

## **Commission Meeting Minutes**

**May 14, 2025**

Chairman Philip Y. Brown called the meeting (held at PERAC Offices, 10 Cabot Road, Suite 300, Medford, MA 02155) to order at 11:07 AM. Chairman Brown acknowledged the other Commissioners present at the PERAC offices: Michael Leung-Tat, James Guido, and Richard MacKinnon. Chairman Brown, Commissioner Kate Fitzpatrick, and Commissioner Jennifer Sullivan participated remotely. Therefore, the Chairman explained, all motions made at this meeting will be voted on by roll call vote. The Chairman also announced the meeting was being recorded. Commissioner Kathleen Fallon was not present for the meeting.

PERAC Staff in attendance at the PERAC offices: Executive Director Bill Keefe, First Deputy Executive Director Caroline Carcia, Deputy Executive Director Kenneth Hill, Assistant Deputy Director Patrick Charles, General Counsel Judith Corrigan, Actuary John Boorack, Compliance Manager John Galvin, Senior Associate General Counsel Felicia McGinniss, Associate General Counsel Christopher Windle, and Systems Architect Anthony Tse.

PERAC Staff attending remotely: Communications Director Natacha Dunker and Fraud Prevention Manager Sandra King.

Guest in attendance at the PERAC offices: Tom Gibson representing the Middlesex County and Belmont Retirement Boards.

Guests participating remotely: Patrick Brock representing the Hampshire County Retirement System, John Brown representing the Middlesex County Retirement Board and MACRS, and Linda Champion of Murphy, Hesse, Toomey & Lehane.

Commissioner James Guido made a motion to adopt the minutes of the Commission meeting of April 9, 2025. Commissioner Leung-Tat seconded the motion, and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Michael Leung-Tat YES, Jennifer Sullivan YES, Kate Fitzpatrick YES, James Guido YES, and Richard MacKinnon abstained. The minutes were adopted.

### **Administrative Sub-Committee Update**

Chairman Brown reported that the Administrative Sub-Committee met earlier in the day to finalize the performance review of Bill Keefe for the past year. The Chairman indicated that included in the Commission packet is the form that was used to highlight success indicators and accomplishments over the past year along with a tallied rating for each of the categories listed. The Chairman also reported that the Sub-Committee recommends a 2% salary increase effective March 13, 2025, the date on which Mr. Keefe was appointed the Executive Director in 2024. The Chairman also indicated that the Committee recommended Mr. Keefe receive the same percentage increase for a 2% Cost of Living Adjustment that is applied to all PERAC employees at the start of the Fiscal Year 2026.

Chairman Brown also reported that the Administrative Sub-Committee reviewed and discussed the proposed Fiscal Year 2026 budget that was presented in the amount of \$13,296,261 representing an increase of 3.31% from the Fiscal Year 2025 budget.

Mr. Keefe explained that some of these increases include the second phase of the \$200 increase in physician and medical payments the Commission approved in May 2024 in which half of the increase was applied in Fiscal Year 2025 and the second half will be applied beginning Fiscal Year 2026. Mr. Keefe also explained that the cost of our actuarial software that is used by the Actuarial Unit to conduct valuation reports increased dramatically in Fiscal Year 2025, and we have reached an agreement with the vendor to prorate those costs over two years. The Fiscal Year 2026 proposed budget addresses these costs as well. He also discussed that the proposed budget includes funding to increase the Audit Unit with an additional two full-time auditors to address the Audit backlog. Lastly, included in the proposed budget are funds for employee salary increases, 2% for Cost-of-Living Adjustments and 0-2% performance review-based increases. He explained that these amounts are comparable to most recent collective bargaining agreements and other independent and/or Constitutional agencies in the Commonwealth.

Commissioner MacKinnon made a motion to accept the recommendation of the Administrative Subcommittee approving the Executive Director's Performance Review as written along with a 2% increase retroactive to his anniversary date of March 13, 2025, and a Cost-of-Living Adjustment comparable to PERAC staff as highlighted in the Fiscal Year 2026 proposed budget. Commissioner Fitzpatrick seconded the motion, and a roll call vote was taken:

Chairman Philip Brown YES, Commissioners Michael Leung-Tat YES, Jennifer Sullivan YES, Kate Fitzpatrick YES, James Guido YES, and Richard MacKinnon YES. The motion was adopted.

