



REPORT OF THE TRUSTEE

Civille & Tang PLLC

Joyce C.H. Tang

Betty Johnson v. David M. Apatang, et al., CV 09-00023

Combined Second Quarter FY 2025 through First Quarter FY 2026

December 5, 2025

TABLE OF CONTENTS

I. INTRODUCTION	1
II. OVERVIEW OF SETTLEMENT FUND OPERATIONS.....	4
A. CLASS MEMBERSHIP DATA.....	4
B. MINIMUM ANNUAL PAYMENT AND OTHER SOURCES OF FUNDS	6
1. Minimum Annual Payment Requirement for FY 2026.....	7
2. The \$29 Million MPLT Loan.....	7
3. Status of Payment of \$29 Million MAP	8
4. Alternative Payment of a Greater Amount.....	8
5. Discontinuation of 25% Voluntary Payment.....	9
6. Employer Contributions (“ER Contributions”).....	10
7. Group Health Insurance.....	12
C. AUDIT OF MEMBER FILES	14
1. Under and Over Payments.....	14
2. Priority Audits	15
D. CONSULTANTS.....	16
1. Investment Advisor	16
2. Actuary	17
3. Auditor.....	17
E. UPDATES REGARDING SETTLEMENT FUND	17
III. FINANCIAL REPORT	19
A. FINANCIAL OVERVIEW	19
1. Sources of Funds	19
2. FY 2024 Performance	19
3. Proposed FY 2026 Budget	20
IV. INVESTMENT REPORT.....	23
A. INVESTMENTS AND POLICY	23

B. SETTLEMENT FUND PORTFOLIO PERFORMANCE.....	26
V. LITIGATION MATTERS.....	29
A. <i>NMI Settlement Fund v. Commonwealth Utilities Corporation</i>, Civil Action No. 11-0114-CV (NMI Superior Court)	29
B. <i>Rosa A. Camacho v. NMI Settlement Fund</i>, Civil Action No. 23-16074 (9th Cir.).....	29
C. <i>NMI Settlement Fund v. Tinian Casino Gaming Commission</i>.....	31
D. ADMINISTRATIVE APPEALS.....	31
1. Appeals Pending Mediation / Settled Cases.....	32
2. Hearings Before Hearing Officer and Arbitrator	32
3. Appointment of New Hearing Officers and Arbitrator	33
VI. STATUS OF LEGISLATION	34

EXHIBIT LIST

	Page(s)
Exhibit 1 – FY 2026 Budget.....	7
Exhibit 2 – Milliman’s FY 2024 Actuarial Valuation Report.....	7, 17
Exhibit 3 – Schedule of CNMI Government Contribution Payments (FY 2025)	7
Exhibit 4 – Schedule of CNMI Government Contribution Payments (FY 2026)	8
Exhibit 5 – Accounting of 25% Payments of CNMI Government (FY 2025- 1Q FY 2026).....	10
Exhibit 6 – 12/3/2025 Letter from Secretary of Finance.....	12
Exhibit 7 – 12/5/2025 Settlement Fund’s Letter to Secretary of Finance	13
Exhibit 8 – FY 2024 Audit Report	17
Exhibit 9 – Sources of Funds and Expenses for FY 2025	19
Exhibit 10 – FY 2026 Proposed Budget	21
Exhibit 11 – Flash Reports for September and October 2025	27
Exhibit 12 – Pending Administrative Cases Report	31, 33
Exhibit 13 – Settled Administrative Cases Outside Mediation	32

I. INTRODUCTION

The Trustee presents her report on the operations of the Settlement Fund for the period of FY 2025 through November 15, 2025.

The CNMI economy continues to struggle significantly in the wake of the COVID-19 pandemic, particularly its vital tourism sector. At the beginning of FY 2025, Saipan tourism was impacted by Asiana Airlines' withdrawal and reduced flights from South Korea, which has led to limited Korea-Saipan flights and escalating airfare costs.¹ Even with the launch of inter-island air service between the CNMI and Guam in July 2025 by Micronesia Air Connections Services, tourism continues to suffer.² Further compounding these challenges, the closure of T Galleria (Duty Free Saipan Ltd.) in April 2025 after 40 years in business, sent significant shockwaves through the CNMI community. As of the start of FY 2026, hotel occupancy rates have plummeted to 23.18%, marking their lowest level since 1992.³

These dire economic conditions have resulted in severe fiscal consequences for the CNMI. To meet its FY 2026 Minimum Annual Payment ("MAP") obligation to the Settlement Fund, the Government initially budgeted this amount, and then authorized a \$29 million loan from the

¹ UPDATED: Asiana to close Saipan office, *available at* https://www.mvariety.com/news/local/updated-asiana-to-close-saipan-office/article_6a3ef994-23a5-11ef-b9b1-2b015f6b3ea1.html/ (last visited December 5, 2025); T'way, Jeju Air to drop one daily flight to CNMI, *available at* <https://www.kuam.com/story/51528461/tway-jeju-air-to-drop-one-daily-flight-to-cnmi> (last visited December 5, 2025).

² MACS launches new flight routes connecting Saipan, Guam, and Rota, *available at* https://www.mvariety.com/news/local/macs-launches-new-flight-routes-connecting-saipan-guam-and-rota/article_b9811771-729a-409c-b244-9acaebc4de32.html/ (last visited December 5, 2025); HANMI, MVA push for Korea-Saipan flight solution, *available at* https://www.mvariety.com/news/local/local-news-hanmi-mva-push-for-korea-saipan-flight-solution-sn07znuy/article_f14dd057-fdc5-43bc-8f1d-84b5e409c4cf.html/ (last visited December 5, 2025).

³ Hotel occupancy lowest recorded since 1992, *available at* https://www.mvariety.com/news/local/hotel-occupancy-lowest-recorded-since-1992/article_a2e2ffe6-5f80-48e6-a142-3eee3c6394e4.html/ (last visited December 5, 2025).

Marianas Public Land Trust (“MPLT”) for the MAP, so that it could re-appropriate the budgeted MAP funds for its operational needs. Critical programs were also impacted. The retiree premiums for the Group Health and Life Insurance (“GHLI”) program has not been fully funded and will lapse at the end of December 2025. The education appropriations have been drastically cut.⁴ Although \$5.7 million in federal relief was received for government operations and 25% benefit payments to retirees, the legislature has not appropriated the full fundings needed to cover GHLI health insurance for retirees.⁵ The House of Representatives has proposed and passed House Bill (“HB”) 24-74, which appropriates only \$2.8 million for retirees’ health insurance, but the duration of coverage provided by the \$2.8 million is unclear and leaves a \$4.4 million shortfall.

Amidst these challenges, the CNMI may be impacted by potential shifts in broader national interests. The U.S. Government is considering deep-sea mining near the Marianas Trench encompassing more than 35 million acres of water near the entire CNMI and Guam.⁶ The U.S. Government is currently restoring Tinian’s North Field to serve as a backup divert airfield for the

⁴ Apatang OKs \$29M MPLT loan, *available at* https://www.mvariety.com/news/local/apatang-oks-29m-mplt-loan/article_dc3834b1-2023-4cf9-9b30-25dce5b10ad8.html/ (last visited December 5, 2025); Retiree, employee health coverage in jeopardy without budget action, *available at* https://www.mvariety.com/news/local/local-news-retiree-employee-health-coverage-in-jeopardy-without-budget-action-nelqz96k/article_e1fe92aa-41b8-4984-865f-8b862b8038d7.html/ (last visited December 5, 2025); Major austerity hits public education, *available at* https://www.mvariety.com/news/local/major-austerity-hits-public-education/article_3ac339e7-1b79-40a5-a66d-e375cb1e884d.html/ (last visited December 5, 2025).

⁵ NMI gets federal funding relief, *available at* https://www.mvariety.com/news/local/local-news-nmi-gets-federal-funding-relief-jv00m2cv/article_3947a3dc-b26b-478d-a2eb-d810896fab00.html/ (last visited December 5, 2025).

⁶ Plan for US deep sea mining include the waters of the Northern Mariana Islands; Request for Information and Interest issued, *available at* <https://www.mbjguam.com/plans-us-deep-sea-mining-include-waters-northern-mariana-islands-request-information-and-interest> (last visited December 5, 2025); Deep-sea mining proposal around Guam concerns leaders, *available at* <https://www.kuam.com/story/53267829/deepsea-mining-proposal-around-guam-concerns-leaders> (last visited December 5, 2025).

