



Meeting Minutes | Board of Directors Meeting

Wednesday, December 4, 2024 | 1:00 p.m.

202 Arbor Lake Dr., Columbia, SC 29223 | First Floor Conference Room

Minutes approved March 12, 2025

Board Members Present for All or a Portion of the Meeting: Ms. Amanda Blankenship, Ms. Jennifer Blumenthal, Mr. Calvin Elam, Mr. Steve Heisler, Ms. Paige Lewis, Mr. Steve Matthews, Chairman Joe “Rocky” Pearce, and Mr. Alex Shissias.

Board Members Present for All or a Portion of the Meeting Via Virtual Means: Sheriff Steve Mueller, Mr. John Sowards, and Mr. Ed Walton.

Others Present for All or a Portion of the Meeting: Lee Allen, Dexter Alston, Bob Avery, Peggy Boykin, Ashley Brindle, Robby Brown, Phyllis Buie, Amber Carter, Justin Ellis, Heather Muller, Evan Mitchell, Tammy Nichols, John Page, Breta Rheney, Rob Tester, Katie Turner, Travis Turner, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Andrew Chernick from the South Carolina Retirement System Investment Commission; Thomas Lyle and Danny White from Gabriel, Roeder, Smith & Company; Raquel Eisman and Janelle Leonhard from Soteria LLC; James Manning from the South Carolina Department of Administration’s Division of Information Security; Kevin Smith from Crowe; and Sam Griswold from the State Retirees Association of South Carolina.

Others Present for All or a Portion of the Meeting Via Virtual Means: Angie Warren from PEBA

I. Call to Order

Chairman Rocky Pearce called the PEBA Board of Director’s (Board) meeting to order at 1:00 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 23, 2024

Mr. Calvin Elam made a motion, which was seconded by Ms. Jennifer Blumenthal, and passed unanimously, to approve the minutes from the October 23, 2024, Board meeting.

III. Executive Session for the Purpose of Discussing Information Technology Security Plans and Devices Pursuant to S.C. Code of Laws § 30-4-70(a)(3)

At 1:02 p.m., Mr. Steve Heisler made a motion, which was seconded by Mr. Alex Shissias, and passed unanimously, to recede into executive session to discuss IT security plans and devices.

At 1:31 p.m., the meeting reconvened in open session. Chairman Pearce announced that no action was taken by the Board while in executive session.

IV. Presentation of the 2024 Actuarial Valuations by the External Actuary

Mr. Danny White, Senior Consultant, and Mr. Thomas Lyle, Consultant, from Gabriel, Roeder, Smith & Company (GRS), presented the 2024 Retirement Systems Actuarial Valuations to the Board. Mr. Lyle noted that the investment return for the South Carolina Retirement Systems (SCRS) fiscal year 2024 was 10.5 percent. Mr. White advised that active membership in SCRS increased 2.4 percent and annualized pay increased 8.0 percent over the prior year.

Mr. Lyle discussed the summary results of the 2024 valuation for both the South Carolina Retirement System (SCRS) and the Police Officer's Retirement System (PORS), and pointed out that the actuarial accrued liability for SCRS increased from \$59,164 to \$62,139, and in PORS from \$9,707 to \$10,387 due to overall payroll growth. Mr. Lyle added that the calculated funding period for SCRS decreased from 16 years to 14 years, and from 16 years to 13 years for PORS in 2024, due to additional employee contributions, and higher than expected asset returns.

Mr. Lyle also provided the Valuation results for the Judges and Solicitors Retirement System (JSRS); the General Assembly Retirement System (GARS); the South Carolina National Guard Retirement (SCNG) System; and the contributions necessary for each system.

Mr. White reviewed historical and projected liability and assets for both SCRS and PORS, and provided a history of the Unfunded Actuarial Accrued Liability (UAAL) for SCRS. Mr. White stated that the UAAL was expected to begin to decline since 2022, but the UAAL has slightly increased over the last two years due to larger than expected salary increases for active members, and the assumption changes in 2024. The UAAL in 2025 is expected to begin declining and this will be a financial turning point for SCRS.

Mr. White added that effective July 1, 2017, employee contribution rates were capped at 9.00 percent for SCRS, and 9.75 percent for PORS. It was noted that positive amortization on the unfunded liability is reached once a funding period of approximately 20 years is obtained. The employer contribution rates for both SCRS and PORS are statutorily scheduled and are fully phased in accordance with the 2017 Act.

Mr. Heisler made a motion, which was seconded by Mr. Shissias, and passed unanimously, that the PEBA Board receive as information the actuarial valuations of SCRS, PORS, JSRS, GARS, and SCNG as of July 1, 2024; and adopt the employer contributions for JSRS, GARS, and SCNG recommended therein, to be effective July 1, 2025.

