

Defined Contribution Investment Committee
Montgomery County Public Schools Employees
Tax Sheltered Savings Plan and
Deferred Compensation Plan

MINUTES OF THE QUARTERLY MEETING

February 11, 2021
(via videoconference)

OPEN SESSION

Committee Members Present: Susan Chen, Vice Chair
Robert Kohn
Daniel Marella
Craig Pernick, Chair
Oriole Saah

Others Present: Susan Lau
Cathy Jewell
Janice Roberts
Phoebe Xu
Sarah Boctor, RVK Inc.
Jordan Cipriani, RVK Inc.
Anthony Johnson, RVK Inc.
Mikaylee O'Connor, RVK Inc.

Call to Order/Approval of Minutes

Craig Pernick called the meeting to order at 1:00 p.m. The Committee reviewed a draft of the open minutes for the November 5, 2020, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

Susan Lau and the Committee welcomed Robert Kohn as a new appointee. Ms. Lau informed the Committee of Mikaylee O'Connor's resignation from RVK Inc. and introduced Anthony Johnson, who will assume Ms. O'Connor's role on the RVK team to provide support to the Committee. The Committee and Ms. Lau commended Ms. O'Connor on her service and thanked her for her contributions.

Investment Performance Review

Jordan Cipriani reviewed the performance of major global capital markets during the fourth quarter of 2020. In general, global equity markets returns were positive, primarily driven by U.S. value stocks, small cap, and emerging markets equities. RVK expected yields to remain low. The funds on the investment menu performed broadly in line with expectations. Target date funds continue to be the majority of the assets within both plans.

Investment Menu Review

Sarah Boctor provided RVK's annual evaluation of the investment menu by reviewing best practices, trends, participant usage, and compliance with the objectives of the IPS of the defined contribution plans. Ms. Cipriani provided an overview of the plans' utilization of the investment menu, which remains primarily allocated to Target Date Funds (TDFs), consistent with prior years. Ms. Cipriani also discussed fund manager quality and investment fees along with benchmark and peer group comparisons. The investment menu maintains its adherence to policy and best practices framework, and no changes are recommended at this time.

ESG Review

Ms. O'Connor provided an overview of RVK's ESG evaluation framework, which includes evaluation on levels of ESG integration, evaluation metrics, and PRI signatory review. Ms. O'Connor provided a detailed review on MCPS managers in terms of firm and strategy. She indicated that incorporating ESG in the investment process is the route that most fund managers are taking.

Motion to Close Meeting

A motion was made to go into closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into closed session at 2:05 pm.

Next Meeting

The next quarterly meeting will be held on June 4, 2021, at 12:30 p.m. via videoconference.

Upon a motion duly made and seconded, the meeting was adjourned at 3:05 p.m.

Respectfully submitted,
Phoebe Xu

Defined Contribution Investment Committee
Montgomery County Public Schools Employees
Tax Sheltered Savings Plan and
Deferred Compensation Plan

MINUTES OF THE QUARTERLY MEETING

June 4, 2021
(via videoconference)

OPEN SESSION

Committee Members Present: Susan Chen, Vice Chair
Robert Kohn
Daniel Marella
Craig Pernick, Chair
Oriole Saah

Others Present: Cathy Jewell
Janice Roberts
Phoebe Kuan
Sarah Boctor, RVK Inc.
Jordan Cipriani, RVK Inc.
Samia Khan, RVK Inc.
John Lu, RVK Inc.

Call to Order/Approval of Minutes

Craig Pernick called the meeting to order at 12:35 p.m. The Committee reviewed a draft of the open minutes for the February 11, 2021, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

Officer Elections

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 4, 2022.

Investment Performance Review

Jordan Cipriani reviewed the performance of the major global capital markets during the first quarter of 2021. Investor expectations for improved growth rose as vaccine distribution in the United States. was better than expected. Interest rates remained near zero and the passage of further

fiscal support in the United States factored into rising GDP. New COVID-19 variants and inflation remain risks to ongoing recovery. Most major asset classes performed better than expected. The funds on the investment menu performed broadly in line with expectations. Asset growth in both plans is attributed to the growth in the market. Most participants are using the Vanguard Target Date Funds as their main investment fund, and the number of participants in the funds has remained steady. Participants in the Self-Directed Brokerage (SDB) Window have remained about the same with a small increase in SDB participants in the 403(b).

