



INTERIM EXECUTIVE DIRECTOR'S 2025 ANNUAL REPORT TO THE MBTA RETIREMENT FUND BOARD

February 20, 2026

John P. Barry

About this Annual Report

- » **Purpose.** The purpose of this Annual Report is to provide the Retirement Board with management's overview of the MBTARF's accomplishments in 2025 and to preview proposed actions for 2026 (and beyond) – it is not meant to be an exhaustive report of all activities or actions items. The Retirement Board is committed to transparency and is publicly posting this abbreviated version of the Annual Report that the was originally delivered by John Barry to the Retirement Board on February 20, 2026.
- » **Continuous Improvement.** The MBTARF is dedicated to continuously improving its operations and customer service. Accordingly, it may revise or modify its planning for 2026, as described in this Annual Report, or thereafter, to dynamically adapt to changes in the operating environment or to otherwise reflect the needs of its membership. Member and retiree feedback is encouraged.

Table of Contents

| <u>Title</u> | <u>Slide No.</u> |
|--|------------------|
| Management Report | |
| » 2023 Pension Agreement – Two-Tier Benefit Structure, Education and Implementation..... | 4-6 |
| » MBTARF Strategic Plan (2024-2027) –Development and Progress Report..... | 7-8 |
| » Service Agreement(s) – State Street Bank..... | 9 |
| » By-Law and Indemnity Policy – Consolidation and Update | 10 |
| » PERAC Self-Reporting and Collaboration..... | 11-13 |
| » In-Service Training..... | 14 |
| Information Governance | |
| » Technology Upgrades..... | 15-16 |
| Finance and Investment | |
| » Financial Reporting – GFOA Certificate..... | 17-18 |
| » Investment Compliance Working Group (“ICWG”) Update..... | 19 |
| » Investment Returns as of December 31, 2025..... | 20 |
| » Investment Performance Comparison to PRIM | 21 |
| » PRIM/PRIT Investment – “PRIT Directive”..... | 22-23 |
| » Overview of Investment Management Fees..... | 24 |
| Benefits Department Status Report | |
| » Membership..... | 25-26 |
| Questions? | 27 |
| Schedule 1: 2024-2027 Strategic Plan Implementation Progress Report | 28-33 |

2023 Pension Agreement – Two-Tier Pension Benefit Structure

- » **2023 Pension Agreement;** The Pension Agreement, effective March 31, 2023 (as amended by a side letter dated January 29, 2024), made changes to the pension benefit structure for members of the Fund.
- » **Creation of Two-Tier Structure.** The new Pension Agreement created a two-tier pension benefit structure: (i) the Group A Plan (pre-6/30/23 hires), and (ii) the Group B Plan (post-6/30/23 hires and those who transferred).
- » **Group A Plan and Group B Plan – Summary of Differences.** MBTARF management developed a concise, two-page brochure explaining the differences between the benefits available under the Group A Plan and Group B Plan. This brochure was included in the Spring 2023 *Milestones* newsletter and is currently available on the MBTARF's website.
- » **Group A Plan Membership.** Employees who became Members of the Fund on or before June 30, 2023 are in the Group A Plan (unless they elected to join the Group B Plan, did not revoke their election by 3/29/24, and have the required creditable service time post-election for their election to the Group B Plan to be effective). The number of members in the Group A Plan cannot expand.
- » **Group B Plan Membership.**
 - **Automatic Membership.** Employees who became Members of the Fund on or after July 1, 2023 are automatically included in the Group B Plan. Members in the Group B Plan are not eligible to join the Group A Plan.
 - **Status of Group B.** As of 12/31/2025:
 - There were 2,915 active Members in the Group B Plan now being serviced by Fund staff.
 - There were 20 retired Members under the Group B Plan (all of which were Members of the Group A Plan that elected to join the Group B Plan).

2023 Pension Agreement – Other Changes - Contribution Rates; PRIT Investments; Retired Members

- » **2024 Active Member Contribution Rate.** During the 2024 audit, the actuarially determined annual contribution rate was determined to be 8.6889%, which means, per the Pension Agreement requirement that Active Members' individual contribution rate exceed the actuarially determined annual contribution rate by 1.25%, the Active Members Contribution rate was reduced to 9.9389% beginning on July 1, 2025.
- » **2024 Authority Contribution Rate.** The 2023 Pension Agreement requires the Authority's contribution rate to be a minimum of 25.8161% of payroll, paying increased amounts if prescribed by the actuarially determined annual contribution rate until the unfunded amount of the plan is less than 20%, as determined by the MBTARF's actuary. During the 2024 audit, the actuarially determined annual contribution rate was determined to be 24.7211%, which means, per the Pension Agreement, that the Authority's contribution rate was reduced to 25.8161% (the minimum Authority contribution rate required by the Pension Agreement) beginning on July 1, 2025.
- » **Investment in PRIT.** The 2023 Pension Agreement directs the Fund to use its best efforts, subject to the Trustees' exercising their fiduciary and investment obligations, to transfer 50% of the market value of the Fund's portfolio of assets, as of April 30, 2023, to the Pension Reserves Investment Trust (PRIT) within five (5) years of March 31, 2023 (the "**PRIT Directive**"). To satisfy the Board's fiduciary duties and meet the PRIT Directive, the parties amended the Trust Agreement to create an investment exception recognizing the PRIT Directive and the Fund negotiated a new letter agreement in which the PRIM Board acknowledges its fiduciary duty relative to the MBTARF's investments. (*The Fund's progress toward achieving the PRIT Directive is covered in greater detail in Slide No. 22*).
- » **Rehiring of Retired Members.** The 2023 Pension Agreement allows the Authority to rehire a maximum of 125 Retired Members for not more than 1200 hours per year without impacting the Retired Member's allowance.
- » **Raises and Retroactive Payments.** The 2023 Pension Agreement granted raises (which were effective with benefit payments made in July 2023) and delivered through retroactive pay increases on September 15, 2023.

2023 Pension Agreement – Education and Implementation

Fund Management took steps during 2023, 2024 and 2025 to educate the Membership and to operationally implement the benefit changes required by the 2023 Pension Agreement:

- » **Group B Benefit Plan Summary and Webinar.** Created a brochure explaining the retirement benefits available under the Group B Plan for use with the Authority's new hires because all new Members are required to be in the Group B Plan. The MBTARF is using this material to create a webinar that will be posted on the MBTARF's website.
- » **Informational Brochure.** Drafted a brochure describing the differences between the Group A Plan and Group B Plan. This brochure was included in the June 2023 *Milestones* newsletter that was sent to membership and posted on the MBTARF's website.
- » **Milestones Newsletter.** Publicized changes to Pension Agreement through distribution and web posting of *Milestones* newsletters.
- » **Website FAQs.** Drafted updates to website FAQs to incorporate changes from the 2023 Pension Agreement, including the Group B Plan.
- » **In Person Informational Meetings.** Held in-person meetings with membership explaining the two-tier pension system (Boston Carmen's Union – 6/20/23; IBEW Local 103 – 6/22/23 and State Transportation Building – 6/23/23).
- » **Forms and Procedures.** Created forms and SOPs to meet requirements of new Pension Agreement (e.g., Group B election forms for Group A Members, Group B retirement application forms and related materials).
- » **Pension Benefit Software Updates.** PTG, the provider of the MBTARF's pension benefit software, completed updates in 2025 to incorporate Pension Agreement changes into the software system (*discussed in more detail on Slide No. 15*).

