



MINUTES EXECUTIVE BOARD

**Three hundred twenty-fifth Meeting
Monday
June 13, 2005**

**LCR 1
State Capitol Building
Pierre, South Dakota**

Monday, June 13, 2005

The three hundred twenty-fifth meeting of the Legislative Research Council Executive Board was called to order by Chair Senator Ed Olson at 9:20 a.m. (CT), June 13, 2005, in LCR 1 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Mike Broderick, William F. Earley, Gil Koetzle, Jim Peterson, and Ed Olson; and Representatives H. Paul Dennert, Pat Haley, Phyllis M. Heineman, Jean M. Hunhoff, Barry Jensen, Matthew Michels, Gordon R. Pederson, and J.E. "Jim" Putnam. Senators Lee Schoenbeck and Bob Gray were unable to attend the meeting.

Staff members present included James Fry, Director, and Rhonda Purkapile, Supervisor of Text Editing.

A list of guests present during all or part of the meeting is on file with the master minutes.

(**NOTE:** For sake of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents are on file with the Master Minutes.)

(**Clarification:** Voice votes that prevail with all members present voting "aye" will carry the disposition language "prevailed unanimously." Voice votes that prevail with a majority of all members present voting "aye" will carry the disposition language "prevailed." Voice votes that prevail without all members present voting "aye" will list those members casting "nay" votes if so requested by the dissenting voter.)

(**NOTE:** The following subcommittees met in conjunction with the Executive Board meeting: Computer Technology, Legislative Audit, and Personnel.)

Approval of Minutes

REPRESENTATIVE PEDERSON MOVED, SECONDED BY SENATOR BRODERICK, THAT THE MINUTES OF THE MAY 16, 2005, MEETING BE APPROVED AS PRINTED AND MAILED. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

Representative Dennert informed the committee that he would be willing to give a report on his trip to Winnipeg, Canada, at the appropriate time during the meeting.

Director's Report and Correspondence

Legislative Research Council (LRC) Director James Fry explained that the Legislature is in good shape with its financial statement (**Document #1**). He noted that a few interim committees have already had their first meetings and that the expenses for those meetings will be deducted from the current budget cycle. Mr. Fry noted that the Governor's mansion is now complete and there are no new items to report from the Space Planning Subcommittee. Mr. Fry reported that the new

Department of Criminal Investigation (DCI) building is proceeding as planned, with the DCI scheduled to move into the new facility sometime in December. The Office of Attorney General will probably not make the move into the new facility until next spring. In order for the Legislature to obtain more office space on the fourth floor of the Capitol Building, the Bureau of Personnel's office needs must be able to fit within the space being vacated in the Capitol Building by the Office of Attorney General, which would most likely require some remodeling of the space. Mr. Fry stated that there is nothing new to report with regard to the redistricting lawsuit. Finally, Mr. Fry reported that there are 43 individuals scheduled to attend the annual meeting in Seattle, Washington. The arrangements are underway for the meeting to be held in Regina, and this group will also probably number in the 40s.

Senator Peterson presented Chair Olson with a brochure he had received on a tour of the Nevada legislative facilities, and commented that South Dakota might want to examine the idea of having a publication like this printed. He felt that it was very informative on the Nevada legislative process and was very nicely done. He noted that this brochure is presented to each person that tours the legislative facilities.

Representative Heineman asked if the Board had ever received the final report from the Health Care Commission which was requested at the last meeting. Mr. Fry replied that he has not received anything to date and that he would check on the status of the report.

Executive Board Policy

MEETING ATTENDANCE REQUIREMENTS - The committee reviewed the proposed memo to be sent to all legislators before they travel to out-of-state legislative meetings. Chair Olson clarified that this is an attempt to get a more accurate list and number of individuals attending these functions so the travel reimbursements can be more efficiently processed. He suggested that the Board see how this proposal works, and if something further needs to be done, the issue can be revisited.

REPRESENTATIVE HALEY MOVED, SECONDED BY SENATOR EARLEY, THAT THE BOARD ADOPT THE PROPOSED POLICY ON MEETING ATTENDANCE REQUIREMENTS AS DRAFTED. THE MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

USE OF LEGISLATIVE FACILITIES – Mr. Fry presented the committee with the proposed changes to the policy regarding use of the Legislative chambers (**Document #2**). He noted that the current policy is certainly adequate—the proposed change would further clarify use for purposes other than a mock legislative session.

Representative Hunhoff expressed her concern that when the chambers are opened up for public speaking contests, it then puts the use of the chambers into a different frame than use for a mock legislature. She questioned if this would be competition for other venues in which these events could be held. Representative Heineman questioned if the board might want to limit the language to "youth groups".

