

SC PUBLIC EMPLOYEE BENEFIT AUTHORITY- BOARD OF DIRECTORS

Retirement Policy Committee- MINUTES [Adopted 2/5/14]

202 Arbor Lake Drive, Columbia SC, Main Conference Room 2nd Floor

December 4, 2013, 9:30 A.M.

Ad Hoc Committee Members Present:

Mr. John Sowards, Chairman (in person)
Mr. David Tigges (in person)
Mr. Frank Fusco (in person)
Mr. Art Bjontegard (in person)

Others present for all or a portion of the meeting:

David Avant, Lil Hayes, Stephen Van Camp, Travis Turner, Justin Werner, Matt Davis & Virginia Wetzel from the South Carolina Public Employee Benefit Authority (PEBA); Donald Tudor, Wayne Pruitt with the SC State Retirees Association; Paul Staples with Summit Strategies Group; Carlton Washington with the SC Employee Association; and Lynn Stokes-Murray with McNair Law Firm.

AGENDA

1. CALL TO ORDER; ADOPTION OF PROPOSED AGENDA

Mr. Sowards called the meeting to order at 9:30 a.m. Ms. Hayes confirmed meeting notice compliance with the Freedom of Information Act. Mr. Fusco moved to adopt the proposed agenda. Mr. Sowards noted the motion was adopted by acclamation.

2. Approval of Meeting Minutes- November 4, 2013

Mr. Sowards asked for amendments to the November 4, 2013 committee minutes. There being none, Mr. Sowards asked for a motion to approve the minutes. Mr. Tigges moved to approve the minutes. Mr. Sowards noted the motion was adopted by acclamation.

3. Group Trust Document Amendment

PEBA's Interim Director, David Avant, advised that the Retirement Systems Investment Commission has approved the investment of retirement funds in a collective investment fund, the "Plan of BlackRock Institutional Trust Company Investment Fund for Employee Benefit Trusts". This fund is a qualified group trust. Pursuant to IRS revenue rulings, in order to maintain the qualified status of BlackRock's group trust upon the inclusion of South Carolina's retirement funds, the terms of the group trust document must be adopted as part of the South Carolina Retirement System Group Trust plan document. Mr. Avant advised that no action is required today of the Committee but will be in the future. The Committee received this as information.

4. SCRS Valuations [In notebook materials]

Mr. Avant advised that PEBA's actuarial consultant, Gabriel Roeder Smith & Company (GRS) has prepared actuarial valuations for the SC Retirement Systems (SCRS, PORS, GARS, JSRS, and SCNG) for fiscal year ending June 30, 2013. It was noted that the valuations are statutorily required to be presented to the General Assembly by the second Tuesday in January 2014. Mr. Avant introduced Danny White (by phone) with GRS who provided a summary of each system's valuations.

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Action:

The Committee reviewed and accepted as information the valuations to be presented to the Board,

For **SCRS** as of July 1, 2013, and **APPROVE** an increase in the employee contribution from 8.00 % to 8.16% and the employer contribution from 10.90% to 11.06% for the fiscal year beginning July 1, 2015.

For **PORS** as of July 1, 2013, and **APPROVE** an increase in the employee contribution from 8.41% to 8.74% and the employer contribution from 13.41% to 13.74% for the fiscal year beginning July 1, 2015.

For **JSRS** as of July 1, 2013, noting that the recommended employer contribution rate of 47.97% remains unchanged for the fiscal year beginning July 1, 2015.

For **GARS** as of July 1, 2013, and **APPROVE** an increase in the employer contribution from \$4.275 million to \$4.501 million for the fiscal year beginning July 1, 2015.

For **SCNG** as of July 1, 2013, and **APPROVE** an increase in the employer contribution from \$4.586 million to \$4.591 million for the fiscal year beginning July 1, 2014

Mr. Bjontegard inquired about South Carolina's Pension Fund ranking by the PEW Foundation for public pension plan's percentage of pension liabilities funded. Mr. White speculated that South Carolina's ranking position (47th out of 51 public pension plans across the country in 2012) has probably not changed much. However, effects from the recent retirement reform will take time to change the overall outlook of the plan.

5. ORP Quarterly Update - 3Q 2013 [In notebook materials]

Mr. Sowards introduced Paul Staples with Summit Strategies Group who presented South Carolina Optional Retirement Program's 3rd Quarter 2013 Performance Summary. The Committee received this as information.

The Committee took a break at 10:40 a.m. and reconvened at 10:50 a.m.

6. Defined Contribution Unit Best Practice Recommendations [In notebook materials]

Paul Staples provided a summary of best practice recommendations for the South Carolina Optional Retirement Plan as recommended by Summit Strategies Group. The Committee received this as information.

Matt Davis with PEBA presented Defined Contribution Unit best practice recommendations. The Committee received this as information.

7. Old Business and New Business

The Committee agreed for all Retirement Policy Committee meetings to be held on the first Wednesday of each month at 9:30 a.m.

8. New Business

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There was no new business.

9. Adjournment

There being nothing further to discuss, Mr. Sowards requested a motion to adjourn. Mr. Fusco moved to adjourn and Mr. Sowards noted the motion was adopted by acclamation. The committee adjourned at 1:05 p.m.