

## Meeting Minutes | Board of Directors

Thursday, October 4, 2018 | 9:00 a.m.  
Nexsen Pruet | 1230 Main St., Suite 700 Columbia, SC 29201

Minutes Approved December 5, 2018

**Board Members Present:** Mr. Steve Heisler, Ms. Paige Lewis, Vice Chairman Joe “Rocky” Pearce, Mr. Audie Penn, Mr. Chuck Richardson, Chairman John Sowards, Mr. Alex Shissias, and Mr. Ed Walton.

**Board Members Absent:** Sheriff Leon Lott and Mr. Steve Matthews

**Others Present for All or a Portion of the Meeting:** Peggy Boykin, Ashley Brindle, Amber Carter, Sarah Corbett, Joe Greene, Heather Muller, Tammy Nichols, Laura Smoak, Rob Tester, Travis Turner, Heather Young, Stephen Van Camp, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Christian Trimarchi from the South Carolina Office of the State Treasurer; Joanie Lawson from the South Carolina Education Association; Carlton Washington from the South Carolina State Employees Association; Sam Griswold from the State Retirees Association of South Carolina; Brooks Goodman and Carmen Wilson from Blue Cross Blue Shield of South Carolina; Mike Madalena from Gabriel, Roeder, Smith & Company; and Charlie Mullikin from Mullikin Law Firm.

### I. Call to Order

Chairman John Sowards called the PEBA Board of Director’s (Board) retreat to order at 9:00 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### II. Approval of Meeting Minutes- July 25, 2018

It was noted that the July 25, 2018, meeting minutes were adopted unanimously as presented.

### III. Approval of 2020 Initial State Health Plan Budget Requirements

Mr. Rob Tester, Insurance Policy Director, reviewed the preliminary 2020 State Health Plan budget requirements, and stated that it is estimated that no increase in State Health Plan employer or enrollee rates will be required to sustain the Plan of Benefits for 2019. Accordingly, there will be no health insurance annualization required in the following year’s budget, and no increase in contribution rates effective January 1, 2020.

Mr. Rocky Pearce made a motion, which was seconded by Mr. Alex Shissias, and passed unanimously, to approve the 2020 initial State Health Plan budget, and to request full funding of the adult well visits on an annual basis with no patient cost sharing.

#### **IV. Funston Advisory Services Status Report**

Ms. Peggy Boykin, Executive Director, reviewed an Issue Brief and a summary of recommendations related to the Fiduciary Performance Audit which was conducted by Funston Advisory Services beginning in October 2014. Ms. Boykin advised that the final report was issued January 16, 2015, and identified 113 recommendations for improvement. As of September 1, 2018, PEBA has completed 92 percent of the recommendations in its purview. Five of the 11 recommendations needing legislative changes have also been enacted. Ms. Boykin added that the next Fiduciary Audit will be conducted in 2019, with the final report due to the General Assembly in January 2020.

#### **V. 2017-2019 Strategic Plan**

Ms. Sarah Corbett, Chief Operating Officer, provided the Board with updated staff actions related to the 2017-2019 Strategic Plan.

Chairman Sowards asked that staff conduct a business continuity test coordinated with a disaster recovery test at an earlier date than indicated on the staff action plan.

Mr. Audie Penn commented that he would like to see additional staff actions related to lowering obesity levels since it is a significant cost driver of the State Health Plan. Ms. Boykin replied that staff will evaluate and propose additional staff actions related to Strategy 2.1 which is designed to ensure members take personal responsibility regarding health and retirement, and will present a revision to the Health Care Policy Committee in December.

Mr. Pearce made a motion, which was seconded by Mr. Steve Heisler, and passed unanimously, to approve the 2017-2019 Strategic Plan as presented.

#### **VI. Retirement/Pre-Retirement Advisory Panel Nominations**

Ms. Boykin provided a brief overview regarding the creation and purpose of the Retirement/Pre-Retirement Advisory Panel.

Ms. Heather Muller, Board Liaison, stated that there are four seats on the Panel that expire on December 17, 2018. Two members of the Panel which have been nominated for a second term include Mr. Tim Winslow representing county employees, and Ms. Robbie Koon Defreese, representing retired state employees. Both members representing higher education and public school employees have been selected for replacement. The nominations includes Ms. Caroline Agardy from the University of South Carolina, and Mr. Marc Camp from Limestone Central Elementary School.

