

MINUTES OF BOSTON RETIREMENT BOARD

Administrative Session

November 19, 2025

Boston Retirement Board

Board Room 816, Boston City Hall

Boston, Massachusetts 02201

TRUSTEES IN ATTENDANCE: Thomas V.J. Jackson (Chairman); Karen T. Cross, Elected Member; Sally D. Glora, Mayoral Appointed Member; Scott M. 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: Kiley Murphy, Michael Sullivan of NEPC; Ethan Bing, Marcia Glass of Starwood; Justin Metz, Patrick Sweeney, Jen Kegan of Related; Sean Barber, Owen Burns of Hamilton Lane (Via teleconference) Michael Dwyer, Consultant; Janey Frank, Denise Berkley, Mae F. Bishop of BTU/RTC.

Convene

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

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

Motion accepted (5-0)

Administrative Session Minutes

Motion made, and seconded, to accept the Administrative Session of October 22, 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 Administrative Issues: Timothy J. Smyth, Executive Officer

Standardized agenda items and meeting dates for CY26

Mr. Smyth presented to the Board proposed standard agenda items and meeting dates for CY2026 to be filed with the City Clerk. The Board and staff

reviewed meeting dates and decided to change June and July Board meeting dates to June 18 and July 22, 2026.

Memorandum to Employer Units relative to statutory change to definition of wages and workers compensation benefits

Mr. Smyth thanked Member Glora for forcing this issue in response to a PERAC Memo relative to statutory changes to the definition of "wages." Discussion was had relative to earn codes and use of accrued time by members, as well as impact of workers compensation benefits.

PERAC Memorandae

Mr. Smyth presented the following PERAC Memorandae for educational purposes only:

- PERAC Memo 27-2025 re FY27 Appropriation Questionnaire;
- PERAC Memo 28-2025 re Sec 100 benefits and COLA;
- PERAC Memo 29-2025 re new pension fraud poster;
- PERAC Memo 30-2025 re follow-up to Memo 28-2025;
- PERAC Memo 31-2025 re pension forfeitures; and,
- PERAC Memo 32-2025 re Free Cybersecurity Training.

Documents Presented: 1. Administrative Session Agenda of 11.19.2025. 2. Administrative Session Minutes of 10.22.2025. 3. Meeting Dates and Standard Agenda for CY26. 4. Memo to Employer Units re statutory change to definition of wages in workers comp cases - 11.17.2025. 5. PERAC Memo 27-2025 re FY27 Appropriation Questionnaire. 6. PERAC Memo 28-2025 re Sec 100 benefits and COLA. 7. PERAC Memo 29-2025 re new pension fraud poster. 8. PERAC Memo 30-2025 re follow-up to Memo 28-2025. 9. PERAC Memo 31-2025 re pension forfeitures. 10. PERAC Memo 32-2025 re Free Cybersecurity Training.

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

October 2025 Financial Snapshot

Ms. McCarthy reported the October 2025 pension payroll as follows: Contributory payroll: \$68,232,488; Contributory Payees: 15,966; Non-contributory payroll: \$348,371; Total Non-contributory payees: 36; Regular Retirees: 114; Survivor/Beneficiary Retirees: 2; Disability Retirees: 3; Option C/Disb Surv: 4; Members Refunds: 96 for \$ 1,736,547; Members Transfers: 9 for \$302,215; Option B Refunds: 2 for \$ 5,861; and, Operational Warrants: \$673,777.

Operating Budget for CY26

Ms. McCarthy informed the Board that the 2026 budget that is in their package to review today. In comparison to the 2026 budget, it increased by 26% from the 2025 budget. The personnel increased 22%, which points to BRS now being responsible for health insurance and Medicare payments for staff. That's part of the 22% increase which in prior years we were not responsible for. As of July of 2025 that charge started to show up on the payroll reports. Going forward we are now responsible for these expenses. It was noted that health insurance costs roughly \$600,000 a year and Medicare is roughly \$75,000 a year for employees, which has been added to our budget. Also, it relates to CBA expectations for all staff. Technology increased by 125% from 2025. The increase is related to pension software vendor negotiations that we're currently undertaking with the Board. The estimated transition and startup costs per the vendor's proposal for 2026 is \$5 million. Sometimes positions are left open or are for upgrades/promotions or anything like that but sometimes they're filled with new employees. Different areas in the department could use positions. They might get filled during the year. They might not get filled. When we talk about where there are gaps in staffing and where we could possibly use different staff. At one point we had 53 employees.

