



New Hampshire Retirement System
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Website: www.nhrs.org - Email: info@nhrs.org

TO: Senator Howard Pearl, Chair, Senate Executive Departments & Administration Committee
Representative Carol McGuire, Chair, House Executive Departments & Administration Committee

FROM: New Hampshire Retirement System Board of Trustees
(Prepared by Jan Goodwin, Executive Director)

RE: Quarterly Report to the General Court – April 1, 2023

Dear Senator Pearl and Representative McGuire:

Pursuant to RSA 100-A:14, VII-a, the Board of Trustees of the New Hampshire Retirement System (NHRS, the retirement system) is submitting this quarterly report to the General Court.

Here is a summary of NHRS activities during the quarter ending March 31, 2023:

- Twenty-one LSRs related to the retirement system were introduced, 10 of which remain active in the House or Senate, either as stand-alone bills or additions to House Bill 2. Eleven bills have been killed, retained, or tabled.
- Following an RFP process, the Audit Committee of the Board voted unanimously in February to contract with incumbent auditor Plante Moran for an additional five years of external audit services.
- The multi-year upgrade of the NHRS pension administration system (“PGV3”), which began in January 2019, is now 76% complete. The retirement system remains on track to go live with the new system at the end of this year, barring any 2023 legislative enactments that require significant programming changes.
- The Board unanimously voted in March to accept the June 30, 2022, GASB Statements 68 and 75 Reports. The reports, which detail the proportionate share of unfunded pension and OPEB (medical subsidy) liabilities for participating employers, will be used by employers to prepare financial statements in accordance with Governmental Accounting Standards Board requirements.

In addition to this cover letter, the report contains:

- An executive summary of NHRS Board and staff activity from January through March.
- The minutes of the following Board meetings: January 10, 2023; February 14, 2023; March 14, 2023 (draft).
- Investment information on Total Fund through December 31, 2022, which is the most recent data available.
- Monthly investment information through February 28, 2023, which is the most recent data available.
- A tracker of NHRS-related legislation as of March 30, 2023.

If you have any questions or would like additional information, please do not hesitate to contact me.

Respectfully,

Jan Goodwin
Executive Director

cc: Office of Governor Christopher Sununu

**Executive Summary of
New Hampshire Retirement System (NHRS)
Board of Trustees Meetings**

January 10, 2023, to March 14, 2023

At the January 10, 2023, regular monthly meeting of the NHRS Board of Trustees, the Board received an update on the PGV3 project from Executive Director Jan Goodwin; she noted NHRS and LRS, the Pension Gold (PGV3) software provider, are working together on an orientation plan for parallel processing, which is set to begin in October.

The Board voted unanimously to accept the recommendation of the Governance Committee to renew the annual fiduciary insurance coverage with Hudson Insurance Company.

The Board voted to certify to the State Treasurer the remaining FY 2022 employer contributions pursuant to HB 1221 of 2022, as presented, with one abstention.

At the February 14, 2023, regular monthly meeting, the Board received a presentation from NASRA Research Director Keith Brainard, who provided an overview of the retirement landscape, beginning with a comparative analysis of public versus private sector retirement benefits in the United States. He proceeded to give a comprehensive overview of the variation of funding levels in public pensions, public pension revenue resources, assumptions, and statistics, and lastly, an explanation of amortization policies and periods.

The Board thanked Trustee Chris Coates (county employer member) for his time on the Board, which began in 2018. Trustee Coates stepped down because of time constraints related to his position as Cheshire County administrator and numerous boards and commissions he serves on.

At the March 14, 2023, regular monthly meeting, the Board voted unanimously to accept the recommendation of the Audit Committee to approve the June 30, 2022, GASB 65 & 75 Statement Reports, as presented.

Raynald Leveque, Chief Investment Officer, apprised the Board of the recent volatility of the banking industry, notably two institutions, Silicon Valley Bank (SVB) and Signature Bank. He reported that the NHRS portfolio has 0.3% of indirect exposure to the two banks and a contingent third, First Republic, translating to about \$3 million in the Public Markets portfolio. He noted NHRS is monitoring the banks. A brief discussion followed about the banking situation.

Throughout the quarter, the Board received regular monthly updates on the status of the retirement system's multi-year pension administration system upgrade project (PGV3), which will replace the current 19-year-old system (PGV2) NHRS is currently using. The project is 76% completed.

Additional details regarding actions and discussions of the NHRS Board of Trustees may be found in the archive of meeting minutes posted on www.nhrs.org. The direct link to this page is:
<https://www.nhrs.org/about-nhrs/board-of-trustees/meeting-minutes>

NHRS Board of Trustees

Minutes – January 10, 2023

Note: These minutes from the January 10, 2023, Public Session were approved and executed at the February 14, 2023, Board of Trustees meeting.

Board of Trustees

January 10, 2023

Public Minutes

New Hampshire Retirement System

54 Regional Drive

Concord, New Hampshire 03301

Participating: *Maureen Kelliher, Presiding Chair; Jon Frederick, Sue Hannan, Robert Maloney, Andrew Martineau, Germano Martins, Ken Merrifield, Monica Mezzapelle, Paul Provost, Joshua Quigley, and Don Roy.*

Absent: *Trustees Christopher Coates, and Tim Lesko, Chair.*

Staff: *Jan Goodwin, Executive Director; Timothy Crutchfield, Deputy Director and Chief Legal Counsel; Frank Clough, Director of Information Technology; Raynald Leveque, Chief Investment Officer; Marie Mullen, Director of Finance; Nancy Miller, Director of Member Services; Rosamond Cain, Director of Human Resources, Marty Karlson, Director of Communications and Legislative Affairs; Mark F. Cavanaugh, Associate Counsel and Compliance Officer; Diana Crichton, Hearings Examiner; Heather Hoffacker, Internal Auditor; Nina Calkins, Administrative and Contact Center Manager; Deanna Higgins, Contact Center Supervisor; Tracy Knight, Project Manager; Ann Stetson, Senior Business Analyst; Chris Murphy, System Administrator, and Christine McKenney, Administrative Assistant.*

Presiding Chair Maureen Kelliher called the January 10, 2023, regular meeting of the NHRS Board of Trustees to order at 10:02 a.m.

A quorum was established and Presiding Chair Kelliher called for a vote to approve the minutes of the December 13, 2022, Board meeting. On a motion by Trustee Roy, seconded by Trustee Maloney, the Board voted unanimously to approve the meeting minutes.

Trustee Roy opened the Committee reports, providing an update on the Governance Committee Report, noting it met on December 30, 2022, and discussed the annual Governance Manual review, and the System's Fiduciary Insurance renewal. Trustee Roy provided a review of the insurance renewal process, concluding that the Committee voted unanimously to recommend to the Board to renew its current coverage with the incumbent carrier, Hudson Insurance, at a modest 3% premium increase. Trustee Roy noted other carriers offered lesser coverage at higher rates and that the System has had a positive experience with the incumbent. He then explained the changes to the Governance Manual, which involved the yearly updates to the appendices and exhibits.

On a motion by Trustee Hannan, seconded by Trustee Roy, the Board voted unanimously

to accept the recommendation of the Governance Committee to approve the annual revisions to the Governance Manual, as presented.

On a motion by Trustee Maloney, seconded by Trustee Frederick, the Board voted unanimously to accept the recommendation of the Governance Committee to renew the annual fiduciary insurance coverage with Hudson Insurance Company, as presented.

