

**SC PUBLIC EMPLOYEE BENEFIT AUTHORITY
BOARD OF DIRECTORS MEETING**

Wednesday, May 20, 2015 1:00 p.m. MINUTES APPROVED 6.17.15
200 Arbor Lake Drive, Columbia SC, Main Conference Room 2nd Floor

Board Members Present:

Chairman Art Bjontegard
Vice Chairman Joe "Rocky" Pearce
Mr. Audie Penn
Mr. Steve Heisler
Mr. Frank Fusco
Mr. Steve Osborne (via telephone)
Mr. Steve Matthews (via telephone)
Mr. John Sowards (via telephone)
Ms. Stacy Kubu (via telephone)
Sheriff Leon Lott (via telephone)
Mr. David Tigges (via telephone)

Others present for all or a portion of the meeting:

Peggy Boykin, Kim Brown, Sarah Corbett, Ariail Kirk, Megan Lightle, Heather Muller, Stephen Van Camp, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Rex Gale, Brooks Goodman, and Matt Shaffer from Blue Cross Blue Shield of South Carolina; Wayne Pruitt and Donald Tudor from the State Retirees Association of South Carolina; Beth Lemmonds from Southern Strategy Group, and Thompson Kinney from Milliken Law Firm.

1. CALL TO ORDER

Chairman Art Bjontegard 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.

2. ADOPTION OF PROPOSED AGENDA

Chairman Bjontegard asked to amend the proposed Board meeting agenda to include the discussion of personnel matters under agenda item six related to executive session. Mr. Frank Fusco made a motion, which was seconded by Mr. Steve Heisler, and passed unanimously, to adopt the agenda as amended.

3. APPROVAL OF MEETING MINUTES – April 15, 2015

Chairman Bjontegard asked for a motion to adopt the April 15, 2015, meeting minutes. Mr. Heisler made a motion, which was seconded by Mr. Audie Penn, and approved unanimously, to adopt the April 15, 2015, meeting minutes as presented.

4. COMMITTEE REPORTS

A. HEALTH CARE POLICY COMMITTEE

Mr. Pearce stated that the Health Care Policy Committee met earlier in the morning, and Mr. Ed Spencer from the SC Department of Mental Health, discussed the state's telepsychiatry initiative, and its positive effects on patient access to services and quality of care.

**SC PUBLIC EMPLOYEE BENEFIT AUTHORITY
BOARD OF DIRECTORS MEETING**

Wednesday, May 20, 2015 1:00 p.m. MINUTES APPROVED 6.17.15
200 Arbor Lake Drive, Columbia SC, Main Conference Room 2nd Floor

Mr. Pearce reported that the Committee also received a Medical University of South Carolina (MUSC) pilot update, and an analysis of the results. Mr. Pearce stated that the MUSC Health Plan is improving and beginning to become more cost effective, but it is too early to project the final outcome.

Mr. Pearce advised that the Committee received an update from Blue Cross Blue Shield, regarding Patient-Centered Medical Home (PCMH), which is a model of health care designed to strengthen the physician-patient relationship by moving from reactive care to proactive care. Mr. Pearce stated that PCMH allows for better care at a lower cost to members.

Mr. Pearce reminded the Board that PEBA is following state mandates to keep protected health information secure, and the Health Care Committee has suggested hiring a consultant to ensure that PEBA is in compliance with the International Organization for Standardization (ISO).

B. RETIREMENT POLICY COMMITTEE

Mr. John Sowards stated that the Retirement Policy Committee did not meet in April and did not have anything to report. Mr. Sowards advised that the next Retirement Policy Committee meeting will be June 3, 2015.

C. FINANCE, ADMINISTRATION, AUDIT AND COMPLIANCE (FAAC) COMMITTEE

Mr. Steve Matthews stated that the FAAC Committee did not meet in April and did not have anything to report. Mr. Matthews noted that the next FAAC Committee meeting has been changed to June 2, 2015 at 2:00 p.m.

5. OLD BUSINESS/DIRECTOR'S REPORT

Ms. Peggy Boykin, PEBA's Executive Director, provided the Director's Report, and stated that the Senate has passed their version of the budget, and the House is currently reviewing the Senate version. Ms. Boykin stated that the dollar amount of PEBA's budget is the same in both versions of the budget, and includes an \$8.7 million increase due to PEBA absorbing additional responsibilities that were previously performed by the Budget and Control Board.

Ms. Boykin advised the Board that PEBA is preparing several request for Proposals (RFP's), including:

1. An investment consultant contract so investment consulting services can be consolidated for both the South Carolina Deferred Compensation Program and the Optional Retirement Program (ORP);
2. An ORP vendor contract;
3. Obtaining an ISO consultant to determine the necessary steps that PEBA should perform to comply with international standards; and
4. An administrative Services Only (ASO) contract for 2016.

**SC PUBLIC EMPLOYEE BENEFIT AUTHORITY
BOARD OF DIRECTORS MEETING**

Wednesday, May 20, 2015 1:00 p.m. MINUTES APPROVED 6.17.15
200 Arbor Lake Drive, Columbia SC, Main Conference Room 2nd Floor

Ms. Boykin stated that PEBA held an Employee Appreciation Day on Friday, May 15, 2015. Festivities included employee service awards and a catered barbecue luncheon.

Ms. Boykin provided an update regarding full-time equivalent (FTE) positions, and stated that PEBA has 270 FTE positions with 11 vacancies. Ms. Boykin advised that four vacancies have been posted to be filled, and she is working diligently to determine how to best utilize the seven additional vacancies. Ms. Boykin thanked Ms. Kim Brown, PEBA's Human Resources Director, for her hard work in helping to keep PEBA staffed appropriately.

Ms. Boykin stated that the Governor has endorsed the wellness incentives that the Health Care Committee adopted, and plans to implement the incentives in cabinet agencies, and collaborate with the South Carolina Human Resources Division to ensure that all state employees are aware of the benefits.

Ms. Boykin advised that PEBA received notice from the Government Finance Officers Association (GFOA) that the June 30, 2015, (Comprehensive Annual Financial Report (CAFR) qualified for the Certificate of Achievement for Excellence in Financial Reporting. Ms. Boykin congratulated the accounting and finance staff.

Ms. Boykin reminded the Board that PEBA is continuing to work with the Legislative Audit Council, which is an oversight agency of the General Assembly that performs objective performance audits of state operations. Currently, the Council is conducting an audit of the state's pension funds which includes the SC Retirement System Investment Commission and PEBA. Ms. Boykin added that the audit which focuses solely on retirement, should be completed by the end of July and a report provided by the end of September.

At the conclusion of the Director's Report, Chairman Bjontegard provided an opportunity for a roundtable discussion.

6. EXECUTIVE SESSION

At 1:18 p.m., Mr. Heisler made a motion, which was seconded by Mr. Fusco, and passed unanimously, to recede into executive session to discuss legal and personnel matters pursuant to S.C. Code Ann. § 30-4-70.

The Board reconvened in open session at 2:10 p.m. Chairman Bjontegard announced that no action was taken by the Board while in executive session.

7. 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 2:13 p.m.