



Report of the Trustee

4th Qtr. FY 2017 through 3rd Qtr. FY 2019

September 26, 2019 Hearing

Betty Johnson v. Ralph DLG. Torres, et al.
Civil Case No. 09-00023

Overview

- Settlement Fund Operations Highlights
- Reports of Auditor and Actuary
- Financial Report & Proposed Budget for FY 2020
- Investment Report & Policy
- Status of Litigation
- Legislative Updates



Operations Highlights

Class Membership

	9/30/15	9/30/16	9/30/17	9/30/18
Participant Counts				
Active Employees (Class I)	78	66	65	64
Active (Class II)	<u>8</u>	<u>6</u>	<u>6</u>	<u>6</u>
Total Active	86	72	71	70
Retirees	<u>3,009</u>	<u>2,956</u>	<u>2,888</u>	<u>2,822</u>
Total Participants	3,095	3,028	2,959	2,892
	(67)	(69)	(67)	

As of 9/15/19, there were 2,759 retirees, a decrease of 133 from FY 2018.

Breakdown of Members Based on 75% Benefit Payments as of 9/15/19

Benefit Range per Municipality	RETIREE DISABLED	RETIREE	SURV CHILD DISABLED	SURV CHILD	SURV SPOUSE	Grand Total
ROTA	4	213	2	5	64	288
<= \$6,000.00	0	25	2	3	21	51
6,000.01 - 10,000	0	25	0	1	17	43
10,000.01 - 20,000	4	104	0	1	23	132
20,000.01 - 30,000	0	44	0	0	3	47
30,000.01 - 40,000	0	13	0	0	0	13
40,000.01 - 50,000	0	1	0	0	0	1
50,000.01 - 60,000	0	1	0	0	0	1
60,000.01 - 70,000	0	0	0	0	0	0
SAIPAN	21	1611	11	78	557	2278
<= \$6,000.00	1	141	11	69	250	472
6,000.01 - 10,000	9	165	0	6	143	323
10,000.01 - 20,000	11	694	0	0	150	855
20,000.01 - 30,000	1	948	0	3	10	962
30,000.01 - 40,000	0	116	0	0	1	117
40,000.01 - 50,000	0	31	0	0	1	32
50,000.01 - 60,000	0	9	0	0	0	9
60,000.01 - 70,000	0	4	0	0	1	5
70,000.01 - 80,000	0	0	0	0	0	0
80,000.01 - 90,000	0	3	0	0	0	3
> 100,000	0	0	0	0	0	0
TINIAN	3	136	0	8	46	193
<= \$6,000.00	1	12	0	6	16	35
6,000.01 - 10,000	1	14	0	1	14	30
10,000.01 - 20,000	1	58	0	1	15	75
20,000.01 - 30,000	0	40	0	0	1	41
30,000.01 - 40,000	0	10	0	0	0	10
40,000.01 - 50,000	0	1	0	0	0	1
50,000.01 - 60,000	0	1	0	0	0	1
60,000.01 - 70,000	0	0	0	0	0	0
70,000.01 - 80,000	0	0	0	0	0	0
GRAND TOTAL	28	1960	13	91	667	2759

Breakdown of Members Based on 100% Benefit Payments as of 9/15/19

Benefit Range per Municipality	RETIREE DISABLED	RETIREE	SURV CHILD DISABLED	SURV CHILD	SURV SPOUSE	Grand Total
ROTA	4	213	2	5	64	288
<= \$6,000.00	0	7	2	2	12	23
6,000.01 - 10,000	0	27	0	1	19	47
10,000.01 - 20,000	4	63	0	2	23	92
20,000.01 - 30,000	0	75	0	0	7	82
30,000.01 - 40,000	0	26	0	0	3	29
40,000.01 - 50,000	0	10	0	0	0	10
50,000.01 - 60,000	0	4	0	0	0	4
60,000.01 - 70,000	0	1	0	0	0	1
70,000.01 - 80,000	0	0	0	0	0	0
SAIPAN	21	1611	11	78	557	2278
<= \$6,000.00	0	21	11	64	120	216
6,000.01 - 10,000	1	177	0	8	186	372
10,000.01 - 20,000	19	414	0	3	200	636
20,000.01 - 30,000	1	562	0	3	42	608
30,000.01 - 40,000	0	274	0	0	5	279
40,000.01 - 50,000	0	97	0	0	1	98
50,000.01 - 60,000	0	41	0	0	0	41
60,000.01 - 70,000	0	12	0	0	1	13
70,000.01 - 80,000	0	6	0	0	1	7
80,000.01 - 90,000	0	4	0	0	1	5
> 100,000	0	3	0	0	0	3
TINIAN	3	136	0	8	46	193
<= \$6,000.00	1	2	0	6	9	18
6,000.01 - 10,000	0	12	0	1	13	26
10,000.01 - 20,000	2	40	0	1	20	63
20,000.01 - 30,000	0	48	0	0	4	52
30,000.01 - 40,000	0	22	0	0	0	22
40,000.01 - 50,000	0	8	0	0	0	8
50,000.01 - 60,000	0	2	0	0	0	2
60,000.01 - 70,000	0	1	0	0	0	1
70,000.01 - 80,000	0	1	0	0	0	1
GRAND TOTAL	28	1960	13	91	667	2759

