

**PENSION BENEFITS COUNCIL  
BOARD MEETING MINUTES  
June 8, 2023**

**I. CALL TO ORDER**

- A. Location: Bennazar, García & Milián C.S.P. & videoconference
- B. Time: The meeting began at 1:07 pm

**II. ATTENDANCE**

<b>PENSION BENEFITS COUNCIL MEMBER</b>	<b>ATTENDANCE</b>
<b>Financial Oversight and Management Board for Puerto Rico</b>	
Mr. Jason Fichtner	Present
<b>Official Committee of Retirees of the Commonwealth of Puerto Rico</b>	
Mrs. Carmen H. Núñez Rodríguez	Present
Mrs. Blanca E. Paniagua Adorno	Present
Mr. Juan Ortiz Curet	Present
Mrs. Wanda G. Santiago López	Present
Carlos A. Cabán García, Esq.	Present
<b>American Federation of State, County and Municipal Employees</b>	
Mr. Iram Ramírez Linares	Present
Mrs. Sandra Pacheco Santiago	Present
<b>Commonwealth of Puerto Rico</b>	
Rita González, Esq. in representation of Omar Marrero Díaz	Present

**Guests:** Héctor Mayol and Francisco del Castillo from Bennazar, García & Milián C.S.P.; Jorge Marchand, Iris González, María Schell and Male Noguera from Marchand ICS Group; Craig Johnson, Nicole Reynoso and Elcida Salguero from Kroll Restructuring Administration LLC.

### III. AGENDA

#### A. Quorum:

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

#### B. Amendment of Budget for Fiscal Year 2022-2023:

1. Francisco del Castillo explained that an analysis of the different items of the budget and the expenses of suppliers and contractors was carried out. This analysis was carried out with the directors of the Pension Benefits Council and with the advice of professionals from Bennazar, García & Milián C.S.P. and Marchand ICS Group.

2. As part of the meeting materials, the current budget was circulated, with all the expenses and invoices presented for each item to date, the available balance, the amendment recommendation, if applicable, and the difference between items.

3. The Pension Benefits Council unanimously agreed to the following changes and amendments to the Fiscal Year 2022-2023 Budget:

##### i. Administrative Budget:

- a. The Personal Services category that includes Stipends and Travel Expenses remained the same.

- b. In terms of Consultants and Professional Services, there were the following changes:

- Legal Counsel: amend the item from \$72,000 to \$90,000, equivalent to an increase of \$18,000.

- Communications Agent: amend the item from \$25,000 to \$29,500, equivalent to an increase of \$4,500.

- Financial Advisor: amend the item from \$85,000 to \$75,000, equivalent to a reduction of \$10,000.

- Auditor: amend the item from \$15,000 to \$0, equivalent to a reduction of \$15,000.

- Total: with the amendments, the category for Consultants and Professional Services is modified from \$197,000 to

\$194,500, equivalent to a reduction of \$2,500.

c. Regarding the Other Administrative Expenses category, there were the following changes:

- Accounting: stayed the same.

- Insurance: increased from \$0 funds to \$2,224. To cover insurance policies that are not specified for payment in the Guidelines by the Pension Reserve Trust.

- Website Expenses: amend from \$15,000 to \$18,500, equivalent to an increase of \$3,500.

- Other General Expenses: remained the same.

- Total: with the amendments, the Other Administrative Expenses category is modified from \$77,000 to \$82,724, equivalent to an increase of \$5,724.

d. Taking into consideration the aforementioned changes, the Administrative Budget was modified from \$320,000 to \$323,224, equivalent to an increase of \$3,224.

ii. Non-Ordinary Expenses Budget:

a. Election Expenses:

- Election Administrator Fees: remained the same.

- Election Administrator Expenses: remained the same.

- Communications Agent Fees: amend item from \$85,000 to \$78,000, equivalent to a reduction of \$7,000.

- Communications Agent expenses: remained the same.

- Legal Counsel Fees: amend from \$72,000 to \$50,000, equivalent to a reduction of \$22,000.

- Arbitrator: this item was created and the amount of \$15,000 was assigned to it.

- Others: Stayed the same.

- Total: With the amendments, the Elections category was modified from \$199,500 to \$185,500, equivalent to a reduction of \$14,000.

