

**PENSION BENEFITS COUNCIL
BOARD MEETING MINUTES
August 10, 2023**

I. CALL TO ORDER

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

II. ATTENDANCE

PENSION BENEFITS COUNCIL 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	Excused
Mr. Juan Ortiz Curet	Present (Teleconference)
Mrs. Wanda G. Santiago López	Present (Teleconference)
Carlos A. Cabán García, Esq.	Present
American Federation of State, County and Municipal Employees	
Mr. Iram Ramírez Linares	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.; Jorge Marchand, Iris González, María Schell and Male Nogueras from Marchand ICS Group; Craig Johnson and 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. Presentation regarding the Election Process:

1. Carmen Núñez and Carlos Cabán, who are candidates to the Pension Benefits Council, left for this part of the meeting.
2. Craig Johnson explained that the content and format of the ballots has been completed. In addition, that establishing voting centers is almost completed. On the other hand, Jorge Marchand indicated that the raffle to establish the order of the candidates on the ballot was completed.
3. Male Noguera gave a presentation on social networks. We have received and answered 292 questions by email and Facebook. She explained the most frequently asked questions and comments. Around 11,000 people have entered the website and the interaction on page time is around 2 minutes. So far 2,447 people have signed up to receive notifications from the Pension Benefits Council. As for Facebook, there are currently 226 followers and it is expected to continue increasing as the promotion continues.
4. Iris González gave a presentation on the media campaign for the elections and discussed the approved budget. Among the strategies that the advertising firm recommended is including on one occasion a loose sheet in the newspaper El Nuevo Día that is irregular in size and overhangs from the newspaper and with El Vocero having two full pages side by side. Additionally, for three additional weeks they will include advertisements about the elections in both newspapers and on the radio. On the other hand, we will have paid interviews and on different radio and television programs.
5. Members of the Pension Benefit Council asked several questions about the election process and media campaign.
6. Jorge Marchand explained that there is concern about incorrect expectations about what the Pension Benefits Council is and what can be achieved by the entity. In particular, it is being alleged by certain groups and candidates that the Pension Benefits Council can amend the Guides to increase pensions, modify the Plan of Adjustment, create a retirement system for the Island, among other allegations. For those reasons, it was recommended to schedule additional advertisements to those established in the media plan

about the election to be published in the press, social networks and emails to organizations explaining the functions and responsibilities of the Pension Benefits Council. The Pension Benefits Council agreed to establish an additional budget of \$15,000 for press advertisements and to coordinate with Iram Ramírez and the Communications Committee, not including the members who are candidates, regarding the content of the advertisements. The funds to pay the \$15,000 will come from the item Others in the Election Budget and the Marchand ICS Group contract will be amended to increase the amount.

C. Reading and Approval of the Previous Minutes:

1. The Pension Benefits Council approved the minutes of the meeting of July 18, 2023.

D. Budget for Fiscal Year 2022-2023:

1. Francisco del Castillo explained that all invoices from contractors for Fiscal Year 2022-2023.
2. Regarding the Kroll Restructuring Administration LLC (“Kroll”) contract, invoice from May 2023 for \$30,109 was presented at the last meeting. Additionally, an invoice was received for \$27,649.25 for the month of June 2023. However, the budget assigned for Fiscal Year 2022-2023 to the Election Administrator is \$37,500, representing an excess of \$20,258.25. Kroll sent an email explaining the reasons for the increase in costs indicating that a significant amount of work was done during the previous fiscal year that was expected to occur in this fiscal year. The Pension Benefits Council approved the invoices as indicated under the letter G of these minutes.
3. The Pension Benefits Council agreed to amend the Budget for Fiscal Year 2022-2023 under Elections to increase the Election Administrator's fee by \$20,259.00. However, said change will not represent an increase to the Elections budget because it was determined to make the following amendment and movements of items to cover the \$20,259.00:
 - i. The Arbitrator's fees will be reduced from \$15,000 to \$0 because no appeals were received during that fiscal year.
 - ii. The Others item will be reduced from \$5,000 to \$0.
 - iii. The Legal Counsel Fees item will be reduced from \$50,000 to \$49,741.
4. On the other hand, Francisco del Castillo presented the invoices of each professional compared to the budget assigned for the 2022-2023 Fiscal Year and no contractor went over the allotted budget. As for the Bennazar, García

