

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

MINUTES OF THE QUARTERLY MEETING

February 6, 2020
(via teleconference)

Committee Members Present: Susan Chen, Vice Chair
Joanne Hill
Dan Howell
Dan Marella
Craig Pernick, Chair
Oriole Saah
Monte Tarbox

Others Present: Susan Lau
Janice Roberts
Sarah Boctor, RVK Inc.
Christian Eicher, RVK Inc.
Mikaylee O'Connor, RVK Inc.

Call to Order/Approval of Minutes

Craig Pernick called the meeting to order at 1:36 p.m. The Committee welcomed new member, Dan Marella, Acting Chief Financial Officer of Montgomery County Public Schools. The Committee reviewed a draft of the minutes for the November 6, 2019, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the minutes.

Investment Performance Review

Mikaylee O'Connor reviewed the performance of major global economies and capital markets during the fourth quarter of 2019. The U.S. equity markets had a strong fourth quarter, substantially adding to gains realized earlier in the year as trade tensions with China were de-escalated and the Federal Reserve indicated easing monetary policy. Developed international markets also delivered strong returns driven by multiple expansion. Emerging markets outperformed all other regions as returns were lifted by the announcement of trade deal between China and the United States.

Ms. O'Connor discussed the performance of the funds on the investment menu, which performed in line with their benchmarks.

Investment Policy Statement

Staff and RVK conducted a review of the Investment Policy Statement (IPS). Christian Eicher presented proposed amendments. Amendments include, but are not limited to, competitive and reasonable fees as factors in the selection of investment options as well as consideration for ESG integration, compensation and incentive practices, and other criteria as qualitative measures in the evaluation process. Upon a motion duly made and seconded, the Committee unanimously approved the amended IPS:

RESOLVED, that the MCPS Tax-Sheltered Savings Plan and the MCPS Deferred Compensation Plan adopt the amended Investment Policy Statement as presented.

Managed Accounts Evaluation (Update)

Ms. O'Connor presented additional information on the Fidelity Personalized Planning and Advice (PP&A) service as requested by the Committee. RVK provided further details into the marketing efforts, personalization practices, and limited Fidelity engagement with the participants of this service. The Committee discussed these recent findings along with RVK's earlier comprehensive evaluation of enrollment practices, asset allocation, and investment decisions of the PP&A service. After a discussion, a motion was duly made and seconded, and the following resolution was unanimously approved:

RESOLVED, that Staff work with RVK and Fidelity to provide the Committee with a plan to migrate current participants out of the Fidelity Personalized Planning and Advice (PP&A) service; and

RESOLVED FURTHER, that the MCPS Tax-Sheltered Savings Plan and the MCPS Deferred Compensation Plan remove the Fidelity Personalized Planning and Advice (PP&A) service offering from the investment menu thereafter.

Investment Menu Review

RVK provided its annual evaluation of the investment menu by reviewing best practices, trends, participant usage, and compliance with objectives of the IPS of the defined contribution plans. Mr. Eicher provided an overview of the plans' utilization of the investment menu, which remains primarily allocated to Target Date Funds (TDFs), consistent with prior years. Mr. Eicher 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.

SECURE Act Update

Ms. O'Connor provided the committee members an overview of the SECURE Act enacted at the end of 2019. The Act contains several mandatory provisions that affect DC plans, including changes of required minimum distribution and in-service distributions.

Staff Report

Staff updated the Committee on receipt of a letter of examination from the Internal Revenue Service for the MCPS Tax-Sheltered Savings Plan and the MCPS Deferred Compensation Plan. Review and response to the questionnaires and information request have commenced, and Staff will update the Committee as the examination proceeds.

Committee Discussion

Dan Howell, who has served on the Committee since 2017, will not be renewing his three-year term ending February 28, 2020. The Committee thanked Mr. Howell for his service and contribution.

Next Meeting

The next quarterly meeting will be held on Friday, May 29, 2020, at 12:30 p.m. This is an in-person meeting and will be held at 850 Hungerford Drive, Room 134. Upon a motion duly made and seconded, the meeting was adjourned at 2:31 p.m.

Respectfully submitted,
Janice Roberts

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

MINUTES OF THE QUARTERLY MEETING

May 29, 2020
(via videoconference)

OPEN SESSION

Committee Members Present: Susan Chen, Vice Chair
Joanne Hill
Dan Marella
Craig Pernick, Chair
Oriole Saah
Monte Tarbox

Others Present: Susan Lau
Janice Roberts
Sarah Boctor, RVK Inc.
Christian Eicher, RVK Inc.
Mikaylee O'Connor, RVK Inc.

Call to Order/Approval of Minutes

Craig Pernick called the meeting to order at 12:31 p.m. The Committee reviewed a draft of the minutes for the February 6, 2020, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the 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 is elected to serve as Chair, Susan Chen is Vice Chair, and Susan Lau as Secretary of the Defined Contribution Investment Committee for a one-year term ending on May 29, 2021.

Investment Performance Review

Sarah Boctor reviewed the performance of major global capital markets during the first quarter of 2020. During the quarter, countries imposed travel restrictions and shut down large portions of their economies as a result of the COVID-19 pandemic. The concerns about the spread of the virus and its impact to global economies resulted in the U.S. markets down 19.6%, non-U.S. developed markets declining more than 20%, and emerging markets down 23.6%. Immediate action by the U.S. Federal Reserve and expeditious fiscal policies provided support for a rapid rebound in market returns in April. However, much uncertainty remains as the pandemic situation continues to evolve across the world.

The funds on the investment menu performed broadly in line with expectations. There are no concerns with the funds at this time.

