

Note: These minutes from the April 11, 2017, Regular Meeting were approved and executed at the May 9, 2017, regular Meeting of the Board of Trustees.

**Board of Trustees
April 11, 2017**

The Public Minutes

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

Trustees: David McCrillis, *Acting Chair*; Tonya Angwin; John Beardmore; Bill Dwyer; Julia Griffin; Bill Hart; Maureen Kelliher; Germano Martins; Don Roy; and George Walker. Dick Gustafson, Ph.D., Stephen Marro, and Hershel Sosnoff, *absent*.

Staff: George Lagos, *Executive Director*; Jack Dianis, *Director of Finance*; Tim Crutchfield, Esq., *Chief Legal Counsel*; Larry Johansen, *Director of Investments*; Nancy Miller, *Director of Member Services*; Nancy Cone, *Internal Auditor*; Heather Fritzky, *Controller*; Mark Cavanaugh, Esq., *Associate Counsel and Compliance Officer*; Carolyn Johnson, Esq., *Hearings Examiner*; Marty Karlon, *Public Information Officer*; Nina Calkins, *Process Improvement Manager*; Rosamond Cain, *Human Resources Manager*; and Shannan Hudgins, *Administrative Coordinator*.

Acting Chair McCrillis called the April 11, 2017 Regular Meeting of the NHRS Board of Trustees to order at 10:05 a.m. Having established a quorum, Chair McCrillis called for a motion on the March 21, 2017 minutes. On a motion by Trustee Beardmore, seconded by Trustee Griffin, the Board voted to approve the public minutes of the March 21, 2017 meeting, as presented. Trustees Dwyer, Roy and Walker abstained from the vote.

Trustee Beardmore presented the Audit Committee update from that morning's meeting. The Committee had met with representatives from KPMG and conducted a FY 2017 audit plan review. He noted that additional work encompassing GASB 74, reporting participating employer OPEB liability, would incur additional fees. Trustee Beardmore reported that the Committee had entered into a non-public session, noting that due to time constraints, the meeting had concluded without a full review of the Audit Tracker.

Trustee Walker offered an update from the Benefits Committee meeting held April 3rd. The Committee had approved minutes from the January 31st meeting, as well as reviewed how employer audit refund adjustments were handled when retiree benefits were impacted. He reported that the Committee had discussed the Bulkley recommendation with Hearings Examiner Johnson and that Attys. Crutchfield and Cavanaugh had recused themselves in order to avoid any potential appearance of conflict. In non-public session, Trustee Walker stated that the Committee had reviewed a disability re-examination matter and a Gainful Occupation case.

Larry Johansen, *Director of Investments*, began the Investment update with the announcement that Senator Harold Janeway had stepped down from the Independent Investment Committee in February and had submitted his formal resignation to the Governor and Council on April 7, 2017. Keith Quinton had been nominated as the new IIC member and Mr. Johansen anticipated he would be a fully-seated member by the April 21, 2017 IIC meeting.

In a brief economic update, he reported that both domestic and global economies continued to grow slowly, noting that only 98K jobs had been added to the U.S. economy in the last month. Earnings were reported last Friday to have increased 2.7% for the year ending in March. Mr. Johansen noted that funds held in trust were approaching \$8 billion. The upcoming IIC meeting agenda included presentations from Standard Life, Walter Scott, and Apollo. The Committee will consider approving two-year contract renewals with Aberdeen, Wellington, and Manulife. The Committee will consider a \$50 million commitment to Apollo IX.

Trustee Griffin deferred to Marty Karlon, *Public Information Officer*, for the Legislative Committee update, who reported that legislative crossover, except for the budget, had occurred on March 30th. Only four NHRS-related bills were active, and he briefly reviewed each. A discussion of bill details followed, and Mr. Karlon explained Staff concerns about the administration of the working-after-retirement bill (HB 561), including the System's ability to adequately track employer compliance and discretion given to the Executive Director with respect to enforcement. The Board next discussed the preparation for the Decennial Commission. Mr. Karlon initiated a discussion on efforts to celebrate the 50th Anniversary of NHRS, and whether or not an open house would be worthwhile.

Trustee Griffin stated that the PPCC had not met between Board meetings. She did, however, express her regrets and congratulations to *Director of Finance*, Jack Dianis, on the announcement of his retirement from NHRS on July 1, 2017.