Payments to Members Based on Current Residence and Classification

Chart 1
(Period Ending 9/15/19)

PLACE OF RESIDENCE	Total # of Members	NMISF Class Member Classifications					Total Benefit Payments	
		Retiree Disabled	Retiree	Surviving Child Disabled	Surviving Child	Surviving Spouse		
CNMI	2016	\$14,024.06	\$ 1,537,535.78	\$1,153.45	\$13,510.43	\$ 241,684.42	\$ 1,807,908.14	77%
CONTINENTAL U.S.	532	\$ 2,653.74	\$ 332,604.49	\$ 432.70	\$ 4,519.07	\$ 56,172.10	\$ 396,382.10	17%
FSM	13	\$ -	\$ 7,282.74	\$ -	\$ 61.96	\$ 2,176.65	\$ 9,521.35	6%
GUAM	121	\$ -	\$ 63,527.50	\$ -	\$ 1,470.33	\$ 11,073.69	\$ 76,071.52	
NON U.S.	53	\$ -	\$ 19,223.04	\$ -	\$ 870.47	\$ 6,491.27	\$ 26,584.78	
REPUBLIC OF PALAU	24	\$ -	\$ 16,825.66	\$ -	\$ 405.80	\$ 2,024.52	\$ 19,255.98	
Total Payments @ 100%	2759	\$16,677.80	\$ 1,976,999.21	\$ 1,586.15	\$20,838.06	\$ 319,622.65	\$ 2,335,723.87	
Total Payments @ 75%		\$12,508.35	\$ 1,482,749.41	\$ 1,189.61	\$ 15,628.55	\$ 239,716.99	\$ 1,751,792.90	



Settlement Agreement Payments

Minimum Annual Payment (“MAP”)

Fiscal Year	MAP	Source of Funds
FY 2014	\$25M (paid)	PL 18-18, PL 18-53
FY 2015	\$27M (paid)	PL 18-66
FY 2016*	\$30M (paid)	PL 19-08
FY 2017*	\$33M (paid)	PL 19-68
FY 2018*	\$45M (paid)	PL 20-33
FY 2019*	\$44M (paid)	PL 20-33, PL 20-67
FY 2020	\$43M	PL 20-33
FY 2021	\$41M	PL 20-33
FY 2022	\$39M	PL 20-33

*Actuarial Valuation Report (by Milliman)

NMI Settlement Fund**Schedule of CNMI Government contribution payments****Fiscal Year 2019, per Settlement Agreement**

Due Date	Cumulative Amount Due	Description	Date Remitted	Amount Remitted	Quarterly Balance Due	Annual Balance Due
		FY2019 Annual Payment				44,000,000.00
12/31/2018	6,600,000.00	End of 1st Quarter Payment @ 15%			6,600,000.00	
			10/10/2018	1,000,000.00	5,600,000.00	43,000,000.00
			11/23/2018	1,120,000.00	4,480,000.00	41,880,000.00
			12/5/2018	1,125,000.00	3,355,000.00	40,755,000.00
			12/20/2018	1,125,000.00	2,230,000.00	39,630,000.00
			12/31/2018	2,500,000.00	(270,000.00)	37,130,000.00
Totals:				6,870,000.00		
3/31/2019	22,000,000.00	End of 2nd Quarter Payment @50%			15,130,000.00	
			1/24/2019	1,260,833.00	13,869,167.00	35,869,167.00
			2/5/2019	1,260,833.00	12,608,334.00	34,608,334.00
			2/22/2019	750,000.00	11,858,334.00	33,858,334.00
			2/25/2019	500,000.00	11,358,334.00	33,358,334.00
			2/26/2019	5,000,000.00	6,358,334.00	28,358,334.00
			3/8/2019	1,600,000.00	4,758,334.00	26,758,334.00
			3/15/2019	700,000.00	4,058,334.00	26,058,334.00
			3/22/2019	700,000.00	3,358,334.00	25,358,334.00
			3/28/2019	700,000.00	2,658,334.00	24,658,334.00
Totals:				12,471,666.00		

6/30/2019	30,800,000.00	End of 3rd Quarter Payment @ 70%			11,458,334.00	
			4/5/2019	700,000.00	10,758,334.00	23,958,334.00
			4/11/2019	700,000.00	10,058,334.00	23,258,334.00
			4/16/2019	700,000.00	9,358,334.00	22,558,334.00
			4/24/2019	700,000.00	8,658,334.00	21,858,334.00
			4/30/2019	2,658,334.00	6,000,000.00	19,200,000.00
			4/30/2019	133,333.33	5,866,666.67	19,066,666.67
			5/3/2019	566,666.67	5,300,000.00	18,500,000.00
			5/9/2019	700,000.00	4,600,000.00	17,800,000.00
			5/14/2019	700,000.00	3,900,000.00	17,100,000.00
			5/24/2019	700,000.00	3,200,000.00	16,400,000.00
			5/31/2019	700,000.00	2,500,000.00	15,700,000.00
			6/6/2019	700,000.00	1,800,000.00	15,000,000.00
			6/13/2019	700,000.00	1,100,000.00	14,300,000.00
			6/20/2019	700,000.00	400,000.00	13,600,000.00
			6/28/2019	400,000.00	0.00	13,200,000.00
Totals:				11,458,334.00		
9/30/2019	44,000,000.00	End of 4th Quarter Payments			13,200,000.00	

