

NDPERS INVESTMENT COMMITTEE

August 27, 2020

MINUTES

* - Present

BOARD MEMBERS: *Troy Siebel
*Yvonne Smith
*Adam Miller
*Representative Jason Dockter
Kim Wassim

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

Others Present: *David Hunter, *Darren Schulz - RIO
*Stephanie Mishak, *Lori Schausten, *Melissa Thorpe - TIAA
*Paul Erlandson, *Julia Moriarty - Callan

Minutes

8:30 – The meeting was held by video/conference call. Bryan started the meeting and introduced TIAA. Melissa introduced the TIAA team. Lori covered the investment review. The target date funds have 71% of assets and receive 81% of the contributions. Templeton bond fund is underperforming and is on formal fund review. TIAA noted that 64 plans have removed the fund from their investment lineup (out of 326 plans). There have also been large outflows as fund assets are about 1/3 of its high. The subcommittee will review this fund next quarter. Lori will bring forward alternatives. Discussion followed if the alternatives should have hedged or unhedged funds. Dave and Jason felt hedged funds would be best. Vanguard Dividend, T.Price Equity Income, Northern Small Cap all had a bad quarter. Prudential is stabilizing. The Target date funds had a good quarter. Lori noted that the Target date funds do not merge. For example, the 2010 fund will not merge with the 2020 fund even after that dates are past. Lori noted the Invesco Oppenheimer fund will be dropping “Oppenheimer” from its name.

9:20 - Melissa covered the plan report. Contributions and members are up for the plans. Discussion followed on education of members invested in only the target date funds. TIAA and staff will continue to explore this. The small account distribution for terminated members should proceed in October. It was noted that the mutual fund window now has 19 members enrolled.

9:35 – Stephanie covered the TIAA engagement report. All member meetings are virtual and online now. This actually created more options for members to meet with a representative since onsite at a specific date/time might not have worked well for everyone. The comments and ratings for the meetings have been good.

9:45 – Bryan covered the internal investment analysis and explained the monthly process along with the investment reports. The committee marked the Templeton bond fund (TGBAX) as underperforming for the quarter.

9:50 – Callan representatives joined the meeting and proceeded to cover the Asset Liability Studies. Contributions are short of the actuarial required rate. Cash outflows near 7% should be monitored and when close to 10% need to look at the illiquid portions of the asset allocation. The asset allocation can be adjusted a little to better the risk/return. The suggestion is an increase in private equity. This only levels out the funded ratio and does not move to improve funding. An increase in contributions is needed.

10:30 – The RHIC plan study has no private equity recommendation. Two recommended mixes do increase returns and reduce risk. Contributions are good, but the plan is closed and will maintain a flat funded ratio for the near term. After about 25 years there will be few actives funding the plan. At that time Callan estimates a rapid decline in funded ratio. The group discussed how Callan should report to the full NDPERS Board and it was felt a similar presentation would be best.

10:40 - Dave covered his presentation on performance for the defined benefit plans. The fiscal year end for the plans were: 3.41 Main, 2.82 Job Service, 4.98 RHIC, and 2.35 Insurance fund. Active management has improved returns.

Bryan gave an overview of the investment consultant RFP. Proposals are due August 31st and there seems to be a lot of interest.

The next regularly scheduled meeting will be November 24, 2020.

11:00 - 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: August 27 2020

Meeting Time: 8:30am – 11:00am

<u>Attendees</u>	<u>Meeting Length</u>
Yvonne Smith	2.5 hours
Adam Miller	2.5 hours
Jason Dockter	2.5 hours
Troy Siebel	2.5 hours