

**PENSION BENEFITS COUNCIL
BOARD MEETING MINUTES
January 16, 2024**

I. CALL TO ORDER

- A. Location: Bennazar, García & Milián C.S.P. & videoconference
- B. Time: The meeting began at 10:13 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	Present
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	
Vacant	
Mrs. Sandra Pacheco Santiago	Absent
Commonwealth of Puerto Rico	
Rita González, Esq. in representation of Omar Marrero Díaz	Excused
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 six members of the Pension Benefits Council.

B. Reading and Approval of the Previous Minutes:

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

C. Appeal to the Election Process:

1. Francisco del Castillo made a report on Mr. Domingo Madera's appeal. The legal representative of the appellant indicated that he would use Héctor L. Acevedo Esq., who is a person with extensive knowledge of electoral law on the Island. The allegation of the appellant will be that the election process followed by the Pension Benefits Council violated the due process of law under the principles generally recognized in elections.
2. On behalf of the Pension Benefits Council, it had originally been thought that Craig Johnson could serve as an expert in the case, but after interviewing him and given the legal strategy of the appellant, we believe is better to use an attorney as an expert witness with knowledge in corporate law. For that purpose Carlos Díaz Olivo Esq., was identified as an expert witness. The hourly fees are \$300.00, and the costs would be billed under the contract of the Bennazar, García & Milián C.S.P.
3. On December 27, 2023, the appellant answered the interrogatories, and the Council did so on December 28, 2023. Regarding the answer to the appellant's interrogatories, in addition to notifying the aforementioned expert, they included as witnesses two teachers who submitted sworn statements indicating that at the time of voting they were confused by the ballot and that they do not know if that vote was applied correctly in the name of Mr. Domingo Madera. The witnesses for the Pension Benefits Council are Craig Johnson, Jorge Marchand, Male Noguera and Minerva Acevedo.
4. In terms of the next dates of the case, Francisco del Castillo indicated:
 - i. On January 19, 2024, pre-arbitration hearing reports must be submitted.
 - ii. January 26, 2024 is the conference before the arbitration hearing.
 - iii. February 9, 2024 is the deadline to file dispositive motions.
 - iv. February 16, 2024, deadline to oppose dispositive motions.

v. On February 22 and 23, 2024 – arbitration hearing.

5. Members of the Pension Benefits Council asked several questions and the litigation strategy in the case was discussed.
6. On the other hand, it was discussed whether the elected members of the Benefits Council should be appointed for whom there is no appeal as the appeal process is concluded. After discussing all the options, it was agreed that once the arbitrator's determination is final, the election will be certified and all members will be appointed, regardless of whether the appellant party appeals to another court requesting review of the arbitration.

D. Appointment by AFSCME to the Pension Benefits Council:

1. Francisco del Castillo reported that on January 9, 2024, we received an email from Steve Kreisberg indicating that AFSCME appointed Jessica Martínez Santos to the Pension Benefits Council.
2. A question arose as to whether her appointment was only to replace Iram Ramírez in the transitional period or that, once said term had concluded, she would also be the sole representative of AFSCME after the transitional period. To that end, Jason Fichtner wrote to Steve Kreisberg asking about the appointment and we will be awaiting his response.

E. Completed and Pending Items:

1. Regarding the completed matters, Francisco del Castillo explained:
 - i. The audited financial statements for fiscal years 2022 and 2023 were completed.
 - ii. A letter dated December 27, 2023, that was sent to the Comptroller's Office was circulated. We responded to a request for information where we indicated that the Pension Benefits Council is not an instrumentality of the State and that we do not have any labor claims.
2. Regarding pending matters:
 - i. In terms of the amendments to the Guides, a telephone call is scheduled with Mohammad Yassin, Esq., legal representative of AAFAF, to discuss the payment of the additional contribution and the status of the comments of the Government of Puerto Rico to the amendments to the Guides presented by the Pension Benefits Council.
 - ii. It was reported that an email was received from the Department of State regarding the Corporate Transparency Act, which effective January 1, 2024, will require, with certain limited exceptions, all corporations and other legal entities, domestic and foreign, and newly created companies

submit certain information about their beneficial owners directly to the Financial Crimes Enforcement Network of the Federal Treasury Department (“FinCen”).

- iii. Reporting companies created or registered to carry out their activity before January 1, 2024, will have an additional period (until January 1, 2025) to submit their reports. The recommendation is to coordinate a call with Fernando Navarro of NMA to discuss the matter.

F. Stipends and Invoices from providers:

1. Stipends: as part of the materials, a table was circulated with the stipends that cover the period from December 12, 2023, to January 16, 2024, and they were approved by the Pension Benefits Council.
2. Supplier Invoices: The Pension Benefits Council agreed to pay the following invoices:
 - i. Marchand ICS Group – invoice # CSJO1023 for the month of October 2023 in the amount of \$14,285.45.
 - ii. NMA Certified Public Accountants – invoice # 1014120 for the month of December 2023 in the amount of \$1,580.41.
 - iii. Rita Inc. – Invoice #11116 for the December 12, 2023 meeting in the amount of \$208.00.
 - iv. Bennazar, García & Milián C.S.P.- #231201 for the month of December 2023 for the amount of \$15,887.74.

IV. OTHER MATTERS:

A. Francisco del Castillo indicated that on December 18, 2023, an email was received from Eduardo Herencia of Kevane Grant Thornton indicating that although the contract between the parties is for \$18,000, they ended up incurring hours equivalent to \$39,000. He explained that, in the last two weeks of work to deliver the statements, the time effort was significant and went beyond what they outlined in the engagement letter. He indicated that it was a combination of an original underestimation of hours by not anticipating the effort that the audit ended up requiring.

Also, there was an effort that they did not contemplate, which was that they practically took charge of preparing and writing “from scratch” the financial statements with their notes, a significant initial investment that is something that management normally must do. On the other hand, there are also hours of investment and normal “learning curve” of an initial audit, which contain certain levels of natural inefficiencies. On the other hand, the Pension Benefits Council is relatively small, the materiality levels are low and any item, no matter how small, was material and had to be audited. Mr. Eduardo Herencia proposed that the audit firm be compensated up to \$30,000, which is a 23% discount on the final cost

of \$39,000.

Francisco del Castillo explained that the matter was discussed in the Executive Committee, that in the budget of the Pension Benefits Council under administrative expenses there are \$25,000 and under the "Others" category there are \$20,000.


After discussing the unforeseen scope of services at the time the contract was signed and the quality of the services, the Pension Benefits Board agreed to amend Kevane Grant Thornton's contract from \$18,000 to \$30,000. Additionally, the Pension Benefits Board agreed to amend the "Other" line item of the Administrative Budget to move \$5,000 to the "Auditors" line item for a new total of \$30,000.

B. The Pension Benefits Council agreed to meet on February 21, 2024, following the quarterly meeting with the Pension Reserve Board.

V. CLOSING:

A. The meeting adjourned at 11:40 am.

In San Juan, Puerto Rico, on February 21, 2024.


Carmen Núñez Rodríguez
President


Wanda Santiago López
Secretary

