Generally vote **against** the issuance of free warrants.

Mandatory Takeover Bid Waivers

Generally, vote **for** proposals to waive mandatory takeover bid requirements provided that the event prompting the takeover bid is a repurchase by the company of its own shares. During a buyback of shares, the relative stake of a large shareholder increases even though the number of shares held by the large shareholder has not changed. In certain markets, the mandatory bid rules require a large shareholder to make a takeover offer if its stake in the company is increased on a relative basis as a result of a share repurchase by the company. Companies in such markets may seek a waiver from the takeover bid requirement applicable to their large shareholder.

Renew Partial Takeover Provision

Generally vote **for** the adoption of this proposal as this article provides protection for minority shareholders by giving them ultimate decision-making authority based on their own interests.

VI. MERGERS AND CORPORATE RESTRUCTURINGS

Control and Profit Transfer Agreements

Generally vote **for** management proposals to approve control and profit transfer agreements between a parent and its subsidiaries.

Expansion of Business Activities

Vote **for** resolutions to expand business activities unless the new business takes the company into risky areas.

Mergers and Acquisitions/ Issuance of Shares to Facilitate Merger or Acquisition

Proposals to merge one company with another, or for one company to acquire another are determined based on the long-term economic interest of the System. When evaluating the proposals, shareholders should weigh the cost to the company, market reaction, strategic rationale, the immediate and long-term benefits to shareholders, conflict of interests, whether the transaction is contested, and the resulting corporate governance changes.

Vote **against** if the companies do not provide sufficient information upon request to make an informed voting decision.

Related-Party Transactions

Evaluate resolutions that seek shareholder approval on related party transactions (RPTs), considering factors including, but not limited to, the following:

- the parties on either side of the transaction;
- the nature of the asset to be transferred/service to be provided;
- the pricing of the transaction (and any associated professional valuation);
- the views of independent directors (where provided);
- the views of an independent financial adviser (where appointed);
- whether any entities party to the transaction (including advisers) are conflicted; and
- the stated rationale for the transaction, including discussions of timing.

If there is a transaction that NHRS deemed problematic and that was not put to a shareholder vote, we may recommend against the election of the director involved in the related-party transaction or the full board.

Reorganizations/Restructurings

Proposals to approve reorganizations and restructurings are evaluated based on the long-term economic interest of the System. When evaluating such proposals, shareholders should consider if there are clear conflicts of interest among the various parties, if shareholder rights' are being negatively affected, or if certain groups or shareholders appear to be getting a better deal at the expense of general shareholders.

VII. COUNTRY OF INCORPORATION

Reincorporation Proposals

Proposals to change a corporation's country of incorporation should be examined based on the long-term economic interest of the System, giving consideration to both financial and corporate governance concerns including the following:

- Reasons for reincorporation;
- Comparison of company's governance practices and provisions prior to and following the reincorporation; and
- Comparison of corporation laws of original country and destination country

VIII. CAPITAL STRUCTURE

Adjust Par Value of Common Stock

Vote **for** management proposals to reduce par value of common stock.

Capitalization of Reserves for Bonus Issues/Increase in Par Value

Vote **for** requests to capitalize reserves for bonus issues of shares or to increase par value.

Debt Issuance Requests

Votes on non-convertible debt issuance requests with or without preemptive rights are evaluated based on their individual merits, demonstrated need, and long-term investment interests of the company. We will examine the potential impact the proposed authority may have on the company's debt ratio, and further compare the level with similar peers in the industry.

Vote **for** the creation/issuance of convertible debt instruments as long as the maximum number of common shares that could be issued upon conversion meets recommended guidelines on equity issuance requests.

Vote **for** proposals to restructure existing debt arrangements unless the terms of the restructuring would adversely affect the rights of shareholders.

Increases in Authorized Capital

Vote **for** non-specific proposals to increase authorized capital in line with local market best practice standards.

Vote **against** proposals to adopt unlimited capital authorizations.

Increase in Borrowing Powers

Votes on proposals to approve increases in a company's borrowing powers are evaluated based on their individual merits, demonstrated need, and long-term investment interests of the company. We will examine the potential impact the proposed authority may have on the company's debt ratio, and further compare the level with similar peers in the industry.

Pledging of Assets for Debt

Votes on proposals to approve the pledging of assets for debt are evaluated based on their individual merits, demonstrated need, and long-term investment interests of the company. We will examine the potential impact the proposed authority may have on the company's debt ratio, and further compare the level with similar peers in the industry.

Preferred Stock

Vote **for** the creation of a new class of preferred stock or for issuances of preferred stock up to 50 percent of issued capital unless the terms of the preferred stock would adversely affect the rights of existing shareholders.

Vote **for** the creation/issuance of convertible preferred stock as long as the maximum number of common shares that could be issued upon conversion meets ISS guidelines on equity issuance requests.

Vote **against** the creation of a new class of preference shares that would carry superior voting rights to the common shares.

Vote **against** the creation of blank check preferred stock unless the board clearly states that the authorization will not be used to thwart a takeover bid.

Votes on proposals to increase blank check preferred authorizations are evaluated based on the rationale for requested increase, the ability for the company to use the blank check preferred stock as a takeover defense, and whether the company has historically issued such stock for legitimate financing purposes.

Preemptive Rights

Vote **against** proposals requesting the issuance of shares with or without preemptive rights which are excessive under local market best practice standards.

Reduction of Capital

Vote **for** proposals to reduce capital for routine accounting purposes unless the terms are unfavorable to shareholders.

Generally, vote **for** proposals to reduce capital in connection with corporate restructuring, as opposition could lead to insolvency, which is not in the long-term economic interests of shareholders. Evaluation of this type of proposal should take a realistic approach to the company's situation and the future prospects for shareholders.

Reissuance of Repurchased Shares

Vote **for** requests to reissue any repurchased shares unless there is clear evidence of abuse of this authority in the past.

Share Repurchase Programs

Generally vote **for** share repurchase programs/market repurchase authorities, provided that the proposal meets local market best practice standards regarding:

- Maximum volume;
- Duration.

For markets that either generally do not specify the maximum duration of the authority or seek an excessive duration that is allowable under market specific legislation, we will assess the company's historic practice. If there is evidence that a company has sought shareholder approval for the authority to repurchase shares on an annual basis, we will support the proposed authority.

In addition, vote **against** any proposal where:

- The repurchase can be used for takeover defenses;

- There is clear evidence of abuse;
- There is no safeguard against selective buybacks;
- Pricing provisions and safeguards are deemed to be unreasonable in light of market practice.

We may support share repurchase plans with excessive volume under exceptional circumstances, such as one-off company specific events (e.g. capital restructuring). Such proposals will be assessed based on merits, which should be clearly disclosed in the annual report.

IX. EXECUTIVE COMPENSATION

Executive Compensation Plans

All compensation proposals will be reviewed based on local market best practice standards.

Director Remuneration and Compensation

Vote **for** proposals to award cash fees to non-executive directors unless the amounts are excessive relative to other companies in the country or industry.

Votes on non-executive director compensation proposals that include both cash and share-based components are determined based on whether the terms of the proposed compensation can effectively motivate participants to focus on long-term shareholder value and returns, while adhering to local market law, disclosure and best practice standards. However, we will typically vote **against** awarding stock option plans as compensation for non-executive directors.

Votes on proposals that bundle compensation for both non-executive and executive directors into a single resolution are determined based on whether the terms of the proposed compensation can effectively motivate participants to focus on long-term shareholder value and returns, while adhering to local market law, disclosure and best practice standards. However, we will typically vote **against** awarding stock option plans as compensation for non-executive directors.

Vote **against** proposals to introduce retirement benefits for non-executive directors.

Director and Statutory Auditor Retirement Plans

Vote **against** retirement plans for nonemployee directors and statutory auditors.

Vote **for** shareholder proposals to eliminate retirement plans for nonemployee directors and statutory auditors.

Remuneration Report

Management proposals seeking ratification of a company's remuneration policy are evaluated by considering a combination of local market law and best practice standards. We will typically oppose a company's remuneration policy if the proposed compensation policy/report was not made available to shareholders in a timely manner, or if the level of disclosure of the proposed compensation policy is below what local market best practice standards dictate.

X. SOCIAL AND ENVIRONMENTAL ISSUES

Social issue proposals will be considered based on their potential impact on the long-term economic interests of the company. Generally, we will **abstain** absent clear effect of proposal on share value.

LEGISLATIVE COMMITTEE

2023 Legislative Schedule

SENATE

Thursday, March 30, 2023 – CROSSOVER – Deadline to ACT on all Senate bills.

Thursday, May 18, 2023 – Deadline for Policy Committees to ACT on all House bills with a fiscal impact, except bills exempted pursuant to Senate Rule 4-5.

Thursday, June 8, 2023 – Deadline to ACT on all House bills.

Thursday, June 15, 2023 – Deadline to FORM Committees of Conference.

Thursday, June 22, 2023 – Deadline to SIGN Committee of Conference Reports.

Thursday, June 29, 2023 – Deadline to ACT on Committee of Conference Reports.

HOUSE

Thursday, April 6, 2023 – CROSSOVER Last day to act on all bills.

Thursday, May 11, 2023 – Last day to report Senate Bills going to a second committee.

Thursday, May 18, 2023 – Last day to act on SBs going to a second committee.

Thursday, June 1, 2023 – Last day to report all remaining SBs; Last day to report list of retained SBs.

Thursday, June 8, 2023 – Last day to act on SBs.

Thursday, June 15, 2023 – Last day to form Committees of Conference.

Thursday, June 22, 2023 – Last day to sign Committee of Conference reports (4 p.m.).

Thursday, June 29, 2023 – Last day to act on Committee of Conference reports.



New Hampshire Retirement System
54 Regional Drive, Concord, NH 03301
Phone: (603) 410-3500 - Fax: (603) 410-3501
Website: www.nhrs.org - Email: info@nhrs.org

2023 Legislative Tracker

Updated: March 30, 2023

Legislation introduced in the 2023 session that would impact the New Hampshire Retirement System (NHRS, the retirement system) is listed below. For details on a particular bill, visit the State of New Hampshire General Court website at: <http://gencourt.state.nh.us/>

BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
2023 NHRS-RELATED BILLS			
HB 2	This is the budget trailer bill. The provisions of the following NHRS-related bills listed below have been added to this bill: HB 50, HB 436, and HB 571. (see below)		Bill is on the House calendar for 4/6/23.
HB 30	This bill allows county commissioners to exempt the county chief administrative officer from compulsory NHRS membership at the time of initial hiring or appointment.	Rep. Judy Aron	3/15/23: Senate ED&A Committee held public hearing. *
HB 50	As amended, the bill provides a one-time, \$50 million appropriation toward the retirement system's unfunded pension liability in fiscal year 2023.	Rep. Michael Edgar	3/22/23: House passed and then tabled the bill. The provisions of the bill were added to HB 2. (See above)
HB 183	This bill allows retired Group II Fire members to be employed by the state fire academy and not have those employment hours count against the annual limit on part-time hours.	Rep. Dan Wolf	2/8/23: House ED&A Committee voted, 20-0, to retain the bill in committee. No further action is expected in the 2023 session.
HB 193	This bill makes various changes to the administration of the NHRS, including clarification of the definition of teacher job share, references to the system's annual comprehensive financial report, and procedures related to the purchase of service credit.	Rep. Tony Lekas	3/15/23: Senate ED&A Committee held public hearing. *
HB 250	As amended, the bill modifies the amount of the retirement annuity payable upon the accidental death of a member to 100 percent of average final compensation at the member's death with a maximum benefit of \$85,000.	Rep. Ben Baroody	3/28/23: House Finance Committee voted, 25-0, to recommend ought to pass (OTP) with amendment (am-1045h).
HB 278	As amended, this bill ratifies a provision of RSA 100-A regarding annual employer reporting of hours worked and compensation paid to retired members working part-time that was inadvertently repealed.	Rep. Carol McGuire	Senate ED&A Committee public hearing scheduled for 4/5/23 at 9 a.m. in SH 103. *
HB 339	This bill provides that no funds from NHRS or the state public employee deferred compensation plan shall be invested with any company that is boycotting Israel.	Rep. James Splaine	3/23/23: House, on a voice vote, tabled the bill. No further action is expected in the 2023 session.
HB 436	As amended, this bill, over a 10-year period, adjusts the application of the minimum age, minimum years of service, average final compensation, and annuity multipliers for Group II members in service prior to July 1, 2011, and not vested prior to January 1, 2012.	Rep. Kevin Pratt	3/28/23: House Finance Committee voted, 25-0, to retain the bill in committee. The provisions of the bill were added to HB 2. (See above)

BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
HB 449	This bill increases the service retirement and disability retirement annuity multiplier for the first 20 years of service of Group II retirement system members under the transition provisions adopted in 2011.	Rep. Jeff Goley	2/8/23: House ED&A Committee voted, 20-0, to retain the bill in committee. No further action is expected in the 2023 session.
HB 457	As amended, this bill requires NHRS to report on a quarterly basis to the office of legislative budget assistant regarding compliance with the duty to make all investment decisions solely in the interest of the participants and beneficiaries.	Rep. JD Bernardy	Senate ED&A Committee public hearing scheduled for 4/5/23 at 9:30 a.m. in SH 103. *
HB 461	As amended, this bill requires political subdivision employers to obtain an analysis from the retirement system and continue to pay retirement contributions when eliminating or transferring certain senior leadership positions from full-time to part-time.	Rep. Steve Pearson	Senate ED&A Committee public hearing scheduled for 4/5/23 at 10 a.m. in SH 103. *
HB 525	This bill adjusts the application of the transition provisions for Group II service retirement adopted in 2011 to be applicable as of January 1, 2014, rather than January 1, 2012.	Rep. Kevin Pratt	2/22/23: House, on voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 555	This bill requires the transfer of 75 percent of a state biennial surplus to the reduction in the retirement system's unfunded accrued liability.	Rep. Tony Lekas	Senate Finance Committee public hearing scheduled for 4/4/23 at 1 p.m. in SH 103. *
HB 559	This bill establishes a defined contribution retirement plan for new state employees who begin service on or after July 1, 2024, and who would previously have been enrolled in Group I. All new state employees on and after July 1, 2024, will be required to participate in a defined contribution plan administered by the state Deferred Compensation Commission and would not be members of NHRS.	Rep. Dan McGuire	3/10/23: House ED&A Committee voted, 20-0, to retain the bill in committee. No further action is expected in the 2023 session.
HB 571	This bill, as amended, authorizes a one-time payment to a retired Group II member or beneficiary. Group II members (or their beneficiaries) retired 10 to 19 years as of July 1, 2023, are eligible for a payment ranging from \$1,100-\$2,900 depending on the number or years retired; Group II members (or their beneficiaries) retired 20 or more years as of July 1, 2023, are eligible for a payment of \$3,000. Group II members with a benefit of \$100,00 or more are ineligible for the one-time payment.	Rep. Ben Baroody	3/28/23: House Finance Committee voted, 25-0, to retain the bill in committee. The provisions of the bill were added to HB 2. (See above)
HB 579	This bill eliminates the transition provision adopted in 2011 for Group II members who began service before July 1, 2011, but were not yet vested as of January 1, 2012.	Rep. Doug Trottier	2/22/23: House, on voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 639	This bill establishes procedures for the legalization, regulation, and taxation of cannabis; and the licensing and regulation of cannabis establishments. Note: This bill dedicates a portion of state revenue generated through the sale of cannabis toward paying down the retirement system's unfunded actuarial accrued liability.	Rep. Jason Osborne	3/27/23: House Ways and Means Committee voted, 16-4, to recommend ought to pass (OTP) as amended (am-1231h).
SB 57	This bill links the recalculation of a Group I retiree's NHRS benefit to his or her full retirement age under the federal Social Security system.	Sen. Lou Sen. D'Allesandro	3/9/23: Passed by the Senate, then tabled on a voice vote.
SB 114	This bill provides that the state shall pay 7.5% of local employer retirement contributions for Group I Teachers and Group II Police and Fire members.	Sen. Cindy Rosenwald	2/9/23: Passed by the Senate, then tabled on a voice vote.

BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
SB 134	The bill establishes a retirement system benefit for Group II members who retire due to a violent act injury.	Sen. Regina Birdsell	2/22/23: Senate, on a voice vote, accepted committee recommendation to re-refer bill committee. No further action is expected in the 2023 session.
SB 205	This bill grants a 1.5% cost-of-living adjustment (COLA) on the first \$50,000 of the pension benefit to retirees who retired on or before July 1, 2018, or any beneficiary of such retiree who is receiving a pension benefit. The COLA would take effect on the retired member's first anniversary date occurring on or after July 1, 2024.	Sen. Lou Sen. D'Allesandro	3/23/23: Passed by the Senate, then tabled on a voice vote.
<p>* – Bill has passed the House and is currently in the Senate</p> <p>Committee Key: ED&A = Executive Departments & Administration;</p> <p>Location Key: LOB = Legislative Office Building; SH = State House.</p>			



To: NHRS Board of Trustees

From: Marty Karlon, Director of Communications & Legislative Affairs

Date: March 30, 2023

Re: HB 1587 Certification

Item: Action: ☒ Discussion: ☐ Informational: ☐

Pursuant to HB 1587 (Chapter 184, Laws of 2022), which modified the definition of average final compensation for Group II members in service prior to July 1, 2011, but not vested prior to January 1, 2012, the state is required to reimburse the retirement system the actuarially determined cost of the unfunded actuarial accrued liability associated with the modification.

The amount payable must be determined by the actuary and certified by the Board of Trustees. The payment must be made in the current biennium, which ends on June 30, 2023.

Staff is recommending that the Board certify to the State Treasurer the amount (\$42.9 million) shown on page 4 of the supplemental actuarial valuation prepared by Gabriel, Roeder, Smith & Company and dated April 12, 2022 (attached) in order for the Director of Finance to initiate the request for reimbursement.



April 12, 2022

Mr. Gerard Murphy, Director of Finance
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301

Re: Amendment 1169h to HB 1587-FN-A

Dear Mr. Murphy:

Enclosed are the results of a supplemental actuarial valuation to measure the financial effects of Amendment 1169h to HB 1587-FN-A, as requested.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "David T. Kausch". The signature is fluid and cursive.

David T. Kausch, FSA, EA, FCA, MAAA, PhD

DTK:sc
Enclosure

cc: Jan Goodwin (via email)
Larry Johansen (via email)
Heather Fritzky (via email)
Timothy Crutchfield (via email)
Heidi G. Barry (GRS via email)
Casey T. Ahlbrandt-Rains (GRS via email)

Requested By: Mr. Gerard Murphy, Director of Finance
New Hampshire Retirement System

Date: April 12, 2022

Submitted By: David T. Kausch, FSA, EA, FCA, MAAA, PhD
Heidi G. Barry, ASA, FCA, MAAA
Casey T. Ahlbrandt-Rains, ASA, MAAA
Gabriel, Roeder, Smith & Company

This report contains the results of a supplemental actuarial valuation of a proposed System change as described in Amendment 1169h to HB 1587-FN-A, regarding average final compensation for Group II members.

