

**ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN
BOARD OF TRUSTEES MEETING
August 28, 2008**

Members Present: John W. Savich, County Administrator
Elaine M. Kramer, Chief Financial Officer
Daniel L. Morris, Citizen Member
Lt. Terry L. Black
Cpl. Edward B. Evans

Absent: Susan Sabo, Plan Administrator

Others Present: Dee Snyder, Benefits Coordinator
David Weiskopf, Deputy County Attorney
Jeff Seibel, Morgan Stanley

CALL TO ORDER

The meeting was called to order at approximately 2:10 p.m.

ACCEPTANCE OF THE AGENDA

The agenda was accepted as presented.

APPROVAL OF MINUTES

Terry Black made a motion, seconded by Dan Morris, to approve the minutes from the meeting of 07-24-08. Motion carried.

INVESTMENT REPORT/MORGAN STANLEY

Jeff Seibel from Morgan Stanley gave the investment performance report for the second quarter of 2008. The combined account returned a gain of 1.33% for the quarter. The year-to-date return is a minus 1.45%. The beginning market value was \$30,576,278. Contributions were \$1,477,353, and withdrawals were \$1,099,453.61 with a net of \$377,900. Gains were \$338,682. The ending market value was \$31,292,859. Mr. Seibel expressed concern for the financial markets linking their challenges primarily to falling real estate values. Mr. Seibel indicated that the Morgan Stanley strategy will be to continue to be defensive in managing the investments by eliminating real estate investments and possibly putting more into Hedge Funds and continuing to lean toward cash investments. John Savich asked Mr. Siebel to bring an asset allocation report when he returns for the next quarterly report.

TERMINATION OF BENEFITS FOR ANTHONY SCOTT EARHART

In the absence of Sue Sabo, Dee Snyder provided the Board Members with a memo from

Ms. Sabo which revealed the Board's decision made on July 24, 2008 to terminate disability benefits for Anthony Scott Earhart effective August 31, 2008. The memo stated that Attorney Dan Karp had prepared a Memorandum Opinion outlining the history of the case and details of the Appeal Hearing. Ms. Sabo's memo also stated that Ms. Sabo had mailed written notification of the Board's decision along with a copy of Mr. Karp's Memorandum Opinion to Mr. Earhart and his attorney on August 13, 2008.

ADMINISTRATOR'S REPORT

Bills paid since last meeting:

8-15-08 – Whiteford, Taylor & Preston for legal services through 7-31-08 - \$2,355.00

8-13-08 – Karpinski, Colaresi & Karp – legal services through 8-4-08 for Earhart Hearing - \$2,864.43

8-4-08 – For the Record, Inc. – recorder for Earhart Hearing on 7-24-08 - \$262.50

Review of Affidavits for 2007 - Board Members were given copies of the Affidavits verifying continuing disabilities for affected retirees during calendar year 2007. Sue Sabo had included a cover memo stating her belief that the affidavits were all in order and appropriately documented.

Update on Fiduciary Insurance – Dee Snyder gave the Board Members an updated report on the subject of the Fiduciary Insurance insurer warning that they may not be willing to renew the fiduciary insurance in 2009 if the funding level does not improve with the next Valuation. The broker for the insurer had offered to review the 2008 Valuation as soon as it is available to make an early decision whether they would be likely to grant another renewal. (Current coverage is due for renewal on 02-16-09.) Ms. Snyder reported having had a discussion with actuaries Mark Kelbaugh and Tom Lowman regarding the possible completion date of the 2008 Valuation and the likelihood of seeing any improvement in the funding level when the Valuation is completed. Ms. Snyder was told that it was not likely that the funding would improve and more likely that it could be somewhat worse than the 2006 Valuation. John Savich asked Ms. Snyder to prepare a brief history regarding the Board's Fiduciary Insurance and to contact Plan Attorney Mary Claire Chesshire for input on the ramifications of having fiduciary insurance versus not having it.

Meeting Schedule for Remainder of 2008 - John Savich opened a discussion regarding the meeting schedule for the remaining months in 2008. Mr. Savich explained that he had conflicting schedules in September and November. The Board decided that the September meeting could be canceled, and the meeting in October could include both the Actuarial Report on the 2008 Valuation and the third quarter Investment Performance Report. It would be decided during the October meeting whether or not the November meeting could or should be rescheduled for a possible date in early December. (The original 2008 meeting schedule did not include a meeting in December.)

NEXT MEETING

The September meeting will be canceled, and the next meeting will be held on October 23, 2008 and will include the 2008 Valuation and the 3rd quarter performance report.

ADJORNMENT

The meeting adjourned at approximately 3:10 p.m.

Respectfully submitted,

APPROVED:

Dee Snyder
Recorder

John W. Savich
Chair