

**ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN**  
**BOARD OF TRUSTEES MEETING**  
**April 27, 2017**

**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

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

**CALL TO ORDER**

The meeting was called to order at 1:00 p.m.

**ACCEPTANCE OF THE AGENDA**

The agenda was accepted as presented by Dr. Bridgett.

**APPROVAL OF MINUTES**

Lt. Evans made a motion, seconded by Sgt. Moses, to approve the February 23, 2017 meeting minutes. Motion carried.

**PRESENTATION BY MORGAN STANLEY**

**1. First Quarter 2017 Review**

Jeff Seibel from Morgan Stanley presented the Performance Measurement Report for the period ending March 31, 2017. The domestic equity funds did well at 4.73% and the international equity funds did even better at 7.86%. The Combined Account was up 3.71%, the Domestic Equity Account was up 4.73%, the International Equity Account was up 7.86%, The Fixed Income Account was up 2.19%, The Real Estate Account was up 1.87%, and the Hedge Funds & Private Equity account was down -0.74% for the quarter. The beginning market value of the Plan was \$72,602,397 and the ending market value of the plan was \$75,783,559.

## 2. Alternate Positioning for Next 6-9 Months

The funds listed below are in the distributing phase which will reduce the portfolio's exposure to the private equity market. Morgan Stanley would like to keep up the portfolio's exposure in the private equity market by investing in a new fund entering the market; the Goldman Sachs Vintage Fund VII. The fund focuses on buyout and distressed strategies in developed markets.

- Access II Private Equity not expected to make any additional capital calls. Portfolio has entered harvest/distribution phase.
- Goldman Sachs Vintage IV entering into final year of investment period. Distribution rate expected to increase.
- Private Advisors SPCPEF VI still in investment period. Calls expected to exceed any distributions.

## 3. Tactical Rebalance / Positioning

Morgan Stanley noted that the domestic equity funds have done very well causing the policy asset allocation to become over weighted in the portfolio. Morgan Stanley would like to bring down the amount on the domestic equity side and move towards the international side and the private equity deals that they see coming up in the second half of the year. As such, Morgan Stanley made the following recommendations:

### Add/Increase

+2.0% Loomis Sayles Large Growth  
+1.0% iShares Emerging Markets

### Remove/Decrease

-2% Hamlin Capital  
-1% Vanguard Total Stock Market ETF

Sgt. Shawn Moses made a motion to approve Morgan Stanley's recommendations, seconded by Jeannett Cudmore, to:

- Increase the Loomis Sayles Large Growth fund by 2% and decrease the Hamlin Capital fund by 2%
- Increase the iShares Emerging Markets fund by 1% and decrease the Vanguard Total Stock Market fund by 1%

Motion carried.

## Morgan Stanley Agenda for July 27, 2017 Meeting

- Second Quarter 2017 Review

**REVIEW OF PROPOSED CESSATION OF INTEREST ACCRUALS FOR TERMINATED NON-VESTED MEMBERS**

Catherine Pratson presented the Board with the proposed draft Thirteenth Amendment to the Sheriff's Office Retirement Plan document. The proposed change will impact how a terminated non-vested participant will receive interest on their employee contributions. Cessation of interest would cease on July 1 following the twelve month anniversary of a participant's termination date. The first change addresses the definition of "Employee Contributions Benefit" in Section 1.05(p)(6). Language in item 6 is changed from "Interest on the amounts described in (1) through (5) above computed on June 30 of each year at 4% annum" to "Subject to Section 4.05(e), interest on the amounts described in (1) through (5) above computed on June 30 of each year at 4% annum".

The second change addresses how interest would accrue on a non-vested terminated participant's contributions. Interest on a non-vested participant's employee contributions would cease being added to the Participant's employee contribution benefit on the later of: July 1, 2018, or the July 1 following the twelve month anniversary of the participant's terminate date. The Plan's attorney, Mary Claire Chessire, has a system for locating participate addresses using social security numbers. If the Board would consider, we could notify these participant's that they have the option of leaving their contributions in the plan, but no interest would accrue after the 12-month anniversary of the participant's termination date.

The third change removes the table in Appendix B. The Plan's actuary no longer uses the conversion factors in the table to calculate the joint and survivor form of payment.

Ms. Pratson noted that the contribution refunds owed former non-vested members has increased slightly and indicated there were several terminated non-vested plan participants owed contribution refunds which increased the Plan's accrued liability. The Board recommended notifying all current plan participants of the proposed amendment and request feedback. Feedback from plan participants will be presented at the next meeting.

Lt. Evans asked if the Plan Coordinator had email addresses for SORP retirees in order to notify them of any proposed changes. Karen Gates responded that no email addresses were on file for SORP retirees, but she could add information in the Open Enrollment Newsletter on how to access SORP minutes and agendas on the County's website.

**ADMINISTRATOR'S REPORT**

Invoices paid since last meeting:

DATE	PAYEE	TYPE SERVICE	AMOUNT
03/17/17	Bolton Partners	Professional services	

		<p>rendered through 02/28/17</p> <ul style="list-style-type: none"> <li>- Retirement calculation and lump sum distribution calculation</li> </ul>	\$ 368.00
04/07/17	Whiteford, Taylor & Preston	<p>Professional services rendered through 03/31/17</p> <ul style="list-style-type: none"> <li>- Correspondence with Karen Gates: cessation of interest accrual for terminated non-vested participants.</li> <li>- Research coverage of contract deputies under the MD State Retirement System.</li> <li>- Draft amendment (interest accrual for terminated vested)</li> <li>- Draft amendment</li> <li>- Correspondence with Tom Lowman, change to actuarial equivalence tables</li> <li>- Telephone calls with C. Pratson and K. Gates: proposed plan amendment</li> </ul>	\$ 2,767.50
04/18/17	Bolton Partners	<p>Professional services rendered through 03/31/17.</p> <ul style="list-style-type: none"> <li>- Lump sum distribution calculation</li> </ul>	\$ 135.00
TOTAL:			\$ 3,270.50

**NEXT MEETING**

The next meeting is Thursday, July 27, 2017.

**ADJORNMENT**

The meeting adjourned at approximately 2:30 p.m.

Respectfully submitted,

Karen Gates  
SORP Plan Coordinator

APPROVED:

Dr. Rebecca B. Bridgett  
Chair