

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

July 16, 2025

Boston Retirement Board

Conference Room 801, Boston City Hall

Boston, Massachusetts 02201

TRUSTEES IN ATTENDANCE: Thomas V.J. Jackson (Chairman); Karen T. Cross, Elected Member; Sally Glora, Mayoral Appointed Member; Scott Finn, Ex Officio Member; Sean F. Kelly, Elected Member.

STAFF IN ATTENDANCE: Timothy J. Smyth, Executive Officer; Christine M. Weir, Deputy Executive Officer; John F. Kelly, Investment Analyst; Natacha Thomas, General Counsel; Ellen M. McCarthy, Comptroller; Gregory Molina, Board Secretary.

ALSO IN ATTENDANCE: Michael Manning, Kiley Murphy, Michael Sullivan, Rob Goldthorpe of NEPC; Michael Dwyer, William Oates, Consultants; Brian Bowler, Stephen Georgacopoulos, Brendan Johnson, Christopher Lodge of Pension Technology Group; Christopher Wallace, Paul Wallace of Bay State Pension Solutions, Inc.; Ryan Raskopf, Pete Mitchell, Thomas Kelly of PennantPark; Ashok Nayyar, Mike Tamasco of MC Credit; Joel C. Francis of Ernest & Young; Janey Frank, Denise Henderson of BTU/RTC; Marilyn Marion, of Alliance for the Retired.

Convene

The Board voted unanimously via roll call (5-0) to enter the Administrative Session at approximately 9:00 a.m.

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; Member Kelly, Elected Member; Member Glora: Aye and, Chairman Jackson: Aye.

Motion accepted (5-0)

Past Minutes

Motion made, and seconded, to **accept** the Administrative Session Minutes of the 06/18/2025 meeting as presented.

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; Member Kelly, Elected Member; Member Glora: Aye and, Chairman Jackson: Aye.

Motion accepted (5-0)

Outstanding/Ongoing Administrative Issues: Timothy J. Smyth, Executive Officer

Pension Software Search

Pension Technology Group (PTG)

Mr. Lodge opened by introducing the staff and thanking the Board for having them come in. Mr. Johnson stated that in the presentation they will walk through the differentiation that they believe PTG brings for BRS. They had 9 in-depth meetings with the BRS team, comprising over 50 PTG person hours, to understand your needs and goals. The BRs needed increased Automation, particularly Final Average Salary (FAS) calculations and anti-spiking. Predictable Costs, you don't want to be charged time & materials. The system needs comprehensive ongoing support. Your issues need to be heard and addressed by a consistent and knowledgeable team. Software that works, promised features & functionality that work and implementation Certainty - adequate, knowledgeable team to work with a PMO and deliver in 13 months.

PTG senses you want a partner. BRS is our partner, not just a client. Here are their critical differentiators: Implementation - mutually aligned success with milestone payments; they will work with our PMO team. They have a team of 44 people (and growing) covering every important business function. Product, engineering, delivery, support, and client success. Subject Matter Experts, they have a team with significant Chapter 32 and TARP expertise. Long-Term Stability. They are majority backed by two families with over \$1 billion in assets for financial security and continued future investments. Secure, Scalable Modern Technology - 2025 Microsoft Azure cloud architecture vs competitors with 17+ year old legacy systems. Cost Certainty, fixed price implementation and expansive subscription coverage. Priority support, your requests are escalated to the top.

PTG has submitted the implementation of the proposal is a \$3,400,000 total fixed price milestone-based implementation cost. No T&M billing for scoped services. The PTG subscription consists of \$1,059,507 Year 1 Subscription, 3%/o annual increase, bug fixes included at no charge, product updates included in subscription, support included with your subscription cost, priority support with Chapter 32 experts, Dedicated support FTE option available if desired. Additionally, scheduling implementation and security were discussed.

Member Finn asked what would not be included in the subscription. Mr. Lodge answered that they do not think there is anything that they haven't

included. We listened to everything staff and consultants asked for and needed. In short, there is nothing that they are not including.

Mr. Smyth asked about 1099R changes and Mr. Lodge responded by stating that it included 1099R changes.

Member Glora asked about the legislative changes to Chapter 32. Mr. Johnson stated that an analysis would have to be done of those changes to see if any additional cost is needed.

Chairman Jackson asked if the BRS would be their biggest Massachusetts client. Mr. Johnson answered yes.

Mr. Johnson alerted the Board that PTG currently has a pending lawsuit with another Massachusetts competitor. Regardless of the outcome, according to Mr. Johnson PTG continues strong.

