



Meeting Agenda

**Meeting Agenda | Finance, Administration, Audit and Compliance Committee |
Health Care Policy Committee | Retirement Policy Committee | Board of Directors**

**Wednesday, March 2, 2022 | 202 Arbor Lake Drive., Columbia, SC 29223 | 1st Floor Conference Room
Via teleconference: 888 475 4499 Meeting ID 646 749 5163 ##**

Finance, Administration, Audit and Compliance Committee |9:30 a.m.

- I. Call to Order
- II. Approval of Meeting Minutes- November 30, 2021
- III. Internal Audit Reports
 - i. Internal Audit Report 2021-4 Retirement Service Purchase Installment Accounts
 - ii. Internal Audit Report 2021-5 Mailroom Services and Postage
 - iii. Internal Audit Plan for 2022
- IV. Governance Documents Review and Approval
 - i. PEBA Board Bylaws
 - ii. PEBA Board Powers Reserved Resolution
 - iii. PEBA Board Ethics and Conflict of Interest Policy
 - iv. PEBA Board Continuing Education Policy
 - v. PEBA Board Conference Event Attendance Policy
 - vi. PEBA Board Travel Policy
 - vii. Emergency Succession Plan
- V. Old Business/Director's Report
- VI. Adjournment

Health Care Policy Committee |10:30 a.m.

- I. Call to Order
- II. Approval of Meeting Minutes - November 30, 2021
- III. Election of Committee Vice-Chairman
- IV. Benchmark Review
- V. COVID Update
- VI. An Overview of Long COVID and Potential Impacts
- VII. Old Business/Director's Report
- VIII. Adjournment

LUNCH

Notice of public meeting

This notice is given to meet the requirements of the S.C. Freedom of Information Act and the Americans with Disabilities Act. Furthermore, this facility is accessible to individuals with disabilities, and special accommodations will be provided if requested in advance.

Retirement Policy Committee | 1:00 p.m.

- I. Call to Order
- II. Approval of Meeting Minutes – November 30, 2021
- III. Defined Contribution Plans Quarterly Investment Performance Report
 - i. Deferred Compensation Program
 - ii. State ORP
- IV. Deferred Compensation Program Quarterly Plan Summary
- V. Old Business/Director’s Report
- VI. Adjournment

Board of Directors | 3:00 p.m.

- I. Call to Order
- II. Approval of Meeting Minutes- November 30, 2021
- III. PEBA Board ByLaws Review and Approval
- IV. Election of PEBA Board Chairman and Vice-Chairman
- V. Recognition to the PEBA Board
 - i. John Sowards
- VI. Committee Reports
 - i. Finance, Administration, Audit and Compliance Committee
 - ii. Health Care Policy Committee
 - iii. Retirement Policy Committee
- VII. Old Business
 - i. Director’s Report
 - ii. RoundTable Discussion
- VIII. Adjournment

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
FINANCE, ADMINISTRATION, AUDIT AND COMPLIANCE COMMITTEE**

Meeting Date: March 2, 2022

1. Subject: Review of Governance Documents

- 2. Summary:** Paragraph X(A) of the PEBA Board of Directors Bylaws requires a review of the bylaws every three years. Similarly, pursuant to Paragraph E(8) of the FAAC Committee Charter, the FAAC Committee must review the Board’s governance documents periodically, but no less than every three years, to determine compliance with the documents and to determine whether any changes to the governing documents are required. According to the Board calendar, it is time for the FAAC Committee’s review of the Board’s governance documents. Please note that this review will not include committee charters, which are scheduled for separate review in 2023.

As set out in the attached draft amendments to the PEBA Board Bylaws, the following substantive amendments to the Bylaws have been recommended: 1) fill gaps in Section VII regarding the officer selection process when the Vice-Chair is elected to fill a mid-term vacancy in the Chairmanship; 2) update Section IV.D.2 related to “Telephone Meetings” to address “Virtual Meetings”; and 3) document long-standing Board practice to consider committee motions without a second. There are no other recommended changes to any other of the attached governance documents.

- 3. What is the Committee asked to do?** Review the Board’s governance documents and recommend that the PEBA Board amend the Bylaws as presented.
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4. Supporting Documents:

(a) List those attached:

- [1. PEBA Board Governance Manual, with proposed amendments to the PEBA Board Bylaws]



PEBASM
SC Retirement Systems
and State Health Plan

South Carolina Public Employee Benefit Authority
Serving those who serve South Carolina

Governance Policy Manual

South Carolina Public Employee Benefit Authority Board of
Directors

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Board of Directors Bylaws

I. Purpose

The South Carolina Public Employee Benefit Authority Board of Directors (“Board”) is the governing body of the South Carolina Public Employee Benefit Authority (“PEBA”), established by Act No. 278 of 2012 of the South Carolina General Assembly, as codified in Title 9 of the Code of Laws, Chapter 11 of Title 1 of the Code of Laws, and Chapter 23 of Title 8 of the Code of Laws, as amended from time to time (“Governing Law”); and the Board has the powers and responsibilities set out in the Governing Law. PEBA is an administrative agency charged by the Governing Law with administering the State’s public employee insurance programs, its retirement programs, and its deferred compensation program.

II. Board Membership

A. Composition

1. The Board shall consist of the number of members selected in the manner set forth in the Governing Law; each member, prior to commencing performance of the member’s duties, must meet the qualifications, comply with the requirements, and take the oath of office set forth therein and elsewhere in the Code of Laws of South Carolina 1976, as amended.
2. Copies of records of appointments and of notarized oaths of all Board members will be maintained by the ~~S~~ecretary of the Board.

B. Term of Office

1. Board members will serve for the periods determined in accordance with the Governing Law.
2. It shall be the responsibility of the Board ~~S~~ecretary to notify the Secretary of State and the relevant appointing authority of any appointment to, resignation from, or vacancy in the membership of the Board and to ~~insure-ensure~~ that the requirements of Section II.A.1 above are met.

