

NEW HAMPSHIRE RETIREMENT SYSTEM

BOARD MEETING

Tuesday, July 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 | (Tab 1) | T. Lesko |
| | o June 13, 2023 | | |
| | (Action Expected) | | |
| 10:10 a.m. | 3. Standing Committee Reports | | |
| | • Audit | (Tab 2) | M. Mezzapelle |
| | • Governance | (Tab 3) | D. Roy |
| | o Cyber Insurance Renewal | | |
| | (Action Expected) | | |
| | • Investments | (Tab 4) | M. Kelliher |
| | o IIC Monthly Report | | |
| | o Callan Monthly Review (5/31/23) | | R. Leveque |
| | o Annual Real Estate Update | | R. Leveque |
| | • Legislative | (Tab 5) | K. Merrifield |
| | o TSA certification | | |
| | (Action Expected) | | |
| | • Benefits | (Tab 6) | G. Martins |
| | • PPCC | (Tab 7) | S. Hannan |
| | (Nonpublic Expected) | | |
| 10:40 a.m. | 4. Temporary adjournment to consult with legal counsel | | |
| 11:00 a.m. | 5. Economic Outlook | (Tab 8) | T. Slok, Apollo |
| 11:40 a.m. | 6. Operating Reports | | |
| | • Executive | (Tab 9) | J. Goodwin |
| | o Contracts | | |
| | (Action Expected) | | |
| | • Legal | (Tab 10) | T. Crutchfield |

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|------------|--|----------|---------------|
| | • PIO | (Tab 11) | M. Karlon |
| | • IT | (Tab 12) | J. Laferriere |
| | • Investments | (Tab 13) | R. Leveque |
| | • Member Services | (Tab 14) | N. Miller |
| | • Finance | (Tab 15) | M. Mullen |
| | • Human Resources | (Tab 16) | R. Cain |
| 12:10 p.m. | 7. Consent Agenda <i>(Action Expected)</i> | (Tab 17) | T. Lesko |
| 12:15 p.m. | 8. Trustee Travel | (Tab 18) | T. Lesko |
| 12:20 p.m. | 9. Action Items – June 13, 2023 | (Tab 19) | J. Goodwin |
| 12:25 p.m. | 10. Board Checkpoint Discussion | (Tab 20) | T. Lesko |
| 12:30 p.m. | 11. Adjournment | | T. Lesko |
| | 11. Informational Materials | (Tab 21) | |

Executive Summary of Board Actions
Quarterly Report to the General Court
2023 Board Action Calendar
Committee Membership
Trustee Confidential Contact Information
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/2023/07/11/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 603-410-3648)

NHRS Board of Trustees

DRAFT Minutes – June 13, 2023

Note: These **draft** minutes from the June 13, 2023, Public Session are subject for approval at a subsequent Board of Trustees meeting.

Board of Trustees

June 13, 2023

DRAFT Public Minutes

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

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

Absent: *Trustee Andrew Martineau.*

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; Deanna Higgins, Contact Center Supervisor; Tracy Knight, Project Manager; Greg Richard, Senior Investment Officer; Shana Bilech, Investment Officer; Jesse Pasierb, Investment Operations Analyst; Diana Crichton, Hearings Examiner; and Christine McKenney, Administrative Assistant.*

Chair Tim Lesko called the June 13, 2023, regular meeting of the NHRS Board of Trustees to order at 10:31 a.m., and Executive Director Jan Goodwin welcomed recently appointed Trustee Jason Henry, Superintendent of Rockingham County of Corrections.

After establishing a quorum, Chair Lesko called for a vote to approve the meeting minutes of the May 9, 2023, Board meeting. On a motion by Trustee Kelliher, seconded by Trustee Frederick, the Board voted to approve the meeting minutes, with Trustee Henry abstaining.

Trustee Mezzapelle reported on the Audit Committee, which met earlier this morning, stating the Committee heard a presentation from the System's external auditor, Plante Moran, on its approach to the Fiscal Year (FY) 23 Audit and encouraged the Committee to bring forward any concerns. The Committee then reviewed the status of the Audit Tracker and the FY 23 Internal Audit Plan. Trustee Mezzapelle reported on updates the Committee heard from Internal Audit and Finance.

Trustee Roy reported on the Governance Committee, which had not met since the May Board meeting and plans to meet before the July Board meeting for the annual review of the cyber insurance renewal and to prepare a recommendation to the Board.

Trustee Kelliher reported on the May 9, 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 March 31, 2023, review. He gave updates on holdings within the NHRS portfolio, rebalancing, liquidity, Russian holdings and the Work Plan. Trustee Kelliher reported the Committee voted unanimously on two, five-year contract renewals from presentations the IIC heard at its April meeting. The first is with Walter Scott, who manages a global equity portfolio, and the second is with Wellington, who manages an emerging markets equity portfolio. The IIC heard a presentation from private equity manager American Industrial Partners (AIP), and the Committee voted unanimously to commit \$50 million to AIP Fund VIII, subject to contract and legal review. The Committee also heard a presentation from private equity manager Apollo and voted unanimously to commit \$40 million to its primary fund, Fund X and \$40 million to its Fund X co-investment vehicle, subject to contract and legal review. Lastly, Trustee Kelliher mentioned the Committee heard two other presentations as part of the contract renewal process from fixed income managers Brandywine and Loomis Sayles.

Trustee Kelliher turned to Mr. Leveque, who reported on the NHRS performance as of April 30, 2023, noting the Total Fund return for the month was 0.68% versus the policy benchmark of 1.58%. The fund is \$11.2 billion. He mentioned the calendar year-to-date (CYTD) performance, which is down by 194 basis points relative to its policy benchmark and attributed that to the volatility of the markets since 2022, beginning with the Ukraine War. NHRS's FY 23 total fund performance fiscal year-to-date (FYTD) is 6.07%, outperforming the policy benchmark by 50 basis points. He gave an update on portfolio performance by asset class and noted that cash currently yields 5.1% and commented that the numbers for alternative investments would be forthcoming, and stated returns for 3-, 5-, and 10-year periods were as expected. Mr. Leveque discussed the fixed income asset allocation rebalancing, which is now within range, noting the Investment Team implemented the rebalancing plan on May 11, after staff's recommendation to the IIC to use a U.S. Bond Fund Index. In closing, Mr. Leveque addressed a Trustee inquiry last month about the rebalancing and the current bond percentage allocation to the portfolio.

Trustee Merrifield began the report of the Legislative Committee, which had not met since the May Board meeting, and provided the latest on legislative activity, beginning with the House and Senate concurring on the two-year state budget in House Bill (HB) 2. He provided updates on the NHRS-related items in HB 2, including: a change to the recalculation of the Group I benefit to full retirement age under the Social Security system; a one-time \$500 COLA to eligible retirees; the creation of a commission to study retirement benefits and employee retention; funding for NHRS to administer the call firefighter death benefit; and the option for future community college employees, covered by collective bargaining, to enroll in the System or an alternative defined contribution plan. He reported on other NHRS-related bills included in the House version of HB 2 but removed by the Senate: HB 436, relative to removing the transition provisions of 2011 for Group II members who commenced service prior to July 1, 2011, but were not vested as of January 1, 2012; and HB 50, the one-time appropriation of \$50 million toward NHRS's unfunded liability in FY 23. He noted that two additional bills remained outstanding: HB 457, which would require NHRS to provide quarterly compliance reports to the Office of the Legislative Budget Assistant; and HB 461, which would create a committee to study the elimination by political subdivision employers of retirement system-eligible positions.

He concluded his report listing several bills that the Governor already signed into law: HB 193, the System's administrative clean-up bill; HB 278, which fixed an unintended repeal of an RSA-100 provision on annual employer reporting on retiree data; and HB 30, which allows county administrators to be exempted from mandatory membership.

Trustee Merrifield turned to Marty Karlon, Director of Communications and Legislative Affairs, for further comments. Mr. Karlon reported that the House just requested a committee of conference on HB 461. A short discussion followed about the budget and Group I and Group II bills, stemming from a Trustee question pertaining to a news article regarding House-proposed bills for those groups.

Trustee Martins delivered a brief update of the Benefits Committee, which did not meet last month and is planning to meet in July to review a pending recoupment matter.

Trustee Hannan reported on the PPCC, which met on June 5, and heard from Director of IT John Laferriere on plans to reorganize the IT department and gave a review of data security procedures and costs, which he and Ms. Goodwin will present to the Board at its July meeting. Trustee Hannan noted the Committee reviewed the NHRS Preserve, Achieve, and Avoid (PAA) document, part of the FY 24 Strategic Plan, and made one recommendation.

Executive Director Goodwin began the operating reports. The KPMs, were at 97.67% for the month, with two of 94 KPMs missed systemwide. The PGV3 project is at 79% complete overall, with Deliverable 7 (D7) (Member Direct-MyAccount) at 39% complete. Staff meetings with LRS on D7 design document review have concluded, and staff continue to work on testing XML files from employer and payroll providers. Ms. Goodwin remarked on the potential risks for the project, the largest risk was HB 436, the rollback of Group II benefits with certain provisions, which did not pass. She stated Finance is working on redeploying staff and temporary workers to ensure the System is on target in relation to employer reporting and PGV3. She reported LRS was at NHRS last week and will return next week for continued training on processes.

Ms. Goodwin apprised Trustees of a contract she approved under the Procurement Policy, for \$5,550 to use an outside contractor to help compile the Annual Comprehensive Fiscal Report (ACFR). She noted the 12-month rolling average for KPMs is above the 95% benchmark for the year. She gave an update on the Contact Center. She closed her report with her action plan, which is in progress.

Next, Ms. Goodwin presented the FY 24 Strategic Plan, which is a rolling three-year plan required for Board review annually as part of the Strategic Plan Policy. She referred to the revisions on the PAA document in the Board materials, noting that none of the changes affect the FY 24 Strategic Plan. On a motion by Trustee Frederick, seconded by Trustee Roy, the Board voted unanimously to accept the FY 24 Three-Year Strategic Plan, as presented.

Ms. Goodwin then presented the FY 24 Trust Fund Budget, noting she did not receive any budget questions or adjustments from Trustees and the budget appears as it did at the May Board meeting. On a motion by Trustee Hannan, seconded by Trustee Mezzapelle, the Board voted to approve the FY 24 Trust Fund Budget, as presented, with Trustee Henry abstaining.

At 11:04 a.m., Trustee Maloney left the Board meeting for an appointment.

Human Resources (HR) Director Rosamond Cain provided a staffing update, noting NHRS promoted from within to fill the IT Infrastructure Manager position, and an announcement will be posted soon for the vacant IT Infrastructure Support position. HR will hold a third round of interviews on Friday for the open Communications Specialist position; HR filled the Finance Account position with one of the System's temporary workers. She reported on the status of two other vacancies, one in IT for an Imaging Specialist, which is on hold, and the other in Finance for a Generalist, noting tasks for that position are under review. She provided a status update on the System's position assessment process. Plans are under way for the annual Employee Appreciation Day. HR is working with the payroll system vendor ADP on obtaining employer reports. A Trustee inquired about ADP and Work Force Now and Ms. Cain confirmed the joint usage.

Deputy Director and Chief Legal Counsel Tim Crutchfield noted that the Employer Audit team has prepared a Top 10 list of common reporting mistakes. The list is intended to help inform employers on how to accurately report earnable compensation and service credit. He updated the Board on GASB audits, noting that 23 are in process. Legal met seven of its applicable KPMs for the month. He spoke about the Private Letter Ruling (PLR), reporting that NHRS and the Department of Administrative Services are collaborating to submit the letter to the IRS regarding how to implement the medical subsidy relative to HB 2 passed in 2021. He closed his report commenting on the cyber insurance renewal process.

Mr. Karlon reported on the activities of the Public Information Office (PIO), noting it will be meeting with other departments to discuss the affects legislation would have on PGV3 to develop a communications plan. He reported that PIO performed a test presentation on PGV3 employer training and received positive feedback. He mentioned PIO will offer multiple training presentations from July through September. Lastly, he noted PIO met with LRS last week in preparation of PGV3 training materials.

A Trustee asked if presentations could be provided on thumb drives for employers who were unable to access YouTube for security purposes and Mr. Karlon stated that he would research alternatives for providing presentation materials.

John Laferriere, Director of IT, reported on cyber security awareness and the monthly phishing tests: there were no staff failures in May. He commented on the open position for an Information Security Officer, and that he is seeking to outsource the security functions of that position and will provide a report to the Board at its July meeting.

Mr. Laferriere noted IT scored 99% on customer satisfaction and met all eight of its KPMs. He gave an update on the Teams videoconferencing, noting IT installed two of the proof-of-concept systems and the project encompasses all conference rooms at NHRS. He provided status updates on several other IT projects. In closing, he gave an overview of upcoming projects and referred to his action plan, which is on schedule.

Mr. Leveque reported on Investments, noting his department met seven of the 10 KPMs, and the other three were not applicable this month. He updated the Board on his new staff member who joined as an Investment Operations Analyst. Mr. Leveque then provided an overview of the June IIC meeting, which will occur immediately after today's Board meeting.

Director of Member Services Nancy Miller noted her department's continued work on PGV3 and a site visit LRS made last week, which helped advance insurance reporting, noting the creation of a new web-based portal for the System's insurance providers. She gave an

overview of previous difficulties with other processes in Member Services, commenting on backlogs of enrollment and termination forms, which will be automated through employer reporting in PGV3. Member Services will work with LRS next week on other processes and mock parallel in August.

Ms. Miller provided a staffing update, mentioning the need for two more hybrid positions in her department to absorb the responsibilities previously performed by the recently retired QDRO Specialist, with the probability of the Legal Department managing some responsibilities. Member Services achieved all 21 of its KPMs. She reported on upcoming projects on legislation and PGV3, training documents, and July filing. There were fewer retirement applications for July 1 this year than in 2022. She concluded her report with her action plan. A robust discussion regarding MyAccount and preserving security followed Ms. Miller's report.

Director of Finance Marie Mullen reported on finance, noting the primary focus is on PGV3, and staff are testing XML files to ensure accuracy of employer reports prior to going live with PGV3 in December. She noted her team achieved 10 of the 15 KPMs, adding that three KPMs did not have deliverables and the two missed KPMs were ones previously unmet because of staffing changes and an outstanding report from an employer. With the recent hire of a new finance accountant, Ms. Mullen stated she expects to meet next month's KPM relative to the bank reconciliation, and the other KPM regarding employer reporting, adding that Finance is diligently requesting the unreported information from the employer.

She mentioned cash flows are within the expected range FYTD and noted the \$42.9 million that was certified at the April Board meeting has been accounted for in the cash flows. She remarked on the FY 22 balance forward of \$2 million from the Statutory Administrative Budget and noted the balance forwards for different budget categories. Ms. Mullen reported that the PGV3 expenses are within budget for the year. Lastly, she presented her action plan and several upcoming plans and projects.

Chair Lesko next presented the Consent Agenda. On a motion by Trustee Martins, seconded by Trustee Roy, the Board voted to approve the Consent Agenda, with Trustee Quigley abstaining on Item 4.

There were no travel reports or requests.

Ms. Goodwin provided an update on Action Items from the May 9, 2023, Board meeting: the FY 24 Strategic Plan and Trust Fund Budget had been completed during this meeting. Item 1 is in process with only one employer left to complete its reconciliation and she anticipates it would be done by the end of June; Item 6, regarding the call firefighter benefit appropriation, would be completed after the Governor signs the budget.

During the Board checkpoint, Chair Lesko encouraged Trustees to attend upcoming educational opportunities, noting some will be in Boston.

With no further business to discuss, on a motion by Trustee Roy, seconded by Trustee Hannan, the Board voted unanimously to adjourn the meeting at 11:43 a.m.

Respectfully submitted,

Christine McKenney
Administrative Assistant

GOVERNANCE COMMITTEE



To: NHRS Board of Trustees

From: Tim Crutchfield, Deputy Director and Chief Legal Counsel

Date: July 3, 2023

Re: Cyber Insurance Renewal

Item: Action: ☒ Discussion: ☐ Informational: ☐

Since 2015, NHRS has purchased cyber insurance as a best practice in the event of a data incident to cover damages to third parties and related legal defense costs. More importantly, in the event of a covered data incident, this insurance provides access to a wide range of incident response and remediation services on an immediate, real-time basis such as forensic computer experts, notification and call center services, credit monitoring, public relations, and crisis management. Last year, the Committee and the Board decided to increase coverage from \$3,000,000 to \$5,000,000 with a \$25,000 deductible, and the policy was placed with the incumbent carrier, Tokio Marine, through the Houston Casualty Company for a premium of \$40,370.85.

This year, Houston Casualty is offering the same coverage for a cost of \$52,126.24 representing a 29% increase, which is significantly greater than annual increases in recent years as represented by the chart below. Houston Casualty also offered \$3,000,000 of coverage for a premium of \$36,539 (see page 10 of attached quote).

| Carrier | Year | <u>\$3,000,000 Coverage</u> | | <u>\$5,000,000 Coverage</u> | |
|---------|------|------------------------------------|---------------|------------------------------------|---------------|
| | | Premium Amount | Annual Change | Premium Amount | Annual Change |
| NAS | 2018 | \$19,276 | | | |
| NAS | 2019 | \$19,276 | 0% | | |
| Houston | 2020 | \$23,077 | 20% | | |
| Houston | 2021 | \$26,533 | 15% | | |
| Houston | 2022 | \$29,165 | 10% | \$40,371 | |
| Houston | 2023 | \$36,539 | 25% | \$52,126 | 29% |

However, in an increasingly volatile and skittish market, this is a relatively small increase, with many insureds realizing 50% to 100% increases. In addition, the rate offered by Houston Casualty is more advantageous than other carriers solicited by our broker, Cross Insurance, most of whom declined to offer a bid as detailed below.

- Beazley: \$5,000,000 coverage with a \$50,000 deductible and a \$57,500 premium
- CFC: \$5,000,000 coverage with a \$100,000 deductible for a \$200,000 premium
- AM Trust: \$5,000,000 coverage with a \$50,000 deductible and a \$46,500 premium
- At Bay: Declined
- Coalition: Declined
- Cow Bell: Declined due to size
- Markel: Can't compete
- AWAC: Can't compete
- ACE: Declined
- RSUI: Can't compete (estimated \$65,000+ for same coverage)
- XL: Declined
- Miller: Declined (estimated \$65,000+ for same coverage)
- Ambridge: Declined

At its meeting on July 3, 2023, the Governance Committee unanimously voted to recommend to the full Board that the System renew its cyber coverage with Houston Casualty for \$5 million coverage, a \$25,000 deductible and total premium and costs of \$52,126.24.



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 Ph: (800) 735-1023
 www.rtspecialty.com

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QUOTATION SUMMARY

June 23, 2023

Cross Insurance - Manchester
 Cathy L'Hommedieu
 1100 Elm Street
 Manchester, NH 03101

FROM: Scott Umstot

Outlined below is a summary of the attached quotation obtained for the above noted Insured. The full quote terms, conditions, limitations and exclusions can be found on the attached quote. Please pay special attention to those items found on the quote, and note that in the event of any discrepancies between the information found on this summary and the quote itself, the quote supersedes our summary. As the broker with the direct relationship with the Insured, it is your responsibility to carefully review with the Insured all of the terms, conditions, limitations and exclusions in the quote, and to specifically reconcile with the Insured any differences between those quoted and those you requested. RT Specialty expressly disclaims any responsibility for any failure on your part to review or reconcile any such differences with the Insured.

| | | |
|-------------------------------------|---|------------|
| NAMED INSURED: | NEW HAMPSHIRE RETIREMENT SYSTEM 54 REGIONAL DRIVE Concord, NH 03301 | |
| PRIMARY RISK ADDRESS: | 54 REGIONAL DRIVE Concord, NH 03301 | |
| COVERAGE: | Network Security / Privacy Liability Full Program | |
| INSURER: | Houston Casualty Company - Non-Admitted | |
| POLICY TERM: | 7/15/2023 - 7/15/2024 | |
| ESTIMATED POLICY PREMIUM: | \$50,413.00 | |
| OPTIONAL TRIA: | | |
| FEES: | Policy Fee - Carrier | \$195.00 |
| | TOTAL FEES: | \$195.00 |
| ESTIMATED SURPLUS LINES TAX: | | |
| | Surplus Lines Tax | \$1,518.24 |
| | TOTAL TAXES: | \$1,518.24 |
| TOTAL: | \$52,126.24 | |



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AGENT COMMISSION:

10%

23125490D

SPECIAL CONDITIONS / OTHER COVERAGES:

NO FLAT CANCELLATIONS
ALL FEES ARE FULLY EARNED AT INCEPTION

For RT Specialty to file the surplus lines taxes on your behalf, please complete the surplus lines tax document (per the applicable state requirements) and return with your request to bind. Due to state regulations, RT Specialty requires tax documents to be completed within 24 to 48 hours of binding. Please be diligent in returning tax forms.

NOTES:

1. Premium due 15 days from effective date
2. Third Party Liability Coverage provided on a claims-made and reported basis.

SUBJECTIVITIES DUE PRIOR TO BINDING:

1. Completed, dated, and signed NH Diligent Effort
2. A signed application, dated within 45 days of the effective date.
3. Written request to bind.
4. Affidavit



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HOME STATE FOR NON-ADMITTED RISKS

Taxes and governmental fees are estimates and subject to change based upon current rates of the Home State and risk information available at the date of binding. The Home State of the Insured for a non-admitted risk shall be determined in accordance with the Nonadmitted and Reinsurance Act of 2010, 15. U.S.C §8201, etc. ("NRRA"). Some states require the producing broker to submit a written verification of the insured's Home State for our records. The applicable law (if any) of the Home State governing cancellation or non-renewal of non-admitted insurance, including whether any such laws apply to non-admitted risks, shall apply to this Policy.

BINDING INSTRUCTIONS

We will only bind coverage in writing after we receive a written request from you to bind coverage. If coverage is requested, the following items must be submitted:

There are subjectivities that:

- must be complied with or resolved before the contract becomes binding
- apply both before or after inception, compliance with which is a condition of all or part of the coverage; and
- apply after the formation of the contract as conditions of continued coverage.

Failure to provide or comply with these subjectivities might results in a refusal to bind or cancellation of coverage, at the insurer's option. Please note that this is a quote only, and the Insurer reserves the right to amend or withdraw the quote if new, corrected or updated information is received. You must notify us of any material change in the risk exposure occurring after submission of the application. If the Insurer binds the risk following your written request, the terms of the policy currently in use by the Insurer will supersede the quote.

Any amendments to coverage must be specifically requested in writing or by submitting a policy change request form and then approved by the Insurer. Coverage cannot be affected, amended, extended or altered through the issuance of certificates of insurance. Underlying Insurers must be rated A- VII or better by A.M. Best.

This quote summary, the quote, the fees quoted and our advice, is confidential. This quote summary and the quote constitutes the entire understanding and supersedes any and all agreements and communications respecting the insurance offered. If you need further information about the quote, our fee or the Insurer that is proposing to provide your insurance, please contact us.



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PREMIUM FINANCE (If not included in the quote document)

If the insured and the insurer agree to bind coverage and the premium will be financed, we will need the following information and, upon binding, please instruct the premium finance company to send documents to our attention. Premium Finance funds should always be paid to RT Specialty:

| | |
|---|--|
| Name of Premium Finance Company: | |
| Premium Finance Account Number: | |

PRODUCER COMPENSATION:

In order to place the insurance requested we may charge a reasonable fee for additional services that may include performing a risk analysis, comparing policies, processing submissions, communication expenses, inspections, working with underwriters on the coverage proposal, issuing policies or servicing the policy after issuance. Third-party inspection or other fees may be separately itemized upon request. If the insured recommends an inspection company, we will endeavor to determine if it is approved by the Insurer. To the extent the insured paid us a fee for services, we represent the insured in performing those services. Our fees are fully earned and nonrefundable, except when required by applicable law. Our fees are applied to new policies, renewal policies, endorsements and certificates. Fees applicable to each renewal, endorsement and certificate will be explained in the quotes. In the event that the premium is adjustable upwards, our fees are adjustable as well and will be collected against any additional premium. The fee charged by us does not obligate the insured to purchase the proposed insurance or the Insurer to bind the proposed insurance. Our fee is not imposed by state law or the Insurer. This fee authorization shall remain operative until terminated by written notice. Depending upon the Insurer involved with your placement, we may also receive a commission from the Insurer.

We may also have an agreement with the Insurer that we are proposing for this placement that may pay us future additional compensation. This compensation is in addition to any fees and/or commissions that we have agreed to accept for placing this insurance. This compensation could be based on formulas that consider the volume of business placed with the Insurer, the profitability of that business, how much of the business is retained for the Insurer's account each year, and potentially other factors. The agreements frequently consider total eligible premium from all clients placed during a calendar year and any incentive or contingent compensation is often received at a future date, including potentially after the end of the following calendar year. Because of variables in these agreements, we often have no accurate way at the time of placement to determine the amount of any additional compensation that might be attributable to any Insured's placement. The broker with the direct relationship with the Insured must comply with all applicable laws and regulations related to disclosure of compensation, including disclosure of potential incentive or contingent compensation and the criteria for receiving such compensation, and informing the Insured that it may request more information about producer or broker compensation that might be paid in connection with the Insured's placement. RSG affiliates may also earn investment income on accounts temporarily held as fiduciary funds, and compensation as a broker, underwriting manager, reinsurance intermediary, premium finance company, claims adjuster, consultant or service provider. If you need additional information about the compensation arrangements for services provided by Ryan Specialty, LLC (RSG) affiliates, please contact your RSG representative.

RT Specialty is a division of RSG Specialty, LLC. RSG Specialty, LLC is a Delaware limited liability company and a subsidiary of Ryan Specialty, LLC. In California: RSG Specialty Insurance Services, LLC (License # 0G97516).

Unless this quote is amended or withdrawn it is valid for 30 days from the date shown above, or the proposed effective date, whichever is earlier. This quote can be amended or withdrawn at any time prior to acceptance by the insured. If the quote included with this letter provides otherwise, or in any way conflicts with this letter, the terms of



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the quote shall govern and control.

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NO ONE DOES CYBER LIKE **TMHCC**

Our innovative cyber products are uniquely designed to keep you informed and your business safe. From underwriting to risk management and expert claims handling, our integrated insurance services offer you a smart, simple solution that you can count on.

Being a part of the Tokio Marine Group, one of the world's largest insurance groups, gives us the financial strength to keep you confident and secure.

Stronger. Smarter. Faster.

TOKIO MARINE HCC Part of Tokio Marine, a premier global company

FOUNDED IN
1879

Underwrites over
100 CLASSES
of specialty insurance

MARKET CAP
33 BILLION*

Over **18** different
BUSINESS UNITS

Highly rated insurance
company achieving

A++

SUPERIOR
**A.M.
Best**

A+

STRONG
**S&P Global
Ratings**

AA-

VERY STRONG
**Fitch
Ratings**

10+ YEARS

UNDERWRITING
CYBER



\$320M+

IN CYBER
PREMIUM**



850K+

COMMERCIAL
CYBER POLICYHOLDERS



120+ CARRIERS

REINSURE THEIR
CYBER WITH CPLG



CYBER CLAIMS EXPERTISE



10+ years
handling
claims



30+ in-house
expert claims
team members



2600
annual
claims



24/7 cyber
breach
hotline



50+ expert
IT, Legal,
PR partners

BEING INSURED ISN'T THE SAME AS BEING PREPARED

When you become a policyholder you get access to TMHCC CyberNet® risk management and training platform. Go to **cyberNET.tmhcc.com** to see a demo.



- 1 Enter your email address.
- 2 Click Request a Demo. You'll immediately receive an email with a one-time link from **cyberNET@tmhcc.com**.
- 3 Simply click the link to access the demo version of the site.



25+ ONLINE TRAINING
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Introducing Our Cyber Protection Services



It's simple to set up and use.

Tokio Marine HCC – Cyber & Professional Lines Group (TMHCC - CPLG) offers a Cyber insurance policy that does more than protect you on paper. It gives you access to tools and services that allow you to confidently and securely manage your data and network. With us, you are more than insured, you are prepared.

System and Data Control Readiness



Threat Prevention Partnerships

We partner with our insureds to bring value beyond insurance. For example, we have negotiated preferred rates with cyber threat prevention vendors to give our policyholders access to leading-edge cybersecurity tools. We also provide policy discounts for implementing tighter security controls.

Click the icons below to get more information about our partner solutions and preferred rates.

Learn more about
CrowdStrike's Falcon Prevent
NGAV and EDR.

 **CROWDSTRIKE**

Learn more about Datto's BCDR &
SaaS Protect, the leading global
provider of cloud-based software.

datto

Learn more about
Cisco's Duo multifactor
authentication offering.

DUO

Phishing Test



Phishing simulations can test your incident response plan and employee awareness. Our CyberNet® training platform gives you access to set-up your own simulations to minimize exposure and phishing threats.

Cyber Risk Report



Enclosed is a Cyber Risk report that lets you know what we see at a quick glance. Once you bind with us, we will provide a full comprehensive risk report identifying your network weaknesses and what you can do to remedy any potential security gaps.



**TOKIO MARINE
HCC**

Cyber Services



Breach Control

When it comes to providing exceptional service and rapid, expert breach response, TMHCC - CPLG's in-house claims team gives careful consideration to the needs of each insured. You also have continuous support to control and manage your network.

Bind your policy with us and experience what it is like to be a TMHCC - CPLG policyholder.



Continuous Exposure Monitoring

Alleviate and fix security vulnerabilities. Through a non-intrusive scan, we assess your internet-facing systems and applications for common vulnerabilities, so you can fix any identified issues. Once you become a policyholder, we continue to monitor monthly to ensure your network remains in good health. If there are any issues, we'll be sure you know about it.



Access to Cyber Security Experts

You can speak with a Cyber Security expert to talk through legal privacy matters, best practices, vulnerability scans, phishing simulations, trainings, and guides. Need an incident response plan? We've got one for you. Need to focus on ransomware protection? We can help. Go on, ask the experts.



Claims Specialists

Our goal is to get you back up and running by reaching a successful resolution. How do we do it? Simple; we manage and handle your claim so you can focus on your customers. We know criminals strike anytime and anywhere, which is why our claims team is there for you 24/7 in the event of a cyber attack.



Dark Web Security Scans

Often times hackers sell access to a breached network before they execute an attack. We know the places to look to get ahead of a breach. Dark web scans can provide you with an early warning that your domain information has been accessed or breached.

We Know Risk

Our Underwriter, Darryl Cole, prepared the following renewal quote for you after reviewing your application, network vulnerability risk scan, and analyzing your overall exposure. Here is what we know about you:

| | |
|----------------------|---|
| APPLICANT | New Hampshire Retirement System |
| STATE | New Hampshire |
| REFERENCE # | 12998690 |
| PRODUCER | RT Pro Exec |
| PRODUCER CONTACT | Scott Umstot |
| | |
| COVERAGE/POLICY TYPE | NetGuard Policy NGI 1000 (4.2020) |
| CARRIER | Houston Casualty Company (A++ "Superior") |
| RETROACTIVE DATE | None; Full Prior Acts Coverage |
| KNOWLEDGE DATE | July 15, 2016 |
| POLICY TERM | One Year |

NETGUARD® PLUS CYBER LIABILITY INSURANCE RENEWAL QUOTE

Date: June 23, 2023

| | Option 1 | Option 2 |
|--|--|--|
| Maximum Policy Aggregate Limit | \$5M | \$3M |
| Premium | \$50,413 | \$35,280 |
| Policy Fee (fully earned at inception) | \$195 | \$195 |
| Total Payable Premium | \$50,608 \$52,126 including taxes & fees | \$35,475 \$36,539 including taxes & fees |

LIMITS PER INSURING AGREEMENT

“NIL” or “N/A” indicates that the Coverage is not included in the quoted premium and that portion of the Policy will not apply.

| Third Party Liability Insuring Agreements (Claims Made and Reported Coverage) | | |
|--|-------------------------------|-------------------------------|
| Multimedia Liability Coverage | \$5M/\$5M | \$3M/\$3M |
| Security and Privacy Liability Coverage | \$5M/\$5M | \$3M/\$3M |
| Privacy Regulatory Defense and Penalties Coverage | \$5M/\$5M | \$3M/\$3M |
| PCI DSS Liability Coverage | \$5M/\$5M | \$3M/\$3M |
| Bodily Injury Liability Coverage | \$250K/\$250K | \$250K/\$250K |
| Property Damage Liability Coverage | \$50K/\$50K | \$50K/\$50K |
| TCPA Defense Coverage | \$50K/\$50K | \$50K/\$50K |
| First Party Insuring Agreements (Event Discovered and Reported Coverage) | | |
| Breach Response Costs Coverage | \$5M/\$5M | \$3M/\$3M |
| Notification Expenses & Breach Support and Credit Monitoring Expenses Coverage | 2M/2M Notified Individuals | 1M/1M Notified Individuals |
| Post Breach Remediation Costs Coverage | \$25K/\$25K | \$25K/\$25K |
| BrandGuard™ Coverage | \$5M/\$5M | \$3M/\$3M |
| System Failure Coverage | \$5M/\$5M | \$3M/\$3M |
| Dependent System Failure Coverage | \$5M/\$5M | \$3M/\$3M |
| Cyber Extortion Coverage | \$5M/\$5M | \$3M/\$3M |
| Cyber Crime Coverage | | |
| A. Financial Fraud Sublimit | \$250K/\$250K | \$250K/\$250K |
| B. Telecommunications and Utilities Fraud Sublimit | \$250K/\$250K | \$250K/\$250K |
| C. Phishing Fraud Sublimits | | |
| 1. Your Phishing Fraud Loss Sublimit | \$250K/\$250K | \$250K/\$250K |
| 2. Client Phishing Fraud Loss Sublimit | \$250K/\$250K | \$250K/\$250K |
| 3. Phishing Fraud Aggregate Sublimit (C. 1. & C. 2 combined) | \$250K | \$250K |
| Cyber Crime Aggregate Limit (A., B., & C. combined) | \$250K | \$250K |
| Bricking Loss Coverage | \$5M/\$5M | \$3M/\$3M |
| Property Damage Loss Coverage | \$50K/\$50K | \$50K/\$50K |
| Reward Expenses Coverage | \$50K/\$50K | \$50K/\$50K |
| Court Attendance Costs Coverage | \$25K/\$25K | \$25K/\$25K |
| Additional Defense Costs Limit: (Not applicable to Bodily Injury Liability, Property Damage Liability or TCPA Defense Coverage) | NIL | NIL |
| Breach Response Costs Outside the Limit Enhancement: | N/A | N/A |

DEDUCTIBLES, WAITING PERIODS, PERIODS OF INDEMNITY AND PERIOD OF RESTORATION

| | Option 1 | Option 2 |
|---|---------------------|---------------------|
| Aggregate Deductible | None | None |
| DEDUCTIBLE PER INSURING AGREEMENT | | |
| Deductibles shown below apply to each claim | | |
| Multimedia Liability Coverage | \$25,000 | \$25,000 |
| Security and Privacy Liability Coverage | \$25,000 | \$25,000 |
| Privacy Regulatory Defense and Penalties Coverage | \$25,000 | \$25,000 |
| PCI DSS Liability Coverage | \$25,000 | \$25,000 |
| Bodily Injury Liability Coverage | \$25,000 | \$25,000 |
| Property Damage Liability Coverage | \$25,000 | \$25,000 |
| TCPA Defense Coverage | \$25,000 | \$25,000 |
| Breach Response Costs Coverage | \$25,000 | \$25,000 |
| Notification Expenses & Breach Support and Credit Monitoring Expenses Coverage | \$25,000 | \$25,000 |
| Post Breach Remediation Costs Coverage | \$25,000 | \$25,000 |
| BrandGuard™ Coverage Waiting Period Period of Indemnity | 2 weeks 6 months | 2 weeks 6 months |
| System Failure Coverage | | |
| A. Data Recovery Deductible | \$25,000 | \$25,000 |
| B. Non-Physical Business Interruption | | |
| Waiting Period | 8 hours | 8 hours |
| Period of Restoration | 6 months | 6 months |
| Dependent System Failure Coverage | | |
| A. Data Recovery Deductible | \$25,000 | \$25,000 |
| B. Non-Physical Business Interruption | | |
| Waiting Period | 12 hours | 12 hours |
| Period of Indemnity | 4 months | 4 months |
| Cyber Extortion Coverage | \$25,000 | \$25,000 |
| Cyber Crime Coverage | \$25,000 | \$25,000 |
| Bricking Loss Coverage | \$25,000 | \$25,000 |
| Property Damage Loss Coverage | \$25,000 | \$25,000 |
| Reward Expenses Coverage | \$25,000 | \$25,000 |
| Court Attendance Costs Coverage | None | None |

REQUIRED ADDITIONAL UNDERWRITING INFORMATION

All quoted terms are subject to our receipt, review, and acceptance of the following information:

DUE PRIOR TO BINDING:

- No subjectivities required.

DUE WITHIN 7 DAYS OF BINDING:

- A signed application, dated within 45 days of the effective date.

NOTES AND APPLICABLE ENDORSEMENTS

| | |
|---------------------------------------|--|
| <u>NGI1063-42020</u> | Amendment of BrandGuard; Customer Throughput |
| <u>NGI1082-52020</u> | Amendment of Other Insurance Provisions: Excess Insurance |
| <u>NGI1078-42020</u> | Biometric Claims Sublimit A. Biometric Claims Sublimit: \$100,000 Each Biometric Claim /\$100,000 Aggregate B. Biometric Claims Deductible: To match option selected. C. None; Full Unknown Prior Acts. |
| <u>NGI1079-52020</u> | Nuclear Incident Exclusion |
| <u>NGI1077-42020</u> | Policyholder Disclosure Notice of Terrorism Insurance Coverage |
| <u>NGI1073-112022</u> | RT Specialty Cyber Amendatory Subsidiary acquisition threshold: 30% |
| <u>NGI1076-42020</u> | Service of Suit |

TERMS AND CONDITIONS

Third Party Liability Coverage provided on a claims-made and reported basis. First Party Coverage provided on an event discovered and reported basis.

If coverage is bound, the Applicant consents to periodic non-intrusive scans of the Applicant's internet-facing systems/applications for common vulnerabilities. The individual responsible for the Applicant's network security, as designated on the Application for this insurance, will receive direct communications from the Insurer and/or its representatives regarding the results of such scans and any potentially urgent security issues identified in relation to the Applicant's organization.

Payment of premium is due 30 days from the effective date of coverage.

Renewal Quote is valid through July 15, 2023. Underwriters reserve the right to change the terms indicated or decline to quote the account.



175 Federal Street Suite 800
 Boston, MA 02110
 Ph: (800) 735-1023
 www.rtspecialty.com

SURPLUS LINES FILING DECLINATIONS DETAIL

| | | |
|---|--|---------------------------|
| NAME OF INDIVIDUAL LICENSEE THAT MADE DILIGENT EFFORT TO PLACE WITH ADMITTED CARRIER: | | PHYSICAL ADDRESS OF RISK: |
| INDIVIDUAL LICENSE NUMBER: | | |

| | |
|------------------|---------------------------------|
| NAME OF INSURED: | NEW HAMPSHIRE RETIREMENT SYSTEM |
| POLICY NUMBER: | |

Document the efforts made to place coverage with an admitted carrier by identifying three admitted carriers marketing the class of business that declined the risk. Please complete this section in its entirety.

| FULL NAME AND ADDRESS OF ADMITTED CARRIER | CARRIER NAIC CODE | NAME OF REPRESENTATIVE | PHONE NUMBER | REASON FOR DECLINATION |
|---|-------------------|------------------------|--------------|------------------------|
| | | | | |
| | | | | |
| | | | | |

☐ *I have made a diligent effort to place this insurance with the above admitted carriers which are authorized to transact the kind and class of insurance involved and which are writing insurance on risks of the same kind and class..*

OR

☐ *This coverage has been verified to be on the applicable state export list.*

Signature of Producer

Date

Print Name

RT Specialty is a division of RSG Specialty, LLC. RSG Specialty, LLC is a Delaware limited liability company and a subsidiary of Ryan Specialty, LLC. In California: RSG Specialty Insurance Services, LLC (License # 0G97516).



NHRS

New Hampshire Retirement System

Independent Investment Committee's Monthly Report to the Board

NHRS Investment Team
Board of Trustees Meeting
July 11, 2023

Total Plan Performance as of May 31, 2023



The table below details the rates of return for the fund's asset classes over various time periods ended May 31, 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 May 31, 2023 | | | | | | | | |
|--|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Composite | Total Fund Weighting As of 5/31/2023 | Last Month | FYTD | CYTD | LTM | 3-YR | 5-YR | 10-YR |
| Total Domestic Equity | 29.20% | -0.77% | 9.43% | 5.51% | 0.41% | 12.28% | 8.25% | 10.32% |
| Domestic Equity Benchmark(1) | | 0.39% | 11.35% | 8.74% | 2.03% | 11.26% | 10.03% | 11.54% |
| Excess Return | | -1.16% | -1.92% | -3.23% | -1.63% | 1.03% | -1.78% | -1.22% |
| Total Non US Equity | 17.80% | -3.03% | 13.20% | 8.11% | 4.14% | 7.43% | 2.46% | 4.00% |
| Non US Equity Benchmark(2) | | -3.64% | 7.88% | 4.77% | -1.41% | 7.23% | 2.22% | 3.83% |
| Excess Return | | 0.61% | 5.32% | 3.34% | 5.55% | 0.20% | 0.24% | 0.18% |
| Total Fixed Income | 20.32% | -1.10% | 1.20% | 2.58% | -1.60% | -1.07% | 1.49% | 1.97% |
| Bloomberg Capital Universe Bond Index | | -1.04% | 0.12% | 2.48% | -1.89% | -3.11% | 0.98% | 1.64% |
| Excess Return | | -0.07% | 1.08% | 0.09% | 0.29% | 2.04% | 0.50% | 0.34% |
| Total Cash | 1.28% | 0.43% | 3.42% | 1.96% | 3.50% | 1.26% | 1.58% | 1.02% |
| 3-Month Treasury Bill | | 0.39% | 3.12% | 1.79% | 3.14% | 1.12% | 1.49% | 0.94% |
| Excess Return | | 0.03% | 0.29% | 0.17% | 0.35% | 0.14% | 0.09% | 0.08% |
| Total Real Estate (Q4)* | 12.15% | -0.84% | -2.72% | -3.71% | 7.44% | 12.95% | 11.16% | 11.79% |
| Real Estate Benchmark(3) | | -1.14% | -2.81% | -7.32% | -0.55% | 7.96% | 6.94% | 8.67% |
| Excess Return | | 0.30% | 0.09% | 3.60% | 7.99% | 4.99% | 4.22% | 3.12% |
| Total Private Equity (Q4)* | 14.20% | -0.44% | -1.01% | 1.07% | -3.71% | 16.71% | 14.54% | 12.67% |
| Private Equity Benchmark(4) | | -2.12% | -8.48% | 12.77% | -4.93% | 15.55% | 13.26% | 16.09% |
| Excess Return | | 1.68% | 7.47% | -11.70% | 1.22% | 1.17% | 1.28% | -3.41% |
| Total Private Debt (Q4)* | 5.05% | -0.02% | 2.88% | 1.52% | 5.83% | 6.44% | 5.69% | 6.95% |
| Private Debt Benchmark(5) | | -0.50% | 0.05% | 7.29% | 0.27% | 2.66% | 2.94% | 7.26% |
| Excess Return | | 0.48% | 2.84% | -5.77% | 5.56% | 3.77% | 2.74% | -0.31% |
| Total Fund Composite | 100.00% | -1.16% | 4.84% | 3.27% | 1.21% | 8.70% | 6.61% | 7.38% |
| Total Fund Benchmark(6) | | -1.22% | 4.27% | 5.12% | 0.00% | 6.89% | 6.32% | 7.45% |
| Excess Return | | 0.06% | 0.57% | -1.85% | 1.22% | 1.81% | 0.28% | -0.07% |

(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 NPI-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% MStar LSTA Leveraged Loan 100 Index + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

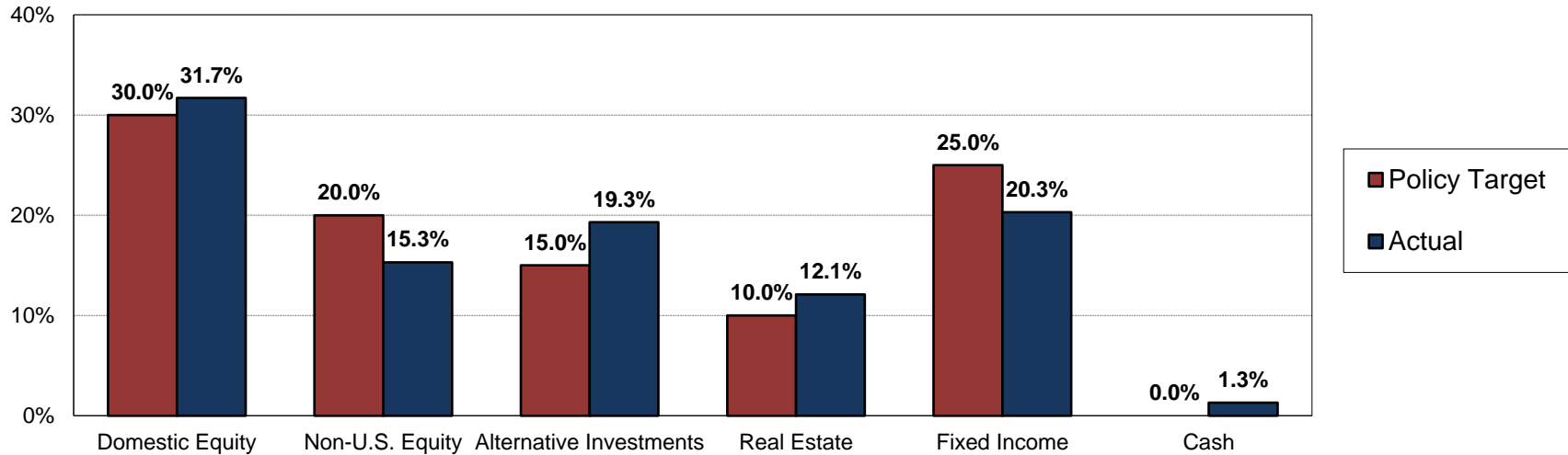
(6) Current Month Target = 30.0% Russell 3000 Index, 25.0% Bloomberg Universal, 20.0% MSCI ACWI ex-US, 10.0% NCREIF NPI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months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

(7) For the trailing 25 year period ended 5/31/23, the Total Fund has returned 6.50% versus the Total Fund Custom Benchmark return of 6.58%.

