

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

September 18, 2025

Boston Retirement Board

Board Room 816, Boston City Hall

Boston, MA 02201

TRUSTEES IN ATTENDANCE: Thomas V.J. Jackson, Fifth Member (Chairman); Karen T. Cross, Elected Member; Sally D. Glora, Mayoral Appointed Member; Scott M. Finn, *Ex Officio* Member; and, 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 of NEPC; Michael Dwyer, William Oates IT Consultants; John Delaney, Chris Creed of Galvanize; Thomas Hynes, Jay Braden, Tim Joyce of Mesirow; Dan Platt, Steve Migliero, Stephanie Fatzinger, of Pathlight; Janey Frank, Mary Ann Urban, James Phillips, Alice Young, Mae Bishop, Eduardo Rojas, Henry Daley, Denise Berkley of BTU/RTC.

Convene

The Board voted unanimously via roll call (4-0) to enter the Administrative Session at approximately 9:00 a.m.

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

Motion accepted (4-0) Member Finn arrived at 9:36 am.

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

COLA

The Board and Boston Retirement staff discussed the COLA, COLA Base, COLA extension, extension of COLA funding to increase the benefit to members and evaluations.

Cybersecurity Grant

Mr. Dwyer opened by stating that the Cybersecurity Grant Final draft with small revisions to the DeepSeas Incident Response Plan (IRP) document

have been received and we are in the process of closing out the vendor portion of the project. The final effort will be on awareness training for BRS staff and partners such as Health Benefits, Treasury, etc. There is about \$7,000 remaining on the grant to support awareness training, development and delivery.

Pension Software

Mr. Dwyer stated that the System has retained counsel Ice Miller provided a substantial revision to the contract documents (MSA / Master Services Agreement and Saas I Software as a Service agreement) to PTG on 9/11; a follow up meeting is expected shortly. The first Steering Committee meeting was held on 9/11 with representatives from BRS, Treasury, Audit, Health Benefits, DoIT and BRS Board members Glora and Finn.

Summary of Vendor Responses to Request for Quote (RFQ) for PMO (Program Management Office) Four vendors were identified as targets, and three proposed; SSG Solutions declined. Mr. Dwyer went on to state that all time goals were met. Publish RFQ to selected members, Sept. 3; Questions from vendors received by Sept. 10; BRS responded to vendors questions on Sept. 12; Vendors proposals received, Sept. 16.

While still reviewing proposal details and without factoring in references, the shared conclusions from Bill Oates and Mike Dwyer are as follows.

1. ACS appears to be a strong proposal overall at a competitive price
2. BerryDunn offered the best proposal but at a cost that is basically double that of the other competitors
3. PMO Partners specializes in PMO but is also a placement firm; they offered initial oversight on the PMO team until underway as opposed to a cohesive company approach. They have questions about the degree of subcontracting and will turn quickly to understanding any implications. ACS refers to a long-standing partnership with Elevate Technology Solutions; they are unsure at this time which roles are ASC employees, and which are Elevate.

Mr. Oates and Mr. Dwyer will each contact one of the two ACS references before making a final recommendation to the Board. Mr. Dwyer stated to the Board that he has an intern who is picking up anti-spiking, operations and other calculation formulas, who may be interested in becoming a tester and would come at half the cost of one of the two testers quoted in the vendor proposals. He would like to move forward in bringing her on as a fourth PMO. The Board directed him to go forward with confirming her interest.

QEBA Trust

Mr. Smyth stated that the next item on his agenda is QEBA Trust. This is a unique trust. The System started researching about five years ago, pre-Covid. The State Board and MTRS already have this set up. The purpose of this QEBA Plan is solely to provide the part of a Participant's Retirement Allowance that would otherwise have been payable by the Retirement System except for the limitations of Code Section 415(b). This QEBA Plan is intended to be a "qualified governmental excess benefit arrangement" within the meaning of Code Section 415(m)(3) and must be interpreted and construed consistently with that intent. This QEBA Plan is deemed a portion of the Retirement System solely to the extent required under, and within the meaning of, Code Section 415(m)(3) and Chapter 32 of the General Laws of Massachusetts. The Trust is established to receive contributions to provide the part of a Participant's Retirement Allowance that would otherwise have been payable from the Retirement System, except for the limitations of Code Section 415(b). Mr. Smyth does have some questions for Ice Miller and Comptroller McCarthy. More about administration and how we account for it. Once he gets the answers he will bring to the Board with a trust draft that has to be signed and voted on. Mr. Smyth thinks this is a good thing for the members.

