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

**November 19-20, 2007**

**Wampee Training and Conference Center**
**1274 Wampee Plantation Road**
**Pinopolis, South Carolina 29469**

**Commissioners Present:**
Mr. Reynolds Williams, Chairman
Mr. James Powers, Vice-Chairman
State Treasurer Converse Chellis
Mr. Blaine Ewing
Mr. Allen Gillespie

**Others present for all or a portion of the meeting on Monday, November 19, 2007:** Bob Borden, Donald Brock, Doug Lybrand, Rick Patsy, Greg Putnam, Kathy Rast, Nancy Shealy, Nicole Waites, and Hilary Wiek from the South Carolina Retirement System Investment Commission; Allyn Powell from the House Ways & Means Committee; Delores Dacosta, Rick Harmon, and Shakun Tahiliani from the State Treasurer's Office; Dick Charlton, Sean Gill, Rhett Humphreys, and Chris Levell from New England Pension Consultants; Ernie Cruikshank from Jamison, Eaton & Wood, Inc.; Peggy Boykin, Tammy Davis, Danielle Quattlebaum, Kelly Rainsford, and Faith Wright from the South Carolina Retirement Systems; Paul Podolsky and Tom Bachner from Bridgewater Associates; Stu Bohart, Gil Caffray, Dr. Jack Coates, and Dan Waters from Morgan Stanley Investment Management; Michael Hall, Tom Heflin, and Greg Nordquist from Russell Investment Group.
**Others present for all or a portion of the meeting on Tuesday, November 2007:** Bob Borden, Donald Brock, Doug Lybrand, Rick Patsy, Greg Putnam, Kathy Rast, Nancy Shealy, Nicole Waites, and Hilary Wiek from the South Carolina Retirement System Investment Commission; Allyn Powell from the House Ways & Means Committee; Delores Dacosta, Frank Rainwater, and Shakun Tahiliani from the State Treasurer's Office; Sean Gill and Rhett Humphreys from New England Pension Consultants; Ernie Cruikshank from Jamison, Eaton & Wood, Inc.; Peggy Boykin, Tammy Davis, Danielle Quattlebaum, Kelly Rainsford, and Faith Wright from the South Carolina Retirement Systems; Stephen Burns and Anthony Frammartino from The Townsend Group; and Michael Humphrey and Steven Novick from Courtland Partners, Ltd.

## I. CALL TO ORDER, CONSENT AGENDA, AND CHAIRMAN'S REPORT

Chairman Reynolds Williams called the meeting of the South Carolina Retirement System Investment Commission (Commission) to order at 10:15 a.m. and welcomed the Commission and guests to the Investment Retreat at Wampee. He advised that Dr. Travis Pritchett would be unable to attend the Retreat due to illness.

Chairman Williams called for objections or amendments to the meeting's proposed agenda and there being none, the proposed agenda was adopted as presented. The minutes from the September 20 and October 18, 2007, meetings were carried over.

Chairman Williams stated that he would defer most of his report to an executive session at the end of the meeting the following day, although he had one item to report. He said that the South Carolina Retirement Systems (Retirement System) had engaged Independent Fiduciary

Services (IFS) to conduct a study or fiduciary audit of investment operations and accounting. He said that a Fiduciary Audit Committee (Committee) had been organized to work with the Commission, the Retirement System, the State Treasurer's Office, and IFS on the project, and he asked Ms. Peggy Boykin, Director of the Retirement System, to provide additional information. Ms. Boykin explained that the scope of the audit was to study the investment accounting system between the Retirement System, Commission, and the State Treasurer's Office. She said that purpose of the audit was to ensure that the investment operations and accounting functions were developed in accordance with fiduciary standards, that the scope was limited to the investment operations of the Retirement System and Commission, and that the expected date of completion of the audit would be June 30, 2008. Ms. Boykin said that she had asked the Commission to appoint a liaison to the Committee. Chairman Williams advised that he had appointed himself to serve as the Commission's liaison to the Committee.