Pacific.⁷ Businesses affected by federal tariffs have been exploring opportunities in the CNMI to mitigate President Trump's tariffs.⁸

While the Government continues to prioritize the MAP, the Settlement Fund finds the Government's reliance on a loan to satisfy this critical obligation and its inability to adequately fund the GHFI program deeply concerning.

Despite these challenges, the Settlement Fund's investments remain strong. However, on in October 2025, the Settlement Fund had to liquidate \$4 million of its investments at the beginning of FY 2026 to cover the 75% benefit payments. As of October 31, 2025, the Settlement Fund's portfolio value was \$142.3 million.

⁷ Tinian's North Field restoration begins 80 years after WWII role, *available at* https://www.mvariety.com/news/local/tinian-s-north-field-restoration-begins-80-years-after-wwii-role/article_c34afb07-fc76-48eb-8eb4-2303e7a3fb94.html/ (last visited December 5, 2025); Tinian's Divert Airfield: America's strategic backup in the Pacific, *available at* https://www.mvariety.com/news/local/tinians-divert-airfield-americas-strategic-backup-in-the-pacific/article_c704dca8-8dee-4a10-a522-de30f236051a.html/ (last visited December 5, 2025).

⁸ US companies eye NMI, governor says, *available at* https://www.mvariety.com/news/local/us-companies-eye-nmi-governor-says/article_ec69cb5c-3280-480e-ba90-8a2e04f325dc.html/ (last visited December 5, 2025).

II. OVERVIEW OF SETTLEMENT FUND OPERATIONS

An overview of the Settlement Fund's operations for the period covering FY 2025 and the First Quarter of FY 2026 is presented in this section.

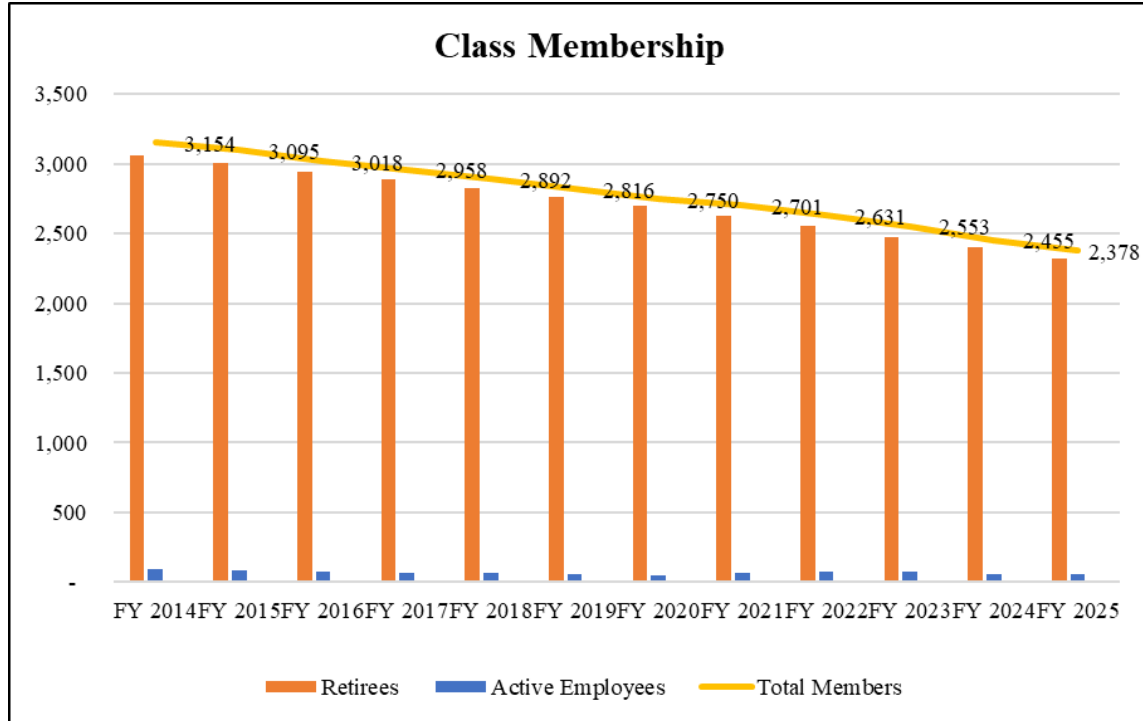
A. CLASS MEMBERSHIP DATA

As of September 30, 2025, the Settlement Fund's total membership was 2,378 members, broken down into two categories: (1) 2,317 retirees, and (2) 61 active employees. Of the 61 active employees, 27 of the members are retirees who returned to government service in 2025. At the end of FY 2025 (September 30, 2025), the class membership decreased by 86 members:

	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Membership				
Active Employees (Class I)	45	47	59	56
Active Employees (Class II)	16	17	18	17
Total Active Employees	61	64	77	73
Retirees	2,317	2,400	2,476	2,558
Total Members	2,378	2,464	2,553	2,631

The reduction in class membership was due to deaths of members. Compared to total membership at the end of FY 2014 of 3,154 members, the class membership was reduced by 776 members, or 24.6% as of the end of FY 2025.

The graph below shows the declining membership since FY 2014.



A breakdown of the distribution of semi-monthly benefit payments based on the class members' place of retirement and classification is presented in **Chart 1** below.

Chart 1
(Period Ending 9/30/2025)

PLACE OF RETIREMENT	Total # of Members	NMISF Class Member Classification					Total Benefit Payments
		Retiree Disabled	Retiree	Surviving Child Disabled	Surviving Child	Surviving Spouse	
ROTA	245	\$ 590.09	\$ 166,135.23	\$ 187.15	\$ 830.73	\$ 36,784.60	\$ 204,527.80
SAIPAN	1897	\$ 2,771.71	\$ 1,357,558.10	\$ 911.86	\$ 9,883.03	\$ 282,994.88	\$ 1,654,119.58
TINIAN	175	\$ 216.25	\$ 116,509.90	\$ -	\$ 111.66	\$ 28,802.01	\$ 145,639.82
Total Payments @ 100%	2317	\$ 3,578.05	\$ 1,640,203.23	\$ 1,099.01	\$ 10,825.42	\$ 348,581.49	\$ 2,004,287.20
Total Payments @ 75%	2317	\$ 2,683.54	\$ 1,230,152.43	\$ 824.26	\$ 8,119.07	\$ 261,436.12	\$ 1,503,215.42

Of the 2,317 class members receiving benefit payments as of September 30, 2025, 82% of the members are from Saipan, 11% from Rota, and 7% from Tinian, representing the same makeup as September 30, 2024.

A breakdown of the distribution of semi-monthly benefit payments based on the class members' residence and classification is presented in **Chart 2** below.

Chart 2
(Period Ending 9/30/2025)

PLACE OF RESIDENCE	Total # of Members	NMISF Class Member Classification					Total Benefit Payments
		Retiree Disabled	Retiree	Surviving Child Disabled	Surviving Child	Surviving Spouse	
CNMI	1650	\$ 2,895.14	\$ 1,264,199.29	\$ 1,051.32	\$ 8,746.05	\$ 242,613.58	\$ 1,519,505.38
CONTINENTAL U.S. & HI	518	\$ 682.91	\$ 304,815.00	\$ 47.69	\$ 1,881.00	\$ 86,142.52	\$ 393,569.12
FSM	9	\$ -	\$ 1,358.31	\$ -	\$ -	\$ 2,999.56	\$ 4,357.87
GUAM	74	\$ -	\$ 39,730.80	\$ -	\$ 144.27	\$ 7,150.48	\$ 47,025.55
NON U.S.	43	\$ -	\$ 16,051.58	\$ -	\$ 54.10	\$ 6,839.08	\$ 22,944.76
REPUBLIC OF PALAU	23	\$ -	\$ 14,048.25	\$ -	\$ -	\$ 2,836.27	\$ 16,884.52
Total Payments @ 100%	2317	\$ 3,578.05	\$ 1,640,203.23	\$ 1,099.01	\$ 10,825.42	\$ 348,581.49	\$ 2,004,287.20
Total Payments @ 75%	2317	\$ 2,683.54	\$ 1,230,152.43	\$ 824.26	\$ 8,119.07	\$ 261,436.12	\$ 1,503,215.42

Of the total benefit payments paid as of September 30, 2025, 76% of the total benefits were paid to CNMI residents, and 20% were paid to members living in the continental United States and Hawai'i. The remaining 5% of benefits were paid to members residing in Guam, other Micronesian islands, and non-U.S. jurisdictions.

