

Massachusetts Defined Contribution CORE Plan

Minutes of the Commonwealth of Massachusetts CORE Oversight Committee November 3, 2022

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 November 3, 2022. Attending were Henry Clay, David Lynch, and the Chair Nicola Favorito, being all the voting members of the Committee.

Also attending via videoconference by invitation were Sarah Kim and Elizabeth Morocco from the Office of General Counsel for the Office of the Treasurer of the Commonwealth of Massachusetts; Chris Behrns, Beth Halberstadt, Ryan Murphy, and Sue Sinclair of Aon Investments USA Inc. (Aon); John Fellin, Karl Kroner, and Trish McGinity of Empower Retirement; Angela Antonelli of the Georgetown Center of Retirement Initiatives; Ellen Breslow of AKF Consulting Group; and Kim Olson of Pew Charitable Trust.

With a quorum present, Mr. Favorito called the meeting to order at 10:02 a.m. Eastern Time. Roll call: Mr. Lynch, Mr. Clay and 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 November 3, 2022 CORE Oversight Committee Meeting (Agenda);
2. Minutes of the August 4, 2022 CORE Oversight Committee Meeting (Minutes);
3. Commonwealth of Massachusetts, Third Quarter 2022, Quarterly Investment Review (hereinafter, Document 1);
4. Draft Investment Policy Statement for the Massachusetts Defined Contribution CORE Plan (hereinafter, Document 2) and
5. Massachusetts Defined Contribution CORE Plan, Oversight Committee Meeting, November 3, 2022 (hereinafter, Document 3).

Mr. Favorito advised attendees that the meeting was being conducted via videoconference in accordance with the Commonwealth's Open Meeting Law, M.G.L. c.30A, §§18-25 as amended. He then noted the recording parameters under the Open Meeting Law. 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. Lynch and seconded by Mr. Clay, they approved the minutes from the August 4, 2022 meeting. Roll call in favor of approval: Mr. Lynch, Mr. Clay and Mr. Favorito.

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

- The state of the capital markets and economy, as of September 30, 2022;
- 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 September 30, 2022; and
- Investment management fees for the funds offered in the Plan as compared to medians for each specific asset class.

During the discussion, the Committee and Mr. Behrns discussed Aon's general approach to investment manager research and how the approach may change during periods of market volatility. The Committee also commented on participant balance transfer activity to and from the CORE Capital Preservation Fund during the third quarter of 2022.

Mr. Behrns informed the Committee that Aon has performed its annual review of the IPS and is recommending several changes, as outlined in Document 2. He reviewed the recommendations and after discussion, the Committee requested additional changes. Mr. Behrns agreed to update the draft document and send to Ms. Desantis Lynch for final review prior to Committee approval. The Committee noted they expect to consider the revised IPS at the next scheduled Committee meeting.

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. Kim left the meeting. Ms. Morocco joined the meeting.

Ms. Halberstadt updated the Committee on Aon litigation matters and noted that the cases involving FirstGroup America, Schneider Electric, and Astellas have been scheduled for trial in 2023 and the Centerra Group case is proceeding with discovery. The case involving Blue Cross Blue Shield Association (NEBC) was settled in August with no admission of liability on the part of Aon and in September NEBC and Aon each voluntarily dismissed all claims remaining in the action. Lastly, Aon has filed a motion to dismiss in the case involving Public School Employees Retirement System of Pennsylvania (PSERS.)

Mr. Fellin, Mr. Kroner, and Ms. McGinity joined the meeting. Ms. Halberstadt left the meeting.

Mr. Fellin, directing the Committee to Document 3, reported that as of September 30, 2022, the Plan had 1,337 participants across the 160 employers that had adopted the Plan. Ms. McGinity led a discussion of the report titled, "Cybersecurity Update," in Document 3 that included cybersecurity protections utilized by Empower, including efforts to prevent data breaches and unauthorized participant account access. Ms. McGinity explained Empower's response to the Department of Labor's cybersecurity best practices. Ms. McGinity and the Committee discussed Empower's approach to security testing and data storage.

The Committee asked Mr. Fellin to discuss the recent lawsuit filed against Empower regarding participants investing in Empower's proprietary managed account service. Mr.

Fellin informed the Committee that Empower is unable to comment on the case at this time.

The Committee scheduled the next meeting for February 2, 2023 at 10:00 a.m. Eastern Time.

There being no further business to come before the Committee, the meeting was adjourned by unanimous vote of the Committee at 11:30 a.m. Eastern Time on a motion by Mr. Lynch and seconded by Mr. Clay. Roll Call: Mr. Lynch, Mr. Clay and Mr. Favorito.



Committee Member

2/7/2023

Date signed