## II. STRATEGIC PLANNING WORKSHOP

Chairman Williams recognized Mr. Robert Borden, Chief Investment Officer (CIO), to introduce speakers and to provide the framework for the workshop. Mr. Borden explained that rather than having individual presentations, the agenda was designed to cover how the Commission should structure the investment plan and to prioritize items to be addressed in 2008. He said he invited four of the Commission's key strategic partners who played significant roles in the investment process to address various topics during the workshop: the investment consultant, New England Pension Consultants (NEPC); Morgan Stanley Investment Management (MS), who provides due diligence and risk management for the hedge fund program; Russell Implementation Services (Russell), who manages the Beta Overlay Program; and Bridgewater Associates (Bridgewater), who manages two hedge funds for the Commission and provides a wealth of research for the Commission. He summarized the agenda and noted that he had asked the speakers to review the Retirement System's current asset allocation and other aspects of the investment program and to make recommendations so the Commission would have at least three independent viewpoints in addition to recommendations from NEPC. He noted that each of the speakers had prepared extensive materials and that items overlapped, so they would be referring to multiple handouts during the course of the presentations.

**<u>Macro Economic Environment</u>**

Mr. Borden introduced Paul Podolsky from Bridgewater to begin discussions about the macro-economic environment. Mr. Podolsky discussed general economic factors and explained Bridgewater's analysis of economic data in implementing investment strategies. He provided an overview of global economic and market cycles, various economic factors such as population growth, productivity, inflation, interest rates, currency policies and exchange rates in developed and emerging markets, debt and liquidity buildup, labor, and housing markets, and reviewed how those factors impacted economic and market cycles. The Commission asked questions throughout the presentation and discussed the impact of factors on asset allocations and investment strategies for the Retirement System's portfolio.

Mr. Borden introduced Mr. Gil Caffray and Dr. Jack Coates from MS to discuss aspects of the macro-economic environment by asset class. Mr. Caffray provided an overview of risk budgeting and various economic considerations in structuring asset allocations. Dr. Coates discussed several considerations for using a traditional approach versus risk budgeting in structuring asset allocations. He discussed different types of risk such as shortfall, downside, peer risk, leverage, counterparty, etc., and methods for managing those risks. Dr. Coates discussed characteristics of asset classes and discussed the strategic view, 10-year performance of each. He reviewed the Retirement System's prior asset allocation and current target asset allocation and discussed 10-year data relating to annual return, annual volatility, Sharpe ratio, maximum drawdown, and down capture.

Mr. Borden introduced Messrs. Michael Hall, Tom Heflin, and Greg Nordquist from Russell Investment Group (Russell), and Mr. Nordquist discussed various economic indicators that should be considered in developing an asset allocation.

**Institutional Investment Trends**

Mr. Borden introduced Messrs. Richard Charlton, Rhett Humphreys, Sean Gill and Chris Levell from NEPC to discuss institutional investment trends. They discussed asset allocation in general and the trends of other institutional investors' use of alternative asset allocations, including private equity, hedge funds, and real estate. They compared sources of alpha and beta for different asset classes. They provided a comparison of the Retirement System's asset allocation to the average allocation of public funds with assets greater than $5 billion within NEPC's universe in 2002 and 2006 to show the changes within South Carolina and industry trends.

Messrs. Stu Bohart and Dan Waters from MS also discussed trends for asset allocation for public plans. They noted that while the majority of funds allocated to domestic equity, foreign equity and domestic fixed income in 2005, they expect the majority of chief investment officers to increase allocation to alternative investments within the next three years. MS' research indicated that funds are increasing the use of innovative investments such as absolute return, portable alpha, tactical asset allocation and derivatives, and exploring new geographies such as Latin America and Asia.

The Commission recessed for lunch from 12:30 p.m. to 1:30 p.m.

Mr. Borden introduced Richard Charlton, President and CEO of NEPC to provide an update on recent changes at NEPC. Mr. Charlton discussed recent organizational changes and changes in personnel, including new staff and assignments. He advised that NEPC planned to restructure itself to provide current and future partners an enhanced opportunity for equity interests in the firm. He reiterated that there would be no changes in the services provided to the Commission by NEPC

