

Massachusetts Defined Contribution CORE Plan

Minutes of the Not-for-Profit Defined Contribution Committee March 14, 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 March 14, 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 Al Anzola, Kathryn Kougias; Emily Kowtoniuk, David Lynch, Sandra Desantis Lynch, Caitlin Marksteiner, Joel Massa, Natasha Ralph, and Laura Rooney 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 Angela Antonelli 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 March 14, 2023 Meeting;
- 2) Minutes from the January 9, 2023 Not-for-Profit Defined Contribution Committee Meeting (the “Minutes”);
- 3) Quarterly Investment Review, Commonwealth of Massachusetts, Fourth Quarter 2022 (the “Quarterly Investment Review,” prepared by Aon);
- 4) Monthly Investment Review, Commonwealth of Massachusetts, February 2023 (the “Monthly Investment Review,” prepared by Aon); and
- 5) Massachusetts Defined Contribution CORE Plan, March 14, 2023 Committee Meeting (the “Empower Report,” prepared by Empower).

With a quorum present, Treasurer Goldberg called the meeting to order at 10:30 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, as amend. 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 and seconded by Ms. Bonaparte, the Statutory Committee approved the meeting minutes from the January 9, 2023 meeting and then confirmed via roll call: Ms. Bonaparte, Mr. Riley, Mr. Klocke, Ms. McMahon, and Treasurer Goldberg.

Mr. Behrns directed the Statutory Committee to the Quarterly Investment Report and Monthly Investment Report and reviewed the state of the overall economy, the domestic and international equity markets, the bond markets, and other capital markets on December 31, 2022. He reviewed the Plan's performance through December 31, 2022 and February 28, 2023 and the factors influencing the performance across asset classes. During his review, Mr. Behrns reviewed the Plan's asset allocation through December 31, 2022 and the Plan's investment management fees for the funds as compared to medians for each specific asset class.

During the presentation, Mr. Behrns and the Statutory Committee discussed the failure of Silicon Valley Bank of Santa Clara, CA including the factors leading to its closure, the potential impact it may have on the Plan, its participants, and adopting employers. In addition, Mr. Behrns and the Statutory Committee discussed the performance of the Plan's target date funds. Mr. Lynch and Mr. Behrns discussed the potential for adding new asset classes to the target date funds and typical minimum investment requirements needed for the new asset classes.

Mr. Fellin presented the "Executive Overview" of the Empower Report, noting there were 170 adopting employers and 1,420 participants in the Plan. Mr. Kroner reviewed the Plan's asset growth, contribution history, participation, automatic enrollment details, website usage and the number of participants adopting and personalizing 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 the "wins," explained the opportunities the Plan did not win and, where feedback was available, the reasoning behind the prospects' decision. Ms. Cardinal reported the foundational and targeted marketing activity deployed during the fourth quarter of 2022 to engage eligible organizations with information about the Plan, including leads provided by Statutory Committee members and the Massachusetts Nonprofit Network. She also noted the type of employer contribution selected by the new employers adopting the Plan.

During the conversation, Treasurer Goldberg noted that at least one potential adopting employer inquired about the Plan, however, was unable to join because the organization employed twenty or more people. She reminded the Statutory Committee that a bill has been refiled in the Massachusetts Legislature to change the definition of eligible employer for the Plan.

Ms. Lewis summarized the "Q4 Marketing Update" section of the Empower Report, reporting on the monthly campaign results and social media promotion of the Plan for the fourth quarter of 2022. Ms. Lewis noted that the Plan's average "open rate" for email campaigns was approximately 26%. The Statutory Committee, Ms. Rooney and Ms. Lewis discussed the factors that may have influenced the "open rate." She also noted that LinkedIn ads used to promote the Plan direct users to the Plan's microsite.

Treasurer Goldberg informed the Statutory Committee that the next meeting is scheduled for June 8, 2023 at 11:00 a.m. Eastern Time.

There being no further business to come before the Statutory Committee, the meeting was adjourned at 11:30 a.m. Eastern Time on a motion from Mr. Riley, seconded by Ms. Bonaparte. Roll Call: Mr. Riley, Ms. Bonaparte, Mr. Klocke, Ms. McMahon, and Treasurer Goldberg.