Supplemental valuations do not predict the results of future actuarial valuations. (Future activities can affect future valuation results in an unpredictable manner.) Rather, supplemental valuations give an indication of the probable effect of the **change only** on future valuations without comment on the complete end result of the future valuations.

David T. Kausch, Heidi G. Barry and Casey T. Ahlbrandt-Rains are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The valuations were based upon data furnished by NHRS for the June 30, 2019 contribution rate setting actuarial valuation. Actuarial methods and assumptions were the same as those used in the annual actuarial valuation as of June 30, 2019. In particular:

- The assumed rate of interest was 6.75%.
- The valuation method was the Entry Age Actuarial Cost Method.
- Wage inflation is assumed to be 2.75% per year (2.25% per year for Teachers).

The unfunded liability as of June 30, 2017 shall be amortized through 2039. Each subsequent change in liability as calculated in odd-numbered years shall be separately amortized over a fixed period of no longer than 20 years.

A brief summary of the data used in this valuation is presented on the next page.

The effective date of the proposal is 60 days after its passage.

Valuation Group	Active Members	Valuation Payroll	Average		
			Age	Service*	Pay
Employees:					
Male	9,650	\$ 544,052,544	48.5	11.1	\$56,379
Female	15,004	700,877,668	49.3	10.7	46,713
Total	24,654	1,244,930,212	49.0	10.8	50,496
Teachers:					
Male	3,772	256,518,633	46.2	14.4	68,006
Female	13,958	879,087,891	45.9	13.2	62,981
Total	17,730	1,135,606,524	46.0	13.4	64,050
Police:					
Male	3,618	274,308,662	39.0	11.1	75,818
Female	598	38,707,587	38.6	8.7	64,728
Total	4,216	313,016,249	38.9	10.8	74,245
Fire:					
Male	1,648	128,660,330	41.4	13.1	78,071
Female	40	2,792,707	39.6	11.1	69,818
Total	1,688	131,453,037	41.3	13.1	77,875
Total:					
Male	18,688	1,203,540,169	45.6	11.9	64,402
Female	29,600	1,621,465,853	47.5	11.8	54,779
Grand Total	48,288	\$2,825,006,022	46.7	11.9	\$58,503

* One month of service was added to the reported service for all active participants in consideration of potential subsidized service purchases in the future.

Valuation Group	Active Members	Valuation Payroll
Employees:		
State	9,873	\$ 567,292,108
Political Subdivisions	14,781	677,638,104
Subtotal	24,654	1,244,930,212
Teachers:	17,730	1,135,606,524
Police:		
State	1,083	85,189,248
Political Subdivisions	3,133	227,827,001
Subtotal	4,216	313,016,249
Fire:		
State	64	4,292,320
Political Subdivisions	1,624	127,160,717
Subtotal	1,688	131,453,037
Total	48,288	\$ 2,825,006,022

Group II Members Affected by Proposal

	Police	Fire
Hired Prior to July 1, 2011 With Creditable Service on 1/1/12 Between 8 and 10 Years	234	162
Hired Prior to July 1, 2011 With Creditable Service on 1/1/12 Between 6 and 8 Years	300	111
Hired Prior to July 1, 2011 With Creditable Service on 1/1/12 Between 4 and 6 Years	325	140
Hired Prior to July 1, 2011 With Creditable Service on 1/1/12 Less Than 4 Years	489	186
Total	1,348	599

Current Provisions Affected

Definition; Average Final Compensation. RSA 100-A:1, XVIII(b)

For Group II members who commenced service on or after July 1, 2011 or who have not attained vested status prior to January 1, 2012, the average annual earnable compensation of a member during his or her highest 5 years of creditable service, or during all of the years in his or her creditable service if less than 5 years. For purposes of inclusion in this calculation, the average percentage of compensation paid in excess of the full base rate of compensation in the highest 5 years shall not exceed the average percentage of compensation paid in excess of the full base rate of compensation over all the member's years of service on or after January 1, 2012, **but excluding the highest 5 years.**

New Provisions under Consideration

Definition; Average Final Compensation. Amend RSA 100-A:1, XVIII(b) to read as follows:

For Group II members who commenced service prior to July 1, 2011 and who have not attained vested status prior to January 1, 2012, the average annual earnable compensation of a member during his or her highest 5 years of creditable service, or during all of the years in his or her creditable service if less than 5 years. For purposes of inclusion in this calculation, the average percentage of compensation paid in excess of the full base rate of compensation in the highest 5 years shall not exceed the average percentage of compensation paid in excess of the full base rate of compensation over all the member's years of service on or after January 1, 2012.

The total actuarial cost of this new provision shall be terminally funded from surplus funds from the state from the current biennium.

This act shall take effect 60 days after its passage.

Actuarial Statement Pension Results

State

Employer Pension Rates as a Percent of Payroll - State				
	Employees	Teachers	Police	Fire
Current 2022-2023 Rates	13.75%	N/A	30.67%	29.78%
Impact of Proposal	0.00%	N/A	0.11%	0.14%
Proposed 2022-2023 Rates	13.75%	N/A	30.78%	29.92%

Expected Employer Dollar Increase (Decrease) Due to Proposal - State (\$Millions)					
	Employees	Teachers	Police	Fire	Total*
FY 2022	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2023	-	-	-	-	-
FY 2024	-	-	0.11	0.01	0.12
FY 2025	-	-	0.11	0.01	0.12
FY 2026	-	-	0.11	0.01	0.12

Political Subdivisions

Employer Pension Rates as a Percent of Payroll - Political Subdivisions				
	Employees	Teachers	Police	Fire
Current 2022-2023 Rates	13.75%	19.48%	30.67%	29.78%
Impact of Proposal	0.00%	0.00%	0.11%	0.14%
Proposed 2022-2023 Rates	13.75%	19.48%	30.78%	29.92%

Expected Employer Dollar Increase (Decrease) Due to Proposal - Pol. Sub. (\$Millions)					
	Employees	Teachers	Police	Fire	Total*
FY 2022	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2023	-	-	-	-	-
FY 2024	-	-	0.29	0.20	0.49
FY 2025	-	-	0.29	0.21	0.50
FY 2026	-	-	0.30	0.22	0.52

Impact on Present Value of Future Benefits – To be Terminally Funded

Increase (Decrease) in the Present Value of Benefits Due to Proposal as of June 30, 2019 Increased with Interest to June 30, 2022 (\$Millions)				
Employees	Teachers	Police	Fire	Total*
\$ -	\$ -	\$ 28.6	\$ 14.3	\$ 42.9

* Totals may not add due to rounding.

Comments on Actuarial Statement

Comment 1: The estimate of terminal funding is based on the impact of this proposal on the present value of future benefits for the current population adjusted to June 30, 2022. For purposes of this analysis, a 20-year amortization layer was added as of June 30, 2023 (the first rate-setting valuation date after the proposal date) in the amount of the increase in actuarial accrued liability offset by the proceeds from terminal funding, adjusted with interest. This amortization layer will result in an amortization credit (i.e., a negative contribution rate) as a percent of payroll and will offset a portion of the increase in employer normal cost for the 20-year period from FY 2024 to FY 2043. The increase in employer normal cost is 0.25% of payroll for Police and 0.33% for Fire, and will emerge for any participants impacted by the change and still in active status as the full increase in contribution requirement after the 20-year amortization credit expires. This number is expected to be small. In addition, the total normal cost for the active population is expected to decrease each year towards the rates for new hires.

Comment 2: The vast majority of the active population affected by this proposal will not be eligible for retirement in the next five years and there have been very few retirements from this group to date. Consequently, there is insufficient data to independently assess an appropriate liability adjustment based on the actual population. For purposes of estimating the impact of the proposal, we have assumed an increase in normal, early, and vesting retirement liabilities for active members affected by the proposal to be half of the assumption used in the valuation for those Group II members hired before July 1, 2011 or who were vested as of January 1, 2012. In particular, for this study we assumed increases of 5.50%, and 6.00% for Police and Fire members affected by the proposal. We will review this assumption as experience emerges.

Comment 3: The proposed change is measured as of June 30, 2019, the most recent certified actuarial valuation, with the estimated impact on employer contribution rates shown for the FY 2022 – FY 2026 period. The actual change will depend on the final effective date and will ultimately affect the employer contribution rates based on the first rate setting valuation after adoption. The actual impact on the rates may differ depending on the timing of the change and the subsequent rate setting process.

Comment 4: We have reflected the change beginning in the 2024-2025 biennium, which is the current schedule for future rate certification by the Board. All contribution rates shown for the 2024-2025 biennium are estimates based on the June 30, 2019 actuarial valuation. Actual employer contribution rates for the 2024-2025 biennium will be based on the June 30, 2021 actuarial valuation and will reflect the plan provisions in effect at the time of that valuation.

Comment 5: Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Comment 6: This calculation is based upon assumptions regarding future events, which may or may not materialize. It is also based upon present and proposed plan provisions that are outlined in the report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.

Comment 7: No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them.

Comment 8: This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Comment 9: If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the authors of the report prior to making such decision.

Comment 10: In the event that more than one plan change is being considered, it is very important to remember that the results of separate actuarial valuations cannot generally be added together to produce a correct estimate of the combined effect of all of the changes. The total can be considerably greater than the sum of the parts due to the interaction of various plan provisions with each other, and with the assumptions that must be used.

Comment 11: This report is intended to describe the financial effect of the proposed plan changes on the Retirement System. Except as otherwise noted, potential effects on other benefit plans were not considered.

BENEFITS COMMITTEE

Oral Presentation Only

PERSONNEL PERFORMANCE & COMPENSATION COMMITTEE

Oral Presentation Only





Introductions

- LRS
 - Shawn Farris – Senior Manager, Implementations
 - Jack Blonski – Senior Project Manager
- NHRS
 - Tracy Knight – IT Project Manager



Project Background

Project Start to Parallel Processing



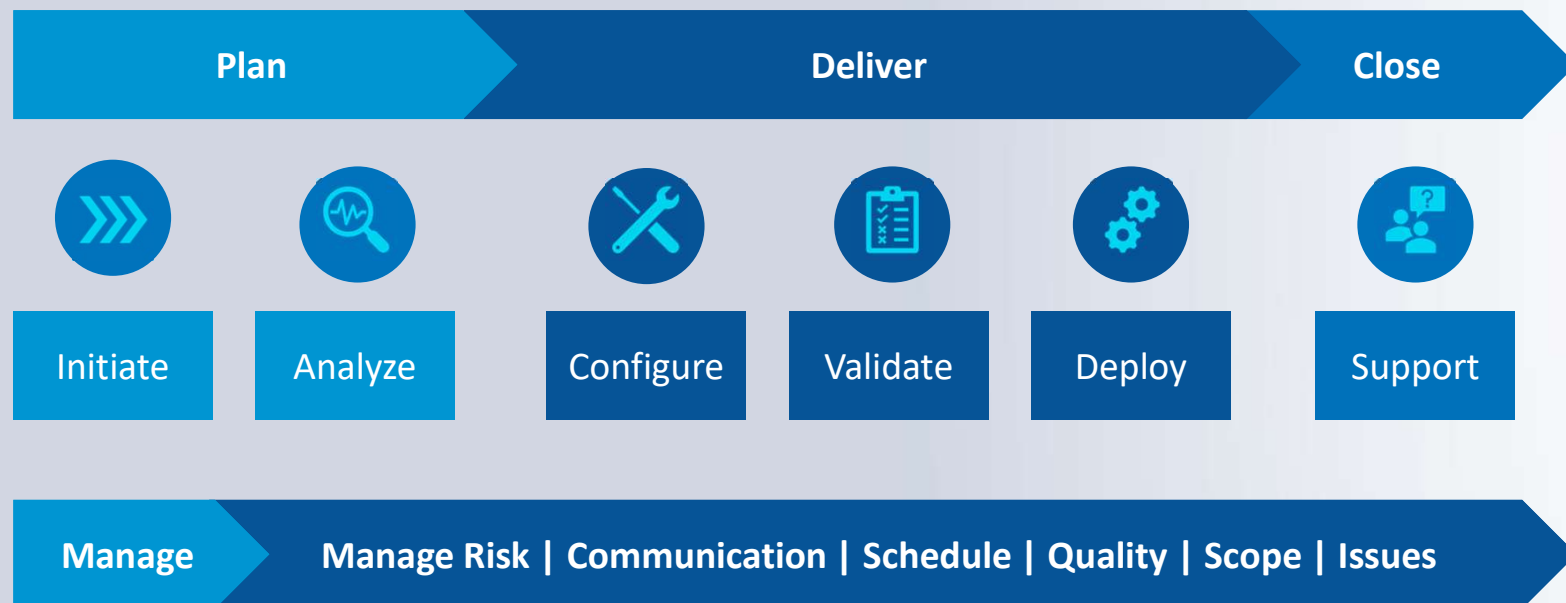
Project Background

PensionGold Version 3 Implementation Project

- Project Start January 2019
- Requirements Definition
- Software Deliverables
 - D1 – Member Basics and Service Purchases
 - D2 – Employer Reporting
 - D3 – Benefit Calculations
 - D4 – Benefit Maintenance and Insurance
 - D5 – Benefit Payroll
 - D6 – Year End Processes, Auditing and Security
 - D7 – MemberDirect
- Parallel Processing (2 months)
- Warranty (12 Months)



Project Process





Project Activities

What has been happening?

- Requirements
 - Reviewed over 1,400 system requirements and reviewed and approved over 50 expected change requests
- Designs
 - Completed the review and approval of over 250 design documents
- Testing
 - Completed the execution of approximately 250 test cases and over 3,500 test scenarios
- Data Conversion
 - Completed 6 data conversions



What is improving for NHRS with PensionGold?



Security

Continual third-party intrusion detection testing and annual LRS Service Organization Control (SOC) audits ensure the protection of membership data.



MemberDirect

A secure portal provides enhanced self-service capabilities for active plan members and payees.



Workflow

Provides the ability for staff to easily manage administration processes and control workloads.



Customer Relationship Management

Maintains interaction details with members by capturing emails, correspondence, phone calls, and office visits, with the ability to assign staff (or group) responsible for follow up.



Benefit Calculations

Easy and flexible step-by-step process to initiate, finalize, and activate benefit claims, improved certification process and separation of duties between setup and approval.



EDMDirect

Seamless integration with existing imaging solution PageCenterX® software.



EmployerDirect

A self-service web interface for employer and insurance reporting agencies with improved exception management, reporting and payment functions.



Activities and Milestones

A chronological feed shows an active member or payee's recent account activity, as well as milestones that have occurred, forecasted dates for vesting or eligibility, and attainment of a certain age or service.



Parallel Processing

What is it exactly?

- 2 Months (October through November)
- Executing all activities in the current system (PensionGold Version 2) and the new system (PensionGold Version 3)
- Verification of the results in both systems to confirm that the results are the same or that any differences can be explained and are acceptable
- Upon conclusion of Parallel Processing, the old system is turned off and the new system becomes the system of record



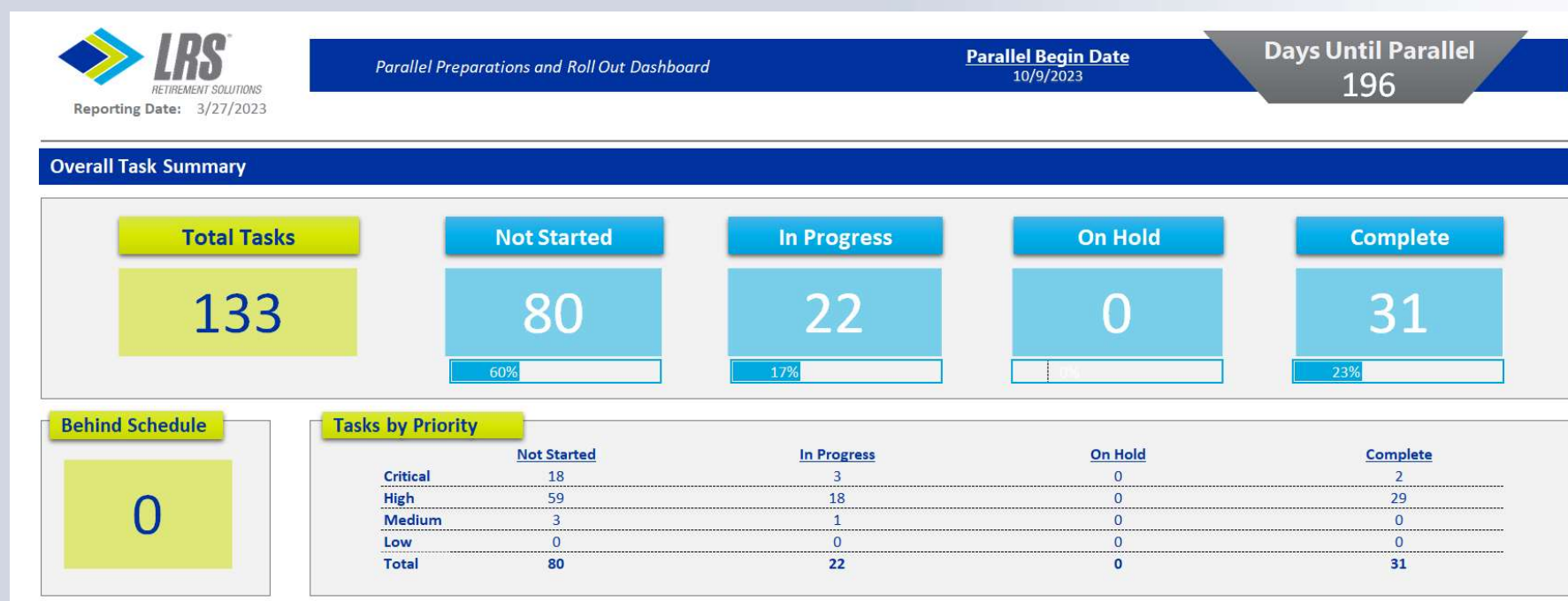
Parallel Processing

What are the main preparation activities?

- Development of a Parallel Preparation and Roll Out Plan
- Business process and policy decisions
- Business process analysis, documentation, and training (key processes)
- Employer outreach, training, and file verification for employer and insurance reporting
- Bank file(s) and paper check verification
- 30-day Mock Parallel
- Pre-Parallel configuration and planning



Parallel Processing





Parallel Processing

What are the risks?

- Legislative changes and their timing
- NHRS may be unable to complete all the tasks required to start Parallel Processing in October
- A significant number of employers are not ready to adhere to the new employer reporting file specifications

NHRS is doing everything possible to mitigate these risks through the heavy focus on Parallel preparations.



Project Closing

What happens next?

- Warranty (12 months)
- Transition to Product Support
- Continued Maintenance and Enhancements



Questions?



To: Board of Trustees
From: Jan Goodwin, Executive Director
Date: March 30, 2023
Re: Executive Director Operating Report
Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

- COVID-19 Update: Maintaining status quo. Monitoring case numbers to determine when staff can be present in the Granite State room for Board meetings.