Trustee Roy presented the Governance Committee report, stating that at its April 3rd meeting the Committee had approved the minutes from the December 13, 2016 meeting. In a temporary adjournment, the Committee had met with counsel to discuss the pending Concord Monitor Right-to-Know request and the System's Private Markets Disclosure Policy. After resuming the meeting, the Committee reviewed the fee schedule for copies found in administrative rule Ret. 103, VCP Compliance, and Staff's proposed revisions to the Procurement Policy. Trustee Roy noted that the next Committee meeting would likely follow the May Board meeting.

Shortly after the arrival of attorney Ed Kaplan, on a motion by Trustee Martins, seconded by Trustee Roy, the Board unanimously voted to temporarily adjourn the meeting for the purpose of consulting with legal counsel under RSA 91-A:2, I(b).

On a motion by Trustee Walker, seconded by Trustee Angwin, the Board unanimously voted to reconvene the Board meeting.

On a motion by Trustee Kelliher, seconded by Trustee Roy, the Board unanimously voted to temporarily waive the disclosure provisions under the NHRS Private Markets Disclosure Policy to the extent such disclosure is specifically authorized by individual

private market investment managers in response to the March 17, 2017 Right-to-Know (RTK) request submitted by the Concord Monitor. Staff is authorized to respond to the RTK request pursuant to this temporary waiver. This waiver is applicable only for this situation, does not modify or amend the Board's policy and is not binding or controlling on any future RTK request.

Trustee Kelliher respectfully excused herself at 11:33 a.m.

Trustee Dwyer requested that the minutes reflect his request that the Governance Committee formally review the NHRS Private Markets Disclosure Policy at its next meeting.

George Lagos, *Executive Director*, presented his executive update, first noting that the KPM percentage for the month was 97%, and indicated successful achievement by Staff. He also reported that NHRS had received a vendor response to the Request for Information for a new pension benefit management platform database. Mr. Lagos then referenced the Strategic Plan documents and briefly discussed the three-year rolling plan for the agency which would be presented for action and ratification by the Board at its May meeting.

Chief Legal Counsel Tim Crutchfield provided a brief legal update, focusing his remarks on the RTK request and the extensive internal legal work it had created. He added that there was no pending litigation.

Mr. Dianis, *Director of Finance*, presented the Finance update, stating that the System's presentation to the Senate Finance Committee was scheduled for Monday, April 17th. The FY 17 audit planning meeting with KPMG was set for April 17th. Mr. Dianis also stated that he would be submitting a preliminary FY 18 Trust Fund Budget for Board review and consideration at the May meeting.

Mr. Lagos presented the IT report in Mr. Clough's absence, commenting that the MyAccount responsive design feature for mobile device use had been a challenging fix for LRS to complete. He also reported that the most recent phishing test had returned a zero-violation success rate.

Nancy Miller, *Director of Member Services*, focused her update on three automated processes under development by LRS. These included: a Qualified Domestic Relations Order (QDRO) wizard, a wage correction tab to facilitate employee and employer refunds, and training materials for employers in connection with the automation of insurance authorization changes. Ms. Miller noted that the next two months comprised the busiest member appointment period leading up to July retirements because of teacher retirements. She closed with a Judicial Retirement Plan report, stating that statements had been delivered to all retired judges and their beneficiaries, and JRP auditors would conclude their on-site work by week's end.

On a motion by Trustee Griffin, seconded by Trustee Dwyer, the Board unanimously voted to approve the Consent Agenda, as presented.

NHRS Board of Trustees
April 11, 2017

On a motion by Trustee Beardmore, seconded by Trustee Angwin, the Board voted to approve the travel request for Trustee Griffin as presented in the Board materials. Trustee Griffin abstained from the vote.

Chair McCrillis requested any March action item updates, and Mr. Karlon stated that notification for unclaimed funds was a continuing process that included regular news releases and communications with constituent groups for assistance. Ms. Miller noted that there were now over 37,000 members enrolled in My Account, providing them with secure access to their personal retirement information and the ability to run preliminary benefit calculations.

Trustee Beardmore commented on the retirement of Senator Janeway from the Independent Investment Committee, and offered his appreciation of the Senator's service to New Hampshire and NHRS. Trustee Beardmore remarked that the Senator's efforts in creating and leading the Investment Committee had been beneficial to the NHRS trust fund and its members and beneficiaries by virtue of the sound decisions which had been made and the performance of its investment portfolio. Trustee Beardmore went on to express his personal regret at the upcoming retirement of Mr. Dianis, noting that their work together over many years had been a benefit to both his State service and to all Mr. Dianis' colleagues.

On a motion by Trustee Walker, seconded by Trustee Hart, the meeting was adjourned at approximately 12:00 p.m.

Respectfully submitted,
Shannan Hudgins