SOUTH DAKOTA INVESTMENT COUNCIL

STATE INVESTMENT OFFICER SUCCESSION PLAN

I. Normal Retirement

a) The incumbent State Investment Officer will give the Investment Council (Council) a minimum of six months' notice prior to a planned retirement.

b) The chair of the Council will give written notice to the chair of the LRC Executive Board, the chair of the LRC Executive Board Subcommittee on the Investment Council, and the Governor of the announced retirement and the implementation of the Council's succession plan.

c) Following the announced retirement, the Council will meet as soon as practical to discuss the parameters of a candidate search and to select a national executive search firm. The communications to the search firm should emphasize the Council's historic focus on a long-term investment approach and use of internal management. *(See Appendix A for the State Investment Officer's Position Description, Appendix B for examples of required communications, and Appendix C for potential executive search firm options.)*

d) The search is expected to have a national scope and to include internal candidates. Upon completion of the search process, the consultant will provide a list of all qualified candidates and recommendations of finalists based upon the Council's parameters. The Council will interview finalists in person and may also interview other candidates from the list of qualified candidates. The Council should expect to reimburse travel expenses for external candidates. The interview process may require follow-up discussions.

e) Following completion of the interview process, the Council will select a first and second choice for the position of State Investment Officer. An offer will be formulated with the assistance of the consulting firm to be presented to the Council's first choice, and if necessary, the second choice.

f) The Council Chair will notify the chair of the LRC Executive Board, the chair of the LRC Executive Board Subcommittee on the Investment Council, and the Governor when a permanent State Investment Officer has been appointed.

II. Emergency

a) The Council Chair shall give written notice to the Council, the chair of the LRC Executive Board, the chair of the LRC Executive Board Subcommittee on the Investment Council, and the Governor of the need to implement the Succession Plan. The Chair shall communicate that the Emergency Succession Designees (list maintained by the Business Manager), with increased oversight by the Council Chair, have assumed Investment Officer responsibilities pending appointment of an acting State Investment Officer.

b) The Council Chair shall convene an emergency meeting of the Council at the earliest opportunity to name an acting State Investment Officer.

c) The Council Chair will notify the chair of the LRC Executive Board, the chair of the LRC Executive Board Subcommittee on the Investment Council, and the Governor when an acting Investment Officer has been appointed.

d) The procedures outlined in the Normal Retirement section, I.c to I.f will then be followed for a candidate search and appointment of a permanent State Investment Officer.

Adopted: 8/15/2000
Amended: 12/9/14, 11/16/17, 4/4/24
Most recent review: 4/10/25

APPENDIX A

State Investment Officer
Position Description

~~**Investment Officer Responsibilities**~~

~~♦ Chief executive officer of the Division of Investment.~~
~~♦ Primary responsibility for the investment management of South Dakota Retirement System assets and other state related financial assets within approved policies of the South Dakota Investment Council.~~
~~♦ Primary responsibility for personnel, administration, budget, and long-term planning.~~
~~♦ Primary responsibility for relationships with the legislature, executive branch, and other state entities related to funds managed. *(See Appendix B for additional detail.)*~~
~~♦ Primary responsibility for communications with external organizations and the public.~~

~~**Reporting**~~

~~The State Investment Officer reports to the eight-member South Dakota Investment Council.~~

~~**Education and Experience Requirements**~~

~~Typically requires extensive investment portfolio management experience with knowledge of the major asset classes utilized by the Division of Investment. Experience in administration and personnel management is desirable. A bachelor's degree is required. The Chartered Financial Analyst designation or an advanced degree in a relevant field is preferred.~~

Responsibilities:

- Serve as the chief executive officer of the Division of Investment.
- Supervise all Division of Investment personnel.
- Manage the investment of South Dakota Retirement Fund assets and other state financial assets in accordance with statutory requirements and within approved policies of the South Dakota Investment Council.
- Develop investment approach for all funds managed.
- Communicate with the South Dakota Investment Council, including assisting the Council with organizing meetings and training.
- Oversee human resources, administration, and budgeting.
- Serve as an ex-officio member of the South Dakota Retirement System Board of Trustees.

- Annually present performance results and budget request to the Legislative Research Council Executive Board, the Legislative Appropriations Committee, and the Bureau of Finance and Management.
- As needed, advocate for beneficial statutory changes or share concerns about other potential statutory changes to state-decision makers.
- Develop and maintain relationships with the legislature, the executive branch, constituent groups, external managers, and service providers. (See Appendix B for additional details.)

Reports to:

The South Dakota Investment Council

Education and Experience Requirements:

- A bachelor's degree
- The Chartered Financial Analyst (CFA) designation or an advanced degree in business administration, finance, economics or related field
- Extensive successful investment experience, including broad experience in portfolio management, investment research, the various asset classes employed by the Division of Investment, administration, and personnel management

APPENDIX B

Communications with legislature, executive branch, and other state entities:

- LRC Executive Board: Typically meet with three times a year. Communicate with chairs of LRC Executive Board and Subcommittee and LRC staff as necessary.
- Legislative Appropriations Committee: Appropriations hearing each year with possible follow-up communications.
- Legislative Retirement Laws Committee: Minimum of one meeting a year, often in conjunction with SDRS meeting.
- Legislators: Communications with individual legislators as issues arise.
- Governor & Executive Team: Communications as issues arise.
- South Dakota Retirement Board: Ongoing communication as member of the Retirement Board.
- Executive Director of SDRS: Significant on-going communications due to cross-board memberships and the significant relationship between the investment process and the SDRS benefit design.
- Department of Legislative Audit: Communicate as needed relating to the annual audit, quarterly agreed upon procedures, and other issues.
- Bureau of Finance & Management: Communications as needed relating to the budget process, trust funds, Cash Flow Fund, and other issues.

APPENDIX C

Potential Executive Search Firms

- Korn/Ferry International
  ~~1201 W~~3630 Peachtree ~~St~~Rd ~~NW~~NE
  #~~2500~~1075
  Atlanta, GA ~~30309~~30326
  404-577-7542
  www.kornferry.com

- Russell Reynolds Associates
  155 N Wacker Drive, Suite 4100
  Chicago, IL 60606
  312-993-9696
  www.russellreynolds.com

- Heidrick & Struggles International, Inc.
  233 S Wacker Dr, Willis Tower #4900
  Chicago, IL 60606-6303
  312-496-1200
  www.heidrick.com