PTG, the Board and consultants discussed several issues including information needed, data transfer, conversion, timeline, 2000-hour cap on data conversion, documents that could not be shared with PTG at this time, PTG data population, data PTG needs in order to expedite implementation, data format, third party implementation partners, scoped and not scoped partners, PTG resources, staffing.

Bay State Pension Solutions, Inc.

Mr. Christopher Wallace opened by stating that he wanted to thank the Board and he expressed the desire to meet all the BRS needs. Mr. Paul Wallace stated that Bay State pension solution was incorporated in 2023 to focus on the Massachusetts Chapter 32 community. hrMecca, a sister company of Bay State was incorporated in 2006 and since then has stood up over 150 retirement systems and private sector organizations. It has over 1.7 million members/plan participants under administration. Public sector retirement boards on our platform exceed 120, with six state-level implementations in production. Currently, fourteen consultants work at Bay State with most of them having worked in the DB pension administration arena for decades. Bay State's staff have extensive experience with a wide range of scenarios and there is no administration provision, regardless of how complex or unusual, that our system or staff can't handle. Although Bay State is relatively new, it is a subdivision of hrMecca years. Bay State uses the administration platform developed by hrMecca as well as shares the implementation staff. focusing on Massachusetts Chapter 32. They have no debt

and have no outside funding, which Mr. Paul Wallace thinks is a huge asset. They answer to their clients, which includes UPS, Visa, Mastercard and American Express.

Mr. Paul Wallace continued by stating that the Bay State advantage is that they have the most experience of any service provider developing Chapter 32 administration solutions. They are a local company, incorporated in Massachusetts Bay State staff reside in MA or RI. All resources are in-house. No outsourcing/offshoring.

As for data security, the application built from the ground up to be Internet deployed. Bay State and hrMecca have received SOC 2 Type II certification. SOC is a widely recognized standard that ensures our company meets or exceeds today's rigorous security requirements. Bay State's SOC auditor is The Johanson Group, LLP (<https://www.johansonllp.com>). Mr. Christopher Wallace interjected to the Board that they should ask the other firms what their SOC certifications are.

Mr. Paul Wallace went on to state that Ntirety is our hosting provider (<https://ntirety.com>). They are SOC 2 Type II certified. Data is replicated to their Denver, Colorado data center in real time. IDology identity verification services (<https://idology.com>). Enzoic password auditing (<https://enzoic.com>). Database encryption. 256 AES ciphers ensure that sensitive data are protected. They utilize Amazon workspace desktops. Our consultants' desktops are in the Amazon "cloud" where they are fully protected and can't be lost.

Mr. Paul Wallace discussed the Core Administration Platform. While their implementations are highly customized, they all run on a proven, standardized core application. They do not have a difficult upgrade process that results in clients stranded on a prior version of our application. They upgrade clients to the latest version of our core administration platform when released, seamlessly and with no operational interruptions to the board. They own all their technology, as well as the development resources to maintain it.

Chairman Jackson asked how frequently Bay State updates its software. Mr. Paul Wallace responded once a month.

Chairman Jackson asked If the Board signs a contract sooner can the project be started sooner. Mr. Paul Wallace responded no, due to other obligations. Bay State proposed a two-year implementation timeline. Within that timeline Bay State will implement the following strategies to complete the first phase of the

project. These strategies consist of the following stages: Define record keeping requirements, build record keeping screens, program data and factor value conversions, draft employer import specs, program employer imports, define benefit calculation requirements, program benefit calculations, define ancillary calculation requirements, program ancillary calculations and the requirements gathering and specification development.

The Board, consultants and staff discussed the validity of both pension software proposals, vendors, timelines, operations, The Boston Retirement System's procedures, merger of two vendors, teachers, costs, proprietary information, litigation issue.

The Board decided to list their concerns and questions to both vendors and have them follow up with their recommendations to the Boards concerns. Also, review their SOC status and develop a three-year cost comparison within a weeks time.

Documents Presented: 1. Agenda of 07.16.2025 Administrative Session. 2. Administrative Session Minutes of 06.18.2025. 3. Bay State BRS proposal. 4. PTG BRS Proposal. 5. BRS Pension Software Comparison Summary 2025_0702 6. BRS Pen Soft Proposal Detail Grids 2025_0702 7. Thomas VJ Jackson - Disclosure of Appearance of Conflict of Interest form. 8. Thomas VJ Jackson - Email to City Clerk, Corporation Counsel and PERAC re filing of Disclosure form. 9. Directive from PERAC re contacting Deputy Audit Director Scott Henderson - 06.11.2025. 10. PERAC Memo 16-2025 re Tobacco Company List. 11. PERAC Memo 17-2025 re Revised Language for Benefit Calculation Approval Letters. 12. PERAC Memo 18-2025 re cyberattack. 13. PERAC Memo 19-2025 re updated member and beneficiary refund forms & IRS special tax notice. 14. PERAC Memo 20-2025 re Mandatory Retirement Board Training.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Private Debt Search

Ms. Murphy started by stating that the private debt search was issued in alignment with the annual pacing plan, which targets approximately \$100 million in private debt commitments for 2025. The search focused on three strategy types: credit opportunities, direct lending, and niche lending.

