

**ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN  
BOARD OF TRUSTEES MEETING  
April 26, 2018**

**Members Present:** Dr. Rebecca Bridgett, County Administrator  
Jeannett Cudmore, Chief Financial Officer  
Lt. Edward Evans, Sheriff's Office Representative  
Sgt. Shawn Moses, Sheriff's Office Representative

**Others Present:** Catherine Pratson, Plan Administrator  
Karen Gates, Recorder  
Jeff Seibel, Morgan Stanley

**Absent:** Dr. Tracy Harris, Citizen Representative

**CALL TO ORDER**

The meeting was called to order at 1:07 p.m.

**ACCEPTANCE OF THE AGENDA**

The agenda was accepted as presented by Dr. Bridgett.

**APPROVAL OF MINUTES**

Jeannett Cudmore made a motion, seconded by Sgt. Moses, to approve the February 22, 2018 meeting minutes. Motion carried.

**WELLS FARGO VISIT**

Catherine Pratson announced that Dawn Akers is now the Wells Fargo relationship manager for the Sheriff's Office Pension Plan. A visit is planned for June 2018.

**DROP PROGRAM**

On April 13, 2018, Sgt. Moses and Catherine Pratson spoke with Tom Lowman from Bolton Partners regarding the proposed DROP program changes. Mr. Lowman stated that there were no costs issues associated with the proposed changes. Mr. Lowman recommended adding a Sunset clause to the DROP plan document. As such, Plan Attorney, Mary Claire Chesshire wrote in a Sunset clause indicating that the DROP will automatically terminate on June 30, 2026. Catherine Pratson commented that there has been some discussion as to whether or not Governments have the authority to terminate a DROP plan. A Sunset clause allows the Board of Trustees to evaluate the effectiveness of the DROP after a specific period of time and either renew the DROP, modify the provisions, or terminate it. The clause does not need to be exercised; it just gives the Board the option to terminate the DROP plan should they wish to do so. Sgt. Moses suggested that the Board keep the Sunset clause.

Sgt. Moses reviewed the DROP plan edits:

- Participants with 27 years or more of service will have 90 days to decide whether or not they wish to enter the DROP.
- Participants with 27 years of service may enter the DROP for three (3) years.
- Participants with 27 years of service who do not elect to participate in the DROP, will have lost all opportunity to enter the DROP.
- Participants with 26 years of service may enter the DROP for four (4) years.
- For participants who enter, but do not complete the DROP period, their benefit will be based on what they would have received had they never joined the DROP.
- Participants who terminate employment (by voluntary termination or involuntary termination) will not be entitled to payment of a DROP account unless a minimum of a 3 year DROP period is met.

#### Update Fiscal Note

When the estimated impact of adding a DROP feature to the SORP was prepared back in November 2015, the cost impact was based on the assumptions contained in the Sheriff's Office Retirement Plan 2014 Actuarial Valuation. Sgt. Moses made a motion, seconded by Jeannett Cudmore for the Plan Actuary to use the most up to date actuarial valuation to update the cost impact of the DROP. Motion carried.

Sgt. Moses will send the edited document out to plan participants via survey using the Sheriff's Office Power Document Management System. Sgt. Moses will include the updated fiscal information provided by Tom Lowman. Sgt. Moses will share the results of the survey with the Board. Lt. Evans suggested holding a special meeting in May to review the results of the survey and the updated fiscal information. The Board agreed to hold a special meeting on May 24, 2018 at 1:00 pm in the Commissioners Meeting Room.

#### PRESENTATION BY MORGAN STANLEY

##### First Quarter 2018 Review

Jeff Seibel from Morgan Stanley presented the Performance Measurement Report for the period ending March 31, 2018. The Domestic Equity Account was down -1.15%, the International Equity Account was up 0.88%, The Fixed Income Account was down -0.48%, The Real Estate Account was down at -1.38%, and the Hedge Funds & Private Equity account was up 1.74% for the quarter. The beginning market value of the Plan was \$84,757,617 and the ending market value of the plan was \$85,273,733.

**Review and Update of Investment Policy Statement**

Jeff Seibel from Morgan Stanley presented the Board with proposed amendments to the SORP Investment Policy Statement. Sgt. Moses made a motion, seconded by Lt. Evans, to accept Jeff Seibel’s proposed amendments to the Investment Policy Statement. Motion carried.

**Tactical Changes**

Jeff Seibel recommended the following tactical changes to the Plan’s portfolio:

<u>Add/Increase</u>	<u>Remove/Decrease</u>
+1.6% SPDR Inv Grade Floating Rate bond	-1.6 iShares Intermediate Gov Bond
+4.75 Hartford Developed Markets EFT	-3.0% P Dynamic Large Value ETF -1.7% iShares MSCI EAFE ETF
+0.63% Cash	-0.63% Vanguard REIT ETF

Jeannett Cudmore made a motion, seconded by Lt. Evans, to accept Jeff Seibel’s recommended tactical changes. Motion carried.

**Update on Abraaj Private Equity Fund VI**

At the October 2017 meeting, Jeff Seibel made a recommendation to the Board to invest in the Abraaj Private Equity Fund IV. Since then, new information has come to light and without further analysis; Morgan Stanley may not recommend the investment. At this time, Morgan Stanley will not invest in the fund and may revisit the option to invest in Abraaj at a later date. Lt. Evans made a motion, seconded by Sgt. Moses to rescind the \$1 million commitment to the Abraaj Private Equity Fund IV. Motion carried.

**REQUEST BY SHERIFF’S OFFICE**

The Sheriff’s Office requested that SORP Plan Document be amended to change the title of the Inmate Services Coordinator to Classification and Offender Re-Entry Case Manager. Reclassification of the position was approved in the FY2018 budget session. The title change request is commensurate with the increased duties and responsibilities of the position. Lt. Evans made a motion, seconded by Jeannett Cudmore to approve amending the SORP Plan Document to reflect the title change. Motion carried.

**SHERIFF’S OFFICE REPRESENTATIVE MEMBER**

Lt. Evans’ term as Sheriff’s Office Representative Member will end on June 30, 2018. A nomination form was sent out to all Plan participants on April 3, 2017. Once the nominations are returned, a ballot with the names of the nominated individuals will be distributed to all Plan participants.

**SORP DISABILITY APPLICATION RECEIVED**

Catherine Pratson informed the Board that she received an application for disability retirement benefits from a Plan participant.

**ADMINISTRATOR'S REPORT**

Invoices paid since last meeting:

DATE	PAYEE	TYPE SERVICE	AMOUNT
03/09/2018	Bolton Partners	Professional services rendered through 2/28/2018 - DROP Study - Refund calculations (5)	\$ 2,055.75
03/07/18	Whiteford, Taylor & Preston	Professional services rendered through 02/28/18 - Address Morgan Stanley request for documents - Review updated DROP proposal - Telephone call with Morgan Stanley; preparation of documents for compliance with the Patriot Act requirements.	\$ 1,050.00
04/05/2018	Whiteford, Taylor & Preston	Professional services rendered through 03/31/2018 - Correspondence with C. Pratson; Morgan Stanley verification of SORP Plan name. - Review SORP disability provisions; review trust documents.	\$ 525.00
TOTAL:			\$ 3,630.75

**NEXT MEETING**

A special meeting is scheduled for May 24, 2018.


**ADJORNMENT**

The meeting adjourned at approximately 2:35 p.m.

Respectfully submitted,

Karen Gates  
SORP Plan Coordinator

APPROVED:

  
Dr. Rebecca B. Bridgett  
Chair