MBTARF Strategic Plan (2024-2027) – Development and Progress Report

- » **Strategic Plan Development Working Group (the “Working Group”)**. A Working Group was established in early 2023 comprised of the MBTARF’s Interim Executive Director, MBTARF staff, representatives from PERAC, and counsel from Holland & Knight LLP.
- » **2024-2027 Strategic Development Project Plan (“Project Plan”)**. During 2023, the Working Group developed a Project Plan designed to collect and analyze data about the MBTARF using the following methodologies: SWOT analysis through anonymous staff surveys, MBTARF manager interviews, third-party service provider interviews, peer retirement fund interviews and informational meetings, review/comparison of peer and aspirational retirement fund strategic plans, and feedback received through a prior Operational Review of the Fund’s implementation of the 2020-2023 Strategic Plan.
 - **SWOT Surveys**. The Working Group developed an online survey for MBTARF staff to deliver input anonymously. The survey prompted staff to conduct individual SWOT analyses to identify the MBTARF’s strengths, weaknesses, opportunities and threats. In addition to increasing staff awareness of organization-wide initiatives, this process provided management with a meaningful opportunity to extract valuable staff feedback.
 - **Senior Staff Interviews**. The Working Group individually interviewed MBTARF senior staff to obtain their feedback regarding the MBTARF’s future strategic initiatives and objectives.
 - **Peer Retirement Fund Interviews**. The Working Group conducted interviews of Middlesex County Retirement System on October 5, 2023, Boston Retirement System on October 6, 2023, and Plymouth County Retirement System on October 27, 2023.
 - **Service Provider Interviews**. The Working Group interviewed CMIT, its outsourced IT services provider, and gathered specialized input and feedback.
- » **Building the Strategic Plan**. The Working Group used the data collected through surveys, interviews and “best practice” analysis to review and, as appropriate, to develop the strategies, e.g., Goals, Objectives and Initiatives, to build the Strategic Plan for Years 2024-2027.
- » **Adopting the Strategic Plan**. The Working Group presented the 2024-2027 Strategic Plan to the Board for review and comment at the April 19, 2024 Board meeting and the Board approved the plan at the May 17, 2024 meeting. Implementation of the plan continued through 2025.

MBTARF Strategic Plan (2024-2027) – Development and Progress Report – (cont.)

A full status report of Strategic Plan progress is included in the *2024-2027 Strategic Plan Implementation Progress Report*, a copy of which is appended to this presentation as Schedule 1. A few highlights from 2025 are described more fully below:

- » **Strategic Initiatives A1.2, A3.2 and A3.3.** Boston Web Design performed a redesign of the MBTARF’s website to improve communication, increase access to information, modernize the site’s navigation, and ensure that services and content are efficiently and understandably delivered to the membership.
- » **Strategic Initiatives A2.1 - A2.3.** Fund staff developed a new set of standard operating procedures to administer benefits under the Group B Plan and is working with PTG, the Fund’s software provider, to update benefit administration software to assure compatibility with the Group B Plan.
- » **Strategic Initiatives B2.4 and C1.5.** The Fund collaborated with PERAC on a joint information security seminar in early 2025 focused on cybersecurity and data privacy issues of interest to the Chapter 32 systems and the MBTARF. A meeting was held on 10/23/25 with the Executive Director of PERAC to discuss, among other things, follow-on programming in relation to the information security seminar.
- » **Strategic Initiative B2.5.** Fund management has reviewed, updated and executed (after receiving Board approval) its Custody Agreement, Performance and Analytics Agreement, and Benefit Payment Services Agreement with State Street Bank. *See Slide No. 9.*
- » **Strategic Initiatives B3.1 and D3.1.** The MBTARF’s Fiduciary Standards and Investment Policy Statement (IPS) have been updated to incorporate the PRIT Directive and to ensure fiduciary accountability aligned with the PRIT Directive and other changes. The Retirement Board’s By-Laws and Indemnity Policy have been consolidated, modernized, and updated to incorporate best practices in corporate governance. *See Slide No. 10.*

Service Agreement(s) – State Street Bank

At its July 18, 2025 meeting, the Board voted to authorize execution of a new set of contract documents with the MBTARF's custodian – State Street Bank (SSB).

Strategic Initiative B2.5 calls for implementation of “...a standardized review structure to ensure...agreements with service providers are regularly reviewed and updated (as needed) to ensure that they conform with industry best practices.”. In furtherance of this initiative, Fund management, with assistance from Fund counsel, began reviewing the legacy SSB contract documents in the winter of 2023:

- » **Legacy Contract Documents.** Contracts with SSB dating back as far as 2003/2004 no longer accurately described the services SSB delivers to the Fund; failed to correlate with each other; did not contain industry standard protections, such as information security and data privacy terms and indemnities; and did not expressly include the Staff Plan.
- » **Negotiations with SSB.** Fund management obtained SSB's new customer template contracts as a baseline for negotiations. Over a period of 16 months, the Fund and SSB negotiated three agreements to ensure the following: SSB's duties and performance requirements are clear, reasonable and provide an objective benchmark to measure SSB's performance; each party owes balanced indemnification and performance obligations to the other; and SSB protects the Fund's and its members' sensitive personal information in accord with the latest industry standards.
- » **New Contract Documents.** The updated contracts include: The Custody Agreement (describing SSB's provision of custodial services to manage and protect the Fund's assets under the “Big Plan” and the Staff Plan); The Benefit Payment Services Agreement (detailing services related to the payment of benefits to retirees and survivors under both plans); and The Performance and Analytics Agreement (providing the Fund with certain investment performance information, valuations, benchmarks and reporting – this agreement applies only to the “Big Plan”).

By-Law and Indemnity Policy – Consolidation and Update

» **By-Law Update Project.**

- Prior to 2025, the Board’s By-Laws, which draw their structure in large part from the Trust and Pension Agreement, were last amended on March 20, 2009; many years prior to the 2023 Pension Agreement and Second Amended and Restated Trust Agreement.
- Strategic Plan Goal B, Objective B3 is to “Promote a culture of excellence in Retirement Board governance and administration”.
- Operational provisions of the existing By-Laws did not incorporate changes in (i) the Pension Agreement and Trust; (ii) technology generally (e.g., remote meeting participation); and (iii) current corporate governance “best practices”.
- The Indemnity Policy, which protects individual Board members from personal liability while conducting Fund business, was the product of a Board vote taken many years prior to the last By-Law amendment and did not acknowledge changes in the Pension Agreement or Trust.
- Indemnity policies are typically included in corporate and other organizational By-Laws.

» **Changes to By-Laws and Consolidation with Indemnity Policy.** Amended By-Laws were presented to the Board during its annual Fiduciary Training on October 17, 2025. Recommended changes, which the Board approved and adopted, include the following:

- Deleting reference to the long superseded “Rules and Regulations” of the Fund; acknowledging the practice of holding remote meetings using electronic devices; aligning the investment manager meetings (including PRIM) with the Investment Policy Statement (IPS); adding introductory paragraphs and defined terms for clarity; consolidating/updating descriptions of officers and committees; and adding a “checklist” to help guide the Board in managing Executive (a/k/a “Closed”) Session.
- Adding a new Indemnity term (Article III) to the By-Laws and revising the scope of indemnity protection to align with current Massachusetts corporate statutes and the fiduciary duties imposed by the Pension Agreement and Trust; and
- Revising the administrative procedure surrounding the tendering of an indemnity claim to make it less cumbersome.
- Updating the timeline to propose and adopt the annual budget to align with current practices.

PERAC Self-Reporting

- » **Self-Reporting.** In 2010, the MBTARF began self-reporting and best practice sharing with the Massachusetts Public Employee Retirement Administration Commission (“**PERAC**”) which is responsible for the oversight, guidance, monitoring, and regulation of the 104 Massachusetts Public Pension Systems. See Slide No. 12.
- » **September 2019 Update.** On September 17, 2019, MBTARF management met with PERAC representatives, including the Executive Director, to discuss, among other things, the MBTARF’s Project 2020 and PRIT investment compliance and monitoring issues.
- » **February 2020 Update.** On February 13, 2020, MBTARF management met with PERAC representatives, including the Executive Director, to update PERAC concerning the MBTARF’s progress with Project 2020 (including the MBTARF’s draft strategic plan) and seek advice concerning the MBTARF’s unclaimed property project.
- » **August 2020 Update.** On August 18, 2020, MBTARF management met via Zoom with PERAC representatives, including the Executive Director and Assistant Deputy Director, to update PERAC on the MBTARF’s progress with its Strategic Plan and to discuss, among other things, the MBTARF’s response to COVID-19; the MBTARF’s website updates designed to increase information sharing; and investment performance.
- » **March 2021 Update.** On March 11, 2021, MBTARF management participated in a Zoom meeting with PERAC representatives, including the Executive Director and Assistant Deputy Director, to update PERAC on the MBTARF’s COVID-19 response as well as its progress on its Strategic Plan.
- » **April 2022 Update.** MBTARF management met with PERAC management on April 28, 2022 to provide an update and obtain feedback on, among other things, the MBTARF’s Benefits SOPs project.
- » **April 2023 Update.** On April 27, 2023, MBTARF management met with PERAC management to report on, and solicit advice about, the MBTARF’s next Strategic Plan and begin planning for the MBTARF’s participation in PERAC’s 2023 Emerging Issues Forum.
- » **September 2023.** On September 21, 2023, the MBTARF Interim Executive Director and PERAC Chairman appeared together on a panel at PERAC’s 2023 Emerging Issues Forum.
- » **May 2024.** On May 23, 2024, the MBTARF Interim Executive Director met with the new PERAC Executive Director of PERAC, along with the PERAC Chairman and PERAC legislative counsel.
- » **October 2024.** On October 23, 2024, MBTARF management and the PERAC Chair met with the PERAC Executive Director and two former PERAC Executive Directors to discuss “best practices” in pension benefit management.
- » **October 2025.** MBTARF management met with the Executive Director of PERAC on October 23, 2025. Discussions are ongoing regarding the creation of a “Working Group” focused on cybersecurity in pension benefit administration which will include representatives from PERAC, Chapter 32, EOTSS and the MBTARF.