At today's meeting, two direct lending finalists will present as detailed below. The final portion of the search is niche lending, which will be reviewed in

August. Mr. Sullivan gave the Board an overview of the respondents' strategies and track record of both firms.

PennantPark

Mr. Kelly started by introducing himself and their staff. He went on by stating that the private credit space is crowded. In the last few years it's become relatively complex. At PennantPark, we have intentionally kept it simple. They focus on a very specific segment of the market. They are able to identify high quality businesses, structure deals that they think are very strong and deliver consistent results.

They are generating and giving loans on a first lien, first position basis to private equity backed companies. These are stable cash generating businesses who often utilize these loans to help them grow. They focus on mainly five sectors, government services, health care, technology, consumer goods and consumer services.

Mr. Mitchell then stated that the firm has over \$25 billion of capital deployed. The firm has a Core middle market focus. Target mid-sized companies they believe are often overlooked by other lenders, resulting in favorable lending terms. 240+ private equity sponsors that support their portfolio companies. With \$10 billion of AUM they have 81 team members across 7 offices. Miami HQ with offices in New York, Chicago, Houston, Los Angeles, Amsterdam, and Zurich.

Mr. Raskopf then presented that PennantPark Senior Credit Fund II [Unlevered / Levered] ("PSCF II") has a term 4-year investment period, 3-year Harvest Period. The target returns, Unlevered Portfolio: 8% to 10% Net IRR, levered portfolio: 11% to 13% Net IRR. The target leverages levered portfolio: 1.00x to 1.50x. The management Fee 1.00% (invested capital only). Incentive Fee 15%, payable only after return of capital + 5% / 7% preferred return (85% catch-up rate after the preferred return). Target distributions, unlevered portfolio: 6% to 8% annually, levered portfolio: 8% to 10% annually.

MC Credit Fund IV

Mr. Tamasco opened by stating that they are proud to be partnered with the BRS since 2020 investment in a prior vintage fund. The BRS is important to us. MC Credit Partners ("MC") is a \$4 billion + AUM alpha oriented alternative investment advisor that primarily provides senior secured loans to core middle market companies. MC manages complementary credit strategies, Core Middle Market Alpha-Based Direct Lending and BSL CLOs. Initially backed by the Yale

Endowment and Moore Capital, today the LP base is a diverse group of large institutional investors including state and local pension plans, corporate pension plans, Taft-Hartley plans, insurance companies and ultra-high net worth family offices.

MC's Complementary Strategies, Core Middle Market Alpha-Based Direct Lending; Loans and other capital to middle market companies that generate \$10mm to \$100mm or more of EBITDA. Unique and differentiated sources of returns vs traditional middle market direct lending 12 - 14%

Mr. Nayyar continued with the presentation by stating that they specialize in low-risk loans with 15+ years of strong risk-adjusted returns. The description of the business, the competitiveness of the business and management are all factors that are critical. Enhanced return potential vs traditional middle market direct lending while managing risk and focusing on downside protection. Their investment focus is primarily 1st lien senior secured loans to middle market companies. Directly originated and negotiated transactions which allows for private equity style due diligence.

MC employs a variety of differentiated tools to generate alpha including: Sourcing, Structuring, Documentation, Syndication Alpha, Restructuring Alpha and Designing a path to proper remedies on the front end in documentation, monitoring credit developments and acting decisively when credits underperform.

The Board and NEPC and Board staff discussed the funds' capacity, fees, IRR, levered vs non-levered, returns, allocations and experience of firms.

Motion made, and seconded, to award a \$25 million mandate to PennantPark's PennantPark Senior Credit Fund II.

Roll Call Vote: Member Cross: Aye; Member Finn: Aye; Member Kelly, Elected Member; Member Glora: Aye and, Chairman Jackson: Aye.

Motion accepted (5-0)

Asset Liability Study

Mr. Goldthorpe stated that NEPC gets the most recent information and liability along with updated asset forecasts. There are a few different reasons that we go through this process. The main ones are governance and education. They only do this every three to five years to see if there are any governance or liability change. This time it's more for governance. Key Takeaways; Asset-Liability

Details, NEPC Asset Allocation Approach, adding new asset classes and Developing policy ranges.

