

ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN

BOARD OF TRUSTEES MEETING

November 15, 2007

Members Present: John W. Savich, County Administrator
Elaine M. Kramer, Chief Financial Officer
Daniel L. Morris, Citizen Member
Sr. DFC William E. Raddatz

Absent: Lt. Terry L. Black

Others Present: Susan Sabo, Plan Administrator
Dee Snyder, Benefits Coordinator
Colin Keohan, Deputy County Attorney
Jeff Siebel, Morgan Stanley

CALL TO ORDER

The meeting was called to order at approximately 2:05 p.m.

ACCEPTANCE OF THE AGENDA

Bill Raddatz made a motion, seconded by Elaine Kramer, to accept the agenda as presented. Motion carried.

APPROVAL OF MINUTES

Elaine Kramer made a motion, seconded by Bill Raddatz, to approve the minutes from the meeting of 10-25-07. Motion carried.

INVESTMENT PERFORMANCE SUMMARY -3RD QUARTER 2007

Jeff Seibel from Morgan Stanley gave an overview of a written performance summary of the Fund investments. The 3rd Quarter of 2007 was noted for crises in credit, triggered by losses in sub-prime mortgages and in the housing market. The two issues combined caused lower rates, slower GDP growth, a weaker dollar and record commodity prices. The beginning Market Value was \$27,941,737. Contributions & Withdrawals were \$1,517,857. Realized/Unrealized Gains were \$745,993. The end of the Quarter Market Value was \$30,205,587. Mr. Seibel presented a comparison between the Policy Asset Allocation and the Actual Asset Allocation stating that the actual allocation is on target. Mr. Seibel stated the belief that the Investment Managers all performed adequately, and none of them would be placed on the "Watch List" at this time. An initial decision was made to ask Mr. Seibel to return to the January 2008 meeting to give a "Year-end" performance report, but a

decision was made later in the meeting to move that report to the February meeting.

REVIEW OF NEW COST STUDY FOR BENEFIT ENHANCEMENTS

The Board reviewed and discussed a new cost report from the Bolton Partners Actuaries showing additional costs to change the accrual rate of 2.5% retroactively to 5 years or 10 years or "all service" for all members. At the next Plan Valuation in 2008, the cost to the Plan is likely to increase from 27.5% to 33.6% or by \$519,328 due to projected changes to the Mortality Table and Disability Rates proportionate to the actual rate of disability retirements. Changing the accrual from 2% for each year of service to 2.5% for just future service would add another \$551,934 to the projected cost or a percentage increase to 40.1% of payroll. Accrual retroactively for 5 years would add another \$114,899 to the cost or 41.4% of payroll. Accrual back 10 years would add another \$101,800 to the total cost or a total of 42.6% of payroll, and all service for all members would add another \$165,732 and a total percent of payroll at 44.5%. John Savich stated the belief that all Board Members agreed that it will be necessary to accept that the Plan cost will increase to 33.6% of payroll due to the changes in the mortality tables and disability rates and that everyone is in agreement to ask for a change in the accrual rate to 2.5% for future service or more. Mr. Savich also stated the hope that the cost of any enhanced benefit would be shared in part by the Plan Members. Bill Raddatz reported that he had held a meeting with the members to discuss their wishes regarding who should receive the 2.5% accrual benefit, and he stated that the consensus opinion was that all members should receive the 2.5% accrual benefit. A lengthy discussion on the subject followed, but no decision was made. Mr. Savich directed the members to come to the January 2008 meeting with any additional information that anyone may have on the subject in hopes of making a decision that can be taken before the Board of County Commissioners for their consideration. *(It was decided at this point to reschedule the Morgan Stanley report for February to allow the Board ample time to consider the 2.5% enhancement during the January meeting.)*

DISCUSSION REGARDING DISABILITY RETIREMENT COSTS

Sue Sabo presented the Board with a written list of five issues that may be considered regarding the costs of and numbers of disability retirements. There was a brief discussion, and it was decided that the matter would be discussed further during the January meeting.

ADMINISTRATOR'S REPORT

Sue Sabo reminded the Board of the importance of making key decisions during the January meeting if any decisions could have an effect on the budget for FY2009 because any amendments to the budget should be submitted in January.

There were no new bills received since the October meeting.

Ms. Sabo reported that she had contacted Anthony Scott Earhart regarding his current employment status as to whether he was working as a law enforcement officer. Mr. Earhart responded asking for information regarding the Plan in effect at the time of his retirement. Ms. Sabo may ask the Plan Attorney to help prepare a response.

Only two names were submitted in nomination for the Sheriff's Office Representatives which were Terry Black and Bill Raddatz. Ms. Sabo will prepare to take the two names before the Board of County Commissioners for formal approval.

A new meeting schedule for 2008 was presented for approval. The new schedule would continue the same as in 2007 with meetings on the 4th Thursday of each month except for May, November and December. The November meeting would be on the 3rd Thursday due to the Thanksgiving holiday, and there will be no meetings in May (due to the end of the budget preparation in May) and in December because of the holiday season. Bill Raddatz made a motion, seconded by Elaine Kramer, to accept the 2008 meeting schedule. Motion carried.

QUESTIONS REGARDING COPIES OF MINUTES GOING TO MEMBERS

Bill Raddatz questioned why copies of the minutes had not been sent to members in recent months. Dee Snyder reported that copies of minutes for July, August and September had just been sent following an update on the membership list. John Savich suggested that the minutes be posted on the web page the same as minutes for other County Boards. It was decided to make the change by January.

NEXT MEETING

The next meeting is scheduled for January 24, 2008. There will be no meeting in December due to the holidays.

ADJORNMENT

The meeting adjourned at approximately 3:55 p.m.

Respectfully submitted, APPROVED:

Dee Snyder

John W. Savich

Recorder

Chair