B. MINIMUM ANNUAL PAYMENT AND OTHER SOURCES OF FUNDS

The Government is required under the Settlement Agreement to pay the MAP and its share of the cost of retiree health insurance. In FY 2025, the Government paid the MAP and its share of the retiree health insurance premiums, and also funded the voluntary 25% benefit payments.

For FY 2026, the CNMI Budget did not fully fund retiree health insurance costs estimated to be \$7.2 million. *See **Exhibit 1*** (FY 2026 Budget Law) attached.

1. Minimum Annual Payment Requirement for FY 2026

The MAP represents the 75% annual benefit payments the Government is required to pay under the Settlement Agreement. Milliman, Inc., the Settlement Fund's actuary consultant, issued its FY 2024 Actuarial Valuation Report on November 26, 2025, confirming the MAP for FY 2025 should be \$31 million, and that the projected MAP for FY 2026 will be \$29 million. *See FY 2024 Actuarial Valuation Report* at 1, attached hereto as **Exhibit 2**.

In FY 2025, the Government paid \$31.3 million MAP. *See Schedule of CNMI Government Contribution Payments (FY 2025)*, attached hereto as **Exhibit 3**. In the FY 2023 Actuarial Valuation Report issued on December 9, 2024, the FY 2025 MAP amount was retroactively adjusted downward from \$32 million to \$31 million. *See* ECF No. 879-2, at 1. Because the Government paid \$31.3 million before the downward adjustment, this resulted in a credit of \$1.3 million. *See **Exhibit 3***. The Government instructed the Settlement Fund to apply the \$1.3 million credit to cover the 25% benefit payments for three pay periods (covering March 15, 2025, through April 15, 2025).

2. The \$29 Million MPLT Loan

The \$29 million MAP was fully funded and appropriated in the FY 2026 Government budget. However, in order to free up this money for operations, the Government passed a bill to authorize the borrowing of \$29 million from the MPLT using a "margin loan" to fund the FY 2026 MAP. Once the MPLT margin loan is funded, it will free up the original funds appropriated for the MAP and the Government intends to re-appropriate or re-direct those funds for Government operations.

On September 23, 2025, Governor David Apatang signed House Bill 24-50, HS1, into law (Public Law 24-13), authorizing the MPLT loan. The Government has informed the Settlement Fund that the contract is being reviewed and MPLT's investment advisor, Raymond James, is "shopping" the loan to different banks. The Settlement Fund was also informed that several steps need to occur before it receives funding: a lender has to be engaged, the interest rate is negotiated, the loan documents are signed, and the MPLT loan closes.

3. Status of Payment of \$29 Million MAP

Since the implementation of the bi-weekly MAP payments in 2018, the Settlement Fund has avoided having to draw down on its investments to pay the 75% benefit payments as of FY 2025. However, because the weekly MAP payment of \$364,615 is insufficient to cover the 75% semi-monthly payments, the Settlement Fund liquidated \$4 million of its investments in October 2025 to cover the 75% benefit payments for the first quarter of FY 2026.

To date, the Government has paid \$3,011,538 of the \$29 million MAP. *See Schedule of CNMI Government Contribution Payments (FY 2026)*, attached hereto as **Exhibit 4**. The Government continues to make bi-weekly MAP payments to the Settlement Fund, and has committed to continue these payments until such time the MPLT loan is authorized and disbursed. The status of Government payment of MAP is reported and published on the Settlement Fund's website and updated regularly at <https://www.nmisf.com/rfp/annual-payment-status/>.

4. Alternative Payment of a Greater Amount

The Settlement Agreement requires the Government to make APGA payments equal to the difference of 17% of the Government's Total Annual Revenue, after deducting the amount of MAP paid. *Settlement Agreement* § 4.2, ECF No. 468-1 at 11-12. APGA payments previously received were invested along with other investment funds in the Settlement Fund's investment portfolio.

The Government's has completed its FY 2022 financial audit in October 2025. Based on the audit, the FY 2022 Total Annual Revenue increased by \$48.9 million from FY 2021. As shown in Chart 3 below, the Government is not required to pay APGA for FY 2022, based on the APGA formula.

Chart 3

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
TOTAL ANNUAL REVENUE:						
Taxes	279,791,409.00	267,791,170.00	196,920,863.00	187,611,870.00	147,613,026.00	189,226,968.00
Licenses and Fees	36,506,891.00	21,473,133.00	34,411,145.00	17,686,621.00	18,644,523.00	38,568,773.00
Charges for Sales and Services	8,659,050.00	9,097,118.00	7,860,093.00	7,650,882.00	2,049,978.00	5,239,156.00
Contributions from Component Units	2,262,224.00	1,904,725.00	2,590,236.00	2,010,735.00	1,661,568.00	-
Interest and Dividends	253,796.00	582,210.00	626,315.00	155,152.00	584,257.00	2,654,891.00
Other Sources	17,093,152.00	8,878,379.00	7,123,549.00	9,447,213.00	19,035,636.00	2,782,184.00
Recoveries						
Total Annual Revenue	344,566,522.00	309,726,735.00	249,532,201.00	224,562,473.00	189,588,988.00	238,471,972.00
LESS DEDUCTIONS:						
Minimum Annual Payments	33,000,000.00	45,000,000.00	44,000,000.00	42,000,000.00	40,000,000.00	38,000,000.00
GHLI						
Health Insurance	10,624,546.17	10,162,245.62	10,695,524.62	10,566,700.86	10,706,972.56	10,440,442.19
Life Insurance	580,971.42	600,173.59	576,158.66	563,038.40	544,761.16	525,724.68
Class Counsel Fees						
Bronster Hoshibata (\$6,500,000)	2,166,666.66					
Stephen C. Woodruff (\$185,000)						
Bruce Jorgensen (\$800,000)						
Total Deductions	46,372,184.25	55,762,419.21	55,271,683.28	53,129,739.26	51,251,733.72	48,966,166.87
NET TOTAL ANNUAL REVENUE:	298,194,337.75	253,964,315.79	194,260,517.72	171,432,733.74	138,337,254.28	189,505,805.13
Paragraph 4.2 - Alternative Payment of a Greater Amount						
17% of Net Total Annual Revenue	50,693,037.42	43,173,933.68	33,024,288.01	29,143,564.74	23,517,333.23	32,215,986.87
Less: Minimum Annual Payment	33,000,000.00	45,000,000.00	44,000,000.00	42,000,000.00	40,000,000.00	38,000,000.00
Amount Due to NMISF	17,693,037.42	-	-	-	-	-

Based on the Government's budget from FY 2023 - 2026 and the projected MAP for the corresponding years, the Settlement Fund does not expect APGA payments for these periods.

YEAR	TOTAL GOVERNMENT BUDGET
FY 2023	\$109,782,265
FY 2024	\$119,199,812
FY 2025	\$117,040,086
FY 2026	\$127,728,554

5. Discontinuation of 25% Voluntary Payment

The Government paid \$12.2 million for FY 2025 and \$2.02 million for FY 2026 (as of November 30, 2025) for the 25% benefit payments. *See Accounting of 25% Payments by CNMI*

Government FY 2025-1Q FY 2026, attached hereto as **Exhibit 5**. The 25% benefit payment is not required under the Settlement Agreement and is paid at the discretion of the Governor, provided the Legislature, which appropriates the funds.

In FY 2025, the Government funded the 25% payments by utilizing the Governor's reprogramming authority under Public Law 23-26 (FY 2025 Budget Law) and through legislative appropriation under Public Law 24-01.

For FY 2026, the full amount needed to fully fund the 25% payments is \$12.1 million. The Government initially appropriated \$1.8 million to cover the 25% payments. An additional \$2.1 million was provided by the U.S. Government to cover the 25% payments through December 31, 2025. Although additional funds from the Imperial Pacific International settlement of \$2.7 million were appropriated for the 25% benefit payments, the Government has informed the Settlement Fund that the account "had a negative balance," which means these funds were used for other purposes and are no longer available. The Government informed the Settlement Fund that there is no additional funding available to cover the 25% payment beyond December 31, 2025, therefore, the 25% payments will be discontinued after December 31, 2025.

