

**SETTLEMENT CLASS MEMBERSHIP BREAKDOWN**  
(as of 9/30/2024)

The following chart shows the distribution of benefit payments based on members' current place of residence and classification:

PLACE OF RESIDENCE	NMISF Class Member Classifications						Total # of Members
	Retiree Disabled	Retiree	Surviving Child Disabled	Surviving Child	Surviving Spouse		
CNMI	8	1189	7	34	468	1706	
CONTINENTAL U.S.	2	354	2	8	174	540	
FSM	0	2	0	0	6	8	
GUAM	0	52	0	3	24	79	
NON U.S.	0	24	0	0	19	43	
PALAU	0	17	0	0	7	24	
<b>Total</b>	<b>10</b>	<b>1638</b>	<b>9</b>	<b>45</b>	<b>698</b>	<b>2400</b>	

NMI Settlement Fund  
PO Box 501247  
Saipan, MP 96950

PLACE  
STAMP  
HERE

*Our mission is to effectuate the terms of the global Settlement and to ensure the continuation of payment of pension benefits to the NMI Government Retirees.*



**NEWSLETTER**  
ISSUE 5

**HIGHLIGHTS**



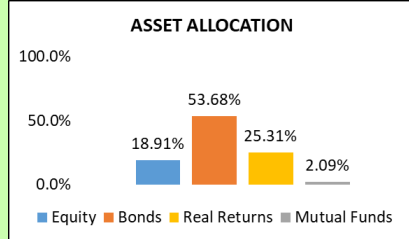
**MINIMUM ANNUAL PAYMENTS.** The NMI Government has paid the \$33 million MAP for FY 2024 and \$31 million MAP for FY 2025. The MAP status is available at <https://www.nmisf.com/rfp/annual-payment-status/>.

**ALTERNATIVE PAYMENT OF A GREATER AMOUNT.** In addition to the MAP obligations, the Settlement Agreement requires the Government to make an Alternative Payment of a Greater Amount (“APGA”) equal to the difference of 17% of the Total Annual Revenue, after deducting the MAP paid. There were no APGA payments for FY 2020 and FY 2021. Likewise, the APGA for FY 2022, 2023, and 2024 are unlikely due to the decrease in revenues.

**25% BENEFIT PAYMENTS.** The Government remitted \$12.6 million for the 25% payments for FY 2024. The 25% payments are not required under the Settlement Agreement. The Fund will continue to accommodate the Government’s request to process payments as long as the Government continues to comply with payment obligations under the Settlement Agreement, and all payments comply with NMI appropriation laws.

**FY 2023 AUDITED FINANCIAL STATEMENT.** The Fund received an unqualified audit opinion from Ernst & Young, LLP (E&Y) on its FY 2023 financial statements. E&Y issued its Report of Independent Auditors for FY 2023 on November 19, 2024, a copy of which is available at <https://www.nmisf.com/audit-reports/>.

## HIGHLIGHTS (Continued)

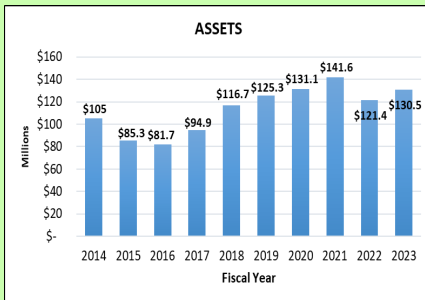


Source: Wilshire September 2024 Flash Report

**INVESTMENT UPDATE.** The Fund's investment asset balance is \$137,791,227 as of September 30, 2024. The asset allocation was 53.68% in bonds, 18.91% in equity, 25.31% in real returns, and 2.09% in mutual funds.

The Government's bi-weekly payments towards the MAP and continued commitment to bi-weekly MAP payments have prevented drawdowns on the Fund's investments since December 2018 to cover members' benefits, and allowed the Fund to invest its money. There are now reserves to cover 4.4 years of benefit payments.

**ASSETS.** As of FY 2023, the Fund's total assets were \$130,532,243, which reflects a cumulative \$25.5 million increase since FY 2014. Of the \$130.5 million, the Fund's original investment was \$118,601,050, which accounted for about 91% of the assets.