Representative Haley commented that the adoption of this policy does not give blanket approval for use of the chambers. The Executive Board would still have to approve each individual request.

IT WAS MOVED BY REPRESENTATIVE HEINEMAN, SECONDED BY SENATOR BRODERICK, THAT THE BOARD AMEND THE POLICY FOR USE OF LEGISLATIVE CHAMBERS/COMMITTEE ROOMS AS FOLLOWS: AFTER "MODEL LEGISLATIVE SESSION" IN THE FIRST SENTENCE, INSERT THE LANGUAGE "OR FOR YOUTH ORIENTED EDUCATIONAL ACTIVITIES". THE MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

A MOTION WAS MADE BY SENATOR BRODERICK, SECONDED BY REPRESENTATIVE PEDERSON, THAT THE BOARD ADOPT THE POLICY FOR USE OF LEGISLATIVE CHAMBERS/COMMITTEE ROOMS AS AMENDED. THE MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

Subcommittee Reports

COMPUTER TECHNOLOGY SUBCOMMITTEE: Ms. Lou Adamson, LRC Legislative Information System Coordinator, reported that the subcommittee would like to survey each legislator yearly, requesting their input on the Legislative Research Council's technology efforts (**Document #3**). This year, the staff is requesting feedback from legislators on the paperless policy and what improvements could be made. Ms. Adamson also noted that staff does not have a feel for how often legislators are accessing and reading their e-mail. She reported that she would also like to gather information on how many legislators have high-speed internet in their homes.

Ms. Adamson reported the following items currently being worked on to improve efficiencies: 1) electricity in all committee rooms; 2) changes to the LRC website to allow easier access to documents and the journal format of documents; 3) changing e-mail to a more user friendly application; and 4) asking legislators to "opt in" for paper copies in the 2006 Legislative Session. In response to committee questions, Ms. Adamson stated that additional e-mail training is being planned because of the changes being made to legislator e-mail.

Senator Earley commented that more education should be forthcoming for those legislators wishing to go paperless during a legislative committee meeting. Ms. Adamson replied that with the changes currently being made to the LRC website, the paperless process should become much easier.

Chair Olson commented that the changes being made to take the Legislature into the paperless era will ultimately result in altered duties for legislative pages. Ms. Adamson noted that the assignment of pages to specific legislators for the printing of legislative documents seemed to work very well this last legislative session.

Representative Heineman, Computer Technology Subcommittee Chair, stated that the subcommittee is trying to get feedback from the legislators on what is or is not working with regard to computer technology for the Legislature.

Ms. Adamson reported that the staff is looking into updating the voting system in the House chambers because there is a security problem with the current voting system. The current voting system is a DOS system that eventually will not work with Windows. Ms. Adamson stated that staff is working with International Roll Call (IRC) to get information on the costs of upgrading the voting system. Mr. Fry added that the price to upgrade the voting system has increased significantly (from \$50,000 initially to closer to \$100,000) because the consoles at the Clerk's and Speaker's podiums will need to be replaced. Mr. Fry stated that the advantage to working with IRC is that they do have this system up and running in several surrounding states, and they are on a path that follows Windows upgrades. He added that the software in the current voting system was probably written in the 1970's.

A MOTION WAS MADE BY REPRESENTATIVE HEINEMAN, SECONDED BY REPRESENTATIVE DENNERT, THAT THE BOARD AND LRC STAFF WORK WITH INTERNATIONAL ROLL CALL FOR THE UPGRADE OF THE HOUSE VOTING SYSTEM. THE MOTION CARRIED UNANIMOUSLY ON A VOICE VOTE.

INVESTMENT COUNCIL SUBCOMMITTEE: Representative Michels, Subcommittee Chair, reported that overall, the transition in the Investment Office has been pretty seamless. He noted that the Investment Council is developing a long-term plan, looking as far out as thirty years.

South Dakota Investment Council Report

Mr. Roy Burr, Chair of the South Dakota Investment Council, introduced council members Bryce Healy and Rob Wylie. **Mr. Matt Clark**, State Investment Officer, then provided an update on the Investment Council's performance (**Document #4**). He stated that as of May 31, the rate of return was in excess of 11%. He briefed the board on the development of the "team concept" in the Investment Council Office. Teams consist of two members who discuss ideas and agree on game plans for investments. Mr. Clark stated that the discussion process itself leads to a better research output and better implementation process. Mr. Clark noted his intent to request two additional FTE positions in FY 2007 to complete teams on distressed and high yield accounts.