PERAC Self-Reporting (Cont.)

MBTARF Meetings with PERAC – 2010 through 2025

- » May 6, 2010
- » October 21, 2010
- » February 16, 2011
- » June 10, 2011
(Meeting at PERAC)
- » November 3, 2011
- » September 27, 2012
- » February 6, 2014
- » May 7, 2015
- » August 27, 2015
- » December 15, 2016
- » March 30, 2017
- » December 4, 2017
- » May 24, 2018
- » December 13, 2018
- » September 17, 2019
- » February 13, 2020
- » August 18, 2020
- » March 11, 2021
- » April 28, 2022
- » April 27, 2023
- » September 21, 2023
– Forum
- » May 23, 2024
- » October 23, 2024
- » October 23, 2025



PERAC Collaboration – InfoSec Webinar

- » **Joint InfoSec Webinar.** PERAC and the MBTARF collaborated with representatives from Chapter 32 systems to produce and present a webinar on March 19, 2025 focused on information security awareness in pension benefit administration. Topics included - cyber insurance, information security training, data breach response, and information security controls. In advance of the webinar, PERAC and the MBTARF developed a survey completed by representatives of Ch. 32 systems that helped in developing the curriculum for the webinar.
- » **Feedback from PERAC Webinar.** PERAC conducted a post-webinar survey of the attendees. PERAC's Communications and Education Director shared the feedback with the MBTARF, including noting receipt of numerous positive emails. The formal post-webinar survey responses are summarized below:
 - **Multiple Choice Responses.** On a scale of 1-5, with 5 being excellent, attendees rated the webinar an average of 4.68; all 45 responses (100%) rated the presenters “organized and prepared” and the slides and graphics “easy to understand”; and all but one respondent reported learning new material through the webinar.
 - **Written Responses.** Written feedback included: “ONE OF THE BEST”; “Information was concise and pertinent”; “everyone that I have watched has been excellent and very helpful”; and “An upcoming Cybersecurity presentation was mentioned. That will be helpful”.
 - **Future Collaborative Programming.** PERAC and Fund management met on October 23, 2025 to discuss, among other things, future programs and broader collaborations focused on FinTech, AI, cyber liability insurance, and the like.

In-Service Training

- » **2025 Annual In-Service Training.** The 2025 Annual In-Service Training (12th Ed.) was held on December 4, 2025 and covered, among other things, the following topics:
 - **MBTARF Policies.** Refresher on, and changes to, the following MBTARF policies :
 - The Employee Handbook;
 - The Acceptable Use Policy;
 - The Written Information Security Program;
 - The Records Management Program;
 - The Incident Response Plan; and
 - The Policy for the Elimination of Unlawful Harassment and Discrimination.
 - **Social Engineering Awareness and Cyber Threat Landscape Training.** Employee training was provided on how to spot and report suspected social engineering attacks, including phishing emails. This training was designed to better protect the Retirement Fund from cybercriminals, hackers, and other bad actors. This training also included an overview of current, prevalent cybersecurity threats.

Information Governance – Technology Upgrades

- » **The MBTARF’s IG Group.** The MBTARF’s Information Governance (“IG”) Group is led by its Data Security Coordinator, and includes the Interim Executive Director, the MBTARF’s technology consultant, and counsel from Holland & Knight, LLP. The IG Group has conducted strategic meetings with its technology consultant, CMIT, that coincide with the IG Group’s quarterly meetings. These meetings have occurred each quarter since early 2021 and are designed to better protect the MBTARF against new information security and cyber security threats.
- » **Technology Upgrades.** The IG Group has implemented the following technology upgrades:
 - **PTG PensionPro Updates.** The MBTARF replaced its previous pension benefit software with PTG’s PensionPro, a state-of-the-art pension management software system. The MBTARF has not been made aware of any errors in the processing of monthly benefit payments since it began to process monthly benefit payments with PTG PensionPro in April 2019. In 2024, MBTARF updated the PTG PensionPro software with necessary changes for the Group B Plan, which are now live and allow Members to run Group B estimates and calculations in the Member Self-Service Portal.
 - **Website Refresh and Redesign.** Boston Web Design has completed the refresh and redesign of the MBTARF’s website, which modernized the website and better ensured that services and content are efficiently and understandably delivered to the membership. The redesigned website is available to the public and the legacy website has been shut down and archived.
 - **Hardware Refresh.** Microsoft announced that Windows 10 will reach end of support on October 14, 2025. Accordingly, the MBTARF has replaced all Windows 10 workstations with Windows 11 workstations to ensure that workstations will continue to receive security patches and quality updates past October 2025. In 2026, the MBTARF plans to replace its network firewall appliances with modern equipment from an industry leader in network hardware and solutions to ensure that the MBTARF continues to receive updates to mitigate emerging threats. MBTARF has also begun replacing the Board Room meeting tablets and has begun testing new desktop phones to replace older phones currently in use.

Information Governance – Technology Upgrades (Cont.)

- » **Technology Upgrades.** The IG Group has implemented (or will implement) the following technology upgrades:
- **Information Security Enhancements; SIEM.** The MBTARF deployed a Security Information and Event Management (SIEM) platform at the end of 2024. This security tool allows the MBTARF to collect log data from connected devices, use AI to detect threats, and automatically respond to suspicious activity. The SIEM solution will supplement the MBTARF's AI based XDR platform, antivirus protection, and quarterly vulnerability scans.
 - **MyPenPay.** In February 2026, the Retirement Fund will launch MyPenPay, a self-service website for Retired Members. MyPenPay allows Retired Members to view their payment history, print tax forms, and utilize a federal tax withholding calculator to determine how potential changes to their federal tax withholding elections could affect their net pay. The website is managed by State Street Bank and a help desk is available to Retired Members to answer questions about the platform. MyPenPay complements the PTG Self-Service System which remains available to both Active and Retired Members.

Finance and Investment – GFOA Certificates

- » **Government Accounting Standards Board (“GASB”).** The MBTARF completed, and the Board approved, the 2024 GASB 67 and 68 Reports at the May 15, 2025 Board meeting. The MBTARF also continues to complete and incorporate the required GASB 72 procedure for 2024 as a part of the 2024 Audit (this procedure measures and records the MBTARF’s investments using fair value measurement guidelines established by generally accepted accounting principles).
- » **Audit and Annual Report.** The 2024 Audit and Annual Comprehensive Financial Report (“**ACFR**”) was approved by the Board at the June 20, 2025 meeting.
- » **GFOA Certificate of Achievement.** For the last eight years (beginning with the MBTARF’s ACFR for the fiscal year ended December 31, 2016 and continuing through the MBTARF’s ACFR for the fiscal year ended December 31, 2024), the MBTARF received the GFOA Certificate of Achievement for Excellence in Financial Reporting for its ACFR. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (“**Financial Reporting Program**”) in 1945 to encourage agencies to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize agencies that succeed in achieving that goal. Reports submitted to the Financial Reporting Program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee, which is comprised of individuals with expertise in public sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals.

