South Carolina Retirement System Investment Commission
Meeting Minutes

May 1, 2014

South Carolina Retirement System Investment Commission
1201 Main Street, 15th Floor
Columbia, SC 29201
Meeting Location: Presentation Center

Commission Members Present:
Mr. Reynolds Williams, Chairman
Mr. Edward Giobbe, Vice Chairman
State Treasurer Curtis M. Loftis, Jr. (via telephone and in person)
Dr. Rebecca Gunnlaugsson
Mr. Allen Gillespie (via telephone and in person)
Dr. Ronald Wilder
Mr. Travis Turner

Others present for all of or a portion of the meeting on Thursday, May 1, 2014:

Mike Addy, Ashli Aslin, Geoff Berg, Betsy Burn, Gail Cassar, Andrew Chernick, Sarah Corbett, Dori Ditty, Scott Forrest, Brenda Gadson, Lorelei Graye, Hershel Harper, Monica Houston, Adam Jordan, James Manning, David Phillips, Kathy Rast, Greg Ryberg, Lorrie Smith, Danny Varat, Nicole Waites and Brian Wheeler from the South Carolina Retirement System Investment Commission; Clarissa Adams and Robin Johnson from the State Treasurer's Office; Rick Funston, Keith Johnson, Ken Johnson, and Randy Miller from Funston Advisory Services; Suzanne Bernard and Brady O'Connell from Hewitt EnnisKnupp, Inc.; Faith Wright and Tammy Nichols from Public Employee Benefits Authority; Wayne Bell, Donald Tudor, Sam Griswold, and Wayne Pruitt from the States Retirees Association of South Carolina; Brian D. Lamkin and Patrick O'Malley from the Office of Inspector General; Representative Bruce Bannister from the South Carolina House of Representatives; Senator Kevin Bryant from the South Carolina Senate; Bridgett Frasier from Goldman Sachs; Brian Adams; and M. Sean Cary from Creel Court Reporting, and Faye Amick.

I. CALL TO ORDER AND CONSENT AGENDA:

Chairman Reynolds Williams called the meeting of the South Carolina Retirement System Investment Commission ("Commission") to order at 9:03 a.m. Chairman Williams referred to the proposed meeting agenda and asked for a motion to approve. Dr. Ronald Wilder made a motion, which was seconded by Dr. Rebecca Gunnlaugsson and passed unanimously, to approve the agenda as presented.

Chairman Williams referred to the draft minutes from the March 13, 2014 Commission meeting and asked if there were any objections or corrections and asked for a motion to adopt the minutes. Dr. Wilder made a motion, which was seconded by Mr. Edward Giobbe. The motion to adopt the meeting minutes from March 13, 2014 Commission Meeting as presented passed unanimously.

II. SECURITIES LENDING:

Chairman Williams recognized Managing Director Geoff Berg to present proposed changes to the securities lending program. Mr. Berg stated that Staff recommended adding Deutsche Bank as a second securities lending agent in the South Carolina Retirement System ("SCRS") trust funds' securities lending program in addition to the current relationship with The Bank of New York Mellon. Mr. Berg began his presentation by noting the four purposes of the proposed program changes: reducing the risk of lending; improving earnings from the lending of securities; improving earnings from reinvestment of collateral posted by borrowers of the securities, and improving transparency and reporting. Mr. Berg provided a brief overview of securities lending generally. He explained the risks of securities lending, which can include insufficient collateral, loss from inability or unwillingness of a borrower to repay debt, and loss from sharp changes in interest rates. Mr. Berg then explained how, in Staff's opinion, the addition of Deutsche Bank as a second lending agent for the SCRS trust funds' securities lending program fulfilled the four purposes previously identified. There was also discussion regarding the dual form of indemnification offered to the SCRS trust funds by Deutsche Bank.

Chairman Williams directed the commissioners' attention to the following motion that had been prepared regarding implementation of the proposed changes to the SCRS trust funds' securities lending program as presented.