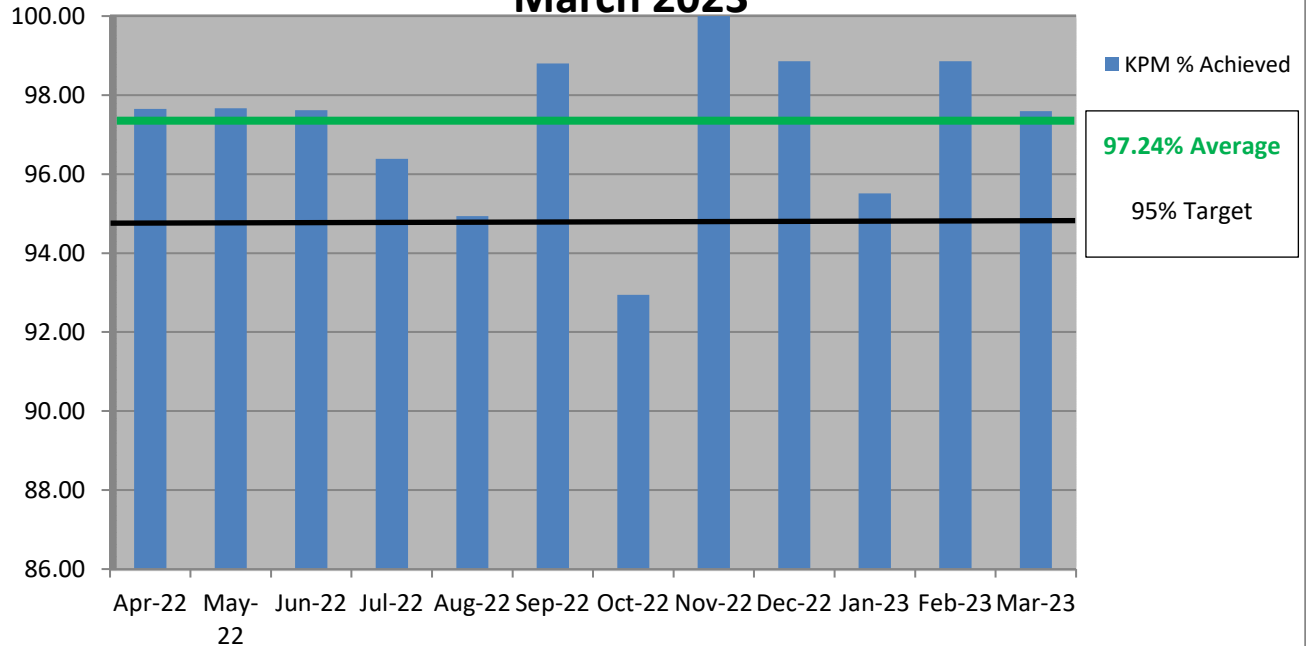
Current Month Highlights

- This month's KPM score was 97.59%. See 12-month rolling average chart, attached.
- PGV3: is 76% completed, D6 (Year End Processes, Auditing, and Security) is at 93% and D7 (Member Direct – My Account) is at 10%. Staff continue to work on creating workflows for PGV3. D6 UAT is in progress and is scheduled to run through the end of March. Meetings with LRS are being held to review D7 (Member Direct – My Account) design documents. On the most recent data conversion worksheet NHRS has no open items to complete.
- All three of the ED's KPMs were met this month.

Upcoming Plans & Projects

- The NHRS legislative team continues to evaluate numerous legislative proposals for the 2023 session.
- Staff continues to prepare for parallel processing for PGV3, which is slated to begin in the first week of October 2023. The biggest risk to not starting on time is HB 436 (Group II benefit restoration), which would require significant reprogramming to both our current PG system and PGV3. This legislation has been added to the House's budget bill. We are working with LRS to develop an orientation program for all affected staff members. In addition, NHRS staff is developing materials to acquaint staff with the new screens and processes and train employers on the new filing requirements.

KPM Rolling 12-Month Average March 2023



PGV3 Status as of March 30, 2023

Project Schedule and Completion					
Task	Scheduled Start Date	Scheduled Finish Date	Baseline Finish Date	Actual Finish Date	Percent Complete
NHRS Version 3	1/2/2019	12/2/2024	12/27/2023		76%
Phase 1 - Project Initiating	1/2/2019	1/25/2019	1/25/2019	1/25/2019	100%
Phase 2 - Project Planning	1/2/2019	2/14/2019	2/14/2019	2/14/2019	100%
Phase 3 - Project Monitoring and Controlling	1/2/2019	7/9/2024	12/22/2022		77%
Phase 4 - Project Executing	1/2/2019	11/30/2023	12/22/2022		82%
Infrastructure	2/14/2019	8/7/2023	9/9/2022		69%
Data Conversion	1/2/2019	11/30/2023	12/22/2022		87%
Requirements Analysis	1/9/2019	7/12/2019	7/12/2019	7/12/2019	100%
D1 - Member Basics and Service Purchases	6/6/2019	12/20/2019	12/11/2019	12/20/2019	100%
D2 - Employer Reporting	10/31/2019	11/10/2020	9/11/2020	11/10/2020	100%
D3 - Benefit Calculations	2/26/2020	9/28/2022	4/23/2021	9/28/2022	100%
D4 - Benefit Maintenance and Insurance	7/9/2021	7/25/2022	8/27/2021	7/25/2022	100%
D5 - Benefit Payroll	2/11/2022	2/15/2023	12/17/2021	2/15/2023	100%
D6 - Year End Processes, Auditing and Security	6/13/2022	3/31/2023	5/11/2022		93%
D7 - MemberDirect	12/13/2022	8/28/2023	10/13/2022		10%
Parallel Processing (2 Months)	10/3/2023	11/30/2023	12/22/2022		0%
Phase 5 - Closing	12/1/2023	12/2/2024	12/27/2023		0%
Warranty Support (12 months)	12/1/2023	12/2/2024	12/27/2023		0%

“No” answers must include a comment, whereas “Yes” answers can include a comment, but a comment is not required. N/A should be used only in cases where reporting is not required, i.e., task is quarterly (comment must so indicate).

	ACHIEVED			COMMENTS
	YES	NO	N/A	
Overall Score	X			We achieved a 97.59% success ratio. We failed on two (2) KPMs.
Executive				
1. Distribute weekly email updates to all Trustees on or before the end of business on Friday of every week.	X			
2. Distribute weekly email updates to all staff on or before the end of business on Monday of every week.	X			
3. Maintain expenditures at or less than Trust Fund Budget.	X			
IT				
1. All vital servers maintain an uptime of 99% or higher.	X			
2. All PensionGold requests are prioritized within thirty-one (31) calendar days.	X			
3. All TrackIT (help desk) requests are followed up with a conversation (phone/email) within four (4) business days.	X			
4. Maintain help desk survey scores above satisfactory marks of 95% or higher.	X			
5. All US-CERT email security advisories are placed into the help desk system to be addressed within two (2) business days.	X			
6. Respond to all phone calls within one (1) business day.	X			
7. Answer 95% of My Account hunt group (X3508) calls within sixty (60) seconds.	X			
8. Maintain expenditures at or less than IT budget as reported by Finance in the most recent manager's report (1-month lag).	X			
Finance				
1. Prepare the NHRS Annual Comprehensive Financial Report (ACFR): unaudited by October 31, and the audited CAFR by December 31, in accordance with generally accepted accounting principles.			X	
2. Reconcile operating bank account within two (2) business days of receipt of bank statements.		X		The KPM was not completed within two days, because we are training a new individual on the process.
3. Produce and distribute monthly actual-to plan-budget reports within ten (10) business days from the end of the prior month.	X			

	ACHIEVED			COMMENTS
	YES	NO	N/A	
4. Produce the monthly financial statements (FS) for the Board of Trustees meeting at least three (3) business days prior to the scheduled Board mailing.	X			
5. Post all cash receipts for a month, for which we have received the associated voucher, into the pension benefit system (PensionGold) within ten (10) business days after the close of the month.	X			February 2023 Cash receipts were keyed for all payments we had back-up for within the 10 business days.
6. Issue all NHRS annuitant pension payments timely and accurately.	X			
7. File annual payroll tax return (form 945) for the annuity payroll by January 31.			X	No return required this month.
8. Provide fiscal impact statements on retirement-related legislative bills within deadlines set by the Legislative Budget Assistant (LBA).	X			
9. Reconcile all employer accounts sufficiently to allow for interest posting for the reporting month within ninety (90) days of the end of the reporting month.		X		Feb 2023 contributions due 3/15/2023 counting back 90 days would be Nov 2022 Contributions due 12/15/2022. Interest has only been posted thru October 2022; however, we are waiting on 2 employers to pay their voucher payments in order to post Nov 2022 interest.
10. Generate first notice of employer penalty assessments within five (5) business days of the monthly cash receipt posting.	X			Will always hit this KPM since this is automatically generated via notification to Employer as soon as a report or payment posts late.
11. Process all confirmed post-retirement electronic direct deposit change requests received by the date that the pre-note wizard is run in PensionGold and direct funds accordingly in the same month.	X			
12. Deposit all payments received at NHRS offices, with appropriate supporting documents, into local custodial bank within three (3) business days of receipt, with any payments secured on any intervening days.	X			
13. Annually for the preceding tax year, post electronic 1099-R forms to MyAccount by January 24 and mail hard copy 1099-R forms by January 31 of the subsequent year.			X	No item due for this month.
14. Answer 95% of Employer Exceptions hunt group (X3532) calls within sixty (60) seconds.	X			

	ACHIEVED			COMMENTS
	YES	NO	N/A	
15. Maintain expenditures at or less than Finance Budget as reported in the most recent manager's report (1-month lag).	X			
Investment				
1. Generate investment returns for three (3) and five (5) Year Total Fund Performance greater than the applicable Total Fund Benchmark measured quarterly .			X	Reported quarterly. As of Dec. 31, 2022, 3yr: +590 bps vs +416 bps = +174bps excess 5yr: +615 bps vs +547 bps = +68 bps excess
2. Generate investment returns for the long-term (25 years) Total Fund Performance greater than the applicable Actuarial Assumed Rate of Return (6.75%) measured each June 30 .			X	Reported annually. As of Jun. 30, 2022, 25yr: +688 vs +675 bps = +13 bps excess
3. Generate investment returns for three (3) and five (5) Year Total Fund Performance greater than the applicable peer universe median measured quarterly .			X	Reported quarterly. As of Dec. 31, 2022, 3yr: +633 vs +522 bps : peer rank 22pct 5yr: +653 vs 589 bps : peer rank 25pct
4. Complete the IIC's Private Debt & Private Equity Strategic Plan for the calendar year.			X	Reported annually in January for CY 2022
5. Manage cash flow and make funds available for the payment of monthly retirement benefits, expenses and capital calls on or before the last business day of the month.	X			
6. Manage continuously the asset allocation within approved ranges and rebalance as appropriate.	X			
7. Maintain trading cost at or below median of applicable peer universe.	X			
8. Ensure all proxies are voted consistent with the Board approved Proxy Policy.	X			
9. Distribute complete and accurate Investment Committee materials to all members of the Investment Committee on the Friday before the regularly scheduled monthly Investment Committee meeting.	X			
10. Maintain internal expenditures at or less than Investment Budget as reported by Finance in the most recent manager's report (1-month lag).	X			
Legal				
1. Assure no instances of statutory or regulatory non-compliance.	X			
2. Provide disability recommendations to the Board within sixty (60) calendar days of receipt in the Legal Dept.	X			
3. Commence an adjudicative proceeding within sixty (60) calendar days	X			

	ACHIEVED			COMMENTS
	YES	NO	N/A	
of receipt of administrative appeal.				
4. Present a recommended decision to the Board within seventy-five (75) calendar days after the close of the record in an appeal.	X			
5. Perform employer compliance field audits; a rolling average of 2 audits per experienced auditor per month over the prior 12-month period.			X	On hold due to staff priorities with PGV3.
6. Present one (1) employer education session per quarter.	X			
7. Answer 95% of Employer Audit/Compliance hunt group (X3681) calls within sixty (60) seconds.	X			
8. Maintain expenditures at or less than Legal Budget as reported by Finance in the most recent manager's report (1-month lag).	X			
Member Services				
1. Calculate all preliminary retirement benefits within thirty (30) calendar days of member-requested date of retirement.	X			
2. Calculate 100% of final retirement benefits (EXCLUDING JULY applications) within seven (7) months of member requested date of retirement provided that all statutorily required documentation has been received and all wages have been reported.	X			
3. Calculate 100% of July final retirements within eight (8) months of member requested date of retirement provided that all statutorily required documentation has been received and all wages have been reported.	X			
4. Schedule member meetings with Benefit Specialists within ten (10) business days of request.	X			
5. Issue all member retirement benefit estimates within thirty (30) business days of receipt of request.	X			
6. Enter member enrollment form data into Pension Gold (PG) within fifteen (15) business days of receipt.	X			
7. Process member refund requests within ninety (90) calendar days of receipt of written request.	X			
8. Process service purchases within fifteen (15) business days of request receipt.	X			
9. Process additional contribution calculations within ninety (90) calendar days of receipt.	X			
10. Process all non-employer audit correction related employer contribution refunds within sixty (60) business days of receipt.	X			
11. Post all interest to member accounts within the month that Finance	X			

	ACHIEVED			COMMENTS
	YES	NO	N/A	
authorized the activity.				
12. Adhere to payroll “close” schedule for benefit setup balancing purposes.	X			
13. Process all pension changes within thirty (30) calendar days of receipt/notification.	X			
14. Process retiree death benefit refund payments within sixty (60) calendar days following receipt of all required paperwork.	X			
15. Establish survivorship benefit setup for payment within sixty (60) calendar days following receipt of all required death documentation and pension recoveries.	X			
16. Submit new recoupment cases to Recoupment Committee by next committee meeting following discovery.	X			
17. Initiate Recoupment/Benefits Committee recoupment decisions within seven (7) business days of decision.	X			
18. Review and balance updates submitted by employers and TPAs to PG for insurance rate changes received by the first business day of each month within four (4) business days.	X			
19. Complete monthly insurance non-rate changes by processing all authorizations received by the date the annuity payroll is posted with zero carryovers.	X			
20. Render QDRO qualification determinations within federal time limit guidelines.	X			
21. Maintain expenditures at or less than Member Services Budget as reported by Finance in the most recent manager’s report (1-month lag).	X			
Human Resources				
1. Ensure compliance with all Federal, State and CBA rules and regulations as measured by no notices of violation.	X			
2. Respond to all payroll errors within one (1) business day and correct all payroll errors within one pay cycle.	X			
3. Reduce recruitment time for open staff positions to no more than forty-five (45) business days and open management/executive positions to no more than ninety (90) business days.	X			
4. Maintain expenditures at or less than HR Budget as reported by Finance in the most recent manager’s report (1-month lag).	X			

	ACHIEVED			COMMENTS
	YES	NO	N/A	
PIO				
1. Schedule a minimum of thirty (30) member/constituent education sessions in Concord and statewide each year.	X			
2. Achieve ninety-five percent (95%) rating of members attending a live education session that the session was “completely/moderately” easy to understand.	X			
3. Meet all deadlines in editorial calendar.	X			
4. Monitor media coverage of NHRS and provide articles to Board, IIC and Staff within two (2) business days.	X			
5. Post updated legislative summaries on www.nhrs.org by the end of business every Friday throughout the legislative session.	X			
6. Prepare and deliver Quarterly Report to the General Court by January 1, April 1, July 1 and October 1.	X			
7. Maintain expenditures at or less than PIO Budget as reported by Finance in the most recent manager’s report (1-month lag).	X			
Internal Audit				
1. Prepare a Risk Assessment and Fiscal Year Audit Plan for the approval of the Audit Committee annually.	X			
2. Execute and present an assurance audit to the Audit Committee every quarter.	X			
3. On behalf of the external auditors, administer the GASB census data audits and provide the completed audits to the external auditors by the established due date.			X	Due date has not been established by Plante Moran.
4. Prepare the updated NHRS Audit Issues Tracking Report for the Audit Committee and Board of Trustees at least three (3) business days prior to the scheduled Board/Committee mailing.	X			
5. Distribute complete and accurate Audit Committee materials to all members of the Audit Committee by the Thursday before the monthly meeting.	X			
6. Prepare draft Audit Committee Meeting minutes for review within three (3) business day of the meeting.	X			
7. Maintain expenditures at or less than Internal Audit Budget as reported by Finance in the most recent manager’s report (1-month lag).	X			
Contact Center				

	ACHIEVED			COMMENTS
	YES	NO	N/A	
1. Respond to all incoming emails within 24 business hours.	X			
2. Maintain an average speed of answer within two (2) minutes.	X			We maintained an average of 0:21.00.
3. Transfer less than ten percent (10%) of calls to Subject Matter Experts (SMEs).	X			We transferred .12% of calls to SMEs.
4. Maintain a 95% call satisfaction rating for callers' experience with the Contact Center Representative (CCR).	X			We maintained a 96.77% satisfaction rating.
Administrative				
1. Prepare and distribute monthly Board materials electronically by the Thursday before the Tuesday meeting.	X			
2. Post Board and committee meeting notices according to 91-A:2.	X			
3. Prepare minutes of Board and Board Committee meetings according to the timeliness guidelines in 91-A:2 and 91-A:3, with draft minutes for internal review ready by close-of-business on the Friday following the Board meeting.	X			
4. Prepare draft MTeam minutes and forward to Executive Director for review within 3 business days of meeting; to managers for review within 5 business days of meeting; and post final minutes to the common drive by the Friday following the meeting.	X			
5. Assure that formal complaints are responded to within ten (10) calendar days.			X	No complaints were received this month.
6. Maintain expenditures at or less than Administration Budget as reported by Finance in the most recent manager's report (1-month lag).	X			
7. Maintain expenditures at or less than Board of Trustees Budget as reported by Finance in the most recent manager's report (1-month lag).	X			

Contact Center March 2023

Phone Calls

	Total	Percentage
Calls addressed by CCRs	3233	96.88%
Calls forwarded to SMEs	100	3.00%
Calls forwarded to SME Manager	4	0.12%
Total	3,337	100.00%

Post Call Surveys

	Total
Total Calls Handled	3,233
Surveys Completed	110
% of Total Calls Completion Rate	3.40%

Walk Ins

	Total
Number of Walk-Ins	261
Total Walk In Time (hours)	43.35
Average Walk In time (minutes)	304

Emails

	Total	Percentage
Emails addressed by CCRs	685	55.15%
Emails forwarded to SMEs	557	44.85%
Total	1,242	100.00%

Goal: Answer calls within 2 minutes with 5% abandon rate.

