

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

**April 21, 2022  
Capitol Center  
1201 Main Street, 15<sup>th</sup> Floor  
Columbia, South Carolina 29201  
Meeting Location: 1201 Main Street, Ste. 1501 and  
Video Presentation**

**Commissioners Present:**

Mr. William Hancock, Chair  
Dr. Ronald Wilder, Vice Chair  
Ms. Peggy Boykin, PEBA Executive Director (Absent)  
Mr. William J. Condon, Jr.  
Mr. Edward Giobbe  
Dr. Rebecca Gunnlaugsson  
Ms. Melissa Schumpert  
Mr. Reynolds Williams (Absent)

**I. Call to Order**

Chair Mr. William H. Hancock called the meeting of the South Carolina Retirement System Investment Commission (“Commission”) to order at 9:31 a.m. Dr. Ronald Wilder moved to approve the proposed agenda as presented. Ms. Melissa Schumpert seconded the motion, which was approved unanimously.

Mr. Edward Giobbe made a motion to approve the minutes from the March 3, 2022 Commission meeting as presented. Dr. Wilder seconded the motion, which was approved unanimously.

**II. Chair’s Report**

The Chair noted that the Commission would need to select a new retiree representative soon, as well as selecting a new chair and vice-chair for new two-year terms. The Chair asked Mr. Michael Hitchcock, Chief Executive Officer (“CEO”) to review the process for nominating a retiree representative as well as the nomination process for chair and vice-chair of the Commission. Mr. Hitchcock noted that Dr. Wilder’s term on the Commission would expire on June 30, 2022, under state law. He explained the process previously used by the Commission to solicit nominations of retiree representatives and reminded the Commission that state law required the Commission to vote unanimously to select a retiree representative. Mr. Hitchcock and the Commission then discussed that any candidates that were put forth would be interviewed during the June 2022 meeting. Mr. Hitchcock informed the Commission

that if no qualified candidate was selected at the June 2022 meeting, Dr. Wilder may continue to hold over and serve until a qualified candidate is appointed.

Mr. Hitchcock then reminded the Commission that under the Governance Policy, the Commission would need to select a new chair and vice-chair for the term commencing on July 1, 2022, as Mr. Hancock and Dr. Wilder's terms would expire on June 30. He pointed out that almost the entire Commission was currently in a hold over position, or their terms were expiring soon. He then explained the Commission could decide to hold off on selecting a new chair and vice-chair to provide the appointing authorities time to re-appoint or appoint new Commissioners, as applicable. The Chair suggested that both issues be re-visited at the June Commission meeting. The Chair then concluded his report.

### **III. Committee's Report**

The Chair recognized Dr. Rebecca Gunnlaugsson to provide a report on the activities of the Audit and Enterprise Risk Management Committee ("AERM"). Dr. Gunnlaugsson noted that the AERM Committee Report had been made available to the Commissioners for review prior to the meeting. Hearing no questions, she concluded her report.

### **IV. CEO's Report**

The Chair recognized Mr. Hitchcock for his report. Mr. Hitchcock began his report by reminding the Commissioners that state law required that the Commission review or amend the Statement of Investment Objectives and Policies annually, and that the Commission must adopt an Annual Investment Plan by May 1<sup>st</sup> of each year. He noted that he had presented suggested edits to the Consolidated Annual Investment Plan and Statement of Investment Objectives and Policies ("AIP/SIOP") during the March 2022 meeting.

Subsequent to that meeting, Mr. Hitchcock and Mr. William J. Condon, Jr. had additional discussions regarding the AIP/SIOP. Based on those discussions and feedback from the March meeting, Mr. Hitchcock made additional suggested edits to the proposed AIP/SIOP. He then reviewed those suggested changes with the Commission.

Mr. Condon moved that the Commission (i) adopts the recommendation of the CEO and CIO to approve the proposed revisions to the Consolidated Annual Investment Plan and Statement of Investment Objectives ("AIP/SIOP") for fiscal year 2022-2023, as set forth in the red-numbered document pages 9 to 69, with an effective date of July 1, 2022, (ii) certifies that RSIC is in compliance with the Sudan Divestment Policy without taking additional action due to the method of implementation utilized in the Portfolio; and (iii) authorizes Staff to finalize the AIP/SIOP by making any technical revisions or formatting edits consistent with the action taken by the Commission. Ms. Shumpert seconded the motion, which passed unanimously.

**A break was taken at 9:52 a.m. resuming at 10:00 a.m.**

## **V. Ukraine and Russia: Macro Trends and Investment Implications (KKR)**

After returning from a break, the Chair recognized Mr. Hitchcock who informed the Commission that Mr. Bryan Moore, Managing Director, had been asked to take over as the Interim Managing Director of Private Markets. Mr. Hitchcock thanked Mr. Moore for his continued great work.