Finance and Investment – GFOA Certificate (Cont.)

2016 Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

MBTA Retirement Fund Massachusetts

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill
Executive Director/CEO

2017 Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

MBTA Retirement Fund Massachusetts

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill
Executive Director/CEO

2018 Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

MBTA Retirement Fund Massachusetts

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill
Executive Director/CEO

2019 Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

MBTA Retirement Fund Massachusetts

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill
Executive Director/CEO

2020 Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

MBTA Retirement Fund Massachusetts

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill
Executive Director/CEO

2021 Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

MBTA Retirement Fund Massachusetts

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill
Executive Director/CEO

2022 Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

MBTA Retirement Fund Massachusetts

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill
Executive Director/CEO

2023 Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

MBTA Retirement Fund Massachusetts

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill
Executive Director/CEO

2024 Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

MBTA Retirement Fund Massachusetts

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill
Executive Director/CEO

Finance and Investment – ICWG – Updates and Action Items

» **The Investment Policy Statement.**

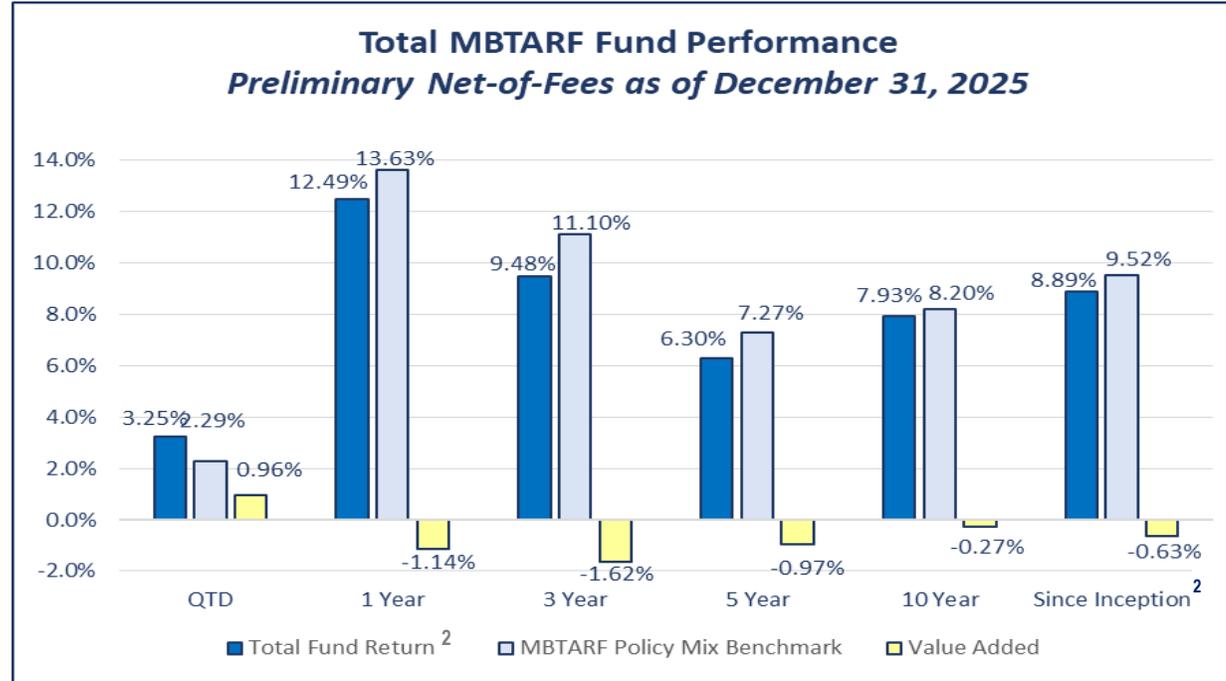
- **IPS.** The purpose of the Investment Policy Statement (“**IPS**”) is to provide stakeholders clear and concise guidelines by which the Board administers the Fund generally and specifically makes and manages investments. The MBTARF’s Investment Compliance Working Group (“**ICWG**”), comprised of the Interim Executive Director, the MBTARF’s finance department staff, investment advisor and investment counsel, reviews the IPS annually and, if warranted, suggests revisions to the Board, and, if accepted, posted to the MBTARF’s website.
- **IPS Updates.** The ICWG met twice in 2024 and again on January 21, 2025 and, thereafter, recommended revisions to both the IPS and the Selection of Investment Managers policy (as explained in a Memorandum, dated February 14, 2025) which were approved by the Board at its March 21, 2025 meeting) to:
 - reflect and incorporate the PRIT Directive (see Slide No. 22) and related information regarding PRIM and PRIT;
 - incorporate the revised asset allocation as adopted by the Retirement Board in February of 2024 (which followed the Retirement Board’s review of the asset/Liability Modeling Study by Gallagher/Buck and Capital Market Assumptions of Segal Marco);
 - update the attached Fiduciary Standards to reflect the Retirement Board approved version (reflecting the PRIT Directive);
 - update the Benchmarks;
 - reference the Letter Agreement and PRIM Trust Agreement (which governs all investments with PRIM of the MBTARF); and
 - include a revised Annual Compliance Questionnaire.

» **Investment Manager Meetings.** The Retirement Board completed all 2025 meetings with Investment Managers as required by Sec. 9.4 of the IPS.

» **Investment Manager Selection Process.** The IPS references and incorporates an Investment Manager Selection Process (“**IMS**”) document. ICWG suggested revisions to the IMS policy, primarily reflecting the PRIT Directive. As indicated above, the Board approved these revisions at the March 21, 2025 meeting.

Finance and Investment – Investment Returns as of December 31, 2025

» **Rate of Returns.** MBTARF (Total Plan) Preliminary Rate of Returns - Net of Fees¹:



- » The Retirement Board recognizes that asset allocation decisions generally account for 90% of investment return. See IPS, p. 7.
- » Over the QTD, 5, 10-year and since inception periods the MBTARF is closely tracking its Policy Mix Benchmark.³
- » The QTD, 1-Year and 10-Year net returns of 3.25%, 12.49% and 7.93% ranked in the 3rd, 70th and 64th percentiles, respectively, among the InvMetrics \$1 Billion Plus Public Defined Benefit Funds Universe.⁴

¹ These net returns for period ending December 31, 2025 are preliminary. Expenses and fees are not treated uniformly in the rate of return calculations over the periods covered.

² The inception to date return begins January 1982.

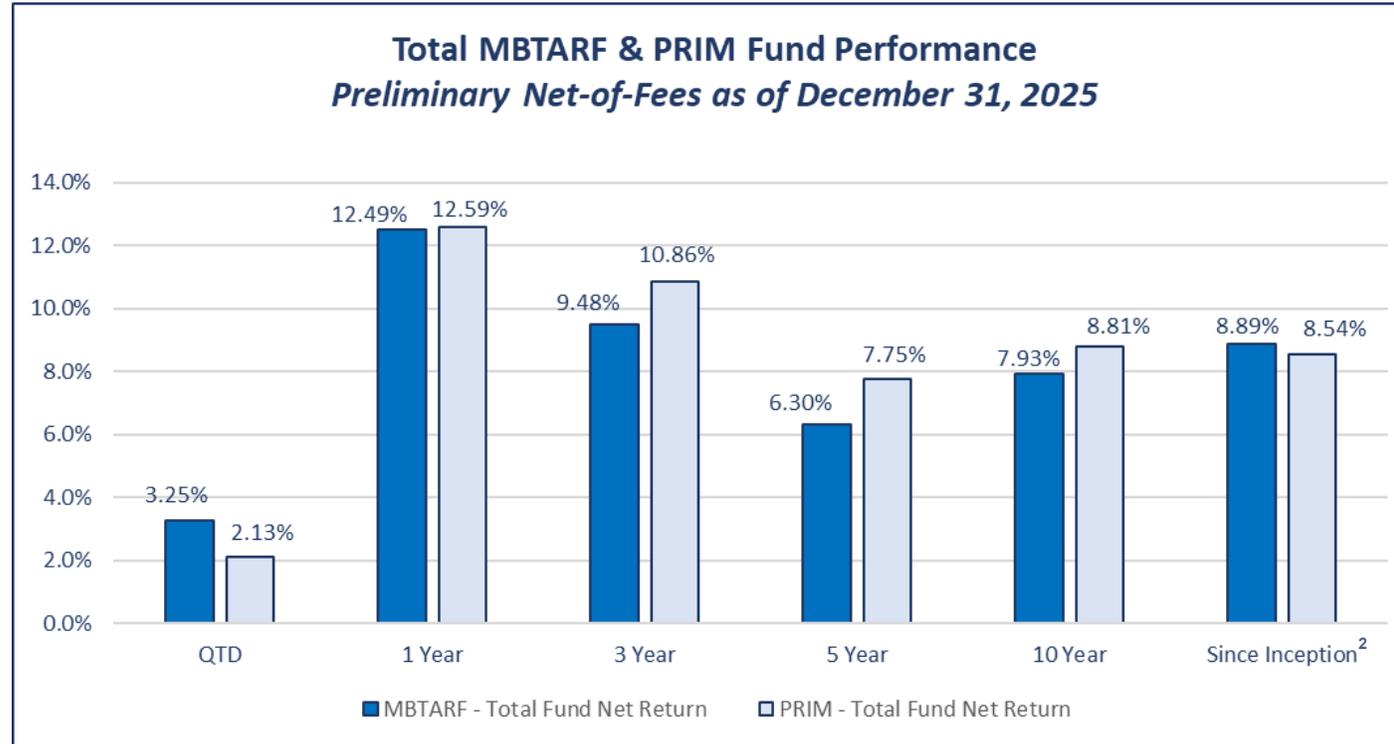
³ The Policy Index replicates the return if the MBTARF were passively invested in assets strictly adhering to the asset allocation targets.

