

Meeting Minutes | Board of Directors

Wednesday, December 4, 2019 | 12:00 p.m.
202 Arbor Lake Dr., Columbia, SC 29223 | First Floor Conference Room

Minutes Approved March 4, 2020

Board Members Present: Ms. Jennifer Blumenthal, Mr. Calvin Elam, Mr. Steve Heisler, Ms. Paige Lewis, Vice Chairman Joe “Rocky” Pearce, Mr. Chuck Richardson, Mr. Alex Shissias, and Mr. Ed Walton.

Board Members Present Via Telephone: Sheriff Leon Lott

Board Members Absent: Mr. Steve Matthews and Chairman John Sowards

Others Present for All or a Portion of the Meeting: Peggy Boykin, Ashley Brindle, Amber Carter, Sarah Corbett, Joe Greene, Evan Mitchell, Jessica Moak, Heather Muller, Tammy Nichols, Stephen Van Camp, Angie Warren, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Danny White and Joe Newton from Gabriel, Roeder, Smith & Company; Sharon Manaso from the South Carolina Department of Health and Human Services; Christian Trimarchi from the South Carolina Office of the State Treasurer; and George Kennedy from the South Carolina State Auditor’s Office.

I. Call to Order

Vice Chairman Rocky Pearce called the PEBA Board of Director’s (Board) meeting to order at 12:00 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Approval of Meeting Minutes- October 2, 2019

Mr. Steve Heisler made a motion, which was seconded by Mr. Chuck Richardson, and passed unanimously, to approve the minutes from the October 2, 2019, Board meeting.

III. Funston Advisory Services

Mr. Randy Miller, from Funston Advisory Services, stated that the primary purpose of the 2019 fiduciary performance audit was to evaluate the progress made in implementing the recommendations resulting from the 2015 fiduciary audit. Mr. Miller reported that the 2015 fiduciary performance audit identified 105 recommendations for improvement, and significant progress has been made since the original audit. Mr. Miller advised that 75 of the recommendations are fully implemented; 15 recommendations are substantially implemented; seven remain in progress; and of the remaining eight which have not been implemented, three are under the control of PEBA, and five still require additional action by the General Assembly.

Mr. Miller noted that overall, PEBA has made impressive progress, and has made improvements in almost every aspect. The 2019 fiduciary audit includes 55 recommendations for improvement to help PEBA in the development and adoption of leading practices.

IV. Committee Reports

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

Mr. Richardson reported that during the FAAC Committee meeting, Mr. Thomas Rey, CPA, from CliftonLarsonAllen, PEBA's External Auditor, reviewed the Insurance Financial Statements and the South Carolina Retirement Systems (SCRS) Financial Statements, for the year ending June 30, 2019, as well as the Deferred Compensation Program Audit Reports for the year ending December 31, 2018. Mr. Rey reported that all three audit reports are unmodified "clean" opinions.

Mr. Richardson advised that Mr. John Page, Director of Internal Audit, provided the PEBA internal audit reports including:

- A. Internal Audit Report 2019- 2 Insurance MyBenefits Program
- B. Internal Audit Report 2019- 3 Retirement Service Purchase
- C. Memo to FAAC- Internal Audit Plan Status Report
- D. Memo to FAAC- Annual Conflict of Interest Certification

B. Health Care Policy Committee

Mr. Alex Shissias reported that the Health Care Policy Committee met earlier in the day, and received an open enrollment update from Ms. Phyllis Buie, Director of Insurance Operations, and Mr. Jeremy Cannon, Customer Services Director.

Mr. Shissias stated that Ms. Jennifer Dolder, Employer Services Director, provided an update regarding the number of new employers that are joining the State Health Plan (SHP).

Mr. Shissias advised that Ms. Noreen O'Donnell from BlueCross BlueShield of South Carolina (BCBSSC), presented an update on the Patient Center Medical Homes (PCMH) program which provides comprehensive and continuous medical care, with the goal of obtaining maximized health outcomes.

Mr. Shissias noted that Ms. Laura Smoak, Analytics and Health Initiatives Director, reviewed PEBA's annual report which outlines the cost and savings of the State Health Plan's value-based benefits and health initiatives and includes the national Healthcare Effectiveness Data and Information Set (HEDIS) performance measures.

C. Retirement Policy Committee

Mr. Heisler invited Mr. Danny White, Senior Consultant, from Gabriel, Roeder, Smith & Company (GRS), to present a brief overview of the 2019 Retirement Systems Actuarial Valuations to the Board.

Mr. Heisler stated that the Retirement Policy Committee moves that the PEBA Board receive as information the actuarial valuations of the South Carolina Retirement System (SCRS), the Police Officer's Retirement System (PORS), the Judges and Solicitors Retirement System (JSRS), the General Assembly Retirement System (GARS), and the South Carolina National Guard

Retirement (SCNG) System, as of July 1, 2019; and based on those valuations, maintain the employer contribution rate for JSRS at 62.94 percent; set the employer contribution rate for GARS at \$5.956 million; and set the employer contribution rate for SCNG at \$5.188 million, all effective July 1, 2020. Vice-Chairman Pearce reminded the Board that a Committee motion does not require a second. The motion passed unanimously.

Mr. Heisler invited Mr. Justin Werner, Deputy General Counsel, to present the Deferred Compensation Program Plan Document Amendments for the 401(k) plan and the 457 Plan to the Board.

Mr. Heisler stated that the Retirement Policy Committee moves that the Board adopt the amendments to the Deferred Compensation Program 401(k) and 457 plans as presented, to be effective January 1, 2020. Vice-Chairman Pearce reminded the Board that a Committee motion does not require a second. The motion passed unanimously.

It was noted that representatives from Segal Marco Advisors presented the South Carolina Defined Contribution Plan (SCDCP) investment report, and the State Optional Retirement Plan (State ORP) investment report for the quarter ending September 30, 2019.

It was also noted that Ms. Nancy Ornduff, from Empower Retirement, presented the third quarter plan activity summary.

V. Old Business

Director's Report

Ms. Peggy Boykin, Executive Director, stated that the financial statements that were presented to the FAAC Committee earlier this morning have been posted to PEBA's website for review.

Ms. Boykin noted that the 2019 Retirement Systems Actuarial Valuations will also be posted to PEBA's website after the Board meeting.

Ms. Boykin announced that PEBA has again received the Public Pension Standard Award for fund administration and accounting for 2019.

Ms. Boykin advised that the recommendations resulting from the Funston Fiduciary audit will be addressed by the FAAC Committee and action items will be presented to the Board as applicable.

Ms. Boykin also stated that PEBA's budget hearing with the Senate Finance Sub-committee was on December 3, 2019. Ms. Boykin noted that PEBA requested on behalf of the Board, that adult well visit benefits be provided to all members annually with no cost to the member and no age frequency restrictions.

Roundtable Discussion

At the conclusion of the Director's Report, Vice Chairman Pearce provided an opportunity for a roundtable discussion, and commended Ms. Boykin and staff for their tremendous efforts throughout the year.

VI. Adjournment

There being no further business, and upon motion by Mr. Calvin Elam, which was seconded by Mr. Heisler, and approved unanimously, the Board meeting adjourned at 12:27 p.m.