

MINUTES

SOUTH DAKOTA INVESTMENT COUNCIL Teleconference February 5, 2026

1) **Roll Call**

The meeting was called to order at 8:31 a.m. on February 5, 2026 by Chair Steve Pietila. Council members in attendance were Travis Almond, Michael Anderson, Cathy Clark, Brock Greenfield, Josh Haeder, Kelly Meiners, Steve Pietila, and Taylor Thompson.

Others attending all or part of the meeting included Investment Council staff members Matt Clark, Chris Nelson, Jan Zeeck, Darci Haug, Jarrod Edelen, Danielle Mourer, Sami Rains, Katie Eliason, Taylor Elmer, Payton Larsen, John Richter, and Sarah Rust; Ethan Bing, Khalif Edwards, and Michael Lefton from Starwood Capital Group.

(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**

KELLY MEINERS MOVED, SECONDED BY JOSH HAEDER, TO APPROVE THE MINUTES OF THE NOVEMBER 13, 2025 COUNCIL MEETING. MOTION PASSED UNANIMOUSLY.

3) **Public Comment**

There were no public comments.

4) **Board Conflict of Interest Disclosure**

There were no conflicts of interest reported.

5) **Legislation Update**

John Richter provided an update on HB 1033, 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 2025 to 2026. Richter also updated the Council on six SDRS bills, HB 1155 pertaining to Bitcoin, as well as other bills of interest relating to the Investment Council.

AGENDA ITEMS:

- 1) Roll Call
- 2) Minutes (November 13, 2025)
- 3) Public Comment
- 4) Board Conflict of Interest Disclosure
- 5) Legislation Update
- 6) 529 Higher Education Update
- 7) Starwood Capital Group Review
- 8) Starwood Fund XIII
- 9) Investment Update
- 10) Audit Committee Update
- 11) Iran Divestiture Update
- 12) Shareholder Activism
- 13) Appropriations Hearing Update
- 14) Compensation Committee Update
- 15) 457 Supplemental Retirement Plan Update
- 16) New/Old Business Agenda Items
- 17) Future Meeting Dates
- 18) Organizational Update
- 19) Investment Officer Perf Evaluation Update
- 20) Personnel Matters Legal Update
- 21) Adjournment

6) **529 Higher Education Update**

Taylor Elmer discussed the CollegeAccess 529 Plan summary of shareholder positions and accounts. She reviewed the minutes of the Virtus quarterly conference call which included the performance of the portfolios. Katie Eliason explained the Higher Education Savings Plan Compliance Schedule and noted that everything is on track. She also reviewed the annual report letter on the Higher Education Savings Plan 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.

Eliason discussed an update to the Investment Policy Statement (IPS) for the 529 plan to improve clarity and reflect Virtus as the program manager. She requested Council approval of the updated South Dakota Higher Education Savings Trust IPS.

CATHY CLARK MOVED, SECONDED BY TRAVIS ALMOND, TO APPROVE THE SOUTH DAKOTA HIGHER EDUCATION SAVINGS TRUST INVESTMENT POLICY STATEMENT, AMENDED AND RESTATED NOVEMBER 14, 2025, AS PRESENTED. MOTION PASSED UNANIMOUSLY.

7) **Starwood Capital Group Review**

KELLY MEINERS MOVED, SECONDED BY MICHAEL ANDERSON, 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 8:53 a.m. Staff remaining to participate in or facilitate the presentation and discussion included Matt Clark, Chris Nelson, Jan Zeeck, Darci Haug, Jarrod Edelen, John Richter, and Sarah Rust.

Ethan Bing, Senior Managing Director and Head of Acquisitions-Americas, Michael Lefton, Senior Managing Director and Global Head of Capital Raising and Investor Relations, and Khalif Edwards, Managing Director, Global Capital Raising and Investor Relations discussed the outlook for Starwood Fund XIII.

8) **Starwood Fund XIII**

Executive session continued for Council discussion of Starwood Fund XIII.

Open session reconvened at 10:16 a.m.