Accordingly, the Settlement Fund notified retirees of the discontinuation of 25% payments through press releases on November 21, 2025 and December 5, 2025.

6. Employer Contributions ("ER Contributions")

The Government and its Autonomous Agencies are required to submit ER contributions after each pay period pursuant to Section 5.0 of the Settlement Agreement. The ER contributions received in FY 2025 and the first quarter of FY 2026 are presented in **Chart 4** below.⁹

⁹ The ER contribution rate is 37.3909% for the CNMI (federal), CHCC, PSS, Tinian Gaming Casino Commission, and Tinian Mayor's Office. The ER contribution rate for five of the agencies is less than the standard 37.3909% rate: the CNMI (local), CUC, CDA, and CPA pay 30%; and NMC pays 20%. *See* Order (ECF No. 756)

Chart 4

Agency	Applicable ER Rate	ER PAYMENTS RECEIVED				
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 (as of 11/30/2025)
CNMI Government - Local	30%	\$ 411,855.67	\$ 426,473.44	\$ 387,862.11	\$ 382,007.55	\$ 49,520.65
CNMI Government - Federal	37.3909%	\$ 105,338.99	\$ 77,778.99	\$ 37,710.59	\$ 67,764.46	\$ 7,944.51
Commonwealth Health Care Corporation ("CHCC")	37.3909%	\$ 190,662.23	\$ 167,248.03	\$ 146,858.52	\$ 131,299.54	\$ 20,282.07
Public School System ("PSS")	37.3909%	\$ 428,926.07	\$ 356,998.67	\$ 292,069.66	\$ 244,505.89	\$ 36,286.60
Northern Marianas College ("NMC")	20%	\$ 65,843.74	\$ 57,478.96	\$ 62,648.24	\$ 34,148.49	\$ 5,126.36
Commonwealth Utilities Corporation ("CUC")	30%	\$ 167,620.99	\$ 158,453.49	\$ 104,494.32	\$ 83,251.09	\$ 11,919.81
Commonwealth Development Authority ("CDA")	30%	\$ 68,968.81	\$ 72,666.07	\$ 75,788.23	\$ 43,664.91	\$ 7,297.08
Commonwealth Ports Authority ("CPA")	30%	\$ 29,524.24	\$ 10,278.81	\$ 12,498.47	\$ 24,400.11	\$ 5,167.53
Tinian Gaming Casino Commission ("TGCC")	37.3909%	\$ -	\$ -	\$ -	\$ -	\$ -
Tinian Mayor's Office ("TMO")	37.3909%	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL		\$ 1,468,740.74	\$ 1,327,376.46	\$ 1,119,930.14	\$ 1,011,042.04	\$ 143,544.61

The Central Government and the following government agencies are relatively current in paying their ER contributions: CHCC, PSS, NMC, and CUC are current through November 1, 2025. CDA and CPA are current through November 15, 2025.

In October 2023, the CUC and the Settlement Fund reached a settlement pursuant to which CUC agreed to pay its unpaid ER balance of \$3,469,797 in monthly installments of \$50,000. As of the date of this Report, the CUC has paid \$1.6 million, leaving a balance of \$1,869,797. *See infra* **Section V**. CUC is otherwise relatively current with employer contributions.

The Tinian Casino Gaming Commission ("Commission") is behind on payment of ER contributions. As of November 30, 2025, the total amount due is \$11,253.19. The Settlement Fund sent a follow-up letter to the Commission regarding payment of outstanding contributions, and will be filing a Motion to Enforce the Settlement Agreement to collect the \$11,253.19 from the Commission. *See infra* **Section V**.

(holding that the lower ER rate applied to NMC because the lower rate was the rate NMC had been paying as of June 26, 2013).

7. Group Health Insurance

In a November 19, 2025 meeting before the Senate Fiscal Affairs Committee, the Secretary of Finance informed the legislature that the Government's health insurance contract with Aetna International Inc. expires on December 31, 2025. Unless the Government appropriates the \$7.2 million required for retirees' health insurance, health insurance may terminate on January 1, 2026. In a November 21, 2025 press release, the Settlement Fund notified retirees regarding the potential loss of health insurance coverage and urged retirees to explore other options. Following the issuance of the Settlement Fund's press release, the House of Representatives introduced and passed, on December 5, 2025, legislation to authorize \$2.8 million to cover retiree health insurance costs.

On December 3, 2025, the Government requested support to modify the Settlement Agreement in alleviate some of the financial burdens of funding the retiree health insurance costs. *See **Exhibit 6*** (12/3/2025 Letter from Secretary of Finance). The Government proposed two modifications to the Settlement Agreement: (1) to include the GHLI retiree premiums as part of the MAP, and (2) relief from the requirements that any GHLI plan may include "Settlement Class Members in the same government and life insurance plans and with the same benefits as provided to then current full-time employees of the CNMI," as provided in § 13 of the Settlement Agreement.

On December 5, 2025, the Settlement Fund responded to the Government. *See **Exhibit 7*** (12/5/2025 Settlement Fund's Letter to Secretary of Finance). On the issue of modification of the Settlement Agreement, the Settlement Fund stated "it is the position of Class Counsel and the Settlement Fund that the Settlement Agreement cannot be modified. Any modification would

require the consent of all parties, including Class Counsel, all NMI Government agencies, the Settlement Fund, and *all of the 2,378 class members.*” *Id.*

In response to the Government’s first proposal to include the GHLIC premiums with the MAP, the Settlement Fund’s position is that because funding for the retiree health and life insurance coverage is the responsibility of the CNMI, it is therefore the “duty and obligation of the CNMI to pass any legislation necessary to effectuate this paragraph.” § 13.0, Settlement Agreement (ECF No. 468-1, at 25). The Government’s proposal to include the GHLI retiree premiums as part of the MAP in order to prioritize payment is more than a funding issue. The inclusion GHLI payments with MAP shifts the responsibility for paying the GHLI retiree premiums to the Settlement Fund. The Settlement Fund cannot and will not assume this responsibility.

The Settlement Fund believes the Government’s second proposal to allow it to offer different plans bases on e.g., class and geographic regions, would give the Government the right create a separate plan for retirees with significantly less coverage, potentially offering no meaningful benefits compared to active plans.

As of submission of this Report, there is a \$4.4 million shortfall in the funding for retiree health insurance costs. The Government must prioritize funding for the retiree health insurance costs. Failure to fully fund the retiree health insurance costs constitutes anticipatory repudiation of the Settlement Agreement and a direct violation of the NMI District Court’s Order (ECF No. 561). If the Government does not have the funds to pay for the plan, it will inevitably lead to a default, and health insurance coverage will be terminated for the retirees and the entire NMI Government.

C. AUDIT OF MEMBER FILES**1. Under and Over Payments**

As of March 13, 2015, potential overpayments and underpayments to members determined by the benefit software were broken down as follows:

	Overpayment	
Class 1	75 members	\$617,293
Class 2	193 members	\$820,068
Disability	8 members	\$56,448
TOTAL	276 members	\$1,493,809

	Underpayment	
Class 1	33 members	\$58,201
Class 2	80 members	\$209,182
Disability	11 members	\$63,143
TOTAL	124 members	\$330,526

As indicated in the Supplemental Report of the Trustee (ECF No. 888), audits of 141 of the 399 files have been completed as of FY 2025. Since then, the Settlement Fund has discovered another duplicate, reducing the number of files from 399 to 398, and an additional three audits have been completed, which are broken down as follows:

FY	Audits Required	Audits Conducted	Benefit Overpayment	Benefit Underpayment	EE Contribution Underpayment	Other
			Status	Status	Status	Status
2015	398	10	4 Settled 5 Appeals Pending			1 Pending Legal Review
2016	388	12	8 Settled 1 Appeal Pending			3 No Issues
2017	376	10	1 Settled 3 Appeals Pending 1 Pending Collection			5 No Issues
2018	366	2	2 Settled			
2019	364	6	2 Settled 1 Pending Collection		1 Settled	2 No Issues
2020	358	12	2 Settled			10 No Issues
2021	346	11	3 Settled 1 Appeals Pending 1 Pending Collection		1 Settled	4 No Issues
2022	335	16	6 Settled 2 Appeals Pending 2 Pending Collection	1 Settled	1 Settled	1 Pending Legal Review 3 No Issues
2023	319	17	1 Settled 2 Appeals Pending 2 Pending Collection	1 Settled	1 Pending Collection	2 Pending Legal Review 9 No Issues
2024	302	28	6 Settled 10 Appeals Pending 4 Pending Collection	1 Settled 2 Payments Pending	1 Settled	1 Pending Legal Review 3 No Issues
2025	274	17	3 Settled 1 Appeals Pending 5 Pending Collection	2 Settled	1 Settled	2 Pending Legal Review 3 No Issues
2026 (as of 11/30/2025)	257	3				2 Pending Legal Review 1 Pending Additional Information

The Compliance Division continues to work diligently on completing the audits of the remaining 254 files, while prioritizing other files that were not flagged by the benefit software and contain issues.

