RETIREMENT BOARD ANNUAL REPORT
For the Fiscal Year July 1, 2025 – June 30, 2026

CHARTER AND MEMBERSHIP

The city's Retirement board operates under Chapter 15, Article VI, sections 15-82 through 15-89 of the Rockville City Code. Its responsibilities consist of:

1) General administration and operation of the Pension Plan
2) General administration and operation of the Retiree Benefit Trust and
3) General administration and operation of any Deferred Compensation Plans and other Retirement Plans offered by the city

The following seven members currently comprise the city's Retirement Board:

Name	Title	Term Ends
Mike Walsh	Chair & resident representative	May 1, 2028
Barry Jackson	City Council Member	n/a
Jeff Mihelich	City Manager	n/a
Darryl Parrish	Resident representative	February 1, 2029
Paula Perez	AAME representative	July 1, 2029
Greg Satterfield	AFSCME/Union representative	April 1, 2027
Chris Peck	Fraternal Order of Police representative	April 1, 2027

Stacey Webster, the city's Chief Financial Officer, serves as the Executive Secretary to the Board.

SERVICE PROVIDERS/ADVISORS TO THE BOARD

Bolton (Pension Plan and Retiree Benefit Trust actuaries)
Lincoln Financial Group (record keeper for the Thrift and 457 Plans)
BPAS Actuarial Pension Services (record keeper for the city's Pension Plan)
Principal Financial Group (historic record keeper for select retirees in the city's Pension Plan)
Segal Marco Advisors (advisors to the city's Pension, Thrift, 457 Plans, and the Retiree Benefit Trust)

BOARD MEETINGS AND CONSULTANT PRESENTATIONS

September 12, 2025

Mr. Christian Sevier of Segal Marco Advisors reviewed the performance of the Pension Plan, the Thrift and 457 Plans, and the Retiree Benefit Trust. He noted the ongoing underperformance against the benchmarks of i) the JPMorgan SMID Cap Equity I Fund in the Thrift and 457 Plans, and ii) the Harding Loevner LP fund in the Retiree Benefit Trust. Mr. Sevier indicated that the board should continue to monitor these investments and consider replacing them in the future if warranted.

Mr. Sevier also discussed the proposed changes to the Pension, Thrift/457 and Retiree Benefit Trust Investment Policy Statements. The changes were the result of the board's decision to adjust the asset allocation targets for the Pension Plan. Other changes to be incorporated as part of updated policy statements were primarily grammatical in nature.

The board discussed and unanimously approved the Retirement Board Annual Report for the fiscal year ended June 30, 2025, for submission by the September 30, 2025 due date.

November 14, 2025

Mr. Sevier reviewed the Pension Plan, the 457/Thrift Plans and the Retiree Benefit Trust. Regarding the previously-mentioned JPMorgan SMID Cap Equity I fund, the board unanimously approved a motion to terminate the Plans' participation in this fund, and investment balances included in it were either redirected to other funds by participants, or mapped to the Plans' Vanguard Mid Cap Equity Index fund.

The board reviewed the final changes to the Investment Policy Statements for the Pension, Thrift/457 and Retiree Benefit Trust and unanimously approved each of them.

Mr. Jim Ritchie of Bolton presented the annual Pension Plan Actuarial Valuation Report. The board unanimously approved a motion to accept Bolton's report.

Mr. Tom Vicente of Bolton provided an overview of the Other Post-Employment Benefits (OPEB) actuarial valuation to determine the city's contribution for the fiscal years ended June 30, 2027 and June 30, 2028. Mr. Vicente reported that the plan is over 100% funded for fiscal year 2027, thus there is no funding requirement for that fiscal year. The next valuation for the plan will occur in November, 2027. The board unanimously approved a motion to accept Bolton's report.

February 20, 2026

Mr. Sevier and Mr. Herb Marache of Segal Marco Advisors reviewed the performance of the Pension Plan, the Thrift and 457 Plans, and the Retiree Benefit Trust. In the review of the Pension Plan, Mr. Marache noted the recent underperformance of the State Street Small Cap

Equity Fund, and indicated that its performance will be monitored going forward. In the review of the Thrift/457 Plans, Mr. Marache referenced the Boston Trust Walden Small Cap Fund, and noted that its recent underperformance would also be monitored in the future.

May 15, 2026

Mr. Sevier reviewed the performance of the Pension Plan, the Thrift and 457 Plans and the Retiree Benefit Trust. In his review of the Retiree Benefit Trust, Mr. Sevier referenced the Harding Loevner LP fund's continuing underperformance relative to its benchmark. The board agreed that it is appropriate to consider alternative funds in this asset category, and planned to do so in the next meeting.

In a presentation to the board, Ms. Tatiana Hersh, the city's representative from the Lincoln Financial Group, discussed Lincoln's strategy, participant services and accomplishments. These included certain education and marketing tools that may be helpful to employees and retirees with respect to their investments.

FISCAL YEAR 2027 MEETING DATES

September 18, 2026
November 13, 2026
February 19, 2027
May 14, 2027