

**NDPERS INVESTMENT SUBCOMMITTEE  
MINUTES  
Tuesday, May 27, 2025  
8:30 AM**

**Members Present:** Chairperson Adam Miller

**Members By Teams:** Gerald Buck  
Tyler Erickson  
Rep. Greg Stemen  
Jeffrey Volk

**Staff Present:** MaryJo Anderson  
Marcy Aldinger  
Rebecca Fricke  
Derrick Hohbein  
Katheryne Korom  
Janis Lund  
Shawna Piatz  
Kirsten Tuntland

**Others Present:** Scott Anderson - RIO  
Craig Chaikin - Callan  
Dave Ramirez - Empower  
Ryan Sullivan - RVK  
Mark Morgan, Astrid Rau, Jonathan Waite - SEI

**Minutes**

Chairperson Adam Miller called the meeting to order at 8:30 AM. A quorum was present.

Agenda was approved by voice vote.

**I. Minutes – Wednesday, February 19, 2025**

Chairperson Miller called for questions or comments regarding the minutes of February 19, 2025.

**Jeffrey Volk moved to approve the minutes of the February 19, 2025, Investment Subcommittee meeting. The motion was seconded by Gerald Buck.**

Minutes were approved by voice vote.

**II. Conflict of Interest Disclosure Consideration**

None reported.

### **III. Defined Benefit Plans Performance Q1 2025 Update – RIO**

Scott Anderson gave an investment update on the NDPERS Defined Benefit plans as of March 31, 2025. Performance benchmark indices were reviewed. NDPERS 10-year average fund return as of March 31, 2025, was 7.1% compared to the policy return of 6.6%. NDPERS actual and target asset allocations were reviewed. The year-to-date total NDPERS fund return of .2% less the policy benchmark return of -0.1% resulted in a total relative return of 0.3% as of March 31, 2025. The one-year total NDPERS fund return of 5.3% less the policy benchmark return of 5.4% resulted in a total relative return of -0.1% as of March 31, 2025.

### **IV. Market Update & Performance – Callan**

Craig Chaikin presented a market update for the 1st quarter of 2025. The asset allocation and Active Manager Monitoring summary were reviewed. JPM SMID Cap Equity strategy experienced notable asset decline from \$1.3 billion on June 30, 2024, to \$520 million on December 31, 2024. The 457 and 401 (a) Plan Asset Allocation & Distribution, Plan Performance Monitoring, and Plan Investment Fees reports were reviewed. Craig informed the committee that Perry Hopper is leaving Callan by the end of May.

### **V. Plan Review – Empower**

Dave Ramirez with Empower presented the 1Q2025 plan review. The NDPERS 401(a) Defined Contribution plan has 811 members and assets of \$25,644,209. Approximately 25% of Defined Contribution participants have registered their online account. The NDPERS 457(b) Companion plan has 10,793 participants and assets of \$224,488,086. Approximately 42% of Companion plan participants have registered their online account. Overall, there are 11,604 plan participants with total assets of \$250,132,295. Dave noted that the Do-it-yourself Strategy Equity Exposure report is reviewed in order to identify educational opportunities for members. Discussion took place.

**The committee took a short break from 9:50 AM to 9:55 AM.**

### **VI. Asset Liability Study – RVK**

Ryan Sullivan with RVK presented the Asset Liability study. As of July 1, 2024, the date of the most recent actuarial valuation and the start date of the projections in this study, the System was approximately 70% funded (on a market value basis). This equates to a shortfall of approximately \$1.85 billion. This study suggests that continued diversification in the investment of the System's assets is desirable. The study, however, suggests caution in assuming that increased pursuit of higher expected returns, through even more aggressive (and hence even more volatile) asset allocations is always beneficial. The number of active members currently exceeds the number of benefit receiving members by approximately 1.64 to 1.00. The composition of members is expected to change materially over the next 20 years given the Main System is closed to new entrants. RVK projects the number of active members will drop by approximately 75% during the projection period while the number of benefit receiving members increases by about 4%. As the Main System matures, the ratio of active members to benefit receiving members is expected to change to 0.35 to 1.00 over the next 20 years. RVK projects annual benefit payments will increase by 126% over the next 20 years. Annual increases are projected to average approximately 4%. This does not lead to liquidity concerns. Annual dollar contributions (employer and employee) based on actuarially required rates

are projected to remain relatively constant (increase by 5%) during the projection period. However, the contributions levels as weighted average of salary are projected to rapidly increase given the Main System is closed. Aggregate benefit payments are expected to increase by about 126% over the next 20 years but remain constant as a percentage of System assets over this same time period. As assets grow each year without exception at the assumed rate of return (6.50%), the funding ratio on a market value basis is expected to gradually increase to approximately 85% by 2044 from the current value of 70%. The payout ratio remains relatively flat over the next 20 years. The projected annual rate of return needed to reach full funding is 7.8% over the next 20 years. Steps to reduce downside volatility in the asset allocation are critical going forward. The plan cannot be derisked at this point because the plan does need to take risk in order to generate a return going forward. Maximizing return at the level of risk of the target asset allocation is the best strategy to benefit the system. Discussion took place.

**Mr. Tyler Erickson made a motion to adopt a recommendation to the full Board to approve the assumptions and methodology used by RVK in conducting the Asset Liability study. The motion was seconded by Rep. Greg Stemen.**

Ayes: Chairperson Adam Miller, Mr. Buck, Mr. Erickson, Rep. Stemen, Mr. Volk  
Nays: None  
Absent: None

## **VII. Job Service & RHIC Asset Allocation – SEI**

Mark Morgan provided an overview of SEI and gave an update for both the RHIC and Job Service plan. The RHIC valuation as of 4/30/2025 was \$192,425,420 with a one-year return of 11.44%. The Job Service valuation as of 4/30/2025 was \$83,631,631 with a one-year return of 9.92%. Both plans are outpacing benchmarks.

Jon Waite reviewed the asset-liability analysis for the RHIC and Job Service funds. The net hurdle rate for the RHIC plan is 2.6%. The AAL/AVA deficit/ratio is \$89.6.8 M/67.2% as of 7/1/24. The Job Service portfolio has been derisked and has a hurdle rate of 1.8%. The AAL/MVA surplus/ratio for the fund is \$14.0 M/119.9% as of 7/1/24. SEI recommends further derisking the Job Service plan given its overfunded status and low hurdle rate. Discussion took place.

**Mr. Jeffry Volk made a motion to adopt a recommendation to the full Board to move to portfolio B to further derisk the Job Service fund. The motion was seconded by Mr. Tyler Erickson.**

Ayes: Chairperson Adam Miller, Mr. Buck, Mr. Erickson, Rep. Stemen, Mr. Volk  
Nays: None  
Absent: None

## **VIII. NDPERS Admin Fees – Derrick**

Derrick Hohbein presented three primary considerations for assessing NDPERS administrative fees against participant accounts. Discussion took place.

**Mr. Tyler Erickson made a motion to adopt a recommendation to the full Board to move to collect administrative fees quarterly in a flat-rate structure and to maintain the methodology of not accessing fees under the \$1,000 threshold. The motion was seconded by Mr. Gerald Buck.**

Ayes: Chairperson Adam Miller, Mr. Buck, Mr. Erickson, Rep. Stemen, Mr. Volk  
Nays: None  
Absent: None

## **IX. Other Business**

The next regular meeting will be on Tuesday, August 26, 2025.

The subcommittee adjourned at 11:39 AM.