

**South Carolina Retirement System Investment Commission
Meeting Minutes**

June 1, 2023 9:30 a.m.

Capitol Center

1201 Main Street, 15th Floor

Columbia, South Carolina 29201

**Meeting Location: 1201 Main Street, 15th Floor, Ste. 1510 & Streaming Online at
www.rsic.sc.gov**

Commissioners Present:

Mr. William Hancock, Chair

Ms. Melissa Schumpert, Vice Chair

Ms. Peggy Bokyin, PEBA Executive Director

Mr. William J. Condon, Jr.

Mr. Kenneth F. Deon

Mr. Edward Giobbe

Dr. Holley H. Ulbrich

Mr. Reynolds Williams (Via Telephone)

I. Call to Order and Consent Agenda

Chair William H. Hancock called the meeting of the South Carolina Retirement System Investment Commission (“Commission”) to order at 9:32 a.m. Mr. Reynolds Williams made a motion to adopt the agenda as presented. Dr. Holley Ulbrich seconded the motion, which was unanimously approved.

Mr. William J. Condon, Jr., made a motion to approve the minutes of the Commission’s April 20, 2023, meeting. Mr. Williams seconded the motion, which was approved unanimously. A link to the entire meeting is below:

<https://www.youtube.com/watch?v=vaGHb-pBDC8&t=1071s>

II. CEO’s Report

Chair Hancock recognized Mr. Michael Hitchcock, Chief Executive Officer (“CEO”), for his report. Mr. Hitchcock began by updating the Commission on House Bill H.3690 (“Bill 3690”), which is currently pending in the South Carolina General Assembly. He explained that Bill 3690 relates to RSIC’s consideration of environmental, social, and governance factors in its investment decisions. Mr. Hitchcock stated that the South Carolina Senate is considering Bill 3690 but noted that it is unlikely a vote will take place until the next legislative session.

Mr. Hitchcock then turned to a discussion of the South Carolina State Budget (“State Budget”). He explained that the South Carolina House and Senate are still negotiating the State Budget and that both parties have passed continuing resolutions. Mr. Hitchcock asked for questions regarding State Budget negotiations. Mr. Condon asked a question regarding the results of a review of RSIC by the South Carolina Senate’s Legislative Oversight Committee (“Oversight Committee”). Mr. Hitchcock

noted two recommendations from the Oversight Committee and explained how RSIC's operations will be impacted.

After additional discussion with the Commissioners, Mr. Hitchcock concluded his report. A link to the CEO's Report is below:

<https://www.youtube.com/watch?v=vaGHb-pBDC8&t=88s>

III. CIO's Report

Next, Chair Hancock recognized Mr. Geoffrey Berg, Chief Investment Officer ("CIO"), for the quarterly and fiscal year investment performance review. Mr. Berg reported that, during the quarter ended March 31, 2023, the Portfolio underperformed by 7 basis points at the total Plan level, but outperformed the policy benchmark for all other time periods (fiscal year to date, 1 year, 3 years, 5 years, 10 years, and since inception). Mr. Berg, Mr. Hitchcock and the Commissioners discussed the status of the Plan's unfunded liability and the favorable trends with regard to net benefit payments. Mr. Berg noted that the Plan's three-year returns are in the top decile following the Commission's adoption of a more simplified asset allocation. Next, Mr. Berg overviewed the portfolio performance framework and individual asset class performance. He noted that, fiscal year to date, the bonds portfolio had experienced challenges, while the portable alpha hedge funds portfolio had slightly detracted from performance. He then walked the Commission through a detailed attribution analysis of performance for the fiscal year-to-date.

Following additional conversation with the Commissioners, Mr. Berg turned to a discussion regarding compliance with the Consolidated Annual Investment Plan and Statement of Investment Objectives and Policies ("AIP/SIOP"). He reported that the private equity portfolio continued to exceed the upper end of the authorized range, as did the private market notification threshold. He stated that Staff was continuing to address both matters, but reminded the Commission that the process of doing so will take time. After answering additional questions from the Commissioners, Mr. Berg concluded his report. A link to the CIO's Report is below:

<https://www.youtube.com/watch?v=vaGHb-pBDC8&t=682s>

IV. Verus

Chair Hancock then introduced Mr. Mark Brubaker from Verus Advisory, Inc., to provide an educational presentation regarding fiduciary responsibilities as part of the Commission's ongoing training. Mr. Brubaker began by overviewing the proper methods by which fiduciaries invest on behalf of their beneficiaries. He then outlined a number of difficulties other pension plans have faced with their governance structures. Mr. Brubaker underscored that good governance can be achieved by a clearly articulated investment methodology that is rigorously adhered to, which in turn provides a better chance of achieving long-term objectives. He then noted a number of fiduciary best practices, including ongoing training, understanding applicable laws, diversifying the investment portfolio, monitoring expenses, avoiding conflicts, using prudent experts as well as documenting due diligence. Chair Hancock and Mr.

Brubaker then engaged in a discussion regarding appropriate levels of oversight at varying levels of a pension fund.

Mr. Brubaker concluded his presentation by overviewing RSIC's governance structure as well as the relevant standards of care. A link to the presentation given by Verus is below:

<https://www.youtube.com/watch?v=vaGHb-pBDC8&t=2646s>

V. Delegated Investment Report

Chair Hancock then recognized Mr. Berg for the delegated investment report. The following delegated investments were closed by Staff following the April 20, 2023, Commission meeting.

Delegated Investments (April 20, 2023 to May 31, 2023)			
Asset Classes	Investment	Investment Amount	RSIC Commitment Date
Private Equity	Industry Ventures Secondary X, LP	Up to \$75 M	May 15, 2023
Private Equity	Falfurrias Growth Partners I, LP	Up to \$30 M	May 19, 2023

VI. Executive Session

Ms. Melissa Schumpert made a motion to recede into executive session to discuss investment matters and specific private equity investments pursuant to S.C. Code Sections 9-16-80 and 9-16-320; to discuss personnel matters and to receive advice from legal counsel pursuant to S.C. Code Section 30-4-70(a)(1)-(2). Mr. Kenneth Deon seconded the motion, which was approved unanimously. The Commission receded into Executive Session at 11:01 a.m.

VII. Potential Actions Resulting from Executive Session

Upon return to open session, the Commission voted unanimously to adopt the recommendation of the Human Resources and Compensation Committee to approve the proposed amendments to the Compensation Policy as discussed in executive session and authorize Staff to make any technical revisions or formatting edits to the Compensation Policy consistent with the foregoing action taken by the Commission.

VIII. Adjourn

There being no further business, Mr. Edward Giobbe made a motion to adjourn. Ms. Schumpert seconded the motion, which was approved unanimously. The Commission adjourned at 3:00 p.m.

[Staff Note: In compliance with S.C. Code Section 30-4-80, public notice of and the agenda for this meeting were delivered to the press and to parties who requested notice and were posted at the entrance, in the lobbies, and near the 15th Floor Presentation Center at 1201 Main Street, Columbia, S.C. by 8:43 a.m., on May 30, 2023.]