2. Priority Audits

The Settlement Fund prioritizes audits of member files when certain triggering events occur due to the time-sensitive nature of certain audits, such as: (a) the death of a retiree, (b) a new application for retirement or survivor's benefits, (c) a retiree's return to government service or

reinstatement of retirement benefits upon termination of government reemployment, (d) pending administrative appeals that were transferred to the Settlement Fund under the Settlement Agreement and new administrative appeals, and (e) probate matters that are initiated.

The Settlement Fund completed the following audits between FY 2024 through FY 2026 as of November 30, 2025, which are broken down as follows:

FY	Audits Conducted	Benefit Overpayment	Benefit Underpayment	EE Contribution Underpayment	Other
		Status	Status	Status	Status
2024	133	33 Settled 24 Appeals Pending 18 Pending Collection	10 Settled	4 Settled 1 Pending Collection	5 Settled 12 Pending Legal Review 5 Pending Additional Information 21 No Issues
2025	92	20 Settled 3 Appeals Pending 17 Pending Collection	4 Settled 2 Payments Pending	1 Pending Collection	18 Pending Legal Review 5 Pending Additional Information 22 No Issues
2026 (as of 11/30/2025)	20	1 Settled 3 Pending Collection	1 Payment Pending	2 Settled	10 Pending Legal Review 1 Pending Additional Information 2 No Issues

Since the Settlement Fund filed its Supplemental Report of the Trustee for FY 2015 through FY 2025, the number of completed audits for FY 2024 through FY 2026 have been further reconciled and updated as provided in the table above.

D. CONSULTANTS

Wilshire Investments is the Settlement Fund's investment consultant. Milliman Inc. acts as the Settlement Fund's actuarial consultant, and Ernst & Young acts as its auditor. All consultant reports are regularly updated and available at the Settlement Fund's website at <https://www.nmisf.com/audit-reports/>.

1. Investment Advisor

Maggie Ralbovsky, a principal of Wilshire, continues to provide investment advice to manage the Settlement Fund's investment portfolio. Wilshire's contract was renewed for FY 2026.

The Settlement Fund pays a fixed fee of \$145,000 per year. There was no increase in the flat fee charged from previous years.

2. Actuary

Milliman, Inc. has acted as the Settlement Fund's actuary since March 2015. For FY 2018 through FY 2024, the Settlement Agreement requires an independent actuary to determine the amount of MAP to the Settlement Fund sufficient to enable the Settlement Fund to pay 75% of Class Members' Full Benefits each year for the Settlement Fund's expected life. *See Settlement Agreement* § 4.0, ECF No. 468-1 at 10-11. Milliman's FY 2024 Actuarial Valuation Report is attached as **Exhibit 2**.

3. Auditor

Ernst & Young LLP ("E&Y") has acted as the auditor for the Settlement Fund since 2014. E&Y completed the audit for FY 2024 on September 26, 2025. A copy of the FY 2024 audit is attached hereto as **Exhibit 8**. The Settlement Fund received a clean audit for FY 2024.

E. UPDATES REGARDING SETTLEMENT FUND

Information regarding the Settlement Fund, including but not limited to the Government's payments of MAP and investment reports, is posted regularly on the Settlement Fund website: <https://www.nmisf.com>. The Settlement Fund has published Newsletters to update its membership on the status of their fund. The Sixth Issue of the Settlement Fund Newsletter was published in November 2025 and is in the process of being sent to members by mail. The Settlement Fund newsletters are also available on the Settlement Fund website at <https://www.nmisf.com/news-events/newsletter/>.

Additionally, the Settlement Fund updated its website with Frequently Asked Questions, pursuant to the Court's Order (ECF No. 884), which is available at <https://www.nmisf.com/faq/>, and is in the process of being sent to members by mail.

III. FINANCIAL REPORT

A. FINANCIAL OVERVIEW

1. Sources of Funds

The Settlement Fund receives income from three main sources: (1) the MAP and APGA, (2) contributions, and (3) investments. A breakdown of the sources is shown in the table below.

Since FY 2020, the Settlement Fund has paid the benefit payments from the bi-weekly MAP payments and avoided having to liquidate its investments. For the periods ending on September 30, 2025 and September 30, 2024, the Sources of Funds and Expenses were as follows:

Sources of Funds		
	9/30/2025	9/30/2024
MAP	\$ 30,000,000.00	\$ 34,830,769.24
Contributions	\$ 1,561,028.32	\$ 1,814,279.10
Investment Income	\$ 6,632,797.03	\$ 5,956,403.64
Other Income	\$ 942.21	\$ 1,179.32
	\$ 38,194,767.56	\$ 42,602,631.30
Total Expense	\$ (38,647,509.65)	\$ (39,730,008.14)
*Realized Gain/(Loss)	\$ 4,350,417.41	\$ 222.95
Net	\$ 3,897,675.32	\$ 2,872,846.11

*See Sources of Funds and Expenses for FY 2025, attached hereto as **Exhibit 9**.*

2. FY 2024 Performance

A summary of the FY 2025 budget and performance is presented in **Schedule 1** below. For FY 2025, the Settlement Fund was under the FY 2025 budget by 4.9% or \$1,975,700.

Schedule 1
FY 2025
Actual Expenses v. Budget Results

	Actual FY 2025 9/30/2025	FY 2025 Budget 9/30/2025
Benefits Payments (75%)		
Total Benefits Payment	36,797,291	38,375,000
Total Refunds	68,561	100,000
Total Benefits and Refunds Payment	36,865,851	38,475,000
 General & Administrative Expenses		
Total Personnel Expenses	1,066,339	1,096,054
Total Professional Fees	444,259	717,000
Total General & Admin. Expenses	271,061	337,450
 Total Expenses	 38,647,510	 40,625,504
 Total Fixed Assets	 53,964	 13,500
 Total Expenditures	 38,701,474	 40,639,004

3. Proposed FY 2026 Budget

The Settlement Fund's proposed FY 2026 budget is summarized in **Schedule 2** below.

Schedule 2
FY 2024, FY 2025, & Proposed FY 2026 Budget

	Approved FY 2024 Budget	Approved FY 2025 Budget	Proposed FY 2026 Budget	FY 2026 increase/ (decrease)	% (+/-) from previous budget
Benefits Payments					
Total Benefits Payment	39,050,000	38,375,000	37,125,000	(1,250,000)	-3.26%
Total Refunds	155,000	100,000	110,000	10,000	10.00%
Total Benefits and Refunds Payment	39,205,000	38,475,000	37,235,000	(1,240,000)	-3.22%
General & Administrative Expenses					
Total Personnel Expenses	1,073,775	1,096,054	1,130,796	34,742	3.17%
Total Professional Fees	717,000	717,000	677,000	(40,000)	-5.58%
Total General & Admin. Expenses	359,750	332,950	404,250	71,300	21.41%
Total Expenses	41,355,525	40,621,004	39,447,046	(1,173,958)	-2.89%
Total Fixed Assets	10,000	13,500	14,500	1,000	7.41%
Total Expenditures	41,365,525	40,634,504	39,461,546	(1,172,958)	-2.89%

See **Exhibit 10**, detailed breakdown of the proposed budget for FY 2026.

The proposed budget for FY 2026 is \$39,461,546, which is a reduction of 2.89% from the FY 2025 approved budget. The most significant expense increase for FY 2026 is for general and administrative expenses, refunds, and fixed assets.

