

ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN
BOARD OF TRUSTEES MEETING
January 22, 2009

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

Others Present: Susan Sabo, Plan Administrator
David Weiskopf, Deputy County Attorney
Michael Holycross, Morgan Stanley
Drew Romans, 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 noting the change in rank for Capt Black and Sergeant Edwards.

APPROVAL OF MINUTES

Elaine Kramer made a motion, second by Dan Morris, to approve the minutes from the meeting of 10-23-08. Motion carried.

INVESTMENT REPORT/MORGAN STANLEY

Michael Holycross from Morgan Stanley introduced Drew Romans as our local representative who works out of their Bethesda office. Provided an overview of their background and credentials as investment consultants and an overview of how the team will provide information to the board in the future (since Jeff Seibel has left Morgan Stanley and will not longer be our local representative.)

Mr. Holycross gave a preliminary investment performance report for the 4th quarter of 2008. The combined account experienced a loss of 10.47% for the quarter. The return for the past year is 20.49%. He reiterated that although the portfolio has seen a significant loss over the past year, the stock market as a whole is down about 40% and the Sheriff's Plan portfolio is only down about 20%. He attributes the difference because the plan stopped investing last year and has accumulated a significant amount of cash, about 15% of the total portfolio. The Plan will now be able to use that cash to invest strategically in some good investment options this year.

Mr. Holycross also provided an overview of the banking crisis and housing crisis and Morgan Stanley's prediction on how those situations will fair over the next year. He also discussed the Country's recession in general and when Morgan Stanley believes the recession may start to end and the markets may start to turn positive. Their prediction is that the market may start to see positive returns at the end 2009.

Drew Romans then discussed Morgan Stanley's strategy for 2009 and the items that may be considered in the Sheriff's Plan investment strategy. Those items included: 1) Investment Grade Corporate Bonds, 2) Inflation Index Securities, 3) Gold, 4) Cyclical Stocks, 5) Telecommunication Services, 6) Dividend Growers, 7) Emerging Markets, Asia, and 7) the Australian dollar. Sgt Ed Evans asked about investing in real estate and Mr. Holycross explained that there was some investment in the new Hatteras Fund that the Board agreed on during the last meeting. It was agreed that Morgan Stanley would attend the next meeting on March 26, 2009 to present the final 4th quarter report, and to discuss investment options for the rest of the year.

John Savich brought up the idea that perhaps we should consider a way to communicate to Participants the information that Morgan Stanley presents to the Board.

TERM LIMITS

The Board discussed the topic of term limits for the citizen member and the two Sheriff's Office representatives. The Board concluded that it would like to consider 3 year elected terms for the Sheriff's Office representatives and two 3-year terms for the citizen representative. The Board requested Ms. Sabo craft language for the Plan Document for review at the next meeting.

The Board reviewed the proposed meeting schedule for 2009 and decided to delete the meeting for February. Capt Terry Black made a motion to approve the schedule, second by Sgt Ed Evans. Motion carried.

FIDUCIARY INSURANCE

The Board was provided with 2 quotes for Fiduciary Insurance along with AM Best ratings for each company. AIG provided a quote for \$5,656 (rating: A, Outlook: Negative,) and Chubb provided a quote for \$7,600 (rating: A++, Outlook: Stable.) Traveler's is the Board's current carrier but they have not yet provided a renewal quote. The Board decided to change to Chubb. Ms. Sabo will work with the insurance broker to change the Fiduciary Insurance to Chubb.

DISABILITY PROCEDURES

Ms. Sabo presented the new disability procedures to the Board. The new procedures will reflect the recent changes made to the Plan Document that outlines the new criteria for a catastrophic disability. Specifically, that a Participant must be awarded Social Security Disability benefits from the Social Security Administration to receive a catastrophic disability from the Sheriff's Office Retirement Plan. Two changes were noted by the Board and agreed that Ms. Sabo would make the changes and email the new procedures to the Board members for approval. Ms. Sabo will also send the new procedures to Dan Karp (who represents the Board during litigation proceedings).

NEW BUSINESS

The Board would like to present Ms. Dee Snyder a plaque at the next meeting to recognize her dedication and support to the Sheriff's Office Retirement Plan Board. Ms. Sabo will order the plaque and invite Ms. Snyder to the next meeting.

ADMINISTRATOR'S REPORT

Bills paid since last meeting:

11/04/08 – Whiteford, Taylor & Preston for legal services through 10/31/08: \$930.00

1/15/09 - Whiteford, Taylor & Preston for legal services through 12/31/08: \$1,350.00

11/24/08 - Bolton Partners, Inc. for valuation and retirement calculations: \$9,277.00

12/22/08 - Bolton Partners, Inc. for research on transfers: \$200.00

9-10-08 – Karpinski, Colaresi & Karp – legal services through 8-12-08 for Earhart Hearing - \$214.20.

NEXT MEETING

Due to conflicting schedules, there will not be a meeting in February. The next meeting will be held on March 26, 2009.

ADJORNMENT

The meeting adjourned at approximately 3:30 p.m.

Respectfully submitted,

Sue Sabo
Plan Administrator

APPROVED:

John W. Savich
Chair