

NHRS Board of Trustees

Minutes - September 14, 2021

Note: These minutes from the September 14, 2021 Public Session were approved and executed at the October 12, 2021 Board of Trustees meeting.

**Board of Trustees
September 14, 2021**

Public Minutes

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

Participating: *Trustees Tim Lesko, Chair; Scott Christensen, Bill Hart, Maureen Kelliher, Robert Maloney, Andrew Martineau*, Germano Martins, Monica Mezzapelle, Scott Myers, and Donald Roy*.*

**These Trustees participated remotely because they had meeting conflicts, as permitted under RSA 91-A:2. As a result, all votes were by roll call.*

Absent: Trustees Christopher Coates, Sue Hannan, and Ken Merrifield.

Staff: Jan Goodwin, Executive Director; Tim Crutchfield, Deputy Director and Chief Legal Counsel; Larry Johansen, Director of Investments; Gerard Murphy, Director of Finance; Frank Clough, Director of Information Technology; Nancy Miller, Director of Member Services; Marty Karlon, Director of Communications & Legislative Affairs; Mark Cavanaugh, Esq., Associate Counsel & Regulatory Compliance Officer; Diana Crichton, Esq., Hearings Examiner; Heather Hoffacker, Internal Auditor; Nancy Cone, Internal Auditor, Nina Calkins, Administrative and Contact Center Manager, and Cecile Merrill, Project Manager.

Guest: Leigh Snell, NCTR Federal Relations Director.

Chair Lesko called the September 14, 2021 regular meeting of the NHRS Board of Trustees to order at 10:02 a.m. Having established a quorum, the Chair welcomed Trustee Martins back to the Board following his confirmation last month by the Governor and Executive Council to replace Trustee Friese.

Chair Lesko called for a vote to approve the public minutes of the Board meeting on August 10, 2021. On a motion by Trustee Hart, seconded by Trustee Myers, the minutes were approved as presented, with Trustees Christensen and Martins abstaining.

Next, Trustee Mezzapelle gave the Audit Committee report, noting the Committee met this morning prior to the Board meeting. She provided updates on the Audit Issues Tracker report, the GASB employer census data audits, the FY22 Internal Audit Plan. She also noted that Plante Moran is expected to start its financial audit in October,

with some of the work being performed onsite and some remotely.

Trustee Mezzapelle then discussed proposed revisions recommended by the Committee to its charter and the NHRS Funding Policy regarding periodic actuarial audits. The proposed revisions will be presented to the Board for consideration at the October meeting.

Trustee Roy presented the Governance Committee report, noting the Committee had met immediately following last month's Board meeting and conducted its annual charter review and determined that no revisions were needed at this time. Atty. Cavanaugh also provided the Committee the annual Office of Foreign Asset Control (OFAC) compliance review and reported that NHRS staff was in compliance and there were no known or suspected violations since the annual report last September. Next, on a motion by Trustee Hart, seconded by Trustee Martins, the Board unanimously voted to approve the 2022 Board Meeting Calendar as presented.

Trustee Kelliher reported that the Independent Investment Committee (IIC, Committee), did not meet in August, but will meet on September 24, as scheduled. She then mentioned that capital markets have historically struggled in September and October and the markets are working through the headwinds of wage pressure and the potential for stagflation. Next, Larry Johansen, Director of Investments, updated the Board on the preliminary total fund performance over multiple time-periods ending on July 31, 2021, with one-year up 23.9%; 10.4% at three years; 10.5% at five years; 9.2% at 10 years. He reported on asset allocation, noting fixed income is within range when cash is included, domestic is furthest above target, and all other asset classes are close to target and well within range.

Trustee Myers provided the Legislative Committee update, noting that the Committee last met in August, immediately prior to last month's Board meeting. He said the House filing period for Legislative Services Requests (LSRs) opened Monday and runs through Friday. Staff is monitoring bill titles, which are typically posted on the General Court website within a few days of filing. He reported that staff had received a commitment from a House member to sponsor the employer penalty legislation endorsed by the Board last month. He said the Senate filing period runs for two weeks in October.