- General and Administrative Expenses \$404,250 (increase of \$71,300 or 21.41%)
- Refunds \$110,000 (increase of \$10,000 or 10%)
- Fixed Assets \$14,500 (increase of \$1,000 or 7.41%)

In a previous Report of the Trustee, the Settlement Fund reported an increase in the budget of \$155,000 for Class Member refunds, which covered refunds of overpaid interest caused by the incorrect calculation of interest due from Class Members by the NMI Retirement Fund. *See* ECF No. 865. The NMI Retirement Fund applied compound interest instead of simple interest for approximately 21 Class I members who paid the actuarially determined equivalent of Class II member contributions to retire without penalty pursuant to Public Law 13-60. The audit of Class

Members has been completed, and most of the affected members, except two files containing other issues, have been paid.

IV. INVESTMENT REPORT

A. INVESTMENTS AND POLICY

Since the last report provided to the Court, major developments contributed to the changing macroeconomics environment:

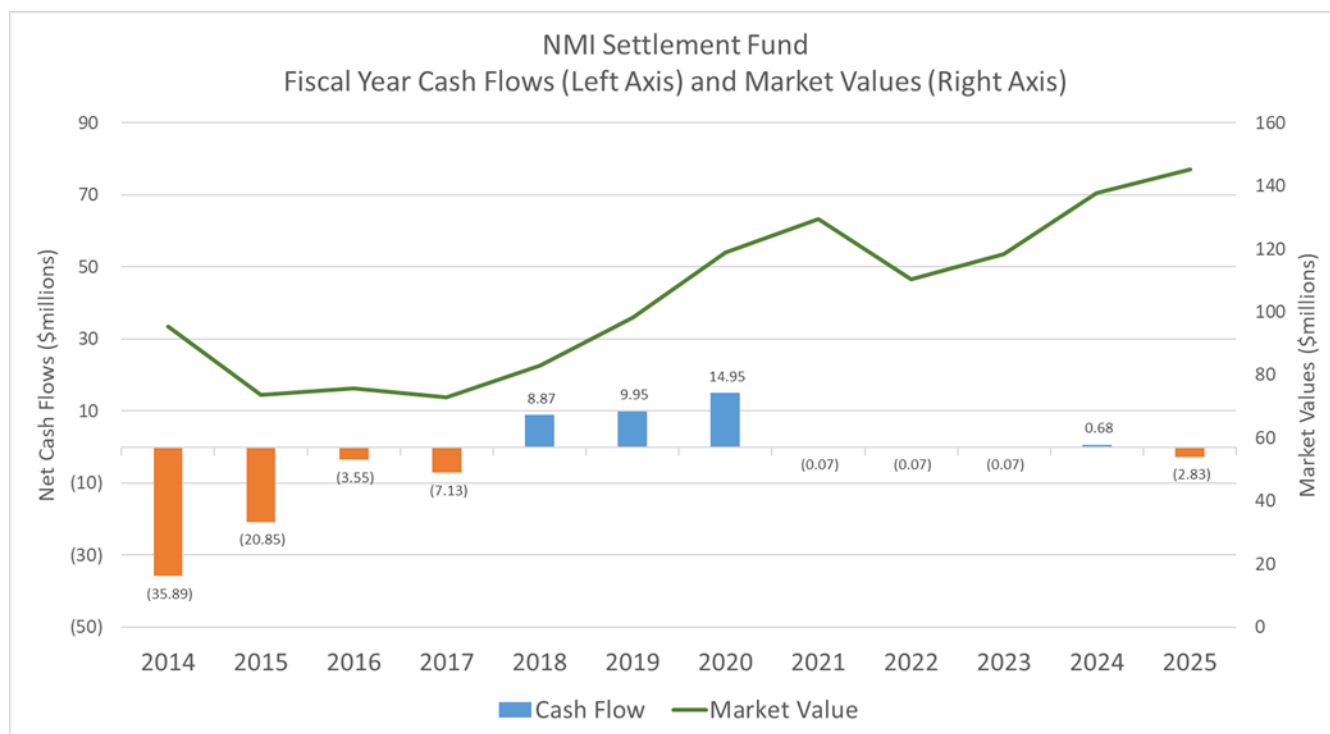
- After a highly divided national election, the Republican Party won the U.S. Presidency as well as both legislative branches. The market anticipated growth-promoting tax policies and banking system deregulation, which propelled global equity markets, with U.S. indices leading. As the administration entered its legislative cycle, controversial tariffs, tax breaks, initiatives for deregulation, and new immigration policies were introduced with partisan votes and strong objections from the opposing party. U.S. fiscal deficits and political discord contributed to significant volatility in capital markets throughout the fiscal year.
- Globally, geopolitical tensions—including ongoing conflicts in the Middle East and the Russia/Ukraine war—continued. The new U.S. administration hosted multiple mediation meetings. By the end of FY2025, the Gaza peace deal was signed, while the Russia/Ukraine conflict remained unresolved. These tensions exposed Europe’s defense and energy dependencies. Germany and the European Union pledged further fiscal spending to address their defense weaknesses, but capital markets remained cautious about Europe’s future competitiveness, in favor of the U.S. market where AI related companies dominated returns.
- Trade policy tensions were a primary driver of Asian market volatility. As the Trump administration continued to negotiate with major trade partners, its focus was to reduce

America's dependency on China. The on-and-off trade war between the two largest economies resulted in volatility in Asian and global equity markets.

- Japanese Government Bond (JGB) interest rates rose sharply (corresponding to sharp decrease of JGB value) after the Bank of Japan abandoned its decades-old zero interest rate policy, causing a profound realignment of global fund flows. The U.S. Federal Reserve also pivoted to an easing cycle, but its dual mandate led to policy debates due to stubbornly high baseline inflation and a weakening labor market. Global government bond markets continued to demonstrate unusual volatility due to policy uncertainties and concerns about higher long-term inflation.

Under this market backdrop, the Settlement Fund adjusted its investment portfolio with an overweight into U.S. equity and conducted a rebalancing at the end of the Fiscal Year by taking profit from equities. Settlement Fund Fiscal Year Return (10/1/2024 – 9/30/2025) was 7.54%, outperforming the policy benchmark by 0.92% net of fees and expenses. The strong performance was aided by diversification, which seeks a more stable return profile given the Settlement Fund's uncertain cash flow outlook.

The following graph summarizes the net cashflows and fiscal year end value of the Settlement Fund since inception. As of September 30, 2025, the Settlement Fund has reached a new post-settlement high value of \$145.2 million despite a withdrawal of \$2.75 million during the year. As of October 31, 2025, the balance was \$142.3 million.



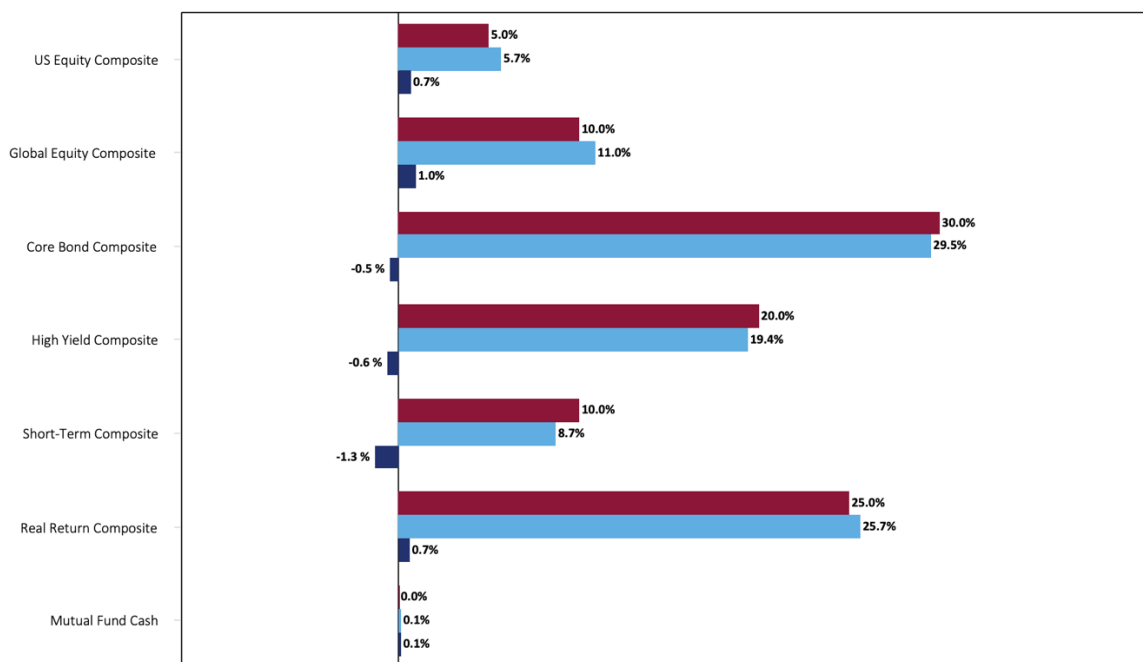
Looking forward, we expect stagflationary pressure to continue to influence asset returns. We continue to support managing these potential risks through prudent diversification, especially maintaining a healthy allocation into real return strategies.