Trustee Mezzapelle provided her report of the Audit Committee, which met earlier this morning, noting it heard internal audit updates and that all items on the Audit Tracker are in progress. She stated a new audit was added, alternative investments monitoring, which is in process, and the results are expected in March. The Committee received a status update from Finance on the FY 22 GASB 68 and 75 report from GRS, the System's actuary, and the report will be provided to NHRS's external auditor, Plante Moran. She noted that Plante Moran provided the FY 22 recommendation letter, which will be presented with the staff responses at the February Audit Committee meeting. She noted the RFP responses for an external auditor have been received and staff's recommendation would also be presented next month. In closing, Trustee Mezzapelle noted that the Audit Committee voted unanimously to approve and recommend to the Board the certification of employer payments relative to House Bill (HB) 1221, and that Director of Finance, Marie Mullen, would expand on that during her operating report.

Trustee Kelliher gave her report on the December 13, 2022, Independent Investment Committee (IIC, Committee) meeting. The Committee heard from Chief Investment Officer Raynald Leveque, who provided an update on investment returns through recent time-periods, referring to Callan's October 31 review. He proceeded to report on cash flows, liquidity, and discussed the non-U.S. equity rebalancing plan that staff recently implemented. He gave a status report on Russian assets held in the NHRS portfolio, noting staff continue to monitor these positions to keep the Committee informed of any changes. Mr. Leveque then provided a brief overview of the Work Plan, noting the macroeconomic update would take place in February. Trustee Kelliher reported that the Committee voted unanimously to terminate NHRS's investment in the Neuberger Berman Emerging Markets Equity Fund, and move those assets to BlackRock All Country World Index (ACWI) ex-U.S., CTF. The Committee heard a presentation from Callan on the Equity Structure Portfolio Review and a robust discussion followed on the rebalancing plan. The Committee also voted unanimously to renew the agreements with AllianceBernstein, and Thompson, Siegel & Walmsley (TSW), each through November 30, 2024, and to renew two other agreements with Aristotle and Lazard through December 31, 2024. The Committee then heard from Townsend Group representatives on the System's Real Estate Portfolio. Townsend presented a performance overview fiscal year-to-date, the portfolio performance, and current positioning. Following Townsend's presentation, the Committee voted unanimously to approve the Calendar Year (CY) 23 Real Estate Investment Plan. Next, Callan presented a review of the Private Equity and Private Debt Portfolio, providing an expected pacing schedule, with a net positive cash flow expected by 2029. Following Callan's presentation, the Committee unanimously voted to approve the CY 23 Private Equity and Private Debt Strategic Investment Plan.

Trustee Kelliher asked Mr. Leveque to report on the NHRS performance as of November 30, 2022. Mr. Leveque noted the Total Fund return for November was 3.9% versus the policy benchmark of 4.5%. He directed the Board's attention to the calendar year-to-date performance, noting the fund had losses of -7.0% compared to the policy benchmark of -8.9%, in a difficult year for the markets. Mr. Leveque commented on the

long-term performance of the Total Fund for 3, 5, and 10 years, noting it continues to do well, where the Plan is currently at \$10.6 billion. In closing, he gave a quarterly review, focusing on the importance of rebalancing the non-U.S. equity and global fixed income asset classes, noting Staff's deliberate approach while considering the volatility of the markets. Inquiries from Trustees prompted a discussion on net and gross performance, asset allocations associated with the rebalancing plan, and investment expenses by asset class.

Trustee Merrifield began the Legislative Committee report, referring to the Legislative Services Requests (LSRs), included in the Board materials, noting there are 20 LSRs relative to the System and provided an overview of them. He then mentioned that Executive Director Jan Goodwin and the Director of Communications and Legislative Affairs Marty Karlon gave a presentation on NHRS to the House Executive Departments and Administration (ED&A) on Monday, January 9, 2023, adding that they would provide the same presentation to the Senate ED&A on Wednesday, January 11. In closing, Trustee Merrifield announced there would be a public hearing on Thursday, January 12, at the House ED&A on the System's legislative clean-up bill.

On behalf of Trustee Coates, Tim Crutchfield, Deputy Director and Chief Legal Counsel, stated that the Benefits Committee had not met since the January Board meeting.

Trustee Hannan gave the PPCC report, which has not met since its last meeting in December and plans to meet later this month, when the Committee will welcome Trustee Quigley to the PPCC.

Presiding Chair Kelliher invited Ms. Goodwin to begin the operating reports. Ms. Goodwin opened her Executive Report with the KPMs, which were at 98.86% for the month, explaining that the one missed KPM was in the Contact Center due to not meeting the goal of transferring less than 10% of calls to subject matter experts (SMEs). She noted that upon further review of the statistics, the instances of calls transferred were subsequently under the 10% and therefore the KPM was met. Ms. Goodwin gave an update on the PGV3 project, and she noted NHRS and Levi, Ray, and Shoup, Inc., (LRS), the Pension Gold (PGV3) software provider, are working together on an orientation plan for parallel processing, which is set to begin in October. Ms. Goodwin continued her report with the 12-month rolling KPMs, noting the System continues to perform well above the 95% benchmark. She then announced that the NHRS Contact Center celebrated its two-year anniversary in December and turned the floor to Contact Center and Administrative Manager Nina Calkins to share the Contact Center metrics. Ms. Calkins stated that in 2022, the Contact Center answered 92% of calls coming into the System, remarking that the number of calls transferred to SMEs also reflected calls escalated to management. She noted the Contact Center is now fully staffed and trained. She proceeded to give statistics on emails, explaining that the Contact Center forwards most of the incoming emails to SMEs because they usually contain documents that require departments to process them. Lastly, she provided the Board with the Contact Center's process enhancements with the help of the PIO staff to provide "lunch and learns" and its contributions to the Now You Know brochures. There was a brief discussion about incoming emails and how they are managed. Ms. Goodwin noted the importance of offering various avenues for members, employers, and retirees to contact NHRS. She concluded her operating report with her monthly calls to members, employers, and retirees, noting continued positive feedback. She then turned the Board's attention to a contract she approved for IT to proceed with contracting K logix to perform penetration and vulnerability testing.

Mr. Crutchfield presented his Legal report, beginning with the CY 23 Board calendar and internal regulatory compliance calendar, acknowledging Attorney Mark Cavanaugh for his work in preparing them. He mentioned the recent influx of LSRs and bills over the past week, noting the collaborative work with GRS to obtain valuations to provide Fiscal Note Worksheets promptly to the Legislative Budget Office. He noted that Legal met its eight KPMs and proceeded to give an overview of upcoming projects and plans. He thanked the Trustees who provided their statements of financial interests forms considering the January 20 deadline to provide these forms to the Secretary of State's Office. Mr. Crutchfield briefly discussed the disability appeals and closed with his Legal action plan, noting that 3 of 7 items would be completed following this meeting, and that the rest are in process.

Mr. Karlson provided his report on Legislative Affairs and PIO, commenting on the LSRs, stating many already have public hearings scheduled, and noted his department's focus on those while simultaneously working on educational seminars for this year, as well as preparing the NHRS 101 presentations for February to present to members, retirees, and employers, and legislators who are not on committees.

Mr. Leveque presented his report on Investments, noting his department met all 10 of its KPMs last month and provided an overview of the agenda for the IIC meeting, which immediately follows today's Board meeting. He mentioned the securities litigation discussed at the December Board meeting and noted the description at the top of the operating report, commenting on the firms the System contracts with for helping with such litigation. In closing, he noted his updated action plan.