Along with the pension software transition cost, there is a project manager office cost of \$1 million also associated with the potential software upgrade. The two costs have added \$6 million to the budget creating a large increase over calendar year 2025 and that \$5 million related to the pension software is obviously just for costs related to 2026. The proposed contract they have is a multi-year one. So, we're only including money that we would be responsible for in 2026, but overall, it's a higher contract than the \$5 million. Finance had less than 1% change and primarily due to the slight offsetting of increases in audit services and actuarial services contracts for 2026. So, there are slight increases and decreases in the expected costs for 2026. Legal and disability increased 6%. The increase reflects a slight increase in our outside legal costs which is directly related to the current contract increase. They have a multi-year contract that does increase each year. So, it's a slight increase with the legal staff. There was also a slight increase due to the addition of a fourth quarter hearing officer. We previously had three and the legal department hired a new hearing officer to assist in the fourth quarter. On the budget you'll see legal counsel, disability hearing offices, those are all contracted amounts that are for 2026. The \$464,000 and \$130,000 for disability and \$90,000, are all vendors that have contracts with us. That has to be put on there as a potential expense. Will they reach that? Maybe, obviously not, it doesn't look like Sacco will. The hearing officers, they're pretty close to it and some of them were

getting a little high there and it became necessary to hire a fourth one from legal so those are contracted amounts that have to be on there.

General office expenses decreased 60%, which is primarily due to the completion of the office renovations which were completed in budget year 2025. So that's the explanation of the budget. You'll see the details are there for the actuals to budget year and then there's a brief synopsis at the end with the budget actuals. It's just in total by each unit. Actuals were \$9.8 million the budget was 15.74. As I said it's only three quarters worth of actual reporting as this budget was put together after 3 quarters. It doesn't have the fourth quarter data in there. But those are the total actuals to budget and personnel staff at the end.

Motion made, and seconded, to accept the CY26 operating budget 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)

Documents Presented: 1. October 2025 Financial Snapshot. 2. 09.25_Adjusting Entries Summary 3. 09.2025 BRS Cash Projections. 4. 09.25_Cash Disbursements Summary 5. 09.25_Cash Receipts Summary 6. 09.2025 MMDT Bank Account Statement 7. 09.2025 MMDT Bank Account Reconciliation 8. 09.2025 Operating Account Reconciliation 9. 09.2025 Operating Bank Statement 10. General Ledger_09.2025 11. Trial Balance_09.2025 12. 09.2025 Retirement Payments Bank Statement 13. 08.2025 09.2025 Direct Deposit Bank Statement 14. Warrants Paid_08.2025 15. Boston Final Audit Report 18-21 16. Boston Retirement System proposed operating budget for CY26 17. Boston Retirement System 2026 budget presentation detail 11-6-2025.

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

October 2025 payroll update

Ms. Weir provided an update on the payroll numbers for the month of October 2025, as follows:

- 130 possible superannuation retirements;
- 1 possible pre-retirement death;
- 4 possible disability cases;
- 124 completed on payroll last October;

11 Members did not make payroll for various reasons, including failure to return final papers in a timely fashion, one member rescinded his retirement and some needed additional information.

Backlog Update

As to military buybacks due to the HERO Act, Ms. Weir noted the following statistics:

59	Cases currently in QA
281	Completed
49	Not vested
97	Invoices that need to be paid.

As to CBA and annual vacation leave buyback recalculations, Ms. Weir noted that Police are 75% completed; Fire are 67% completed; BHA are 20% completed; SENA are 73% completed; and all others (mostly Mayor's Office) are 28% completed.

Documents Presented: 1. Project update Board Meeting November.

Outstanding/Ongoing Investment Issues: John Kelly, Investment Analyst

*Hamilton Lane STG Allegro II, L.P. Boston Retirement Board Recommendation
Hamilton Lane Separately Managed Account recommendations*

Mr. Burns stated that he had just one recommendation for the PE portfolio which is STD Allegro II. Boston has an existing relationship here. You've made several past investments with them. You started your relationship with them by investing in the first Allegro fund in 2021 and you furthered that relationship by making an investment in the seventh fund in 2023. So, the Allegro fund and the main fund from the same GP STG are differentiated by revenue size of the companies they're targeting. So, any company has over \$50 million in revenue, that's going to go to the main flagship Under \$50 million in revenue, that's going to go to this Allegro fund.

Motion made, and seconded, to allow Hamilton Lane to invest \$5 million in STG Allegro II, L.P. as recommended.

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

Motion accepted (5-0)

Opportunistic Real Estate Search

Mr. Sullivan started by stating that the real estate search was issued in alignment with the 2025 pacing plan, targeting approximately \$90 million in

commitments across debt, opportunistic, and value-add strategies. At the October meeting, the debt finalists presented, and the Board voted to commit \$20 million to Tristan Capital. At today's meeting, the opportunistic finalists will present as outlined below. The final portion of the search will be the value-add presentations, which will take place in December and February.