CARES Act Education

Mikaylee O'Connor provided an education discussion of the CARES Act impact on defined contribution plans. After consultation with legal counsel and MCPS leadership, the defined contribution plans elected to adopt CARES Act provisions of 1) in-service distribution of up to \$100,000 that features waived early withdrawal tax along with repayment options, 2) loan repayment deferrals of up to one year from repayment due date, and 3) expanded access to loan amounts. In addition, the CARES Act also mandated the waiver of 2020 required minimum distributions for defined contribution plans. Staff and RVK will continue to monitor participant utilization of the CARES Act options.

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 1:08 p.m.

Next Meeting

The next quarterly meeting will be held on August 6, 2020, at 1:30 p.m. via conference call.

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

Respectfully submitted,
Janice Roberts

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

MINUTES OF THE QUARTERLY MEETING

August 6, 2020
(via videoconference)

OPEN SESSION

Committee Members Present: Susan Chen, Vice Chair
Joanne Hill
Craig Pernick, Chair
Oriole Saah
Monte Tarbox

Others Present: Susan Lau
Janice Roberts
Sarah Boctor, RVK Inc.
Mikaylee O'Connor, RVK Inc.

Call to Order/Approval of Minutes

Craig Pernick called the meeting to order at 1:34 p.m. The Committee reviewed a draft of the minutes for the May 29, 2020, meeting. A motion was made for the approval of the open minutes, and it was seconded. The Committee unanimously approved the open minutes.

Investment Performance Review

Sarah Boctor reviewed the performance of major global capital markets during the first quarter of 2020. The funding pressures that the markets experienced in the first quarter have abated, as various programs enacted by the Federal Reserve were successful in restoring normal capital market activity amid unprecedented economic shutdowns. U.S. equity markets returned 20%, bringing its YTD returns to -3.1%. Similarly, international markets also saw a strong rebound in returns of over 15%.

The funds on the investment menu performed broadly in line with expectations. There are no concerns with the funds at this time.

Regulatory & Legislative Update

The SECURE Act, signed into law in December 2019, aims to expand savings and participation in retirement savings programs. The most relevant provisions to the defined contribution plans are the Required Minimum Distribution (RMD) age change, optional in-service withdrawal age change for the 457(b) plan, and other optional plan distributions. MCPS should amend plan documents to reflect the change in RMD age before 2022, evaluate in-service withdrawal provisions for the 457(b) plans, and await more guidance from the Department of Labor (DOL) on other optional plan distributions.

The CARES Act, signed into law in March 2020, aimed to provide economic relief to families and industries as part of the government response to the COVID-19 pandemic. MCPS 403(b) and 457(b) Plans have adopted the CARES Act provisions related to Coronavirus-Related distributions, expanded loans and repayment flexibility, and waived RMDs for 2020. Plan amendments to incorporate these provisions should be made accordingly before end of the 2024 plan year.

The DOL Fiduciary Rule Replacement proposed in June 2020 is expected to be finalized later this year.

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 2:13 p.m.

Next Meeting

The next quarterly meeting will be held on November 5, 2020, at 1:30 p.m. via conference call.

Upon a motion duly made and seconded, the meeting was adjourned at 2:47 p.m.

Respectfully submitted,
Janice Roberts

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

November 5, 2020
(via videoconference)

OPEN SESSION

Committee Members Present: Susan Chen, Vice Chair
Joanne Hill
Daniel Marella
Craig Pernick, Chair

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

Call to Order/Approval of Minutes

Craig Pernick called the meeting to order at 1:30 p.m. The Committee reviewed a draft of the minutes for the August 6, 2020, meeting. A motion was made for the approval of the open minutes, and it was seconded. The Committee unanimously approved the open minutes.

Susan Lau informed the Committee of Joanne Hill's resignation. The Committee and Ms. Lau commended Ms. Hill on her service and thanked her for her contributions.

Mikaylee O'Connor introduced Jordan Cipriani, who joins the RVK team in providing support to the Committee.

Investment Performance Review

Ms. O'Connor reviewed the performance of major global capital markets during the third quarter of 2020. In general, global equity markets returns were positive, primarily driven by U.S. large cap, international small cap, and emerging markets equities. Global fixed income markets produced solid gains during the third quarter, continuing the recovery from March, albeit at a slower pace than the second quarter. U.S. Federal Reserve and other central banks are expected to keep interest rates low in response to the economic slowdown caused by the COVID-19 pandemic. The funds on the investment menu performed broadly in line with expectations.

Ms. Lau inquired if plan sponsors should consider the addition of higher yield options onto the investment menu in light of the low-rate environment. Ms. O'Connor indicated that the target date fund with a diversified portfolio meets this need and would not necessitate any changes at this time.

Financial Wellness Education

Ms. O'Connor provided an educational overview of financial wellness, which is generally described as the ability to meet ongoing financial responsibilities while following a plan to create a secure financial future. Financial wellness goes beyond financial literacy and education and may include control over finances and budgeting, the capacity to absorb financial shocks, debt management, and plans to meet financial goals for the future.

Ms. O'Connor indicated that plan sponsors have different approaches in implementing financial wellness programs. These programs utilize a combination of resources, tools, communication, and engagement channels to meet participants' needs. The most successful approach tends to provide information that can translate into action and increase financial knowledge and planning over time. Generally, there are three primary categories of solution providers for financial wellness programs: record-keepers, financial technology firms, and independent investment advisors. Ms. O'Connor provided the Committee with some considerations in evaluating financial wellness programs and service providers of those offerings.

Ms. Lau and Janice Roberts discussed the various financial wellness tools that are currently available to participants, including workshops, retirement planning calculators, and website resources from Fidelity.

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 2:19 p.m.

Next Meeting

The next quarterly meeting will be held on February 11, 2021, at 1:00 p.m. via conference call.

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

Respectfully submitted,
Phoebe Xu