

**Defined Contribution Investment Committee**  
**Montgomery County Public Schools Employees**  
**Tax Sheltered Savings Plan and**  
**Deferred Compensation Plan (“Plans”)**

**MINUTES OF THE QUARTERLY MEETING**

February 2, 2023  
(via videoconference)

**OPEN SESSION**

Committee Members Present: Susan Chen, Vice Chair  
Rob Kohn  
Craig Pernick, Chair  
Robert Reilly  
Dan Savino

Others Present: Cathy Jewell  
Phoebe Kuan  
Mangala Murthy  
Oleg Peltsman  
Janice Roberts  
Cristina Vidal  
Sarah Boctor, RVK Inc.  
Samia Khan, RVK Inc.  
Trey PetersonWood, RVK Inc.

**Call to Order/Approval of Minutes**

Craig Pernick called the open session of the Defined Contribution Investment Committee (“Committee”) meeting to order at 1:05 p.m. The Committee reviewed a draft of the open minutes for the November 3, 2022, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

**Investment Performance Analysis Q4 2022**

Sarah Boctor reviewed the performance of the capital markets in Q4 2022. Markets rebounded from the prior quarter with positive returns across market cap and style groups. Recent data indicated that the inflationary environment was showing signs of abating, and the Federal Reserve was slowing the pace of policy rate hikes with a 50 bps increase in December. However, year-to-date, 2022 marked the worst performance for U.S. equities since the 2007–2008 global financial crisis. Total plan assets were up in Q4, driven mainly by rebounding markets. The Plans continued to navigate challenging market environments, with the investments (Tier 1, Tier 2, and Tier 3) performing largely in line with their indices. The Vanguard Target Date Funds (TDFs) continued to represent the majority of the invested assets, and their investment fees were ranked the lowest in the TDF universe. Most participants used the Vanguard TDFs as their primary investment fund.

## **SECURE 2.0 Act Update**

Ms. Boctor presented a review of the SECURE 2.0 Act. The act was signed into law at year-end 2022. The final bill contains 90 provisions, a substantial portion of which affects defined contribution plans. Key provisions include expanding access to retirement plans, mandatory Roth catch-up contributions, an increase in the Required Minimum Distribution age, allowance for distribution flexibility, and simplifying plan administration. Many of the provisions will require additional regulatory guidance or clarification.

## **Closed Session**

A motion was made to move to a closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into closed session at 1:41 p.m.

## **Next Meeting**

The next quarterly meeting will be held on June 9, 2023.

Upon a motion duly made and seconded, the meeting was adjourned at 2:40 p.m.

Respectfully submitted,  
Oleg Peltsman

**Defined Contribution Investment Committee**  
**Montgomery County Public Schools Employees**  
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**MINUTES OF THE QUARTERLY MEETING**

June 9, 2023  
(via videoconference)

**OPEN SESSION**

Committee Members Present: Susan Chen, Vice Chair  
Craig Pernick, Chair  
Robert Reilly  
Oriole Saah  
Dan Savino

Others Present: Cathy Jewell  
Christy Kawa  
Phoebe Kuan  
Sean Meng  
Mangala Murthy  
Oleg Peltsman  
Cristina Vidal  
Sarah Boctor, RVK Inc.  
Samia Khan, RVK Inc.  
Trey PetersonWood, RVK Inc.

**Call to Order/Approval of Minutes**

Craig Pernick called the open session of the Defined Contribution Investment Committee (“Committee”) meeting to order at 1:06 p.m. The Committee reviewed a draft of the open minutes for the February 2, 2023, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

**Committee Discussion**

Officers of the Committee serve a one-year term. After a motion was made and duly seconded, the following resolution was unanimously passed:

**RESOLVED, that the Committee elects Craig Pernick to serve as Chair, Susan Chen as Vice Chair, and Phoebe Kuan as Secretary of the Defined Contribution Investment Committee for a one-year term ending on June 9, 2024.**

**Investment Performance Analysis Q1 2023**

Samia Khan presented the performance of public markets as of Q1 2023. Overall, the quarter delivered a positive performance, but volatility remains high due to the recent crisis of regional

banks, inflation, and the politics of the debt ceiling. The main drivers of performance were technology and growth stocks, while developed international markets outperformed the U.S. markets.

Sarah Boctor presented the MCPS Plans with current assets totaling \$1.52 billion, including \$1.32 billion in the 403(b) and \$200 million in the 457(b). Overall in Q1 2023, the actively and passively managed investment options tracked in line with or outperformed their related indices and benchmarks. Fees are in line with MCPS peers. Both plans qualify for lower Vanguard Institutional Index fund fee based on combined assets, and 2070 Vanguard target date option is planned to be added in Q4 2023. Staff will work with Fidelity to implement the changes. Under the current contract with Fidelity, no charge for up to two fund actions per year.

### **Annual Fee Benchmarking Review**

Ms. Boctor presented the annual fee benchmarking review. RVK updated the committee that contract renewal negotiations with Fidelity are ongoing. RVK expected to finalize the review over the next weeks and to negotiate a new service agreement with Fidelity with a tentative effective date of 7/1/2023. MCPS Plans participants continue to have lower record-keeping, administration and investment management fees than the median peer group. In a review of the administrative budget, RVK estimated that MCPS has a surplus balance of \$724k, and therefore recommended a fee holiday for one quarter, which will reduce the surplus balance while lowering costs for participants. After discussion, a motion was made and duly seconded. The Committee unanimously approved the following resolution:

**RESOLVED, that a fee holiday for one quarter in 2023 is approved for the Plans.**

### **Closed Session**

A motion was made to move to a closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into a closed session at 1:58 p.m.