Ms Murphy then stated this first fund, Related, is going to focus on sectors resilient to digital disruption, with a diversified strategy based in US and Canada. They're looking to raise \$2.5 billion and are targeting a 14% return. Starwood is also a diversified fund, and they focus on high growth opportunities and that's on the global scale so a little bit different. They're raising a bigger fund, last time we checked \$6 billion, so it seems large, but they are more than halfway through and they're targeting a slightly higher return of 14- 16%. Both funds are one rated by NPC. They're on our focus placement list. The System has not previously invested with either of these managers.

Related - Real Estate Fund IV

Mr. Metz opened by stating that we are a real estate investment company. That's all we do is real estate. They don't do anything else. They are operators, which means we do significant work on the real estate to improve it. They're not a large asset management firm. They invest a significant amount of our personal capital into these funds and we're very focused on capital preservation.

What they want to talk to the Board about today is their fourth best ideas fund, our flagship fund and basically what they do in this fund is they acquire underperforming and distressed assets and then they use our real estate capabilities to improve the asset and transform it into a core cash flowing asset. Then they assemble a portfolio of these assets.

The nice thing about the fund is you're actually stepping into a big gain. The day after closing, you get a 19% markup. So, the opposite of a normal fund where you get a J curve, it takes a while to appreciate. They play in the middle market above local operators that are good at smaller transactions and below the big funds that are great at making large transactions. There's not that many groups in the middle, so they have less institutional competition.

The strategy targets three main areas: assets priced below replacement cost, recapitalizations with ownership issues, and value-add plans for underperforming properties. Fund IV may also pursue special situations,

including corporate or entity-level investments. They're looking to raise \$2.5 billion and are targeting a 14% return.

Starwood - Distressed Opportunity XIII

Ms. Bing opened by stating that she'll give the Board a background on Starwood in general and then give more detail on their 13th opportunistic fund series. Starwood, who has been focused exclusively on real estate and real estate-related investments for over 30 years. They currently manage \$125 billion in assets under management. They do that from 20 global offices. They bring a tremendous amount of scale to their investment strategy.

This fund and their strategy at large can lean into equity or credit, any of the property sectors and into the global markets as well. That is a really key and important aspect of their strategy. They are always looking for the best risk-adjusted return wherever that might be at a given place in the market cycle and that's worked really well in terms of capturing opportunities in this fund series. Another really important element that you should understand about this fund is that this is really the best idea across all of Starwood. They have no competing capital nor other funds that are pursuing this opportunistic profile.

They are targeting a fair amount of distressed properties and work closely with their partners in Europe and APAC. They're not focused on target allocations for sectors or in regions. They have an idea where they think the sort of fund composition will ultimately land based on how they see the opportunity to set capabilities of those sectors and across those regions. But really what they're focused on is the best relative risk award and they will be overweight where they see the best opportunities.

The Board, staff and NEPC staff discussed the responders and the strength of their proposal's performance and track record. Also discussed were the system's non relationship with these managers, their fees, NEPC's ratings of managers, commitment amount, and Boston Real Estate market.

Motion made, and seconded, to allocate \$20 million to Related Real Estate Fund IV.

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

Motion accepted (5-0)

Emerging Market Debt Search Review

The blended emerging market debt ("EMD") search was conducted in accordance with the seven-year search requirement. The System maintains a 3% target allocation to EMD, which is currently managed by Aberdeen. In today's materials, NEPC has included the list of respondents along with additional analysis on a subset of respondents and Aberdeen.

They received 25 responses. Aberdeen has done quite a good job for you. The Board discussed respondents with NEPC and BRS staff and decided to have Aberdeen, Artisan and Gramercy come to the March 2026 meeting for the emerging market debt presentations.

2025 Flash Report

Mr. Sullivan reported that the plan was up +0.9 for the month of October, and +13.0% year to date and 13.3% in the one-year period.

Work Plan

The NEPC work plan was included in the Board package and discussed.

Documents Presented: 1. Hamilton Lane STG Allegro II, L.P 2. NEPC 2025 011 Meeting Materials. 3. Related RFM IV Presentation 4. Starwood DOF XIII Presentation.

Outstanding/Ongoing Legal Issues: Natacha Thomas, General Counsel

Attorney Thomas stated that there were no pressing legal issues at this time.

Adjourn from Administrative Session

The Board voted unanimously via roll call (5-0) to adjourn from Administrative Session and enter Executive Session at approximately 10:50 a.m.

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

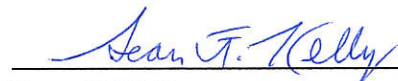
Motion accepted (5-0)

Respectfully submitted,
BOSTON RETIREMENT BOARD

Thomas V.J. Jackson
Chairman



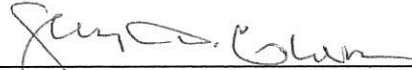
Karen T. Cross
Elected Member



Sean F. Kelly
Elected Member



Scott M. Finn
Ex Officio Member



Sally D. Glora
Mayoral Appointed Member