



Meeting Minutes | Board of Directors Meeting

Tuesday, November 30, 2021 | 1:30 p.m.

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

Minutes approved March 2, 2022

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, Vice Chairman Joe “Rocky” Pearce, Mr. Alex Shissias, Chairman John Sowards, Mr. Steve Matthews, and Mr. Ed Walton.

Board Members Present for All or a Portion of the Meeting Via Telephone: Sherriff Steve Mueller

Others Present for All or a Portion of the Meeting: Bob Avery, Peggy Boykin, Kim Brown, Phyllis Buie, Robby Brown, Jeremy Cannon, Sarah Corbett, Denise Hunter, James Manning, Heather Muller, Tammy Nichols, Laura Smoak, Rob Tester, Travis Turner, Stephen Van Camp, and Chuck Wilson, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Catherine Hart from the South Carolina Senate Finance Committee; and Joe Newton and Danny White from Gabriel, Roeder, Smith & Company.

Others Present for All or a Portion of the Meeting Via Telephone: Amber Carter, Jessica Moak, Angie Warren, and Justin Werner from PEBA.

I. Call to Order

Chairman John Sowards called the PEBA Board of Director’s (Board) meeting to order at 1:30 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 6, 2021

It was noted that the October 6, 2021, Board meeting minutes were approved as presented.

III. Presentation of the 2021 Actuarial Valuations and Additional Actuarial Topics by the External Actuary

Mr. Danny White, Senior Consultant, and Mr. Joe Newton, from Gabriel, Roeder, Smith & Company (GRS), presented the 2021 Retirement Systems Actuarial Valuations to the Board.

Mr. White reviewed a summary of the membership demographics of the systems and the benefits provided to members, and reviewed the differences between the Systems’ Defined Benefit Plan and the Optional Retirement Program, which is a Defined Contribution Plan.

Mr. White noted that the investment return for fiscal year 2021 was 28.5 percent, and the investment return assumption decreased from 7.25 percent to 7.00 percent. The actuarial assumptions were updated by the Board in December 2020. Mr. White explained that the valuation uses a five-year

smoothing process for investment returns; therefore, fiscal year 2021 investment gains will be recognized in future valuations.

Mr. White discussed the summary results of the 2021 valuation for both the South Carolina Retirement System (SCRS) and the Police Officer's Retirement System (PORS), and pointed out that the funding ratio for SCRS and PORS increased from 54 percent to 55 percent, and 63 percent to 64 percent respectively, during the last year. Effective July 1, 2017, employee contribution rates were capped at 9.00 percent for SCRS, and 9.75 percent for PORS. Mr. White added that the calculated funding period for SCRS remained at 20 years for 2021, and increased from 18 years in 2020 to 19 years in 2021 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 continue to be statutorily scheduled; however, Act 135 in May 2020, delayed the contribution increases for one year.

Mr. White 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. Newton reviewed historical and projected liability and assets for both SCRS and PORS, as well as a financial summary of the Retiree Health Insurance Plan (Other Post-Employment Benefits or OPEB).

Mr. White concluded the presentation by providing an overview of possible non-investment-related risks that the systems could be exposed to such as legislative action; plan design changes; employer participation risk; mortality experience; and implications of increasing contribution rates.

Mr. Calvin Elam made a motion, which was seconded by Ms. Jennifer Blumenthal, and passed unanimously, that the Board receive as information the actuarial valuations of SCRS, PORS, JSRS, GARS, and SCNG as of July 1, 2021; and adopt the employer contributions for JSRS, GARS, and SCNG recommended therein, to be effective July 1, 2022.

IV. Approval of 2022 Board and Committee Meeting Dates

Ms. Peggy Boykin, Executive Director, reviewed the proposed 2022 quarterly Board and Committee meeting dates, and pointed out the expected schedule of items that will be discussed each meeting. Ms. Boykin advised that the PEBA Board Retreat has been rescheduled for March 1-2, 2022, at Wampee, SC.

