

## **Meeting Minutes | Retirement Policy Committee**

Wednesday, July 24, 2019 | 1:00 p.m.  
202 Arbor Lake Dr., Columbia, SC 29223 | First Floor Conference Room

### **Minutes approved December 4, 2019**

**Board Members Present:** Chairman Steve Heisler, Ms. Paige Lewis, John Sowards, and Mr. Ed Walton

**Board Members Present Via Telephone:** Sheriff Leon Lott

**Others Present for All or a Portion of the Meeting:** Peggy Boykin, Ashley Brindle, Gwen Bynoe, Amber Carter, Sarah Corbett, Joe Greene, Jessica Moak, Heather Muller, Tammy Nichols, Sheila Pinckney, Travis Turner, Stephen Van Camp, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Geoffrey Berg, Kara Brurok, and Mike Hitchcock from the South Carolina Retirement System Investment Commission (RSIC); Wayne Bell, Sam Griswold, and Wayne Pruitt from the State Retirees Association of South Carolina; Jennifer Bailey (via telephone), Nancy Ornduff, and Darryn Zuehlke (via telephone) from Empower Retirement; Mike Wright and Joe Ferguson from Segal Marco Advisors; Bruce Sheinhaus from TIAA; Denise Fortune from Voya Financial; Jamie Robinson with AIG; and David Johnson with MetLife.

#### **I. Call to Order**

Chairman Steve Heisler called the PEBA Retirement Policy Committee (Committee) meeting to order at 1:00 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act. Chairman Heisler advised that there are several Board members attending the Retirement Policy Committee meeting that are not Committee members. He reminded the additional Board members that they are not permitted to participate in discussions during the Committee meeting, and must reserve comments or questions until after the meeting adjourns.

#### **II. Approval of Meeting Minutes-March 6, 2019**

It was noted that the March 6, 2019, meeting minutes were adopted as presented.

#### **III. 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), discussed estimates on year end performance, and advised that returns should be approximately six percent for the fiscal year ending June 30, 2019. Mr. Hitchcock was pleased to report that the three and ten year totals will be above the assumed rates of return. RSIC will update the Board on final fiscal year end performance when available.

#### **IV. JSRS Contribution Rate Approval**

Ms. Peggy Boykin, Executive Director, stated that the fiscal year 2020 General Appropriations Act provided increases in the salaries for the members of the Judges and Solicitors Retirement System (JSRS), as well as increased employer contributions to JSRS to amortize the cost of the additional liabilities accrued in JSRS as a result of salary increases. Based upon a fiscal impact of the salary increases prepared by Gabriel, Roder, Smith & Company (GRS), the General Assembly appropriated funds in the budget to increase the JSRS employer contribution rate to 62.94 percent effective July 1, 2019.

Ms. Paige Lewis made a motion, which was seconded by Sheriff Leon Lott, and passed unanimously, to recommend to the PEBA Board that it increase the JSRS employer contribution rate to 62.94 percent for the 2020 fiscal year to conform to the funding appropriated for such contributions in the 2019-2020 state budget.

#### **V. JSRS Contribution Rate Funding Approval**

Ms. Boykin stated that in Act 13 of 2017, the General Assembly established a schedule of increased employer contributions and a schedule of the maximum funding period for the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS), designed to pay off those systems' existing liabilities with maximum amortization periods. In the General Appropriations Act for the 2020 fiscal year, the General Assembly appropriated funds sufficient to support contribution rates for JSRS that would be expected to amortize the unfunded liabilities of JSRS on the same schedule established for SCRS and PORS.

Ms. Lewis made a motion, which was seconded by Mr. Ed Walton, and passed unanimously, to recommend to the PEBA Board that it adopt the JSRS Contribution Rate Policy.

#### **VI. Defined Contribution Quarterly Reports**

Mr. Mike Wright and Mr. Joe Ferguson from Segal Marco Advisors presented the South Carolina Defined Contribution Plans report for the quarter ending March 31, 2019. Mr. Wright provided a market overview, and stated that inflation remained low and interest rates continued to decline during the quarter. Mr. Wright also stated that U.S. and international equities, along with U.S. and international fixed income, increased during the first quarter of 2019.

Mr. Ferguson reviewed the South Carolina Deferred Compensation Program (Deferred Comp) asset allocation and fund line-up performance for the quarter, and advised that there are no investment options in Deferred Comp that require further review at this time.

Mr. Ferguson turned the discussion to the State Optional Retirement Program (State ORP), investment performance for the first quarter of 2019, and reported that INVESCO acquired Oppenheimer Funds from MassMutual in May 2019. Segal Marco does not believe that this transaction will have an adverse impact on MassMutual.

Mr. Ferguson stated that in June 2019, INVESCO announced that the lead portfolio manager for the Small Cap Discovery strategy was no longer with the firm, and Segal Marco has put this strategy on informal review and will continue to monitor the fund for changes.

Mr. Ferguson advised that the Oppenheimer International Growth fund fell below its index and peer group median for both the three and five year periods, and Segal Marco will continue to monitor this fund on an informal basis.

Mr. Ferguson reported that the Ivy Science and Technology fund within the Mass Mutual lineup fell below its index and peer group median for both the three and five-year periods, and Segal Marco will continue to monitor this fund on an informal basis.

Mr. Ferguson noted that the TIAA CREF Inflation Linked Bond fund fell below its index for both the three and five year periods, yet placed in the top half of the peer group universe for the five-year period. Segal Marco will continue to monitor this fund on an informal basis as well.

Mr. Ferguson advised that in March 2019, VALIC rebranded as AIG Retirement Services (AIG), but there are no changes in ownership, personnel, structure, or service.

Mr. Ferguson concluded his summary of the State ORP program by stating that Vanguard Healthcare in the AIG lineup returned less than its benchmark and placed in the bottom half of the peer group universe for both the three and five-year periods, and Segal Margo will continue to monitor this fund on an informal basis.

#### **VII. Deferred Compensation Program Plan Summary**

Ms. Nancy Ornduff, from Empower Retirement, presented the first quarter Deferred Comp plan activity summary to the Committee. Ms. Ornduff also reviewed a Plan statistics summary, historical trends analysis, a review of completed communications projects, first quarter website statistics, and educational campaigns.

#### **VIII. Old Business/Director's Report**

Ms. Boykin stated that she will present the Director's Report at the full Board meeting.

#### **IX. Adjournment**

There being no further business, and upon motion by Ms. Lewis, which was seconded by Mr. Walton, and approved unanimously, the Committee meeting adjourned at 2:12 p.m.