

SC PUBLIC EMPLOYEE BENEFIT AUTHORITY- BOARD OF DIRECTORS

Finance, Administration, Audit, and Compliance Committee

MINUTES [Adopted 10/1/2013]

202 Arbor Lake Drive, Columbia SC, Main Conference Room 2nd Floor

Friday, September 6, 2013, 2:00 p.m.

FAAC Committee Members Present:

Mr. Steve Matthews, Chairman (in person)
Ms. Peggy Boykin (by phone)
Mr. Leon Lott (in person)
Mr. Art Bjontegard (in person)

Other Members Present:

Mr. Frank Fusco (in person)

Others present for all or a portion of the meeting:

David Avant, Lil Hayes, Stephen Van Camp, Travis Turner, Justin Werner, Megan Lightle, Caroline Royal, and Virginia Wetzel from the South Carolina Public Employee Benefit Authority (PEBA).

AGENDA

1. CALL TO ORDER; ADOPTION OF PROPOSED AGENDA

Mr. Matthews called the meeting to order at 2:00 p.m. Ms. Hayes confirmed meeting notice compliance with the Freedom of Information Act. Mr. Lott moved to adopt the proposed agenda. Ms. Boykin seconded. Unanimously approved.

Mr. Matthews amended the agenda to review agenda item four (PEBA Bylaws) and five (PEBA Board of Directors Travel and Education Policy) prior to agenda item three (PEBA Agency Budget).

2. Approval of Meeting Minutes- August 16, 2013

Mr. Matthews asked for amendments to the August 16, 2013 committee minutes. There being none, Mr. Matthews asked for a motion to approve the minutes. Mr. Lott moved to approve and Ms. Boykin seconded. Unanimously approved.

3. PEBA Bylaws

There was discussion regarding amending the Board's Bylaws to allow Board members as well as invited non-members to participate in Executive Session by telephone.

Bylaws Amendment to section IV, D, ii to read:

"A member or invited non-member may participate in Executive Session by telephone provided the participant provides assurance to the Board or Committee, reflected in the minutes of the meeting, that no uninvited person is present and able to listen to the Executive Session portion of the meeting."

Action:

Mr. Matthews asked for a motion to recommend the PEBA Bylaws as amended to the PEBA Board. Ms. Boykin moved to recommend and Mr. Lott seconded. Unanimously recommended.

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4. PEBA Board of Director's Travel and Education Policies

PEBA Travel Policy

The Committee reviewed a PEBA Travel Policy (draft) which was based upon the SC Deferred Compensation Commission's Travel policy. There was discussion regarding references to GSA, state, and federal travel regulations throughout the document.

Amendment:

In order to avoid the process of cross referencing outside sources, Mr. Matthews recommended inserting the GSA web address to all references to GSA rates and inserting state and federal travel limits to all references throughout the document.

Action:

Mr. Matthews asked for a motion to recommend the PEBA Travel Policy as amended to the PEBA Board. Mr. Lott moved to recommend and Ms. Boykin seconded. Unanimously recommended.

PEBA Education Policy

The Committee reviewed an education policy (draft) which was based upon the SC Deferred Compensation Commission's Education policy. David Avant, PEBA interim Director, advised the Committee that this policy would allow the annual PEBA Board retreat to serve as the required 15 hours of continued education per fiscal year. Ms. Boykin asked PEBA staff to research how other states structure their continuing education policies in comparison to the PEBA Board's proposed education policy. Mr. Avant highlighted organizations that could offer continuing education conferences and/or webinars: NASRA, NAGDCA, NCTR, NCPERS. Mr. Fusco proposed partnering with the Retirement Investment Commission for various continuing education opportunities. He also recommended 15 hours of continuing education on PEBA campus annually. Ms. Boykin suggested a Board member orientation program should be created for future, new Board members.

Action:

Mr. Matthews asked for a motion to recommend the PEBA Education Policy to the PEBA Board. Ms. Boykin moved to recommend and Mr. Lott seconded. Unanimously recommended.

5. PEBA Agency Budget

PEBA staff members Mr. Avant, Mr. Turner, and Ms. Royal summarized the Fiscal Year 2015 PEBA Agency Budget request to be submitted to the SC Office of State Budget by October 1, 2013. Mr. Avant indicated that the SC General Assembly annually approves the authorization of appropriations to the PEBA Agency from the Retirement and Health Trust Funds. For Fiscal Year 2015, the agency's budget request includes the removal of ten FTE positions and the relocation of funds into other operating expenses for anticipated IT assessments and improvements.

PEBA Staff confirmed the Agency will not be subject to an FTE reduction as a result of the State Budget Office reconciliation process. Per Mr. Fusco's request, staff confirmed the budget request does not include any movement of money from personal services to any other part of the budget.

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Mr. Bjontegard offered discussion regarding the addition of capital investments into the agency's budget.

Action:

Mr. Matthews asked for a motion to recommend the Fiscal Year 2015 PEBA Agency Budget to the PEBA Board. Ms. Boykin moved to recommend and Mr. Lott seconded. Unanimously recommended.

6. **Accountability Report**

The Committee briefly reviewed the Agency's Accountability Report which includes all recommended changes from the last FAAC meeting. There were no further recommendations. The report will be submitted to the Office of State Budget on September 16, 2013.

The Committee directed staff to provide an annual report summarizing voluntary and involuntary agency employee terminations and the reasons for the terminations.

7. **Old Business**

DeLoitte & Touche IT Risk Assessment:

Mr. Avant reported that the final results from the IT risk assessment by DeLoitte & Touche has not yet been provided. The assessment process was completed at the end of August 2013. Once the final results have been provided to PEBA they will immediately be reported to the FAAC Committee during their next meeting.

Pharmacy Benefits Manager (PBM) Request for Proposal (RFP)

Mr. Van Camp reported that hearings are currently taking place before the State's Chief Procurement Officer regarding the protest against the PBM RFP. PEBA staff will continue to advise the PEBA Board when necessary.

8. **Adjournment**

Mr. Lott and Ms. Boykin ended their participation by phone at 3:50 p.m. Therefore, the meeting was adjourned due to a loss of a quorum.