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State pensions official resigns

Investments Chief Borden clashed with S.C. Treasurer

By ADAM BEAM

The man in charge of investing South Carolina's \$25 billion pension fund resigned Friday to take a job with a private investment firm in North Carolina.

Robert Borden, who has been the pension fund's chief investment officer since 2006, will become a managing partner and chief investment officer for FTA Partners, a new firm scheduled to launch in February with 30 employees and about \$1 billion in assets.

Borden's resignation comes as the S.C. Retirement System faces a \$13 billion deficit, prompting state lawmakers to call for a massive overhaul of the system. It also comes as state Treasurer Curtis Loftis has been asking questions about Borden's travel and entertainment expenses — expenses Loftis says have not been publicly vetted.

"(I have) been asking questions for the last three or four months, and I've not been getting satisfactory answers," said Loftis, who is one of five members of the S.C. Retirement Investment Commission, which oversaw Borden. "Mr. Borden will be well served by being in private business. ... I thank him for his service, and we need to move forward with somebody who is going to be more respectful of the public space."

Borden declined to respond to Loftis' comments.

Borden and Loftis have clashed over Borden's salary. Earlier this year, the board voted unanimously to give Borden a 37 percent raise to \$485,000 a year — making him one of the state's highest-paid employees. The increase helped keep Borden in South Carolina. At the time, he was being wooed by Virginia's pension fund.

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A few weeks later, the board — at the behest of Loftis — voted to cut \$65,000 from Borden's bonus. Last week, some board members tried to revisit that decision during the board's annual retreat. Things got heated, but the board took no action.

Borden said Friday that the world is in financial chaos that will produce "once-in-a-generation investment opportunities. I want to be in a position where I can take advantage of those and take advantage of the degrees of freedom and be well compensated for doing it."

"It's a little frustrating that we can't develop a compensation structure for investment managers in this state and leave it be," he said, adding that makes it harder for the state to attract good workers.

"So that's, going forward, I think a challenge that the state has to address."

State Sen. Greg Ryberg, R-Aiken, chairman of a Senate subcommittee studying how to reduce the retirement system's deficit, said Borden has been "invaluable," crediting him with organizing "an investment team from scratch" and making "it one of the top performers of its kind in the country."

"Bob has been a real asset in the drive for reform," Ryberg said in a written statement. "Bob will remain on the job for another 60 days, and we will reach out to him over that time for more assistance. His departure will in no way impede reform of (the retirement system), and, in fact, I expect him to be only more candid from here on."

In 2006, when Borden was hired, the state's retirement trust fund was worth \$25.9 billion. The fund's value peaked at \$28.56 billion in 2007, before crashing to a low of \$21 billion in 2009 after the financial crisis.

As of March, the fund was worth \$26.1 billion —\$200 million more than when Borden started.

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