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

Mr. Smyth informed the Board that there are PERAC memos in the Board package:

- PERAC 2024 Annual Report
- PERAC Pension News No. 69

Documents Presented: 1. Agenda of 09.18..2025 Administrative Session. 2. Administrative Session Minutes of 08.20.2025 3. Board Cyber and Pension Software 2025_0918. 4. 03A Ice Miller memo re Qualified Excess Benefit Arrangements 5. PERAC 2024 Annual Report 6. PERAC Pension News No. 69.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

Private Debt Search

Ms. Murphy opened by stating that the private debt search was issued in alignment with the 2025 pacing plan, targeting approximately \$100 million in commitments across credit opportunities, direct lending, and niche lending. Thus far, \$65 million has been committed: \$40 million to credit opportunities and \$25 million to direct lending. There is approximately \$35 million left to commit to private debt this year. At today's meeting, the niche lending finalists will present.

Galvanize - Capital Solutions Fund I

Mr. Daley opened by thanking the Board for their time. He went on to say Galvanize is structured to rapidly identify and execute investment opportunities created by the energy transition, across all sectors of the economy. Galvanize Credit & Capital Solutions/Private Credit & Capital is a tool that we use Senior debt, subordinated capital, & structured capital solutions for companies and projects facilitating the energy transition. The Galvanize model pairs top-tier institutional investment talent with our Impact team that has expertise across technology, science, market development, policy, and geopolitics.

Mr Creed went on to share that they believe climate-aligned companies are underserved by traditional lenders and capital providers. Target strategy size is \$2 billion (consisting of multiple feeder funds and SMAs). The investment objective is privately negotiated credit and other income-generating investments focused on energy demand, manufacturing, energy efficiency and climate resilience. The term is for 7 years from final close with an investment period of 3 years from final close (subject to customary extension options). The management Fee is 1.5% of invested capital with a carried interest of 20%, carried interest subject to a 7% preferred return. Distributions provide current income.

Mesirow - Specialty Finance VII

Mr. Hynes opened by introducing himself and Mr. Joyce and Mr. Braden and their professional background. Mr. Joyce stated that they count on a strong, consistent return history. They provide customized, asset-based financing solutions to consumer and small-business lenders backed by pools of short-duration, cash flowing collateral. They focus on Market Inefficiency, Downside Protection and Rigorous Credit Culture. They have achieved an 11.2% Unlevered Avg. Net IRR and 18.2% Levered Avg. Net IRR with 50+ transactions \$2B+ in commitments, a 3-year average loan maturity and an 0.18% Loss Rate. Mesirow Specialty Finance Fund VII has a \$350 million target size, 11-13% Net IRR Objective.

Mr. Braden stated that the Mesirow Specialty Finance Fund VII Fund is a closed end, commit and call structure, where incentive fees are paid (except for tax distributions) after investors receive a full return of capital, as well as a preferred return. Fund terms are 5 years from final close, investment period is 3 years from final close with a 20-30 target number of deals. The leverage target is 25% maximum with quarterly distributions realized net income attributed to LPs, the management fee is <\$25 mm: 1.50%; >\$25 mm: 1.35% (15% discount for investors in first close). Performance fee is 20%, over 7% preferred return with

100% catch up with a minimum investment of \$5m with a liquidity option of 2-year lockup from final close, quarterly redemption thereafter.

Pathlight - Capital Fund IV

Ms. Fatzinger opened by thanking the Board for having them as a presenter. She went on to introduce Mr. Migliero, Jr. and Mr. Platt. Mr. Platt stated that Pathlight Capital is a market leader in providing 1st and 2nd lien secured asset-based term loans ("ABL Term Loans") to companies headquartered in North America. The US asset-based lending ("ABL") market is growing rapidly generating 400+ ABL Term Loan opportunities per year.

They believe in being proactive, sourcing, creative structuring and having a strong reputation. The Pathlight team consists of 28 professionals with deep sourcing networks and specialized asset valuation and workout experience. Pathlight's track record of success consisted of 73 loans underwritten from 2012. Capital Fund IV's target size is \$1,500,000,000 with an investment Period of 3 years with a Fund term of 5 years. The targeted Net Fund IRR is 12-15% and the Targeted Yield Distributions are 10-12% of contributed capital annually on a quarterly basis. A management fee of 1.75% on invested capital and a performance fee after an 8% preferred return, 20% carried interest with an 80% GP catch-up.

The Board and NEPC staff discussed the responders and the strength of their proposal's performance and track record. Also discussed were the system's current relationship with current managers, fees, NEPC's ratings of managers, commitment amount, and Private Debt markets.