III. General Responsibilities and Duties

The Board will fulfill the responsibilities, perform the duties, and exercise the powers assigned to it by the Governing Law and other relevant provisions of the Code of Laws of South Carolina 1976, as amended.

In discharging his or her duties with respect to PEBA, a Board member is entitled to rely in good faith on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by: (1) one or more officers or employees of the State whom the Board member reasonably believes to be reliable and competent in the matters presented; (2) legal counsel, public accountants, actuaries, the South Carolina Retirement Systems Investment Commission, or other persons as to matters the Board member reasonably believes are within the person’s professional or expert competence; or (3) a committee of the ~~B~~oard of ~~d~~irectors of which a Board member is not a member if the Board member reasonably believes the committee merits confidence. A Board member is not acting in good faith under this section if he or she has knowledge concerning the matter in question that makes reliance otherwise permitted by this section unwarranted.

IV. Board Meetings

A. Regular Meetings

1. The Board shall meet at such times and intervals and in such places as it may determine to be necessary to meet its responsibilities, but not less often than may be required by law.
2. At or before its final regular meeting of any calendar year, the Board shall establish the calendar for its regular meetings during the upcoming calendar year.

B. Special Meetings

1. The Chairman of the Board or the Executive Director of PEBA or any two chairmen of the Board's standing committees may call a special meeting of the Board upon not less than forty-eight (48) hours' notice, sent to members of the Board via e-mail to the e-mail address provided by the Board members to PEBA for that purpose.
2. The calling authority or the Board Secretary may send the notice, which shall state the date, time, place, and purpose of the meeting; and the business to be transacted at such special meeting shall be limited to such purpose.
3. Any member may waive notice of any meeting. Except as provided in the next sentence, the waiver must be in writing, signed by the member entitled to the notice, and filed with the minutes or corporate records. The attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business and at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

C. Quorum

A majority of the statutorily authorized number of Board members shall constitute a quorum for the transaction of business at any meeting of the Board.

D. Manner of Acting

1. Required Vote. The act of the majority of the members present at a meeting at which a quorum is present when the vote is taken shall be the act of the Board, unless, by law, a supermajority is required.
2. ~~Telephone~~Virtual Meeting. Any or all members may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all members participating may simultaneously hear each other during the meeting. A member participating in a meeting by this means is deemed to be present in person at the meeting. A member or invited non-member may participate in Executive Session by telephone or other virtual means, provided the participant provides assurance to the Board or ~~c~~Committee, reflected in the minutes of the meeting, that no uninvited person is present and able to listen to, or observe, the ~~e~~Executive ~~s~~Session portion of the meeting.
3. Failure to Object to Action. A member who is present at a meeting of the Board or a committee of the Board when corporate action is taken is deemed to have assented to the action taken unless: (1) he objects at the beginning of the meeting (or promptly upon his arrival) to holding it or transacting business at the meeting; or (2) his dissent or abstention from the action taken is entered in the minutes of the meeting; or (3) he delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the Executive Director immediately after adjournment of the meeting. The right of dissent or abstention is not available to a member who votes in favor of the action taken.

E. Executive Session

The Board and its ~~C~~committees may enter executive session during a public meeting in the manner and for the purposes authorized under the Code of Laws of South Carolina 1976, as amended.

F. Attendance

The attendance of members at Board meetings and of Board committee members at committee meetings shall be recorded, and the Board ~~S~~ecretary shall transmit each member's attendance record for the preceding six (6) months to that member's appointing authority in each January and July. At the request of a member, the attendance record transmitted to a member's appointing authority may also reflect the reason for an absence from a meeting of the Board or a committee of the Board, provided that the member has also notified the Chairman of the Board or ~~C~~hairman of the committee, as applicable, of the reason for the absence.

G. Agenda

1. Proposed meeting agendas will be developed by the Executive Director in consultation with the Chairman of the Board and the chairmen of the Board's standing committees.
2. Any member of the Board may propose an item for the agenda of a Board meeting by submitting the proposed item to the Chairman or Executive Director not less than seven days prior to the date of the meeting or, for a special meeting called with less than seven days' notice, as soon as practicable. Any such requests shall be taken into consideration in developing the proposed meeting agenda.
3. All meeting agendas are subject to final approval by the Chairman of the Board.

H. Board Assessment Process

At least annually, the Board shall engage in a self-assessment process to evaluate the Board's performance. The results of the self-assessment process shall be taken into consideration by the Chairman and Executive Director in developing and recommending training and educational opportunities for Board members.

V. Committees

A. Creation of Committees

The Board may create one or more committees, and the Chairman shall appoint members of the Board to serve on them. Each committee must have not fewer than two nor more than five Board members. The term of standing committee members shall run from their appointment in July of an even-numbered year through June 30 of the next even-numbered year, and until their successors are appointed. Each committee shall have a chairman who shall be appointed by the Chairman of the Board, and a vice-chairman who shall be elected by the members of the committee. Committee chairmen of the standing committees shall serve a term running from their appointment in July of an even-numbered year through June 30 of the next even-numbered year, and until their successor is appointed. Provided, however, that the term of a committee member or committee chairman ends when the member no longer serves on the Board. Each committee may appoint one or more non-Board members to serve as non-voting members of a committee if the committee finds that the non-Board members possess expertise, skills or qualifications that would aid the committee in fulfilling its responsibilities.

The Finance, Administration, Audit and Compliance Committee, the Retirement Policy Committee, and the Health Care Policy Committee shall be standing committees of the Board.

The Chairman of the Board shall be a member of each standing committee. The Board may establish ad hoc committees as it deems appropriate to address specific matters or issues.

