South Carolina Retirement System Investment Commission
Meeting Minutes

November 18-19, 2009

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

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

Others present for all or a portion of the meeting on Wednesday, November 18, 2009: Mike Addy, Dunkin Allison, Geoff Berg, Bob Borden, Jonathan Boyd, Dori Ditty, Brenda Gadson, Hershel Harper, Dave Klauka, Doug Lybrand, Jared O'Connor, Kathy Rast, Nancy Shealy, Nicole Waites, Brian Wheeler, and Hilary Wiek from the South Carolina Retirement System Investment Commission; Rick Harmon, Mike McDermott, and Shakun Tahiliani from the State Treasurer's Office; Peggy Boykin, Greg Meetze, Tammy Nichols, John Page, and Faith Wright from the South Carolina Retirement Systems; Andrew Barret from Family Asset Management; Peter Berezin, Samantha Davidson, Mark Evans, Bill McMahon, and Pat Sullivan from Goldman Sachs Asset Management (Goldman Sachs); Stu Bohart from Morgan Stanley Investment Management (MSIM); Bruce Brittain and Libby Cantrill from Pacific Investment Management Company, LLC (PIMCO); Dino Cesario, Skip Shaw, and Mike Winchell from Mariner Investment Group, LLC (Mariner); Marquette Chester and Diane Garnick from Invesco Institutional Inc. (Invesco); Wilbur L. Ross from WL Ross & Company LLC (WLR); John Helmers from Citadel Capital; and Jaeson Dubrovay, Shawn Gill, and Donna Szeto from New England Pension Consultants (NEPC).
Others present for all or a portion of the meeting on Thursday, November 19, 2009: Mike Addy, Dunkin Allison, Geoff Berg, Bob Borden, Jonathan Boyd, Dori Ditty, Brenda Gadson, Hershel Harper, Dave Klauka, Doug Lybrand, Jared O'Connor, Kathy Rast, Nancy Shealy, Nicole Waites, Brian Wheeler, and Hilary Wiek from the South Carolina Retirement System Investment Commission; Shakun Tahiliani from the State Treasurer's Office; Peggy Boykin, Greg Meetze, Tammy Nichols, John Page, and Faith Wright from the South Carolina Retirement Systems; Stu Bohart from MSIM; Dino Cesario, Skip Shaw, and Mike Winchell from Mariner; Marquette Chester and Diane Garnick from Invesco; John Helmers from Citadel Capital; and Jaeson Dubrovay, Shawn Gill, and Donna Szeto from NEPC.

I. CALL TO ORDER, CONSENT AGENDA

Chairman James Powers called the meeting of the South Carolina Retirement System Investment Commission (Commission) to order at 10:10 a.m. and welcomed the Commission and guests to the Educational Investment Retreat at Wampee.

Chairman Powers reported that Blaine Ewing would not be present for the meeting on November 18, 2009 due to a scheduling conflict. He also said the agenda order should be shifted to move items of particular interest to Mr. Ewing to the meeting on the following day.

The Commission concurred, and there being no further amendments, the agenda was adopted as amended upon motion by State Treasurer Converse Chellis and second by Allen Gillespie.

II. DETAILED REVIEW OF CURRENT ASSET ALLOCATION

Chairman Powers recognized Robert Borden, Chief Executive Officer and Chief Investment Officer (CEO/CIO), to introduce speakers and to provide an overview of the agenda. Mr. Borden said he invited several of the Commission's key strategic partners who played significant roles in the investment process to address various topics during the meeting: the investment consultant, New England Pension Consultants (NEPC); Morgan Stanley Investment Management (MSIM); Mariner Investment Group, LLC (Mariner); Invesco Institutional Inc. (Invesco); WL Ross & Company, LLC (WL Ross); Pacific Investment Management Company, LLC (PIMCO); and Goldman Sachs Asset Management (Goldman Sachs). He explained that he had asked the speakers to review the Retirement System's current asset allocation and to provide feedback about the current allocation with regards to the current, near-future, and long-term economic landscape in order to paint a picture of key market performance drivers. Mr. Borden also stated that he requested the speakers consider risk allocation and analysis in their presentations.