EXHIBIT 2

Due Date	Cumulative Amount Due	Description	Date Remitted	Amount Remitted	Quarterly Balance Due	Annual Balance Due
			7/3/2019	1,100,000.00	12,100,000.00	12,100,000.00
			7/10/2019	1,100,000.00	11,000,000.00	11,000,000.00
			7/18/2019	1,100,000.00	9,900,000.00	9,900,000.00
			7/25/2019	1,100,000.00	8,800,000.00	8,800,000.00
			7/31/2019	1,100,000.00	7,700,000.00	7,700,000.00
			8/8/2019	1,100,000.00	6,600,000.00	6,600,000.00
			8/16/2019	1,100,000.00	5,500,000.00	5,500,000.00
			8/22/2019	1,100,000.00	4,400,000.00	4,400,000.00
			8/30/2019	1,100,000.00	3,300,000.00	3,300,000.00
			9/6/2019	1,100,000.00	2,200,000.00	2,200,000.00
			9/13/2019	1,100,000.00	1,100,000.00	1,100,000.00
					1,100,000.00	1,100,000.00
					1,100,000.00	1,100,000.00
				12,100,000.00		

Regular weekly payments of \$1 million:

- Eased liquidity requirements of SF
- Minimized need to draw down on SF investments
- Extended the investment horizon

Alternative Payment of a Greater Amount ("APGA")

	FY 2016	FY 2017	FY 2018
TOTAL ANNUAL REVENUE:			
Taxes	226,119,758.00	279,791,409.00	267,791,170.00
Licenses and Fees	38,694,768.00	36,506,891.00	21,473,133.00
Charges for Sales and Services	7,209,159.00	8,659,050.00	9,097,118.00
Contributions from Component Units	2,779,810.00	2,262,224.00	1,904,725.00
Interest and Dividends	85,583.00	253,796.00	582,210.00
Other Sources	12,901,824.00	17,093,152.00	8,878,379.00
Recoveries			
Total Annual Revenue	287,790,902.00	344,566,522.00	309,726,735.00
LESS DEDUCTIONS:			
Minimum Annual Payments	30,000,000.00	33,000,000.00	45,000,000.00
GHLI			
Health Insurance	10,208,008.15	10,624,546.27	10,162,245.62
Life Insurance	553,840.62	580,971.42	600,173.59
Class Counsel Fees			
Bronster Hoshibata (\$6,500,000)	2,708,333.33	2,166,666.66	
Stephen C. Woodruff (\$185,000)			
Bruce Jorgensen (\$800,000)			
Total Deductions	43,470,182.10	46,372,184.35	55,762,419.21
NET TOTAL ANNUAL REVENUE:	244,320,719.90	298,194,337.65	253,964,315.79

Equal to 17% of the Government's Total Annual Revenue, after deducting MAP (See Settlement Agreement § 7.2)

Paragraph 4.2 - Alternative Payment of a Greater Amount

17% of Net Total Annual Revenue	41,534,522.38	50,693,037.40	43,173,933.68
Less: Minimum Annual Payment	30,000,000.00	33,000,000.00	45,000,000.00
Amount Due to NMISF	11,534,522.38	17,693,037.40	(1,826,066.32)

Trustee's Report (ECF 786, at 5-6); Exhibit 4 (ECF 786-4).

Status of APGA Payments

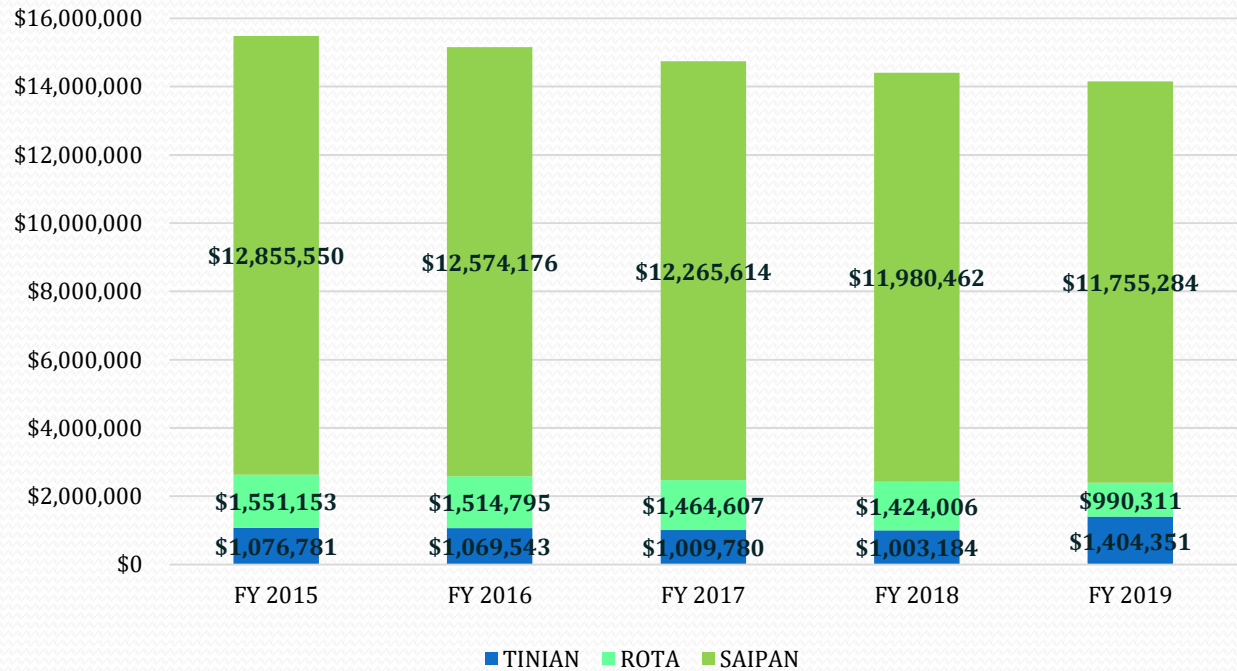
FY 2014	\$5,919,797.89	Paid
FY 2015	\$1,209,243.87	Paid
FY 2016	\$11,534,522.38	Paid
FY 2017	\$17,693,037.40	Due
FY 2018	\$ - 0 -	

