

BOARD MEETING

SOUTH DAKOTA RETIREMENT SYSTEM

April 1, 2026

The South Dakota Retirement System Board of Trustees held its regular meeting on April 1, 2026. The meeting began at 9:00 a.m. in the SDRS Board Conference Room.

BOARD MEMBERS IN ATTENDANCE:

Eric Stroeder, Chair
James Appl, Vice Chair (via Teams)
Penny Brunken (via Teams)
Liza Clark (via Teams)
Laurie Gronlund (via Teams)
LaJena Gruis (via Teams)
Victoria Hinek (via Teams)
Myron Johnson (via Teams)
Jill Lenards (via Teams)
Jake Oakland (via Teams)
Shane Roth (via Teams)
Hank Prim
Justice Mark Salter (via Teams)
Darin Seeley (via Teams)
Wes Tschetter (via Teams)
Matt Clark, Ex Officio (via Teams)

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Board member Jim Terwilliger was absent.

OTHERS IN ATTENDANCE:

Jarroed Edelen, SDIO (via Teams)
Darci Haug, SDIO (via Teams)
Danielle Mourer, SDIO (via Teams)
Jan Zeeck, SDIO (via Teams)
Brittnie Adamson
Travis Almond
Doug Fiddler
Alan Freng
Michelle Humann
Samantha Koldenhoven
Nick Rea
John Richter
Jaime Rutschke

Dawn Smith
Jacque Storm

For continuity, these minutes are not necessarily in chronological order.

AGENDA ITEM 1
CHAIR'S PRELIMINARY REMARKS

Summary of Discussion

Chair Eric Stroeder noted that, due to the weather, most board members were participating virtually, and that Agenda Item 8 will be deferred to the June in-person board meeting.

Board Action

No action was necessary.

AGENDA ITEM 2
BOARD CONFLICT DISCLOSURE

Summary of Discussion

Chair Eric Stroeder asked the Board for any conflict disclosures. None were provided.

Board Action

No action was necessary.

AGENDA ITEM 3
APPROVAL OF DECEMBER 10, 2025, MINUTES

Board Action

IT WAS MOVED BY MR. PRIM, SECONDED BY MR. TSCHETTER, TO APPROVE THE MINUTES OF THE SDRS BOARD OF TRUSTEES' DECEMBER 10, 2025, MEETING. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 4
PUBLIC COMMENT

Summary of Discussion

The Chair outlined the policy on public comment and testimony. There was no public comment.

Board Action

No action was necessary.

AGENDA ITEM 5
BOARD MEMBER ELECTION UPDATE

Summary of Presentation

Ms. Jaime Rutschke, SDRS Executive/Board Assistant, informed the Board that one board position, the teacher representative, is up for election this year. Two petitions were received, resulting in a contested race and an election. The Board will certify the election results at the June board meeting.

Board Action

No action was necessary.

AGENDA ITEM 6
INVESTMENT PERFORMANCE UPDATE

Summary of Discussion

Ms. Darci Haug, SDIC Senior Portfolio Manager, stated that the estimated return for SDRS through March 31, 2026, is approximately 6 to 6½ percent.

Board Action

No action was necessary.

AGENDA ITEM 7
PROJECTED FUNDED STATUS AS OF JUNE 30, 2026

Summary of Discussion

Mr. Doug Fiddler, SDRS Senior Actuary, explained that SDRS contribution rates are fixed by statute, and that a recommendation for corrective action is required whenever the system's funded status falls below 100 percent. He noted that the SDRS COLA varies with both inflation and long-term affordability, and as a result, the system's fair value funded ratio (FVFR) is expected to remain at 100 percent under most conditions.

Mr. Fiddler reported that employer contribution rates for Class A members are 39 percent of the national median. Additionally, South Dakota spends the least on pensions, at 1.75 percent. He emphasized that providing adequate benefits and remaining fully funded through all economic conditions, while operating with contributions that are less than half the median, is a very high objective. These competing objectives become even more difficult to meet as retirees live longer, and investment markets provide lower returns.