The Chair then turned the introductions of the guest speakers over to Mr. Geoffrey Berg, Chief Investment Officer (“CIO”). Mr. Berg introduced Mr. Vance Serchuck, Executive Director and Managing Director, KKR Global Institute and Private Equity. Prior to his employment with KKR, Mr. Serchuck served as the senior national security advisor to Senator Liberman and as a professional staff member to the Senate Homeland Security and Governmental Affairs Committee. His work had focused on an array of international security issues, most notably those relating to Russia and Iran sanctions legislation.

Mr. Berg then introduced Mr. Ken Mehlman who is a Partner, Global Head of Public Affairs & Co-Head of KKR Global Impact. Mr. Mehlman spent a number of years in government service where he was campaign manager for President Bush’s 2004 re-election campaign and the 62<sup>nd</sup> Chairman of the Republican National Committee.

Next, Mr. Berg welcomed Mr. Henry McVey, a KKR Partner and the Head of Global Macro, Balance Sheet and Risk. Mr. McVey also serves as Chief Investment Officer for KKR’s balance sheet and oversees Firmwide Market Risk. Prior to joining KKR, Mr. McVey worked at Morgan Stanley Investment Management and Fortress Investment Group. Mr. McVey serves as a member of the financial sector advisory council for the Federal Reserve Bank of Dallas.

Mr. Berg asked if Mr. Serchuck could begin the presentation by focusing on the geopolitical situation in Eastern Europe as a result of the Russian invasion of Ukraine. For a link to the presentation, see below:

<https://www.youtube.com/watch?v=l6lyOu4fQrs&t=1404s>

After Mr. Serchuck concluded his remarks, Mr. Mehlman and Mr. McVey turned to a discussion of the potential impacts of the war in Ukraine on the economy generally and the financial markets. For a link to the presentation materials, click here and see pages 120-139: <https://www.rsic.sc.gov/documents/2022.04.21-commission-meeting-rnd.pdf>.

## **VI. Macro-Economics Presentation – Torsten Slok (Apollo Chief Economist)**

Next, Mr. Berg introduced Mr. Torsten Slok, Ph.D., Chief Economist for Apollo Global Management, to provide the Commission with a macroeconomic update. Dr. Slok joined Apollo in 2020 and leads macroeconomic and market analysis for Apollo. Prior to joining Apollo, Dr. Slok worked at Deutsche Bank for 15 years as Chief Economist. He also worked with the International Monetary Fund (“IMF”) in Washington, and the Organization for Economic Cooperation and Development (“OECD”) in Paris.

To view the presentation, click here:

<https://www.youtube.com/watch?v=l6lyOu4fQrs&t=5395s>

To view the accompanying materials, click here and see pages 140-173: <https://www.rsic.sc.gov/documents/2022.04.21-commission-meeting-rnd.pdf>.

## **VII. Delegated Investment Report**

The Chair recognized Mr. Berg for the delegated investment report. The following delegated investments were closed by Staff since the March 3, 2022 Commission meeting.

<b>Asset Class</b>	<b>Investment</b>	<b>Investment Amount</b>	<b>Closing Date</b>
Real Estate	Asana Partners III	\$ 50 M	March 7, 2022
Private Credit	KKR Lending Partners IV	\$150 M	March 15, 2022
Portable Alpha	Polymer Asia Fund LP	Up to 0.75% of Plan assets	March 30, 2022
Private Equity	Hg Saturn 3	\$50 M	March 31, 2022
Private Equity	Hg Genesis 10	Up to €44 M	April 11, 2022

## **VIII. Executive Session**

Mr. Giobbe made a motion to recede into Executive Session to discuss investment matters and specific real estate investments pursuant to S.C. Code Section 9-16-80 and 9-16-320; to discuss negotiations incident to proposed contractual arrangements for a general investment consultant and to receive from legal counsel pursuant to S.C. Code Section 30-4-70(a)(2). Mr. Condon seconded the motion which passed unanimously. Executive Session began at 11:54 a.m.

## **IX. Potential Actions Resulting from Executive Session**

The Commission reconvened in open session. The Chair announced that no action was taken by the Commission during executive session.

## **X. Adjourn**

There being no further business, Ms. Schumpert moved that the Commission meeting adjourn, Dr. Wilder seconded the motion, which was unanimously approved. The meeting adjourned at 2:20 p.m.

[Staff Note: In compliance with S.C. Code Section 30-4-80, public notice of and the agenda for this meeting was delivered to the press and to parties who requested notice and were posted at the entrance, in the lobbies and near the 15<sup>th</sup> Floor Presentation Center at 1201 Main Street, Columbia, S.C. by 2:41P.M. on April 19, 2022]

**NOTICE OF PUBLIC MEETING**

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