PEBA
SC Retirement Systems and State Health Plan

South Carolina Public Employee Benefit Authority
Serving those who serve South Carolina

Meeting Agenda

Meeting Agenda |Finance, Administration, Audit and Compliance Committee|
Health Care Policy Committee |Retirement Policy Committee| Board of Directors
Thursday, October 1, 2020
Via teleconference: 888 475 4499 Meeting ID 646 749 5163 ##
Via YouTube: https://www.youtube.com/channel/UC2JqAZyM3EwTQxRyif1hmCA

Finance, Administration, Audit and Compliance Committee | 9:00 a.m.

I. Call to Order
II. Approval of Meeting Minutes July 22, 2020
III. Election of Committee Vice-Chairman
IV. Committee Charter Review
V. Internal Audit Plan Review
VI. Vendor Referral Policy
VII. Old Business/Director's Report
VIII. Adjournment

Health Care Policy Committee | 9:30 a.m.

I. Call to Order
II. Approval of Meeting Minutes March 4, 2020
III. Election of Committee Vice-Chairman
IV. Committee Charter Review
V. 2021 State Health Plan Approval of Benefits and Contributions
VI. Old Business/Director's Report
VII. Adjournment

Retirement Policy Committee| 10:00 a.m.

I. Call to Order
II. Approval of Meeting Minutes March 4, 2020
III. Election of Committee Vice-Chairman
IV. Committee Charter Review
V. Approval of State ORP Investment Lineups
VI. Defined Contribution Quarterly Reports
    i. Deferred Compensation Program Investment Performance Report
    ii. State ORP Investment Performance Report
VI. Deferred Compensation Program Plan Summary
VII. Old Business/Director's Report
VIII. Adjournment

Notice of public meeting
This notice is given to meet the requirements of the S.C. Freedom of Information Act and the Americans with Disabilities Act. Furthermore, this facility is accessible to individuals with disabilities, and special accommodations will be provided if requested in advance.

Board of Directors | 11:00 a.m.

I. Call to Order
II. Approval of Meeting July 22, 2020
III. COVID-19 Update
IV. Legislative/Health Update
V. Approval of 2021 Board and Committee Meeting Dates
VI. Discussion of 2022 State Health Plan Budget Requirements
VII. Committee Reports
    A. Finance, Administration, Audit and Compliance Committee
        a) Committee Charter Approval
        b) Vendor Referral Policy
    B. Health Care Policy Committee
        a) 2021 State Health Plan Approval of Benefits and Contributions
        b) Committee Charter Approval
    C. Retirement Policy Committee
        a) Committee Charter Approval
        b) Approval of State ORP Investment Lineups
VIII. Old Business
    A. Director's Report
    B. Roundtable Discussion
IX. Executive Session for the Purpose of Discussing Contractual Matters Pursuant to S.C. Code of Laws § 30-4-70(a)(2)
X. Adjournment

PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
Finance, Administration, Audit and Compliance Committee

Meeting Date: October 1, 2020

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1. **Subject**: Election of FAAC Committee Vice-Chairman

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2. **Summary*:*** According to the PEBA Board Bylaws: At the first committee meeting after the Chairman's appointment of the standing committee members and chairmen each even-numbered year, each standing committee shall elect a vice-chairman to preside over the committee and oversee committee business in the absence of the committee chairman

3. **What is the Committee asked to do**?

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4. **Supporting Documents:**

   (a) Attached: Elect a FAAC Committee Vice-Chairman

PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
Finance, Administration, Audit and Compliance Committee

Meeting Date: October 1, 2020

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1. **Subject**: Committee Charter Review

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2. **Summary*:*** Periodic review and update of the Committee Charter

3. **What is the Committee asked to do**? Approve the revised Committee Charter

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4. **Supporting Documents:**

   (a) Attached: FAAC Committee Charter Legal Draft

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South Carolina Public Employee Benefit Authority
202 Arbor Lake Drive | Columbia, SC 29223
803.737.6800 | 888.260.9430
www.peba.sc.gov

Finance, Administration, Audit and Compliance Committee Charter

[As adopted by the PEBA Board on ~~October 18~~, 2020~~17~~]

(A) **Purpose:** To preserve and improve the operational integrity of PEBA by making recommendations and reports to the PEBA Board concerning matters of PEBA's governance, administration and operations; financial reporting, audits and budgets; enterprise risk management; regulatory compliance; and technology platforms, privacy and data security.

