

# MINUTES

## SOUTH DAKOTA INVESTMENT COUNCIL

Sioux Falls, South Dakota

April 10, 2025

### 1) Roll Call

The meeting was called to order at 8:31 a.m. on April 10, 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.

Others attending all or part of the meeting included Investment Council Staff members Matt Clark, Chris Nelson, Tammy Otten, Sherry Nelson, Danielle Mourer, Jan Zeeck, Sami Rains, Renae Randall, Jarrod Edelen, Anne Cipperley, Payton Larsen, John Richter, and Sarah Rust; Lewis Sanders and Frank Speno from Sanders Capital.

(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.)

#### **AGENDA ITEMS:**

- 1) Roll Call
- 2) Minutes (January 28, 2025)
- 3) Public Comment
- 4) 529 Higher Education Savings Plan Update
- 5) Investment Update – FY 2025
- 6) Sanders Capital Update
- 7) Iran Divestiture Update
- 8) Intern Update
- 9) Legislative Wrap-Up - Review
- 10) Compensation Committee Update
- 11) Audit Committee Update
- 12) Investment Council Policies Review
- 13) New/Old Business Agenda Items
- 14) Future Meeting Dates
- 15) Adjournment

### 2) Minutes

JOSH HAEDER MOVED, SECONDED BY CATHY CLARK, TO APPROVE THE MINUTES OF THE JANUARY 28, 2025 COUNCIL MEETING. MOTION PASSED UNANIMOUSLY.

### 3) Public Comment

There were no public comments.

### 4) 529 Higher Education Savings Plan Update

Sherry Nelson presented the 529 Higher Education Savings Plan update. She reviewed the summary of assets as of February 28, 2025, the completion of items on the compliance schedule, and the minutes from the last quarterly call with Virtus. She discussed the asset allocation, glidepath, and fund changes to the CollegeAccess 529 Plan proposed by VP Distributors, LLC and Virtus Multi-Asset. She stated staff reviewed the proposed changes, believes them to be reasonable, and recommended Council approval.

CATHY CLARK MOVED, SECONDED BY BROCK GREENFIELD, 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.

The Council went into executive session at 9:00 a.m. Staff remaining to participate in and/or facilitate the presentation and discussion included Matt Clark, Tammy Otten, Sherry Nelson, Payton Larsen, John Richter, and Sarah Rust.

Payton Larsen presented internal return analysis for certain actively managed equity funds.

**Open Session Reconvened at 9:13 a.m.**

KELLY MEINERS MOVED, SECONDED BY TRAVIS ALMOND, TO APPROVE THE ASSET ALLOCATION, GLIDEPATH, AND FUND CHANGES TO THE COLLEGEACCESS 529 PLAN, AS OUTLINED IN THE MATERIALS DATED MARCH 24, 2025 AND APRIL 4, 2025, PROPOSED BY VP DISTRIBUTORS, LLC AND VIRTUS MULTI-ASSET, AND PRESENTED TO THE INVESTMENT COUNCIL ON THIS DAY AND TO AUTHORIZE THE STATE INVESTMENT OFFICER TO EXECUTE THE NECESSARY DOCUMENTS AND TO TAKE ANY OTHER ACTIONS DEEMED NECESSARY TO CARRY OUT THE CHANGES AS PRESENTED. MOTION PASSED UNANIMOUSLY.

5) Investment Update – FY 2025

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). MOTION PASSED UNANIMOUSLY.

The Council went into executive session at 9:17 a.m. Staff remaining to participate in and/or facilitate the presentation and discussion included Matt Clark, Tammy Otten, Jan Zeeck, Danielle Mourer, Jarrod Edelen, Anne Cipperley, Renae Randall, John Richter, and Sarah Rust.

Danielle Mourer, Jan Zeeck, Jarrod Edelen, and Anne Cipperley provided an investment update to the Council.

6) Sanders Capital Update

Executive Session continued for an update provided by Lewis Sanders, CEO/co-CIO of Sanders Capital.

**Open Session Reconvened at 11:07 a.m.**

7) Iran Divestiture Update

Sami Rains reviewed a memo dated March 12, 2025 on the Iran Scrutinized Companies List. Rains explained the list was updated with two additions since the prior list. Staff recommended approving the updated South Dakota Scrutinized Companies List.

CATHY CLARK MOVED, SECONDED BY JOSH HAEDER, TO APPROVE THE CHANGES TO THE IRAN SCRUTINIZED COMPANIES LIST AS PRESENTED. MOTION PASSED UNANIMOUSLY.

8) Intern Update

Anne Cipperley reported there were four interns hired for the upcoming summer intern program. She

updated the Council on the total number of applicants as well as the number of interviews that were offered. She noted that one intern was hired for a full-time position from last year's intern program and that they will start in July.

9) Legislative Wrap-Up Review

John Richter provided a recap of this year's legislative session. He reviewed HB 1001 which updated a reference to the Internal Revenue Code for purposes of higher education savings plans. He discussed other bills of interest including SB 74 and HB 1059 which pertain to open meeting requirements. Richter also reviewed four SDRS bills and noted they all passed. There was Council discussion regarding the various bills highlighted in the weekly legislative update provided by Richter throughout the legislative session.

10) Compensation Committee Update

Steve Pietila, Chair of the Compensation Committee, reviewed the recommendation that was made by the Committee to the Investment Council at the last meeting regarding the State Investment Officer's compensation for Fiscal Year 2026. This recommendation will be presented to the LRC Executive Board at their May 7<sup>th</sup> meeting. There was consensus of the Council to allow the Chair the flexibility to suggest the Executive Board pull the 1.5% portion of the increase in the event of continued economic/market weakness.

STEVE PIETILA MOVED, SECONDED BY KELLY MEINERS, THAT THE INVESTMENT COUNCIL RECOMMEND TO THE LRC EXECUTIVE BOARD THAT TOTAL COMPENSATION FOR THE STATE INVESTMENT OFFICER PAYABLE IN FY 2026 BE COMPRISED OF FY 2025 BASE SALARY INCREASED BY STATE SALARY POLICY PLUS 1.50% AND CONTINUATION OF THE INVESTMENT PERFORMANCE INCENTIVE PLAN, WITH ANY EARNED INCENTIVE TO BE PAID FOLLOWING COMPLETION OF THE AUDIT. MOTION PASSED UNANIMOUSLY.

11) Audit Committee Update

Kelly Meiners, Chair of the Audit Committee, reported that the Agreed Upon Procedures quarterly testing has been completed and there were no exceptions noted. Sami Rains mentioned that SDIC received an email from Bureau of Finance and Management noting that the SDIC had no ACFR issues or errors in DLA's audit process.

12) Investment Council Policies Review

Tammy Otten reviewed the proposed revisions to the Investment Policies for the Retirement System, Trust Funds, and Cash Flow Fund. Otten noted the investment policies are posted on the SDIC website. Sami Rains discussed the proposed changes to the Shareholder Activism Policy, which included adding a law reference. Sarah Rust explained suggested minor clarification changes to the Conflict Waiver Policy.

JOSH HAEDER MOVED, SECONDED BY CATHY CLARK, TO APPROVE THE UPDATED INVESTMENT COUNCIL POLICIES AS PRESENTED. MOTION PASSED UNANIMOUSLY.

13) New/Old Business Agenda Items

No new or old business agenda items were introduced.

14) Future Meeting Dates

The next Council meeting will be held on June 5, 2025. The August Council meeting has been confirmed as August 12, 2025.

15) Adjournment

Chair Koepsell declared the meeting adjourned at 12:12 p.m.