

MINUTES

SOUTH DAKOTA INVESTMENT COUNCIL Conference Call March 13, 2014

1) Roll Call

The conference call meeting was called to order at 2 p.m. by Chair Hugh Bartels. Council members in attendance were Hugh Bartels, David Hillard, Jon Hunter, Steve Kirby, Rich Sattgast, and Rob Wylie. Council members Vern Larson and Jim Means were absent. Also present were Matt Clark, Tammy Otten, Sherry Nelson and Laurie Riss of the Investment Office; and Jane Roberts, Jacque Storm, Susan Jahraus and Michelle Mikkelsen of the South Dakota Retirement System.

AGENDA ITEMS:

- 1) Roll Call
- 2) Higher Education Savings Program-Allianz Contract
- 3) Legislative Update
- 4) Adjournment

2) Higher Education Savings Program-Allianz Contract

Sherry Nelson reviewed her memorandum previously sent to the Council that reviewed the positives and possible negatives for renewing the Allianz contract for the Higher Education Savings Program. She highlighted the benefits for South Dakota citizens, the scholarship program and the low costs of the Program. Also discussed were the potential liability risks and the staff's involvement on due diligence and oversight. Matt Clark commented on the good working relationship with Allianz, and Nelson reviewed legal counsel's advice on the procedure to facilitate the renewal, as well as the staff's recommendation.

RICH SATTGAST MOVED, SECONDED BY STEVE KIRBY, TO APPROVE NOTIFYING ALLIANZ GLOBAL INVESTORS OF THE COUNCIL'S DESIRE TO RENEW THE HIGHER EDUCATION SAVINGS PLAN PROGRAM MANAGEMENT AGREEMENT FOR ANOTHER SEVEN YEARS UNDER THE SAME TERMS AND TO AUTHORIZE THE STATE INVESTMENT OFFICER TO NEGOTIATE WITH ALLIANZ IF THEY REQUEST MODIFICATION TO THE PROGRAM MANAGEMENT AGREEMENT. MOTION PREVAILED ON A ROLL CALL VOTE WITH ALL VOTING IN FAVOR.

3) Legislative Update

Matt Clark noted that HB 1099, which would increase the Investment Council to nine members, failed in the Senate. He discussed the importance of on-going communications with the Commissioner of the Bureau of Finance and Management.

Clark stated that the SDRS/Cement Plant Retirement Fund merger has been signed by the Governor. The merger will take place on April 1, 2014, and staff is in the process of notifying external managers.

4) Adjournment

Chair Bartels declared the meeting adjourned at 2:15 p.m.