Commissioner Leung-Tat made a motion to approve the Fiscal Year 2026 Proposed Budget. Commissioner MacKinnon seconded the motion, and a roll call vote was taken as follows:

Chairman Philip Brown YES, Commissioners Michael Leung-Tat YES, Jennifer Sullivan YES, Kate Fitzpatrick YES, James Guido YES, and Richard MacKinnon YES. The motion was adopted.

### **Legislative Update**

Patrick Charles reported that the Joint Committee on Public Service held its first hearing on April 14, 2025 and all of PERAC's seven bills were heard. In addition, Mr. Charles explained that both he and Mr. Keefe testified at the hearing and submitted written testimony. Mr. Charles noted that on April 30, 2025, the House passed its version of the Fiscal Year 2026 Commonwealth budget which included a 3% COLA for the State and Teacher's Retirement Systems, and it also included language from PERAC's H.24 bill regarding the definition of wages. PERAC had filed this bill to ensure that vacation, sick and personal time remain regular compensation except when used in conjunction with Workers' Compensation. He also reported that the House adopted an amendment which would provide members of the Boston Teachers and Teachers Retirement Systems with a new one-time opportunity to participate in Retirement Plus if they previously did not elect to participate. In addition, the House adopted an amendment that would create a new state administered Secure Choice Savings Fund to help workers save for retirement. This new program only applies to employers with 25 or more employees, if the employers do not already offer a qualified retirement plan such as a 401(k).

Mr. Charles reported that the Senate Budget was released by Senate Ways and Means on Tuesday May 6, 2025, which also included PERAC's "wage" definition language that was included in the Governor's and House Budgets. Also included was the 3% COLA for State and Teachers, though the House and Senate differ on how capital gains are used to make the appropriation. On May 20, 2025, the debate on the Senate budget will begin.

Mr. Charles noted that the Massachusetts Department of Revenue (“DOR”) reported April revenue of \$6.838 billion, an increase of \$511 million or 8.1% compared to actual collections last April and \$1.116 billion or 19.5% above the monthly benchmark.

FY2025 collections to date have totaled approximately \$36.517, which is \$2.658 billion or 7.8% more than actual collections in the same period of FY2024, and \$1.899 billion or 5.5% above the year-to-date benchmark. Much of this increase is due to surtax and capital gains collections. However, the surtax money can only be used for education and transportation funding.

### **Audit Update**

Patrick Charles reported that since the last Commission meeting, PERAC has released the Methuen and Massachusetts Teachers’ Retirement Board Audits and the Gardner Retirement Board Follow-up Audit. Mr. Charles explained that the Methuen Audit had one finding related to creditable service for reserve police. However, the Board disagrees with our recommendations and has indicated that it will be appealing this determination. Mr. Charles reported that Massachusetts Teachers’ Audit had one finding related to submitting 3(8)(a) transfers late when the requirement is 90 days. Mr. Charles reported that, in regard to the follow-up audit of the Gardner Retirement System, the finding about an incorrect accidental disability retirement calculation has been resolved.

Mr. Charles reported that PERAC has received 85 Annual Statements to date with 10 boards filing for extensions and nine boards not yet submitting their statements which were due on May 1, 2025. Mr. Charles indicated that we will be following up with these boards regarding these statements.

### **Compliance Update**

John Galvin reported that PRIM’s return for March was -1.59%. The calendar year to date return through March 31 was 0.14%. The fund balance as of March 31 was \$109.8 billion.

Mr. Galvin reported that to date 454 active board members have filed their Statement of Financial Interests. The filing deadline was May 1. He indicated that we would continue to reach out to both active and former board members regarding their required filings.

