

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, 2024
(via videoconference)

OPEN SESSION

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

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

Call to Order

Craig Pernick called the open session of the Defined Contribution Investment Committee (“Committee”) meeting to order at 1:03 p.m.

Investment Performance Analysis Q4 2023

Jordan Cipriani presented the performance of public markets as of Q4 2023. Overall, financial markets rebounded to finish the year with significant outperformance, as the S&P 500 returned 11.7% for the quarter and 26.3% for 2023. Fixed income markets ended the year up, with the Bloomberg US Agg Bond index producing a 5.5% gain, as the Fed’s dovish pivot pushed yields down.

Ms. Cipriani and Sarah Bector provided an update on the MCPS Plans with current assets totaling \$1.7 billion, including \$1.5 billion in the 403(b) and \$227 million in the 457(b). Market value has increased, given the market gains. In Q4 2023, passively managed investment options were tracked in line with their related benchmarks, while actively managed options performed well over the long term, with the exception of Artisan International. RVK still has a high conviction on Artisan and will continue to keep a close watch on this manager’s performance. 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.

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 IPS. Ms. Bector reviewed the Plans' investment tier utilization; the majority of participants are fully invested in Target Date Funds (TDFs), consistent with prior years. Ms. Bector also discussed fund manager quality and investment fees along with benchmark and peer group comparisons.

Approval of Minutes

The Committee reviewed a draft of the open minutes for the November 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.

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 1:28 p.m.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned at 2:05 p.m.

Respectfully submitted,
Mangala Murthy

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

June 7, 2024
(via videoconference)

OPEN SESSION

Committee Members Present: Paul Klein
Rob Kohn
Craig Pernick, Chair
Robert Reilly
Oriole Saah

Others Present: Cathy Jewell
Christy Kawa
Phoebe Kuan
Sean Meng
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 1:02 p.m. The Committee reviewed a draft of the open minutes for the February 2, 2024, 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 7, 2025.

Investment Performance Analysis Q1 2024

Sarah Boctor presented the performance of public markets as of Q1 2024. Overall, equity markets performed well amid a resilient U.S. economy and strong labor market. The S&P 500 returned

10.56% for the quarter. Fixed income markets ended the quarter down, with the Bloomberg U.S. Agg Bond index producing a 0.78% loss QTD, due to persistent inflation.

Ms. Bector presented the MCPS Plans with current assets totaling \$1.80 billion, comprising \$1.56 billion in the 403(b) and \$242 million in the 457(b). Overall in Q1 2024, the passively and actively managed investment options tracked in line with benchmarks, with the exception of Parnassus, which underperformed for the quarter. From a fee standpoint, overall options remain competitive with peers.

Annual Fee Benchmarking Review

Ms. Bector presented the annual fee benchmarking review. RVK noted that fees are a big driver of long-term performance. 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 of \$607,000, 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 2024 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 1:44 p.m.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned at 2:19 p.m.

Respectfully submitted,
Oleg Peltsman

Defined Contribution Investment Committee
Montgomery County Public Schools Employees
Tax Sheltered Savings Plan and
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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 Bector, 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 Bector presented the annual DC Legislative and Regulatory Overview. Ms. Bector 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. Bector 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. Bector 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. Bector 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
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MINUTES OF THE QUARTERLY MEETING

October 31, 2024
(via videoconference)

OPEN SESSION

Committee Members Present: Paul Klein
Rob Kohn
Craig Pernick, Chair
Robert Reilly
Oriole Saah

Others Present: Sachithri Fernando
Cathy Jewell
Phoebe Kuan
Sean Meng
Mangala Murthy
Oleg Peltsman
Cristina Vidal
Sarah Bector, 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 August 1, 2024, 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 2024

Sarah Bector presented the Investment Performance Analysis for Q3 2024. Markets held steady as inflation eased in Q3 with Core Consumer Price Index level at 3.3%, which coincided with a 50 basis point reduction in the Federal Funds rate. Stock markets maintained an uptrend, and the rally has become more widespread. Non-U.S. stocks, value-oriented stocks, and smaller-cap stocks were strong performers in the public equity market, while longer duration and non-U.S. denominated securities led the way in the public fixed income market.

Ms. Bector reviewed the investment performance of the MCPS Defined Contribution (“DC”) Plans with current assets totaling \$1.93 billion. Overall, in Q3 2024, the passively managed investment options tracked in line with benchmarks, and actively managed options underperformed compared to their respective benchmarks. Asset growth in both plans is attributed to growth in the market.

Staff continue to work with Fidelity and RVK to transition Vanguard TSM Index fund to a lower fee share class schedule with an estimated effective date of Q1 2025.

Target Date Fund Review

Ms. Bactor presented the Target Date Fund (“TDF”) Review. RVK conducted their annual review to evaluate the MCPS Plans’ TDFs to ensure continued alignment with DC Plans objectives, competitiveness and performance relative to peers, and participant utilization. RVK maintained a favorable view of the Vanguard TDFs, 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 1:31 p.m.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned at 1:59 p.m.

Respectfully submitted,
Sean Meng