⁴ For periods profiled, peer group percentile rankings may change modestly, as additional plan sponsor data is made available.

⁵ Total Fund return does not include December 31, 2025 market values for real estate, opportunistic, private equity and private credit managers.

Finance and Investment – Investment Performance Comparison to PRIM

» **Rate of Returns.** MBTARF & PRIM (Total Plan) - Net of Fees¹



» **Total Fund Value.** As of December 31, 2025, the MBTARF’s estimated total asset value was **\$2,012,741,526** which is an increase of **\$210,997,842** from the MBTARF’s audited December 31, 2024 asset value.³

¹ These net returns for the periods ending December 31, 2025 are preliminary. Expenses and fees are treated uniformly in the rate of return calculations over the periods covered.

² The inception to date return begins January 1982.

³ The preliminary market value does not include fourth quarter 2025 valuations for opportunistic, private equity, private credit and real estate.

PRIM/PRIT Investment Initiative – “PRIT Directive” - History

- » **August 1, 2017** – Section 23 of the 2018 Budget Bill added the private MBTARF as a “system” under G.L. c. 32 allowing, not compelling, the MBTARF to invest in PRIT (Retirement Board has fiduciary obligations to the MBTARF).
- » **June 16, 2017 – June 21, 2019** – The Board convened a “PRIM Investment Feasibility Group” (the “**Group**”) in 2017 comprised of outside counsel, individuals from Segal Marco, and MBTARF staff to study the issue. The Group performed significant factual and legal due diligence over a two (2) year period leading to the MBTARF’s “*Roadmap to PRIT Fund Investment*,” a copy of which is in your Board Member Handbook.
- » **June 17, 2019 – July 19, 2019** – Local 589 and the MBTA, together the settlors of the 1980 Trust Agreement (the “**Trust**”), voted to amend the Trust to add PRIM as an investment manager pursuant to Section 7, thereby authorizing MBTARF investments in PRIT.
- » **August 19, 2019 – September 20, 2019** – PRIM representatives met with the MBTARF in August to discuss investment options available to “Purchasing Systems”.
- » **April 30, 2023** – The new Pension Agreement directed the Fund to transfer 50% of the Fund’s portfolio as of April 30, 2023 (\$834,752,518) to PRIT within five (5) years (the “**PRIT Directive**”). The Trust was amended a second time to acknowledge and incorporate the PRIT Directive.
- » **July 19, 2024** – The MBTARF and PRIM entered into a revised Letter Agreement confirming that PRIM serves in a fiduciary capacity when managing the MBTARF’s investments.
- » **PRIT Investments.** The Retirement Board has made or authorized investments in PRIT achieving the PRIT Directive well in advance of the deadline set by the 2023 Pension Agreement. As further detailed in the table on this slide and the next slide, the MBTARF has invested 100% of the funds required to meet the PRIT Directive in the sum of approximately \$840M.

| Investment | Amount Committed | Date |
|--|-----------------------|------------------------------|
| Hedge Fund Segmentation | \$ 20,000,000 | 10/1/2019 |
| PEVY 2020 - Private Equity Vintage Year 2020 | \$ 25,000,000 | 1/1/2020 |
| Emerging Markets Equity Segmentation | \$ 30,000,000 | 8/3/2020 |
| PEVY 2021 - Private Equity Vintage Year 2021 | \$ 17,500,000 | 1/1/2021 |
| Real Estate Segmentation | \$ 15,000,000 | 1/1/2021 |
| Hedge Fund Segmentation | \$ 10,000,000 | 7/1/2021 |
| Hedge Fund Segmentation | \$ 10,000,000 | 7/1/2021 |
| PEVY 2022 - Private Equity Vintage Year 2022 | \$ 10,000,000 | 10/1/2021 |
| Hedge Fund Segmentation | \$ 25,000,000 | 1/1/2022 |
| PEVY 2023 - Private Equity Vintage Year 2023 | \$ 15,000,000 | 1/1/2023 |
| Emerging Markets Equity Segmentation | \$ 10,000,000 | 12/1/2023 |
| PEVY 2024 - Private Equity Vintage Year 2024 | \$ 12,500,000 | 1/1/2024 |
| Fixed Income - Core Segmentation | \$ 17,000,000 | 3/1/2024 |
| Fixed Income - Value Added Segmentation | \$ 17,000,000 | 3/1/2024 |
| International Equity Segmentation | \$ 100,000,000 | 3/1/2024 |
| Domestic Equity Segmentation | \$ 105,000,000 | 10/1/2024 |
| Real Estate Segmentation | \$ 30,000,000 | 10/1/2024 |
| International Equity Segmentation | \$ 40,000,000 | 10/1/2024 |
| PEVY 2025 | \$ 20,000,000 | 1/1/2025 |
| Fixed Income - Value Added Segmentation | \$ 10,000,000 | 1/1/2025 |
| International Equity Segmentation | \$ 30,000,000 | 2/1/2025 |
| Domestic Equity | \$ 70,000,000 | 3/3/2025 |
| International Equity | \$ 45,000,000 | 3/3/2025 |
| Core Fixed Income | \$ 35,000,000 | 3/3/2025 |
| Value - Added Fixed Income | \$ 15,000,000 | 3/3/2025 |
| Value - Added Fixed Income | \$ 40,000,000 | 4/1/2025 |
| Hedge Fund Segmentation | \$ 10,000,000 | 4/1/2025 |
| Emerging Markets Equity | \$ 10,000,000 | 10/1/2025 |
| Real Estate Segmentation | \$ 10,000,000 | 12/1/2025 |
| Total | \$ 804,000,000 | 96% of PRIT Directive |

