Minutes of the meeting held on June 15, 2026

Present: Francis Murphy – Chair, Jospeh McCann, Michael Gardner, Nadia Chamblin-Foster, James Monagle, Claire Spinner, Chris Burns, Rafik Ghazarian and Christopher McLaughlin

The meeting was called to order at 11:00 AM. This was a hybrid meeting, held in-person in the Sheila Tobin Conference Room at 125 CambridgePark Drive, with some participants joining via Zoom videoconference. Burns announced that the Retirement Board audio and video records the meeting, which in conjunction with the minutes, constitutes the official record of the meeting. The minutes are made available to the public. In addition, third parties may also audio and/or video record the meeting.

Agenda Item #1 – Segal Marco Advisors
Ghazarian reviewed an asset allocation review prepared by Segal Marco Advisors. The goal of the study is to determine the best way to achieve a 7.1% annual rate of return with a reasonable level of risk. Ghazarian stated that he determined that there was no benefit to introducing any new asset classes. The current allocation strategy provides a very good risk-adjusted return. Ghazarian noted that the strategies he would propose make only minor adjustments to the existing allocation. Ghazarian noted that in prior years, his report showed both an arithmetic and geometric return. The present report shows only the geometric mean, which is a more conservative number and better accounts for market volatility.
Ghazarian noted that the expected return for US Equities is estimated to be 6.9% annually, which will not be sufficient to meet the system's assumed rate of return. It will be necessary to include asset classes which generate a higher return, such as private equity. The estimates of return and standard deviation are largely based on historical returns. It does not consider the present position, such as the impact of the Iran war. The projections are based on index funds and it's possible that active managers could generate higher returns. He noted that Segal's projections are likely more conservative than other consulting firms, some of which peg domestic equity at an 8% return and private equity at 14%. Gardner stated that he found the comparison of risk between the asset classes to be very helpful. Ghazarian noted that Segal's projections around real estate have come down significantly over the last six years. Core real estate was projected to return between 6.5% and 7%. The current projection is 5.4%. Value Add Real Estate is projected to show returns of 7.7%.
Ghazarian stated that he prepared four different allocation mixes, with varying levels of risk. All the mixes call for a reduction in the allocation to core real estate and additional investment in value add real estate. All the mixes reduce the allocation to timber. Ghazarian stated that in reviewing the current asset allocation, he saw no way to simultaneously reduce risk while increasing returns. The asset mixes with the highest likely returns are also the riskiest. The Sharpe ratio for each asset mix is essentially the same. Asset mixes three and four include a dedicated allocation to cash, to be invested in short-term treasuries. Ghazarian noted that this is the most risk-free asset class and might ease the administrative burden on staff to liquidate funds from other fund managers to fund payroll. Ghazarian noted that the current cash outflow is approximately $30 million annually. Burns stated that he did not feel that the cash allocation was necessary for administrative purposes, and that Mellon and RhumbLine were able to liquidate funds within two days. He stated that funds coming into the system from member deductions and manager distributions were held in cash until the end of the month, when they would be used to fund monthly payroll. In a typical month, the fund needs to withdraw $6-$7 million from a fund manager. For the past two years, this has almost always been one of the equity index funds. Ghazarian noted that if the equity sleeve were under the target allocation, he would instruct the system to withdraw from another fund which was overallocated.

Monagle asked how much interest was paid on the amounts held in cash and Burns responded that it was very low. He stated that the Board may wish to consider looking at different accounts when reviewing the custodial bank contract.

Gardner referenced the article by Robert Pozen that he distributed to the Board. The article urges that investors should put as much as 90% of assets into the equity market, which generates significantly higher returns than fixed income. He stated that he was concerned that all the proposed mixes either leave the equity allocation the same or cut it. Spinner noted that all the proposed mixes have a Sharpe ratio of 0.40, which indicates a portfolio with low risk and low return. She asked if this had been the Board's general practice in setting an allocation strategy.

Ghazarian stated that the Board has typically geared the portfolio to generate a return approximately a quarter percent above the target rate of return. Gardner noted that the City began reducing the target rate of return in 2011, having held it at 8.5% for several years, until that rate became an outlier among other retirement plans.

Gardner stated that he understood the concern that the equity markets may currently be overvalued. He noted that some mixes put additional money into bank loans and emerging market debt and asked why it would be desirable to draw down equities in order to invest more in those assets. Ghazarian responded that those asset classes provide a better risk-adjusted return.

