

**Note:** These minutes from the April 14, 2015, regular meeting were approved and executed at the May 12, 2015, regular Meeting of the Board of Trustees.

**Board of Trustees  
April 14, 2015**

**The Public Minutes**

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

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

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

*Guest:* Diane Oakley, *National Institute on Retirement Security*

Acting Chair Sosnoff called the April meeting of the NHRS Board of Trustees to order at 9:02 a.m. On a motion by Trustee Kelliher, seconded by Trustee Walker, the Board of Trustees unanimously voted to approve the March 10, 2015 Regular Board Meeting public and non-public minutes.

Audit Committee Chair Beardmore reported that with no issues to consider, the Committee had not met since the March 10, 2015, Committee meeting.

Trustee Walker reported that at its April 10, 2015 meeting, the Benefits Committee had approved the minutes of its March 6<sup>th</sup> meeting, reviewed the Committee's recommendation to the Board on a rule making petition, and had considered a few recoupment matters. On a motion by Trustee McCrillis, seconded by Trustee Walker, the Board unanimously voted to accept the recommendation of the Benefits Committee that the suggested rule changes would not better protect or further the interests of NHRS members or beneficiaries per Ret. 205.03(d) and reaffirmed its August 2014 decision not to adopt the proposed changes.

Governance Committee Chair Roy reported that the Governance Committee had convened that morning at 8:30. At that meeting, staff updated the Committee with

respect to JLCAR's approval last month of the final rule change proposal of Ret. 103. On a motion by Trustee Griffin, seconded by Trustee Beardmore, the Board unanimously voted to adopt Ret. 103, thereby allowing staff to file the amended rule with the Office of Legislative Services, with an expected effective date of Wednesday, April 15, 2015.

Trustee Sosnoff delivered the Investment report, stating that funds held in trust as of February 28, 2015 were \$7.505 billion, representing a new milestone and an increase over the previous month of 3%. He was pleased to report year-to-date gains of 1.25%, but noted that they were well short of the yearly NHRS actuarial target. All asset classes were within their target ranges, with the domestic equity allocation closing in on its target as Alternative Investments grew. Trustee Sosnoff next reported that the IIC review of Investment Policy, begun in January, would be on the IIC's April agenda. The Committee would focus on the ranges for Alternative and Real Estate assets, as well as appropriate benchmarks for all asset classes. Trustee Sosnoff noted that any proposed changes to investment policy would come before the Board for consideration.

Trustee Crombie, Chair of the Personnel, Performance & Compensation Committee (PPCC), provided an update of the Committee's March 27<sup>th</sup> meeting which included the ED's performance review in a non-public session. The Committee also reviewed the PIP process, and Trustee Crombie stated that an extended timeframe was anticipated for the Employer Services review.

Trustee Sosnoff opened the Legislative Committee report and requested Legislative updates from Marty Karlon, *Public Information Officer*. Mr. Karlon reported that the Legislative session had proved to be the quietest year for NHRS-related matters in over ten years. Senate Bill 191, originally proposed as a consumer credit card designed to help pay down the NHRS unfunded liability, had been transformed into an employer credit card with optional participation which would be narrowly connected to NHRS. He noted that he and Mr. Lagos had given an NHRS informational presentation at the Police Academy the day before, similar to their presentation to firefighters in Manchester in March.

Trustee Beardmore provided the Board with a brief Real Estate update, stating the Committee, in conjunction with Staff, had concluded that the 16 Foundry Street office space would not adequately accommodate the potential for future growth of the System. He noted that the deadline for exercising the first of four five-year options on the current property was June 30, 2015. Trustee Beardmore anticipated a final decision would be made in the next few weeks.

Executive Director George Lagos began his update with KPM statistics, noting that five measures had been missed, resulting in a 94.32% success ratio. In his discussion of the PIP process for Insurance and Employer Services, Mr. Lagos stated that LRS, the PensionGold management firm, was actively participating in the development of the process improvement plans. Because of the volume of system platform adjustments, full implementation was progressing more slowly than originally anticipated. In summarizing his written report, Mr. Lagos referred the Board to the Strategic Plan in their materials, emphasizing that the Plan would be submitted for final adoption at the next Board meeting.

Tim Crutchfield, *Chief Legal Counsel*, focused his update on employer auditing details, and Mark Cavanaugh, *Associate Counsel and Compliance Officer*, provided a brief review of holiday pay variations between employers and the resulting auditing challenges. Atty. Crutchfield closed with status remarks concerning the appeals database and its continued successful maintenance by Carolyn Johnson, *Hearings Examiner*.

Mr. Lagos introduced Diane Oakley, *Executive Director* of the National Institute on Retirement Security (NIRS), who presented a comprehensive education session to the Trustees, specifically addressing critical issues facing public pensions. In a one-hour discussion, Ms. Oakley outlined the economics of defined benefit pensions; pensions and workforce management; NIRS case studies of three state pension plans; a national overview of pension reforms; the national retirement savings crisis; and a review of pension plans in the larger economy. Her statistic-driven presentation provided pertinent data for plan review, and she answered a number of questions from Trustees throughout her presentation.

Following a ten-minute recess, the Board reconvened and Jack Dianis, *Director of Finance*, presented his Finance report, beginning with the NH House Budget, which had been recently sent to the Senate for consideration. During the NHRS portion of the hearing, few questions had been asked and he anticipated no other meetings before the Senate Finance Committee. He stated that the FY 16 preliminary trust fund budget would be presented to the Board at its May meeting and the final budget presented in June. He noted that the change in System's net position from a year ago reflected an overall gain in investments. He closed with GASB 68, stating that employers could expect audited numbers in June for inclusion in their finance reports as mandated by the new rules.

Mr. Clough, *Director of Information Technology*, provided a detailed description of the Zix encryption software that was being implemented at NHRS to increase data protection for all members and beneficiaries. He briefly discussed the telephone system RFP, stating that using an outside consulting service was under consideration to assist Staff in choosing an appropriate replacement phone system. He closed with a review of the various system security measures underway, including the transition of the website to a secure HTTPS address.

Trustee Angwin excused herself from the meeting at approximately 11:45 a.m.

Nancy Miller, *Director of Member Services*, focused her remarks on MyAccount, noting a continued increase in usage with about eighty new registrations weekly. She also commented on the increased utilization of "fillable forms", which numbered one thousand submissions received since the forms were put online the first week of January 2015. She reported that overall member concern about potential legislative amendments to earnable compensation had dissipated. In closing, Ms. Miller reported that the Judicial Retirement Plan (JRP) auditors were expected on site this month for its annual audit.

*Director of Employer Services* Denise Call offered a brief report on the insurance PIP process, noting that all medical subsidy questionnaires had been reviewed by the

NHRS Board of Trustees  
April 14, 2015

targeted deadline. Following another tier of review for some of the forms, Ms. Call anticipated project completion by the end of May.

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

On a motion by Trustee Martin, seconded by Trustee Walker, the meeting was adjourned at approximately 11:53a.m.

*Respectfully submitted,*  
*Shannan Hudgins*