

AN ACT

ENTITLED, An Act to revise certain provisions regarding exclusive benefit requirements and the range of investments available to the South Dakota Retirement System member trust fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 3-12-54 be amended to read as follows:

3-12-54. The system shall be under the Board of Trustees. The Board of Trustees shall be held to the standard of conduct of a fiduciary and shall carry out its functions solely in the interest of the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties as required by law. The system may not engage in any activity that is not solely designed to provide for the exclusive benefit of the members and benefit recipients of the system. The attorney general is the legal adviser to the board.

Section 2. That § 3-12-47 be amended by adding thereto a NEW SUBDIVISION to read as follows:

"Social investment," investment, divestment, or prohibition of investment of the assets of the system for purposes other than maximum risk-adjusted investment return, which other purposes include ideological purposes, environmental purposes, political purposes, religious purposes, or purposes of local or regional economic development;

Section 3. That § 3-12-117 be amended to read as follows:

3-12-117. The State Investment Council as provided in § 4-5-12 is responsible for the investment of the assets of the system. The Investment Council may pool the several retirement funds for investment purposes and the investment of such funds is not restricted by the provisions of § 4-5-26, but is governed by the provisions of § 4-5-27. However, the assets of the system may not be used as venture capital, nor may the assets of the system be managed in any manner for the purposes of social investment. The State Investment Council shall invest member trust funds in a manner that

is solely designed to provide for the exclusive benefit of the members and benefit recipients of the system. However, the foregoing provisions notwithstanding, the State Investment Council shall establish a shareholder activism policy to engage and promote compliance with federal divestiture enactments by the United States Congress and to recognize the risks associated with companies doing business in the countries identified. Once the United States Congress has acted, the State Investment Council may initiate the shareholder activism policy on its own accord, or shall do so at the direction of the Legislature by resolution. The State Investment Council shall report semi-annually and fifteen months after the effective date of this Act on council actions related to the shareholder activism policy. The report shall include an analysis of the success of the policy in accomplishing the goal of promoting compliance with the federal enactments and its impact on all sales of affected companies.

An Act to revise certain provisions regarding exclusive benefit requirements and the range of investments available to the South Dakota Retirement System member trust fund.

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I certify that the attached Act originated in the

SENATE as Bill No. 21

\_\_\_\_\_  
Secretary of the Senate

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\_\_\_\_\_  
President of the Senate

Attest:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Speaker of the House

Attest:

\_\_\_\_\_  
Chief Clerk

Senate Bill No. 21  
File No. \_\_\_\_\_  
Chapter No. \_\_\_\_\_

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Received at this Executive Office this \_\_\_\_\_ day of \_\_\_\_\_ ,

20\_\_\_\_ at \_\_\_\_\_ M.

By \_\_\_\_\_  
for the Governor

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The attached Act is hereby approved this \_\_\_\_\_ day of \_\_\_\_\_ , A.D., 20\_\_\_\_

\_\_\_\_\_  
Governor

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STATE OF SOUTH DAKOTA,  
ss.

Office of the Secretary of State

Filed \_\_\_\_\_ , 20\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_ M.

\_\_\_\_\_  
Secretary of State

By \_\_\_\_\_  
Asst. Secretary of State