Spinner reported that she had consulted with the City Manager and that the City would prefer to hold the return assumption at 7.1%, and to keep the funding date at 2029. She also stated that the City would not make a priority to fund the system to 105%. She stated that she and Burns would discuss that with Kathy Riley later in the week to have a funding schedule ready for approval in July.

Ghazarian stated that he would request that his researchers perform a more granular study of the system's real estate investments. This will allow the system to make an informed decision about how to cut this allocation and if any new managers need to be hired to meet the target to value-add real estate. Ghazarian stated that exit queues have shortened over the last three years. The system should now be able to execute a withdrawal within six to nine months. The PRIT real estate fund remains very liquid, offering withdrawals within thirty days.

Maria Bascetta and Husayn Hasan represented UBS. A written overview of the portfolio was presented to the Board. Hasan stated that Larissa Belova has taken on a new role as head of the US Real Estate business, after Matt Johnson's departure. Over the last year, the fund has returned 4.6% net of fees, which outperforms the ODCE index return of 3.97%. The fund has underperformed the ODCE over longer time periods. Since 2020, the fund has been taking dividends in cash rather than reinvesting in the fund. In that time, the distributions have averaged 5% of fund value every year. The portfolio now consists of 111 properties with a gross value of $12.7 billion. The portfolio is 91% leased. The fund tends to be overweighted to coastal cities, and toward apartment properties. Returns remain strong in New York and San Francisco, in part due to a lack of supply. Returns from the retail properties are also strong with Hasan noting that the American consumer remains resilient. Office properties have also rebounded as more companies require employees to return to work in-office and due to demand from AI firms. Currently, UBS has targeted the portfolio at 35% each to apartments and industrial, 10% to retail, 5% to offices, and 15% to alternatives. The alternatives category might include life science, outdoor storage, student housing or single-family rentals. Hasan noted that the alternatives segment is currently short of the target allocation and UBS has been adding new properties in this segment over the last two years. He stated that strong management of existing properties would be key to driving returns. In the apartment portfolio, UBS will look to increase rents as leases expire. There is no longer any pressure to offer free months of rent as there was in the immediate post-COVID environment. The fund will bring between $1 billion and $1.5 billion of properties to market, compared to $400 million in sales closed in 2025. The properties for sale include office properties in San Francisco and New York. The fund will also try to sell older apartment properties and industrial properties outside of primary markets. Monagle asked about the fund's acquisition of senior housing facilities. Hasan stated that the fund typically invests in facilities that include assisted living, skilled nursing and memory care. Hasan noted that UBS recently hired a new researcher to run analytics on the portfolio. The fund is trying to quantify the exact amount of risk and outperformance each property brings to the portfolio to inform their acquisitions and dispositions. Hasan stated that he was not aware of any competitors doing the same type of analysis and that UBS was on the cutting edge. Ghazarian stated that he did not feel this analysis would be particularly helpful until there was more data available.

Zainab Oni, Larry Ostow and Peter Roegge represented J.P. Morgan Asset Management. A written portfolio report was submitted to the Board. Oni stated that the fund continues to focus on the alternatives space, which includes industrial outdoor storage, truck terminals, and senior housing. In the last year, the fund returned 4.1% net of fees, outperforming the ODCE return of 3.1%. The fund has now outperformed the index for eight consecutive quarters. In 2025, the fund was able to execute leases on two million square feet of office space. The tenants are primarily in AI and defense industries. The office sector is now the best-performing sector in the portfolio. The fund has the highest transaction volume in the ODCE index, with $1 billion in acquisitions and $5.5 billion in dispositions since 2024. The average final price on dispositions was within 1% of the carried value. Offices and retail combined now make up one-third of the portfolio, down from two-thirds prior to 2020. Oni stated that the quality of the properties was a major driver of performance, with the offices mainly being class A buildings. Ostow noted that accurate pricing of the portfolio was also important as some of their competitors are continuing to write down their assets. He also discussed return-to-work mandates and noted that offices which require workers to be in the office three days per week require essentially the same square footage as a company that is in-office five days per week. In 2026, the fund plans to spend $1 billion on build-to-suit industrial properties. The fund currently has a computer chip facility under construction near Houston and a defense manufacturing facility under construction near Long Beach, CA. The fund has a redemption queue of $1.9 billion, having reduced it by $1 billion over the last 12 months. Ostow reported that the fund has paused acquisitions of single family housing for rent due to the possibility of new legal restrictions on institutional ownership of those properties. Chamblin-Foster asked about possible threats to the portfolio. Ostow replied that another pandemic or recession would be hurtful but that the portfolio is well diversified and resilient against the usual course of events. Ostow stated that JP Morgan would terminate the fee credit program which was introduced in 2024 and which offered reduced management fees to investors who did not request withdrawals. This program will terminate effective on June 30, 2026. JP Morgan will offer a 30% discount on management fees for new capital invested in the fund through 2029.