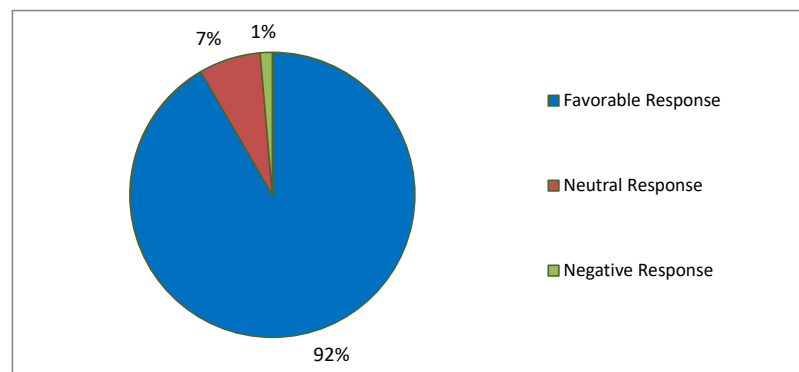
Queue Name	Calls Presented	Calls Handled	Percentage	Calls Abandoned	Percentage	Average Queue Time	Average Speed of Answer	Average Time to Abandon	Average Handle Time
Member	894	885	98.99%	9	1.01%	0:23:00	0:23:00	1:32:00	5:43:00
Reception	1118	1077	96.33%	41	3.67%	0:21:00	0:20:00	0:40:00	4:54:00
Retiree	1093	1088	99.54%	5	0.46%	0:19:00	0:19:00	0:48:00	4:29:00
1099	288	287	99.65%	1	0.35%	0:22:00	0:22:00	0:12:00	4:15:00
Totals	3393	3337	98.35%	56	1.65%	0:21:15	0:21:00	0:48:00	4:50:15

Average

NHRS Board Monthly Reporting Package
Process Improvement
March 2023

Executive Director Telephone Survey Results

	Number of Names on Call List	Number of Connections Made	Favorable Response (1)	Neutral Response (2)	Negative Response (3)	Left VM No Call Back (4)	Bad Phone Number/Not in Service/No VM (5)
2023							
March	40	17	13	4	0	17	6
February	30	12	11	1	0	13	5
January	40	18	15	2	1	18	4
2022							
January - December	520	291	265	21	5	174	55
2021							
January - December	130	73	64	8	1	42	15
2020							
January - December	100	50	47	2	1	37	13
2019							
January - December	500	228	216	7	5	150	122
2018							
January - December	490	227	217	8	2	183	80
2017							
January - December	460	214	204	8	2	168	78
2016							
January - December	520	258	230	25	3	189	73
2015							
January - December	510	273	242	28	3	152	85
2014							
October - December	87	36	28	8	0	30	21
	3427	1697	1552	122	23	1173	557





To: NHRS Board of Trustees
From: Jan Goodwin, Executive Director
Date: March 30, 2023
Re: Bloomberg Terminals
Item: Action: ☒ Discussion: ☐ Informational: ☐

Currently, Bloomberg provides NHRS with two terminals that provide the Investment staff with real-time financial market data through its proprietary network. This request for up to two additional terminals exceeds \$10,000 and is being submitted as a sole-source contract in accordance with the Board Procurement Policy. The attached memorandum from Chief Investment Officer Raynald Leveque outlines the services provided, pricing, and additional information in support of this request.

For the reasons outlined above, and as more specifically addressed in the attached memorandum, I respectfully request that the Board approve this contract with Bloomberg.



To: Jan Goodwin, Executive Director
 From: Raynald Leveque, Chief Investment Officer
 Date: April 11, 2023
 Re: Additional Bloomberg Terminals for Investments
 Item: Action: ☒ Discussion: ☐ Informational: ☐

Since October 2008, NHRS has subscribed with Bloomberg LP for two Bloomberg terminals to assist the Investment Team in gaining fast access to news, market data, analytical tools, and unique insight that helps Staff in our investment decision-making and portfolio monitoring of the plan investments.

The current Bloomberg terminals are used by our Senior Investment Officer and myself. We use the terminals today for market research, macroeconomic news, security reference information, and corporate actions. Recently, in November 2022, our team began loading all of the NHRS public market managers into the Bloomberg terminal from our custodian bank, BNY Mellon, for analysis and monitoring.

At this time, **the Investment Team requests to expand the number of Bloomberg terminals up to two additional terminals.** The additional terminals will enable all the Investment Officers to have access to critical analytical tools for investment manager oversight, performance attribution across both equity and fixed-income investments, as well as reporting on NHRS portfolio characteristics and risk management.

As this contract exceeds \$10,000, we are seeking Board approval of this sole-source request in accordance with the Board Procurement Policy based on the satisfaction of the following criteria:

1. The contract with Bloomberg has been in place since October 2008. The services provided by Bloomberg since contract inception have met our expectations over the years.
2. The Investment Team seeks to evolve our capabilities to monitor investment managers and lead our own analysis in-house in the prosecution of manager mandates. The Bloomberg terminal provides additional capabilities to enable each member of the team to execute their own investment analysis as part of their fiduciary duties.
3. This request is for a two-year contract. The pricing depends upon how many terminals we ultimately decide to lease. If we get one terminal, the cost is an additional \$2,500 per month or \$30,000 per year. If we get two additional terminals, the cost per month is \$2,215, or an additional \$53,160 per year. The

contract term runs from May 2023 through April 2025. The price per terminal is comparable to the cost of the existing Bloomberg Terminals today.

4. The cost for services is commercially fair and reasonable for the benefit derived.
5. There is only one provider for a Bloomberg terminal with the features of their platform that combine market data, research, portfolio and risk analytics in one solution.
6. The level of service received from the Bloomberg terminal, together with the robust analytics and attribution capabilities for the public markets portfolio, support this request to add the additional terminals.

For the reasons outlined above, I respectfully request that the Board approve this addition of up to two Bloomberg terminals.



To: NHRS Board of Trustees
From: Jan Goodwin, Executive Director
Date: April 4, 2023
Re: Generator replacement
Item: Action: ☒ Discussion: ☐ Informational: ☐

NHRS is looking to replace its failed emergency generator to ensure the data center stays operational during a power outage. The previous generator is approximately 30 years old and has exceeded its expected lifespan. The cost and concern of repairing it now, and in the future, has led NHRS senior management to request a new generator. The cost is \$86,000.00 and is being submitted as a sole-source contract in accordance with the Board Procurement Policy. The attached memorandum from the Director of IT John Laferriere outlines the goods and services provided, pricing, and additional information in support of this request.

For the reasons outlined above, and as more specifically addressed in the attached memorandum from Mr. Laferriere, I respectfully request that the Board approve this purchase of a new generator.



To: Jan Goodwin, Executive Director
From: John Laferriere, Director of IT
Date: April 4, 2023
Re: Generator Replacement Contract
Item: Action: ☒ Discussion: ☐ Informational: ☐

NHRS is looking to replace its failed emergency generator to ensure the data center stays operational during a power outage. The Generator Connection (TGC) has been identified as the lone single vendor I have corresponded with that can complete the entire project without additional vendors and contractors. Each item listed below would require a separate contractor to perform the work, would cost more in total, and would require NHRS to manage the entire project. As a result, for this project, single-sourcing is both time and cost effective. As this contract exceeds \$10,000, we are seeking Board approval of this sole-source request in accordance with the Board Procurement Policy based on the satisfaction of the following criteria:

1. Install temporary backup power – During the installation of the new generator, a temporary generator will be installed to ensure immediate backup power. The temporary generator is available for up to 12 months in the event of factory delivery delays.
2. Removal of existing generator – Remove and dispose of the existing generator and all electrical components.
3. Install new generator – Install a new 48kw Natural Gas Liquid-Cooled Kohler generator; connect the new generator to the existing Natural Gas meter.
4. Replace transfer switch – Remove the existing automatic transfer switch and replace it with a new 200AMP transfer switch to power the data center and supporting data closet.
5. Electrical wiring – Provide all necessary wiring to ensure proper operation in NHRS facilities.
6. Provide monitoring – Provide remote system monitoring, factory startup services, and training.
7. Permitting – All required permits and inspections are provided to complete the work.
8. Maintenance – 36 months of preventative maintenance and support.

For the reasons outlined above, I respectfully request that the Board approve this contract with TGC for \$86,000.00.

Division: Executive

Date: March 31, 2023

Approved: July 1, 2022

FY 2023 Action Plan Summary

ACTION	PM	DATE	STATUS/COMMENTS
1. Complete implementation of data security assessment recommendations and continue to enhance IT security.	JG/FC	6/30/23	Note: While most of the recommendations have been implemented, there are a few that are ongoing as part of the PGV3 implementation project.
2. Complete project plan milestones for LRS Pension Gold (PGV3) project.	JG/TK	6/30/23	This is a five-year project scheduled for completion in 2024. Project modifications have added 6 months to the original completion date.
3. Identify areas for improved efficiencies across the organization, including assessing and improving employee engagement.	JG/All	6/30/23	In process.
4. Enhance member, beneficiary, and employer education: identify/review industry best practices for education and engagement; adjust existing education programming, as needed.	JG/MK	3/31/23	On hold due to PGV3.
5. Implement agreed-upon elements of Vision for NHRS.	JG/All	6/30/23	In process.



To: Board of Trustees

From: Nancy J. Miller

Date: April 1, 2023

Re: Member Services Operating Report

Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

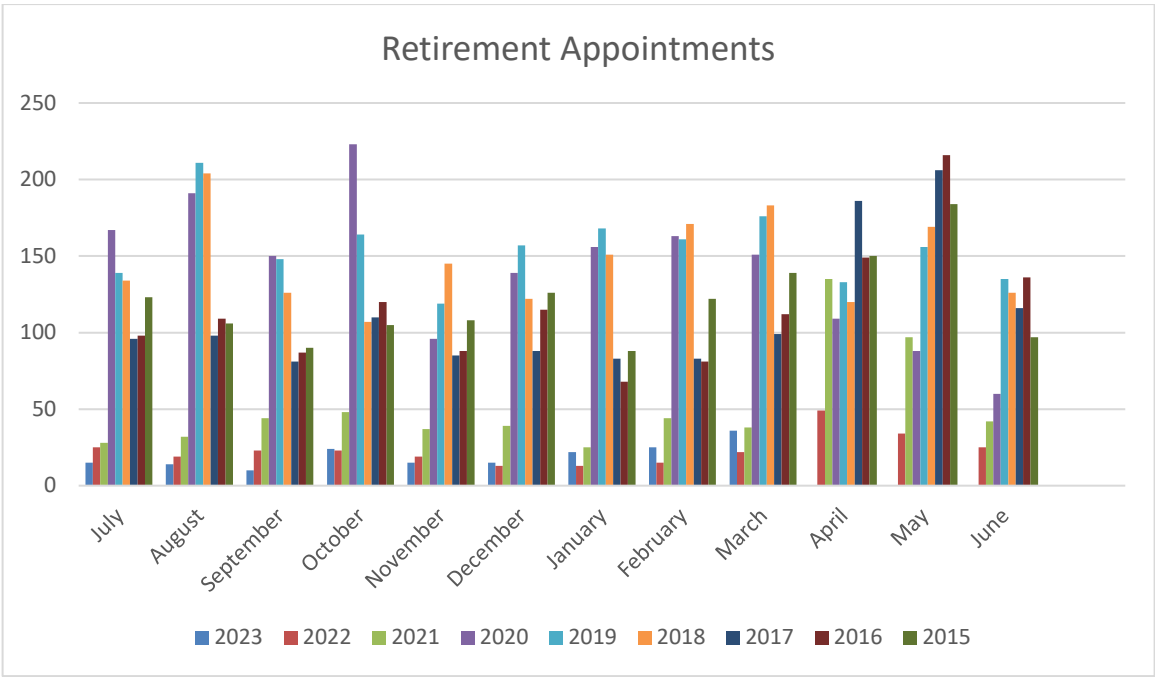
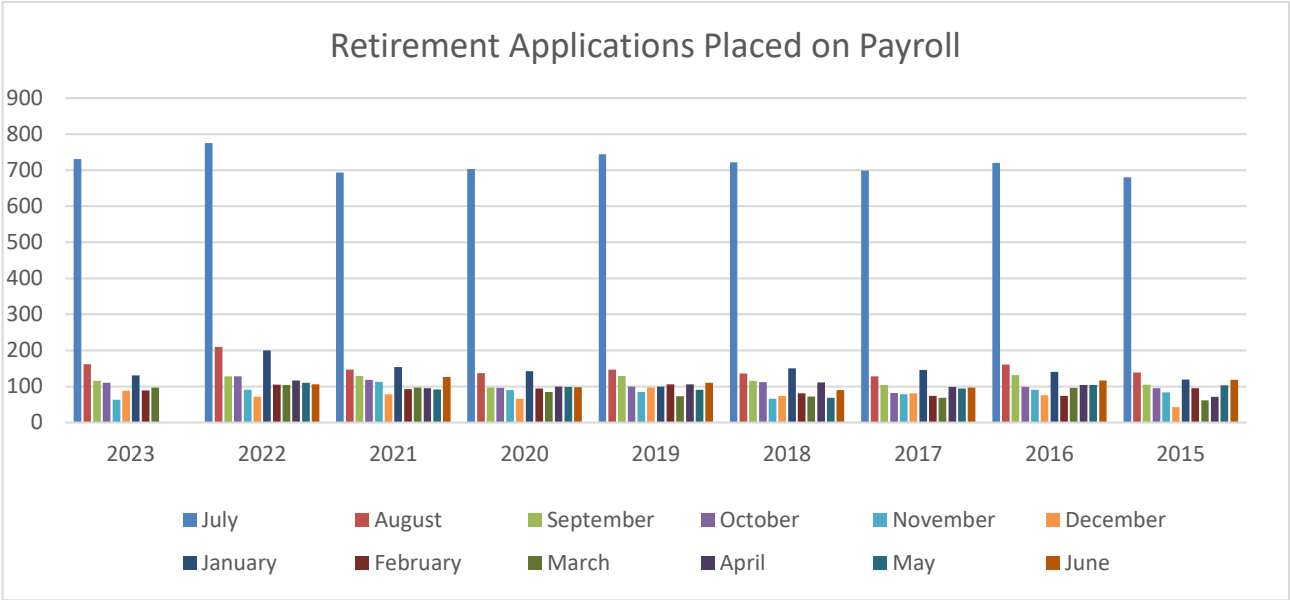
- PGV3 D6 testing continues for Member Services, as well as numerous D7 and change-requests reviews.
- Parallel preparation work with the LRS Project Manager took significant priority in March, with the intent of beginning Q2 identified tasks in April.

Current Month Highlights

- The Retirement Generalist position has been filled, with a new employee starting in the second week of April.
- Member Services achieved all 21 of its KPMs this month.

Upcoming Plans & Projects

- Numerous parallel-preparation meetings and Q2 activities roll-out will continue in April.
- Member Services staff will coordinate with LRS to carry out the Tax Deduction correction for over 2,000 retirees who were under withheld in January.
- July filing will begin to be a team focus as applications and appointments increase.



Division: Member Services

Date: April 1, 2023

Approved: June 6, 2022

FY 2023 Action Plan Summary

ACTION	PM	DATE	STATUS/COMMENTS
1. Adhere to and complete PGV3 project plan milestones relative to all Member Services functions.	NM/MS/IT/LRS	6/30/23	In process.
2. Develop and implement an Employer Term Form tracking, and penalty issuance process, with monthly reporting capabilities.	Member Benefits/Legal/PIO	8/30/22	Completed.
3. Create new member correspondences, internal workflows, accountabilities, and documented procedures relative to all 2022 legislative changes with impact to Member Services and benefit calculation functions.	MS/PIO/Legal/Contact Center/LRS	Dates to be added as legislation passed/implementation plans completed. HB1497 HB1587 HB 363 HB1535	Completed.
4. Implement new and adjusted procedures for Retiree Death Case	MS Retirement Benefits/LexisNexis/Recoupment Committee	8/1/22- New procedures 9/30/22 -Monthly	In process - Portions of this initiative on hold, pending completion of PGV3 parallel

processing to reduce open (outstanding recoupment matters and non-responder) cases by 50%.		tracking reports 6/23 - Reduction of open cases by 50%	and implementation.
5. Identify and coordinate attendance of a training in which all of Member Services management team attend together as part of continuing education.	MS Managers/HR/Vendor	6/30/23	In process – sent HR seminar materials.



To: Board of Trustees
 From: Marie A. Mullen, Director of Finance
 Date: March 31, 2023
 Re: Finance Operating Report
 Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

- Status Update on PGV3 Finance deliverables:
 - Deliverable 6 (D6) General Ledger/Reporting/1099-R/Employer Reporting-testing continued in March and will be completed the first week of April. We have completed a detailed project plan for the remainder of the year through parallel and warranty. We are evaluating resource needs to meet all Statutory, Federal, and project requirements.
 - Review of design documents, change requests and requirements for Deliverable 7.
 - We continue to communicate with Employers on the need to submit test files for the Pension Gold upgrade. We have received 118 to date, up 31 from last month. Reminders continue to be sent and we will be coordinating internally to develop an escalation plan as we near parallel to ensure that all employers are able to submit files when PGV3 goes into parallel.
 - ADP has passed file specifications to developers, and we continue to work with the State of NH and City of Nashua to clear file errors and data set issues.
 - Received all 107 responses from school districts on the teacher contract survey for LRS to create a backup plan for those unable to report contract information in XML files.
 - The Employer Reporting portion of the pay code project has been completed, having received responses/pay code info from 464 Employers.

Current Month Highlights

- Finance completed 10 of their 15 KPMs for the month. Three KPMs did not have deliverables for the month and two were not met. The KPM related to bank reconciliation was not completed within two days, because we are training a new individual on the process, and the KPM related to employer account reconciliation to post interest was not met because we have not received payment from two employers.
- Cash flows for February and fiscal year to date were within the expected range. In March, we received reimbursement from the State of NH General Fund for the \$500 COLA authorized in the fiscal year 2022 legislative session of \$10,792,000.
- FY 23 spending through the first eight months of the fiscal year is below budget.
- PGV3 project spending inception to date is below budget and FY23 is below the overall annual budget.

