

Meeting Minutes | Board of Directors

Thursday, February 18, 2016 | 1 p.m.
200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes Approved March 17, 2016

Board Members Present: Mr. Steve Heisler, Mr. Frank Fusco, Mr. Steve Matthews, Mr. Audie Penn, Mr. John Sowards, and Mr. David Tigges

Board Members Present via Telephone: Ms. Stacy Kubu, Sheriff Leon Lott, and Mr. Steve Osborne

Board Members Absent: Vice Chairman Joe “Rocky” Pearce

Others Present for All or a Portion of the Meeting: Peggy Boykin, Ashley Brindle, Sarah Corbett, Jennifer Dolder, Doug Hislop, Heather Muller, Ariail Kirk, Tammy Nichols, Jacalin Shealy, Laura Smoak, Travis Turner, Stephen Van Camp, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Sam Griswold from the State Retirees Association of South Carolina; Brooks Goodman from Blue Cross Blue Shield of South Carolina; Alex Tomlinson and Brant Tomlinson from Milliken Law Firm; and Muriel Anderson and Carlton Washington from the South Carolina State Employees Association.

I. Call to Order

Ms. Peggy Boykin, Executive Director, called the PEBA Board of Director’s (Board) meeting to order at 1:00 p.m., and stated that the PEBA Board received a letter of resignation from Chairman Art Bjontegard which leaves a vacancy in the Board Chairmanship. Ms. Boykin also advised that Vice-Chairman Rocky Peace will not be able to attend the Board meeting, and she will preside over the meeting until a new Chairman is elected. Ms. Boykin confirmed that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Adoption of Proposed Agenda

Mr. Steve Heisler made a motion, which was seconded by Mr. John Sowards, and approved unanimously, to adopt the proposed Board meeting agenda.

III. Approval of Meeting Minutes- January 21, 2016

Mr. Audie Penn made a motion, which was seconded by Mr. Heisler, and approved unanimously, to adopt the January 21, 2016, meeting minutes as presented.

IV. Election of Officers

Mr. David Tigges made a motion, which was seconded by Mr. Matthews, and approved unanimously, to nominate Mr. Sowards to serve as Chairman of the PEBA Board for the remaining of the current term ending June 30, 2016, as in accordance to the PEBA Board of Director Bylaws.

Ms. Boykin turned the meeting over to Chairman Sowards.

V. Committee Reports

A. Health Care Policy Committee

Mr. Heisler reported that the Health Care Policy Committee met earlier in the morning, and participated in a facilitated discussion on the Committee's Strategic Plan. Mr. Heisler stated that the Committee developed a mission and related goals, which PEBA staff will finalize prior to the next Committee meeting.

B. Retirement Policy Committee

Mr. David Tigges stated that the Retirement Policy Committee met on February 9, 2016, to receive the results of the 2016 Experience Study as information. Mr. Tigges stated that Mr. Danny White and Mr. Joe Newton from Gabriel, Roeder, Smith & Company (GRS), reviewed the Experience Study and the recommended assumptions with the Committee.

Ms. Boykin advised that she, PEBA staff, and GRS, collectively reviewed the results of the Experience Study with each of the offices that represent the State Fiscal Accountability Authority. Ms. Boykin stated that the Experience Study includes a recommendation to lower the assumed rate of return from 7.50 percent to 7.25 percent. Ms. Boykin added that the Experience Study and the recommendation to lower the assumed rate of return will be provided to the General Assembly for review, and PEBA will make a determination on the additional assumptions after the assumed rate of return has been finalized. Ms. Boykin advised the Board that the Experience Study results increases the contribution rate in the South Carolina Retirement System (SCRS) by 1.2 percent.

Chairman Sowards requested that staff prepare a written summary of the Experience Study to be presented to the full Board at the March 17, 2016, meeting. Chairman Sowards also requested that each member of the PEBA Board receive a copy of the Experience Study, assumptions, and cost projections to review prior to the March Board meeting.

C. Finance, Administration, Audit and Compliance (FAAC) Committee

Mr. Steve Matthews stated that the FAAC met on February 17, 2016, and reviewed the Committee's Strategic Plan. Mr. Matthews advised that the Committee did not make any changes to the FAAC Committee Charter at this time.

Mr. Matthews reported that Ms. Jennifer Dolder, Employer Services Director, provided a presentation related to increasing retirement awareness and preparation.

Mr. Matthews reminded the Board that an Ethics and Conflict of Interest Policy was adopted in 2014, and stated that the Board's Policy is in compliance with the Code of Conduct Policy that was recently developed for the Governor's Cabinet Agencies. Chairman Matthews announced that Ms. Melissa Alexander, legal counsel for PEBA, is also PEBA's internal Ethics Officer, and can advise employees if they have questions in regards to ethics reporting.

Mr. Matthews reviewed proposed changes to the Board of Directors Bylaws as it relates to Chairman and Committee terms of office. Mr. Matthews advised that language has been included to extend the terms of officers and committee members until successors are elected or appointed. Chairman Sowards requested that this discussion be deferred until the March Board meeting to give Board members additional time to review the proposed changes.

VI. Old Business

A. Director's Report

Ms. Boykin provided the Director's Report, and stated that the Governor's version of PEBA's budget includes an additional \$96 million in recurring funds as a line item appropriation to the pension fund that will provide funding for the one half percent contribution increase that will be required to absorb the investment losses from fiscal year 2015. Ms. Boykin advised that the Governor's version of the budget also includes \$26.2 million in funding for the State Health Plan, and would require a premium increase for employers and employees. Ms. Boykin added that if the Governor's version of the budget is adopted, employees would pay an additional 92 cents per month for the State Health Plan effective January 1, 2017.

B. Roundtable Discussion

At the conclusion of the Director's Report, Chairman Sowards provided an opportunity for a roundtable discussion. Chairman Sowards and Board members expressed their personal gratitude to previous Chairman Bjontegard for his outstanding service and leadership to the PEBA Board.

VII. Executive Session to discuss a personnel matter pursuant to S.C. Code Ann. Section 30-4-70(A)(1)

At 1:40 p.m., Mr. Heisler made a motion, which was seconded by Mr. Tigges, and passed unanimously, to recede into executive session to discuss a personnel matter.

The Committee reconvened in open session at 1:44 p.m. Chairman Sowards announced that no action was taken by the Board while in executive session.

VIII. Adjournment

There being no further business, and upon motion by Mr. Fusco, which was seconded by Mr. Matthews, and approved unanimously, the Board meeting adjourned at 1:45 p.m.