

NDPERS INVESTMENT COMMITTEE
Meeting
February 24, 2022
MINUTES

* - Present

BOARD MEMBERS: Troy Siebel
*Yvonne Smith
*Adam Miller
*Representative Pam Anderson
Kim Wassim

STAFF: *Bryan Reinhardt
*Scott Miller
*Derrick Hohbein
*MaryJo Anderson
*Rebecca Fricke

Others Present: *Alex Browning, *Paul Erlendson, *Perry Hopper, *Ben Taylor- Callan;
*Scott Anderson, *Eric Chin – RIO;
*Melissa Thorpe – TIAA; *Mark Morgan, *Jon Waite - SEI

Minutes

1:00 – The meeting was held by video/conference call and in the NDPERS conference room. The meeting materials were sent out. Bryan started the meeting and discussed the agenda. Bryan introduced Mark and Jon from SEI. SEI covered the presentation on the RHIC and JS plans. Both plans are doing well. The RHIC plan is about 76% funded with a low hurdle rate. It should continue to improve its funded status. The JS plan is about 150% funded and is conservatively invested. SEI recommends keeping the current RHIC asset allocation. SEI recommends a small allocation shift to the fixed income investments in the JS plan. Since there is very little yield in short term corporate fixed income, SEI recommends reducing the allocation from 25% to 15% and shift the 10% of assets to the other asset classes in fixed income. This is portfolio A in the presentation. Scott asked about transaction costs. SEI noted that there wouldn't be any costs to shift or rebalance assets. Scott asked about the slight increase in risk compared to the slight increase in returns. Group discussion followed. It was determined that there were only two NDPERS Board members present and this should be discussed at the next meeting. Bryan will add it to the agenda and invite SEI to attend. SEI concluded with the performance for the two funds. Performance has been excellent with both exceeding their benchmarks.

1:35 – Callan covered the plan performance presentation. Paul covered the markets and the current 1st quarter challenges. There was a lot of group discussion. Perry covered fund performance highlighting the target date funds. It was noted that there appears to be some movement from the TDFs. Group discussion followed.

The Wells Fargo Growth fund (SGRKX) is now Allspring Growth. The Wells Fargo family of funds was sold to private equity firms GTCR LLC and Reverence Capital Partners, LP. This was completed October 2021. The fund managers have been retained, but there are a lot of questions and uncertainty with this fund now being managed by a smaller private equity firm. The recent fund performance has also been lower than it's benchmarks. Callan recommends putting this fund on formal fund review. The group discussed this recommendation and agreed to bring this to the full NDPERS Board. Bryan will do this at the March meeting. The group also discussed the PGIM Jennison Mid Cap Growth fund. It's performance has been in line with it's benchmarks and the committee recommends taking the fund off of formal fund review. Bryan will also bring this forward to the NDPERS Board.

2:25 - Callan covered the fund offering presentation. Many of the core funds have 1% or less of the plan assets. Callan recommends scaling down the core fund offerings. Discussion followed as this would be a change and assets would need to map to new funds. This change would be done at the time an RFP was issued. The subcommittee could come up with the structure for the investment lineup and the actual funds would be selected at the time the new contract period starts. There was a general consensus that there are too many funds in the core lineup. The mutual fund window would still be an option for participants to invest in other funds. Discussion on this will continue at the next meeting.

3:15 - Bryan introduced Melissa from TIAA. Melissa showed a spreadsheet on transfers between funds for the plan options. Melissa covered the plan review and engagement report. TIAA is working on engagement. There were over 300 sessions last year. The participant survey for participant meetings was 100% for the 34 responses. There were 1,397 users of the TIAA online tools. There are 30 participants in the brokerage window (mutual fund window). Discussion on the mutual fund window continued. The TIAA plan review showed that enrollment, assets and engagement are all up. The new 2065 Target Date fund will come out in March. Bryan noted that Melissa might need to look into a contract addendum to add the fund.

Bryan introduced Scott Anderson from the SIB. Bryan will have Scott start giving a quarterly DB update with the next meeting.

Bryan noted the May meeting will be longer with the tabled items and Callan bring forward recommendations to the investment policy statements (IPS). We will also need to start discussing the upcoming RFP for the DC plans.

There was no other discussion.

The next meeting will be in May 2022.

3:45 - Adjourn

To: Cathy Carlson

From: Bryan Reinhardt

Subject: NDPERS Investment Subcommittee Meeting

In accordance with the policy effective August 26, 1993 for compensating Board members for attendance at sub-committee meetings, the date of the investment sub-committee meeting and member attendance is as follows:

Date: February 24, 2022

Meeting Time: 1:00pm – 3:45pm

<u>Attendees</u>	<u>Meeting Length</u>
Yvonne Smith	2.75 hours
Adam Miller	2.75 hours
Pam Anderson	2.75 hours