Upcoming Plans & Projects

- PGV3

NHRS Board Monthly Reporting Package

Finance

April 14, 2023

CASH FLOW-Contributions & Benefits

Cash Basis (\$s in Millions)

Contributions	February 2023	FY 2023 YTD	February 2022	FY 2022 YTD
Employers	\$ 47.794	\$ 419.371	\$ 47.717	\$ 404.041
Members	\$ 18.674	\$ 164.481	\$ 18.848	\$ 162.323
Subtotal	\$ 66.468	\$ 583.852	\$ 66.565	\$ 566.364
Benefits				
Annuity & OPEB	\$ 77.331	\$ 668.154	\$ 79.977	\$ 632.924
Refunds & All Other	\$ 3.758	\$ 27.813	\$ 2.307	\$ 25.147
Subtotal	\$ 81.089	\$ 695.967	\$ 82.284	\$ 658.071
Total Cash Flow Gain/(Shortfall)	\$ (14.621)	\$ (112.115)	\$ (15.719)	\$ (91.707)

FY 2023 BUDGET vs. ACTUAL**Investments & Non-Investment Administrative Expenses**

July 1, 2022 through February 28, 2023

	<u>Total Budget</u>	<u>FYTD Budget</u>	<u>Actual</u>	<u>Difference</u>
Investment				
Administrative Expenses				
Internal	\$ 1,025,800	\$ 706,815	\$ 607,054	\$ 99,761
External (Manager & Custodial)	\$ 35,566,000	\$ 23,710,668	\$ 19,579,198	\$ 4,131,470
Subtotal	\$ 36,591,800	\$ 24,417,483	\$ 20,186,252	\$ 4,231,231
Non-Investment				
Administrative Expenses				
Internal (Statutory Administrative)	\$ 10,111,942	\$ 6,973,267	\$ 6,107,364	\$ 865,903
Pension Gold Version 3	\$ 2,180,905	\$ 1,453,937	\$ 1,307,877	\$ 146,060
External (Actuary, Legal, Audit)	\$ 1,170,750	\$ 780,499	\$ 867,447	\$ (86,948)
Subtotal	\$ 13,463,597	\$ 9,207,703	\$ 8,282,688	\$ 925,015
Total Administrative Expense	\$ 50,055,397	\$ 33,625,186	\$ 28,468,940	\$ 5,156,246

		New Hampshire Retirement System				
		Investment & Non-Investment Administrative Expenses				
		Budget vs. Actual				
		July 1, 2022 Through February 28, 2023				
		FY 2023				
		TOTAL Budget	FYTD Budget	FYTD Actual	Difference	Variance Explanations
1	Investment Administrative Expenses					
2	Internal Investment Expenses					
3	Salaries & Benefits	\$ 895,000	\$ 619,615	\$ 531,865	\$ 87,750	
4	Current Expenses/Supplies/Education	28,000	18,667	\$ 23,691	(5,024)	Timing of education expenses paid. Will balance by end of year.
5	Subscriptions	5,300	3,533	\$ 2,997	536	
6	License Fee-Bloomberg	54,000	36,000	\$ 37,058	(1,058)	Timing of quarterly fees paid compared to monthly budget.
7	Organizational Dues	18,500	12,333	\$ 9,869	2,464	
8	Travel	25,000	16,667	\$ 1,574	15,093	
9	Subtotal Internal Investment	1,025,800	706,815	607,054	99,761	
10	External Investment Expenses					
11	Management Fees					
12	Marketable Investments	30,280,000	20,186,667	16,121,671	4,064,996	
13	Real Estate	3,400,000	2,266,667	2,583,281	(316,614)	Timing of quarterly fees paid compared to monthly budget.
14	Subtotal Management Fees	33,680,000	22,453,334	18,704,952	3,748,382	
15	Investment Administrative Expenses					
16	Custody Fees					
17	Master-BNY Mellon	625,000	416,667	283,895	132,772	
18	General Investment Consultant Fees	700,000	466,667	487,500	(20,833)	Timing of quarterly fees paid compared to monthly budget.
19	Legal-Investment	500,000	333,333	77,486	255,847	
20	Other Fees	61,000	40,667	25,365	15,302	
21	Subtotal Invest. Administrative Expenses	1,886,000	1,257,334	874,246	383,088	
22	Subtotal External Investment	35,566,000	23,710,668	19,579,198	4,131,470	
23						
24	Total Investment Internal & External	\$ 36,591,800	\$ 24,417,483	\$ 20,186,252	\$ 4,231,231	
	Line 12 - Investment Management Fees: FYTD Budgeted in this report at 7 months.					
	Line 13 - Investment Management Fees: FYTD Budgeted in this report at 7 months.					
	Line 17 - Custody Fees, Master BNY Mellon: FYTD Budgeted in this report at 7 months.					
	Line 18 - General Investment Consultant Fees: FYTD Budgeted in this report at 7 months.					
25	Non-Investment Administrative Expenses					
26	Internal Non-Investment Expenses					
27	Salaries & Benefits	\$ 7,584,366	\$ 5,250,715	\$ 4,580,548	\$ 670,167	
28	Current Expenses	200,985	133,990	107,685	26,305	
29	Rents & Leases	465,000	347,500	294,598	52,902	
30	Equipment	24,700	16,467	30,986	(14,519)	Unanticipated equipment needs. Transfer from available prior year balance forward will be utilized to cover needs.
31	Technology-Software & Hardware	883,000	588,667	601,304	(12,637)	Timing of annual software license payment. Will balance by end of year.
32	Payroll & Other Services	50,500	33,667	62,986	(29,319)	Increased Retiree Search services required. Transfer from available prior year balance forward will be utilized to cover needs.
33	Independent Med. Examiners/Consultants	234,000	156,000	127,704	28,296	
34	Retiree Health Insurance	177,900	118,600	76,413	42,187	
35	Other	491,491	327,661	225,140	102,521	
36	Subtotal Internal Non-Invest. Adm	10,111,942	6,973,267	6,107,364	865,903	
37						
38	Pension Gold Version 3 Upgrade	2,180,905	1,453,937	1,307,877	146,060	
39						
40	External Non-Investment Expenses					
41	Actuarial Fees	\$ 230,000	153,333	\$ 176,178	\$ (22,845)	Additional expenses related to Legislative requests. To be reimbursed by the State.
42	Legal Fees	225,000	150,000	74,016	75,984	
43	Audit Fees	259,500	173,000	249,629	(76,629)	Expenses frontloaded in first half of year. Will balance by end of year.
44	Other Consulting Fees	129,500	86,333	89,468	(3,135)	Timing of monthly payments. Will balance by end of year.
45	Insurance Expense	201,750	134,500	197,690	(63,190)	Timing of annual fiduciary insurance payment. Will balance by end of year.
46	Local Custodian	125,000	83,333	80,466	2,867	
47	Depreciation Expense	-	-	-	-	
48	Subtotal External Non-Invest. Adm	1,170,750	780,499	867,447	(86,948)	
49						
50	Total Non-Invest. Internal & External	\$ 13,463,597	\$ 9,207,703	\$ 8,282,688	\$ 925,015	
51						
52	Total Administrative Expense	\$ 50,055,397	\$ 33,625,186	\$ 28,468,940	\$ 5,156,246	

FY 2021 PENALTY STATISTICS BY TYPE**Assessed, Paid, Waived & Pending Penalties****Fiscal Year 2021 as of 3/29/2023**

Penalty Type	Assessed		Waived		Paid		Pending	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Reporting Penalty	334	\$ 470,464	200	\$ 388,505	51	\$ 7,611	83	\$ 72,875
Payment Penalty	168	\$ 114,385	65	\$ 66,857	34	\$ 7,511	69	\$ 40,017
Total	502	\$ 584,849	265	\$ 455,362	85	\$ 15,122	152	\$ 112,892

FY 2022 PENALTY STATISTICS BY TYPE**Assessed, Paid, Waived & Pending Penalties****Fiscal Year 2022 as of 3/29/2023**

Penalty Type	Assessed		Waived		Paid		Pending	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Reporting Penalty	268	\$ 346,708	158	\$ 259,506	34	\$ 13,330	76	\$ 73,872
Payment Penalty	172	\$ 118,442	68	\$ 51,212	42	\$ 14,569	62	\$ 52,661
Total	440	\$ 465,150	226	\$ 310,718	76	\$ 27,899	138	\$ 126,533

FY 2023 PENALTY STATISTICS BY TYPE**Assessed, Paid, Waived & Pending Penalties****July 1, 2022 through March 29, 2023**

Penalty Type	Assessed		Waived		Paid		Pending	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Reporting Penalty	264	\$ 432,279	80	\$ 182,578	11	\$ 4,452	173	\$ 245,249
Payment Penalty	107	\$ 96,696	19	\$ 15,697	2	\$ 16	86	\$ 80,983
Total	371	\$ 528,975	99	\$ 198,275	13	\$ 4,468	259	\$ 326,232

		New Hampshire Retirement System					As of February 28, 2023		
		Pension Gold Version 3 Upgrade							
		Total Project Lifecycle							
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		INTERNAL COSTS							TOTAL PROJECT
		Additional Staffing Costs with benefits	Overtime	Current Expenses	Desktop PC's	Desks/Office Furniture	Travel	Subtotal Internal Costs	
1	2019 Budget	\$ 177,145	\$ -	\$ 40,858	\$ 2,644	\$ 2,363	\$ -	\$ 223,010	\$ 1,193,185
2	2019 Actual	\$ 155,718	\$ 3,115	\$ 1,442	\$ 2,644	\$ 2,363	\$ -	\$ 165,282	\$ 1,084,933
3	2019 Variance	\$ 21,427	\$ (3,115)	\$ 39,416	\$ -	\$ -	\$ -	\$ 57,728	\$ 108,252
4	2019 Comments								
5									
6									
7	2020 Budget	\$ 525,220	\$ 20,000	\$ 9,000	\$ 11,100	\$ 20,000	\$ 2,250	\$ 587,570	\$ 2,946,761
8	2020 BUD Update							\$ -	\$ (543,726)
9	2020 Adj Budget	\$ 525,220	\$ 20,000	\$ 9,000	\$ 11,100	\$ 20,000	\$ 2,250	\$ 587,570	\$ 2,403,035
10	2020 Actual	\$ 368,213	\$ 883	\$ 2,334	\$ -	\$ -	\$ -	\$ 371,430	\$ 2,114,074
11	2020 Variance	\$ 157,007	\$ 19,117	\$ 6,666	\$ 11,100	\$ 20,000	\$ 2,250	\$ 216,140	\$ 288,962
12	2020 Comments								
13									
14									
15	2021 Budget	\$ 624,041	\$ 20,000	\$ 9,000			\$ 2,250	\$ 655,291	\$ 2,952,202
16	2021 BUD Update							\$ -	\$ (782,531)
17	2021 Adj Budget	\$ 624,041	\$ 20,000	\$ 9,000	\$ -	\$ -	\$ 2,250	\$ 655,291	\$ 2,169,671
18	2021 Actual	\$ 374,098	\$ 12,842	\$ 1,009	\$ -	\$ -	\$ -	\$ 387,949	\$ 2,152,323
19	2021 Variance	\$ 249,943	\$ 7,158	\$ 7,991	\$ -	\$ -	\$ 2,250	\$ 267,342	\$ 17,348
20	2021 Comments								
21									
22									
23	2022 Budget	\$ 655,243	\$ 20,000	\$ 10,000	\$ -	\$ -	\$ -	\$ 685,243	\$ 2,195,102
24	2022 BUD Update	\$ (55,316)					\$ 2,250	\$ (53,066)	\$ 609,066
25	2022 Adj Budget	\$ 599,927	\$ 20,000	\$ 10,000	\$ -	\$ -	\$ 2,250	\$ 632,177	\$ 2,804,167
26	2022 Actual	\$ 413,963	\$ 1,760	\$ 672	\$ -	\$ -	\$ -	\$ 416,395	\$ 1,547,068
27	2022 Variance	\$ 185,964	\$ 18,240	\$ 9,328	\$ -	\$ -	\$ 2,250	\$ 215,782	\$ 1,257,099
28	2022 Comments								
29									
30									
31	2023 Budget	\$ 688,005	\$ 20,000	\$ 10,000	\$ -	\$ -	\$ -	\$ 718,005	\$ 2,007,239
32	2023 BUD Update	\$ (65,909)					\$ 2,250	\$ (63,659)	\$ 70,863
33	2023 Adj Budget	\$ 622,096	\$ 20,000	\$ 10,000	\$ -	\$ -	\$ 2,250	\$ 654,346	\$ 2,078,101
34	2023 Actual	\$ 373,577	\$ 263	\$ 732	\$ -	\$ 9	\$ -	\$ 374,581	\$ 1,307,877
35	2023 Variance	\$ 248,519	\$ 19,737	\$ 9,268	\$ -	\$ (9)	\$ 2,250	\$ 279,765	\$ 770,224
36	2023 Comments								
37									
38									
39	2024 Budget	\$ 722,405	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 727,405	\$ 2,205,526
40	2024 BUD Update	\$ (69,204)						\$ (69,204)	\$ 460,400
41	2024 Adj Budget	\$ 653,201	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 658,201	\$ 2,665,926
42	2024 Actual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43	2024 Variance	\$ 653,201	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 658,201	\$ 2,665,926
44	2024 Comments								
45									
46									
47	TOTAL Budget	\$ 3,392,059	\$ 80,000	\$ 83,858	\$ 13,744	\$ 22,363	\$ 4,500	\$ 3,596,524	\$ 13,500,014
48	TOTAL BUD Update	\$ (190,429)	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ (185,929)	\$ (185,929)
49	TOTAL Adj Budget	\$ 3,201,630	\$ 80,000	\$ 83,858	\$ 13,744	\$ 22,363	\$ 9,000	\$ 3,410,595	\$ 13,314,085
50	TOTAL Actual	\$ 1,685,569	\$ 18,863	\$ 6,189	\$ 2,644	\$ 2,372	\$ -	\$ 1,715,637	\$ 8,206,274
51	TOTAL Variance	\$ 1,516,061	\$ 61,137	\$ 77,669	\$ 11,100	\$ 19,991	\$ 9,000	\$ 1,694,958	\$ 5,107,811
52	TOTAL Comments								
53									
54	Assumptions:								
55		No costs associated with PGV2 are included in this analysis							
56		PGV3 Support Costs are at the Standard rate (as opposed to premium)							
57		Implementation Costs detailed in each year's Adjusted Budget match the payment schedule in the LRS contract, and total the not-to-exceed amount							
58		The Adjusted Budget for Internal Costs reflects the amounts included in the FY22/23 statutory administrative budget.							
59		There are no costs for hardware that may be necessary at COLO included above							
60		Consulting costs in total are set at the not-to-exceed amount set in the contract with LRWL							
61		In FY24, additional staffing costs are increased 5% over FY23							

Division: Finance

Date: March 16, 2023

Approved: September 19, 2022

FY 2023 Action Plan Summary

ACTION	PM	DATE	STATUS/COMMENTS
1. Perform tasks associated with PGV3 implementation, as per contractual implementation schedule.	JT/MM/Finance Team/PGV3 Steering Committee	6/30/23	Finance Team has been participating in various system design reviews, testing, employer file conversion and outreach.
2. Receive unmodified audit opinion for FY 22 audit.	MM/Finance Team	12/31/22	Completed.
3. Assure all statutory and other financial reporting deadlines and requirements are met, including the ACFR, benefit payroll, 1099s, FY 24 NHRS Trust Fund budget.	MM/Finance Team	6/30/23	Ongoing. Completed Statutory 24/25 Admin Budget, ACFR, GASB 68/75, and 1099s.
4. Deploy “New Staff Member” packet to address turnover of staff from participating employers responsible for NHRS reporting.	MM/JT/PIO	12/31/22	On hold.
5. Work to convert any employers still paying by paper check after the elimination of lockbox services, whether it be through NHRS <i>QuickPay</i> or ACH payment through their own banking partner.	MM/JT/MK	09/30/2023	ACH will be reviewed with the employers still sending checks before “go-live” for PGV3.
6. Issue RFP and select next vendor for the processing of NHRS 1099 forms.	MM	6/30/23	Removed. RFP not needed. Using local vendor and will get quotes for FY23 1099 process.
7. Meet the deadlines in FY23 associated with the PGV3 employer	JT/MM/PIO	9/30/23	Work is ongoing to validate the test files we have already received, and

reporting rollout, as specified in the rollout plan dated 6/30/21.			any additional new files. We continue outreach to employers and software vendors to ensure employer conversion is adequate for go-live.
8. Manage & monitor expenditures to stay within the NHRS Trust Fund and statutory administrative budgets.	MM/ E-Team	6/30/23	On track through February.
9. Inventory and evaluate all Finance records stored at state archives to determine if they can be destroyed, or if they need to be kept and/or imaged and destroyed.	MM/Finance Team/IT	6/30/23	On hold.
10. Enroll in and attend the P2F2 Program offered in October of 2022.	MM	10/31/22	Completed.
11. Issue RFP and select vendor for Annual Financial Audit.	MM	2/28/2023	Completed.



New Hampshire Retirement System
54 Regional Drive, Concord, NH 03301
Phone: (603) 410-3500 - Fax: (603) 410-3501
Website: www.nhrs.org - Email: info@nhrs.org

NHRS DASHBOARD: FY 2023 First Quarter

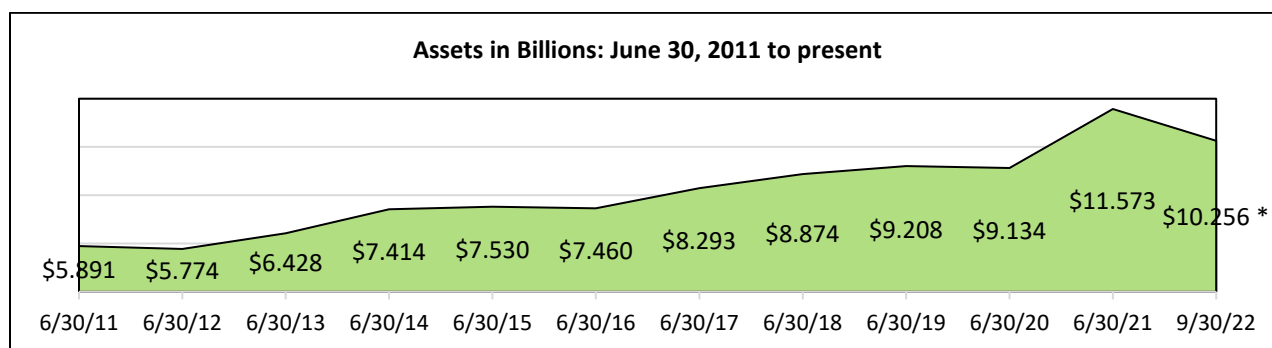
For the period July 1, 2022, to September 30, 2022

Updated: January 2023

TRUST FUND

1st Quarter FY 2022: \$11.465

1st Quarter FY 2023: \$10.256*



* Unaudited

INVESTMENT PERFORMANCE

Net-of-fees returns	FYTD – 9/30/22*	1 yr. at 6/30/22	3 yr. at 6/30/22	5 yr. at 6/30/22	10 yr. at 6/30/22
Total Fund Composite	-3.4%	-6.1%	7.1%	7.2%	8.5%
Peer comparison (percentile)	NA	34th	35th	36th	18th

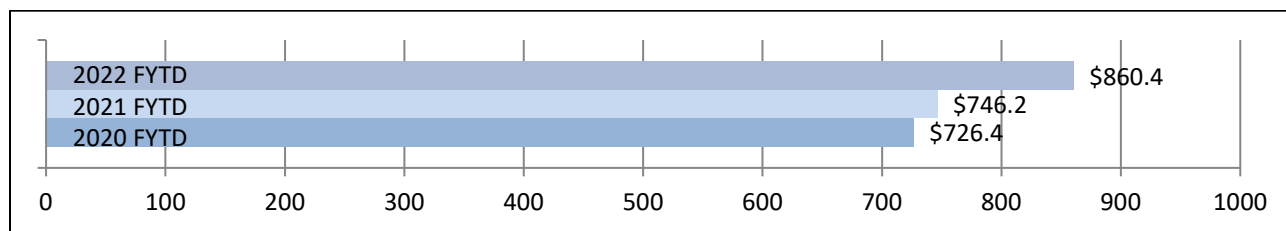
Assumed Rate of Return: 6.75%; * Annualized; valuation of real estate and alternative investments lagged three months

