

**South Carolina Retirement System Investment Commission
Human Resources and Compensation Committee Meeting
Minutes
December 8, 2016**

**Capitol Center
1201 Main Street, Suite 1510
Columbia, South Carolina 29201**

Committee Members Present:

Dr. Rebecca Gunnlaugsson, Outgoing Chair
Dr. Ronald Wilder, Incoming Chair
Mr. Reynolds Williams

Others present for all or a portion of the meeting on Wednesday, May 11, 2016: Betsy Burn, John Farmer, Mitchell Goldsmith, Michael Hitchcock, Tricia Miller, and Brittany Storey from the South Carolina Retirement System Investment Commission (“RSIC”); and Melinda Al-Hasan from the State Treasurer’s Office.

I. Call to Order; Adoption of Proposed Agenda

Chair Dr. Rebecca Gunnlaugsson called the meeting of the Human Resources (“HR”) and Compensation Committee (“Committee”) of the South Carolina Retirement System Investment Commission (“Commission”) to order at 10:05 a.m. Mr. Reynolds Williams made a motion, which was seconded by Dr. Ronald Wilder and passed unanimously, to approve the agenda as presented.

II. Approval of Minutes (5/11/2016)

Chair Gunnlaugsson referred to the draft minutes from the May 11, 2016 Committee meeting and asked if there were any objections or corrections. Dr. Wilder made a motion to adopt the minutes from the May 11, 2016 Committee meeting as presented. Mr. Williams seconded the motion, and it was unanimously approved.

III. Election of Committee Chair

Chair Gunnlaugsson made a motion to elect Dr. Wilder as Chair of the Committee. Mr. Williams seconded the motion, which was approved with Dr. Wilder abstaining. Dr. Wilder then assumed the role of Chair.

IV. HR Update

A. Intuition Training Software / Learning Management System

Chair Wilder then recognized Mr. John Farmer, HR Director, to provide a presentation on the Intuition Training Software (“Intuition Software”) recently procured by RSIC. Mr. Farmer began by explaining that the Intuition Software will provide investment related courses as well as HR and development training for members of RSIC Staff (“Staff”). Mr. Farmer overviewed Intuition’s functionality and capabilities. He then explained that the program would be rolled out to members of RSIC’s Analyst Training Program and later on to other members of Staff. Mr. Williams inquired about whether Commissioners could have access to the Intuition Software, and Mr. Farmer responded that access could be enabled. All of

the members of the Committee requested access, and Mr. Farmer committed to providing it.

B. Performance Pro ~ Performance Management Software

Mr. Farmer then moved on to a discussion of the Performance Pro Software (“Performance Pro”). He explained that Performance Pro will provide an easier and more streamlined approach to performance management. Performance Pro will also incorporate RSIC’s core values as part of the review process as well as key competencies (work behaviors) behaviors that are necessary for success in agency positions. Mr. Farmer stated that Performance Pro will provide for a more analytical method of evaluating employee performance as well as drive more regular performance feedback throughout the year. He explained that Performance Pro would be implemented for RSIC’s Fiscal Year 2016-17 mid-year review.

C. Staff Update

Next, Mr. Farmer provided a staff update stating that, since the Committee’s last meeting, there had been three additions to Staff. Mr. Chris Alexander joined RSIC as a Junior Analyst, and Mr. Nick Poole joined as a Reporting Analyst. Mr. Farmer added that Mr. Derek Connor, Investment Officer, had joined RSIC from the California Public Employees’ Retirement System (“CalPERS”) and will be focusing on private markets. Mr. Farmer then explained that Mr. Jonathan Boyd, Investment Officer, Ms. Julia Lee, Investment Officer, Mr. Corby Selvey, Associate Analyst, and Ms. Monica Houston, Chief Audit Officer, had all left RSIC. Mr. Farmer stated that Staff has begun the search for the combined role of Chief Audit Officer and Director of Enterprise Risk Management. Mr. Farmer then noted that Mr. Alex Baker would be joining RSIC as a Junior Analyst in January of 2017, and RSIC has extended an offer to another individual for a potential Associate Analyst position.

Dr. Wilder asked whether any of the departures were related to searches for better compensation. Mr. Farmer stated that the departures were for other reasons. He then overviewed the current organizational structure of RSIC. Dr. Gunnlaugsson asked how many salaried and hourly employees RSIC currently has, and Mr. Farmer responded that all RSIC employees are salaried. However, there are three roles that are non-exempt, overtime-eligible positions. The only part-time hourly, employees are interns, and RSIC has no temporary fulltime employees. Mr. Farmer explained that RSIC currently has 42 fulltime employees and is approved for 51 fulltime positions.

V. Discussion of CEO and CIO Evaluation Timeline and Process

Mr. Farmer began by overviewing HR’s recommendation for new processes for the Chief Executive Officer (“CEO”) and Chief Investment Officer (“CIO”) performance reviews. He stated that the new processes would require the Commission to set the evaluation criteria for each new fiscal year during the Commission’s June meetings. The CEO and CIO’s respective staffs and the Commissioners would then provide feedback about their respective performances. For the CEO, HR would then compile the summaries so that the CEO could complete a self-assessment for the Commissioners to use in their evaluation of the CEO. As for the CIO, the CEO would provide performance feedback to the CIO, which the CIO would use in conjunction with Staff feedback to create a self-assessment for the Commission. Both the CEO and CIO would then be reviewed at the Commission’s September meetings.

Mr. Hitchcock explained that the purpose of the proposal is to get feedback from the Commissioners about the proposed processes, which would commence during the 2017-18 Fiscal Year. Dr. Gunnlaugsson asked if there would be any Governance Policy Manual (“Governance Policies”) changes required. Ms. Betsy Burn, Chief Legal Officer, explained that the Governance Policies provide for the reviews on a calendar year basis, and the proposed changes would move to a fiscal year basis. Mr. Hitchcock stated that in past years the CIO had been reviewed by the CEO in consultation with the Committee and the Commission. He explained that the Committee had been a part of the process because the Committee reviewed the CEO’s allocation of Performance Incentive Compensation (“PIC”). Because the Commission eliminated PIC, Mr. Hitchcock stated that it may be duplicative for the Committee to be a part of the process.

Dr. Gunnlaugsson then asked about the proposed changes to the Governance Policies that Ms. Burn circulated during the meeting, which state that the CEO’s review of the CIO may be included in the Commission’s review of the CIO. Ms. Burn responded that this change was designed to give the Commissioners flexibility in cases where the inclusion of the CEO’s report was deemed unnecessary. Mr. Hitchcock stated that he would prefer to be present for the Commission’s review of the CIO, and the Governance Policies should reflect as such. Dr. Gunnlaugsson stated that she believed it would be more appropriate for the Commission to invite the CEO into the CIO’s review rather than have the CEO’s presence be a requirement under the Governance Policies. The Committee then agreed that any changes to the Governance Policies should be proposed by Staff to the full Commission.

VI. Executive Session

Mr. Williams made a motion at 10:54 a.m. to enter into Executive Session to discuss personnel matters pursuant to S.C. Code Ann. § 30-4-70(a)(1). Dr. Gunnlaugsson seconded the motion, and it was unanimously approved. The Committee reconvened in open session at 11:40 a.m. Chair Wilder reported that the Committee met in Executive Session to discuss personnel matters. He also reported that no action was taken during Executive Session.

VII. Adjournment

There being no further business, Dr. Gunnlaugsson made a motion to adjourn. Mr. Williams seconded the motion, which passed unanimously.

[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 4:57 p.m. on December 2, 2016.]