**Asset Allocation**

Mr. Borden introduced Messrs. Chris Levell from NEPC and Michael Hall from Russell to discuss asset allocation. Mr. Levell discussed trends relating to actuarial assumptions and methods by which plan sponsors could address liabilities. He discussed differences between the public and private sectors, including accounting standards and methods by which actuarial assumptions were set. Upon question by Mr. Borden, Mr. Levell explained a trend in projecting rates of return whereby actuaries used a forward-looking building block approach to set assumptions rather than focusing on experience studies. After further discussions, Mr. Borden asked Ms. Boykin to outline issues relating to the Retirement System. Ms. Boykin provided an historical perspective with regard to cost of living adjustments (COLAs) for retirees and the actuarial assumptions for the Retirement System. She said that the State Budget and Control Board (Board) was reviewing COLAs and the Board and Legislature were exploring ways for setting expectations for long-term returns. State Treasurer Chellis noted that a task force, comprised of 15 individuals from various interested groups, was working on these issues. Mr. Rick Harmon from the State Treasurer's Office added that credit agencies were monitoring South Carolina closely, and that the State's General Fund had approached a limit as to contributions that could be made by employers. Mr. Borden reviewed the Commission's development of asset allocation and the actuarial rate of return assumptions. Mr. Borden and the Commission discussed the challenges with projecting long-term rates of return and the various factors that could affect a projection.

Mr. Hall discussed experiences with corporate plans and accounting standards. He explained that the challenge with public plans was to figure out how to change the expected return on assets, which in turn would change the way benefits that had already been promised would be discounted; and then in effect that would book today future returns that had not been realized. He noted that corporate plans had disaggregated the two assumptions and did not face the same issues as public plans.

Mr. Levell discussed various theories and trends relating to asset allocation mixes and expected returns.

Mr. Hall provided for an overview of portable alpha. He reviewed the separation of alpha and beta, noting that higher-cost, more skill-based alpha generation and lower-cost risk factor exposure (beta) could be managed and monitored independently. He reviewed the traditional approach to asset allocation, the effects of incorporating portable alpha into the portfolio, the components of equity manager returns, and the factors to consider in determining asset allocations.

Mr. Humphreys reviewed the Retirement System's target asset allocation and the actual asset allocation as of October 31, 2007. He discussed various asset allocation mixes and risk and return forecasts, correlation forecasts, the probability of losses within a five-year periods and the probability of earning 7.25 percent over a five-year period.

**Risk Budgeting**

Mr. Borden introduced Mr. Podolsky to provide an overview of portfolio construction principles and risk budgeting. He discussed the Sharpe ratio, conventional asset return and risk perspectives, and risk-adjusted returns for various asset classes. He discussed the basic principles of risk budgeting and separating beta (market allocation) and alpha (manager selection) and explained engineering beta within a portfolio.

Dr. Coates provided a different analysis of the allocation of risk between beta and alpha, and the different approaches were discussed.

**Implementation**

Mr. Borden asked Mr. Sean Gill to discuss the due diligence framework by which managers and investment opportunities are evaluated. He provided an overview of the due diligence process, which included steps such as identifying new managers, analyzing quantitative and qualitative data, and conducting on-site due diligence meetings.

Mr. Caffray discussed the due diligence that MS conducted regarding managers and investment opportunities and detailed the analysis MS used for verification of data and investment processes.

**Morgan Stanley Strategic Partnership**

Mr. Borden asked Dr. Coates and Mr. Caffray to review a proposed strategic partnership between the Retirement System and Morgan Stanley. Mr. Caffray explained that the proposal was to form a partnership, the Morgan Stanley/SCRSIC Strategic Partnership, L.P., with an objective to invest in a wide range of high expected risk-adjusted alphas in liquid, private, U.S., non-U.S., registered and unregistered funds, etc. The partnership would use risk budgeting with a focus on alpha, allocate opportunistically, use portable alpha extensively, and emphasize low risk hedge funds, private markets, co-investment opportunities, and secondaries. Mr. Caffray explained how a risk budgeting approach would be used and provided near term portfolio suggestions. Dr. Coates noted that all investments would accompany co-investment by Morgan Stanley. The Commission discussed the investment strategies, investment guidelines, transparency, management of conflicts of interest, and the contributions that the managers and partners would make to the partnership. The investment committee would be comprised of Dr. Coates, Mr. Caffray, Mr. Borden, and additional members on an ad hoc basis. They discussed other details of the proposal and the source of funding initial allocations to the partnership. Mr. Caffray provided a sample portfolio and discussed Morgan Stanley's prior experiences in similar partnerships.

Mr. Borden recognized Mr. Nordquist to review the Beta Overlay Performance report for October 2007. In addition to discussing performance, he reviewed the overlay mechanics.

Chairman Williams recessed the meeting at 5:45 p.m. on Monday, November 19, 2007, to resume at 8:15 a.m. on Tuesday, November 20, 2007.

------------------------------------------------------------------------------------------------------------

Chairman Williams reconvened the meeting at 8:20 on Tuesday, November 20, 2007 and welcomed Commissioners and guests.