Director of Member Services Nancy Miller gave her report, commenting on her department's continued work on PGV3 and primary focus on Deliverable 6 (D6), preparing for upcoming testing and meetings with LRS in February. She reported that Member Services met all 21 KPMs and provided a preview of upcoming projects, including the rollout of 1099-Rs later this month. Lastly, she noted updates to her action plan.

Ms. Mullen gave her Finance report, opening with Finance's ongoing involvement with PGV3, working on general ledger reporting, reviewing design documents for D6, and preparing for D6 testing in early February. She gave a status update on employer reporting as part of the PGV3 project, and the progress of surveys to school districts about teacher contracts. Finance met all applicable KPMs. Finance is working on the FY 22 GASB 68 and 75 reports and Ms. Mullen noted she expects to present the material at the February Board meeting. She reported that cash flows for November 30, 2022, and fiscal year-to-date were within range; the FY 23 administrative expenses for the first five months of the fiscal year are below budget overall; and the PGV3 project, inception-to-date, is below budget. Lastly, she noted that she expects that NHRS would be making an offer to a candidate for the Controller position in the upcoming week or two.

In closing, Ms. Mullen gave a recap on HB 1221, noting Finance had reconciled 55 of the remaining 59 employers eligible for the 7.5% state contribution through the State Treasurer's Office, and the remaining four employers were expected to be reconciled soon. On a motion by Trustee Roy, seconded by Trustee Hannan, the Board voted to certify to the State Treasurer the remaining employer contributions pursuant to HB 1221 of 2022, as presented, with one abstention.

Ms. Cain gave her Human Resources report, providing updates on the recruitment of the Director of IT, and Controller positions. She reported HR is working on securing a new

payroll provider, with the expectation of making changes after the first quarter of the calendar year. She mentioned the staff engagement survey is due at the end of this week. In closing, she noted her department is working on staff W2s and that the 1095 forms for staff are completed and available electronically.

Director of Information Technology (IT) Frank Clough provided his operating report, with an update on cybersecurity awareness, noting IT conducted its monthly phishing test, adding that IT gave additional training to the staff who failed. He then updated the Board on the recent power outage, noting the generator was inoperable and, because of the age of the generator, the parts are not available. He reported IT resolved to find alternative, affordable options to replacing it. He gave an update on a new security application to protect the System's network, stating he expects the installation to be completed by the end of January. He reported on the fax migration project, noting faxes have partly moved to the Cloud and testing is underway. He mentioned the System's migration from using WebEx to Microsoft Teams for meetings, adding it was a cost-free move for NHRS. Mr. Clough reported that, with the recent approval of the K logix contract, IT is preparing for the penetration and vulnerability assessment, and that the hardware and software has been purchased for the PGV3 kickoff. IT met all KPMs this month. In closing, he gave a brief overview of upcoming projects and noted his action plan is up to date.

Presiding Chair Kelliher thanked Mr. Clough for his final report to the Board, followed by a round of applause from Trustees. Mr. Clough expressed his gratitude for his time serving NHRS, a little over nine years. Executive Director Goodwin presented him a plaque and commended his work for keeping NHRS secure over the years, and especially during the move into a remote-working capacity at the start of the pandemic to keep NHRS serving its employers, members, and retirees. Lastly, she commended his dedication to building a good team in IT.

Presiding Chair Kelliher next presented the Consent Agenda, and on a motion by Trustee Martins, seconded by Trustee Hannan, the Board voted unanimously to approve the Consent Agenda, as presented.

There were no travel reports or requests.

Ms. Goodwin provided an update on Action Items from the December 13, 2022, Board meeting, commenting that all items except for one would be completed by the end of today's meeting. The one incomplete item involved seeking legislative appropriation for funding the call firefighter benefits and is in progress. The funding is expected to be included in this year's budget bill.

During the Board checkpoint, presiding Chair Kelliher announced new Trustee committee appointments, and again thanked Mr. Clough, whose last day at NHRS is February 10.

With no further business to discuss, on a motion by Trustee Roy, seconded by Trustee Maloney, the Board voted unanimously to adjourn the meeting at 11:19 a.m.

Respectfully submitted,

Christine McKenney,
Administrative Assistant

NHRS Board of Trustees

Minutes – February 14, 2023

Note: These minutes from the February 14, 2023 Public Session were approved and executed at the March 14, 2023 Board of Trustees meeting.

Board of Trustees

February 14, 2023

Public Minutes

New Hampshire Retirement System

54 Regional Drive

Concord, New Hampshire 03301

Participating: *Tim Lesko, Chair; Trustees Christopher Coates, Jon Frederick, Sue Hannan, Maureen Kelliher, Robert Maloney, Andrew Martineau, Germano Martins, Ken Merrifield, Paul Provost, and Joshua Quigley.*

Absent: *Trustees Monica Mezzapelle and Don Roy.*

Staff: *Jan Goodwin, Executive Director; Timothy Crutchfield, Deputy Director and Chief Legal Counsel; Raynald Leveque, Chief Investment Officer; Marie Mullen, Director of Finance; Nancy Miller, Director of Member Services; Rosamond Cain, Director of Human Resources, Marty Karlton, Director of Communications and Legislative Affairs; Mark F. Cavanaugh, Associate Counsel and Compliance Officer; Diana Crichton, Hearings Examiner; Heather Hoffacker, Internal Auditor; Nina Calkins, Administrative and Contact Center Manager; Deanna Higgins, Contact Center Supervisor; Tracy Knight, Project Manager; and Christine McKenney, Administrative Assistant.*

Guest: *Keith Brainard, Research Director of NASRA (National Association of State Retirement Administrators)*

Chair Tim Lesko called the February 14, 2023, regular meeting of the NHRS Board of Trustees to order at 10:00 a.m.

A quorum was established and Chair Lesko called for a vote to approve the minutes of the January 10, 2023, Board meeting. On a motion by Trustee Hannan, seconded by Trustee Frederick, the Board voted to approve the meeting minutes, with Chair Lesko abstaining.

Executive Director Jan Goodwin started the Committee reports, speaking on behalf of Trustee Mezzapelle for the Audit Committee, which met February 10, 2023. She stated the Committee heard internal audit updates and reported all outstanding items on the Audit Tracker continue to make progress. She mentioned that the results from the Alternatives Investments Monitoring Audit and the Market Value Confirmation Audit as part of the FY 2023 Audit will be presented at the Committee's March meeting. The Committee heard from Finance on the Fiscal Year (FY) 22 opportunity letter from the System's external auditor, Plante Moran, and staff responded accordingly to two repeat recommendations, and concurred with three new ones. Ms. Goodwin remarked on the audit comments that had to do with control deficiencies, which were primarily due to vacancies in the Finance Department, adding that procedures would be put into place to

prevent them in the future. She noted that Finance also presented to the Committee on the RFP for an external auditor, adding that the RFP Review Committee decided to contract with NHRS's current external auditor, Plante Moran, because of the qualifications of its staff, their experience, and knowledge of the System. Ms. Goodwin reported the Committee voted unanimously to contract Plante Moran for an additional five years of external audit services. In closing, she noted that the FY 22 GASB 68 & 75 reports on the proportional share for employers would come before the Audit Committee and the Board at their respective meetings next month.

On behalf of Trustee Roy, Tim Crutchfield, Deputy Director and Chief Legal Counsel, provided an update on the Governance Committee, noting it had not met since the January Board meeting. He stated the Committee is expected to meet next month to conduct the annual review of the fee schedules for copies that NHRS charges for public records, pursuant to an administrative rule, and comparing those costs to what other agencies charge. He also mentioned the Committee would also perform its annual review of the voluntary corrections program policy.

