

**NOTE:** These minutes were approved and executed at the March 18, 2022 Independent Investment Committee meeting.

**Independent Investment Committee Meeting  
February 25, 2022**

**Public Minutes**

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

*Committee Members (by video conference):* Maureen Kelliher, *Chair*; Christine Clinton; Scott Hammond; Daniel LaPlante; Tim Lesko; and Mike McMahon.

*NHRS Trustees (by video conference):* Mr. Germano Martins.

*Staff (by video conference):* Jan Goodwin, *Executive Director*; Tim Crutchfield, *Deputy Director and Chief Legal Counsel*; Larry Johansen, *Director of Investments*; Marty Karlon, *Director of Communication and Legislative Affairs*; Heather Hoffacker, *Internal Auditor*; Greg Richard, *Senior Investment Officer*; Ashley Lloyd, *Investment Officer*; and Shana Bilech, *Junior Investment Officer*.

*Callan (by video conference):* Angel Haddad, *Senior Vice President*; Britton Murdoch, *Vice President*; Pete Keliuotis, *Executive Vice President and Head of Alternatives Consulting*; Andrew Maday, *Senior Vice President*; David Smith, *Senior Vice President and Private Markets Consultant*; and Jay Kloepfer, *Executive Vice President and Director of Capital Markets Research Group*.

Chair Kelliher called the meeting to order at 9:00 a.m.

Chair Kelliher determined that the meeting will be under an emergency and be held via video conference, as permitted under RSA 91-A:2 III (b), as immediate action is imperative and the physical presence of a quorum is not reasonably practical due to the weather because of the imminent closing of Thoma Bravo Fund XV and Clearlake Capital Partners Fund VII and the impracticality of rescheduling the February IIC meeting in a timely manner.

On a motion by Mr. Lesko, seconded by Ms. Clinton, the Committee unanimously approved the public minutes of the February 11, 2022 Special Investment Committee meeting, as presented, by roll call vote.

Mr. Johansen reviewed investment returns through recent periods and referred to the Callan Monthly Review for periods ending January 31, 2022. He discussed the returns of various managers and asset classes over multiple periods. Mr. Johansen reviewed the Work Plan and updated the Committee on several initiatives. He also provided an update on asset allocation and liquidity.

Mr. David Smith, Senior Vice President and Private Markets Consultant; of Callan introduced Thoma Bravo and discussed Callan's conviction in Thoma Bravo and Thoma Bravo Fund XV ("Fund XV").

Ms. Jennifer James, Managing Director, Investor Relations and Marketing; and Mr. Orlando Bravo, Founder and Managing Partner; of Thoma Bravo provided a brief introduction of themselves and their firm. They referred to the "Thoma Bravo Fund XV, L.P. Presentation to New Hampshire Retirement System" dated February 25, 2022. A discussion with the Committee followed.

Mr. Bravo opened with an overview of the software industry in which the firm invests and discussed the firm's conviction in the space. He then provided a thorough overview of the firm, its investment process, and its organizational structure. In response to questions from the committee, Mr. Bravo explained the differences in software companies today as compared to those around the time of the dot-com bubble. Mr. Bravo provided an overview of the firm's portfolio construction process, highlighted the strong performance of the NHRS's investments in Thoma Bravo Fund XII, Fund XIII, and Fund XIV, and closed with a discussion on the opportunity to invest in Fund XV.

The Committee discussed the presentation made by Thoma Bravo and the opportunity to invest in Fund XV. On a motion by Ms. Clinton, seconded by Mr. LaPlante, the Committee unanimously voted to commit \$50 million to Thoma Bravo Fund XV, subject to contract and legal review, by roll call vote.

Mr. Ian Leverich, Managing Director; of Abel Noser Solutions ("Abel Noser") provided a brief introduction of himself, his firm, and the services Abel Noser provides to the System. He referred to the "Transaction Cost Analysis" presentation for calendar year 2021. A discussion with the Committee followed.

Mr. Leverich opened with an overview of the services Abel Noser provides for the System and a history of the firm's relationship with NHRS. He reviewed trading cost analysis for periods through December 31, 2021, noting the System's active U.S. equity managers, active non-U.S. equity managers, and passive U.S. equity manager achieved favorable trading costs over the year.

Mr. José Feliciano, Managing Partner and Co-Founder; and Ms. Marcelia Freeman, Investor Relations & Product Management; of Clearlake Capital Group provided a brief introduction of themselves, their firm, and its direct lending fund. They referred to the “Clearlake Capital Group” presentation dated February 25, 2022. A lengthy discussion with the Committee followed.

Mr. Feliciano provided an overview of the firm, its investment process, and its organizational structure. He discussed the firm’s flexible investment approach in detail, noting the firm’s ability to take advantage of market dislocations has resulted in favorable multiples and returns over time. He reviewed performance over previous vintage year funds and discussed conviction going forward. In response to questions from the Committee, Mr. Feliciano reviewed how the firm sources deals, noting that the team takes advantage of opportunities based on the location in the current market cycle.

Andrew Maday, Senior Vice President; discussed Clearlake Capital’s presentation and discussed Callan’s conviction in Clearlake Capital and Clearlake Capital Partners Fund VII (“Fund VII”).

The Committee discussed the presentation made by Clearlake and the opportunity to invest in Fund VII. On a motion by Mr. Hammond, seconded by Ms. Clinton, the Committee unanimously voted to commit \$50 million to Clearlake Capital Partners Fund VII, subject to contract and legal review, by roll call vote.

Mr. Jay Kloepfer, Executive Vice President and Director of Capital Markets Research Group; of Callan referred to the “2022 Capital Markets Assumptions” and “2022 Long-Term Capital Market Assumptions” presentations. A lengthy discussion with the Committee followed.

Mr. Kloepfer provided a thorough overview of the objectives and process associated with creating Callan’s Capital Markets Assumptions. He discussed inflation in the current market environment and noted the important role of interest rates, inflation and economic assumptions when making longer-term projections. He reviewed Callan’s Capital Market Assumptions by asset class for the next ten years. Mr. Kloepfer reviewed long-term assumptions for NHRS in detail, noting an assumed geometric return of 6.05% for the next ten years and an assumed geometric return of 7.30% for the next 30 years.

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously voted to adjourn the meeting, by roll call vote.

The meeting adjourned at 12:28 p.m.