Mr. Borden introduced Geoff Berg, Director of Research and Analytics, to begin the discussion regarding the current asset allocation of the total portfolio (Portfolio) of the South Carolina Retirement Systems (Retirement System). The Commission and staff discussed the current asset allocation in general and reviewed each of the asset classes. They reviewed the current and target allocations of the equity, fixed income, opportunistic credit, absolute return/hedge fund, and real estate/liquid real assets portfolios. They discussed liquidity, currency exposures, funding sources for future commitments, and ways to manage cash flows to meet unfunded commitments as they become due.

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

III. ECONOMIC OVERVIEW AND INVESTMENT THEMES

Mr. Borden introduced representatives from Goldman Sachs, who were Pat Sullivan, Relationship Manager, and Peter Berezin, Vice President and Senior Global Economist, for a presentation on the global economic outlook. Mr. Berezin discussed the recovery from the financial crisis, noting that recovery would be anemic when compared to past recessions. He explained that there would be a temporary impulse of stimulus and inventory cycle and that for the first time since the end of World War II, consumption growth was negative. He said that individual healthcare spending had increased and slowed the savings rate and that the private sector was saving more, thus slowing investment. He also explained how recovery from the financial crisis had impacted various countries differently and noted that emerging markets had seen a "V" shaped recovery and had been more resilient to the downturn. Mr. Berezin indicated that global consumption had moved away from the United States to China and India. In closing, Mr. Berezin predicted that deleveraging had just begin and the current recession was close to being over, but he opined that growth would continue to be slow – possibly resulting in only 2 percent potential economic growth over the next year.

The Commission and Mr. Borden 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 Skip Shaw, Partner, Mike Winchell, Portfolio Manager, and Dino Cesario, Portfolio Manager, from Mariner for a discussion of current and prospective financial conditions. Mr. Shaw discussed important factors that were influencing the market, including the increase in risk appetite and high yield debt, the slide into fixed income securities, the virtual collapse in credit, high default rates, continued volatility, the dramatic increase in the deficit, excess production capacity, and the current employment environment. He also said that potential issues with commercial loans would create new investment opportunities. Mr. Shaw closed by opining that volatility would stabilize and defaults would continue. He suggested investing in a liquid product strategy with no credit risks, commercial real estate loans, systemic credit opportunities, and idiosyncratic credit opportunities. The Commission and Mr. Borden asked questions throughout the presentation and discussed the impact of factors on asset allocations and investment strategies for the Retirement System's Portfolio.

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

During lunch, Mr. Borden asked Diane Garnick, Chief Investment Strategist from Invesco, to introduce the speaker, Wilbur L. Ross. Ms. Garnick said that Mr. Ross was the CEO of WL Ross, which was a wholly-owned subsidiary of Invesco and managed the private investment division of Invesco. Mr. Ross began his presentation by stating that the current recession, unlike prior recessions, was not caused by Federal Reserve Board monetary policies followed by industrial retraction, but by the overleveraging of families leading to a financial crisis that almost created a depression. He discussed how the recession had hurt individuals more than corporations in America and indicated that consumer income, when adjusted for inflation, had been stagnate over the past decade. Mr. Ross also reported that the current recession had resulted in the average consumer being currently more leveraged than in 2007. Additionally, he discussed increased job losses and unemployment claims, weakened income and decreased access to consumer credit, state budgetary issues, idle industrial capacity, and a possible $583 billion reduction in consumer spending. Mr. Ross predicted that residential real estate values would continue to drop in 2010 before leveling off and that commercial real estate values would fall. He suggested that bank failures would present opportunities for investment with a positive rate of return for careful investors. In closing, Mr. Ross stated that home price stability and family balance sheet repair were needed for sustained economic growth and the largest pitfall in distressed investment was the overly optimistic belief that a quick sustained recovery of the economy is forthcoming. The Commission and Mr. Borden asked questions throughout the presentation and discussed the impact of factors on asset allocations and investment strategies for the Retirement System's Portfolio.

Chairman Powers stated that the following themes seemed to be common amongst the presentations: high yield strategies had become overpriced; large cap growth and large cap equities should be reconsidered; the fund of funds approach to hedge funds should be reevaluated; there were huge potential opportunities in commercial real estate; and currency-based economic opportunities should be considered.