Mr. Heisler made a motion, which was seconded by Mr. Pearce, and passed unanimously, to approve the reappointment of Mr. Tim Winslow and Ms. Robbie Koon Defreese, as well as approve the nomination of Ms. Caroline Agardy and Mr. Marc Camp, to the Retirement/Pre-Retirement Advisory Panel for a term ending on December 18, 2022.

#### **VII. 2019 Board and Committee Meeting Dates**

Ms. Boykin reviewed the proposed 2019 quarterly Board and Committee meeting dates.

Mr. Heisler made a motion, which was seconded by Mr. Shissias, and passed unanimously, to approve the 2019 Board and Committee meeting date schedule.

## **VIII. Committee Reports**

### **A. Finance, Administration, Audit and Compliance (FAAC) Committee**

Mr. Chuck Richardson, Committee Vice Chairman, advised that at the September 5, 2018, meeting, the FAAC Committee received an update on the peba:connect project related to information technology security.

Chairman Sowards added that the next FAAC Committee meeting will be held on December 5, 2018.

### **B. Health Care Policy Committee**

Mr. Pearce reported that at the September 5, 2018, meeting, the Health Care Policy Committee received an update regarding the MoneyPlus flexible benefits program administered by PEBA; an update on the Patient Center Medical Homes (PCMH) program; and a communications update from PEBA staff. Mr. Pearce advised that 19,844 participants applied for the Naturally Slim program during the first enrollment period.

Mr. Pearce also added that Mr. Alex Shissias has been nominated to serve as the Committee Vice-Chairman.

Chairman Sowards noted that the next Health Care Policy Committee meeting will be held on December 5, 2018.

### **C. Retirement Policy Committee**

Mr. Heisler stated at the September 5, 2018, meeting, Mr. Ed Walton was elected to serve as the Committee Vice-Chairman.

Mr. Heisler advised that the Committee received a Deferred Compensation Program Plan Summary, as well as Defined Contribution Quarterly Reports. Mr. Heisler reported that the Retirement Policy Committee voted to replace the Thornburg Developing World Strategy fund with the JP Morgan Emerging Markets Equity fund. It was noted that the replacement fund recommendation is consistent with the PEBA Board's Investment Policy Statement criteria. Chairman Sowards reminded the Board that a Committee motion does not require a second. The motion passed unanimously.

Chairman Sowards added that the next Retirement Policy Committee meeting will be held on December 5, 2018.

## **IX. Old Business**

### **A. Director's Report**

Ms. Boykin stated that the fiscal year 2017-2018 Accountability Report is available for review on PEBA's website, and highlighted some of the notable benchmarks for the Board. Ms. Boykin reported that based on the CEM Benchmarking Study for public pension administrative cost, PEBA's average cost-per-member \$33.00 per member, and the average cost-per-member of peers is \$80.00 per member.

Ms. Boykin stated that Segal Marco Advisors provide investment advisory services for both the South Carolina Deferred Compensation Program and the State Optional Retirement Plan, and they are co-fiduciaries of both Plans.

Ms. Boykin reminded the Board that ASIFlex will administer the MoneyPlus flexible benefits program starting January 1, 2019.

Ms. Boykin reported that during the past fiscal year, PEBA completed an incident response plan; completed an agency risk assessment; developed a risk dashboard; and purchased Cyber Liability Insurance.

Ms. Boykin concluded her report by reviewing some agency statistics including the number of retirement benefit member access users, and the number of online benefit estimates provided each day. Ms. Boykin added that this year there were over 5,500 retirement applications processed; more than 350 disability applications received; 12,500 refund applications processed; and over 5,200 death claims received.

**B. Roundtable Discussion**

At the conclusion of the Director's Report, Chairman Sowards provided an opportunity for a roundtable discussion, and thanked PEBA staff and Board members for all of their hard work.

**X. Adjournment**

There being no further business, and upon motion by Mr. Penn which was seconded by Mr. Heisler, and approved unanimously, the Board meeting adjourned at 10:32 a.m.