Modify the SCRS trust funds' securities lending program as follows:

I. create a second component to the SCRS trust funds' securities lending program, pursuant to which:
   a. the Commission retains Deutsche Bank to serve as a third party lending agent and as a manager of a securities lending collateral pool;
   b. the Commission will contract directly with Deutsche Bank;
   c. RSIC staff will monitor and oversee the manager; and
   d. Guidelines for both the securities lending and cash collateral reinvestment program will be established by the CIO, under terms and conditions consistent with the materials presented to the Commission.

II. authorize the Chairman and CIO or their designee to negotiate and execute any necessary documents to implement the action approved by the Commission, upon documented approval for legal sufficiency by RSIC Legal Counsel, and upon expiration of the review period, as adopted by the Commission on July 19, 2012 (or as the review period may be amended or superseded by the Commission).

Dr. Wilder made the foregoing motion, which was seconded by Dr. Gunnlaugsson. During the ensuing discussion, Mr. Curtis Loftis pointed out that his Office had had a limited time to review the report and provide input. Mr. Loftis further indicated that the information was good but that it would be imprudent to vote on it at this meeting. Chairman Williams asked for any further discussion. None being heard, the Chairman called for a vote. The motion was approved by a vote of 5-1, with Chairman Williams, Mr. Edward Giobbe, Dr. Gunnlaugsson, Mr. Allen Gillespie, and Dr. Wilder voting for the motion, and Mr. Loftis opposed.

III. CHAIRMAN'S REPORT:

Chairman Williams recognized Senator Bryant and Representative Bannister and thanked them for attending the meeting. Chairman Williams distributed the Commission's self-evaluation materials and noted the due date for returning the materials.

IV. FIDUCIARY AUDIT PRESENTATION:

Chairman Williams introduced the next agenda item. He noted that Funston Advisory Services ("Funston") had conducted a comprehensive fiduciary audit of the Commission, pursuant to a contract awarded by the Office of the Inspector General. Chairman Williams recognized Rick Funston, Keith Johnson, Ken Johnson and Randy Miller and asked them to present their report.

Mr. Rick Funston gave a brief statement of the purpose of the report, which was to conduct an evaluation of the fiduciary roles and responsibilities of the Commissioners, the staff, and the relationship with other fiduciaries, as well as the operational policies and practices of the Commission. Mr. Funston stated that the goal of the report was to identify strengths and weaknesses, provide a comparison with leading practices of other public pension plans, and to make recommendations for improvement.

Mr. Funston listed the six major areas that were reviewed: governance; policies; organizational structure; investment administration; legal compliance, and information technology. Mr. Funston also identified the six major questions the report attempted to answer: who are the fiduciaries; what are their duties; what are their authorities; do their authorities match their duties and are those duties in conflict with any other roles played by the various fiduciaries; how is the RSIC performing, and where and how can the RSIC improve? Mr. Funston summarized the report's recommendations, categorizing them by which entity in State government could implement the proposed changes. Mr. Funston noted that a total of 124 recommendations were made. Mr. Funston stated that 108 of the recommendations could be addressed directly by RSIC, and noted that of this subset of recommendations, 38 would require the direct involvement of the Commissioners. Of the remaining 16 recommendations, Mr. Funston noted that 12 would require action by the Legislature, and four would require action by the State Treasurer's Office.

Mr. Funston provided a summary of the review which the Funston team had conducted. He stated that there were no indicators of malfeasance or misfeasance regarding the Commission's current policies and practices. He also pointed to the number of improvements and initiatives that the Commission had undertaken over the past two years with regard to policies and controls, and noted that the Commission provides the most complete disclosure of external management fees by any U.S. public pension fund. Mr. Funston noted that manager selection and due diligence processes are consistent and thorough, although sometimes slower than industry norms. Mr. Funston also noted that although the RSIC had implemented a number of improvements in policies and controls, the lagging development of infrastructure results in growing operational risks, and ultimately financial risk.

