



## **Meeting Minutes | Board of Directors Meeting**

Wednesday, October 5, 2022 | 2:00 p.m.

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

Minutes approved December 7, 2022

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

**Board Members Present for All or a Portion of the Meeting Via Virtual Means:** Sheriff Steve Mueller

**Board Members Absent:** Mr. Ed Walton

**Others Present for All or a Portion of the Meeting:** Peggy Boykin, Ashley Brindle, Amber Carter, Justin Ellis, James Manning, Heather Muller, Tammy Nichols, Rob Tester, Travis Turner, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Shaun Eskamani and Jared Hardin from CapTrust; 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 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 24, 2022 and August 25, 2022**

Mr. Steve Heisler made a motion, which was seconded by Ms. Paige Lewis, and passed unanimously, to approve the minutes from the August 24, 2022 and August 25, 2022 Board meetings.

### **III. Committee Reports**

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

Mr. Alex Shissias reported that the Health Care Policy Committee met earlier in the morning, and stated that Mr. Rob Tester, Insurance Policy Director, reviewed the 2024 State Health Plan Budget Requirements. Mr. Shissias reported that there will be a 2.4 percent contribution rate increase effective January 1, 2024. This increase includes funding for coverage of birth control for non-spouse dependents with no patient cost share.

Mr. Shissias advised that the Health Care Policy Committee made a motion that the PEBA Board approve the 2024 State Health Plan Budget Requirements as presented. Chairman

Pearce reminded the Board that a Committee motion does not require a second. The motion passed unanimously.

Mr. Shissias informed the Board that last year's State Health Plan budget item included a request for \$200 million in one-time funds to refresh reserves because of unanticipated spending from COVID-related claims. Mr. Shissias noted that the funds requested will not be required to pay 2022 claims, but PEBA is requesting to draw \$71 million of the unallocated American Rescue Plan Act (ARPA) funds referenced in the 2022 Appropriations Act proviso to bring State Health Plan cash reserves to the statutory amount.

Mr. Shissias stated that the Committee also received an update regarding Patient Center Medical Homes (PCMH), and reviewed Strategic Key Measures for the Health Care Policy Committee.

**B. 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 Insurance Employee Benefit Services (EBS), and Systems and Organization Control. Mr. Page also provided the October 2022 PEBA Internal Audit Plan Update to the Committee.

Ms. Blumenthal noted that Mr. Travis Turner, Deputy Director and Chief Financial Officer, reviewed Strategic Key Measures related to the FAAC Committee, and reported that PEBA's 2022 customer service satisfaction rate was 99.00 percent for both the Visitor's Center and the Customer Contact Center.

**C. Retirement Policy Committee**

Ms. Paige Lewis reported that the Retirement Policy Committee met that afternoon, and stated that CapTrust is the new Investment Advisor for the South Carolina Deferred Compensation Program and the State Optional Retirement Program. CapTrust presented the South Carolina Defined Contribution Plans Quarterly Investment Performance Report for the quarter ending June 30, 2022, and stated that they will provide more detailed analysis along with and specific recommendations at the next meeting.

Ms. Lewis stated that Empower Retirement presented the second quarter Deferred Compensation Program Quarterly Plan Summary to the Committee.

Ms. Lewis noted that Mr. Turner reviewed Strategic Key Measures related to the Retirement Policy Committee. Mr. Turner stated that the South Carolina Retirement Systems (SCRS), has been at a 20-year funding period since 2020, which is the threshold where the Unfunded Actuarial Accrued Liability (UAAL) is being reduced.

**IV. Old Business**

**Director's Report**

Ms. Peggy Boykin, Executive Director, provided the Director's Report, and stated that PEBA's budget hearing with the Governor's office is scheduled for October 18, 2022. Ms. Boykin noted that PEBA's operating budget has remained constant since PEBA was created in 2013, except for the addition of the peba:connect project, and the \$700,000 that was added in for the required fiduciary audit. Ms.

Boykin reported that the General Assembly has suspended the requirement for PEBA to have a fiduciary audit this year, and PEBA will instead have an actuarial audit. This audit will be more relevant in a shorter period, and is aligned with industry best practices.

Ms. Boykin stated that PEBA has submitted the actuary file to PEBA's external actuaries Gabriel Roeder Smith (GRS), and the completed actuarial valuations should be available for the December 7, 2022, meeting.

Ms. Boykin advised that the Retirement System Investment Commission (RSIC), reported a negative -0.89 percent return for fiscal year ending June 30, 2022, which is significantly lower than the assumed rate of return of seven percent. Ms. Boykin reminded the Board that investment returns are smoothed over a five-year period, and the 2021 returns of over 28 percent resulted in deferred gains of approximately \$3 billion which should offset the underperformance for this fiscal year. PEBA's three, five, and ten-year returns are still above the seven percent assumed rate of return.

Ms. Boykin stated that the annual insurance open enrollment is October 1-31, 2022, and staff works very diligently to ensure employers and their employees are educated about PEBA's benefits. The State Health Plan covers approximately 10 percent of the population, and membership includes over 800 employers. Typically, the Benefits at Work (BAW) conference is held each year, and is dedicated to informing employers on open enrollment and benefit changes for the upcoming year. However, since the conference has been canceled throughout the pandemic, staff has produced informative videos, and materials for employers to help them prepare for the open enrollment period.

**V. Adjournment**

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