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

Asset Class Policy Targets vs. Actual Allocation

**Asset Class Targets vs. Actual Allocation
as of May 31, 2023 (Preliminary)**



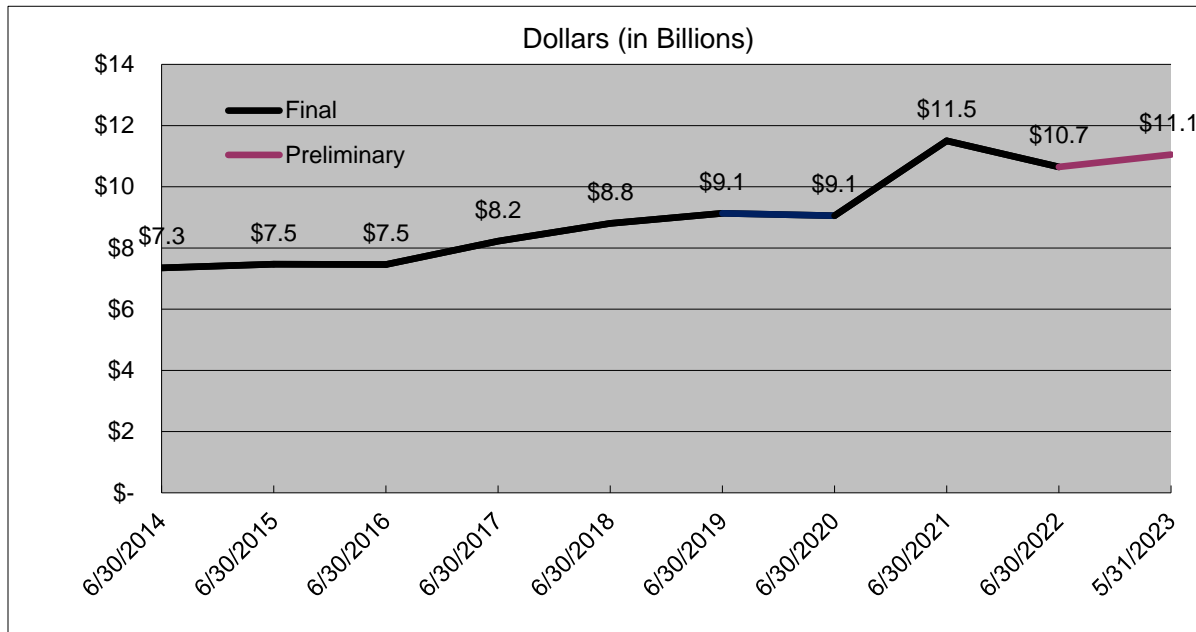
| Asset Class | Policy Target | Actual | Range |
|-------------------------|---------------|--------|----------|
| Domestic Equity | 30.0% | 31.7% | 20 - 40% |
| Non-U.S. Equity | 20.0% | 15.3% | 15 - 25% |
| Alternative Investments | 15.0% | 19.3% | 5 - 25% |
| Real Estate | 10.0% | 12.1% | 5 - 20% |
| Fixed Income | 25.0% | 20.3% | 20 - 30% |
| Cash | 0.0% | 1.3% | NA |
| | 100.0% | 100.0% | |

Source: NHRS

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 |
| May 31,2023 | \$11.1 |



Source: NHRS



NHRS

New Hampshire Retirement System

Independent Investment Committee's Quarterly Report to the Board July 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 19.7% of total assets. The fixed income allocation was below the policy range by 1.2%, partially balanced by a 0.9% allocation to cash equivalent instruments. During May, the fixed income component of the Fund was rebalanced back within the Investment Policy parameters. The international equity component of the Fund is within the approved allocation range. The Fund had an overweight to domestic equity, real estate and alternatives, and underweight positions to international equity and fixed income

Investment Performance

- The Fund had a gross return of 3.92% over the third quarter of Fiscal Year 2023, underperforming the market benchmark by 0.85% and ranking in the 58th percentile of its peers. On a net-of-fees basis, the Fund returned 3.78%
 - The Non-U.S. Equity and Fixed Income portfolios had positive impacts on relative performance
 - By contrast, the Alternative Assets, 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 19% of peers for the trailing 10-year period, and in the top 31% 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 30% of peers

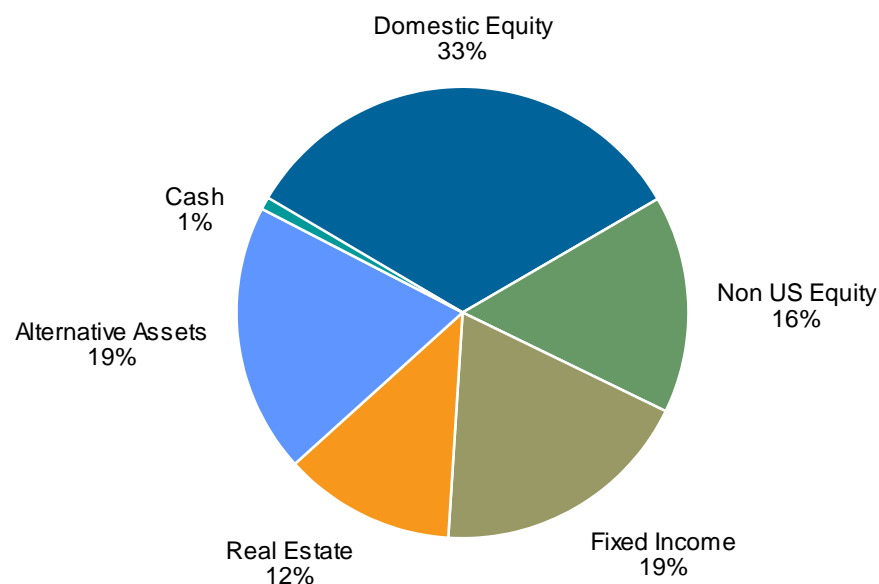
Other Developments

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

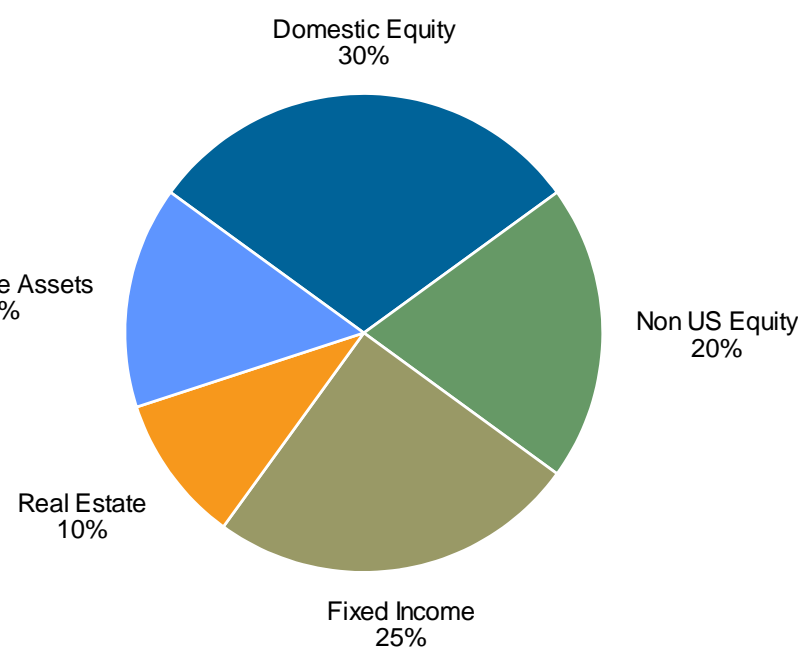
Total Fund

Actual Asset Allocation vs. Target, as of March 31, 2023

Actual Asset Allocation



Target Asset Allocation



| Asset Class | \$Millions Actual | Weight Actual | Target | Percent Difference | \$Millions Difference |
|--------------------|-------------------|---------------|---------------|--------------------|-----------------------|
| Domestic Equity | 3,681 | 33.2% | 30.0% | 3.2% | 353 |
| Non US Equity | 1,726 | 15.6% | 20.0% | (4.4%) | (492) |
| Fixed Income | 2,084 | 18.8% | 25.0% | (6.2%) | (689) |
| Real Estate | 1,364 | 12.3% | 10.0% | 2.3% | 255 |
| Alternative Assets | 2,135 | 19.3% | 15.0% | 4.3% | 471 |
| Cash | 103 | 0.9% | 0.0% | 0.9% | 103 |
| Total | 11,093 | 100.0% | 100.0% | | |

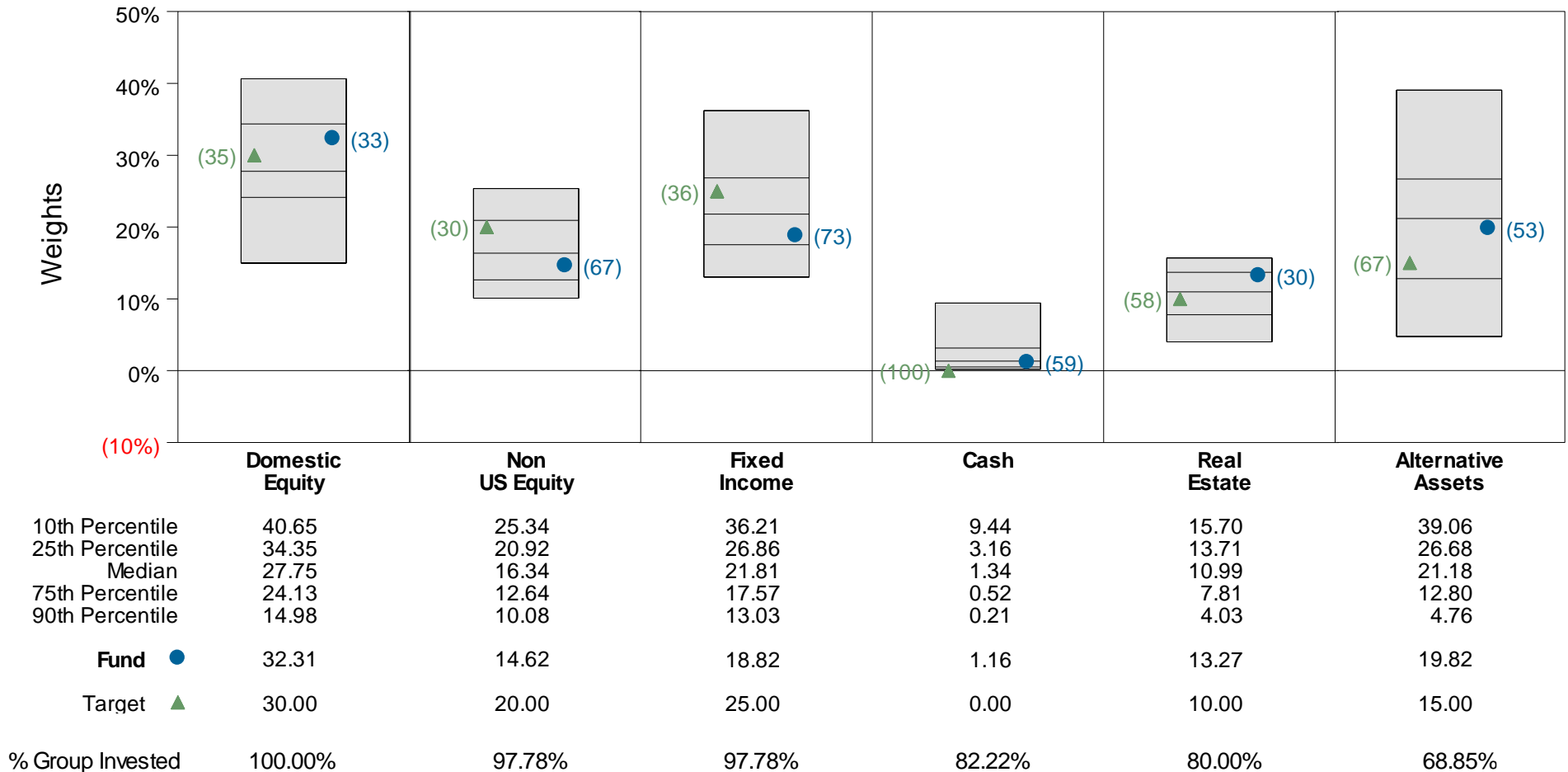
*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

**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 March 31, 2023

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

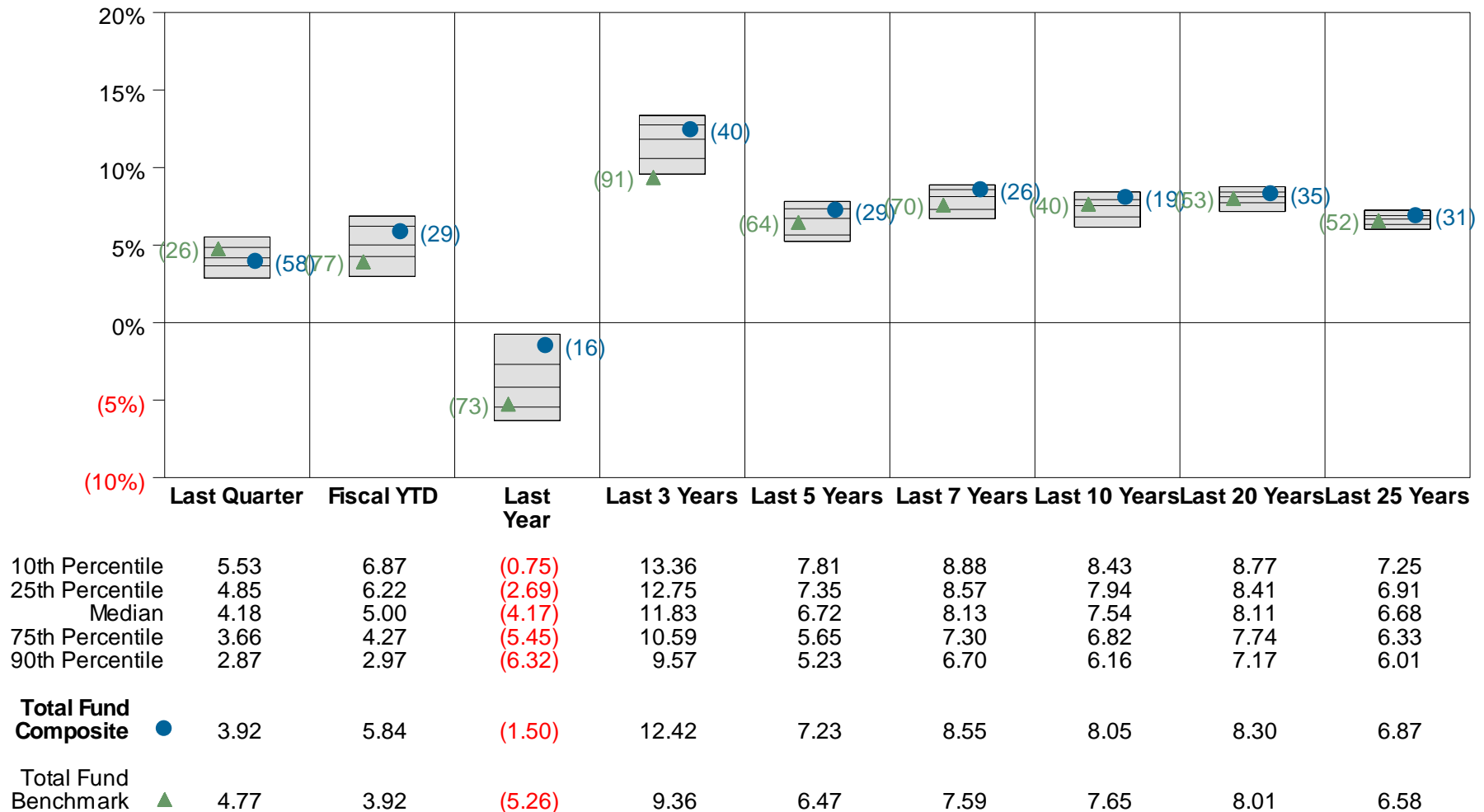


*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

Total Fund Performance – Gross of Investment Management Fees

Performance vs. Large Public DB Plan (>\$1B) Peers, as of March 31, 2023

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 3/31/23 (in thousands)

| | Assets Under Management | Fees (Quarter) | Fees (FYTD) |
|---|-------------------------|----------------|---------------|
| Equity Investments | | | |
| Domestic (U.S.) | 3,680,687 | 2,468 | 7,333 |
| Non-U.S. | 1,726,196 | 2,431 | 7,286 |
| Fixed Income Investments | 2,084,180 | 1,413 | 4,301 |
| Alternative Investments | 2,135,435 | 9,164 | 20,857 |
| Real Estate Investments | 1,363,804 | 3,306 | 10,089 |
| Cash | 102,691 | | |
| Subtotal Gross Investment Mgt Fees | | 18,782 | 49,867 |
| Custodial Fees | | | 284 |
| Brokerage Fees | | 477 | 1,088 |
| Investment Advisor Fees | | 163 | 488 |
| Investment Professional Fees | | 19 | 119 |
| Investment Staff Administrative Expense | | 213 | 670 |
| Subtotal Investment Servicing Fees | | 871 | 2,648 |
| TOTAL GROSS INVESTMENT EXPENSES | 11,092,993 | 19,654 | 52,514 |

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

May 31, 2023



New Hampshire Retirement System

**Investment Measurement Service
Monthly Review**

Asset Class Excess Returns

May 31, 2023

The table below details the rates of return for the fund's asset classes over various time periods ended May 31, 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 May 31, 2023 | | | | | | | | |
|--|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Composite | Total Fund Weighting As of 5/31/2023 | Last Month | FYTD | CYTD | LTM | 3-YR | 5-YR | 10-YR |
| Total Domestic Equity | 29.20% | -0.77% | 9.43% | 5.51% | 0.41% | 12.28% | 8.25% | 10.32% |
| Domestic Equity Benchmark(1) | | 0.39% | 11.35% | 8.74% | 2.03% | 11.26% | 10.03% | 11.54% |
| Excess Return | | -1.16% | -1.92% | -3.23% | -1.63% | 1.03% | -1.78% | -1.22% |
| Total Non US Equity | 17.80% | -3.03% | 13.20% | 8.11% | 4.14% | 7.43% | 2.46% | 4.00% |
| Non US Equity Benchmark(2) | | -3.64% | 7.88% | 4.77% | -1.41% | 7.23% | 2.22% | 3.83% |
| Excess Return | | 0.61% | 5.32% | 3.34% | 5.55% | 0.20% | 0.24% | 0.18% |
| Total Fixed Income | 20.32% | -1.10% | 1.20% | 2.58% | -1.60% | -1.07% | 1.49% | 1.97% |
| Bloomberg Capital Universe Bond Index | | -1.04% | 0.12% | 2.48% | -1.89% | -3.11% | 0.98% | 1.64% |
| Excess Return | | -0.07% | 1.08% | 0.09% | 0.29% | 2.04% | 0.50% | 0.34% |
| Total Cash | 1.28% | 0.43% | 3.42% | 1.96% | 3.50% | 1.26% | 1.58% | 1.02% |
| 3-Month Treasury Bill | | 0.39% | 3.12% | 1.79% | 3.14% | 1.12% | 1.49% | 0.94% |
| Excess Return | | 0.03% | 0.29% | 0.17% | 0.35% | 0.14% | 0.09% | 0.08% |
| Total Real Estate (Q4)* | 12.15% | -0.84% | -2.72% | -3.71% | 7.44% | 12.95% | 11.16% | 11.79% |
| Real Estate Benchmark(3) | | -1.14% | -2.81% | -7.32% | -0.55% | 7.96% | 6.94% | 8.67% |
| Excess Return | | 0.30% | 0.09% | 3.60% | 7.99% | 4.99% | 4.22% | 3.12% |
| Total Private Equity (Q4)* | 14.20% | -0.44% | -1.01% | 1.07% | -3.71% | 16.71% | 14.54% | 12.67% |
| Private Equity Benchmark(4) | | -2.12% | -8.48% | 12.77% | -4.93% | 15.55% | 13.26% | 16.09% |
| Excess Return | | 1.68% | 7.47% | -11.70% | 1.22% | 1.17% | 1.28% | -3.41% |
| Total Private Debt (Q4)* | 5.05% | -0.02% | 2.88% | 1.52% | 5.83% | 6.44% | 5.69% | 6.95% |
| Private Debt Benchmark(5) | | -0.50% | 0.05% | 7.29% | 0.27% | 2.66% | 2.94% | 7.26% |
| Excess Return | | 0.48% | 2.84% | -5.77% | 5.56% | 3.77% | 2.74% | -0.31% |
| Total Fund Composite | 100.00% | -1.16% | 4.84% | 3.27% | 1.21% | 8.70% | 6.61% | 7.38% |
| Total Fund Benchmark(6) | | -1.22% | 4.27% | 5.12% | 0.00% | 6.89% | 6.32% | 7.45% |
| Excess Return | | 0.06% | 0.57% | -1.85% | 1.22% | 1.81% | 0.28% | -0.07% |

(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% MStar 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% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 5/31/23, the Total Fund has returned 6.50% versus the Total Fund Custom Benchmark return of 6.58%.

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

Domestic Equity Excess Returns

May 31, 2023

The table below details the rates of return for the fund's investment managers over various time periods ended May 31, 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 May 31, 2023 | | | | | | | | |
|--|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Composite | Total Fund Weighting As of 5/31/2023 | Last Month | FYTD | CYTD | LTM | 3-YR | 5-YR | 10-YR |
| Total Domestic Equity | 29.20% | -0.77% | 9.43% | 5.51% | 0.41% | 12.28% | 8.25% | 10.32% |
| Domestic Equity Benchmark(1) | | 0.39% | 11.35% | 8.74% | 2.03% | 11.26% | 10.03% | 11.54% |
| Excess Return | | -1.16% | -1.92% | -3.23% | -1.63% | 1.03% | -1.78% | -1.22% |
| Large Cap Domestic Equity | 16.98% | 0.31% | 12.01% | 9.49% | 2.77% | 12.57% | 9.82% | 11.09% |
| S&P 500 Index | | 0.43% | 12.18% | 9.65% | 2.92% | 12.92% | 11.01% | 11.99% |
| Excess Return | | -0.12% | -0.17% | -0.16% | -0.15% | -0.35% | -1.20% | -0.90% |
| BlackRock S&P 500 | 16.98% | 0.31% | 12.01% | 9.49% | 2.77% | 12.83% | 10.96% | 11.96% |
| S&P 500 Index | | 0.43% | 12.18% | 9.65% | 2.92% | 12.92% | 11.01% | 11.99% |
| Excess Return | | -0.12% | -0.17% | -0.16% | -0.15% | -0.09% | -0.06% | -0.04% |
| Smid Cap Domestic Equity | 5.32% | -2.00% | 4.33% | 0.24% | -5.43% | 11.93% | 4.69% | 8.34% |
| Russell 2500 Index | | -1.75% | 4.66% | 0.25% | -5.34% | 10.31% | 4.97% | 8.37% |
| Excess Return | | -0.25% | -0.34% | -0.01% | -0.10% | 1.62% | -0.28% | -0.03% |
| AllianceBernstein | 3.27% | -1.96% | 4.99% | 0.65% | -5.15% | 9.78% | 4.75% | 8.89% |
| Russell 2500 Index | | -1.75% | 4.66% | 0.25% | -5.34% | 10.31% | 4.97% | 8.37% |
| Excess Return | | -0.21% | 0.33% | 0.40% | 0.19% | -0.54% | -0.22% | 0.52% |
| TSW | 2.05% | -2.06% | 3.28% | -0.41% | -5.89% | 15.75% | 4.55% | 7.51% |
| TSW Blended Benchmark (2) | | -2.85% | 1.36% | -2.81% | -9.73% | 13.52% | 4.46% | 8.11% |
| Excess Return | | 0.80% | 1.92% | 2.40% | 3.85% | 2.23% | 0.08% | -0.59% |
| Small Cap Domestic Equity | 6.90% | -2.51% | 6.98% | -0.07% | -0.87% | 12.33% | 7.32% | 9.77% |
| Russell 2000 Index | | -0.92% | 3.86% | -0.04% | -4.68% | 9.23% | 2.74% | 7.36% |
| Excess Return | | -1.59% | 3.12% | -0.03% | 3.81% | 3.10% | 4.58% | 2.42% |
| Boston Trust | 1.85% | -4.08% | 4.80% | -2.31% | -1.39% | 13.84% | 8.39% | 9.55% |
| Russell 2000 Index | | -0.92% | 3.86% | -0.04% | -4.68% | 9.23% | 2.74% | 7.36% |
| Excess Return | | -3.15% | 0.93% | -2.27% | 3.29% | 4.61% | 5.65% | 2.19% |
| Segall Bryant & Hamill | 1.89% | -2.75% | 7.72% | -2.46% | -0.07% | 11.12% | 8.01% | 9.18% |
| Russell 2000 Index | | -0.92% | 3.86% | -0.04% | -4.68% | 9.23% | 2.74% | 7.36% |
| Excess Return | | -1.83% | 3.85% | -2.42% | 4.61% | 1.89% | 5.27% | 1.83% |
| Wellington | 3.16% | -1.43% | 7.86% | 2.81% | -1.03% | 12.21% | 6.39% | 10.29% |
| Russell 2000 Index | | -0.92% | 3.86% | -0.04% | -4.68% | 9.23% | 2.74% | 7.36% |
| Excess Return | | -0.50% | 4.00% | 2.85% | 3.64% | 2.98% | 3.65% | 2.93% |

(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

May 31, 2023

The table below details the rates of return for the fund's investment managers over various time periods ended May 31, 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 May 31, 2023 | | | | | | | | |
|--|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Composite | Total Fund Weighting As of 5/31/2023 | Last Month | FYTD | CYTD | LTM | 3-YR | 5-YR | 10-YR |
| Total Non US Equity | 17.80% | -3.03% | 13.20% | 8.11% | 4.14% | 7.43% | 2.46% | 4.00% |
| Non US Equity Benchmark (1) | | -3.64% | 7.88% | 4.77% | -1.41% | 7.23% | 2.22% | 3.83% |
| Excess Return | | 0.61% | 5.32% | 3.34% | 5.55% | 0.20% | 0.24% | 0.18% |
| Core Non US Equity | 10.86% | -3.62% | 16.05% | 8.93% | 5.61% | 8.94% | 2.72% | 3.65% |
| Core Non US Benchmark (2) | | -3.64% | 7.87% | 4.77% | -1.41% | 7.23% | 2.22% | 3.83% |
| Excess Return | | 0.02% | 8.17% | 4.16% | 7.02% | 1.71% | 0.50% | -0.18% |
| Aristotle | 1.42% | -3.42% | 12.77% | 7.78% | 2.11% | - | - | - |
| MSCI EAFE | | -4.23% | 13.60% | 6.81% | 3.06% | - | - | - |
| Excess Return | | 0.81% | -0.83% | 0.97% | -0.95% | - | - | - |
| Artisan Partners | 3.06% | -4.36% | 12.70% | 5.41% | 3.04% | 4.14% | 3.13% | - |
| MSCI EAFE | | -4.23% | 13.60% | 6.81% | 3.06% | 8.53% | 3.21% | - |
| Excess Return | | -0.13% | -0.91% | -1.39% | -0.02% | -4.39% | -0.08% | - |
| BlackRock SuperFund | 1.55% | -3.59% | - | - | - | - | - | - |
| MSCI ACWI Ex-US | | -3.64% | - | - | - | - | - | - |
| Excess Return | | 0.04% | - | - | - | - | - | - |
| Causeway Capital | 3.48% | -4.02% | 24.49% | 14.77% | 12.87% | 16.51% | 4.98% | - |
| MSCI EAFE | | -4.23% | 13.60% | 6.81% | 3.06% | 8.53% | 3.21% | - |
| Excess Return | | 0.21% | 10.89% | 7.96% | 9.81% | 7.97% | 1.77% | - |
| Lazard | 1.35% | -1.00% | 10.81% | 7.37% | 1.18% | - | - | - |
| MSCI EAFE | | -4.23% | 13.60% | 6.81% | 3.06% | - | - | - |
| Excess Return | | 3.23% | -2.79% | 0.56% | -1.88% | - | - | - |
| Emerging Markets | 1.39% | -3.07% | -0.45% | 0.28% | -4.63% | 0.54% | -3.13% | 0.28% |
| MSCI EM | | -1.68% | -1.97% | 1.05% | -8.49% | 3.47% | -0.66% | 1.90% |
| Excess Return | | -1.39% | 1.53% | -0.77% | 3.86% | -2.93% | -2.47% | -1.62% |
| Wellington Emerging Markets | 1.39% | -3.09% | -0.45% | -1.36% | -3.66% | 1.24% | -2.95% | 1.32% |
| MSCI EM | | -1.68% | -1.97% | 1.05% | -8.49% | 3.47% | -0.66% | 1.90% |
| Excess Return | | -1.41% | 1.52% | -2.41% | 4.82% | -2.23% | -2.28% | -0.58% |
| Non US Small Cap | 1.09% | -4.25% | 10.60% | 4.07% | -0.90% | 2.56% | -5.39% | 0.37% |
| MSCI EAFE Small Cap | | -4.18% | 7.08% | 2.56% | -4.68% | 5.17% | 0.33% | 5.50% |
| Excess Return | | -0.07% | 3.52% | 1.51% | 3.77% | -2.61% | -5.73% | -5.12% |
| Wellington Int'l Small Cap Research | 1.09% | -4.25% | 10.60% | 4.07% | -0.90% | - | - | - |
| MSCI EAFE Small Cap | | -4.18% | 7.08% | 2.56% | -4.68% | - | - | - |
| Excess Return | | -0.07% | 3.52% | 1.51% | 3.77% | - | - | - |
| Global Equity | 4.46% | -1.23% | 16.07% | 10.95% | 6.75% | 10.06% | 9.46% | 10.30% |
| MSCI ACWI net | | -1.07% | 10.13% | 7.68% | 0.85% | 10.07% | 6.77% | 7.82% |
| Excess Return | | -0.15% | 5.93% | 3.27% | 5.90% | 0.00% | 2.69% | 2.47% |
| Walter Scott Global Equity | 4.46% | -1.23% | 16.07% | 10.95% | 6.75% | 10.06% | 9.46% | 10.30% |
| Walter Scott Blended Benchmark (3) | | -1.07% | 10.13% | 7.68% | 0.85% | 10.07% | 6.77% | 7.82% |
| Excess Return | | -0.15% | 5.93% | 3.27% | 5.90% | 0.00% | 2.69% | 2.47% |

(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 of 5/1/2008. Prior to 5/1/2008 it was the MSCI EAFE Index.

Fixed Income Excess Returns

May 31, 2023

The table below details the rates of return for the fund's investment managers over various time periods ended May 31, 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 May 31, 2023 | | | | | | | | |
|--|--------------------------------------|---------------|---------------|--------------|---------------|---------------|---------------|--------------|
| Composite | Total Fund Weighting As of 5/31/2023 | Last Month | FYTD | CYTD | LTM | 3-YR | 5-YR | 10-YR |
| Total Fixed Income | 20.32% | -1.10% | 1.20% | 2.58% | -1.60% | -1.07% | 1.49% | 1.97% |
| <i>Fixed Income Benchmark (1)</i> | | -1.04% | 0.12% | 2.48% | -1.89% | -3.11% | 0.98% | 1.64% |
| <i>Excess Return</i> | | -0.07% | 1.08% | 0.09% | 0.29% | 2.04% | 0.50% | 0.34% |
| BlackRock SIO Bond Fund | 2.27% | -0.32% | 1.58% | 1.66% | -0.63% | 1.28% | - | - |
| <i>BlackRock Custom Benchmark (2)</i> | | 0.46% | 3.48% | 1.99% | 3.58% | 1.32% | - | - |
| <i>Excess Return</i> | | -0.78% | -1.91% | -0.33% | -4.21% | -0.04% | - | - |
| Brandywine Asset Mgmt | 2.04% | -1.99% | -0.34% | 1.96% | -5.46% | -1.73% | -0.64% | 0.80% |
| <i>Brandywine Custom Benchmark (3)</i> | | -2.19% | -2.47% | 1.75% | -5.58% | -6.32% | -2.11% | -0.58% |
| <i>Excess Return</i> | | 0.20% | 2.13% | 0.21% | 0.12% | 4.59% | 1.48% | 1.37% |
| FIAM (Fidelity) Tactical Bond | 3.25% | -1.13% | 2.64% | 2.66% | -0.80% | 0.24% | - | - |
| <i>Bloomberg Aggregate</i> | | -1.09% | -0.58% | 2.46% | -2.14% | -3.65% | - | - |
| <i>Excess Return</i> | | -0.04% | 3.22% | 0.20% | 1.34% | 3.89% | - | - |
| Income Research & Management | 6.89% | -1.16% | -0.18% | 2.97% | -1.66% | -3.26% | 1.43% | 1.86% |
| <i>Bloomberg Gov/Credit</i> | | -1.24% | -0.38% | 2.53% | -1.96% | -3.73% | 1.06% | 1.51% |
| <i>Excess Return</i> | | 0.08% | 0.21% | 0.44% | 0.30% | 0.47% | 0.37% | 0.35% |
| Loomis Sayles | 2.43% | -1.28% | 2.26% | 2.31% | -1.12% | 0.94% | 2.86% | 3.10% |
| <i>Loomis Sayles Custom Benchmark (4)</i> | | -1.03% | 2.14% | 2.88% | -1.31% | -1.37% | 1.68% | 2.35% |
| <i>Excess Return</i> | | -0.25% | 0.12% | -0.57% | 0.19% | 2.31% | 1.18% | 0.76% |
| Manulife Strategic Fixed Income | 1.86% | -0.93% | 3.44% | 2.79% | -0.45% | 0.21% | 1.91% | - |
| <i>Bloomberg Multiverse</i> | | -1.93% | -0.93% | 1.48% | -4.32% | -4.41% | -1.06% | - |
| <i>Excess Return</i> | | 1.00% | 4.37% | 1.31% | 3.87% | 4.61% | 2.97% | - |
| Mellon US Agg Bond Index | 1.57% | - | - | - | - | - | - | - |
| <i>Bloomberg Aggregate Bond Index</i> | | - | - | - | - | - | - | - |
| <i>Excess Return</i> | | - | - | - | - | - | - | - |
| Total Cash | 1.28% | 0.43% | 3.42% | 1.96% | 3.50% | 1.26% | 1.58% | 1.02% |
| <i>3-month Treasury Bill</i> | | 0.39% | 3.12% | 1.79% | 3.14% | 1.12% | 1.49% | 0.94% |
| <i>Excess Return</i> | | 0.03% | 0.29% | 0.17% | 0.35% | 0.14% | 0.09% | 0.08% |
| Total Marketable Assets | 68.60% | -1.45% | 7.84% | 5.27% | 0.84% | 6.76% | 4.71% | 6.23% |
| <i>Total Marketable Index (5)</i> | | -1.16% | 6.86% | 5.60% | 0.12% | 5.49% | 5.20% | 6.52% |
| <i>Excess Return</i> | | -0.30% | 0.98% | -0.33% | 0.72% | 1.27% | -0.49% | -0.29% |

(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

May 31, 2023

The table below details the rates of return for the fund's investment managers over various time periods ended May 31, 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 May 31, 2023 | | | | | | | | |
|--|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Composite | Total Fund Weighting As of 5/31/2023 | Last Month | FYTD | CYTD | LTM | 3-YR | 5-YR | 10-YR |
| Total Real Estate (Q4)* (5) | 12.15% | -0.84% | -2.72% | -3.71% | 7.44% | 12.95% | 11.16% | 11.79% |
| Real Estate Benchmark (1) | | -1.14% | -2.81% | -7.32% | -0.55% | 7.96% | 6.94% | 8.67% |
| Excess Return | | 0.30% | 0.09% | 3.60% | 7.99% | 4.99% | 4.22% | 3.12% |
| Strategic Core Real Estate (Q4)* | 7.99% | -0.07% | -3.44% | -4.99% | 9.64% | 11.97% | 10.35% | 10.84% |
| Real Estate Benchmark (1) | | -1.14% | -2.81% | -7.32% | -0.55% | 7.96% | 6.94% | 8.67% |
| Excess Return | | 1.07% | -0.64% | 2.33% | 10.19% | 4.02% | 3.41% | 2.18% |
| Tactical Non-Core Real Estate (Q4)* | 4.16% | -2.32% | -1.25% | -1.07% | 3.64% | 14.49% | 12.62% | 13.43% |
| Real Estate Benchmark (1) | | -1.14% | -2.81% | -7.32% | -0.55% | 7.96% | 6.94% | 8.67% |
| Excess Return | | -1.18% | 1.55% | 6.24% | 4.18% | 6.53% | 5.68% | 4.76% |
| Total Alternative Assets (Q4)* | 19.25% | -0.33% | -0.02% | 1.18% | -1.39% | 13.55% | 11.45% | 9.68% |
| Alternative Assets Benchmark (2) | | -1.58% | -5.63% | 10.97% | -3.10% | 11.16% | 9.64% | 11.99% |
| Excess Return | | 1.25% | 5.61% | -9.78% | 1.71% | 2.38% | 1.81% | -2.31% |
| Total Private Equity (Q4)* | 14.20% | -0.44% | -1.01% | 1.07% | -3.71% | 16.71% | 14.54% | 12.67% |
| Private Equity Benchmark (3) | | -2.12% | -8.48% | 12.77% | -4.93% | 15.55% | 13.26% | 16.09% |
| Excess Return | | 1.68% | 7.47% | -11.70% | 1.22% | 1.17% | 1.28% | -3.41% |
| Total Private Debt (Q4)* | 5.05% | -0.02% | 2.88% | 1.52% | 5.83% | 6.44% | 5.69% | 6.95% |
| Private Debt Benchmark (4) | | -0.50% | 0.05% | 7.29% | 0.27% | 2.66% | 2.94% | 7.26% |
| Excess Return | | 0.48% | 2.84% | -5.77% | 5.56% | 3.77% | 2.74% | -0.31% |

(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% MStar 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 May 31, 2023, with the distribution as of April 30, 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

| | May 31, 2023 | | | | April 30, 2023 | |
|-------------------------------------|-------------------------|---------------|------------------------|------------------------|-------------------------|---------------|
| | Market Value | Weight | Net New Inv. | Inv. Return | Market Value | Weight |
| Total Domestic Equity | \$3,227,133,380 | 29.20% | \$(175,000,000) | \$(24,887,964) | \$3,427,021,344 | 30.68% |
| Large Cap Domestic Equity | \$1,876,949,730 | 16.98% | \$(175,000,000) | \$6,019,137 | \$2,045,930,592 | 18.32% |
| Blackrock S&P 500 | 1,876,949,730 | 16.98% | (175,000,000) | 6,019,137 | 2,045,930,592 | 18.32% |
| SMid Cap Domestic Equity | \$587,742,518 | 5.32% | \$0 | \$(11,708,590) | \$599,451,108 | 5.37% |
| AllianceBernstein | 361,410,043 | 3.27% | 0 | (7,069,115) | 368,479,158 | 3.30% |
| TSW | 226,332,476 | 2.05% | 0 | (4,639,474) | 230,971,950 | 2.07% |
| Small Cap Domestic Equity | \$762,441,132 | 6.90% | \$0 | \$(19,198,512) | \$781,639,644 | 7.00% |
| Boston Trust | 204,435,653 | 1.85% | 0 | (8,603,683) | 213,039,336 | 1.91% |
| Segall Bryant & Hamill | 208,583,264 | 1.89% | 0 | (5,754,678) | 214,337,942 | 1.92% |
| Wellington | 349,422,215 | 3.16% | 0 | (4,840,151) | 354,262,366 | 3.17% |
| Total Non US Equity | \$1,966,761,681 | 17.80% | \$(9,505,885) | \$(60,441,602) | \$2,036,709,168 | 18.23% |
| Core Non US Equity (1) | \$1,200,522,218 | 10.86% | \$(10) | \$(44,521,850) | \$1,245,044,078 | 11.15% |
| Aristotle | 156,397,124 | 1.42% | 0 | (5,472,979) | 161,870,103 | 1.45% |
| Artisan Partners | 338,695,467 | 3.06% | 0 | (15,251,755) | 353,947,223 | 3.17% |
| BlackRock Superfund | 170,783,393 | 1.55% | 0 | (6,364,560) | 177,147,954 | 1.59% |
| Causeway Capital | 385,046,397 | 3.48% | 0 | (15,949,001) | 400,995,397 | 3.59% |
| Lazard | 148,911,115 | 1.35% | 0 | (1,444,738) | 150,355,853 | 1.35% |
| Emerging Markets | \$153,189,279 | 1.39% | \$(9,505,874) | \$(4,773,115) | \$167,468,268 | 1.50% |
| Wellington Emerging Markets | 154,006,708 | 1.39% | 0 | (4,773,123) | 158,779,831 | 1.42% |
| Non US Small Cap | \$120,193,910 | 1.09% | \$0 | \$(5,255,453) | \$125,449,363 | 1.12% |
| Wellington Int'l Small Cap Research | 120,193,910 | 1.09% | 0 | (5,255,453) | 125,449,363 | 1.12% |
| Global Equity | \$492,856,275 | 4.46% | \$0 | \$(5,891,184) | \$498,747,459 | 4.46% |
| Walter Scott Global Equity | 492,856,275 | 4.46% | 0 | (5,891,184) | 498,747,459 | 4.46% |
| Total Fixed Income | \$2,245,552,721 | 20.32% | \$175,000,102 | \$(24,487,661) | \$2,095,040,280 | 18.76% |
| BlackRock SIO Bond Fund | 251,218,337 | 2.27% | 0 | (705,277) | 251,923,614 | 2.26% |
| Brandywine Asset Mgmt | 225,904,321 | 2.04% | 0 | (4,520,655) | 230,424,975 | 2.06% |
| FIAM (Fidelity) Tactical Bond | 359,368,843 | 3.25% | 0 | (4,009,694) | 363,378,537 | 3.25% |
| Income Research & Management | 761,121,114 | 6.89% | 102 | (8,846,875) | 769,967,887 | 6.89% |
| Loomis Sayles | 269,028,280 | 2.43% | 0 | (3,406,970) | 272,435,251 | 2.44% |
| Manulife Strategic Fixed Income | 205,036,757 | 1.86% | 0 | (1,873,259) | 206,910,016 | 1.85% |
| Mellon US Agg Bond Index | 173,875,069 | 1.57% | 175,000,000 | (1,124,931) | - | - |
| Total Cash | \$141,907,362 | 1.28% | \$31,269,461 | \$521,667 | \$110,116,234 | 0.99% |
| Total Marketable Assets | \$7,581,355,144 | 68.60% | \$21,763,679 | \$(109,295,561) | \$7,668,887,026 | 68.65% |
| Total Real Estate | \$1,342,604,577 | 12.15% | \$(3,758,870) | \$(10,822,356) | \$1,357,185,803 | 12.15% |
| Strategic Core Real Estate | 883,274,504 | 7.99% | (3,438,865) | (0) | 886,713,369 | 7.94% |
| Tactical Non-Core Real Estate | 459,330,073 | 4.16% | (320,006) | (10,822,356) | 470,472,435 | 4.21% |
| Total Alternative Assets | \$2,127,988,693 | 19.25% | \$(9,037,703) | \$(7,145,499) | \$2,144,171,895 | 19.20% |
| Private Equity | 1,569,444,192 | 14.20% | (968,104) | (7,020,682) | 1,577,432,977 | 14.12% |
| Private Debt | 558,544,502 | 5.05% | (8,069,599) | (124,817) | 566,738,918 | 5.07% |
| Total Fund Composite | \$11,051,948,414 | 100.0% | \$8,967,105 | \$(127,263,416) | \$11,170,244,725 | 100.0% |

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

(1) Includes \$688,722 in legacy assets that are not actively managed and in liquidation following the termination of Fisher Investments.

Callan



June 13, 2023

New Hampshire Retirement System – Defined Benefit Plan

First Quarter 2023

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 Up Together in 4Q22 and 1Q23

Declines for stocks and bonds in first three quarters of 2022 eased by market rebound

S&P 500 up 7.5% in both 1Q23 and 4Q22.

- Loss through first three quarters of 2022 was 23.8%; rebound in last two quarters reduced the loss to -9.7%. Similar loss reduction across all equity market segments: developed, emerging, small cap

Fixed income recovered as high inflation began to ease, leading to speculation about interest rates

- Bloomberg Aggregate: up 3% in 1Q, after a 1.9% rise in 4Q22, lowering the loss since the start of 2022 to 8.4%
- CPI-U: +5% year-over year for 1Q, down from 6.5% for the year ended Dec. 2022
- ▶ Inflation hit the highest rate (9%) in decades in June.
- ▶ Economic data show growth slowed in 2022; GDP gained only 1.1% in 1Q
 - Job market remains solid, providing support to Fed efforts to fight inflation

Returns for Periods ended 3/31/23

| | Quarter | Year to Date | 1 Year | 5 Years | 10 Years | 25 Years |
|------------------------------|---------|--------------|--------|---------|----------|----------|
| U.S. Equity | | | | | | |
| Russell 3000 | 7.18 | 7.18 | -8.58 | 10.45 | 11.73 | 7.45 |
| S&P 500 | 7.50 | 7.50 | -7.73 | 11.19 | 12.24 | 7.39 |
| Russell 2000 | 2.74 | 2.74 | -11.61 | 4.71 | 8.04 | 6.84 |
| Global ex-U.S. Equity | | | | | | |
| MSCI World ex USA | 8.02 | 8.02 | -2.74 | 3.80 | 4.91 | 4.39 |
| MSCI Emerging Markets | 3.96 | 3.96 | -10.70 | -0.91 | 2.00 | -- |
| MSCI ACWI ex USA Small Cap | 4.70 | 4.70 | -10.37 | 1.67 | 5.06 | 6.45 |
| Fixed Income | | | | | | |
| Bloomberg Aggregate | 2.96 | 2.96 | -4.78 | 0.91 | 1.36 | 4.03 |
| 90-day T-Bill | 1.07 | 1.07 | 2.50 | 1.41 | 0.87 | 1.90 |
| Bloomberg Long Gov/Credit | 5.76 | 5.76 | -13.40 | 0.63 | 2.35 | 5.56 |
| Bloomberg Global Agg ex-US | 3.06 | 3.06 | -10.72 | -3.17 | -0.99 | 2.80 |
| Real Estate | | | | | | |
| NCREIF Property | -1.81 | -1.81 | -1.63 | 6.71 | 8.34 | 8.79 |
| FTSE Nareit Equity | 2.68 | 2.68 | -19.22 | 6.02 | 5.97 | 8.01 |
| Alternatives | | | | | | |
| CS Hedge Fund Index | 0.16 | 0.16 | -0.89 | 4.18 | 3.89 | 5.54 |
| Cambridge Private Equity* | 0.80 | 0.80 | -8.16 | 16.14 | 15.12 | 14.10 |
| Bloomberg Commodity | -5.36 | -5.36 | -12.49 | 5.36 | -1.72 | 1.80 |
| Gold Spot Price | 8.76 | 8.76 | 1.65 | 8.40 | 2.21 | 7.81 |
| Inflation - CPI-U | 1.70 | 1.70 | 4.98 | 3.88 | 2.63 | 2.51 |

*Cambridge PE data as of 4Q22.

