

Defined Contribution Investment Committee
Montgomery County Public Schools Employees
Tax Sheltered Savings Plan and
Deferred Compensation Plan (“Plans”)

MINUTES OF THE QUARTERLY MEETING

June 9, 2023
(via videoconference)

OPEN SESSION

Committee Members Present: Susan Chen, Vice Chair
Craig Pernick, Chair
Robert Reilly
Oriole Saah
Dan Savino

Others Present: Cathy Jewell
Christy Kawa
Phoebe Kuan
Sean Meng
Mangala Murthy
Oleg Peltsman
Cristina Vidal
Sarah Boctor, RVK Inc.
Samia Khan, RVK Inc.
Trey PetersonWood, RVK Inc.

Call to Order/Approval of Minutes

Craig Pernick called the open session of the Defined Contribution Investment Committee (“Committee”) meeting to order at 1:06 p.m. The Committee reviewed a draft of the open minutes for the February 2, 2023, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

Committee Discussion

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 to serve as Chair, Susan Chen as Vice Chair, and Phoebe Kuan as Secretary of the Defined Contribution Investment Committee for a one-year term ending on June 9, 2024.

Investment Performance Analysis Q1 2023

Samia Khan presented the performance of public markets as of Q1 2023. Overall, the quarter delivered a positive performance, but volatility remains high due to the recent crisis of regional

banks, inflation, and the politics of the debt ceiling. The main drivers of performance were technology and growth stocks, while developed international markets outperformed the U.S. markets.

Sarah Boctor presented the MCPS Plans with current assets totaling \$1.52 billion, including \$1.32 billion in the 403(b) and \$200 million in the 457(b). Overall in Q1 2023, the actively and passively managed investment options tracked in line with or outperformed their related indices and benchmarks. Fees are in line with MCPS peers. Both plans qualify for lower Vanguard Institutional Index fund fee based on combined assets, and 2070 Vanguard target date option is planned to be added in Q4 2023. Staff will work with Fidelity to implement the changes. Under the current contract with Fidelity, no charge for up to two fund actions per year.

Annual Fee Benchmarking Review

Ms. Boctor presented the annual fee benchmarking review. RVK updated the committee that contract renewal negotiations with Fidelity are ongoing. RVK expected to finalize the review over the next weeks and to negotiate a new service agreement with Fidelity with a tentative effective date of 7/1/2023. MCPS Plans participants continue to have lower record-keeping, administration and investment management fees than the median peer group. In a review of the administrative budget, RVK estimated that MCPS has a surplus balance of \$724k, and therefore recommended a fee holiday for one quarter, which will reduce the surplus balance while lowering costs for participants. After discussion, a motion was made and duly seconded. The Committee unanimously approved the following resolution:

RESOLVED, that a fee holiday for one quarter in 2023 is approved for the Plans.

Closed Session

A motion was made to move to a closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into a closed session at 1:58 p.m.

Adjournment

Upon a motion duly made and seconded, the meeting was adjourned at 2:21 p.m.

Respectfully submitted,
Sean Meng