

Massachusetts Defined Contribution CORE Plan
Minutes
of the
Commonwealth of Massachusetts CORE Oversight Committee
December 7, 2023

The Commonwealth of Massachusetts CORE Oversight Committee (Committee), the fiduciary committee for the Massachusetts Defined Contribution CORE Plan (Plan), met, pursuant to notice, via video conference on December 7, 2023. Attending were James Antoine, Henry Clay, and the Chair David Lynch, being all the voting members of the Committee.

Also attending the meeting by invitation, and via video conference, were Sandra Desantis Lynch from the Office of General Counsel for the Office of the Treasurer of the Commonwealth of Massachusetts; Laura Rooney from the Office of the Treasurer of the Commonwealth of Massachusetts; Chris Behrns and Beth Halberstadt of Aon Investments USA Inc. (Aon Investments); Teresa Kruse of Aon Consulting, Inc. (Aon Consulting); and Marybeth Daubenspeck, Ashleigh Kester, Karl Kroner, Anthony Lipizzi, and Trish McGinity of Empower.

The meeting was open to the public.

With a quorum present, Mr. Lynch called the meeting to order at 10:00 a.m. Eastern Time.

The following materials, used throughout the meeting, were distributed in advance of the meeting, and displayed during the meeting as noted:

1. Meeting Agenda, Massachusetts CORE Plan Defined Contribution Oversight Committee, December 7, 2023 (Agenda);
2. Massachusetts Defined Contribution CORE Plan, Minutes of the Commonwealth of Massachusetts CORE Oversight Committee, September 26, 2023 (Minutes);
3. Quarterly Investment Review, Commonwealth of Massachusetts, Third Quarter 2023 (hereinafter, Document 1);
4. Annual Target Date and Objective Based Fund Review, Commonwealth of Massachusetts CORE Plan, December 7, 2023 (hereinafter, Document 2);
5. Self-Directed Brokerage Window Selection, Commonwealth of Massachusetts: CORE Plan, December 7, 2023 (hereinafter, Document 3); and
6. Massachusetts Defined Contribution CORE Plan, Oversight Committee Meeting, December 7, 2023 (hereinafter, Document 4).

Mr. Lynch advised attendees that the meeting was being conducted via video conference in accordance with the Acts of 2023 signed into law on March 29, 2023. He then noted the recording parameters under the Open Meeting Law M.G.L. c.30A, §§18-25 as amended. He inquired if anyone present was recording the session and no one identified themselves as making a recording. He advised all parties that should they be unable to hear during the meeting, they should bring that to his attention.

On a motion by Mr. Clay and seconded by Mr. Antoine, the Committee approved the minutes from the September 26, 2023 meeting. Roll call in favor of approval: Mr. Clay, Mr. Antoine, and Mr. Lynch.

Referring to Document 4, Ms. Daubenspeck reviewed the contents of the report, outlining the Plan's assets and contributions for third quarter 2023, total participant accounts over the previous 12-month period, and total employers that have adopted the Plan.

Mr. Kroner reviewed historical information from the Plan's inception in 2019 through present, including asset growth, contribution history, and plan participation. He noted participation rates have grown approximately 50% year over year, since 2019.

Ms. Halberstadt joined the meeting.

Mr. Lipizzi reviewed Plan operational initiatives, highlighting automatic notices that are provided to adopting employers to assist with plan administration. He reviewed communications and educational materials available to adopting employers, and advised the Committee of the top operational challenges affecting adopting employers.

Ms. Kester provided the Committee with an update regarding the number of participants using the managed accounts, online advice, target date, and Do-It-Yourself investment strategies.

Ms. McGinity led a discussion of the cyber security protections utilized by Empower, including efforts to prevent data breaches and unauthorized participant account access, and highlighted Empower's participant security guarantee.

The Empower team left the meeting.

Referring to Document 1, Mr. Behrns reviewed the information and reported on the following, among other matters, considering the Plan's Investment Policy Statement:

- The state of the capital markets and economy;
- Asset allocation in the Plan;
- Performance of the funds over various periods as compared to benchmarks, the impact of economic and market activity on the fund managers' strategies, and other developments with the current investments in the Plan;
- Investment management fees for the funds offered in the Plan as compared to medians for each specific asset class; and
- Aon's due diligence process in the selection and monitoring of the investments in the Plan.

Referring to Document 2, Mr. Behrns reviewed the material contained in the report, summarizing the current asset allocation for the Plan's objective-based funds and custom target date funds (TDF). Mr. Behrns stated that Aon will not make changes to the Plan's objective-based funds at this time, but discussed how the allocation may change in the future if the Plan's assets increase. He further noted that Aon does not believe an immediate change to the TDF is needed and any future analysis would be delayed until the Committee determines the most appropriate glide path manager for the Plan.

As a follow-up from the last meeting, Mr. Behrns provided background on the development of the TDF glide path, noting Aon currently manages the glide path for the TDF. Mr. Lynch informed the Committee of Alliance Bernstein's (AB) capabilities as a glide path manager, noting AB manages the glide path for an alternate Commonwealth of Massachusetts retirement plan.

On a motion by Mr. Clay and seconded by Mr. Antoine, the Committee agreed to recommend hiring Alliance Bernstein to manage the Plan's glide path risk level and asset allocation, noting that Aon will continue to manage the asset class implementation and manager selection. Roll call in favor of approval: Mr. Clay, Mr. Antoine, and Mr. Lynch.

Following discussion, based on the contents of the document and the best interest of the participants and beneficiaries in the Plan, Aon, in its role as the discretionary investment manager, addressed no changes to be made to the investments in the Plan at this time.

Referring to Document 3, Mr. Behrns reviewed the information in the report, comparing various aspects of the Empower and Schwab self-directed brokerage (SDB) options available to the Plan. The comparison included fees, available investment options, and automation, among other criteria. He further noted that Aon rates both brokerage capabilities as a "3" on a 1 - 3 scale.

After thorough discussion, and on a motion by Mr. Clay and seconded by Mr. Antoine, the Committee agreed to approve both the Empower and Schwab SDB options and delegated the selection of the platform that will be offered to Plan participants to Mr. Lynch and Ms. Rooney. Roll call in favor of approval: Mr. Clay, Mr. Antoine, and Mr. Lynch.

Ms. Halberstadt updated the Committee on Aon-involved litigation matters.

There being no further business to come before the Committee, the meeting was adjourned by unanimous vote of the Committee at 11:50 a.m. Eastern Time on a motion by Mr. Clay and seconded by Mr. Antoine. Roll Call: Mr. Clay, Mr. Antoine, and Mr. Lynch.


_____ Committee Member

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Date signed