Optimal timing for an asset-liability study. We are up to date with the funding of the plan. Within five years they expect to be fully funded. Which is the goal of funding the plan to be 100% funded and maintain that funding. When you get 100% funding you don't need these large contribution numbers the system is already caught up to what you need. Let's say there is a retreat to maintenance level. What does that do to your cash flow? You go from a positive cash flow to a negative cash flow. That's normal, pension plans have to pay benefits. Given that, the system has liquid investments in the portfolio. The current asset allocation is appropriate and well-positioned to meet projected liabilities. The portfolio is strategically diversified to manage and reduce volatility. The goal of the pension fund is not to just maximize the returns. They want the System to diversify and maintain a consistent return that outperforms the assumed rate of return. BRS currently stands in a well-funded position and is on path to full funding in the near-term.

January 1, 2025 Funded Status (NEPC Estimate)

- Actuarial Funded Status: 89.0%
- Market Funded Status: 85.9%
- Along with its public pension fund peers, BRS has precipitously lowered its investment return assumption ultimately to 6.9% in 2022 while the public fund median sits at 7.0%.

A lower investment return assumption can improve financial stability due to less reliance on investment returns and a reduced potential of future contribution increases. However, this can increase liabilities, lower funded status, and increase contribution requirements in the near term. Determining the appropriate investment return assumption involves balancing potential trade-offs, and has a direct relationship to asset allocation. With full funding in sight in the next few years, net cash flow is expected to decline sharply as employer contributions are reduced to maintenance level. Typical steady state range for large public funds is between -2% to -4% net cash flow. The System's policy allocation is expected to provide additive returns above the investment return assumption over the long-term. 10-year expected return: 6.8%, 30-year expected return: 7.8%, Investment return assumption: 6.90%.

The Board and NEPC staff discussed cash flow, governance. Rebalance out of the asset class, Equity, fixed income and subclasses of investments, 100% funding, liability, interest rates, conservative asset allocation, public and private markets. Balancing the pension equation; All the complexities of pension plans boil down to the classic equation; Benefits (B), Expenses (E), Contributions (C), and Investment Earnings (I), $B + E = C + I$.

June 2025 Flash Report

Mr. Manning reported that the plan was +2.9% in the month of June 2025; +6.6% three-month period, +7.2% year to date; and, +10.5% in the one-year period.

Work Plan

NEPC has included an updated work plan with the meeting materials:

	JAN	FEB	MAR	APRIL	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
TOTAL PLAN												
Asset Allocation		AA Review Approved New Targets										
Other/ Education		NEPC Market Outlook		Approved Updated IPS								
TRADITIONAL												
Traditional Commitments		Terminated Crescent										
Traditional Review												
HEDGE FUNDS												
HF Review		<i>Presentations</i> Blackstone, Evanston, Grosvenor, Magnitude										
HF Commitments		Retained Blackstone & Grosvenor										
PRIVATE MARKETS												
PE/PD Program Planning	<i>Infra Finals</i> Blackstone, ICG, Macquarie	Pacing Plan		Issued PD Search	PD Search Review	<i>Credit Opps Final's</i> JFL, ICG, Sixth Street						
PE/PD Commitments	<i>Infrastructure</i> Blackstone - 20 Macquarie - 20					<i>Credit Opps</i> JFL - 20 Sixth Street - 20						
REAL ESTATE												
RE Program Planning		Pacing Plan			Issued Search							
RE Commitments												

Documents Presented: 1. NEPC 2025 07 Meeting Materials. 2. MC Credit Fund IV. 3. PennantPark Presentation. 4. NEPC 2025 06 ALM Study

The Board took a five-minute break and came back into the Administrative session at 11:00 a.m. Mr. Smyth returned to the agenda of Outstanding/Ongoing Administrative Issues:

Thomas VJ Jackson - Disclosure of Appearance of Conflict of Interest form

Mr. Smyth stated that there was a conflict of interest form for Chairman Jackson in the Board package. This has been filed with the Law department, the Retirement Board and City Clerk.

PERAC Memos, Reports and/or Forms for Board education:

- Directive from PERAC re contacting of Deputy Audit Director Scott Henderson - 06.11.2025;
- PERAC Memo 16-2025 re Tobacco Company List;
- PERAC Memo 17-2025 re Revised Language for Benefit Calculation.

Mr. Smyth pointed out to the Board that if they haven't done the disability votes from last month, please do so. He also noted that PERAC Memo 20, is training availability.