25% Benefit Payments

Amount Received:

FY 2015 - \$15.5M
 FY 2016 - \$15.1M
 FY 2017 - \$14.7M
 FY 2018 - \$14.4M
 FY 2019 - \$14.2M

25% Payments by Island



NMI GOVERNMENT FUNDING SOURCES

	MAP	APGA	25% Benefit Payment
General Appropriations	✓		
Casino License Fee/GRT			
PL 18-56		✓	✓
PL 20-09		✓	
PL 20-34			✓
PL 20-35			✓
PL 20-68		✓	
Settlement Fund Revolving Fund (PL 20-33)	✓		
Hotel Occupancy Tax (4 CMC § 1502)			✓
Beverage Container Tax (4 CMC § 1405)			✓

Trustee's Report (ECF 786, at 4-6, 27-28); Trustee's Report (ECF 767, at 3, 20-21).

Other Sources of Funds

EMPLOYER CONTRIBUTIONS (9/25/19)

- CDA and CPA Current through PPE 9/14/19
- Central Government & Other Autonomous Agencies (excluding the PSS and CUC) Current through PPE 8/31/19
- PSS Payment expected through 8/31/19 by 9/30/19
- CUC Current – except for prior years *NMISF v. CUC*, Case No. 11-0114-CV

JUDICIAL BUILDING LOAN (Matured 3/1/15)

- As of 9/15/19, principal balance was \$2,102,542.20 & accrued interest was \$11,315.77
- Additional \$97,618.58 on 9/23/19; pay-off balance as of 9/23/19 was \$2,019,860.43
- Total payments made in FY 2018 was \$1,100,545.94 and FY 2019 was \$1,000,494.13
- 24 – 36 months to pay remaining balance
- USDA loan is pending amendment to Public Law 19-67

NMI Settlement Fund Building

- Insurance claim from Typhoon Yutu of \$109,580.95, less deductible \$25,0000 = \$84,580.95
- Rental Income from FEMA from October 2018 – August 2019 = \$342,303 (includes utilities and janitorial service)



Audit of Member Accounts

Results of 5 Step Review Process

1. Audit software identified 400 overpayment and underpayment Member accounts (one duplicate)
2. Member accounts were reviewed – 5 step review process
3. 247 files did not have issues; 152 files had issues
4. Members whose files have issues are given a formal notice, and an opportunity to respond or settle.

Initial results:

	Overpayment		Underpayment	
Class 1	75 members	\$617,293	33 members	\$58,201
Class 2	193 members	\$820,068	80 members	\$209,182
Disability	8 members	\$56,448	11 members	\$63,143
TOTAL	276 members	\$1,493,809	124 members	\$330,526

Audit Results:

	Overpayment		Underpayment	
Class I	15 members	\$73,478	11 members	\$28,068
Class II	117 members	\$377,875	9 members	\$25,612
Disability	0 members	\$ -	0 members	\$ -
TOTAL	132 members	\$451,353	20 members	\$53,680



Consultants

- **Wilshire Associates (Maggie Ralbovsky) – Investment Consultant**
 - Provides investment advice to the SF
- **Milliman, Inc. (Rich Wright) – Actuary**
 - Prepared and issued FY 2017 Actuary Report
 - Completion of FY 2018 Actuary Report expected in December
- **Ernst & Young (Jim Whitt) – Auditor**
 - FY 2015 and FY 2016 issued on February 20, 2018
 - FY 2017 issued on December 27, 2018
 - FY 2018 issued on September 23, 2019

Highlights of Audits & Actuarial Valuation Report



- **Audited Financials**

- Clean audits for FY 2015 through FY 2018
- FY 2018 audit (ECF 788-2) (available at <https://www.nmisf.com/audit-reports/>)

- **Actuary Report**

Minimum Annual Payment

FY 2018	\$45 million
FY 2019	\$44 million
FY 2020	\$43 million
FY 2021 – 2025	Declines by \$1 million each year
FY 2031 & 2032	\$27 million
FY 2033 – 2037	\$26 million