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 19.7% of total assets. The fixed income allocation was below the policy range by 1.2%, partially balanced by a 0.9% allocation to cash equivalent instruments. During May, the fixed income component of the Fund was rebalanced back within the Investment Policy parameters. The international equity component of the Fund is within the approved allocation range. The Fund had an overweight to domestic equity, real estate and alternatives, and underweight positions to international equity and fixed income

Investment Performance

- The Fund had a gross return of 3.92% over the third quarter of Fiscal Year 2023, underperforming the market benchmark by 0.85% and ranking in the 58th percentile of its peers. On a net-of-fees basis, the Fund returned 3.78%
 - The Non-U.S. Equity and Fixed Income portfolios had positive impacts on relative performance
 - By contrast, the Alternative Assets, 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 19% of peers for the trailing 10-year period, and in the top 31% 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 30% of peers

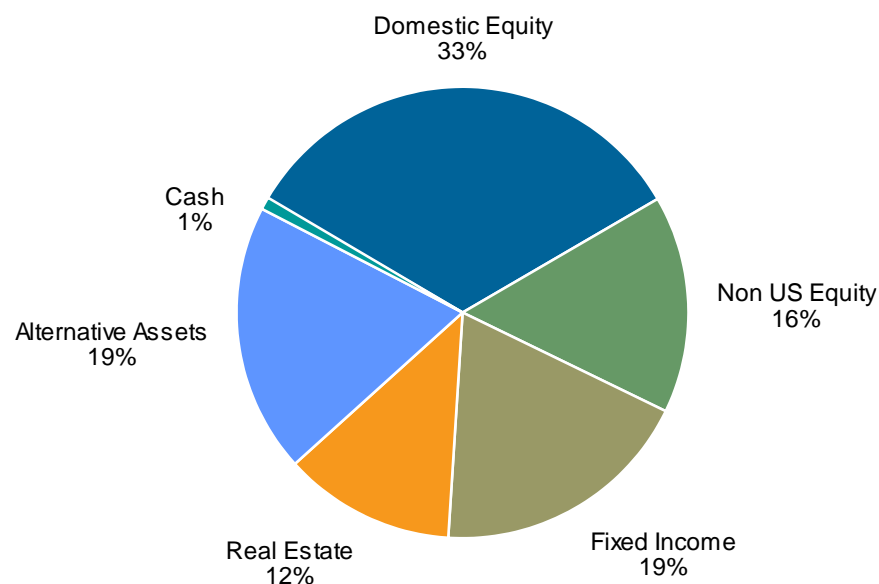
Other Developments

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

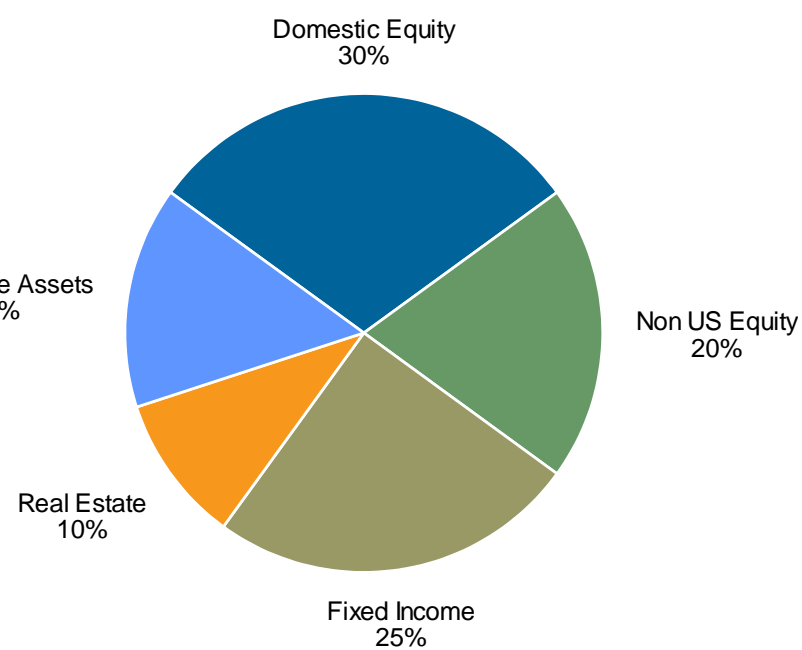
Total Fund

Actual Asset Allocation vs. Target, as of March 31, 2023

Actual Asset Allocation



Target Asset Allocation



| Asset Class | \$Millions Actual | Weight Actual | Target | Percent Difference | \$Millions Difference |
|--------------------|-------------------|---------------|---------------|--------------------|-----------------------|
| Domestic Equity | 3,681 | 33.2% | 30.0% | 3.2% | 353 |
| Non US Equity | 1,726 | 15.6% | 20.0% | (4.4%) | (492) |
| Fixed Income | 2,084 | 18.8% | 25.0% | (6.2%) | (689) |
| Real Estate | 1,364 | 12.3% | 10.0% | 2.3% | 255 |
| Alternative Assets | 2,135 | 19.3% | 15.0% | 4.3% | 471 |
| Cash | 103 | 0.9% | 0.0% | 0.9% | 103 |
| Total | 11,093 | 100.0% | 100.0% | | |

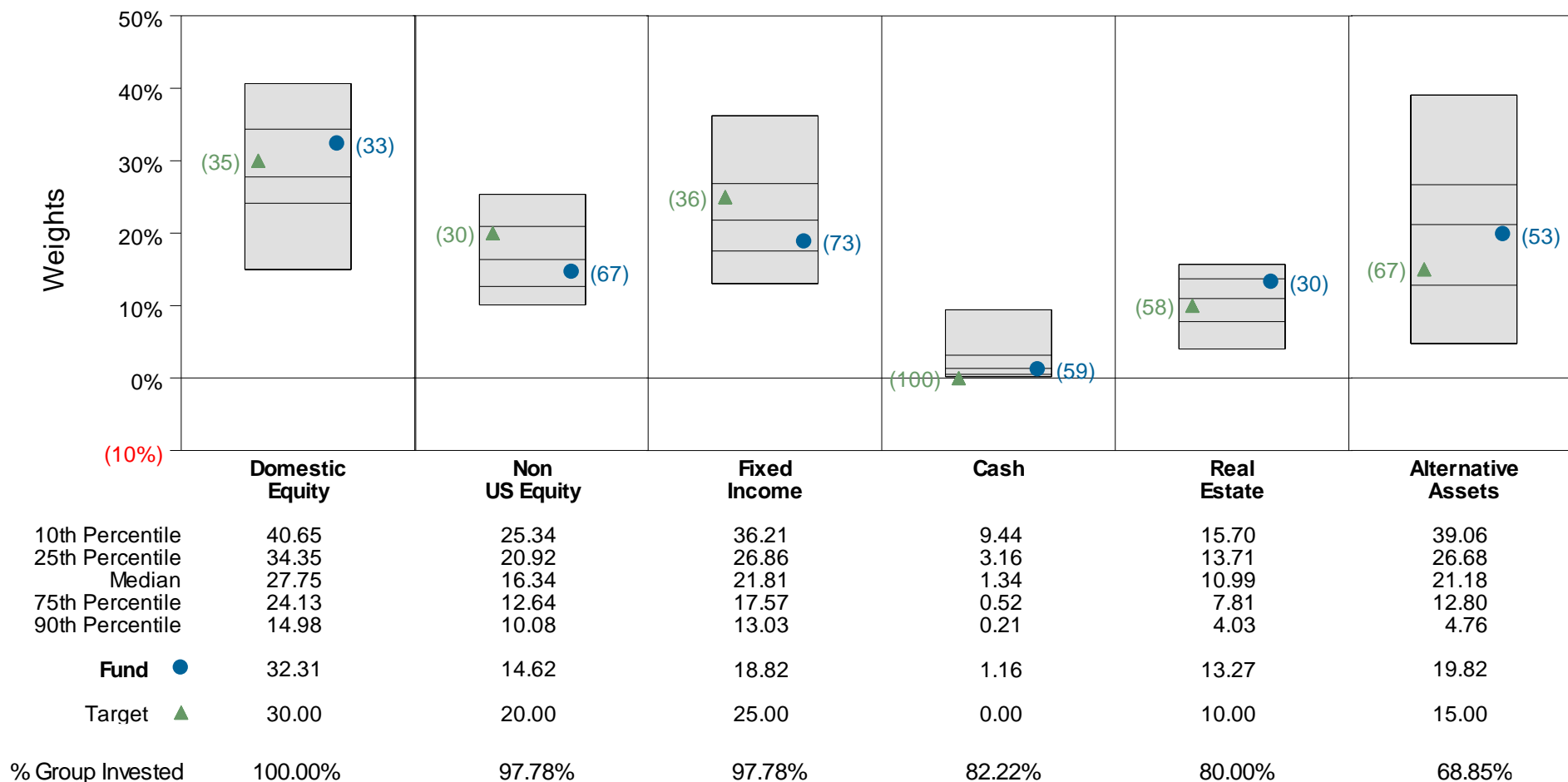
*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

**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 March 31, 2023

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

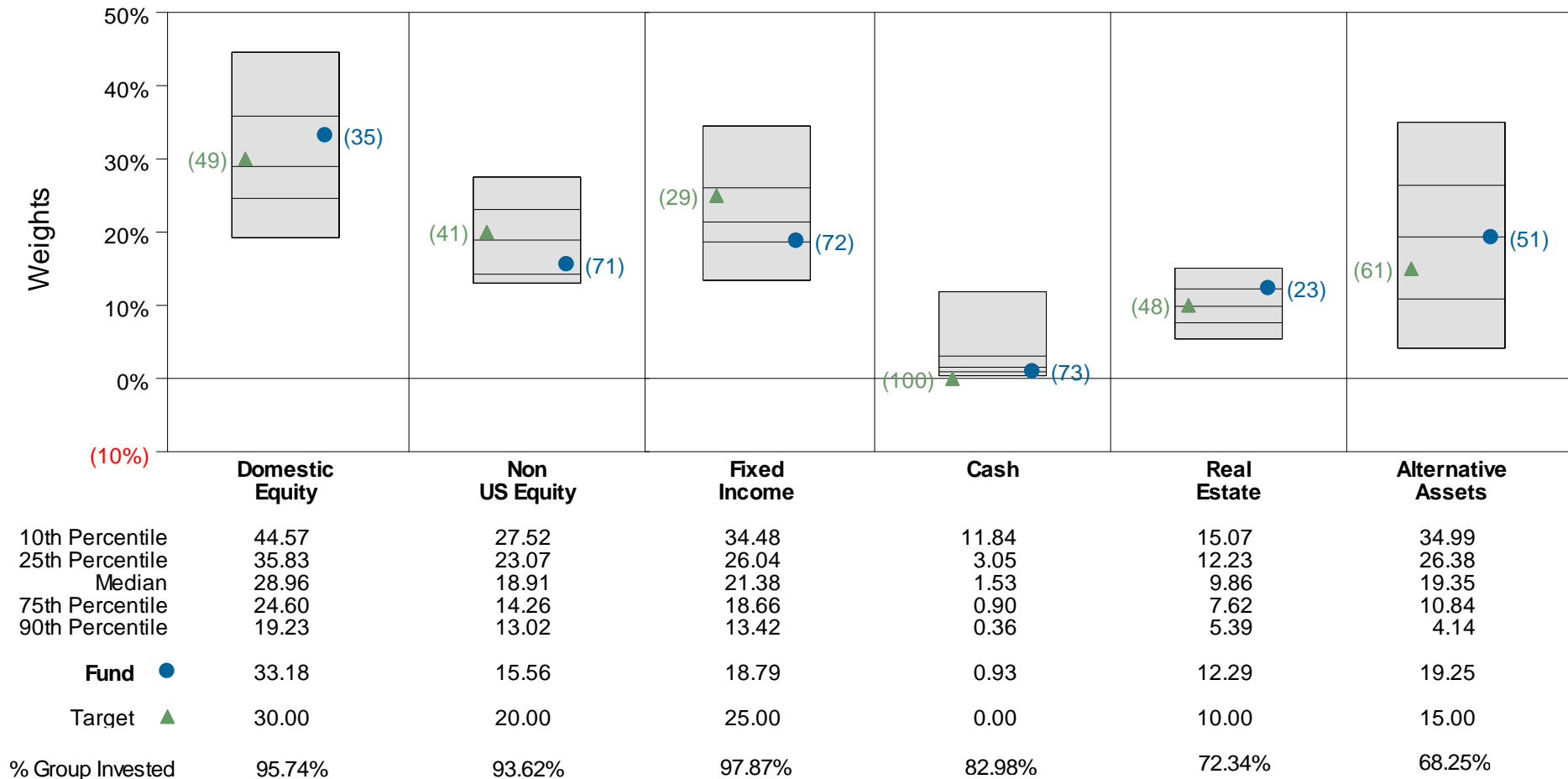


*Current Quarter Target = 30% Russell 3000 Index, 25% Bloomberg Universal, 20% MSCI ACWI ex US, 10% NCREIF NFI-ODCE Val Wt Net lagged 3 months, 10% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg HY Corp lagged 3 months+1.0%, and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

Total Fund

Actual Asset Allocation vs. Large Public DB Plan (>\$1B) Peer Group, as of March 31, 2023

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

| | March 31, 2023 | | December 31, 2022 | | | |
|-------------------------------------|------------------------|---------------|------------------------|----------------------|------------------------|---------------|
| | Market Value | Weight | Net New Inv. | Inv. Return | Market Value | Weight |
| Total Domestic Equity | \$3,410,669,514 | 30.75% | \$3,864,994 | \$190,251,569 | \$3,216,552,951 | 30.00% |
| Large Cap Domestic Equity | \$2,014,491,204 | 18.16% | \$3,864,994 | \$139,962,711 | \$1,870,663,499 | 17.45% |
| Blackrock S&P 500 | 2,014,491,204 | 18.16% | 3,864,994 | 139,962,711 | 1,870,663,499 | 17.45% |
| SMid Cap Domestic Equity | \$604,448,989 | 5.45% | \$0 | \$19,426,409 | \$585,022,580 | 5.46% |
| AllianceBernstein | 374,283,089 | 3.37% | 0 | 16,004,599 | 358,278,490 | 3.34% |
| TSW | 230,165,900 | 2.07% | 0 | 3,421,810 | 226,744,090 | 2.11% |
| Small Cap Domestic Equity | \$791,729,321 | 7.14% | \$0 | \$30,862,449 | \$760,866,872 | 7.10% |
| Boston Trust | 216,607,894 | 1.95% | 0 | 7,743,998 | 208,863,896 | 1.95% |
| Segall Bryant & Hamill | 219,531,507 | 1.98% | 0 | 6,393,076 | 213,138,431 | 1.99% |
| Wellington | 355,589,919 | 3.21% | 0 | 16,725,374 | 338,864,545 | 3.16% |
| Total Non US Equity | \$1,996,213,516 | 18.00% | \$10,094,374 | \$171,792,441 | \$1,814,326,702 | 16.92% |
| Core Non US Equity* | \$1,213,394,015 | 10.94% | \$175,000,000 | \$99,186,522 | \$939,207,493 | 8.76% |
| Aristotle | 155,874,029 | 1.41% | 0 | 11,029,103 | 144,844,926 | 1.35% |
| Artisan Partners | 349,273,109 | 3.15% | 0 | 28,803,163 | 320,469,946 | 2.99% |
| BlackRock Superfund | 173,989,670 | 1.57% | 175,000,000 | (1,010,330) | - | - |
| Causeway Capital | 384,021,864 | 3.46% | 0 | 49,236,485 | 334,785,379 | 3.12% |
| Lazard | 149,518,808 | 1.35% | 0 | 11,116,700 | 138,402,107 | 1.29% |
| Emerging Markets | \$167,952,586 | 1.51% | \$(164,905,626) | \$16,136,826 | \$316,721,386 | 2.95% |
| Neuberger Berman | 8,688,422 | 0.08% | (164,905,626) | 12,360,827 | 161,233,221 | 1.50% |
| Wellington Emerging Markets | 159,264,164 | 1.44% | 0 | 3,775,999 | 155,488,165 | 1.45% |
| Non US Small Cap | \$122,853,196 | 1.11% | \$0 | \$7,709,105 | \$115,144,091 | 1.07% |
| Wellington Int'l Small Cap Research | 122,853,196 | 1.11% | 0 | 7,709,105 | 115,144,091 | 1.07% |
| Global Equity | \$492,013,720 | 4.44% | \$0 | \$48,759,987 | \$443,253,732 | 4.13% |
| Walter Scott Global Equity | 492,013,720 | 4.44% | 0 | 48,759,987 | 443,253,732 | 4.13% |

*Includes \$716,535 in legacy assets that are not actively managed and in liquidation following the termination of Fisher

Total Fund

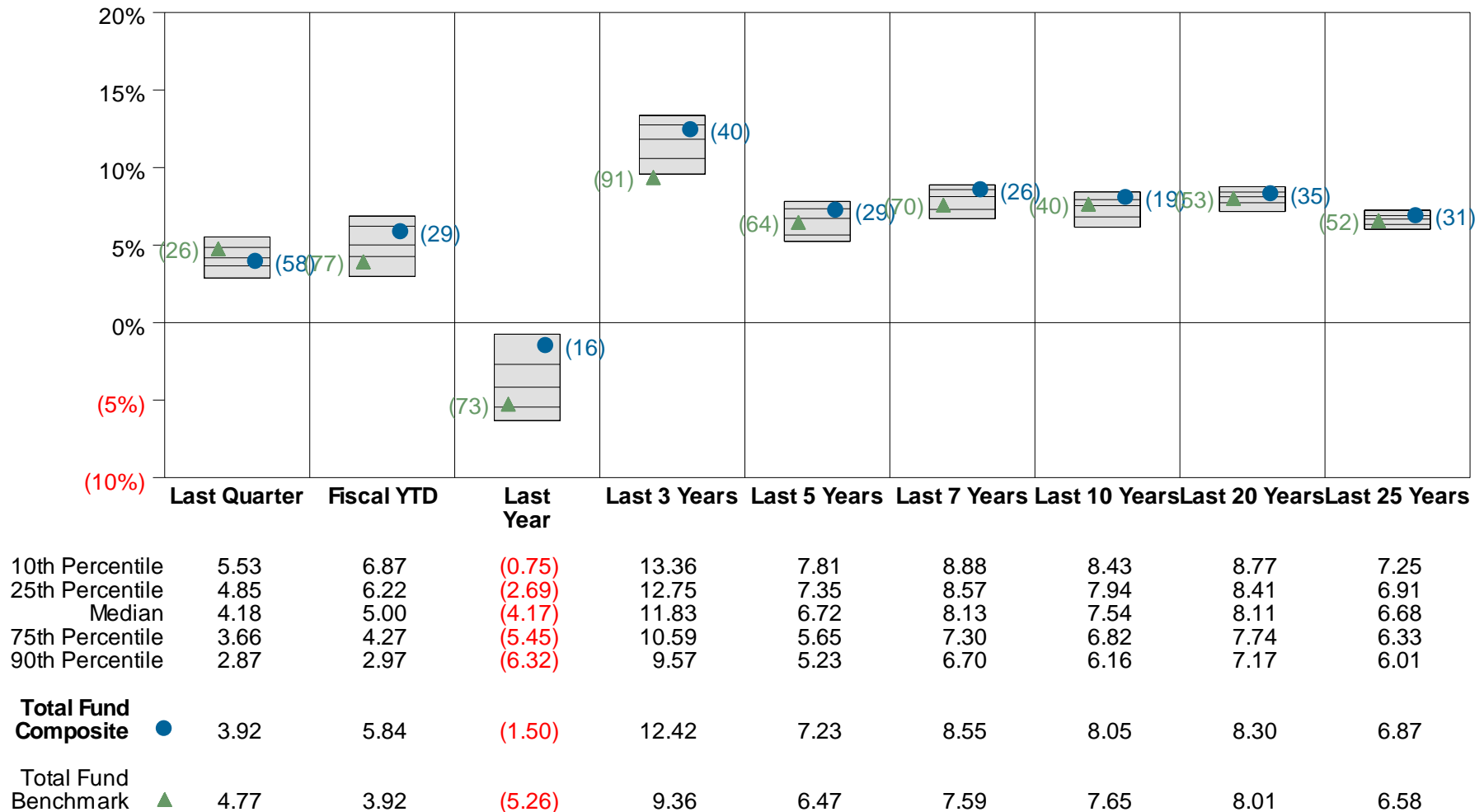
Market Values

| | March 31, 2023 | | | | December 31, 2022 | |
|---------------------------------|-------------------------|---------------|-----------------------|-----------------------|-------------------------|---------------|
| | Market Value | Weight | Net New Inv. | Inv. Return | Market Value | Weight |
| Total Fixed Income | \$2,084,180,435 | 18.79% | \$0 | \$66,187,369 | \$2,017,993,067 | 18.82% |
| BlackRock SIO Bond Fund | 250,856,836 | 2.26% | 0 | 4,225,388 | 246,631,448 | 2.30% |
| Brandywine Asset Mgmt | 230,078,474 | 2.07% | 0 | 8,818,791 | 221,259,682 | 2.06% |
| FIAM (Fidelity) Tactical Bond | 361,373,690 | 3.26% | 0 | 11,778,477 | 349,595,213 | 3.26% |
| Income Research & Management | 764,955,790 | 6.90% | 0 | 26,296,350 | 738,659,439 | 6.89% |
| Loomis Sayles | 270,857,111 | 2.44% | 0 | 8,256,510 | 262,600,601 | 2.45% |
| Manulife Strategic Fixed Income | 206,058,535 | 1.86% | 0 | 6,811,852 | 199,246,682 | 1.86% |
| Total Cash | \$102,690,710 | 0.93% | \$(23,045,755) | \$1,410,496 | \$124,325,969 | 1.16% |
| Total Marketable Assets | \$7,593,754,176 | 68.46% | \$(9,086,387) | \$429,641,874 | \$7,173,198,688 | 66.91% |
| Total Real Estate | \$1,363,803,705 | 12.29% | \$(14,779,907) | \$(43,957,711) | \$1,422,541,323 | 13.27% |
| Strategic Core Real Estate | 904,716,954 | 8.16% | (11,927,641) | (40,937,347) | 957,581,943 | 8.93% |
| Tactical Non-Core Real Estate | 459,086,749 | 4.14% | (1,999,888) | (3,872,741) | 464,959,379 | 4.34% |
| Total Alternative Assets | \$2,135,435,236 | 19.25% | \$(23,726,565) | \$34,106,291 | \$2,125,055,510 | 19.82% |
| Private Equity | 1,575,995,712 | 14.21% | (14,864,258) | 21,377,561 | 1,569,482,408 | 14.64% |
| Private Debt | 559,439,524 | 5.04% | (8,862,307) | 12,728,730 | 555,573,102 | 5.18% |
| Total Fund Composite | \$11,092,993,117 | 100.0% | \$(47,592,859) | \$419,790,454 | \$10,720,795,521 | 100.0% |

Total Fund Performance – Gross of Investment Management Fees

Performance vs. Large Public DB Plan (>\$1B) Peers, as of March 31, 2023

Performance vs Callan Public Fund Large DB (Gross)



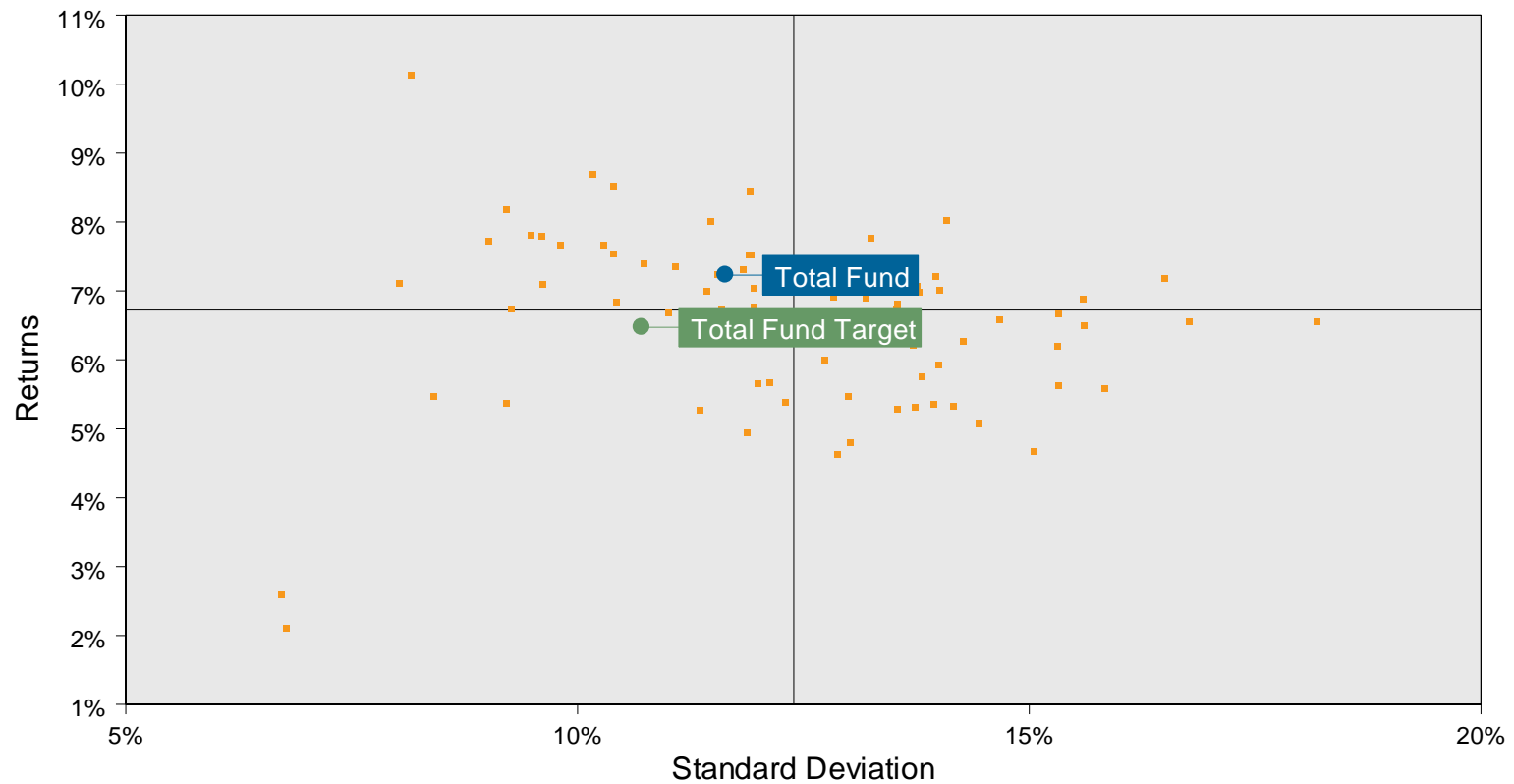
Note: Investment results are shown gross of investment management fees versus corresponding peer group.

*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 March 31, 2023

Five Year Annualized Risk vs Return



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

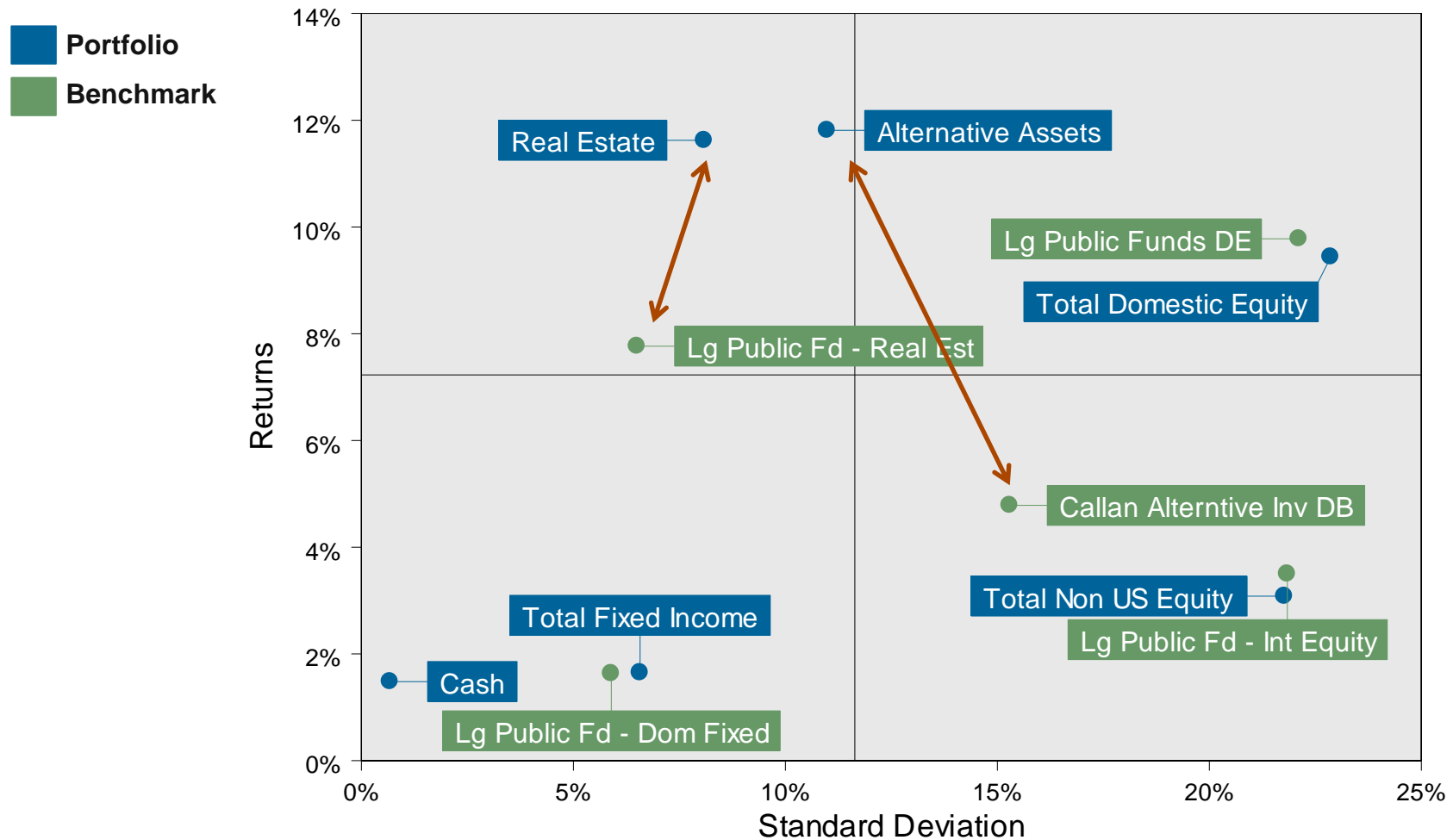
Note: Investment results are shown gross of investment management fees versus corresponding peer group.

*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 March 31, 2023

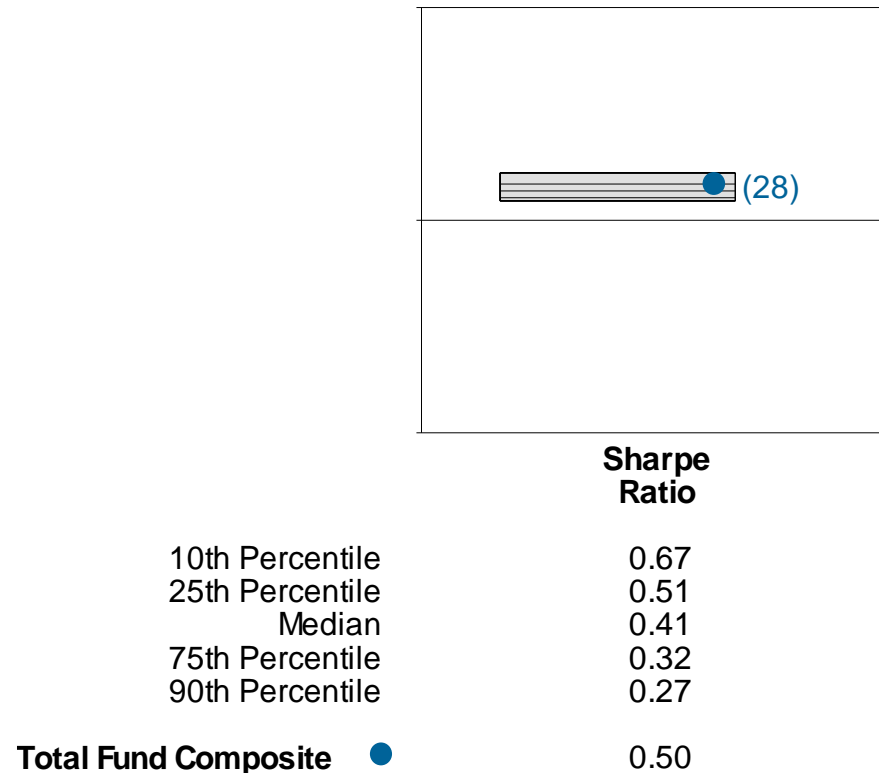
Five Year Annualized Risk vs Return Asset Classes vs Asset Class Median



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

Total Fund Performance – Gross of Investment Management Fees

Five-Year Sharpe Ratio, as of March 31, 2023



- 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 March 31, 2023

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 | 30% | 30% | (7.71%) | (8.58%) | 0.25% | (0.22%) | 0.03% |
| Non US Equity | 17% | 20% | (0.76%) | (5.07%) | 0.68% | (0.07%) | 0.61% |
| Fixed Income | 19% | 25% | (4.74%) | (4.61%) | (0.03%) | (0.07%) | (0.10%) |
| Real Estate | 13% | 10% | 8.22% | 6.55% | 0.21% | 0.06% | 0.27% |
| Alternative Assets | 20% | 15% | 1.38% | (11.64%) | 2.40% | (0.30%) | 2.09% |
| Cash | 1% | 0% | 2.74% | 2.74% | 0.00% | 0.11% | 0.11% |
| Total | | | (2.19%) = (5.26%) + 3.57% + (0.50%) | | | | 3.07% |

What helped relative performance?

- Strong relative performance from the alternative assets portfolios
- Strong relative performance from the non-U.S. equity, domestic equity, and real estate portfolios
- An overweight to real estate and cash relative to target

What hurt relative performance?

- An overweight to alternative assets portfolios
- A slight overweight to domestic equity
- An underweight to the international equity and fixed income portfolios

*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 March 31, 2023

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% | 9.13% | 10.32% | (0.29%) | (0.15%) | (0.44%) |
| Non US Equity | 18% | 20% | 2.44% | 2.47% | (0.02%) | (0.01%) | (0.03%) |
| Fixed Income | 22% | 25% | 1.37% | 1.05% | 0.04% | 0.14% | 0.19% |
| Real Estate | 10% | 10% | 11.20% | 7.72% | 0.36% | (0.04%) | 0.32% |
| Alternative Assets | 19% | 15% | 11.43% | 9.11% | 0.32% | 0.03% | 0.35% |
| Cash | 1% | 0% | 1.48% | 1.48% | 0.00% | (0.03%) | (0.03%) |
| Total | | | 6.83% = 6.47% + 0.41% + (0.05%) | | | | 0.36% |

What helped relative performance?

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

What hurt relative performance?

- Weak relative performance within domestic equity
- A slight underweight to domestic equity, non-U.S. equity, and real estate
- A slight overweight to cash

*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%.

Callan

Appendix

Investment Manager Returns – Net of Investment Management Fees

As of March 31, 2023

| | Last Quarter | Fiscal YTD | Last Year | Last 3 Years | Last 5 Years |
|-------------------------------------|-----------------|---------------|----------------|--------------------|--------------------|
| Net of Fees | | | | | |
| Total Domestic Equity | 5.85% | 9.77% | (7.71%) | 19.28% | 9.13% |
| Domestic Equity Benchmark (1) | 7.18% | 9.75% | (8.58%) | 17.07% | 10.32% |
| Secondary Domestic Equity Bmk (6) | 5.80% | 9.04% | (8.95%) | 18.70% | 9.09% |
| Large Cap Domestic Equity | 7.47% | 9.95% | (7.75%) | 18.25% | 9.90% |
| S&P 500 Index | 7.50% | 9.98% | (7.73%) | 18.60% | 11.19% |
| Blackrock S&P 500 | 7.47% | 9.95% | (7.75%) | 18.56% | 11.16% |
| SMid Cap Domestic Equity | 3.18% | 7.39% | (9.17%) | 20.87% | 6.33% |
| Russell 2500 Index | 3.39% | 7.94% | (10.39%) | 19.42% | 6.65% |
| AllianceBernstein | 4.33% | 8.83% | (11.64%) | 19.69% | 6.85% |
| TSW | 1.37% | 5.13% | (4.85%) | 22.90% | 5.51% |
| TSW Blended Benchmark (2) | 1.40% | 5.75% | (10.53%) | 21.80% | 6.38% |
| Small Cap Domestic Equity | 3.88% | 11.22% | (6.48%) | 21.46% | 9.38% |
| Russell 2000 Index | 2.74% | 6.75% | (11.61%) | 17.51% | 4.71% |
| Boston Trust | 3.59% | 11.12% | (0.69%) | 22.11% | 10.99% |
| Segall Bryant & Hamill | 2.80% | 13.52% | (4.45%) | 21.22% | 10.06% |
| Wellington | 4.75% | 9.90% | (10.82%) | 21.23% | 8.12% |
| Total Non US Equity | 9.31% | 14.46% | (0.76%) | 12.20% | 2.44% |
| Non US Equity Benchmark (3) | 6.87% | 10.03% | (5.07%) | 11.80% | 2.47% |
| Core Non US Equity | 10.19% | 17.38% | 2.43% | 13.60% | 2.72% |
| Core Non US Benchmark (4) | 6.87% | 10.03% | (5.07%) | 11.80% | 2.47% |
| Aristotle | 7.50% | 12.48% | (5.34%) | - | - |
| Artisan Partners | 8.82% | 16.34% | 0.20% | 9.51% | 3.68% |
| Causeway Capital | 14.56% | 24.26% | 11.73% | 21.53% | 4.97% |
| Lazard | 7.90% | 11.36% | (2.91%) | - | - |
| Emerging Markets | 3.84% | 3.09% | (6.57%) | 5.35% | (3.41%) |
| MSCI EM | 3.96% | 0.84% | (10.70%) | 7.83% | (0.91%) |
| Wellington Emerging Markets | 2.18% | 3.12% | (5.76%) | 6.58% | (3.15%) |
| Non US Small Cap | 6.50% | 13.19% | (7.82%) | 8.32% | (5.17%) |
| Wellington Int'l Small Cap Research | 6.50% | 13.19% | (7.82%) | - | - |
| MSCI EAFE Small Cap | 4.92% | 9.54% | (9.83%) | 12.07% | 0.87% |
| Global Equity | 10.86% | 15.97% | (2.31%) | 15.13% | 9.96% |
| MSCI ACWI net | 7.31% | 9.75% | (7.44%) | 15.36% | 6.93% |
| Walter Scott Global Equity | 10.86% | 15.97% | (2.31%) | 15.13% | 9.96% |
| Walter Scott Blended Benchmark (5) | 7.31% | 9.75% | (7.44%) | 15.36% | 6.93% |

(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 March 31, 2023

| | Last Quarter | Fiscal YTD | Last Year | Last 3 Years | Last 5 Years |
|--|-----------------|----------------|----------------|--------------------|--------------------|
| Net of Fees | | | | | |
| Total Fixed Income | 3.21% | 1.82% | (4.74%) | 0.80% | 1.37% |
| Fixed Income Benchmark (1) | 2.93% | 0.55% | (4.61%) | (2.02%) | 1.05% |
| Bloomberg Aggregate | 2.96% | (0.09%) | (4.78%) | (2.77%) | 0.91% |
| BlackRock SIO Bond Fund | 1.59% | 1.51% | (1.75%) | 2.79% | - |
| BlackRock Custom Benchmark (2) | 1.08% | 2.30% | 2.40% | 0.97% | - |
| Brandywine Asset Mgmt | 3.90% | 1.56% | (10.49%) | 1.59% | (1.41%) |
| Brandywine Custom Benchmark (3) | 3.58% | (0.71%) | (9.61%) | (5.33%) | (2.38%) |
| FIAM (Fidelity) Tactical Bond | 3.29% | 3.27% | (4.11%) | 2.82% | - |
| Bloomberg Aggregate | 2.96% | (0.09%) | (4.78%) | (2.77%) | 0.91% |
| Income Research & Management | 3.52% | 0.36% | (4.88%) | (2.11%) | 1.53% |
| Bloomberg Gov/Credit | 3.17% | 0.23% | (4.81%) | (2.63%) | 1.16% |
| Loomis Sayles | 3.06% | 3.01% | (4.01%) | 3.09% | 3.00% |
| Loomis Sayles Custom Benchmark (4) | 3.18% | 2.44% | (4.21%) | 0.23% | 1.78% |
| Manulife Strategic Fixed Income | 3.35% | 4.00% | (2.93%) | 1.99% | 1.79% |
| Bloomberg Multiverse | 3.02% | 0.58% | (7.90%) | (3.06%) | (1.24%) |
| Total Cash | 1.15% | 2.59% | 2.74% | 1.02% | 1.48% |
| 3-month Treasury Bill | 1.07% | 2.40% | 2.50% | 0.89% | 1.41% |
| Total Marketable Assets | 5.90% | 8.49% | (4.95%) | 11.15% | 5.01% |
| Total Marketable Index (5) | 5.68% | 6.94% | (6.02%) | 9.30% | 5.40% |
| Total Real Estate (10) | (3.27%) | (2.27%) | 8.22% | 13.31% | 11.20% |
| Real Estate Benchmark (6) | (5.17%) | (0.55%) | 6.55% | 8.97% | 7.72% |
| Strategic Core Real Estate | (4.46%) | (2.90%) | 10.26% | 12.20% | 10.48% |
| Tactical Non-Core Real Estate | (0.80%) | (0.98%) | 4.66% | 15.14% | 12.50% |
| Total Alternative Assets | 1.32% | 0.11% | 1.38% | 14.27% | 11.43% |
| Alternative Assets Benchmark (7) | 6.59% | (9.35%) | (11.64%) | 7.53% | 9.11% |
| Total Private Equity | 1.32% | (0.75%) | (0.15%) | 17.80% | 14.68% |
| Private Equity Benchmark (8) | 7.71% | (12.58%) | (15.79%) | 10.90% | 12.75% |
| Cambridge Global PE Idx 1 Qtr Lag | 0.00% | (7.32%) | (8.56%) | 17.56% | 15.75% |
| Total Private Debt | 1.29% | 2.66% | 6.08% | 6.46% | 5.56% |
| Private Debt Benchmark (9) | 4.22% | (2.81%) | (2.99%) | 1.08% | 2.58% |
| Cambridge Private Credit Idx 1 Qtr Lag | 0.00% | (1.59%) | 0.47% | 7.20% | 6.81% |
| Total Fund Composite | 3.78% | 5.36% | (2.19%) | 11.93% | 6.83% |
| Total Fund Benchmark * | 4.77% | 3.92% | (5.26%) | 9.36% | 6.47% |

* 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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LEGISLATIVE COMMITTEE



To: NHRS Board of Trustees

From: Marty Karlon, Director of Communications & Legislative Affairs

Date: July 7, 2023

Re: HB 2 Certification

Item: Action: ☒ Discussion: ☐ Informational: ☐

Pursuant to HB 2 (Chapter 79:344, Laws of 2023) (attached), which appropriated the total cost for the \$500 additional one-time allowance to be paid to retirees as outlined in that bill, the state is required to reimburse the retirement system the actuarially determined cost of this payment, as determined by the actuary and certified by the Board of Trustees.

Staff is recommending that the Board certify to the Governor the amount of \$7.1 million shown on page 5 of the supplemental actuarial valuation prepared by Gabriel, Roeder, Smith & Company (GRS) and dated June 22, 2023 (attached) for the Director of Finance to initiate the request for reimbursement.

CHAPTER 79
HB 2-FN-A-LOCAL - FINAL VERSION
- Page 91 -

598-A:3 List of Professional Bondsmen. The ~~[secretary of state or his designee]~~ ***executive director of the office of professional licensure and certification*** shall furnish all superior court clerks, all district courts having authority to accept bail, all jails, and all police stations with a list of the names of all persons registered as professional bondsmen and shall notify such clerks, courts, jails, and police stations of any change in a bondsman's status. The ~~[secretary of state or his designee]~~ ***executive director of the office of professional licensure and certification*** shall update the list as necessary, but not less than once per year. The list shall include the following statement in bold type: "You are encouraged to contact more than one bail bondsman because not all bail bondsmen charge the same fees or provide the same services." The unaltered list shall be displayed prominently and visibly to defendants in all courts, jails, and police stations. No other list shall be displayed, furnished, or provided.

79:341 Professional Bondsmen; Rules. Amend RSA 598-A:4 as follows:

598-A:4 Rules of the ~~[Secretary of State or His Designee]~~ ***Executive Director***. All professional bondsmen shall be governed by rules which shall be adopted under RSA 541-A by the ~~[secretary of state or his designee]~~ ***executive director of the office of professional licensure and certification***.

79:342 Refund of Fees; Repealed License Requirements. Any holder of an active license for a profession whose license requirement is repealed by this act shall be refunded their license fee for their current active license.

79:343 Effective Date. Sections 266-341 of this act shall take effect September 1, 2023.

79:344 Retirement System; Additional Allowance; Appropriation.

I. An additional one-time allowance of \$500 shall be paid during state fiscal year 2024 to retired members of the retirement system receiving an allowance, or any beneficiary of such a member who is receiving a survivorship pension benefit, who are eligible as follows:

(a) The member retired with at least 20 years of creditable service;

(b) The member retired and has been receiving an allowance for at least 5 years prior to or on July 1, 2023.

(c) The annual retirement allowance of the member on June 30, 2023 is not greater than \$40,000.

II. The additional allowance shall not become a permanent addition to the member's base retirement allowance.

III. The total cost of the additional allowances, as determined by the actuary and certified by the board of trustees of the retirement system, shall be funded from the state general fund in the fiscal year ending June 30, 2023. The sum necessary is hereby appropriated to the board of trustees. The governor is authorized to draw a warrant for said sum out of any money in the treasury not otherwise appropriated.

79:345 Effective Date. Section 344 of this act shall take effect June 30, 2023.

79:346 Budget Trailer Bill; Transmission to the Legislature; Changes to Statutory Law. Amend RSA 9:2-a to read as follows:

9:2-a Transmission to the Legislature; Changes to Statutory Law. Not later than February 15 of the first year of each biennial legislative session, the governor shall transmit to the legislature a document to be known as the trailer bill containing any changes to statutory law deemed necessary for the ensuing



June 22, 2023

Ms. Marie Mullen
Director of Finance
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301

Re: House Bill (HB) 2-FN-A-Local - Version Adopted by Both Bodies - Section 344 Related to the Supplemental Allowance

Dear Ms. Mullen:

Enclosed are the results of a supplemental actuarial valuation to measure the financial effects of Section 344 of HB 2-FN-A-Local – Version Adopted by Both Bodies, as requested. This section of the bill pertains to a one-time supplemental allowance for certain retirees.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "Heidi G. Barry". The signature is written in a cursive, flowing style.

Heidi G. Barry, ASA, FCA, MAAA

HGB:ah
Enclosure

cc: Jan Goodwin (NHRS via email)
Tim Crutchfield (NHRS via email)
Mark Cavanaugh (NHRS via email)
Marty Karlton (NHRS via email)
Jeffrey T. Tebeau (GRS via email)
Casey T. Ahlbrandt-Rains (GRS via email)

NHRS

Supplemental Actuarial Valuation

House Bill 2-FN-A-Local – Version Adopted by Both Bodies

Section 344 Related to the Supplemental Allowance

as of June 30, 2021

Requested By: Ms. Marie Mullen, Director of Finance
New Hampshire Retirement System

Date: June 22, 2023

Submitted By: Heidi G. Barry, ASA, FCA, MAAA
Jeffrey T. Tebeau, FSA, EA, 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 Section 344 of HB 2-FN-A-Local – Version Adopted by Both Bodies, regarding a one-time supplemental allowance for certain retirees. The purpose of this valuation is to determine the impact of the proposed provisions on the Retirement System's actuarial accrued liabilities and employer contribution rates.

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.

This report should not be relied on for any purpose other than the purpose described above. GRS is not responsible for unauthorized use of this report.

Heidi G. Barry, Jeffrey T. Tebeau, and Casey T. Ahlbrandt-Rains are independent of the plan sponsor, 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, 2021 contribution rate setting actuarial valuation. Actuarial methods and assumptions were the same as those used in the annual actuarial valuation as of June 30, 2021. In particular:

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

The unfunded liability as of June 30, 2017 shall be amortized through 2039. Each subsequent change in unfunded 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.

Section 344 of the bill shall take effect on June 30, 2023.



NHRS
Supplemental Actuarial Valuation
House Bill 2-FN-A-Local – Version Adopted by Both Bodies
Section 344 Related to the Supplemental Allowance
as of June 30, 2021

Summary of Retiree Membership Data - June 30, 2021

Service Retirees

| | | |
|------------------------|----|-------------|
| Number | | 35,896 |
| Average age (years) | | 71.4 |
| Total annual benefits | \$ | 785,424,661 |
| Average annual benefit | \$ | 21,881 |

Disability Retirees

| | | |
|------------------------|----|------------|
| Number | | 1,641 |
| Average age (years) | | 65.2 |
| Total annual benefits | \$ | 34,495,906 |
| Average annual benefit | \$ | 21,021 |

Beneficiaries

| | | |
|------------------------|----|------------|
| Number | | 3,437 |
| Average age (years) | | 75.1 |
| Total annual benefits | \$ | 53,064,561 |
| Average annual benefit | \$ | 15,439 |

Current active and terminated vested participants are excluded from the study.

NHRS
Supplemental Actuarial Valuation
House Bill 2-FN-A-Local – Version Adopted by Both Bodies
Section 344 Related to the Supplemental Allowance
as of June 30, 2021

New Provisions Under Consideration:

Section 344 of the bill states the following.

I. An additional one-time allowance of \$500 shall be paid during state fiscal year 2024 to retired members of the retirement system receiving an allowance, or any beneficiary of such a member who is receiving a survivorship pension benefit, who are eligible as follows:

- (a) The member retired with at least 20 years of creditable service;
- (b) The member retired and has been receiving an allowance for at least 5 years prior to or on July 1, 2023.
- (c) The annual retirement allowance of the member on June 30, 2023 is not greater than \$40,000.

II. The additional allowance shall not become a permanent addition to the member's base retirement allowance.

III. The total cost of the additional allowances, as determined by the actuary and certified by the board of trustees of the retirement system, shall be funded from the state general fund in the fiscal year ending June 30, 2023. The sum necessary is hereby appropriated to the board of trustees. The governor is authorized to draw a warrant for said sum out of any money in the treasury not otherwise appropriated.

This section of the bill shall take effect on June 30, 2023.

NHRS
Supplemental Actuarial Valuation
House Bill 2-FN-A-Local – Version Adopted by Both Bodies
Section 344 Related to the Supplemental Allowance
as of June 30, 2021

Actuarial Statement

Under the proposed scenario outlined in the new provisions, the impact would be reflected in the next rate-setting valuation as of June 30, 2023, which determines the rates for the 2026-2027 biennium. Since the rates for the 2026-2027 biennium are unknown at this time, only the net impact of the proposal is shown.

Pension Results

State

| Increase (Decrease) in Employer Pension Rates as a Percent of Payroll - State[^] | | | | |
|--|------------------|-----------------|---------------|-------------|
| | Employees | Teachers | Police | Fire |
| Normal Cost % | 0.00% | N/A | 0.00% | 0.00% |
| UAAL % | 0.00% | N/A | 0.00% | 0.00% |
| Total Impact of Proposal | 0.00% | N/A | 0.00% | 0.00% |

| Expected Employer Dollar Increase (Decrease) Due to Proposal - State (\$Millions)[^] | | | | | |
|--|------------------|-----------------|---------------|-------------|--------------|
| | Employees | Teachers | Police | Fire | Total |
| FY 2023 | \$ - | \$ - | \$ - | \$ - | \$ - |
| FY 2024 | - | - | - | - | - |
| FY 2025 | - | - | - | - | - |
| FY 2026 | - | - | - | - | - |

Political Subdivisions

| Increase (Decrease) in Employer Pension Rates as a Percent of Payroll - Political Subdivisions[^] | | | | |
|---|------------------|-----------------|---------------|-------------|
| | Employees | Teachers | Police | Fire |
| Normal Cost % | 0.00% | 0.00% | 0.00% | 0.00% |
| UAAL % | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Impact of Proposal | 0.00% | 0.00% | 0.00% | 0.00% |

| Expected Employer Dollar Increase (Decrease) Due to Proposal - Pol. Sub. (\$Millions)[^] | | | | | |
|--|------------------|-----------------|---------------|-------------|--------------|
| | Employees | Teachers | Police | Fire | Total |
| FY 2023 | \$ - | \$ - | \$ - | \$ - | \$ - |
| FY 2024 | - | - | - | - | - |
| FY 2025 | - | - | - | - | - |
| FY 2026 | - | - | - | - | - |

[^] There is no impact on employer contributions since the change is to be funded from the state general fund.

NHRS
Supplemental Actuarial Valuation
House Bill 2-FN-A-Local – Version Adopted by Both Bodies
Section 344 Related to the Supplemental Allowance
as of June 30, 2021

Actuarial Statement
(Concluded)

Impact on NHRS Liabilities in Total to be Funded from the State General Fund

| Increase (Decrease) in Actuarial Accrued Liabilities Due to Proposal as of June 30, 2023 (\$Millions) | | | | |
|--|----------|--------|--------|--------|
| Employees | Teachers | Police | Fire | Total* |
| \$ 2.9 | \$ 3.6 | \$ 0.4 | \$ 0.2 | \$ 7.1 |

* Totals may not add due to rounding.

NHRS

Supplemental Actuarial Valuation

House Bill 2-FN-A-Local – Version Adopted by Both Bodies

Section 344 Related to the Supplemental Allowance

as of June 30, 2021

Comment 1 — The proposed change is measured as of June 30, 2021, the most recent certified actuarial valuation, and adjusted for updates from data available through June 30, 2022 in order to calculate the supplemental allowance payments at June 30, 2023. There is no impact on employer contributions since the change is to be funded from the State General Fund. This change only affects members currently in receiving status who meet the requirements needed to receive the supplemental benefit. The estimated cost of the proposal is \$7.1 million. The actual cost will be based on the actual amount paid out to retirees remaining in the System as of the date of distribution and will likely be different than our estimate. For purposes of this analysis, we assumed that each eligible retiree alive on the June 30, 2022 valuation date would receive a payment.

Comment 2 — We have reflected the change beginning in fiscal year 2026, the next year for which Board certification of employer pension contribution rates is scheduled. Actual employer contribution rates for FY 2026 will be based on the June 30, 2023 actuarial valuation and may differ. Actual dollar amounts will be determined based on actual payroll and may differ. As written, the bill will affect all future years. Calculation of the estimated dollar impact on years beyond FY 2026 was beyond the scope of this request. The impact to the employer contribution for fiscal year 2026 is \$0.

Comment 3 — We have assumed that benefit increases would be granted on the basis of defined benefit amounts for which the member is eligible, including respective adjustments for optional forms and changing benefit, and not on additional annuities purchased by members.

Comment 4 — Our analysis in this report only pertains to Section 344 of the bill. Other provisions that may impact the Retirement System were not considered.

Comment 5 — 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 6 — No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them.

Comment 7 — 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 8 — 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.

Comment 9 — Please refer to the June 30, 2021 actuarial funding valuation report dated April 29, 2022 for additional discussions regarding the risks associated with measuring the accrued liability and the actuarially determined contribution. Additional assessment of risks was outside the scope of this assignment.

NHRS
Supplemental Actuarial Valuation
House Bill 2-FN-A-Local – Version Adopted by Both Bodies
Section 344 Related to the Supplemental Allowance
as of June 30, 2021

Comment 10 — This calculation is 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 11 — 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 12 — 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 the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.



New Hampshire Retirement System
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Website: www.nhrs.org - Email: info@nhrs.org

2023 Legislative Tracker

Updated: June 27, 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. Among the NHRS-related sections are: – Adjusting the recalculation of a Group I retiree's NHRS benefit to his or her full retirement age under the federal Social Security system. – Providing a one-time \$500 payment to eligible retirees. – Creating a commission to study retirement benefits and retention of employees. | – | 6/20/23: Signed into law by the Governor. Multiple effective dates. (Chapter 79, Laws of 2023) |
| 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 | 5/3/23: Signed into law by the Governor. Effective 7/2/23. (Chapter 9, Laws of 2023) |
| HB 50 | This bill provides a one-time, \$50 million appropriation toward the retirement system's unfunded pension liability in fiscal year 2023. | Rep. Michael Edgar | 3/23/23: House voted, 206-120, to table the bill. No further action is expected in the 2023 session. |
| 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 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 | 5/3/23: Signed into law by the Governor. Effective 7/2/23. (Chapter 19, Laws of 2023) |
| HB 250 | This 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 | 5/18/23: Senate, on a voice vote, accepted committee recommendation to re-refer bill to committee. No further action is expected in the 2023 session. |
| HB 278 | 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 | 6/1/23: Signed into law by the Governor. Effective upon passage. (Chapter 63, Laws of 2023) |
| 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. |

| BILL # | BRIEF DESCRIPTION | PRIMARY SPONSOR | STATUS |
|--------|---|--------------------|---|
| HB 436 | 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 to retain the bill in committee. No further action is expected in the 2023 session. |
| 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 to retain the bill in committee. No further action is expected in the 2023 session. |
| HB 457 | 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 | 5/11/23: Senate voted, 14-10, to accept committee recommendation of ought to pass (OTP). The bill has been enrolled and sent to the Governor. * |
| HB 461 | As amended by the Senate, this bill creates a committee to study the elimination by political subdivision employers of retirement system-eligible positions. | Rep. Steve Pearson | 6/19/23: Committee of conference could not reach agreement. No further action is expected in the 2023 session. |
| 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 | As amended, this bill requires the transfer of 25 percent of any future state biennial surpluses to the reduction in the retirement system's unfunded accrued liability. | Rep. Tony Lekas | 5/11/23: Senate, on a voice vote, tabled the bill. The bill is dead. |
| 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 to retain the bill in committee. No further action is expected in the 2023 session. |
| HB 571 | This bill 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 of 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 \$100,000 or more are ineligible for the one-time payment. | Rep. Ben Baroody | 3/28/23: House Finance Committee voted to retain the bill in committee. No further action is expected in the 2023 session. |
| 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 | 5/11/23: Senate voted, 14-10, to accept committee recommendation of inexpedient to legislate (ITL). The bill is dead. |

| BILL # | BRIEF DESCRIPTION | PRIMARY SPONSOR | STATUS |
|--|---|----------------------------------|---|
| 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. Note: <i>The provisions of the bill were included in HB 2 (See above).</i> |
| 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. The bill is dead. |
| 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. The bill is dead. |
| <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> | | | |

BENEFITS COMMITTEE
Oral Presentation Only

PERSONNEL PERFORMANCE & COMPENSATION COMMITTEE*Oral Presentation Only*

APOLLO

Outlook for public and private markets

Torsten Slok, Ph.D. | Chief Economist | tslok@apollo.com

Apollo Global Management

June 2023

Unless otherwise noted, information as of June 2023.

