

Massachusetts Defined Contribution CORE Plan

Minutes of the Commonwealth of Massachusetts CORE Oversight Committee September 26, 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 September 26, 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; Caitlin Marksteiner, and Laura Rooney from the Office of the Treasurer of the Commonwealth of Massachusetts; and Chris Behrns, Beth Halberstadt, Teresa Kruse, and Ryan Murphy of Aon Investments USA Inc. (Aon); and Angela Antonelli 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. Meeting Agenda, Massachusetts CORE Plan Defined Contribution Oversight Committee, September 26, 2023 (Agenda);
2. Massachusetts Defined Contribution CORE Plan, Minutes of the Commonwealth of Massachusetts CORE Oversight Committee, May 31, 2023 (Minutes);
3. Quarterly Investment Review, Commonwealth of Massachusetts, Second Quarter 2023 (hereinafter, Document 1);
4. Alliance Bernstein Glidepath History (hereinafter, Document 2); and
5. Third Quarter 2023, Aon Quarterly Update, Retirement Legal Consulting & Compliance (hereinafter, Document 3).

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 May 31, 2023 meeting. Roll call in favor of approval: Mr. Clay, Mr. Antoine, and Mr. Lynch.

Referring to Document 1, Mr. Behrns provided an overview of the topics to be addressed during upcoming meetings.

Mr. Behrns and Mr. Murphy reviewed the information in Document 1 and reported on the following as of June 30, 2023, 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; and
- Investment management fees for the funds offered in the Plan as compared to medians for each specific asset class.

Mr. Behrns provided an overview of Self-Directed Brokerage Windows (SDBWs) in defined contribution plans, noting the merits and considerations to offering a SDBW. He reviewed typical design options including a full offering that may allow stocks, bonds, and mutual funds, compared to a mutual fund-only offering, and applicable participant fees. After thorough discussion, the Committee concluded, based on the information provided, that it would be in the best interest of the Plan's participants and beneficiaries to offer a SDBW. It was noted that Aon would provide an overview of the available SDBW platform options at the next meeting.

On a motion by Mr. Clay and seconded by Mr. Antoine, the Committee approved adding a SDBW, limited to mutual funds, to the Plan. Roll call in favor of approval: Mr. Clay, Mr. Antoine, and Mr. Lynch.

Continuing a discussion of Document 1, Mr. Behrns reviewed the allocations of the target date funds (TDF) available in the Plan. He provided background on the development of the TDF glide path, noting Aon currently manages the glidepath for the TDFs. The Committee discussed whether Aon should continue to manage the glidepath, or whether the glidepath should be unbundled from Aon and transitioned to Alliance Bernstein for management. Mr. Lynch provided background regarding Alliance Bernstein's (AB) capabilities, noting AB manages the glidepath for an alternate Commonwealth of Massachusetts retirement plan. Mr. Clay noted unbundling the TDF would provide greater transparency.

Referring to Document 2, Mr. Behrns reviewed the allocation differences between the Aon and the AB glidepaths. After discussion, the Committee agreed to review the TDF glidepath material further and requested the topic be added to the next meeting's agenda.

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-involved litigation matters.

Referring to Document 3, Ms. Kruse presented the information and led a discussion of the issues noted and the effect they may have on the Plan and the Committee.

There being no further business to come before the Committee, the meeting was adjourned by unanimous vote of the Committee at 11:00 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

Date signed