IV. DISCUSSION OF RISK ALLOCATION AND ANALYSIS

Mr. Borden introduced Samantha Davidson, Vice President of Global Portfolio Solutions, and Mark Evans, Managing Director for Global Portfolio Solutions and IMD Strategies, from Goldman Sachs for an in-depth presentation on Goldman Sachs' Risk Management Program. Mr. Evans discussed integrating risk management into the investment process including market risk, manager selection risk, liquidity risk, counter-party risk, and investment process risk. He also explained the limitations and application of implementing a risk management system. Ms. Davidson provided the Commission with a detailed Risk Management Program Proposal schedule that outlined a timeline for implementing a specific risk management program tailored to the Commission. The Commission and Mr. Borden 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 Mike Winchell, Portfolio Manager, from Mariner for a presentation on Portfolio Protection Scenarios. Mr. Winchell reviewed and explained the consideration of traditional stock/bond allocations in an environment of significant fiscal stimulus and expansive federal debt issuance. He discussed an Exchange Traded Fund (ETF) Proxy Portfolio and possible ETF prices, and he summarized the proxy portfolio across three economic scenarios and discussed possible strategies to offset worst-case scenarios. He also discussed hedging to improve return, inherent issues when hedging during a crisis, scenario analysis, risk modeling, volatility, and the need for deep granular portfolio review when studying tail risk. In closing, Mr. Winchell suggested modeling portfolios on a real time basis and structuring portfolios with insurance to prevent and mitigate tail risk and subpar returns. The Commission and Mr. Borden 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 Libby Cantrill, Account Manager, and Bruce Brittain, Executive Vice President and Product Manager for Absolute Return Strategies and Structured Product Initiatives, from PIMCO for a presentation entitled: "Tail Risk Hedging Strategies and a Risk Factor Based View of Portfolio Risk". Mr. Brittain described hedging as a mixture of science and art to reduce the impact of systemic events. He also noted that the Retirement System's Portfolio was unique and very diversified. Mr. Brittain explained hedging strategies, provided PIMCO's approach to managing tail risk through hedging, provided an analysis of the Retirement System's current Portfolio in risk factor dimensions, and reviewed alternative asset allocations and hedge strategies. The Commission and Mr. Borden asked questions throughout the presentation and discussed the impact of factors on asset allocations and investment strategies for the Retirement System's Portfolio.

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

Chairman Powers stated that he had been very impressed and pleased with the presentations and thanked the guests and speakers for their insight regarding risk analysis.

Mr. Chellis made a motion, which was seconded by Mr. Gillespie and passed unanimously, to recess the meeting at 5:30 p.m. on Wednesday, November 18, 2009, and to carry over unfinished agenda items until 8:30 a.m. on Thursday, November 19, 2009.

I. CALL TO ORDER

Chairman James Powers reconvened the meeting of the Commission at 8:30 a.m.

Chairman Powers referred to the minutes from the meeting on October 15, 2009. Upon motion by Mr. Chellis and second by Reynolds Williams, the minutes from the meeting on October 15, 2009, were approved.

Chairman Powers indicated that while he did not have a specific Chairman's Report, he wanted to reserve some time to discuss and reflect on the topics and discussions from the previous day. He also stated that on at least a yearly basis, he felt the Commission should review and reaffirm its commitment to the ethical considerations of the members and staff in performing duties relating to the Commission and the Portfolio. Chairman Powers recognized Mr. Williams and Nancy Shealy, General Counsel, for information regarding statutory provisions relating to ethics. Mr. Williams noted that the State Ethics Act included provisions that were also in the Commission's enabling legislation. He reviewed statutes relating to conflicts of interest, including the use of confidential information for personal gain by a member of the Commission, employees, agents, or members of their immediate families or businesses with whom they are associated. Mr. Williams offered suggestions to maintain compliance and explained that it would be in the best interest of the Commission and staff not to discuss Commission activity with any third party. He further detailed how the improper dissemination of confidential information was a felony punishable by up to 10 years in prison and/or up to a $100,000 fine. He summarized by noting that while the Commission was aware of fiduciary responsibilities, everyone should also be aware of additional penalties that could be imposed for breaching ethical standards. Ms. Shealy reiterated Mr. Williams' comments and noted that in addition to criminal penalties, the State Ethics Commission had the authority to impose additional penalties including reprimands, fines, and incarceration for violations of the State Ethics Act. Chairman Powers stated that these statements should be incorporated into the Commission's governance policies.

