



Meeting Minutes | Board of Directors Meeting

Wednesday, March 1, 2023 | 2:30 p.m.

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

Minutes approved June 21, 2023

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

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

Others Present for All or a Portion of the Meeting: Peggy Boykin, Ashley Brindle, Amber Carter, Justin Ellis, James Manning, Heather Muller, Tammy Nichols, Rob Tester, Travis Turner, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA; and Sam Griswold from the State Retirees Association of South Carolina.

Others Present for All or a Portion of the Meeting Via Virtual Means: Angie Warren from PEBA.

I. Call to Order

Chairman Rocky Pearce called the PEBA Board of Director’s (Board) meeting to order at 2:30 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Approval of Meeting Minutes- December 7, 2022

Mr. Alex Shissias made a motion, which was seconded by Mr. Steve Heisler, and passed unanimously, to approve the minutes from the December 7, 2022, Board meeting.

III. Ethics Training

Mr. Justin Werner, General Counsel, introduced Ms. Barbara Seymour, from Clawson & Staubes, LLC., to discuss her presentation Ethical Public Service: Beyond the State Ethics Act. Ms. Seymour described ethics as a system of principles of conduct based on both articulated standards and moral values that combine to guide responsible decision making.

Ms. Seymour reviewed the Law of Public Service and the State Ethics Code, and described ethical challenges such as confidentiality; conflicts of interest; notarizing and witnessing; civility and professionalism; and unauthorized practice of law.

Ms. Seymour discussed the duties of public servants in leadership roles. First, the Duties of Care which includes showing up; being prepared; exercising independent judgment; ensuring competence and diligence; reviewing organizational finances and policies; and ensuring legal and ethical

compliance. Second, the Duties of Loyalty which includes disclosing conflicts of interest; adhering to the conflict-of-interest policy; avoiding personal gain; not disclosing confidential information; and acting in the best interests of the agency. Third, the Duties of Compliance which includes complying with all regulatory and reporting requirements; examining all agency processes critically and intentionally; making decisions that fall within the scope of the mission and governing law; and ensuring the compliance of subordinates and superiors.

Ms. Seymour turned the discussion to public service values, and pointed out that complying with the law is not the same thing as conducting yourself ethically. Ms. Seymour detailed the five principles of public service ethics including: a public office is a public trust; accountability; independent objective judgment; respectability and fitness for office; and democratic leadership.

Ms. Seymour concluded her presentation by reviewing how to create an ethical organizational culture which includes lead by example; articulate organizational values; prominently display statements of values and standards; adopt appropriate checks and balances; hire employees based on character; talk about ethics; form an ethics committee; mandate periodic ethics training; enable and encourage reporting of concerns; and conduct an ethics audit.

IV. Committee Reports

A. Health Care Policy Committee

Mr. Shissias reported that the Health Care Policy Committee met earlier in the morning, and received the annual State Health Plan benchmarking review. Mr. Shissias noted that the State Health Plan continues to compare favorably to other public and private employers, regionally and nationally.

Mr. Shissias advised that Dr. Tripp Jennings from BlueCross BlueShield of South Carolina, presented a telehealth overview. The use of telehealth grew exponentially during the COVID-19 pandemic, and became more established as a regular feature in health plans.

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

Ms. Jennifer Blumenthal reported that the FAAC Committee met earlier in the morning, and Mr. John Page, Director of Internal Audit, presented an internal audit report related to Electronic Employer Services (EES).

Ms. Blumenthal stated that Mr. Page also provided the 2023 PEBA Internal Audit Plan to the Committee for approval, and advised that the Committee approved the PEBA 2023 Internal Audit Plan as presented.

C. Retirement Policy Committee

Ms. Paige Lewis reported that the Retirement Policy Committee met that afternoon, and advised that CapTrust presented the South Carolina Defined Contribution Plans Quarterly Investment Performance Report for the quarter ending December 31, 2022.

Ms. Lewis stated that Empower presented the fourth quarter Deferred Compensation Program Quarterly Plan Summary to the Committee.

Ms. Lewis advised that Voya Financial, presented a service overview of their investments in the State ORP program. It was noted that Voya Financial is one of four providers in the State ORP program.

V. Old Business

Director's Report

Ms. Boykin provided the Director's Report, and stated that both the Governor's budget and the House Ways and Means budget have approved PEBA's operating budget, which has not changed significantly since PEBA was created. Ms. Boykin reminded the Board that they approved requesting a 2.4 percent increase in the funding of the State Health Plan. Ms. Boykin stated that both the Governor's budget and the House Ways and Means budget have added an annual well women's visit, which boost the overall cost to 3.0 percent. If the increase is added to the employer only cost share, the employer increase would be 3.7 percent. Ms. Boykin stated that the full House will deliberate the budget in a couple of weeks, then Senate Finance will start their deliberations.

Ms. Boykin reviewed the Secure 2.0 Act which is a massive Federal pension bill intended to expand coverage, increase retirement savings, and makes major changes to distribution rules, catch-up provisions, and participant disclosures. Ms. Boykin stated that there are many issues with the Secure 2.0 Act that will need to be addressed before implementation.

Ms. Boykin reported that there have been several bills filed in the State legislature regarding the current \$10,000 earnings limitation. Ms. Boykin stated that PEBA does not take a position with the earnings limitation, noting that it is a policy issue for the General Assembly to decide. PEBA's role is to provide the General Assembly with the financial implications of the proposed changes to the earnings limitation. Ms. Boykin advised that Gabriel, Roeder, Smith & Company (GRS), PEBA's external actuary, have already provided fiscal impact statements to the General Assembly.

Ms. Boykin reminded the Board that the General Assembly has suspended the requirement for PEBA to have a fiduciary audit this year, and PEBA will instead have an actuarial audit. This audit will be more relevant in a shorter period, and is aligned with industry best practices. Ms. Boykin advised that CavMac Consulting has been selected as the actuarial auditor, and they are in the process of conducting the actuarial audit. CavMac is expected to attend the June Board meeting to discuss the results.

VI. Adjournment

There being no further business, and upon a motion by Mr. Heisler, which was seconded by Mr. Shissas, and approved unanimously, the Board meeting adjourned at 3:40 p.m.