Paul Nasser and Kristin Phalen represented Intercontinental Real Estate Corporation. A written portfolio review was submitted to the Board. Nasser reported on succession planning. Scott Kelly was promoted to Director of Asset Management. Jessica Levin was promoted to Associate Chief Investment Officer and will likely take over as CIO within three to five years. The firm hired Alex Wucker, formerly of KPMG, as Director of Finance, with plans for him to eventually move into the CFO role. Finally, the fund hired Sean Ruhmann, formerly of TA Realty, as COO. Nasser stated that Ruhmann is planned to take over his role as President upon his retirement in the next three to five years. The gross asset value of the fund is $12.1 billion and consists of 143 properties. The fund is now 27.7% leveraged. Properties are 90% leased. The redemption queue is $714 million, which is down from the peak of $1.5 billion. Nasser stated that he expects to pay down all redemption requests by mid-2027. In the last year, the fund returned 2.7% net of fees, which underperforms the ODCE return of 3.1%. The fund now has five consecutive quarters of positive returns. Nasser stated that the fund maintains good returns from rental income, but property values have dropped. He stated that he was confident that the market was past its bottom and that the fund was now seeing new money come in from investors. The recovery in the office properties has been slower than other property types but in the past year, leasing activity has grown by 50%. The portfolio is currently 26% offices, of which 85% is class A space. In the next year, the fund plans to sell at least two of the class B properties. Gardner asked about Intercontinental's view of the Cambridge real estate market. Nasser noted that Cambridge's office properties have suffered but should see a solid recovery due to the concentration of education, tech firms and venture capital. He also stated that the cuts to universities and medical research should be reversed by a future administration. Gardner asked about investments in alternative property types. Nasser stated that the fund has made a purchase of a self-storage facility with a partner who specializes in that area. The fund includes five senior housing properties, but focused on assisted living rather than skilled nursing or memory care. Again, Intercontinental opted to work with a specialized partner on those properties. Gardner asked about a property in southwest Ohio, and Nasser stated that it was a Firestone tire distribution center.

Ashley Wolff represented Ares. A written portfolio report was submitted to the Board. The Board is currently invested in one secondary fund, Private Equity Fund XV. There have been no changes to the management team or fund strategy. Wolff reviewed the private equity portfolio. The fund closed in 2014 and is now in the harvesting phase. The portfolio closed 60 transactions, acquiring 183 partnership interests. It is generating a net IRR of 10.9%. Burns asked about a page of the report which notes a net IRR of 10.1% and Wolff responded that the 10.9% return includes returns from the earliest investors before Cambridge committed to the fund. The fund has drawn 82% of committed capital and is likely to draw additional funds to bring the draw to 87% over the next two years. The portfolio is well diversified in terms of vintage year, industry and strategy. Wolff stated that Ares was considering options for final liquidation of the fund, but she could not estimate a termination date.

Jose Calderon represented Penn Square Real Estate. A written review of the portfolio was presented to the Board. This is a 2010 vintage fund. The fund has now returned $5.6 million on $3.4 million in contributed capital. No further capital calls are anticipated. Calderon projected the fund would end at a 1.7x multiple. Cambridge's remaining capital is $230,000. There are two investments remaining in the portfolio that have substantial value, and the fund is in the wind-down phase. The first major holding is the VBI Brazil Real Estate Fund, which includes undeveloped industrial land, malls and condominiums currently on the market. The CITIC China Retail Fund is the largest position remaining and consists of three malls. He noted that in both funds, the malls are performing well and foot traffic has recovered to pre-COVID levels. He stated that he anticipated CITIC selling at least two of the malls before the end of 2026.