KELLY MEINERS MOVED, SECONDED BY CATHY CLARK, TO AUTHORIZE THE STATE INVESTMENT OFFICER TO INVEST UP TO \$150 MILLION IN AGGREGATE, IN ADJUSTED PROPORTIONATE AMOUNTS, FOR THE SOUTH DAKOTA RETIREMENT SYSTEM, THE SCHOOL AND PUBLIC LANDS FUND, THE DAKOTA CEMENT TRUST, THE EDUCATION ENHANCEMENT TRUST, AND THE HEALTH CARE TRUST IN STARWOOD FUND XIII. MOTION PASSED UNANIMOUSLY.

9) Investment Update

Darci Haug stated there was nothing to report regarding motion and actions since the prior meeting. She reviewed the estimated fiscal year-to-date return of the SDRS portfolio. She also provided an update on Partnerships.

Danielle Mourer updated the Council on the trust funds and reviewed the upcoming distribution from School and Public Lands. She also updated the Council on High Yield and the Bristow investment.

Jan Zeeck discussed the Core portfolio, reviewing various sector and industry groups. Jarrod Edelen provided an update on Small/Midcap companies and portfolios.

10) Audit Committee Update

Taylor Thompson, Chair of the Audit Committee, provided an update on the status of the most recent AUP. He noted there were no exceptions or findings and thanked Sami Rains and the accounting staff for their hard work.

11) Iran Divestiture Update

Sami Rains reviewed a memo dated January 15, 2026 on the Iran Scrutinized Companies List. Rains explained the list was updated with one addition since the prior list. Staff recommended approving the updated South Dakota Iran Scrutinized Companies List.

TAYLOR THOMPSON MOVED, SECONDED BY TRAVIS ALMOND, TO APPROVE THE CHANGES TO THE IRAN SCRUTINIZED COMPANIES LIST AS PRESENTED. MOTION PASSED UNANIMOUSLY.

Rains reported that the Iran divestiture annual report was provided to the Executive Board of the Legislature, as required by law, on January 9, 2026. The report will be posted on the Legislative Research Council's website and was provided to the Council.

12) 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 9, 2026. 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.

13) Appropriations Hearing Update

Matt Clark discussed the FY 2027 budget presentation that he and Chair Pietila presented to the Appropriations Committee on January 15, 2026. In addition to the FY 2027 budget request, the presentation 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. Clark expressed appreciation for all the support from the legislature.

14) Compensation Committee Update

Kelly Meiners, Chair of the Compensation Committee, reported that the Committee met to discuss the compensation for the State Investment Officer for FY 2027. 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. He 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 2027 increase by salary policy plus 1.50% per the long-term plan. He noted that the intention would be to remove the additional 1.50% if the salary policy is so low that it seems appropriate to remove it per prior practice. Total compensation would continue to be comprised of base salary and any earned investment performance incentive.

Meiners reminded the Council 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.

15) 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 prior to the update to the Council.

16) New/Old Business Agenda Items

No new or old business agenda items were introduced.

17) Future Meeting Dates

The next Investment Council meeting will be held in Sioux Falls on April 16, 2026.

18) Organizational Update

TAYLOR THOMPSON MOVED, SECONDED BY BROCK GREENFIELD, TO GO INTO EXECUTIVE SESSION PURSUANT TO SDCL 1-25-2(1) TO DISCUSS ITEMS RELATING TO PERSONNEL. MOTION PASSED UNANIMOUSLY.

The Council went into executive session at 11:11 a.m. Staff remaining to participate in or facilitate the presentation and discussion included Matt Clark, Jan Zeeck, Darci Haug, Jarrod Edelen, John Richter, and Sarah Rust.

19) Investment Officer Performance Evaluation Update

Executive session continued to provide an update on the Investment Officer's performance evaluation.

Open session reconvened at 11:16 a.m.

20) Personnel Matters Legal Update

MICHAEL ANDERSON MOVED, SECONDED BY KELLY MEINERS, TO GO INTO EXECUTIVE SESSION PURSUANT TO SDCL 1-25-2(3) TO DISCUSS ITEMS RELATING TO LEGAL MATTERS. MOTION PASSED UNANIMOUSLY.

The Council went into executive session at 11:17 a.m. Staff remaining to participate in or facilitate the presentation and discussion included Matt Clark, Jan Zeeck, Darci Haug, Jarrod Edelen, John Richter, and Sarah Rust.

Open session reconvened at 11:43 a.m.

21) Adjournment

Chair Steve Pietila declared the meeting adjourned at 11:43 a.m.