PRIM/PRIT Investment Initiative – “PRIT Directive” - Performance

Massachusetts Bay Transportation Authority Retirement System

As of December 31, 2025 (Net of Fees)

| | MKT \$ | % | Month | QTR | FYTD | CYTD | 1 Year | 3 Year | 5 Year | 10 Year | ITD |
|---|--------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------|-------------|
| Massachusetts Bay Transportation Authority Retirement System | 931,099,908 | 100% | 1.25 | 3.11 | 8.44 | 18.11 | 18.11 | 11.93 | 8.04 | | 8.28 |
| DOMESTIC EQUITY | 207,179,356 | 22% | 0.04 | 2.64 | 11.28 | 16.98 | 16.98 | | | | |
| <i>DOMESTIC EQUITY BENCHMARK</i> | | | <i>-0.01</i> | <i>2.47</i> | <i>11.01</i> | <i>17.27</i> | <i>17.27</i> | | | | |
| INTERNATIONAL EQUITY | 277,728,969 | 30% | 3.05 | 4.95 | 10.55 | 31.74 | 31.74 | | | | |
| <i>CUSTOM INTERNATIONAL EQUITY BENCHMARK</i> | | | <i>2.94</i> | <i>4.93</i> | <i>10.75</i> | <i>32.07</i> | <i>32.07</i> | | | | |
| EMERGING MARKETS EQUITY | 74,791,891 | 8% | 2.55 | 4.90 | 15.11 | 30.90 | 30.90 | 17.96 | 6.14 | | |
| <i>CUSTOM EMERGING MARKETS BENCHMARK</i> | | | <i>2.76</i> | <i>4.37</i> | <i>14.73</i> | <i>31.62</i> | <i>31.62</i> | <i>16.28</i> | <i>4.65</i> | | |
| CORE FIXED INCOME | 53,880,112 | 6% | -0.85 | 0.32 | 2.49 | 5.81 | 5.81 | | | | |
| <i>CORE FIXED INCOME BENCHMARK</i> | | | <i>-0.89</i> | <i>0.28</i> | <i>2.40</i> | <i>5.73</i> | <i>5.73</i> | | | | |
| PUBLIC VALUE-ADDED FIXED INCOME | 90,335,361 | 10% | 0.69 | 1.78 | 5.06 | 9.36 | 9.36 | | | | |
| <i>PUBLIC VALUE-ADDED FIXED INCOME BENCHMARK</i> | | | <i>0.62</i> | <i>1.64</i> | <i>4.24</i> | <i>8.46</i> | <i>8.46</i> | | | | |
| REAL ESTATE | 57,974,883 | 6% | 0.16 | 0.78 | 1.70 | 3.06 | 3.06 | -2.17 | | | |
| <i>TOTAL REAL ESTATE BENCHMARK</i> | | | <i>0.21</i> | <i>0.30</i> | <i>1.51</i> | <i>3.12</i> | <i>3.12</i> | <i>-5.22</i> | | | |
| HEDGE FUNDS | 102,509,675 | 11% | 0.89 | 2.55 | 5.18 | 8.82 | 8.82 | 11.38 | 8.18 | | |
| <i>TOTAL HEDGE FUNDS BENCHMARK</i> | | | <i>0.57</i> | <i>1.74</i> | <i>4.35</i> | <i>8.75</i> | <i>8.75</i> | <i>9.05</i> | <i>6.43</i> | | |
| PRIVATE EQUITY 2020 | 30,746,349 | 3% | 0.34 | 1.86 | 5.09 | 17.51 | 17.51 | 11.15 | 14.31 | | |
| PRIVATE EQUITY 2021 | 21,455,168 | 2% | -0.05 | 1.30 | 3.74 | 8.99 | 8.99 | 9.70 | | | |
| PRIVATE EQUITY 2022 | 6,366,203 | 1% | 0.25 | 2.08 | 6.16 | 11.82 | 11.82 | 9.45 | | | |
| PRIVATE EQUITY 2023 | 4,091,806 | 0% | 0.15 | 5.78 | 11.20 | 21.66 | 21.66 | | | | |
| PRIVATE EQUITY 2024 | 1,844,665 | 0% | 2.54 | 4.01 | 9.91 | 18.77 | 18.77 | | | | |
| PRIVATE EQUITY 2025 | 2,195,468 | 0% | 0.11 | -0.37 | 4.60 | | | | | | |

Finance and Investment – Investment Management Fees

Below is an overview of the investment management fees that the MBTARF has paid since 2015. As detailed below, the MBTARF has significantly reduced such fees while increasing the total Fund value:

| Year | Direct Investment Management Fees | Indirect Investment Management Fees (PE, RE, PRIM) | Total Management Fees | Total Fund Value | Total Management Fees as a Percent of Fund Value | Est. Fees Based on Total Management Fees as a Percent of 2016 Fund Value | Est. Total Management Fee Savings |
|------|-----------------------------------|--|-----------------------|------------------|--|--|-----------------------------------|
| 2025 | \$2,045,903* | \$9,010,986* | \$11,056,889 | \$2,012,741,526* | 0.55% | \$14,900,026.97 | \$3,843,137.70 |
| 2024 | \$2,911,897 | \$7,603,944 | \$10,515,841 | \$1,801,743,684 | 0.58% | \$13,338,041.24 | \$2,822,200.04 |
| 2023 | \$3,275,260 | \$7,533,013 | \$10,808,273 | \$1,694,401,260 | 0.64% | \$12,074,682.23 | \$1,266,408.82 |
| 2022 | \$3,736,480 | \$4,631,524 | \$8,368,004 | \$1,622,548,978 | 0.52% | \$12,011,489.41 | \$3,643,485.41 |
| 2021 | \$5,294,960 | \$5,214,419 | \$10,509,379 | \$1,939,942,425 | 0.54% | \$14,361,106.02 | \$3,851,726.62 |
| 2020 | \$4,690,081 | \$3,717,026 | \$8,407,107 | \$1,769,941,276 | 0.47% | \$13,102,612.73 | \$4,695,505.73 |
| 2019 | \$4,682,788 | \$5,206,230 | \$9,889,018 | \$1,614,144,213 | 0.61% | \$11,949,270.18 | \$2,060,252.18 |
| 2018 | \$4,999,426 | \$3,797,781* | \$8,797,207 | \$1,449,695,100 | 0.61% | \$10,731,877.79 | \$1,934,670.79 |
| 2017 | \$5,146,418 | \$2,953,582* | \$8,100,000 | \$1,603,176,196 | 0.51% | \$11,868,075.58 | \$3,768,075.58 |
| 2016 | \$5,364,252 | \$5,633,468* | \$10,997,720 | \$1,485,605,884 | 0.74% | N/A | N/A |
| 2015 | \$5,331,061 | \$5,342,939* | \$10,674,000 | \$1,497,848,035 | 0.71% | N/A | N/A |
| | | | | | | Total Estimated Savings: | \$27,885,462.88 |

*Estimated

Benefits Department – Status Report – Membership

- » **Implementation of New Pension Agreement.** The Benefits Department continues to take pro-active steps to manage retirement applications based on changes to the Pension Agreement (see Slides No. 4-6), including creating and posting a fillable form on the website for Members to complete when requesting an appointment for retirement and making other forms required for retirement available online. These steps are designed to make appointments to retire more efficient by reducing the time to complete a retirement application in-person.
- » **Meetings.** Between January 1, 2025 and December 31, 2025, Benefits staff met directly (either in-person or via Zoom) with 291 active and retired Members.
- » **Member Self-Service Portal.** The MBTARF's pension management software includes a Member Self-Service Portal that provides Members and Retired Members with information on their MBTARF benefits via a self-service web-based platform. As of January 26, 2026, 4,096 users have registered for the Member Self-Service Portal. Of those registered users, 2,581 are Members and 1,515 are Retired Members.
- » **Membership.** Between January 1, 2025 and December 31, 2025:
 - **Employee Members.** 6,652 members actively contributed to the MBTARF including 747 new employees.
 - **Retirements Processed.** 203 retirements were processed by the Benefits Department.
 - **Retirement Benefits.** 6,634 Retired Members and beneficiaries received monthly retirement allowances. This figure only covers retirees and survivors and excludes qualified domestic relations orders (each, a "QDRO"). In addition, 73 Retired Members died with an option and 264 Retired Members died without an option.

Benefits Department – Status Report – Membership (Cont.)

» Disability Examinations.

- **SCOPE Medical.** The MBTARF outsources disability examinations and reexaminations to SCOPE Medical, the provider also used by the MBTA. The limited information the MBTARF receives in connection with these examinations and reexaminations is not subject to HIPAA as per an opinion from MBTARF counsel.
- **Disability Reexaminations.** As of December 31, 2025, 83% of payees in the disability pool have been retested. The disability pool refers to payees who (i) receive a Disability Retirement Allowance; (ii) have received a minimum of 24 payments; and (iii) have not met their normal retirement date (the first day of the month coincident with or next following the sixty-fifth anniversary of the payee's date of birth).

» **Member Benefits - Legal Claims.** As of this date, there are no legal cases pending against the MBTARF involving members or retirees.

