

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

MINUTES OF THE QUARTERLY MEETING

February 12, 2016
Via Conference Call

Committee Members Present: Susanne DeGraba, Chair
 Joanne Hill
 Pia Morrison
 Craig Pernick (phone)
 Monte Tarbox (phone)

Others Present: Marisa Grant
 Susan Lau
 Janice Roberts (phone)
 Brian Binkley, Aon Hewitt Investment Consulting (phone)
 Mark Tavares, Aon Hewitt Investment Consulting (phone)

Call to Order

Susanne DeGraba called the meeting to order at 12:15 p.m. The minutes of the November 20, 2015 meeting were reviewed. A motion was made for the approval of the minutes and it was seconded. The Committee unanimously approved the minutes.

Menu and Plan Update

Brian Binkley summarized the allocation of the \$610 million in assets that are currently recordkept at Fidelity. He updated the Committee on the performance of overall capital markets and the mutual funds on the investment menu for the 2015 fourth quarter and full year. Mr. Binkley detailed the drivers of the returns of the active managers on the investment menu. There were no material changes at the investment manager firms during the period and all of the mutual funds retain a favorable rating by AHIC.

Money Market Reform

The Committee and staff discussed the pending money market mutual fund regulations that will go into effect in October 2016. Mr. Binkley and Mr. Tavares provided the background on the new rules and the potential liquidity risk to participants who are invested in a money market fund that imposes withdrawal restrictions, i.e., “redemption gates”, in times of stress. AHIC recommended

that the Committee replace the current money market fund option on the menu with a money market mutual funds that would not be allowed to impose gates. The Committee discussed the recommendation including the logistics of the transition, communication to participants of potential changes and the impact to the funds from future interest rate moves. Mr. Binkley and Mr. Tavares introduced some potential replacement funds, all of which can be recordkept on the Fidelity platform. The Committee asked AHIC to work with staff to further research options to present at the June meeting.

Recordkeeper Transition

Staff updated the Committee on the completion of the transition to Fidelity as the sole administrative provider. Staff and Fidelity continue to work on outstanding issues but the overall project has been successfully completed.

Investment Consultant Search

Staff updated the Committee on the pending RFP for an investment consultant. The RFP was issued in February 2016. A special meeting will be held the week of April 25th to interview finalists with an anticipated recommendation to the Fiscal Management Committee and Board of Education in May.

Next Meeting

The next quarterly meeting is scheduled for Friday, June 10, 2016 meeting at 12:30 p.m.

Upon a motion duly made and seconded, the meeting was adjourned at 12:55 PM.

Respectfully submitted,
Susan Lau

RESOLVED, that the Vanguard Federal Money Market be selected to replace the Vanguard Prime Money Market on the investment menu; and

RESOLVED, FURTHER, that the Chief Investment Officer, Marisa Grant, be hereby authorized and directed, in the name and on behalf of the Defined Contribution Investment Committee, to take such further action and execute such documents deemed necessary, appropriate and advisable to implement the foregoing resolution.

Minutes

The minutes of the February 12, 2016 meeting were reviewed. A motion was made for the approval of the minutes and it was seconded. The Committee unanimously approved the minutes.

Election of Officers

The bylaws call for three officer positions of the Committee to serve for one-year term: chair, vice-chair, and secretary. Upon a motion duly made and seconded, the following resolutions were unanimously approved:

RESOLVED, that the Committee re-elects Ms. DeGraba to serve as chair of the Defined Contribution Investment Committee for an additional term; and

RESOLVED, that the Committee re-elects Ms. Pia Morrison to continue to serve as vice-chair of the Defined Contribution Investment Committee for an additional term; and

RESOLVED, FURTHER, that the Committee re-elects Ms. Marisa Grant to continue serve as secretary of the Defined Contribution Investment Committee for an additional term.

Investment Consultant Contract Reward

Staff updated the Committee on the investment consultant RFP process and contract. The Committee had recommended the selection of RVK to serve as investment consultant for a term of three years. Upon approval by the Board of Education, RVK was awarded the contract and services will commence on July 1st, 2016. Details of the contract are currently being reviewed and discussed by RVK, staff, and general counsel.

Next Meeting

The next quarterly meeting is scheduled for Friday, September 23, 2016 in-person meeting at 12:30 p.m.

Upon a motion duly made and seconded, the meeting was adjourned at 1:15 PM.

Respectfully submitted,
Susan Lau

allocation of the plans, the investment performance, and the relative fund fees. The team discussed how the performance review should be focused on the long term with a monitoring of short-term results to see if they are in line with the funds' respective strategies. RVK updated the Committee on developments at the investment managers. The Committee discussed the results and inquired about several of the analyses presented. The Committee then reviewed the 12-month work plan presented by RVK.

Next Meeting

The next quarterly meeting is scheduled for Friday, November 18, 2016 via conference call at 12:30 p.m.

Upon a motion duly made and seconded, the meeting was adjourned at 1:15 PM.

Respectfully submitted,
Susan Lau

performance. The Vanguard TDF's are the default option on the investment menu. Over 92% of 403(b) participants and over 85% of 457(b) participants are invested in Vanguard TDFs. RVK does not have any concerns on the Vanguard TDFs at this juncture. The Committee discussed the report and the educational material available for participants to understand the funds better.

Investment Policy Statement

A discussion of the Investment Policy Statement was deferred to the subsequent meeting.

Election of Officers

The members of the Committee serve a three-year term. Susanne DeGraba, Chief Financial Officer of Montgomery County Public Schools, is an ex-officio member of the Committee. Ms. DeGraba was elected to serve as Committee chair beginning October 14, 2014 however she will retire on December 1. After a motion was made and duly seconded the following resolutions were unanimously passed:

RESOLVED, that Pia Morrison serve as chair of the Defined Contribution Investment Committee for the remainder of the term; and

RESOLVED, FURTHER, that Craig Pernick, serve as vice chair of the Defined Contribution Investment Committee for the remainder of the term.

Next Meeting

The next quarterly meeting will be determined shortly. It will be conducted via telephone conference.

Upon a motion duly made and seconded, the meeting was adjourned at 1:15 PM.

Respectfully submitted,
Susan Lau