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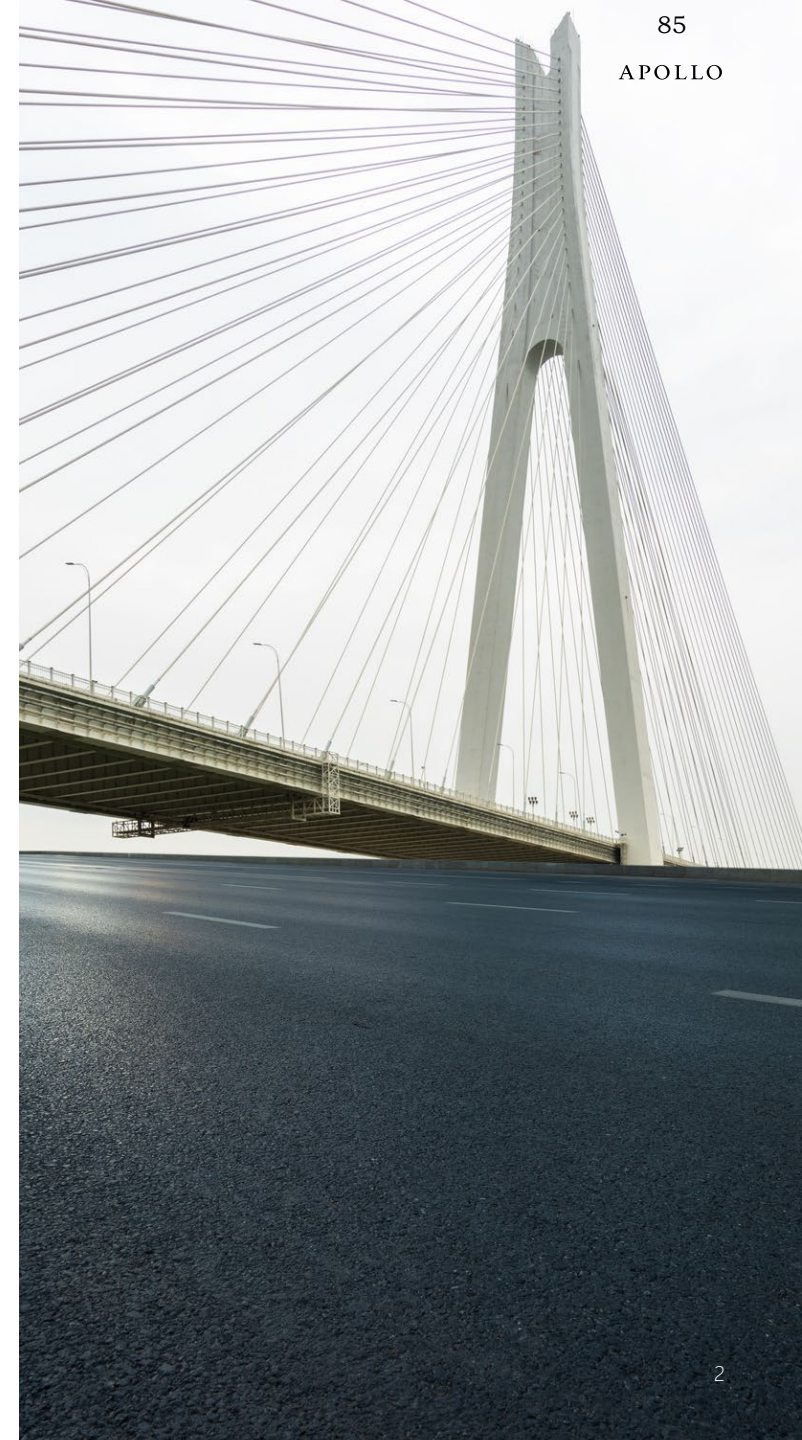
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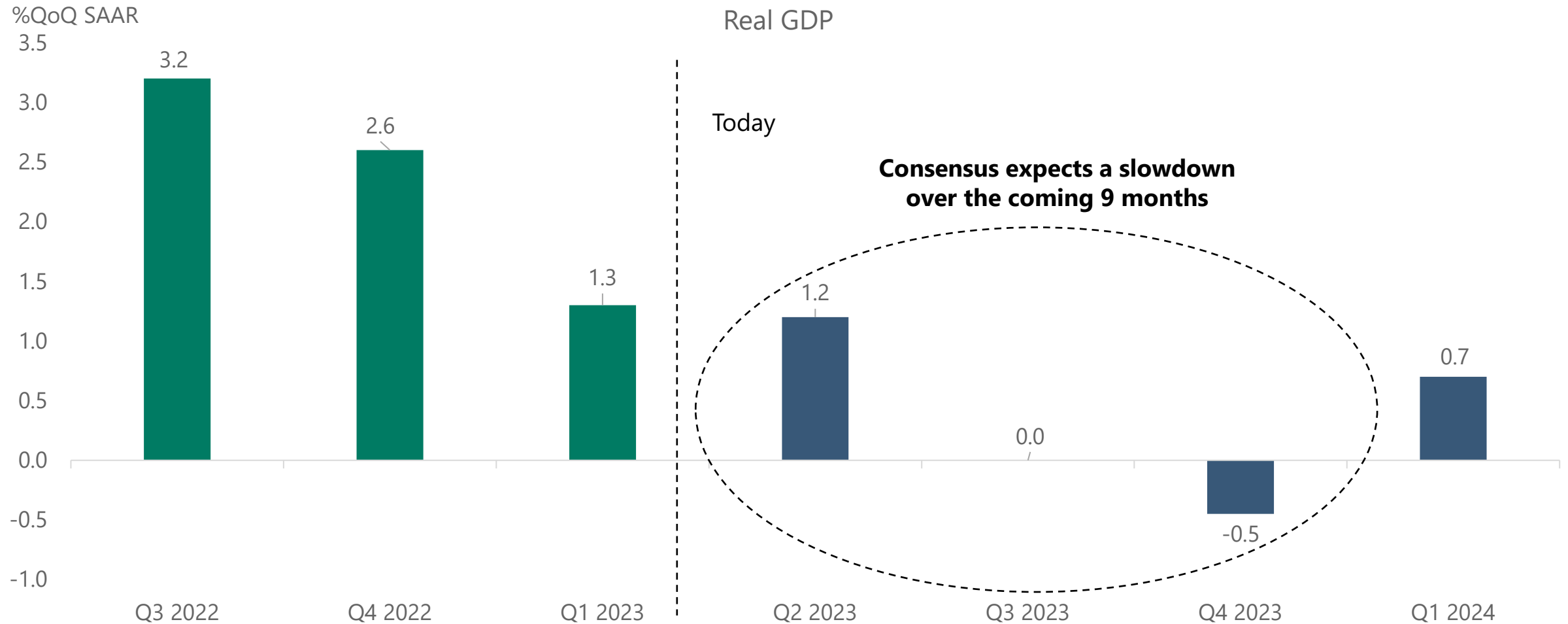
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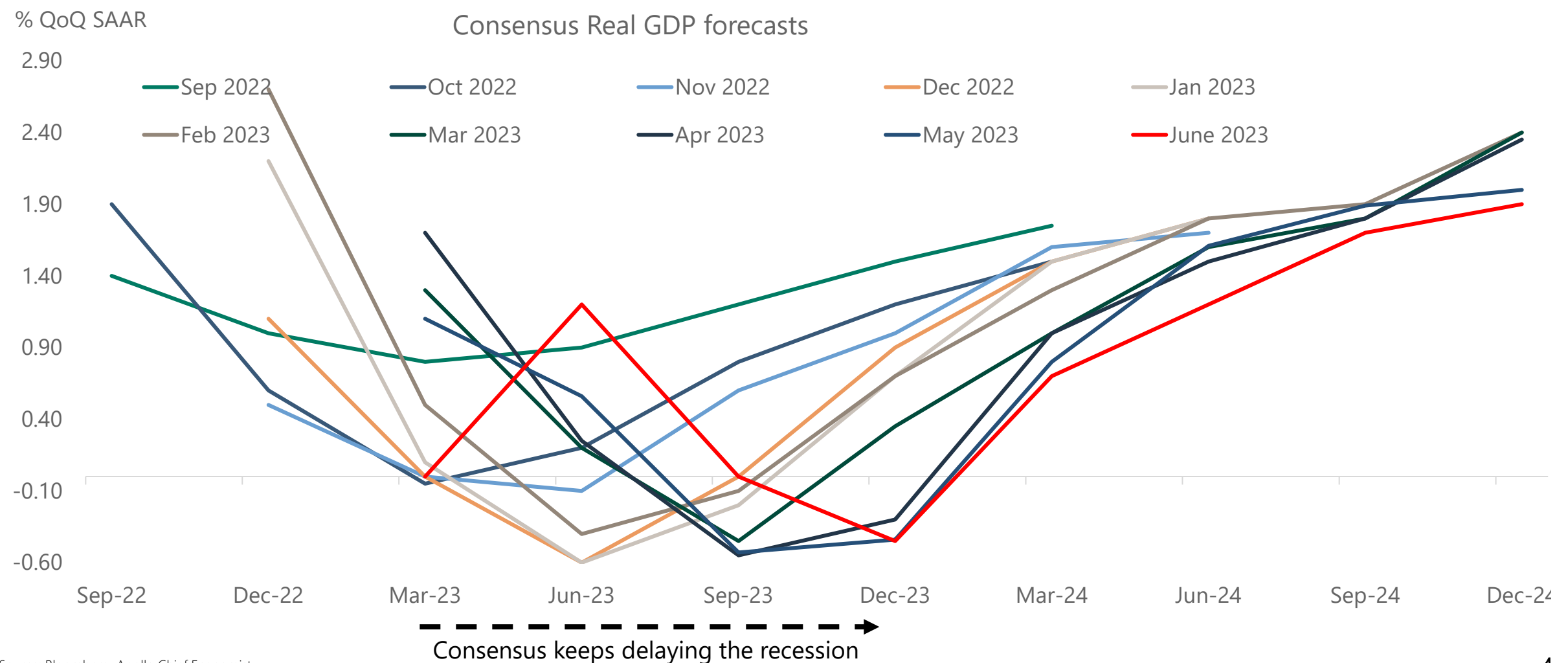
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The consensus expects growth to continue to slow

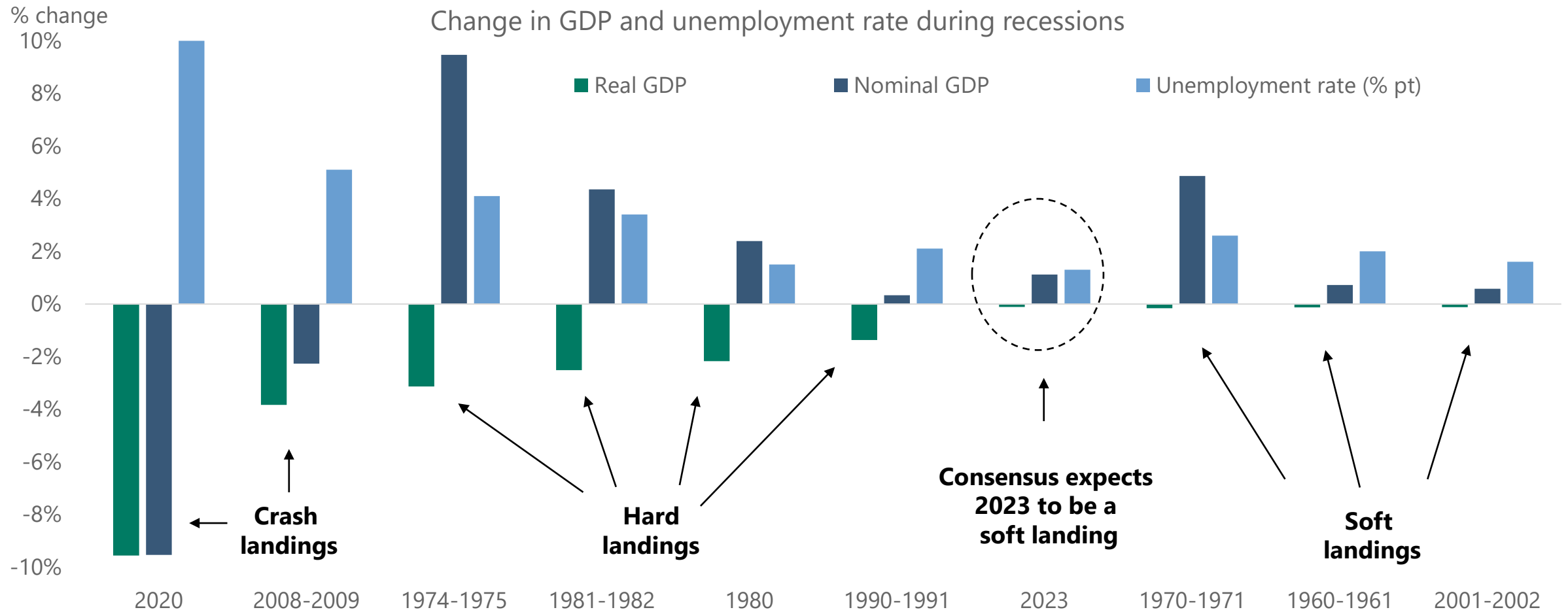


Consensus has been forecasting a recession since October 2022



Source: Bloomberg, Apollo Chief Economist

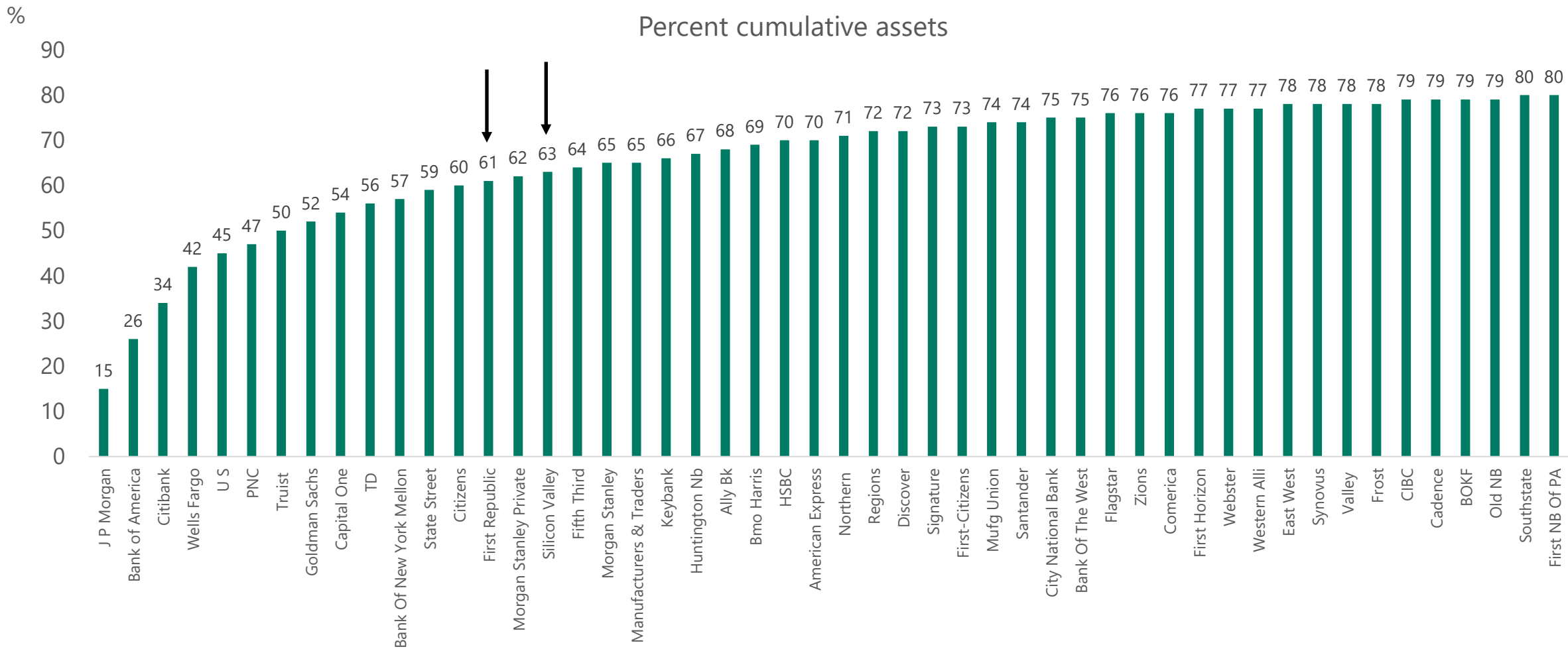
GDP and unemployment rate change during recessions



The banking sector

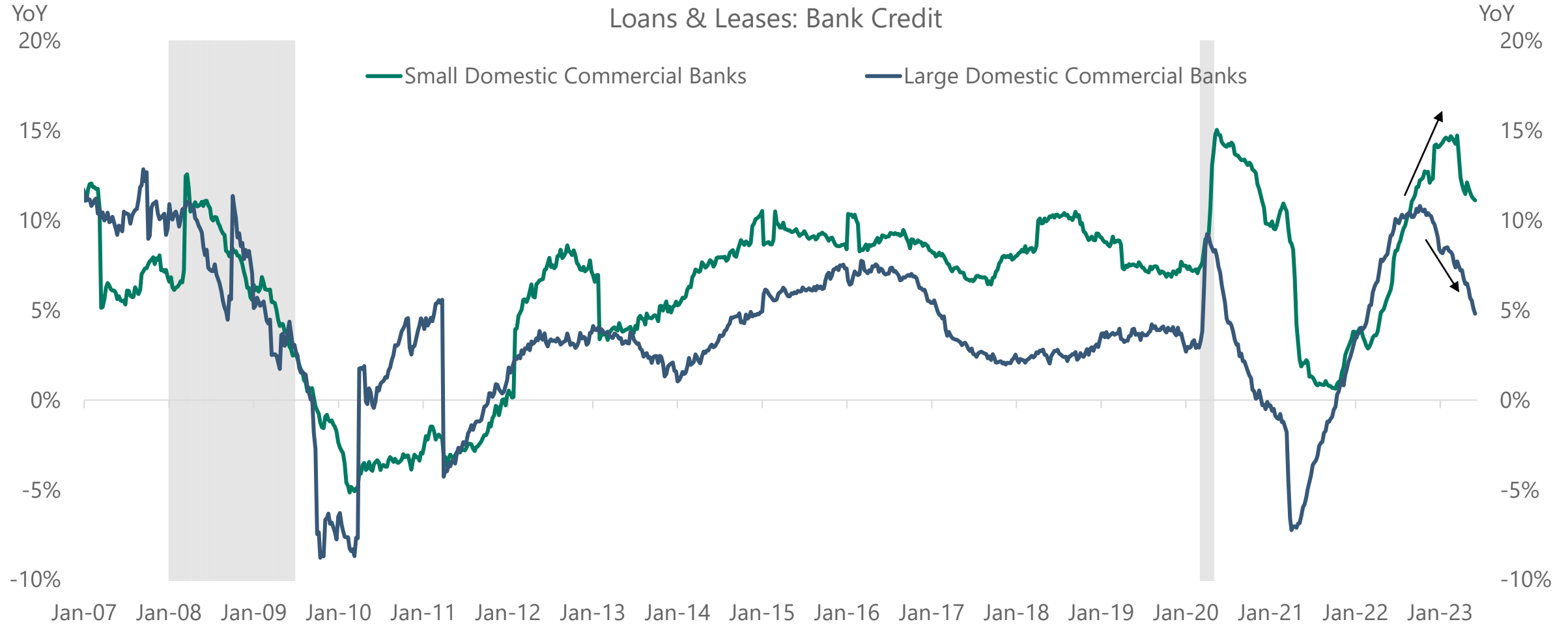


Tighter credit conditions are coming:
Banks “to the right” of SVB are likely to immediately start reorganizing their balance sheets

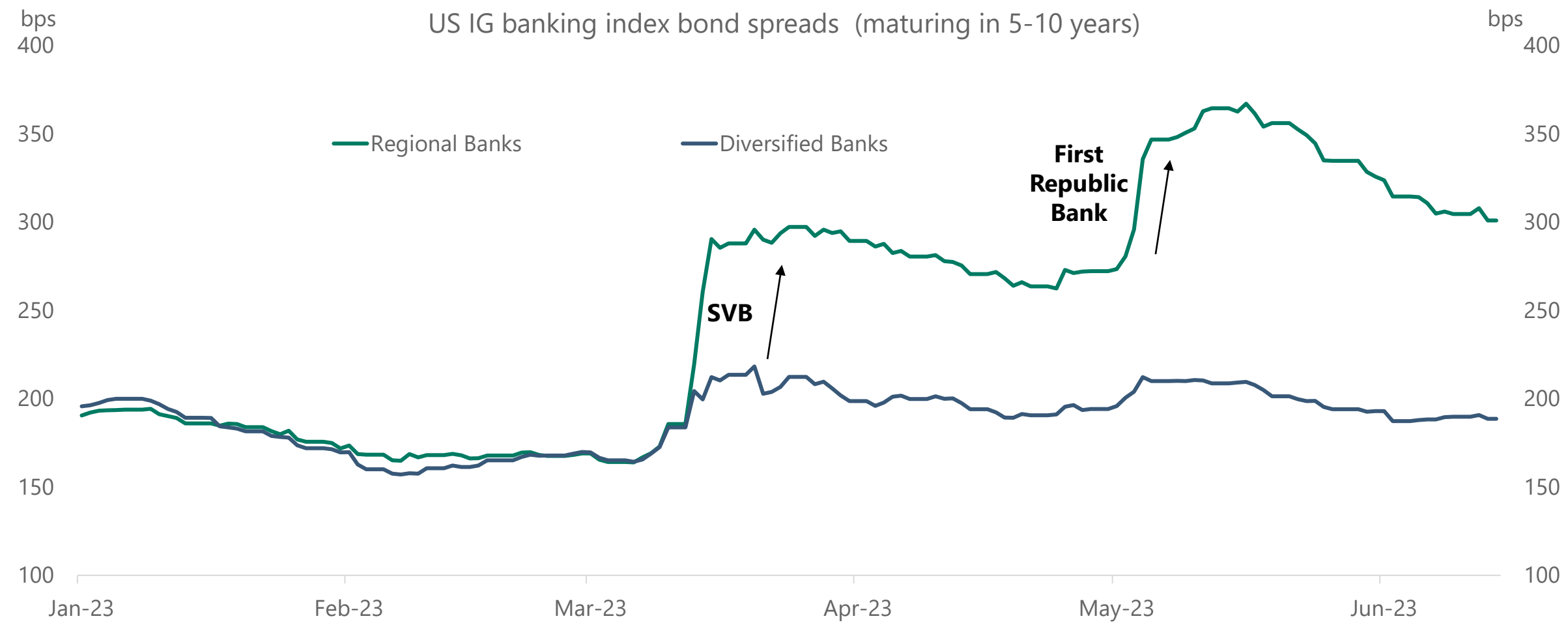


Source: Federal Reserve Board, Haver Analytics, Apollo Chief Economist. As of 2022Q4. Represents the views and opinions of Apollo’s Chief Economist. Subject to change at any time without notice.

Small bank and large bank lending growth

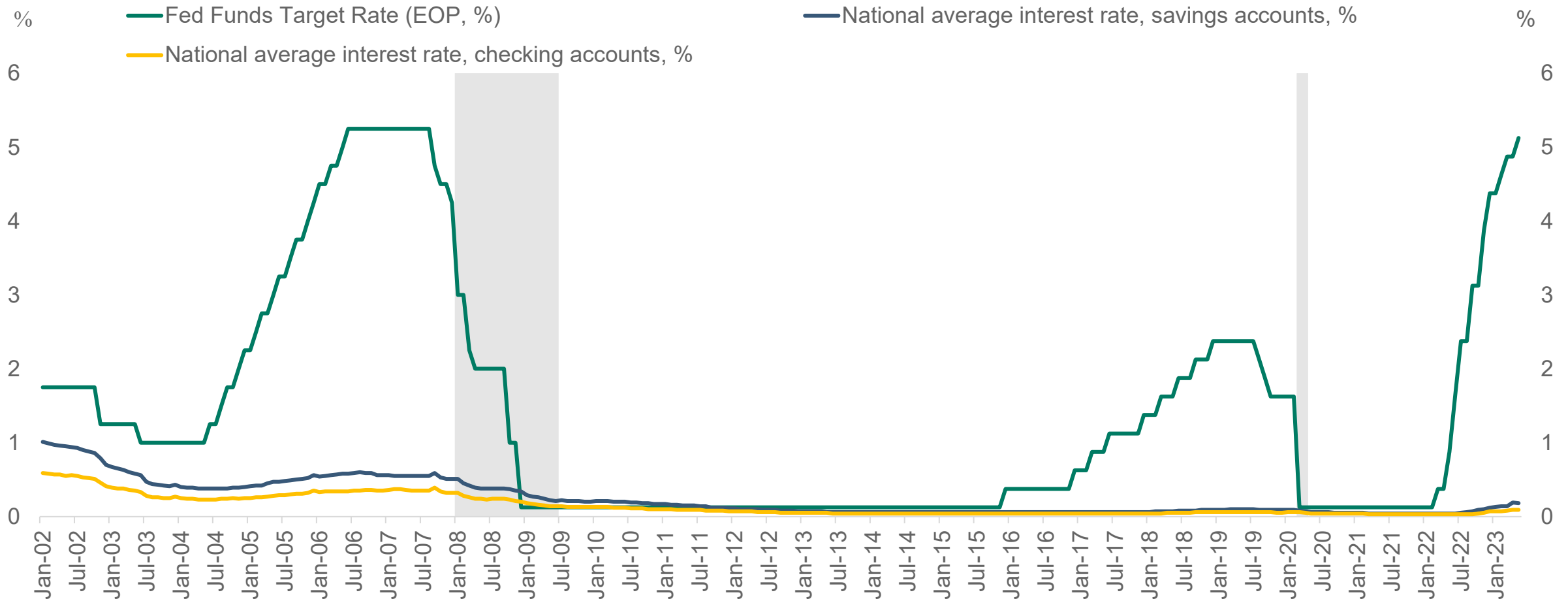


SVB and FRC lifted funding costs for banks permanently

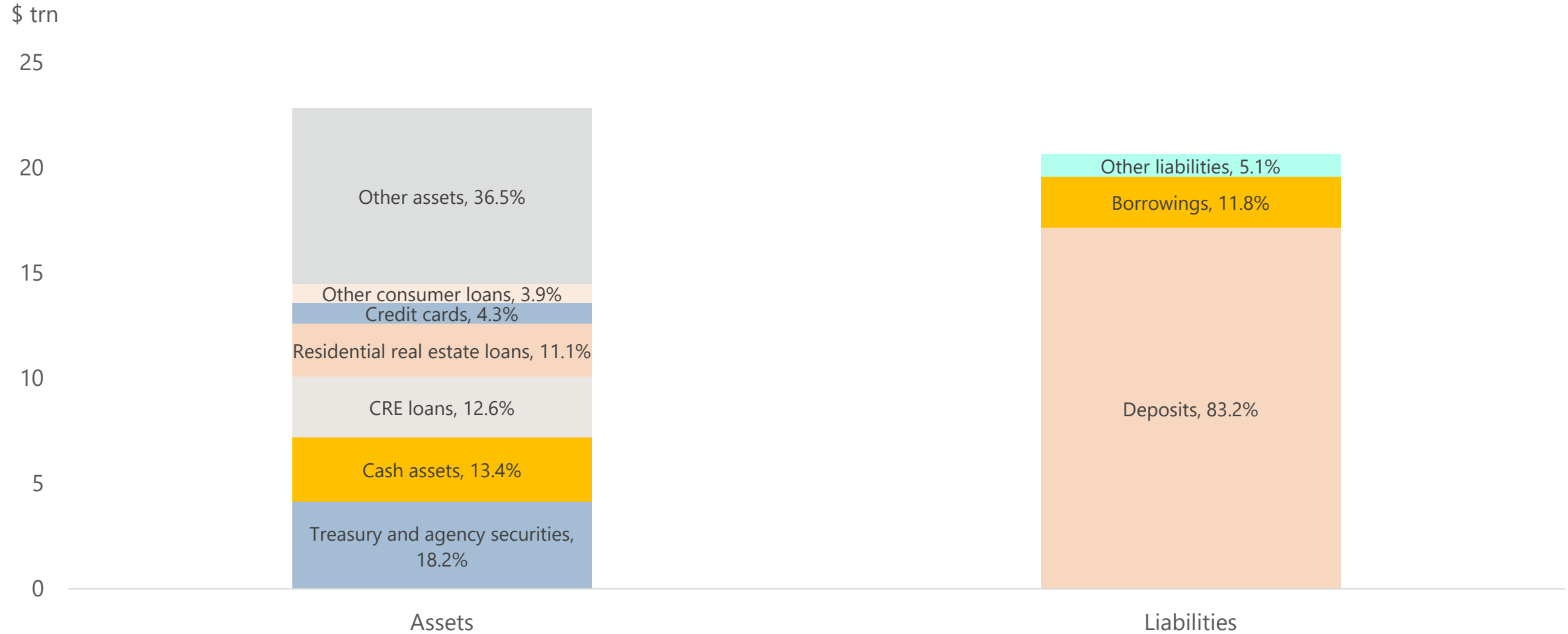


Source: ICE BofA, Bloomberg, Apollo Chief Economist. Note: Unweighted average spreads of bonds from ICE 5-10 Year US Banking Index, C6PX Index for bonds issued before 1st Jan 2023. There are 8 banks in the Regional index and 41 banks in the Diversified index, and Regional banks include BankUnited, Citizens Financial, Huntington, and Zions, and Diversified banks includes JP Morgan, Citibank, and Bank of America.

Growing divergence between the Fed funds rate and interest rates on checking accounts is increasing the risk of bank deposit outflows

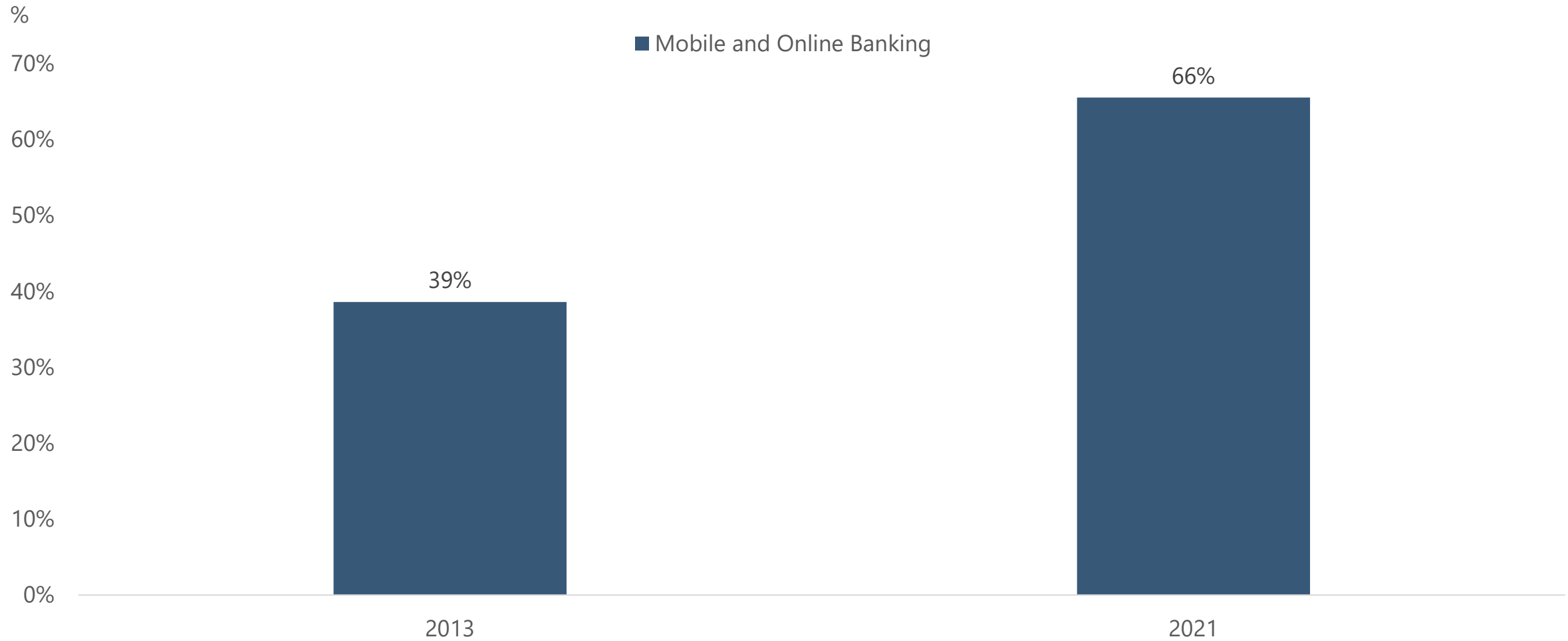


US banks: Deposits make up 83% of liabilities in the US banking sector

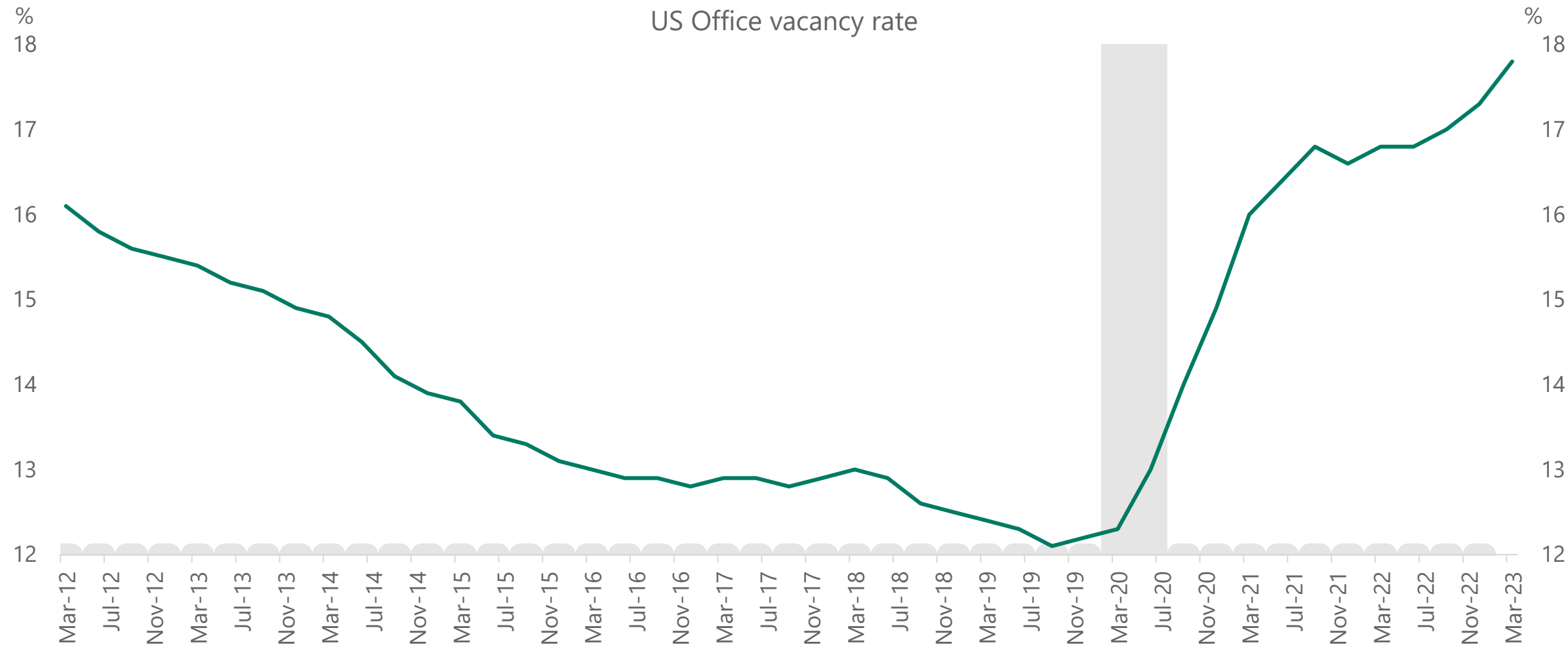


Source: FRB, Apollo Chief Economist (Other assets = Total Federal funds Sold & Reverse RPS, Trading assets, Loans to commercial Banks, Commercial & Industrial Loans, all other loans & leases, Other securities;
Other Liabilities= Other liabilities, Net due to related Foreign offices)

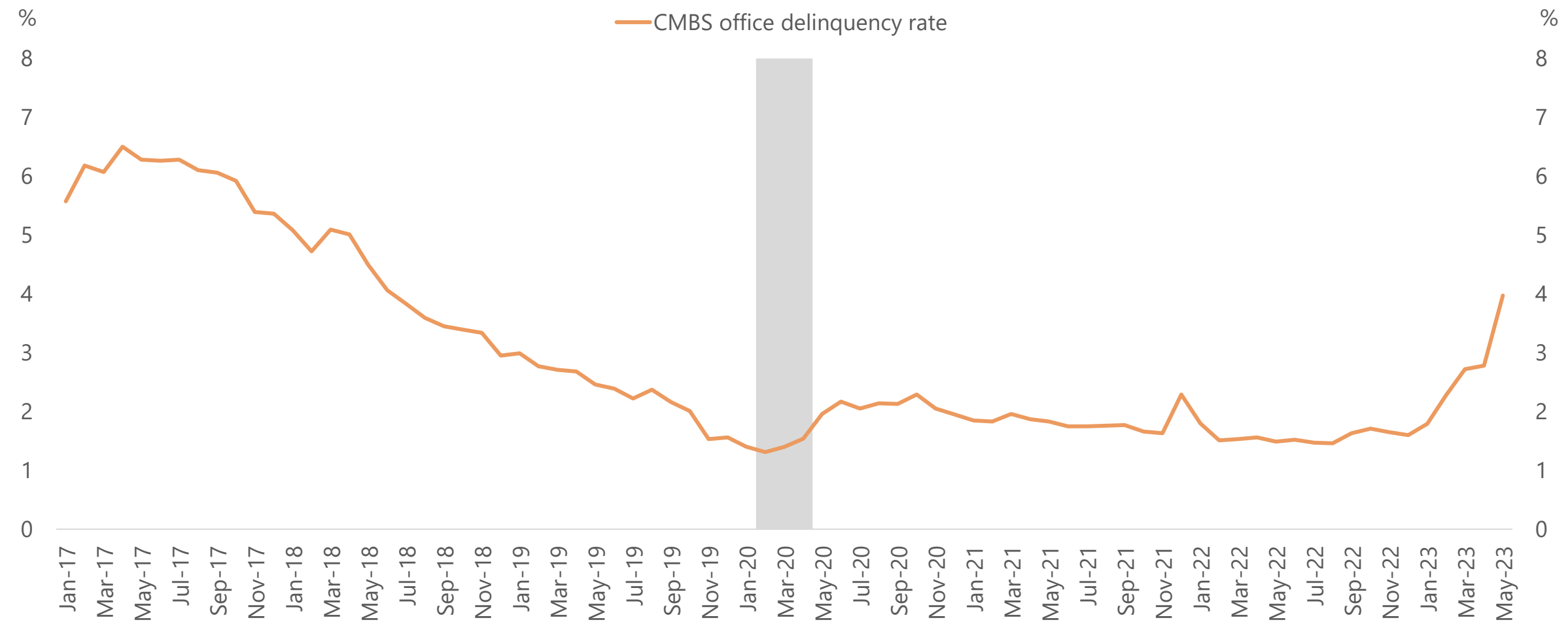
Primary method of bank account access: More and more households use mobile and online banking