1. **Committee Assignment Process**

No later than July 31 of each even-numbered year, the Chairman shall appoint members of the Board to serve on the standing committees and appoint the chairmen of those committees for the ensuing term running through June 30 of the next even-numbered year. In making these appointments, the Chairman shall solicit and take into consideration input from the members of the Board regarding their desired committee assignments and recommended committee chairman for the ensuing term. At the first committee meeting after the Chairman's appointment of the standing committee members and chairmen each even-numbered year, each standing committee shall elect a vice-chairman to preside over the committee and oversee committee business in the absence of the committee chairman.

2. **Removal of Committee Members**

No member shall be removed from a committee or from the chairmanship of a committee during a committee term, except upon request by that committee member or upon a vote of the Board.

B. Required Procedures

The provisions of these Bylaws that govern meetings, including calling and setting agendas for regular and special meetings, notice and waiver of notice, executive sessions, and voting requirements of the Board apply to committees and their members, mutatis mutandis. A majority of Board members assigned to a committee of Board members constitutes a quorum for that committee to conduct business, and a majority of the Board members present must vote for an item for the committee to take official action on the item.

C. Authority

The authority of committees of the Board shall be limited to gathering information ~~gathering;~~ providing ~~and~~ advice and recommendations to, and on behalf of, the Board; ~~and~~ performing ministerial acts. Authority delegated to the Board by law may be exercised only by the Board. Committees may invite administrators, consultants, staff, external auditors, and/or others to attend meetings and provide pertinent information as necessary.

D. Finance, Administration, Audit and Compliance Committee

The Finance, Administration, Audit and Compliance Committee (FAAC) will gather, analyze, and study information concerning PEBA's governance, financial reporting, audits, budgets, and regulatory compliance and will make recommendations and reports to the Board on those matters.

E. Retirement Policy Committee

The Retirement Policy Committee will gather, analyze, and study information concerning issues arising out of PEBA's administration of the retirement plans set out in Title 9 of the Code and the Deferred Compensation Program, and will make recommendations and reports to the Board on those matters.

F. Health Care Policy Committee

The Health Care Policy Committee will gather, analyze, and study information concerning issues arising out of PEBA's administration of the insurance plans set out in Chapter 11 of Title 1 of the Code, and will make recommendations and reports to the Board on those matters.

VI. Indemnification of Board Members

PEBA shall indemnify and hold harmless members of the Board from and against all liabilities, costs, fees, and expenses, incurred as a result of their acts taken in their official capacity or as a result of allegations regarding those acts, to the full extent permitted by law, and shall insure its obligation hereunder from the insurers and in the amounts determined by the Board, if deemed reasonably necessary.

VII. Officer Selection Process

- A. The officers of the Board will be a Chairman, a Vice-Chairman, a ~~s~~Secretary of the Board, and the Executive Director of PEBA.
- B. The Chairman and the Executive Director shall be selected in accordance with the Governing Law. The Board shall, in each regular meeting held in the month of July of even-numbered years, select one of its nonrepresentative members to serve as Chairman for a term ending June 30 of the next even-numbered year, and until a successor is elected. Provided, however, that the term as Chairman ends when the member no longer serves on the Board. ~~If there is a vacancy in the Chairman position, the Vice-Chairman shall serve as Acting Chairman until the next regularly scheduled meeting. At its next regularly scheduled meeting, the Board shall select a nonrepresentative member to serve as Chairman until the next election held in July of even-numbered years.~~
- C. The Chairman shall (1) preside and conduct meetings of the Board, (2) convene and adjourn meetings, (3) appoint committee chairmen, and (4) propose agendas for Board meetings.
- D. The Executive Director shall be the principal executive officer of PEBA and, subject to the control of the Board of directors, shall, in general, perform and fulfill the statutory duties, responsibilities, and powers conferred upon that office, ~~and~~ supervise and control all of the business and affairs of PEBA; and have responsibility for the development and implementation of the strategic direction and initiatives of PEBA. The Board of Directors shall be responsible for selecting, evaluating the performance of, and, subject to the regulations of the Agency Head Salary Commission, setting the compensation of the Executive Director.
- E. The Board shall, in each regular meeting held in the month of July of even-numbered years, select a Vice-Chairman from among its nonrepresentative members to serve for a term ending June 30 of the next even-numbered year, and until a successor is elected. Provided, however, that the term as Vice-Chairman ends when the member no longer serves on the Board. ~~Provided that, if, in accordance with Section VII.B above, the Vice-Chairman is serving as Acting Chairman due to a vacancy in the Chairman position, and if at the next regularly scheduled Board meeting the Vice-Chairman is selected by the Board to serve as Chairman until the next election held in July of even-numbered years, then at the same Board meeting, the Board shall also select a nonrepresentative member to serve as Vice-Chairman until the next election held in July of even-numbered years.~~ In the absence of the Chairman, the Vice-Chairman shall preside at Board meetings.
- F. Vacancies
 - 1. Chairman

If there is a vacancy in the Chairman position, the Vice-Chairman shall serve as Acting Chairman until the next regularly scheduled meeting. At its next regularly scheduled meeting, the Board shall select a nonrepresentative member to serve as Chairman for the remainder of the two-year term. If, in such election, the Vice-Chairman is selected by the Board to serve as Chairman for the remainder of the term, then at the same Board meeting, the Board shall also select a nonrepresentative member to serve as Vice-Chairman for the remainder of the term.

2. Vice-Chairman

Except as provided in Section VII.F.1 above, if there is a vacancy in the Vice-Chairman position, at its next regularly scheduled meeting, the Board shall select a nonrepresentative member to serve as Vice-Chairman for the remainder of the two-year term.

3. Absence of Chairman and Vice-Chairman

At any meeting of the Board at which neither the Chairman ~~n~~ or Vice-Chairman is in attendance, the meeting shall be called to order by the Executive Director who shall chair the meeting until a quorum elects a Chairman Pro Tempore as the meeting's first order of business. If the absence of the Chairman and Vice-Chairman is due to the holders of those officers having discontinued service on the Board, then the election shall be for both a Chairman and a Vice-Chairman for the remainder of the two-year term rather than pro tempore.