Mr. Ken Johnson summarized results of the review that had been conducted by CEM Benchmarking comparing the Commission's cost of management to those of other public pension funds. Mr. Johnson provided information regarding the experience and qualifications of CEM Benchmarking. It was noted that the CEM study used the following factors to compare funds: asset allocation; cost of management; management strategies, and the net return of the various management strategies employed. The CEM study included a comparison to a 20 member peer group of funds ranging in size from $14 billion to $58 billion in assets under management ("AUM"), as well as a comparison to a group of 65 U.S. public funds of both greater and smaller sizes.

Mr. Ken Johnson discussed the two major areas of CEM's findings. First, CEM found that the Commission's policy benchmark return for the five year period ending December 31, 2012 had underperformed its peers. The Commission's policy benchmark return of 1.3 percent was the lowest in the peer group, resulting mostly from a large allocation to cash and higher weighting in alternative investments. It was noted, however, that through the efforts of staff, the actual return over this five year period was 2.5 percent. CEM noted that although the 1.3 percent was the lowest in the peer group, the 1.2 percent increment that staff contributed to get to the 2.5 percent total return was the largest in the peer group: Staff had added value above the asset allocation policy through its management of the investment portfolio. Additionally, 40 percent of the peer group had a lower absolute return during this five year period. Second, CEM found that RSIC's management costs were 1.03 percent of AUM in 2012, which was the highest in the peer group, due to the allocation to alternative investments. The peer group average during this five year period was 0.61 percent of AUM. Compared to other funds with similar asset allocations, CEM concluded that RSIC's costs were normal and not excessive. It was also noted that the actual management costs were very close to what CEM projected for the Commission in 2006 when the Commission was considering, among other factors, the potential cost implications of the asset allocation changes that it ultimately approved and implemented.

Mr. Ken Johnson reported that CEM was not able to provide a comparison of performance-based fees because RSIC's reporting transparency exceeds the standard in the industry and the lack of transparency from other funds prevented a meaningful comparison.

Mr. Ken Johnson suggested that it would be in the Commission's best interest to continue this type of benchmarking on a regular basis.

A discussion on the use of proxies to assess performance fees ensued. Mr. Ken Johnson was of the opinion that proxies were not reliable, while Mr. Loftis expressed the view that they would be better than no comparison at all.

Mr. Loftis asked whether CEM took into effect the long-term effect of a high-cost allocation. Mr. CEM did not report on whether the asset allocation was appropriate because that was left to the Commission to decide based on its unique circumstances.

Mr. Funston introduced the five overarching themes of Funston's recommendations:

1. Improving assurance and reassurance to build trust and confidence;
2. Building the organizational capabilities (including HR, IT, Accounting, etc.);
3. Reset Commissioners' focus on strategy and oversight;
4. Align fiduciary duties and responsibilities; and
5. Improve the custodial relationship.

Mr. Funston outlined certain key points for moving forward which included: ensuring that fiduciaries having timely access to information; encouraging the Commissioners to be respectful and courteous; bolstering infrastructure at RSIC; adjusting the Commission's focus regarding the non-investment side of RSIC's operations; improving RSIC's work environment to limit turnover; counselling the Commissioners to avoid even the appearance of impropriety; advising the Commissioners to address the challenge of explaining the asset allocation and use/cost of external managers to all stakeholders; and noting that the Legislature can significantly help by better aligning responsibilities and authorities.

Mr. Funston then turned to Mr. Randy Miller to provide additional details regarding some of the recommendations associated with the five themes.

As to the first theme -- improving assurance and reassurance -- Mr. Miller presented the following suggestions for the Commission:

1. Develop a more proactive communications plan to make the Commission's positions understandable to key stakeholders;
2. Retain an independent fee benchmarking service;
3. Formalize its policy on fee disclosure;
4. Develop and deploy Enterprise Risk Management ("ERM");
5. Create a plan of executive accountability;
6. Approve the internal audit charter;
7. Improve sourcing and conflict disclosures; and
8. Oversee improved budget management.