*Motion made, and seconded, to **allocate** \$25 million to Mesirow Specialty Finance VII fund and \$15 million to Pathlight Capital Fund IV.*

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

Motion accepted (5-0)

Private Equity Search

Mr. Manning stated that for the 2025 private equity search was issued in July and focused on secondaries strategies. The search received 25 responses in total, the proposed strategies vary in size, geography, and sector focus. NEPC recommends committing approximately \$35 million to the System's private equity program in 2025. The commitment amount is determined by the annual private equity pacing plan and does not include the Hamilton Lane allocation.

The Board and NEPC reviewed and discussed the respondents and decided to have Top Tier, Top Tier Venture Velocity V Fund; Lexington Partners, Lexington Capital Partners XI Fund and Capital Dynamics's Global Secondaries VII Fund in to present in January.

August 2025 Flash Report

Mr. Manning reported that the plan was up +1.9% in the month of August 2025; +9.5% year to date; and +9.6% in the one-year period.

Work Plan

NEPC included an updated work plan with the meeting materials.

Documents Presented: 1. NEPC 2025 09 Meeting Materials. 2. Galvanize Capital Solutions Fund I. 3 presentation. Mesirow Specialty Finance Fund VII presentation. 4. Pathlight Capital Fund IV presentation.

Administrative Session Minutes

Motion made, and seconded, to accept the Administrative Session of the August 20, 2025 meeting as presented.

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

Motion accepted (5-0)

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

August 2025 Financial Snapshot

Ms. McCarthy reported the August 2025 pension payroll as follows: Contributory payroll: \$67,542,839; Contributory Payees: 15,879; Non-contributory payroll: \$348,371; Total Non-contributory payees: 36; Regular Retirees: 57; Survivor/Beneficiary Retirees: 1; Disability Retirees: 5; Option C/Disb Surv: 6; Members Refunds: 86 for \$1,289,268; Members Transfers: 9 for \$677,118; Option B Refunds: 4 for \$355,072; and, Operational Warrants: \$1,162,607.

Ms. McCarthy stated that the Board will find in their packet all the financial reports including the cash projections which reflects the cash actuals for July. The appropriation for all units came in for FY26, except for BHA.

Mr. Smyth asked if there was an update on the PERAC audit. Ms. McCarthy stated that they have completed the audit, and they have reached out to set up an exit meeting at the end of September.

Documents Presented: 1. August 2025 Financial Snapshot. 2. 07.2025 BRS Cash Projections 3. 07.2025 Direct Deposit Account Statement 4. 07.25_Cash Disbursements Summary 5. 07.25_Adjusting Entries Summary 6. 07.25_Cash Receipts Summary 7. New Retirement Account Listing_20250724031351 8. 07.2025 Retirement Payments Account Statement 9. 07.2025 Operating Account Statement 10. Warrants Paid_07.2025 11. Trial Balance_07.2025 12. General Ledger_07.2025 13. 07.2025 MMDT Bank Account Reconciliation 14. 07.2025 Operating Account Reconciliation.

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

September 2025 payroll update

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

79	Test cases
14	Superannuation cases did not make it
7	Accidental disability
7	Rollover cases
1	Pre-Retirement Death
64	Superannuation cases
50	Superannuation cases made it

HERO Act and Military Buyback

Ms. Weir stated that staff have sent out multiple invoices to members and the members are not responding with paying their bill. She has been sending emails informing the members regarding the issue and noting their files. Mr. Smyth and I were strategizing this morning to get the numbers. Members must pay their bill and be in agreement for us to go forward. The System was after the August date, but we gave them 30 days because it was not fair to them that we were late giving them their invoice.

Staff and the Board went on to discuss the buyback process, timelines, backlog, manual email notifications, Police and Fire notifications and options for the members.

Vacation Buyback / CBA Recalculations

Ms. Weir stated that the Systems payroll is usually cut off in the third week of the month we still have another week for payroll. So, these September numbers are what we have to date. These numbers will increase because we have not cut off the September payroll.

Mr. Smyth added that the completion numbers just came in this morning and wanted to give the Board a sense of where the System is in processing. Police 63%, Fire 58%, BHA 20%, SENA Union 46% and all others around 20%. They will go higher by the first week of October.

Documents Presented: 1. HERO Act/ Military Buyback and Vacation Buybacks and recalculations 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 11:10 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



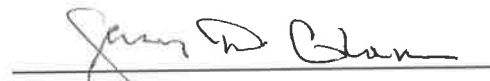
Thomas V.J. Jackson
Chairman



Scott M. Finn
Ex Officio Member



Karen T. Cross
Elected Member



Sally D. Glora
Mayoral Appointed Member



Sean F. Kelly
Elected Member