

Massachusetts Defined Contribution CORE Plan

Minutes of the Not-for-Profit Defined Contribution Committee January 9, 2023

The Not-for-Profit Defined Contribution Committee (the “Statutory Committee”) for the Massachusetts Defined Contribution CORE Plan (the “Plan”), met, pursuant to notice, via video- and teleconference, on January 9, 2023. Present were Statutory Committee Chair Treasurer Deborah B. Goldberg, and Statutory Committee members Donna Bonaparte, Jim Klocke, Noreen McMahon, and James “Chet” Riley, being all the voting members of the Statutory Committee.

Also present were Henry Clay, Emily Kowtoniuk, Sarah Kim, David Lynch, Caitlin Marksteiner, Joel Massa, Elizabeth Morrocco, Natasha Ralph, Laura Rooney, and Mary Wilkins from the Commonwealth of Massachusetts Office of the Treasurer and Receiver General (“Treasurer’s Office”); Lisa Cardinal, John Fellin, Karl Kroner, and Diane Lewis of Empower Retirement Services (“Empower”); Chris Behrns, Beth Halberstadt, and Sue Sinclair of Aon Investments USA Inc. (“Aon”) and Cesar Diago of the Georgetown Center of Retirement Initiatives.

The following materials were distributed via email to the members of the Statutory Committee in advance of the meeting:

- 1) Agenda for the January 9, 2023 Meeting;
- 2) Minutes from the August 29, 2022 Not-for-Profit Defined Contribution Committee Meeting (the “Minutes”);
- 3) Commonwealth of Massachusetts, Third Quarter 2022, Quarterly Investment Review (the “Investment Report,” prepared by Aon); and
- 4) Massachusetts Defined Contribution CORE Plan, January 9, 2023 Committee Meeting (the “Empower Report,” prepared by Empower).

With a quorum present, Treasurer Goldberg called the meeting to order at 10:45 a.m. Eastern Time.

Treasurer Goldberg noted that the meeting is being conducted via video- and teleconference call in accordance with An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency signed into law by Governor Baker on June 16, 2021 and extended on July 16, 2022 with “An Act Relative to Extending Certain State of Emergency Accommodations. Treasurer Goldberg advised attendees of the recording parameters under Open Meeting Law M.G.L. c. 30A, §§ 18-25 as amended. Treasurer Goldberg inquired if anyone present was recording the session, and no one identified themselves as making a recording. Treasurer Goldberg advised all parties that should they be unable to hear during the meeting, they should bring that to her attention.

On a motion by Mr. Riley, seconded by Ms. Bonaparte, the Statutory Committee approved the meeting minutes from the August 29, 2022 meeting and then confirmed via roll call: Mr. Riley, Ms. Bonaparte, Mr. Klocke, Ms. McMahon, and Treasurer Goldberg.

Mr. Behrns directed the Statutory Committee to the Investment Report and reviewed the state of the overall economy, the domestic and international equity markets, the bond markets, and other capital markets on September 30, 2022 and December 31, 2022. He commented on the Plan's performance through September 30, 2022 and November 30, 2022 and the factors influencing the performance across asset classes. During his review, Mr. Behrns reviewed the Plan's asset allocation through September 30, 2022 and the Plan's investment management fees for the funds as compared to medians for each specific asset class.

The Statutory Committee and Mr. Behrns discussed the Plan's investment performance and factors influencing it including the asset allocation and the makeup of the benchmark index for the Plan's target date funds. Mr. Behrns noted that the Plan's asset structure is reviewed periodically with the Commonwealth of Massachusetts CORE Oversight Committee ("Oversight Committee") and an evaluation of the target date funds' glidepath will be completed and presented to the Oversight Committee later in 2023.

Mr. Fellin presented the "Executive Overview" of the Empower Report, noting there were 165 adopting employers and 1,353 participants in the Plan. Mr. Kroner reviewed the Plan's asset growth, contribution history, participation, benefit payment distributions, website usage and the number of participants adopting managed accounts.

Ms. Cardinal reviewed the "Sales Update" section of the Empower Report and reported that thirty-nine new employers adopted the Plan in 2022. She discussed factors that led those employers to adopt the Plan. She reported the sales opportunities lost during the third quarter of 2022 and explained the possible reasons why the prospective employers did not adopt the Plan. Ms. Cardinal reported the foundational and targeted marketing activity deployed during the third quarter to expand awareness of the Plan to eligible organizations. She also noted the type of employer contribution selected by the new employers adopting the Plan. The Statutory Committee, Ms. Cardinal and Mr. Kroner discussed the influence of recommendations made by existing employers, terminated participants or partner organizations have had or may have on attracting new employers to the Plan.

Ms. Lewis summarized the "Q3 Marketing Plan Results" section of the Empower Report, reporting on the monthly campaign results and social media promotion of the Plan for the third quarter of 2022. She informed the Statutory Committee that a new webpage was added to the Plan's microsite in September 2022 and will keep the Committee apprised as to viewer engagement on the page.

Ms. Kowtoniuk and Mr. Lynch updated the Statutory Committee about the resubmission process for proposed legislation to change the definition of eligible employer for the Plan.

Treasurer Goldberg informed the Statutory Committee that the Treasurer's Office would contact them to determine a date for the next meeting.

There being no further business to come before the Statutory Committee, the meeting was adjourned at 11:45 a.m. Eastern Time on a motion from Mr. Klocke, seconded by Ms. Bonaparte. Roll Call: Mr. Riley, Ms. Bonaparte, Mr. Klocke, Ms. McMahon, and Treasurer Goldberg.