



SouthDakota

Legislative
Research
Council

MINUTES
Executive Board

Senator Ryan Maher, Chair
Representative Lance Carson, Vice Chair

Third Meeting
2014 Interim
June 2-3, 2014

Room 413
State Capitol Building
Pierre, South Dakota

Monday, June 2, 2014

The third meeting of the Executive Board for the 2014 Interim was called to order by Senator Maher at 10:55 a.m. (CDT) in room 413 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senator Ryan Maher, Chair; Senators Corey Brown, Phyllis Heineman, Deb Soholt, and Craig Tieszen; and Representatives Spencer Hawley, Isaac Latterell, Betty Olson, Kathy Tyler and Steve Westra. Excused were Senator Deb Peters and Representatives Lance Carson, Brian Gosch, and Charles Hoffman.

Staff members present included Fred Schoenfeld, Interim Director; Sue Cichos, Deputy Director; Annie Mehlhaff, Chief Fiscal Officer; Stephanie Gruba, Fiscal Analyst; and Cindy Tryon, Legislative Secretary.

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council office. This meeting was web cast live. The archived web cast is available at the LRC web site at <http://legis.sd.gov>.

Approval of Minutes

SENATOR HEINEMAN MOVED, SECONDED BY REPRESENTATIVE OLSON, THAT THE MINUTES OF THE MAY 8, 2014, MEETING BE APPROVED. The motion prevailed on a voice vote.

Approval of Agenda

SENATOR SOHOLT MOVED, SECONDED BY SENATOR BROWN, TO APPROVE THE AGENDA. The motion prevailed on a voice vote.

Executive Session

A MOTION WAS MADE BY SENATOR BROWN, SECONDED BY REPRESENTATIVE LATTERELL, THAT THE EXECUTIVE BOARD GO INTO EXECUTIVE SESSION. The motion prevailed on a voice vote.

The Executive Board went into Executive Session at 11:10 a.m.

Tuesday, June 3, 2014

A MOTION WAS MADE BY SENATOR LUCAS, SECONDED BY REPRESENTATIVE OLSON, TO COME OUT OF EXECUTIVE SESSION. The motion prevailed on a voice vote.

The Executive Board came out of Executive Session at 12:55 p.m. No action was taken.

Senator Maher explained that the agenda was being revised and the Interviews for Appointment to the Investment Council agenda item was moved to 1:00 p.m. The remainder of the agenda items would follow those interviews.

A MOTION WAS MADE BY SENATOR BROWN, SECONDED BY REPRESENTATIVE WESTRA, THAT THE EXECUTIVE BOARD GO INTO EXECUTIVE SESSION. The motion prevailed on a voice vote.

The Executive Board went into Executive Session at 1:00 p.m.

A MOTION WAS MADE BY REPRESENTATIVE LATTERELL, SECONDED BY SENATOR BROWN, TO COME OUT OF EXECUTIVE SESSION. The motion prevailed on a voice vote.

The Executive Board came out of Executive Session at 1:40 p.m. No action was taken.

Investment Council Appointment and Report

A MOTION WAS MADE BY REPRESENTATIVE LATTERELL, SECONDED BY SENATOR BROWN, TO APPOINT MR. LORIN BRASS TO THE STATE INVESTMENT COUNCIL. The motion prevailed on a roll call vote with 10 voting AYE, 5 EXCUSED. Those voting AYE: Brown, Heineman, Lucas, Sohlt, Tieszen, Hawley, Latterell, Olson, Tyler, Maher. Those EXCUSED: Peters, Gosch, Hoffman, Westra, Carson.

Mr. Hugh Bartels, Chair, State Investment Council and Mr. Matt Clark, State Investment Officer, distributed a document to the Board with the most recent information from the State Investment Council (**Document #1**). Mr. Bartels pointed out that the Investment Office did again surpass the benchmarks and that there is about \$12.8 billion on hand at this time. Mr. Bartels also said that the gains in the retirement system are entirely from earnings.

Mr. Clark presented the Trust Fund information. That information is update monthly and can be found on the LRC website.

Mr. Bartels gave a brief compensation overview for the Investment Council staff. The Executive Board had implemented an incentive program last year and that has been very successful. The Investment Council recommends that the same type of incentive program be approved for the State Investment Officer for FY15.

A MOTION WAS MADE BY SENATOR BROWN, SECONDED BY REPRESENTATIVE HAWLEY, THAT THE EXECUTIVE BOARD CONCUR WITH THE RECOMMENDATION OF THE INVESTMENT COUNCIL TO AN INCREASE OF 4.8% FOR THE FY 2015 BASE SALARY FOR THE STATE INVESTMENT OFFICER AND CONTINUATION OF THE INVESTMENT PERFORMANCE INCENTIVE PLAN INCORPORATING THE NEW INCENTIVE PAY STRUCTURE, WITH ANY EARNED INCENTIVES TO BE PAID FOLLOWING COMPLETION OF THE AUDIT. The motion prevailed on a

roll call vote with 10 voting AYE, 5 EXCUSED. Those voting AYE: Brown, Heineman, Lucas, Soholt, Tieszen, Hawley, Latterell, Olson, Tyler, Maher. Those EXCUSED: Peters, Gosch, Hoffman, Westra, Carson.