Mr. White noted that the assumed rate of return is currently 7.0 percent, and the PEBA Board is required to recommend a new investment return assumption to the General Assembly before January 1, 2025. The General Assembly may take action to adopt an updated investment return assumption for use beginning with the July 1, 2025, actuarial valuation.

Ms. Blumenthal made a motion, which was seconded by Mr. Heisler, and passed unanimously, that the PEBA Board submit the actuaries' recommendation to maintain the assumed rate of investment return for the Retirement Systems' assets at 7.0 percent to the General Assembly as the proposed assumed rate of return required by Section 9-16-335 of the Code of Laws.

V. Financial Statements Audit Review by the External Auditor

Mr. Kevin Smith, Audit Partner, CPA, from Crowe, PEBA's External Auditor, provided the findings from the 2024 Audit Reports.

Mr. Smith reviewed the audit findings for the South Carolina Deferred Compensation Program (Deferred Comp) for the year ending December 31, 2023, the South Carolina Retirement Systems

Financial Statements for the year ending June 30, 2024, and the Insurance Financial Statements for the year ending June 30, 2024. Mr. Smith state all three audit reports were an unmodified “clean” opinion, and there were no material weaknesses, significant deficiencies, or findings to report. Mr. Smith stated that Crowe performed the audit in accordance with the American Institute of Certified Public Accountants (AICPA), and additional Government Auditing Standards. Mr. Smith added that there were no corrected or uncorrected misstatements found in the financial statements.

Mr. Smith thanked the PEBA staff and management team for all their tremendous efforts in producing the financial statements. Mr. Smith also thanked PEBA management and staff for their cooperation and professionalism during the audits.

VI. 2025 Board Meeting Schedule Review and Approval

Ms. Peggy Boykin, Executive Director, reviewed the proposed 2025 quarterly Board and Committee meeting dates. Mrs. Boykin advised that the PEBA Board Retreat date will be August 20-21, 2025.

Mr. Heisler made a motion, which was seconded by Mr. Steve Matthews, and passed unanimously, to adopt the schedule of board and committee meeting dates for 2025, as presented.

VII. Committee Reports

A. Health Care Policy Committee

Committee Chairman Shissias reported that the Health Care Policy Committee met in the morning and received an open enrollment update which included changes for 2024 effective January 1, 2025.

The Committee also received PEBA’s annual Health Initiatives and Value-Based Benefits report which now includes benchmarking in the national Healthcare Effectiveness Data and Information Set (HEDIS) performance measures.

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

Committee Chairman Jennifer Blumenthal reported that the FAAC Committee met that afternoon, and Mr. John Page, Director of Internal Audit, presented internal audit reports related to System and Organization Control Reports, Human Resources, and the Annual Conflicts of Interest Certification. Mr. Page also provided the December 2024 PEBA Internal Audit Plan Update to the Committee.

C. Retirement Policy Committee

Committee Chairman Paige Lewis reported that the Retirement Policy Committee met that morning, and CAPTRUST presented the South Carolina Defined Contribution Plans Quarterly Investment Performance Report for the quarter ended September 30, 2024.

Chairman Lewis stated that the Retirement Policy Committee moves that the PEBA Board remove the JP Morgan Emerging Markets Equity fund from the Empower State ORP investment lineup and replace the fund with the Driehaus Emerging Markets fund, as recommended by PEBA’s co-fiduciary investment consultants. Chairman Pearce reminded the Board that a Committee motion does not require a second. The motion passed unanimously.

Chairman Lewis advised that Ms. Nancy Ornduff, from Empower, presented the third quarter of 2024 Deferred Comp quarterly plan summary to the Committee. In addition, Mr. Derek Bailey, Director of Participant Engagement, reviewed Empower's personalized participant dashboard which provides a complete financial picture unique to each participant.

Chairman Lewis added that Ms. Stephanie Biddle, relationship manager for Empower, presented a service overview of the State ORP administered through Empower. It was noted that Empower is one of four service providers for the State ORP.

VIII. Old Business

Director's Report

Ms. Boykin provided the Director's Report and stated that PEBA's budget presentation with the Governor's office was held on October 30, 2024, which included the Health Plan budget requirements adopted by the Board, and the request to increase the authorization of PEBA's operating budget. The date has not been set yet for hearings with the Senate Finance or House Ways and Means Committees.

Ms. Boykin thanked PEBA's Board members for their service to the PEBA Board and the dedication they provide to the public employees of South Carolina. Ms. Boykin noted how proud she was of PEBA's staff in relation to the recent Financial Statements Audit where there were no material weaknesses or deficiencies noted, and to the tremendous efforts of PEBA's excellent information security controls.

Roundtable Discussion

Chairman Pearce provided an opportunity for a roundtable discussion in which members of the PEBA Board expressed their appreciation to Ms. Boykin and staff for their outstanding efforts during the year.

IX. Adjournment

There being no further business, and upon a motion by Mr. Heisler, which was seconded by Mr. Elam, and approved unanimously, the Board meeting adjourned at 2:25 p.m.