Ms. Blumenthal made a motion, which was seconded by Ms. Amanda Blankenship, and passed unanimously, to adopt the schedule of board and committee meeting dates for 2022, as presented.

V. Committee Reports

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

Chairman Blumenthal reported that the FAAC Committee met earlier in the morning, and stated that 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, 2021, as well as the Deferred Compensation Program Audit Reports for the year ending December 31, 2020. Mr. Rey reported that all three audit reports are unmodified "clean" opinions. Ms. Blumenthal advised

that Mr. Rey thanked PEBA management and staff for their cooperation and professionalism during the audits.

Chairman Blumenthal also noted that Mr. John Page, Director of Internal Audit, presented internal audit reports related to System and Organizational Control Reports, Office of Foreign Assets Control (OFAC) Compliance Testing, the Annual Conflicts of Interest Certification, and the latest Internal Audit Plan Update.

B. Health Care Policy Committee

Mr. Pearce reported that the Health Care Policy Committee met earlier in the morning, and the Committee received a National Legislative Outlook presentation by Mr. Gary Kline from Express Scripts' (ESI) Washington office, and by Mr. Ben Twilley from ESI's local government relations office. They discussed the various components of the Build Back Better Act (BBBA), and other health care initiatives of the current administration.

C. Retirement Policy Committee

Ms. Paige Lewis reported that the Retirement Policy Committee met in the morning as well, and stated that Segal Marco Advisors presented the South Carolina Defined Contribution Plans Quarterly Investment Performance Report for the quarter ending September 30, 2021, and Empower Retirement presented the third quarter Deferred Compensation Program Quarterly Plan Summary to the Committee.

VI. Old Business

Director's Report

Ms. Boykin provided the Director's Report, and thanked Mr. Travis Turner, Chief Financial Officer, and his staff for all of their tremendous efforts in producing the financial statements, and stated that PEBA received the Governmental Financial Officers Association (GFOA) Certificate of Achievement in Excellence for Financial Reporting for the 34th consecutive year. Ms. Boykin noted that PEBA also received the Public Pension Coordinating Council (PPCC) Public Pension Standards Award for the 18th consecutive year.

Ms. Boykin invited Ms. Phyllis Buie, Director of Insurance Operations, and Mr. Jeremy Cannon, Customer Services Director, to provide an open enrollment update. Ms. Buie discussed open enrollment changes for 2022, including health plans; dental and vision coverage; Optional Life and Dependent Life-Spouse coverage; MoneyPlus; and Supplemental Long-Term Disability (SLTD) coverage. Ms. Buie reviewed new automated processes in response to the PEBA:Connect project. Ms. Buie concluded by reviewing 2021 open enrollment statistics.

Mr. Cannon turned the discussion to Customer Contact Center statistics. Mr. Cannon reported that the Customer Contact Center received 13,600 retirement calls during 2021's open enrollment, compared to 15,212 retirement calls during 2020's open enrollment, with a satisfaction rate of 98.54 percent. It was noted that the Visitor's Center was closed last year during open enrollment due to COVID-19; therefore, the retirement calls coming through the Customer Contact Center increased.

Mr. Cannon advised that in response to COVID-19, the Customer Contact Center began scheduling video and phone consultations. The office reopened for visitors in March of 2021, and over 33

percent of all consultations are scheduled video and scheduled phone consultations. Mr. Cannon anticipates the popularity of scheduled consultations to continue.

VII. Executive Session for Discussion of a Personnel Matter Pursuant to S.C. Code of Laws § 30-4-70(a)(1)

At 3:15 p.m., Mr. Steve Heisler made a motion, which was seconded by Ms. Blumenthal, and passed unanimously, to recede into executive session to discuss a personnel matter.

At 3:36 p.m., the meeting reconvened in open session. Chairman Sowards announced that no action was taken by the Board while in executive session.

VIII. Adjournment

There being no further business, and upon a motion by Mr. Steve Matthews, which was seconded by Mr. Ed Walton, and approved unanimously, the Board meeting adjourned at 3:38 p.m.