Chairman Powers recognized Mr. Borden to continue with agenda items that were carried over from the previous day. Mr. Borden introduced Hershel Harper, Deputy Chief Investment Officer, and Jaeson Dubrovay, Senior Strategist from NEPC, for a presentation on the hedge fund program. Mr. Harper reported that in 2007, 20 percent of the Portfolio, or approximately $4.9 billion, was allocated to the Beta Overlay Program. He stated that the goal was to migrate away from fund of funds to separately managed accounts. Mr. Harper explained that the current hedge fund program may be over diversified, which would decrease efficiency. He added that transitioning away from a fund of funds structure would significantly reduce annual fees, reduce minor positions and redundancies, pace the transition to ensure diversification, and realign liquidity and terms. Mr. Dubrovay explained that the proposed transition would also benefit economies, transparency, and operational efficiency; reduce exposure to other investors' actions; and improve risk management and control. Mr. Harper indicated that this transition would be a resource-intensive process and stated that he would enlist NEPC and several of the strategic partners to assist. After further discussion, the consensus of the Commission was that the preliminary transition plan was acceptable, and Chairman Powers directed Mr. Borden to construct a definitive transition plan to be presented at the Commission meeting in January 2010. He also stated that the transition timeframe needed to be shortened to reduce fee expenditures. Ms. Shealy noted that with the number of underlying funds in the fund of funds portfolios, the migration could involve unwinding as many as 315 contracts prior to completion. The Commission and Mr. Borden asked questions throughout the presentation and discussed the impact of factors on resources and the Retirement System's Portfolio.

(Information relating to this matter has been retained in the Commission's files and is identified as Exhibit D(1)).

Mr. Borden introduced Dave Klauka, Senior Alternative Investment Officer, for a presentation on real estate action plans. Mr. Klauka reported that decreasing real estate values and the large amount of debt that would become due over the next four years had created great investment opportunities. He explained a proposed course of action and highlighted strategic partnerships, direct investment/co-investment opportunities, and real estate funds. Mr. Klauka introduced Shawn Gill from NEPC for additional recommendations. Mr. Gill suggested investing in a mix of open-end and closed-end products that would complement strategic partnership allocations, committing to investments over time to achieve vintage year diversification similar to that employed in the private equity strategy, and seeking non-US exposure. The Commission discussed the current outlook on real estate, the proposed real estate framework, the potential funding schedule, existing real estate investments and opportunities within the strategic partnerships, and real estate diversification by global geography, property type, and investment structure. Mr. Borden shifted the discussion to real assets and recommended additional concentration on liquid assets and private equity opportunities. Mr. Gill explained strategies to protect the Portfolio from unexpected inflation and long/short commodity exposures. The Commission and Mr. Borden asked questions throughout the presentation and discussed the impact of factors on asset allocations and the Retirement System's Portfolio.

(Information relating to this matter has been retained in the Commission's files and is identified as Exhibits D(2), D(3), and D(4)).

Chairman Powers suggested that the Public Equity Action Plan discussion be carried over until the January 2010 Commission meeting so it could be incorporated into the risk management discussion of the entire Portfolio, and the Commission concurred.