(B) **Authority:** The authority of the Finance, Administration, Audit and Compliance (FAAC) Committee includes information-gathering and advice and recommendations to the Board. The Committee may invite administrators, consultants, staff, external auditors, and/or others to attend meetings and provide pertinent information as necessary. PEBA Board of Directors Bylaws, Section V(C).

(C) **Composition:** The FAAC Committee will be established pursuant to the process defined in the PEBA Board of Directors Bylaws.

(D) **Meetings:**

(1) The FAAC Committee will meet as circumstances require upon the call of the Committee Chair.

(2) FAAC Committee meetings will adhere to the rules outlined in the PEBA Board of Directors Bylaws and with applicable law.

(E) **Responsibilities:** The FAAC Committee will carry out the following responsibilities, including making recommendations to the PEBA Board as needed:

(1) Ensure the PEBA strategic plan includes strategic issues and projects within the FAAC Committee's purpose, noted in Section A; determine progress toward strategic objectives;

(2) Monitor PEBA's financial reporting efforts through the external and internal audit functions;

(3) Oversee the Internal Audit Department; receive reports from the internal auditor; approve the internal audit plan; ensure findings in internal audit reports are addressed timely and appropriately by PEBA staff;

(4) Oversee the external audit function by meeting at least annually with the external auditors; ensure findings from external audit reports are addressed timely and appropriately by PEBA staff;

(5) Monitor PEBA's enterprise risk management function;

(6) Monitor PEBA's regulatory compliance status;

(7) Review any proposed changes to the governance of PEBA;

(8) Review PEBA governance documents periodically, but no less than every three years, to determine compliance with the documents, to determine whether any changes to the governing documents are required;

(9) Oversee the operational budget and any associated legislative and executive processes;

(10) Monitor status of PEBA's data security, HIPAA and other privacy compliance;

(11) Oversee development of Board member training and handbook;

(12) Oversee the Agency Head planning and review process; and

(13) Oversee operational performance related to the FAAC Committee's purpose, noted in Section A.

~~(13)~~(14) Monitor the development, implementation and operation of PEBA's technology platforms.

As approved and adopted:

SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY
BOARD OF DIRECTORS

~~By: _____ By: _____~~
~~John A. Sowards, Chairman Alex Shissias~~

~~By: _____ By: _____~~
~~Frank W. Fusco Stephen Heisler~~

~~By: _____ By: _____~~
~~Ed Walton Sheriff Leon Lott~~

~~By: _____ By: _____~~
~~Steve A. Matthews Joe W. "Rocky" Pearce, Jr.~~

~~By: _____ By: _____~~
~~Audie Penn David J. Tigges~~

~~Dated: _____~~

PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
Finance, Administration, Audit and Compliance Committee

Meeting Date: October 1, 2020

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1. **Subject**: Vendor Referral Policy

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2. Summary*:* Consider implementation of a Funston recommendation to create a formal vendor referral process. Under the proposed process, before a new contracting opportunity or other opportunity for a partnership with a public or private entity or organization ("business opportunity") is presented for consideration by PEBA, any PEBA Board member or PEBA employee involved in sourcing the potential business opportunity must complete the proposed PEBA Business Opportunity Fiduciary Compliance and Conflict Disclosure Form."

3. **What is the Committee asked to do**? Approve the Funston recommendation to create a formal vendor referral process and recommend to the full Board for approval.

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4. **Supporting Documents:**

   (a) Attached: PEBA Business Opportunity Fiduciary Compliance Conflict and Disclosure Form

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PEBA BUSINESS OPPORTUNITY FIDUCIARY COMPLIANCE AND CONFLICT DISCLOSURE FORM

I. Purpose

Before a new contracting opportunity or other opportunity for a partnership with a public or private entity or organization ("business opportunity") is presented for consideration by PEBA, any PEBA Board member or PEBA employee involved in sourcing the potential business opportunity must complete this PEBA Business Opportunity Fiduciary Compliance and Conflict Disclosure Form. The form does not supplant the requirements of any law or Board policy; rather, the form is a way to enhance transparency and ensure compliance with PEBA's fiduciary and ethical duties before a potential business opportunity is considered by PEBA. The form also documents the means by which a potential business opportunity was introduced to PEBA.

