

Meeting Agenda | Board of Directors

Thursday, August 18, 2016 | 1:00 p.m.
200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

- I. Call to Order
- II. Adoption of Proposed Agenda
- III. Approval of Meeting Minutes- July 21, 2016
- IV. Committee Reports
 1. Health Care Policy Committee
 2. Retirement Policy Committee
 3. Finance, Administration, Audit and Compliance (FAAC) Committee
 - A. FY 2018 PEBA Agency Budget Request
 - B. Conference Event Attendance Policy Approval
- V. Old Business
 1. Director's Report
 2. Roundtable Discussion
- VI. Executive Session pursuant to S.C. Code of Laws § 30-4-70(a)(1) if necessary
- VII. Adjournment

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.

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD MEETING**

Meeting Date: August 18, 2016

1. Subject: FY 2018 PEBA Agency Budget Request

2. Summary: The FY 2018 PEBA Agency Budget includes \$50 million dedicated to the implementation of the Operational Assessment Project (\$10 annually for 5 years beginning in FY 2018) and additional \$1.9 to \$2.5 million in IT operational budget cost.

3. What is the Board asked to do? Approve the FY 2018 Agency Budget as requested

4. Supporting Documents:

(a) Attached: FY 2018 Budget Request



Serving those who serve South Carolina

Fiscal year 2018 budget request

August 2016

History of approved budget authorization



- PEBA operations are funded by Trust Funds (insurance and retirement), not General Funds
- Approved authorization for FY 2013 and FY 2014 totaled \$31,330,091
- Additional \$700,000 was added in FY 2015 for fiduciary audit, and remained as part of the approved FY 2016 authorization; total authorization was \$32,030,091 for operations
- Other than fiduciary audit addition, there has been no increase in basic approved authorization since FY 2012
- General Funds for statewide employer contributions was added for FY 2016, with termination of the Budget and Control Board and as part of Act 121 of the 2014 restructuring
- Total FY 2017 approved budget was \$39,525,111

History of approved budget authorization



- For retirement systems assets, the Investment Commission invests the assets to help fund the system over time; the State Treasurer's Office invests the insurance assets
- PEBA does not set aside a budget in a separate account for deferred maintenance
- To maximize investment income, money is left in Trust Funds until needed for operational expenses
- The Investment Commission is also funded by the Retirement Trust Funds



Operating budget trends

Trust Funds	Authorized budget						Requested FY 2018
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	
Personal services	\$15,163,827	\$14,463,827	\$14,593,889	\$14,593,889	\$14,593,889	\$15,403,176	\$16,029,937
Other operating	\$11,463,734	\$12,163,734	\$11,963,734	\$12,663,734	\$12,663,734	\$11,049,436	\$9,964,350
Adoption assistance	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Employer contributions	\$4,402,530	\$4,402,530	\$4,472,468	\$4,472,468	\$4,472,468	\$5,277,479	\$5,735,804
New IT system project	-	-	-	-	-	-	\$10,000,000
Total Trust Funds	\$31,330,091	\$31,330,091	\$31,330,091	\$32,030,091	\$32,030,091	\$32,030,091	\$42,030,091
General Funds	-	-	-	-	\$8,271,510	\$7,495,020	\$7,495,020
Total	\$31,330,091	\$31,330,091	\$31,330,091	\$32,030,091	\$40,301,601	\$39,525,111	\$49,525,111

New IT system project funding and personnel plan



- \$50 million project implementation budget
 - \$10 million annually for 5 years beginning in FY 2018
- Commercial off-the-shelf product and new technology tools have higher post production support costs
 - Additional \$1.9 to \$2.5 million in IT operational budget required
 - Higher IT funding required to keep future system current
- Significant PEBA resources and personnel will be dedicated and committed to the project
 - Authorization for an additional 10 FTEs is requested for the duration of the project



Disclaimer

This presentation does not constitute a comprehensive or binding representation regarding the employee benefits offered by the South Carolina Public Employee Benefit Authority (PEBA). The terms and conditions of the retirement and insurance benefit plans offered by PEBA are set out in the applicable statutes and plan documents and are subject to change. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD MEETING**

Meeting Date: August 18, 2016

1. Subject: Conference Event Attendance Policy

2. Summary: The Conference Event Attendance Policy outlines the instances where PEBA directors and employees attending an educational conference or seminar as a representative of PEBA may attend a meal, coffee break, reception or other similar networking event sponsored by a current or potential PEBA vendor without paying the full cost of attendance.

3. What is the Board asked to do? Approve the Conference Event Attendance Policy as presented.

4. Supporting Documents:

Attached:

1. Conference Event Attendance Policy

South Carolina Public Employee Benefit Authority
Conference Event Attendance Policy

1. PEBA is committed to ensuring that the members of the PEBA Board of Directors and PEBA employees receive the education and training they need to successfully oversee and administer the employee benefit plans offered by PEBA. Often this education is provided by sending directors and employees to educational conferences and seminars related to the employee benefit plans administered by PEBA. PEBA has found that much of the educational value of such conferences is derived not only in the regular sessions of the conferences, but also in networking events held in connection with the conferences. Because some of these networking events are sponsored by entities that do business, or could seek to do business, with PEBA, this policy is hereby adopted to provide guidance on the conditions under which PEBA directors and employees may attend such events.

2. Notwithstanding any other provisions of the PEBA Board of Directors Ethics and Conflicts of Interest Policy and the PEBA Employee Code of Conduct, PEBA directors and employees attending an educational conference or seminar as a representative of PEBA may attend a meal, coffee break, reception or other similar networking event sponsored by a current or potential PEBA vendor without paying the full cost of attendance, so long as:
 - a. attendance without paying full cost does not violate the requirements of the State Ethics Act, including provisions related to the receipt of things of value from lobbyists or lobbyists' principals;

 - b. there is no open procurement matter involving PEBA in which the current or potential vendor has, or could have, an interest; and,

 - c. all PEBA directors and employees attending the conference or seminar, and representatives from at least one other non-South Carolina entity, are invited to the event.

3. If a PEBA director or employee is precluded from attending the event without paying full cost pursuant to the provisions of Section 2, the director or employee may still attend the event if he or she pays the full cost of his or her attendance at the event or, if permissible, PEBA pays the full cost of his or her attendance. A director or employee should not attend an event, even if paying the full cost, if attendance at the event would create an appearance of impropriety in connection with a procurement or other business matter involving PEBA.

4. In addition to any reporting requirements of the State Ethics Act, a PEBA director or employee who attends an event without paying the full cost of attendance pursuant to Section 2 must report his or her attendance of the event to the PEBA Ethics Officer on the appropriate report. This report shall not be required for attendance at an event, such as a breakfast or coffee break, that is sponsored by a current or potential PEBA vendor and that is on the agenda and open to all attendees of a national or regional educational conference held by a non-commercial organization or association.