



## Meeting Minutes | Board of Directors Meeting

Wednesday, October 23, 2024 | 2:00 p.m.

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

Minutes Approved December 4, 2024

**Board Members Present for All or a Portion of the Meeting:** Ms. Amanda Blankenship, 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:** Ms. Jennifer Blumenthal, Mr. John Sowards, and Mr. Ed Walton.

**Board members absent:** Sheriff Steve Mueller

**Others Present for All or a Portion of the Meeting:** Lee Allen, Peggy Boykin, Robby Brown, Amber Carter, Heather Muller, Tammy Nichols, Rob Tester, Katie Turner, Travis Turner, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); and Meghan Walker Dayson from the State Ethics Commission.

**Others Present for All or a Portion of the Meeting Via Virtual Means:** Jessica Moak from PEBA; and Brian Dingle from Federated Investment Consulting.

### I. Call to Order

Chairman Rocky Pearce called the PEBA Board of Director’s (Board) meeting to order at 2:00 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### II. Approval of Meeting Minutes- August 28, 2024 and August 29, 2024

Mr. Steve Matthews made a motion, which was seconded by Mr. Steve Heisler, and passed unanimously, to approve the minutes from the August 28, 2024, and August 29, 2024, Board Retreat.

### III. OPEB Investment Performance Update

Ms. Peggy Boykin, Executive Director, introduced Mr. Bryan Dingle, Vice President, and Senior Portfolio Manager for Federated Investment Counseling, to present an Other Post-Employment Benefits (OPEB) portfolio overview.

Mr. Dingle reviewed a performance summary and portfolio composition for the Retiree Health Insurance Trust Fund and the Long-Term Disability Insurance Trust Fund. It was noted that the PEBA Board is the Trustee of the Funds, the South Carolina Treasurer is the Custodian of the Funds, and Federated Investment Counseling invests the Funds on behalf of the Treasurer. Mr. Dingle stated

that as of September 30, 2024, the Long-Term Disability Insurance Trust Fund has \$33,609,007 in assets, and the Retiree Health Insurance Trust Fund has \$1,747,065,864 in assets.

Mr. Dingle concluded his presentation by reviewing an economic outlook, including Bloomberg Index total returns through September 30, 2024, U.S. inflation rates, bond market volatility, and a U.S. Gross Domestic Product (GDP) quarter over quarter annualized.

#### **IV. Accountability Report Review**

Mr. Travis Turner, Deputy Director, and Chief Financial Officer explained that all state agencies are required to produce an Accountability Report for the purpose of providing transparency and accountability for the funds received, and the parameters are linked to statewide enterprise objectives.

Mr. Turner reviewed the Fiscal Year 2024 agency Accountability Report highlights related to core strategic goals and strategies, including to promote financially sound PEBA programs; enhance the customer service experience for members and employers; responsibly manage risk to the organization; maintain a workforce and work environment conducive to achievement of agency goals and objectives; and improve internal efficiencies through new system implementation.

#### **V. Committee Reports**

##### **A. Health Care Policy Committee**

Committee Chairman Shissias reported that when the Health Care Policy Committee met in the morning, Mr. Rob Tester, Insurance Policy Director, reviewed the 2026 State Health Plan Budget Requirements that will become effective January 1, 2026. Chairman Shissias reviewed contributing and mitigating factors to the budget requirements, specifically noting that the main contributing factor is the Plan's continued high expenditure trends.

Chairman Shissias advised that the Health Care Policy Committee made a motion that the PEBA Board approve the 2026 State Health Plan budget requirements as presented. PEBA Board Chairman Rocky Pearce reminded the Board that a Committee motion does not require a second. The motion passed unanimously.

Chairman Shissias stated that the Committee also received a presentation from BlueCross BlueShield of South Carolina regarding the accessibility of behavioral health services in the State Health Plan.

Chairman Shissias reported that Mr. John Sowards was elected to serve as the Committee's Vice-Chairman.

