

Meeting Minutes | Retirement Policy Committee

Wednesday, July 19, 2017 | 9:30 a.m.

200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes approved September 21, 2017

Board Members Present: Chairman Steve Heisler, Mr. Audie Penn, and Mr. Ed Walton

Board Members Present Via Telephone: Mr. David Tigges

Board Members Absent: Sheriff Leon Lott

Others Present for All or a Portion of the Meeting: Peggy Boykin, Gwen Bynoe, Sarah Corbett, James Manning, Heather Muller, Tammy Nichols, Travis Turner, Stephen Van Camp, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Geoffrey Berg and Mike Hitchcock from the South Carolina Retirement System Investment Commission (RSIC); Erin Brown from the South Carolina Office of the State Treasurer; Wayne Pruitt from the State Retirees Association of South Carolina; and Rocky Joyner and Chad Brown from Segal Consulting.

I. Call to Order

Chairman Steve Heisler called the PEBA Retirement Policy Committee (Committee) meeting to order at 9:35 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Approval of Meeting Minutes- March 23, 2017

It was noted that the March 23, 2017, meeting minutes were adopted unanimously as presented.

In response to a question from Chairman Heisler regarding the carryover of the Investment Policy Statement reviews for the State Optional Retirement Plan and the South Carolina Deferred Compensation Program, Mr. Travis Turner, Chief Financial Officer, confirmed Segal Marco Advisors will be introduced as the new Investment Advisors at the August meeting, and the Investment Policy Statement reviews will be presented at a later date.

III. Actuarial Audit Presentation

Mr. Turner introduced Mr. Rocky Joyner, Vice President and Actuary, and Mr. Chad Brown from Segal Consulting to present the Actuarial Audit to the Committee. The purpose of this actuarial audit is to determine if the results and conclusions determined by the valuation actuary (Gabriel, Roeder, Smith & Company), are valid and appropriate.

Mr. Joyner stated that Segal Consulting validated the findings of the July 1, 2016, actuarial valuations. Segal Consulting found that the data appears complete, and the assumptions, methods, and communications comply with Actuarial Standards of Practice. Mr. Joyner added that while some data and programming issues were found that should be corrected, the impact on the System as a whole is not expected to be significant. Mr. Joyner provided some suggestions for improving the clarity of usefulness of the report.

In conclusion, Mr. Joyner also reported that Segal Consulting believes that the experience study covering the period ending June 30, 2015, provides a reasonable basis for setting the actuarial assumptions.

IV. RSIC Report on Performance

Mr. Geoffrey Berg, Chief Investment Officer, and Mr. Mike Hitchcock, Chief Executive Officer, from the South Carolina Retirement System Investment Commission (RSIC), updated the Committee on investment returns as of May 31, 2017. Mr. Hitchcock stated that RSIC challenged their investment beliefs, conducted various portfolio allocation analyses, and refocused on asset allocation. Mr. Hitchcock advised that the most significant transition of the new asset allocation took effect on July 1, 2016. Mr. Berg added that RSIC obtained a new investment consultant that will focus solely on asset allocation.

Mr. Berg reviewed fiscal year-to-date performance ending May 31, 2017, relative to policy benchmarks, and stated that the Plan outperformed the policy benchmark of 11.32 percent, and total plan returns were 11.63 percent fiscal year-to-date.

V. Old Business/Director's Report

Ms. Peggy Boykin, Executive Director, stated that she would provide the Director's Report at the full Board meeting.

VI. Adjournment

There being no further business, and upon motion by Mr. Ed Walton, which was seconded by Chairman Heisler, and approved unanimously, the Committee meeting adjourned at 10:39 a.m.