

Meeting Minutes | Retirement Policy Committee

Wednesday, November 18, 2015 | 1:30 p.m.
200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes Approved December 2, 2015

Board Members Present: Mr. Arthur Bjontegard, Sheriff Leon Lott, Chairman John Sowards, and Mr. David Tigges

Others Present for All or a Portion of the Meeting: Peggy Boykin, Ashley Brindle, Tom Cone, Sarah Corbett, Heather Muller, Tammy Nichols, Travis Turner, Stephen Van Camp, Lori Anna Varnadoe, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Wayne Pruitt from the State Retirees Association of South Carolina; Joanie Lawson from the South Carolina Education Association, Mike Orso with Summit Strategies Group; and Jonathan Rauh from the S.C. Association of School Administrators.

I. Call to Order

Chairman John Sowards called the PEBA Retirement Policy Committee (Committee) meeting to order at 1:30 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 Committee meeting agenda was adopted unanimously as presented.

III. Approval of Meeting Minutes- October 21, 2015

Chairman Sowards asked for amendments to the previous meeting minutes. There being none, Mr. Sowards noted that the October 21, 2015, Committee meeting minutes were approved as presented.

IV. Optional Retirement Program (ORP) Fund Line-up Approval

Mr. Travis Turner, Chief Financial Officer, introduced Ms. Ashley Brindle to the Committee. Mr. Turner stated that Ms. Brindle will be replacing Mr. Matt Davis as the Defined Contribution Manager.

Mr. Turner also introduced Mr. Mike Orso, Defined Contribution Services Consulting Associate, with Summit Strategies Group (Summit), to present the ORP Fund Line-up. Mr. Orso stated that on April 1, 2016, each ORP vendor will offer a revised investment menu including zero revenue share investment options. Mr. Orso advised that each menu is broadly diversified with sufficient asset class coverage, and that the menus meet the ORP Investment Policy Statement (IPS)

compliance criteria. Mr. Orso stated that under the new zero revenue fee structure, each plan becomes more transparent, more equitable, and less expensive due to the vendor basis point charge decreasing. Mr. Orso reported that with only one exception, all funds received an overall Morningstar rating of three or above, with the majority receiving a rating of four or five stars. Mr. Orso advised old funds will be mapped to new funds that have the same strategy or risk return profile which is consistent with the ORP IPS.

Mr. Art Bjontegard made a motion, which was seconded by Mr. David Tigges, and passed unanimously, to accept the recommendation to approve the ORP investment menu changes and mapping strategy, and to recommend the changes to the Board for final approval.

V. Investment Policy Statement Review

Mr. Turner presented the proposed technical changes to the ORP Investment Policy Statement for review. Following a brief discussion, the Committee decided to defer the review of the ORP IPS until the December 2, 2015, Committee meeting. Chairman Sowards requested Mr. Paul Staples from Summit Strategies to be present for the IPS review, and to provide a summary of the IPS changes.

VI. Defined Contribution Plan Document Reviews

Mr. Justin Werner, PEBA's Legal Counsel, confirmed that there were no changes that need to be made to the 401(k), 457, or State Optional Retirement Program (ORP) Plan Documents, and the documents are all in compliance with the appropriate Internal Review Service requirements.

VII. Deferred Compensation Audit Report

Mr. Turner stated that Elliott Davis Decosimo, LLC, conducted an audit of the 2014 Deferred Compensation financial statements. Management presented a general summary to the Finance, Administration, Audit and Compliance (FAAC) Committee, and referred the full report to the Retirement Policy Committee for information. It was noted that The FAAC Committee reviewed several internal control deficiencies, and the recommendations made by Elliott Davis Decosimo, LLC, to correct these deficiencies.

VIII. Old Business/Director's Report

Ms. Peggy Boykin, Executive Director, stated that she did not have any additional information to report.

IX. Executive Session to Discuss Matters Exempted from Public Disclosure Pursuant to S.C. Code of Laws § 2-15-120

At 2:20 p.m., Mr. Bjontegard made a motion, which was seconded by Mr. Leon Lott, and passed unanimously, to recede into executive session to discuss matters exempted from public disclosure pursuant to S.C. Code of Laws § 2-15-120.

The Board reconvened in open session at 2:50 p.m. Chairman Sowards announced that no action was taken by the Committee while in executive session.

X. Adjournment

There being no further business, and upon motion by Mr. Lott, which was seconded by Mr. Tigges, and approved unanimously, the Committee meeting adjourned at 2:52 p.m.