- G. The Board shall, from time to time and with the advice of the Executive Director, select from among the PEBA employees, a person to serve as ~~S~~ecretary of the Board, to serve at the pleasure of the Board. The ~~S~~ecretary of the Board shall have the responsibilities prescribed herein and such other duties as the Board may from time to time require, including: (a) keep the minutes of the proceedings of the Board; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; and (c) be custodian of the records of the Board.

VIII. Rules of Order

- A.** Board meetings should proceed in an informal and collegial manner with a design towards reaching consensus when possible.
- B.** The Chairman shall call for motions on items. Items presented to the Board for vote shall require a motion by a Board member other than the Chairman and a second of that motion by another Board member other than the Chairman. A motion presented by a Board committee does not require a second.
- C.** The item can then be discussed by the Board. The Chairman shall manage the discussion of the item and may participate in the discussion.
- D.** The Chairman shall call for a vote on the item.
- E.** Questions of reconsideration, tabling, or amendment of motions, etc., are all decided by majority vote.
- F.** The Board and its ~~c~~ommittees may utilize the rules of order prescribed for small assemblies or similar small bodies in the most recently published revision of Robert's Rules of Order as a guide in conducting its meetings. Robert's Rules of Order shall not be binding on the Board, however. Rather, such rules of order will be construed to promote the orderly and efficient conduct of

- business and to avoid procedural complexity which may delay or hinder the taking of action that is required by law or advisable in the prudent exercise of the Board's fiduciary responsibilities.
- G.** The order of business will be at the discretion of the Chairman in the absence of instructions from the Board, but will normally be as follows:
1. Call to Order
 2. Approval of previous Board meeting minutes
 3. Committee Reports
 4. Executive Director Report
 5. Other Business
 6. Adjournment

IX. Meeting Minutes

- ~~A.~~ ~~A.~~ ~~Minutes of the Board's meetings will be taken in accordance with law, and such records are open to public inspection in accordance with law.~~
- ~~B.A.~~ **BA.** The Chairman will cause the minutes of all Board meetings to be prepared in accordance with law. The minutes shall, recording therein the time and place of each meeting, the names of the Board members present, and the actions of the Board giving the affirmative and dissenting votes, except where the action is unanimous, and, when requested, a Board member's dissent or approval with reasons.
- ~~C.B.~~ **BC.** The Chairman will cause the minutes to be presented for approval at the next regular Board meeting. Board minutes will focus on describing any actions that occurred, and will provide sufficient detail to evidence the Board's due diligence in the matter. The minutes of a meeting during which an executive session is held will reflect the topic of the discussion at the executive session.
- ~~D.C.~~ **CD.** The minutes, as approved by the Board, will be preserved as a part of the public record of the Board, and will be kept open to public inspection in accordance with law.
- ~~E.D.~~ **DE.** Board proceedings will be recorded on audio. The audio recordings will be kept at least until official minutes of the meeting are approved, after which time they may be destroyed.

X. Review, History, and Amendment

- A.** The Board will review the PEBA Bylaws at least every three years to ensure that they remain relevant and appropriate.
- B.** No provision within these Bylaws shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- C.** These Bylaws were adopted by a majority of the Board members at a duly convened meeting of the Board on November 21, 2012. These Bylaws were amended on December 12, 2012, September 18, 2013, December 17, 2014, March 28, 2015, March 17, 2016, ~~and~~ July 21, 2016, and March 2, 2022.
- D.** These Bylaws may be amended only upon a majority vote of the Board members at a duly convened meeting of the Board upon proper notice pursuant to the South Carolina Freedom of Information Act. For purposes of this provision, majority shall mean a majority of the total membership of the Board, not simply a majority of the Board members present at any meeting convened for the purpose of amending the Bylaws.

Last revised: March 2, 2022

Resolution Reserving Certain Powers to the PEBA Board and Delegating Powers to the Executive Director

Whereas, under Section 9-4-10 of the South Carolina Code of Laws, the Board of Directors of the South Carolina Public Employee Benefit Authority (“PEBA Board”) is designated as the governing body of the Public Employee Benefit Authority (“Authority”), and the functions of the Authority must be performed, exercised, and discharged under the supervision and direction of the PEBA Board; and

Whereas, pursuant to Section 9-4-10(J) of the Code of Laws and Sections VII(A), VII(B), and VII(D) of the PEBA Board Bylaws, the PEBA Board is responsible for designating an Executive Director to serve as the principal executive officer for the Authority; and,

Whereas the PEBA Board finds that a prudent person acting in a like capacity and familiar with the Authority’s functions would delegate the power to manage the Authority’s affairs to the Authority’s Executive Director, except for certain trustee-level responsibilities that the PEBA Board reserves for itself; and

Whereas the PEBA Board recognizes and acknowledges that its responsibilities with regard to the governance of the employee benefit plans under its administration, including any delegation of powers related to the administration of those plans, must be exercised in accordance with fiduciary principles; and,

Whereas the PEBA Board further recognizes that, in accordance with those fiduciary principles, the PEBA Board must undertake appropriate oversight of the Executive Director’s exercise of responsibilities delegated to the Executive Director to ensure the proper administration of the Authority’s affairs.

Now, therefore, be it resolved that:

Section 1.

