

**PENSION BENEFITS COUNCIL
BOARD MEETING MINUTES
October 24, 2023**

I. CALL TO ORDER

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

II. ATTENDANCE

PENSION BENEFITS COUNCIL	ATTENDANCE
MEMBER	
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
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
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, María Schell, Iris González and Male Noguera from Marchand ICS Group; Craig Johnson and Stanislav Kesler from Kroll Restructuring Administration LLC.

III. AGENDA

A. Quorum:

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

B. Report on the Election Results:

1. Craig Johnson of Kroll Restructuring Administration LLC (Kroll) gave a presentation on the election results to the Pension Benefits Council. He indicated that a total of 35,260 ballots were received, of which 30,666 were valid and 4,588 were invalid. Of the invalid ballots, 1,707 were filed after the due date and 2,887 were invalid for other reasons including the lack of the last four digits of Social Security, lack of signature, voting for more than the allowed candidates, among others. As for the voting methods, 3,181 ballots were received by E-Ballot, 31,973 by mail and 1,006 at the collection centers on the island.
2. In terms of the Judiciary Retirement System (JRS), there were 439 Eligible Retirees, and 183 valid ballots were received, which is equivalent to 42% participation. Of the two candidates, Carlos Cabán García received 144 valid votes, equivalent to 78.69% of the votes and Juan Reyes Caraballo received 39 votes, equivalent to 21.31% of the valid votes received. The JRS participants elect a single candidate for the Pension Benefits Council, so Carlos Cabán García was elected.
3. Regarding the Employee Retirement System (ERS), there were 100,703 Eligible Retirees and 16,805 valid ballots were received, which is equivalent to 17% of participation. Seven candidates participated with the following results:
 - i. Sonia M. Palacios de Miranda received 7,345 valid votes, equivalent to 22.22% of the votes.
 - ii. Pablo Crespo Claudio received 6,127 valid votes, equivalent to 18.54% of the votes.
 - iii. Carmen H. Núñez Rodríguez received 5,701 valid votes, equivalent to 17.25% of the votes.
 - iv. María Teresa Rodríguez Torres received 5,141 valid votes, equivalent to 15.56% of the votes.
 - v. Ramón Santiago Fernández received 3,689 valid votes, equivalent

to 11.16% of the votes.

- vi. Rafael Ángel García Colón received 3,032 valid votes, equivalent to 9.17% of the votes.
- vii. Emilio R. Torres Antuña received 2,015 valid votes, equivalent to 6.10% of the votes.

For the ERS there are two positions for the Pension Benefits Council from the two candidates who received the most votes. Therefore, Sonia Palacios de Miranda and Pablo Crespo Claudio were elected.

4. In terms of the Teacher Retirement System (TRS), there were 44,188 Eligible Retirees and 9,356 valid ballots were received, equivalent to 21% of participation. Six candidates participated with the following results:

- i. Ana M. Serrano Reyes received 5,477 valid votes, equivalent to 29.96% of the votes.
- ii. Félix Figueroa Correa received 3,287 valid votes, equivalent to 17.98% of the votes.
- iii. Armando Montero González received 3,087 valid votes, equivalent to 16.89% of the votes.
- iv. Steven E. Díaz Escobales received 2,423 valid votes, equivalent to 13.26% of the votes.
- v. Providencia Figueroa Santiago received 2,106 valid votes, equivalent to 11.52% of the votes.
- vi. Domingo Madera Ruiz received 1,899 valid votes, equivalent to 10.39% of the votes.

For the TRS, two positions for the Pension Benefits Council are chosen from the two candidates with the most votes. Therefore, Ana M. Serrano Reyes and Félix Figueroa Correa were elected.

5. Regarding the Active Participants, there were 61,022 Eligible Employees to vote, and 4,322 ballots were received, equivalent to 7% of participation. Four candidates participated with the following results:

- i. Carlos Manuel Román Espada received 1,351 valid votes, equivalent to 31.26% of the votes.
- ii. Angel Javier Pérez Hernández received 1,341 valid votes, equivalent to 31.03% of the votes.

- iii. Javier Rivera Santos received 916 valid votes, equivalent to 21.19 of the votes.
- iv. Lilia M. Perea Ginorio received 714 valid votes, equivalent to 16.52% of the votes.

For active employees, a position to the Pension Benefits Council is chosen from the candidate who received the most votes. Therefore, Carlos Manuel Román Espada was elected.