Outstanding/Ongoing Financial Issues: Ellen M. McCarthy, Comptroller

June 2025 Financial Snapshot

Ms. McCarthy reported the June 2025 pension payroll as follows: Contributory payroll: \$65,920,229; Contributory Payees 15,878; Non-contributory payroll: \$348,356; Total Non-contributory payees: 36; Regular Retirees: 31; Survivor/Beneficiary Retirees: 2; Disability Retirees: 4; Option C/Disb Surv 7; Members Refunds: 61 for \$1,796,270; Members Transfers: 22 for \$1,035,584; Option B Refunds: 0 for \$0; and, Operational Warrants: \$486,711.

BRS Employee Plan Audit Results

Mr. Francis stated that Our audit scope is consistent with what was planned. After completing our remaining procedures, we expect to issue unmodified opinions on the financial statements and required supplementary information and schedules of employer allocations and pension amounts by employer. Overall, the Plan's analysis for significant accounting matters is appropriate. Reasonable judgments and consistency have been used by management to account for accounting estimates.

Mr. Francis stated he needed to ask the Board if they were aware of any suspicious activities to cover any potential risk that the Board may have. He needs to ask for oversight. The Board members responded in the negative. No known suspicious activities.

Documents Presented: 1. June snapshot for calendar year 2025. 2. 05.25_Adjusting Entries Summary. 3. 05.25_Cash Disbursements Summary. 4. 05.2025_Cash Receipts Summary 5. 05.2025 BRS Cash Projections. 6. 05.2025 Direct Deposit Bank Account Statement. 7. 05.2025 MMDT Bank Account Reconciliation. 8. 05.2025 MMDT Bank Statement. 9. 05.2025 Operating Bank Account Reconciliation. 10. 05.2025 Operating Bank Account Statement. 11. 05.2025 Retirement Payments Bank Account Statement. 12. General Ledger_05.2025. 13. Trial Balance_05.2025. 14. Warrant_05.2025 15. Updated Boston Retirement System GASB 67_68 as of December 31_ 2024. 16. 2024 BRS Audit Results Book. 17. FS.01 - 2409-49563-CS_Boston_Retirement_System_2024_FS_v4. 18. FS.01.1 2409-49707-CS_Boston_Retirement_System_Employer_24_FS_v3.

Outstanding/Ongoing Operations Issues: Christine M. Weir, Deputy Executive Director

June 2025 payroll update

Ms. Weir provided an update on the payroll numbers for the month of June 2025:

42	Total possible retirements
32	Superannuation retirees
5	Death of an active member
5	Disability cases (Section 7)
33	Completed cases/to payroll
9	Didn't make it to payroll
7	Superannuation1
2	Disability cases not completed

Hero Act and Military Buyback

Ms. Weir stated that the system has received well over 200 military buyback applications, of which 48 cases were currently in QA, 96 were invoiced and sent out to the member, 55 cases activated on payments and 37 outstanding. The Board and staff discussed the qualification of reserve service military buyback. PERAC was consulted in the procedural process for reserve military members.

Vacation buybacks and recalculations

Ms. Weir informed the Board the outstanding vacation and CBA recalculations statistics.

Renovation of Room 816 update

Ms. Weir stated that they are on schedule for a beginning of August return.

Welcome back gratuity for staff

Ms. Weir sought approval for the purchase of a small gift for the staff upon their return. The Board approved the expenditure.

Documents Presented: 1. New Retirement Account Listing June 2025. 2. Project update.

Outstanding/Ongoing Legal Issues: Natacha Thomas, General Counsel

Ms. Thomas stated that there were no legal issues to discuss in the administrative session.


Adjourn from Administrative Session

The Board voted unanimously via roll call (5-0) to adjourn from Administrative Session and enter Executive Session at approximately 12:32 a.m.


Roll Call Vote: Member Cross: Aye; Member Finn: Aye; Member Kelly: Aye; Member Glora Aye; and Chairman Jackson: Aye.

Motion accepted (5-0)


Respectfully submitted,
BOSTON RETIREMENT BOARD



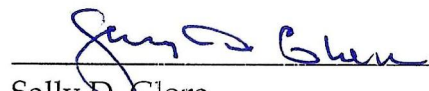
Thomas V.J. Jackson
Chairman



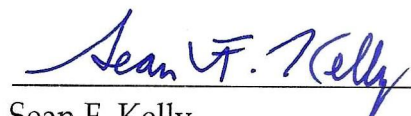
Scott T. Finn
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Sally D. Glora
Mayoral Appointed Member



Sean F. Kelly
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