Defined Contribution Investment Committee

Montgomery County Public Schools Employees
Tax Sheltered Savings Plan and
Deferred Compensation Plan ("Plans")

MINUTES OF THE QUARTERLY MEETING

February 7, 2025
(via videoconference)

<u>OPEN SESSION</u>

Committee Members Present:	Susan Chen, Vice Chair Paul Klein Craig Pernick, Chair Robert Reilly Oriole Saah
Others Present:	Sachi Fernando Cathy Jewell Phoebe Kuan Sean Meng Mangala Murthy Oleg Peltsman Cristina Vidal Sarah Boctor, RVK Inc. Samia Khan, RVK Inc. Trey PetersonWood, RVK Inc.

<u>Call to Order/Approval of Minutes</u>

Craig Pernick called the open session of the Defined Contribution Investment Committee ("Committee") meeting to order at 1:00 p.m. The Committee reviewed a draft of the open minutes for the October 31, 2024, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

<u>Investment Performance Analysis Q4 2024</u>

Sarah Boctor presented the performance of major global capital markets during the fourth quarter of 2024. Broadly, the U.S. equity markets ended positive in the quarter with growth widening in addition to the Magnificent 7 stocks, while subdued investor sentiment and economic forecast outside of the United States led non-US equity posted negative results. Fixed income markets continued to experience volatility.

Samia Khan discussed the performance of the funds on the investment menu. In Q4 2024, passively managed investment options were tracked in line with their related benchmarks, while actively managed funds produced mixed results. Asset growth in both plans is attributed to growth in the market. Among the active managers, Parnassus Core Equity and Artisan International underperformed. RVK still ranked them positively and will continue to monitor both managers' performance. From a fee standpoint, overall fund options remain competitive with peers. Ms. Khan noted the Plans transitioned to a Vanguard TSM Index (VITSX) lower fee share class schedule as of January 2025.

Investment Menu Design Review

RVK provided its annual review of the investment menu by examining best practices, trends, participant usage, and plan compliance with the objectives of the Investment Policy Statement (IPS). Ms. Khan addressed the Committee's query on the 403(b) Plan number of participants change. Ms. Khan also discussed fund manager quality and investment fees along with benchmark and peer group comparisons. Ms. Khan provided an overview of the plans' utilization of investment menu, which remains primarily allocated to Target Date Funds (TDFs), consistent with prior years. The investment menu maintains its adherence to policy and best practices framework, and no changes are recommended at this time.

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 1:33 p.m.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned at 2:14 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 6, 2025
(via videoconference)

OPEN SESSION

Committee Members Present:	Susan Chen, Vice Chair Paul Klein Robert Reilly Oriole Saah
Others Present:	Betsy Donahue Cathy Jewell 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

Susan Chen 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 February 7, 2025, 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 6, 2026.

Investment Performance Analysis Q1 2025

Sarah Boctor presented the performance of public markets as of Q1 2025. Overall, U.S. equity markets were volatile due to uncertainty stemming from trade policies. In contrast, international equity markets experienced strong returns, with valuation markdowns of companies with themes tied to artificial intelligence. The S&P 500 returned a negative 4.27% for the quarter. Aggregate bond markets ended the quarter positive, with the Bloomberg U.S. Agg Bond index producing a 2.78% gain for the quarter, supported by declining Treasury yields.

Samia Khan presented the MCPS plans, which have current assets totaling $1.91 billion, comprising $1.64 billion in the 403(b) plan and $262 million in the 457(b) plan. Overall, in Q1 2025, passively managed investment options were tracked in line with their related benchmarks, while actively managed funds produced mixed results. Tracking error is expected to decline among the passively managed investment options. Asset growth in both plans is attributed to growth in the market. From a fee standpoint, overall options remain competitive with peers.

Annual Fee Benchmarking Review

Ms. Khan presented the annual fee benchmarking review. RVK and Staff periodically evaluate the recordkeeping service agreement with Fidelity to ensure continued alignment. 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 administrative balance and therefore recommended an administrative fee holiday for one year, which will reduce the surplus balance while lowering costs for participants. Phoebe Kuan addressed the Committee's questions on Roth implementation and provided an update on the implementation process. After discussion on the holding account balances, a motion was made and duly seconded. The Committee unanimously approved the following resolution:

RESOLVED, that an administrative fee holiday for one year 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 1:57 p.m.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned at 2:32 p.m.

Respectfully submitted,
Sean Meng

Defined Contribution Investment Committee

Montgomery County Public Schools Employees
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MINUTES OF THE QUARTERLY MEETING

October 31, 2025
(via videoconference)

OPEN SESSION

Committee Members Present:	Ivon Alfonso-Windsor Susan Chen, Vice Chair Allen Francois Kim Houser Rob Kohn Craig Pernick, Chair
Others Present:	Betsy Donahue Parker Griffie Cathy Jewell Phoebe Kuan Oleg Peltsman Cristina Vidal Sarah Boctor, RVK Inc. Samia Khan, 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 August 1, 2025, meeting. A motion was made for the approval of the minutes, and it was seconded. Ivon Alfonso-Windsor, Susan Chen, Rob Kohn, and Craig Pernick approved the open meeting minutes, while Allen Francois and Kim Houser abstained.