Mr. Clark reported on fiscal year to date returns and payouts on the following trust funds: A) the Education Enhancement Trust fund at 8% with a July 1 payout of \$15,005,262; B) the Health Care Trust fund at 8% with a July 1 payout of \$3,681,850; C) the Dakota Cement Trust fund at 10% with a June 1 payout of \$12 million to the general fund and \$633,125 to education; and D) the School & Public Lands Trust fund at a little less than 8% with common schools distribution in February and the Board of Regents in June, based on income received. Mr. Clark noted that the office is proceeding with gradually increasing the risk profile of School and Public Lands funds to become more like the S.D. Retirement System fund.

Senator Koetzle asked if the Investment Council is in charge of the railroad trust fund monies. Mr. Clark replied that they are not.

Mr. Clark reported that when the Education Enhancement Trust and the Health Care Trust funds were first established, they did not have 16 quarters for averaging of payouts, so the market value was used. They have now been in existence long enough to meet the averaging requirement, so next year's distribution from these two funds will be based on the 16 quarter average market value, resulting in \$2 million less for the Education Enhancement Trust fund payout and \$350,000 less for the Health Care Trust fund payout. He also noted that the Dakota Cement Trust fund 16 quarter averaging will begin with the FY 2006 distribution in June of 2006, which will affect the additional money available for education.

Mr. Clark reported that the Higher Education Savings Plan is now administered by Allianz (formerly PIMCO). This program awards 70 four-year renewable scholarships for \$2,000 per year. The student must continue schooling in South Dakota. The average ACT score for those awarded scholarship this year was 32. This year, 69 four-year renewable scholarships were awarded. The program was not able to award any one-time one-year scholarships this year. The awards this year were funded by the percentage formula and a reallocation from the marketing budget. Next year's scholarship offering will depend upon the amount of assets in the plan and contract negotiations.

Representative Hunhoff asked about the percentage of dropouts from this program. Mr. Clark replied that it is very low, perhaps in the area of five out of 70 students, and most of those are because they do not return to school or transfer to an out-of-state institution.

REPRESENTATIVE HEINEMAN MOVED, SECONDED BY SENATOR BRODERICK, THAT THE EXECUTIVE BOARD GO INTO EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING THE PERSONNEL REPORTS OF THE STATE INVESTMENT OFFICER AND THE DEPARTMENT OF LEGISLATIVE AUDIT, AND TO INTERVIEW APPLICANTS FOR APPOINTMENT TO THE SOUTH DAKOTA INVESTMENT COUNCIL. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

The executive session commenced at 11:20 a.m.

REPRESENTATIVE PEDERSON MOVED, SECONDED BY REPRESENTATIVE PUTNAM, THAT THE EXECUTIVE SESSION CONCLUDE. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

The executive session concluded at 11:50 a.m.

ACTION ON PERSONNEL REPORTS

State Investment Office Personnel Report

REPRESENTATIVE MICHELS MOVED, SECONDED BY SENATOR EARLEY, THAT THE EXECUTIVE BOARD INCREASE THE COMPENSATION OF THE STATE INVESTMENT OFFICER FOR FISCAL YEAR 2005-2006 TO \$270,080. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

Department of Legislative Audit Personnel Report

REPRESENTATIVE PUTNAM MOVED, SECONDED BY REPRESENTATIVE JENSEN, THAT THE EXECUTIVE BOARD ACCEPT THE FISCAL YEAR 2006 SALARY RECOMMENDATIONS FOR THE DEPARTMENT OF LEGISLATIVE AUDIT. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

The Board recessed at 12:00 noon for lunch and reconvened at 1:45 p.m.

REPRESENTATIVE HEINEMAN MOVED, SECONDED BY REPRESENTATIVE JENSEN, THAT THE EXECUTIVE BOARD GO INTO EXECUTIVE SESSION FOR THE PURPOSE OF INTERVIEWING APPLICANTS FOR APPOINTMENT TO THE SOUTH DAKOTA INVESTMENT COUNCIL. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

The executive session commenced at 1:46 p.m.

REPRESENTATIVE DENNERT MOVED, SECONDED BY SENATOR PETERSON, THAT THE EXECUTIVE SESSION CONCLUDE. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

The executive session concluded at 3:20 p.m.

LEGISLATIVE APPOINTMENTS

South Dakota Investment Council Appointment

SENATOR EARLEY MOVED, SECONDED BY SENATOR KOETZLE, THAT PAUL LIVERMORE, SIOUX FALLS, SOUTH DAKOTA, BE APPOINTED TO A FIVE-YEAR TERM ON THE SOUTH DAKOTA INVESTMENT COUNCIL, SAID TERM TO COMMENCE JULY 1, 2005, AND EXPIRE ON JUNE 30, 2010. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

Chair Olson congratulated Mr. Livermore on his appointment to the South Dakota Investment Council.