The PEBA Board is the ultimate governing body of the Authority and reserves for itself the following, trustee-level powers and duties:

- The selection, supervision, evaluation, and compensation of the Authority’s Executive Director;
- The governance of the Board’s activities, including the adoption of bylaws, committee charters, and other Board-level governance documents;
- The approval of the long-term strategic direction and major initiatives for the Authority;
- The approval of the Authority’s budget;
- The adoption of actuarial assumptions for the retirement and insurance programs administered by the Authority;
- The adoption of funding policies for the defined benefit retirement programs administered by the Authority;
- The adoption of employee and employer contribution rates for the defined benefit retirement programs administered by the Authority, where authorized by law;
- The approval of the interest rate credited to member accounts under the defined benefit retirement programs administered by the Authority;
- The acceptance of actuarial valuations and financial statements for the retirement and insurance programs administered by the Authority;
- The receipt and oversight of audits of the Authority’s programs and functions;

- The approval of the insurance benefits offered by the Authority, including the coverage to be offered and employee and employer premiums required for the coverage, and the approval of any mid-year adjustments required for those insurance benefit plans;
- The adoption and amendment of plan documents for the defined contribution plans administered by the Authority;
- The approval of investment options offered to participants in the defined contribution plans administered by the Authority, including the approval of investment policy statements for those plans; and,
- The adoption of regulations for the programs administered by the Authority.

Section 2.

- The Executive Director is the Authority's chief executive officer. As such, the PEBA Board hereby delegates to the Executive Director, with the authorization to sub-delegate, each and every power to manage the Authority and the employee benefit programs it administers, subject to law, except for the powers and duties reserved to the PEBA Board in Section 1 above. The Executive Director shall adopt an Emergency Succession Plan for the exercise of the powers delegated to the Executive Director in this Section.
- In making the delegation set out in this resolution, the PEBA Board has exercised, and shall continue to exercise, reasonable care, skill, and caution in selecting the Authority's Executive Director, establishing the scope and terms of the delegation of powers and duties to the Executive Director, and periodically reviewing the Executive Director's performance and compliance with the terms of the delegation.
- In exercising the powers and performing the duties delegated by this resolution, the Executive Director shall comply with the terms of the delegation and, as a fiduciary, shall discharge duties with respect to the Authority's programs in accordance with fiduciary principles set out in law.

Section 3.

The PEBA Board may, upon giving appropriate notice, reassume any power or duty delegated to the Executive Director in Section 2 above and/or delegate such powers and duties to another appropriate person if such action would be prudent. Further, nothing in this resolution shall be construed as restricting the PEBA Board's authority to discuss and, if necessary, take action on any significant issue that comes before the PEBA Board for consideration and decision, nor shall anything in this resolution be construed as limiting the access of the PEBA Board to information related to the Authority's activities.

Last revised: July 24, 2019

Ethics and Conflicts-of-Interest Policy

I. State Ethics Act Rules of Conduct

The members of the PEBA Board of Directors are subject to, and must comply with, the provisions of the laws of the State of South Carolina. Members must be familiar with, and to the extent required must comply with, the State Ethics Act, found in Chapter 13 of Title 8 of the South Carolina Code of Laws, including the Rules of Conduct set out in Section 8-13-700 et seq. of the South Carolina Code of Laws and any successor provisions. The interpretation of terms used in this Policy should be guided where appropriate by the definitions of similar terms in that Act.

II. Additional Standards of Conduct

In addition to and not in lieu of the requirements of state law, the members of the PEBA Board of Directors shall also be subject to the following standards of conduct in the performance of their official duties as Directors:

- A. A Director shall take no action concerning matters before PEBA where the Director, his family, or his business associates have a financial interest in the action;
- B. A Director shall take no action to commit funds administered by PEBA if the Director, his family, or his business associates have an interest in, are underwriters of, or receive any fees from the transaction;
- C. A Director shall have no interest in the profits or receive any benefit from a contract entered into by PEBA;
- D. A Director shall not use his position to secure, solicit, or accept things of value, including gifts, travel, meals and lodging, consulting fees or other payment for outside employment, or other valuable business relationships from parties doing or seeking to do business with or who are interested in matters before PEBA;
- E. A Director shall not represent, while serving on the PEBA Board of Directors and for one year after leaving the PEBA Board of Directors, any person, in any fashion, before any public agency, with respect to any matters in which the Director personally participated while serving on the PEBA Board of Directors;
- F. A Director shall not take any official action on matters that will result in a benefit to himself, his family, or his business associates;
- G. A Director shall not, during or after his term of service, disclose or use confidential information acquired in his official capacity as a member of the PEBA Board of Directors without proper authorization;
- H. A Director shall not use assets administered by PEBA for his own interest; and,
- I. A Director shall not act on behalf of a party whose interests are adverse to PEBA, even if the Director receives no personal gain.

[Note: These additional standards of conduct are based upon the standards of conduct imposed upon the Retirement System Investment Commission under Section 9-16-360 of the Code of Laws.]

III. Conflicts of Interest

- A. No member of the Board of Directors may make, participate in making, or in any way attempt to use his membership to influence a Board decision in which he, a family member, an individual with whom he is associated, or a business with which he is associated has an economic interest. A Board member who, in the discharge of his official responsibilities, is required to take action or make a decision which affects an

economic interest of himself, a family member, an individual with whom he is associated, or a business with which he is associated shall:

1. Prepare a written statement describing the matter requiring action or decisions and the nature of his potential conflict of interest with respect to the action or decision;
 2. Furnish a copy of the statement to the Board Chairman, who shall cause the statement to be printed in the minutes and require that the member be excused from any votes, deliberations, and other actions on the matter on which the potential conflict of interest exists and shall cause the disqualification and the reasons for it to be noted in the minutes.
- B.** The members of the PEBA Board of Directors must abide by the following additional conflict-of-interest guidelines:
1. Directors should make reasonable efforts to avoid conflicts of interest and appearances of conflicts of interest.
 2. Directors may not under any circumstances accept offers, by reason of their service, relationship or employment with PEBA, to trade in any security or other investment on terms more favorable than those available to the general investing public or, in the case of private market investments, a similarly situated investor.
 3. A conflict of interest exists for a Director whenever the Director has or is seeking a personal or private commercial or business relationship that could reasonably be expected to diminish the Director's independence of judgment in the performance of the Director's responsibilities to PEBA.
 4. Curing Conflicts of Interest
 - a. All Directors who become aware of a personal conflict of interest have an obligation not only to disclose that conflict, but to cure it. A person normally cures a conflict of interest by promptly eliminating it.
 - b. A Director can cure a conflict by prudently withdrawing from action on a particular matter in which a conflict exists provided that:
 - (1) the person may be and is effectively separated from influencing the action taken;
 - (2) the action may properly be taken by others; and
 - (3) the nature of the conflict is not such that the person must regularly and consistently withdraw from decisions that are normally his or her responsibility with respect to PEBA.
 - c. Directors must disclose any conflicts-of-interest regarding matters which are before the Board, absent themselves from any relevant deliberations, and not vote on the matter. Such Directors may be required to disclose additional relevant information with respect to the matter in question.

