



Meeting Minutes | Board of Directors Meeting

Wednesday, March 2, 2022 | 3:00 p.m.

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

Minutes Approved June 15, 2022

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

Board Members Absent: Ms. Amanda Blankenship

Others Present for All or a Portion of the Meeting: Peggy Boykin, Phyllis Buie, Robby Brown, Sarah Corbett, Heather Muller, Laura Smoak, Rob Tester, Stephen Van Camp, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA).

Others Present for All or a Portion of the Meeting Via Virtual Means: Amber Carter, Jessica Moak, Tammy Nichols, Travis Turner, Angie Warren, and Justin Werner from PEBA; and Marc Kochumba from Medtronic.

I. Call to Order

Chairman Rocky Pearce called the PEBA Board of Director’s (Board) meeting to order at 3:00 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

Chairman Pearce noted that since the last Board meeting in December, Mr. John Sowards resigned as Chairman of the PEBA Board, and stated that as part of his duties as Vice Chairman, he has assumed the role of Chairman in accordance with the Bylaws.

II. Approval of Meeting Minutes- November 30, 2021

Ms. Jennifer Blumenthal made a motion, which was seconded by Mr. Sowards, and passed unanimously, to approve the minutes from the November 30, 2021, Committee meeting.

III. PEBA Board Bylaws Review and Approval

Mr. Stephen Van Camp, General Counsel, reviewed the changes to the PEBA Board Bylaws that were approved by the FAAC Committee during their meeting earlier this morning.

Mr. Steve Heisler made a motion that the PEBA Board approve the amendments to the PEBA Board Bylaws as recommended by the FAAC Committee. Chairman Pearce reminded the Board that a Committee motion does not require a second. The motion passed unanimously.

IV. Election of PEBA Board Chairman and Vice-Chairman

Mr. Sowards made a motion, which was seconded by Mr. Heisler, and passed unanimously, to nominate Mr. Pearce as the PEBA Board Chairman for the remainder of the current term.

Mr. Sowards made a motion, which was seconded by Chairman Pearce, and passed unanimously, to nominate Mr. Calvin Elam as the PEBA Board Vice-Chairman for the remainder of the current term.

V. Recognition to the PEBA Board

Chairman Pearce noted a *Resolution in Recognition and Profound Appreciation of Distinguished Service by John Sowards as Board Chairman*. It reads as follows:

“WHEREAS, for nearly a decade John A. Sowards has served honorably, faithfully, and with great distinction as a member of the Board of Directors of the South Carolina Public Employee Benefit Authority; and,

WHEREAS, as a member of PEBA’s first Board of Directors in 2012, Mr. Sowards provided outstanding leadership and guidance in the successful creation and launch of the State agency responsible for providing retirement benefits and insurance coverage for South Carolina public employees, retirees and their families; and,

WHEREAS, as the first Chairman of the Retirement Policy Committee, Mr. Sowards was instrumental in establishing the purpose and direction of that Committee and, in his time as Chairman, the Committee successfully navigated the integration of the South Carolina Deferred Compensation Program under PEBA’s administration and completed a comprehensive review to ensure that all of the defined contribution plans administered by PEBA were in compliance with the best practices for such plans, among other accomplishments; and,

WHEREAS, Mr. Sowards was elected as the second Chairman of the PEBA Board of Directors in February 2016, and, under his steady leadership and guidance, the PEBA Board has accomplished many things in the cause of providing sustainable retirement and insurance benefits to hundreds of thousands of South Carolina public employees, retirees, and their families, including securing a sound funding structure for the retirement systems under the Retirement System Funding and Administration Act of 2017 and maintaining the strong fiscal health of the State Health Plan while also adding improvements to the Plan, such as telehealth options and covered well visits, in addition to many other successful initiatives for the retirement and insurance plans; and,

WHEREAS, as continued evidence of his leadership, Mr. Sowards has stepped down as Chairman of the PEBA Board effective December 31, 2021, in order to ensure an effective succession plan for the leadership of the PEBA Board and its committees;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Public Employee Benefit Authority hereby expresses its deep gratitude and appreciation for the distinguished and faithful service of John A. Sowards as Chairman of the Board of Directors of the Public Employee Benefit Authority. The Board thanks and congratulates Mr. Sowards for a job well done.