Source: FY 2014-FY 2023 Audit Reports

**APPOINTMENT OF MEDIATOR AND HEARING OFFICER.** The District Court appointed Daniel Collins, U.S. Bankruptcy Judge for the District of Arizona, as the mediator, and attorney Deborah Fisher as the hearing officer, for the Settlement Fund administrative appeals process. The Court orders regarding their appointment are available at <https://www.nmisf.com/rfp/u-s-district-court-for-the-nmi-orders/>. Because Attorney Fisher has since closed her office, the Settlement Fund will be soliciting for a new hearing officer.

## LITIGATION STATUS

### ***NMI Settlement Fund v. Commonwealth Utilities Corporation, Civil Action No. 11-0114-CV (NMI Superior Ct.)***

Under the Settlement Agreement, the Retirement Fund assigned and transferred its rights, title, and interest in and to the claims in this case to the Settlement Fund. The claims filed against CUC arose from CUC's nonpayment of employer contributions due to the Fund in FY 2008 through the date of the complaint. As of April 29, 2011, CUC owed approximately \$3,175,225 in employer contributions to the Fund.

On August 16, 2017, the Settlement Fund substituted in as plaintiff. The parties executed a settlement agreement for \$3,469,797, which was approved by the District Court. The CUC is required to pay \$50,000 monthly beginning in November 2023, and is current.

### ***Betty Johnson and Rosa A. Camacho v. Torres and NMI Settlement Fund, Appeal No. 23-16074-CV (9th Cir.)***

This matter arises from an administrative appeal filed by Settlement Class Member Rosa A. Camacho, who claimed an underpayment of benefits from the Settlement Fund because the Settlement Fund did not make Cost of Living Adjustment ("COLA") payments.

The Settlement Fund subsequently filed a Motion to Enforce and Confirm "Full Benefits" excludes COLA. Ms. Camacho opposed and filed a Cross-Motion to Enforce and Confirm "Full Benefits" to include COLA. In July 2023, the District Court granted the Settlement Fund's motion and denied Ms. Camacho's motion, finding that Full Benefits does not include COLA and the Settlement Fund is not required to pay COLA under the terms of the Settlement Agreement.

In August 2023, Ms. Camacho appealed the District Court's decision regarding COLA to the U.S. Court of Appeals for the Ninth Circuit ("Ninth Circuit"). The Settlement Fund opposed in January 2024. The Ninth Circuit held oral argument in October 2024, and a ruling on the matter is pending.

In November 2024, the Ninth Circuit issued an order certifying a question to the NMI Supreme Court. The NMI Supreme Court has accepted the certified question and issued a briefing schedule.

## PUBLIC LAWS & LEGISLATIVE UPDATES

### **FUNDING SOURCES FOR PAYMENTS**

**P.L. 23-09**, signed by Governor Palacios on September 30, 2023, restricts the CNMI Government's contributions for group health and life insurance and eliminates \$0 for the 25% benefit payments.

**P.L. 23-18**, signed by Governor Palacios on April 11, 2024, appropriates funds collected by the Commonwealth Economic Development Authority and the Commonwealth Utilities Corporation to pay the 25% benefit payments.

**P.L. 23-26**, signed by Governor Palacios on September 30, 2024, appropriates funds for the CNMI Government operations and activities for FY 2025, including the FY 2025 MAP obligation.

**H.B. 23-96** designates the casino annual licensing fee for the 25% benefit payments.

### **OVERPAYMENTS & ADJUSTMENTS**

**S.B. 23-61** proposes to amend 1 CMC § 8390 to allow the Settlement Fund to make adjustments to retirement benefits and prohibit the recovery of overpayments from Class Members.

**S.R. 23-16** proposes to allow the Settlement Fund to waive recovery of overpayments of retirement benefits.

### **FINANCIAL MANAGEMENT & REPORTING**

**H.B. 23-112** seeks to establish the Office of Financial Integrity and Compliance and Oversight Committee to improve the CNMI Government's financial management and reporting system. This is, in part, prompted by an adverse opinion in the FY 2020 audit adverse opinion indicating that the aggregate remaining fund information and aggregate discretely presented component units did not include the NMI Settlement Fund.