6. Francisco del Castillo Orozco explained that today, October 24, 2023, Kroll will issue a certification with the results of the election and it will be available in both languages on the website of the Pension Benefits Council. On the other hand, that same day a letter from Kroll will be sent to each candidate indicating the results of the election and including the right to appeal the results of the election within the next ten (10) calendar days.
7. Jorge Marchand indicated that Iris González is going to send an email to each candidate with a copy of the letter that Kroll will send by mail as a courtesy. On the other hand, a press release will be sent with the election results, and also be published on the Pension Benefits Council website. In addition, an email will be sent to all the people in the mailing lists about the result of the election and they will also be published on social networks.
8. Francisco del Castillo Orozco explained that candidates have until November 3, 2023, to appeal the election results. If an appeal is received, the Secretary will record the appeal and refer it to the arbitrator Emmalind García, which will constitute an appointment under Section 4.14.3 of the Arbitration Regulations.
9. In terms of the costs of the election, a presentation by Kroll made to the Executive Committee on October 20, 2023, was circulated as part of the materials. Francisco del Castillo Orozco explained that when the estimates for the costs of the election were made, we started from the number of around 5,000 people who voted as part of the Plan of Adjustment. The contract with Kroll included an election with 10,000 people participating. However, we ended up receiving 35,260 ballots and in addition, approximately 12,000 returned ballots were received due to address issues. On the other hand, Kroll's proposal was to send the envelopes with one page with the ballot on one side and the instructions on the other and did not include a pre-addressed and prepaid envelope. But in the process of approving the Election Regulations and creating the ballot and documents to be sent, pages were added, and a pre-addressed and prepaid envelope was included. All this had the consequence of increasing the costs of the election.

Kroll presented the additional costs of the election to the professionals from

Bennazar, García & Milián CSP and Marchand ICS Group, and the parties shared their impressions. After said meeting Kroll made a presentation to the Executive Committee and reduced their fees by \$400,000.00. The presentation was discussed with the Pension Benefits Council, including the considerations for the original estimates, the changes that occurred and the additional costs for each concept. Members of the Pension Benefits Council asked multiple questions about the costs of the election and then approved increasing the budget for Fiscal Year 2023-2024 in the elections line item by the amount of \$334,190 in "Election Administrator Fees", adding \$25,000 for fees and expenses related to arbitration that would also be included in the item "Fee of the Election Administrator" and \$445,874 in "Expenses of the Election Administrator". In addition, it was agreed to establish that the "Others" item would be reduced from \$105,260 to \$100,000. The Non-Ordinary Expenses budget under the Election Expenses item would be amended to read:

II. Non-Ordinary Expenses:

A. Election Costs	\$616,430
Fees Election Administrator	\$670,874
Expenses Election Administrator	\$133,200
Fees Communications Agent	\$209,800
Expenses Communications Agent	\$72,000
Fees Legal Counsel	\$50,000
Arbitrator	\$1,000
Translator's	\$100,00
Other	
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Total Election Costs	\$1,853,304

The total budget of the Pension Benefits Council would have an increase of \$799,804 from the Election Expenses item for a new total of \$2,302,484. The Fiscal Year 2023-204 budget would be amended to read as follows:

I. Ordinarily Course Expenses	\$334,380
II. Non-Ordinarily Expenses	\$1,948,804
III. Insurance	\$19,300
Total Budget for Fiscal Year 2022-2023	\$2,302,484

Additionally, the Pension Benefits Council agreed to amend Kroll's contract to incorporate the changes in the budget.

