

NHRS Board of Trustees

Minutes – February 11, 2025

Note: These minutes from the February 11, 2025, Public Session were approved and executed at the April 8, 2025, Board of Trustees meeting.

Board of Trustees

February 11, 2025

Public Minutes

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

Participating: *Trustees Maureen Kelliher, Chair; Jon Frederick, Sue Hannan, Robert Maloney, Leah McKenna, Ken Merrifield, Monica Mezzapelle, Paul Provost, Joshua Quigley, and Don Roy.*

Absent: *Trustees Jason Henry and Andrew Martineau.*

Staff: *Jan Goodwin, Executive Director; Timothy Crutchfield, Deputy Director and Chief Legal Counsel; Rosamond Cain, Director of Human Resources (HR); Raynald Leveque, Chief Investment Officer (CIO); Nancy Miller, Director of Member Services; Marie Mullen, Director of Finance; Shana Bilech, Senior Investment Officer; Nina Calkins, Administrative and Contact Center Manager; Mark Cavanaugh, Deputy Counsel and Compliance Officer; Diana Crichton, Hearings Examiner; Jonathan Diaz, Investment Officer; Deanna Higgins, Contact Center Supervisor; Heather Hoffacker, Internal Auditor; Mariel Holdredge, Executive Assistant; Jesse Pasierb, Investment Operations Analyst; and Gregory Richard, Senior Investment Officer.*

Guests: *Angel Haddad, Jay Kloepper, Britton Murdoch: Callan.*

Chair Maureen Kelliher called the February 11, 2025, regular meeting of the NHRS Board of Trustees to order at 9:47 a.m. She then gave a warm welcome to Leah McKenna, the newly appointed state employees' Trustee.

A quorum was established and Chair Kelliher called for a vote to approve the minutes of the December 10, 2024, Board meeting. On a motion by Trustee Hannan, seconded by Trustee Roy, the Board voted to approve the meeting minutes, with Jon Frederick abstaining.

Trustee Mezzapelle provided the Audit Committee report, noting the Committee met this morning prior to the Board meeting, during which the Committee heard a presentation from external auditor Plante Moran on the results of the GASB 68 & 75 audit reports, which are reports on the schedule of employer allocations of pension and other post-employment benefit (OPEB) amounts by each employer's proportionate share. Plante Moran issued unmodified opinions for both reports, which the Committee voted to recommend the Board accept. On a motion by Trustee Quigley, seconded by Trustee Maloney, the Board voted to accept the June 30, 2024, GASB 68 & 75 Statement Reports as presented.

Trustee Mezzapelle concluded her report with the Committee's recommendation to select Milliman to perform a Level 2 actuarial audit of GRS' June 30, 2023, valuation and its experience study covering July 1, 2019, through June 30, 2023. On a motion by Trustee Roy, seconded by Trustee Hannan, the Board accepted the Audit Committee's recommendation.

Trustee Frederick provided the Benefits Committee report, noting it met on January 7, 2025, and February 4, 2025. At the January meeting, the Committee reviewed and approved four disability applications on its Consent Agenda. At the February meeting, the Committee reviewed and approved two disability applications and denied one application on its Consent Agenda.

Trustee Hannan provided the PPCC report, which met virtually on January 30, 2025, noting the Committee heard a staffing and recruitment update from Rosamond Cain, Director of Human Resources (HR). The Committee also outlined the timeline and procedure for the Executive Director's annual evaluation, with surveys scheduled to be distributed to the Board on February 25, 2025, and reviewed in a non-public discussion at the April Board meeting.

On a roll call vote motioned by Trustee Hannan, seconded by Trustee Maloney, the Board entered into a non-public session to discuss personnel matters under RSA 91-A:3, II(c). Non-trustees participating in this non-public session included NHRS staff: Rosamond Cain.

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

Trustee Roy reported that the Governance Committee had a meeting on February 3, 2025, during which the Committee reviewed and recommended the Board approve the 2025 revisions to the Governance Manual. On a motion by Trustee Hannan, seconded by Trustee Mezzapelle, the Board accepted the Committee's recommendation as presented. Trustee Roy concluded his report with the Committee's recommendation to authorize staff to issue an RFP for New Hampshire Counsel. On a motion by Trustee Frederick, seconded by Trustee McKenna, the Board accepted the Governance Committee's recommendation.

Trustee Provost reported on the January 14, 2025, Independent Investment Committee (IIC) meeting, with three of the five members participating, one member absent and one position vacant. The IIC heard performance updates from the team, and unanimously approved several items, including the quarterly Work Plan, investment management agreement renewals, the Real Estate Investment Plan, private equity and credit pacing plans, infrastructure guidelines, and revisions to the Investment Manual and Policy for Board consideration. Trustee Provost invited CIO Raynald Leveque to report on NHRS' recent portfolio performance. Mr. Leveque reviewed investment returns through recent periods and referred to the Callan Monthly Review for the period ending December 31, 2024. He provided an update on portfolio holdings, recent rebalancing activity, liquidity, and discussed the Work Plan.

