

**RETIREMENT SYSTEM INVESTMENT COMMISSION
COMPENSATION COMMITTEE MEETING MINUTES**

December 10, 2013

**SC Retirement System Investment Commission
1201 Main Street, 15th Floor
“Fishbowl” Conference Room
Columbia, SC 29201**

Committee Members Present:

Mr. Edward Giobbe, Chairman
Dr. Rebecca Gunnlaugsson
Dr. Ronald Wilder

Others present for all or a portion of the meeting on December 10, 2013: Greg Ryberg and Nancy Shealy from the Retirement System Investment Commission staff; and Donald Tudor from the State Retirees Association of South Carolina.

I. Call to Order and Adoption of the Proposed Agenda:

Interim Chairman Edward Giobbe called the meeting of the Compensation Committee (“Committee”) of the Retirement System Investment Commission (“Commission”) to order at 11:05 a.m.

Interim Chairman Giobbe asked if there was a motion to approve the proposed agenda, whereupon Dr. Rebecca Gunnlaugsson made the motion, Dr. Ronald Wilder seconded, and the agenda was adopted unanimously.

II. Election of Committee Chairman:

Interim Chairman Giobbe led the discussion about selection of a Committee Chairman. He stated that after resignation of Dr. Travis Pritchett, former member of the Commission and Committee Chairman, Commission Chairman Reynolds Williams had appointed Mr. Giobbe as the Interim Committee Chairman pending election of a new Committee Chairman. Interim Chairman Giobbe suggested that in the interest of continuity, he would agree to continue as Committee Chairman at least until March 31, 2014 since Drs. Gunnlaugsson and Wilder were new to the Commission and the Committee. After discussion, there was consensus of the Committee members that Mr. Giobbe should serve as the Committee Chairman. The Committee members thereupon, by acclamation, approved Mr. Giobbe as the Committee’s Chairman effective immediately.

III. Approval of Minutes of September 25, 2013 Meeting:

Chairman Giobbe referred to the draft minutes of the September 25, 2013 Committee meeting. Dr. Gunnlaugsson made a motion to approve the minutes, which was seconded by Dr. Wilder and passed unanimously. Drs. Gunnlaugsson and Wilder abstained from voting on the motion as they were not present for the subject Committee meeting.

IV. Administrative Matters:

Chairman Giobbe recognized Ms. Nancy Shealy, General Counsel, to provide a brief history of the Committee and to discuss several administrative matters.

Ms. Shealy stated that the Committee was formed by the Commission initially in July 2011. The Committee's primary purposes were to assist the Commission in reviewing the Performance Incentive Compensation Plan ("PIC Plan") and issues relating to Commission staff ("Staff") compensation. She said that there were two members of the Committee initially, Mr. Allen Gillespie and Mr. Curtis Loftis. Prior to the first meeting of the Committee on November 17, 2011, Mr. Gillespie, who served as Chairman of the Committee and was also Chairman of the Commission, appointed Dr. Pritchett as a member of the Committee, so from that point forward, there had generally been three members of the Committee.

Ms. Shealy said that the primary tasks accomplished by the Committee from inception to present included hiring a Compensation Consultant (McLagen) to review the structure and salaries of Commission Staff and the PIC Plan, and making recommendations to the Commission regarding the same. Additionally, the Committee now reviews and approves any new hires whose base salary would be \$150,000 or above or any increases in base salaries of employees who make \$150,000 or above. Upon approval of such an increase by the Committee, then Staff is authorized to implement the changes. The two exceptions to Committee approval of those salaries are the salaries for the CIO and COO; those salaries must be approved by the full Commission unless delegated. She noted that other items addressed by the Committee would be on an ad hoc basis as delegated by the Commission or inherent within the Committee's Charter.

Chairman Giobbe asked if there were set terms for serving on the Committee. Ms. Shealy replied that there had been a number of changes in the composition of the Committee since inception, but it was generally at the discretion of the Chairman, subject to ratification by the Commission under the current Commission Governance Policies. Ms. Shealy briefly explained the history of membership on the Committee and membership on other Standing and Ad Hoc Committees of the Commission. Ms. Shealy noted that the Governance Policy provided for two Standing Committees currently: Audit Committee and Compensation Committee. She reiterated that there had been a number of changes to the composition of the Standing Committees for a variety of reasons, such as the resignation of a member from the Commission or Committee, change in the Chairman of the Commission, or subsequent reassignments for all committees. She noted that the Governance Policy had recently changed to provide that a Committee of three members would select its Chairman, whereas the Commission would select the Chairman of ad hoc committees comprised of fewer than three members.

Ms. Shealy advised that the South Carolina Freedom of Information Act ("FOIA") requires that governing bodies and their standing committees post their regular meeting schedules at the beginning of each year. She said, however, that the Compensation Committee was somewhat unique; historically and currently the Committee meets on an ad hoc basis, so the Committee did not have regular meetings scheduled for Calendar Year 2014. She said that management might consider posting a note to the effect that the Committee would meet on an ad hoc basis and that any meetings would be held in compliance with the provisions of FOIA. Ms. Shealy said that she wanted to state for the record that there were no regular meetings for Calendar Year 2014 for the Committee to post for purposes of FOIA. She noted, however, that it was the Committee's prerogative to set regular meeting schedules in the future. Historically, however, the Committee had addressed PIC Plan issues, compensation matters, and other issues as assigned by the Commission, again on an ad hoc basis but the Committee may decide to recommend to the Commission that their responsibilities change in the future.

Ms. Shealy referred to a copy of the Committee Charter as adopted November 17, 2011, which had been distributed to the Committee members as information. Ms. Shealy noted that there were some technical changes that needed to be made to conform to changes in the Commission's Governance Policies. For instance, Section 8(B) outlined certain criteria that needed to be reviewed periodically. She noted that with the exception of Chairman Giobbe, the other two members were new to the Commission and were not in a position to assess whether the Committee had been in compliance with its Charter, nor could they evaluate previous actions. She noted several technical changes, such as the references to "CEO/CIO" which had changed to "CIO" and "COO". Ms. Shealy suggested that because amendments had to be approved by the Commission, the Committee might want to meet before the next Commission meeting to adopt recommended amendments to present to the Commission to update the Charter. They discussed several other technical changes that would need to be made.

(Information relating to the matter has been retained in the Committee's permanent files and is marked as Exhibit A.)

V. Executive Session to Discuss Personnel Matters:

Dr. Gunnlaugsson made a motion to recede to executive session to discuss personnel matters. Dr. Wilder seconded the motion, and it was approved unanimously. Chairman Giobbe stated that the Committee would meet in executive session to discuss personnel matters, whereupon the Committee receded into executive session. The Committee asked Mr. Greg Ryberg, Chief Operating Officer, and Ms. Shealy to remain in the meeting.

VI. Return to Open Session:

The Committee reconvened in open session. Dr. Wilder made a motion to approve the compensation adjustment with the effective date as discussed in executive session. Dr. Gunnlaugsson seconded the motion, which passed unanimously.

VII. Adjournment:

There being no further business, Dr. Gunnlaugsson made a motion to adjourn, which was seconded by Dr. Wilder and passed unanimously, and the meeting adjourned at 11:34 a.m.

[Staff Note: In compliance with S.C. Code Ann. §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 Conference Room at 1201 Main Street, Columbia, SC, at 8:02 a.m. on December 9, 2013.]