



Report of the Trustee

2nd Qtr. FY 2022 through 4th Qtr. FY 2022

September 15, 2022 Hearing

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

Overview

- Settlement Fund Operations Highlights
- Settlement Agreement “MAP” Payments
- Update - Internal Audit of Member Files
- Independent Auditor and Actuarial Report
- Financial Overview & Budget FY 2023
- Investment Report (Presented by Wilshire)
- Pending Litigation Matters
- Bills, Legislative Initiatives and Resolutions



Operations Highlights

Class Membership

	9/30/19	9/30/20	9/30/21	8/31/22
Participant Counts				
Active Employees (Class I)	54	45	58	60
Active Employees (Class II)	<u>4</u>	<u>3</u>	<u>13</u>	<u>15</u>
Total Active Employees	58	48	71	75
Retirees	<u>2,780</u>	<u>2,741</u>	<u>2,630</u>	<u>2,553</u>
Total Participants	2,838	2,789	2,701	2,628
Difference	(49)	(88)	(73)	

In FY 2022 (as of 8/31/22), there were 2,628 participants, a decrease of 73 from FY 2021.

Breakdown of Members Based on 75% Benefit Payments as of 8/31/22

Benefit Range per Municipality	RETIREE DISABLED	RETIREE	SURV CHILD DISABLED	SURV CHILD	SURV SPOUSE	Grand Total
ROTA	2	196	2	4	68	272
<= \$6,000.00	0	21	2	2	23	48
6,000.01 - 10,000	1	21	0	1	18	41
10,000.01 - 20,000	1	97	0	1	23	122
20,000.01 - 30,000	0	41	0	0	4	45
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	1	0	0	0	1
70,000.01 - 80,000	0	0	0	0	0	0
80,000.01 - 90,000	0	0	0	0	0	0
>100,000	0	0	0	0	0	0
SAIPAN	13	1446	11	51	579	2100
<= \$6,000.00	1	120	11	45	253	430
6,000.01 - 10,000	5	138	0	5	147	295
10,000.01 - 20,000	6	630	0	0	162	798
20,000.01 - 30,000	1	412	0	1	13	427
30,000.01 - 40,000	0	102	0	0	1	103
40,000.01 - 50,000	0	26	0	0	1	27
50,000.01 - 60,000	0	10	0	0	1	11
60,000.01 - 70,000	0	4	0	0	1	5
70,000.01 - 80,000	0	1	0	0	0	1
80,000.01 - 90,000	0	3	0	0	0	3
> 100,000	0	0	0	0	0	0
TINIAN	2	118	0	7	54	181
<= \$6,000.00	1	10	0	6	16	33
6,000.01 - 10,000	1	10	0	0	17	28
10,000.01 - 20,000	0	55	0	1	20	76
20,000.01 - 30,000	0	33	0	0	1	34
30,000.01 - 40,000	0	8	0	0	0	8
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	17	1760	13	62	701	2553

Breakdown of Members Based on 100% Benefit Payments as of 8/31/22

Benefit Range per Municipality	RETIREE DISABLED	RETIREE	SURV CHILD DISABLED	SURV CHILD	SURV SPOUSE	Grand Total
ROTA	2	196	2	4	68	272
<= \$6,000.00	0	5	2	2	14	23
6,000.01 - 10,000	0	22	0	0	18	40
10,000.01 - 20,000	2	60	0	2	25	89
20,000.01 - 30,000	0	69	0	0	7	76
30,000.01 - 40,000	0	24	0	0	4	28
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
80,000.01 - 90,000	0	0	0	0	0	0
>100,000	0	1	0	0	0	1
SAIPAN	13	1446	11	51	579	2100
<= \$6,000.00	0	22	11	41	134	208
6,000.01 - 10,000	1	145	0	7	171	324
10,000.01 - 20,000	11	365	0	2	215	593
20,000.01 - 30,000	1	522	0	1	49	573
30,000.01 - 40,000	0	246	0	0	6	252
40,000.01 - 50,000	0	84	0	0	1	85
50,000.01 - 60,000	0	39	0	0	0	39
60,000.01 - 70,000	0	8	0	0	1	9
70,000.01 - 80,000	0	7	0	0	1	8
80,000.01 - 90,000	0	4	0	0	1	5
> 100,000	0	4	0	0	0	4
TINIAN	2	118	0	7	54	181
<= \$6,000.00	1	2	0	6	10	19
6,000.01 - 10,000	0	10	0	0	15	25
10,000.01 - 20,000	1	34	0	1	24	60
20,000.01 - 30,000	0	42	0	0	5	47
30,000.01 - 40,000	0	20	0	0	0	20
40,000.01 - 50,000	0	6	0	0	0	6
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	17	1760	13	62	701	2553