ADOPTED by the South Carolina Public Employee Benefit Authority Board of Directors this 1st day of March 2022.”

VI. Committee Reports

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

Ms. Jennifer Blumenthal reported that the FAAC Committee met earlier in the morning, and stated that Mr. John Page, Director of Internal Audit, presented internal audit reports related to Retirement Service Purchase Installment Accounts, and Mailroom Services and Postage. Chairman Blumenthal noted that Mr. Page provided the PEBA 2022 Internal Audit Plan to the Committee for approval, and advised that the Committee approved the PEBA 2022 Internal Audit Plan as presented.

Ms. Blumenthal also reported that Mr. Stephen Van Camp, General Counsel, discussed PEBA's Governance Documents, and the FAAC Committee's requirements to review the Governance Documents every three years. Ms. Blumenthal noted that legal Staff and the Committee reviewed all governance documents and there were no changes to the following documents including:

- Resolution Reserving Certain Powers to the PEBA Board and Delegating Powers to the Executive Director
- PEBA Board Ethics and Conflicts-of-Interest Policy
- PEBA Board Continuing Education Policy
- PEBA Board Conference Event Attendance Policy
- PEBA Board Travel Policy
- PEBA Executive Director Emergency Succession Plan

Ms. Blumenthal noted that the amendments to the PEBA Board Bylaws were discussed and approved as presented by the FAAC Committee and the Board.

B. Health Care Policy Committee

Mr. Alex Shissias reported that the Health Care Policy Committee met earlier in the morning, and elected Mr. Sowards as the Health Care Policy Committee Vice-Chairman.

Mr. Shissias stated the Mr. Rob Tester, Insurance Policy Director, presented the annual State Health Plan benchmarking review in which key SHP measures are compared with peer and national benchmarks.

Mr. Shissias also advised that the Committee received a COVID update from Dr. Tripp Jennings, and a presentation on the effects of Long-COVID from Dr. David Wenning.

C. Retirement Policy Committee

Ms. Paige Lewis reported that the Retirement Policy Committee met this afternoon, and stated that Segal Marco Advisors presented the South Carolina Defined Contribution Plans Quarterly Investment Performance Report for the quarter ending December 31, 2021, and Empower Retirement presented the fourth quarter Deferred Compensation Program Quarterly Plan Summary to the Committee.

VII. Old Business

Director's Report

Ms. Peggy Boykin, Executive Director, provided the Director's Report, and stated that the House Ways and Means Committee have completed their version of the budget which will go to the House floor in a couple of weeks. Ms. Boykin stated that the House Ways and Means Committee's funding for the State Health Plan includes an 18.1 percent employer only rate increase effective January 1, 2023, with no employee premium rate increase. Ms. Boykin also noted that adult well visit coverage was expanded to allow for an annual visit with no patient cost share effective January 1, 2023.

Ms. Boykin advised the Board that the General Assembly suspended the sweep of the State Health Plan into the Other Post-Employment Benefits (OPEB) trust fund that would normally occur on January 31, 2021, so that any surplus could be retained to pay claims expenses in 2022. It was noted that the suspension of the sweep allowed PEBA to keep approximately \$85 million in the Plan which will be used to pay claims expenses. Ms. Boykin stated that a proviso was added in the House Ways and Means version of the budget to allow PEBA to suspend the sweep each year going forward if needed during the pandemic.

Ms. Boykin reminded the Board that PEBA has asked the General Assembly for approximately \$200 million to replenish the State Health Plan's cash reserve for the remainder of 2022. Ms. Boykin noted that PEBA has medical claims in excess of \$375 million in direct COVID expenditures.

Ms. Boykin thanked Mr. Tester and PEBA's analytics team, along with BlueCross BlueShield, Express Scripts, and PEBA's external actuaries, for providing the General Assembly with accurate claims expenditures to determine necessary premium increases so that future claims can be paid.

Ms. Boykin concluded by stating that the House Ways and Means Committee version of the budget also included funding an additional 115 million dollars in one-time non-recurring money equivalent to the one percent contribution increase that was suspended in 2020.

VIII. Adjournment

There being no further business, and upon a motion by Ms. Blumenthal, which was seconded by Mr. Heisler, and approved unanimously, the Board meeting adjourned at 3:35 p.m.