» **CTHRU.** The Comptroller's CTHRU initiative replaced the Commonwealth's "Open Checkbook" website. The MBTARF delivers member and retiree information to the MBTA on an annual basis to supply to the Comptroller. This information includes: Retiree Number, Employee Number, First and Last Name, Monthly Benefit, Annual Benefit, Compensation Offset or Court Order, Date of Retirement and Age at Retirement. The Comptroller has implemented this initiative under its powers and initiatives set out in M.G.L. c. 7A.

Questions?

Questions?

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal A

| Goal A Continue to improve and enhance processes, technology, and capabilities to ensure excellence in delivery of services to members, retired members, and their beneficiaries. | | |
|---|--|---|
| Objective | Strategic Initiative | Implementation Status |
| A1: Engage membership through communication, education, and other means. | A1.1: Expand education strategy to educate membership about the benefits offered by the Retirement Fund to assist membership planning for retirement. | <ul style="list-style-type: none"> <i>In progress.</i> Preparing a webinar that provides an overview of the retirement benefits available to Members in the Group B Plan. <i>Complete.</i> Prepared a brochure that provides an overview of the retirement benefits available to Members in the Group B Plan, and how social security works for MBTARF members, that can be provided to the MBTA to provide to employees. |
| | A1.2: Implement technological improvements and upgrades designed to increase access to information about the Retirement Fund’s retirement benefits. | <ul style="list-style-type: none"> <i>In progress.</i> Implementation of SSB’s MyPenPay functionality. <i>Complete.</i> Boston Web Design redesigned and modernized the MBTARF’s website. |
| | A1.3: Educate users on the Retirement Fund’s new and upgraded financial technology offerings. | <ul style="list-style-type: none"> <i>Planning.</i> |
| A2: Develop and implement processes and procedures to administer benefits effectively under the new Group B Plan. | A2.1: Provide timely and accurate communications to membership about the Group B Plan. | <ul style="list-style-type: none"> <i>In Progress.</i> Preparing a webinar that provides an overview of the retirement benefits available to Members in the Group B Plan. <i>Complete.</i> Prepared a brochure that provides an overview of the retirement benefits available to Members in the Group B Plan, and how social security works for MBTARF members, that can be used by the MBTA to educate/inform employees. <i>Complete.</i> Drafted brochure describing differences in two-tier pension benefit system from new Pension Agreement. <i>Complete.</i> Drafted updates to website FAQs to incorporate changes from new Pension Agreement, including the Group B Plan. <i>Complete.</i> Provided members with written receipt of their election to Group B or their revocation of such election. <i>Complete.</i> <i>Milestones</i> newsletter with Group B Plan summary information provided to membership. <i>Complete.</i> Held in-person meetings with membership explaining the new two-tier pension system (Boston Carmen’s Union – 6/20/23; IBEW Local 103 – 6/22/23 and State Transportation Building – 6/23/23). |

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal A (cont.)

| Goal A Continue to improve and enhance processes, technology, and capabilities to ensure excellence in delivery of services to members, retired members, and their beneficiaries. | | |
|---|---|---|
| Objective | Strategic Initiative | Implementation Status |
| | A2.2: Develop and implement new processes, procedures, and standardized documentation to facilitate the administration of benefits under the Group B Plan. | <ul style="list-style-type: none"> • <i>In progress.</i> Evaluating possible Benefit Verification Form protocol (Chapter 32 model). • <i>Complete.</i> Developed procedures for administration of benefits under the Group B Plan and memorialized such procedures in Benefits SOPs. • <i>Complete.</i> Developed new, required forms for requirements from new Pension Agreement (e.g., Group B election form for Group A members, Group B election form to keep contributions at Fund upon termination, Group B retirement application documents). |
| | A2.3: Update pension benefit administration software to be compatible with Group B Plan. | <ul style="list-style-type: none"> • <i>Complete.</i> Programming logic and forms on PTG PensionPro updated to be compatible with Group B Plan. |
| A3: Continue to achieve excellence in the delivery of services to membership. | A3.1: Continue to pay retirement allowances in an accurate and timely manner. | <ul style="list-style-type: none"> • <i>Ongoing.</i> • <i>Complete.</i> Correspondence with PBI re: missing death audit information and developing benefit verification procedures. |
| | A3.2: Continuously improve processes and procedures to ensure accurate, efficient, and effective delivery of services to membership. | <ul style="list-style-type: none"> • <i>In progress.</i> Implementation of SSB's MyPenPay functionality. • <i>Complete.</i> Boston Web Design redesigned and modernized the MBTARF's website. |
| | A3.3: Ensure that content provided to membership is easily understandable and accessible. | <ul style="list-style-type: none"> • <i>In progress.</i> Preparing a webinar that provides an overview of the retirement benefits available to Members in the Group B Plan. • <i>Complete.</i> Prepared a brochure that provides an overview of the retirement benefits provided to Members in the Group B Plan, and how social security works for MBTARF members, that can be provided to the MBTA to provide to employees. • <i>Complete.</i> Boston Web Design redesigned and modernized the MBTARF's website. |

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal B

| Goal B Cultivate a sophisticated, professional, intelligent organization that is dedicated to achieving the organization’s goals. | | |
|---|---|---|
| Objective | Strategic Initiative | Implementation Status |
| B1: Develop and retain a highly competent, professional staff. | B1.1: Support and empower employees to effectively and efficiently perform their job responsibilities. | <ul style="list-style-type: none"> • <i>Ongoing.</i> • <i>Complete.</i> Staff workstation hardware refresh. |
| | B1.2: Continue to support learning and development opportunities for staff. | <ul style="list-style-type: none"> • <i>Ongoing.</i> |
| | B1.3: Promote a staff culture dedicated to continuous improvement in order to enhance operational efficiencies, improve team member engagement, and foster the development of leadership competencies. | <ul style="list-style-type: none"> • <i>Ongoing.</i> • <i>Complete.</i> Manager of Information Technology attended ISC2’s Securing AI Workshops in May 2025. • <i>Complete.</i> Manager of Information Technology completed Certified Information Systems Security Professional (CISSP) certification. |
| B2: Maintain a dynamic organization focused on continuous improvement. | B2.1: Review and update (as needed) the organizational structure and succession plan to address staff retention, development, and retirements. | <ul style="list-style-type: none"> • <i>Planning.</i> Initial meeting convened on April 23, 2025. Follow up meeting to be scheduled first quarter of 2026. |
| | B2.2: Identify organizational opportunities for improved productivity and efficiencies. | <ul style="list-style-type: none"> • <i>Planning.</i> |
| | B2.3: Convene “agenda-driven” monthly staff meetings to promote internal synergy and organization while increasing accountability. | <ul style="list-style-type: none"> • <i>Ongoing.</i> Monthly staff meetings scheduled and held beginning September 2019 and continuing each month. |
| | B2.4: Continue to develop and implement a culture of “best practices” sharing with leadership from PERAC and other retirement systems to discuss emerging issues relevant to pension benefit administration and investment. | <ul style="list-style-type: none"> • <i>Ongoing.</i> Exploring follow on opportunities for engagement with PERAC and other systems around cybersecurity. • <i>Complete.</i> The Retirement Fund and PERAC meeting held on October 23, 2025. • <i>Complete.</i> Developed and conducted an information security seminar in collaboration with PERAC (and others) on March 19, 2025. • <i>Complete.</i> The Retirement Fund and PERAC meeting held on May 24, 2024. • <i>Complete.</i> The Retirement Fund and PERAC meeting held on October 23, 2024. |
| | B2.5: Implement a standardized review structure to ensure organizational practices and procedures and agreements with service providers are regularly reviewed and updated (as needed) to ensure that they conform to industry best practices. | <ul style="list-style-type: none"> • <i>In progress.</i> Reviewing and updating agreement with Scope Medical. • <i>Complete.</i> Executed a new Custody Agreement, Performance and Analytics Agreement and Benefit Payment Services Agreement with State Street Bank. |

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal B (cont.)

