

Massachusetts Defined Contribution CORE Plan

Minutes of the Commonwealth of Massachusetts CORE Investment Committee March 23, 2021

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, via videoconference on March 23, 2021. Henry Clay, David Lynch, and the Chair Nicola Favorito, being all voting members of the Committee, were in attendance.

Also attending for all or part of the meeting via videoconference by invitation were Emily Robbins and Sarah Kim of the Commonwealth of Massachusetts Office of the Treasurer and Receiver General, and Chris Behrns, Beth Halberstadt, Ryan Murphy, Jennifer Paris, Sue Sinclair and Diane Smola of Aon Investments USA Inc. (“Aon”).

With a quorum present, Mr. Favorito called the meeting to order at 9:31 a.m. Eastern Time. Roll call: Mr. Clay, Mr. Lynch, Mr. Favorito.

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

1. Agenda for the March 23, 2021 CORE Investment Committee Meeting (“Agenda”);
2. Minutes of the December 18, 2020 CORE Investment Committee Meeting (“Minutes”);
3. Status Report to State Treasurer and Receiver General of the Commonwealth of Massachusetts (“Status Report”);
4. Commonwealth of Massachusetts, Fourth Quarter 2020, Quarterly Investment Review, (hereinafter, “Document 1”);
5. Aon Quarterly Update, Retirement Legal Consulting and Compliance, First Quarter 2021 (hereinafter “Document 2”); and
6. Defined Contribution Plans, Six Key Themes, Aon (hereinafter “Document 3”).

Mr. Favorito advised attendees of the recording parameters under Open Meeting regulations M.G.L. c. 30A, §§ 18-25. 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, they should bring that to his attention. Further, he informed the Committee that the meeting was being conducted via videoconference in accordance with the Order Suspending Certain Provisions of the Open Meeting Law, M.G.L. c. 30A § 20 issued by Governor Baker on March 12, 2020.

On a motion by Mr. Lynch and seconded by Mr. Clay, the Committee reviewed and approved the Minutes from the December 18, 2020 meeting. Roll call in favor of approval: Mr. Lynch, Mr. Clay, Mr. Favorito.

Mr. Behrns presented Document 1 to the Committee via videoconference. To start the discussion, he reviewed the Committee’s annual plan of meeting topics. He then

reviewed the report titled “Market Highlights” and provided details of the state of the overall economy, the domestic and international equity markets, the bond markets and other capital markets as of December 31, 2020 and February 28, 2021, respectively. The Committee and Mr. Behrns discussed recent and proposed federal economic stimulus packages and their potential influence on the capital markets and the Plan’s investments. During the conversation, Mr. Behrns and the Committee noted the Plan’s assets are approaching the needed thresholds that will allow the Plan to offer actively managed investments to participants and upon inquiry by the Committee discussed investment priorities once the assets reach the appropriate thresholds.

Mr. Behrns reported on the Plan’s asset allocation and performance of the investments as compared to benchmarks, and other relevant aspects of the funds offered, considering the Plan’s Investment Policy Statement. At the Committee’s prompting, Ms. Halberstadt and Mr. Behrns discussed the risks and considerations of modeling 5- to 10- year benchmarks based on the past performance of the Plan’s investment managers.

Mr. Behrns updated the Committee as to the progress of the implementation of the Plan’s custom target date fund changes approved by the Committee at the December 18, 2020 meeting. He noted that the first phase of the implementation was completed on February 1, 2021. At the Committee’s prompting, Mr. Behrns discussed Aon’s considerations, including but not limited to, short-term capital market assumptions, immediately prior to a fund reallocation or implementation that may influence the timing of the change. Mr. Behrns noted that Phase 2 of the changes are expected to be implemented on-schedule.

Mr. Behrns informed the Committee Aon conducted its annual review of the Plan’s Investment Policy Statement (“IPS”). Directing the Committee to the IPS in Document 1, Mr. Behrns discussed Aon’s approach to an IPS review and, noting the recent changes to the IPS adopted just a few months prior in November 2020, concluded that Aon had no more material changes to the IPS at this time. Upon inquiry from Mr. Favorito about anything relevant pending from Washington, D.C., Mr. Behrns noted the possibility of changes to proxy voting that Aon was monitoring. Mr. Favorito then referenced M.G.L. c. 32, s. 23(8) enacted January 14, 2021 related to the use of minority investment managers under the Pension Reserves Investment Trust within applicable investment policy guidelines. Mr. Behrns agreed to review the legislation.

Based on the information contained in the reports and considering the best interests of the participants and beneficiaries in the Plan, Aon made no additional recommendations nor articulated any other planned changes to the investments in the Plan at this time.

Ms. Halberstadt discussed the trends in plaintiff complaints and court decisions related to lawsuits against retirement plan fiduciaries and service providers. She also updated the Committee that there have been no further changes with respect to the ongoing Aon litigation matters with Schneider Electric, Lowes, FGA, Astellas and Centerra, noting that Aon continues to respond to inquiries.

Ms. Sinclair brought to the Committee’s attention the Plan Year 2020 Status Report to the Treasurer for the Committee’s consideration and approval. On a motion by Mr. Lynch and seconded by Mr. Clay, the Committee reviewed and approved the Status Report to the Treasurer. Roll call in favor of approval: Mr. Lynch, Mr. Clay, Mr. Favorito.

Ms. Sinclair then directed the Committee to Document 2 and discussed the articles in the report applicable the Plan and the potential impact they may have on the Plan, its participants and the Committee.

Mr. Behrns discussed Document 3 with the Committee explaining Aon's perspectives related to defined contribution plans for 2021.

The Committee considered whether presentations from the Plan's service providers should be added to the agenda of future meetings and, in the interest of time, deferred a decision to a later date.

There being no further business to come before the Committee, and with a comment that future meeting dates would be circulated, the meeting was adjourned by unanimous vote of the Committee at 11:03 a.m. Eastern Time on a motion by Mr. Clay and seconded by Mr. Lynch. Roll Call: Mr. Lynch, Mr. Clay, Mr. Favorite.

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Nicola Favorite

Committee Member

June 22, 2021

Date signed