

**ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN**  
**BOARD OF TRUSTEES MEETING**  
January 25, 2018

**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  
Dr. Tracy Harris, Citizen Representative (via telephone)

**Others Present:** Catherine Pratson, Plan Administrator  
Karen Gates, Recorder

**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 October 26, 2017 meeting minutes. Motion carried.

**PRESENTATION BY MORGAN STANLEY**

**Fourth Quarter 2017 Review**

Jeff Seibel from Morgan Stanley was unable to present the Performance Measurement Report for the period ending December 31, 2017 due to a change in systems. Jeff will send a report showing the final audited numbers. Overall, 2017 was a really good year. Morgan Stanley called for 2017 to be a strong year. Morgan Stanley recommends not changing the policy allocation at this time. The portfolio will continue to shift from US to more international markets. Jeff Seibel deferred the review of the Investment Policy Statement until the April 26, 2017 meeting.

**Discussion on Additional Investment into Private Equity and Private Credit Platforms**

Jeff Seibel from Morgan Stanley presented the Board with information about investing in private equity and private credit funds as discussed at the October 26, 2017 meeting.

Mr. Seibel recommended making a \$1 million commitment to the CPG Vintage Access Fund and a \$1 million commitment to the Abraaj Private Equity Fund IV.

Lt. Evans made a motion, seconded by Jeannett Cudmore to approve Morgan Stanley's recommendation to make a \$1 million commitment to the CPG Vintage Access Fund and a \$1 million commitment to the Abraaj Private Equity Fund IV; motion carried.

### **Wells Fargo**

Jeff Seibel gave the Board an overview of how Morgan Stanley and Wells Fargo became the plan investment advisor and plan custodian for the SORP. When Morgan Stanley took over the Plan in 2007, they separated the custodian services from the investment advisory services. Several banks were considered, Wells Fargo was chosen as the custodian of the Plan's assets.

In lieu of the Wells Fargo banking scandal, Jeff went back to 2007 to review the Wells Fargo trust agreements and to analyze Wells Fargo's administrative charges and no instances of improper charges from Wells Fargo were found. Jeff mentioned that Wells Fargo is a fiduciary to the SORP plan and must put the Plan's best interest first.

Jeff Seibel suggested that the Board arrange invite someone from Wells Fargo attend an upcoming SORP meeting to the services they provide and their fees structure. The Board agreed with Jeff's suggestion and Tom Sacks from Wells Fargo will be invited to an upcoming meeting.

### **DROP Program**

Since the last Board meeting on October 26, 2017, two sessions were scheduled for SORP participants to discuss the DROP proposal. One session on November 8, 2017 at 2 pm in room 14 of the Potomac Building and one session on November 14, 2017 in room 14 of the Potomac Building; eight (8) participants attended.

Sgt. Moses provided an overview of the proposed DROP plan changes presented to SORP plan participants:

1. Participants will not receive credit for military service for purposes of determining eligibility to participate in the DROP. To be eligible to enter the DROP, participants must have 25 years of "actual" service to the agency (including transferred and purchased service);
2. Allow participants who do not complete their time in the DROP to be entitled to the balance of their DROP account less a penalty. Perhaps the participant could surrender the minimum credited interest (3.5%) provided by the DROP. Allow participant to choose between the balance of DROP account, less a penalty, or a recalculation of their pension annuity as if they never entered the DROP.
3. Is there a cost to allow participants to enter the DROP for a period of 3, 4 or 5 years; clarify with Bolton Partners.
4. Is it cost prohibitive to allow participants to enter the DROP for less than one (1)

- year; clarify with Bolton Partners
5. Clarify the definition of “permanent and total” disability. The definition in the Plan document is not clear

#### **Credit for Military Service even if Participant is Eligible to Receive a Military Pension**

Per the Board’s request at the October 26, 2017 SORP meeting, both the Plan Actuary and the Plan Attorney were asked if there would be a financial impact to the Plan if the Plan was amended to allow participants to receive Military service credit if the participant is receiving, or eligible to receive, a Military pension.

Both the Plan Actuary and Plan Attorney were opposed to allow a participant to receive credit for Military service if he/she were eligible to receive a Military pension. Both agreed that this is not normally done in most Maryland pension systems and is often referred to as “double dipping”. Tom Lowman stated it would cost \$3,500 to determine the cost impact to the Plan.

The Board will not pursue any additional analysis unless directed by the Board.

#### **Rules of Order for St. Mary’s County Boards and Commissions**

Dr. Bridgett presented the “Rules of Order for St. Mary’s County Boards and Commissions” which was adopted by the Commissioners in 2011. The document is a reference point to see if the SORP Board would like to follow.

Jeannett Cudmore made a motion, seconded by Tracy Harris, to accept the “Rules of Order for St. Mary’s County Boards and Commissions” as adopted by the Commissioners of St. Mary’s County. Motion carried.

#### **Request for Appointment on Commissioners’ Agenda**

Dr. Bridgett presented a “Request for Appointment on County Commissioners Agenda” form for the Board to review. The form is a mechanism for the public to reach out to the SORP Board of Trustees in the event an individual requests an item to be put on the SORP’s agenda. Board members will review the form and submit their comments.

#### **Approval of Fiduciary Insurance Effective February 16, 2018**

During the fiduciary training held on September 28, 2017 and conducted by Mary Claire Chesshire, Plan Attorney, Ms. Chesshire noted that the SORP fiduciary policy was not as robust as she recommends and not as robust as compared with other fiduciary policies held in order comparable retirement plans.

In consultation with Ms. Chesshire and with RCMD insurance brokerage, effective with the February 16, 2018 renewal, the SORP fiduciary policy has been updated to include all

current legally acceptable endorsements and is aligned with the St. Mary's County OPEB and LOSAP fiduciary policies as applicable.

Ms. Chesshire recommends that the Board consider increasing the insurance coverage to \$3 million dollars. Based on this advice, the recommended fiduciary policy for the February 16, 2018 renewal is \$3 million coverage for each claim and \$3 million aggregate with a \$25,000 deductible with an annual expense of \$17,669.

Jeannett Cudmore made a motion, seconded by Tracy Harris, to update the SORP fiduciary policy as recommended by the Plan Attorney.

**Approval of SORP 2018 Meeting Schedule**

The Board approved the 2018 meeting schedule for the Sheriff's Office Retirement Plan Board of Trustees.

**ADMINISTRATOR'S REPORT**

Invoices paid since last meeting:

DATE	PAYEE	TYPE SERVICE	AMOUNT
11/15/17	Whiteford, Taylor & Preston	Professional services rendered through 10/31/17 - Fiduciary Training - Fiduciary Liability Review	\$ 1,575.00
12/15/17	Bolton Partners	Professional services rendered through 11/30/17. - Retirement calculation (Deml) - Lump Sum Distribution (Phelan)	\$379.00
1/12/2018	Bolton Partners	Professional services rendered through 12/31/17. - Research and calculate transfer of employee service from SORP to PG County Retirement Plan (R. Harris) - Lump Sum Distribution (R. Harris)	\$379.00
TOTAL:			\$ 2,333.00

**NEXT MEETING**

The next meeting is Thursday, February 22, 2018.

**ADJORNMENT**

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

Respectfully submitted,

Karen Gates  
SORP Plan Coordinator

APPROVED:

Dr. Rebecca B. Bridgett  
Chair