C. Reading and Approval of the Previous Minutes:

1. The Pension Benefits Council approved the minutes for September 14, 2023 and October 3, 2023.

D. Report on the Contribution to the Pension Reserve Trust:

1. Francisco del Castillo explained that we received an email from Alix Partners dated September 26, 2023, which is the Calculation Agent hired by the Government. In the email they indicated that the base contribution for FY 2022-2023 is \$1,003,528,908 and that the additional contribution is \$87,818,199. This is equivalent to \$1,091,347,107.
2. María López from the Pension Reserve Board sent an email indicating that before October 1, 2023, two government transfers were received. One for \$999,999,999.00 and another for \$3,528,909.00. This is equivalent to \$1,003,528,908 or the base contribution, but the additional contribution was not received. Section 83.2 of the Plan of Adjustment establishes that the base and additional contribution must be made on or before October 1st.
3. Francisco del Castillo indicated that they contacted Sean Gumbs of FTI Consulting about the matter and sent us an informative motion submitted to the court on February 2022 by the Fiscal Oversight Board on the implementation of the Plan of Adjustment where they refer to make the additional contribution on or before November 1 of each year for logistical reasons. In addition, there is a contract between the Calculation Agent, which is the entity in charge of calculating the contributions, and the Government of Puerto Rico, which establishes that the additional contribution will be paid on or before November 1st.
4. On Monday, October 16, 2023, the legal advisors and representatives of the Oversight Board had a meeting to discuss the reasons behind moving the date of payment of the additional contribution and indicated that the Confirmation Order would have to be amended to formally modify the date payment. On the other hand, on Friday, October 20, 2023, the legal advisors and representatives of the Government and Rita González had a conversation to also discuss the topic.
5. Rita González explained that the Government of Puerto Rico intends to make the additional contribution to the Pension Reserve Trust on time. However, to calculate the additional contribution, certain processes must be carried out and certain information obtained that was not available on or before October 1st, as explained in the informative motion.
6. Francisco del Castillo indicated that they are in talks with the Government of Puerto Rico to document and understand the logistical and procedural reasons that prevented the payment of the additional contribution on October 1, 2023 and protect the fiduciary duty of the Pension Benefits Council. These processes can be documented in a stipulation between the

parties regarding the additional contribution for fiscal year 2023.

7. The Pension Benefits Council agreed to send a letter to the Government of Puerto Rico requesting payment of the additional contribution to the Pension Reserve Trust to document the petition and to continue the conversations with the Government of Puerto Rico.

E. Invoices from providers: The Pension Benefits Council agreed to pay the following invoices:

1. Marchand ICS Group – invoice # CSJO0823 for the month of August 2023 for \$116,804.23.
2. Kevane Grant Thornton LLP – invoice #19796 for the month of September 2023 for \$5,456.10.
3. Rita Inc. – translation services.
 - i. Invoice #10698 for \$374.40.
 - ii. Invoice #10804 for \$208.00.
4. Kroll Restructuring Administration LLC – invoice #22086 from August 2023 for \$425,455.76.
5. Bennazar, García & Milián C.S.P. – invoice #230902 for the month of September 2023 for \$30,350.02.

F. Completed and Pending Items:

1. Francisco del Castillo gave details regarding the completed matters:
 - i. Funds for the budget of the Pension Benefit Council for Fiscal Year 2023-2024 were received from the Pension Reserve Trust in the amount of \$1,397,187.00. Which corresponds to the amount requested by the Pension Benefits Council from the Pension Reserve Board.
 - ii. The Government of Puerto Rico made the base contribution to the Pension Reserve Trust for Fiscal Year FY 2022-2023 in the amount of \$1,003,528,908.
 - iii. The accounting firm filed the annual report of the Pension Benefits Council for Fiscal Year 2022 with the Department of State.
2. Regarding the pending issues, Francisco del Castillo indicated:
 - i. Audit of financial statements for the fiscal years 2021-2022 and 2022-2023: As for 2021-2022 and 2022-2023 they are already

practically completed and only the notes are to be finalized by the accounting company.

- ii. Annual Report of the Pension Benefits Council: once all requests for reimbursement of expenses are received, the draft will be prepared for the consideration of the Pension Benefits Council.
- iii. Certification of Election Results: on the afternoon of October 24, 2023, the results will be published on the website and the press release will be sent.
- iv. 2023 Annual Report Department of State: pending with accounting company.
- v. Regulations of Documents of the Benefits Council: the Regulations Committee has already finished reviewing them and they will be submitted at an upcoming meeting as part of the amendments to the Bylaws of the Pension Benefits Council.
- vi. Orientation Program: the date will be pending coordination with the members and will also depend on whether any challenge to the election process is received.

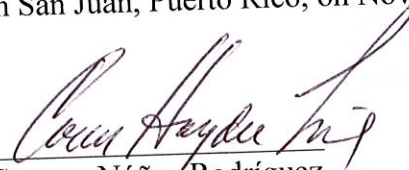
IV. OTHER MATTERS:

- A. The Pension Benefits Council agreed to establish that the next two meetings will be held on November 21, 2023 and December 12, 2023 at 10:00 am.

V. CLOSING

- A. The meeting adjourned at 12:05 pm.

In San Juan, Puerto Rico, on November 21, 2023.


Carmen Núñez Rodríguez
President


Wanda Santiago López
Secretary

