



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

July 18, 2012

The Honorable Nikki Haley
Governor, State of South Carolina
The State House
Columbia, South Carolina

The Honorable Richard Eckstrom
Comptroller General
305 Wade Hampton Office Building
Columbia, South Carolina

The Honorable Hugh Leatherman
Chairman, Senate Finance Committee
111 Gressette Building
Columbia, South Carolina

The Honorable Brian White
Chairman House Ways and Means Committee
525 Blatt Building
Columbia, South Carolina

Dear Members of the Budget and Control Board:

As you know, Chairman Reynolds Williams is currently under investigation by the State Law Enforcement Division and the State Ethics Commission for possible self-dealing related to an investment made by the Retirement System Investment Commission, and yet he continues to chair the Retirement System Investment Commission. The Commission is a State agency entrusted with 25 billion dollars of retirement money. This Commission should be transparent and accountable, yet it has for years operated behind a blanket of secrecy and now under a cloud of suspicion.

With reference to the Commission meeting scheduled for July 19, 2012, Chairman Reynolds Williams has refused to allow the Commission to address the investigations facing him or the underlying investment and activities that led to an investment contract commitment of up

to 100 million dollars. (The attached agenda does NOT provide for discussion of the investment or the investigations)

I urged in emails as recently as yesterday that the Commission meet, discuss these matters and act decisively at tomorrow's meeting in a manner that preserves and protects the credibility of the Investment Commission and assures all parties that the Commission takes its fiduciary responsibilities seriously and is always acting solely in the best interests of the Trust.

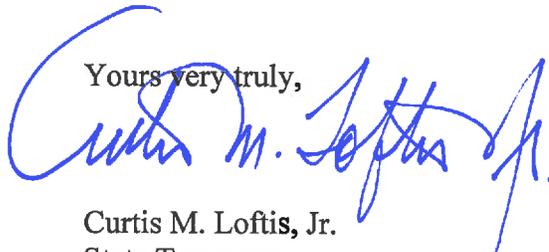
Section 9-16-60(A) of the S.C. Code of Laws states "that the members of this Commission may comply with our fiduciary duties by acting on the facts and circumstances existing at the time of our action."

The Commissioners cannot rely on hindsight or base our actions on a future expectation. Therefore, we cannot assume that Chairman Williams will be cleared or charged by the two reviewing agencies. But based on what we know today, including the information in the Commission's files, I believe the Commission has a duty to protect the Trust by addressing this issue at once. We should not allow Chairman Williams to continue serving as the Chairman of this Commission until he is cleared by both agencies or other information comes to our attention.

I have thoroughly reviewed the files and am very familiar with this investment and how it came to fruition. That information leads me to firmly state that Reynolds Williams should immediately step aside as Chairman until the two state investigations of him are completed.

This is a very important time for the Commission as it is on the verge of hiring a new Chief Investment Officer, a new Chief Executive Officer, and is in the final stage of a national search for a general pension consulting firm. All of these steps are vitally important, and all could be tainted if hired while the Commission is being led by Mr. Williams.

Yours very truly,



Curtis M. Loftis, Jr.
State Treasurer

CMLjr/db
Enclosures

Cc: Ms. Marcia Adams
Mr. Paul Koch

REYNOLDS WILLIAMS
CHAIRMAN

EDWARD N. GIOBBE
VICE CHAIRMAN

CURTIS M. LOFTIS, JR.
STATE TREASURER



SOUTH CAROLINA RETIREMENT SYSTEM

INVESTMENT COMMISSION

1201 MAIN STREET | SUITE 1510 | COLUMBIA, SC | 29201

ALLEN R. GILLESPIE, CFA
COMMISSIONER

S. TRAVIS PRITCHETT
COMMISSIONER

JAMES R. POWERS
COMMISSIONER

NOTICE OF PUBLIC MEETING

This notice is given to meet the requirements of the S.C. Freedom of Information Act and the Americans with Disabilities Act. Furthermore, this facility is accessible to individuals with disabilities, and special accommodations will be provided if requested in advance.

RETIREMENT SYSTEM INVESTMENT COMMISSION

Date: July 19, 2012

Time: 8:15 a.m.

Location: South Carolina Retirement System

Investment Commission

1201 Main Street, Ste. 1510

Columbia, South Carolina 29201

Presentation Center, 15th Floor

AGENDA

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| I. Call to Order | 8:15 a.m. |
| A. Adoption of Proposed Agenda | |
| II. Transition Issue Report - Commissioner Gillespie | 8:20 a.m. |
| III. Investment Approval Timeline | 8:25 a.m. |
| IV. Confidentiality Agreements | 8:40 a.m. |
| V. Executive Session to discuss personnel matters and receive legal advice | 9:00 a.m. |
| VI. Adjournment | 3:15 p.m. |