Walter Dick and Thomas Scanlon represented Ascent. Cambridge has an active interest in Ascent Fund V, which has $2.6 million of remaining value. This fund made ten investments with six now fully realized. Three of the remaining four companies have significant value. One firm is Nova Scientific, which provides precision measurement tools. A portion of the company was sold off, and Ascent is looking to exit the firm by selling off the company's remaining divisions as separate entities. Another company is Invaluable, which provides services to the live auction market. The firm is profitable and meeting with bankers to try to generate a sale before the end of the year. The last firm is Start.io, which is not currently for sale. Management is focused on improving metrics to make the company a more attractive acquisition candidate. Dick estimated there would be no exit from Start.io before the end of 2027. If the fund is able to make exits at the estimated values, the fund should close at a 1.53x multiple.

Charles Ashmun, Luke Baxter, and Michael Riccobono represented BlackRock. A written review of the portfolio was presented to the Board. There were no changes to the portfolio management or strategy over the last year. Cambridge currently has one active investment in DivPEP Fund V. Riccobono provided an overview of BlackRock, noting their global footprint and experienced management team. Riccobono reviewed the construction of the DivPEP V portfolio. Fund V is a 2012 vintage fund, now in the harvesting phase. Cambridge has committed $6.5 million and paid in $5.5 million. As of December 31, 2025, the fund has returned about $6.9 million to Cambridge, with about $2.8 million in value remaining. Riccobono noted that a distribution of approximately $500,000 was paid in early June, which is not included in the report. The portfolio has a net IRR of 8.2%. It is primarily fund-of-funds, but about one-third of the portfolio is direct co-investments, and a smaller amount in secondaries. The majority of the secondaries and co-investments are now fully realized. Riccobono stated he did not feel that the firm would have to draw the rest of the uncommitted capital. This fund will likely wind down in 2029 and BlackRock is considering options for liquidating the fund on the secondary market as was done with Fund II.

Motion by Gardner, seconded by McCann to accept Mix #2 as the fund's new asset allocation strategy. The strategy consists of:

- 25% US Equities (1% reduction from current strategy)
- 10% International Equities
- 10% Emerging Markets Equities
- 11% Core Fixed Income (1% reduction from current strategy)
- 4% Bank Loans (1% increase from current strategy)
- 5% High Yield
- 4% Emerging Markets Debt (1% increase from current strategy)
- 14% Private Equity (1% increase from current strategy)
- 4% Core Real Estate (3% reduction from current strategy)
- 4% Value Add Real Estate (2% increase from current strategy)
- 2% Timber (1% reduction from current strategy)
- 1% Farmland
- 6% Infrastructure (1% increase from current strategy)

The motion carried unanimously. Ghazarian noted that the system would receive their annual appropriation payment on July 1 and that he would work with Burns on investing that money in line with the new target allocations.

The Board reviewed an analysis prepared by Segal Marco of the responses to the Infrastructure manager RFP. The RFP was originally issued due to the requirement to review all managers every seven years. Ghazarian noted that with the increase in the target allocation to infrastructure, the Board could opt to invest the entire 6% target with a single manager or split the mandate between two managers.
There were 12 responses to the RFP. None were from women/minority owned firms. Segal rated three managers as "Highly Advantageous". They were IFM (incumbent manager), Blackstone and Brookfield. Ghazarian noted that the Blackstone and Brookfield funds have only been in existence for seven years, while the IFM fund has existed for 21 years. The Brookfield fund is significantly smaller than the other two, with $11.9 billion in assets. Blackstone has $50 billion and IFM has $68 billion. Ghazarian noted that the Blackstone fund may compliment the IFM investment. Blackstone focuses on Core+ assets, whereas IFM is exclusively Core. Blackstone is more focused on properties in North America, while IFM has a global focus. The Blackstone fund currently consists of 33% data centers by NAV. Ghazarian stated that

Blackstone is a more volatile, risky investment but they have excellent performance, returning 14.2% annually over the last seven years.
Motion by Gardner, seconded by Monagle to invite Blackstone and IFM to interview before the Board. Voted unanimously. The Board agreed to conduct the interviews as part of the regular Board meeting scheduled for August 3, 2026.

Ghazarian reviewed Segal Marco's written analysis of investment performance for the period ending March 31, 2026. Overall, the total fund was valued at $2.145 billion, representing a loss of 0.6% during the quarter. The fund outperformed the policy index return of -0.8%. Burns asked about changes to the Russell 1000 which seem to be intended to allow SpaceX to enter the index very quickly after their IPO. Ghazarian responded that the rules would benefit SpaceX as well as anticipated IPOs from OpenAI and Anthropic. He stated that he would have his researchers prepare a written report on the impact of the rules change.

Monagle moved to adjourn at 2:55 PM.