

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