& Milián C.S.P. law firm, although it invoiced below the maximum amount of the contract, the fees are distributed in several items throughout the budget. Regarding the Legal Advisor, under the Administrative Budget it establishes \$90,000, but \$98,690 was billed. To cover the excess of \$8,690, the Pension Benefits Council agreed to move that same amount of funds from the Financial Advisor item that it had already completed and billed for its services. This movement of items does not increase the budget for Fiscal Year 2022-2023 nor does it require amendments to the legal counsel's contract.

E. Contract with FTI Consulting:

1. Francisco del Castillo explained that the amount of \$50,000 had been budgeted for the FTI Consulting contract for Fiscal Year 2023-2024. However, the contractor indicated that he understands that the billing may be close to \$60,000.
2. The Pension Benefits Council agreed to amend the Administrative Budget for Fiscal Year 2023-2024 under Consultants and Professional Services, the Financial Advisor line item to increase it from \$50,000 to \$60,000. The amount of \$10,000 will come from Other General Expenses of the Others item, which will be reduced from \$30,000 to \$20,000.

F. Completed and Pending Items:

1. Francisco del Castillo provided the following information regarding the completed matters:
 - i. The application for tax exemption was submitted for the Pension Benefits Council as a non-profit corporation. In addition, a telephone call was held with representatives of the Department of the Treasury and it is expected that the request will be addressed as a "ruling" where not only the exemption from filing a return will be addressed but also the obligation to pay the 4% tax for the services provided by contractors.
 - ii. The Election Notice was sent pursuant to the Guidelines.
 - iii. The raffle was held to establish the candidates' place on the ballot.
2. Regarding the pending issues, Francisco del Castillo indicated:
 - i. Audit of financial statements for fiscal years 2021-2022 and 2022-2023: the first drafts of financial statements were received from the accounting firm. The initial meeting between the audit firm and the accounting firm was scheduled.
 - ii. 2022-2023 Annual Report: We are pending to receive the expense

reimbursement requests from members of the Pension Benefit Council.

- iii. Annual Report to the Department of State: the accounting firm requested an extension to file the report.
- iv. Pending Regulations and Orientation Program: Dates have already been established for the Regulations Committee to meet and work on the documents.

G. Invoices from providers: the Pension Benefits Council approved the payment of the following invoices:

- 1. Kroll Restructuring Administration LLC:
 - i. Invoice #21399 from May 2023 for \$30,109.00.
 - ii. Invoice #21634 from June 2023 for \$27,649.25.
- 2. Rita Inc.: Invoice #10469 for \$208.00.
- 3. Bennazar, García & Milián C.S.P.: Invoice #230601 for the month of June 2023 for \$20,487.91.
- 4. Marchan ICS Group: Invoice # CSJO0623 for the month of June 2023 for \$16,578.49.
- 5. NMA: Invoice # 1011385 for the month of July 2023 for \$1,580.41.

H. Other Matters:

- 1. The Pension Benefits Council agreed to meet on September 14, 2023 at 1:30 pm.
- 2. The Pension Benefits Council agreed to publish all contracts on the entity's website.
- 3. Francisco del Castillo reported that some proposals for amendments to the Guides were received from the Pension Reserve Board. On the other hand, the Regulations Committee has also evaluated amendments by the Pension Benefits Council.
 - i. The Pension Benefit Council agreed to refer the amendments to the Regulations Committee to carry out the evaluation of the submitted amendments, as well as any other amendments that they recommend presenting and also represent the Pension Benefit Council in conversations with the Pension Reserve Board and the Government of Puerto Rico in negotiations regarding amendments to the


Guidelines.

- ii. Carmen Núñez appointed Iram Ramírez Linares as a member of the Regulations Committee.

IV. CLOSING

- A. The meeting adjourned at 12:38 pm.

In San Juan, Puerto Rico, on sept. 14, 2023.


Carmen Núñez Rodríguez
President


Wanda Santiago López
Secretary

