

MINUTES

SOUTH DAKOTA INVESTMENT COUNCIL Sioux Falls, South Dakota November 16, 2023

1) Roll Call

The meeting was called to order at 8 a.m. on November 16, 2023 by Chair Loren Koepsell. Council members in attendance were Travis Almond, Brock Greenfield, Josh Haeder, Mary Howard, 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, Sherry Nelson, Sami Rains, Jan Zeeck, John Richter, Darci Haug, Danielle Mourer, Renae Randall, Dan Elmer, Lee Mielke, Jarrod Edelen, Zach Nipp, Anne Cipperley, Lesyk Voznyuk, Ross Sandine, Katie Eliason, Connor Van Der Werff, Cindy Pickering, Brandy Eisma, and Sarah Rust; Clark Thiemann and Steve Secundo from Bridgewater.

(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 (August 7, 2023)
- 3) Public Comment
- 4) CD Program Review
- 5) 529 Higher Education Savings Plan
- 6) SDIC FY 2023 Annual Report
- 7) Iran Divestiture Update
- 8) Investment Team Organization, Training, & Intern Planning
- 9) Code of Ethics & Personal Investing Guidelines- SDIC & Staff
- 10) Investment Update – FY 2024
- 11) Bridgewater Associates Presentation
- 12) Legislation for 2024 Legislative Session
- 13) Compensation Committee Update
- 14) Audit Committee Update
- 15) Succession Planning
- 16) Investment Officer Performance Evaluation
- 17) New/Old Business Agenda Items
- 18) Future Meeting Dates
- 19) Adjournment

2) Minutes

STEVE PIETILA MOVED, SECONDED BY JOSH HAEDER, TO APPROVE THE MINUTES OF THE AUGUST 7, 2023 INVESTMENT COUNCIL MEETING. MOTION PASSED UNANIMOUSLY.

3) Public Comment

There were no public comments.

4) CD Program Review

Sherry Nelson reviewed her memo summarizing the results of the 2023/2024 CD Program, including the CD rate calculation details and total program size. The summary also included a listing of the participating South Dakota financial institutions along with the amounts offered and accepted for each. Historical statistics of the CD program were also provided.

5) 529 Higher Education Savings Plan

Sherry Nelson reviewed the CollegeAccess 529 Plan summary of accounts, the quarterly compliance schedule, and the minutes of the Virtus quarterly conference call.

6) SDIC FY 2023 Annual Report

Sami Rains discussed the SDIC FY 2023 Annual Report and explained it is produced in house by the Investment Accounting team with input from others in the office. She noted there were a few changes made to the report this year. Rains introduced and thanked two members of the Investment Accounting team, who were present at the meeting.

7) Iran Divestiture Update

Sami Rains reviewed a memo dated October 30, 2023 on the Iran Scrutinized Companies List. Staff recommended no change to the current list.

8) Investment Team Organization, Training, & Intern Planning

Jan Zeeck and Renae Randall presented Global Equity Team Management to the Council. They discussed team meetings, communication with the State Investment Officer, and equity training.

Jarrod Edelen, Lee Mielke, Dan Elmer, and Zach Nipp presented Small/Midcap Equity Team Management to the Council, discussing team structure. There were Council questions regarding models, performance, and communication.

Ross Sandine and Danielle Mourer discussed High Yield Team Management including monthly meetings and discussion topics. Lesyk Voznyuk explained the 2-Year Portfolio Manager Training Program. Katie Eliason reviewed the internship recruitment process which includes university connections, presentations, and interviews. Anne Cipperley discussed the internship program and tentative hiring plan.

9) Code of Ethics & Personal Investing Guidelines-SDIC & Staff

The Code of Ethics & Personal Investing Guidelines were reviewed and discussed. The Council made no changes to the Code of Ethics & Personal Investing Guidelines for SDIC Staff. Matt Clark reviewed a proposed change to the Code of Ethics & Personal Investing Guidelines for the Council. The only change was an addition regarding personal investing guidelines which is to clarify that Council members will comply with laws and regulations applicable to material non-public information.

JOSH HAEDER MOVED, SECONDED BY BROCK GREENFIELD, TO APPROVE THE UPDATED CODE OF ETHICS AND PERSONAL INVESTING GUIDELINES FOR THE SOUTH DAKOTA INVESTMENT COUNCIL AS PRESENTED. MOTION PASSED UNANIMOUSLY.

10) Investment Update – FY 2024

Jan Zeeck gave a brief overview of the Core Portfolio, reviewing various sector and industry groups.

Darci Haug provided an update that there have been no recent motions and actions. She provided an update on the estimated recent SDRS fiscal year to date investment returns.

Danielle Mourer provided an estimate on current Equity Like Risk for SDRS and gave a brief update of the Trust funds. She also provided an update on the Bristow investment.

11) Bridgewater Associates Presentation

KELLY MEINERS 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) AND PER SDCL 1-25-2(1) TO DISCUSS ITEMS RELATING TO PERSONNEL. MOTION PASSED UNANIMOUSLY.

The Council went into executive session at 10:07 a.m. Staff remaining to participate in or facilitate the presentation and discussion included Matt Clark, Chris Nelson, John Richter, Jan Zeeck, and Sarah Rust.

Clark Thiemann and Steve Secundo with Bridgewater presented to the Council.

Open session reconvened at 11:13 a.m.

12) Legislation for 2024 Legislative Session

John Richter discussed a statutory bill to update IRS code references for the 529 plan. He stated he would provide a weekly legislative update to the Council during the Legislative Session.

Travis Almond discussed two clean-up bills for SDRS.

13) Compensation Committee Update

Mary Howard, Chair of the Compensation Committee, had nothing new to report.

14) Audit Committee Update

Steve Pietila, Chair of the Audit Committee, reported that the FY 2023 audit was completed. He stated there were no major issues. Pietila thanked the accounting staff for their work regarding the audit.

15) Succession Planning

BROCK GREENFIELD 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) AND PER SDCL 1-25-2(1) TO DISCUSS ITEMS RELATING TO PERSONNEL. MOTION PASSED UNANIMOUSLY.

The Council went into executive session at 11:47 a.m. Staff remaining to participate in or facilitate the presentations and discussion included Matt Clark, John Richter, Jan Zeeck, and Sarah Rust.

16) Investment Officer Performance Evaluation

Executive session continued to discuss items relating to personnel. No staff members participated.

Open session reconvened at 1:10 p.m.

STEVE PIETILA MOVED, SECONDED BY MARY HOWARD, TO APPROVE THE INCENTIVE PLAN CHANGES AS PRESENTED TODAY AND DETAILED IN THE MEMORANDUM DATED NOVEMBER 15, 2023, DETAILING THE FY 2024 INVESTMENT PERFORMANCE INCENTIVE PLAN FOR JAKE WEHDE. MOTION PASSED UNANIMOUSLY.

17) New/Old Business Agenda Items

No new or old business agenda items were introduced.

18) Future Meeting Dates

The next Council meeting will be held by teleconference on February 1, 2024.

19) Adjournment

Chair Koepsell declared the meeting adjourned at 1:15 p.m.

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