II. GOVERNANCE POLICES

Chairman Powers recognized Travis Pritchett to begin discussions regarding the RSIC's compensation plan and policy. Dr. Pritchett reported that he and Mr. Gillespie had vetted the proposed policy thoroughly. He stated that the policy was designed to attract, hire, retain, and motivate a highly qualified staff. Dr. Pritchett explained that the Commission competes with private organizations for professional talent. He noted further that virtually all private organizations have incentive compensation policies, and he explained concepts of the proposed compensation plan relating to base salary, legislative salary adjustments (cost of living adjustments or "COLAs"), and performance incentive compensation. Dr. Pritchett said that the policy was also designed to align the interests of personnel with the Commission's investment objectives as described in the Annual Investment Plan. He noted that use of the Sharp Ratio to determine incentive compensation was not appropriate because it would not account for alternative investments. Dr. Pritchett stated that the current and proposed policies outlined the maximum incentive compensation obtainable for the Chief Investment Officer (CIO) and would allow the CIO to determine the maximum obtainable for other staff. Mr. Gillespie explained that in a year of negative return, even if performance was good on a relative basis and predetermined benchmarks were met, the payment of the incentive compensation would be deferred until a profitable year. Dr. Pritchett added that the proposed plan was similar to other state retirement systems' plans. He also stated that all incentive compensation calculations would be reviewed by the custodian bank, NEPC, and the Commission to ensure accuracy and compliance with RSIC policies. Mr. Borden indicated that the Commission's current incentive compensation policy had been in effect since April 2008 and said that the proposed draft compensation policy would codify a tighter process than the original policy. He also explained that all calculations would be net of fees. Mr. Borden reported that based on benchmarks and performance of the Portfolio, no incentive compensation would be paid for the fiscal year ended June 30, 2009. After further discussion, Chairman Powers said that the policy should be reviewed by the Commission's General Counsel, and he suggested that additional discussion be carried over to the January 2010 Commission meeting.

Mr. Borden referred to the Commission Operations Policy that had been distributed during a prior Commission meeting. Dori Ditty, Policy Analyst, outlined the various aspects of the Operations Policy. The Commission, Ms. Shealy, and Mr. Borden discussed the definition of a "quorum" with regards to the Commission and the importance of developing a specific policy. They discussed various aspects of the proposed policy, including the inclusion of the non-voting member in a quorum for purposes of convening a meeting wherein the Commission could take action and the requisite votes needed to commit the Commission to action in scenarios such as disqualification or absence of voting members. After further discussion, the Chairman summarized the consensus of the Commission for amendments to the proposed policy, which were to include provisions that the presence of three voting members would constitute a quorum for purposes of convening and continuing a meeting and that an affirmative vote by a majority of the Commissioners present and voting at a meeting would be required to commit the Commission to action. Mr. Gillespie made a motion, which was seconded by Mr. Williams and passed unanimously, to amend the proposed Commission Operations Policy to conform to the discussions as summarized by the Chairman and to adopt the Commission Operations Policy, as amended, subject to review by General Counsel.

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

Mr. Chellis asked about the status of policies relating to signature authority in the absence of the Chairman and Vice Chairman, and Chairman Powers replied that Mr. Gillespie had been developing a disaster recovery section for the Commission's governance policy that would address the concerns.

III. INVESTEMENT MATTERS

Mr. Borden recognized Mr. Berg for the review of October 2009 performance. Mr. Berg reported that October performance for the Portfolio was down 0.66 percent, while fiscal year-to-date performance was estimated to be up 10.45 percent. He also indicated that the fixed income portfolio performed exceptionally well. Mr. Berg provided the Commission an overview of investment performance across the entire asset allocation for the periods ended September 30, 2009, and he discussed the contributing factors to that performance. He also provided a projected schedule for fundings of current commitments, a summary of synthetic exposures, and current Portfolio allocations. Mr. Berg did not discuss NEPC's report for the quarter ended September 30, 2009, although the Commission received the report as information. The Commission and Mr. Borden discussed performance factors including cash flow estimates and liquidity of the Portfolio.

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

Mr. Borden reported that the Annual Investment Report had been vetted by the Commission and staff and requested any additional comments to be submitted to him as soon as possible. Chairman Powers concurred with Mr. Borden's comments and indicated that no changes were expected.

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

Mr. Borden introduced Stu Bohart, Managing Director and Head of Alternative Investments, from Morgan Stanley Investment Management (MSIM), for a review of the Morgan Stanley SCRSIC Strategic Partnership Fund LP (MS Partnership). Mr. Bohart reviewed the investments in the MS Partnership, discussed performance, and noted that the MS Partnership was transitioning away from the hedge fund strategy. He indicated that the MS Partnership sought to generate alpha by employing MSIM's top-down, macro expertise to prioritize asset allocation decisions amongst sectors and countries; enhance cross-divisional communication and idea generation to present the most timely and unique investment opportunities; and, focus on opportunities involving structural arbitrage and secondary transactions. Mr. Bohart outlined several opportunities the MS Partnership planned to pursue. The Commission and Mr. Borden asked questions throughout the presentation and discussed the activities and performance of the MS Partnership. Chairman Powers and Mr. Chellis expressed concerns about incentive fees, and Chairman Powers requested that Mr. Borden prepare a report outlining fee calculations in dollar amounts instead of percentages in the future.