Payments to Members Based on Current Residence and Classification

Chart 2
(Period Ending 8/31/22)

PLACE OF RESIDENCE	Total # of Members	NMISF Class Member Classification					Total Benefit Payments	
		Retiree Disabled	Retiree	Surviving Child Disabled	Surviving Child	Surviving Spouse		
CNMI	1844	\$ 5,824.30	\$ 1,036,181.57	\$ 831.34	\$ 6,246.64	\$ 192,062.27	\$ 1,241,146.12	72%
CONTINENTAL U.S.	527	\$ 1,400.69	\$ 244,077.97	\$ 448.97	\$ 1,408.37	\$ 48,899.25	\$ 296,235.25	21%
FSM	11	\$ -	\$ 3,554.25	\$ -	\$ -	\$ 2,467.41	\$ 6,021.66	7%
GUAM	98	\$ -	\$ 39,639.01	\$ -	\$ 291.28	\$ 7,786.11	\$ 47,716.40	
NON U.S.	48	\$ -	\$ 12,706.80	\$ -	\$ 301.92	\$ 4,338.79	\$ 17,347.51	
REPUBLIC OF PALAU	25	\$ -	\$ 13,758.02	\$ -	\$ -	\$ 1,518.39	\$ 15,276.41	
Total Payments @ 75%		2553	\$ 7,224.99	\$ 1,349,917.62	\$ 1,280.31	\$ 8,248.21	\$ 257,072.22	\$ 1,623,743.35

Average Monthly Payments:

75% \$3.31M

25% \$1.1M



Settlement Agreement

“MAP” Payments

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		✓	
PL 21-10		✓	
Settlement Fund Revolving Fund (1 CMC § 25301)	✓		
Hotel Occupancy Tax (4 CMC § 1502)			✓
Beverage Container Tax (4 CMC § 1405)			✓

Trustee's Report (ECF No. 842, at 5, 28); Trustee's Report (ECF No. 786, at 4-6, 27-28); Trustee's Report (ECF No. 767, at 3, 20-21).

Minimum Annual Payment – 75% of Benefits

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*	\$42M (paid)	PL 20-33, PL 21-8
FY 2021*	\$40M (paid)	PL 20-33, PL 21-35
FY 2022*	\$38M (\$35.4M paid as of 9/14/22)	PL 20-33, PL 22-8
FY 2023*	\$36M	PL 20-33

*Actuarial Valuation Report (by Milliman)

Government Maintained Bi-Weekly MAP Payments

- The Fund has not liquidated any investments to cover benefit payments since Dec. 2018
- Eases liquidity requirements
- Cashflow planning for Government & Fund
- Extends the Fund's investment horizon ($\$119\text{M} \div \$36\text{M} = 3.3 \text{ Yrs.}$)

Due Date	Cumulative Amount Due	Description	Date Remitted	Amount Remitted	Quarterly Balance Due	Annual Balance Due
		FY2022 Annual Payment				38,000,000.00
12/31/2021	5,700,000.00	End of 1st Quarter Payment @ 15%			5,700,000.00	
			10/12/2021	438,461.54	5,261,538.46	37,561,538.46
			10/21/2021	438,461.54	4,823,076.92	37,123,076.92
			10/26/2021	438,461.54	4,384,615.38	36,684,615.38
			11/2/2021	438,461.54	3,946,153.84	36,246,153.84
			11/8/2021	438,461.54	3,507,692.30	35,807,692.30
			11/19/2021	438,461.54	3,069,230.76	35,369,230.76
			11/24/2021	438,461.54	2,630,769.22	34,930,769.22
			12/3/2021	438,461.54	2,192,307.68	34,492,307.68
			12/10/2021	876,923.08	1,315,384.60	33,615,384.60
			12/28/2021	876,923.08	438,461.52	32,738,461.52
			12/30/2021	438,461.52	- 0.00	32,300,000.00
Totals:				5,700,000.00		
3/31/2022	19,000,000.00	End of 2nd Quarter Cum. Payment @50%			13,300,000.00	
		1,023,076.92	1/10/2022	1,023,076.92	12,276,923.08	31,276,923.08
			1/18/2022	1,023,076.92	11,253,846.16	30,253,846.16
			1/26/2022	1,023,076.92	10,230,769.24	29,230,769.24
			2/4/2022	1,023,076.92	9,207,692.32	28,207,692.32
			2/8/2022	1,023,076.92	8,184,615.40	27,184,615.40
			2/15/2022	1,023,076.92	7,161,538.48	26,161,538.48
			3/2/2022	2,046,153.84	5,115,384.64	24,115,384.64
			3/7/2022	1,023,076.92	4,092,307.72	23,092,307.72
			3/14/2022	1,023,076.92	3,069,230.80	22,069,230.80
			3/15/2022	1,023,076.92	2,046,153.88	21,046,153.88
			3/28/2022	1,023,076.92	1,023,076.96	20,023,076.96
			4/1/2022	1,023,076.92	0.04	19,000,000.04
					0.04	19,000,000.04
Totals:				13,299,999.96		