- b. Establishment of the Council:
  - Legal Expenses: amendment from \$84,000 to 88,000, equivalent to an increase of \$4,000.
  - Communication Expenses: amendment from \$55,000 to \$74,000, equivalent to \$19,000.
  - Accounting: stays the same.
  - Others: stays the same.
  - Total with the amendments, the Establishment of the Council category was modified from \$146,760 to \$169,760, equivalent to an increase of \$23,000.

c. Reserve: stays the same

- iii. Insurance: Pursuant to the Guidelines, the payment of certain insurance policies is made by the Pension Reserve Trust. The Pension Reserve Board transferred the cost of insurance premiums to the Pension Benefits Council. For these purposes and to make the payment, an item was established to cover the payment in the amount of \$115,550.
- iv. Total Budget: The Total Budget for Fiscal Year 2022-2023 was amended from \$916,260 to \$1,044,034, equivalent to an increase of \$127,774.
- v. As part of the meeting materials, a letter dated May 24, 2023 from Jorge Marchand requesting the contract amendment was circulated. The Pension Benefits Council also agreed to amend the Marchand ICS Group contract in the amount of \$20,000. The other movements and amendments of items related to legal services, among others, do not require additional contract amendments.

C. Budget for Fiscal Year 2023-2024:

- 1. As part of the materials, the budget proposal was circulated that was prepared by the directors of the Pension Benefits Council with the advice of professionals from Bennazar, García & Milián C.S.P. and Marchand ICS Group. Francisco del Castillo explained the draft of the budget, item by item. The Marchand ICS Group discussed a presentation on the cost of elections for fiscal year 2023-2024, explaining the various components.
- 2. The Pension Benefits Council unanimously agreed to approve the following Budget for Fiscal Year 2023-2024:

**I. Administrative Budget – Ordinarily Course Expenses:**

Expense Item	\$	%
<b>Personal Services</b>		
Stipend of \$125 per meeting	\$36,000	78%
Actual Travel and other Reimbursable Expenses	\$10,000	22%
<b>Total Personal Services Expenses</b>	<b>\$46,000</b>	<b>14%</b>
<b>Consultant &amp; Professional Services</b>		
Legal Counsel	\$90,000	45%
Arbitrator	\$15,000	7%
Communication Agent	\$22,000	11%
Financial Advisor	\$50,000	25%
Auditors	\$25,000	12%
<b>Total Professional Services Expenses</b>	<b>\$202,000</b>	<b>62%</b>
<b>Other Operating Expenses</b>		
Accounting	\$20,000	25%
Insurance	\$380	.4%
IT/Website Maintenance Expenses	\$6,000	7.6%
Translators	\$8,000	10%
Taxes	\$15,000	19%
Other General Expenses	\$30,000	38%
<b>Total Other Operating Expenses</b>	<b>\$79,380</b>	<b>24%</b>
<b>Total Administrative Budget</b>	<b>\$327,380</b>	

**II. Non-Ordinary Expenses:**

Expense Item	\$	%
<b>A. Election Costs</b>		
Fees Election Administrator	\$277,500	26%
Expenses Election Administrator	\$225,000	21%
Fees Communications Agent	\$132,000	12.9%
Expenses Communications Agent	\$200,000	19%
Fees Legal Counsel	\$72,000	7%
Arbitrator	\$50,000	5%

Translators	\$1,000	.1%
Other	\$100,000	9%
Total Election Costs	<u>\$1,057,500</u>	<u>91%</u>

**B. Establishment of the Pension Benefits Council**

Legal Costs	\$70,000	71%
Communication Costs	\$10,000	10%
Accounting	\$3,500	4%
Other	\$15,000	15%
Total Establishment Costs	<u>\$98,500</u>	<u>9%</u>
<b>Total Non-Ordinary Expenses:</b>	<u>\$1,156,000</u>	

**III. Insurance**

Management and Entity Fiduciary Liability, Crime, D&O and Cyber Liability	<b>\$19,300</b>
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I. Ordinarily Course Expenses	\$327,380	
22%		
II. Non-Ordinarily Expenses	\$1,156,000	77%
III. Insurance	\$19,300	1%
Total Budget for Fiscal Year 2022-2023	<u>\$ 1,502,680</u>	