To meet these objectives, SDRS has implemented several key management strategies, including changes to service purchase cost, the implementation of a variable COLA process, retire-rehire reform, the transition to a five-year FAC for foundation members, pay increase caps, and the addition of the generational design to avoid or lessen subsidies.

Mr. Fiddler cautioned that proposals introducing additional objectives funded by SDRS' limited resources diminish the system's ability to provide adequate benefits given its fixed, modest contributions. Any proposed changes to SDRS must therefore be thoroughly evaluated to determine whether they could place future benefits, COLAs, or system sustainability at risk.

Mr. Fiddler also stated that SDRS resources are not sufficient to provide COLAs that match inflation during periods of very high inflation.

Mr. Fiddler noted that the most significant immediate risk to SDRS is investment risk. The investment returns will first impact the affordable COLA range. Returns below the assumed rate will reduce the restricted maximum COLA, while returns higher than the assumed rate will increase the restricted maximum or enable the full COLA range. However, the variable COLA may not be sufficient to maintain 100 percent FVFR under all conditions, and additional corrective actions may be required.

As of June 30, 2025, based on current asset allocation statistics, the estimated one-year likelihood of required corrective action was 12 percent, and the five-year likelihood was 32 percent.

In summary, Mr. Fiddler advised that the July 2022 SDRS COLA of 3.5 percent remains the only time in which the full COLA range has been affordable under the current COLA process. The FY2025 investment return resulted in a restricted maximum COLA of 1.56 percent for July 2026. If FY 2026 net investment returns are below approximately negative 7.7 percent, a corrective action recommendation will be required; if returns exceed roughly 13.6 percent, the full COLA range will be affordable for the July 2027 COLA.

Board Action

No action was necessary.

AGENDA ITEM 8
REVIEW OF LONG-TERM BENEFIT GOALS

Summary of Presentation

This presentation was deferred to the June 10, 2026, meeting.

Board Action

No action was necessary.

AGENDA ITEM 9
OVERVIEW OF GOVERNANCE MANUAL PROJECT

Summary of Presentation

Ms. Jacque Storm, Director of Special Projects, provided an overview of the Governance Manual Project, a comprehensive resource consolidating the Board’s duties, responsibilities, goals, policies, and procedures. The project aims to strengthen governance by improving clarity, transparency, and accessibility for trustees.

The Governance Manual highlights key features of SDRS benefits and includes the mission statement, vision, long-term goals, and statutory governance structure. It outlines fiduciary, statutory, and legal responsibilities, as well as routine Board approvals and processes related to financial reporting, transparency, and oversight.

The Governance Manual also includes sections covering professional conduct, legislative activities, and oversight duties related to the Supplemental Retirement Program (SRP) and Special Pay Retirement Program (SPP). The Board will review proposed policies in June, with completion of the project anticipated in September.

Board Action

No action was necessary.

AGENDA ITEM 10
2026 LEGISLATIVE REPORT

Summary of Presentation

Mr. John Richter, SDRS General Counsel, discussed the 2026 Legislative Session. Mr. Richter stated that six bills were introduced on behalf of SDRS. The bills passed unanimously and were signed into law by the Governor.

Mr. Richter noted that SDRS was also watching other bills. However, no bills that passed would require action from the Board at this time.

Mr. Travis Almond, SDRS Executive Director, said the budget hearing went well and that the Joint Appropriations Committee approved the SDRS budget request.

Board Action

No action was necessary.

AGENDA ITEM 11
SET EFFECTIVE RATE OF INTEREST FOR FY 2027

Summary of Discussion

Mr. Almond noted that SDCL 3-12C-108 states that SDRS’s annual effective rate of interest shall be no greater than 90 percent of the average 91-day United States Treasury bill rate for the immediately preceding calendar year.

Advising that the 91-day United States Treasury bill rate was 4.07 percent for 2025, Mr. Almond stated that 90 percent of the rate is 3.663 percent. He noted that this interest rate would be credited on July 1, 2027, for the period of July 1, 2026, through June 30, 2027.