US Office vacancy rate rising

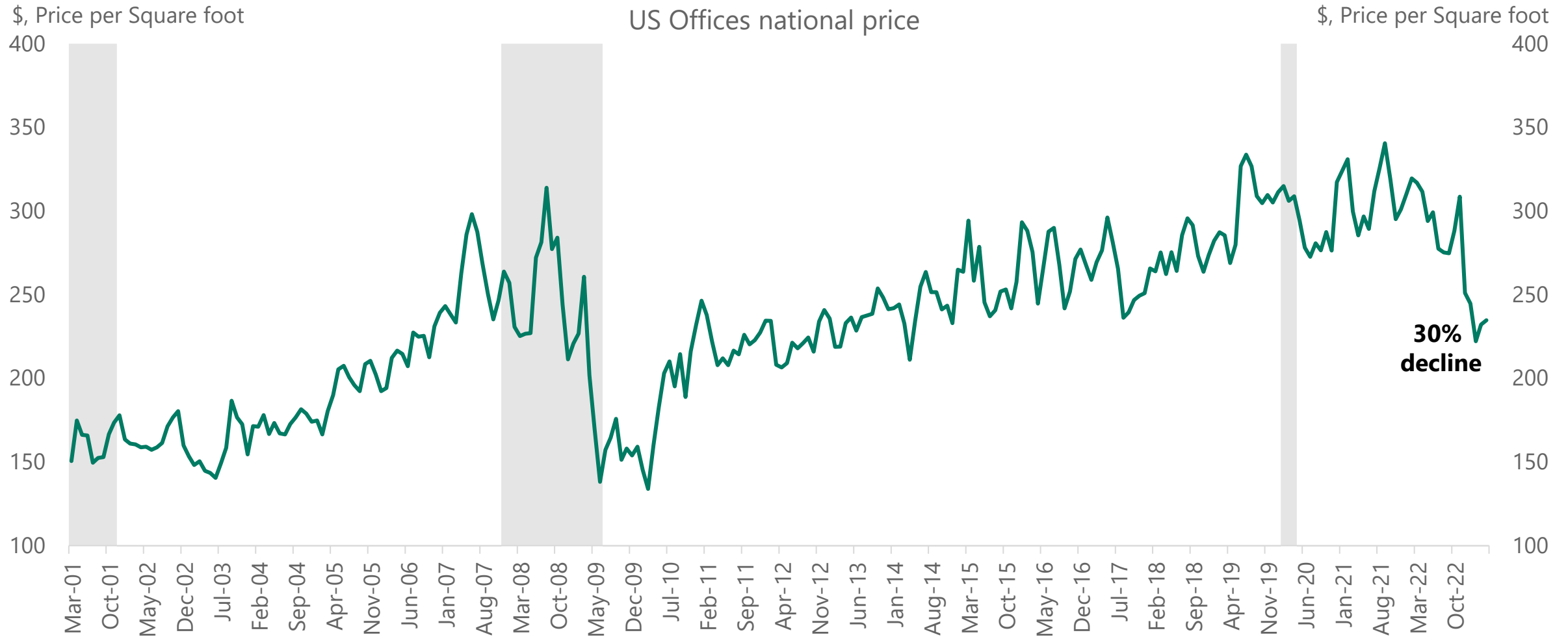


Delinquency rate for office rising

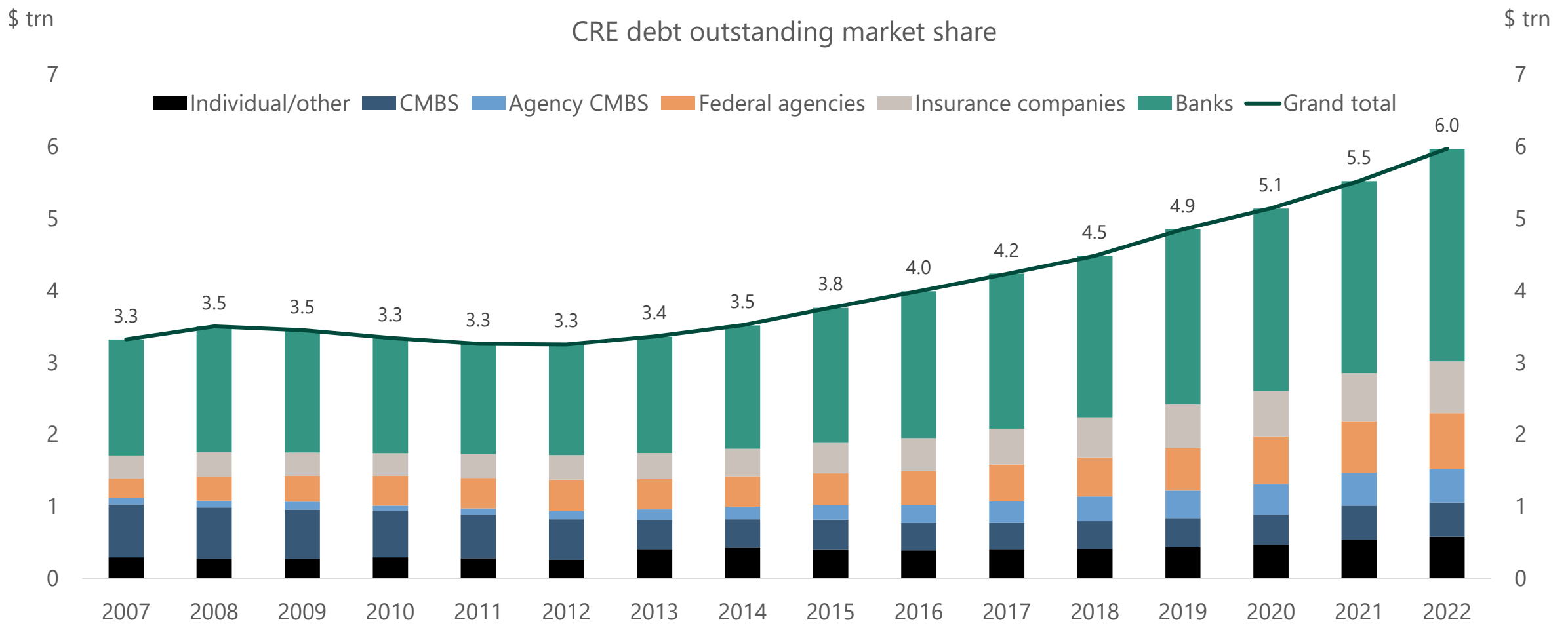


Source: S&P, Apollo Chief Economist

Price per square foot for US offices falling

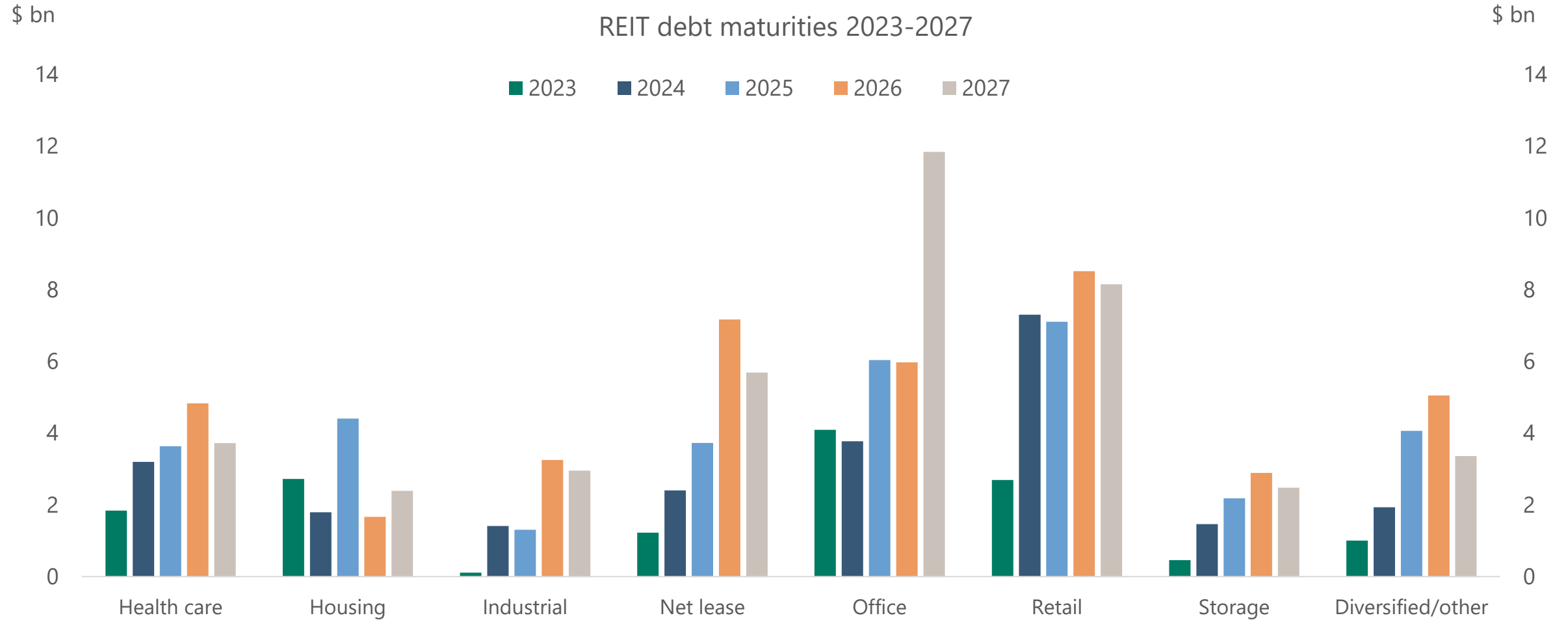


US banks account for the bulk of CRE lending

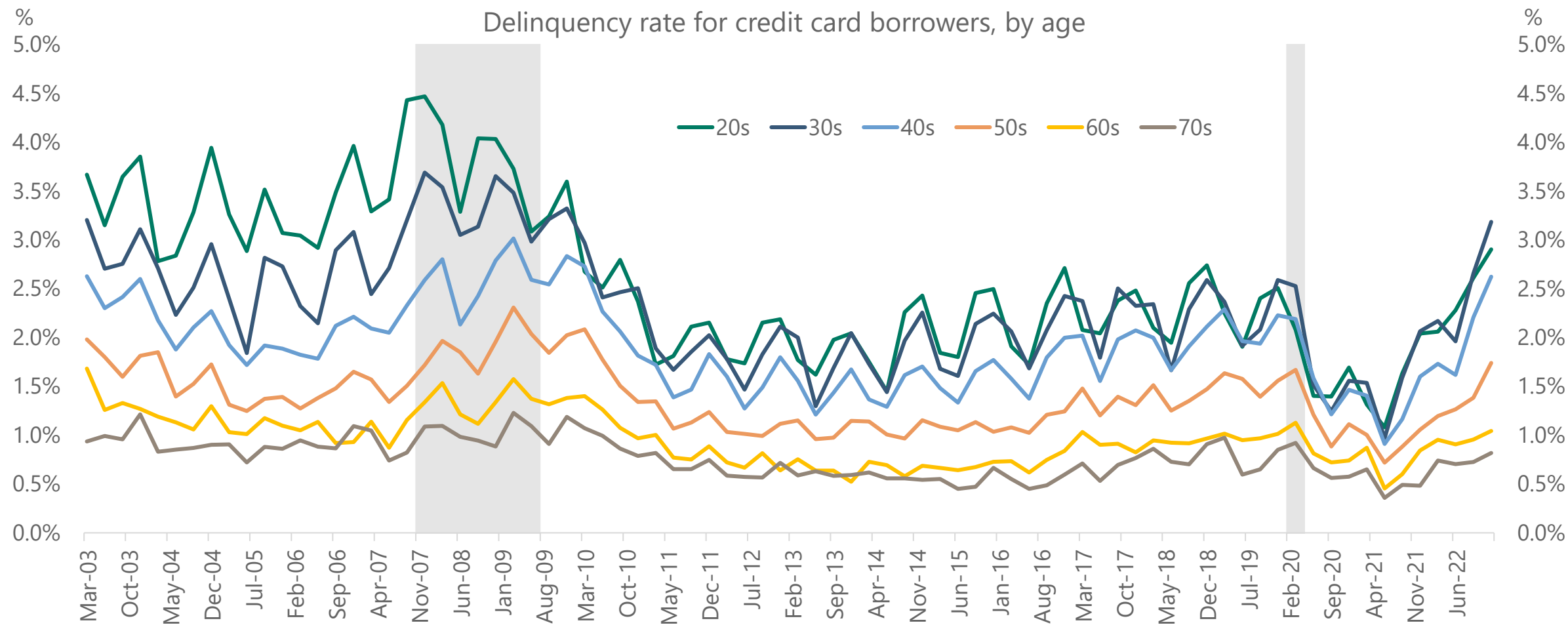


Source: S&P Capital IQ, Apollo Chief Economist

U.S. REITs hold approximately \$14 billion of debt maturing this year

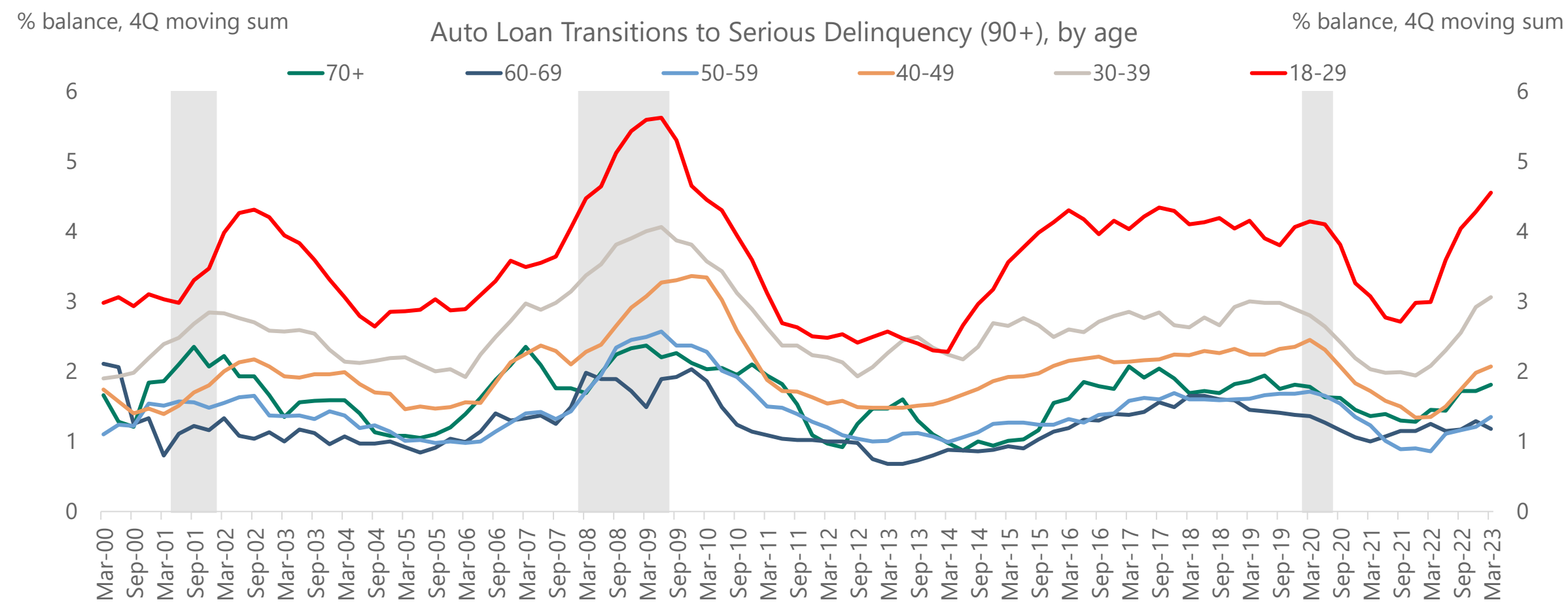


Credit card delinquency rates at 2008 levels



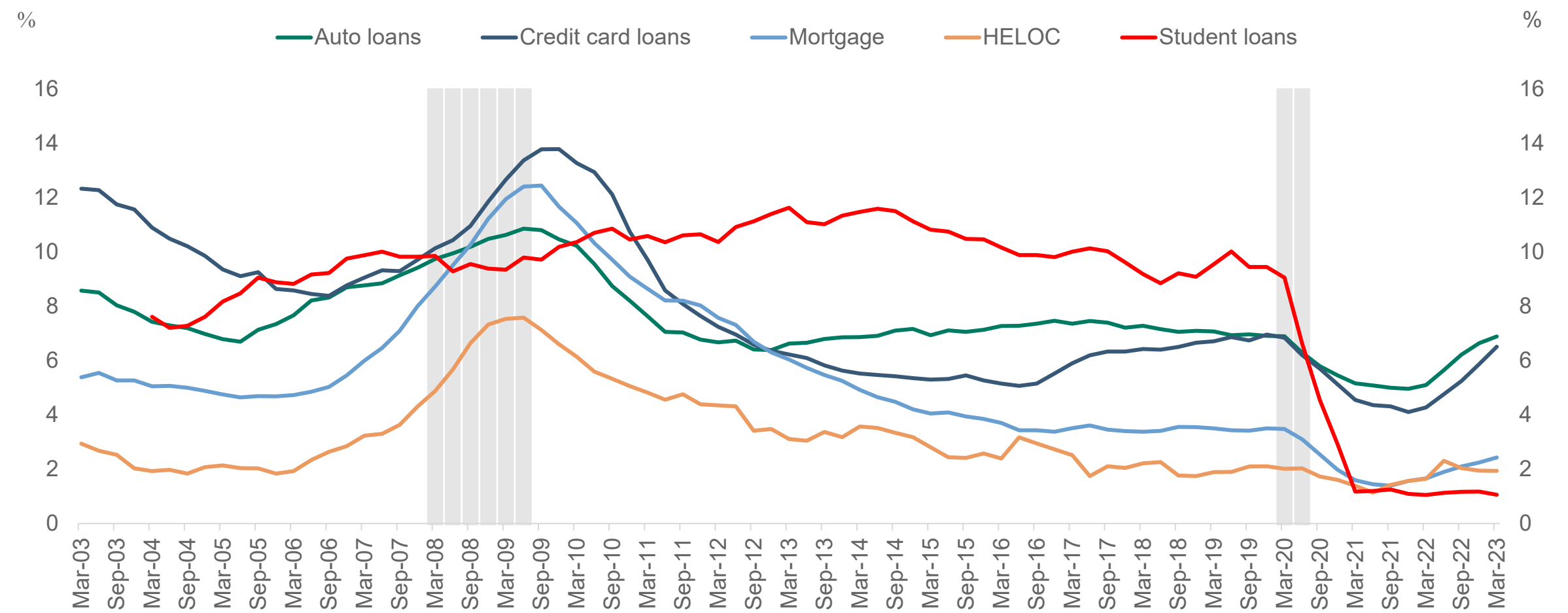
Source: New York Fed Consumer Credit Panel / Equifax, Apollo Chief Economist

Auto loan transitions to serious delinquency approaching 2008 levels

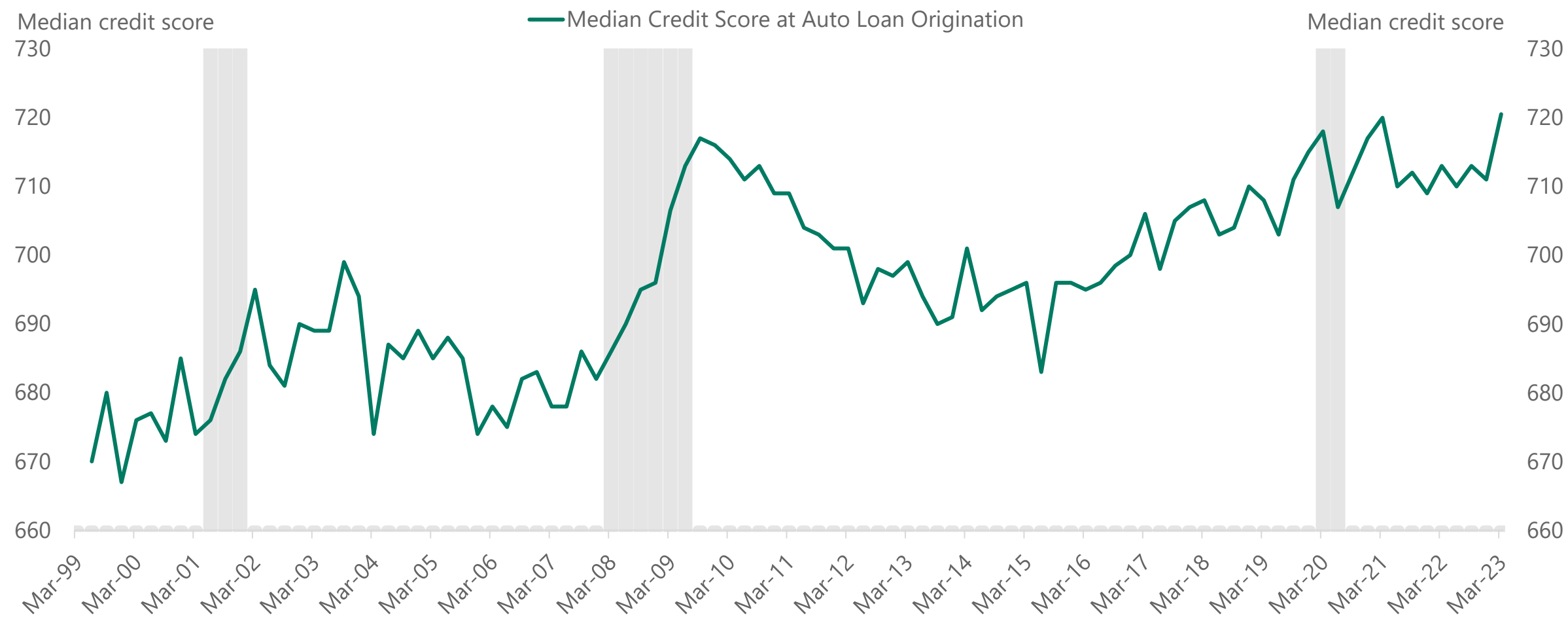


Source: FRBNY Consumer Credit Panel, Equifax, Haver Analytics, Apollo Chief Economist

New delinquent (+30 days) balances by loan type, % of current balance

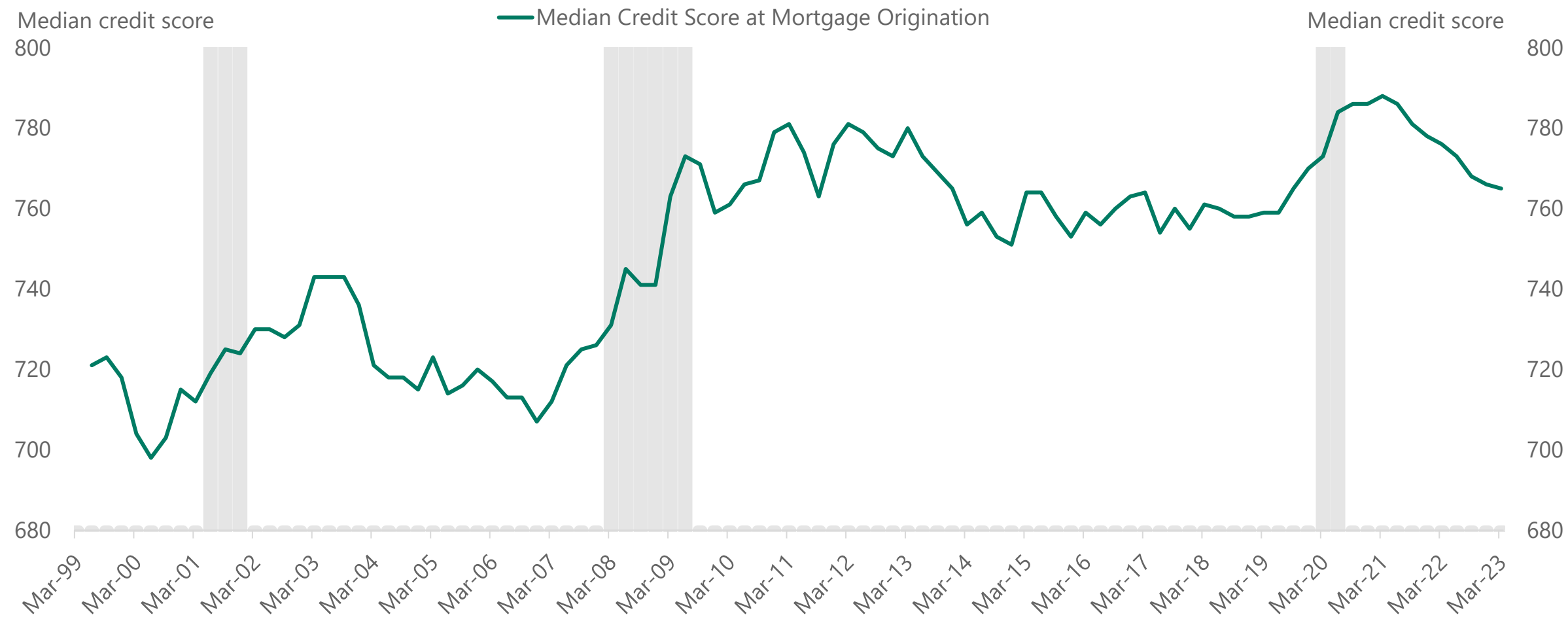


Median credit score at auto loan origination



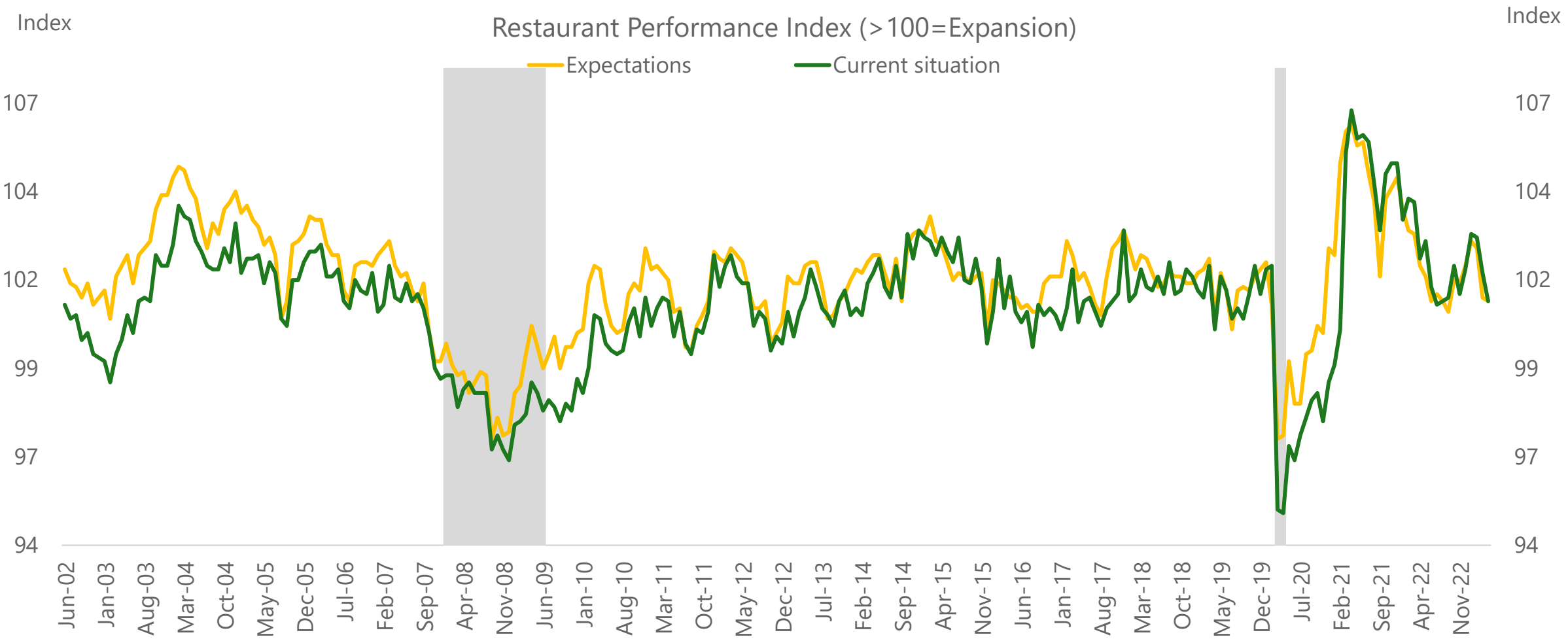
Source: FRBNY Consumer credit panel, Equifax, Haver Analytics, Apollo Chief Economis

Median credit score at mortgage origination



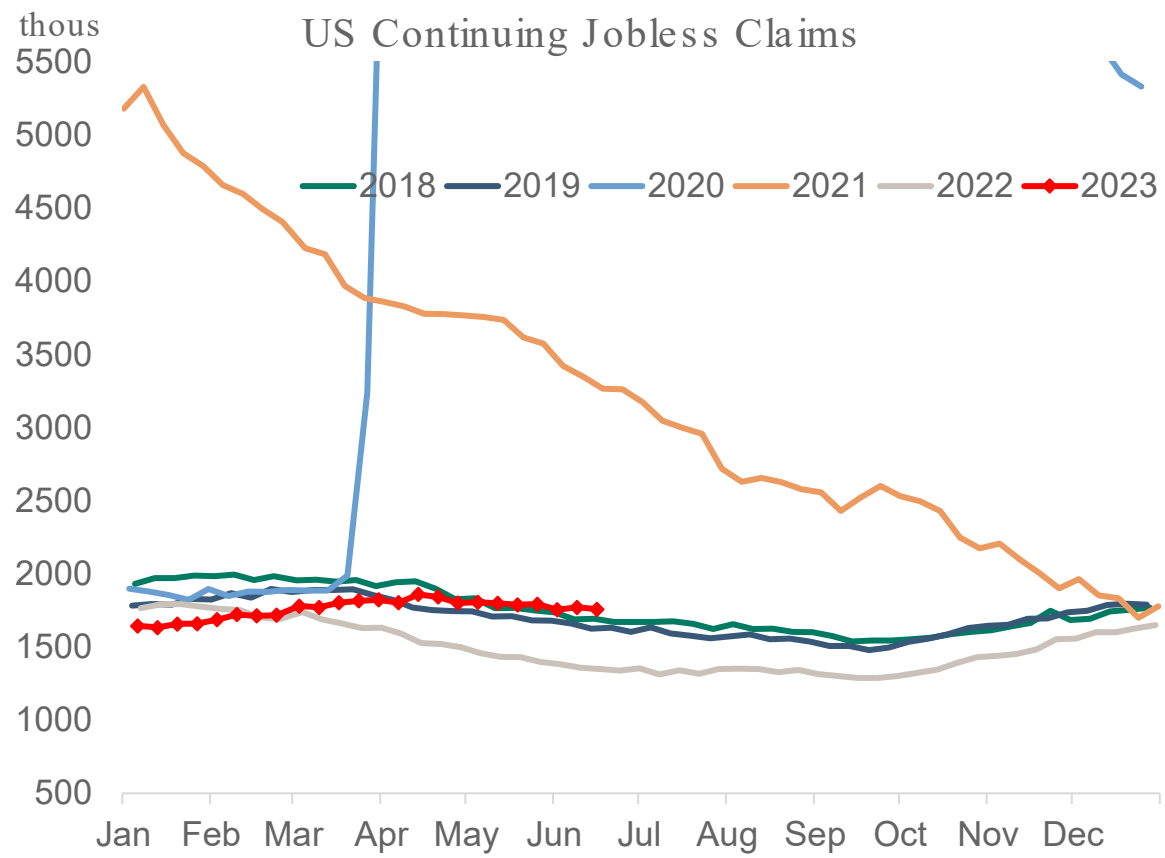
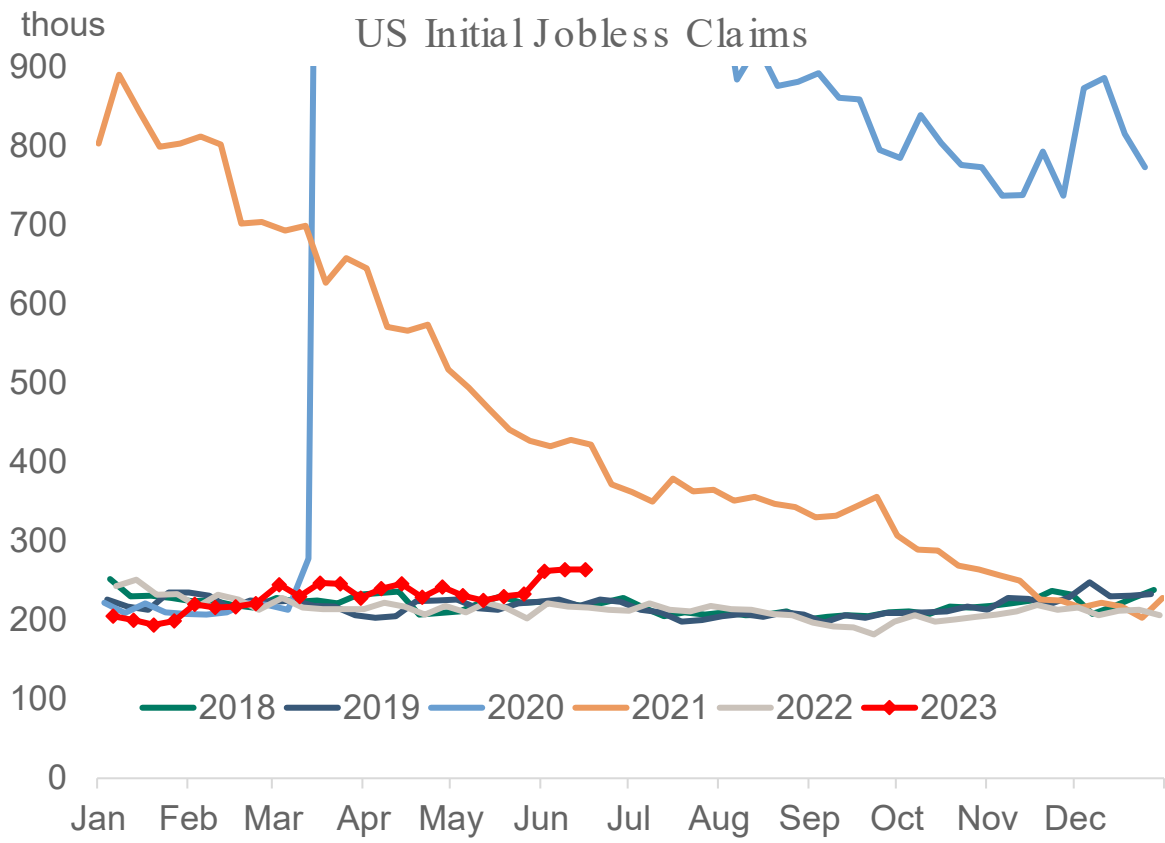
Source: FRBNY Consumer credit panel, Equifax, Haver Analytics, Apollo Chief Economis

Restaurant demand starting to slow down



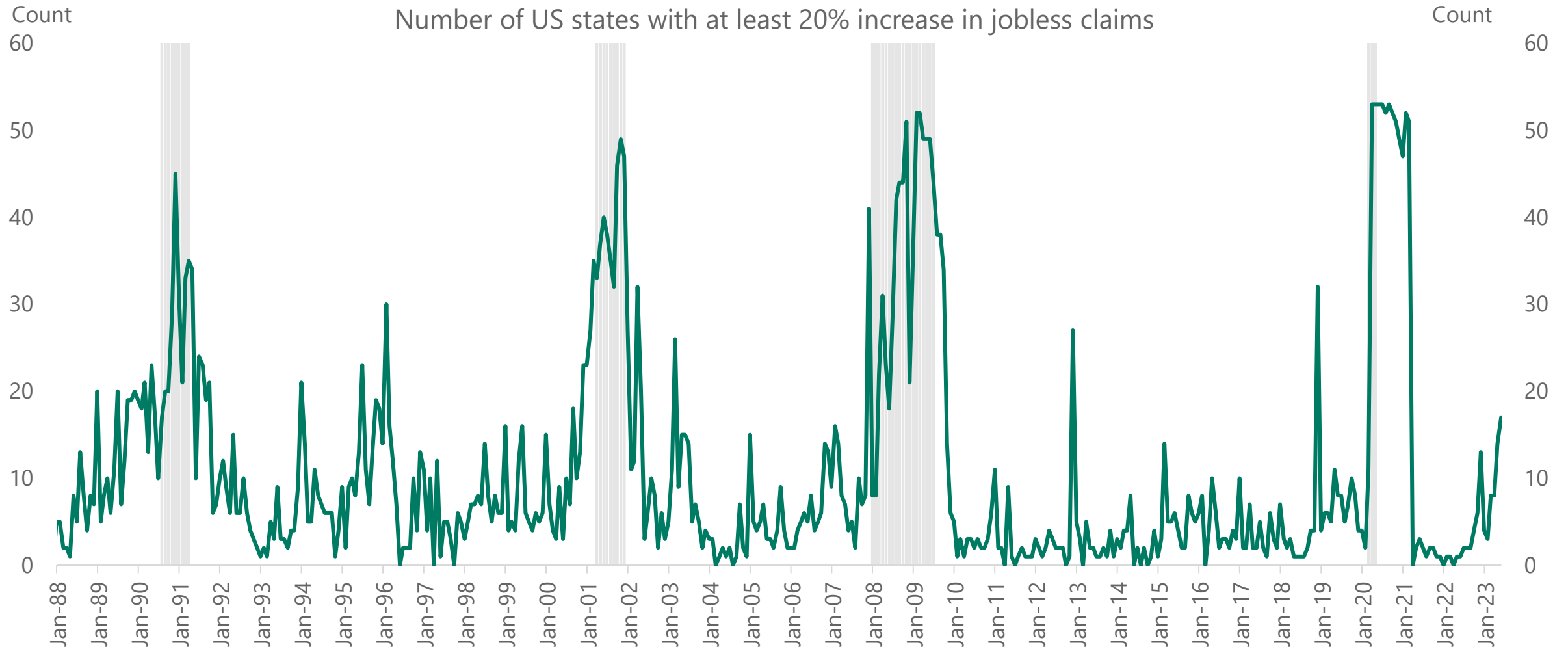
Source: National Restaurant Association, Haver, Apollo Chief Economist

Jobless claims trending higher

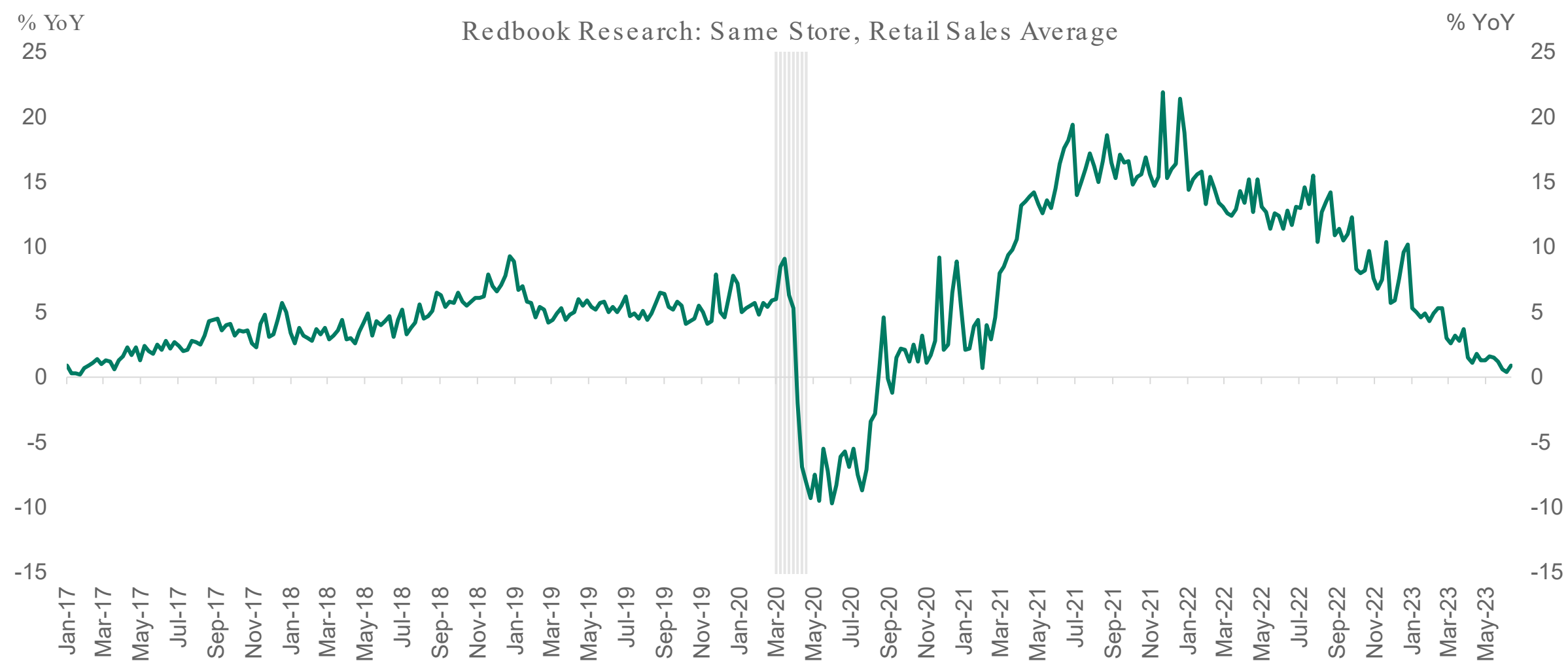


Source: Department of Labor, Bloomberg, Apollo Chief Economist

Jobless claims rising across states

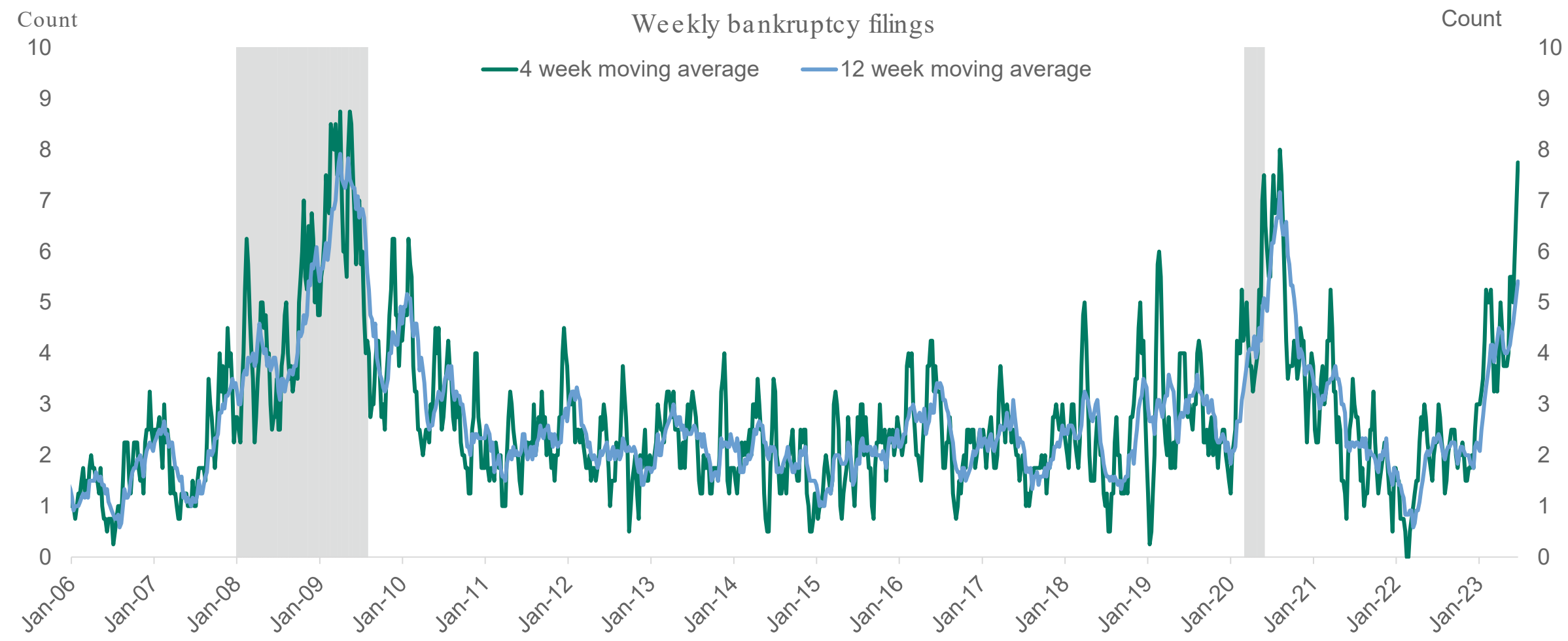


Weekly data for same-store retail sales slowing down



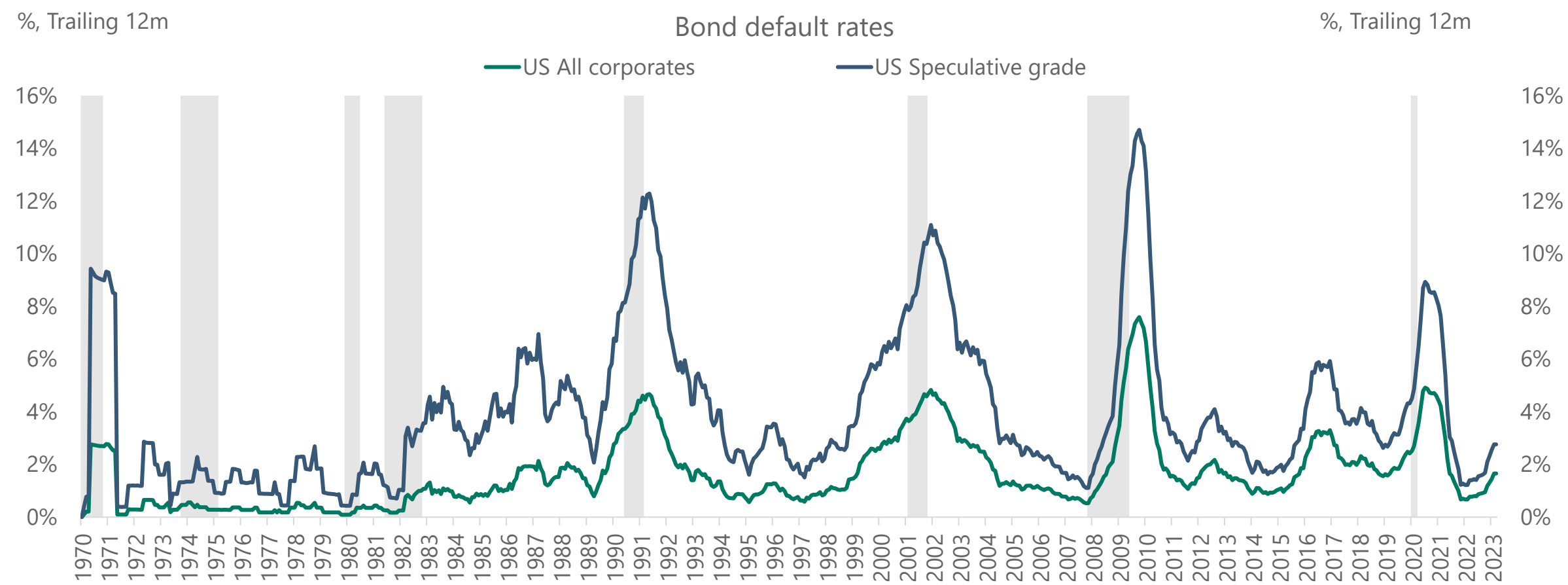
Source: Redbook, Haver Analytics, Apollo Chief Economist

Bankruptcy filings moving up in recent weeks



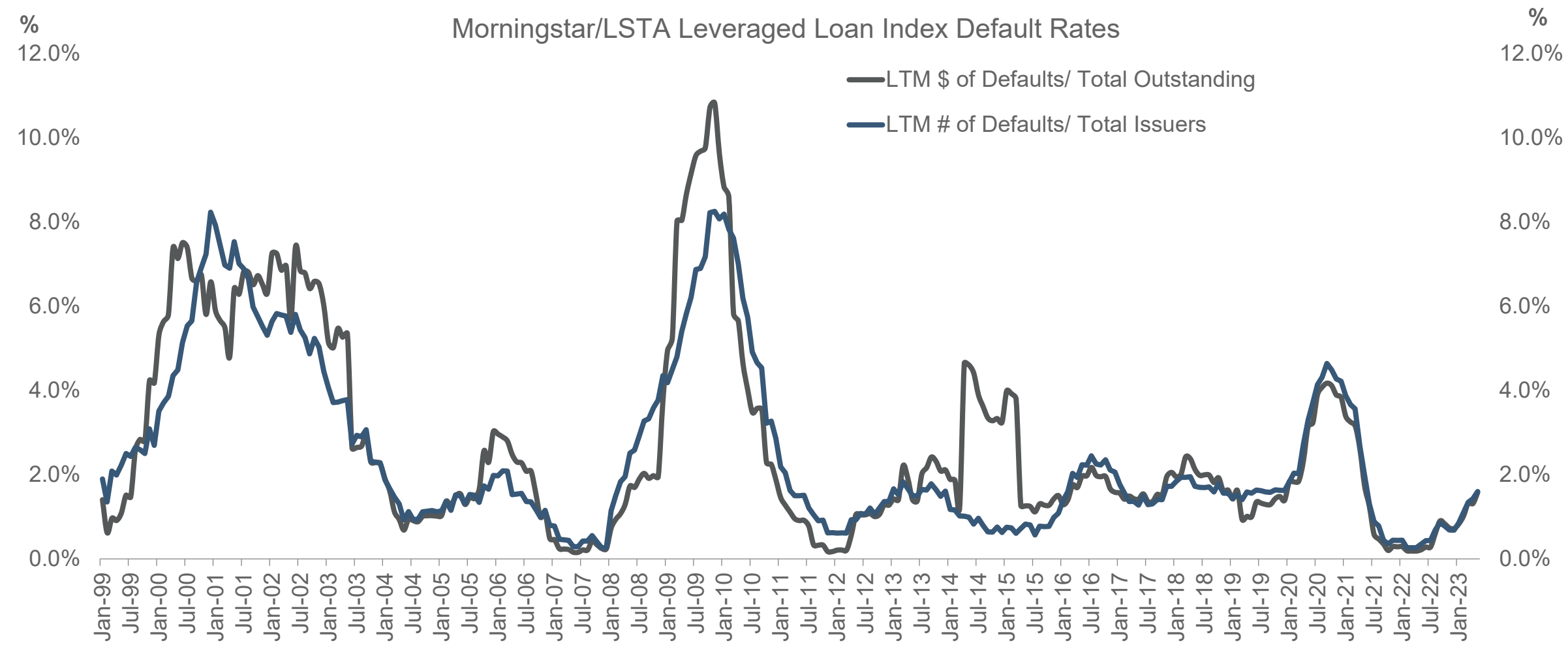
Source: Bloomberg, Apollo Chief Economist. Note: Filings are for companies with more than \$50mn in liabilities. For week ending on June 21, 2023.

