

**Board of Trustees**  
**Prince George's County Police and Fire Service Pension Plans**  
**Open Minutes of Meeting**  
**June 27, 2018**

**Members Present**

Nicholas A. Majett, Chief Administrative Officer  
Stanley A. Earley, Director, Office of Management and Budget  
Gail D. Francis, Director, Office of Finance  
Stephanye R. Maxwell, Esq., CPM, Director, Office of Human Resources Management  
Benjamin M. Barksdale, Chief, Fire Department  
Michael K. Linynsky, International Association of Fire Fighters, Local 1619  
John W. Teletchea, President, Fraternal Order of Police, Lodge 89  
Angelo Consoli, Fraternal Order of Police, Lodge 89

**Others Present**

Hector Velez, Assistant Chief, Police Department  
Melvin C. High, Sheriff, Office of the Sheriff  
William R. Milam, President, Fraternal Order of Police, Lodge 112  
Shawn Richards, Treasurer, Fraternal Order of Police, Lodge 112  
Mary Lou McDonough, Director, Department of Corrections  
Turkessa M. Green, Designee County Council  
Wanda Gray, President, AFSCME Local 241  
Anthony P. Smith, AFSCME Locals 1170, 2462, 2735, 3389  
Gary Taylor, President, Police Civilian Employees Association  
Rhonda White-Yakoub, AFSCME Locals 1170, 2462, 2735, 3389  
Tracey S. Clayton, Office of Finance  
Ritchlyn Dantzler, OHRM, Pensions and Investments Division  
Jaclyn Harris, OHRM, Pensions and Investments Division  
Lori Facen, OHRM, Pensions and Investments Division  
Sharon Ware, OHRM, Pensions and Investments Division

**Invited Guests**

Amy Williams, Gabriel, Roeder, Smith & Company  
Kristen Brundirks, Gabriel, Roeder, Smith & Company

**Open Session**

The Boards of Trustees met in an open session (9:17 a.m.) in the County Executive Conference Room of the Prince George's County Government Wayne K. Curry Administration Building.

**Presentation and Review of Preliminary Actuarial Valuations as of July 1, 2017 (Amy Williams and Kristen Brundirks - Gabriel, Roeder, Smith & Company (GRS)):**

Gabriel, Roeder, Smith & Company (GRS) provided an overview of the results of the actuarial valuations for the Police and Fire Service Pension Plans. GRS reviewed the current funding policy and demographic data as of July 1, 2017, as well as presented funded status results for each Plan using the actuarial assumptions adopted in the July 1, 2014 valuation. The purpose of the actuarial valuation is to determine funding status, develop contribution rates under the funding policy and provide accounting and other data. The actuarial valuation uses asset

smoothing; which recognizes the difference between the expected investment return assumption of 7.5% and the actual investment return over a five-year period. This method dampens the volatility of contribution rates. Deferred asset gains/losses will be recognized in future years. The valuation results are based on fund asset values provided by the County.

**Police & Fire Service Pension Plans**

The valuation results for the Police and Fire Service Pension Plans show funded ratios and FY2019 contribution rates as follows:

	<u>Employee Contribution<sup>1</sup></u>	<u>County Contribution</u>	<u>Total</u>
Police (max)	9.00%	47.64%	56.64%
Police (mid)	8.00%	48.64%	56.64%
Police (min)	6.00%	50.64%	56.64%
Fire Service (hire before 7/1/08)	6.00%	62.60%	68.60%
Fire Service (hire after 7/1/08)	10.00%	58.60%	68.60%

**Experience During FY17**

*Police*

As of July 1, 2017, the actuarial accrued liability of \$1,557,078,600 is 60.5% funded by the actuarial value of assets of \$941,764,800, leaving an unfunded actuarial accrued liability of \$615,313,800. The funded ratio increased from 59.3% at the last valuation to 60.5% for the current valuation. The estimated asset return on a market value basis was higher than the assumed asset return of 7.5% during fiscal year 2017. There was unfavorable investment performance on a market value basis in fiscal years 2015 and 2016 that contributed to the change in the contribution rate and funded ratio. Asset losses were partially offset by asset gains in fiscal years 2013, 2014 and 2017. Additionally, there was favorable salary increase demographic plan experience (retirements, disabilities, terminations and deaths) compared to expected actuarial assumptions that factored into the funded status and rate changes.

*Fire Service*

As of July 1, 2017, the actuarial accrued liability of \$823,205,800 is 52.7% funded by the actuarial value of assets of \$433,553,200, leaving an unfunded actuarial accrued liability of \$389,652,600. The funded ratio increased from 51.7% at the last valuation to 52.7% for the current valuation. The estimated asset return on a market value basis was higher than the assumed asset return of 7.5% during fiscal year 2017. There was unfavorable investment performance on a market value basis in fiscal years 2015 and 2016 that contributed to the change in the contribution rate and funded ratio. Asset losses were partially offset by asset gains in fiscal years 2013, 2014 and 2017. Additionally, there was unfavorable salary increase experience and favorable demographic plan experience (retirements, disabilities, terminations) compared to under the actuarial assumptions that factored into the funded status and rate changes.

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<sup>1</sup> Police employees contribute 9% for the first 5 years, 8% for the next 5 years, and 6% thereafter. Police employees hired on or after July 1, 2013 contribute 9%. Fire Service employees hired prior to July 1, 2008, contribute 6% of pay, employees hired on or after July1, 2008, contribute 10% of pay.

**Changes in Fire Service Plan Provisions**

For the Fire Service Pension Plan, non-service connected disability benefits were changed to include an additional benefit of 2% of average annual compensation per year of service (in excess of 20 years) instead of 2.5% per year under previous provisions. The number of annual leave hours needed to purchase one month of pension credit was increased from 40 hours to 80 hours for members hired on or after June 1, 2016. The number of sick leave hours to purchase one month of pension credit remains at 80 hours for all members. Hold harmless provisions affect retiree benefit calculations – the pay provided for the 2017 actuarial valuation reflects pay increases included in the hold harmless provisions and therefore does not impact the actuarial valuation results.

**Approval of Open Meeting Minutes**

The Boards of Trustees approved the open minutes from the meeting held on May 23, 2018.

Police: (Motion by: Mr. Teletchea; Seconded by: Mr. Consoli)

Fire: (Motion by: Chief Barksdale; Seconded by: Mr. Linynsky)

**Closed Session**

The Boards of Trustees voted to meet in a closed session (10:46 a.m.) for the purpose of reviewing the investment of public funds pursuant to General Provisions Article Section 3-305(b).

Fire: (Motion by: Chief Barksdale; Seconded by: Mr. Linynsky)

**Open Session**

The Boards of Trustees returned to open session (10:47 a.m.)

Fire: (Motion by: Chief Barksdale; Seconded by: Mr. Linynsky)

**Other Business**

Having no further business, the meeting was adjourned (10:48 a.m.)