

**ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN
BOARD OF TRUSTEES MEETING
November 18, 2010**

Members Present: John Savich, County Administrator
Elaine Kramer, Chief Financial Officer
Doug Ahearn, Citizen Member
Sergeant Edward Evans, Sheriff's Office Representative

Others Present: Susan Sabo, Plan Administrator
Karen Gates, Benefits Coordinator
Mark Kelbaugh, Bolton Partners
Mike Holycross, Morgan Stanley
Drew Romans, Morgan Stanley

Members Absent: Captain Terry Black, Sheriff's Office Representative

Others Absent: David Weiskopf, Deputy County Attorney

CALL TO ORDER

The meeting was called to order at 2:02 p.m.

ACCEPTANCE OF THE AGENDA

The agenda was accepted as presented by John Savich.

APPROVAL OF MINUTES

Doug Ahearn made a motion, seconded by Elaine Kramer, to approve the October 28, 2010 meeting minutes. Motion carried.

THIRD QUARTER FINANCIAL REPORT BY MORGAN STANLEY

Drew Romans provided an overview of the Plan's third quarter performance. The combined account investment returns experienced a gain of 6.29% for the quarter ending September 30, 2010. The beginning market value for the current quarter was at \$34,811,685 with a gain of \$2,814,800. This gain resulted in an ending market value of \$38,269,655.

Mike Holycross provided a review of the Plan's fund managers for the current quarter. Mr. Holycross reiterated the steps to be taken with respect to under-performing managers. Artio, the fund manager for international equity, is currently on the watch list. Mr. Holycross suggested waiting until we receive the full 2010 figures to finalize a review of the manager's performance. Mr. Holycross will be prepared to discuss a replacement manager for Artio at the February 2011 meeting.

PRESENTATION BY MARK KELBAUGH, BOLTON PARTNERS – JULY 1, 2010 ACTUARIAL VALUATION

Per the request by the Board at the October 28, 2010 meeting, Mark Kelbaugh from Bolton Partners presented the Board with updated actuarial assumptions for their review and consideration. The new assumptions were provided in order for the Board to finalize the Actuarial Valuation as of July 1, 2010.

After discussing the different assumptions and their impact, the Board agreed to the following changes:

- a) The investment rate of return will be reduced to 7.5%. The investment rate currently used is 7.75%.
- b) The unfunded actuarial accrued liability of the Plan shall be amortized over a "closed" amortization period, using a 25 year amortization period.
- c) The disability assumptions will be changed to reflect a 50% ordinary disability (non Line-of-Duty) rate, a 25% catastrophic disability (Line-of-Duty) rate, and a 25% non-catastrophic disability (Line-of-Duty) rate.
- d) Both the salary increase and payroll growth assumptions will be changed. A 7% increase will be used for Participants with lower years of service and a 4% increase will be used for Participants with higher years of service. The payroll growth assumption will change from 4.75% to 3.75%.

ADMINISTRATOR'S REPORT

Bills paid since last meeting:

10/14/10	Bolton Partners	Consulting services for month ending 9/30/10 (valuation preparation in progress, benefit calculation, consulting transfer rules)	\$ 8,500.00 \$ 540.00
11/04/10	Whiteford, Taylor & Preston L.L.P.	Professional Services through 10/31/10 (payout of employee contribution questions)	\$ 102.00

NEXT MEETING

There will be no meeting on January 27, 2011. The next meeting will be held on Thursday, February 24, 2011. Morgan Stanley will present financial information for the 4th quarter 2010.

ADJORNMENT

The meeting adjourned at approximately 3:40 p.m.

Respectfully submitted,

APPROVED:

Karen Gates
Plan Coordinator

John W. Savich
Chair