Trustee Kelliher gave her report on the January 10, 2023, Independent Investment Committee (IIC, Committee) meeting. The Committee heard from Chief Investment Officer Raynald Leveque, who provided an update on investment returns through recent time-periods, referring to Callan's November 30, 2022, review. He reported on holdings within the NHRS portfolio and discussed the staff's non-U.S. equity holdings rebalancing plan that is in progress. Mr. Leveque then presented an update to the Work Plan with the inclusion of the fourth quarter, which the Committee unanimously voted to accept. The Committee heard from Mr. Leveque on a recommendation memo regarding a five-year investment management contract agreement term, which the IIC agreed to discuss at its February meeting.

Trustee Kelliher reported that the Committee heard a presentation from Fidelity Investments (Fidelity), who manages a tactical bond strategy for the System, on its philosophy, current performance, and outlook on its investment strategy, as part of its contract extension renewal. She reported that Mr. Leveque shared the non-U.S. equity rebalancing plan for fixed income holdings that staff recommended, proposing to invest in the BNY Mellon Investments Corporation U.S. Bond Index Fund to replicate the Bloomberg Barclays U.S. Aggregate Bond Index, which the IIC unanimously voted to accept, subject to contract and legal review.

Trustee Kelliher turned to Mr. Leveque who reported on the NHRS performance as of November 30, 2022. Mr. Leveque noted the Total Fund return for December 31, 2022, came in at -1.95% for a total of 108 basis points above the policy benchmark of -3.03%. The FY 23 Total Fund performance at one year was -8.81%, outperforming the benchmark of -11.67%. Mr. Leveque remarked on the long-term performance of the Total Fund for 3, 5, and 10 years, noting it continues to do well relative to the policy benchmark. He provided a calendar year-to-date overview of the System's portfolio performance, highlighting the positive returns in fixed income, real estate, private debt, and private equity. The Plan is currently at \$10.7 billion. With regards to the FY 22 proxy voting summary report, Mr. Leveque commented that NHRS had 14,537 proposals and the System aligned with its voting policy 100%, and without issues with any activity, according to ISS (Institutional Shareholder Services), NHRS's third-party proxy voting service provider.

Trustee Merrifield began the report of the Legislative Committee, which had not met since the January 10 Board meeting, and called the Board's attention to the Legislative

tracker. Trustee Merrifield turned to Director of Communications and Legislative Affairs Marty Karlon to provide an update on legislative activity. Mr. Karlon gave a summary of bills that the House and Senate will vote on next Thursday, including House Bill (HB) 436, which has been amended, proposing to move Group II members in Tier B into Tier A on a rolling basis and adjust applicable annuity multipliers.

He reported that the House ED & A Committee last week voted on the System's legislative clean-up bill, HB 193, recommending ought to pass to the House, which is voting on it this morning. Mr. Karlon mentioned that the Governor would present his budget this afternoon to a joint session of the Legislature, noting that NHRS was told the funding for the call firefighter benefit account that NHRS administers is included in HB 2. He then noted that the first of two investment-related bills will be heard on Wednesday morning, adding that this bill pertains to banning NHRS from investing in any managers that put ESG (Environmental Social Governance) considerations above or in concert with its traditional fiduciary duty. Lastly, he discussed a defined contribution bill for new Group I state employees, and two COLA bills, which will go before the House or Senate ED & A Committee next week. A brief discussion regarding the ESG bills took place following his report.

Trustee Coates delivered a brief update of the Benefits Committee, noting it had not met since the January Board meeting.

Trustee Hannan gave the PPCC report, which met on January 18, 2023, noting the Committee heard a staffing update from Rosamond Cain, Director of Human Resources, and that the Committee decided to postpone discussion of the annual Executive Director evaluation process until its February meeting. She reported that the Committee met earlier this morning, at which time Ms. Cain updated the PPCC on staffing, noting the new Director of IT and the Controller will begin at NHRS on Wednesday, February 15. The PPCC then discussed the Executive Director Annual Evaluation process, favoring the use of the 360-evaluation process again this year. Trustee Hannan noted that a mailing on the Executive Director evaluation would go to the Board and staff in early March. Lastly, the PPCC discussed the Employee Engagement Survey, which 68% of staff participated in, and was mostly positive with a few items to address, noting one common theme of the remote work policy, which has been established and communicated. The Executive and Management teams have reviewed the survey results and distribution of the results will go to staff later this week.

Chair Lesko turned to Ms. Goodwin who welcomed today's guest presenter, NASRA Research Director Keith Brainard, who last presented to the NHRS Board of Trustees in April 2021. Today, Mr. Brainard presented on Public Pension issues, beginning with a comparative analysis of public versus private sector retirement benefits in the United States. He proceeded to give a comprehensive overview of the variation of funding levels in public pensions, public pension revenue resources, assumptions, and statistics, and lastly, an explanation of amortization policies and periods. There was some discussion about NHRS's amortization plan after the presentation.

Ms. Goodwin began her Executive Report with the KPMs, which were at 95.51% for the month. She then gave an update on the PGV3 project, noting it is 73% complete. Levi, Ray, and Shoup, Inc., (LRS) was on site last week for the training of Deliverable 6 (D6), and staff testing began this week. She mentioned D7 (Member Direct-My Account), noting progress with design documents and that meetings have been scheduled with LRS for review. Ms. Goodwin continued her report with the 12-month rolling KPMs,

commenting that the System's ongoing performance is well above the 95% benchmark. She commended the Contact Center's success with achieving its monthly goal of answering calls within 2 minutes with a 5% abandonment rate, noting that the average pick-up time is within 23 seconds. She noted she did make calls to members, employers, and retirees in January but a timing difference in the reports would have the calls reflected in the February reports. She proceeded to give a status report on the quarterly outcome of member surveys sent to those who had appointments or other contact with NHRS staff, which often result in positive feedback on the System's customer service. Ms. Goodwin concluded her operating report describing an existing contract with The Segal Company (Segal), the consultant NHRS hired to oversee services during the implementation of the PGV3 project, noting the need to extend the contract on a per-month basis during parallel processing. She reported the total to extend the contract would be \$25,200. Lastly, she noted her action plan continues to make progress.

On a motion by Trustee Coates, seconded by Trustee Provost, the Board voted unanimously to approve the procurement of services as presented in the Board materials, subject to contract and legal review.

Mr. Karlon gave his report on Legislative Affairs and PIO, commenting on the high level of activity surrounding the legislative session, while his department simultaneously maintains its yearly schedule of hosting education sessions for NHRS members and employers. He described an email initiative his department employs to its mailing list to keep members, retirees, and employers informed and shared data on the overall reach and frequency with the use of the email software application, noting it generates member interest and an increased volume of visits to the NHRS website. PIO met all seven of its KPMs.

Mr. Leveque presented his report on Investments, noting his department met all 10 of its KPMs last month and provided an overview of the February IIC meeting agenda. The IIC will meet immediately following today's Board meeting.

Director of Member Services Nancy Miller updated the Board on the latest activity in her department, including work on PGV3 with LRS regarding the final average salary calculations for teachers. She noted recruitment for a position in Member Services is underway and that the medical subsidy questionnaires went out last week, noting her department has already received thousands in return that are in process. Member Services met all 21 of its KPMs. In closing, she gave a summary of upcoming plans and projects and noted the items on her action plan are either in process or completed.