As to the second theme – building the organizational capabilities of RSIC – the following suggestions from the Funston report were noted:
1. Create either a CEO or Executive Director position;
2. Create a Senior Human Resources position and function;
3. Oversee development of an enterprise infrastructure and resourcing plan;
4. Oversee further development of risk management systems and capabilities;
5. Eliminate the 30-day review period on investments;
6. Provide midyear feedback to executives;
7. Evaluate the performance of the general investment consultant; and
8. Ensure development of an IT staffing plan and IT capabilities.

There was brief discussion of the recommendation to create a CEO or Executive Director position, as well as the Commission's currently mandated 30 day review period and suggested changes. No actions were taken.

Mr. Miller then addressed the third theme -- resetting the Commissioners' focus on strategy and oversight. In order to shift the Commissioners' focus, Mr. Miller suggested that the Commission should: develop a statement of investment beliefs; increase emphasis on the review and discussion of asset class strategies; ensure that organizational capabilities are developed and maintained; preclude direct Commissioner involvement in due diligence; expand the mandate of the Audit Committee to include ERM; expand the mandate of the Compensation Committee to include Human Resources; hold more frequent Commission meetings; annually review implementation of the compensation policy; formalize the revised agenda setting process; improve Commission self-assessment; and institute a Commissioner self-development program.

Some discussion followed this section regarding the agenda setting process and the role of the Commissioners in due diligence.

Chairman Williams called for a short recess [Note: the recess lasted from 11:00 a.m. to 11:20 a.m.]

After the recess, Mr. Miller resumed his presentation by addressing the fourth theme. He presented the following suggestions to align fiduciary duties and responsibilities:
1. The Legislature should:
    - i. Clarify the role of Budget and Control Board ("B&CB") and it successors.
    - ii. Resolve the Treasurer's conflicting duties.
    - iii. Amend existing legislation regarding the RSIC's senior management structure (change in CIO reporting).
    - iv. Delegate operating budget, staffing and compensation approval to RSIC.
    - v. Authorize an external audit or agreed upon procedures review of fund valuations, procedures and/ or controls.
    - vi. Revise Commissioner's qualifications to recognize experience.

vii. Add 1 to 3 additional Commission members (provide an odd number of voting members).
viii. Consider term limits for Commissioners.
ix. Require a periodic review of assumed rate of return (and underlying assumptions).

2. The B&CB should allow RSIC additional exemptions from the State procurement process to cover acquisition of systems.
3. The Attorney General should set high level criteria and delegate selection of external counsel to RSIC.

During this section of Mr. Miller's presentation, there was discussion of the idea of making the PEBA representative to the Commission a voting member. Strong support was voiced by several commissioners for RSIC controlling its own budget and procurement process. There was brief discussion about the new administrator (Conifer) and when the services provided by Conifer are expect to be operational. There was also a discussion of the retention of outside counsel to represent RSIC and coordination with the Attorney General's Office, which under current law must approve retention of outside counsel by RSIC.

Mr. Miller presented Funston's suggestions relating to the fifth and final theme -- improving the custodian relationship. Mr. Miller noted that the Legislature could improve the custodian relationship by delegating selection of the custodial bank to RSIC. The Treasurer could improve the custodian relationship by reviewing positions required to sign for the release of cash transfers; instructing the custodial bank to accept signatory changes from RSIC; continuing to allow standing instructions for the custodial bank to receive incoming funds and sweep cash; and allowing electronic payment authorization. The Commission could improve the custodian relationship by determining the future of securities lending.

After Mr. Miller concluded his remarks, there was additional discussion by the commissioners regarding the suggestion that the Legislature transfer the custodial role away from STO.

Mr. Funston then offered concluding remarks regarding the Funston team's report. Chairman Williams asked for an overall opinion of RSIC from each member of the Funston team. The general reaction from the members of the Funston team was that RSIC was moving in the right direction and had showed significant improvement.

