

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

**August 29, 2017 9:30 a.m.  
Capitol Center  
1201 Main Street, 15<sup>th</sup> Floor  
Columbia, South Carolina 29201  
Meeting Location: Presentation Center**

**Commissioners Present:**

Dr. Rebecca Gunnlaugsson, Chair  
Dr. Ronald Wilder, Vice Chair  
Ms. Peggy Boykin, PEBA Executive Director (Absent)  
Mr. Allen Gillespie (Via Telephone)  
Mr. Edward Giobbe  
Mr. Reynolds Williams (Via Telephone)

**I. CALL TO ORDER AND CONSENT AGENDA**

Chair Rebecca Gunnlaugsson called the special meeting of the South Carolina Retirement System Investment Commission (“Commission”) to order at 9:32 a.m. Dr. Ronald Wilder made a motion to approve the proposed agenda as presented. Mr. Reynolds Williams seconded the motion, which was approved unanimously.

**II. EXECUTIVE SESSION**

Mr. Allen Gillespie made a motion that the Commission recede into Executive Session to receive advice from legal counsel pursuant to S.C. Code Section 30-4-70(a)(2) related to litigation filed by American Timberlands Fund II, LP. and to discuss investment matters pursuant to S.C. Code Sections 9-16-80 and 9-16-320, Mr. Edward Giobbe seconded the motion, which passed unanimously. Mr. Williams requested that the minutes reflect that he would not be participating in the discussion, or any deliberation, related to the American Timberlands Fund.

**III. POTENTIAL ACTION RESULTING FROM EXECUTIVE SESSION**

Upon a return to open session at 10:38 a.m., Mr. Michael Hitchcock, Chief Executive Officer, noted the Commission did not take any reportable action while in executive session. Any action that did occur while in executive session pursuant to S.C. Code Ann. § 9-16-80 and § 9-16-320 will be publicized when doing so would not jeopardize the Commission’s ability to achieve its investment objectives or implement a portion of the annual investment plan.

**IV. INVESTMENT RECOMMENDATION**

Mr. Geoff Berg, Chief Investment Officer, introduced Mr. W. Alexander Campbell, Investment Officer, who gave a presentation on a proposal to invest up to \$200 million in the Heitman

Core Real Estate Debt Income Trust, LP (“Heitman”), a new open-ended vehicle that will focus on originating loans on stable and transitional properties located in gateway and transitional gateway markets throughout the United States. Mr. Campbell noted that RSIC had negotiated a favorable fee structure and secured a seat on the advisory board for this investment, and indicated that RSIC Operations and Due Diligence had given Heitman a pass rating.

Mr. Campbell explained that 11% of the current real estate allocation is comprised of debt strategies, and with this new investment, it would increase to approximately 15%. He then noted that this investment offered attractive risk-adjusted expected returns and downside protection. Mr. Campbell said that he expected the strategy would generate net returns of between 7 ½ % to 9 ½ %. He also noted that while the product was a new open end fund, the managers overseeing the fund had extensive experience and the team was part of a much larger, well established real estate firm.

Dr. Wilder made a motion to (a) adopt the recommendation of the CIO and the Internal Investment Committee as set forth in the Summary Terms Chart on Page 1 of the Due Diligence Report dated August 11, 2017; (b) authorize an investment of up to \$200 million into Heitman Core Real Estate Debt Income Trust, LP; (c) authorize the CEO or the Chair to negotiate and execute any necessary documents to implement the Investment as approved by the Commission (1) upon documented approval for legal sufficiency by RSIC Legal, and (2) upon expiration of the three business day review period as approved by the Commission on May 1, 2014 (or as the review period may be amended or superseded by the Commission); and (d) authorize the CEO, Chair, and/or the CIO or their designee(s) to thereafter authorize the custodian of funds to transfer such funds as are necessary to meet the Retirement System trust funds’ obligations with respect to the Investment. Mr. Gillespie seconded the motion. After discussion by the Commissioners, the motion passed unanimously.

## **V. ADJOURNMENT**

There being no further business, upon a motion made by Mr. Giobbe and seconded by Mr. Williams, the Commission voted unanimously to adjourn. The meeting adjourned at 10:55 a.m.

[Staff Note: In compliance with S.C. Code Ann. 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., at 1:44 p.m. on August 25, 2017.]