Director of Finance Marie Mullen gave her Finance report, beginning with the KPMs, which Finance completed 11 of the 15 and she explained the reasons for the missed KPMs. She then updated the Board on cash flows for December 2022 and fiscal year-to-date, noting they are in the expected range. She reported on the administrative expenses, commenting that both statutory and investments are below budget for the year. Ms. Mullen mentioned that a few categories are overbudget because of timing issues and noted her resolutions to compensate for them in the future. She updated the Board on PGV3 project spending, noting it is also below budget. She referred to Finance's involvement with PGV3, noting her staff is reviewing design documents for D7 and performing testing on D6 this week. In closing, she reported that Item 11 on her action plan regarding the RFP was completed.

Ms. Cain opened her Human Resources report with a clarification, stating that the Controller who starts Wednesday, February 15, is different than the one mentioned in the Board

materials. She reported that HR seeks to secure ADP as the new payroll provider, noting that the current vendor cannot produce the monthly employer reports that NHRS requires. She noted that while her action plan states all staff training has been put on hold, NHRS continues to support individual staff in pursuit of professional development, noting four staff members are enrolled in degree programs and that a staff member who recently received her bachelor's degree qualifies her for a one-time monetary bonus as described in the CBA.

Ms. Goodwin presented the IT operating report, noting that IT conducted its monthly phishing test as part of cybersecurity awareness. She updated the Board on the quest to replace the generator, commenting that NHRS is working with the landlord to find options on getting a new one. She reported that the annual penetration and assessment security testing with K logix recently occurred, and the results are forthcoming.

Mr. Crutchfield opened his Legal report commending Trustees for the timely submission of their Annual Statements of Financial Interests, which NHRS provided to the Secretary of State's Office by the January 20 deadline, per statute. He reported on NHRS's initiative of issuing penalty letters to delinquent employers, providing them with a 30-day notice as an effort to prompt them to supply NHRS with the necessary information required to complete retiree benefit information and employer audit corrections. Legal missed one of eight KPMs this month, and Mr. Crutchfield explained that due to competing priorities with PGV3 testing, the auditors could not meet the set KPM of performing a rolling average of two employer audits per experienced auditor per month over a 12-month period. In closing, he gave an overview of upcoming plans and projects, including the CY23 Gainful Occupation notices, which will be mailed March 15. There was a brief discussion about the employer penalty legislation following his report.

Chair Lesko next presented the Consent Agenda, and on a motion by Trustee Hannan, seconded by Trustee Martins, the Board voted unanimously to approve the Consent Agenda, as presented.

There were no travel reports or requests.

Ms. Goodwin provided an update on Action Items from the January 10, 2023, Board meeting, commenting that five of the eight items are expected to be completed by the end of today's meeting. She gave the status of the three remaining items: the GASB 68/75 reports, which would be presented at the March meeting; the two other employers that NHRS is waiting on information from to complete their certifications; and lastly, the legislative appropriation for funding the call firefighter benefits, which is in progress.

During the Board checkpoint, Chair Lesko announced that this would be Trustee Coates' last Board of Trustees meeting and thanked him for his time on the Board, which began in 2018. He then presented Trustee Coates with a granite statue of New Hampshire, which he accepted in a roomful of applause. Trustee Coates thanked the Board and spoke of his future endeavors and commitment to working on projects for Cheshire County.

With no further business to discuss, on a motion by Trustee Maloney, seconded by Trustee Hannan, the Board voted unanimously to adjourn the meeting at 12:09 p.m.

Respectfully submitted,

Christine McKenney,
Administrative Assistant

Note: These **draft** minutes from the March 14, 2023, Public Session are subject for approval at a subsequent Board of Trustees meeting.

Board of Trustees

March 14, 2023

DRAFT Public Minutes

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

Participating: *Tim Lesko, Chair; Trustees Sue Hannan*, Maureen Kelliher*, Robert Maloney*, Andrew Martineau*, Germano Martins*, Ken Merrifield, Monica Mezzapelle*, Paul Provost*, Don Roy*, and Joshua Quigley.*

**These Trustees participated remotely, therefore, all votes were by roll call.*

Absent: *Trustee Jon Frederick.*

Staff: *Jan Goodwin, Executive Director; Timothy Crutchfield, Deputy Director and Chief Legal Counsel; Raynald Leveque, Chief Investment Officer; Marie Mullen, Director of Finance; Nancy Miller, Director of Member Services; John Laferriere, Director of IT; Rosamond Cain, Director of Human Resources; Marty Karlon, Director of Communications and Legislative Affairs; Mark F. Cavanaugh, Associate Counsel and Compliance Officer; Heather Hoffacker, Internal Auditor; Nina Calkins, Administrative and Contact Center Manager; Tracy Knight, Project Manager; Ann Stetson, Senior Business Analyst; Greg Richard, Senior Investment Officer; and Christine McKenney, Administrative Assistant.*

Chair Tim Lesko called the March 14, 2023, regular meeting of the NHRS Board of Trustees to order at 10:30 a.m. Because the Chair determined there were items on today's agenda that required immediate Board action, the establishment of a physical quorum was not required under RSA 91-A due to today's inclement weather.

After establishing a quorum, Chair Lesko called for a vote to approve the minutes of the February 14, 2023, Board meeting. On a motion by Trustee Merrifield seconded by Trustee Martins, the Board voted to approve the meeting minutes, as amended, with Trustees Mezzapelle and Roy abstaining.

Trustee Mezzapelle opened with her report of the Audit Committee, which met earlier this morning, stating the Committee heard internal audit updates, and noted several audits that have been put on hold because of the PGV3 parallel processing. She stated the Committee heard a presentation from Marie Mullen, Director of Finance, on the Fiscal Year (FY) 22 GASB 68 & 75 Audit Reports and the results from the System's external auditor, Plante Moran, noting the reports were issued with unmodified opinions, meaning there were no material issues identified. Trustee Mezzapelle stated the Committee voted unanimously to approve and recommend that the full Board accept the June 30, 2022 GASB 68 & 75 Reports.

On a motion by Trustee Merrifield, seconded by Trustee Quigley, the Board voted unanimously to accept the recommendation of the Audit Committee to approve the June 30, 2022 GASB 65 & 75 Statement Reports, as presented.

Trustee Mezzapelle concluded her report, noting that Finance would be working on implementing three of the audit recommendations from Plante Moran in its FY 22 opportunities letter while simultaneously managing requirements for the PGV3 project.

Trustee Roy provided an update on the Governance Committee, noting it met March 6 and reviewed proposed staff revisions to the Voluntary Compliance Program Policy regarding the required minimum distributions resulting from the recently passed federal legislation, Secure 2.0. NHRS's external tax counsel, Groom Law, also reviewed these revisions. He reported that the Committee voted unanimously to recommend to the full Board that it adopt the proposed revisions, which will be presented at the April Board meeting. Lastly, he noted the Committee conducted its annual review of the NHRS fee schedules for copies and determined no changes were required.

Trustee Kelliher gave her report on the February 14, 2023, Independent Investment Committee (IIC, Committee) meeting. The Committee heard from Chief Investment Officer Raynald Leveque, who provided an update on investment returns through recent time-periods, referring to Callan's December 31, 2022, review, holdings within the NHRS portfolio, rebalancing, and the Work Plan, which is undergoing staff analysis. Trustee Kelliher reported that the Committee discussed and voted unanimously to change the current public markets investment management contract terms from two years, with an automatic 12-month renewal, to a five-year term, with a 12-month automatic renewal, which would take effect for new mandates and renewals going forward.