Chairman Williams advised that Mr. Chellis wanted to discuss an item with the Commission. Mr. Chellis said that while he was a member of the Commission, he also served on the State Budget and Control Board (Board). Mr. Chellis said that the Board was charged with setting the actuarial assumed rate of return, so he sought guidance from the Commission regarding long-term return expectations. He said that while he understood that the Commission was not responsible for setting the assumed rate of return, it would be asked for its long-term expectations in the future. Chairman Williams said that the Commission had not opined as a body on an appropriate 30-year period actuarial rate of return, and that if an opinion was sought, he would recommend that the Commission perform the necessary analysis and issue an in-depth report that was designed specifically for that purpose and that also addressed the risks associated with any rate of return that might be suggested. He noted that the annual investment plan and annual report provided information that might be useful for the policy-makers, but those documents were not designed for that purpose. The Commission discussed the difficulties in projecting a 30-year rate of return. They also discussed the disconnect between accounting, economic, and actuarial standards, the improved performance of the current portfolio relative to the portfolio that was constructed under prior legal restraints, and the Board's and Commission's roles relating to return rate projections. NEPC summarized data that could provided upon request, and noted additional assumptions and caveats that would need to be addressed. The Commission discussed adjustments to the portfolio that would be required if the Board changed the actuarial assumed rate of return significantly, noting that the asset allocation set by the Commission would be driven by that rate and the associated risk parameters. They also discussed the Asset-Liability Modeling Study that had been conducted in 2006 and how it had been used to develop the current target asset allocation. Chairman Williams noted that the discussions emphasized that the Commission had not formally analyzed a 30-year rate of return projection except in the context of the ALM and the actuarial assumed rate of return as provided by the Board, but while the Commission might not be able to provide an answer, it could research the issue if the Board asked it to do so. Chairman Williams stated that it had been a meaningful discussion and highlighted some of the issues faced by the Retirement System.

**Real Estate Planning**

Mr. Borden introduced Messrs. Michael Humphrey and Steven Novick from Courtland Partners, Ltd., to discuss investment strategies for developing the real estate investment program. They reviewed property types within the real estate asset class, risk/returns for core, value, and opportunistic strategies, the different investment vehicles and structures, characteristics of public and private real estate investments, and return correlations to stocks and bonds. They discussed domestic and international market conditions and performance.

Mr. Borden introduced Messrs. Stephen Burns and Anthony Frammartino from The Townsend Group Institutional Real Estate Consultants (Townsend). Townsend provided information about public and private markets for real estate investments, including market and investor trends, global and regional investment themes, and risk and performance of various real estate investment strategies. Upon request by the Commission, they discussed factors to consider in developing an investment strategy for the real estate sector, provided a risk and return comparison for real estate sector styles, ways to gain exposure to real estate markets while implementing a long-term strategy, and the different real estate investment vehicles that are available, including stable, enhanced, global, international and high return domestic real estate. The Commission and Townsend discussed diversification of the real estate sector, including commingled, passive, active, and separately managed investments.

Mr. Borden asked NEPC to review the Commission's real asset allocation strategy and to provide information for a preliminary search schedule. Mr. Gill discussed the target allocations to core private real estate, non-core private real estate for value added and opportunistic strategies, timber, and infrastructure, and recommended dollar cost averaging into the strategies. He provided information about the market environment, and the Commission discussed the various strategies, risk management, market contingencies, exposure to real estate within the current portfolio, current investment opportunities, and valuation or appraisal methodology. After further discussion, the Chairman designated Mr. Chellis to serve on the search team relating to real estate investments.

(Information relating to the Strategic Planning Workshop has been retained in the Commission's files and is identified as Exhibit A).

## III. GENERAL COMMISSION BUSINESS MEETING

Chairman Williams referred to the minutes from the meetings on September 20 and October 18, 2007, which had been carried over from earlier in the meeting. Upon motion by Mr. Chellis and second by Mr. Powers, the minutes from the meeting on September 20, 2007, were approved. Ms. Shealy advised that the minutes from the October meeting were pending, so the matter was carried over.

**Investment Matters**

Chairman Williams recognized Mr. Borden for the CIO Report and Updates. Mr. Borden referred to materials that had been provided to the Commission prior to the meeting regarding private equity recommendations of the search team, which was comprised of Mr. Borden, representatives of NEPC, Dr. Travis Pritchett, and Ms. Hilary Wiek. Mr. Borden asked Ms. Wiek to review the recommendations.

