

**ST. MARY'S COUNTY SHERIFF'S OFFICE RETIREMENT PLAN
BOARD OF TRUSTEES MEETING
November 19, 2015**

Members Present: Dr. Rebecca Bridgett, County Administrator
Jeannett Cudmore, Chief Financial Officer
Captain Terry Black, Sheriff's Office Representative
Lt. Edward Evans, Sheriff's Office Representative
Dr. Tracy Harris, Citizen Representative

Others Present: Susan Sabo, Plan Administrator
Karen Gates, Recorder
Tom Lowman, Bolton Partners
Mary Claire Chesshire, Whiteford, Taylor and Preston

CALL TO ORDER

The meeting was called to order at 2:06 p.m.

ACCEPTANCE OF THE AGENDA

The agenda was accepted as presented by Rebecca Bridgett.

APPROVAL OF MINUTES

Lt. Evans made a motion, seconded by Jeannett Cudmore, to approve the October 22, 2015 meeting minutes. Motion carried.

PRESENTATION BY TOM LOWMAN, BOLTON PARTNERS

Impact of Adding a DROP Feature

Tom Lowman presented a draft DROP Plan proposal. Mr. Lowman believes that the proposed design will meet the Board's goals, but there is a GASB68 accounting impact. The new accounting rules require governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability so that "Service Cost" ends when members are assumed to join DROP (25 years under Bolton's assumption). Therefore, there would be an increase of about \$4 million in the accounting liability (i.e., Net Pension Liability) if the Board were to add the DROP feature. There is only about a \$0.2 million increase in the liability under the funding method (which is offset by a small drop in the Normal Cost). It might be possible to have a design that has the same impact on the funding and accounting results (because the cost of benefits is allocated over different periods of time depending on the purpose of the measurement). The cost of adding a DROP Plan is only truly measured with experience.

The Board discussed cost design considerations of a DROP Plan such as eligibility, application of COLAs, continuation of contributions, disability during participation, death during participation, manner or payment, beneficiaries, future employment, whether or not a limit would be placed on transferred service, etc.

Unused Sick Leave

Bolton Partners looked at two issues involving the crediting of unused sick leave. 1). Employees are accruing more sick leave because unused leave in excess of 360 hours as of December 31st is converted to sick leave; 2) calculating the cost of removing the cap on how much unused sick leave can be used for pension credit.

Bolton Partners currently has a “load” applied to each active member’s projected retirement benefit to reflect the value of unused sick leave. After reviewing the data, Bolton recommends increasing the load from 2.4% to 4.0%. Doing so will increase the contribution by about 1.0% of payroll and the GASB Net Pension Liability by about \$0.8 million.

Bolton Partners also reviewed the impact of removing the cap on how much unused sick leave could be used for pension credit. While some employees might eventually benefit from removing the cap, Bolton’s projections show none are expected to at this time. Therefore, Bolton has put no cost on removing the cap.

Next Steps

The DROP Plan Proposal will be distributed to all Sheriff’s Office Retirement Plan participants for their comments.

Administrator’s Report

BILLS PAID SINCE LAST MEETING:

DATE	PAYEE	TYPE SERVICE	AMOUNT
10/13/15	Bolton Partners	Professional services rendered through 09/30/15.	
		Lump sum distribution calculation for P. Bowen.	\$ 131.00
		Benefit statement preparation.	\$ 4,865.00
		GASB67 (SORP Plan financials).	\$ 2,575.00
TOTAL:			\$ 7,571.00

NEXT MEETING

The next meeting is scheduled for Thursday, January 28, 2016.

ADJORNMENT

The meeting adjourned at approximately 4:45 p.m.

Respectfully submitted,

Karen Gates
SORP Plan Coordinator

APPROVED:

Dr. Rebecca B. Bridgett
Chair