Fee Benchmarking Review

Sarah Boctor reviewed the MCPS annual fee management, which is the industry best practice. She detailed how fees have been lowered for all participants since 2019 and provided a breakdown of plan costs. Based on the fee benchmarking analysis done by RVK, MCPS has lower participant fees and lower recordkeeping and investment management costs than the median peer plan. Ms. Boctor also reviewed the MCPS DC Plans budget and noted that revenue is expected to moderately surpass costs in future years. RVK is supportive a maintaining a small surplus but will continue to monitor the administrative account balance over time.

Motion to Close Meeting

A motion was made to go into closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into closed session at 1:10 p.m.

Next Meeting

The next quarterly meeting will be held on August 5, 2021, at 1 p.m. via videoconference.

Upon a motion duly made and seconded, the meeting was adjourned at 2:09 p.m.

Respectfully submitted,
Janice Roberts

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

MINUTES OF THE QUARTERLY MEETING

August 5, 2021
(via videoconference)

OPEN SESSION

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

Others Present: Cathy Jewell
Phoebe Kuan
Janice Roberts
Cristina Vidal
Sarah Boctor, RVK Inc.
Jordan Cipriani, RVK Inc.
Samia Khan, RVK Inc.
John Lu, 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 1:01 p.m. There was not a quorum in attendance to approve the minutes of the June 4, 2021, meeting. The approval of the minutes of the June 4, 2021, meeting will be deferred to the November 5, 2021, meeting.

Closed Session

A motion was made to move to closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into closed session at 1:03 p.m.

Legislative & Regulatory Update

Sarah Boctor reviewed potential retirement legislation and provided updates on Department of Labor regulatory activity and DC plan litigation.

The House and the Senate introduced bills that aim to build on the SECURE Act passed in 2019. The most relevant provisions include allowing 403(b) plans to invest in collective investment trusts, increasing catch-up contributions for employees over age 62, increasing the required

minimum distribution age, and making hardship withdrawals more flexible. RVK noted that the bills would not likely to pass in 2021.

Investment Performance Review

Jordan Cipriani reviewed the performance of the major global capital markets during the second quarter of 2021. The funds on the investment menu performed broadly in line with expectations. Asset growth in both plans is attributed to the growth in the market. Most participants are using the Vanguard Target Date Funds as their main investment fund.

Next Meeting

The next quarterly meeting will be held on November 5, 2021 via videoconference.

Upon a motion duly made and seconded, the meeting was adjourned at 1:58 p.m.

Respectfully submitted,
Janice Roberts

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

MINUTES OF THE QUARTERLY MEETING

November 5, 2021
(via videoconference)

OPEN SESSION

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

Others Present: Cathy Jewell
Phoebe Kuan
Mangala Murthy
Janice Roberts
Cristina Vidal
Sarah Boctor, RVK Inc.
Jordan Cipriani, RVK Inc.
Samia Khan, RVK Inc.
John Lu, 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 8:04 a.m. The Committee reviewed a draft of the open minutes for the June 4, 2021, and August 5, 2021, meetings. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

Investment Performance Review

Jordan Cipriani reviewed the performance of the major global capital markets during the third quarter of 2021. The quarter produced mixed results, strained by consumer spending, inflationary pressures, and disrupted supply chains. U.S. market performance was muted. Emerging markets suffered over concerns of China’s regulatory regime and debt-restructuring of its second-largest property developer. The funds on the investment menu performed broadly in line with expectations. Most participants continue to use the Vanguard Target Date Funds (TDFs) as their primary investment fund.

Target Date Fund Review

Sarah Boctor and Sami Khan presented the Target Date Fund annual review. RVK compared Vanguard to key competitors highlighting assets under management, performance, strategy structure, and fees. The Vanguard TDFs series continues to serve as the default option for the MCPS 457(b) and 403(b) Plans. RVK continues to rate Vanguard TDFs as positive. Vanguard announced that the Vanguard Institutional Target Retirement Funds (ITR) will be merged into the Vanguard Retirement Funds, lowering the fees of the Vanguard ITR Funds from 9 bps to 8 bps.

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 8:34 a.m.

Next Meeting

The next quarterly meeting will be held on February 3, 2022, via videoconference.

Upon a motion duly made and seconded, the meeting was adjourned at 9:04 a.m.

Respectfully submitted,
Mangala Murthy