### **Adjournment**

Upon a motion duly made and seconded, the meeting was adjourned at 2:21 p.m.

Respectfully submitted,  
Sean Meng

**Defined Contribution Investment Committee**  
**Montgomery County Public Schools Employees**  
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**MINUTES OF THE QUARTERLY MEETING**

August 3, 2023  
(via videoconference)

**OPEN SESSION**

Committee Members Present: Susan Chen, Vice Chair  
Rob Kohn  
Craig Pernick, Chair  
Robert Reilly

Others Present: Cathy Jewell  
Christy Kawa  
Phoebe Kuan  
Sean Meng  
Cristina Vidal  
Sarah Boctor, RVK Inc.  
Samia Khan, RVK Inc.  
Trey PetersonWood, RVK Inc.

**Call to Order/Approval of Minutes**

Craig Pernick called the open session of the Defined Contribution Investment Committee (“Committee”) meeting to order at 1:02 p.m. The Committee reviewed a draft of the open minutes for the June 9, 2023, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

**Defined Contribution (“DC”) Legislative and Regulatory Overview**

Sarah Boctor presented the annual DC Legislative and Regulatory Overview. Ms. Boctor gave an update on SECURE 2.0, which was passed by Congress at the end of 2022. The bill contains a mix of mandatory and optional provisions that directly impact DC plan design, processes, and oversight obligations and have varying effective dates. From a regulatory standpoint, Ms. Boctor gave updates on ESG investing in DC plans and the Department of Labor investment advice fiduciary rule, both of which Staff and the Committee should continue to monitor. Lastly, Ms. Boctor updated the Committee on litigation pertinent to DC plans.

**Investment Performance Analysis Q2 2023**

Samia Khan presented the performance of public markets as of Q2 2023. Overall, equity markets delivered a positive performance driven by the seven largest growth-oriented technology companies, while fixed income broadly delivered negative returns. Even with the recent crisis of regional banks, inflation, recession fears, and the politics of the debt ceiling, consumer sentiment

and the job market remain strong. Internationally, the economic outlook in China remains concerning with more investors looking for growth in India and other southeast Asian countries.

Ms. Bactor presented on the MCPS Plans with current assets totaling \$1.6 billion, including \$1.39 billion in the 403(b) and \$210 million in the 457(b). Overall in Q2 2023, passively managed investment options tracked in line with their related benchmarks, while actively managed options have been performing below their benchmarks. From a fee standpoint, all the fund options remain competitive with peers.

### **Closed Session**

A motion was made to move to a closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into a closed session at 1:48 p.m.

### **Adjournment**

Upon a motion duly made and seconded, the meeting was adjourned at 2:12 p.m.

Respectfully submitted,  
Sean Meng

**Defined Contribution Investment Committee**  
**Montgomery County Public Schools Employees**  
**Tax Sheltered Savings Plan and**  
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**MINUTES OF THE QUARTERLY MEETING**

November 2, 2023  
(via videoconference)

**OPEN SESSION**

Committee Members Present: Susan Chen, Vice Chair  
Craig Pernick, Chair  
Robert Reilly  
Oriole Saah

Others Present: Cathy Jewell  
Christy Kawa  
Phoebe Kuan  
Sean Meng  
Mangala Murthy  
Oleg Peltsman  
Cristina Vidal  
Sarah Boctor, RVK Inc.  
Samia Khan, RVK Inc.  
Trey PetersonWood, RVK Inc.

**Call to Order/Approval of Minutes**

Craig Pernick called the open session of the Defined Contribution Investment Committee (“Committee”) meeting to order at 1:17 p.m. The Committee reviewed a draft of the open minutes for the August 3, 2023, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

**Investment Performance Analysis Q3 2023**

Samia Khan presented the performance of public markets as of Q3 2023. Overall, financial markets pulled back from the prior quarter’s rally due to mixed signals regarding the health of the economy with potential continued Fed rate increases and the downgrade of U.S. debt by Moody’s.

Sarah Boctor provided an update on the MCPS Plans with current assets totaling \$1.6 billion, including \$1.39 billion in the 403(b) and \$210 million in the 457(b). Market value has declined slightly due to more fund outflows than inflows and market performance. In Q3 2023, passively managed investment options were tracked in line with their related benchmarks, while actively managed options were mixed in relation to their related benchmarks. RVK will continue to monitor the actively managed options closely. Tracking errors increased slightly from last quarter but were still in the expected range. From a fee standpoint, overall fund options remain competitive with peers.

### **Target Date Fund Review**

Ms. Boctor presented the Target Date Fund (TDF) Review. Overall, RVK holds a favorable view of TDFs, with no changes recommended. Vanguard TDFs are the default investment option for MCPS, and performance is in line with peers with fees that are lower than peers. A notable change is the launch of the 2070 TDF.

### **Closed Session**

A motion was made to move to a closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into a closed session at 1:39 p.m.

### **Adjournment**

Upon a motion duly made and seconded, the meeting was adjourned at 1:53 p.m.

Respectfully submitted,  
Sean Meng