

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

**MINUTES OF THE QUARTERLY MEETING**

August 9, 2019  
(via teleconference)

Committee Members Present: Craig Pernick, Chair  
Susan Chen, Vice Chair  
Nicola Diamond  
Dan Howell  
Oriole Saah  
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/Approval of Minutes**

Craig Pernick called the meeting to order at 1:30 p.m. The Committee welcomed one new appointee: Oriole Saah. The Committee reviewed a draft of the minutes of the May 31, 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 second quarter of 2019. The global equity markets continued the strong performance experienced in the first quarter, while fixed income markets continue to benefit from additional central bank stimulus. However, volatility increased during the quarter as uncertainty around U.S. trade discussions and geopolitical tensions escalated. Ms. O'Connor discussed the performance of the mutual funds on the investment menu, which performed in line with their respective benchmarks.

## **Managed Accounts Review**

Sarah Boctor and Mikaylee O'Connor conducted an in-depth review of managed accounts, a service offered by Fidelity to plan participants as part of the investment menu. Managed accounts are considered a Tier 1 "Do it for me" option for plan participants who desire a more personalized experience than they would obtain by using target date funds. Ms. O'Connor provided education on the managed accounts marketplace. Ms. Boctor then presented an in-depth review of the services and features specific to the Fidelity managed accounts offering. RVK will provide an evaluation of the Fidelity managed accounts offering at the November meeting.

## **Regulatory and Legislative Update**

RVK provided an update on retirement-related bills and rules that are being considered by Congress, the Securities and Exchange Commission (SEC), and the Department of Labor (DOL). The discussion included the SECURE Act, SEC Regulation Best Interest, and the DOL Fiduciary Rule. The Committee also reviewed details of other pending legislation, an IRS private letter ruling, and litigation related to the retirement and/or defined contribution industry.

## **Environmental, Social, and Governance (ESG)**

The Committee discussed the options on the investment menu that incorporate ESG in some manner. Based on the education and work done by RVK and Staff, the Committee concluded that current ESG funds are in nascent stages and do not yet have robust enough track records and data for consideration for the investment menu. The Committee will continue to monitor the evolution of the funds closely for future consideration.

## **Staff Report**

Marisa Grant provided a sample of MCPS and Fidelity engagement with plan participants, including Fidelity-hosted workshops, new employee orientations, and division-based and school-based presentations. The Committee discussed expanding those efforts to include more participants and will work with Staff on those efforts.

## **Next Meeting**

The next quarterly meeting will be held on Wednesday, November 6, 2019, at 1:00 p.m. via conference call.

Upon a motion duly made and seconded, the meeting was adjourned at 3:00 p.m.

Respectfully submitted,  
Susan Lau