| Goal B Cultivate a sophisticated, professional, intelligent organization that is dedicated to achieving the organization’s goals. | | |
|---|---|--|
| Objective | Strategic Initiative | Implementation Status |
| B3: Promote a culture of excellence in Retirement Board governance and administration. | B3.1: Achieve a level of Retirement Board ethics and fiduciary accountability that meets or exceeds industry standards. | <ul style="list-style-type: none"> • <i>Ongoing.</i> • <i>Complete.</i> Fiduciary training conducted 10/17/2025. • <i>Complete.</i> Fiduciary Standards updated for PRIT investment mandate. |
| | B3.2: Foster engaged Retirement Board trustees that are focused on strategy, risk management, performance, and the membership (e.g., including through soliciting trustee feedback on strategies for Retirement Fund management to assist trustees exercise informed decision-making). | <ul style="list-style-type: none"> • <i>Ongoing.</i> |
| | B3.3: Ensure appropriate level of transparency, consistent with applicable law and best practices, into Retirement Board meetings and decisions. | <ul style="list-style-type: none"> • <i>Ongoing.</i> Board meeting minutes (from open session) and monthly investment returns are posted on the Retirement Fund’s website are posted each month after Board meetings. • <i>In progress.</i> Updates to be made to By-Laws and Indemnity Policy in conjunction with Fiduciary Training. |

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal C

| Goal C Enhance financial technology capabilities to support a secure and high performing environment. | | |
|---|--|---|
| Objective | Strategic Initiative | Implementation Status |
| C1: Maintain a comprehensive cybersecurity governance, risk and compliance program designed to ensure the security of information technology and confidential information. | C1.1: Maintain a cybersecurity program that is designed to proactively evaluate and mitigate external threats and vulnerabilities. | <ul style="list-style-type: none"> • <i>Ongoing.</i> |
| | C1.2: Foster an organizational culture that is trained to identify and mitigate cybersecurity threats and risks. | <ul style="list-style-type: none"> • <i>Ongoing.</i> Performing KnowBe4 phishing awareness training and education. • <i>Ongoing.</i> Quarterly meetings (beginning on 4/13/2021) with CMIT to discuss new strategic IT initiatives, technology best practices, and information security initiatives. |
| | C1.3: Enhance and upgrade technology to better ensure the detection and mitigation of cybersecurity threats and risks. | <ul style="list-style-type: none"> • <i>Ongoing.</i> • <i>Complete.</i> Implemented and deployed a security information and event management (SIEM) solution. |
| | C1.4: Maintain and enhance information security policies, procedures, and practices in a manner designed to reduce cybersecurity risks. | <ul style="list-style-type: none"> • <i>Complete.</i> Developed and conducted an information security seminar in collaboration with PERAC (and others) on March 19, 2025. • <i>Complete.</i> Prepared “lessons learned” analysis from RIBridges cybersecurity incident. • <i>Complete.</i> 2025 annual review of the WISP. • <i>Complete.</i> 2024 annual review of the WISP. |
| | C1.5: Continue to utilize external resources (e.g., the Retirement Fund’s managed service provider) to learn about emerging technology, trends, and cybersecurity threats. | <ul style="list-style-type: none"> • <i>Ongoing.</i> Quarterly meetings (beginning on 4/13/2021) with CMIT to discuss new strategic IT initiatives, technology best practices, and information security initiatives. • <i>Planning.</i> Organizing a working group consisting of representatives from PERAC, Chapter 32 funds and EOTSS to study tech/AI trends and cyber threats. |
| C2: Utilize technology as a strategic means of improving operational efficiencies and as a convenient delivery of services to membership. | C2.1: Explore and evaluate new and updated technology that is designed to increase business agility and operational efficiency, including external-facing technologies that may enhance the overall membership experience and improve overall customer service. | <ul style="list-style-type: none"> • <i>Complete.</i> Replacement of Board Member tablets. • <i>Complete.</i> MBTARF Staff workstation refresh complete. |
| | C2.2: Evaluate the feasibility of incorporating artificial intelligence technology into processes and procedures, and, if feasible, implement such artificial intelligence technology. | <ul style="list-style-type: none"> • <i>In progress.</i> Manager of Information Technology and outside counsel to collaborate on future use of AI/FinTech in pension benefit administration (potential PERAC presentation). • <i>Complete.</i> Developed an AI policy to provide employees with guidance on the use of AI with MBTARF resources and information. |
| | C2.3: Ensure business continuity through management of technology through its end of life and obsolescence. | <ul style="list-style-type: none"> • <i>In progress.</i> Staff workstation hardware refresh in progress. • <i>In progress.</i> Replacement of Board Member tablets is in progress. |

Schedule 1 (2024-2027 Strategic Plan Implementation Progress Report) – Goal D

| Goal D Maintain and preserve the long-term sustainability of the pension fund. | | |
|--|--|--|
| Objective | Strategic Initiative | Implementation Status |
| D1: Prudently invest assets in a well-diversified manner designed to optimize returns while controlling risk. | D1.1: Implement processes, procedures, and strategies to deliver risk-adjusted investment returns that meet or exceed the expected rate of return while meeting the Pension Reserves Investment Trust (PRIT) investment mandate of new Pension Agreement. | <ul style="list-style-type: none"> <i>In progress.</i> ICWG met on February 28, 2024, October 2, 2024, January 21, 2025, and January 13, 2026 to determine scope of review and to revise policies and procedures (IPS, Investment Manager Selection, Finance Department Procedures). <i>Complete.</i> The Retirement Board approved the revised IPS and Investment Manager Selection policy at the March 2025 Board meeting. |
| | D1.2: Review the strategic asset allocation on a regular basis to optimize earnings, manage risk, and ensure sufficient liquidity. | <ul style="list-style-type: none"> <i>Ongoing.</i> |
| | D1.3: Regularly evaluate and assess investment management providers and activities across the Retirement Fund's portfolio. | <ul style="list-style-type: none"> <i>Ongoing.</i> |
| D2: Enhance transparency and accountability through effective financial reporting. | D2.1: Produce an Annual Comprehensive Financial Report (ACFR) each year that is compliant with applicable Government Accounting Standards Board (GASB) standards. | <ul style="list-style-type: none"> <i>In progress.</i> <i>Complete.</i> MBTARF prepared its 2024 ACFR. |
| | D2.2: Strive to receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting annually. | <ul style="list-style-type: none"> <i>Complete.</i> MBTARF received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for its 2023 and 2024 ACFR. |
| | D2.3: Continue to make ACFRs and monthly, quarterly, one-, three-, five-, and ten-year investment returns publicly available via the Retirement Fund's website. | <ul style="list-style-type: none"> <i>Ongoing.</i> This information is continuously posted on the Retirement Fund's website following Board meetings. |
| | D2.4: Ensure that membership is provided regular updates on the Retirement Fund's investment returns. | <ul style="list-style-type: none"> <i>Ongoing.</i> |
| D3: Regularly review and continuously improve Finance Department procedures. | D3.1: Develop and maintain policies and procedures to implement and monitor the PRIT investment mandate of new Pension Agreement. | <ul style="list-style-type: none"> <i>In progress.</i> ICWG met on February 28, 2024, October 2, 2024, and January 21, 2025 to determine scope of review and to revise policies and procedures (IPS, Investment Manager Selection policy, Finance Department Procedures). <i>Complete.</i> Finance Department developed an Excel tracker to monitor the MBTARF's progress in achieving the PRIT investment mandate. |
| | D3.2: Regularly convene the Investment Compliance Working Group (ICWG) to review and monitor the financial department processes and procedures. | <ul style="list-style-type: none"> <i>In progress.</i> ICWG met on February 28, 2024, October 2, 2024, and January 21, 2025 to determine scope of review and to revise policies and procedures (IPS, Investment Manager Selection policy, Finance Department Procedures). <i>Complete.</i> The Retirement Board approved the revised IPS and Investment Manager Selection policy at the March 2025 Board meeting. |
| | D3.3: Conduct internal reviews (utilizing the ICWG) of the Finance department policies and procedures and determine feasibility of conducting external agreed audits of the Finance department policies and procedures. | <ul style="list-style-type: none"> <i>In progress.</i> ICWG met on February 28, 2024, October 2, 2024, and January 21, 2025 to determine scope of review and to revise policies and procedures (IPS, Investment Manager Selection policy, Finance Department Procedures). <i>Complete.</i> The Retirement Board approved the revised IPS and Investment Manager Selection policy at the March 2025 Board meeting. |