

Note: These minutes from the January 11, 2021, Legislative Committee meeting were approved at the April 13, 2021, meeting of the Legislative Committee.

**NHRS Legislative Committee of the Board of Trustees
January 11, 2021
PUBLIC MINUTES**

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

The NHRS office was closed to the public as a result of COVID-19 and the meeting was held via video conferencing. Pursuant to RSA 91-a, all votes were by roll call.

Committee Members participating by video-conference: Trustees Scott Myers, Chair, Robert Maloney, Sue Hannan, and Scott Christensen.

Staff: George Lagos, Executive Director, Tim Crutchfield, Deputy Director and Chief Legal Counsel; Mark Cavanaugh, Associate Counsel and Compliance Officer; Gerard Murphy, Director of Finance; Marty Karlon, Director of Communication and Legislative Affairs; Nancy Miller, Director of Member Services; Diana Crichton, Hearings Examiner.

Chair Myers called the meeting to order at 1:00 p.m. Having established a quorum, Chair Myers called for a motion to accept the Committee minutes of December 8, 2020. On a motion by Trustee Maloney, seconded by Trustee Hannan, the Committee unanimously voted to approve the minutes, as presented.

Chair Myers opened discussion by stating that several legislative service requests (LSRs) had been assigned bill numbers over the past week and the bill texts were now publically available. He said that although text was not yet available for every NHRS-related LSR, the Committee was meeting today to discuss a piece of legislation, House Bill 390, that the Committee may want to make a recommendation on before the NHRS regular Board meeting tomorrow (January 12, 2021).

Marty Karlon, Director of Communication and Legislative Affairs, gave a brief overview of other 2021 legislation specific to NHRS before addressing House Bill 390, which would extend the period for amortization of the retirement system unfunded liability as of June 30, 2017, by five years to 2044. The bill also requires a recertification of the employer contribution rates for fiscal years 2022 and 2023 to account for the change.

Mr. Karlon explained that the fiscal analysis of the bill prepared by GRS, the retirement system's independent actuary, indicated the extension defers a significant portion of the unfunded liability payoff into the 2040s, increasing the employer cost of paying down the unfunded liability by \$1.4 billion. Employers would be required to pay \$2 back between 2040-44, for every \$1 saved through FY 2039.

Trustee Myers said the sponsor of this bill provided advance text to the NH Municipal Association (NHMA), of which he is a member representing the City of Laconia. He said the NHMA Board discussed the bill in December and out of the more than 20 communities represented, the overwhelming majority opposed NHMA taking a position on the bill, with only two communities supporting it.

Mr. Karlon noted that a 2017 bill with the same title that sought to increase the amortization period by 10 years was opposed by the Board and subsequently died in the House. He said NHRS staff was in full agreement that House Bill 390 represented a fiduciary issue that the Board could take a position on, should it choose to do so.

Trustee Maloney stated that NHRS should oppose the bill and asked if a motion was in order. Chair Myers said he would entertain a motion that the Committee recommend to the full Board that it formally oppose House Bill 390 as it is counter to the Board's fiduciary duty of prudence and adherence to sound actuarial practice and direct staff to produce an appropriate statement reflecting the Board's opposition for the Board to consider at its next meeting. He opened the motion up for further discussion.

Trustee Christensen asked if we had any indication where other communities stood on HB 390. Mr. Karlon said most of the inquiries he has received on the proposal were connected to Nashua. Chair Myers referred to the lack of support for the bill from the majority of the NHMA Board, which included representatives from several large communities.

Following the discussion, on a motion by Trustee Maloney, seconded by Trustee Hannan, the Committee unanimously voted to recommend that the Board oppose House Bill 390.

With no further business to discuss, on a motion by Trustee Maloney, seconded by Trustee Hannan, the Committee unanimously voted to adjourn the meeting.

Respectfully submitted,

Marty Karlon,
Director of Communication and Legislative Affairs