

Sheriff's Office Retirement Plan (SORP) Board (Thursday, April 25, 2019)

Generated by Karen Gates on Tuesday, May 28, 2019

Members Present

Jeannett Cudmore
Sgt. Shawn Moses
Tracy Harris (via telephone)
Catherine Pratson, Plan Administrator
Karen Gates, Recorder

Members Absent

Dr. Rebecca Bridgett
Sgt. Clay Safford

1. CALL TO ORDER

The SORP meeting was called to order by Catherine Pratson at 1:00 p.m.

2. ROLL CALL

A. Approval of SORP Meeting Agenda

The SORP meeting agenda was approved as presented by Catherine Pratson.

Motion 1: I move to approve the SORP agenda for April 25, 2019.

Motion by Jeannett Cudmore, second by Sgt. Shawn Moses

Final resolution: Motion carries

Yea: Sgt. Shawn Moses, Jeannett Cudmore, Tracy Harris

B. Approval of SORP March 28, 2019 Meeting Minutes

Motion 1: I move to approve the SORP meeting minutes of March 28, 2019.

Motion by Tracy Harris, second by Jeannett Cudmore

Final resolution: Motion carries

Yea: Sgt. Shawn Moses, Jeannett Cudmore, Tracy Harris

3. OLD BUSINESS

A. Pop-Up Option

Jim Ritchie from Bolton USA was present at the meeting and was asked to explain why there would be a cost to the participant if he/she were to elect the J&S Pop-up option. Mr. Ritchie explained that under the normal joint and survivor benefit, the monthly benefit for the participant is reduced because the monthly benefit is contingent upon two lives instead of one. If a participant chooses the "pop up" option, the Plan may be required to pay out more in monthly benefit payments if the spouse dies before the participant. The assumption is that there will be a certain number of participants whose spouses will predecease them, and in this instance, the Plan will pay out more under the pop up option than under the normal joint and survivor benefit.

B. SORP Mortality Tables

Mr. Ritchie recommended the Board update the Plan's mortality tables currently used to calculate SORP pension payments due to the age of the tables and considering recent litigation. The lawsuits targeted large corporate pension plans for using outdated mortality tables when calculating pension plan benefits resulting in lower monthly pension payments. Older mortality tables predict that people will die at a faster rate than current mortality tables. Mr. Ritchie recommended the Plan's mortality tables be updated at most, every 15 years. In addition, Mr. Ritchie is recommending that the interest rate for actuarial equivalence be similar to the valuation rate most likely used for the next 10 or more years reflecting the impact of any Cost of Living Adjustments. Mr. Ritchie suggested an interest rate of 4% which reflects a 7% discount rate with a 3% COLA.

C. Single Investment Advisor for SORP, OPEB, and LOSAP Plans

At the March 28, 2019 meeting, Catherine Pratson was asked to research whether other Counties used a single investment manager for their retirement plans. Eight (8) comparator MD counties were reviewed. Four (4) of the counties use one investment manager for their retirement plans. Of the remaining counties, two (2) participate in the Maryland Pension System, one (1) in the Maryland Pension System and in the MACo OPEB Trust and one (1) utilizes one provider for the Sheriff's Office Retirement Plan and one for the employee retirement plan. Ms. Pratson presented the Board with a draft memo addressed to the County Commissioners seeking consent to conduct a solicitation for a consolidated investment manager for the County's three (3) retirement trusts SORP, OPEB, and LOSAP. Catherine Pratson will discuss with OPEB and

LOSAP board members at their May meetings before presenting the memo to the County Commissioners.

Motion 1: I move to approve consent for Catherine Pratson to discuss combining investment advisors for the SORP, OPEB, and LOSAP trusts with the OPEB and LOSAP board members at their May 2019 meetings.

Motion by Sgt. Shawn Moses, second by Jeannett Cudmore

Final Resolution: Motion Carries

Yea: Sgt. Shawn Moses, Tracy Harris, Jeannett Cudmore

4. NEW BUSINESS

A. Principle to Acquire Wells Fargo Institutional Retirement & Trust Business

Catherine Pratson announced that the Principal Financial Group will acquire the Wells Fargo Institution Retirement & Trust business. The transaction is anticipated in third quarter of 2019. Jeff Seibel, the Plan's financial advisor at Morgan Stanley, recommends the Board wait until after the transaction occurs before making any custodial changes. Postponing the custodial RFP until early next year will allow the Board to assess the Principal and may present an opportunity to negotiate the current agreement and possibly reduce current fees.

B. Jeff Seibel - Request for May Meeting

Jeff Seibel was unable to attend today's meeting and asked if the Board would like to hold a special meeting in May for him to present the 1st quarter financial report and review the Investment Policy Statement. The Board agreed that a special meeting in May was not necessary.

Motion 1: I move to forego a special meeting in May and have Jeff Seibel attend the June meeting to present the 1st quarter financial report and review the Investment Policy Statement.

Motion by Jeannett Cudmore, second by Sgt. Shawn Moses

Final Resolution: Motion Carries

Yea: Jeannett Cudmore, Sgt. Shawn Moses, Tracy Harris

5. COMMITTEE REPORTS

A. Administrator's Report

Motion 1: I move to approve the administrator's report as presented.

Motion by Jeannett Cudmore, second by Sgt. Shawn Moses

Final resolution: Motion carries

Yea: Sgt. Shawn Moses, Jeannett Cudmore, Tracy Harris

6. PUBLIC COMMENTS

A. Public Comments

None

7. CLOSED SESSION

Motion 1: I move to enter into closed session for the purpose of discussing personnel.

Motion by Jeannett Cudmore, second by Sgt. Shawn Moses.

Final Resolution: Motion Carries

Yea: Sgt. Shawn Moses, Jeannett Cudmore, Tracy Harris

8. ADJOURN

A. Adjourn