A default cycle has started



Source: Moody's Analytics, Apollo Chief Economist

Leveraged loan index default rates starting to rise

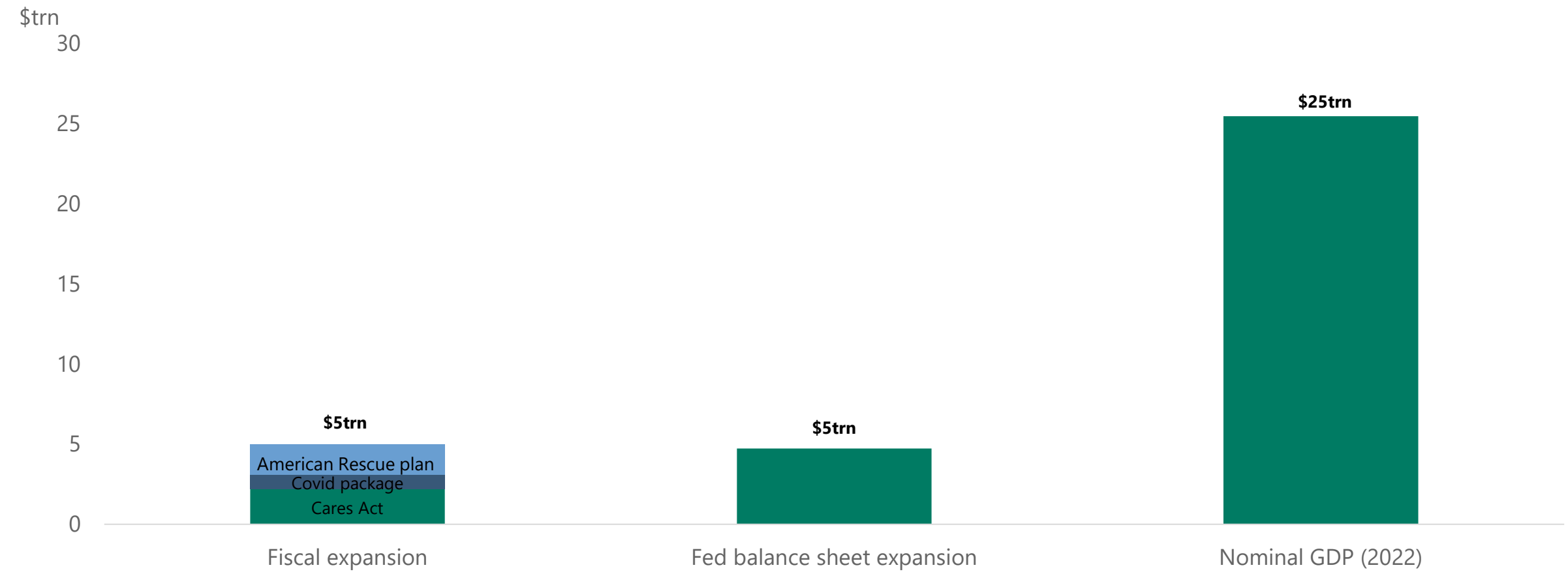


Source: Pitchbook LCD, Apollo Chief Economist

Outlook for the economy

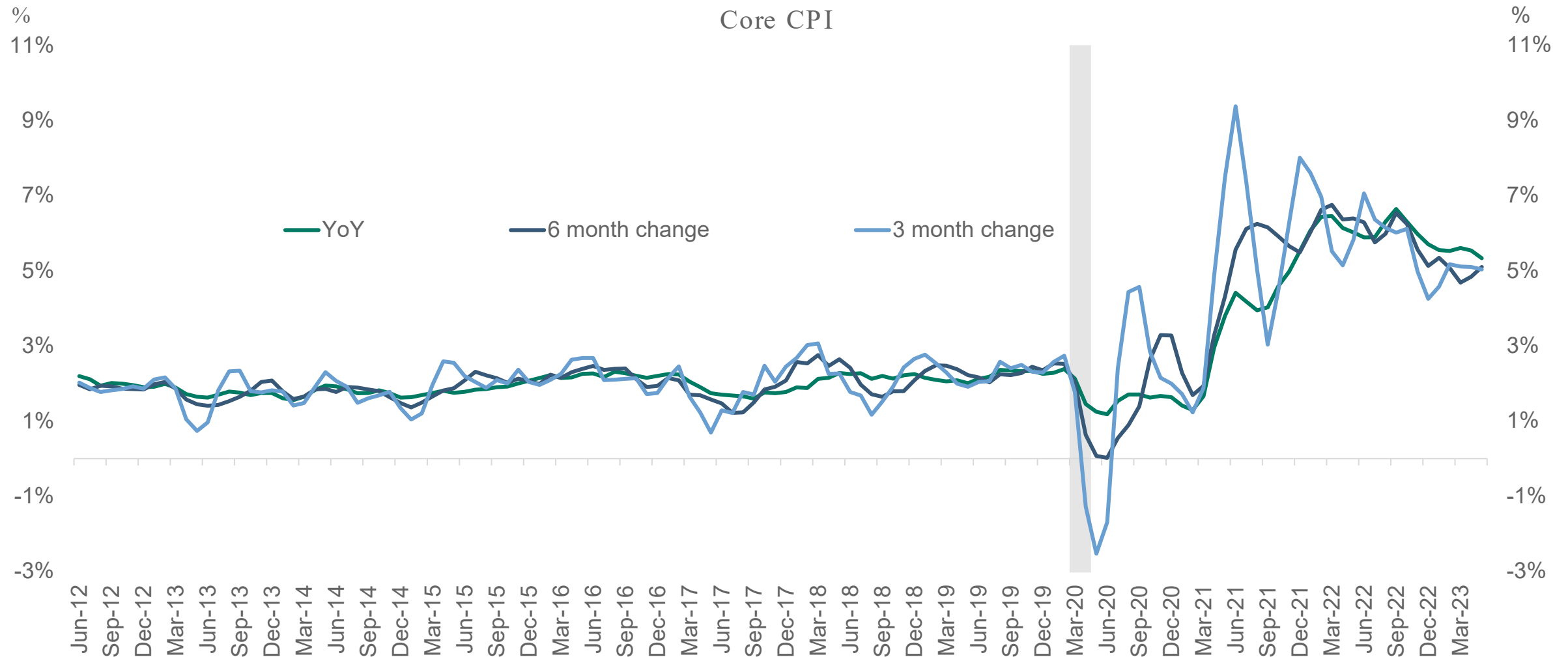


Inflation driven higher by \$10trn stimulus during covid

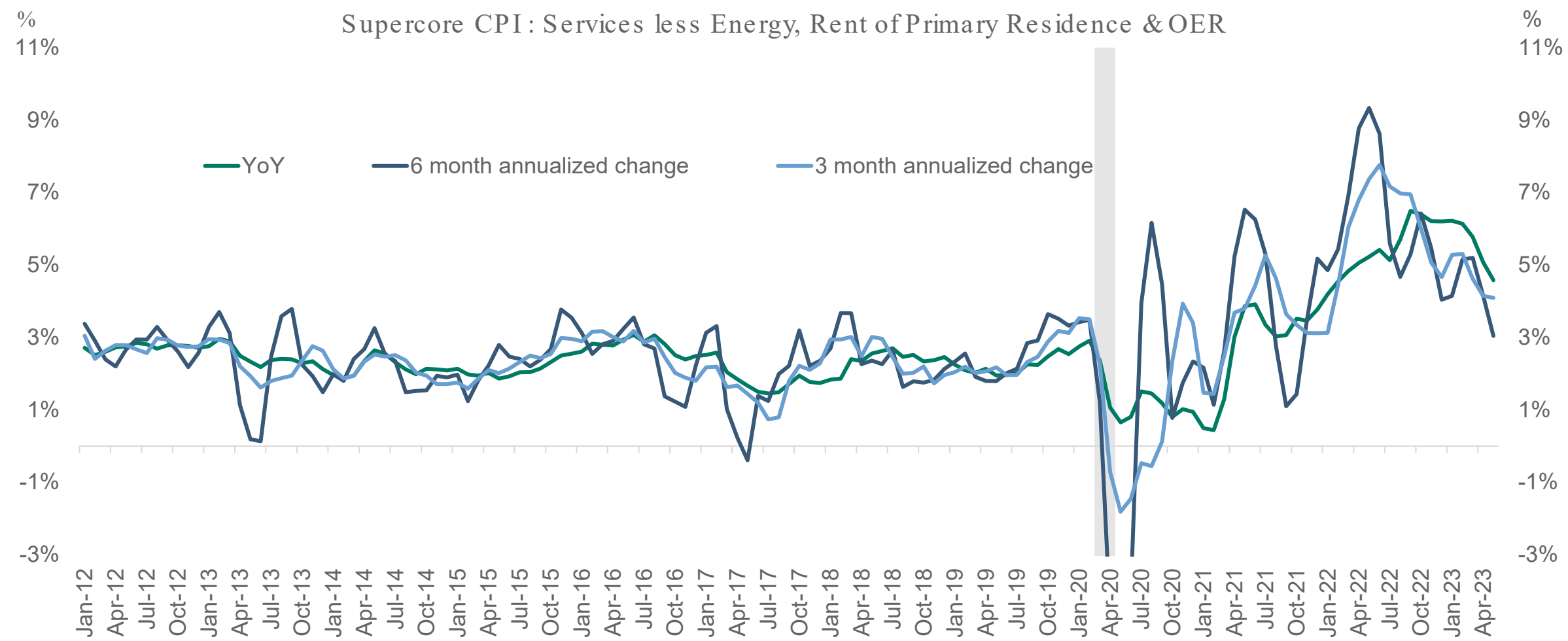


Source: FRB, BEA, Haver Analytics, Apollo Chief Economist

Sticky inflation around 5%

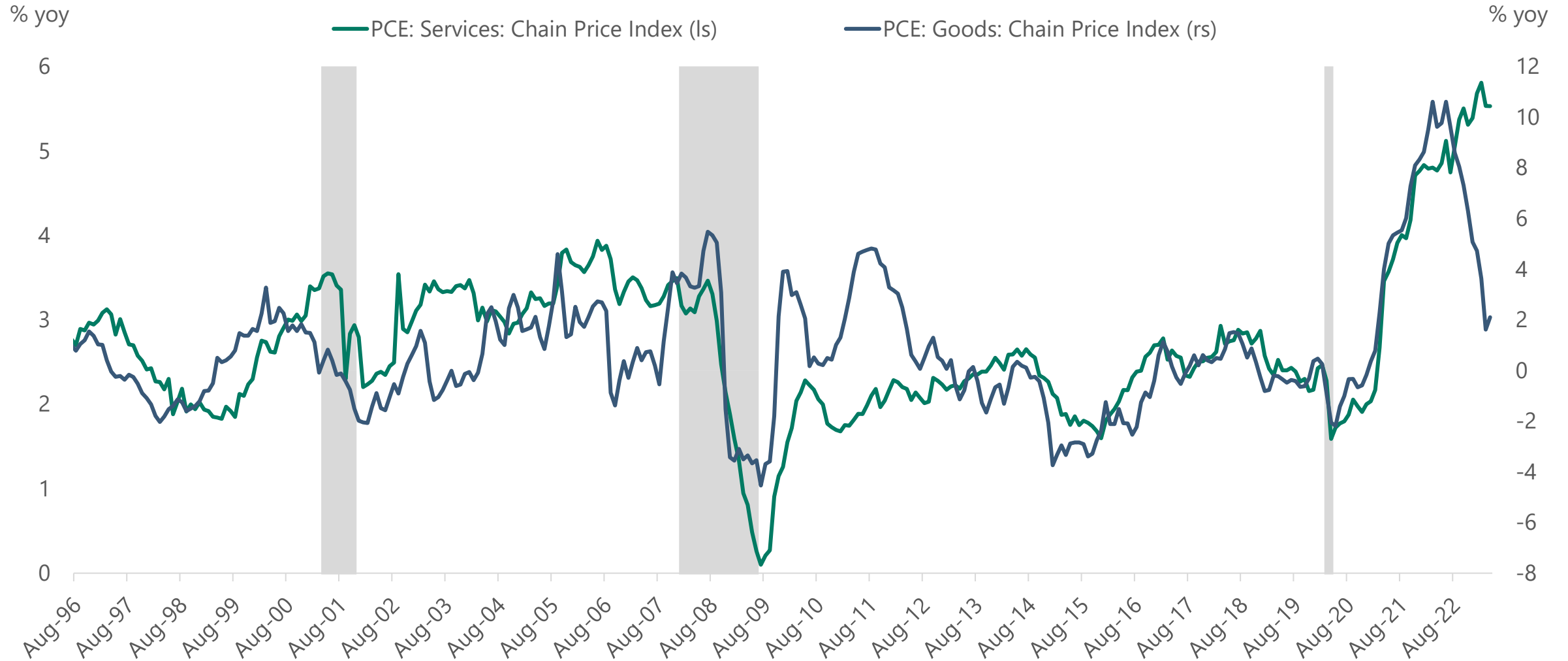


Supercore inflation (i.e. ex-housing) trending lower

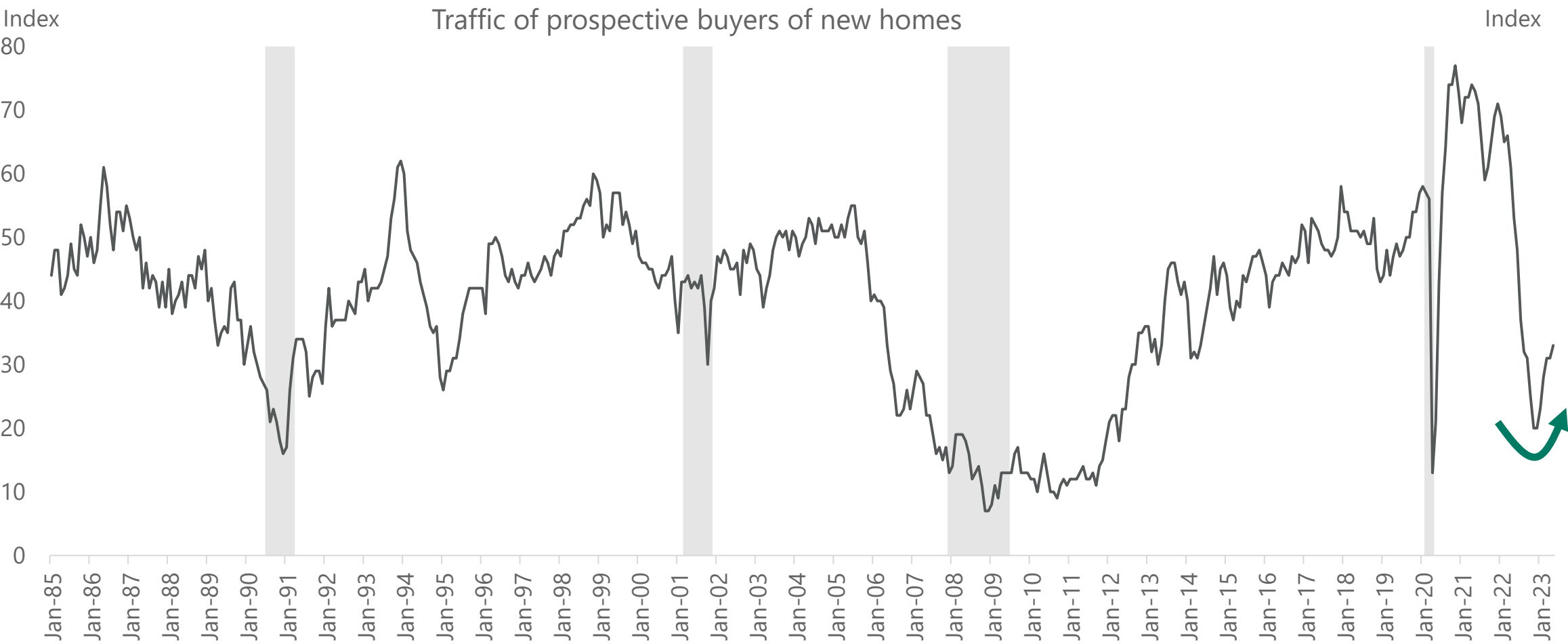


Source: BLS, Haver Analytics, Apollo Chief Economist

Goods inflation trending down, service sector inflation trending higher

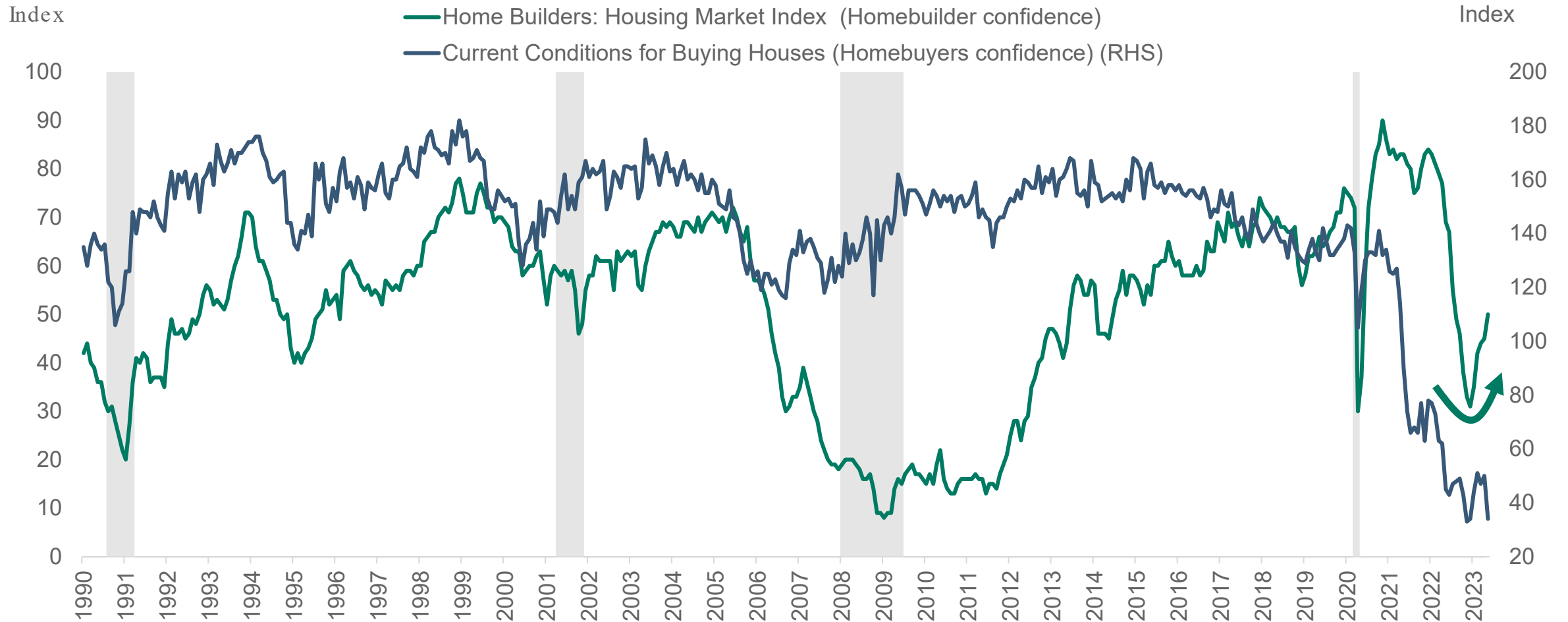


Traffic of prospective homebuyers starting to improve

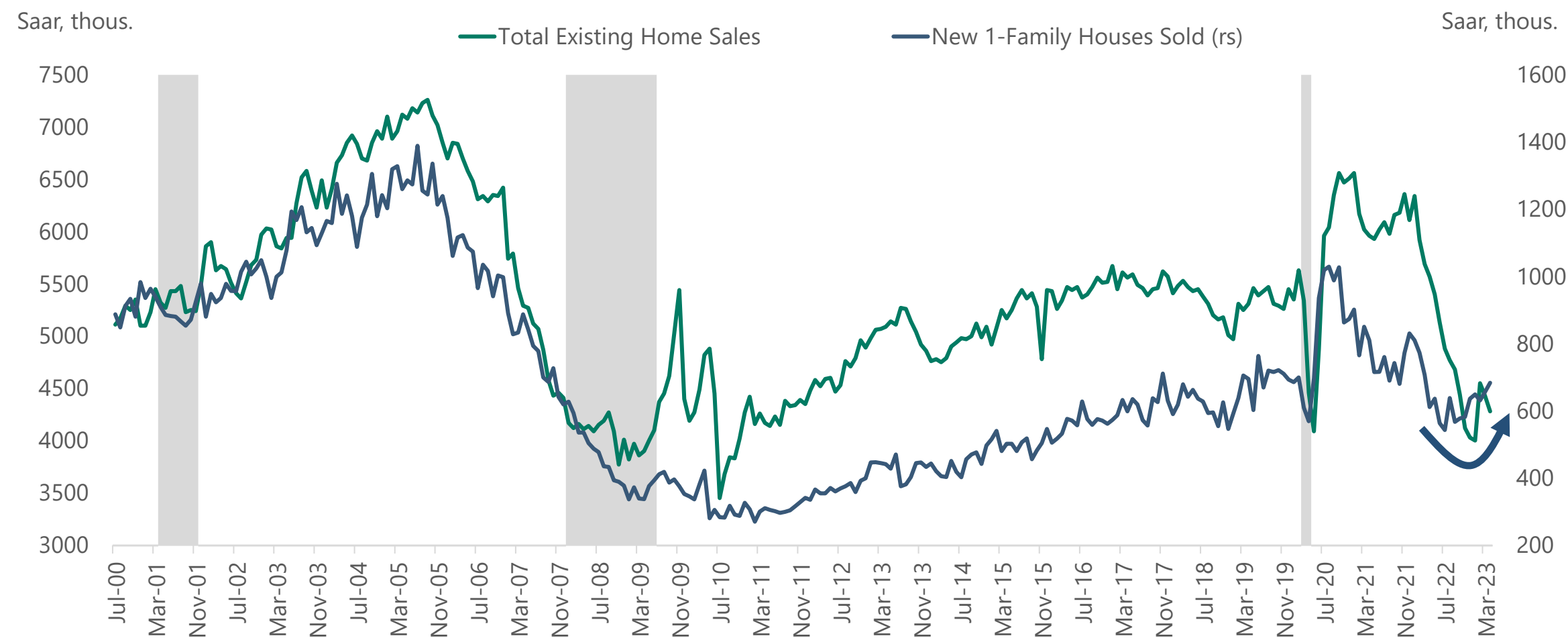


Source: National Association of Homebuilders, Bloomberg, Apollo Chief Economist

Confidence improving for homebuyers and homebuilders

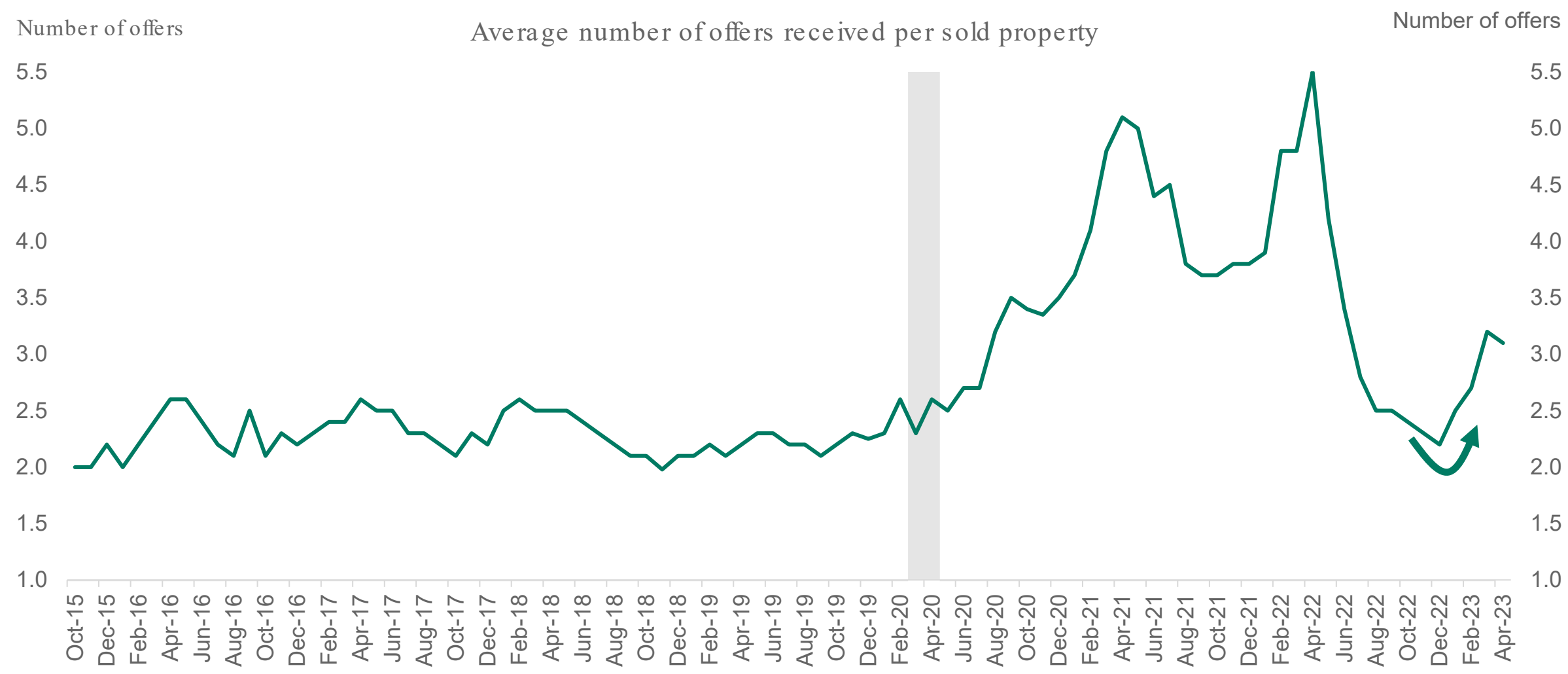


Home sales starting to recover



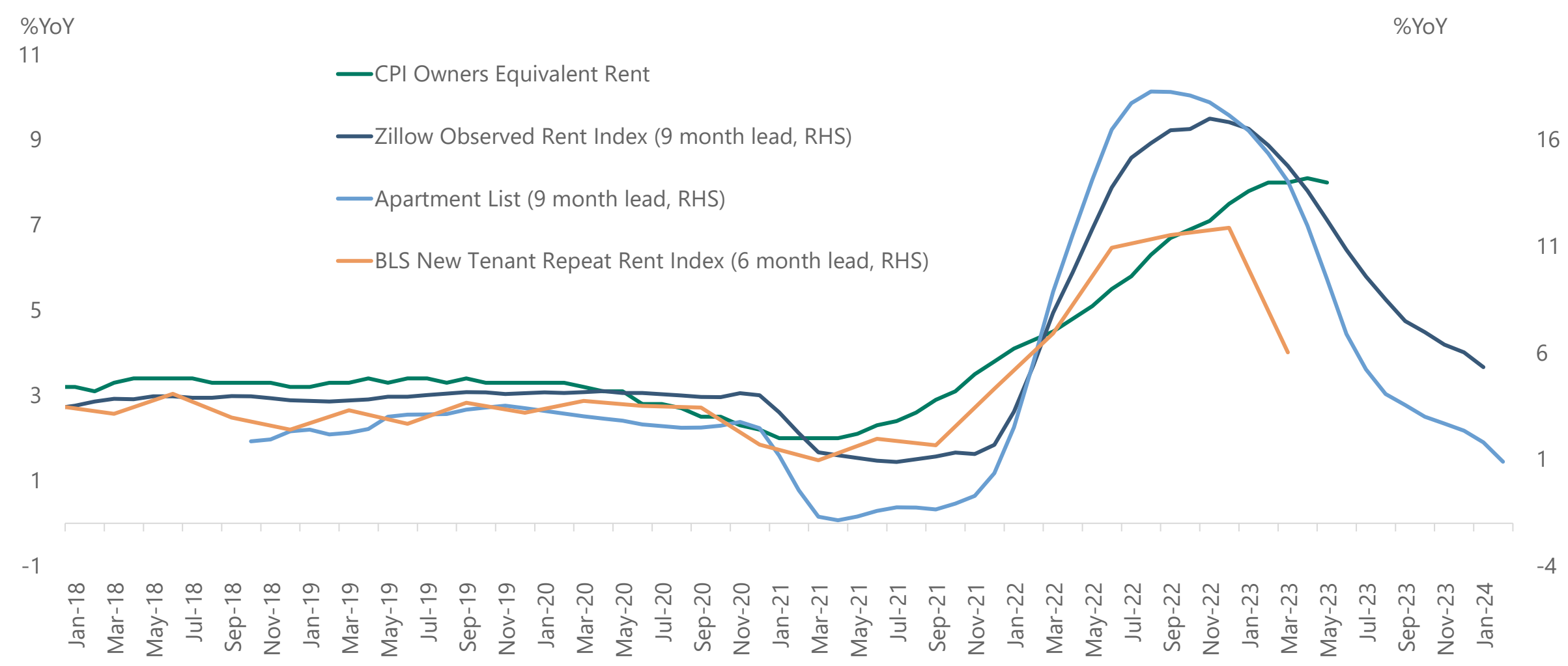
Source: Census Bureau, NAR, Haver, Apollo Chief Economist; Forecast is Bloomberg consensus

Average number of offers received per sold property is starting to recover



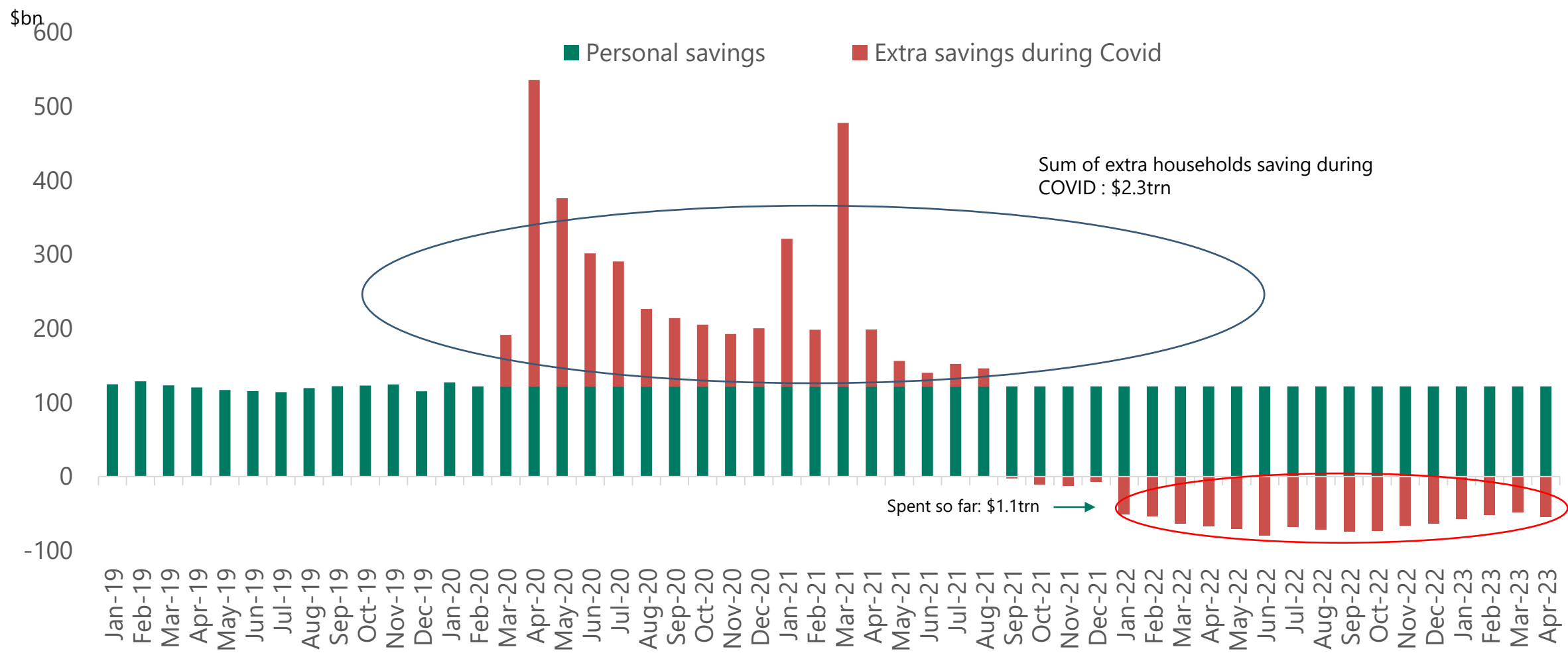
Source: NAR, Apollo Chief Economist

Will housing inflation come down now that housing is rebounding?



Source: BLS, Apartment List, Zillow, Haver Analytics, Apollo Chief Economist

Households are running down their excess savings, but still about \$1.2trn left

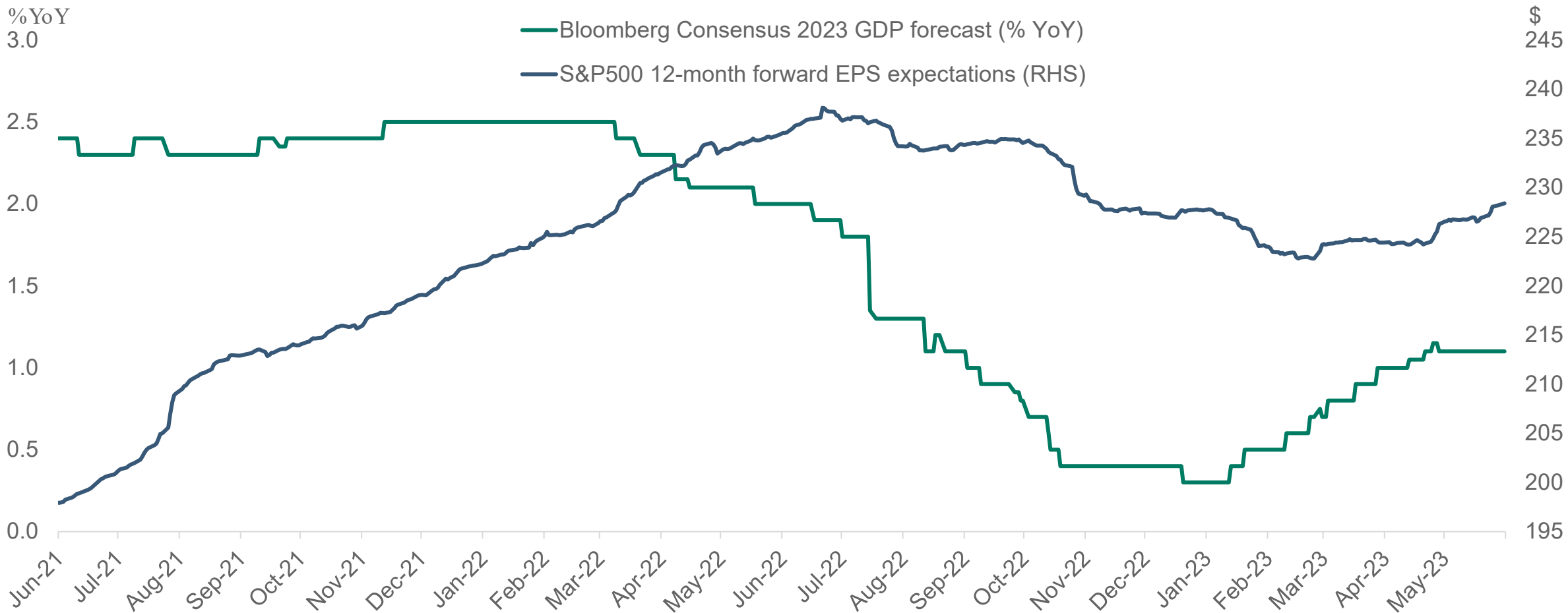


Note: Bloomberg, Apollo Chief Economist

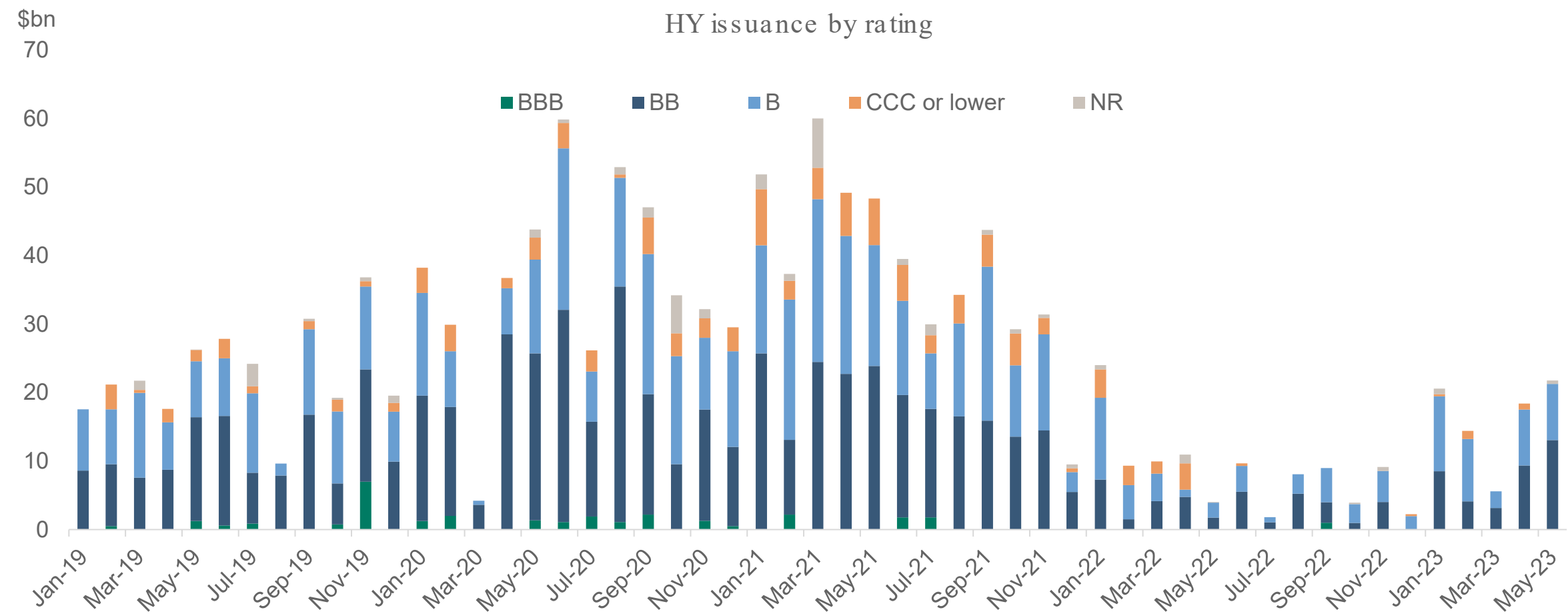
Outlook for financial markets



Divergence between S&P500 earnings expectations and GDP growth expectations



HY issuance by rating

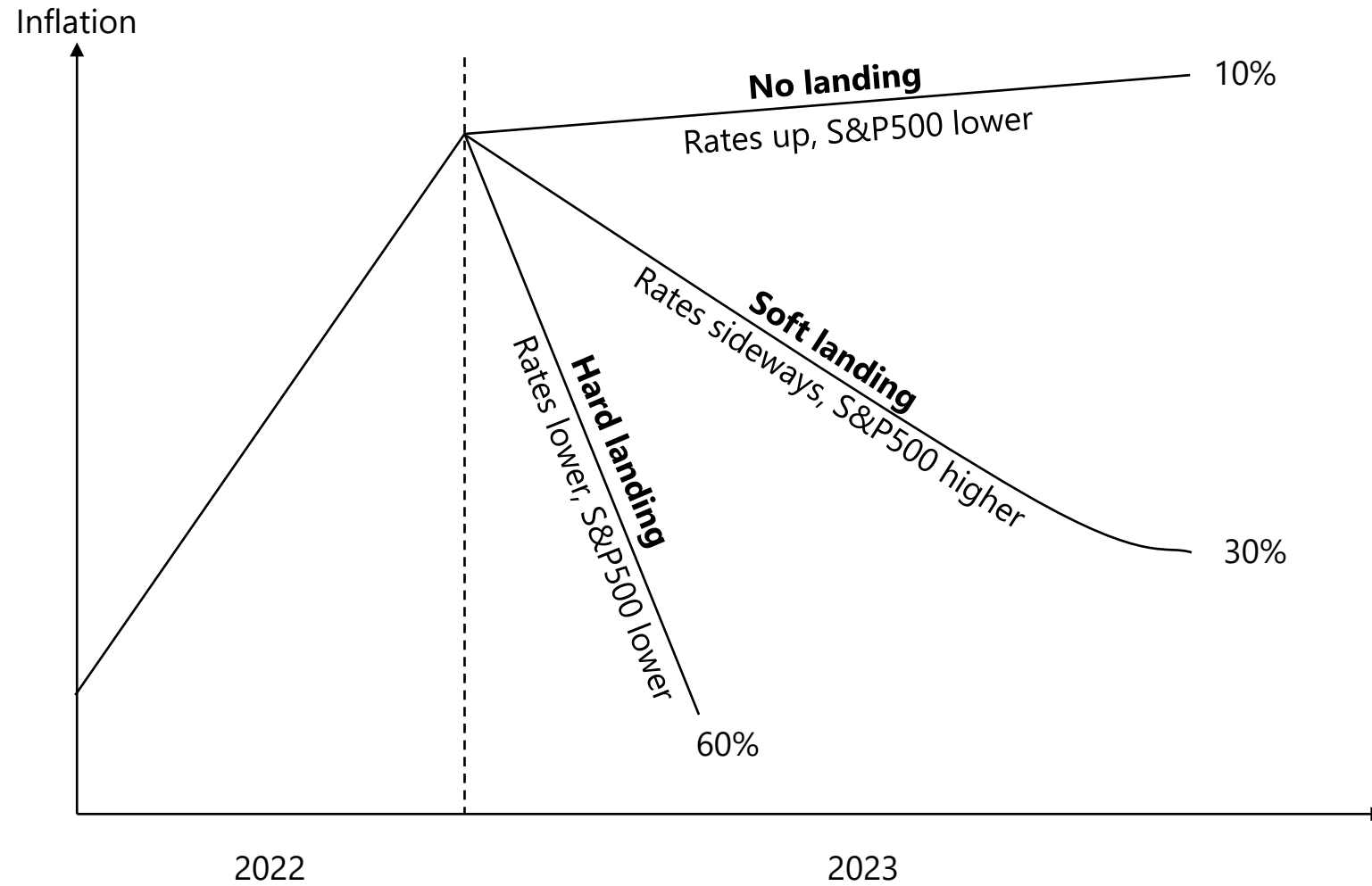


Source: S&P LCD, Apollo Chief Economist.

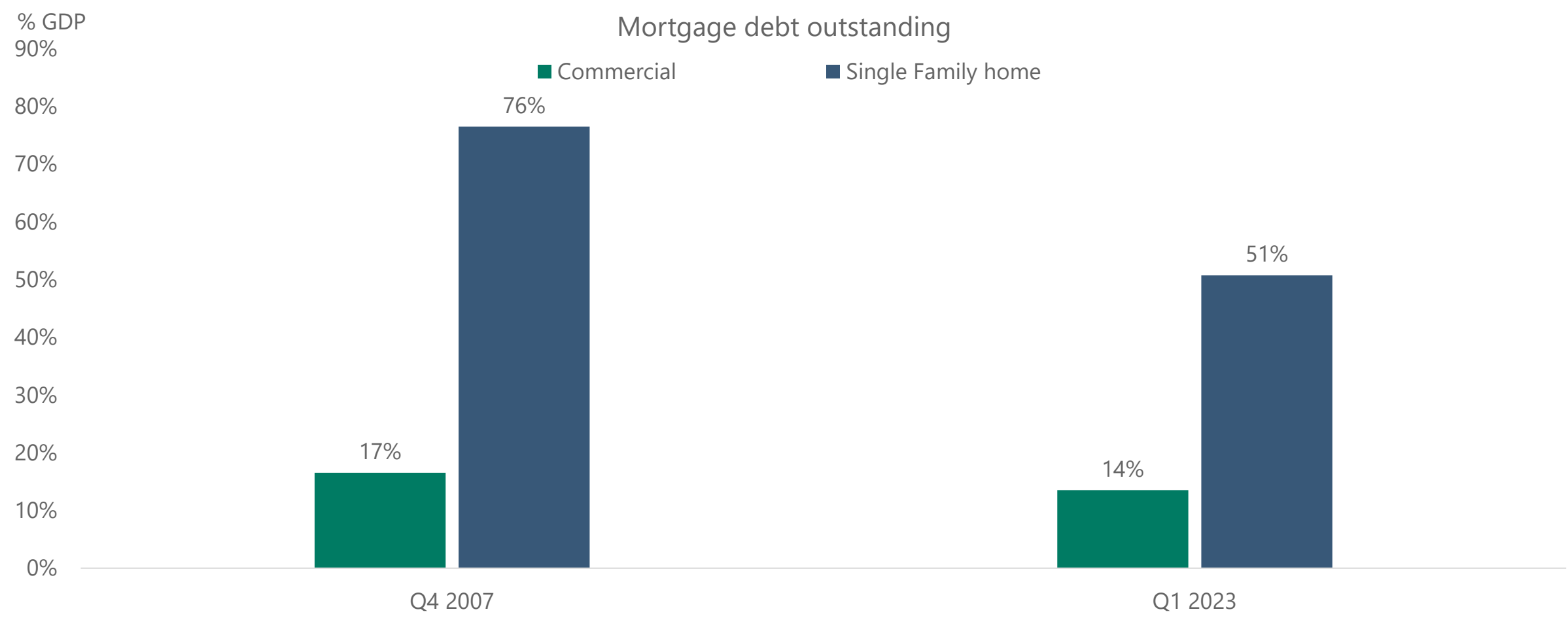
Investment implications



Asset allocation under no landing, soft landing, and hard landing



This recession will be milder than in 2008



Source: BEA, FRB, Haver Analytics, Apollo Chief Economist



Torsten Slok, Ph.D.

Chief Economist

Apollo Global Management

tslok@apollo.com

Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.



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

Significant Developments and Priority Issues

- COVID-19 Update: Maintaining status quo.

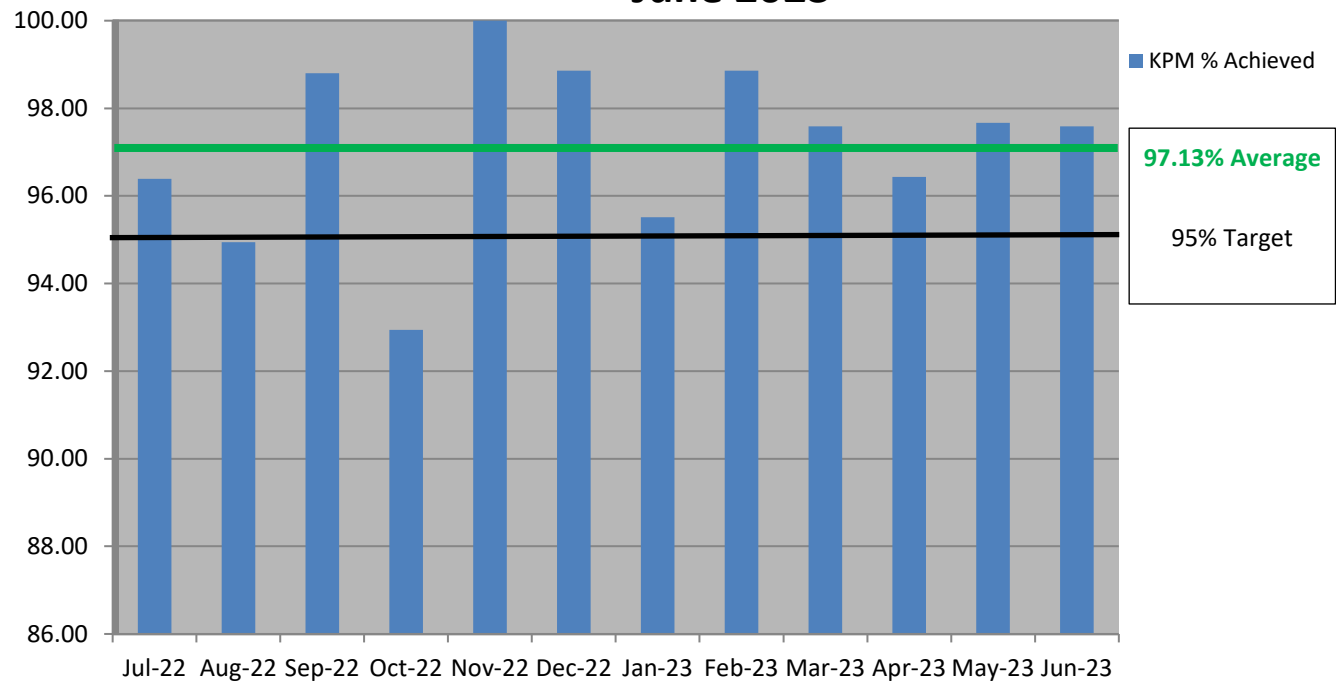
Current Month Highlights

- This month's KPM score was 97.59%. See 12-month rolling average chart, attached.
- PGV3 is 80% completed and D7 (Member Direct – My Account) is at 50%. LRS has been coding the D7 (Member Direct – My Account) items and has started providing test cases for NHRS to assign testers. NHRS staff have been actively testing workflow correspondences. Management and the PGV3 project team have been preparing and planning for mock parallel in August and parallel in October and November this year.
- All three of the ED's KPMs were met this month.

Upcoming Plans & Projects

- The NHRS legislative team has developed a plan to implement enacted legislation from the 2023 session that conforms with the PGV3 rollout and related activities.
- Staff continues to prepare for parallel processing for PGV3, which is slated to begin in October 2023. Currently, the biggest risk to not starting on time is the high number of employers who have not yet submitted a test file and the low number of files received that have been validated. We have deployed resources to ensure these deadlines are met. LRS is developing tools to streamline and standardize the process so additional staff can be trained and assist in the effort. We are working with LRS to develop an orientation program for all affected staff members who will be assisting employers. In addition, NHRS staff is developing materials to acquaint staff with the new screens and processes and train employers on the new filing requirements.
- LRS will be on site at the end of July for D7 User Acceptance Testing and training. In addition, LRS will be on site in August for mock parallel.

KPM Rolling 12-Month Average June 2023



PGV3 Status as of June 29, 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 | 12/4/2024 | 12/27/2023 | | 80% |
| 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 | 9/4/2024 | 12/22/2022 | | 82% |
| Phase 4 - Project Executing | 1/2/2019 | 1/25/2024 | 12/22/2022 | | 86% |
| Infrastructure | 2/14/2019 | 8/11/2023 | 9/9/2022 | | 90% |
| Data Conversion | 1/2/2019 | 12/4/2023 | 12/22/2022 | | 89% |
| 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 | 5/11/2023 | 5/11/2022 | 5/11/2023 | 100% |
| D7 - MemberDirect | 12/13/2022 | 8/25/2023 | 10/13/2022 | | 50% |
| Parallel Processing (2 Months) | 10/9/2023 | 12/4/2023 | 12/22/2022 | | 0% |
| Phase 5 - Closing | 12/5/2023 | 12/4/2024 | 12/27/2023 | | 0% |
| Warranty Support (12 months) | 12/5/2023 | 12/4/2024 | 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 ACFR 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 staff completing has left NHRS. |
| 3. Produce and distribute monthly actual-to plan-budget reports within ten (10) business days from the end of the prior month. | | X | | Did not complete within 10 days due to priorities related to PGv3. |
| 4. Produce the monthly financial statements (FS) for the Board of | X | | | |

| | ACHIEVED | | | COMMENTS |
|--|----------|----|-----|---|
| | YES | NO | N/A | |
| Trustees meeting at least three (3) business days prior to the scheduled Board mailing. | | | | |
| 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 | | | |
| 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 | |
| 8. 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, for which we have received all payments and back-up from employers. | X | | | May 2023 contributions due 6/15/2023, back 90 days would be Feb 2023 contributions, due 3/15/2023. Interest has been posted through December. Adjusted KPM to account for employer issues out of NHRS control. Current backlog related to employer non-payment. |
| 9. 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 | | | |
| 10. 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 | | | |
| 11. 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 | |
| 12. Answer 95% of Employer Exceptions hunt group (X3532) calls within sixty (60) seconds. | X | | | |
| 13. 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. |

| | ACHIEVED | | | COMMENTS |
|--|----------|----|-----|---|
| | YES | NO | N/A | |
| 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 after official close by custodian bank. |
| 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. |
| 4. Complete the IIC's Private Debt & Private Equity Strategic Plan for the calendar year. | | | X | Reported annually in January for CY 2023. |
| 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 of receipt of administrative appeal. | X | | | |
| 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 | X | | | |

| | ACHIEVED | | | COMMENTS |
|--|----------|----|-----|----------|
| | YES | NO | N/A | |
| within sixty (60) seconds. | | | | |
| 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 authorized the activity. | X | | | |
| 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) | X | | | |

| | ACHIEVED | | | COMMENTS |
|--|----------|----|-----|----------|
| | YES | NO | N/A | |
| calendar days following receipt of all required death documentation and pension recoveries. | | | | |
| 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 | | | |
| 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 | | | |

| | ACHIEVED | | | COMMENTS |
|---|----------|----|-----|---|
| | YES | NO | N/A | |
| 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 | | | |
| 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 | | | | |
| 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 0:14:40. |
| 3. Transfer less than ten percent (10%) of calls to Subject Matter Experts (SMEs). | | | | We transferred 2.89% of calls to SMEs. |
| 4. Maintain a 95% call satisfaction rating for callers' experience with the Contact Center Representative (CCR). | X | | | We achieved a 99.58% satisfactory rate. |
| Administrative | | | | |
| 1. Prepare and distribute monthly Board materials electronically by the | | | | |

| | ACHIEVED | | | COMMENTS |
|--|----------|----|-----|---|
| | YES | NO | N/A | |
| 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 during the 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 June 2023

Phone Calls

| | Total | Percentage |
|--------------------------------|-------|------------|
| Calls addressed by CCRs | 2474 | 96.60% |
| Calls forwarded to SMEs | 74 | 2.89% |
| Calls forwarded to SME Manager | 13 | 0.51% |
| Total | 2,561 | 100.00% |

Post Call Surveys

| | Total |
|----------------------------------|-------|
| Total Calls Handled | 2,572 |
| Surveys Completed | 245 |
| % of Total Calls Completion Rate | 9.53% |

Walk Ins

| | Total |
|--------------------------------|-------|
| Number of Walk-Ins | 292 |
| Total Walk In Time (hours) | 48.35 |
| Average Walk In time (minutes) | 340 |

Emails

| | Total | Percentage |
|--------------------------|-------|------------|
| Emails addressed by CCRs | 498 | 46.20% |
| Emails forwarded to SMEs | 580 | 53.80% |
| Total | 1,078 | 100.00% |

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

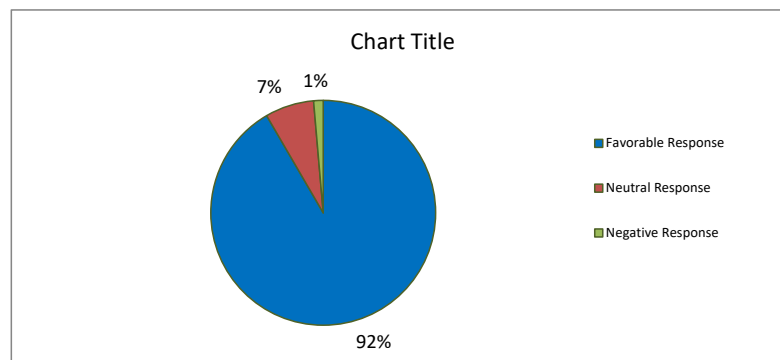
| Queue Name | Calls Presented | Calls Handled | Percentage | Calls Abandoned | Percentage | Average Queue Time | Average Speed of Answer | Average Time to Abandon | Average Handle Time |
|---------------|-----------------|---------------|---------------|-----------------|--------------|--------------------|-------------------------|-------------------------|---------------------|
| Member | 867 | 853 | 98.39% | 14 | 1.61% | 0:16:00 | 0:16:00 | 0:26:00 | 5:11:00 |
| Reception | 1011 | 988 | 97.73% | 23 | 2.27% | 0:13:00 | 0:13:00 | 0:34:00 | 4:28:00 |
| Retiree | 728 | 720 | 98.90% | 8 | 1.10% | 0:15:00 | 0:15:00 | 0:30:00 | 4:15:00 |
| 1099 | 0 | 0 | 0.00% | 0 | 0.00% | 0:00:00 | 0:00:00 | 0:00:00 | 0:00:00 |
| Totals | 2606 | 2561 | 98.27% | 45 | 1.73% | 0:14:40 | 0:14:40 | 0:30:00 | 4:38:00 |

Average

NHRS Board Monthly Reporting Package
Process Improvement
June 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 | | | | | | | |
| June | 30 | 15 | 13 | 1 | 1 | 13 | 2 |
| May | 50 | 28 | 22 | 6 | 0 | 20 | 2 |
| April | 40 | 23 | 22 | 1 | 0 | 16 | 1 |
| March | 50 | 22 | 18 | 4 | 0 | 22 | 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 |
| | 3557 | 1768 | 1614 | 130 | 24 | 1227 | 562 |





To: NHRS Board of Trustees
From: Jan Goodwin, Executive Director
Date: July 5, 2023
Re: Professional Development
Item: Action: ☒ Discussion: ☐ Informational: ☐

Chief Investment Officer Raynald Leveque has requested approval for professional development assessment and workshop training for the NHRS Investments Team in an effort to better execute the Team's investment program through improved decision-making. This \$12,645.00 request exceeds \$10,000 and is being submitted as a sole-source contract in accordance with the Board Procurement Policy. The attached memorandum from Mr. 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.



To: Board of Trustees
 From: Raynald Leveque, Chief Investment Officer
 Date: July 11, 2023
 Re: Professional Development for the NHRS Investments Team
 Item: Action: ☒ Discussion: ☐ Informational: ☐

Recommendation

I am requesting the approval of Nancy Urell of Career Corner Associates as the vendor for performing professional development assessment and workshop training for the NHRS Investments Team. Career Corner Associates offers a comprehensive approach that aligns with our needs and objectives to continue the development of our department toward a highly functional Investment Office.

Career Corner Associates

Career Corner Associates' proposed plan includes an initial team assessment and workshop customization, followed by a two-step workshop series. The first step focuses on introducing the DiSC behavioral model to enhance interpersonal relationships within the team. The second step employs the 5 Behaviors Team Development model to measure and enhance the team's cohesiveness across various crucial elements. These activities are directly in line with our objective of accelerating the Investments Team development process, integrating new members efficiently, and aligning the team behind our change effort toward in-house decision-making and investment excellence.

Career Corner Associates demonstrates their expertise and professionalism through their detailed workshop format and timing. Conducted in person by Nancy Urell, the sessions are spaced appropriately to allow for the application of learned skills. Their consulting fees of \$12,645 include team assessment reports, workshop customization, and workshop fees.

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. Career Corner Associates offers a unique service that is customized to our organization and to the professional development of the Investments Team.
2. Career Corner Associates (Nancy Urell) is a known entity to the NHRS organization and has proven effective in other similar engagements.
3. Staff negotiated a reduction of \$1,855 for the comprehensive services rendered.