2025 – 2026 Portfolio Targets

Equity (U.S.)	5%
Equity (Global)	10%
High Yield	20%
Core Bond	30%
Short Term Bond	10%
Diversified Real Return	25%
Expected Return	5.40%
Expected Risk	6.53%

Note: Based on Wilshire’s 2025 mid-year updated capital markets outlook.

As of September 30, 2025, the Settlement Fund's actual allocation is within the policy range of the targets:



B. SETTLEMENT FUND PORTFOLIO PERFORMANCE

As of the end of September 30, 2025, the Settlement Fund's portfolio balance stood at \$145,241,977.

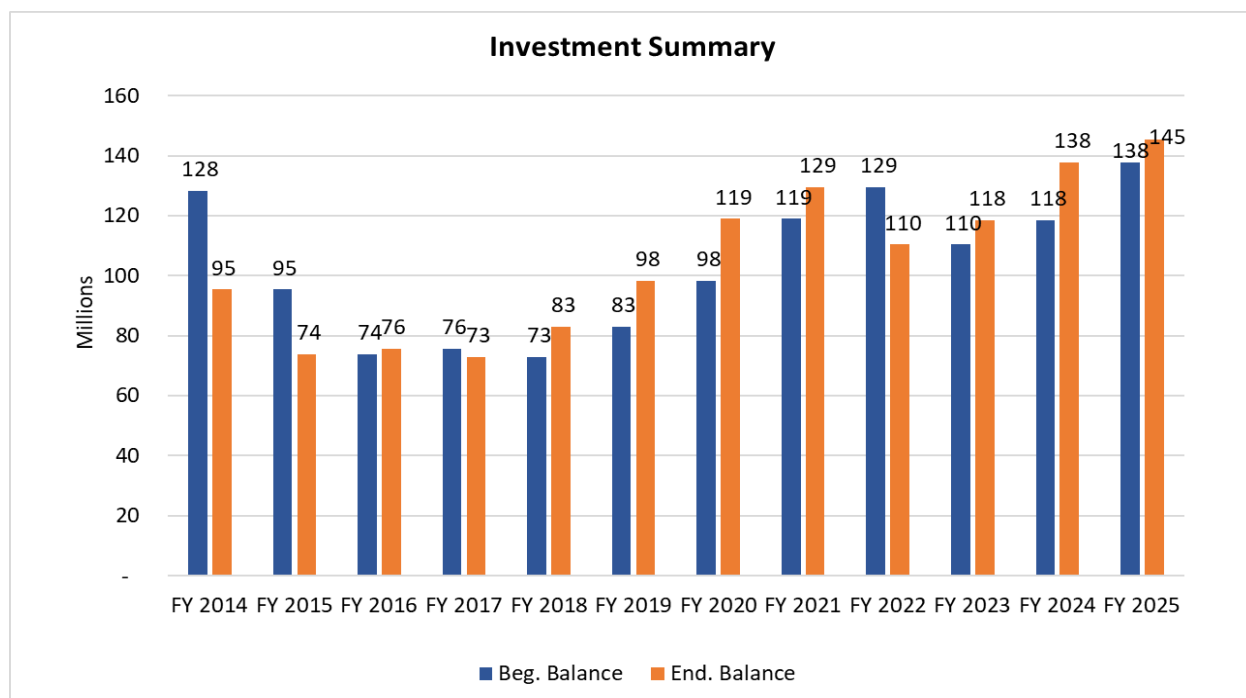
A summary of the investment reports for FY 2025 and FY 2026 (as of October 31, 2025), showing the beginning and ending investment balances, contributions, gains and losses, and fees, are shown in **Chart 5** below.

Chart 5

Investment Summary FY 2025 - FY 2026 (as of Oct. 2025)						
	Beg. Balance	Net Contributions	Distributions & Adm Fees	Investment Gains/Losses	Inv. Fees	End. Balance
1st Quarter (Oct. - Dec. 2024)	137,791,227		(18,864)	(2,063,426)		135,708,938
2nd Quarter (Jan. - Mar. 2025)	135,708,938	(1,020,000)	(18,749)	2,155,427		136,825,617
3rd Quarter (Apr. - June 2025)	136,825,617	(231,000)	(18,710)	4,904,479		141,480,386
4th Quarter (July - Sept. 2025)	141,480,386	(1,500,000)	(19,511)	5,281,102		145,241,977
1st Quarter (Oct. 2025)	145,241,977	(4,000,000)	(6,627)	1,061,951		142,297,301
		\$ (6,751,000)	\$ (82,461)	\$ 11,339,533		

See Flash Reports for September and October 2025, attached hereto as **Exhibit 11**.

The Settlement Fund portfolio balances from inception (FY 2014) to September 30, 2025, are shown in the chart below.



The Wilshire monthly and quarterly investment reports are available on the Settlement Fund website: <https://www.nmisf.com/report/main-investment-consultant-reports-2/>.

V. LITIGATION MATTERS

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

The claims filed against the CUC arose from the CUC's failure to pay its share of ER contributions due to the NMI Retirement Fund in FY 2008 through the date of the complaint—May 5, 2011. As of April 29, 2011, the CUC owed approximately \$3,175,255. The claims were identified as an asset to be transferred to the Settlement Fund in the Settlement Agreement. *See Settlement Agreement* §§ 1.1, 8.0, 29.0(b), ECF No. 468-1 at 4-5, 16, 34-36.

The parties settled this case for \$3,469,797 and executed a settlement agreement, which was approved by the Court. *See* ECF No. 867. Under the settlement agreement, CUC is obligated to pay to the Fund a minimum of \$50,000 per month until the settlement amount is paid in full. CUC is current: it paid a total of \$600,000 in FY 2025, and \$150,000 in FY 2026 as of the date of this Report. As of the date of this Report, the balance of the settlement amount is \$1,869,797.

B. *Rosa A. Camacho v. NMI Settlement Fund*, Civil Action No. 23-16074 (9th Cir.)

This matter arises from an administrative appeal filed by Class Member Rosa A. Camacho (“Ms. Camacho”), who claimed an underpayment of benefits from the Settlement Fund because the Settlement Fund did not make Cost of Living Adjustment (“COLA”) payments. Because the issue involves jurisdictional and legal issues relating to the interpretation of the Settlement Agreement, the Settlement Fund filed a Motion to Enforce and Confirm “Full Benefit Payments” and “Full Benefits” in the Settlement Agreement, seeking to: enforce the Settlement Agreement against Ms. Camacho; confirm that the Settlement Fund is not required to pay COLA based on the definition of “Full Benefit Payments” and “Full Benefits” in the Settlement Agreement; enjoin

Ms. Camacho from asserting claims or defenses, or relief relating to the terms of the Settlement Agreement through the administrative process in the Appeal Rules and Procedures; and enjoin Ms. Camacho from pursuing action inconsistent with the Settlement Agreement or the exclusive jurisdiction of the Court. Ms. Camacho filed a Cross-Motion to Enforce and Confirm “Full Benefit Payments” and “Full Benefits” in the Settlement Agreement, arguing that “Full Benefits” include COLA and the overtime/compensatory time hours, which were included as credited service in computing her retirement benefits.

In July 2023, the Court, in granting the Settlement Fund’s Motion and denying Ms. Camacho’s Cross-Motion, confirmed that “Full Benefit Payments” and “Full Benefits” in the Settlement Agreement do not include COLA, and the Settlement Fund is not required to pay COLA unless appropriated by the legislature. ECF No. 861. The Court further ordered that Ms. Camacho raise the issue relating to overtime-compensatory time through the administrative appeals process.

Ms. Camacho appealed the Order with respect to COLA to the Court of Appeals for the Ninth Circuit—Case No. 23-16074. Following oral argument, in December 2024, the Ninth Circuit issued an Order Certifying Question to the NMI Supreme Court. *See* ECF No. 875.