[Note: These additional conflict-of-interest provisions are modeled upon the Model Ethics and Conflict-of-Interest Policy for Texas Public Retirement Systems.]

IV. Exceptions

The following exceptions apply to the requirements of this Policy. These exceptions **do not** apply to any similar requirements imposed by the laws of the State of South Carolina or by any professional code of conduct; and members must be aware of and comply with the requirements of those laws and such codes to which they are subject.

- A.** A Director who is a representative member on the PEBA Board shall not be prohibited from taking action on, and is not considered to have a conflict of interest in, a matter before the PEBA Board if the only economic benefit or reasonably foreseeable benefit that may accrue to the Director from the matter: (a) would accrue to the Director solely because of the Director's membership in a benefit plan offered by PEBA and (b) would be of no greater extent than the economic benefit or potential benefit that could reasonably be foreseen to accrue to all other similarly situated members of the affected benefit plan.
- B.** A Director is not precluded from being associated with a business that represents a party (a) with respect to a matter before the PEBA Board of Directors or (b) whose interests are adverse to PEBA in a matter if (y) the Director does not personally participate in the representation and is otherwise properly screened from communications related to the representation and (z) the Director appropriately discloses the conflict of interest to the PEBA Board and withdraws from any action on the matter before the PEBA Board as required by this Policy.
- C.** A Director shall not be considered to have acted in violation of this Policy with regard to a matter before the PEBA Board if (a) the Director did not have personal knowledge of an actual or potential conflict of interest with regard to the matter at the time the Director acted on the matter and (b) upon learning of an actual or potential conflict of interest regarding the matter, the Director appropriately cures the conflict of interest in connection with any future actions.

Last revised: June 18, 2014

Continuing Education Policy

The Public Employee Benefit Authority Board of Directors recognizes its fiduciary responsibility to remain aware of significant current events impacting the retirement and insurance programs administered by PEBA and to be well-informed and educated on topics related to those programs, including best practices for the programs. Accordingly, the purpose of this policy is to promote high professional standards of trusteeship by the Board of Directors and to assure the participants of PEBA's retirement and insurance plans of the Board's continuing professional competence, consistent with prevailing industry standards.

1. As nearly as practical, members of the Board of Directors shall participate in no less than eighteen (18) hours of qualifying educational training programs or conferences each reporting period. The reporting period shall be a period of two fiscal years ending on June 30 of even-numbered years, commencing with the period beginning July 1, 2014. If a member has earned more than the required number of hours of educational credit during a reporting period, the member may carry over up to nine (9) hours of excess credit to the following reporting period. If a member is appointed to the Board of Directors after the beginning of a reporting period, the number of hours of required educational credit for that member shall be prorated for that period based upon the period of time between the member's appointment and the end of the reporting period, or may, at the Chairman's discretion, be waived in appropriate circumstances. For the purposes of this policy, fifty (50) minutes of educational training is equal to one (1) hour of educational credit.
2. A Board member's required eighteen (18) hours of qualifying educational training for each reporting period must include at least two (2) hours of fiduciary education and at least two (2) hours of ethics education. The required fiduciary education shall include, but not be limited to, the following topics: the duty of loyalty, the duty of impartiality, the duty of care, the duty of prudence, the exclusive benefit rule, and the rule concerning prohibited transactions. The required ethics education shall include, but not be limited to, the following topics: the standards of conduct set forth in the State Ethics Act (S.C. Code Ann. § 8-13-700 et seq) and the additional standards of conduct required by the PEBA Board of Directors Ethics and Conflicts-of-Interest Policy. The PEBA Legal Department shall be responsible for providing the fiduciary and ethics education required by this item.
3. The annual PEBA Board retreat will include a minimum of six (6) hours of such qualifying educational credit. Other qualifying educational credit shall be approved at the discretion of the Chairman of the Board of Directors. By way of illustration, the additional educational credit that may be approved by the Chairman may include but is not limited to: attendance at educational training programs and conferences offered by organizations related to governmental retirement and insurance plans; attendance at training sessions provided by PEBA staff, consultants, and affiliates; and participation in professional continuing educational programs related to the member's qualifications to serve on the Board. Qualifying participation in educational training programs and conferences may include both in-person attendance at educational programs as well as participation in programs by electronic means, such as viewing webinars or completing on-line training modules.
4. At the discretion of the Chairman of the Board, a Board member may be reimbursed for reasonable registration fees and travel expenses related to the member's attendance at or participation in an educational training program or conference that is pertinent to the retirement and insurance plans administered by PEBA. If approved by the Chairman, registration fees for these educational programs or

conferences and associated travel expenses will be paid by PEBA in accordance with the Board's travel policy and applicable state laws and regulations in effect at the time of travel.

5. Board members should promptly report all qualifying educational training to the Chairman, and records of each member's qualifying educational credit will be included in the regular reports of the members' attendance to their appointing authorities. However, if a member has failed to participate in the required amount of qualifying educational credit within two fiscal years, the member will be allowed forty-five (45) days to obtain the necessary credit before any deficiency in the member's educational credit is reported to the member's appointing authority.
6. The terms of this policy may be suspended or modified at the discretion of the Chairman of the Board, owing to the non-availability of funding or other limitations.
7. Records of educational credits earned, and reimbursement for educational expenses incurred, by the Chairman shall be subject to review and approval by the Vice Chairman of the Board.