NMI Settlement Fund
Schedule of CNMI Government annual contribution payments
Fiscal Year 2022

Due Date	Cumulative Amount Due	Description	Date Remitted	Amount Remitted	Quarterly Balance Due	Annual Balance Due
		FY2022 Annual Payment				38,000,000.00
6/30/2022	26,600,000.00	End of 3rd Quarter Cum. Payment @ 70%			7,600,000.04	
			4/11/2022	584,615.42	7,015,384.62	18,415,384.62
			4/15/2022	584,615.38	6,430,769.24	17,830,769.24
			4/25/2022	584,615.38	5,846,153.86	17,246,153.86
			5/4/2022	584,615.38	5,261,538.48	16,661,538.48
			5/16/2022	584,615.38	4,676,923.10	16,076,923.10
			5/23/2022	584,615.38	4,092,307.72	15,492,307.72
			5/26/2022	584,615.38	3,507,692.34	14,907,692.34
			6/2/2022	584,615.38	2,923,076.96	14,323,076.96
			6/7/2022	584,615.38	2,338,461.58	13,738,461.58
			6/23/2022	1,169,230.76	1,169,230.82	12,569,230.82
			6/27/2022	584,615.38	584,615.44	11,984,615.44
			6/30/2022	584,615.44	-	11,400,000.00
Totals:				7,600,000.04		
9/30/2022	38,000,000.00	End of 4th Quarter Payments			11,400,000.00	
			7/7/2022	876,923.08	10,523,076.92	10,523,076.92
			7/15/2022	876,908.23	9,646,168.69	9,646,168.69
			7/25/2022	876,937.93	8,769,230.76	8,769,230.76
			8/1/2022	876,923.08	7,892,307.68	7,892,307.68
			8/11/2022	876,923.08	7,015,384.60	7,015,384.60
			8/15/2022	876,923.08	6,138,461.52	6,138,461.52
			8/31/2022	876,923.08	5,261,538.44	5,261,538.44
			9/6/2022	876,923.08	4,384,615.36	4,384,615.36
			9/9/2022	876,923.08	3,507,692.28	3,507,692.28
			9/13/2022	876,923.08	2,630,769.20	2,630,769.20
					2,630,769.20	2,630,769.20
					2,630,769.20	2,630,769.20
					2,630,769.20	2,630,769.20
				8,769,230.80		

Alternative Payment of a Greater Amount ("APGA")

