

Meeting Minutes | Board of Directors

Thursday, June 23, 2016 | 1:00 p.m.

200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes approved July 21, 2016

Board Members Present: Mr. Frank Fusco, Mr. Steve Heisler, and Chairman John Sowards

Board Members Present via Telephone: Ms. Stacy Kubu, Sheriff Leon Lott, Mr. Steve Matthews, Mr. Steve Osborne, Mr. Audie Penn, and Mr. David Tigges

Board Members Absent: Vice Chairman Joe “Rocky” Pearce

Others Present for All or a Portion of the Meeting: Peggy Boykin, Sarah Corbett, Heather Muller, James Manning, Tammy Nichols, Jacalin Shealy, Travis Turner, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Carlton Washington from the South Carolina State Employees Association; Hollie Debaro from the South Carolina Office of the State Treasurer; Louis Carter from the South Carolina Department of Administration’s Executive Budget Office; and Will Kinney from Milliken Law Firm.

I. Call to Order

Chairman John Sowards called the PEBA Board of Director’s (Board) meeting to order at 1:00 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Adoption of Proposed Agenda

It was noted that the proposed Board meeting agenda was adopted unanimously as presented.

III. Approval of Meeting Minutes- May 19, 2016

It was noted that the May 19, 2016, meeting minutes were adopted as presented.

IV. Strategic Planning

Ms. Sarah Corbett, Chief Operating Officer, reviewed a revised version of the 2016-2018 Strategic Plan. Ms. Corbett advised that the revised version includes an updated format; the addition of key measures under each goal; new action actions; the alignment of core values to reflect the Characteristics of High Performance; and the addition of a new strategic goal to responsibly manage risk to the organization. Ms. Corbett also noted that the Strategic Plan’s Vision has been modified to read “Serving those who serve South Carolina”.

It was noted that each Committee will review the revised Strategic Plan and provide suggestions to Ms. Corbett for consideration. Additional modifications will be discussed at the Board retreat.

V. Committee Reports

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

Mr. Steve Matthews advised that the FAAC Committee did not meet in June.

B. Retirement Policy Committee

Mr. Tigges stated that the Retirement Policy Committee did not meet in June.

C. Health Care Policy Committee

Mr. Steve Heisler reported that the Health Care Policy Committee met earlier in the day, and reviewed the revised 2016-2018 Strategic Plan and provided feedback to Ms. Corbett.

Mr. Heisler stated that Mr. Matt Shaffer, Senior Vice President, Major Group, of Blue Cross Blue Shield of South Carolina, presented new features of the Blue Cross Blue Shield Contract effective January 1, 2017. Mr. Heisler noted that Blue Cross Blue Shield is providing expanded services at a lower cost, and stated that the per contract per month administrative fee has decreased from \$14.51 to \$14.10 for the new contract effective 2017-2023.

Chairman Sowards thanked the Committee Chairs for their hard work, and noted that Health Care Policy Committee Chairman Rocky Pearce was absent due to a family health issue.

VI. Old Business

Chairman Sowards reported that the State Fiscal Accountability Authority (SFAA), met on June 22, 2016, to discuss the 2016 Experience Study, and the recommended one-half percent contribution rate increase. Chairman Sowards stated that the SFAA meeting was originally scheduled for June 7, 2016, and was cancelled at the last minute.

Chairman Sowards complimented Ms. Peggy Boykin, Executive Director, for her professional mannerism and patience in answering questions from members of SFAA related to the Experience Study and Actuarial Valuations.

A. Director's Report

Ms. Boykin stated that PEBA was successful in getting approval for all of the items that were submitted to SFAA, including the approval of the Experience Study recommendations, the one-half percent contribution rate increase, and the 2015 Actuarial Valuations for the South Carolina Retirement System (SCRS); the Police Officer's Retirement System (PORS); the Judges and Solicitors Retirement System (JSRS); the General Assembly Retirement System (GARS); and the South Carolina National Guard Plan (SCNG).

Ms. Boykin reported that throughout the last six months, PEBA has spent a significant amount of time interacting with the Governor's Office, members of the General Assembly, and stakeholders, indicating the need for additional contributions due to the investment underperformance from 2015, that would ultimately result in a one-half percent

contribution rate increase. Ms. Boykin advised that the PEBA Board recommended to increase contributions by one-half percent effective July 1, 2016, and was ultimately successful in getting the contribution increase approved at the SFAA meeting.

Ms. Boykin stated that since SFAA approved the actual assumptions, the actuaries will use the revised assumptions (with the exception of the recommended 7.25 percent actuarial investment return), the actual investment return for the current fiscal year, and the statutory 7.5 percent actuarial investment return to calculate the 2016 actuarial valuations. Ms. Boykin advised that the valuations should be received in November 2016, and they will indicate the actual amount of required contribution increases.

Ms. Boykin noted that the one-half percent contribution increase is the maximum amount that the statute allows PEBA to increase contributions. Ms. Boykin added that PEBA can only increase contributions by one-half percent over what is required by the valuations.

Following additional comments by Chairman Sowards, Board members complemented Ms. Boykin's professionalism at the SFAA meeting.

VII. Executive Session to discuss a personnel matter pursuant to S.C. Code Ann. Section 30-4-70(A)(1)

At 1:35 p.m., Mr. Heisler made a motion, which was seconded by Mr. Frank Fusco, and passed unanimously, to recede into executive session to discuss a personnel matter.

The Committee reconvened in open session at 2:25 p.m. Chairman Sowards announced that no action was taken by the Board while in executive session.

VIII. Adjournment

There being no further business, and upon motion by Mr. Fusco, which was seconded by Mr. Heisler, and approved unanimously, the Board meeting adjourned at 2:26 p.m.