Last revised: June 17, 2015

Conference Event Attendance Policy

PEBA is committed to ensuring that the members of the PEBA Board of Directors and PEBA employees receive the education and training they need to successfully oversee and administer the employee benefit plans offered by PEBA. Often this education is provided by sending directors and employees to educational conferences and seminars related to the employee benefit plans administered by PEBA. PEBA has found that much of the educational value of such conferences is derived not only in the regular sessions of the conferences, but also in networking events held in connection with the conferences. Because some of these networking events are sponsored by entities that do business, or could seek to do business, with PEBA, this policy is hereby adopted to provide guidance on the conditions under which PEBA directors and employees may attend such events.

Notwithstanding any other provisions of the PEBA Board of Directors Ethics and Conflicts of Interest Policy and the PEBA Employee Code of Conduct, PEBA directors and employees attending an educational conference or seminar as a representative of PEBA may attend a meal, coffee break, reception or other similar networking event sponsored by a current or potential PEBA vendor without paying the full cost of attendance, so long as:

- Attendance without paying full cost does not violate the requirements of the State Ethics Act, including provisions related to the receipt of things of value from lobbyists or lobbyists' principals;
- There is no open procurement matter involving PEBA in which the current or potential vendor has, or could have, an interest; and,
- All PEBA directors and employees attending the conference or seminar, and representatives from at least one other non-South Carolina entity, are invited to the event.

If a PEBA director or employee is precluded from attending the event without paying full cost pursuant to the provisions of Section 2, the director or employee may still attend the event if he or she pays the full cost of his or her attendance at the event or, if permissible, PEBA pays the full cost of his or her attendance. A director or employee should not attend an event, even if paying the full cost, if attendance at the event would create an appearance of impropriety in connection with a procurement or other business matter involving PEBA.

In addition to any reporting requirements of the State Ethics Act, a PEBA director or employee who attends an event without paying the full cost of attendance pursuant to Section 2 must report his or her attendance of the event to the PEBA Ethics Officer on the appropriate report. This report shall not be required for attendance at an event, such as a breakfast or coffee break, that is sponsored by a current or potential PEBA vendor and that is on the agenda and open to all attendees of a national or regional educational conference held by a non-commercial organization or association.

Last revised: August 17, 2016

Travel Policy

General Travel Authorization

From time to time, it may be necessary for members of the Public Employee Benefit Authority Board of Directors to travel on behalf of the Board. Travelers will be reimbursed for travel expenditures in compliance with the PEBA Board of Directors travel policy and applicable state laws and regulations. Adequate documentation must exist to allow for verification of expenditures.

All travel by the Board of Directors must be pre-approved by the Chairman of the Board or his designee. Travel should be for the purpose of fulfilling the educational requirements set forth by the Continuing Education Policy or performing due diligence when necessary.

All reimbursements should be submitted on an approved travel voucher. Travel vouchers submitted for reimbursement are required to have the signature of the traveler certifying that the amounts are true and correct and conform to state and federal laws, rules and regulations. All signatures must be original or in an approved electronic format (faxed or electronic mail). No stamped signatures will be accepted. The reimbursement must be approved by the Chairman of the Board or his designee. This approval certifies that the Chairman or his designee is aware of the Board member's travel and that the expenditures appear reasonable.

When a Board member files for reimbursement of travel expenditures, the member is certifying that:

- The member has followed the PEBA Board of Directors travel policy;
- The member has not, and will not, receive reimbursement for the expenditures from any other entity outside PEBA;
- All expenditures are business-related; and,
- That all supporting documentation has been provided to PEBA.

Travelers are expected to exercise the same judgment when making travel arrangements and expenditures that a prudent person would exercise if traveling on personal business. As a steward of the retirement and insurance funds entrusted to PEBA, each individual should use the following guidance when traveling:

- Excess costs, circuitous routes, delays or luxury accommodations unnecessary or unjustified in the performance of an assignment are not considered exercising prudence.
- Travel by commercial airlines should be in coach or tourist class.
- Automobile transportation may be used when common carrier transportation cannot be arranged satisfactorily, or to reduce expenses when two or more Directors or staff travel together.
- Transportation to or from points of arrival and departure should be by the most economical method.

Specific Travel Guidelines

Lodging

Lodging arrangements are the responsibility of the traveler and will be reimbursed as part of the lodging expenses upon completion of the trip. In some instances, prepayment of lodging expenses may be approved.

For all approved travel, the traveler will be allowed reimbursement for actual expenses incurred for lodging, not to exceed the current maximum lodging rates, excluding taxes, established by the U.S. General Services Administration. The Chairman may approve lodging reimbursements above the applicable GSA rate where

appropriate, taking into consideration location, purpose of travel or other extenuating circumstances. Any such exception must be made in writing.

Lodging expenses will be allowed subject to the following guidelines:

- When payment is made to the hotel/motel, documentation should include an original itemized receipt.
- When payment is made through an internet provider (i.e., hotels.com, hotwire.com), documentation should reflect the name and location of the lodging and the amount of payment. If payment is not indicated, another source of documentation may be used to adequately document the expense.
- Only actual lodging expenses (plus applicable taxes) will be reimbursed; however, the more moderately priced accommodations should be requested when a choice is available.
- Travelers should request a state or government rate when available.
- No reimbursement should be made for overnight lodging within 50 miles of the traveler's official headquarters or residence.
- All necessary and reasonable tips for baggage handling will be reimbursed.

Meals

While on official travel, travelers will be reimbursed for the actual expenses incurred in the obtaining of meals except that such costs shall not exceed the maximum daily meal reimbursements established by state law and regulation.