II. Review Process

A PEBA Board member or PEBA employee required to complete the PEBA Business Opportunity Fiduciary Compliance and Conflict Disclosure Form must complete the form prior to presenting the business opportunity to PEBA for any manner of consideration that would require material expenditure of PEBA staff time or use of external resources. At a minimum, the form must be completed prior to any meeting, conference call, or other substantive discussion between PEBA employees and representatives of any entity related to the potential business opportunity.

All PEBA Business Opportunity Fiduciary Compliance and Conflict Disclosure Forms are reviewed by PEBA's Legal Department to ensure that the potential business opportunity and its sourcing do not present concerns involving compliance with PEBA's fiduciary or ethical requirements or any other conflict of interest. Any such concerns must be satisfactorily resolved before the business opportunity may be presented to PEBA for consideration.

III. PEBA Business Opportunity Fiduciary Compliance and Conflict Disclosure Form

A. PEBA Board Member or Employee and Potential Business Opportunity

Name: _____

Position: _____

Business Opportunity: _____

Date: _____

B. Fiduciary Duties

Pursuant to Section 9-4-10 of the South Carolina Code of Laws:

- Members of the PEBA Board, the PEBA Executive Director, and other PEBA employees or agents designated by the Board, are fiduciaries of the plans administered by PEBA and, in discharging their duties as fiduciaries, shall act:

  (1) only in the interest of the participants and beneficiaries of the employee benefit plans administered by PEBA;

  (2) for the exclusive purpose of providing retirement and insurance benefits to participants and beneficiaries of the employee benefit plans administered by PEBA and paying reasonable expenses of administering those employee benefit plans;

  (3) with the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;

  (4) impartially, taking into account any differing interests of participants and beneficiaries;

  (5) incurring only costs that are appropriate and reasonable; and

  (6) in accordance with a good faith interpretation of all applicable state and federal laws.

- A PEBA Board member or other fiduciary employed by PEBA who breaches a duty imposed by Section 9-4-10 is personally liable to the affected employee benefit plan administered by PEBA for any losses resulting from the breach and any profits resulting from the breach or made by the Board member or other fiduciary through use of assets of the employee benefit plan by the Board member or other fiduciary. The Board member or other fiduciary is subject to other equitable remedies, as the court considers appropriate, including removal.

In order to facilitate compliance with these fiduciary duties:

Please describe how the potential business opportunity will benefit the participants and beneficiaries of the employee benefit plans administered by PEBA:

_____
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Please acknowledge that you have reviewed the potential business opportunity and have determined that the presentation of the potential business opportunity to PEBA for consideration is consistent with your fiduciary duties to the employee benefit plans administered by PEBA:

_____ (initials) I have reviewed the potential business opportunity described above and have determined that presentation of the business opportunity to PEBA for consideration is consistent with my fiduciary duties to the employee benefit plans administered by PEBA.

C. Conflicts of Interest

PEBA Board members and employees are subject to a number of laws and policies concerning the ethical duties that they must comply with in connection with their positions with PEBA. These laws and policies include the State Ethics Act, the PEBA Board of Directors Ethics and Conflicts-of-Interest Policy, and the PEBA Employee Code of Conduct. At a general level, these ethics laws and policies prohibit PEBA Board members and employees from taking actions in their capacities with PEBA that would benefit them personally.

In order to facilitate compliance with these ethical duties:

Please describe how the potential business opportunity was sourced and the initial date it was sourced:

_____
_____
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_____

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to a conflict of interest between PEBA and your personal or professional interests, financial or otherwise:

_____
_____
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_____

Please acknowledge that you have reviewed the potential business opportunity and have determined that the presentation of the potential business opportunity to PEBA for consideration is consistent with your ethical duties in your position with PEBA:

_____ (initials) I have reviewed the potential business opportunity described above and have determined that presentation of the business opportunity to PEBA for consideration is consistent with my ethical duties in my position with PEBA.

D. Signature

Indicated by my signature below, I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, applicable state and federal laws and PEBA policies. I understand that I remain under a continuing obligation to report fiduciary concerns or conflicts of interest as they arise, including those that were not reported on this form, but which later become relevant to the PEBA activity in which I am involved.

Signature: _____ **Date:** _____

Printed Name: _____