Next, on behalf of Trustee Coates, Trustee Hart presented the report on the Benefits Committee. At its meeting on September 7, the Committee conducted its annual review of the Independent Medical Examiner (IME) Curriculum Vitaes (CVs) per the IME Review Policy. The CVs were included in this month's Board book as informational items. The Committee also reviewed its charter and had no recommended changes. The Committee followed its public session with a non-meeting under RSA 91-A, to consult with legal counsel about recoupment and legal matters.

Trustee Hart then gave the PPCC report, noting the Committee last met on August 27. At the meeting, Ms. Cain provided a staffing update. The Committee also discussed the plan to conduct a six-month review for Ms. Goodwin. Finally, the Committee reviewed its charter and had one recommended change regarding the time-frame for the Executive Director's annual performance appraisal. On a motion by Trustee Myers, seconded by Trustee Hart, the Board unanimously voted to approve the revised PPCC charter.

Leigh Snell, the Director of Federal Relations for the National Council on Teacher

Retirement, then gave an informative presentation on a number of recent federal acts and regulations that impact state and local public benefit plans.

Next, Executive Director Jan Goodwin gave her report, commenting that the staff vaccination report is over 80%, allowing for all Management Team members to be in the office at least two days each week. She then imparted the August KPM score of 89.02%, which is below the 95% benchmark, and noted that six of the KPMs were due to staffing issues and three were due to unique circumstances. Ms. Goodwin next informed the Board that staff is working on finalizing data in order to issue the annual member statements later this month.

She then reviewed the Contact Center Dashboard for August 2021, noting that the goals of answering calls within two minutes with a 5% abandon rate continue to be met. Ms. Goodwin also presented the results of the fiscal year 2021 Customer Relationship Management (CRM) Program. There are two elements of the CRM program, which are tracking KPMs over the fiscal year and surveying active members and retirees on their interactions with NHRS. During fiscal year 2021, the KPMs achieved ranged from 90.5% to 98.8%, with an average of 94.31%. Active members and retirees were very satisfied with their interactions with NHRS staff and were less satisfied with NHRS' phone system. Ms. Goodwin added that the phone system scores should improve over time as members speak with the Contact Center Representatives, rather than leave voicemail messages. She noted that Contact Center management is reviewing all scores of "somewhat dissatisfied" and "very dissatisfied," to understand the nature of the dissatisfaction.

Next, she went over her Action Plan, noting that all goals are in process.

In addition, Ms. Goodwin presented a request of approval of a contract for penetration testing and a review of three newly installed firewalls. On a motion by Trustee Martins, seconded by Trustee Hart, the Board unanimously approved the contract.

Ms. Goodwin next presented Human Resource Director Rosamond Cain's HR report, providing updates on an Employee Engagement Survey, review of potential payroll providers, and plans for an intern program. The recruiting KPM was missed due to difficulty in hiring the ISSO. Ms. Cain has completed two of her nine Action Plan goals for fiscal year 2022.

Next, in his IT report, Mr. Clough reported that the firewall project has been completed and an audit to confirm they are configured to best practices will be scheduled following the Board's vote today. There was one failure on the staff phishing test last month, and that individual has taken additional training. Mr. Clough is working to implement a chat bot for NHRS and he recently received a statement of work for this feature, which is under review. The upgrades at the COLO hardware have been completed. IT staff is also working on finding a vendor to perform this year's in-person security awareness training.

Mr. Crutchfield gave his Legal report, updating the Board on GASB audits, the annual ethics surveys, QDRO requirements for PGV3, and the annual Gainful Occupation report, which will be presented to the Board next month. He also noted that Legal missed one of its KPMs regarding the timely scheduling of an appeal due to difficulty securing an alternate Hearings Examiner following Atty. Crichton's recusal. He said an alternate has now been confirmed.