*Life expectancies based on mortality table used in the 2012 actuarial valuation



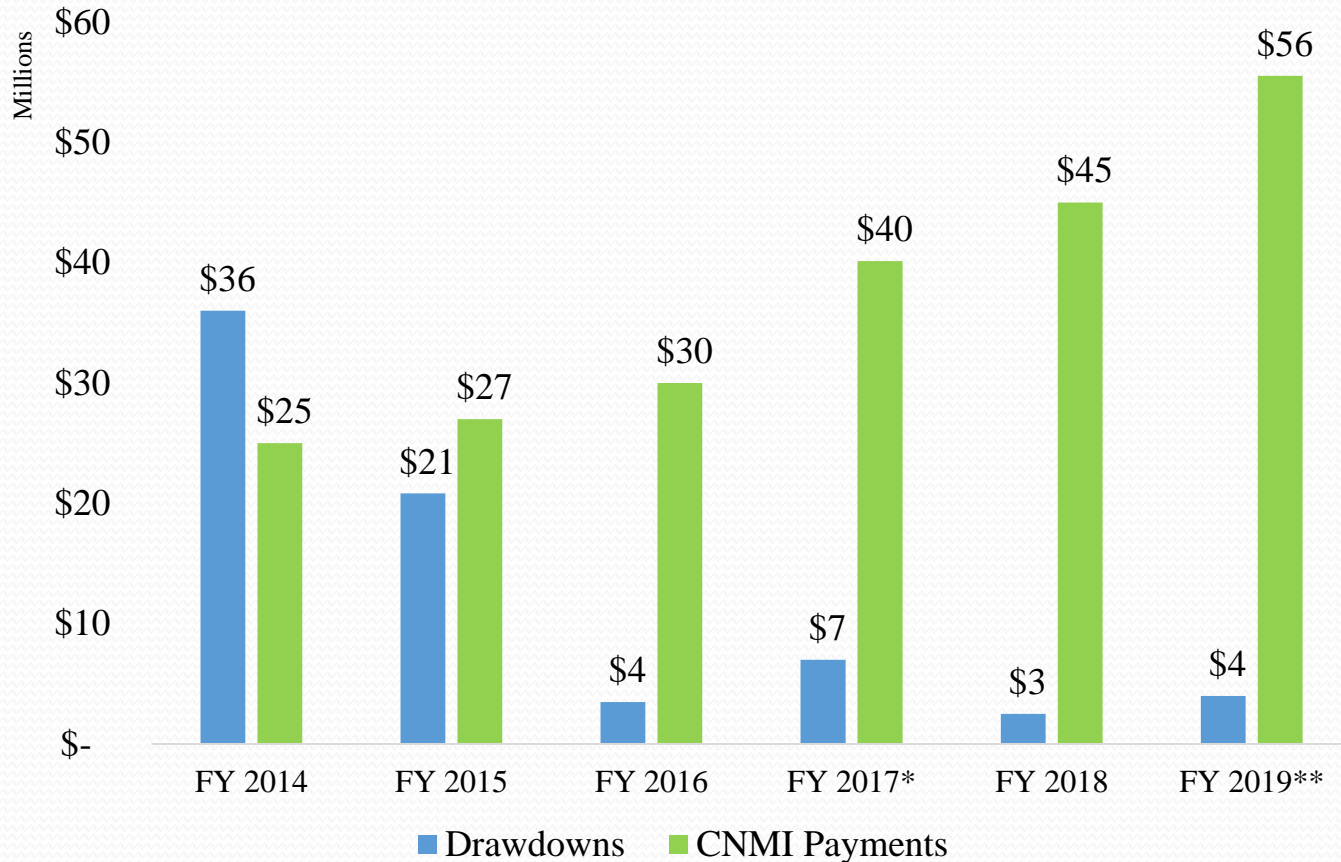
Financial Overview

Sources of Funds

(as of 8/31/19)

	<u>FY 2018</u>	<u>FY 2019</u>
MAP & APGA	\$62,561,371	\$40,700,000
Contributions	\$2,244,492	\$2,190,842
Benefit Overpayment Revenue	\$69,678	\$44,928
Underpayment of Contributions	\$10,199	\$600
Buy Back Interest	\$1,540	\$1,540
Appeal Fees	\$200	\$400
Other Income	\$11,234	\$122,092
Rental	\$ -	\$342,303
Interest Income from JB Loan	\$231,201	\$188,797
Investments	\$2,485,944	\$3,015,513
Litigation Proceeds	\$12,708	\$55,203
Stock Market Gains/(Losses)	<u>(\$1,493,556)</u>	<u>\$2,268,266</u>
TOTAL	\$66,053,594	\$48,883,416

Drawdowns Have Declined Since FY 2016



*Includes FY 2014 and FY 2015 APGA amounts paid.

**Includes FY 2016 APGA amount paid and \$1.1 million payment from the Government on 9/20/19.

Actual vs. Budget FY 2018 & FY 2019

	Actual FY 2018 8/31/2018	FY 2018 Budget 8/31/2018	Actual FY 2019 8/31/2019	FY 2019 Budget 8/31/2019
Benefits Payments				
Total Benefits Payment	39,680,175	41,149,167	38,940,391	41,149,167
Total Refunds	48,280	55,000	13,551	55,000
Total Benefits and Refunds Payment	39,728,455	41,204,167	38,953,942	41,204,167
General & Administrative Expenses				
Total Personnel Expenses	631,631	748,073	599,307	748,073
Total Professional Fees	475,432	866,250	319,112	866,250
Total General & Admin. Expenses	166,076	437,067	479,349	437,067
Total Fixed Assets	2,548	9,167	123,304	9,167
Total Expenses	41,004,143	43,264,723	40,475,013	43,264,723

Trustee's Report (ECF 786, at 14).

