

MINUTES OF BOARD MEETING OF SOUTH DAKOTA FREEDOM SCHOLARSHIP BOARD

First PREMIER Bank Board Room, 500 S Minnesota Avenue, Sioux Falls, South Dakota

The meeting was called to order by Chairman Dana J. Dykhouse at 11:00 a.m. CDT, Monday, January 22, 2024, at the First PREMIER Bank Board Room in Sioux Falls, South Dakota. Members present were Dana J. Dykhouse, Chris Houwman, Miles Beacom, Phyllis Heineman, and Diana VanderWoude (via TEAMS). Others present were Elli Haerter, Stephanie Judson and Brandy Drew (via TEAMS) of the South Dakota Community Foundation; Brett Koenecke and Cash Anderson of May Adam (via TEAMS) and Sara Waldner and Austyn Freeman of Lawrence and Schiller.

Agenda

Heineman moved and Houwman seconded to approve the agenda. Motion carried with a voice vote.

Minutes

Houwman moved and Heineman seconded to approve the minutes from October 23, 2023. The motion carried with a voice vote.

Program discussion

Stephanie Judson gave the Board an update on the endowment funds balances as well as the fund projections. Judson noted that endowment funds ended the year on a good note. As a follow-up question from a previous meeting, Stephanie shared that the split of funds when blended between Freedom Scholarship Fund and PREMIER Fund for 2023 was 34% and 66% respectively. She explained that those percentages change annually as funds grow. Heineman asked whether a policy exists to require a certain level of payout. Board discussed the slow growth of scholarships currently is the right pace for now. Additionally the board discussed the fact that PREMIER Funds kicked off the scholarship in year one prior to earning any interest. Haerter explained that financial reports now include a line item which tracks scholarships repaid by students who no longer met Freedom Scholarship requirements.

Operational expenses are funded by the PREMIER Scholarship Fund. Dykhouse noted our expense ratio is extremely low. Haerter then shared data about the 2023-24 scholarship recipients (1,410) as well as fall 2022 graduates into the workforce (24) and students who are no longer following the requirements (70). Discussion was had about how to best track the retention of these students from one year to the next. Elli noted that this is a significant hurdle ahead; Freedom Scholarship board depends on the university partners to lead on this because certain student data is not retained by Freedom Scholarship. Haerter is working with the SDCF CRM (Akoya) to create ways of tracking these students. Freedom Scholarship's first goal is to retain and ultimately graduate more students. It's second goal is to have those graduates living and working in South Dakota.

NASSGAP

Haerter shared updated information on the possibility of sharing data with this national survey. The board determined it was not important to vote on this matter until such time as the survey could represent the data as a public-private partnership, and not solely state-funded resources. Beacom is interested in potentially calculating Freedom Scholarship's own figures based on the State of South Dakota's dollars shared in this report for some compare and contrast. Haerter stated she would continue to discuss what is possible with the SD Board of Regents.

Freedom Scholarship 2024-25 Year Interest Rate

Beacom moved and Houwman seconded to set the interest rate at 4% should the scholarship revert to a loan for the 2024-25 academic year. Motion passed on a voice vote.

Freedom Scholarship \$50.00 / monthly minimum payment if scholarship reverts to loan

Beacom moved and Heineman seconded the following motion: "Beginning with the 2024-25 academic year, should a Freedom Scholarship revert to a loan, a student will be required to make a \$50.00/month minimum payment, which means the term of the loan changes to meet this requirement. The amortization schedule will be calculated based on 365 day/year simple interest calculation. If a student has more than one scholarship that reverts to debt, the promissory notes will be combined and re-amortized by the scholarship servicer for a minimum monthly payment of \$50.00.

Motion passed on a voice vote.

Executive Session for legal matters and data security.

Beacom moved and Heineman seconded to enter into executive session at 11:57 am to consult with legal counsel (SDCL 1-25-2(3)) and for data security (SDCL 1-25-2(6)). Motion carried on a voice vote. Chairman Dykhouse declared executive session over at 12:16 pm. No votes were taken while in the executive session.

Chairman called for a break for lunch.

Lawrence and Schiller presentation

Lawrence and Schiller's staff presented information at this point in the meeting about 2023 promotion efforts as well as their plan for 2024. The Board was reminded that expenses related to Lawrence and Schiller are paid by the PREMIER Fund. Freeman shared that there were 28,935 new users to the website in 2023 among several other metrics shared. In 2024, efforts will continue to build understanding of the Freedom Scholarship with target audiences as well as lift up a couple of examples of past recipients now living and working in South Dakota.

Public Comment

There was no public comment received at the meeting.

2024 Meetings

The Freedom Scholarship Board has the following 2024 meetings remaining:

Monday, April 22, 2024, 11am-1pm

Monday, July 22, 2024, 11am-1pm

Monday, October 28, 2024, 11am-1pm

Motion by Heineman seconded Houwman to adjourn the meeting. Motion carried with a voice vote. The meeting adjourned at 12:52 pm.

Phyllis Heineman, Secretary/Treasurer