

**PENSION BENEFITS COUNCIL
BOARD MEETING MINUTES
December 14, 2022**

I. CALL TO ORDER

- A. Location: Bennazar, García & Milián C.S.P. & videoconference
- B. Time: The meeting began at 2:10 p.m.

II. ATTENDANCE

PENSION BENEFITS COUNCIL MEMBER	ATTENDANCE
Financial Oversight and Management Board for Puerto Rico	
Mr. Jason Fichtner	Present
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
Mrs. Wanda G. Santiago López	Present
Carlos A. Cabán García, Esq.	Present
American Federation of State, County and Municipal Employees	
Genoveva Valentín Soto, Esq.	Present
Mrs. Sandra Pacheco Santiago	Present
Commonwealth of Puerto Rico	
Rita González, Esq. in representation of Omar Marrero Díaz	Present

III. AGENDA

A. Quorum:

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

B. Reading and Approval of Previous Minutes:

1. The Pension Benefits Council approved the minutes of November 30, 2022.

C. Report from the Treasurer:

1. Carlos Cabán, Treasurer, discussed the report of disbursements of the bank account from October 15 to December 8, 2022, and also the bank statements. The balance of the account under the previous report was \$502,957.46 and after \$64,815.66 in expenses, the balance as of December 8, 2022, is \$438,141.80.
2. In addition, Carlos Cabán discussed a report of the 2021-2022 Fiscal Year Budget that reflects all the payments made to that point, excluding the reimbursement of expenses of the members of the Pension Benefits Council.

D. Presentation from the Pension Reserve Board:

1. María López, Executive Director, and Julián Bayne, Finance Director, participated on behalf of the Pension Reserve Board and made a presentation to the Pension Benefits Council. María López indicated that by July 2022, all Reserve Board members were appointed and began operating. On November 16, 2022, she was appointed and Julián Bayne on December 1, 2022.
2. The Pension Reserve Board hired a law firm, they have selected an investment advisor and are in the process of signing the contract. They also selected an external auditing firm and are in the process of evaluating candidates for the custodian bank of the investment portfolio. Banco Popular is currently acting as interim custodian. The deposits of \$1.4 billion that were received from the government of Puerto Rico, were invested in short term US Bonds with maturity dates between January and March 2023 and will have a yield of approximately \$20 million dollars.
3. Carlos Cabán asked is the Pension Reserve Board was able to obtain insurance coverage. María López indicated that it has been a very complex process due to the nature of the entity and that so far they have not obtained insurance coverage.
4. Wanda Santiago asked about the status to rent a space for the offices of the

Pension Reserve Trust and if it will be shared with the Pension Benefits Council. María López replied that it would be shared and that it would be available by February 2023.

5. Wanda Santiago also asked if her team is complete. María López indicated that for this fiscal year and the beginning of the next it is complete, but for the future they are contemplating hiring a person to work with accounting.
6. Wanda Santiago asked if an actuary has been hired. María López indicated that it is currently being evaluated and that she does not currently have a final answer, but that they are currently receiving actuarial services through the Oversight Board.
7. Juan Ortíz asked if they have found enough firms to diversify the assets. María López indicated the investment firm is working with the Pension Reserve Board on that matter. The idea is to have adequate diversification to protect the assets of the trust.
8. Carlos Cabán asked about the process for the distribution of funds from the trust for the operation of the entities. María López indicated that she appreciates the question, but that she is going to take it with her and discuss it with the Pension Reserve Board. Carlos Cabán indicated that the process of requesting a proposal for the services of the election administrator began and that it will be necessary to identify the funds to carry out the elections.
9. Carlos Cabán also asked if the Pension Reserve Board has evaluated any changes to the Guidelines. María López replied that they are reviewing the Guidelines with their legal advisers.
10. Carmen Núñez asked if they envision any service that both entities can share. María López indicated that she is also going to take the question back to the Pension Reserve Board, that the Guides provide for it, but that right now she does not have an answer.
11. Juan Ortiz asked that taking into consideration that the members of the Pension Reserve Board are busy people who live in different places, if they have had problems meeting. María López indicated that they are very involved in decision-making, they have the meeting schedule already established and they have also delegated functions to the administrative team.