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
TOTAL ANNUAL REVENUE:						
Taxes	154,831,829.00	149,719,538.00	226,119,758.00	279,791,409.00	267,791,170.00	196,920,863.00
Licenses and Fees	46,005,588.00	31,392,355.00	38,694,768.00	36,506,891.00	21,473,133.00	34,411,145.00
Charges for Sales and Services	5,805,208.00	6,133,601.00	7,209,159.00	8,659,050.00	9,097,118.00	7,860,093.00
Contributions from Component Units	653,737.00	5,438,928.00	2,779,810.00	2,262,224.00	1,904,725.00	2,590,236.00
Interest and Dividends	303,884.00	211,956.00	85,583.00	253,796.00	582,210.00	626,315.00
Other Sources	6,563,386.00	7,089,653.00	12,901,824.00	17,093,152.00	8,878,379.00	7,123,549.00
Recoveries	451,952.00	2,954,730.00				
Total Annual Revenue	214,615,584.00	202,940,761.00	287,790,902.00	344,566,522.00	309,726,735.00	249,532,201.00
LESS DEDUCTIONS:						
Minimum Annual Payments	25,000,000.00	27,000,000.00	30,000,000.00	33,000,000.00	45,000,000.00	44,000,000.00
GHLI						
Health Insurance	6,782,603.65	7,169,924.32	10,208,008.15	10,624,546.27	10,162,245.62	10,695,524.62
Life Insurance	616,816.29	559,108.05	553,840.62	580,971.42	600,173.59	576,158.66
Class Counsel Fees						
Bronster Hoshibata (\$6,500,000)	150,000.00	1,475,000.01	2,708,333.33	2,166,666.66		
Stephen C. Woodruff (\$185,000)	185,000.00					
Bruce Jorgensen (\$800,000)		800,000.00				
Total Deductions	32,734,419.94	37,004,032.38	43,470,182.10	46,372,184.35	55,762,419.21	55,271,683.28
NET TOTAL ANNUAL REVENUE:	181,881,164.06	165,936,728.62	244,320,719.90	298,194,337.65	253,964,315.79	194,260,517.72

Paragraph 4.2 - Alternative Payment of a Greater Amount

17% of Net Total Annual Revenue	30,919,797.89	28,209,243.87	41,534,522.38	50,693,037.40	43,173,933.68	33,024,288.01
Less: Minimum Annual Payment	25,000,000.00	27,000,000.00	30,000,000.00	33,000,000.00	45,000,000.00	44,000,000.00
Amount Due to NMISF	5,919,797.89	1,209,243.87	11,534,522.38	17,693,037.40	(1,826,066.32)	(10,975,711.99)

Equal to 17% of the Government's Total Annual Revenue, after deducting MAP (See Settlement Agreement § 4.2)

Trustee's Report (ECF No. 842, at 6).