Ms. Wiek stated that the search team recommended investments with Northstar Capital and TCW/Crescent (mezzanine private equity funds), Square 1 Ventures (venture capital fund of funds), and Lehman Brothers secondary private equity fund. The Commission reviewed and discussed information about each of the funds and proposed investments, which included due diligence inquiries, proposed fee structures, allocations, investment strategies, and target closing dates. Chairman Williams entertained motions relating to each proposal. The Commission determined that the maximum amount that would be accepted by each partnership should be invested

Mr. Powers made a motion, which was seconded by Mr. Gillespie and passed unanimously, to invest an amount not to exceed $50 million in the Northstar Mezzanine Partners V, L.P., to authorize the Chairman or his designee to negotiate fees not to exceed those presented by the search team, and to authorize the Chairman to negotiate and execute any necessary documents to invest in the fund.

Mr. Ewing made a motion, which was seconded by Mr. Powers and passed unanimously, to invest an amount not to exceed $100 million in the TCW/Crescent Mezzanine Partners V, L.P., to authorize the Chairman or his designee to negotiate fees not to exceed those presented by the search team, and to authorize the Chairman to negotiate and execute any necessary documents to invest in the fund.

Ms. Wiek noted that the search team had conducted additional due diligence on Square 1 Ventures per the Commission's request, and that based on the results, the search team recommended the investment. After the Commission discussed the additional information provided, Mr. Powers made a motion, which was seconded by Mr. Ewing and passed unanimously, to invest an amount not to exceed $30 million in the Square 1 Venture 1 L.P., to authorize the Chairman or his designee to negotiate fees not to exceed those presented by the search team, and to authorize the Chairman to negotiate and execute any necessary documents to invest in the fund.

Mr. Chellis made a motion, which was seconded by Mr. Ewing and passed unanimously, to invest an amount not to exceed $50 million in the Lehman Brothers Secondary Opportunities Fund II LP., to authorize the Chairman or his designee to negotiate fees not to exceed those presented by the search team, and to authorize the Chairman to negotiate and execute any necessary documents to invest in the fund.

(Information relating to this matter has been retained in the Commission's files and is identified as Exhibit B).

Chairman Williams referred to the proposal for a strategic partnership with Morgan Stanley Investment Management (Morgan Stanley SCRSIC Strategic Partnership or Strategic Partnership) that the Commission had reviewed in the meeting previously. Chairman Williams noted that the limited partnership would be funded by the Commission in part from transfers from existing allocations to the Morgan Stanley Completion Fund. Mr. Borden reviewed the Commission's strategy with regard to the allocations to the Completion Fund and explained that the Strategic Partnership would be designed to invest opportunistically and would allow the Commission to have more input on implementing the underlying investment strategies for the partnership. Mr. Borden recommended investing an additional $750 million to the Strategic Partnership to provide interim exposure to diversified markets while implementing the target asset allocation plan. He noted that there would be significant savings in management fees and carry costs by implementing the Strategic Partnership. In response to questions by the Commission, Mr. Borden explained the structure of the Strategic Partnership, the investment process, and accountability. Mr. Powers stated that he conducted due diligence meetings and reviews about the proposal and recommended that the Commission approve the recommendation. He noted that the advisory committee would be comprised of Dr. Coates and

Mr. Caffray from Morgan Stanley and Mr. Borden initially, but that additional members could be appointed to the advisory committee as needed. The Commission discussed diversification of the investments, risk factors, and the investment process. After further discussion, Mr. Powers made a motion to invest in the Morgan Stanley SCRSIC Strategic Partnership Fund (Fund) under the current fee schedule (75 basis points), to authorize the Chairman or his designee to negotiate and execute any necessary documents, upon approval for legal sufficiency by General Counsel, to transfer a total of $250 million from the existing Alpha IFHF and LMF II Funds and allocate an additional $750 million according to the transition plan to fund the Retirement System's investment. Mr. Ewing seconded the motion. Mr. Gillespie recused himself from voting on or discussing the proposal due to potential conflicts of interest with Morgan Stanley that had been disclosed previously. After further discussion, the motion passed unanimously, with Mr. Gillespie having abstained from voting.

(Information relating to this matter has been retained in the Commission's files and is identified as Exhibit C).

