

# MINUTES

## SOUTH DAKOTA INVESTMENT COUNCIL

Teleconference  
January 28, 2025

### 1) Roll Call

The meeting was called to order at 8:30 a.m. on January 28, 2025 by Chair Loren Koepsell. Council members in attendance were Travis Almond, Cathy Clark, Brock Greenfield, Josh Haeder, Loren Koepsell, Kelly Meiners, Steve Pietila, and Taylor Thompson. Brock Greenfield joined the meeting at 9:35 a.m.

Others attending all or part of the meeting included Investment Council staff members Matt Clark, Tammy Otten, Chris Nelson, Sherry Nelson, Jan Zeeck, Darci Haug, Danielle Mourer, Renae Randall, Jarrod Edelen, Anne Cipperley, Sami Rains, Matthew Carey, Taylor Elmer, Payton Larsen, Jake Wehde, John Richter, and Sarah Rust; SDRS staff members Jacque Storm and Michelle Mikkelsen; Clark Thiemann, David Kelly, and Jack Kucia from Bridgewater; and Mc Cyril Espanol from With Intelligence.

#### AGENDA ITEMS:

- 1) Roll Call
- 2) Minutes (November 14, 2024)
- 3) Public Comment
- 4) Legislation Update
- 5) 529 Higher Education Update
- 6) Audit Committee Update
- 7) Bridgewater Associates Research Presentation
- 8) Investment Update
- 9) Iran Divestiture Update
- 10) Shareholder Activism
- 11) Appropriations Hearing Update
- 12) Compensation Committee Update
- 13) 457 Supplemental Retirement Plan Update
- 14) New/Old Business Agenda Items
- 15) Future Meeting Dates
- 16) Adjournment

(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.)

### 2) Minutes

JOSH HAEDER MOVED, SECONDED BY KELLY MEINERS, TO APPROVE THE MINUTES OF THE NOVEMBER 14, 2024 COUNCIL MEETING. MOTION PASSED UNANIMOUSLY. BROCK GREENFIELD WAS ABSENT FOR THE VOTE.

### 3) Public Comment

There were no public comments.

### 4) Legislation Update

John Richter provided an update on HB 1001, which is an Act to update a reference to the Internal Revenue Code for purposes of higher education savings plans. This bill updates the effective date of the Internal Revenue Code referenced in SDCL 13-63-1(11) from 2024 to 2025. Richter also updated the Council on four SDRS bills as well as other bills of interest relating to the Investment Council including HB 1059 and SB 74. HB 1059 is an Act to clarify the meaning of teleconference for purposes of open meeting laws and SB 74 is an Act to require the publication and review of an explanation of the open meeting laws of this state.

5) 529 Higher Education Update

Sherry Nelson reviewed the CollegeAccess 529 Plan summary of shareholder positions and accounts, the minutes of the Virtus quarterly conference call, and the HESP Compliance Schedule. She also reviewed the annual report letter on the Higher Education Savings Program that was sent to the Governor, Speaker of the House, and the President Pro Tempore of the Senate. A copy of the report letter was provided to the Council.

6) Audit Committee Update

Kelly Meiners, Chair of the Audit Committee, provided an update on the status of the most recent AUP. He noted there were no exceptions or findings.

7) Bridgewater Associates Research Presentation

KELLY MEINERS MOVED, SECONDED BY STEVE PIETILA, 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). MOTION PASSED UNANIMOUSLY. BROCK GREENFIELD WAS ABSENT FOR THE VOTE.

The Council went into executive session at 9:00 a.m. Staff remaining to participate in or facilitate the presentation and discussion included Matt Clark, Tammy Otten, Chris Nelson, Jan Zeeck, Darci Haug, Danielle Mourer, Renae Randall, Jarrod Edelen, Anne Cipperley, Matthew Carey, Taylor Elmer, Payton Larsen, Jake Wehde, John Richter, and Sarah Rust.

