

Massachusetts Defined Contribution CORE Plan

Minutes of the Not-for-Profit Defined Contribution Committee June 14, 2022

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 June 14, 2022. 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, Nicola Favorito, David Lynch, Caitlin Marksteiner, Joel Massa, Stephen Moore, and Laura Rooney from the Commonwealth of Massachusetts Office of the Treasurer and Receiver General (“Treasurer’s Office”); Lisa Cardinal, Shelby Dobson, John Fellin, and Karl Kroner of Empower Retirement Services (“Empower”); Chris Behrns, John Flagel, Beth Halberstadt, and Sue Sinclair of Aon Investments USA Inc. (“Aon”); Angela Antonelli from the Center for Retirement Initiatives; Lisa Massena of Massena Associates LLC, Kim Olson from The Pew Charitable Trusts; and Aidan Yeaw from Ascensus.

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

- 1) Agenda for the June 14, 2022 Meeting;
- 2) Minutes from the March 22, 2022 Not-for-Profit Defined Contribution Committee Meeting (the “Minutes”);
- 3) Commonwealth of Massachusetts, First Quarter 2022, Quarterly Investment Review (the “Investment Report,” prepared by Aon); and
- 4) Massachusetts Defined Contribution CORE Plan, Q1 2022 Plan Review (the “Empower Report,” prepared by Empower).

With a quorum present, Treasurer Goldberg called the meeting to order at 12:05 p.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. 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. Klocke, seconded by Ms. McMahon, the Statutory Committee approved the meeting minutes from the March 22, 2022 meeting and then confirmed via roll call: Mr. Riley, Ms. Bonaparte, Ms. McMahon, Mr. Klocke, 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 through March 31, 2022. During this discussion, Mr. Lynch and Mr. Behrns discussed the impact the current economic environment has had on private real estate investments and the possibility of including the asset class in the Plan's investment strategies or structure in the future. They also discussed the opportunity to access core private real estate through the current discretionary advisory services contract with Aon and how the investment fees may differ from the traditional retail market. The Committee requested that Aon, at the next Statutory Committee meeting, present a discussion about active fixed income strategies, the role they fill within defined contribution plans and why the strategy may be beneficial to participants.

Mr. Behrns reported on the Plan's asset allocation and the performance of investments held in the Plan as of March 31, 2022 and April 30, 2022 and compared to benchmarks and other relevant aspects of the funds offered considering the Plan's Investment Policy Statement. He then compared the Plan's investment management fees to medians of the applicable peer groups. As part of this discussion, the Statutory Committee and Mr. Behrns discussed how inflation may impact Treasury Inflation Protected Securities. They also noted that the Federal Reserve is poised to increase interest rates in the immediate future.

Mr. Fellin presented the "Executive Overview" of the Empower Report and briefly discussed certain provisions of H.R. 2954, the Securing a Strong Retirement Act of 2021 (also known as "SECURE 2.0") and how those provisions may impact the Plan and its participants. The Committee and Mr. Lynch also shared their perspectives on various aspects of SECURE 2.0 and how it may impact the Plan.

Ms. Cardinal reviewed the "Sales Update" section of the Empower Report, noting six new employers adopting the Plan in the first calendar quarter of 2022. She discussed the factors attributing to those wins and the plan design adopted by the new employers. She reported that there were two sales opportunities lost during this same period and explained the possible reasons why the employers did not adopt the Plan.

Mr. Klocke praised the good work of achieving adoption numbers across the state, generally reflecting the percentage of nonprofits in the same geographic locations.

Ms. Dobson introduced herself to the Statutory Committee and reviewed the "Q1 Marketing Plan Results" section of the Empower Report. She reported on the monthly campaign results and social media promotion of the Plan for the first quarter of 2022. She noted that she would be providing recommendations for social media promotion strategies to the Plan's staff in the near future.

Mr. Fellin reviewed several participant usage metrics for the quarter ending March 31, 2022 including managed account activity and various metrics of engagement, including personalization of participant investing profiles.

At the prompting of Mr. Lynch, Empower reported that most participating employers in the Plan have chosen to pay the Plan's recordkeeping fee rather than pass some or all cost to participants, even though they are not required to do so.

Treasurer Goldberg provided concluding remarks to the Committee about the various challenges a volatile economy may have on participant savings activities. She also informed the Statutory Committee that potential dates and times for the next meeting will be circulated as soon as possible.

There being no further business to come before the Statutory Committee, the meeting was adjourned at 1:05 p.m. Eastern Time by a motion from Ms. Bonaparte, seconded by Mr. Klocke. Roll Call: Mr. Riley, Ms. Bonaparte Mr. Klocke, Ms. McMahon, and Treasurer Goldberg.