Mr. Borden provided the Commission with an update on due diligence that had been conducted by the search team, which was comprised of Mr. Borden, NEPC, and Mr. Gillespie, relating to Pequot. Messrs. Borden and Gillespie reviewed the investment strategy, and after further discussion, the consensus was that the search team should continue due diligence review of the investment opportunity.

Mr. Borden referred to the Quarterly Investment Performance for Periods Ending September 30, 2007, and NEPC's quarterly report, which had been provided to the Commission prior to the meeting. Mr. Borden provided a summary and noted that the peer group ranking of the Retirement System had begun to improve due to the diversification of the investments. After further discussion, the report was received as information, and no amendments to the annual investment plan were recommended.

(Information relating to these matters has been retained in the Commission's files and is identified as Exhibit D).

Mr. Borden referred to a draft of the 2007 Annual Investment Report that had been provided to the Commission prior to the meeting. He reviewed the information contained in the report, noting those sections that were required by statute. After further discussion, Mr. Powers made a motion for the Commission to approve the report, subject to detailed review by General Counsel and the Chairman. Chairman Williams noted that Commissioners could provide additional comments through December 15, 2007. Mr. Gillespie seconded the motion, which passed unanimously.

(Information relating to this matter has been retained in the Commission's files and is identified as Exhibit E).

Mr. Borden referred to the Investment Division Organization Chart and asked for approval to begin recruiting for an equity officer and alternative investments officer. There being no objection, Chairman Williams instructed Mr. Borden to begin the process.

(Information relating to this matter has been retained in the Commission's files and is identified as Exhibit F).

**Administrative Matters**
Chairman Williams recognized Ms. Nancy Shealy for the Administrative Director and General Counsel's Report.

Ms. Shealy presented the proposed staffing plan and organizational chart for the Commission's Administrative Division and recommended adoption by the Commission. Chairman Williams advised that he and Mr. Powers had vetted the proposals and concurred with the recommendations. After further discussion, Mr. Powers made a motion to approve the proposed staffing plan and organizational chart, and upon second by Mr. Ewing, the motion passed unanimously.

(Information relating to this matter has been retained in the Commission's files and is identified as Exhibit G).

Ms. Shealy provided the Commission with a budget status report, reviewed the revised format, and explained the budgeting and procurement process generally. Mr. Powers asked for a general time-frame by which the Commission's expenses would stabilize. Ms. Shealy replied that it may take another full budget cycle to project expenses more accurately as staff and resources developed. Mr. Ewing asked about the status of the fiduciary liability insurance policy. Ms. Shealy explained that the Retirement System decided to pay the premium, so the funds allocated to the Commission's budget had been transferred to the Retirement System. Ms. Boykin noted that the Retirement System intended to issue a Request for Proposals in the next few months as the current contract for fiduciary liability insurance would expire June 30, 2008. After further discussion about various items in the budget, the Commission received the report as information.

(Information relating to this matter has been retained in the Commission's files and is identified as Exhibit H).

Chairman Williams referred to a draft policy relating to reimbursement for continuing education. He stated that the policy had not been vetted so he suggested that the Commission could either approve the policy in principle and direct Ms. Shealy and Ms. Wiek to revise the draft to conform or the Commission could carry the matter over. Mr. Gillespie suggested that the Commission carry the matter over for review, and the Commission concurred. Chairman Williams noted, and the Commission concurred, that continuing education was encouraged and supported and that the Commission would adopt a policy to address reimbursements consistent with state legal requirements.

(Information relating to this matter has been retained in the Commission's files and is identified as Exhibit I).

Chairman Williams and the Commission commended the staff on facilitating the Retreat.

## IV. EXECUTIVE SESSION
Chairman Williams asked for a motion to convene in executive session. Mr. Powers made a motion that the Commission convene in executive session to receive legal advice and to discuss a pending contractual matter. The motion was seconded by Mr. Ewing and passed unanimously. Chairman Williams announced that the Commission would meet in executive session for the purpose of receiving legal advice and to discuss a pending contractual matter, and he asked Mr. Borden to remain in the meeting.

## V. ADJOURNMENT

The Commission reconvened in open session and Chairman Williams reported that no action was taken in executive session. Chairman Williams thanked everyone for attending the meeting, and the meeting adjourned at 1:30 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 2nd Floor Conference Room at 202 Arbor Lake Drive, Columbia, SC, on November 16, 2007 and were posted at the Wampee Training and Conference Center at 1274 Wampee Plantation Road, Pinopolis, SC on November 18, 2007.]