KEY PERFORMANCE MEASURES

July 2022: 96.39%	August 2022: 94.94%	Sept. 2022: 98.80%	12-month rolling average: 96.60%
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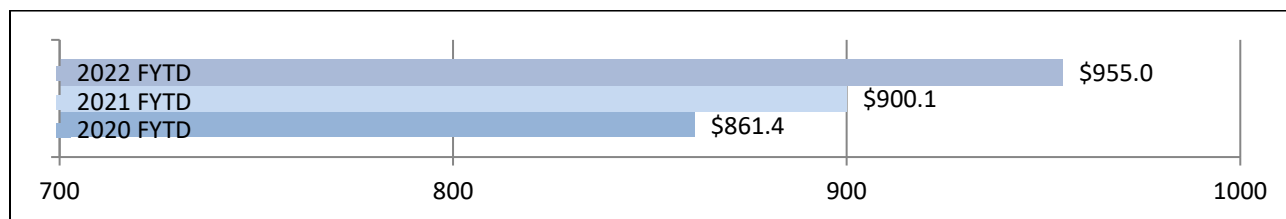
Target: 95%

CONTRIBUTIONS (in millions through 6/30*)



* 9/30 data is unavailable

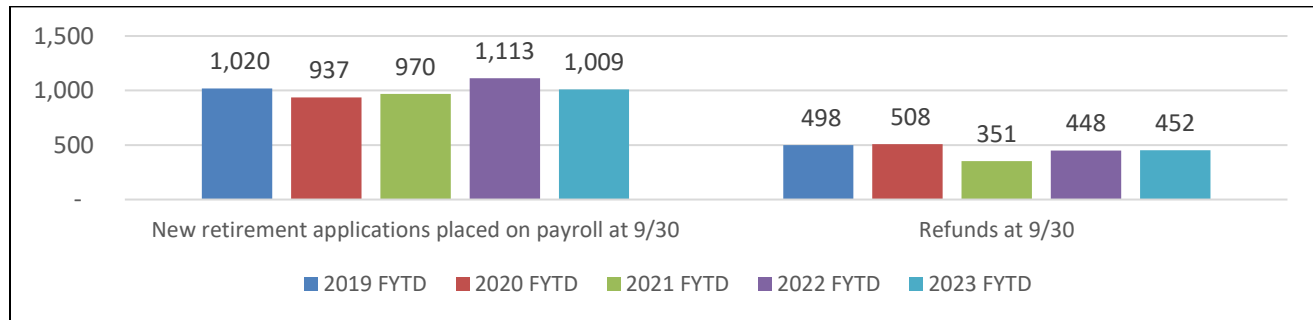
BENEFITS PAID (in millions through 6/30*)



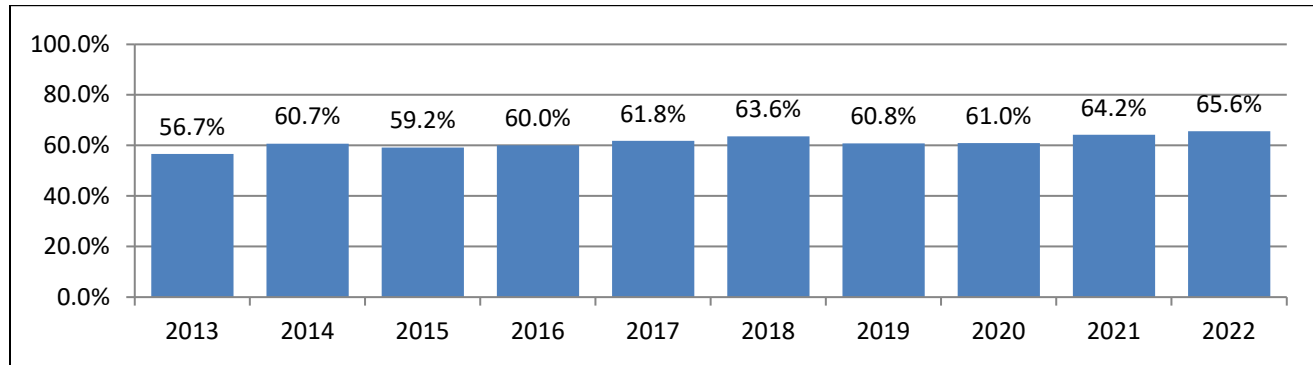
* 9/30 data is unavailable

Note: Benefits are paid from member and employer contributions and investment income. Historically, investment income has accounted for the majority of trust fund assets. There is a one-month lag in the reporting of member and employer contributions to NHRS, which accounts for the majority of the quarterly difference between contributions and benefits.

RETIREMENTS AND REFUNDS

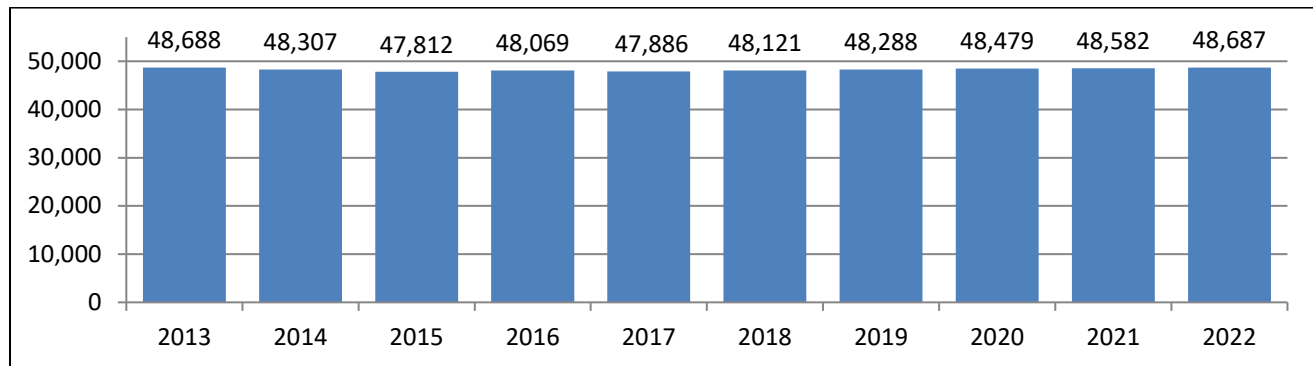


ACTUARIAL FUNDED RATIO

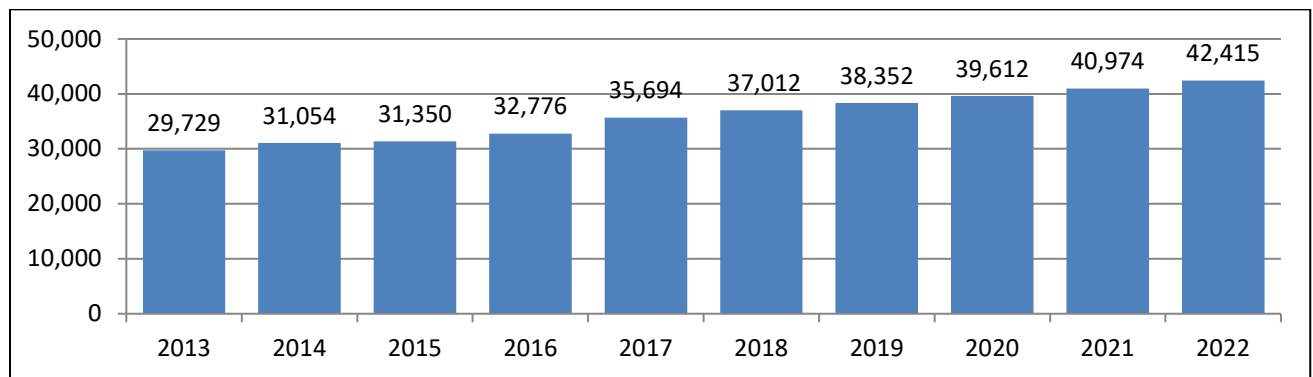


Funded ratio impacted by reductions to assumed rate of return and revised actuarial assumptions effective in 2015 and 2019

ACTIVE MEMBERS



RETIREEES & BENEFICIARIES





To: Board of Trustees
From: Rosamond Cain, Director of Human Resources
Date: April 11, 2023
Re: HR Operating Report
Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

- NHRS currently has three staff openings, Investment Operations Analyst, and two Imaging Specialists. We hired a Retiree Benefit Specialist who started on 4/10.
- We are in the process of transitioning all our staff payroll and HRIS to ADP. Our go-live day is May 5.

Current Month Highlights

- HR met all four of its KPMs last month.
- HR is exploring changes to the Hay Process. The Hay process is the system we use for job evaluation.

Upcoming Plans & Projects

- We are continuing to evaluate our new staff training process.
- We will be looking into using the payroll software to manage employee notices, training, recruitment, and performance.
- We are starting to plan for the non-union compensation plan for FY 24.

Division: Human Resources

Date: April 1, 2023

Approved: July 1, 2022

FY 2023 Action Plan Summary

ACTION	PM	DATE	STATUS/COMMENTS
1. Plan, schedule, and present two trainings for our staff annual training plan.	RC/ED/ET/MT	6/30/23	All staff training will be on hold until PGv3 parallel has been completed.
2. Maintain a management development program for middle managers and staff identified as possible managers.	RC/ED/ET/MT	6/30/23	Program has been documented and guidelines for identifying staff have been documented. As of 02/01/2022, five staff members and three managers are currently participating.
3. Complete data remediation in accordance with DRAPP.	RC/FC	6/30/23	Ongoing.
4. Assist in monitoring and maintaining PGV3 Staffing levels to keep the project on time and budget.	RC/ET/MT	6/30/23	Ongoing.
5. Monitor and maintain staffing levels for the NHRS Contact Center.	RC/ED/NC/DH	6/30/23	Ongoing.
6. Continue to assess pandemic threat levels and adapt office protocol appropriately.	RC/ED/ET/MT	6/30/23	Ongoing.
7. Ensure compliance with all federal, state and CBA rules and regulations.	RC/JG/Legal	6/30/23	Ongoing.
8. HR Tech. to identify and enroll in a professional development program.	JG/RFC	9/30/22	Completed.
9. HR Mgr. to identify, enroll in, and complete a professional development program.	RFC/ED	9/30/22	Completed.



To: Board of Trustees

From: Tim Crutchfield, Deputy Director and Chief Legal Counsel

Date: March 29, 2023

Re: Legal Team Operating Report

Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

- Legal staff is preparing a second round of administrative penalty letters to employers who are delinquent in making audit corrections. The legislative change in 2022 to institute a penalty has proven to be effective in this regard.
- All motions and replies have been filed by NHRS in response to a petition by five Department of Corrections employees who claimed that both NHRS and the NH Department of Personnel erred in not reclassifying their positions from Group I to Group II until January 2020 when authorized by legislation passed in 2019. We are now waiting for the Court to schedule a hearing.

Current Month Highlights

- Over the past 12 months, the Employer Audit Team has completed 38 standard and 22 GASB audits. There are 10 standard audits in process, covering approximately 673 members. Staff continues to refine and revise the employer audit procedures to make them more effective and efficient.
- Seven of the eight Legal KPMs this month were achieved. The other KPM is being put on hold due to competing staff priorities with PGV3.
- As of this report, 38 employers have yet to file their retiree working-after-retirement reports that were due on February 15. Second follow-up reminder letters have been sent and penalty letters will be issued as necessary in April.
- We were recently apprised of a guilty plea of embezzlement in federal court from a former Barnstead School District bookkeeper that appears to have been involved in misreporting monthly NHRS contributions from the District. We are reviewing our records to try to identify any misreporting to NHRS and have contacted the US Attorney's office regarding filing a victim impact statement as part of the former bookkeeper's sentencing hearing in June.

Upcoming Plans & Projects

- Attorney Cavanaugh and I have a call with Groom Law Group on April 4 regarding our Private Letter Ruling (PLR) request to the Internal Revenue Service stemming from the mechanics of the medical subsidy provisions passed as part of HB2 in 2021. We anticipate the PLR request being filed soon.

Administrative Appeals

Prior 12 months	Total Cases on Appeal at start of the month	New Appeals	Closed Appeals	Total Cases on Appeal end of the month
Mar. '23	8	1	2	7
Feb. '23	10	1	3	8
Jan. '23	8	3	1	10
Dec. '22	8	2	2	8
Nov. '22	9	0	1	8
Oct. '22	8	2	1	9
Sept. '22	8	0	0	8
Aug. '22	7	1	0	8
July '22	7	0	0	7
June '22	7	1	1	7
May '22	7	1	1	7
April '22	7	0	0	7
Totals		12	12	

Disability Appeals

Prior 12 months	Total Cases on Appeal at start of the month	New Appeals	Closed Appeals	Total Cases on Appeal end of the month
Mar. '23	1	1	0	2
Feb. '23	1	0	0	1
Jan. '22	1	0	0	1
Dec. '22	1	0	0	1
Nov. '22	1	0	0	1
Oct. '22	1	0	0	1
Sept. '22	1	0	0	1
Aug. '22	1	0	0	1
July '22	1	0	0	1
June '22	1	0	0	1
May '22	0	1	0	1
April '22	0	0	0	0
Totals		2	0	

Division: Legal/Compliance

Date: March 29, 2023

Approved: June 2, 2022

FY 2023 Action Plan Summary

ACTION	PM	DATE	STATUS/COMMENTS
1. Review 100-A and propose recommended technical changes.	TC/MK	9/30/22	In process. Board approved recommended technical changes at 8/9/22 meeting. House approved; now with the Senate.
2. Conduct and document annual review of NHRS legal and governance policies, procedures, and manuals to assure best practices.	TC	12/31/22	Completed.
3. Update the annual compliance calendar to ensure statutory compliance in all organizational areas.	TC	12/31/22	Completed.
4. Ensure annual compliance with the Voluntary Correction Program Policy.	TC	3/31/23	Completed.
5. Assure legal compliance with all legislative proposals adopted and effective in 2022.	TC	6/30/23	Completed.
6. Review NHRS website for legal compliance with updates as needed.	TC/MK	6/30/23	Ongoing.
7. Identify, enroll, and complete a professional development program.	TC	6/30/23	To be completed by 6/30/23.



To: Board of Trustees

From: Marty Karlon

Date: March 29, 2023

Re: Communications/Legislative Affairs Operating Report

Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

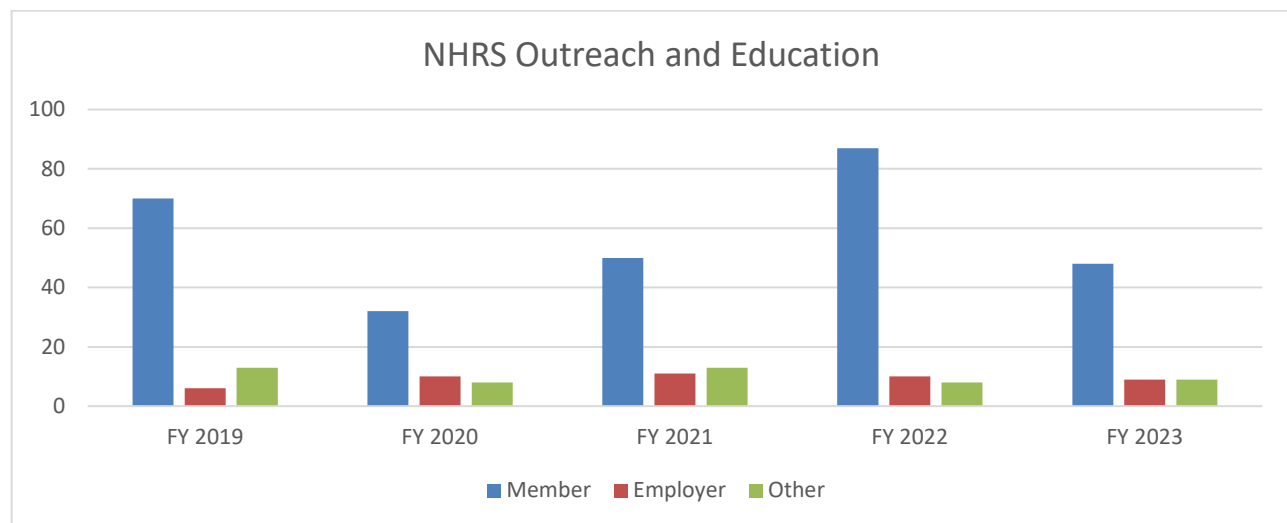
- Monitoring bills related to NHRS introduced in 2023 legislative session; as of March 29, six bills have been killed or retained in committee, five have been tabled, and 10 remain active.

Current Month Highlights

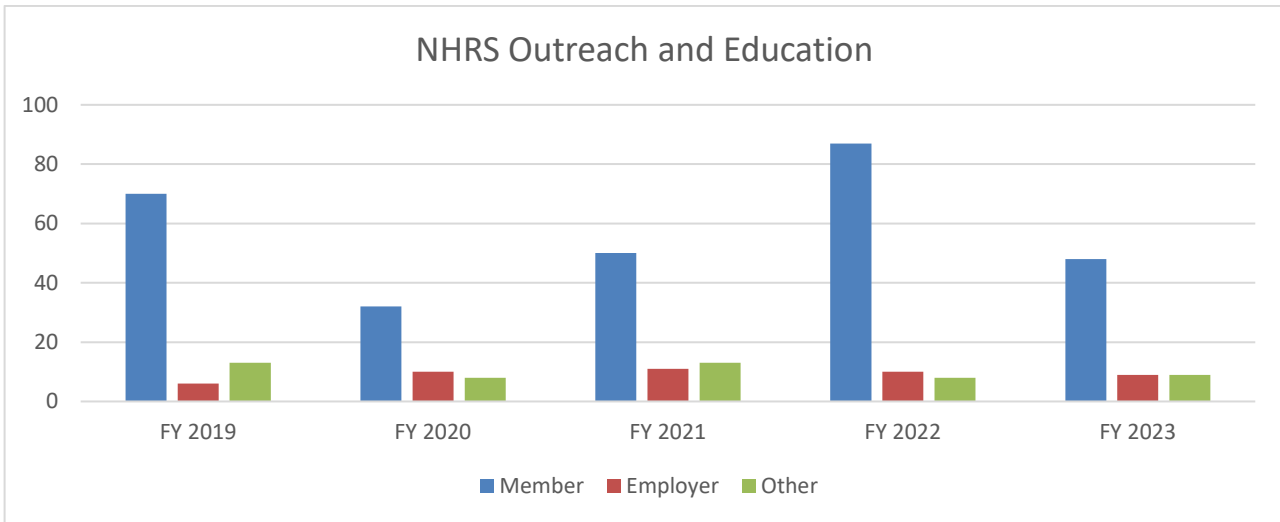
- Finalized PGV3 employer training dates for summer/fall.
- Hosted or participated in seven member education events and two constituent group presentations.
- All seven of PIO KPMs were met this month.