Clark Thiemann, David Kelly, and Jack Kucia from Bridgewater Associates presented to the Council.

**Open session reconvened at 10:15 a.m.**

8) Investment Update

Danielle Mourer reported there were no recent motions and actions to report on. She provided an update on the estimated fiscal year-to-date return of the SDRS portfolio.

Darci Haug updated the Council on the trust funds and reviewed the upcoming distribution to the School and Public Lands. She also updated the Council on the Bristow investment.

Jan Zeeck discussed fiscal year-to-date performance of the internal equity portfolios.

9) Iran Divestiture Update

Sami Rains reviewed a memo dated January 14, 2025 on the Iran Scrutinized Companies List. Rains explained the updates to the list which included one addition and two deletions since the prior list. Staff recommended approving the updated South Dakota Iran Scrutinized Companies List.

CATHY CLARK MOVED, SECONDED BY TRAVIS ALMOND, TO APPROVE THE CHANGES TO THE IRAN SCRUTINIZED COMPANIES LIST AS PRESENTED. MOTION PASSED UNANIMOUSLY. BROCK GREENFIELD WAS ABSENT FOR THE VOTE.

Rains reported that the Iran divestiture annual report was provided to the Executive Board of the Legislature as required by law. The report will be posted on the Legislative Research Council's website and was provided to the Council.

10) Shareholder Activism

Sami Rains reviewed the required semi-annual reporting on the SDIC Shareholder Activism Policy related to Federal Divestiture Enactments (Sudan) that was provided to the Executive Board of the Legislature on January 10, 2025. Rains reported that the South Dakota Retirement System does not directly hold securities of any foreign company on the South Dakota Sudan Scrutinized Companies List. The report will be posted on the Legislative Research Council's website and was provided to the Council.

11) Appropriations Hearing Update

Matt Clark discussed the FY 2026 budget presentation that he and Chair Koepsell presented to the Appropriations Committee on January 16, 2025. He reported there were numerous good questions from legislators. In addition to the FY 2026 budget request, the presentation also included information on investment performance, cost efficiency, the intern program, and the trust funds. The budget will be finalized as part of the general appropriations bill at the end of the Legislative Session.

Council members Travis Almond, Josh Haeder, and Brock Greenfield were also present at the Appropriations hearing.

12) Compensation Committee Update

Steve Pietila, Chair of the Compensation Committee, and Loren Koepsell reported that the Committee met to discuss the compensation for the State Investment Officer for fiscal year 2026. The committee discussed whether the State Investment Officer base salary should increase by state salary policy plus an additional 1.50% per the long-term plan. They stated it was the consensus of the Compensation Committee to recommend to the full Council that the base salary for the State Investment Officer for FY 2026 increase by salary policy plus 1.50% per the long-term plan for investment positions. Total compensation would continue to be comprised of base salary and any earned investment performance incentive.

Koepsell noted that by law, a state board cannot act on a subcommittee recommendation until a subsequent meeting. Therefore, the Compensation Committee recommendation will be discussed at the April Council meeting for the Council to establish a formal recommendation to be presented to the LRC Executive Board at their May/June meeting.

13) 457 Supplemental Retirement Plan Update

Payton Larsen reviewed the Executive Summary of the South Dakota Retirement System-Supplemental Retirement Plan Analysis. No changes to the investment options are being recommended. It was noted that, although the State Investment Officer is responsible by law for selecting the investment options, this review is provided to the Investment Council in relation to their broad oversight responsibility and is provided to the SDRS Retirement Board for input as well.

14) New/Old Business Agenda Items

No new or old business agenda items were introduced.

15) Future Meeting Dates

The next Investment Council meeting will be held in Sioux Falls on April 10, 2025.

16) Adjournment

JOSH HAEDER MOVED, SECONDED BY CATHY CLARK, TO ADJOURN THE MEETING. MOTION PASSED UNANIMOUSLY.

The meeting adjourned at 10:48 a.m.