Chairman Williams thanked the Funston team and called a recess for lunch. (Note: the recess lasted from 12:26 p.m. until 12:54 p.m.). After the recess, the Chairman asked Mr. Hershel Harper, CIO, to present the CIO's Report.

V. CIO REPORT:

Mr. Harper reported that three members of the Investment team -- Mr. Justin Young, Mr. Jonathan Boyd and Mr. Adam Jordan -- had passed the Charted Alternative Investment Analyst ("CAIA") level two exam and obtained the CAIA designation. Mr. Harper provided the quarterly performance update. Mr. Harper noted the equity markets continue to be strongly positive fiscal year to date and that hedge funds and commodities have produced high single digit returns, with bonds returning in the low single digits. Mr. Harper noted that through February 28, 2014, the Fund was up 10.5 percent versus the policy benchmark of 10 percent. Mr. Harper also indicated that the transition to the current fiscal year's asset allocation targets was complete.

Mr. Harper gave an overview of some of the rebalancing and tactical decisions that staff had implemented, including addressing the existing small cap bias in global public equities by reducing approximately $300 million of beta exposure through the synthetic market. Mr. Harper noted that the manner in which Staff implemented this decision (using a physical funding through Russell for 12 basis points, rather than incurring the approximately 90 basis points cost to implement this decision via a synthetic exposure) had resulted in a cost savings of around $2.1 million. Mr. Harper reviewed the asset classes and their performance in greater detail. There was a brief discussion of benchmarks.

Chairman Williams clarified that no alternative asset allocation plan had been submitted and discussion ensued.

Mr. Harper provided an overview of the proposed Annual Investment Plan ("AIP") for fiscal year 2014-15. Mr. Harper outlined some of the changes that had been made to the structure and contents of the AIP. Mr. Harper noted items in the AIP where changes suggested by the Funston report had been made, including RSIC Staff's plan to look for more efficient structures for strategic partnerships, and develop internal research capabilities. Mr. Harper explained that the internal management section had been removed from the proposed AIP while staff works on a more robust operational structure for next year. Mr. Harper noted, however, that the majority of changes proposed were intended to clean up existing language in the document. A discussion ensued regarding certain of the asset class plans and initiatives noted in the AIP. Mr. Harper indicated that RSIC Staff intended to present the Commission with detailed asset class plans in June.

A motion was made by Dr. Gunnlaugsson and seconded by Dr. Wilder to adopt the recommendation of the CIO, approve the proposed AIP as amended and authorize staff to finalize the AIP by making any technical revisions or formatting edits consistent with the action taken by the Commission. The motion was approved by a vote of 5-1, with Chairman Williams, Mr. Giobbe, Dr. Gunnlaugsson, Mr. Gillespie, and Dr. Wilder voting for the motion, and Mr. Loftis opposed.

Mr. Gillespie asked Ms. Monica Houston, Internal Audit & Compliance Officer, to comment on the audit of previous AIPs. Ms. Houston reported that there had been no significant findings.

Mr. Harper provided the Commission with an overview of PENN Capital Management's two existing fixed income mandates. It was noted that RSIC Staff recommended (i) the separation of the investment management contract for the PENN Capital Management ("PENN") Opportunistic High Yield and the PENN Short Duration High Yield strategies, the extension of the PENN Short Duration High Yield investment management agreement to make it coterminous with the PENN Opportunistic High Yield agreement, and (ii) that the Chairman or his designee be authorized to negotiate and execute any necessary documents to implement the separation of the contract and renewal of the PENN Short Duration High Yield contract as approved by the Commission, upon documented approval for legal sufficiency by RSIC Legal Counsel, and upon expiration of the review period, as adopted by the Commission on July 19, 2012 (or as the review period may be amended or superseded by the Commission). There was discussion of the fees associated with the account. Mr. Gillespie made a motion, seconded by Dr. Wilder, to adopt the foregoing recommendation of RSIC Staff regarding PENN's two existing fixed income mandates. The motion was approved unanimously.

