

**ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN
BOARD OF TRUSTEES MEETING
July 23, 2015**

Members Present: Dr. Rebecca Bridgett, County Administrator
Jeannett Cudmore, Chief Financial Officer
Captain Terry Black, Sheriff's Office Representative
Lt. Edward Evans, Sheriff's Office Representative

Others Present: Susan Sabo, Plan Administrator
Karen Gates, Recorder
Mike Holycross, Morgan Stanley
Jeff Seibel, Morgan Stanley

Members Absent: Dr. Tracy Harris, Citizen Representative

CALL TO ORDER

The meeting was called to order at 1:05 p.m.

ACCEPTANCE OF THE AGENDA

The agenda was accepted as presented by Dr. Bridgett.

APPROVAL OF MINUTES

Jeannette Cudmore made a motion, seconded by Lt. Evans, to approve the April 23, 2015 meeting minutes. Motion carried.

Approval of the October 23, 2014 minutes was postponed until the next meeting. The October 23, 2014 minutes will be corrected to show that Capt. Terry Black was not present at the meeting.

MORGAN STANLEY UPDATE

Performance Management Report for the Period Ending June 30, 2015

Mike Holycross and Jeff Seibel from Morgan Stanley provided a Performance Measurement Report for the period ending June 30, 2015. The Combined Account portfolio was down -0.64% for the quarter. The Domestic Equity portfolio was down -0.98% for the quarter. Although Putnum Spectrum struggled, Putnum has had excellent quarters in the past. The International Equity portfolio is in a good spot and was up 0.32% for the quarter even though Wentworth Hauser struggled again at -1.39%. Morgan Stanley recommended reducing the assets in Wentworth Hauser and removing the fund manager from the portfolio. The Fixed Income portfolio was down -.93% for the quarter. The Real Estate portfolio was down -4.30% for the quarter. Morgan Stanley noted that it was a really tough quarter for the real estate market. The Hedge Funds & Private Equity portfolio was up 1.02% for the quarter. The beginning market value of the Plan was \$67,405,424 and the ending Market Value of the Plan was \$67,654,728. Investment earnings were down -493,451 for the 2nd quarter 2015.

Watch List Update for Wentworth Hauser and Virtus

Wentworth Hauser - Morgan Stanley proposed termination of the Wentworth Hauser fund manager. A report on the search will be provided at the October 2015 meeting. In addition, Morgan Stanley recommended the Board reduce the Wentworth allocation by 50% and increase EFA by 50%.

Virtus ó Morgan Stanley will continue to watch the Virtus fund manager. Jeannette Cudmore made a motion, seconded by Terry Black to accept Morgan Stanley's recommendation to search for a fund manager to replace Wentworth Hauser. All in favor, motion carried.

DISCUSSION ITEMS

Consideration of DROP plan

Sue Sabo introduced the topic of a DROP plan at the request of one of the county commissioners. A Deferred Retirement Option Program (DROP) is a supplemental benefit program available to employees who are eligible for normal retirement, but who agree to defer their retirement and continue working and receiving active employee wages. Employees who opt in to a DROP plan choose to freeze their regular monthly retirement benefit and have it deposited into a separate account with their employer while continuing to work. When the employee terminates employment, the DROP participation period ends and normal monthly pension payments begin. In addition, the employee receives the balance of his/her DROP account.

Sue Sabo made a suggestion to the Board for Mary Claire Chesshire (the SORP Plan attorney) and Tom Lowman (the SORP Plan actuary) to present DROP plan options and cost considerations to the Board at the next meeting and noted that both Ms. Chesshire and Mr. Lowman are familiar with other local Sheriff's Office DROP programs. The Board members were in agreement.

Maximum Unused Sick Leave for Creditable Service

Lt. Evans asked that this item be part of the agenda for the Board's meeting. Under the Sheriff's Office Retirement Plan document, a participant of the Plan may receive additional credit for Years of Credited Service for unused sick leave to a maximum of 15 days per Year of Credited Service. Lt. Evans proposed that the Plan document be changed to remove the 15 day per year limit because the maximum sick leave accrual under the County's policy manual was changed; unused leave in excess of 360 hours is converted to sick leave. Lt. Evans noted that some employees may lose part of their accrued sick leave under the Plan's current maximum.

The Board had a discussion and decided more information was needed. It was agreed that Sue would ask Mary Claire Chesshire (the Plan's attorney) for her input and present the Board with any recommendations before asking Tom Lowman to cost out how removing the cap on the unused sick leave may impact the Plan financially.

Administrator's Report

BILLS PAID SINCE LAST MEETING:

DATE	PAYEE	TYPE SERVICE	AMOUNT
05/15/15	Whiteford, Taylor & Preston	Professional services rendered through 04/30/15. Suspension of contributions when participant reached 35 Years of Credited Service.	\$ 175.00
05/19/15	Bolton Partners	Professional services rendered through 04/30/15. Retirement calculation for M. Butler, lump sum distribution calculation for D. Beasley.	\$ 350.00
6/12/15	Bolton Partners	Professional services rendered through 05/31/15. Lump sum distribution calculation for W.G. Wood.	\$ 131.00
7/16/15	Bolton Partners	Professional services rendered through 06/30/15. Lump sum distribution calculations for D. Oliver and J. Krum; transfer of service calculation for Hannah Smith.	633.00
TOTAL:			\$ 1,289.00

NEXT MEETING

The next meeting is scheduled for August 27, 2015.

ADJORNMENT

The meeting adjourned at approximately 2:15 p.m.

Respectfully submitted,

Karen Gates
SORP Plan Coordinator

APPROVED:

Dr. Rebecca B. Bridgett
Chair