Through this engagement, the NHRS Investments Team will be better able to execute its investment program, ultimately manifesting into improved decision-making and superior investment outcomes for the NHRS pension plan and its beneficiaries.

For the reasons outlined above, I respectfully request that the Board of Trustees approve this contract of \$12,645 to proceed with Career Corner Associates services for the Investments Team.



To: NHRS Board of Trustees

From: Jan Goodwin, Executive Director

Date: July 5, 2023

Re: Laptops

Item: Action: ☒ Discussion: ☐ Informational: ☐

Director of IT John Laferriere has requested approval to purchase laptops, work stations, and related equipment through Dell Equipment for \$139,221.54, following a competitive bidding process. This request exceeds \$25,000 and is being submitted in accordance with the Board Procurement Policy. The attached memorandum from Mr. Laferriere outlines the 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.



To: Jan Goodwin, Executive Director; Tim Crutchfield, Deputy Director and Chief Legal Counsel

From: John Laferriere, Director of Information Technology

Date: July 5, 2023

Re: Laptops

Item: Action: ☒ Discussion: ☐ Informational: ☐

The NHRS desktop hardware is aging out and IT took this opportunity to investigate refreshing its hardware for workstation computing. Furthermore, with the Pension Gold upgrade nearing completion, there are two other driving factors for the hardware refresh: reduce the number of multiple devices and align both work-from-home options and business continuity requirements.

Currently, NHRS purchases workstation equipment on an “as-needed” basis resulting in multiple types of desktops and laptops of various models, ages, and configurations. Additionally, some users have multiple devices to provide work-from-home options. A one-time technology refresh would address these issues to reduce costs and total device amounts, streamline support, and improve reliability and availability. NHRS-IT received pricing from HP and Dell Technologies. While both vendors provided competitive quotes; HP at \$140,392.23 and Dell at \$139,221.54. HP bid older technology to meet the price points. Dell Technologies was able to provide laptops in the required quantities, models, support, and pricing as specified. Dell laptops are also known for their dependability, performance, superior build quality, longer battery life, and strong customer support.

If approved, staff will purchase directly from Dell Technologies 109 laptop computers with docking stations and a four-year manufacturer’s warranty for \$139,221.54.

As Dell Technologies is an industry leader in personal and enterprise computing, it is highly recommended this one-time purchase be approved.



To: NHRS Board of Trustees
From: Jan Goodwin, Executive Director
Date: July 5, 2023
Re: Network Hardware and Firewall
Item: Action: ☒ Discussion: ☐ Informational: ☐

Director of IT John Laferriere has requested approval to purchase network hardware and firewall for \$79,989.73, through one of our existing vendors, Consolidated Communications. This request exceeds \$10,000 and is being submitted in accordance with the Board Procurement Policy. The attached memorandum from Mr. Laferriere outlines the 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.



To: Jan Goodwin, Executive Director; Tim Crutchfield, Deputy Director and Chief Legal Counsel

From: John Laferriere, Director of Information Technology

Date: July 5, 2023

Re: Network Hardware and Firewall

Item: Action: ☒ Discussion: ☐ Informational: ☐

As part of a network assessment earlier this year, it was found that most network infrastructure devices were either at end-of-support or end-of-life, resulting in the inability to support and maintain these devices. Also, the assessment identified network design issues, including the inability to monitor the network environment, which could limit the ability to identify and remediate network problems and outages quickly. The assessment indicated the current firewall and its ability to support cloud infrastructure needed to be improved in speed, versatility, and lifespan.

As a result of these findings, NHRS-IT is looking to improve the network architecture by redesigning the network, replacing existing network hardware and firewalls, and installing proactive network monitoring. These improvements will ensure a stable, resilient, maintainable, and secure network infrastructure supporting the NHRS user community and computing environment.

If approved, staff will purchase the networking and firewall hardware directly from Consolidated Communications at a 50% discount for \$79,989.73.

Consolidated Communications is an internet and telephony infrastructure provider for New Hampshire and several other states. They currently supply internet connectivity to NHRS under longstanding contracts and this will assist in optimizing integration of the new network devices. In addition, due to our existing relationship, pricing was offered on a most favorable basis with a 50% discount.

Cisco declined to bid on the contract because of Consolidated Communications' deep discount.

Staff highly recommends this purchase.

Division: Executive

Date: July 1, 2022

As of: June 30, 2023

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 - This is an ongoing effort. |
| 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 | On hold due to PGV3. |

Division: Executive

Date: July 1, 2023

As of:

FY 2024 Action Plan Summary

| ACTION | PM | DATE | STATUS/COMMENTS |
|---|-----------|-------------|---|
| 1. Complete implementation of data security assessment recommendations and continue to enhance IT security. | JG/JL | 6/30/24 | 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 | 6/30/24 | This is a five-year project scheduled for completion in FY 24. 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 | 6/30/24 | |
| 4. Enhance member, beneficiary, and employer education: identify/review industry best practices for education and engagement; adjust existing education programming, as needed. | JG/MK | 6/30/24 | |
| 5. Implement agreed-upon elements of Vision for NHRS. | JG/All | 6/30/24 | |



To: Board of Trustees

From: Tim Crutchfield, Deputy Director and Chief Legal Counsel

Date: June 29, 2023

Re: Legal Team Operating Report

Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

- The new templates for Qualified Domestic Relations Orders have been in use for two months and are proving to be very effective. Feedback from attorneys has been favorable.

Current Month Highlights

- Over the past 12 months, the Employer Audit Team has completed 39 standard and 6 GASB audits. There are 8 standard audits covering approximately 302 members, and 17 GASB audits in process. Staff has finalized revisions to 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 on hold due to competing staff priorities with PGV3.
- 449 Gainful Occupation reports were mailed in early March. 336 have been returned and 312 of those have been processed.
- Three (3) school employers remain delinquent in filing their retiree working-after-retirement reports that were due on February 15. Finance continues to follow up with them and is considering assessing penalties.
- Regarding the Barnstead School District embezzlement case, the forensic audit provided by the District did not contain sufficient information to identify individual cases of underreported contributions. Staff has reviewed PG contribution reports and identified several cases of apparently low compensation and contributions for some members and will be following up with the District to investigate further.
- Groom has filed a Private Letter Ruling (PLR) request with the IRS, stemming from the mechanics of the medical subsidy provisions passed as part of HB2 in 2021. We do not anticipate a ruling for approximately nine months.
- Administrative penalty letters have been sent to several employers who have failed to provide correction files resulting from employer audits. Employers have been responsive in submitting files, but the process is slow due to staffing challenges and competing priorities of the employers.

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 |
|-----------------|--|----------------|-------------------|---|
| June '23 | 6 | 0 | 0 | 6 |
| May '23 | 7 | 0 | 1 | 6 |
| April '23 | 7 | 0 | 0 | 7 |
| 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 |
| Totals | | | | |

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 |
|-----------------|--|----------------|-------------------|---|
| June '23 | 2 | 0 | 0 | 2 |
| May '23 | 2 | 0 | 0 | 2 |
| April '23 | 2 | 0 | 0 | 2 |
| 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 |
| Totals | | | | |

Division: Legal/Compliance

Date: June 30, 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 | Completed. |
| 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 | Completed. |

Division: Legal/Compliance

Date: June 12, 2023

Approved: June 13, 2023

FY 2024 Action Plan Summary

| ACTION | PM | DATE | STATUS/COMMENTS |
|--|-----------|-------------|------------------------|
| 1. Assist in the PGV3 implementation. | TC | 12/31/23 | |
| 2. Conduct and document annual review of NHRS legal and governance policies, procedures, and manuals to assure best practices. | TC/MC | 12/31/23 | |
| 3. Update the annual compliance calendar to ensure statutory compliance in all organizational areas. | TC | 12/31/23 | |
| 4. Ensure annual compliance with the Voluntary Correction Program Policy. | TC | 3/31/24 | |
| 5. Assure legal compliance with all legislative proposals adopted and effective in 2023. | TC | 6/30/24 | |
| 6. Review NHRS website for legal compliance with updates as needed. | TC/MK | 6/30/24 | |
| 7. Identify, enroll, and complete a professional development program. | TC | 6/30/24 | |



To: Board of Trustees

From: Marty Karlon

Date: June 27, 2023

Re: Communications/Legislative Affairs Operating Report

Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

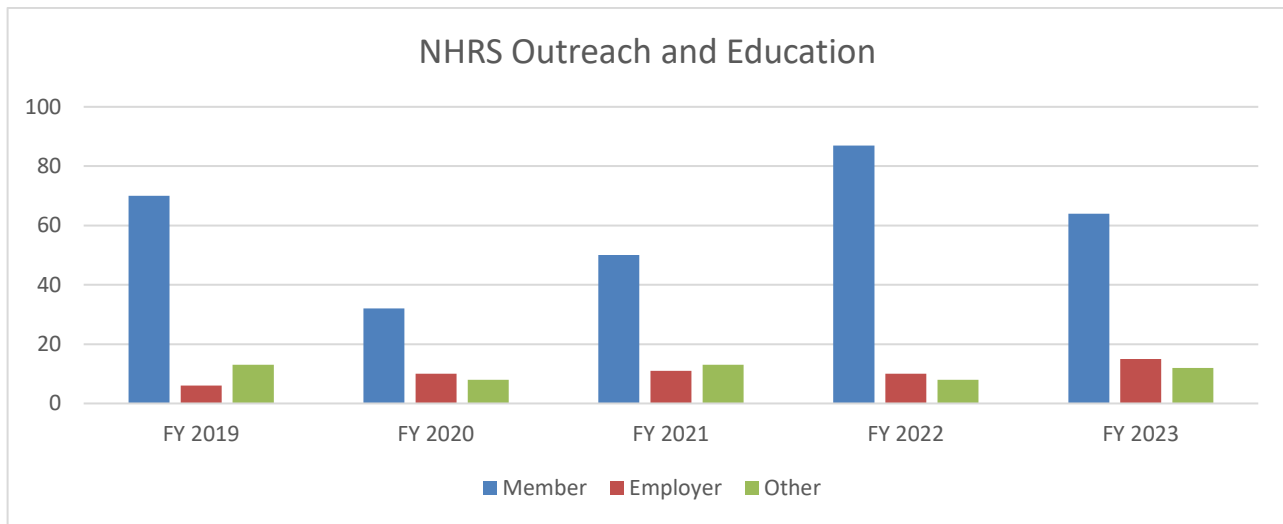
- As of June 27, five 2023 bills related to NHRS have been passed by the House and Senate, four of which have been signed into law with the final bill expected to be signed by the Governor soon.
- Kicked off the first wave of PGV3 training for employers this month. More than 20 events are currently scheduled between July and September.

Current Month Highlights

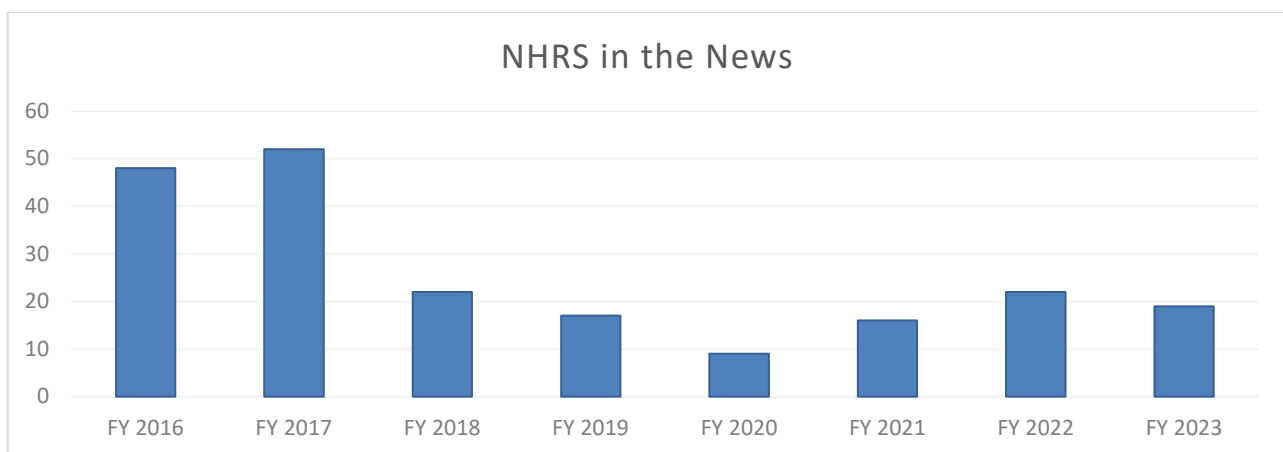
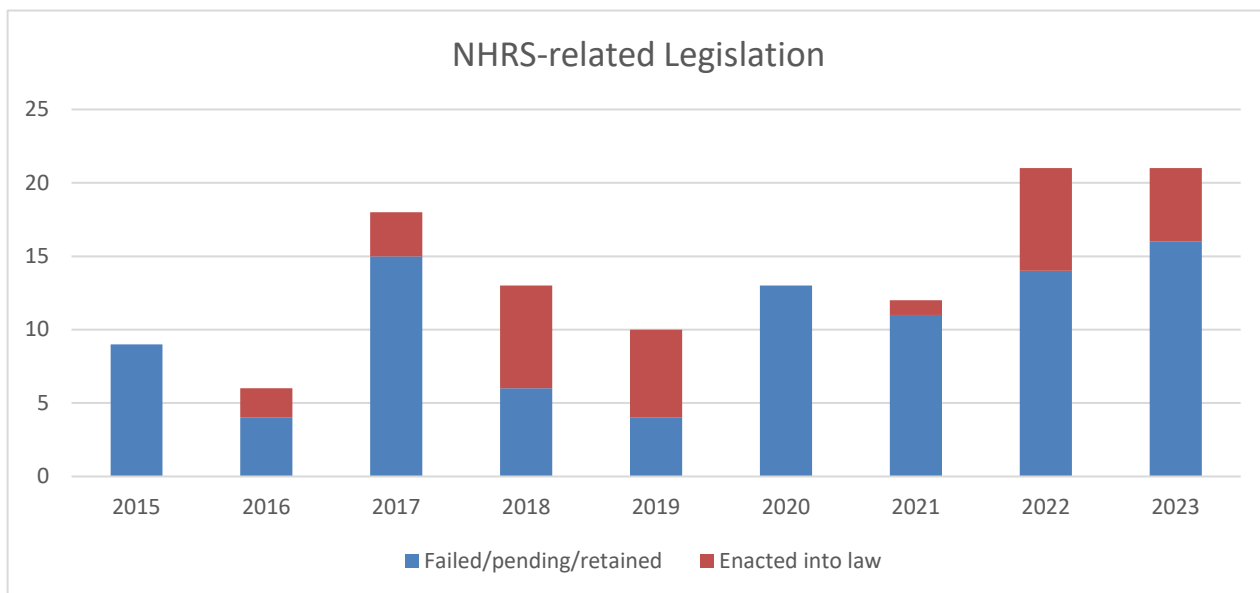
- Hosted or participated in four member education events, four employer education events and one constituent group event.
- Filled Communications Specialist opening.
- PIO met all seven (7) KPMs this month.

Upcoming Plans & Projects

- Preparing for the commission to study retirement benefits and retention of employees created in House Bill 2, which is expected to meet over the summer.
- Continuing to develop additional training materials in advance of parallel processing in October.
- Scheduled to host or participate in five member education events and three employer education events in July.



“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: June 28, 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 | Completed. <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 | Completed. <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 | Completed. NHRS technical correction legislation signed by the Governor in May. |
| 4. Grow calendar year-over-year audience for social media channels by 10-15%. | MK / PIO staff | 6/30/23 | On schedule/ongoing. <i>(FY 23 statistics will not be available until mid-July)</i> |
| 5. Identify, enroll, and complete a professional development opportunity. | MK | 6/30/23 | Completed. Attended two-day course in July titled "Benefit Communication and Technology Institute" and NASRA annual convention in August. |
| 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.*

Division: Communications

Date: June 22, 2023

Approved: June 22, 2023

FY 2024 Action Plan Summary

| ACTION | PM | DATE | STATUS/COMMENTS |
|--|--------------------------|-------------|---|
| 1. In collaboration with the Finance team and PGV3 Project Manager, implement PGV3 employer training and communication plans. * | MK / PIO staff / Finance | 1/31/24 | |
| 2. Maintain ongoing internal and external communications for overall PGV3 project. * | MK | 3/31/24 | |
| 3. Develop and implement campaign to encourage members and retirees to sign up for MyAccount 2.0 * | MK / PIO staff | 6/30/24 | |
| 4. Coordinate NHRS interactions with and prepare materials for statutory commission to study retirement benefits and retention of employees scheduled to meet in the summer of 2023. | MK | 11/30/23 | |
| 5. Maintain positive and constructive working relationship with the NH Legislature. * | MK | 6/30/24 | |
| 6. Grow calendar year-over-year audience for social media channels by 10-15%. | MK / PIO staff | 6/30/24 | |
| 7. Develop member surveys assessing knowledge and comfort | MK / PIO staff | 6/30/24 | Note: Survey will be released in FY 25. |

| | | | |
|--|----------------|----------|--|
| level with NHRS benefits and preferences for additional education efforts. | | | |
| 8. Update printed and recorded member/retiree/employer presentations impacted by recent legislation. | MK / PIO staff | 12/31/23 | |
| 9. Identify, enroll, and complete a professional development opportunity. | MK | 6/30/24 | |

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



To: Board of Trustees

From: John Laferriere, Director of Information Technology

Date: June 13, 2023

Re: Information Technology Operating Report

Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

- Cybersecurity Awareness – All staff passed the May phishing test, and IT did not need to implement additional training.
- Security – Engaged the Managed Security Service Provider (MSSP), GreenPages for the short-term, day-to-day management of IT security.
- Updated enterprise firewall software to ensure latest security protocols are installed.

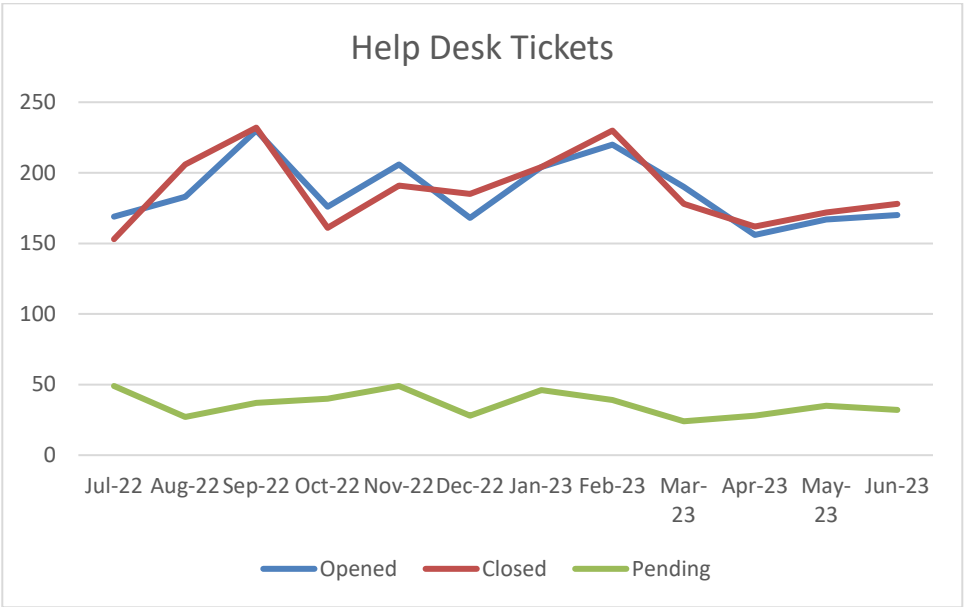
Current Month Highlights

- IT Customer Satisfaction Score – 100%.
- IT met all eight of its KPMs.
- Installation of proof-of-concept Teams' video-conferencing system in the Hearings Conference Room.
- Engineering for the fault-tolerant internet connectivity project has completed and installation has started.
- Purchase of enterprise network and firewall equipment.
- Purchase of Dell laptops to replace existing desktop and laptop computers.
- Completed deployment of new copiers and management software.
- Retired hardware relating to the old Exchange server, virtualization host, and enterprise storage.

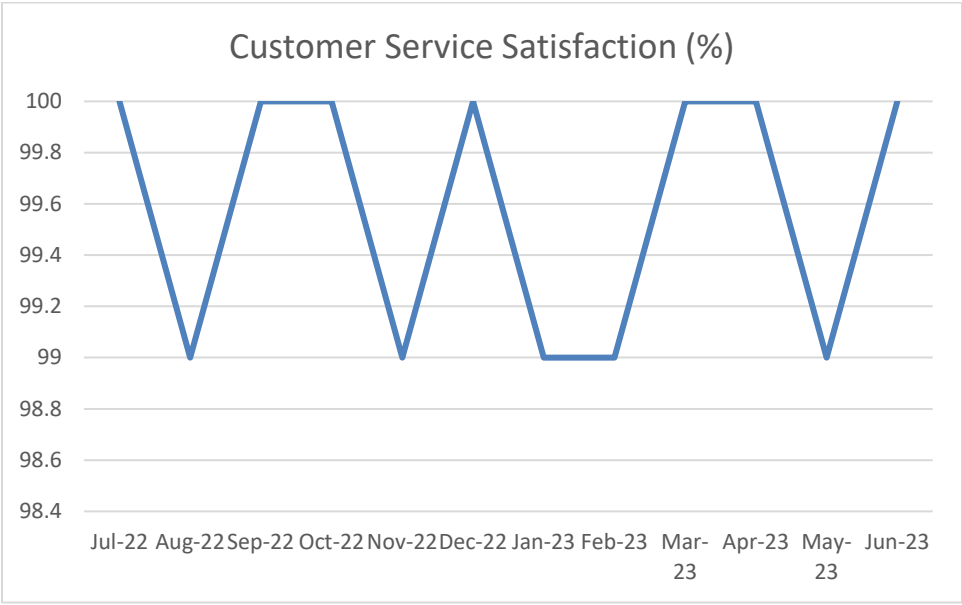
Upcoming Plans & Projects

- Finalize contract for a Managed Security Service Provider (MSSP)
- Deploy new firewalls and network infrastructure.
- Identify an enterprise document management system.
- Relocate data center equipment move to new location.
- Installation of permanent generator to begin mid-July.

NHRS Helpdesk Ticket Information by Month



NHRS Customer Satisfaction Scores by Month



Division: Information Technology (IT)

Date: June 5, 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 | Completed 04/08/2023. |
| 6. Perform tasks associated with PensionGold Version 3 (PGV3) implementation, as per contractual implementation schedule. | JL/TK/AS | 06/30/2023 | 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 | Ongoing. |
| 9. Upgrade the existing network bandwidth from 500 MB to 1000 MB. | FC | 08/31/2022 | Completed 7/1/2022. |
| 10. Identify, enroll, and complete a professional development program. | JB | 06/30/2023 | Ongoing. |
| 11. Replace the existing emergency generator. | JL/CM | 06/30/2023 | Ongoing. |
| 12. Install fault-tolerant internet connection. | JL/JO | 06/30/2023 | Ongoing. |
| 13. Install corporate, wireless access points throughout building. | JL/CM | 06/30/2023 | Ongoing. |

Division: Information Technology (IT)

Date: June 30, 2023
Approved: July 5, 2023**FY 2024 Action Plan Summary**

| ACTION | PM | DATE | STATUS/COMMENTS |
|---|-----------------|-------------|---------------------------------|
| 1. Outsource security management to third-party provider. | JL | 09/30/2023 | Finalizing vendor. |
| 2. Upgrade networking infrastructure. | JL, JO | 12/30/2023 | Not started. |
| 3. Perform and complete yearly staff permissions review. | JL | 09/30/2023 | Not started. |
| 4. Upgrade firewall hardware. | JL/JB | 09/30/2023 | Not started. |
| 5. Replace desktops and laptops with new laptops. | JL/JO | 06/30/2024 | Hardware vendor identified. |
| 6. Perform tasks associated with PensionGold Version 3 (PGV3) implementation, as per contractual implementation schedule. | JL/TK/AS/ JO | 06/30/2024 | Ongoing. |
| 7. Move 80% of the production applications to the cloud. | JL/JO | 06/30/2024 | Building out cloud environment. |
| 8. Move physical data center to new location. | JL/JO | 11/30/2023 | Not Started. |
| 9. Replace existing phone system with a cloud-based phone system. | JL | 06/30/2024 | Evaluating new system. |
| 10. Identify, enroll, and complete a professional development program. | JO | 02/28/2024 | Ongoing. |
| 11. Replace the existing emergency generator. | JL/CM | 08/30/2023 | Ongoing. |
| 12. Install fault-tolerant internet connection. | JL/JO | 08/30/2023 | Ongoing. |
| 13. Identify and install an enterprise document management system. | JL | 06/30/2024 | Not Started. |
| 14. Develop a secure enterprise transmissions platform for all file transfers. | MM | 06/30/2024 | Platform build-out started. |



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

Significant Developments and Priority Issues

- June 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 extend the Custody Agreement with the Bank of New York Mellon for a two-year period, subject to contract and legal review.
 - The extension will incorporate the Burgiss Private Markets Transparency, a new service for the NHRS.
 - The Committee unanimously voted to renew the Investment Management Agreement with Brandywine for a five-year term through August 31, 2028.
 - The Committee unanimously voted to renew the Investment Management Agreement with Loomis Sayles for a five-year term through August 31, 2028.
 - The Townsend Group presented an update on the status of the Real Estate Investment Plan for Calendar Year (CY) 2023.
 - Callan presented a detailed review of the private equity and private debt assets of the NHRS portfolio.

Current Month Highlights

- Preliminary Performance:

| As of 5/31/23 | 1-MO | FYTD | 1-YR | 3-YR | 5-YR | 10-YR |
|-----------------------------------|--------|--------|--------|--------|--------|--------|
| NHRS Total Fund <u>Net</u> Return | -1.16% | +4.84% | +1.21% | +8.70% | +6.61% | +7.38% |
| Policy Benchmark Return | -1.22% | +4.27% | +0.00% | +6.89% | +6.32% | +7.45% |
| Excess Returns (basis points) | +6 | +57 | +122 | +181 | +28 | -7 |

Source: Callan

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

Upcoming Plans & Projects

- July Committee Meeting:
 - Staff will present an update on the monthly performance of the public market asset classes of the NHRS, holdings, and the Work Plan.
 - The Committee will hear macroeconomic presentations from J.P. Morgan and BlackRock.

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 May 31 st | \$ 420,770 |
| Total: | \$ 17,229,714 |

Source: BNY Mellon, ISS, NHRS, Northern Trust

Division: Investments

Date: June 30, 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 | 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 | 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 | (Done) Investment expenses are within budget. |
| 5. Implement rebalancing as necessary to address deviations from policy targets. | CIO/IIC/BOT | 03/31/23 | (Done) Fixed Income portfolio allocation is now within the rebalancing ranges per policy, as of May 31, 2023. |
| 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 Process) Investments has identified a professional training program for team development. Memo for engaging with consultant presented at July BOT meeting. |
| 8. Conduct an internal review of the NHRS total plan portfolio. | CIO/IIC | 12/31/23 | (UPDATED) Conduct an internal review of the NHRS total plan by the Investment Team. Will conduct RFP for sourcing system to aggregate all the NHRS data. |
| 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 | (In Process) 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. |

Division: Investments

Date: June 12, 2023

Approved:

FY 2024 Action Plan Summary

| ACTION | PM | DATE | STATUS/COMMENTS |
|---|-------------|-------------|------------------------|
| 1. Assure compliance with all relevant statutory and regulatory requirements. | CIO/IIC/BOT | 06/30/24 | |
| 2. Complete Private Debt/Equity Work Plan for Calendar Year (CY) 2024. | CIO/IIC | 12/31/23 | |
| 3. Complete Real Estate Work Plan for CY 2024. | CIO/IIC | 12/31/23 | |
| 4. Maintain investment expenses within budget. | CIO/IIC | 06/30/24 | |
| 5. Implement rebalancing as necessary to address deviations from policy targets. | CIO/IIC/BOT | 06/30/24 | |
| 9. Complete a review of the Strategic Asset Allocation and, if necessary, recommend an update to the Strategic Asset Allocation policy. | CIO/IIC/BOT | 12/31/23 | |
| 7. Identify, enroll, and complete a professional development program for the Investment team. | CIO | 12/31/23 | |
| 8. Conduct an internal review of the NHRS total plan portfolio. | CIO/IIC | 12/31/23 | |
| 9. Complete a five-year Strategic Plan for the Investments division at NHRS for approval with the IIC and the BOT. | CIO/IIC/BOT | 12/31/23 | |



To: Board of Trustees

From: Nancy J. Miller

Date: July 1, 2023

Re: Member Services Operating Report

Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

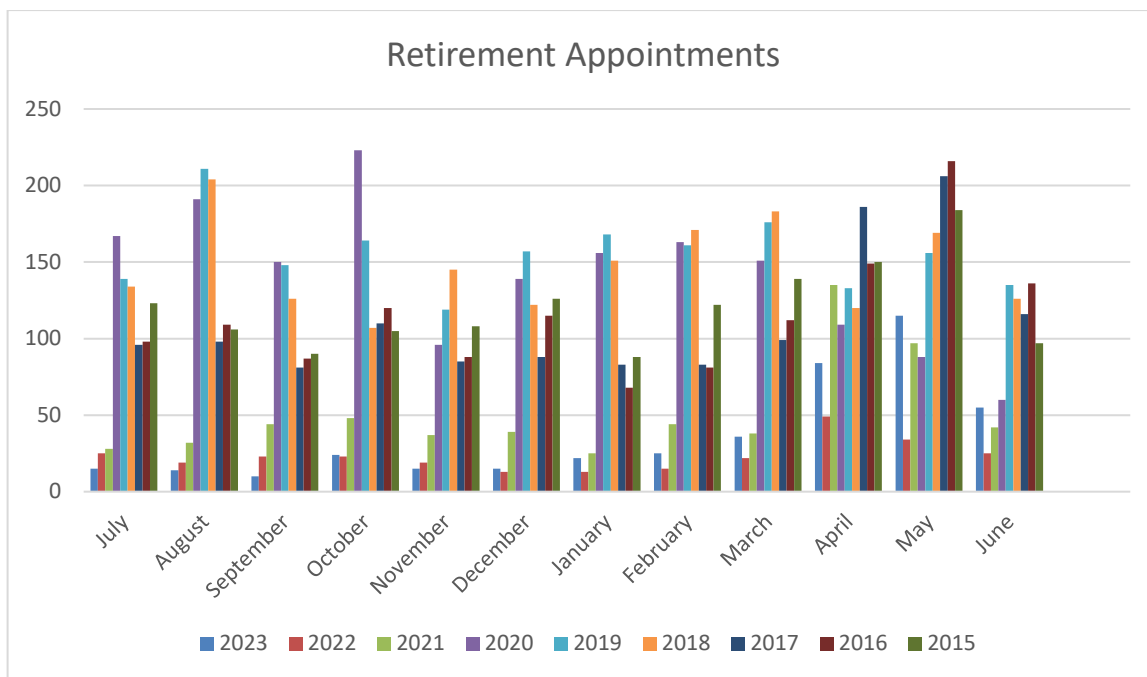
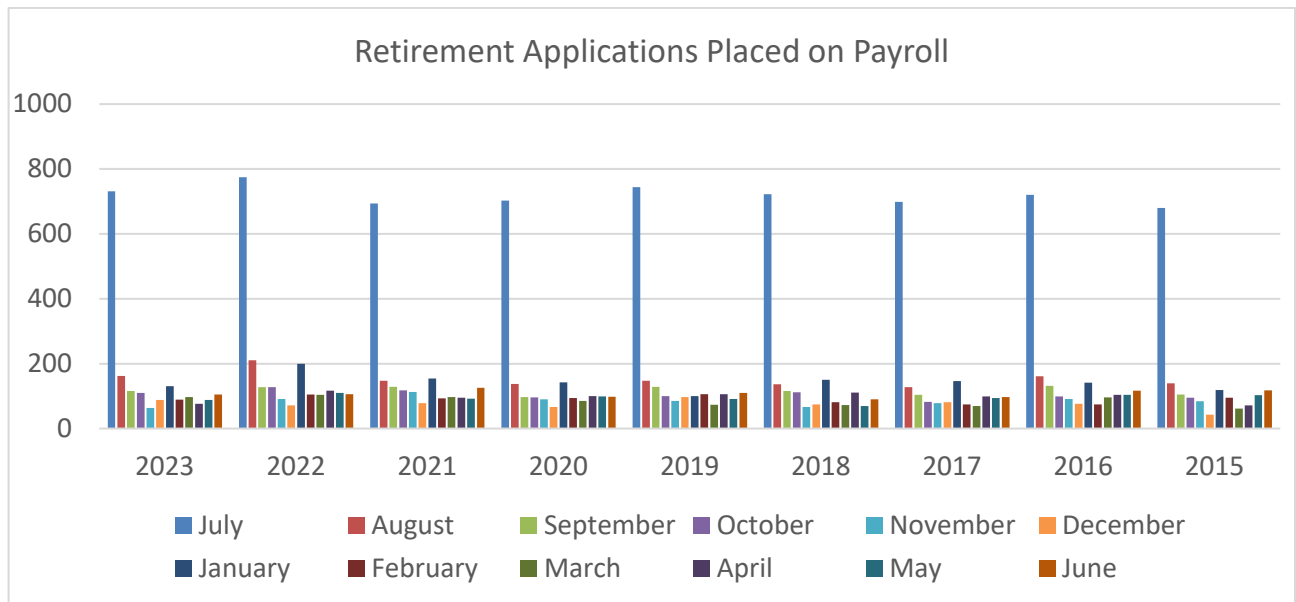
- Member Services, along with other departments, is focused on determining system changes required with the passing of recent legislation (post-65 reduction change and one-time \$500 payment to eligible recipients.)
- Parallel preparation work continues with NHRS teams and the LRS auxiliary team.
- Processing of the July retirement applications remains a priority for the Member Benefits team.

Current Month Highlights

- Staffing adjustments continue to be worked on relative to covering the QDRO Specialist job duties within Member Services.
- Key Business Process work continues with LRS; we have scheduled meetings and trainings for July, August, and September.
- Member Services achieved all 21 of its KPMs this month.

Upcoming Plans & Projects

- Member Services will be working with LRS a great deal during July to be prepared for the mock parallel activities that will need to be carried out, logged, and audited.
- Black-out functions and tracking is another area of parallel preparation the department will be focusing on in July.



Division: Member Services

Date: July 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 | Completed. To continue into FY24 |
| 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 processing to reduce open (outstanding recoupment matters and non-responder) cases by 50%. | MS Retirement Benefits/LexisNexis /Recoupment Committee | 8/1/22- New procedures 9/30/22 -Monthly tracking reports 6/23 - Reduction of open cases by 50% | In process - Portions of this initiative on hold , pending completion of PGV3 parallel 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 | On hold due to upcoming PGV3 parallel/implementation schedule. |

Division: Member Services

Date: July 1, 2023

Approved: July 3, 2023

FY 2024 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 | 12/30/24 | In progress. |
| 2. Develop and implement PGV3 Employer Term Form audit process to confirm accuracy of employer reported data relative to benefit finalization. Target date will equal the formal elimination of Manual (paper) forms in the NHRS Benefit process. | Member Benefits/Finance/ LRS | 7/30/24 | |
| 3. Create new member correspondences, internal workflows, accountabilities, and documented procedures relative to all 2023 legislative changes with impact to Member Services and benefit calculation functions. HB2 section 459-461 | MS/PIO/Legal/ Contact Center/ LRS | 3/30/24 – TSA Post 65 Change – TBD based on LRS system changes | In progress. |
| 4. Implement new and adjusted procedures for Retiree Death Case processing to realign NHRS collection procedures to include finance and legal. | MS Retirement Benefits/LexisNexis /Legal/Finance | 6/30/24 | . |
| 5. Identify and schedule MS Manager team training program. | MS Managers/HR/ Vendor | 6/30/24 | |



To: Board of Trustees
 From: Marie A. Mullen, Director of Finance
 Date: June 28, 2023
 Re: Finance Operating Report
 Item: Action: ☐ Discussion: ☐ Informational: ☒

Significant Developments and Priority Issues

- Status Update on PGV3 Finance deliverables:
 - Training for several PGV3 key business processes occurred during June and we will be documenting additional processes in July/August for training in September.
 - We continue to communicate with Employers on the need to submit test files for the Pension Gold upgrade. We have received 232 and have sent out reminders to employers that have not submitted a file, keying in on those employers with 150 or more members.
 - The tool to test employer files has been enhanced to allow staff to process and review files more efficiently and increase volume.
 - Employer Reporting and PIO have begun training sessions for employers that use file upload, school/SAUs, and for those employers that use web entry.

Current Month Highlights

- Finance completed eight (8) of its 13 KPMs for the month. Three KPMs did not have deliverables for the month and two (2) were not met. The KPM related to bank reconciliation was not within two (2) days because the individual working on the process has left NHRS. The KPM related to the production and distribution of monthly actual-to plan-budget reports within 10 business days from the end of the prior month was not met due to PGV3 priorities.
- Changes were made to Finance's KPMs in July. The KPMs related to fiscal notes and penalty reporting were removed. Language was added to the interest posting (#8) to ensure KPM is valid only for areas that NHRS has control over.
- Net position through Year to Date (YTD) December has increased by \$66 million since fiscal year end 2022.
- Cash flows for May and the fiscal year to date (FYTD) were within the expected range.
- FY 23 spending through the first 11 months of the fiscal year is below budget.
- PGV3 project spending inception to date is below budget and FY 23 is below the overall annual budget.

Upcoming Plans & Projects

- PGV3.

NHRS Board Monthly Reporting Package

Finance

July 11, 2023

| Net Position (\$s in Billions) | FY 2023 Unaudited | FY 2022 |
|--------------------------------|----------------------|-----------------|
| Current Fiscal Year-To-Date | December 2022 | December 2021 |
| Net Position Change | \$0.066 | \$0.439 |
| Prior Year Beginning Balance | <u>\$10.753</u> | <u>\$11.574</u> |
| Net Position Balance | \$10.819 | \$12.013 |

CASH FLOW-Contributions & Benefits**Cash Basis (\$s in Millions)**

| | May 2023 | FY 2023 YTD | May 2022 | FY 2022 YTD |
|---|--------------------|---------------------|--------------------|---------------------|
| Contributions | | | | |
| Employers | \$ 48.194 | \$ 576.387 | \$ 50.492 | \$ 557.124 |
| RSA from State of NH | \$ - | \$ 53.692 | \$ - | \$ - |
| Members | \$ 18.810 | \$ 224.055 | \$ 19.827 | \$ 221.876 |
| Subtotal | \$ 67.004 | \$ 854.134 | \$ 70.319 | \$ 779.000 |
| Benefits | | | | |
| Annuity & OPEB | \$ 83.592 | \$ 925.005 | \$ 80.534 | \$ 874.246 |
| Refunds & All Other | \$ 3.102 | \$ 40.170 | \$ 4.177 | \$ 35.701 |
| Subtotal | \$ 86.694 | \$ 965.175 | \$ 84.711 | \$ 909.947 |
| Total Cash Flow Gain/(Shortfall) | \$ (19.690) | \$ (111.041) | \$ (14.392) | \$ (130.947) |

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

July 1, 2022 through May 31, 2023

| | Total Budget | FY22 Balance Forward and Transfers | FYTD Budget | Actual |
|-------------------------------------|----------------------|--|----------------------|----------------------|
| Investment | | | | |
| Administrative Expenses | | | | |
| Internal | \$ 1,025,800 | \$ - | \$ 915,456 | \$ 824,461 |
| External (Manager & Custodial) | \$ 35,566,000 | \$ - | \$ 32,602,168 | \$ 29,057,034 |
| Subtotal | \$ 36,591,800 | \$ - | \$ 33,517,624 | \$ 29,881,495 |
| Non-Investment | | | | |
| Administrative Expenses | | | | |
| Internal (Statutory Administrative) | \$ 10,111,942 | \$ 1,465,950 | \$ 9,096,104 | \$ 8,744,719 |
| Pension Gold Version 3 | \$ 2,180,905 | \$ 562,652 | \$ 1,999,163 | \$ 2,157,070 |
| External (Actuary, Legal, Audit) | \$ 1,170,750 | \$ - | \$ 1,073,187 | \$ 990,557 |
| Subtotal | \$ 13,463,597 | \$ 2,028,602 | \$ 12,168,454 | \$ 11,892,346 |
| Total Administrative Expense | \$ 50,055,397 | \$ 2,028,602 | \$ 45,686,078 | \$ 41,773,841 |

| New Hampshire Retirement System | | | | | | |
|--|----------------------|--|-------------------------|----------------------|---------------------|--|
| Investment & Non-Investment Administrative Expenses | | | | | | |
| Budget vs. Actual | | | | | | |
| July 1, 2022 Through May 31, 2023 | | | | | | |
| FY 2023 | | | | | | |
| | TOTAL Budget | FY22 Balance Forward and Transfers | Original FYTD Budget | FYTD Actual | Difference | Variance Explanations |
| 1 Investment Administrative Expenses | | | | | | |
| 2 Internal Investment Expenses | | | | | | |
| 3 Salaries & Benefits | \$ 895,000 | | \$ 795,556 | \$ 719,049 | 76,507 | |
| 4 Current Expenses/Supplies/Education | 28,000 | | 25,667 | \$ 23,852 | 1,815 | |
| 5 Subscriptions | 5,300 | 100 | 4,858 | \$ 5,345 | (387) | Timing of expenses. Will balance by end of year. |
| 6 License Fee-Bloomberg | 54,000 | 11,000 | 49,500 | \$ 64,488 | (3,988) | Timing of expenses. Will balance by end of year. |
| 7 Organizational Dues | 18,500 | | 16,958 | \$ 9,869 | 7,089 | |
| 8 Travel | 25,000 | (11,100) | 22,917 | \$ 1,858 | 9,959 | |
| 9 Subtotal Internal Investment | 1,025,800 | - | 915,456 | 824,461 | 90,995 | |
| 10 External Investment Expenses | | | | | | |
| 11 Management Fees | | | | | | |
| 12 Marketable Investments | 30,280,000 | | 27,756,667 | 25,313,982 | 2,442,685 | |
| 13 Real Estate | 3,400,000 | | 3,116,667 | 2,551,516 | 565,151 | |
| 14 Subtotal Management Fees | 33,680,000 | - | 30,873,334 | 27,865,498 | 3,007,836 | |
| 15 Investment Administrative Expenses | | | | | | |
| 16 Custody Fees | | | | | | |
| 17 Master-BNY Mellon | 625,000 | | 572,917 | 302,079 | 270,838 | |
| 18 General Investment Consultant Fees | 700,000 | | 641,667 | 650,000 | (8,333) | Timing of expenses. Will balance by end of year. |
| 19 Legal-Investment | 500,000 | | 458,333 | 207,424 | 250,909 | |
| 20 Other Fees | 61,000 | | 55,917 | 32,033 | 23,884 | |
| 21 Subtotal Invest. Administrative Expenses | 1,886,000 | - | 1,728,834 | 1,191,536 | 537,298 | |
| 22 Subtotal External Investment | 35,566,000 | - | 32,602,168 | 29,057,034 | 3,545,134 | |
| 23 | | | | | | |
| 24 Total Investment Internal & External | \$ 36,591,800 | \$ - | \$ 33,517,624 | \$ 29,881,495 | \$ 3,636,129 | |
| Line 12 - Investment Management Fees: FYTD Budgeted in this report at 10 months. | | | | | | |
| Line 13 - Investment Management Fees: FYTD Budgeted in this report at 10 months. | | | | | | |
| Line 17 - Custody Fees, Master BNY Mellon: FYTD Budgeted in this report at 10 months. | | | | | | |
| Line 18 - General Investment Consultant Fees: FYTD Budgeted in this report at 10 months. | | | | | | |
| 25 Non-Investment Administrative Expenses | | | | | | |
| 26 Internal Non-Investment Expenses | | | | | | |
| 27 Salaries & Benefits | \$ 7,584,366 | \$ 704,697 | \$ 6,741,659 | \$ 6,659,299 | \$ 787,057 | |
| 28 Current Expenses | 200,985 | 61,610 | 184,236 | 153,535 | \$ 92,311 | |
| 29 Rents & Leases | 465,000 | 24,293 | 463,750 | 398,604 | \$ 89,439 | |
| 30 Equipment | 24,700 | 119,391 | 22,642 | 34,443 | \$ 107,590 | |
| 31 Technology-Software & Hardware | 883,000 | 282,766 | 809,417 | 817,028 | \$ 275,155 | |
| 32 Payroll & Other Services | 50,500 | 55,111 | 46,292 | 71,927 | \$ 29,476 | |
| 33 Independent Med. Examiners/Consultants | 234,000 | 17,351 | 214,500 | 176,629 | \$ 55,222 | |
| 34 Retiree Health Insurance | 177,900 | 35,793 | 163,075 | 114,742 | \$ 84,126 | |
| 35 Other | 491,491 | 164,938 | 450,533 | 318,512 | \$ 296,959 | |
| 36 Subtotal Internal Non-Invest. Adm | 10,111,942 | 1,465,950 | 9,096,104 | 8,744,719 | 1,817,335 | |
| 37 | | | | | | |
| 38 Pension Gold Version 3 Upgrade | 2,180,905 | 562,652 | 1,999,163 | 2,157,070 | 404,745 | |
| 39 | | | | | | |
| 40 External Non-Investment Expenses | | | | | | |
| 41 Actuarial Fees | \$ 230,000 | | 210,833 | \$ 218,581 | (7,748) | Expenses related to 2023 legislative requests will be reimbursed by the State. |
| 42 Legal Fees | 225,000 | (10,500) | 206,250 | 111,089 | 84,661 | |
| 43 Audit Fees | 259,500 | | 237,875 | 259,500 | (21,625) | Expenses frontloaded in first half of year. Will balance by end of year. |
| 44 Other Consulting Fees | 129,500 | | 118,708 | 104,035 | 14,673 | |
| 45 Insurance Expense | 201,750 | 10,500 | 184,938 | 197,690 | (2,252) | Timing of annual fiduciary insurance payment. Will balance by end of year. |
| 46 Local Custodian | 125,000 | | 114,583 | 99,662 | 14,921 | |
| 47 Depreciation Expense | - | | - | - | - | |
| 48 Subtotal External Non-Invest. Adm | 1,170,750 | - | 1,073,187 | 990,557 | 82,630 | |
| 49 | | | | | | |
| 50 Total Non-Invest. Internal & External | \$ 13,463,597 | \$ 2,028,602 | \$ 12,168,454 | \$ 11,892,346 | \$ 2,304,710 | |
| 51 | | | | | | |
| 52 Total Administrative Expense | \$ 50,055,397 | \$ 2,028,602 | \$ 45,686,078 | \$ 41,773,841 | \$ 5,940,839 | |

FY 2021 PENALTY STATISTICS BY TYPE**Assessed, Paid, Waived & Pending Penalties****Fiscal Year 2021 as of 6/27/2023**

| Penalty Type | Assessed | | Waived | | Paid | | Pending | |
|-------------------|------------|-------------------|------------|-------------------|------------|------------------|----------|--------------|
| | Number | Amount | Number | Amount | Number | Amount | Number | Amount |
| Reporting Penalty | 259 | \$ 399,447 | 199 | \$ 387,497 | 60 | \$ 11,950 | 0 | \$ - |
| Payment Penalty | 106 | \$ 75,509 | 65 | \$ 67,487 | 40 | \$ 7,968 | 1 | \$ 54 |
| Total | 365 | \$ 474,956 | 264 | \$ 454,984 | 100 | \$ 19,918 | 1 | \$ 54 |

FY 2022 PENALTY STATISTICS BY TYPE**Assessed, Paid, Waived & Pending Penalties****Fiscal Year 2022 as of 6/27/2023**

| Penalty Type | Assessed | | Waived | | Paid | | Pending | |
|-------------------|------------|-------------------|------------|-------------------|-----------|------------------|------------|-------------------|
| | Number | Amount | Number | Amount | Number | Amount | Number | Amount |
| Reporting Penalty | 269 | \$ 346,708 | 158 | \$ 259,506 | 34 | \$ 13,285 | 77 | \$ 73,917 |
| Payment Penalty | 172 | \$ 118,442 | 69 | \$ 51,212 | 42 | \$ 14,569 | 61 | \$ 52,661 |
| Total | 441 | \$ 465,150 | 227 | \$ 310,718 | 76 | \$ 27,854 | 138 | \$ 126,578 |

FY 2023 PENALTY STATISTICS BY TYPE**Assessed, Paid, Waived & Pending Penalties****July 1, 2022 through June 27, 2023**

| Penalty Type | Assessed | | Waived | | Paid | | Pending | |
|-------------------|------------|-------------------|------------|-------------------|-----------|-----------------|------------|-------------------|
| | Number | Amount | Number | Amount | Number | Amount | Number | Amount |
| Reporting Penalty | 336 | \$ 486,968 | 119 | \$ 247,385 | 13 | \$ 4,737 | 204 | \$ 234,846 |
| Payment Penalty | 139 | \$ 117,120 | 30 | \$ 27,391 | 5 | \$ 697 | 104 | \$ 89,032 |
| Total | 475 | \$ 604,088 | 149 | \$ 274,776 | 18 | \$ 5,434 | 308 | \$ 323,878 |

Division: Finance

Date: June 30, 2023

Approved: March 16, 2023

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 | Completed. |
| 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 | Completed. |
| 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 | 09/30/23 | ACH will be reviewed with the employers still sending checks before “go-live” for PGV3. |
| 6. Meet the deadlines in FY23 associated with the PGV3 employer reporting rollout, as specified in the rollout plan dated 6/30/21. | JT/MM/PIO | 6/30/23 | Completed. |
| 7. Manage & monitor expenditures to stay within the NHRS Trust Fund | MM/ E-Team | 6/30/23 | Completed. |

| | | | |
|---|--------------------|-----------|-------------------|
| and statutory administrative budgets. | | | |
| 8. 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. |
| 9. Enroll in and attend the P2F2 Program offered in October of 2022. | MM | 10/31/22 | Completed. |
| 10. Issue RFP and select vendor for Annual Financial Audit | MM | 2/28/2023 | Completed. |

