

**PENSION BENEFITS COUNCIL
BOARD MEETING MINUTES
March 13, 2024**

I. CALL TO ORDER

- A. Location: Bennazar, García & Milián C.S.P. & videoconference
- B. Time: The meeting began at 10:07 am

II. ATTENDANCE

MEMBER	ATTENDANCE
Financial Oversight and Management Board for Puerto Rico	
Mr. Jason Fichtner	Present (Teleconference)
Official Committee of Retirees of the Commonwealth of Puerto Rico	
Mrs. Carmen H. Núñez Rodríguez	Present
Mrs. Blanca E. Paniagua Adorno	Present (Teleconference)
Mr. Juan Ortiz Curet	Present (Teleconference)
Mrs. Wanda G. Santiago López	Present
Carlos A. Cabán García, Esq.	Present
American Federation of State, County and Municipal Employees	
Mrs. Jessica Martínez Santos	Present (Teleconference)
Mrs. Sandra Pacheco Santiago	Present (Teleconference)
Commonwealth of Puerto Rico	
Rita González, Esq. in representation of Omar Marrero Díaz	Present (Teleconference)
Guests: Héctor Mayol and Francisco del Castillo from Bennazar, García & Milián C.S.P.	

III. AGENDA

A. Quorum:

1. Wanda Santiago, Secretary, certified the quorum with the attendance of nine members of the Pension Benefits Council.

B. Corporate Resolution regarding Election Results:

1. Francisco del Castillo explained that on March 4, 2024, the arbitration award was received in the case of Mr. Domingo Madera where the election carried out by the Pension Benefits Council was confirmed. The arbitrator granted the appellant ten days to request reconsideration and the term expires on March 14, 2024. To date, the appellant has not requested a reconsideration.
2. Under the Guidelines, the Pension Benefits Council must certify the results of the election, for the elected members to begin. For these purposes, a draft corporate resolution was circulated certifying the election results. Francisco del Castillo discussed each of the points of the corporate resolution.
3. The start date of the new Pension Benefits Council was set as April 1, 2024, so that in the event that the appellant requested reconsideration, there would be enough time to resolve the case before that date.
4. The Pension Benefits Council unanimously agreed:
 - i. Approve the Corporate Resolution Certifying the Election Results.
 - ii. If a reconsideration is not received within the applicable term, a final corporate resolution will be issued and published on the website of the Pension Benefits Council.

C. Reading and Approval of the Previous Minutes:

1. The Pension Benefits Council approved the minutes of the quarterly meeting with the Pension Reserve Board on February 21, 2024, and of the ordinary meeting also held on February 21, 2024.

D. Report on the Appeal to the Election Process:

1. Francisco del Castillo provided a background of the case and indicated that on March 4, 2024, the Arbitrator, Emmalind García Esq., issued the resolution and arbitration award. The attorneys from the Pension Benefits Council discussed each part of the arbitration award and answered multiple questions from the members.
2. The Arbitrator concluded that the appeal by Mr. Domingo Madera does not

proceed and stated that: “The results of the election are upheld and the hearing scheduled for March 7 and 8, 2024 is cancelled. The Arbitration Rules provide that the party adversely affected by a resolution or award may, within a period of ten (10) days, from the date of notification of the resolution or award, present a motion for reconsideration.”

3. If the appellant requests a reconsideration, legal counsel will oppose it and will keep the Pension Benefits Council informed of how the case continues to develop.

E. Corporate Resolution regarding the Orientation Program for the Pension Benefits Council:

1. The matter had been explained in the previous meeting and the draft corporate resolution approving the initial orientation and continuing education program was circulated in the materials for the meeting.
2. Francisco del Castillo discussed the agenda of the initial orientation to be held on March 20, 2024, at the Residence Inn - Isla Verde Hotel, beginning at 9:00 am and ending at 3:00 pm.
3. Regarding the number of people, around 18 participants are expected: 9 from the new Pension Benefits Council, 3 to 4 people from the Transitional Council, 2 people from Bennazar, Maricarmen López and 2 people from Marchand. As for the estimated costs, they are \$895 for the audiovisual equipment, for the Hotel, food, and parking approximately \$2,061.00 and the interpretation expenses of the contract with Rita Inc.
4. The Pension Benefits Council unanimously approved the corporate resolution approving the Initial Orientation and Continuing Education Program.