She stated that the Committee then unanimously voted to extend the contract with Fidelity Investments (Fidelity), who manages a \$349 million in a tactical bond strategy for the System, for a five-year term through January 2028, following Fidelity's presentation at its January meeting. Also at the February meeting, the Committee heard from the System's Fixed Income investment manager, Manulife, as part of its contract review. Trustee Kelliher noted the Committee next heard from AbelNoser on its calendar year 2022 analysis of the System's equity trading costs, which was determined to be favorable relative to peers. Callan gave the IIC an overview of its 2023 Long-Term Capital Markets Assumptions on building Market Assumptions by asset class.

Trustee Kelliher turned to Mr. Leveque, who reported on the NHRS performance as of January 31, 2023, noting the Total Fund return came in at 4.3%, down 93 basis points from the policy benchmark of 5.22% for the month. NHRS's FY 23 Total Fund performance fiscal year-to-date outperformed the policy benchmark by +150 basis points, with positive performances for 3, 5, and 10-year periods. The Plan is currently valued at \$11.2 billion AUM (Assets Under Management).

Trustee Merrifield began the report of the Legislative Committee, which had not met since the February Board meeting, and noted the Legislative calendar and tracker in the Board materials, turning to Director of Communications and Legislative Affairs Marty Karlon to provide an update on legislative activity. Mr. Karlon gave a summary of pending bills that would have significant impact on NHRS, including House Bill (HB) 436, which proposes to move Group II, Tier B members into Tier A to enable them to receive nearly the same benefits as the vested Tier A members; HB 50, regarding the state paying 7.5% of local employer retirement contributions to Group I and Group II

members; HB 555, which would allocate 75% of future state surplus to the System's unfunded accrued liability; HB 250, relative to doubling the Group II accidental death benefit; and HB 571, a Group II Cost-of-Living-Adjustment (COLA) bill, which he noted could be amended to be a one-time payment next year. He also reported on two other bills relative to NHRS investments that staff is monitoring and may require Board consideration. The first bill would prevent NHRS from investing in companies that boycott Israel, commenting that the House ED & A Committee voted to recommend it expedient to legislate last week. The other bill would prohibit the System from investing in any managers that put ESG (Environmental Social Governance) above or in concert with its fiduciary duty to act solely in the interest of its members and beneficiaries and Mr. Karlson noted the bill was amended with different language and would instead require NHRS to provide a quarterly report to the State Legislative Budget Assistant Office on its compliance with that fiduciary duty. The House ED & A voted unanimously that the bill Ought to Pass (OTP) and moves on to the House for a vote this week. Mr. Karlson concluded with an update on the System's legislative clean-up bill, HB 193, which is scheduled for a public hearing in the Senate tomorrow.

Trustee Martins delivered a brief update of the Benefits Committee, noting it had not met since the February Board meeting.

Trustee Hannan gave the PPCC report, which had not met since the last Board meeting, noting it is scheduled to meet next week. Ms. Hannan announced she would email the Executive Director Evaluation to Trustees this week for completion.

Chair Lesko turned to Ms. Goodwin for her Executive operating report, and she opened with the announcement of the new Director of IT John Laferriere and Controller Jennifer Gordon. Next, she noted the KPMs, which were at 98.86% for the month, and commented on the 12-month rolling average, which is well above the 95% benchmark. She then gave an update on the PGM3 project, noting it is 75% complete, with Deliverable 5 (D5) (Benefit Payroll) at 100% complete, and mentioned that staff would be in UAT testing of Deliverable 6 (D6) (Year-End Processes, Auditing, and Security), which is 90% complete, through the end of this month. She stated D7 (Member Direct) is 6% complete and design review meetings are underway on this deliverable. Ms. Goodwin reported on the progress of the employer XML test files and noted the items on hold for D6 because of the extensive work expected during parallel processing, which involves duplicating data in the current PGM2 system and in PGM3. She further explained the E-Team has been meeting regularly to determine which processes can be put on hold during parallel processing. She noted that the April Board meeting will have a presentation on parallel processing. Ms. Goodwin reported she met her KPMs for the month. She gave an update on the Contact Center, which continues to achieve its monthly goals, as well as her monthly calls to members, employers, and retirees, which continue to elicit favorable responses and positive feedback. She closed with her action plan, noting Item 4 would be moved to an "on-hold" status, because it would not be completed by the end of the month. She informed Trustees that many of the E-Team action plans would contain an "on-hold" section until parallel processing is done.

Mr. Leveque presented his report on Investments, noting his department met all its KPMs last month and provided an overview of the agenda for the March IIC meeting, which will occur after today's Board meeting. He noted his action plan has not changed this month but anticipates a portfolio review of the Total Plan by the Investment Team next month and a strategic asset allocation update due in the third quarter. Mr. Leveque apprised the Board of the recent volatility of the banking industry, notably two institutions, Silicon Valley Bank

(SVB) and Signature Bank, explaining that the federal government has backstopped all deposits in SVB. He reported that the NHRS portfolio has 0.3% of indirect exposure to the two banks and a contingent third, First Republic, translating to about \$3 million in the Public Markets portfolio. He noted the First Republic Bank is not insolvent, but the NHRS is monitoring the banks and taking appropriate action relative to any scheduled private equity capital calls. A brief discussion followed about the banking situation, which the NHRS is experiencing minimal exposure, about 4.5% of its total assets in the banking industry.

Director of Member Services Nancy Miller updated the Board on the latest activity in her department, noting continued work on PGV3, alongside payroll, and the large number of calls it received this month following the tax correction letters to impacted retirees, noting the corrected payments would be distributed in April. Ms. Miller reported her department is reviewing activities that it can delay due to planning for parallel processing. Her department is working with Finance, the project manager at LRS, the in-house project team, and E-Team on assigning leaders to perform certain activities as part of parallel processing. She noted Member Services met all 21 of its KPMs, and in closing, gave an update of her action plan.

Director of Finance Marie Mullen gave her Finance report, noting her department's PGV3 involvement with D6 testing and D7 design document reviews this month, and the work on employer reporting, noting its weekly meetings with PIO on developing the employer reporting training. She also noted her department is evaluating items that can be delayed during parallel processing and identifying the resources needed to meet year-end requirements, such as the ACFR (Annual Comprehensive Financial Report). Ms. Mullen reported that Finance met 12 of its 15 KPMs for the month, noting three of the KPMs did not have deliverables for the month. She stated that cash flows for January 2023 and fiscal year-to-date were within the expected range. She reported that in March, NHRS anticipates reimbursement from the state in the amount of about \$10.8 million for the authorized \$500 per person COLA bill in FY 22. She reported on the administrative expenses, commenting that both statutory and investments are below budget for the year. Ms. Mullen mentioned that a few categories are overbudget because of quarterly payments, and most of it would come into balance over the year. She updated the Board on PGV3 project spending, noting it has been below budget since inception and remains below budget in FY 23. In closing, she reported on her action plan, noting two or three items would be put on hold to focus on PGV3, the parallel processing, and year-end items.

Rosamond Cain, Director of Human Resources, opened her report, echoing similar comments that her department will place some action plan items on hold in preparation for parallel processing, including all staff training. She noted there are four staff openings for which NHRS is actively recruiting. She mentioned there are several temporary employees and that there will be a need for more for PGV3. In closing, she reported that NHRS will move to its new payroll vendor, ADP, next month, and would go live for staff payroll on May 5.