The NMI Supreme Court accepted the certified question. The parties completed briefing in February 2025, and argued the matter before the NMI Supreme Court in May 2025. On November 3, 2025, the NMI Supreme Court issued its opinion on the Ninth Circuit’s certified question, holding that 1 CMC § 8334(e) “did not create a constitutionally protected accrued benefit under Article III, section 20(a) for members already employed by the Commonwealth when the Act took effect. We therefore answer the certified question in the negative.” 2025 MP 10 ¶ 26. The NMI Supreme Court notified the Ninth Circuit of the Answer to the Certified Question. Ms. Camacho filed a Petition for Rehearing on November 7, 2025, and subsequently, a Motion for

Clarification of the Record, requesting that the NMI Supreme Court notify the Ninth Circuit about the Petition for Rehearing during the pendency of the Petition before the NMI Supreme Court.

On November 20, 2025, the Ninth Circuit affirmed the District Court's Order, confirming that COLA is not a constitutionally-protected right. Ms. Camacho filed a Motion for Stay and/or Withdrawal of the Opinion pending the outcome of the Petition for Rehearing before the NMI Supreme Court.

On December 3, 2025, the NMI Supreme Court denied Ms. Camacho's Petition for Rehearing and granted the Motion for Clarification of Record.

C. *NMI Settlement Fund v. Tinian Casino Gaming Commission*

The Settlement Fund will be filing a Motion to Enforce Final Judgment Approving Class Action Settlement Against the Commission, seeking a Court Order that the Commission pay outstanding employer contributions and penalties in the amount of \$11,253.19.

D. ADMINISTRATIVE APPEALS

The Administrative Appeals Process, which is governed by the NMISF Appeal Rules and Procedures, was implemented to resolve all disputes between individual members and the Settlement Fund. *See* Order, ECF No. 739. The Appeals Process involves three stages: (1) Mandatory Mediation, (2) Appeal to Hearing Officer (if mediation is unsuccessful), and (3) Appeal to an Independent Arbitrator (final appeal). *See* NMI Settlement Fund Appeal Rules and Procedures, ECF No. 731-14. As of November 15, 2025, there are 88 pending administrative cases. The Settlement Fund has engaged with most appellants and is in the process of engaging with the remaining appellants. A summary of pending administrative cases is provided in **Exhibit 12**, attached.

To assist the Settlement Fund manage its litigation cases and facilitate workflow between the different divisions, it surveyed at least 5 different litigation software available on the market. The Settlement Fund selected online legal software Clio to assist in managing cases, audits, and payments. Previously, the Settlement Fund utilized Microsoft and Google products to track information, but this has become increasingly tedious and inefficient due to duplicate workflows and data compilation limitations. The Settlement Fund is currently in the process of transitioning to Clio. The new system will be fully implemented in the spring of 2026.

1. Appeals Pending Mediation / Settled Cases

In December 2021, the Honorable Daniel P. Collins, Bankruptcy Judge for the U.S. District Court of Arizona, was appointed to serve as mediator for all pending administrative cases. *See* ECF No. 813 at 2. Judge Collins' experience and ability to communicate and work with retirees has contributed to the success of mediation.

Of the cases settled at and outside mediation, 4 matters require Court approval of the settlement repayment term, which exceeds the two-year limitation set forth in 1 CMC § 8390(b) based on the financial circumstances of the appellants.

Through the efforts of the Settlement Fund attorneys, 64 cases have settled outside of formal mediation—59 cases in FY 2025 and 5 cases in FY 2026 as of the date of this Report. A list of these cases is provided in **Exhibit 13**, attached.

2. Hearings Before Hearing Officer and Arbitrator

In July 2022, the Court issued an order approving the appointment of attorney Deborah Fisher as the Hearing Officer. *See* ECF No. 840. In the last Report, the Settlement Fund reported that one appeal was pending a decision by the Hearing Officer. The Hearing Officer has since

issued a decision, and this has been appealed to the Arbitrator. *See* **Exhibit 12**. One additional matter is pending a hearing before the Hearing Officer.

3. Appointment of New Hearing Officers and Arbitrator

To assist with administrative proceedings, attorney Deborah Fisher was previously selected and approved as a hearing officer, and attorney Richard Johnson as arbitrator. *See* ECF Nos. 739, 840. Attorney Fisher closed her law firm in May 2024, but has since agreed to assist the Fund with hearings. The Settlement Fund has been in communication with attorney Johnson to confirm his engagement as arbitrator, but no confirmation has been acquired as of the date of this Report.

VI. STATUS OF LEGISLATION

The Legislature considered several bills that may affect the Settlement Fund and its members. The proposed bills are available at www.cnmileg.net/.

Below is a summary of new bills that may affect Class Members.

	BILL / INITIATIVE / RESOLUTION	STATUS
FUNDING	House Bill 24-6, HD1 To appropriate funds for the operations and activities of the Government for FY 2026, including the FY 2026 MAP obligation, \$1 for group health and life insurance (“GHLI”) for retirees, and at least \$4.3 million for the 25% payments.	Signed into law on September 30, 2025, as Public Law 24-14.
	House Bill 24-33 To statutorily define the scope of the Commonwealth’s annual “General Revenues” in Article XV, § 1(e) of the NMI Constitution, which includes all budgetary resources available for appropriation after debt service and mandatory Settlement Fund payments.	Pending with the Senate.
	House Bill 24-50, HS1 To authorize a \$29 million loan between the Government and the Marianas Public Land Trust to meet the FY 2026 MAP obligation to the Fund and redirect funds appropriated for the FY 2026 MAP in the FY 2026 Budget Law for Government operations.	Signed into law on September 23, 2025, as Public Law 24-13.
	House Bill 24-68, HD1 To conditionally authorize the Marianas Public Land Trust to establish a margin account to facilitate the \$29 million loan authorized under Public Law 24-13.	Signed into law on November 11, 2025, as Public Law 24-17.
	Senate Bill 24-50 To authorize the Marianas Public Land Trust through its Trustees to engage in the	Pending with the Senate.

	investment practice of margin account transactions.	
	House Concurrent Resolution 24-1 To approve revenues and resources for the operations and activities of the Government for FY 2025, based on the submission of the Governor's communication relating to additional protected revenues of the CNMI and the \$1 million overpayment of MAP to the Settlement Fund.	Adopted by the House of Representatives on February 14, 2025.
	House Concurrent Resolution 24-2 To define and identify "General Revenues" for FY 2026, including the potential \$29 million, currently appropriated for the FY 2026 MAP to the Settlement Fund, that may be available for re-appropriation if the MPLT loan is authorized and approved.	Adopted by the Senate on August 13, 2025.
	House Legislative Initiative 24-1 To amend Article XV, Section 1 of the Constitution of the CNMI to define "General Revenues" and "Special Revenues" consistent with NMI Supreme Court ruling in <i>In re Certified Question Petition from Ralph DLG. Torres & Marylou S. Ada</i> , 2020 MP 2, and to clarify that the Public School System's 25% appropriation shall be calculated based on the net General Revenues after crediting debt service and statutory obligations.	Pending with the House.
GROUP HEALTH AND LIFE INSURANCE	House Bill 24-75 To authorize payment of \$3.7 million to fund the Public School System and GHLI, \$2.8 million of which will fund GHLI employer premiums.	Pending with the Senate.
OVERPAYMENT COLLECTION AND WAIVER	Senate Bill 24-27 To amend 1 CMC § 8390 to prohibit the Settlement Fund from recovering overpayments from retirees, survivors, or the estate of Settlement Fund members; authorize a waiver of any overpayment; and allow Settlement Fund members to appeal for	Pending with the Senate.

	waivers of overpayments and the Settlement Fund to grant waivers of any overpayment.	
NEW RETIREMENT PLAN	Senate Bill 24-1 To create a CNMI Term Pension Plan, which will be partially funded by deficient employer contributions collected pursuant to Section 8.1 of the Settlement Agreement.	Pending with the Senate.
CHANGE OF NAME PROCEDURE	House Bill 24-10 To establish a standardized change of name legal procedure.	Pending with the Senate.

The Settlement Fund will continue to monitor and report on bills, which affect the Settlement Fund and Class Members.

Respectfully submitted this 5th day of December 2025.

CIVILLE & TANG, PLLC

/s/
Joyce C.H. Tang
Trustee