

Massachusetts Defined Contribution CORE Plan

Minutes of the Commonwealth of Massachusetts CORE Oversight Committee May 31, 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 videoconference on May 31, 2023. Attending were James Antoine, Henry Clay, and the Chair David Lynch, being all the voting members of the Committee.

Also attending via videoconference by invitation were Sandra Desantis Lynch from the Office of General Counsel for the Office of the Treasurer of the Commonwealth of Massachusetts; Karen Guida, Caitlin Marksteiner, Kathleen McNamara, and Laura Rooney from the Office of the Treasurer of the Commonwealth of Massachusetts; and Chris Behrns, Beth Halberstadt, Ryan Murphy, and Sue Sinclair of Aon Investments USA Inc. (Aon); Michele Chalmers and Rachel Mahmood of CliftonLarsonAllen LLP (CLA); and Daisy O'Brien of the Georgetown Center for Retirement Initiatives.

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. Agenda for the May 31, 2023 CORE Oversight Committee Meeting (Agenda);
2. Minutes of the February 2, 2023 CORE Oversight Committee Meeting (Minutes);
3. Massachusetts Defined Contribution CORE Plan, Audit 2021 Results and 2022 Planning Presentation (hereinafter, Document 1);
4. Quarterly Investment Review, Commonwealth of Massachusetts, First Quarter 2023 (hereinafter, Document 2);
5. Commonwealth of Massachusetts: CORE Plan, Investment Structure Review, May 31, 2023 (hereinafter, Document 3); and
6. Internal Guidance on the Massachusetts 401K CORE Plan Remittance Window, Update as of May 12, 2023 (hereinafter, Document 4).

Mr. Lynch advised attendees that the meeting was being conducted via videoconference 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, they approved the minutes from the February 2, 2023 meeting. Roll call in favor of approval: Mr. Clay, Mr. Antoine and Mr. Lynch.

Ms. Chalmers directed the Committee to Document 1. She and Ms. Mahmood discussed the following topics with the Committee:

- Audit scope, audit results and required communications for the 2021 plan year;
- 2022 quarterly compliance testing scope and results;
- Audit plan overview for the Plan year ending December 31, 2022;
- Key areas of focus for the 2022 audit and quarterly testing; and
- Responsibilities of the Committee, staff and the auditor.

The Committee, Ms. Guida and Ms. Mahmood discussed the audit scope and process for the 2021 and 2022 plan years, including the processes used for the quarterly transaction compliance testing. The Committee, Ms. Chalmers, and Ms. Mahmood discussed best practices for multiple employer plan transaction testing. Ms. Rooney and Ms. Mahmood explained operational process enhancements that have been established because of the 2021 audit results and transaction testing for the first and second quarters of 2022. After thorough discussion of Document 1, Mr. Clay made a motion to approve the financial statements for the Plan year ending December 31, 2021. Mr. Antoine and Mr. Lynch seconded. The motion was approved via roll call: Mr. Clay, Mr. Antoine, Mr. Lynch.

Ms. Chalmers and Ms. Mahmood left the meeting.

Mr. Behrns referred the Committee to Document 2. He discussed the proposed workplan of agenda topics scheduled for the remainder of the year. Messrs. Behrns and Murphy 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, as of March 31, 2023;
- 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 for the quarter ending March 31, 2023 and the month ending April 30, 2023; and
- Investment management fees for the funds offered in the Plan as compared to medians for each specific asset class.

The Committee, Mr. Behrns, and Mr. Murphy discussed investment manager views on the Federal Reserve's future cuts to the Federal Reserve Rate.

Mr. Behrns directed the Committee to Document 3 and led the Committee in a discussion of the asset classes, types, and number of funds currently offered in the Plan. Throughout the discussion, the Committee and Mr. Behrns discussed the role of investments focused on Environmental, Social and Governance components within defined contribution plans in general and within the Plan's menu. Mr. Behrns discussed the product features and participant usage of a self-directed brokerage window (SDBW). The Committee, Ms. Halberstadt, and Ms. Rooney discussed several topics related to implementing a SDBW, including participant communications. At the Committee's request, Mr. Behrns discussed the potential addition of private real estate either within the fund menu or as a manager of an underlying fund. After thorough review of Document 3, Mr. Behrns recommended that no changes be made to the Plan's investment structure at this time.

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.

Ms. Halberstadt updated the Committee on Aon the following litigation matters:

- Lowes – an appeal is pending.
- Centerra – no changes since the previous Committee meeting.
- Aon has agreed to a settlement in principle, while acknowledging no wrongdoing, to the following cases:
 - First Group America
 - Schneider Electric
 - Astellas
- PSERS – litigation continues.

Mr. Lynch discussed Document 4 and explained the proposed changes related to timing of contribution submissions by participating employers. He proposed that contributions remitted by participating employers more than seven business days after the participant's payroll date will be considered late and subject to Plan's correction methodologies policy. Mr. Clay made a motion to adopt the proposed policy, Mr. Antoine seconded. The Committee voted via roll call: Mr. Clay, Mr. Antoine, Mr. Lynch.

There being no further business to come before the Committee, the meeting was adjourned by unanimous vote of the Committee at 12:00 p.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

Date signed