

MINUTES

SOUTH DAKOTA INVESTMENT COUNCIL Sioux Falls, South Dakota November 17, 2022

1) Roll Call

The meeting was called to order at 8 a.m. on November 17, 2022 by Chair Greg Kulesa. Council members in attendance were Travis Almond, Josh Haeder, Mary Howard, Jarrod Johnson, Loren Koepsell, Greg Kulesa, Kelly Meiners, and Steve Pietila.

Others attending all or part of the meeting included Investment Council Staff members Matt Clark, Chris Nelson, Tammy Otten, Sherry Nelson, Sami Rains, Jan Zeeck, John Richter, Darci Haug, Renae Randall, Taylor Elmer, Payton Larsen, Jake Wehde, Makenzie Smook, Arianna Rehfeldt, Randy Spinar, Danielle Mourer, Cindy Pickering, Krystal Seeley, Brandy Eisma, Missy Lock, and Sarah Rust; and Commissioner of School & Public Lands-Elect Brock Greenfield.

(Note: For sake of continuity, the following minutes are not necessarily in chronological order. Documents referenced are on file in the Investment Council office, and public access is subject to the provisions of SDCL 1-27.)

Matt Clark thanked Jarrod Johnson for his time on the Council and welcomed Commissioner of School & Public Lands-Elect Brock Greenfield to the meeting. Mr. Greenfield will be joining the Council after being sworn in as Commissioner of School & Public Lands in January 2023.

2) Minutes

JARROD JOHNSON MOVED, SECONDED BY JOSH HAEDER, TO APPROVE THE MINUTES OF THE AUGUST 23, 2022 INVESTMENT COUNCIL MEETING. MOTION PASSED UNANIMOUSLY.

3) Public Comment

There were no public comments.

4) CD Program 2022/2023

Sherry Nelson reviewed her memo summarizing the results of the 2022/2023 CD Program, including the CD rate calculation details and total program size. The summary also included a listing of the participating South Dakota financial institutions along with the amounts offered and accepted for each. Historical statistics of the CD program were also provided.

AGENDA ITEMS:

- 1) Roll Call
- 2) Minutes (August 23, 2022)
- 3) Public Comment
- 4) CD Program Review
- 5) 529 Higher Education Savings Plan
- 6) Legislation for 2023 Legislative Session
- 7) SDIC FY 2022 Annual Report
- 8) Investment Update – FY 2023
- 9) Iran Divestiture Update
- 10) Compensation Committee Update
- 11) Audit Committee Update
- 12) Council Subcommittee Appointments
- 13) Equity Research Update
- 14) Order Management System Update
- 15) Succession Planning
- 16) Investment Officer Performance Evaluation
- 17) New/Old Business Agenda Items
- 18) Future Meeting Dates
- 19) Adjournment

5) 529 Higher Education Savings Plan

Sherry Nelson reviewed the CollegeAccess 529 Plan summary of accounts, the quarterly compliance schedule, and the minutes of the Virtus quarterly conference call.

Nelson discussed the recent rating CollegeAccess 529 received from Morningstar. She also discussed the ability to open accounts online.

6) Legislation for 2023 Legislative Session

Matt Clark stated he does not expect any Legislation from the Council this year other than potentially updating IRS code references for the 529 plan.

Travis Almond discussed one potential bill and two clean-up bills for SDRS.

7) SDIC FY 2022 Annual Report

Sami Rains discussed the SDIC FY 2022 Annual Report and explained it is produced in house by the Investment Accounting team. She reviewed the Table of Contents and provided a brief overview of the report. Rains introduced the Investment Accounting team, who were present at the meeting. Chair Greg Kulesa and Tammy Otten complimented the accounting staff on a job well done.

8) Investment Update – FY 2023

Tammy Otten reviewed the Council's recent motions and subsequent actions. She provided an update on the estimated fair value and fiscal year to date investment returns of SDRS.

Matt Clark provided an update to the Council on the Bristow investment.

Jan Zeeck gave a brief overview of the Core Portfolio, reviewing various sector and industry groups.

Chris Nelson provided an update on Silverlake Fund VII.

In response to a Council question, there was discussion about the management of cash exposure resulting from reduced allocations to equities and bonds.

9) Iran Divestiture Update

Sami Rains reviewed a memo dated October 27, 2022 on the Iran Scrutinized Companies List. Staff recommended no change to the current list.

10) Compensation Committee Update

Matt Clark reported he recently received updated compensation data from McLagan. He will review this data and will forward a report to Greg Kulesa, Chair of the Compensation Committee. The compensation committee will review this report prior to the next Council meeting.

11) Audit Committee Update

Mary Howard, Chair of the Audit Committee, reported that the FY 2022 audit was completed and received. Howard stated that it was a clean audit and was completed on time. Howard thanked Sami Rains for her hard work.

12) Council Subcommittee Appointments

Greg Kulesa reviewed the changes to the Investment Council subcommittees. Effective immediately, the Compensation Committee will include Mary Howard as Chair, Greg Kulesa, and Loren Koepsell. The Audit Committee will include Loren Koepsell as Chair, Steve Pietila, and Josh Haeder.

STEVE PIETILA MOVED, SECONDED BY TRAVIS ALMOND, TO GO INTO EXECUTIVE SESSION PER SDCL 1-25-10 FOR THE PURPOSE OF RECEIVING AND DISCUSSING INVESTMENT INFORMATION THAT IS CONFIDENTIAL UNDER SDCL 1-27-1.6(5) AND PER SDCL 1-25-2(1) TO DISCUSS ITEMS RELATING TO PERSONNEL. MOTION PASSED UNANIMOUSLY.

The Council went into executive session at 9:20 a.m. Staff remaining to participate in or facilitate the presentations and discussion included Matt Clark, Tammy Otten, Chris Nelson, John Richter, Darci Haug, Renae Randall, Taylor Elmer, Payton Larsen, Jake Wehde, Jan Zeeck, Sami Rains, Makenzie Smook, Arianna Rehfeldt, Randy Spinar, and Sarah Rust and Commissioner of School & Public Lands-Elect Brock Greenfield.

13) Equity Research Update

Executive session continued to discuss the Equity Research Update by Darci Haug, Renae Randall, Taylor Elmer, Payton Larsen, and Jake Wehde.

14) Order Management System Update

Executive session continued to discuss the Order Management System Update by Makenzie Smook.

15) Succession Planning

Executive session continued to discuss succession planning by Matt Clark.

16) Investment Officer Performance Evaluation

Executive session continued to discuss items relating to personnel. No staff members participated.

General session reconvened at 1:04 p.m.

17) New/Old Business Agenda Items

No new or old business agenda items were introduced.

18) Future Meeting Dates

The next Council meeting will be held by teleconference on February 2, 2023. The June 1st meeting will be changed to a different date, to be determined.

19) Adjournment

Chair Kulesa declared the meeting adjourned at 1:06 p.m.