Mr. Borden referred to materials relating to a proposed investment with WL Ross. He noted that the Retirement system invested in WL Ross' Absolute Recovery Hedge Fund L.P. in September 2008, and the relationship had been positive. He recommended committing $200 million to a whole loan Public-Private Investment Program (P-PIP) opportunity that would be managed by WL Ross and Invesco. Mr. Borden noted that the federal government provided non-recourse financing for loans in the P-PIP program. Mr. Gillespie reiterated prior comments that WL Ross had the expertise to navigate the distressed markets and to generate significant returns. Mr. Borden explained that the proposed investment with WL Ross would be unique and had the potential to generate excellent returns. After further discussion, Mr. Williams made a motion, which was seconded by Mr. Chellis and passed unanimously, to invest an amount not to exceed $200 million in the WLR Whole Loan Fund, L.P. or the appropriate vehicle within the Invesco/WLR Mortgage Recovery Fund covering the P-PIP program as recommended, and to authorize the Chairman or his designee to negotiate and execute any necessary documents to implement the investment upon approval for legal sufficiency by General Counsel.

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

Mr. Borden referred to materials relating to the Loomis Sayles Credit Long/Short Fund L.P. (Loomis). He recommended committing $500 million to Loomis' long/short fund with an initial funding of $250 million sourced from the existing investment in the Loomis Sayles High Yield Full Discretion Trust Fund (Loomis High Yield Fund). The Commission and Mr. Borden discussed the opportunity and its favorable economics, including reduced fees, a possible carry waiver, and potential revenue sharing. Mr. Borden advised that the deadline for the investment was January 31, 2010, and he stated that if the Commission approved the recommendation, the approval should be subject to completion of due diligence on the new fund. After further discussion, Mr. Williams made a motion, which was seconded by Mr. Ewing and passed unanimously, to reallocate $250 million from the Loomis Sayles High Yield Fund to the Loomis Sayles Credit Long/Short Fund, L.P., to authorize the Chairman or his designee to negotiate terms consistent with the information provided by Mr. Borden, and to authorize the Chairman to execute any necessary documents, including a revenue sharing agreement if available, to implement the investment upon approval for legal sufficiency by General Counsel, and subject to completion of due diligence satisfactory to the Chairman if the Commission does not meet in January 2010 prior to the closing deadline.

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

Mr. Chellis asked about protocol for discussing documents that contain confidential information in open meetings of the Commission in light of ethical considerations relating to disclosure. Ms. Shealy provided an overview of the statutory requirements of the Freedom of Information Act and ethical considerations. The Commission and staff discussed considerations for disclosure of various types of information, including terms relating to contract negotiations. After further discussion, the consensus was that care needed to be exercised in balancing transparency and disclosure with confidentiality, protection of market-sensitive portfolio information, and handling information so as to not be at a competitive disadvantage in the marketplace. Mr. Ewing asked for further clarification about the use of confidential information provided to the Commission. Ms. Shealy reiterated that each Commissioner should evaluate the applicability of the statutes to the particular situation to make a determination as to prohibited activity. After further discussion, Chairman Powers summarized the consensus of the Commission to provide the greatest level of transparency allowable while fulfilling its fiduciary responsibility.

Mr. Ewing made a motion, which was seconded by Mr. Gillespie, and passed unanimously to approve the Calendar Year 2010 Commission meeting schedule.

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

Chairman Powers highlighted topics of interest from the presentations from both days of the meeting and stated that the Commission's fat tail equity risk needed to be addressed. The Commission briefly discussed the Risk Assessment request for proposals. Chairman Powers asked Messrs. Harper and Borden to outline a plan of action for the next calendar year before January 2010.

IV. ADJOURNMENT

There being no further business, Chairman Powers thanked everyone for attending the meeting, and upon motion by Mr. Ewing and second by Dr. Pritchett, the meeting adjourned at 12:15 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 of the South Carolina Retirement System at 202 Arbor Lake Drive, Columbia, South Carolina, at the office of the Commission, and at the Wampee Training and Conference Center at 1274 Wampee Plantation Road, Pinopolis, South Carolina on November 16, 2009.]