

## **Meeting Minutes | Finance, Administration, Audit and Compliance (FAAC) Committee**

Wednesday, March 16, 2016 | 3:15 p.m.  
200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes Approved May 18, 2016

**Board Members Present:** Chairman Steve Matthews

**Board Members Present Via Telephone:** Ms. Stacy Kubu and Mr. Steve Osborne

**Others Present for All or a Portion of the Meeting:** Shawunda Baker, Peggy Boykin, Sarah Corbett, Doug Hislop, Heather Muller, Tammy Nichols, John Page, Travis Turner, Stephen Van Camp, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA).

### **I. Call to Order**

Chairman Steve Matthews called the PEBA Finance, Administration, Audit and Compliance (FAAC) Committee meeting to order at 3:16 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### **II. Adoption of Proposed Agenda**

Mr. Steve Osborne made a motion, which was seconded by Ms. Stacy Kubu, and passed unanimously, to adopt the proposed meeting agenda.

### **III. Approval of Meeting Minutes- February 17, 2016**

Mr. Osborne made a motion, which was seconded by Ms. Kubu, and passed unanimously, to approve the minutes from the February 17, 2016, Committee meeting.

### **IV. 2016 Bylaw Revisions**

Mr. Stephen Van Camp, General Counsel, reviewed several modifications to the PEBA Board of Directors Bylaws, which were previously amended to minimize the potential for vacancies on committees and in officer positions when the current Board member terms expire. Mr. Van Camp advised that language has been included to extend the terms of officers and committee members until successors are elected or appointed, unless that person is no longer a member of the Board. Mr. Van Camp stated that a section was added to the Bylaws that states at any meeting of the Board at which the Chairman nor Vice-Chairman is in attendance, the meeting will be called to order by the Executive Director who will chair the meeting until a quorum elects a Chairman pro tempore as the first order of business. The sections of the Bylaws amended included Sections 5A; 7B; and 7E. The addition to the Bylaws is referenced in section 7F. Mr. Van Camp advised that Section 5A was also amended to include that all non-Board members appointed to serve on a Committee are non-voting members.

Mr. Osborne made a motion, which was seconded by Ms. Kubu, and passed unanimously, to approve the proposed modifications to the PEBA Board of Directors Bylaws, and recommend the modifications to the full Board for approval.

**V. Internal Audit Reports**

Mr. John Page, Director of Internal Audit, provided the PEBA internal audit reports including:

- A. StoneBridge Recovery Audit
- B. Analytical Review of Claims
- C. Internal Audit Report on Data Security- Third parties
- D. Internal Audit Plan Status Report
- E. 2016 SC PEBA Internal Audit Plan

Mr. Page advised that the 2016 Internal Audit Plan covers the time period of March 2016 through February 2017. It was noted that the 2016 Internal Audit Plan was approved by Chairman Matthews, and Ms. Peggy Boykin, PEBA's Executive Director.

**VI. Old Business/Director's Report**

Ms. Boykin provided the Director's report, and stated that the House will begin budget deliberations next week. Ms. Boykin also stated that a combined meeting of the Senate Finance Committee - Special Subcommittee to Review the Investment of State Retirement Funds and the Health and Human Services Subcommittee will meet on March 24, 2016, and will receive a presentation from PEBA, and the South Carolina Retirement Systems Investment Commission (RSIC), with regards to the 2016 Experience Study and funding requirements.

Ms. Boykin advised the Committee that the State Fiscal Accountability Authority (SFAA), will hold a special meeting to review the 2016 Experience study, the 2015 Actuarial Valuations, and funding issues in regards to PEBA and RSIC on April 19, 2016. Ms. Boykin pointed out that alternative dates will need to be selected for the PEBA Board retreat that was scheduled for April 19, 2016, as well as the April Board meeting since the Board is required by statute to meet monthly. Ms. Boykin noted that the Board Retreat may be postponed until the end of the legislative session.

Ms. Boykin informed the Committee that PEBA will be hiring an Enterprise Risk Manager in the near future.

Ms. Boykin reported that as of March 11, 2016, the fiscal year-to date investment return was -3.61 percent, which is still significantly below the 7.50 percent assumed rate of return, but is a slight improvement over the -6.0 percent fiscal year-to date investment return ending January 2016.

**VII. Adjournment**

There being no further business, and upon motion by Mr. Osborne, which was seconded by Ms. Kubu, and passed unanimously, the Committee meeting adjourned at 4:00 p.m.