VI. AD HOC PLANNING COMMITTEE REPORT:

Dr. Gunnlaugsson began by reviewing a list of ten high level priorities and strategic goals that had been identified as key areas of strategic focus based on the Ad Hoc Planning Committee's review of the Funston report. Dr. Gunnlaugsson stated that from the list there were several action items for the meeting.

Dr. Gunnlaugsson asked Chairman Williams to present the first action item, the draft Statement of Investment Principles, which is intended to guide asset allocation and oversee development of asset class plans. After Chairman Williams' presentation, the Committee's motion was placed before the Commission, to the effect that the Commission should accept (i.e., receive) the draft Statement of Investment Principles, with the understanding that the commissioners would provide feedback to Staff by May 15, 2014, so that the document could be finalized and presented for approval at the June Commission meeting. The Committee's motion was approved by a vote of 4-1, with Chairman Williams, Mr. Giobbe, Dr. Gunnlaugsson and Dr. Wilder voting for the motion, and Mr. Loftis opposed. Mr. Gillespie abstained.

Dr. Gunnlaugsson presented a motion on the behalf of the Ad Hoc Planning Committee to adopt the Committee's recommendations that the Commission (i) eliminate the practice of Commissioner participation in investment manager due diligence except for educational purposes, and (ii) discontinue the informal use of asset class assignments for Commissioners. Discussion ensued regarding the possible effects this change might have on the Commissioners' familiarity with certain asset classes and managers. The motion was approved unanimously.

Dr. Gunnlaugsson presented a motion on behalf of the Ad Hoc Planning Committee's to amend Commission Governance Policy IV (entitled *Commission Operations*) so as to formalize the agenda-setting process already in place; and direct RSIC Staff to make (i) the necessary conforming changes to Commission policies and procedures and (ii) technical and formatting revisions to the Governance Policies. There were some discussion of the best way to set the agenda and whether this would be the best method. The Committee's motion was approved by a vote of 4-2, with Chairman Williams, Mr. Giobbe, Dr. Gunnlaugsson and Dr. Wilder voting for the motion, and Mr. Loftis and Mr. Gillespie opposed.

Dr. Gunnlaugsson presented a motion on behalf of the Ad Hoc Planning Committee to repeal the motion approved by the Commission on July 19, 2012, which stated: "the Commission would not move to a final investment contract unless each Commissioner has a minimum of 30 days to look at all final documents", to apply to all pending and future investments, including renewals. There was discussion of the potential effects of implementing this change, specifically the effects on due diligence. Mr. Gillespie suggested shortening the review period rather than completely eliminating it. After further discussion, Mr. Gillespie made a motion to amend the July 19, 2012 motion by reducing the 30 day review period to three business days. Mr. Loftis seconded the motion, and the Committee's motion, as amended to provide that "the Commission would not move to a final investment contract …unless each Commission has a minimum of <u>three business days</u> to look at all final documents", was then submitted to a vote. The amended motion was approved by a vote of 5-0. Mr. Loftis abstained from the vote.

Dr. Gunnlaugsson presented a motion on behalf of the Ad Hoc Planning Committee to (i) revise Commission Governance Policy III as presented to create a position of Executive Director, accountable to the Commmission for managing the entire organization; and (ii) direct RSIC Staff to make the necessary conforming changes to Commission policies and procedures, as well as technical and formatting revisions to the Governance Policies.

In the ensuing discussion, in response to a request from Dr. Gunnlaugsson and the members of the Ad Hoc Planning Committee, Mr. Robert Feinstein, Chief Legal Officer, provided the commissioners with an overview of the legal framework relating to the RSIC's senior management structure. It was noted that State law accords extensive discretion to the Commission with regard to the structuring of RSIC's senior management, but there are certain statutorily specified roles and responsibilities as to which the Commission and the Chief Investment Officer must directly interface. After extensive discussion, the Commission decided to receive the recommendation of the Planning Committee as information, with the understanding that Commissioners would submit any suggested changes regarding Governance Policy III to the Chairman by May 15, and the Commission would thereafter reconsider this recommendation and take action. No vote was taken.