##### **B. 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 June 30, 2024.

Chairman Lewis advised that Ms. Nancy Ornduff, from Empower, presented the second quarter of 2024 Deferred Comp quarterly plan summary to the Committee.

Chairman Lewis added that Mr. Austin Morris, Client Relationship Manager, with TIAA, provided a service overview of their investments in the State ORP program. It was noted that TIAA is one of four service providers for the State ORP.

Chairman Lewis stated that Mr. Ed Walton was elected to serve as the Committee's Vice-Chairman.

**C. 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 OFAC Compliance and Budgeting, Fund Transfers, and Administrative Expenses. Mr. Page also provided the October 2024 PEBA Internal Audit Plan Update to the Committee.

Chairman Blumenthal stated that Ms. Amanda Blankenship was elected to serve as the Committee's Vice-Chairman.

**VI. Old Business**

**Director's Report**

Ms. Boykin provided the Director's Report and stated that the financial statement audits for the Retirement Systems and the State Health Insurance Trust funds have been completed by Crowe and submitted to the Comptroller General's Office. All three audit reports were an unmodified "clean" opinion, and Crowe will present the financial statements at the December 4, 2024, Board meeting.

Ms. Boykin also noted that PEBA's actuaries, Gabriel, Roeder, Smith & Company (GRS), will present the 2024 Retirement Systems Actuarial Valuations to the Board at the December Board meeting.

Ms. Boykin announced that PEBA received the Public Pension Coordinating Council (PPCC) Public Pension Standards Award for the 21st consecutive year.

Ms. Boykin advised that the Department of Administration has concluded their Information Security Audit, and PEBA's privacy, risk, human resources, physical security, security operations, and information security controls were evaluated. The results were outstanding, which speaks volumes for PEBA's preparedness, policies, procedures, and documentation. Ms. Boykin stated that staff is working to bring the Department of Administration and Soteria to the December Board meeting to make a final presentation to the Board during executive session. Ms. Boykin thanked Mr. Robby Brown, Chief Information Officer, and his staff, for their diligence to information security.

Ms. Boykin stated that PEBA's budget presentation with the Governor's office is scheduled for October 30, 2024, and will include the Health Plan budget requirements adopted by the Board, and PEBA's operating budget. Ms. Boykin reminded the Board that PEBA's operating budget has been relatively constant since PEBA was created in 2012, except for PEBA's IT modernization project, PEBA:Connect. This year, PEBA is requesting a \$4 million increase to cover the increases related to health insurance premiums, and the retirement system contribution increases. Ms. Boykin stated that PEBA's operating budget is not appropriated money funded by the state, but rather an authorization to expend trust fund monies. Ms. Boykin reported that if the requested 3.9 percent increase in the State Health Plan budget is distributed proportionally to the employer and enrollee, the request would total \$106 million of state appropriated funds. If the increase is provided entirely through the employer, the State-appropriated funding for the rate increase would equal \$112.2 million.

## **VII. Ethics Training**

Ms. Meghan Walker Dayson, Executive Director from the State Ethics Commission, provided ethics training to the Board. Ms. Dayson stated that the Ethics Reform Act of 1991 covers public officials, public members, and public employees. Ms. Dayson advised that every public member must file a Statement of Economic Interest (SEI) by March 30<sup>th</sup> of every year.

Ms. Dayson reviewed the information required on the SEI, and how to complete the form appropriately. She also advised that if the SEI is not completed by March 30<sup>th</sup> of each year, the initial penalty is \$100 (after a 5-day grace period), with a maximum penalty of \$5,000. Nondisclosure penalties include a maximum fine of \$2,000. Ms. Dayson concluded by reviewing ethics rules including accepting of gifts; influencing the outcome of an election; and conflicts of interest.

## **VIII. Adjournment**

There being no further business, and upon a motion by Mr. Calvin Elam, which was seconded by Mr. Heisler, and approved unanimously, the Board meeting adjourned at 3:31 p.m.