Mr. Galvin indicated that an agency within the US Treasury, The Office of the Comptroller of the Currency (OCC), which oversees national banks, disclosed a cybersecurity breach with its e-mail system involving sensitive data tied to federally regulated financial institutions. However, this breach did not affect any of the Massachusetts Pension Systems.

### **Executive Director’s Report**

Mr. Keefe went over the staff activities that have occurred since the last Commission meeting of April 9, 2025. He noted the many hearings and meetings regarding legislation occurred during this period. He also noted that PERAC’s Administrative/Finance staff have attended many training sessions this month to prepare for the closing of the Fiscal Year.

Mr. Keefe informed the Commission that “Save the Date” notices were sent to interested parties regarding PERAC’s Open House on Wednesday, June 11, 2025. The Commission is scheduled to have its monthly meeting on the same day at 11:00 a.m. but would like the Commission to consider moving the meeting start time to 12:00 p.m. and have the Open House from 2:00 p.m. to 4:00 p.m. Changing the time would allow for a smooth transition going into the Open House almost as soon as the monthly meeting ends.

Commissioner Fitzpatrick made a motion to change the meeting time of the June 11, 2025, Commission meeting from 11:00 a.m. to 12:00 p.m. Commissioner MacKinnon seconded the motion, and a roll call vote was taken as follows:

Chairman Philip Brown YES, Commissioners Michael Leung-Tat YES, Jennifer Sullivan YES, Kate Fitzpatrick YES, James Guido YES, and Richard MacKinnon YES. The motion was adopted.

Mr. Keefe reported that the COLA Commission met two times since the last Commission meeting of April 9, 2025, and explained that PERAC's Actuarial Unit, led by Actuary John Boorack, has provided lots of cost analysis to the COLA Commission and there has been great dialogue within the group.

Mr. Keefe mentioned the upcoming Municipal Fellowship Program led by the Department of Revenue which staff will be presenting along with retirement board personnel, in particular, Richard Greco from the Arlington Retirement Board. He also mentioned that PERAC's Tax Counsel, Ice Miller, will be presenting a webinar on May 22, 2025, regarding Chapter 32 and Federal Taxation (Part I). They will be following up with Part II of the training in the 3<sup>rd</sup> quarter of 2025. Mr. Keefe indicated that PERAC staff will be attending and presenting at this year's MACRS Conference which will be held from June 1 - June 4, 2025.

Mr. Keefe acknowledged and announced the most recent promotions of Anthony Tse and Stephen Forcucci. He explained that Anthony Tse was a Project Manager for many years and has been recently promoted to a Systems Architect. Stephen Forcucci has been serving as a .Net Developer and will now serve as a Senior .Net Developer. He indicated that both Anthony and Stephen well deserved these promotions and he thanked them for their dedicated work for the agency.

Commissioner MacKinnon made a motion to adjourn the meeting. Commissioner Guido seconded the motion, and a roll call vote was taken as follows:

Chairman Philip Brown YES, Commissioners Michael Leung-Tat YES, Jennifer Sullivan YES, Kate Fitzpatrick YES, James Guido YES, and Richard MacKinnon YES, and the motion was adopted. The meeting was adjourned at 11:50 AM.

**Commission Meeting Documents**

Commission Agenda for the meeting of May 14, 2025

Commission Minutes dated April 9, 2025

Administrative Sub-Committee Minutes dated April 9, 2025

**Administrative Sub-Committee Update**

Executive Director's Performance Review Form

Fiscal Year 2026 Proposed Budget Memorandum

Fiscal Year 2026 Proposed Budget

Letter from the Office of the State Comptroller RE: Proposed Fiscal Year 2026 Fringe Benefit & Payroll Tax Rates

**Legislative Update**

Memorandum regarding Legislative updates

**Audit Update**

Massachusetts Teachers' Retirement Board Audit

Methuen Retirement Board Audit

Gardner Retirement Board Follow-Up Audit

Audit Tracking Report

**Compliance Update**

Memorandum regarding Compliance updates

**Executive Director's Report**

Staff Activities Memorandum

Approved:



Philip Y. Brown, Chairman  
Public Employee Retirement  
Administration Commission