



Meeting Minutes | Board of Directors Meeting

Wednesday, June 26, 2024 | 2:00 p.m.

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

Minutes approved August 28, 2024

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

Board Members Present for All or a Portion of the Meeting Via Virtual Means: Ms. Jennifer Blumenthal and Mr. John Sowards.

Board members absent: Mr. Ed Walton

Others Present for All or a Portion of the Meeting: Peggy Boykin, Ashley Brindle, Amber Carter, Justin Ellis, Evan Mitchell, Heather Muller, Tammy Nichols, Rob Tester, Katie Turner, Travis Turner, Angie Warren, and Justin Werner from the South Carolina Public Employee Benefit Authority (PEBA); Joe Newton and Danny White from Gabriel, Roeder, Smith & Company (GRS); Bill Tomes from Public Management Leadership Development Services, LLC.; Alex Tomlinson from Mullikin Law Firm; and Wayne Bell from the State Retirees Association of South Carolina.

Others Present for All or a Portion of the Meeting Via Virtual Means: Jessica Moak and Heather Young 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- March 6, 2024

Mr. Steve Heisler made a motion, which was seconded by Mr. Alex Shissias, and passed unanimously, to approve the minutes from the March 6, 2024, Board meeting.

III. Committee Reports

A. Health Care Policy Committee

Committee Chairman Shissias reported that when the Health Care Policy Committee met in the morning, Mr. Rob Tester, Insurance Policy Director, reviewed the 2025 State Health Plan Approval of Benefits and Contributions along with Plan changes that will become effective January 1, 2025. Mr. Shissias advised that the Health Care Policy Committee made a motion that the PEBA Board approve the 2025 State Health Plan Approval of Benefits and

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

Chairman Shissias stated that the Committee received a presentation from BlueCross BlueShield of South Carolina regarding the prevalence of obesity in our state and how it affects the State Health Plan.

It was noted that the Committee received a MUSC Plan update, detailing the 2023 financial performance for the MUSC Health Plan and the Plan's 2023 quality metrics.

B. Retirement Policy Committee

Committee Chairman Paige Lewis reported that the Retirement Policy Committee met that morning, and Mr. Danny White and Mr. Joe Newton from Gabriel, Roeder, Smith & Company (GRS), presented the 2024 Experience Study to the Committee. Mr. White provided a summary of material recommendations including no change to the investment return assumption of 7.00 percent; increase probabilities of retirement for long-service public school employees; and an increase in assumed salary increases, especially in the Police Officer Retirement System (PORS). Mr. White also reviewed the cost impact for the South Carolina Retirement Systems (SCRS) due to the new assumptions, specifically noting that the calculated funding period (based on the fiscal year 2025 contribution rate) increases from 15.3 years with the current assumption to 15.9 years with the new assumption.

Mr. White concluded by reviewing the cost impact for the PORS system, the Judges and Solicitors Retirement System (JSRS); the General Assembly Retirement System (GARS); the South Carolina National Guard Retirement (SCNG) System.

Chairman Lewis stated that the Retirement Policy Committee moves that the PEBA Board adopt the actuarial assumptions and methodologies recommended by GRS in the Actuarial Experience Study of the South Carolina Retirement Systems for the period ended June 30, 2023, and submit the actuaries' recommendation to maintain the investment return assumption at 7.00 percent to the General Assembly. Chairman Pearce reminded the Board that a Committee motion does not require a second. The motion passed unanimously.

Chairman Lewis reported that CapTrust presented the South Carolina Defined Contribution Plans Quarterly Investment Performance Report for the quarter ended March 31, 2024.

Chairman Lewis advised that Ms. Nancy Ornduff, from Empower, presented the first quarter of 2024 Deferred Comp quarterly plan summary to the Committee.

Ms. Lewis added that Mr. Carl Goodwin and his team from Voya Financial, presented an overview of the State ORP administered through Voya. Mr. Tom Boyle, Technology Specialist, reviewed participant engagement and communication strategies, and demonstrated Voya's unique digital platform. It was noted that Voya is one of four service providers for the State ORP.

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

Committee Chairman Jennifer Blumenthal reported that the FAAC Committee met that afternoon, and Mr. John Page, Director of Internal Audit, presented an internal audit report

related to Retirement Enrollments, and provided the June 2024 PEBA Internal Audit Plan Update to the Committee.

IV. Old Business

Director's Report

Ms. Boykin provided the Director's Report and stated that the House Ways and Means and the Senate are in session today and have both adopted the Budget Conference Report which will be sent to the Governor for his signature. The budget includes approximately \$107 million to fully fund the State Health Plan, with an 11.8 percent increase for employers, and no premium increases for employees, effective January 1, 2025.

Ms. Boykin advised that in the budget, the General Assembly continued the proviso for return-to-work retirees that allows an exemption from the \$10,000 earnings limitation if the retiree has a consecutive 12-month break in service with a covered employer. Previous data indicates that after a 12-month break in service, there is no actuarial cost to the plan associated with a return-to-work retiree.

Ms. Boykin reported that workforce shortages continue to be a challenge for both public and private sectors, and PEBA's role is to advise the General Assembly on the fiscal impact of the various proposals to the pension plan. Ms. Boykin added that during the budget conference debate the conferees stated that they are committed to work on a permanent statutory provision to address return-to-work issues that will not undermine the financial integrity of the pension plan.

Ms. Boykin announced that the pension plan is much further ahead of reducing the amortization period than what is required by statute, specifically noting the plan is currently at a 16-year amortization period.

Ms. Boykin added that last year was the final 1 percent increase in employer contribution rates that was included in the 2017 legislation, so there will be no increase for employers this year.

Ms. Boykin announced that the Government Finance Officers Association of the United States and Canada (GFOA), awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Carolina Retirement Systems for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2023. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. This was the 37th consecutive year that the Retirement Systems has achieved this prestigious award. Ms. Boykin thanked Mr. Travis Turner, Chief Financial Officer and Deputy Director, and his team, for this tremendous accomplishment.

Ms. Boykin noted that May 16, 2024, was PEBA's Employee Appreciation Day, and service awards were presented to 27 employees.

Ms. Boykin reminded the Board that the Board Retreat will be August 28-29, 2024, with the first day being dedicated towards educational training.

V. Executive Session for the Purpose of Discussing Personnel Matters and Legal Advice Pursuant to S.C. Code of Laws § 30-4-70(a)(1)(2)

At 2:32 p.m., Mr. Calvin Elam made a motion, which was seconded by Mr. Shissias, and passed unanimously, to recede into executive session to discuss personnel matters and receive legal advice.

At 2:46 p.m., the meeting reconvened in open session. Chairman Pearce announced that no action was taken by the Board while in executive session.

VI. Adjournment

There being no further business, and upon a motion by Mr. Heisler, which was seconded by Mr. Elam, and approved unanimously, the Board meeting adjourned at 2:47 p.m.