

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

January 16, 2012

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

Committee Members Present:

Mr. Allen Gillespie
Mr. Reynolds Williams
Dr. Travis Pritchett

Others present for all or a portion of the meeting on Monday January 16, 2012: Sarah Corbett, Robert Feinstein and Nancy Shealy from the South Carolina Retirement System Investment Commission (“RSIC”); Joe Dietzer from Deloitte and Touche (“Deloitte”); Bill Leidinger from the State Treasurer’s Office (“STO”).

- I. Call to Order:** Mr. Gillespie called the meeting of the RSIC Audit Committee (“Committee”) to order. Prior to approving the agenda, Mr. Gillespie announced that in regard to Item IV of the November 17, 2011 Audit Committee Meeting minutes, he had been authorized to take action with regard to a personnel matter. Mr. Gillespie noted that he had extended an offer of employment to a candidate for the RSIC’s Director of Internal Audit position, but the offer had been rejected. Dr. Pritchett made a motion to approve the agenda, which was seconded by Mr. Williams and approved unanimously.
- II. Approval of Minutes:** Mr. Gillespie made reference to the minutes for the Committee’s November 17, 2011 meeting. Mr. Williams made a motion to approve the minutes as written, which was seconded by Dr. Pritchett and approved unanimously.
- III. Executive Session to Review Personnel Matters:** Mr. Gillespie noted that the next item of business required the Committee to go into executive session, for the purpose of interviewing a candidate for the position of Director of Internal Audit and Compliance, and discussion related to the interviews.

Mr. Gillespie temporarily relinquished the Chair to Dr. Pritchett. It was noted that, in accordance with the Committees Policy, Mr. Dietzer had been invited to assist the Committee in conducting the interviews. Mr. Feinstein noted that Mr. Bill Leidinger, Chief of Staff for the STO, had informed RSIC staff and counsel that Mr. Loftis requested that Mr. Leidinger be permitted to attend the executive session as a representative of Mr. Loftis. Mr. Feinstein advised the Committee that (i) pursuant to a request previously made by the Chairman of the Committee, counsel had drafted a confidentiality and nondisclosure agreement (“Confidentiality Agreement”) setting forth

the terms upon which Mr. Leidinger would be permitted to observe the executive session, (ii) a copy of the Confidentiality Agreement had been given to Mr. Leidinger for review, and (iii) it was counsel's recommendation that the Committee vote on whether to permit Mr. Leidinger to observe the executive session. In the discussion which ensued, it was noted that (i) the terms of the Confidentiality Agreement were consistent with the conditions that the Committee had placed upon Mr. Leidinger's observance of the Committee's November 10, 2011 executive session and (ii) Mr. Leidinger had executed and submitted the Confidentiality Agreement.

Dr. Pritchett made a motion to permit Mr. Leidinger to observe the executive session as Mr. Loftis' representative. The motion was seconded by Mr. Gillespie. In the ensuing discussion, Mr. Williams noted that he would vote against the motion for the reasons which he had noted in the Committee's November 10, 2011 meeting, and Dr. Pritchett stated that he did not believe that the Commission would permit any other Commissioner's employee or designee to attend an executive session in his stead, and requested that, if Mr. Loftis feels these matters are important, that he attend these meetings in person. The question was called, and the motion was approved 2-1, with Mr. Williams opposing.

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

Dr. Pritchett made a motion that the Committee go into executive session, for the purpose of interviewing a candidate for the position of Director of Internal Audit and Compliance, and discussion related to the interviews. Mr. Gillespie seconded the motion, and it was approved unanimously.

The Committee reconvened in open session at 12:10 p.m. Upon returning from executive session, the Committee unanimously authorized the Chairman to take action with regard to a personnel matter, consistent with the discussions conducted within executive session.

IV. Adjournment:

There being no further business, the meeting adjourned.

[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, on January 11, 2012.]