Proposed FY 2020 Budget

	Approved FY 2018 Budget	FY 2019 Budget	Proposed FY 2020 Budget	FY 2020 increase/ (decrease)	% (+/-) from previous budget
Benefits Payments					
Total Benefits Payment	44,890,000	44,890,000	43,000,000	(1,890,000.00)	-4.2%
Total Refunds	60,000	60,000	685,000	625,000.00	1041.7%
Total Benefits and Refunds Payment	44,950,000	44,950,000	43,685,000	(1,265,000.00)	-2.8%
General & Administrative Expenses					
Total Personnel Expenses	816,080	816,080	865,347	49,267.00	6.0%
Total Professional Fees	945,000	945,000	858,000	(87,000.00)	-9.2%
Total General & Admin. Expenses	476,800	476,800	605,450	128,650.00	27.0%
Total Expenses	47,187,880	47,187,880	46,013,797	(1,174,083.00)	-2.5%
Total Fixed Assets	10,000	10,000	10,000	-	0.0%
Total Expenditures	47,197,880	47,197,880	46,023,797	(1,174,083.00)	-2.5%

Schedule 2 in Trustee's Report (ECF 786, at 15).

FY 2020 Proposed Budget \$46,023,797 (\$1,174,083 less than FY 2018 & FY 2019)



Investment Report

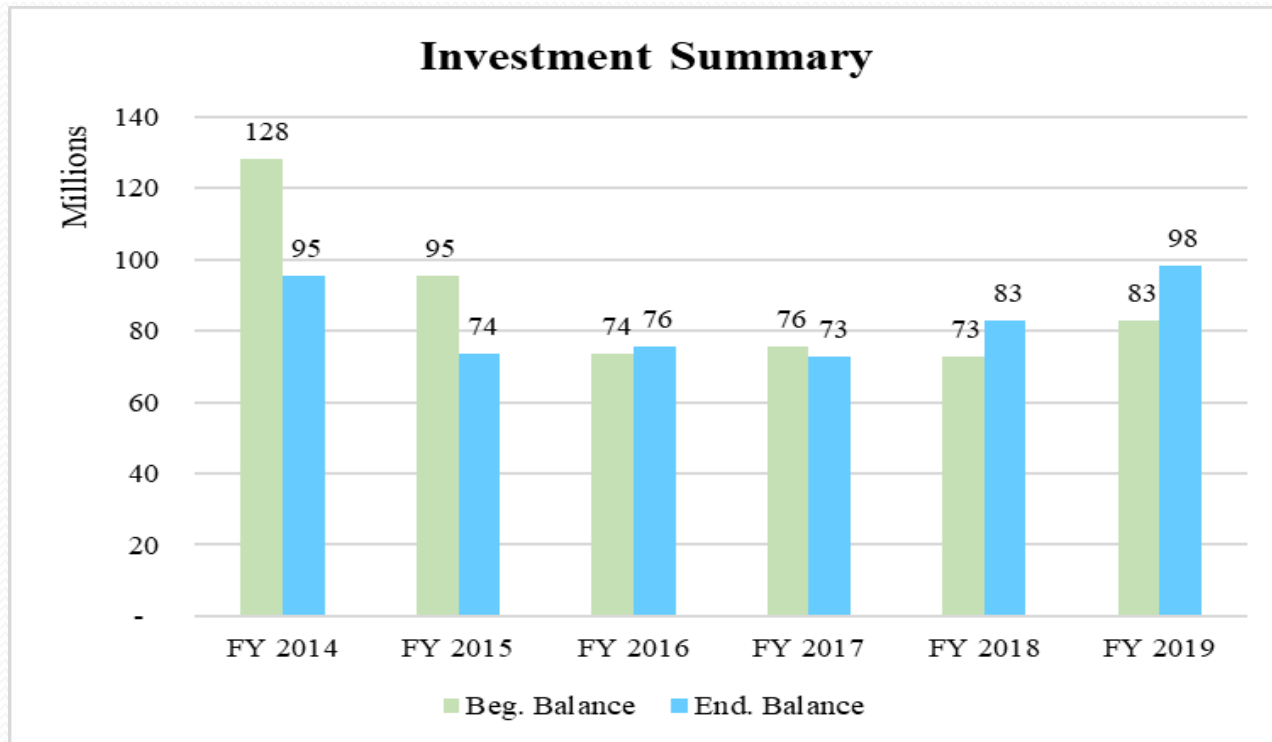
Investment Account Summary

Balance as of 8/31/19	\$98,130,571
Compared with 12/31/13	\$104,879,000
FY Return as of 8/31/19	5.82%
(Expected actuarial return 4%)	

Estimated depletion in 2019 averted

Investment trend is now increasing due to:

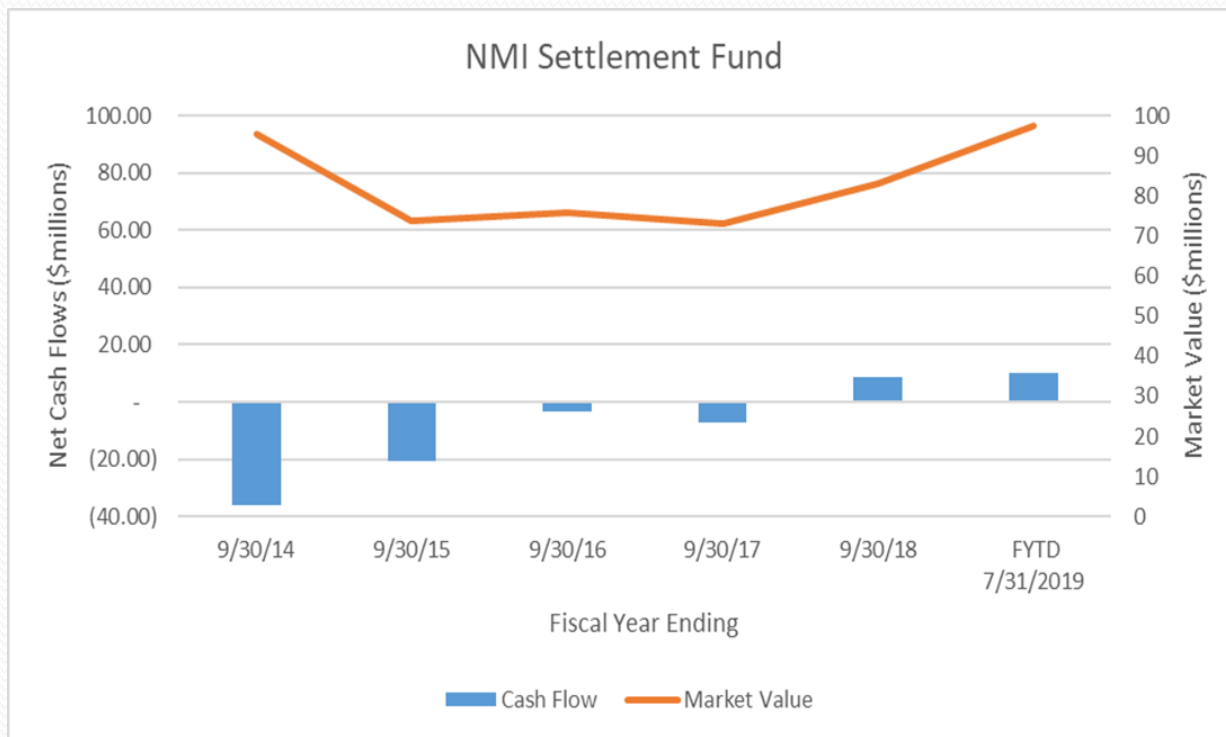
- Government's commitment and payment of \$1,000,000 each week
- Reduction in drawdowns to pay members' benefits allowed the Settlement Fund to invest its money



5.8% Return for FY 2019

- Better than expected return due to falling interest rates since the beginning of 2019
- Financial markets responding positively to perceived new round of stimulus coming from lower interest rates

- As a result of the regular \$1,000,000 payments, the Settlement Fund’s investments have been in an upward trend from 9/30/17
- Net cashflow is also trending positive



Investment Summary FY 2019 (as of 8/31/19)						
	Beg. Balance	Net Contributions	Distributions & Adm Fees	Investment Gains/Losses	Inv. Fees	End. Balance
1st Quarter (Oct. - Dec. 2018)	\$ 82,895,000	\$ 9,000,000	\$ (4,013,000)	\$ (1,685,000)	\$ -	\$ 86,198,000
2nd Quarter (Jan. - Mar. 2019)	\$ 86,198,000	\$ -	\$ (13,000)	\$ 3,861,000	\$ -	\$ 90,046,000
3rd Quarter (Apr. - June 2019)	\$ 90,046,000	\$ 5,000,000	\$ (13,000)	\$ 2,204,000	\$ -	\$ 97,237,000
4th Quarter (interim) (July - Aug. 2019)	\$ 97,236,867	\$ -	\$ (9,264)	\$ 902,967	\$ -	\$ 98,130,571
		\$ 14,000,000	\$ (4,048,264)	\$ 5,282,967		

Balance in Investment Accounts:

End of FY 2018	\$82,895,000
As of 8/31/2019	\$98,130,571

Asset Allocation and Investment Strategy

- At inception, Settlement Fund's investment policy was very conservative because of requirement of sufficient reserves to cover at least 2 years of benefit payments
- Because there are now sufficient reserves to cover at least 2 years of benefit payments, Wilshire is now recommending a change in the investment policy
- This recommendation is predicated on our cautious optimism that the current Settlement Fund management trend will continue, which affords the Fund ability to take slightly higher investment risks at a time when market expected returns have decreased

FY 2020 Asset Allocation Change

	FY 2018	FY 2019	FY 2020
Equity	6%	6%	25%
High Yield	32%	22%	20%
Bond	50%	60%	40%
Cash	12%	12%	15%
Expected Return	4.15%	3.75%	4.26%
Expected Risk	4.94%	5.00%	6.38%

Trustee's Report (ECF 786, at 20).

