

**MINUTES OF BOARD MEETING OF
SOUTH DAKOTA FREEDOM SCHOLARSHIP BOARD**

Monday, May 23, 2022

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

Meeting was called to order by Chairman Dana J. Dykhouse at 12:00 p.m. CDT, Monday, May 23, 2022, at the First Premier Bank Board Room in Sioux Falls, South Dakota. Members present were Dana J. Dykhouse, Diana VanderWoude, Chris Houwman, Phyllis Heineman. Miles Beacom was absent. Others present were Stephanie Judson and Elli Haerter of the South Dakota Community Foundation, Sara Waldner and Ruby Evans of Lawrence and Schiller and Brett Koenecke and Cash Anderson of May Adam.

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 for the meeting dated February 23, 2022. Motion carried with a voice vote.

Program Discussion

Stephanie Judson of the South Dakota Community Foundation shared that there is a \$145 million balance in Freedom Scholarship endowment funds as of 4/30/2022. The endowment funds currently have a total commitment of \$175 million. Expenses for the Freedom Scholarship are paid from the PREMIER Fund at the SD Community Foundation.

Chairman Dykhouse and Elli Haerter shared a legislative update. On May 19, Haerter attended a Joint Committee on Appropriations (CJA) meeting to discuss the letter of intent sent to the Freedom Scholarship Board. The letter has been approved by the CJA and was shared with the Freedom Scholarship Board. This letter of intent includes reporting requirements by the legislature and sets a deadline of November 1 annually. This report will stand alone from other scholarship reports that are required by the Board of Regents.

Elli Haerter reported that the University Advisory Council met on March 30 and May 2 to discuss the draft student agreement and promissory note. They worked through a lengthy list of questions from the universities and came up with a decision chart to help understand the absolutes of the program from the Board's perspective vs the discretion the universities will have. The board offered feedback on this document. University Advisory Council also discussed the reporting elements that could be used for the scholarship, including what the Legislature requests annually. Board also discussed that there will be very little data in the first years. Board members reiterated their interest in the Freedom Scholarship improving graduation rates for universities. Elli Haerter also shared that she has been speaking directly with Oglala Lakota College and Sinte Gleska University about any questions or concerns they have as the above documents are being developed. Sinte Gleska is unlikely to participate in the Freedom

Scholarship for now as they believe their students should not have to enter into student loans of any kind. Oglala Lakota College shared that many of their students are part time and take more than five years from start to graduation. They may also opt not to participate in the first year. Both will be offered a university agreement just like the others; just because an institution doesn't participate the first year doesn't mean it cannot opt in the next year. Each year's allocation will be disbursed to those participating.

Elli Haerter explained that an agreement between the Freedom Scholarship Board and each participating university would be forthcoming. Draft was discussed by the board and feedback incorporated in the final document.

Brett Koenecke described the research conducted about the lending aspects of the Freedom Scholarship. He recommended the board be the lender to keep the program standardized. Brett also explained that the federal Higher Education Act is clear that any lending entity not covered by that act is deemed a private lender and will need to comply with the related rules and regulations. Disclosures will be added to the student's paperwork process to receive the scholarship.

Sara Waldner and Ruby Evans led the discussion about what the next marketing efforts for fall/winter could look like. Board members shared feedback about appealing to traditional vs. non-traditional students and what level of marketing Freedom Scholarship should lead vs. marketing led by individual institutions. Consensus was to inquire with the universities to gather some additional information between now and the August board meeting.

Houwman motioned and VanderWoude seconded that the interest rate for the Freedom Scholarship for all students in Cohort 1 would be fixed at 4% for ten years, should it need to become a loan and the loan begins to accrue interest six months after college graduation or when a student is no longer eligible. Motion carried with a voice vote.

Heineman motioned and Houwman seconded to authorize Chairman Dykhouse to sign university agreements with each eligible institution and set a deadline for which they must be returned in order to participate in the scholarship program this fall.

Houwman motioned and VanderWoude seconded to approve the South Dakota Community Foundation to issue 60% of the total first-year disbursements to eligible universities on August 1, 2022 if they have completed their university agreement and the remaining 40% on December 1, 2022. Motion carried with a voice vote.

No executive session was utilized for this meeting.

Public Testimony

Chairman Dykhouse called for public testimony; there was none.

Next Meeting Date

The next meeting will be held Thursday, August 4 at 12:00 p.m. CDT, at the First Premier Bank Board Room.

Heineman moved and VanderWoude seconded to adjourn at 2:07 pm. CDT. Motion carried by a voice vote.

Phyllis Heineman, Secretary/Treasurer

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