F. Corporate Resolution for Accepting the position:

1. The Pension Reserve Trust deed establishes that the members of the Pension Benefits Council have to accept the position by public deed.
2. The legal counsel for the Oversight Board was the one who drafted the deeds for the acceptance of the positions of the current members. Francisco del Castillo explained that to uniformly establish how positions are accepted, a corporate resolution was prepared with drafts of public deeds for elected members and another for appointed members.
3. The Pension Benefits Council unanimously approved the corporate resolution with the public deeds to accept the position, but requested that the deeds be in Spanish and English, so they will have in the document a paragraph in each language.

4. On March 20, 2024, the deeds of the elected members of the Pension Benefits Council will be signed.

G. Completed and Pending Items:

1. Regarding the completed matters, Francisco del Castillo explained:
 - i. Annual Report for Fiscal Year 2022-2023: was published on the website of the Pension Benefits Council
2. Regarding pending matters:
 - i. Amendments to the Guides: we are still waiting to receive comments from the Government of Puerto Rico.
 - ii. Tax Exemption Request: still pending before the Department of the Treasury. Rita González Esq. is going to contact the Treasury Department regarding the status of the case.
 - iii. 2023 Annual Report to the Department of State: due on June 14, 2024 and pending by NMA.
 - iv. Insurance Renewal: The insurance expires on April 20, 2024. The insurance agent (Fulcro) was asked if it could be renewed by June 30, 2024 and then start on July 1, 2024 so that it is parallel to the fiscal year. He indicated that he was going to request the change, but that they might not allow it.
 - v. Certificate of Deposit Renewal: Expires on May 17, 2024, and is with First Bank at 3%.
 - vi. Corporate Transparency Law: expires on January 1, 2025. There are already challenges in the United States. Topic to discuss jointly with the Pension Reserve Board.

H. Stipends, Expenses and Invoices from providers:

1. Stipends: prior to the meeting, the table of stipends was circulated with payments until March 13, 2024. The Pension Benefits Council agreed to pay them. As for Jessica Martínez Santos, the Council requested her to present a certification from Servidores Públicos Unidos (SPU) that she is on unpaid labor license and that her salary is paid by SPU, and not the Government of Puerto Rico.
2. Expense Reports: Expense forms are printed for the signature of members of the Pension Benefits Council. Once signed they will be submitted to NMA for review.

3. Invoices: The Pension Benefits Council agreed to pay the following invoices:
 - i. Emmalind García García (Referee) – invoice number 4 that covers from February 1 to March 3, 2024 for the amount of \$8,000.00.
 - ii. NMA – invoice number 1014890 for the month of February 2024 for the amount of \$1,580.41.
 - iii. Bennazar, García & Milián C.S.P. – invoice number 240201 for the month of February 2024 for the amount of \$34,288.27.
 - iv. Marchand ICS Group – invoice number CSJO0124 for the month of January 2024 for the amount of \$2,564.77.

IV. OTHER MATTERS:

- A. Final Stipulation on Act 80-2020 and Joint Resolution 22 of 2021 between the Government of Puerto Rico and the Oversight Board:
 1. Francisco del Castillo explained that Act 80-2020 established an incentivized retirement program for employees under the benefit structures of Act 447-1951 and Act 1-1990 of the ERS. The benefit consists of a pension of 50% of the salary and a contribution of \$100 to the medical plan and is paid by the employer for the life of the employee.
 2. In 2021, the Oversight Board challenged Acts 80, 81 and 82 of 2020 and Joint Resolution 33 of 2021, alleging that it violated PROMESA. After several procedural incidents, the parties filed a Final Stipulation on February 26, 2024, for the partial implementation of Act 80-2020.
 3. The Board and the Government agreed on the savings calculations from the implementation of Act 80, and these will be deposited to the Pension Reserve Trust as a contribution that is different from the annual and additional contributions.
 4. Beginning in August 2024, the Department of the Treasury will make contributions to the Pension Reserve Trust. The total contribution is around \$103 million from Fiscal Year 2025 to Fiscal Year 2031. In turn, employers must reimburse the Government, together with the payment of the Pay Go Charge for the savings due to Act 80.
 5. The stipulation establishes on page 8, section M that:

“The Government and Oversight Board agrees that no later than January 31, 2025, Section 1.2.A. of the Guidelines for the Governance and Administration of the Puerto Rico Plan of Adjustment Pension Reserve Trust and Monitoring of Plan of Adjustment Pension Benefits (the

“Guidelines”) shall be amended to provide the Commonwealth Plan of Adjustment Pension Benefits Council the responsibility and authority to monitor the proper and timely payment of Act 80 Funding to the Pension Reserve Trust by the Commonwealth in accordance with the Final Order. The absence of amended Guidelines shall not constitute a basis for the Government or any Act 80 Entity not to comply with any of the terms of this Final Stipulation;”

6. The Pension Benefits Council agreed that the next step should be to coordinate a meeting with the Oversight Board to discuss what these new obligations regarding that contribution consist of.

B. Contract of Bennazar, García & Milián C.S.P.:

1. Francisco del Castillo indicated that the February 2024 invoice covers the litigation expenses of Domingo Madera's case, unless he requests reconsideration or takes further action. The election budget is \$72,000 and billing until February 2024 is \$89,040, so there is a deficit of \$17,040.
2. Another issue is the expenses of the Pension Benefit Council that are covered by the firm, but the contract does not have a specific item to address them and currently they are \$10,113.68 (mainly because they contemplate the legal opinion of Mr. Díaz Olivo). In addition, the expenses of the Initial Orientation of the elected members will be included.
3. In the General Legal Fees it may be necessary to include more funds. Fundamentally, all the work related to the support work to produce the audited financial statements working with NMA and Kevane, among other supports to the Pension Benefits Council, were not originally contemplated.
4. The Pension Benefits Council agreed to amend the contract of Bennazar, García & Milián C.S.P. in the following items:
 - i. General Legal Fees: Increase by \$25,000. From \$90,000 it increases to \$115,000.
 - ii. Establishment Fees: stays the same at \$70,000.
 - iii. Elections Fees: Increase \$20,000. From \$70,000 to \$90,000.
 - iv. Expenses: Create a new “Pension Benefits Council Expenses” item with \$15,000.
 - v. Amendment total: \$60,000.

C. Fourth amendment to the Fiscal Year 2023-2024 Budget:

1. To address the contract amendment, the Pension Benefits Council agreed to

make the fourth amendment to the budget for Fiscal Year 2023-2024 in the following items:

- i. Administrative Budget of Ordinary Expenses:
 - a. In the administrative budget under "Consultants and Professional Services" the "Legal Advisor" item is increased by \$25,000. From \$90,000 it increases to \$115,000.
 - b. In the administrative budget, in the "Other Administrative Expenses" item, a new item titled "Legal Expenses" is created with \$15,000 to cover the expenses of the Pension Benefits Council that are reimbursed to the Bennazar, García & Milián C.S.P. law firm.
 - c. In the administrative budget under "Other Administrative Expenses" the "Other General Expenses" item is reduced by \$10,000. From \$15,000 to \$5,000.
 - d. After the movements of items, the administrative budget for ordinary expenses increased by \$30,000. From \$334,380 to \$364,380.
 - ii. Non-Ordinary Expenses Budget:
 - a. In the Election Costs budget, the "Attorney Fees" item is increased by \$20,000. From \$72,000 to \$92,000.
 - b. In the Election Costs budget, the "Other" item is reduced by \$50,000. From \$100,000 to \$50,000.
 - c. After the item movements, the Non-Ordinary Expenses budget is reduced by \$30,000. From \$1,948,804 to \$1,918,804.00
 - iii. The total budget of the Pension Benefits Council remains at the same total amount of \$2,302,484.
- D. Approval of the Minutes of March 13, 2024: As this was probably the last meeting of the Benefits Council during the transitional period, it was agreed that the minutes be approved by referendum.

V. CLOSING:

The meeting adjourned at 11:35 am.

In San Juan, Puerto Rico, on March 26, 2024.


Carmen Núñez Rodríguez
President


Wanda Santiago López
Secretary