Board Action

IT WAS MOVED BY MR. PRIM, SECONDED BY MR. APPL, TO ESTABLISH THE FY 2027 EFFECTIVE RATE OF INTEREST PAYABLE JUNE 30, 2027, AT 3.663 PERCENT. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 12
SET FY 2027 SUPPLEMENTAL PENSION BENEFIT
INTEREST RATE ASSUMPTION

Summary of Discussion

Mr. Almond stated that the Board needed to establish the periodic Supplemental Pension Benefit interest rate assumption. He added that the interest rate assumption could not be greater than the actuarial assumed rate of return for SDRS or less than the SDRS effective rate of interest.

He advised that the interest rate assumption is established based on the recommendations of the system's external actuary and the State Investment Officer, with the input of the Executive Director. The external actuary recommended between 4.25 and 5.25 percent, and the State Investment Officer recommended between 3.25 and 3.75 percent.

Based on all the information and the process established by the Board, Mr. Almond stated that his recommendation was that the Board set the Supplemental Pension Benefit interest rate assumption equal to the effective rate of interest, 4.0 percent, effective July 1, 2026.

Board Action

IT WAS MOVED BY MR. OAKLAND, SECONDED BY MS. GRUIS, TO ESTABLISH THE FY 2027 INTEREST RATE ASSUMPTION FOR THE SUPPLEMENTAL PENSION BENEFIT AT 4.0 PERCENT. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 13
BOARD MEMBER CONFERENCE
ATTENDANCE REQUESTS

Mr. Almond reminded the Board that conferences are available for them to attend. He stated that Mr. Shane Roth has requested to attend the NASRA Annual Conference, August 8-12, in Boston, MA; Ms. Jill Lenards, Mr. Eric Stroeder, and Ms. Laurie Gronlund have requested to attend the NCTR Annual Conference, October 3-6, in Coeur d'Alene, ID.

Board Action

IT WAS MOVED BY MR. PRIM, SECONDED BY MR. JOHNSON, TO APPROVE SHANE ROTH'S ATTENDANCE AT THE NASRA ANNUAL CONFERENCE; JILL LENARDS' ATTENDANCE AT THE NCTR ANNUAL CONFERENCE, ERIC STROEDER'S ATTENDANCE AT THE NCTR ANNUAL CONFERENCE; AND LAURIE GRONLUND'S ATTENDANCE AT THE NCTR ANNUAL CONFERENCE. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

AGENDA ITEM 14
OLD/NEW BUSINESS

Summary of Discussion

SharePoint Board Portal

Mr. Almond stated that the SharePoint Board Portal is a work in progress. Once complete, it will serve as a one-stop shop for board members to access current and past meeting materials and policies. He encouraged the Board to provide feedback to help improve the Portal.

Upcoming Meeting Dates

Mr. Almond mentioned that the upcoming meeting dates are listed at the bottom of the agenda. The 2027 meeting schedule will be provided at the June board meeting.

Board Action

No action was necessary.

AGENDA ITEM 15
REPORTS FROM THE EXECUTIVE DIRECTOR EVALUATION
AND COMPENSATION COMMITTEES

Summary of Discussion

The Board praised Mr. Almond for his performance as the Executive Director of SDRS.

Board Action

IT WAS MOVED BY MR. PRIM, SECONDED BY MR. TSCHETTER, TO GO INTO EXECUTIVE SESSION PURSUANT TO SDCL 1-25-2(1) TO DISCUSS ITEMS RELATING TO PERSONNEL MATTERS. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

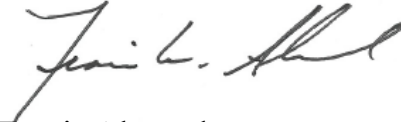
Potential staff who may be invited to remain include: Travis Almond.

THE CHAIR DECLARED THE BOARD OUT OF EXECUTIVE SESSION.

ADJOURNMENT

IT WAS MOVED BY MR. ROTH, SECONDED BY MR. JOHNSON, THAT THERE BEING NO FURTHER BUSINESS, THE MEETING BE ADJOURNED. THE MOTION PASSED UNANIMOUSLY ON A VOICE VOTE.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Travis Almond". The signature is written in a cursive style with a large initial 'T' and a long, sweeping underline.

Travis Almond
Executive Director