

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

MINUTES OF THE QUARTERLY MEETING

May 31, 2019
Carver Educational Services Center
850 Hungerford Drive, Room 134
Rockville, MD 20850

Committee Members Present: Pia Morrison, Chair
Craig Pernick, Vice Chair
Susan Chen
Joanne Hill
Dan Howell
Monte Tarbox

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

Call to Order

Craig Pernick called the meeting to order at 12:30 p.m.

Meeting Minutes

The minutes of the February 7, 2019, meeting were reviewed. A motion was made for the approval of the minutes and it was seconded. The Committee unanimously approved the minutes.

Investment Performance Review

Christian Eicher reviewed the performance of major global economies and capital markets during the first quarter of 2019. U.S. equity markets rebounded strongly during the first quarter, while fixed income markets benefited from the shift in interest rate expectations. Uncertainty around U.S. trade discussions caused downward pressure in May. Mr. Eicher discussed the performance of the mutual funds on the investment menu, which performed in line with their respective benchmarks.

Investment Fee Benchmark Study

RVK reviewed best practices of plan fee management in the industry. These include regularly performing investment management fee comparisons relative to peers, investigating opportunities for lower fees with vendors, periodically reviewing the fee model, renegotiating service agreements, and creating an annual plan fee budget.

MCPS 403(b) and 457(b) current plan fees were reviewed and discussed. RVK noted that MCPS plans are well aligned with best practices. MCPS 403(b) and 457(b) plans fee charges are below average relative to peers for all three fee categories (investment management, recordkeeping, and administrative expenses).

Investment Menu Review

RVK provides a periodic review of the investment menu for the defined contribution plans with a focus on policy, participant utilization, and appropriateness of structure. Mikaylee O'Connor reviewed the investment menu with respect to 1) compliance with the investment policy statement and plan documents, 2) the use of a default option, 3) the ability to construct diversified portfolios, 4) participant usage of the investment options, 5) fees, 6) manager quality, 7) the number of available fund options, and 8) ESG capabilities. Ms. O'Connor and Mr. Eicher believe the investment menu satisfies the framework and did not recommend that the DCIC take action at this time.

Staff Report

The Board of Education has approved the extension of the RVK contract by one year. Staff has also reviewed the overall positive impact of the changes implemented by the Plans, including higher employee participation, increase in assets, and reasonable fees to participants.

Officer Elections

Officers serve a one-year term. Pia Morrison, who has served on the Committee since 2014 and as chair since 2018, will be stepping down. The Committee thanked Ms. Morrison for her service and contribution. After a motion was made and duly seconded, the following resolutions were unanimously passed:

RESOLVED, that Craig Pernick is elected to serve as chair of the Defined Contribution Investment Committee for a one-year term ending May 31, 2020; and

RESOLVED, FURTHER, that Susan Chen is elected to serve as vice chair of the Defined Contribution Investment Committee for a one-year term ending May 31, 2020; and

RESOLVED, FURTHER, that Marisa Grant is elected to serve as secretary of the Defined Contribution Investment Committee for a one-year term ending May 31, 2020.

Next Meeting

The next quarterly meeting will be held on Friday, August 9, 2019, at 1:30 p.m. via conference call.

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

Respectfully submitted,
Susan Lau