If meals are provided as part of a convention, meeting, or conference, the per diem rate will be reduced for the corresponding meals that were provided.

Miscellaneous Expenses

Travelers will be reimbursed for all reasonable costs associated with taxi fare, tips, tolls and portage.

Movies, bar bills, laundry, room service, health or spa fees, and the like will not be subject to reimbursement on the travel expense report. These expenses are considered personal in nature and should be paid by the traveler.

Receipts

Travelers must submit receipts for expenditures of \$5 or more, except for meals, taxi fare, tips, tolls and portage. All receipts and paid bills should be originals. In rare occasions, a receipt may not have been provided to the traveler or the traveler may misplace the receipt. If originals are not available or documentation is inadequate, a detailed explanation signed by the authorized signer may be substituted.

Registration Fees

Registration fees in the amount necessary to qualify individuals to attend conventions, meetings, and conferences are allowed. These fees can be prepaid. If the registration is prepaid by the traveler or paid at the time of registration of the meeting, reimbursement will be made after the trip is completed.

Reimbursement Procedures

Travel reimbursement requests should be filed:

- Within 60 calendar days of completion of the trip or at least quarterly for local trips of a repetitive nature; and,
- Within the same fiscal year in which the trip occurred (if feasible).

Spousal Travel

Travel expenses for spouses, friends, or other individuals not traveling on official PEBA Board business are not reimbursable. Any fees (such as registration fees) paid in advance by PEBA for such individuals will be offset against any travel reimbursement requests.

Travel by Automobile

Travelers may use their own automobiles for official travel, provided PEBA will incur no added expenses above that of other forms of transportation available.

Reimbursement for personal automobiles will be based on the standard mileage rate set by the Internal Revenue Service.

No reimbursement will be made for fines related to moving or non-moving violations.

Mileage between a traveler's residence and his/her place of employment is not subject to reimbursement. However, when a traveler leaves on a business trip directly from his/her residence and does not go by his/her place of employment, the employee shall be eligible for reimbursement for actual mileage beginning at his/her residence.

Travel by Common Carrier

Transportation for individuals traveling alone should be by common carrier (i.e., airline, train, bus, etc.) whenever practical. Advantages of reduced round-trip rates must be taken when available. Travel must be by the most direct route possible. Individuals traveling by an indirect route must bear any additional expenses. However, when discount fares are available which result in a savings to PEBA by extending a trip using personal time, the reimbursement will be limited to the lesser of the actual expenses incurred (subject to the limitations contained herein, such as meal allowances, mileage rates, etc.) or the amount that would be incurred for the business portion only. The calculations for the business portion of the trip must be made using the least expensive rates available.

Travel by airplane is recommended when the cost of the traveler's time is an important factor or where the travel time by other methods would increase the subsistence expense. Accommodations should be limited to tourist or economy class.

Expenses for travel by common carrier will be allowed subject to the following guidelines:

- **Direct payment by PEBA.**
 - Air transportation tickets may be purchased in advance from a travel agency or an air carrier directly by PEBA. A credit card should be used for prepayment of airline tickets.
- **Initial payment by the individual.**
 - Travelers who choose to purchase their tickets must secure reimbursement through a travel voucher after travel is completed. No reimbursement for reduced-fare advance purchase tickets will be made to travelers prior to completion of travel because direct payment by PEBA is available.
- **Frequent flyer program.**
 - Travelers, while in official travel status, shall select air carriers based on the cost and time criteria, not on whether frequent flyer premiums are given. Travelers earning frequent flyer premiums while on state business must use them to reduce the cost of subsequent business travel whenever possible.
- **Adequate documentation.**

- In order for the traveler to receive reimbursement, adequate documentation reflecting the ticket cost, dates, and destination must accompany the travel voucher. This may be accomplished via one or several of the following: boarding pass, copy of a printed ticket, or print-out from internet purchase.

Baggage fees charged by common carriers will be reimbursed to the extent that the amount of baggage in use is reasonable for the length of the trip. Receipts for such fees must be provided in order for them to be reimbursed to the traveler.

Unauthorized Costs

Travelers will be responsible for unauthorized costs and any additional expenses incurred for personal preference or convenience.

Chairman’s Travel

Reimbursement for travel expenses incurred by the Chairman of the Board shall be subject to review and approval by the Vice Chairman of the Board.

Last revised: March 28, 2015

Emergency Succession Plan

The PEBA Executive Director adopts this Emergency Succession Plan (Plan) pursuant to the PEBA Board's directive set out in paragraph 2.A of the Resolution Reserving Certain Powers to the PEBA Board and Delegating Powers to the Executive Director (Powers Reserved Resolution), which was executed by the PEBA Board on March 28, 2015. Paragraph 2.A of the Powers Reserved Resolution provides: "The Executive Director shall adopt an Emergency Succession Plan for exercise of the powers delegated to the Executive Director in this Section."

For purposes of this Plan, the term "emergency" means a sudden, unexpected or unforeseen event that calls for immediate action.

If the PEBA Executive Director is suddenly and unexpectedly unable to serve in that capacity due to death or incapacitation, the Chief Operating Officer shall serve as the Acting Executive Director of PEBA.

If the Chief Operating Officer is unable to serve as Acting Executive Director under this Plan, then the Chief Financial Officer shall serve as Acting Executive Director.

If neither the Chief Operating Officer nor the Chief Financial Officer is able to serve as Acting Executive Director under this Plan, then the General Counsel shall serve as Acting Executive Director.

The Acting Executive Director under this Plan shall have the full delegated powers of the Executive Director set out in Section 2 of the Powers Reserved Resolution to manage PEBA and the employee benefit programs it administers. The Acting Executive Director shall immediately notify the PEBA Board Chairman of the emergency appointment of an Acting Executive Director.

Last revised: April 1, 2015.