E. Presentation from the Elections Committee:

1. Prior to the meeting, a report on the work related to the Election Administrator's request for proposals process was circulated. Only Kroll submitted a service proposal dated November 30, 2022, for the amount of \$1,975,000.00.

2. The Elections Committee agreed that the Pension Benefits Council's professionals would have a preliminary meeting with Kroll to inquire about certain aspects of the proposal, and then coordinate a presentation to the Elections Committee. To that effect Jorge Marchand indicated that they met with representatives of Kroll the day before, in which representatives of Marchand ICS Group and Francisco del Castillo participated, to discuss the service proposal.
3. During the meeting, Kroll was asked to review the proposal in light of the participation that is expected, disclose costs for each form of voting, separate vendor fees and other costs not related to their services and to clarify certain additional aspects of the proposal.
4. On December 20, 2022 at 10:00 am the Elections Committee has a meeting scheduled with Kroll. Prior to that meeting, the provider is expected to review the proposal and present it to the Elections Committee. The goal is that during the month of January 2023, Kroll will be able to make a presentation to the Pension Benefits Council.

F. Presentation from the Communications Committee:

1. Jorge Marchand discussed the timetable for the launch of the website for the Pension Benefits Council, which is scheduled for January 31, 2023.
2. Genoveva Valentín asked Jorge Marchand who the Tamarindo Group is, to which he replied that it is the subcontracted company to assist in the engineering process of the website. Genoveva Valentín asked Francisco del Castillo if under the contract with Marchand ICS Group, they can subcontract services. Francisco del Castillo indicated that under the contract a provider can subcontract services with the authorization of the Pension Benefits Council. To that effect, Marchand ICS Group would be presenting a letter to the Pension Benefits Council for the authorization of subcontracting Tamarindo Group.

G. Presentation from the Regulations Committee:

1. Francisco del Castillo made a report on behalf of the Regulations Committee indicating the times they have met, the analysis and procedures followed to create the document.
2. At this time the administrative statutes are already in the final stage of review. However, the Temporary Administrative Resolution will expire on December 31, 2022 and the recommendation of the Regulations Committee is to extend it until February 28, 2023, in order for the Pension Benefits Council to have enough time to evaluate and approve the bylaws, once completed by the Regulations Committee.
3. The Pension Benefits Council agreed to extend the validity of the

Temporary Administrative Resolution until February 28, 2023.

H. Discussion of the Completed and Pending Items:

1. Matters completed since the last meeting of the Pension Benefits Council - Francisco del Castillo reported the following:

i. The letter was sent to the Director of the Office of Management and Budget regarding the amended budget for Fiscal Year 2022-2023.

2. Pending Items - Francisco del Castillo reported the following:

i. Insurance: The Insurance Agent sent an email indicating that they were in the process of obtaining authorization to go to markets outside Puerto Rico as required by the Puerto Rico Insurance Commissioner.

ii. Accounting Firm: The Pension Benefits Council originally selected Chavo.com, but we have faced problems to hire them because they have not delivered the Certificate of the Single Registry of Suppliers and the response time of emails is too long. During this process we learned that the Pension Reserve Board did not contract with Chavo.com and instead contracted with NMA Accounting, which is one of the firms that participated in the request for proposals made by the Pension Benefits Council.

We had a call with NMA Accounting together with Carlos Cabán to go over the original proposal, to eliminate everything related to the trust and include some additional services, with the objective that they present a new proposal and that the Pension Benefits Council has an additional alternative.