Division: Finance

Date: June 28, 2023

Approved: June 14, 2023

FY 2024 Action Plan Summary

| ACTION | PM | DATE | STATUS/COMMENTS |
|---|---|-------------|------------------------|
| 1. Perform tasks associated with PGV3 implementation, as per contractual implementation schedule. | MM/JT/JG/Finance Team/PGV3 Steering Committee | 11/30/2023 | Ongoing. |
| 2. Work to convert any employers still paying by paper check to NHRS <i>QuickPay</i> or ACH payment through their own banking partner. | MM/JT/MK | 06/30/2024 | |
| 3. Meet the implementation schedule associated with the PGV3 employer reporting rollout. | JT/MM/PIO | 11/30/2023 | Ongoing. |
| 4. Manage & monitor expenditures to stay within the NHRS Trust Fund and statutory administrative budgets. | MM/JG/ E-Team | 06/30/2024 | Ongoing. |
| 5. Strategic review of financial software and configuration to identify requirements to automate processes, improve reporting, and streamline financial analysis. | MM/JG | 06/30/2024 | |
| 6. Enroll in and attend the CAPPP (Certificate of Achievement in Public Plan Policy) through IFEBP (International Foundation of Employee Benefit Plans). | MM | 06/30/2024 | |



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 Third Quarter

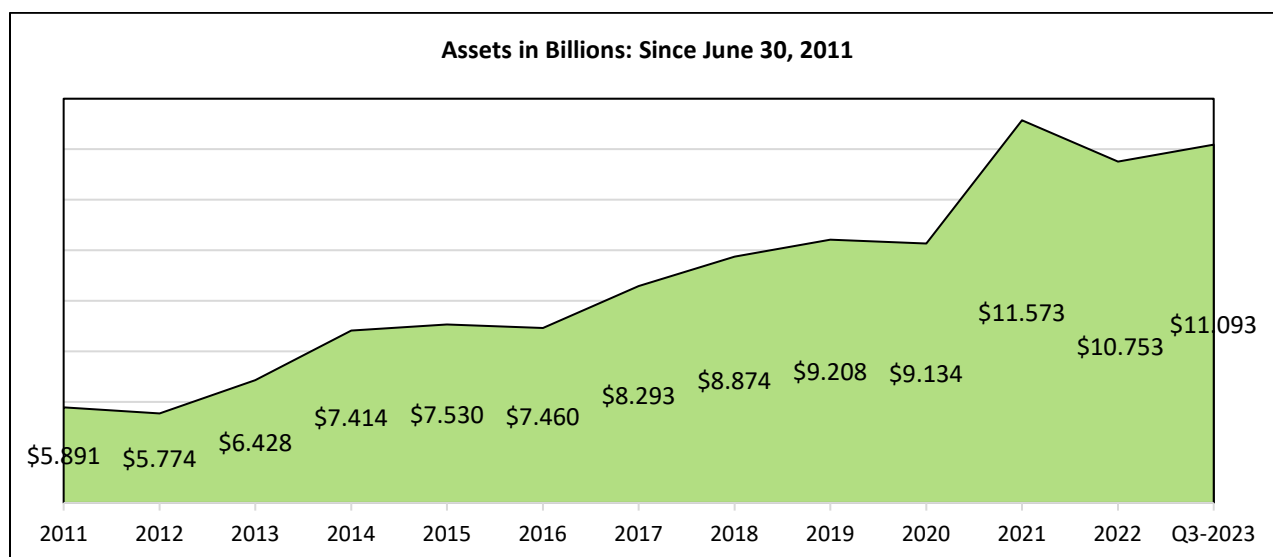
For the period January 1, 2023, to March 31, 2023

Updated: May 2023

TRUST FUND

3rd Quarter FY 2022: \$11.585 billion

3rd Quarter FY 2023: \$11.093*



* Unaudited

INVESTMENT PERFORMANCE

| Net-of-fees returns | FYTD – 3/31/23* | 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 | 5.4% | -6.1% | 7.1% | 7.2% | 8.5% |
| Peer comparison (percentile) | NA | 34th | 35th | 36th | 18th |

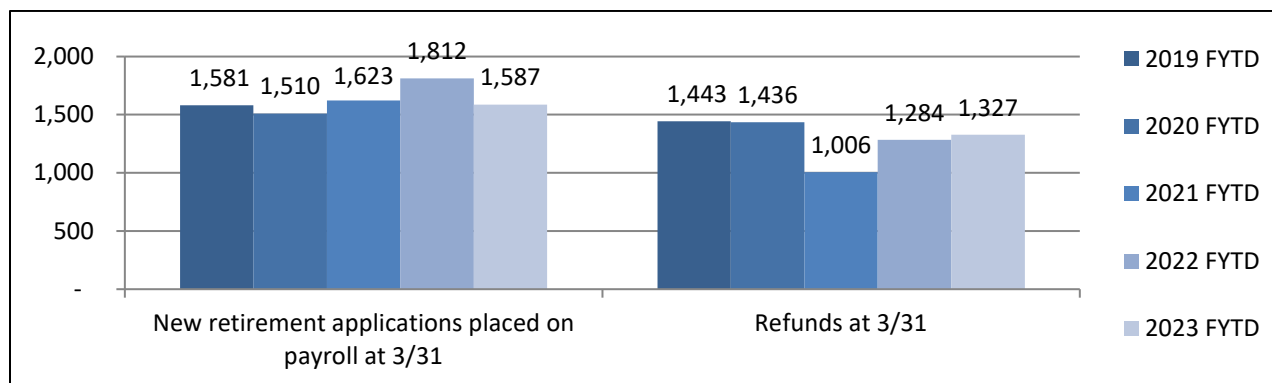
Assumed Rate of Return: 6.75%; * Annualized; valuation of real estate and alternative investments lagged three months

KEY PERFORMANCE MEASURES

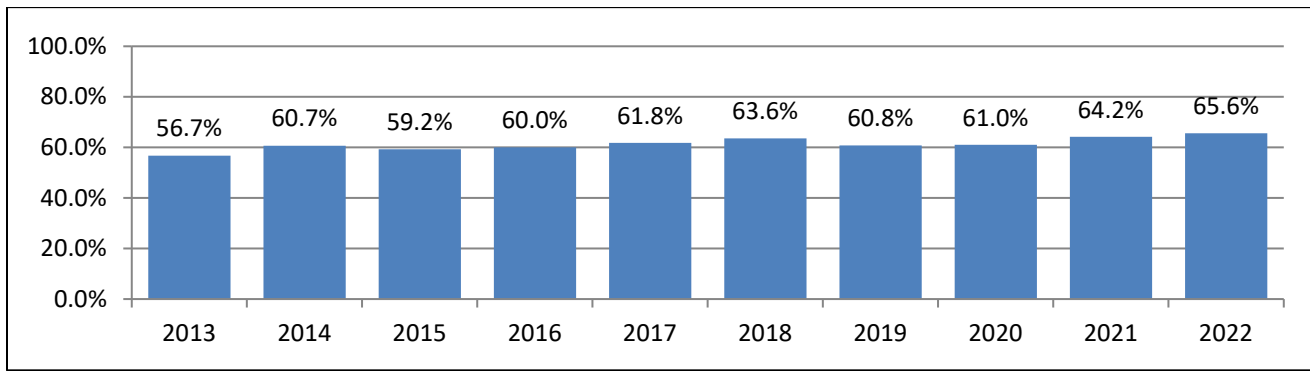
| | | | |
|-------------------|-------------------|--------------------|----------------------------------|
| Jan. 2023: 95.51% | Feb. 2023: 98.86% | March 2023: 97.59% | 12-month rolling average: 97.24% |
|-------------------|-------------------|--------------------|----------------------------------|

Target: 95%

RETIREMENTS AND REFUNDS

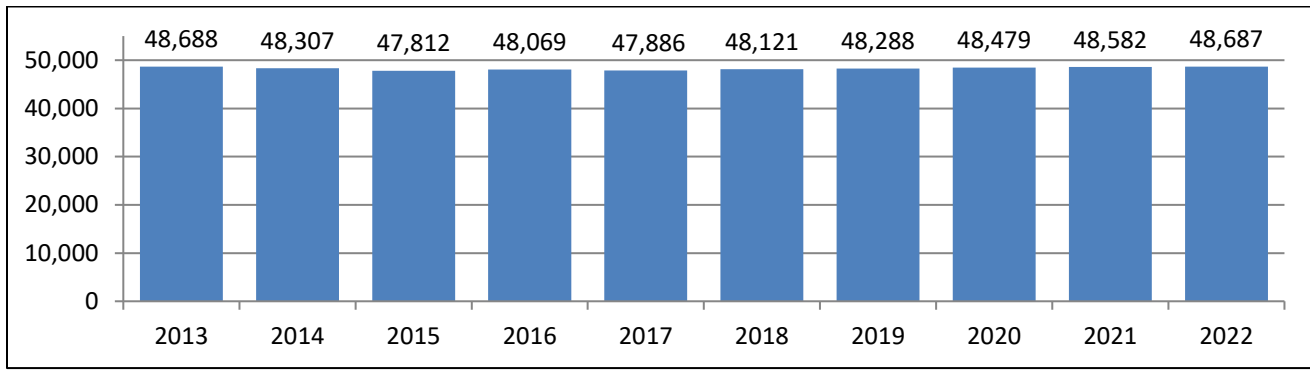


ACTUARIAL FUNDED RATIO

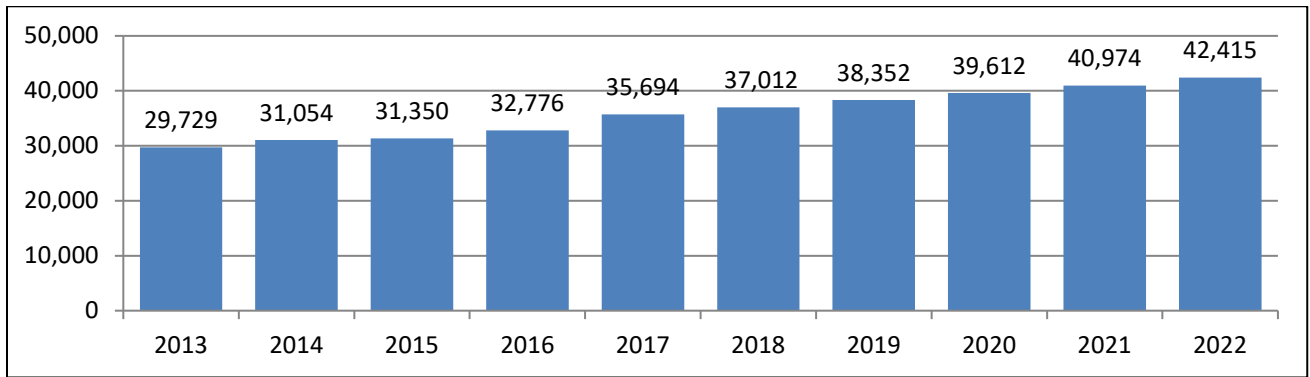


Funded ratio impacted by reductions to assumed rate of return and revised actuarial assumptions effective in 2015 and 2019

ACTIVE MEMBERS



RETIREES & BENEFICIARIES





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

Significant Developments and Priority Issues

- NHRS currently has two staff openings: IT Infrastructure Engineer (formally IT Technical Administrator) and an Imaging Specialist position. We were able to fill the IT Infrastructure Manager and Communications Specialist positions internally and we filled the Finance Accountant position with one of the temps we had been using.
- HR is currently working with ADP on creating the PGV2 and PGV3 Employer Reports.
- The FY 2024 non-union compensation plan was recommended and accepted by the PPCC.

Current Month Highlights

- HR met all four KPMs last month.
- We have not received a quote from Korn Ferry to review our position assessment process and tools at this time and are now researching other firms that may be able to assist us.
- July 27, 2023, is the NHRS Employee Appreciation Day this year.
- HR has completed its onboarding and recruitment training with ADP and will begin rolling out those programs with our next open positions and new hires.

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, trainings, recruitment, and performance.

Division: Human Resources (HR)

Date: June 30, 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 a 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 06/01/2023, six staff members and three managers are currently participating. |
| 3. Complete data remediation in accordance with DRAPP. | RC/FC | 6/30/23 | Complete. |
| 4. Assist in monitoring and maintaining PGV3 staffing levels to keep the project on time and budget. | RC/ET/MT | 6/30/23 | Complete. |
| 5. Monitor and maintain staffing levels for the NHRS Contact Center. | RC/ED/NC/DH | 6/30/23 | Complete. |
| 6. Continue to assess pandemic threat levels and adapt office protocol appropriately. | RC/ED/ET/MT | 6/30/23 | Complete. |
| 7. Ensure compliance with all Federal, State and CBA rules and regulations. | RC/JG/Legal | 6/30/23 | Complete. |
| 8. HR Tech. to identify and enroll in a professional development program. | JG/RFC | 9/30/22 | Complete. |
| 9. HR Mgr. to identify, enroll in and complete a professional development program. | RFC/ED | 9/30/22 | Complete. |

Division: Human Resources (HR)

Date: June 30,2023

Approved:

FY 2024 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 | 6/30/24 | |
| 2. Maintain a management development program for middle managers and staff identified as possible managers. | RC/ED/ET/MT | 6/30/24 | |
| 3. Create, implement, and maintain electronic onboarding utilizing the ADP software. | RC/Janet G. | 6/30/2024 | |
| 4. Assist in monitoring and maintaining PGV3 staffing levels to keep the project on time and budget. | RC/ET/MT | 6/30/24 | |
| 5. Monitor and maintain staffing levels for the NHRS Contact Center. | RC/ED/NC/DH | 6/30/24 | |
| 6. Create, implement, and maintain electronic performance appraisals utilizing the ADP software. | RC/MT | 6/30/2024 | |
| 7. Ensure compliance with all Federal, State and CBA rules and regulations. | RC/Janet G./Legal | 6/30/24 | |
| 8. HR Tech. to identify and enroll in a professional development program. | Janet G./RFC | 12/31/2023 | |
| 9. HR Mgr. to identify, enroll in, and complete a professional development program. | RFC/ED | 12/31/2023 | |

**New Hampshire Retirement System
Board Meeting**

**Consent Agenda
Tuesday, July 11, 2023**

Employer Participation Election

Langdon Public Library

Disability Application Recommendations

1. S.T. Grant ordinary disability retirement (ODR) to this group I member who worked for the State of New Hampshire and has 13 years and 6 months of creditable service, based on medical evidence that supports her claim for permanent incapacity from her work duties due to a medical condition.

Administrative Recommendation

2. Bridges, A. Deny the Petitioner's request for return of member contributions and uphold the NHRS Staff's denial of his request.

Administrative Recommendation Reconsideration

3. Burns et al. Deny the Petitioners' request for reconsideration and uphold the March 14, 2023, decision of the Board of Trustees.

Langdon Public Library
Participation Effective: August 2023

NHRS administrative staff has reviewed the application and supporting documents of the above employer for NHRS participation and find them in order.

Under RSA 100-A:20, I, "The NHRS Board of Trustees shall set the date when the participation of the officers and employees of any employer shall become effective". It is the recommendation of NHRS administrative staff that the Board vote to set the effective date for the Langdon Public Library as the first day of the first complete payroll period in August of 2023.

NHRS Authorized Signatures:

Tamre McCrea

| | |
|---------------------------------------|---------|
| | 6/13/23 |
| Tamre McCrea – Employer Audit Manager | Date |

| | |
|--|---------|
| <i>Mark F. Cavanaugh</i> | 6/13/23 |
| Mark F. Cavanaugh – Associate Counsel & Compliance Officer | Date |



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

EMPLOYER ELECTION TO PARTICIPATE IN THE NEW HAMPSHIRE RETIREMENT SYSTEM PLAN

ORGANIZATION OF:

At a meeting of the Board of Trustees of the town of Newington in the county of Rockingham and the State of New Hampshire, legally called on the 6 day of June 2023, the following resolution was offered by John "Jack" O'Reilly:
(Governing Board) (Town) (County) (Day) (Month) (YY) (Name and Title)

Be it Resolved: That the Langdon Public Library elect to approve the inclusion of its officers and employees in the New Hampshire Retirement System of the State of New Hampshire, as provided for by RSA 100-A (supp), for the employees of the Langdon Public Library to be effective August 1, 2023 2023
(Organization) (Date)

The above resolution was adopted as appears by the following vote: Yeas: 3 Nays: 2

ACKNOWLEDGEMENT

State of New Hampshire, County of: Rockingham
I Lara Berry, Library Director of the Langdon Public Library do hereby certify that I have compared the foregoing with the original resolution adopted by the Library Trustees at a meeting held on the 6 day of June 2023 on file in this office, and that the same is a true copy thereof and the whole of said original.
(Name and Title) (Organization) (Day) (Month) (YY)

I further certify that the full board consists of 5 duly elected members and that, as above stated, 3 of said duly elected members voted yes to the above resolution.
(Number) (Number)

In Witness Whereof, I have hereunto set my hand of the Langdon Public Library on this 7 day of June 2023.
(Organization) (Day) (Month) (YY)

Officer Signature: Lara Berry Title: Langdon Library Director

The New Hampshire Retirement System (NHRS) is governed by New Hampshire RSA 100-A, rules, regulations, and Federal laws including the Internal Revenue Code. NHRS also implements policies adopted by the Board of Trustees. These laws, rules, regulations, and policies are subject to change. Even though the goal of NHRS is to provide information that is current, correct, and complete, NHRS does not make any representation or warranty as to the current applicability, accuracy, or completeness of any information provided. The information herein is intended to provide general information only, and should not be construed as a legal opinion or as legal advice. Members are encouraged to address specific questions, regarding NHRS, with an NHRS representative. In the event of any conflict between the information herein and the laws, rules, and regulations which govern NHRS, the laws, rules, and regulations shall prevail.

Form Emp Elect
Revised 4/2017

New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301-8507
Toll-free telephone number: 1-877-600-0158

TAX SHELTER ELECTION FORM FOR POLITICAL SUBDIVISION EMPLOYERS

*Required By Internal Revenue Code Section 414(h) For Employees' Retirement
Contributions To Be Treated As Being Picked Up By The Employer*

Tax sheltering of employee contributions is effective only on a prospective basis and only upon execution of this form by the New Hampshire Retirement System (NHRS) and receipt of a copy by the employer

To the New Hampshire Retirement System Board of Trustees:

The Langdon Public Library hereby notifies the Board of Trustees of
(Name of Employer)

its election to participate in the tax shelter program under RSA 100-A:16, I(e) with respect to all of its Employee, Teacher, Police Officer and Firefighter members of the NHRS.

The employer understands that by making this election, it will be required to make whatever changes are necessary to its tax reporting procedures so that payroll deductions for NHRS mandatory employee contributions for all NHRS membership classes will not be reported as taxable wages for Federal income tax purposes but will be reported as wages for purposes of F.I.C.A. and Medicare taxes, if required by Federal law. All NHRS members in the employ of the employer shall be included in the tax shelter program with no exceptions.

The employer is requesting that the tax sheltering of contributions be effective as of the beginning of the first payroll period commencing in the month of July 2023 August 2023 JW
(Prospective Date: Month and Year)

John J. O'Reilly
(Signature of Chief Fiscal Officer)

6/9/23
(Date Signed)

John J. O'Reilly, Chair
(Print Chief Fiscal Officer's Name and Title)

Employer NHRS ID # _____ To be assigned by NHRS

CERTIFICATION OF ELECTION

I hereby certify that on 6/6/23 the governing body of Langdon Public Library
(Date) (Name of Employer)
elected to participate **prospectively** in the New Hampshire Retirement System's tax shelter program under the provisions of RSA 100-A:16, I(e) and Internal Revenue Code Section 414(h).

Zara Berry
(Signature of Administrative Authority)

Library Director 6/7/2023
(Title) (Date Signed)

Please return this form with a copy of the document evidencing the governing body's adoption of the tax shelter program to: NHRS Field Audit Division, 54 Regional Drive, Concord, NH 03301-8507

FOR NEW HAMPSHIRE RETIREMENT SYSTEM USE ONLY

This acknowledges NHRS' receipt of the election by Langdon Public Library to participate in the tax shelter provisions of the New Hampshire Retirement System. Effective with contributions for the first complete payroll period beginning in the month of August 2023, all deductions for members' mandatory retirement contributions shall be considered pre-tax contributions under the provisions of RSA 100-A:16, I(e) and Internal Revenue Code 414(h).

(Date Signed)

(NHRS Executive Director or Designee)



Board of Trustees Meeting Minutes June 6, 2023

Attendees: Attendees: Trustees Jack O'Reilly (JO), Meghann Wayss (MW), Paul Pelletier(PP) (left at 6:27}, Alex Jacuch (AJ) and Ted Karabinas(TK)-, Trustee Alternate Lillian Wilson (LW)(Left at 7:13} , Director Lara Croft (LC)

JO called the meeting to order @5:33

Minutes: May 4 minutes. Moved by AJ and seconded by PP to approve. Motion passed 5-0.

Treasurer's Report: With 42% of the year gone we are under in some of the appropriated lines. Taking over all finances will help with reimbursement of borrowed trust funds.

Director's Report

- The town credit card had been blocked and mailed to the town hall for the Treasurer to cancel. The Citizens cards have arrived and are being used. Stopped using out TD cards and will cancel once we are sure all routine charges have stopped.
- There were \$10.25 in donations since the last meeting. It was moved by TK and seconded by MW to accept. Motion passed 4-0.
- The electric bill was down 36% from the previous month

Policies: The following policies were approved:

- DVD/Blue Ray. Moved by TK and seconded by LW. Motion approved 5-0. LB will look at writing a New Patron Policy to notify parents about children's ability to check these out
- Confidentiality. Moved by LW and seconded by MW. Motion passed 5-0
- Response to Law Enforcement and Request for Library User Information. Moved by TK and seconded by LW with the stipulation that LB meet with the police chief to go over it. Motion passed 5-0.
- Anonymous Communication. Moved by TK and seconded by MW. Motion passed 5-0
- Fax/Copy. Moved by LW and seconded by MW. Motion passed 5-0

- Wireless Internet. Moved by TK and seconded by AJ. Motion passed 5-0
- Facility Usage was tabled.

Building Maintenance:

- Water system backflow preventer failed. Hart Plumbing has ordered a new one and will install it ASAP
- Water found on floor by furnaces. Dowling found s hose leak and fixed it. No other problems were found.
- Still no water leaking into old basement even with all the recent rain

Old Business:

- LB has heard from the NH retirement board to add our full time employees to our own account as it is needed for us to take on payroll. The state board will be meeting soon to act on our request. There was much discussion on this. MW would like to know what increase there would be for the bookkeeper costs and what information will be on the paychecks. TK would rather wait to take payroll over. LB is confident it can be done smoothly and costs will be within our budget. She will contact our bookkeeper and inform the board. We will need the state board's approval to complete before taking over payroll. LB gave further justification with examples of past problems especially untimely end of year reporting. JO made the following motion: *"To approve the inclusion of its officers and employees in the New Hampshire Retirement System as provided for by RSA 100-A (supp) for the employees of the Langdon Public Library to be effective July 1, 2023"*. Motion was seconded by AJ and passed on a 3-2 vote.
- LB presented a proposed letter to the selectmen concerning our taking over payroll and all other finances. Board non-substantive comments are needed by Friday. We need to figure out the amount of appropriated funds to request from the town for the next quarter. JO will work on this.
- The library's account at Piscataqua bank has been closed out.
- LB sent a letter to the potential donor of a new memorial bench and is awaiting a response.
- We received a late payment charge on our recent propane bill. JO contacted the company to bill us directly vs going through town hall. They agreed and waived the penalty. TK wants them to assure us that we will still get the town's lower rate. LB/JO will talk to the provider.

New Business:

- Juneteenth. A discussion was held about the potential closing of the library that day. The board is not in favor of it at this time. A discussion about holiday closing will be done at the next regular meeting.
- Summer reading program starts 6/27. Kona shaved ice truck will be on site from 5:00-7:00

Next Meeting: 7/17/23 at 5:30



July 11, 2023

Recommendation of the Hearings Examiner

In the Matter of Andrew Bridges

Issue: Whether the Board should uphold the NHRS staff’s denial of former member, Andrew Bridges’ (Petitioner) request for a refund of his accumulated contributions.

History: On November 14, 2022, the Petitioner submitted a “Terminated Member’s Application for Refund of Accumulated Contributions” form, requesting a trustee-to-trustee transfer of his NHRS accumulated contributions to an IRA. [ex. 3] By letter dated December 6, 2022, the NHRS informed the Petitioner that his refund request was denied pursuant to N.H. Admin. R. Ret 303.02 because he was working in a “part-time or per diem” position with an NHRS employer. [ex. 1] The Petitioner appealed the NHRS decision on December 28, 2022. [ex. 2] The parties stipulated to the underlying facts, submitted written arguments, and presented their respective positions during a hearing for the purpose of oral arguments on May 9, 2023.

Facts: The Petitioner is 33 years of age, and he began working as a police officer for the Portsmouth Police Department (Employer) on August 1, 2016. He was enrolled at that time in the NHRS as a full-time Group II “permanent policeman.” (*See* RSA 100-A:1, VII) [ex. 4] According to a payroll authorization form submitted on August 19, 2021, the Petitioner voluntarily resigned from his position as police officer: his last day of full-time work was on August 6, 2021; however, he was paid annual leave through September 3, 2021. [ex. 7] According to another payroll authorization form that was submitted on September 27, 2021, the Petitioner was “re-hired” as a part-time dispatcher (civilian) and auxiliary police officer effective September 4, 2021. The Petitioner has remained employed in both positions from September 4, 2021, to present. [ex. 4]

Just over one year later, November 14, 2022, the Petitioner requested a refund of his contributions. [ex. 3] On the request, the Petitioner signed that he is not “now employed by any State Agency, or by any County, City, Town or School District that is participating in the NHRS, and that he terminated his membership in the NHRS by leaving his position as “Patrolman” for Portsmouth

effective September 3, 2021. [ex. 3] On the portion of the form completed by the “former employer,” the Employer indicated that the last paycheck reported to NHRS was paid on September 9, 2021. It also noted that the Petitioner was still working for the city at the time the form was completed. His request was denied by NHRS on December 6, 2021, based on his ongoing employment with the City of Portsmouth. [ex. 1]

The parties agree the Petitioner became an “inactive” member of the NHRS on September 3, 2021, when he was no longer employed full-time as a “permanent policeman” as defined in RSA 100-A:1, VII. [ex. 4] The parties also agree the Petitioner has not reached “normal retirement age,” which in his case is 52.5 years, as provided for in RSA 100-A:1, XXXVII(b)(2) and RSA 100-A:5, II(a). [ex. 4]

Arguments: The Petitioner argues the NHRS’ decision to deny his request for a member refund violates the plain meaning of the governing statute and exceeds the NHRS’ administrative authority. [ex. 5] He asserts RSA 100-A:11¹ requires the NHRS to refund the accumulated contributions of “a group II member who ceases to be a permanent policemen for reasons other than retirement or death” within 3 months of receipt of a written request from the member for a refund. He maintains he qualifies for a refund because he has ceased to be a permanent policemen when he stopped working as a full-time Portsmouth Police Officer in 2021. Pursuant to RSA 100-A:11, he is entitled to a refund of his contributions, and the requirement of reaching normal retirement age found in Ret 303.02 is unenforceable because it is not found in RSA 100-A:11.

The NHRS Staff does not dispute the Petitioner’s reading of RSA 100-A:11, and agrees that read in isolation the provision would allow NHRS to refund of his contributions; however, it argues RSA 100-A:11 must be read within the context of the entire statute, and RSA 100-A:2 has an overarching requirement to remain in compliance with federal tax law. Pursuant to RSA 100-A:2, the plan “. . .is intended for all time to meet the requirements of a qualified pension trust within the

¹ RSA 100-A:11, II(a), provides in pertinent part that,

If a group II member ceases to be a permanent policeman or permanent fireman for reasons other than retirement or death and if he or she has not elected to receive a vested deferred retirement allowance under RSA 100-A:10, the amount of his or her accumulated contributions shall be paid within 3 months after his or her written request therefor.

meaning of section 401(a), and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code of 1986, as amended.” Consequently, the entire NHRS governing statute of RSA 100-A, including RSA 100-A:11, must be read in a manner that does not jeopardize the plan’s status as a “qualified pension trust.”

According to the NHRS Staff, because the Petitioner has not reached normal retirement age and he remains employed by an NHRS employer without the having had a bona fide separation from service, a refund of his contributions would be an impermissible in-service distribution. It argues the Internal Revenue Service has interpreted § 401(a) of the Code to prohibit a qualified pension trust from distributing a member’s accumulated contributions prior to the member attaining normal retirement age unless there is a “bona fide separation” from service. [ex. 6]

The NHRS Staff further argues the Petitioner’s employment change from full-time to part-time would not be considered a bona fide separation from service. To support its position, the NHRS staff cites an IRS-issued private letter ruling (#2011-47038) that found a “bona fide separation from service” did not occur when an employee ceased working on one day and immediately returned to work for the same employer the next day. [ex. 6C] Moreover, the NHRS Staff provided a legal memorandum from its external tax counsel addressing the issue of bona fide separation from service and the refund of members’ contributions.² According to the memorandum,

. . . [T]here must be a bona fide separation from service in order to qualify for a distribution from the plan (i.e., a refund of member contributions). We are not aware of any qualified plan guidance supporting the conclusion that a reduction in hours resulting in part-time service causes a termination. Therefore, there is no support that such a reduction would meet the stringent requirements to qualify as a bona fide separation from service.³

Analysis: The NHRS is a “qualified pension trust,” and the Board of Trustees must interpret the provisions of RSA chapter 100-A consistent with federal tax law on qualified pension trusts and

² See ex 6A. Groom Law Group, Memorandum to NHRS, re: Bona Fide Separation from Service, dated October 29, 2019.

³ Ex 6A, pg. 3

governmental plans.⁴ Section 401(a) of the federal tax code requires there be a “bona fide” separation from service for a refund of member’s contributions when the individual has not yet reached normal retirement age. Consequently, the Board’s application of RSA 100-A:11, II(a) must take into account the prohibition of in-service distributions and its requirement for a bona fide separation of service.

The Petitioner, who has not reached normal retirement age, was paid as a Group II permanent policemen by the City of Portsmouth until September 3, 2021. Effective the next day, he was “re-hired” in two part-time positions, and at the time he requested a refund of contributions, he was still working in those positions. Under these circumstances, the undersigned is not persuaded there was a bona fide separation from service. Consequently, a refund of his contributions would risk a determination by the IRS of an impermissible in-service distribution and threaten the favorable tax status NHRS holds as a qualified pension trust.

Conclusion: The Hearings Examiner recommends the Board uphold the decision of NHRS Staff to deny the Terminated Member’s Application for Refund of Accumulated Contributions because there was not a bona fide separation from service when the Petitioner ceased being a permanent policeman.



Diana L. Crichton, Esq.
Hearings Examiner

⁴ Petition of Concord Teachers (NHRS), 158 N.H. 529, 539 (2009), “The board has an important interest in properly administering RSA chapter 100-A, (citation omitted), and faithfully discharging its fiduciary duties in the interest of all participants and beneficiaries, (citations omitted).”



July 11, 2023

Recommendation of the Hearings Examiner

In the Reconsideration of the Matter of Randall Burns et al

Issue: Whether the Board of Trustees should reconsider its March 14, 2023, decision, addressing the Petitions for Contribution and Earnable Compensation Adjustment filed by twenty-eight retired teachers from the Keene School District (District). The Petitioners are seeking to have the Board correct their records pursuant to RSA 100-A:27 to include, as earnable compensation, certain post-termination payments they received from the District.

History: At all times relevant to this matter, the collective bargaining agreements (CBAs) between the District and the Keene Education Association (Union) have included a provision that allows eligible, selected teachers to receive payments if they retire prior to their full Social Security retirement age. [ex. 1] According to the CBA, teachers who are 55 years of age or older with at least 20 years of full-time service in the District may apply for the Early Full Retirement Benefit (EFRB) and, if selected, they receive an annual stipend based on a 5-year average of their salary and the total number of years of service. The CBAs have also included a provision that indicated the parties would be reviewing the effectiveness of the EFRB on an ongoing basis and that the information would be considered in negotiating successor agreements.

Between 2001 and 2011, the District made the EFRB payments to the retiring teachers at the start of the next school year in the first paycheck usually in late August or early September. Consequently, the retiring teachers received at least a portion of the EFRB within 120 days of their termination; however, the payments were not reported to the NHRS, and no contributions were ever made. Between 2001 and 2011, none of the retiring teachers who received the EFRB filed a grievance objecting to the timing of the payments, and/or asked the NHRS about the eligibility of the payments for inclusion as earnable compensation. Beginning in 2012, the District began making the payments after November 1st of the first year of each teacher's retirement. The District informed the retiring teachers in writing that their first EFRB payment would be issued as part of the school

district's first payroll in November, and that no NHRS contributions would be made on the payments. The relevant portion of the letter reads as follows:

[t]he first year you are retired, the District will pay your annual stipend amount in equal, bi-weekly payments starting with the first pay period in November [] through June 30. [] This is so you and the Board [of Education] do not incur additional [NHRS] wage deductions from your stipend. [ex. 5]

Between 2012 and 2018, none of the retiring teachers who received the EFRB payments filed a grievance objecting to the timing of the payments, or asked the NHRS about the eligibility of the payments for inclusion as earnable compensation or the effect of the delay on their pension.

In 2019, two retiring teachers challenged the timing of the payments, and, through the Union, filed a grievance alleging the District's delay in paying the EFRB violated the CBA. An arbitration decision issued on April 14, 2020, upheld the grievance, finding that the District's practice of delaying the start of the payments until after the end of the 120-day period was a violation of the relevant article in the CBA, and the arbitrator advised the two grievants (Burns and Hyde) to "pursue their statutorily entitled retirement benefits with the [NHRS]." ¹ As a result of the decision, twenty-eight retired teachers, who had received EFRB payments filed petitions, arguing that their respective records should be corrected to include as earnable compensation the portion of the EFRB payments that they received or should have received within 120 days of the retirement.

The Petitioners were divided into four groups based on the year they retired and the circumstances surrounding the payments they received.

Group 1: The Group 1 Petitioners are three teachers (E. Landry, H. Locke, and T. Dunn) who retired in 2001 and 2002. The District and the Group 1 Petitioners agree they received some EFRB payments within 120 days of termination; however, the District no longer has payroll records to show when the payments were made, and the teachers have not provided any corroborating evidence to show when (and how much) they received within 120 days of retirement. The Board

¹ On February 8, 2022, the NH Supreme Court issued an opinion upholding the arbitrator's finding that the District's practice of delaying payment of the EFRB was in violation of the CBA.

considered the evidence in conjunction with the amount of time that has passed since the payments were made to find insufficient evidence was presented to meet the burden to prove an error in the records that should be corrected for the EFRB payments made by the District. [ex. 1] The Board also denied the Group 1 Petitioners' request to correct their records to include the amount of the EFRB payments that should have been paid from July 1st until the first payroll of the next school year. The Board found the Petitioners failed to meet the burden to show they met an asserted exception to the requirement that the payments must be received within 120 days of termination.

The Group 1 Petitioners filed for reconsideration on the issue of the sufficiency of the evidence for the payments that were made within 120 days of retirement. [exs. 2 and 3] The NHRS Staff filed an objection to the Petitioners' Motion, asserting the Board acted within its discretion to find the Group 1 Petitioners had failed to meet the burden to prove the existence of an error in the records appropriate for correction. [ex. 4]

Group 2: The second group consists of ten teachers (A. Baird, J. Brown, A. Dubois, P. Hoyt, B. Dunn, M. DePalo, A. LaPierre, J. DePalo, and E. Hanna, and S. McMurphy) who retired between 2005 and 2011. The petitions filed by the Group 2 Petitioners were denied in part and granted in part. The Board granted the portion of the petitions concerning payments that were received within 120 days of their termination, and denied the portion of the petitions concerning payments received outside the 120-day post-termination period. [ex. 1] For those payments, the Board determined the petitioners had failed to meet the burden to show they met an asserted exception to the 120-day post-termination payment requirement. Neither the District, the NHRS Staff, nor the Group 2 Petitioners filed for reconsideration. [ex. 2]

Group 3: The third group consists of eight teachers (E. Greenwald, S. Sharron, L. Abohatab, S. Meehan, P. Morris, J. Ohlson, M. Stitham, and B. Corwin) who retired between 2012 and 2018. The Board denied the petitions filed by the Group 3 Petitioners after finding they failed to meet the burden to show they met an asserted exception to the 120-day post-termination payment requirement. [ex. 1] The Group 3 Petitioners filed for reconsideration, arguing that Board erred in finding that they had consented to the delay in the payments. [exs. 2 and 3] They maintain they cannot have been found to have "consented" because the District lied to them about the

consequences of the delay. The NHRS Staff objected to their request for reconsideration, maintaining the Board properly found that the Group 3 Petitioners, who were informed of the timing of the payments and failed to object, had not met an exception to the 120-day requirement. [ex. 4]

Group 4: The fourth group are seven teachers (J. Rubin, R. Burns, R. Hyde, E. Schnackenberg, K. Antonellis, C. Flood, and K. Lund) who retired in 2019 and 2020. They filed petitions requesting their records be corrected to include the EFRB that should have been paid within 120 days of their termination. Their petitions were granted by the Board. [ex. 1] The Board found the Group 4 Petitioners objected to the delayed payments at the time the payments were being made, and, as a result, had met the burden to show they had neither consented to the delay nor was it through any fault of theirs. Neither the District, the NHRS Staff, nor the Group 4 Petitioners have filed for reconsideration. [ex. 2]

I. The Board's finding that the Group 1 Petitioners failed to meet their burden to show an error in the record requiring correction was neither unreasonable nor unlawful.

The Group 1 Petitioners argue NHRS rules do not require payroll records or any other such records in order to grant an adjustment. [ex. 3] They maintain the terms of the CBA and the parties' agreement as to the amount the Petitioners received is sufficient evidence. The NHRS Staff objects, arguing the Board's decision to not accept the conclusory statements of the parties as sufficient to prove the existence of an error in the NHRS members' records was reasonable and supported by the law. [ex. 3]

RSA 100-A:27 grants the Board to power to correct a member's record and to adjust, as far as practicable, benefits received by the member consistent with the corrected record. The Group 1 Petitioners, who retired in 2001 and 2002, filed petitions for contribution and earnable compensation adjustment approximately twenty years after the payments in question were made. Their failure to raise the issue in a timely manner has resulted in the loss of all documentation to show the timing and amount of the payments. The evidence supporting the finding of an error in the record is limited to the parties' stipulations of the total amount paid to the Group 1 Petitioners within 120 days of termination. These stipulations inherently rely on numerous assumptions -- including who was

eligible for the payments, when the payments began, and the amount of each payment -- that were never provided to the Board and cannot be validated. Accordingly, the Board acted within its discretion to find there was insufficient evidence to prove the existence of an error in the records of the Group 1 Petitioners that required correction.

II. The Board’s finding that the Group 3 Petitioners failed to meet the burden of proof to show they met an asserted exception to the 120-day post-termination payment requirement was neither unreasonable nor unlawful.

RSA 100-A:1:XVII(a) excludes from earnable compensation severance pay received more than 120 days after a member’s termination from employment, unless the member was entitled to receive the severance pay within the 120-day period and the delay was “without the consent of the member and not through any fault of the member[.]” In its March 14, 2023, recommendation, the Board found the Group 3 Petitioners failed to meet their burden to show that the delay was without their consent and/or not through any fault of theirs. [ex. 1] The Group 3 Petitioners were found to have consented to the delay based on their receipt of a letter explaining to them the timing of the payments. Further, the Board was not persuaded that the delay was “not through any fault” of the Group 3 Petitioners as none of them objected to the District, asked NHRS about delay the payments, or filed a timely grievance. Finally, it was noted in the decision that prior to January 9, 2019, the governing administrative rule for these proceedings (Ret 304) limited the filing of such petitions to three years from the earlier of, the discovery of the alleged error or the member’s retirement.

The Group 3 Petitioners argue the Board’s finding of consent was unreasonable because their consent was based on “untruthful representations by their employer” and deception. [ex. 3] They assert that “[t]he Board does not dispute that the statement by the District was misleading or fraudulent.” In its objection, NHRS Staff disagrees with the Group 3 Petitioners’ interpretation of the evidence presented and point out that the District did not stipulate to committing any fraudulent acts. [ex. 4]

In the pertinent portion of the Joint Stipulated Facts, dated October 13, 2022, the parties agreed to the following:

6. Beginning in 2011, the District began to state in their communications to retirees about the benefit that “The first year you are retired, the District will pay your annual stipend amount in equal, bi-weekly payments starting with the first pay period in November 20[...] through June 30, 20[...]. This is so you and the Board [of Education] do not incur additional [NHRS] wage deductions from your stipend.”
7. Upon information and belief, the District never presented retirees with an option to have their early retirement stipend commence earlier than the date set by the District.
8. Upon information and belief, there is no record of the District informing retirees that the delay in payment meant their pension calculation would be less than it would be if payments were made prior to November 1st.² [ex. 5]

First, the undersigned agrees with NHRS Staff that the District does not concede fraud, and the parties did not stipulate to a lie or misrepresentation by the District. The letter provided by the District to the Group 3 Petitioners as quoted in the Joint Stipulations, informed the Group 3 Petitioners of the delay in timing for the payments of the EFRB payments, and that by delaying the payments neither the District nor the Petitioners would be required to make NHRS contributions on the payments. The statement that the delay would result in no contributions being made on the payments was in fact a true statement and not a misrepresentation or a lie.

The Group 3 Petitioners next argue the consent was not informed because they were misled about the consequences of the delay. [ex. 3] They maintain that because the District knew it was saving money by not making contributions on the payments, then logically, the District knew the teachers’ pensions would be lower as a result and it did not convey this information to the teachers. The undersigned is not persuaded the District was in any better position than the retiring teachers to understand the potential consequences on any individual teacher’s pension of delaying payments until after the 120-day deadline. To the extent, the Group 3 Petitioners argue the District should have

² The parties’ stipulations also included the following: “9. Any 120 day delay in the payment of the EFRB to the retiree petitioners occurred through no fault of the retiree petitioners.” It should be noted that a determination of whether an individual’s circumstances meet the asserted exception to the 120-day post-termination period, including whether the delay was not their fault, is a conclusion of law reserved for the Board. [ex. 5]

known that delaying payments would lower their pensions, they equally should have considered or asked about the consequences of such a delay.

Consequently, the Group 3 Petitioners' arguments that their consent was not valid because it was obtained by fraud, untruthful representations, and/or lies, is not persuasive because there was no evidence of either an untruthful representation or lie. To the extent the Group 3 Petitioners are relying upon fraud by omission, the undersigned is not persuaded the District had information available to it that was not also available to the Group 3 Petitioners.

Conclusion: Because the Group 1 and 3 Petitioners failed to show the Board's decision was either unlawful or unreasonable, the Hearings Examiner recommends that the Board of Trustees deny the motion for reconsideration and uphold its March 14, 2023, decision.



Diana L. Crichton, Esq.
Hearings Examiner

Trustee Travel

No Travel Requests Submitted



To: NHRS Board of Trustees

From: Jan Goodwin, Executive Director

Date: June 30, 2023

Re: June 13, 2023 - Action Items

Item: Action: ☐ Discussion: ☐ Informational: ☒

-
- | | |
|--|-------|
| 1. Provide certified 7.5% state contributions for the remaining employer to the State Treasurer. Action: In process; delayed due to employer staffing issue. | MM |
| 2. Document approved FY 24 Strategic Plan on web site. Action: Completed. | MK |
| 3. Implement approved FY 24 Trust Fund budget. Action: Completed. | JG |
| 4. Bring cyber insurance renewal to the July Board meeting. Action: On the July Board agenda. | TC |
| 5. Review member educational opportunities and resources. Action: Completed. | MK |
| 6. Implement Board decisions on the Consent Agenda. Action: Completed. | DC |
| 7. Obtain legislative appropriation for funding call firefighter benefits. Action: Completed. | MK/MM |

BOARD CHECKPOINT DISCUSSION

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

April 11, 2023, to June 13, 2023

At the April 11, 2023, regular monthly meeting of the NHRS Board of Trustees, the Board heard a detailed presentation from NHRS' IT Project Manager Tracy Knight and the lead Pension Gold Version 3 (PGV3) representatives from Levi, Ray & Shoup (LRS), the software vendor for Pension Gold, on Parallel Processing. Parallel Processing, which involves staff and participating employers entering data into the current system and the new system simultaneously, begins in October and is expected to run for two months. Parallel Processing is needed to ensure that the new software is doing what it's supposed to be doing and generating the same data and calculations as the current version.

The Board received an update on pending legislation from Trustee Ken Merrifield, chair of the Board's Legislative Committee, and Marty Karlon, NHRS' Director of Communications & Legislative Affairs. Mr. Karlon noted that some proposals, if adopted, would require significant reprogramming of Pension Gold and could impact the timeline of transitioning to PGV3, which is currently scheduled to occur in early December of this year.

The Board voted unanimously to adopt revisions to the Voluntary Compliance Program (VCP) Policy regarding required minimum distributions, which were needed as a result of recently passed federal legislation, SECURE 2.0.

At the May 10, 2023, regular monthly meeting, the Board received a presentation from Executive Director Jan Goodwin on the proposed FY 24 Strategic Plan, which is a three-year plan reviewed by Trustees annually pursuant to the Strategic Plan Policy. She first referred the Trustees to the Preserve, Achieve, and Avoid (PAA) document in the Board materials, which includes staff's suggested changes and updates. Ms. Goodwin requested that the Board review the PAA document over the next two weeks and provide feedback prior to the June Board meeting. She noted the primary focus remains PGV3 for the near future.

Trustee Merrifield reported that the Governor signed two NHRS-related bills the prior week: House Bill 30, which allows county commissioners to exempt their chief administrative officers from mandatory membership in the System at the time of hiring; and House Bill 193, NHRS's legislative cleanup bill.

At the June 13, 2023, regular monthly meeting the Board voted unanimously to accept the FY 24 Three-Year Strategic Plan, as presented.

Executive Director Jan Goodwin welcomed recently appointed Trustee Jason Henry, Superintendent of Rockingham County of Corrections.

Throughout the quarter, the Board received regular monthly updates on the status of the retirement system's multi-year pension software upgrade project (PGV3), which will replace the current 21-year-old system (PGV2) NHRS is currently using. The project is 79 percent 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
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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 – July 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 June 30, 2023:

- Five bills related to RSA 100-A, the NHRS enabling statute, were passed by the House and Senate, four of which have been signed into law with the final bill expected to be sent to the Governor soon.
- The Board in June approved the Fiscal Year 2024 three-year Strategic Plan. This Plan is updated annually and identifies the key objectives to be achieved over the next 36 months.
- Jason Henry, superintendent of the Rockingham County Department of Corrections, was confirmed as the county employer representative on the NHRS Board in May by the Executive Council.
- Brian Bickford, a senior vice president at Cambridge Trust in Manchester, was confirmed to the Independent Investment Committee in June by the Executive Council.
- The multi-year upgrade of the NHRS pension database (“PGV3”), which began in January 2019, is now 79% percent complete and remains on track to “go live” at the end of this calendar year.

In addition to this cover letter, the report contains:

- An executive summary of NHRS Board and staff activity from April through June.
- The minutes of the following Board meetings: April 13, 2023; May 9, 2023; June 13, 2023 (draft).
- Investment information on Total Fund through March 31, 2023, which is the most recent quarterly data available.
- Monthly investment information through April 30, 2023, which is the most recent data available.
- FY 2024 NHRS Strategic Plan.
- A tracker of NHRS-related legislation.

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 | Approve the Strategic Plan. | Best Practice | Board of Trustees |
| 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 |

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

| Committee | Audit | Benefits | Governance | Legislative | PPCC | Investment |
|----------------------|-------------------|--------------------------------------|---------------------|--------------------|---------------|-------------------|
| Staff Liaison | Heather Hoffacker | Timothy Crutchfield/ Nancy Miller | Timothy Crutchfield | Marty Karlon | Rosamond Cain | Raynald Leveque |
| Frederick, Jon | | X | X | X | | |
| Hannan, Sue | | | | X | X-Ch | |
| Henry, Jason | X | X | | | | |
| 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 | 5/5 | 5/5 | 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.

New Hampshire Retirement System Board of Trustees
As of June 26, 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

Jason M. Henry, Brentwood
 May 17, 2023, to July 13, 2025
 Association of Counties

Maureen Kelliher, Dover
 June 18, 2014, to July 13, 2025
 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, 2024
 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 7, 2025
 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, 2025
 NH School Boards Association

**Educational Seminars for Board Members,
as of June 19, 2023**

| Sponsor | Program | Description |
|--|---|--|
| (NCPERS) National Conference on Public Employee Retirement Systems www.ncpers.org | <p>2023 FALL (Financial, Actuarial, Legislative, Legal) Conference October 22-25 Las Vegas, NV</p> <p>NCPERS Accredited Fiduciary (NAF) Program, hosted prior to FALL Conference Modules 1&2 and 3&4 Las Vegas, NV October 21-22</p> | <ul style="list-style-type: none"> ▪ Earn 12 continuing education hours toward Accredited Fiduciary (AF). ▪ Topics of finance, actuarial science, legislative and legal relative to their effects on the pension industry. ▪ Network with colleagues, and/or clients. ▪ Trustee accreditation program for public pension governance; Completion of the NCPERS Trustee Educational Seminar is a prerequisite. |
| (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. |

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| <p>(IFEBP) Int'l Foundation of Employee Benefit Plans www.ifebp.org</p> | <p>Trustees Institute Level I Core Concepts September 30 – October 2, 2023 Boston, MA</p> <p>Trustees Institute Level II Concepts in Practice September 30 – October 1, 2023 Boston, MA (<i>SOLD OUT – Waitlisting and alternative options available</i>)</p> <p>Administrators Masters Program (AMP) September 30 – October 1, 2023 Boston, MA</p> <p>Certificate of Achievement in Public Plan Policy (CAPPP) Pensions Part I & II* September 30 – October 1, 2023 Boston, MA</p> <p>Pensions Part I* September 30-October 1, 2023 Boston, MA</p> | <ul style="list-style-type: none"> ▪ Ideal for new Trustees to learn fiduciary responsibilities, and the technical aspects of serving as a Trustee. ▪ Topics include Trustee responsibility and legal environment, retirement plans, investing health and welfare pension assets, and governance. ▪ 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 Trustees and plan administrators who've served five or more years and seek to network and learn about the latest industry issues and trends, participate in case studies, learn big picture skills, and best practices on how to address current challenges. ▪ 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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|---|--|--|
| | <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> | |
| <p>(NCTR) National Council on Teacher Retirement www.nctr.org</p> | <p>NCTR Trustee Workshop July 16-19, 2023 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 |