Upcoming Plans & Projects

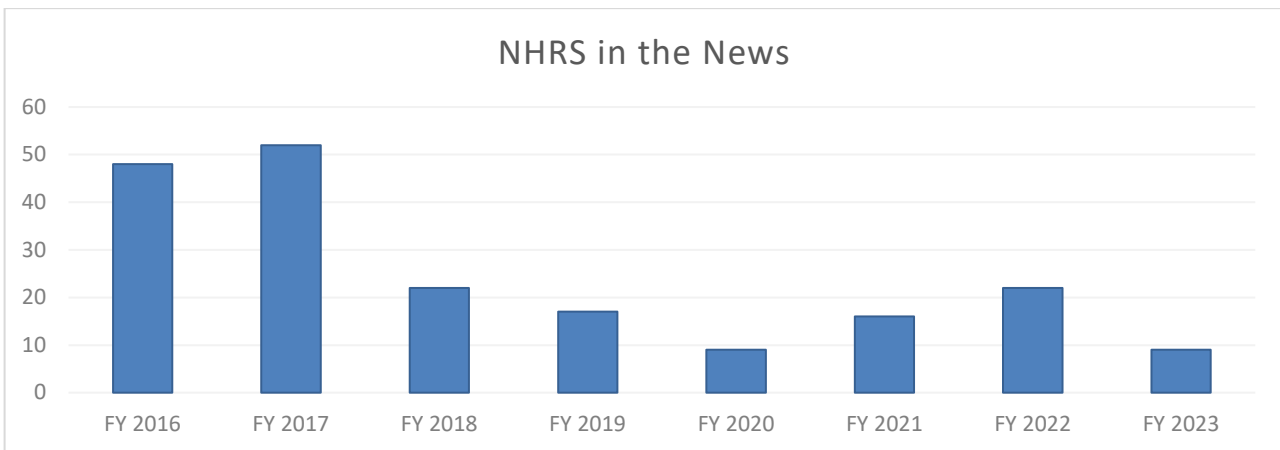
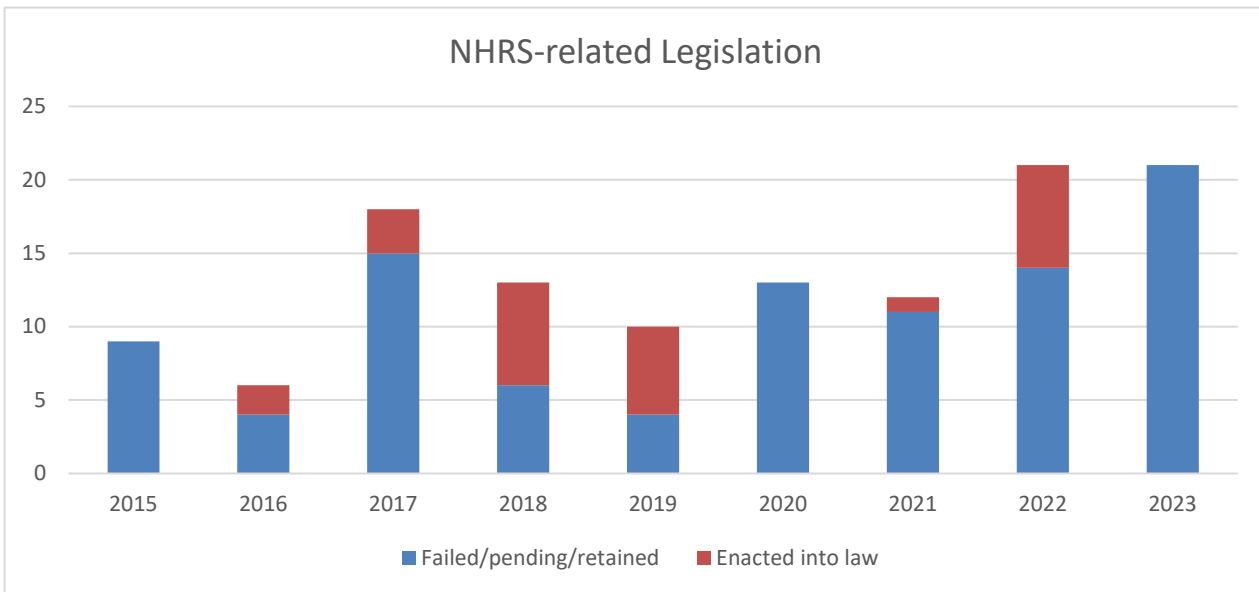
- Scheduled to host or participate in eight member education events, one employer education event, and two constituent group presentations in April.



"Other" events include presentations to member, employer, and retiree organizations.



“Other” events include presentations to member, employer, and retiree organizations.



News articles and commentary in NH and national media outlets in which NHRS is the primary subject.

Division: Communications

Date: March 29, 2023

Approved: June 2022 (Revised: February 2023)

FY 2023 Action Plan Summary

ACTION	PM	DATE	STATUS/COMMENTS
1. In collaboration with the Finance team and PGV3 Project Manager, create PGV3 employer training and communication plans and hit all FY 23 deliverable dates on time. *	MK / C. Minervini	6/30/23	Ongoing. Developed 2023 employer training schedule. <i>Note: The project runs into FY 24 and will roll over into next year's action plan.</i>
2. Maintain ongoing internal and external communications for overall PGV3 project. *	MK	6/30/23	<i>Note: The project runs into FY 24 and will roll over into next year's action plan.</i>
3. Maintain positive and constructive working relationship with the NH Legislature. *	MK	6/30/23	Ongoing. NHRS technical correction legislation adopted by House on 2/22/23.
4. Grow calendar year-over-year audience for social media channels by 10-15%.	MK / PIO staff	6/30/23	Ongoing.
5. Identify, enroll, and complete a professional development opportunity.	MK	6/30/23	Completed. Attended two-day course in July 2022 titled "Benefit Communication and Technology Institute" and NASRA annual convention in August 2022.
On Hold due to PGV3 Project			
6. Develop and release member surveys assessing knowledge and comfort level with NHRS benefits and preferences for additional education efforts. *	MK / PIO staff	1/31/23	On hold.
7. Continue to enhance member interface to include younger employees/members in the NHRS	MK / PIO staff	5/31/23	On hold.

system. *			
8. Develop 3-5 recorded member/retiree/employer presentations on specific topics.	MK / PIO staff	6/30/23	On hold.

* - Aligns with initiatives listed on NHRS Three-Year Strategic Plan.



To: Board of Trustees

From: John Laferriere, Director of Information Technology

Date: April 6, 2023

Re: Information Technology Operating Report

Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

- Cybersecurity Awareness – All staff passed the March phishing test and IT did not need to implement additional training.
- System Management - Evaluating new third-party patching solutions to replace existing system to increase the ability to manage systems regardless of location.
- Password Policy - Reviewing the password policy with that of the NIST 800-63B government standard, which increases password security and lessens the need to frequently change passwords.
- Phone System - Review of features and functions of cloud-based PBX with business units.
- Generator Replacement – Vendor identified and analyzing scope of work.
- Copiers –IT plans to replace the existing lease with new equipment and lease.

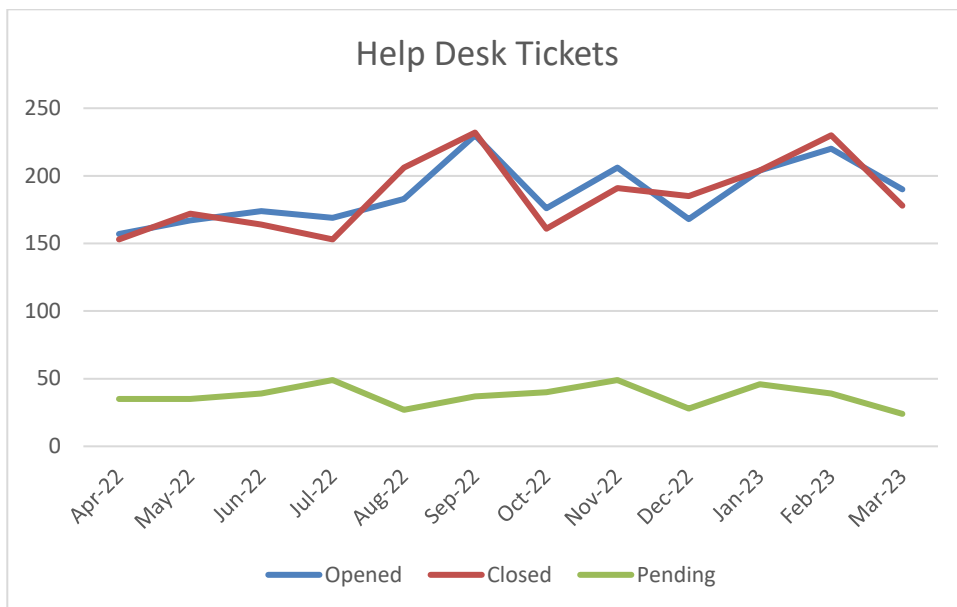
Current Month Highlights

- IT Customer Satisfaction Score – 100%.
- IT met all 8 of its KPMs.
- Deployed secure wireless access points for corporate Wi-Fi access.
- Initiated change-management process controls for all NHRS production systems.

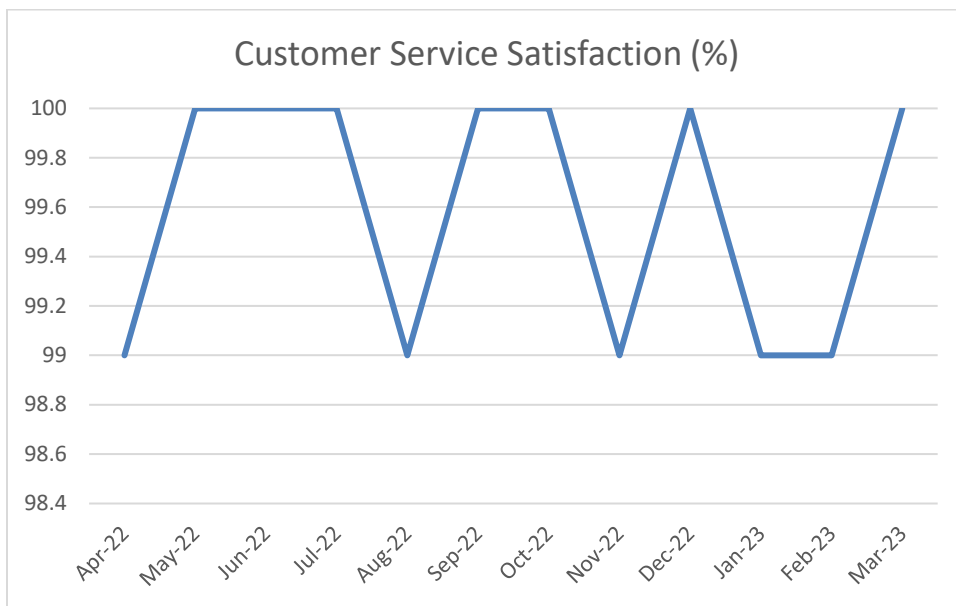
Upcoming Plans & Projects

- Cloud Migration – Engaging Microsoft to develop cloud migration strategy.
- PensionGold V3 Technology – Creating a proof-of-concept to deploy V3 test into the Microsoft Cloud.
- Installation of fault-tolerant internet connection; expect provider decision in 30 days.
- Equipment upgrades for all on-site video-conferencing systems.

NHRS Helpdesk Ticket Information by Month



NHRS Customer Satisfaction Scores by Month



Division: Information Technology

Date: April 11, 2023

Approved: February 15, 2023

FY 2023 Action Plan Summary

ACTION	PM	DATE	STATUS/COMMENTS
1. Migrate the existing Secureworks solution to a MDR (Managed Detection and Response).	FC	04/30/2023	Completed 01/31/2023.
2. Upgrade and install the new SAN (Storage Area Network).	FC, JO	10/31/2022	Completed 12/29/2022.
3. Perform and complete yearly staff permissions review.	FC	09/30/2022	Completed 8/31/2022.
4. Execute third-party vulnerability and penetration test.	JL, JB	06/30/2023	Ongoing.
5. Upgrade the Zix encryption to the latest version.	JL, JO	06/30/2023	Started. Deployment mid-April.
6. Perform tasks associated with PensionGold V3 (PGV3) implementation, as per contractual implementation schedule.	JL, TK, AS	06/30/2023	Installed/Ongoing.
7. Deploy Office 365 hybrid environment; moving email to the cloud.	FC, JO	06/30/2023	Completed 12/01/2022.

8. Upgrade network switches for server infrastructure.	JL, JO	06/30/2023	Started, ongoing.
9. Upgrade the existing network bandwidth from 500MB to 1000MB.	FC	08/31/2022	Completed 7/1/2022.
10. Identify, enroll, and complete a professional development program.	JB	06/30/2023	Secureworks Security Trends webinar.
11. Replace existing emergency generator	JL, CM	06/30/2023	Started, ongoing.
12. Install fault tolerant Internet connection	JL, JO	06/30/2023	Started, ongoing.
13. Install corporate Wireless access points throughout building	JL, CM	06/30/2023	Started, ongoing.



To: Board of Trustees
 From: Raynald Leveque, Chief Investment Officer
 Date: April 11, 2023
 Re: Investments Operating Report
 Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

- March Investment Committee (Committee) Meeting Recap:
 - Staff presented an update on the monthly performance of the public market asset classes of the NHRS, rebalancing, holdings, and the Work Plan.
 - The Committee unanimously voted to approve the revised Proxy Voting Policy for recommendation to the Board of Trustees.
 - The Committee unanimously voted to approve a five-year contract extension for Manulife.
 - The Committee heard a geopolitical risk presentation from BlackRock.
 - The Committee heard a global macroeconomic presentation from Morgan Stanley.

Current Month Highlights

- Preliminary Performance:

As of 2/28/23	1-MO	FYTD	1-YR	3-YR	5-YR	10-YR
NHRS Total Fund <u>Net</u> Return	-1.57%	+4.21%	-1.71%	+8.43%	+6.64%	+7.78%
Policy Benchmark Return	-1.56%	+2.74%	-5.32%	+6.48%	+6.06%	+7.73%
Excess Returns (basis points)	-1	+146	+360	+195	+58	+6

Source: Callan

- KPM Performance for March 2023:
 - Six reported KPMs achieved; four are not applicable to this month's reporting.

Upcoming Plans & Projects

- April Committee Meeting:
 - The Committee will hear a presentation from global equity manager Walter Scott in conjunction with the contract renewal process.
 - The Committee will hear a presentation from emerging markets equity manager Wellington EMLE in conjunction with the contract extension process.

Securities Litigation Summary

Staff regularly monitors and participates in class action securities litigation to recover NHRS funds lost through investments in public securities. NHRS engages with our custodian bank to participate in standard US class action litigation (the current custodian is BNY Mellon). NHRS also hired ISS in 2018 to provide a litigation research and claims filing solution for non-standard US class action and international securities litigation. The table below reports the annual historical recoveries for the NHRS.

Calendar Year	Amount
2005	\$ 624,261
2006	\$ 1,373,631
2007	\$ 2,410,390
2008	\$ 1,980,702
2009	\$ 1,972,216
2010	\$ 1,374,754
2011	\$ 550,324
2012	\$ 835,766
2013	\$ 310,321
2014	\$ 803,621
2015	\$ 627,131
2016	\$ 670,404
2017	\$ 1,280,969
2018	\$ 279,783
2019	\$ 675,406
2020	\$ 289,418
2021	\$ 483,889
2022	\$ 265,959
2023 through February 28 th	\$ 394,104
Total:	\$ 17,203,048

Source: BNY Mellon, ISS, NHRS, Northern Trust

Division: Investments

Date: March 31, 2023

Approved: October 3, 2022

FY 2023 Action Plan Summary

ACTION	PM	DATE	STATUS/COMMENTS
1. Assure compliance with all relevant statutory and regulatory requirements.	CIO/IIC/BOT	06/30/23	No exceptions have been identified.
2. Complete Private Debt/Equity Work Plan for Calendar Year (CY) 2023.	CIO/IIC	12/31/23	(DONE) IIC approved the CY 2023 Private Equity & Private Debt Work Plan on December 10, 2022. Implementation will occur in 2023.
3. Complete Real Estate Work Plan for CY 2023.	CIO/IIC	12/31/23	(DONE) IIC approved Fiscal Year (FY) 2023 Real Estate Work Plan on December 10, 2022. Implementation will occur in 2023.
4. Maintain investment expenses within budget.	CIO/IIC	06/30/23	Investment expenses are within budget.
5. Implement rebalancing as necessary to address deviations from policy targets.	CIO/IIC/BOT	03/31/23	Fixed Income portfolio allocation is outside the lower bound; NHRS investment staff will perform portfolio rebalancing to bring allocation within the policy range.
6. Recommend an optimized investment process for the IIC.	CIO/IIC	01/31/23	(DONE) Recommend an optimized staff-driven process to assist the IIC with investment decision-making for manager selection and termination.
7. Identify, enroll, and complete a professional development program.	CIO	06/30/23	In progress.
8. Conduct an internal review of the NHRS total plan portfolio.	CIO/IIC	06/30/23	(NEW) Conduct an internal review of the NHRS total plan by the Investment Team with assistance from the consultant and other partners (custody bank).
9. Complete a review of the Strategic Asset Allocation and, if necessary, recommend an update to the strategic asset allocation policy.	CIO/IIC	09/30/23	(NEW) Complete an update to the NHRS strategic asset allocation policy with 2023 capital markets assumptions and, if necessary, recommend a new asset allocation policy portfolio.

**New Hampshire Retirement System
Board Meeting**

**Consent Agenda
Tuesday, April 11, 2023**

Disability Application Recommendations

1. E.B. Grant accidental disability retirement (ADR) to this group II member who worked for the State of New Hampshire and has 8 years and 11 months of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition.
2. A.C. Grant ordinary disability retirement (ODR) to this group I member who worked for a political subdivision and has 25 years and 2 months of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition.
3. W.K. Grant accidental disability retirement (ADR) to this group II member who worked for a political subdivision and has 21 years and 2 months of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition.
4. M.P. Grant accidental disability retirement (ADR) to this group II member who worked for the State of New Hampshire and has 20 years and 5 months of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition.
5. J.P. Grant accidental disability retirement (ADR) to this group I member who worked for a political subdivision and has 19 years of creditable service, based on medical evidence that supports her claim for permanent incapacity from her work duties due to a medical condition.
6. S.P. Deny ordinary disability retirement (ODR) to this group I member who worked for a political subdivision and has 15 years and 7 months of creditable service, based on medical evidence that does not support his claim for permanent incapacity from his work duties due to a medical condition.
7. T.S. Grant ordinary disability retirement (ODR) to this group I member who worked for a political subdivision and has 26 years and 3 months of creditable service, based on medical evidence that supports her claim for permanent incapacity from her work duties due to a medical condition.
8. B.W. Grant accidental disability retirement (ADR) to this group II member who worked for a political subdivision and has 3 years and 9 months of creditable service, based on medical evidence that supports his claim for permanent incapacity from his work duties due to a medical condition.

Administrative Recommendation

9. Sheridan, K. Recommend that the Board of Trustees uphold the Staff's administrative denial of the Petitioner's application for ordinary disability retirement.

Trustee Travel

No Travel Requests Submitted



To: NHRS Board of Trustees
From: Jan Goodwin, Executive Director
Date: March 30, 2023
Re: March 14, 2023 - Action Items
Item: Action: ☐ Discussion: ☐ Informational: ☒

1. Post the final GASB 68 & 75 Reports on the NHRS website. MK
Action: Completed.
2. Provide certified 7.5% state contributions for the remaining MM
two employers to the State Treasurer.
Action: In process; 1 employer still to be certified as of March 30.
3. Provide a parallel processing presentation to the Board in April. JG
Action: On the April agenda.
4. Provide the Voluntary Compliance Program Policy revisions to the MC
Board in April.
Action: On the April agenda.
5. Implement Board decisions on the Consent Agenda. DC
Action: Completed.
6. Obtain legislative appropriation for funding call firefighter benefits. MK/MM
Action: Funding included in current HB2 budget proposal.