VII. AUDIT COMMITTEE REPORT:

On behalf of the Audit Committee, Mr. Gillespie presented a motion to adopt those proposed changes to the Audit Committee's Charter that had been presented for the Commission's approval. Mr. Feinstein explained that one set of changes needed to be made to the Audit Committee charter to clarify that the Audit Committee, and not the Compensation Committee, is responsible for setting the compensation of the chief audit officer. Mr. Gillespie also explained the rationale for a second set of changes which would place the Enterprise Risk Management (ERM) function under the Audit Committee's purview. Lastly, it was noted that a set of edits would be needed to (i) reflect the separation of the Audit function, managed by a Chief Audit Officer, from the ERM and Compliance function, managed by a Director of ERM and Compliance and (ii) clarify that the Audit Committee has authority to set the compensation level of both the Chief Audit Officer and the Director of ERM and Compliance. Mr. Gillespie also noted that, effective July 1, 2014, Ms. Monica Houston would be promoted to Chief Audit Officer, and that Mr. Andrew Chernick would assume the position of Director of ERM and Compliance. The Commission instructed RSIC Legal to work on amendments to the Audit Committee Charter and Compensation Policy to reflect the foregoing clarifications. The Commission adopted the Audit Committee's motion that the foregoing proposed revisions to the Audit Committee charter be adopted, as clarified.

VIII. COMPENSATION COMMITTEE REPORT:

On behalf of the Compensation Committee, Mr. Giobbe presented motions to amend the Charter of the Committee so as to (i) encompass and add Human Resources oversight, and amend the name of the Committee to reflect same, and (ii) require that the renamed Human Resources and Compensation Committee annually review the RSIC's implementation of the compensation policy and conduct a new peer compensation study at least every three years. After discussion of the amendments, the Committee's motion was approved unanimously.

IX. AD HOC NOMINATING COMMITTEE REPORT:

Chairman Williams opened the floor to nominations for candidates to serve as the Commission's Chairman for the term beginning July 1, 2014 and ending on June 30, 2016. Dr. Wilder made a motion to nominate Mr. Giobbe as Chairman, Mr. Gillespie seconded, and Mr. Giobbe was elected Chairman by acclamation.

Mr. Giobbe presented the Committee's recommendation to nominate Dr. Rebecca Gunnlaugsson to serve as the Commission's Vice Chairperson for the term beginning July 1, 2014 and ending on June 30, 2016. Chairman Williams opened the floor for any other nominations. None being heard, Dr. Gunnlaugsson was elected by acclamation.

It was noted that with the foregoing actions having been taken, the Ad Hoc Nominating Committee's work was completed and the Committee was disbanded.

X. EXECUTIVE SESSIONTO DISCUSS PERSONNEL MATTERS, AND INVESTMENT MATTERS PURSUANT TO S.C. CODE ANN. SECTIONS §§ 30-4-70(a)(1)-(2), 9-16-80 AND 9-16-320:

Mr. Giobbe made a motion to recede to executive session to discuss personnel matters, receive legal advice and briefings and discuss investment matters pursuant to S.C. Code Ann. §§ 30-4-

70(a)(1)-(2), 9-16-80, and 9-16-320, Mr. Gillespie seconded the motion, the motion passed unanimously, and the Commission thereupon receded into executive session.

The Commission reconvened in open session, and Chairman Williams reported that the Commission did not take any reportable action while in executive session. Chairman Williams noted that one vote was taken which will be publicized when doing so would not jeopardize the Commission's ability to achieve its investment objective or implement a portion of the annual investment plan.

XI. ADJOURNMENT:

Given no further business on items discussed and no votes taken, the meeting adjourned at 4:57 p.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 2:51 p.m. on April 29, 2014.]