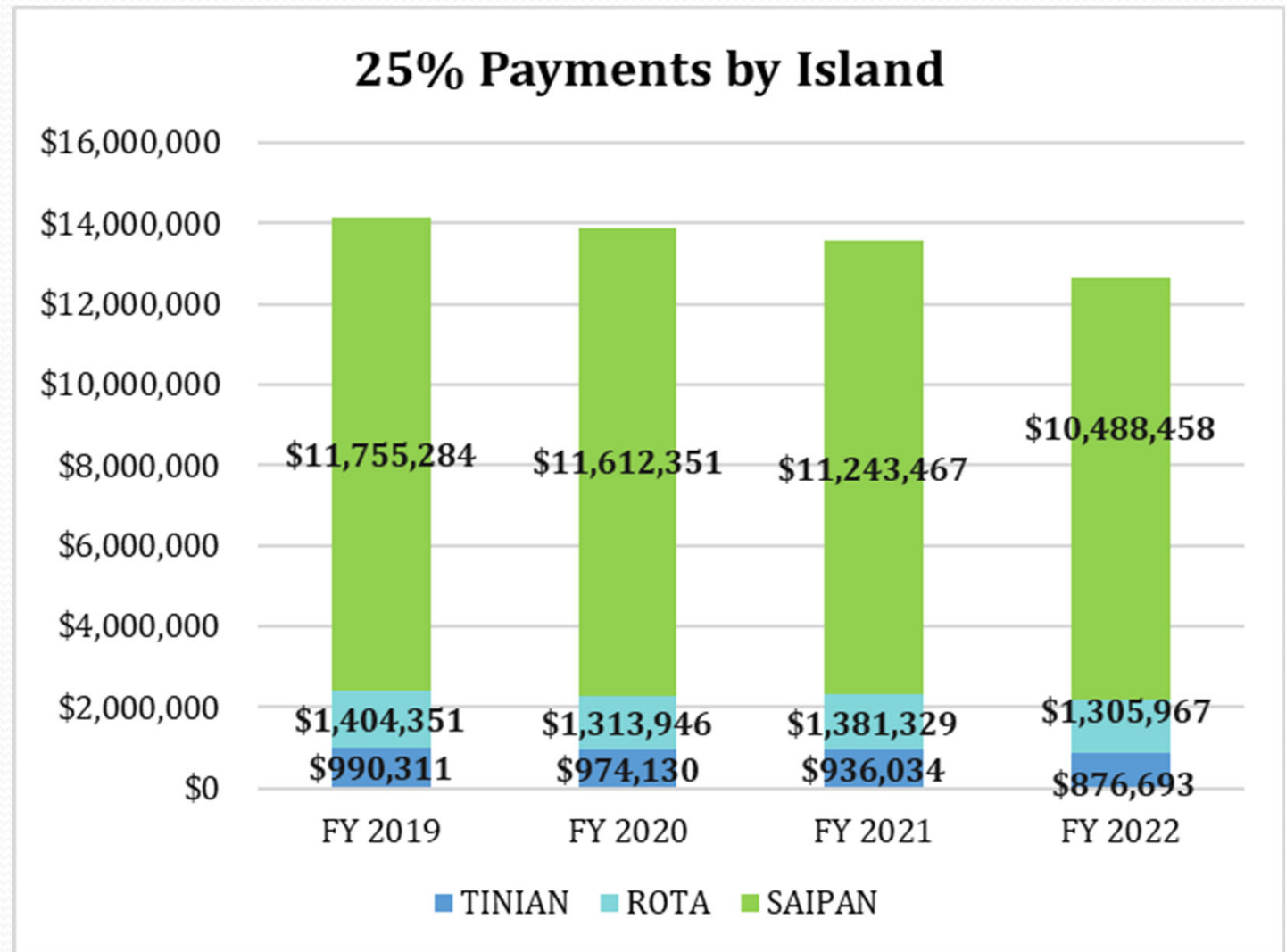
APGA Payments

FY 2014	\$5,919,797.89 – Paid in Full 2017
FY 2015	\$1,209,243.87 – Paid in Full 2017
FY 2016	\$11,534,522.38 – Paid in Full 2018
FY 2017	\$17,693,037.40 – Paid in Full 2020
FY 2018	No APGA Due
FY 2019	No APGA Due
FY 2020	CNMI Audit Pending – Unlikely
FY 2021	CNMI Audit Pending – Unlikely

25% Benefit Payments

Amount Received:

FY 2019 - \$14.2M
 FY 2020 - \$13.98M
 FY 2021 - \$13.6M
 FY 2022 - \$12.7M
 (as of 9/15/22)



Trustee's Report (ECF No. 842, at 6-7); Exhibit 2 (ECF No. 842-2).

\$1,000 Bonus Payment

- Originally to be paid in 2021 as Christmas Bonus
- Delay in approving of the bill to appropriate and fund the bonus payments
- Paid in May 2022

Other Sources of Funds

EMPLOYER CONTRIBUTIONS (as of 9/14/22)

- CDA Current through 9/10/22
- CPA, NMC, PSS Current through PPE 8/27/22
- Government & Other Autonomous Agencies (excluding CUC) Current through PPE 8/13/22
- CUC Current through 8/27/22–
except for prior years
NMISF v. CUC, Case No. 11-0114-CV
(Tentative Settlement \$3.5M)

JUDICIAL BUILDING LOAN - \$15 MILLION (Matured 3/1/15)

- Paid in full on 3/29/22
- Total interest payment was \$14.9 Million (7.75% per annum)
- Total payment in FY 2022: \$507,162

NMI Settlement Fund Building

- Previously rented to FEMA after Typhoons Soudelor, Mangkhut, and Yutu
- Prospective tenants seek short-term and small rental space



Update - Internal Audit of Member Files

Internal Audit Review – 5 Stage Process

Stage 1 – File is reviewed to identify issues pertaining to under/overpayment and to ensure all supporting documents are available.

Stage 2 – Data is recomputed by Member Services staff in accordance with the applicable laws and regulations governing the member's annuity calculation.

Stage 3 – File is forwarded to Member Services Manager for recalculation and final review.

Stage 4 – Completed file is sent to the Audit department to ensure that calculations are accurate and in compliance with applicable laws and Fund rules and regulations.

Stage 5 – Audited file is forwarded to Legal Department for legal review. For overpayments, adverse letters are issued by the Administrator. For underpayments, a findings and recommendations letter is forwarded to the Trustee for approval of underpayment pay out.

Results of Internal Audit

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.

Audit Software 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

Trustee's Report (ECF No. 842, at 9).

Internal Audit Review of 152 Files with Issues

	Overpayment		Underpayment	
Class 1	16 members	\$167,973	10 members	\$18,196
Class 2	120 members	\$1,802,234	6 members	\$15,750
Disability	0 members	\$ -	0 members	\$ -
TOTAL	136 members	\$1,970,207	16 members	\$33,946

Trustee's Report (ECF No. 842, at 9).