What is Required to Reach Sustainability

- OPTION 1: Lump Sum Payment of \$575 Million
- OPTION 2: Sustainability reached by 2024 by making additional \$45 million per year in addition to the Minimum Annual Payments

If Option 1 or Option 2 is achieved, the Fund will be sustainable or fully funded and no further payments will be required from the NMI Government

Option 2: Sustainability by FY 2024

\$ millions		
	Required by Settlement fund	For Long Term Sustainability by 2024
2020	43	88
2021	42	87
2022	41	86
2023	40	85
2024	39	84
Thereafter (nominal total)	500	NONE

Trustee's Report (ECF 786, at 22).

Ways Government Can Raise Funds

- Reduce the rebate of taxes by 20% or more
- Float tax free general obligation bonds (not taxable pension obligation bonds as it is an expensive source of funding and the market perception for pension obligation bonds is significantly more negative than general obligation bonds)
- Raising money through the sale or lease of Government land



Litigation Report

***NMISF v. CUC*, Filed in NMI Superior Court (Case No. 11-0114-CV)**

- Case initiated by the NMI Retirement Fund in May 2011 against CUC to collect \$3.2M in outstanding employer contributions plus \$740,462 in statutory penalties and \$527,716 in economic damages
- Paragraph 29.0(b) of the Settlement Agreement states:
[N]otwithstanding anything contained in this paragraph 29.0 or this subparagraph (b), any claims of the CNMI Fund [Retirement Fund] against the Commonwealth Utility Corporation existing as of the date of Final Approval are not released and are Assets of the CNMI Fund under this Agreement[.]
- Claim was assigned and transferred to Settlement Fund
- Settlement Fund substituted in as plaintiff on 8/16/17

- Superior Court held hearing on motion for partial summary judgment initially filed by Retirement Fund on 4/11/18 and ordered that the pleadings be updated
- Amended complaint filed 4/10/19
- Motions to dismiss filed 5/8/19
- Settlement Fund filed *Ex Parte* Emergency Motion for Temporary Stay on 6/6/19 and granted 7/18/19 pending resolution of the same issue in NMI District Court

Motions Pending in *Johnson*

- Motion to Enforce Settlement Agreement Against CUC filed 6/7/19
- CNMI Motion to Enforce filed 8/27/19
- Cross Motion to Enforce filed 9/10/19

Administrative Appeals

- 1 appeal filed in 2018 and 3 appeals in 2019
- 12 cases resolved—in repayment, fully paid, or settled
- Appointment of mediators and new hearing officers



Legislative Updates

Retirement Benefits

House Bill 21-1

- To establish a retirement plan for new government employees

Bonus

House Bill 20-145

- To appropriate \$22 million set aside in the Casino GRT Account for the 25% payment of Settlement Class Members Full Benefits and a bonus for all retirees
- Signed into law as PL 20-35

Funding Sources

House Bill 20-10, SD1

- To establish a Settlement Fund Revolving Fund Account, consisting of business gross revenue taxes collected every FY in 4 CMC § 1301, exclusively for the MAP obligations for FY 2018 through FY 2024
- Signed into law as PL 20-33

House Bill 20-129, HD1, HS1, SD1

- To amend 4 CMC § 2308 to address the Trustee's concerns and reserve funds generated from the Casino GRT, specifically the first \$22 million of funds deposited in the Casino GRT Account to be earmarked and available for appropriation to cover or supplement the 25% payments and any bonus to all Settlement Class Members and CNMI Fund members
- Signed into law as PL 20-34

House Bill 20-141, SD1

- To give the Department of Finance the authority to pay the 25% retiree death benefit payments
- Signed into law as PL 20-57

House Bill 20-173, SS1, CCS1

- To appropriate funds for the operations and activities of the CNMI Government for FY 2019, including \$44M for FY 2019 MAP
- Signed into law as PL 20-67

House Bill 20-187, HD2

- To appropriate \$20.8M from the Special Casino Gross Revenue Tax Account under 4 CMC § 2308—\$11.5M for the FY 2016 APGA payment and \$3.5M for CNMI retiree bonuses for Settlement Class and CNMI Retirement Fund members receiving an annuity
- Signed into law as PL 20-68

House Bill 21-64, HD2, SD1

- To appropriate funds for the operations and activities of the CNMI Government for FY 2020, including \$43M for FY 2020 MAP and 30% allocation of any unencumbered balance of the 1% Public Auditor's Fee in 1 CMC § 7831 at the end of the FY
- Pending Governor Torres' review

House Bill 21-76

- To repeal and reenact 4 CMC § 2307 and 4 CMC § 2308 to designate the casino annual license fee to supplement the 25% payments and any bonus to Settlement Class Members and CNMI Fund members receiving an annuity
- Pending review by the House

House Bill 21-78, HS1

- To appropriate the 2019 Casino License Fee of \$15.5M—\$1M for the partial payment of the FY 2017 APGA amount due
- Pending action by the Senate

Group Health and Life Insurance

House Bill 20-101

- To allow annuitants who did not enroll or re-enroll in health insurance within six months of the date of retirement to enroll later, as long as enrollment occurs during the open enrollment month, until December 30, 2020
- Signed into law as PL 20-40



Biba Retirees!