CIO Raynald Leveque recommended the Board conditionally approve the revised Investment Manual and Policy, including updates to asset allocation, benchmarks, and investment guidelines, along with the addition of an adjustment to align benchmarks across asset classes. On a motion by Trustee Provost, seconded by Trustee Frederick, the Board voted to conditionally approve the revisions to the Investment Manual and Policy.

Trustee Merrifield reported on the February 6, 2025, Legislative Committee meeting, during which the Committee reviewed 13 bills with direct impacts and 11 with indirect impacts on the retirement system. Key topics included proposals for local employer contribution subsidies, a new Group III defined contribution plan, and changes to Tier B, Group II benefits, with notable discussions on the budget process and the implications of retained bills such as House Bill (HB) 727.

Trustee Quigley gave an update on the ad hoc Real Estate Committee, which has not met since the last Board meeting. Executive Director Jan Goodwin noted due diligence for the real estate transaction was completed satisfactorily, with closing expected on or after March 1, 2025.

The Board then heard a presentation from general investment consultant Callan on the 2025 Capital Market Assumptions.

Executive Director Goodwin gave her executive report, highlighting key performance measure (KPM) scores for December and January at 94.03% and 92.00%, respectively. The PGV3 project is 100% completed. Staff continues to test new releases which contain modifications and improvements. She also provided updates on legislative presentations, staffing changes, real estate planning, ongoing member service improvements, and member satisfaction survey results showing largely positive feedback. The Board then heard a contract request for an increase to Plante Moran's 2024 audit fee due to the need for additional resources to complete the audit by the statutory deadline of December 31, 2024. On a motion by Trustee Maloney, seconded by Trustee Hannan, the Board voted to accept the recommendation of the Executive Director to increase Plante Moran's contract as presented.

Director of HR Rosamond Cain shared recent staffing updates, highlighting the successful hire of the Director of Communications and Legislative Affairs. She introduced Communications Taskforce's latest initiative: a weekly staff Question Forum answering organizational questions. Director Cain announced the organization-wide salary surveys are complete and revealed only one department is paid under the 50th percentile in U.S. market comparisons. Lastly, collective bargaining agreement negotiations are ongoing, with most proposals addressing contract language and administrative adjustments.

Executive Director Goodwin provided the Legislative Affairs and Communications operating report, highlighting the large number of legislative bills impacting NHRS and ongoing member education events. She noted missed KPMs in December and January due to staffing changes, with corrective actions implemented to meet future targets.

Executive Director Goodwin then reviewed the IT operating report, noting recent cybersecurity improvements, including a firewall firmware upgrade to address a critical vulnerability. She reported on staffing updates, including the hiring of a temporary cloud systems engineer, a business analyst, and a project manager to enhance IT operations and organizational efficiency. Additional updates included the planned migration to AI-enhanced spam filtering technology, growth in active *My Account 2.0* users, and progress on Pension Gold Version 3 (PGV3) releases and roadmap updates.

CIO Raynald Leveque reviewed the Investments operating report, providing updates on investment performance and operations, noting ongoing recruitment efforts, updates to the Strategic Plan, and upcoming discussions on contract renewals, cost analysis, and technology initiatives to enhance investment analytics.

Director of Member Services Nancy Miller reported progress on key projects, including implementing legislative changes in PGV3, issuing Annual Member Statements and medical subsidy eligibility questionnaires on schedule, and preparing updates to option factors for benefit calculations. Efforts to reduce backlogged benefit finalizations were highlighted, with real-time employer reporting expected to resolve remaining challenges.

Finance Director Marie Mullen reported that the Finance team has completed all outstanding employer balances for FY 24 and is now focused on FY 25 employer reporting and payment postings while addressing audit findings through a corrective action plan. Additional highlights include progress on the automation of employer cash payment posting with Citizens Bank, ongoing improvements to the invoice approval workflow automation, and the successful distribution of Form 1099-Rs. Upcoming priorities include further audit improvements, PGV3 enhancements, and various investment-related process improvements. She concluded her report with a request to revise the FY 25 Trust Fund budget to cover the purchase of new office space, including transfer tax expense. On a motion by Trustee Roy, seconded by Trustee Hannan, the Board voted to increase the Trust Fund budget for the new building.

Deputy Counsel and Compliance Officer Mark Cavanaugh presented the Legal operating report, highlighting progress on finalizing agreements with securities litigation counsel, ongoing casework including a Supreme Court filing, and efforts to resolve an IRS penalty. He also noted challenges in meeting audit-related KPMs due to the complexity of audits for schools and adjustments to the PGV3 system, with plans to streamline the audit process in the future.

There were no Consent Agenda items.

There were no travel reports or requests.

Executive Director Goodwin provided an update on Action Items from the December 10, 2024, Board meeting, noting all action items will be completed or are being implemented at the end of today's meeting.

With no further business to discuss, on a motion by Trustee Maloney, seconded by Trustee Provost, the Board voted unanimously to adjourn the meeting at 11:31 a.m.

Respectfully submitted,

Mariel Holdrege
Executive Assistant