Deputy Director and Chief Legal Counsel Tim Crutchfield opened his Legal report with the ongoing lawsuit filed by five employees from the Department of Corrections at the Berlin facility who believed they should have been reclassified from Group I to Group II, approximately 20 years ago, noting that NHRS's external counsel, Attorney Peter Foley, along with the State Attorney General's Office, each filed a Motion To Dismiss and the petitioners filed a response and NHRS would file a reply in the coming weeks. Mr. Crutchfield reported that Legal met seven of its eight KPMs this month, noting that because of competing priorities with PGV3, the employer auditors missed the KPM of performing a rolling average of two employer audits per experienced auditor per month over a 12-month period. He commented that he expects it to be a persistent issue while there is PGV3 testing, but that

his department is working to determine if there are any efficiencies that can be implemented to meet that KPM. In closing, he noted items on his action plan have either been completed or are on schedule.

Mr. Karlon gave his report on PIO, commenting on the work his team has been doing while his focus has been on legislative activities, noting their support with the day-to-day operations and planning for future events. He mentioned the retirement education sessions held during school vacation week last month. He reported that PIO met all seven of its KPMs for the month. Lastly, he mentioned three items on his action plan have been put on hold until the PGV3 project is completed, noting that PIO would be involved with the PGV3 training during the summer.

Chair Lesko introduced John Laferriere, the new Director of IT, who presented his first operating report to the Board, beginning with cyber security awareness, noting that IT continues to send monthly phishing tests to keep staff alert, noting there were two failures this month, down from four last month. He gave a status update on several projects, including the completed Dell Storage Upgrade for PGV3; moving Office 365 to the cloud; and integrating Teams into the phone system. He stated IT is seeking quotes for a replacement generator, cloud technology for the PGV3 services and running payroll, and new copiers. He reported IT met all eight of its KPMs and gave an overview of upcoming projects. Mr. Laferriere closed his report with customer satisfaction, which is at 99%, and noted two new items on his action plan, which is on schedule.

Chair Lesko next presented the Consent Agenda, and on a motion by Trustee Quigley, seconded by Trustee Merrifield, the Board voted to approve the Consent Agenda, as presented, with Trustee Quigley abstaining on Item 1.

There were no travel reports or requests.

Ms. Goodwin provided an update on Action Items from the February 14, 2023, Board meeting, commenting that Items 1, 4, and 5 are complete, and that three others are in process.

During the Board checkpoint, Chair Lesko acknowledged the importance of the PGV3 project and congratulated staff for their work on the project.

With no further business to discuss, on a motion by Trustee Quigley, seconded by Trustee Merrifield, the Board voted unanimously to adjourn the meeting at 11:30 a.m.

Respectfully submitted,

Christine McKenney
Administrative Assistant

Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended December 31, 2022. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended December 31, 2022							
	Market Value \$(Dollars)	Ending Weight	Last Quarter	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years
Net of Fees							
Domestic Equity	\$3,216,552,951	30.00%	8.09%	3.71%	(17.72%)	6.58%	7.81%
US Equity Benchmark	-	-	7.18%	2.40%	(19.21%)	6.37%	8.64%
Non US Equity	\$1,814,326,702	16.92%	14.34%	4.71%	(18.04%)	(0.94%)	0.59%
Non US Equity Benchmark	-	-	14.28%	2.96%	(16.00%)	0.07%	0.88%
Fixed Income	\$2,017,993,067	18.82%	2.62%	(1.35%)	(12.02%)	(1.24%)	0.75%
Fixed Income Benchmark	-	-	2.24%	(2.31%)	(12.99%)	(2.54%)	0.18%
Cash	\$124,325,969	1.16%	0.92%	1.43%	1.58%	0.75%	1.32%
3-month Treasury Bill	-	-	0.84%	1.31%	1.46%	0.72%	1.26%
Real Estate **	\$1,422,541,323	13.27%	1.40%	1.03%	20.74%	15.57%	12.64%
Real Estate Benchmark **	-	-	0.31%	4.87%	20.96%	11.38%	9.26%
Alternative Assets **	\$2,125,055,510	19.82%	(1.14%)	(1.19%)	2.83%	14.11%	11.66%
Alternatives Benchmark **	-	-	(2.24%)	(14.95%)	(10.61%)	7.76%	8.44%
Total Fund	\$10,720,795,521	100.00%	5.03%	1.52%	(8.81%)	5.90%	6.15%
Total Fund Benchmark*	-	-	5.35%	(0.81%)	(11.67%)	4.16%	5.47%

* Current Total Fund Benchmark = 30.0% Russell 3000 Index, 25.0% Blmbg:Universal, 20.0% MSCI ACWI ex US, 10.0% NCREIF NFI-ODCE Val Wt Nt lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Blmbg HY Corp lagged 3 months +1.0% and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months+1.0%.

** Performance for the Total Real Estate and Total Alternative Assets composites and their respective benchmarks are lagged one quarter.

The table below details the rates of return for the fund's asset classes over various time periods ended February 28, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended February 28, 2023								
Composite	Total Fund Weighting As of 2/28/2023	Last Month	FYTD	CYTD	Last 12 months	3-YR	5-YR	10-YR
Total Domestic Equity	30.83%	-2.21%	8.94%	5.04%	-6.38%	12.11%	8.79%	11.18%
Domestic Equity Benchmark(1)		-2.34%	6.89%	4.39%	-8.07%	11.05%	9.18%	11.96%
Excess Return		0.12%	2.05%	0.65%	1.69%	1.05%	-0.39%	-0.78%
Total Non US Equity	17.55%	-2.37%	10.56%	5.59%	-4.76%	4.66%	1.47%	3.99%
Non US Equity Benchmark(2)		-3.51%	7.41%	4.32%	-7.19%	5.27%	1.62%	3.94%
Excess Return		1.14%	3.15%	1.27%	2.43%	-0.60%	-0.15%	0.06%
Total Fixed Income	18.57%	-2.44%	-0.38%	0.98%	-8.38%	-1.55%	1.00%	1.80%
Bloomberg Capital Universe Bond Index		-2.46%	-1.76%	0.57%	-9.30%	-3.41%	0.68%	1.39%
Excess Return		0.02%	1.38%	0.41%	0.92%	1.86%	0.32%	0.41%
Total Cash	0.97%	0.35%	2.19%	0.75%	2.34%	0.91%	1.43%	0.91%
3-Month Treasury Bill		0.33%	1.96%	0.64%	2.10%	0.84%	1.35%	0.83%
Excess Return		0.03%	0.23%	0.11%	0.25%	0.07%	0.08%	0.08%
Total Real Estate (Q3)*	12.82%	-0.08%	1.07%	0.04%	20.84%	15.59%	12.59%	12.52%
Real Estate Benchmark(3)		-1.75%	1.22%	-3.48%	11.15%	9.77%	8.23%	9.40%
Excess Return		1.67%	-0.15%	3.52%	9.69%	5.82%	4.37%	3.13%
Total Private Equity (Q3)*	14.17%	-0.03%	-2.06%	-0.02%	1.45%	17.74%	15.29%	12.68%
Private Equity Benchmark(4)		5.31%	-7.46%	14.02%	-6.72%	14.22%	14.34%	17.21%
Excess Return		-5.35%	5.39%	-14.04%	8.17%	3.52%	0.95%	-4.52%
Total Private Debt (Q3)*	5.10%	-0.02%	1.32%	-0.02%	6.60%	6.12%	5.60%	7.12%
Private Debt Benchmark(5)		1.95%	-2.85%	4.18%	-2.22%	1.64%	2.64%	7.85%
Excess Return		-1.97%	4.17%	-4.20%	8.83%	4.48%	2.97%	-0.74%
Total Fund Composite	100.00%	-1.57%	4.21%	2.65%	-1.71%	8.43%	6.64%	7.78%
Total Fund Benchmark(6)		-1.56%	2.74%	3.58%	-5.32%	6.48%	6.06%	7.73%
Excess Return		-0.01%	1.46%	-0.93%	3.60%	1.95%	0.58%	0.06%

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2003. Prior to 7/1/2003 it was the MSCI EAFE Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% S&P LSTA Leveraged Loan 100 ldx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 30.0% Russell 3000 Index, 25.0% Bloomberg Universal, 20.0% MSCI ACWI ex-US, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% S&P/LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 2/28/23, the Total Fund has returned 6.82% versus the Total Fund Custom Benchmark return of 6.66%.

