

Massachusetts Defined Contribution CORE Plan
Minutes
of the
Commonwealth of Massachusetts CORE Investment Committee
December 3, 2018

The Commonwealth of Massachusetts CORE Investment Committee (the “Committee”), the fiduciary committee for the Massachusetts Defined Contribution CORE Plan (the “Plan”), met, pursuant to notice, at the offices of the Commonwealth of Massachusetts Treasurer and Receiver General in Boston, Massachusetts, on December 3, 2018. Present were Nick Favorito, David Lynch, and Henry Clay, being all voting members of the Committee.

Also present by invitation were Laura Rooney, Emily Robbins, Giuseppe Caruso, and Sarah Kim of the Commonwealth of Massachusetts and Beth Halberstadt, Chris Behrns, and Bridget Steinhart of Aon Hewitt Investment Consulting, Inc. (AHIC).

The meeting was called to order at 1:00 p.m. E.T.

The minutes of the September 21, 2018 meeting were approved.

Mr. Behrns previously distributed the following reports, copies of which are Attachments 1 through 4 to these minutes, respectively:

1. “ERISA Fiduciary and Governance Best Practices, Presentation to Commonwealth of Massachusetts Defined Contribution CORE Plan, December 3, 2018,”
2. “Target Date Fund Glide Path Evaluation, Commonwealth of Massachusetts, December 3, 2018,”
3. “Commonwealth of Massachusetts, Third Quarter 2018, Quarterly Investment Review,”
and
4. “Investment Policy Statement for the Massachusetts Defined Contribution CORE Plan.”

Referencing Attachment 1, Ms. Steinhart led the Committee in a discussion of fiduciary obligations under ERISA. Throughout the meeting there was extensive discussion among all present on the meaning and importance of fiduciary obligations under ERISA.

Ms. Halberstadt provided the Committee an update regarding two pending lawsuits in which AHIC was named as a defendant. Ms. Halberstadt reviewed the complaints against the plan sponsors and AHIC, and noted that lawsuits were still being reviewed by the courts. Ms. Halberstadt also informed the Committee of an SEC fact-finding inquiry related to AHIC’s marketing materials and custodial fees charged to clients.

Referencing Attachment 2, Mr. Behrns led the Committee in a discussion regarding the Plan’s custom target date funds. He noted that after an in-depth analysis by AHIC’s Qualified Default Investment Alternative (QDIA) team, changes to the glide path and asset allocation are required and would go into effect in the early part of 2019. Mr. Behrns also noted Aon would work with the Plan’s trustee, Global Trust Company, and recordkeeper, Empower, to implement the changes.

Referencing Attachment 3, Mr. Behrns reviewed the information reported on the following, among other matters, considering the Plan's Investment Policy Statement (IPS):

- The current state of the capital markets and economy
- Asset allocation and usage by participants of the investments offered in the Plan
- Investment management fees for all funds offered in the Plan
- Performance over various periods as compared to benchmarks, and other developments with the current investments in the Plan, considering AHIC's due diligence process in the selection, monitoring and replacement of sub-advisors within the Aon Hewitt Collective Investment Trust funds utilized by the Plan.

Following thorough discussion of the information contained in the report and considering the best interests of the participants and beneficiaries in the Plan, AHIC made no recommendations to change the investments in the Plan at this time.

Referencing Attachment 4, Mr. Behrns informed the Committee that he has performed a review of the IPS and is recommending that no changes be made to the existing document. After discussion, the Committee agreed to review in more detail and provide any comments at the next Committee meeting.

There being no further business to come before the Committee, the meeting was adjourned at 2:55 p.m.

Committee Member

Date signed