Priority Audits

- Death of retiree
- New retiree or survivor application
- Return to government service or reinstatement of retirement benefits upon termination
- Administrative appeals

102 files audited as of 8/31/22

- 57 did not have issues; 45 files had issues
- Of the 45 files, 29 determined to have under/overpayment issues

Internal Audit Review of 29 Files with Issues

	Overpayment		Underpayment	
Class 1	13 members	\$18,650	1 member	\$3,817
Class 2	13 members	\$138,288	2 members	\$2,406
TOTAL	26 members	\$156,938	3 members	\$6,223

Trustee's Report (ECF No. 842, at 10).



Independent Auditor and Actuarial Report

- **Wilshire Associates (Maggie Ralbovsky) – Investment Consultant**
 - Provides investment advice to the SF
- **Milliman, Inc. (Rich Wright) – Actuary**
 - Prepared and issued FY 2018, FY 2019, and FY 2020 Actuary Reports
 - Anticipated completion of FY 2021 Actuary Report - December 2022
- **Ernst & Young (John Onedera) – Auditor**
 - FY 2022 issued on September 13, 2022

Highlights of Independent Audits & Actuarial Valuation Report

- **Audited Financials**

Fund received clean audits for FY 2018 through FY 2021

- **Actuarial Valuation Report (Dec. 9, 2021 for FY 2020)**

Projected Minimum Annual Payment Amounts:

FY 2022	\$38 million
FY 2023	\$36 million
FY 2024	\$34 million
FY 2025 – 2031	Decline by \$1 million each year
FY 2032 – 2040	\$26 million

*Life expectancies based on Pub-210 Mortality table set forward five years



Financial Overview & Budget FY 2023

Sources of Funds

	FY 2021 as of 7/31/21	FY 2022 as of 7/31/22
MAP	\$30,769,231	\$29,230,769
Contributions	\$1,566,823	\$1,631,477
Investment Income	\$4,244,835	\$3,692,695
Rental	\$ -	\$ -
Other Income	\$ -	\$7,540
Litigation Proceeds	<u>\$17,848</u>	<u>\$ -</u>
TOTAL INCOME	\$36,598,736	\$34,562,481
 Total Expenses	 (\$35,174,641)	 (\$34,392,098)
 *Realized Gain/(Loss)	 <u>(\$802,367)</u>	 <u>(\$4,395,036)</u>
NET	\$621,729	(\$4,224,653)

Trustee's Report (ECF No. 842, at 12); Exhibit 4 (ECF No. 842-4).

No draw down from
Investment Account for past
four years (12/2018)

Actual vs. Budget

FY 2022

	Actual FY 2022 8/31/2022	FY 2022 Budget 8/31/2022
Benefits Payments		
Total Benefits Payment	36,304,936	37,551,250
Total Refunds	1,518	50,417
Total Benefits and Refunds Payment	36,306,454	37,601,667
General & Administrative Expenses		
Total Personnel Expenses	816,961	854,569
Total Professional Fees	485,624	747,083
Total General & Admin. Expenses	174,333	267,438
Total Expenses	37,783,371	39,470,756
Total Fixed Assets	2,736	7,792
Total Expenditures	37,786,107	39,478,548

Schedule 1 in Trustee's Report (ECF No. 842, at 14).

Proposed FY 2023 Budget

	FY 2021 Budget	Approved FY 2022 Budget	Proposed FY 2023 Budget	FY 2023 increase/ (decrease)	% (+/-) from previous budget
Benefits Payments					
Total Benefits Payment	43,000,000	40,965,000	39,550,000	(1,415,000)	-3.5%
Total Refunds	685,000	55,000	37,500	(17,500)	-80.0%
Total Benefits and Refunds Payment	43,685,000	41,020,000	39,587,500	(1,432,500)	-3.5%
General & Administrative Expenses					
Total Personnel Expenses	865,347	932,257	1,076,720	144,463	15.5%
Total Professional Fees	858,000	815,000	867,500	52,500	6.4%
Total General & Admin. Expenses	605,450	291,750	273,750	(18,000)	-6.2%
Total Expenses	46,013,797	43,059,007	41,805,470	(1,253,537)	-2.9%
Total Fixed Assets	10,000	8,500	8,500	-	0.0%
Total Expenditures	46,023,797	43,067,507	41,813,970	(1,253,537)	-2.9%

Schedule 2 in Trustee's Report (ECF No. 842, at 15).

