

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 11:01 a.m. CDT, Monday, October 23, 2023, at the First PREMIER Bank Board Room in Sioux Falls, South Dakota. Members present were Dana J. Dykhouse, Chris Houwman, Miles Beacom, Diana VanderWoude and Phyllis Heineman (via TEAMS). Others present were Stephanie Judson, Elli Haerter, and Brandy Drew (via TEAMS) of the South Dakota Community Foundation; Cash Anderson of May Adam (via TEAMS) and reporter John Hult of South Dakota Searchlight.

Agenda

Beacom moved and Houwman seconded to approve the agenda with an amendment for executive session for personnel.

Minutes

VanderWoude moved and Houwman seconded to approve the minutes from August 3, 2023. The motion carried with a voice vote.

Program discussion

Stephanie Judson gave the Board an update on the endowment funds as well as the fund projections. She also noted that the date on the board reports should be September 30, 2023, not June 30, 2023. Heineman inquired whether the disbursements sent to universities from SDCF were separated by fund or combined, and Stephanie explained they are combined. Haerter shared YTD operational expenses as compared to the 2023 budget and noted that spending was on track for the year. Operational expenses are funded by the PREMIER Scholarship Fund.

Haerter shared that 1,359 scholarships were given so far for the 2023-24 academic year out of 1,483 offers made, which shows an increase in the scholarship acceptance rate from year 1 to year 2. Elli and Brandy Drew attended a six-city, statewide school counselor tour. It was well attended and they plan to do it again next fall. Elli also shared that while the university partners would hear about their 2024-25 allocation amounts after the October board meeting, she was working on the timing to share the information with the media, given the delay in FAFSA and how that aligns with when universities will offer the scholarship. Elli shared on the administrative side, that work will begin in the fourth quarter on a knowledgebase hub for university partners, which was previously dubbed a "communications channel" and there would be ongoing annual expense to maintain the hub. Also, Freedom Scholarship is experiencing some difficulties with its database, specifically reconciling scholarship records, and that she would be working on a new solution for all of this in 2024, which would likely be an expense to plan for.

Report to the Legislature. Beacom moved and Houwman seconded to approve the 2022-2023 report to the State Legislature. Elli will make edits discussed and submit to the Joint Committee on Appropriations on November 1, 2023.

2024-2025 Scholarship Allocations to Universities

The board reviewed the endowment funds' spendable balances as well as the 2023 fall census figures submitted by the ten participating universities. Beacom moved and VanderWoude seconded to set the allocations for the 2024-2025 academic year as follows:

University	2024 Approved by Board
Augustana	\$ 380,000.00
BHSU	\$ 470,000.00
DSU	\$ 470,000.00
NSU	\$ 340,000.00
SDSM&T	\$ 320,000.00
SDSU	\$ 1,800,000.00
USD	\$ 1,200,000.00
USF	\$ 285,000.00
DWU	\$ 80,000.00
Mount Marty	\$ 60,000.00
Total	\$ 5,405,000.00

GPA Policy for Exceptions

Discussion was held about whether and to what extent the Freedom Scholarship Board should manage the potential volume of exceptions to the requirement of a GPA of 2.0. Elli proposed a GPA exception policy limiting the number of exceptions to GPAs between 1.8 and 2.0. The Board believes the universities need to manage the recipients towards graduation in five years or less and it would be an administrative challenge for the Board to be involved at that level. The Board and legal counsel then discussed what it means to "maintain" 2.0 GPA. The board favors having universities monitor the maintenance of 2.0 GPA locally and align their Freedom Scholarship GPA requirements with other academic and financial aid requirements.

Dykhouse moved and VanderWoude seconded to determine the maintenance and monitoring of the 2.0 GPA requirement at the participating university using existing procedures and processes and that the board's only exception would be if the school graduates someone at less than 2.0 GPA. Motion carried on a voice vote.

Executive Session for student matters, legal matters, and personnel matters.

Beacom moved and Heineman seconded to enter into executive session at 12:25 pm for student matters (SDCL 1-25-2(2)) to discuss exceptions and deferrals and consult with legal counsel (SDCL 1-25-2(3)) and personnel matters (SDCL 1-25-2(1)). Motion carried on a voice vote. Chairman Dykhouse declared executive session over at 12:55 pm. No votes were taken while in the executive session.

Student Exceptions and Deferrals

Case numbers will now be used to identify individual student matters. Beacom moved and VanderWoude seconded to act on the following 38 students:

-Approve cases 1023132 and 1023134 for exceptions to the Freedom Scholarship requirements for 2023-2024.

- Decline case 1023133 for an exception of the Freedom Scholarship requirements and revert to debt after the conclusion of their education;
- Remand cases 1023111 through 1023131 back to the universities for further decision based on the new GPA policy by the Board.
- Took no action on case 1023135 exception request.
- Approve cases 1023140, 1023141, 1023142, 1023143, and 1023151 for employment deferment requirement due to attending graduate school;
- Approve case 1023152 for employment deferment for post-graduation corporate training outside of South Dakota.
- Approve case 1023144 for continuing educational deferment and then revert to debt.
- Reverted cases 1023145 through 1023150 to loans and sent to the scholarship servicer to begin repayment of the scholarship.

Motion carried on a voice vote.

Chairman Dykhouse left the meeting at 12:57 pm.

Scholarship Servicing Agreement

The board reviewed the three-year scholarship servicing agreement proposal from First PREMIER Bank. It was noted that the final cost was \$100 per student per year, to be incurred by the Freedom Scholarship entity. A roll call vote was taken. VanderWoude, Houwman and Heineman voted aye. None opposed. Beacom abstained from the vote. Motion carried.

2024 Meetings

The Freedom Scholarship Board has planned the 2024 meetings as follows:

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

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

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

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

Motion by Heineman seconded VanderWoude to adjourn the meeting. Motion carried with a voice vote. The meeting adjourned at 1:01 pm.

Phyllis Heineman, Secretary/Treasurer