BOARD CHECKPOINT DISCUSSION

**Executive Summary of
New Hampshire Retirement System (NHRS)
Board of Trustees Meetings**

January 10, 2023, to March 14, 2023

At the January 10, 2023, regular monthly meeting of the NHRS Board of Trustees, the Board received an update on the PGV3 project from Executive Director Jan Goodwin; she noted NHRS and LRS, the Pension Gold (PGV3) software provider, are working together on an orientation plan for parallel processing, which is set to begin in October.

The Board voted unanimously to accept the recommendation of the Governance Committee to renew the annual fiduciary insurance coverage with Hudson Insurance Company.

The Board voted to certify to the State Treasurer the remaining FY 2022 employer contributions pursuant to HB 1221 of 2022, as presented, with one abstention.

At the February 14, 2023, regular monthly meeting, the Board received a presentation from NASRA Research Director Keith Brainard, who provided an overview of the retirement landscape, beginning with a comparative analysis of public versus private sector retirement benefits in the United States. He proceeded to give a comprehensive overview of the variation of funding levels in public pensions, public pension revenue resources, assumptions, and statistics, and lastly, an explanation of amortization policies and periods.

The Board thanked Trustee Chris Coates (county employer member) for his time on the Board, which began in 2018. Trustee Coates stepped down because of time constraints related to his position as Cheshire County administrator and numerous boards and commissions he serves on.

At the March 14, 2023, regular monthly meeting, the Board voted unanimously to accept the recommendation of the Audit Committee to approve the June 30, 2022, GASB 65 & 75 Statement Reports, as presented.

Raynald Leveque, Chief Investment Officer, apprised the Board of the recent volatility of the banking industry, notably two institutions, Silicon Valley Bank (SVB) and Signature Bank. He reported that the NHRS portfolio has 0.3% of indirect exposure to the two banks and a contingent third, First Republic, translating to about \$3 million in the Public Markets portfolio. He noted NHRS is monitoring the banks. A brief discussion followed about the banking situation.

Throughout the quarter, the Board received regular monthly updates on the status of the retirement system's multi-year pension administration system upgrade project (PGV3), which will replace the current 19-year-old system (PGV2) NHRS is currently using. The project is 76% completed.

Additional details regarding actions and discussions of the NHRS Board of Trustees may be found in the archive of meeting minutes posted on www.nhrs.org. The direct link to this page is:
<https://www.nhrs.org/about-nhrs/board-of-trustees/meeting-minutes>



New Hampshire Retirement System
54 Regional Drive, Concord, NH 03301
Phone: (603) 410-3500 - Fax: (603) 410-3501
Website: www.nhrs.org - Email: info@nhrs.org

TO: Senator Howard Pearl, Chair, Senate Executive Departments & Administration Committee
 Representative Carol McGuire, Chair, House Executive Departments & Administration Committee

FROM: New Hampshire Retirement System Board of Trustees
 (Prepared by Jan Goodwin, Executive Director)

RE: Quarterly Report to the General Court – April 1, 2023

Dear Senator Pearl and Representative McGuire:

Pursuant to RSA 100-A:14, VII-a, the Board of Trustees of the New Hampshire Retirement System (NHRS, the retirement system) is submitting this quarterly report to the General Court.

Here is a summary of NHRS activities during the quarter ending March 31, 2023:

- Twenty-one LSRs related to the retirement system were introduced, 10 of which remain active in the House or Senate, either as stand-alone bills or additions to House Bill 2. Eleven bills have been killed, retained, or tabled.
- Following an RFP process, the Audit Committee of the Board voted unanimously in February to contract with incumbent auditor Plante Moran for an additional five years of external audit services.
- The multi-year upgrade of the NHRS pension administration system (“PGV3”), which began in January 2019, is now 76% complete. The retirement system remains on track to go live with the new system at the end of this year, barring any 2023 legislative enactments that require significant programming changes.
- The Board unanimously voted in March to accept the June 30, 2022, GASB Statements 68 and 75 Reports. The reports, which detail the proportionate share of unfunded pension and OPEB (medical subsidy) liabilities for participating employers, will be used by employers to prepare financial statements in accordance with Governmental Accounting Standards Board requirements.

In addition to this cover letter, the report contains:

- An executive summary of NHRS Board and staff activity from January through March.
- The minutes of the following Board meetings: January 10, 2023; February 14, 2023; March 14, 2023 (draft).
- Investment information on Total Fund through December 31, 2022, which is the most recent data available.
- Monthly investment information through February 28, 2023, which is the most recent data available.
- A tracker of NHRS-related legislation as of March 30, 2023.

If you have any questions or would like additional information, please do not hesitate to contact me.

Respectfully,

Jan Goodwin
 Executive Director

cc: Office of Governor Christopher Sununu

CY 2023 BOARD ACTION CALENDAR**JANUARY**

Date		Requirement	Responsible Party
1/10/23	Annual IIC Private Equity/Debt update to the Board	Best Practice	IIC
1/10/23	Report on Status of Statement of Financial Interests due to Secretary of State (Due Annually – 3 rd Friday in January)	RSA 15-A	Trustees & IIC Members
1/10/23	Annual Governance Manual revisions	Best Practice	Board of Trustees
1/10/23	Fiduciary Insurance Renewal	Best Practice	Board of Trustees

FEBRUARY

Date	Board Action Item	Requirement	Responsible Party
2/14 /23	Board and Audit Committee approval of FY21 GASB 68/75 Reports	Best Practice	Board of Trustees
2/14 /23	Trustee Education	Best Practice	

MARCH

Date	Board Action Item	Requirement	Responsible Party
3/14/23	Quarterly IIC report to the Board	RSA 100-A:15,II-a(c)	IIC
3/14/23	Quarterly report to chairpersons of House & Senate ED&A Committees describing recent Board actions including any changes to actuarial assumptions and investment returns. Due 4/1/23.	RSA 100-A:14, VII-a	Board of Trustees

APRIL

Date	Board Action Item	Requirement	Responsible Party
4/11/23	No compliance items this month.		
4/11/23	Trustee education	Best Practice	

MAY

Date	Board Action Item	Requirement	Responsible Party
5/9/23	Review annual Trust Fund Budget (non-statutory portion).	Best Practice	Board of Trustees

JUNE

Date	Board Action Item	Requirement	Responsible Party
6/13/23	Approve annual Trust Fund Budget (non-statutory portion).	Best Practice	Board of Trustees
6/13/23	Quarterly IIC report to the Board	RSA 100-A:15, II-a(c)	IIC
6/13/23	Quarterly report to chairpersons of House & Senate ED&A Committees, describing recent Board actions including any changes to actuarial assumptions and investment returns. Due 7/1/23.	RSA 100-A:14, VII-a	Board of Trustees

JULY

Date	Board Action Items	Requirement	Responsible Party
7/11/23	Annual IIC Real Estate update to the Board	Best Practice	IIC

AUGUST

Date	Board Action Items	Requirement	Responsible Party
8/8/23	No compliance items this month.	RSA 100-A:14, XIII	Board of Trustees

SEPTEMBER

Date	Board Action Items	Requirement	Responsible Party
9/12/23	Review charters for Board Committees.	Governance Manual	Appropriate Board Committee
9/12/23	Annual Independent Medical Examiner (IME) Review	IME Policy	Board of Trustees
9/12/23	Set Board of Trustees meeting schedule for next calendar year.	Governance Manual	Board of Trustees
9/12/23	Annual Board Fiduciary Education	Best Practice	Board of Trustees
9/12/23	Quarterly report to chairpersons of House & Senate ED&A Committees, describing recent Board actions including any changes to actuarial assumptions and investment returns. Due 10/1/23.	RSA 100-A:14, VII-a	Board of Trustees

OCTOBER

Date	Board Action Items	Requirement	Responsible Party
10/10/23	Gainful Occupation Report	RSA 100-A:6, III(b)	Board of Trustees
10/10/23	Office of Foreign Asset Control (OFAC) Compliance Report	Best Practice	Board of Trustees
10/10/23	Annual Comprehensive Financial Report (ACFR) deadline (within 120 days from 6/30/23).	RSA 100-A:15, VI	Board of Trustees
10/10/23	Quarterly IIC report to the Board	RSA 100-A:15, II-a(c)	IIC
10/10/23	Call Firefighter Report	Best Practice	Board of Trustees

NOVEMBER

Date	Board Action Items	Requirement	Responsible Party
11/14/23	IIC prepares Comprehensive Annual Investment Report (CAIR).	RSA 100-A:15, VII	IIC

DECEMBER

Date	Board Action Items	Requirement	Responsible Party
12/12/23	Audited ACFR to Audit Committee	RSA 100-A:15, VI(a)	External Auditor

12/12/23	Audit Committee recommends that the Board approve and accept the audited ACFR.	RSA 100-A:15, VI(a)	Board of Trustees
12/12/23	The IIC recommends that the Board approve and accept the CAIR.	RSA 100-A:15, VII	Board of Trustees
12/12/23	The IIC recommends that the Board approve and accept the IIC meeting schedule for the next calendar year.	Best Practice	Board of Trustees
12/12/23	Quarterly report to chairpersons of House & Senate ED&A Committees describing recent Board actions including any changes to actuarial assumptions and investment returns. Due 1/2/23.	RSA 100-A:14, VII-a	Board of Trustees
12/12/23	Quarterly IIC report to the Board.	RSA 100-A:15,II-a(c)	IIC
12/31/23	Deadline for issuing member statements for fiscal year ending 6/30/23.	RSA 100-A:14, XI	Board of Trustees
12/31/23	ACFR and CAIR delivered per statute.	RSA 100-A:15, VI(c)	PIO

New Hampshire Retirement System Board of Trustees
As of February 17, 2023

Jon Frederick, Jaffrey
September 21, 2022, to September 5, 2025
NH Municipal Association

Sue Ellen Hannan, Derry
July 27, 2018, to July 1, 2021
NH Education Association

Maureen Kelliher, Dover
June 18, 2014, to July 13, 2022
Non-member Trustee

Tim Lesko, Concord
January 24, 2018, to November 30, 2022
Non-member Trustee

Robert Maloney, Holderness
July 27, 2018, to July 13, 2021
Non-member Trustee

Andrew Martineau, Bow
December 18, 2020, to July 1, 2024
NH State Permanent Firemen's Association

Germano Martins, Hooksett
August 18, 2021, to July 1, 2024
State Employees' Association

Kenneth Merrifield, Franklin
March 24, 2021, to July 13, 2025
NH State Employer

Monica Mezzapelle, Concord
January 6, 2021, to January 3, 2023
State Treasurer

Paul Provost, Concord
November 2, 2022, to November 2, 2025
Non-member Trustee

Joshua Quigley, Bedford
October 19, 2022, to July 1, 2024
NH Police Association

Donald M. Roy, Jr., North Hampton
July 13, 2011, to July 13, 2022
NH School Boards Association

**NHRS Board of Trustees
Committee Membership List
as of March 2023**

Committee	Audit	Benefits	Governance	Legislative	PPCC	Investment
Staff Liaison	Heather Hoffacker	Timothy Crutchfield/ Nancy Miller	Timothy Crutchfield	Marty Karlon	Rosamond Cain	Raynald Leveque
VACANT						
Frederick, Jon			X	X		
Hannan, Sue				X	X-Ch	
Kelliher, Maureen	X					X-Ch
Lesko, Tim	X				X	
Maloney, Robert			X		X	
Martineau, Andrew		X		X		
Martins, Germano	X	X-Ch				
Merrifield, Ken				X-Ch	X	
Mezzapelle, Monica	X-Ch		X			
Provost, Paul			X			X
Quigley, Joshua				X	X	
Roy, Donald		X	X-Ch			
TOTAL MEMBERS	4/5	3/5	5/5	5/5	5/5	2/6*

*Per RSA 100-A:14-b, I, the Independent Investment Committee shall consist of not more than 6 members, and up to 2 of whom shall be Trustees.

**Educational Seminars for Board Members,
as of March 17, 2023**

Sponsor	Program	Description
(NCPERS) National Conference on Public Employee Retirement Systems www.ncpers.org	<p>2023 Annual Conference & Exhibits (ACE) May 21-24, 2023 New Orleans, LA</p> <p>NCPERS Accredited Fiduciary (NAF) & Trustee Educational Seminar (TEDS)* May 20-21, 2023 (Runs concurrently with ACE) Modules 1 & 2, 3 & 4</p>	<ul style="list-style-type: none"> ▪ Sharpen skills to advocate for public pension members to policymakers. ▪ Hear from lawmakers, House Ways & Means Committee, Senate Finance Committee and Treasury Department. ▪ Good for all Trustees, administrators, state and local officials, staff, financial and union officers, and public pension plan members. ▪ New Trustees session occurs immediately before conference. ▪ For Trustees with at least five-years of experience. Trustee Education Seminar (TEDS)* is a pre-requisite. ▪ Earn continuing education credits. ▪ Strengthen knowledge of pensions and governance.
(NASRA) National Assn. of State Retirement Administrators www.nasra.org	<p>2023 Annual Conference August 5-9, 2023 Broomfield, CO</p>	<ul style="list-style-type: none"> ▪ Hear from leaders in the retirement field on a variety of subjects including investment management, world events relative to the pension industry, economy, and trends.
(CII) Council of Institutional Investors www.cii.org	<p>2023 Fall Conference September 11-13, 2023 Long Beach, CA</p>	<ul style="list-style-type: none"> ▪ Interact with representatives in investments, legislators, regulators, and other corporate governance professionals. Hear from special guests; learn and share best practices. This event hosts more than 500+ attendees, including CII members global wide.

<p>(IFEBC) Int'l Foundation of Employee Benefit Plans www.ifebp.org</p>	<p>Trustees Institute Level II Concepts in Practice June 17-18, 2023 San Diego, CA</p> <p>Trustees Institute Level I Core Concepts June 19-21, 2023 San, Diego, CA</p> <p>Advanced Trustees & Administrators Institute June 19-20, 2023 San Diego, CA</p> <p>Certificate of Achievement in Public Plan Policy (CAPPP) Pensions Part I & II* July 24-27, 2023 Chicago, IL</p> <p>Pensions Part I* September 30-October 1, 2023 Boston, MA</p> <p><i>*(Completion of Part I <u>and</u> Part II, along with a take-home exam, are required to earn a CAPPP in pensions.)</i></p>	<ul style="list-style-type: none"> ▪ Ideal for Plan professionals, and for Trustees who've served 3 to 5 years and completed Level I: Core Concepts. ▪ Learn from industry experts on current events and reform initiatives. ▪ Network with peers facing similar challenges – share best practices, ideas, and solutions. ▪ Gain insight and garner resource materials to share with colleagues. ▪ Ideal for new Trustees to learn fiduciary responsibilities, and the technical aspects of serving as a Trustee. ▪ Agenda TBA. ▪ Ideal for Trustees and Plan administrators who've served less than two years and seek to network and learn about the latest industry trends, legal and regulatory changes, and best practices on how to address current challenges. ▪ Agenda TBA. ▪ For all-level Trustees. ▪ Pension-related topics include actuarial principles, fiduciary responsibility, governance, legal, legislative, & regulatory developments. ▪ Gain comprehensive knowledge of public employee plan management and learn targeted information to aid in policy-making decisions.
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(NCTR) National Council on Teacher Retirement www.nctr.org	<p>NCTR Trustee Workshop July 16-19, 2023 (Registration opens in April) Williamsburg, VA</p> <p>NCTR's 101st Annual Conference October 7-11, 2023 (Registration opens in June) La Jolla, CA</p>	<ul style="list-style-type: none"> ▪ Ideal for public pension board Trustees, new and experienced. ▪ Ideal for all pension system staff, members, and key stakeholders. ▪ Agenda TBD.

NHRS Abbreviations and Acronyms

BENEFITS

ADR	= Accidental Disability Retirement (job-related)
AFC	= Average Final Compensation
COB	= Compensation over base pay
COLAs	= Cost of Living Adjustments
EDD	= Electronic Direct Deposit
ESDP	= Extra or Special Duty Pay
GI/GII	= Group I (Employee, Teacher) / Group II (Police, Fire)
GO	= Gainful Occupation
IME	= Independent Medical Examiner/Examination
ODR	= Ordinary Disability Retirement (non-job-related)
QDRO	= Qualified Domestic Relations Order
Tier A	= Members vested prior to 1/1/12
Tier B	= Members in service prior to 7/1/11 but not vested prior to 1/1/12
Tier C	= Members hired on or after 7/1/11
TPS	= Treating Physician's Statement
TSA	= Temporary Supplemental Allowance (a one-time retiree payment)

BUSINESS OPERATIONS/VENDORS

APs	= Action Plans
DRAPP	= Data Risk Assessment Project Plan
GRS	= Gabriel, Roeder, Smith & Co (NHRS actuary)
KPMs	= Key Performance Measures
LRS	= Levi, Ray and Shoup, Inc. (PensionGold vendor)

PM	= Plante Moran (NHRS external auditor)
PPM	= Policy and Procedure Manager (database software system for NHRS policies/procedures)
PIP	= Process Improvement Program

GENERAL

ACFR	= Annual Comprehensive Financial Report
AU	= Audit
BOT	= Board of Trustees
CAIR	= Comprehensive Annual Investment Report
EE	= Employee
ER	= Employer
FA	= Facilities
HB 2	= House Bill 2 (2011 version, which made major changes to NHRS benefits)
IIC	= Independent Investment Committee
JLMC	= Joint Loss Management Committee (a.k.a. Safety Committee)
MS	= Member Services
NHRS	= New Hampshire Retirement System
OPEB	= Other Post-Employment Benefits (i.e. Medical Subsidy)
PIO	= Public Information Office(r)
PPCC	= Personnel, Performance and Compensation Committee
P. Sub (or “subs”)	= Political Subdivision (i.e. any NHRS employer other than the state)
RTK	= Right to Know request
SAU	= School Administrative Unit
SD	= School District
UAAL	= Unfunded Actuarial Accrued Liability

IT

CO-LO	= Co-location site for backup servers
DRS	= NHRS Data Reporting System (employer portal)
PG	= Pension Gold (current pension application from LRS)
PGV3	= Pension Gold Version 3 project

LEGISLATIVE

ED&A	= House (or Senate) Executive Departments and Administration Committee
HB	= House Bill
ITL	= Inexpedient to Legislate
JLCAR	= Joint Legislative Committee on Administrative Rules
LOB	= Legislative Office Building
LSR	= Legislative Services Request (a request to draft a bill)
OTP	= Ought to Pass
SB	= Senate Bill
SH	= State House
VV	= Voice Vote

OTHER

BCCRR	= Boston College Center for Retirement Research
COB	= Close of Business
EOB	= End of Business
GASB	= Governmental Accounting Standards Board
G&C	= Governor & Executive Council
JRP	= Judicial Retirement Plan (not affiliated with NHRS)

NASRA	= National Association of State Retirement Administrators
NCPERS	= National Council on Public Employee Retirement Systems
NCTR	= National Council on Teachers Retirement
NIRS	= National Institute for Retirement Security