The NMA Accounting proposal was received and circulated with the materials for the meeting, however the recommendation is to have another call with the firm, to ask additional questions and try to obtain additional adjustments to the proposal.

iii. Taxes: Carlos Cabán explained that in conversations with NMA Accounting the question arose as to whether the Pension Benefits Council had the obligation to pay federal taxes. Jason Fichtner recommended that they contact María López because the Pension Reserve Board is conducting an analysis with the IRS regarding tax obligations, and that the Pension Benefits Council could be included in that analysis process. For these purposes, it was agreed to discuss the matter with representatives of the Pension Reserve Board.

iv. Other topics also discussed were the review of the PayGo charge, election procedure, and future quarterly reports from the Pension

Reserve Board.

I. Stipends, expenses and Invoices from Providers:

1. Francisco del Castillo explained that among the topics discussed by the Regulations Committee were the stipends and reimbursement of expenses of the members of the Pension Benefits Council. Since the approval of the bylaws can take additional time and considering that members have met 18 times during regular meetings and 9 Committee meetings, it was appropriate to advance the approval of the regulations to pay expenses and stipends.

Carlos Cabán explained that the new components of the resolution are the payment of stipends for committee meetings, and everything related to the reimbursement of expenses.

Rita González indicated that she is still reviewing the content of the bylaws and requested to eliminate from the first paragraph of the resolution, the portion that reads: "consistent with reasonable and customary market practices and". She indicated that for purposes of the bylaws we must be more conservative in terms of stipend increases, and until the analysis is concluded, she requested the removal of the language from the resolution or in the alternative that she reserves the right to recommend changes to that effect in the bylaws.

Members of the Benefits Council discussed that the language included in the draft resolution is identical to what is stated in the Stipend Guidelines. However, they considered that the statutes could more fully define the concept and regulate the process to justify an increase in stipends for that reason. Francisco del Castillo indicated that at this time the resolution does not include any increase to the stipend as currently established in the Guidelines, so it does not affect including or eliminating in the resolution the text on how they can be increased in the future.

The Pension Benefits Council agreed to accept the amendment requested by Rita González, modifying the text of the first paragraph of the resolution as follows:

"Stipend - Members shall be entitled to a stipend of one hundred twenty-five dollars (\$125) for each meeting of the Benefits Council or committees. The amount of the stipend may be reviewed and adjusted from time to time by a two-thirds (2/3) vote of the Members of the Benefits Council, ~~consistent with reasonable and customary market practice and~~ to reflect regular increases with respect to inflation."

2. Carlos Cabán prepared and circulated prior to the meeting a report for the payment of stipends to each member of the Benefits Council for their participation in Council and Committee meetings. After the report was

reviewed by the Pension Benefits Council, it was approved for payment.

3. Supplier Invoices: After evaluating the invoices, the Pension Benefits Council agreed to approve the payment of the following suppliers:

- i. Interpreters: Rita Inc. – invoice # 9429 for services rendered that same December 14, 2022 in the amount of \$208.00.
- ii. Legal Advisor: Bennazar, García & Milián C.S.P. – invoice #221102 for a total of \$15,421.82 for the month of November 2022

J. Other Matters:

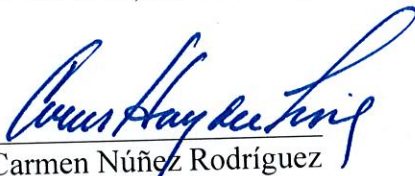
Presence of guests at meetings: The members of the Pension Benefits Council discussed the presence of professionals at meetings on issues not directly related to the services they provide. The Pension Benefits Council determined that the professionals and guests will be present in those matters related to the work they carry out, matters that concern them and any other matter that the Pension Benefits Council deems they should be present.

Jason Fichtner indicated that he agreed, with the caveat that if another professional or guest is present and something confidential and privileged is discussed, and legal counsel raises the matter, that said professional be excused.

IV. CLOSING

A. The meeting adjourned at 4:30 p.m.

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


Carmen Núñez Rodríguez
President


Wanda Santiago López
Secretary