*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

2023 Legislative Tracker

Updated: March 24, 2023

Legislation introduced in the 2023 session that would impact the New Hampshire Retirement System (NHRS, the retirement system) is listed below. For details on a particular bill, visit the State of New Hampshire General Court website at: <http://gencourt.state.nh.us/>

BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
2023 NHRS-RELATED BILLS			
HB 30	This bill allows county commissioners to exempt the county chief administrative officer from compulsory NHRS membership at the time of initial hiring or appointment.	Rep. Judy Aron	3/15/23: Senate ED&A Committee held public hearing.
HB 50	As amended, the bill provides a one-time, \$50 million appropriation toward the retirement system's unfunded pension liability.	Rep. Michael Edgar	3/22/23: House voted, 276-99, to accept committee recommendation of ought to pass (OTP) with amendment (am-0997h). The House then voted, 206-170, to table the bill.
HB 183	This bill allows retired Group II Fire members to be employed by the state fire academy and not have those employment hours count against the annual limit on part-time hours.	Rep. Dan Wolf	2/8/23: House ED&A Committee voted, 20-0, to retain the bill in committee. No further action is expected in the 2023 session.
HB 193	This bill makes various changes to the administration of the NHRS, including clarification of the definition of teacher job share, references to the system's annual comprehensive financial report, and procedures related to the purchase of service credit.	Rep. Tony Lekas	3/15/23: Senate ED&A Committee held public hearing.
HB 250	This bill increases the amount of the retirement annuity payable upon the accidental death of a Group II member to 100 percent of earnable compensation at the member's death.	Rep. Ben Baroody	House Finance Committee executive session scheduled for 3/28/23 at 9 a.m. in LOB 210-11.
HB 278	As amended, this bill ratifies a provision of RSA 100-A regarding annual employer reporting of hours worked and compensation paid to retired members working part-time that was inadvertently repealed.	Rep. Carol McGuire	3/9/23: Referred to Senate ED&A Committee.
HB 339	This bill provides that no funds from NHRS or the state public employee deferred compensation plan shall be invested with any company that is boycotting Israel.	Rep. James Splaine	3/23/23: House, on a voice vote, tabled the bill.
HB 436	As amended, this bill, over a 10-year period, adjusts the application of the minimum age, minimum years of service, average final compensation, and annuity multipliers for Group II members in service prior to July 1, 2011, and not vested prior to January 1, 2012.	Rep. Kevin Pratt	House Finance Committee executive session scheduled for 3/28/23 at 9 a.m. in LOB 210-11.

BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
HB 449	This bill increases the service retirement and disability retirement annuity multiplier for the first 20 years of service of Group II retirement system members under the transition provisions adopted in 2011.	Rep. Jeff Goley	2/8/23: House ED&A Committee voted, 20-0, to retain the bill in committee. No further action is expected in the 2023 session.
HB 457	As amended, this bill requires NHRS to report on a quarterly basis to the office of legislative budget assistant regarding compliance with the duty to make all investment decisions solely in the interest of the participants and beneficiaries.	Rep. JD Bernardy	3/22/23: House, on voice vote, accepted committee recommendation of ought to pass (OTP) with amendment (am-0898h).
HB 461	As amended, this bill requires political subdivision employers to obtain an analysis from the retirement system and continue to pay retirement contributions when eliminating or transferring certain senior leadership positions from full-time to part-time.	Rep. Steve Pearson	3/22/23: House, on voice vote, accepted committee recommendation of ought to pass (OTP) with amendment (am-0782h).
HB 525	This bill adjusts the application of the transition provisions for Group II service retirement adopted in 2011 to be applicable as of January 1, 2014, rather than January 1, 2012.	Rep. Kevin Pratt	2/22/23: House, on voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 555	This bill requires the transfer of 75 percent of a state biennial surplus to the reduction in the retirement system's unfunded accrued liability.	Rep. Tony Lekas	3/22/23: House, on voice vote, accepted committee recommendation of ought to pass (OTP).
HB 559	This bill establishes a defined contribution retirement plan for new state employees who begin service on or after July 1, 2024, and who would previously have been enrolled in Group I. All new state employees on and after July 1, 2024, will be required to participate in a defined contribution plan administered by the state Deferred Compensation Commission and would not be members of NHRS.	Rep. Dan McGuire	3/10/23: House ED&A Committee voted, 20-0, to retain the bill in committee. No further action is expected in the 2023 session.
HB 571	This bill establishes a cost-of-living adjustment (COLA) to be paid on the first \$50,000 of a retired Group II member's or beneficiary's retirement benefit. Group II members retired 10 to 19 years as of July 1, 2023, are eligible for a 5% COLA; Group II members (or beneficiaries) retired 20 or more years as of July 1, 2023, are eligible for a 10% COLA. The cost of this benefit is paid from the state general fund.	Rep. Ben Baroody	House Finance Committee executive session scheduled for 3/28/23 at 9 a.m. in LOB 210-11.
HB 579	This bill eliminates the transition provision adopted in 2011 for Group II members who began service before July 1, 2011, but were not yet vested as of January 1, 2012.	Rep. Doug Trottier	2/22/23: House, on voice vote, accepted committee recommendation of inexpedient to legislate (ITL). The bill is dead.
HB 639	This bill establishes procedures for the legalization, regulation, and taxation of cannabis; and the licensing and regulation of cannabis establishments. Note: This bill dedicates a portion of state revenue generated through the sale of cannabis toward paying down the retirement system's unfunded actuarial accrued liability.	Rep. Jason Osborne	House Ways and Means Committee executive session scheduled for 3/27/23 at 11 a.m. in LOB 202-204.
SB 57	This bill links the recalculation of a Group I retiree's NHRS benefit to his or her full retirement age under the federal Social Security system.	Sen. Lou Sen. D'Allesandro	3/9/23: Senate, on a voice voted, tabled the bill.
SB 114	This bill provides that the state shall pay 7.5% of local employer retirement contributions for Group I Teachers and Group II Police and Fire members.	Sen. Cindy Rosenwald	2/9/23: Senate, on a voice voted, tabled the bill.

BILL #	BRIEF DESCRIPTION	PRIMARY SPONSOR	STATUS
SB 134	The bill establishes a retirement system benefit for Group II members who retire due to a violent act injury.	Sen. Regina Birdsell	2/22/23: Senate, on a voice vote, accepted committee recommendation to re-refer bill committee. No further action is expected in the 2023 session.
SB 205	This bill grants a 1.5% cost-of-living adjustment (COLA) on the first \$50,000 of the pension benefit to retirees who retired on or before July 1, 2018, or any beneficiary of such retiree who is receiving a pension benefit. The COLA would take effect on the retired member's first anniversary date occurring on or after July 1, 2024.	Sen. Lou Sen. D'Allesandro	3/23/23: Senate, on a voice voted, tabled the bill.
<i>Note: Additional Senate bills are expected to be introduced.</i>			
Committee Key: ED&A = Executive Departments & Administration; Location Key: LOB = Legislative Office Building; SH = State House.			