D. Reading and Approval of the Previous Minutes:

1. The Pension Benefits Council approved the minutes of the meeting of May 12, 2023.

E. Service proposals from auditors:

1. The Pension Benefits Council agreed to publish on the entity's website a request for a proposal for services to carry out the audit of the financial statements for fiscal years 2021-2022 and 2022-2023, and invite the following Firms to submit proposals: Galindez LLC, Kevane Grant Thornton, Zayas Morazzaani & Co., Parissi P.S.C. and De Angel & Company, LLC. The deadline to submit proposals would be May 31, 2023.
2. Francisco del Castillo explained that the firms Zayas Morazzaani & Co., De Angel & Compañía, LLC and Galindez LLC declined to provide service proposals and the firm Parissi P.S.C. did do not answer. Although De Angel & Compañía, LLC, did not provide a proposal, it recommended CPA

Roberto Sharon.

3. On or before May 31, 2023, proposals were received from Kevane Grant Thornton for \$18,000 and from Sharon & González LLC for \$14,600 and were circulated prior to the meeting.
4. After evaluating both proposals, discussing the size of the firms, market experience, number of employees, and costs, the Pension Benefits Council unanimously agreed to retain the firm of Kevane Grant Thornton for the audit of the financial statements for fiscal years 2021-2022 and 2022-2023.

F. Election Status Presentation

1. Carmen Núñez and Carlos Cabán who nominated themselves as candidates for the Pension Benefits Council left the meeting to not be present during the presentation of the status of the elections.
2. Craig Johnson from Kroll Restructuring Administration LLC, Election Administrator explained that the nomination period concluded on May 22, 2023 and we received 21 nomination forms that were timely. Four nominations were from active employees, eight nominations from ERS, seven nominations from TRS and two nominations from JRS. Of those forms, approximately six needed additional information or documentation, we contacted them and all six provided the requested information. We received zero communications by mail or email of anybody presenting a complaint or concern with the process. Because the nomination forms came timely and are complete, we have no appeals or challenges. Craig Johnson indicated that they will notify the candidates by overnight mail and email to the candidates informing them that their materials are complete and of the next process which is the Candidate Meeting that are going to be held in July.
3. Jorge Marchand indicated that the Candidate Meetings are scheduled for July 12 in San Juan and July 15, 2023, in Ponce and provided details about the logistics and organization of the meetings.
4. Craig Johnson also explained that after the Candidate Meetings the next step is that on July 20, 2023, they will conduct the raffle to determine the candidates' position in the ballot.

G. Completed and Pending Items:

1. Francisco del Castillo gave details regarding the completed matters:
  - i. The Bylaws of the Pension Benefits Council were approved, \$462,000 was received from the Pension Reserve Trust for the FY 2022-2023 budget, the Arbitration Regulations were approved, all the documents were submitted to open the Certificate of Deposit for

\$250,000 in First Bank at 3% for the restricted reserve, \$115,550 was received from the Pension Reserve Trust for the payment of insurance policies, the process of nominations to the Pension Benefits Council was completed and the arbitrator was hired and the contract in the Comptroller's Office.

2. Regarding the pending issues, Francisco del Castillo indicated:

- i. Audit of Financial Statements: pending contracting the firm chosen today by the Pension Benefits Council.
- ii. Annual Report for Fiscal Year 2021-2022: the draft is already before the consideration of the directors of the Benefits Council and will be presented at the next regular meeting.
- iii. Annual Report Department of State: the accounting firm requested an extension to file.
- iv. Application for Tax Exemption of the non-profit corporation: referred and pending before the accounting firm.

H. Invoices from providers: After evaluating the invoices, the Pension Benefits Council agreed to approve the payment of the following providers:

1. NMA:

- i. Invoice # 1009785 of March 2023 for the amount of \$3,270.00
- ii. Invoice # 1009512 for the month of May 2023 for the amount of \$1,291.66

2. Rita Inc. Invoice # 10124 for the amount of \$260.00.

3. Bennazar, García & Milián C.S.P.: Invoice # 230403 for the month of April 2023 for the amount of \$28,617.95


4. Marchand ICS Group:

- i. Invoice # CSJO0423 for the month of April 2023 for the amount of \$32,905.09
- ii. Invoice # CSJO0523 for the month of May 2023 for the amount of \$34,731.22

#### IV. CLOSING

A. The meeting adjourned at 3:02 p.m.

In San Juan, Puerto Rico, on July 18, 2023.

  
Carmen Núñez Rodríguez  
President

  
Wanda Santiago López  
Secretary

