

Massachusetts Defined Contribution CORE Plan

Minutes of the Not-for-Profit Defined Contribution Committee March 10, 2020

The Not-for-Profit Defined Contribution Committee (the “Statutory Committee”) for the Massachusetts Defined Contribution CORE Plan (the “Plan”), met, pursuant to notice, at the offices of the John W. McCormack State Office Building in Boston, Massachusetts, on March 10, 2020. Present for all or part of the meeting were Committee Chair Treasurer Deborah B. Goldberg, and Committee members Donna Bonaparte (via teleconference), Noreen McMahon, and James “Chet” Riley. Committee member Jim Klocke was absent.

Also present were Giuseppe Caruso, Henry Clay, Nicola Favorito, Emily Kowtoniuk, David Lynch, Andrew Napolitano, Emily Robbins, and Alayna VanTassel from the Commonwealth of Massachusetts Office of the Treasurer and Receiver General; Lisa Cardinal, John Fellin, Karl Kroner and Liz West of Empower Retirement Services (Empower); and Chris Behrns, Beth Halberstadt, Sue Sinclair and Diane Smola of Aon Hewitt Investment Consulting, Inc. (AHIC). Mr. Behrns and Ms. Sinclair attended via teleconference. Toni Caushi of the Boston Business Journal attended the meeting in person.

Paper copies of the following materials were distributed to the members of the Statutory Committee at the meeting. All documents, except for the Empower Attachment, had also been distributed to the Statutory Committee in advance of the meeting:

- 1) Agenda for the March 10, 2020 Committee Meeting;
- 2) Draft minutes from the October 22, 2019 Not-for-Profit Defined Contribution Committee Meeting;
- 3) Commonwealth of Massachusetts, Fourth Quarter 2019, Quarterly Investment Review (the “Investment Report,” prepared by AHIC);
- 4) Massachusetts Defined Contribution CORE Plan, March 10, 2020 (the “Empower Report,” prepared by Empower Retirement); and
- 5) “Empower Retirement, SECURE Act Provisions” (the “Empower Attachment” prepared by Empower Retirement).

Noting considerations of time, the responsibility of the Statutory Committee to meet and the fact that the quorum would be met shortly, Treasurer Goldberg opened the meeting session without a quorum at 1:20 p.m. Eastern Time. Treasurer Goldberg added that the Statutory Committee would take no formal action or votes prior to the existence of a quorum.

Treasurer Goldberg advised attendees of the recording parameters under Open Meeting law M.G.L. c. 30A, §§ 18-25. Treasurer Goldberg inquired if anyone present was recording the session, and no one identified themselves as making a recording. Treasurer Goldberg then noted that Ms. Bonaparte, Mr. Behrns and Ms. Sinclair were participating in the meeting remotely. Treasurer Goldberg advised all parties that should they be unable to hear, they should bring that to her attention.

Mr. Behrns directed the Statutory Committee to the Investment Review report for the fourth quarter of 2019. He provided a market update, commenting on the economy through the fourth quarter of 2019 and the year-to-date market volatility. In response to an inquiry from Mr. Riley, Mr. Behrns noted that the market volatility has not caused any problem with participants' ability to transact within the Plan.

Ms. McMahon joined the meeting at 1:30 p.m. Mr. Behrns paused in his reporting. Treasurer Goldberg introduced Ms. McMahon, discussed her qualifications and swore her in as a member of the Statutory Committee. Treasurer Goldberg informed the Committee that a quorum of voting members was now present. Roll Call: Treasurer Goldberg, Mr. Riley, Ms. McMahon, and via remote participation, Ms. Bassett.

With a quorum present, Mr. Behrns continued providing the CORE Plan investment review and update. In the course of the review, he reported on the Plan's asset allocation and performance of investments held in the Plan as of December 31, 2019 as compared to benchmarks and other relevant aspects of the funds offered considering the Plan's Investment Policy Statement.

Treasurer Goldberg commented that she hopes by the next meeting that the market will be more settled. She also stated the importance of staying the course and the objective of this low cost Plan as a long-term investment.

The Statutory Committee reviewed and approved the minutes from the October 22, 2019 meeting. Roll Call: Treasurer Goldberg, Mr. Riley, and Ms. Bassett. Ms. McMahon abstained as she had only just been sworn in as a member of the Statutory Committee.

Mr. Fellin directed the Statutory Committee to the Empower Report. Mr. Fellin, Mr. Kroner, Ms. Cardinal and Ms. West reviewed the report and commented on the following areas:

- Assets of \$4.46 million at December 31, 2019 up from \$1.94 million at December 31, 2018;
- There are 103 participants using Managed Accounts through the Advised Assets Group totaling over \$726,000 in assets under management;
- Since its inception, the Plan had garnered 74 total verbal wins of new participating employers at the end of 2019; 6 additional wins year-to-date in 2020; and
- 2020 marketing campaign summary comprised of email campaigns, conferences, events and webinars, and social media content on LinkedIn, Facebook and Twitter.

Mr. Kroner also distributed the Empower Attachment to the Statutory Committee. Mr. Kroner noted that this provided a brief summary of key provision changes to retirement plans following passage of the SECURE Act.

Treasurer Goldberg shared with the other members of the Statutory Committee informal feedback received from nonprofit employers regarding their concerns about the current Plan limitation preventing employers with more than 20 employees from adopting the Plan. The Statutory Committee noted the potential for growth by allowing more employers to participate and increasing opportunity for employees to save for retirement. In addition to promoting employee savings, Mr. Lynch noted that 75% of the adopting employers had selected plan designs that include an employer contribution.

There being no further business to come before the Statutory Committee, the meeting was adjourned by roll call at 2:00 p.m. Eastern Time. Roll Call: Treasurer Goldberg, Mr. Riley, Ms. McMahon, and Ms. Bassett.