Uniform Laws Commission

Mr. Fry noted that Representative Sean O'Brien expressed interest in being reappointed to the Uniform Laws Commission.

REPRESENTATIVE MICHELS MOVED, SECONDED BY SENATOR BRODERICK, THAT REPRESENTATIVE SEAN O'BRIEN BE REAPPOINTED TO A THREE-YEAR TERM ON THE UNIFORM LAWS COMMISSION, SAID TERM TO COMMENCE AUGUST 1, 2005, AND EXPIRE ON JULY 31, 2008. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

South Dakota Council for Interstate Adult Offender Supervision

REPRESENTATIVE HUNHOFF MOVED, SECONDED BY SENATOR EARLY, THAT SENATOR J.P. DUNIPHAN BE REAPPOINTED TO THE SOUTH DAKOTA COUNCIL FOR INTERSTATE ADULT OFFENDER SUPERVISION, SAID TERM TO COMMENCE SEPTEMBER 3, 2005, AND EXPIRE ON SEPTEMBER 3, 2006. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

REPRESENTATIVE PUTNAM MOVED, SECONDED BY REPRESENTATIVE JENSEN, THAT SENATOR JOHN KOSKAN BE REAPPOINTED AS AN ALTERNATE TO THE SOUTH DAKOTA COUNCIL FOR INTERSTATE ADULT OFFENDER SUPERVISION, SAID TERM TO COMMENCE SEPTEMBER 3, 2005, AND EXPIRE ON SEPTEMBER 3, 2006. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

Other Business

Chair Olson informed the Board that he had been approached by several legislators with regard to developing a dress code for legislative pages. He stated that some legislators have suggested requiring pages to wear blazers, thereby easily identifying them as a page, and thus requiring all pages to dress the same.

Senator Koetzle expressed interest in the concept, but questioned the logistics of keeping enough blazers on hand and storage of those items. Senator Peterson suggested that perhaps a blazer could be purchased for each page that they would then keep after their term. Representative Hunhoff commented that the whole attire needs to be addressed.

REPRESENTATIVE HUNHOFF MOVED, SECONDED BY REPRESENTATIVE PUTNAM, THAT THE BOARD DIRECT STAFF TO EXPLORE THE COSTS OF REQUIRING A "UNIFORM" FOR LEGISLATIVE PAGES. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

Representative Dennert briefed the Board on his trip to Winnipeg to attend the International Legislative Forum. The Forum is made up of the states of North Dakota, South Dakota, and Minnesota together with the Canadian province of Manitoba.

The focus of the Forum was the issue of healthy living and the concern that steadily increasing lifespans may not continue given the unhealthy conduct and physical state of today's younger generations. Border closings relative to beef cattle is still a bone of contention between the States and the Province. Canadian companies continue to add beef processing capacity so that even when the border closing ceases, far fewer numbers of cattle may be exported to the United States for processing. Representative Dennert completed his comments by noting that the commonality of issues among the members of the Forum is great and the Forum serves a valid purpose.

Demonstration of Standard and Poor's Education Website

Ms. Jackie Lain, Standard and Poor's, briefed the Board via teleconference on the educational data website developed by Standard and Poor. The website is located at www.SchoolMatters.com, and is

the largest searchable collection of educational data in the country. Ms. Lain noted that they have collected the data for the website from public data made available by the various states, and more recent data is being added all the time. She noted that the most recent data available on the website for South Dakota is from the 2001-2002 school year. They have received more recent updates from South Dakota, but the information has not yet been downloaded to the site. She encouraged the Board to check the website later this fall for those updates. Ms. Lain noted that the website includes on-line tutorials making navigation of the website very easy. She stated that the website will be a very valuable tool for comparison purposes of educational progress within a state or among other states.

Next Meeting Date

The Board is scheduled to meet on Monday, August 8.

SENATOR BRODERICK MOVED, SECONDED BY REPRESENTATIVE HEINEMAN, THAT THE EXECUTIVE BOARD ADJOURN. MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

The Executive Board adjourned at 4:03 p.m.



All Legislative Research Council committee minutes and agendas are available at the South Dakota Legislature's home page: <http://legis.state.sd.us>. Subscribe to receive electronic notification of meeting schedules and the availability of agendas and minutes at **My LRC** (<http://legis.state.sd.us/mylrc/index.cfm>).