Investment Performance Analysis Q3 2025

Sarah Boctor presented the Investment Performance Analysis for Q3 2025. Risk assets benefited from expectations of a more accommodative monetary policy, relatively stable economic fundamentals, and the announcement of trade agreements between the U.S. and several major partners. Inflation remained above target in Q3 with the Core Personal Consumption Expenditures (PCE) price index level at 2.9%, which coincided with two separate 25-basis point reductions in the Federal Funds rate in the September and October meetings. The unemployment rate edged up to 4.3% while consumer confidence declined to its lowest level since April. Emerging market stocks, growth stocks, and smaller cap stocks were strong performers in the public equity market, while investment grade securities led the way in the public fixed income market. The S&P 500 gained 8.12% on the quarter while the Bloomberg US Aggregate Bond Index gained 2.03%.

Samia Khan reviewed the investment performance of MCPS Defined Contribution ("DC") Plans with current assets totaling $2.17 billion. Overall, in Q3 2025, the passively managed investment options tracked in line with benchmarks, and actively managed options underperformed compared to their respective benchmarks. Active underperformance is largely attributed to fund level concentration limits relative to their benchmark. The quarter was strong overall with positive nominal returns across the investment menu. Asset growth in both plans is attributed to the growth in the market. Loans and balances are up slightly for both plans.

Target Date Fund Review

Ms. Khan presented the Target Date Fund ("TDF") Review. RVK conducted their annual review to evaluate the Vanguard TDFs to ensure continued alignment with DC Plans objectives, competitiveness and performance relative to peers, and participant utilization. Currently 90% of participants invest three-fourths of plan assets in the TDFs, which is slightly higher than the median. The TDFs are passively managed through a glide path. RVK maintained a favorable view, and no changes were recommended. Staff and RVK will continue to monitor other Default Investment Alternative (DIA) options.

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 1:33 p.m.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned at 2:00 p.m.

Respectfully submitted,
Parker Griffie

Defined Contribution Investment Committee

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MINUTES OF THE QUARTERLY MEETING

August 1, 2025
(via videoconference)

OPEN SESSION

Committee Members Present:	Susan Chen, Vice Chair Rob Kohn Craig Pernick, Chair Oriole Saah
Others Present:	Betsy Donahue Cathy Jewell Phoebe Kuan 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 1:01 p.m. The Committee reviewed a draft of the open minutes for the June 6, 2025, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee approved the open meeting minutes, with Mr. Pernick abstaining.

Defined Contribution ("DC") Legislative & Regulatory Overview

Sarah Boctor presented the annual DC Legislative and Regulatory Overview. Ms. Boctor noted that the focus on retirement plans has slowed since the passage of SECURE 2.0, with no recent changes to the current DC plan incentives. Phoebe Kuan noted that staff have been working closely with Fidelity, MCPS Employee and Retiree Serivce Center, the Controller's office, and IT to implement the Roth feature. Ms. Kuan also noted that staff, along with the Chief Financial Officer, have been actively communicating with all MCPS unions and will collaborate with Fidelity and the ERSC team to disseminate information to participants closer to implementation of this new feature. In response to Ms. Boctor's update on the Department of Labor's guidance on retirement savings lost and found database, Ms. Kuan added that staff works with Fidelity on an annual basis to conduct an enhanced lost participant search. Ms. Boctor then highlighted the Department of Labor's cryptocurrency guidance and provided litigation updates on several notable cases.

Investment Performance Analysis Q2 2025

Samia Khan presented the performance of public markets as of Q2 2025. Overall, markets strongly rebounded during the second quarter, despite heightened uncertainty stemming from tariff policy negotiations. The S&P 500 returned a positive 10.94% for the quarter, while MSCI EAFE returned 11.78%. Aggregate bond markets ended the quarter positively, with the Bloomberg U.S. Agg Bond index producing a 1.21% gain for the quarter.

Ms. Khan presented the Q2 2025 performance update for MCPS plans. Current assets have surpassed the $2 billion mark, valuing at $2.1 billion for the quarter, comprising $1.79 billion in the 403(b) plan and $287 million in the 457(b) plan. Overall, in Q2 2025, passively managed investment options were tracked in line with their related benchmarks, while actively managed funds produced mixed results. Tracking error is expected to decline among the passively managed investment options. Asset growth in both plans is attributed to growth in the market. From a fee standpoint, overall options remain competitive with peers.

Asset Retention & Distribution Trends Review

Ms. Boctor presented the Asset Retention and Distribution Trends Review, summarizing sources of plan leakage and measures to reduce leakage within DC plans. There has generally been a low rate of leakage from the MCPS Plans.

RVK left the meeting.

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 2:22 p.m.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned at 2:23 p.m.

Respectfully submitted,
Mangala Murthy