Personnel Subcommittee Report

Senator Corey Brown, Chair of the Personnel Subcommittee, reported on the Personnel Subcommittee meeting that was held on Monday.

Senator Brown gave a brief overview of the Auditor General's report that was heard at the subcommittee meeting. The Board members thanked Auditor General Marty Guindon for his dedication and service to the state and for the tremendous work done by him and his staff.

A MOTION WAS MADE BY SENATOR BROWN, SECONDED BY SENATOR SOHOLT, THAT THE EXECUTIVE BOARD APPROVE AN INCREASE OF \$10,000 TO THE FY15 BASE SALARY FOR THE AUDITOR GENERAL. The motion prevailed on a roll call vote with 10 voting AYE, 5 EXCUSED. Those voting AYE: Brown, Heineman, Lucas, Soholt, Tieszen, Hawley, Latterell, Olson, Tyler, Maher. Those EXCUSED: Peters, Gosch, Hoffman, Westra, Carson.

Senator Brown reported that Representative Gosch's term on the Uniform Laws Commission is expiring.

A MOTION WAS MADE BY SENATOR BROWN, SECONDED BY REPRESENTATIVE HAWLEY, THAT THE EXECUTIVE BOARD REAPPOINT REPRESENTATIVE GOSCH TO SERVE ON THE UNIFORM LAWS COMMISSION FOR THE TERM OF THREE YEARS. The motion prevailed on a roll call vote with 10 voting AYE, 5 EXCUSED. Those voting AYE: Brown, Heineman, Lucas, Soholt, Tieszen, Hawley, Latterell, Olson, Tyler, Maher. Those EXCUSED: Peters, Gosch, Hoffman, Westra, Carson.

Senator Brown said that HB 1213 established the Tribal Economic Development Task Force and that the Executive Board is responsible for appointing five of the members and naming the Task Force Chair and Vice Chair.

SENATOR BROWN MOVED, SECONDED BY REPRESENTATIVE LATTERELL, THAT THE EXECUTIVE BOARD APPOINT REPRESENTATIVES DON HAGGAR, MAY, AND TYLER AND SENATORS RAMPENBERG AND TIESZEN TO THE TRIBAL ECONOMIC DEVELOPMENT TASK FORCE AND THAT REPRESENTATIVE DON HAGGAR SERVE AS THE CHAIR. AFTER ITS FIRST MEETING THE TASK FORCE SHALL REPORT TO THE EXECUTIVE BOARD A RECOMMENDATION FOR A VICE CHAIR. The motion prevailed on a roll call vote with 10 voting AYE, 5 EXCUSED. Those voting AYE: Brown, Heineman, Lucas, Soholt, Tieszen, Hawley, Latterell, Olson, Tyler, Maher. Those EXCUSED: Peters, Gosch, Hoffman, Westra, Carson.

Senator Brown explained that it is the intent of the Executive Board for the Legislative Research Council to apply the same salary policy for staff as does the Executive Branch.

SENATOR BROWN MOVED, SECONDED BY REPRESENTATIVE HAWLEY, THAT THE FY15 SALARY POLICY OF THE LRC SHALL BE THE SAME AS THAT OF THE EXECUTIVE BRANCH. The motion prevailed on a roll call vote with 10 voting AYE, 5 EXCUSED. Those voting AYE: Brown, Heineman, Lucas, Soholt, Tieszen, Hawley, Latterell, Olson, Tyler, Maher. Those EXCUSED: Peters, Gosch, Hoffman, Westra, Carson.

Senator Brown said that while preparing for the interviews for the LRC Director vacancy, some additional expenses had been incurred for the Director Selection. Senator Brown cited the authority for the following motion is pursuant to SDCL 2-9-7 and 2-9-8.

SENATOR BROWN MOVED, SECONDED BY SENATOR SOHOLT, THAT ANY EXPENSES INCURRED WHILE CONDUCTING THE DIRECTOR SEARCH BE REIMBURSED. The motion prevailed on a roll call vote with 10 voting AYE, 5 EXCUSED. Those voting AYE: Brown, Heineman, Lucas, Soholt, Tieszen, Hawley, Latterell, Olson, Tyler, Maher. Those EXCUSED: Peters, Gosch, Hoffman, Westra, Carson.

Computer Technology Subcommittee Report

Senator Larry Lucas, Chair of the Technology Subcommittee, reported on the Technology Subcommittee meeting that was held on Monday. Senator Lucas said that due to information from the LRC legal staff and the State Auditor, the subcommittee agreed that it would not pursue the stipend for the use of personal computer devices for state use at this time.

Adjourn

REPRESENTATIVE OLSON MOVED, SECONDED BY REPRESENTATIVE LATTERELL, THAT THE EXECUTIVE BOARD BE ADJOURNED. The motion prevailed unanimously on a voice vote.

The Board adjourned at 2:35 p.m.

All committee agendas and minutes are available on the LRC website: <http://legis.sd.gov/>. You may subscribe to electronic delivery of agendas and minutes at E-Subscribe on the LRC website.