Next, in his Investments report, Mr. Johansen noted that all seven KPMs applicable for

last month were achieved. He reviewed the agenda for the September IIC meeting. He then reported that the Action Plan and Work Plan, as approved by the IIC, are both on schedule.

Mr. Karlon opened his report by noting that PIO would be hosting two newly developed educational events next week: a webinar on how to fill out the Group I retirement application materials that was developed in conjunction with Member Services and the Contact Center, and an employer webinar providing an overview of NHRS benefits for HR and personnel departments. He said he is closely monitoring legislative activity, including proposed 2022 bills and the three 2021 bills retained in committee earlier this year, which need to be reported out by early November.

Next, Director of Member Services Nancy Miller gave her report. She noted that the JRP Board met on September 10 and voted to end its third-party administrator with NHRS and move to BPAS as a provider. NHRS was still waiting for the signed Termination Notice and Hold Harmless forms that NHRS had sent over to the JRP Executive Director for completion. Until these forms are received, NHRS cannot begin the process of sharing and transferring plan data and documents.

Ms. Miller also provided an update on Member Services' staffing, indicating that the Member Accounts Technician position has been filled and another temporary employee has already started in the area of Employer Audit Correction work with Member Accounts.

Lastly, Ms. Miller noted that throughout the week of September 13 nearly every business unit of Member Services will be participating in PGV3 Design 4 meetings with LRS. These designs include Benefit Maintenance, Direct Deposit, QDRO Benefit Calculations, Insurance Reporting, and Medical Subsidy. While these meetings are being carried out, UAT for D3 is still ongoing with Member Services staff also.

Director of Finance Gerard Murphy opened his Finance report by pointing out that the Finance packet was without net position information and interim monthly financial statements because, as is usually the case, Finance is holding the books open while awaiting June 30 numbers for the alternative investments. He reported that the final audited FY 21 statements would be included in the Annual Comprehensive Financial Report (ACFR) presented to the Board at the December meeting, and he also expected the interim monthly statements for FY 22 to begin at the November Board meeting. He also reported that cash flows for the month of July were as expected for the month, and spending through July in the four categories of the budget was below the fiscal year-to-date projection.

Mr. Murphy then discussed KPMs for the month, reporting that Finance missed two this month. He stated that they again missed the bank reconciliation KPM, but have provided additional training and put an improvement plan in place to improve the timeliness of the completion of the reconciliation. He also stated they missed the cash receipts KPM, due to outstanding supporting documentation from a few employers.

Finally, Mr. Murphy mentioned an upcoming meeting of the PGV3 Employer Working Group later that week. He reminded the Board that this group is the collaboration between NHRS staff and representatives from six participating employers, to discuss changes to employer reporting coming with PGV3. The main topic at that meeting will be a comparison of the file layout for the current (PGV2) vs future (PGV3) monthly reporting upload file. He stated that the goal of this discussion, as well as the discussions

scheduled with a number of third-party payroll providers used by NHRS participating employers, is to begin the process of putting in place a system and a schedule for generating and validating test files for all employers who submit a monthly upload file.

Chair Lesko presented the Consent Agenda, and on a motion by Trustee Christensen, seconded by Trustee Hart, the Board voted unanimously to accept the Consent Agenda as presented, with Trustee Myers abstaining from Item 9.

Ms. Goodwin then updated the Board on Action Items from August. The Board decisions on the Consent Agenda have been implemented. Staff is continuing to work with Townsend on the information needed for the HB 173 fee template.

Chair Lesko opened the Checkpoint discussion regarding openings on some of the standing Board Committees and that he would be reaching out to Trustees to gauge their interest on filling the openings. He also noted a letter recently received from a retiree regarding another retiree's part-time work status and he referred the matter to the Benefits Committee.

With no further business to discuss, on a motion by Trustee Hart seconded by Trustee Maloney, the Board voted unanimously to adjourn the meeting at 11:39 a.m.

Respectfully submitted,

Tim Crutchfield

Deputy Director and Chief Legal Counsel