

# SC PUBLIC EMPLOYEE BENEFIT AUTHORITY- BOARD OF DIRECTORS

## Retirement Policy Committee Meeting Minutes Approved 11.5.14

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

Wednesday, October 1, 2014, 9:30 A.M.

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### **Retirement Policy Committee Members Present:**

Mr. John Sowards, Chairman  
Arthur Bjontegard  
Mr. David Tigges  
Mr. Steve Osborne

### **Others present for all or a portion of the meeting:**

Peggy Boykin, Sarah Corbett, Matt Davis, Rene Dash, Megan Lightle, Heather Muller, Tammy Nichols, Stephen Van Camp, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Michael Hitchcock from the South Carolina Retirement System Investment Commission (RSIC); Sam Griswold and Donald Tudor with the State Retirees Association of South Carolina; Amy Heyel, Nancy Ornduff, Lisa Tilley, and Liz Davidsen with Great-West Retirement Services; Paul Staples with Summit Strategies Group; Tom McNeish, and Mr. Brian D'Amico from Elliott Davis, LLC; Rick Funston from Funston Advisory Services; and Daniel Brennan from the South Carolina Office of the State Treasurer.

#### **1. CALL TO ORDER**

Chairman John Sowards called the PEBA Retirement Policy Committee (Committee) meeting to order at 9:35 a.m.

#### **2. ADOPTION OF PROPOSED AGENDA**

It was noted that the proposed Committee meeting agenda was adopted unanimously as presented.

#### **3. APPROVAL OF MINUTES – September 3, 2014**

Chairman Sowards asked for amendments to the previous meeting minutes. There being none, Mr. Sowards noted that the September 3, 2014, Committee meeting minutes were approved as presented.

#### **4. SUMMIT PREFERRED LINEUP PRESENTATION**

Mr. Matthew Davis, Defined Contribution Manager, introduced Paul Staples, Senior Vice President and Director of Defined Contribution Services with Summit Strategies Group (Summit) to review Summit's preferred line-up presentation. Mr. Davis stated that management recommends the implementation of a uniform investment menu, with the exception of the Guaranteed Annuity/Stable Value option, for all record keepers of the South Carolina Optional Retirement Program (ORP). Mr. Davis added that if a uniform investment menu is employed, Management recommends the implementation of a restricted Self-Directed Brokerage (SDB) option.

Mr. Staples reported that each of the four ORP vendors currently offers a different investment menu which varies considerably with regard to investment quality, performance, and fees. Mr. Staples advised that industry best practices has been to consolidate and simplify defined contribution plans by offering fewer investment options to make the allocation decision as easy as possible for participants.

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Mr. Staples pointed out advantages of the Summit preferred line-up including:

1. The line-up offers a more diversified mix of funds across all major asset classes with less fund overlap and holdings redundancy among active managers;
2. Over a five-year period, the line-up has outperformed each vendor at the total plan level, demonstrating consistency and risk-adjusted performance;
3. Each fund in the menu is in full compliance with the ORP's Investment Policy Statement;
4. The line-up has exhibited the highest overall five-year Morningstar Rating of 4 out of 5 stars; and
5. The total average fee of the preferred line-up is lower than the current average fees.

Chairman Sowards reminded the Committee that it was their obligation to make a recommendation consistent with the duties outlined in the PEBA Board By-Laws. Chairman Sowards asked Mr. Staples to follow-up with additional information as discussed, and thanked him for his presentation.

### **5. DEFERRED COMPENSATION AUDIT REPORT**

Mr. Davis introduced Mr. Thomas McNeish, and Mr. Brian D'Amico from Elliott Davis, LLC, to present as information the Deferred Compensation 401(k) and 457 Plans audited financial statements for the year ending December 31, 2013. Mr. Davis stated that management, internal audit staff, and the FAAC Committee have all reviewed the audited financial statements. Mr. Davis pointed out that the numbers of procedural findings in the report have been reduced significantly from last year.

Chairman Sowards asked Mr. McNeish to prepare a summary of the noted procedural findings for the Committee to review and discuss further as needed. Chairman Sowards thanked Elliott Davis for their report.

### **6. OLD BUSINESS/DIRECTOR'S REPORT**

Mr. Art Bjontegard reported that he and Ms. Peggy Boykin, PEBA's Executive Director, attended the 2014 National Association of Governmental Defined Contribution Administrators (NAGDCA) Conference September 14-17, 2014. Mr. Bjontegard stated that the NAGDCA conference is an excellent targeted educational opportunity, and encouraged all members of the Retirement Committee to attend in future years.

### **7. EXECUTIVE SESSION**

At 11:00 a.m., Mr. David Tigges made a motion, which was seconded by Mr. Steve Osborne, and passed unanimously, to recede into executive session to receive legal advice pursuant to S.C. Code Ann. § 30-4-70. The Committee thereupon receded into executive session.

The Committee reconvened in open session at 11:40 a.m. It was noted that no action was taken by the Committee while in executive session.

### **8. ADJOURNMENT**

At 11:45 a.m., Mr. Tigges made a motion, which was seconded by Mr. Osborne, and approved unanimously, to adjourn the Committee meeting.