FY 2023 Proposed Budget \$41,813,970 (\$1,253,537 less than FY 2022)



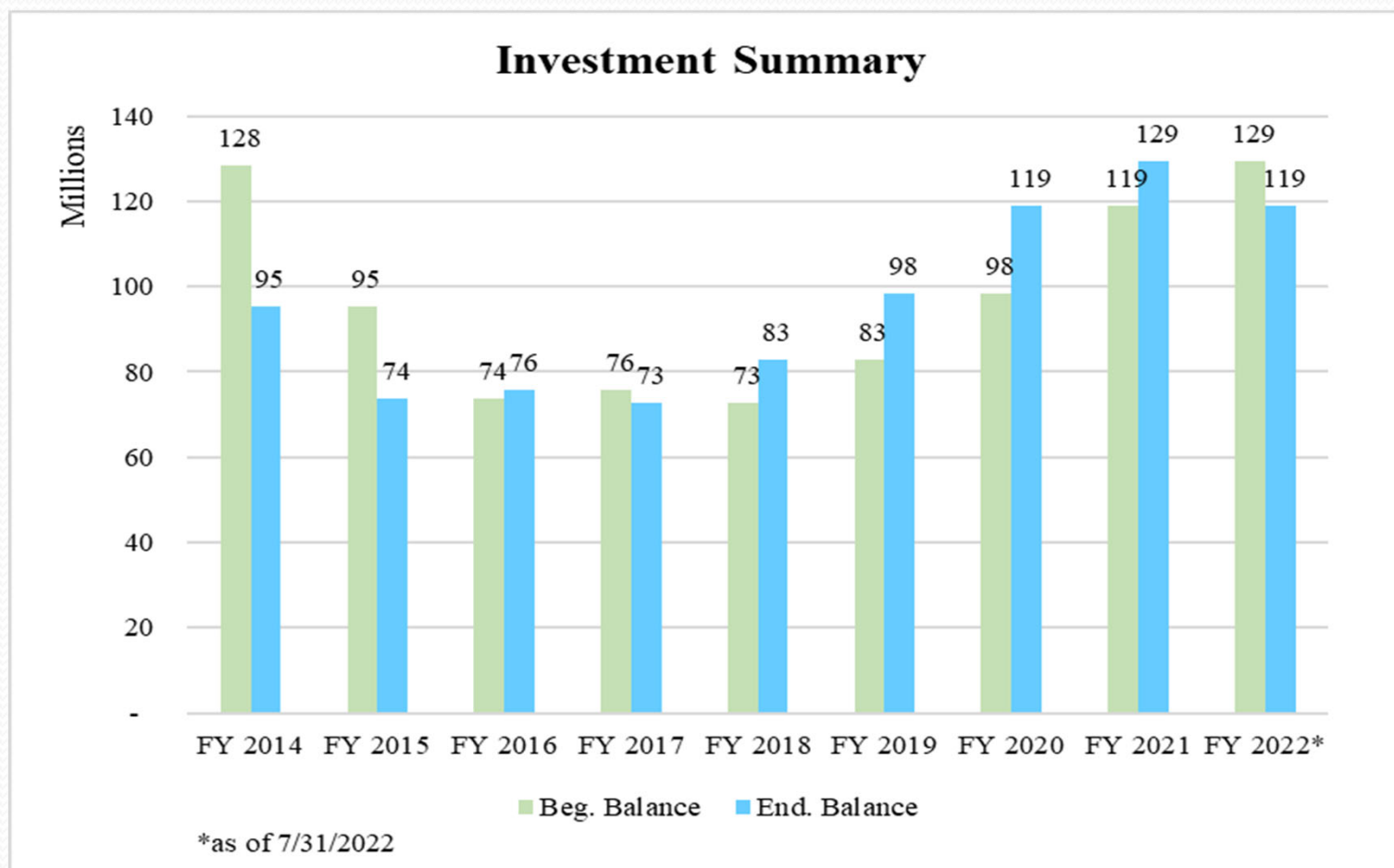
Investment Report

Investment Balance Summary

Balance as of 8/31/2022	\$118,969,851
Initial Corpus 12/31/2013	\$104,879,000
Lowest balance 9/30/2015	\$ 73,000,000
FY Return as of 7/31/2022 (Long Term Return of 4.35%)	-7.96%
Return for 7/2022	0.61%

Investment trend due to:

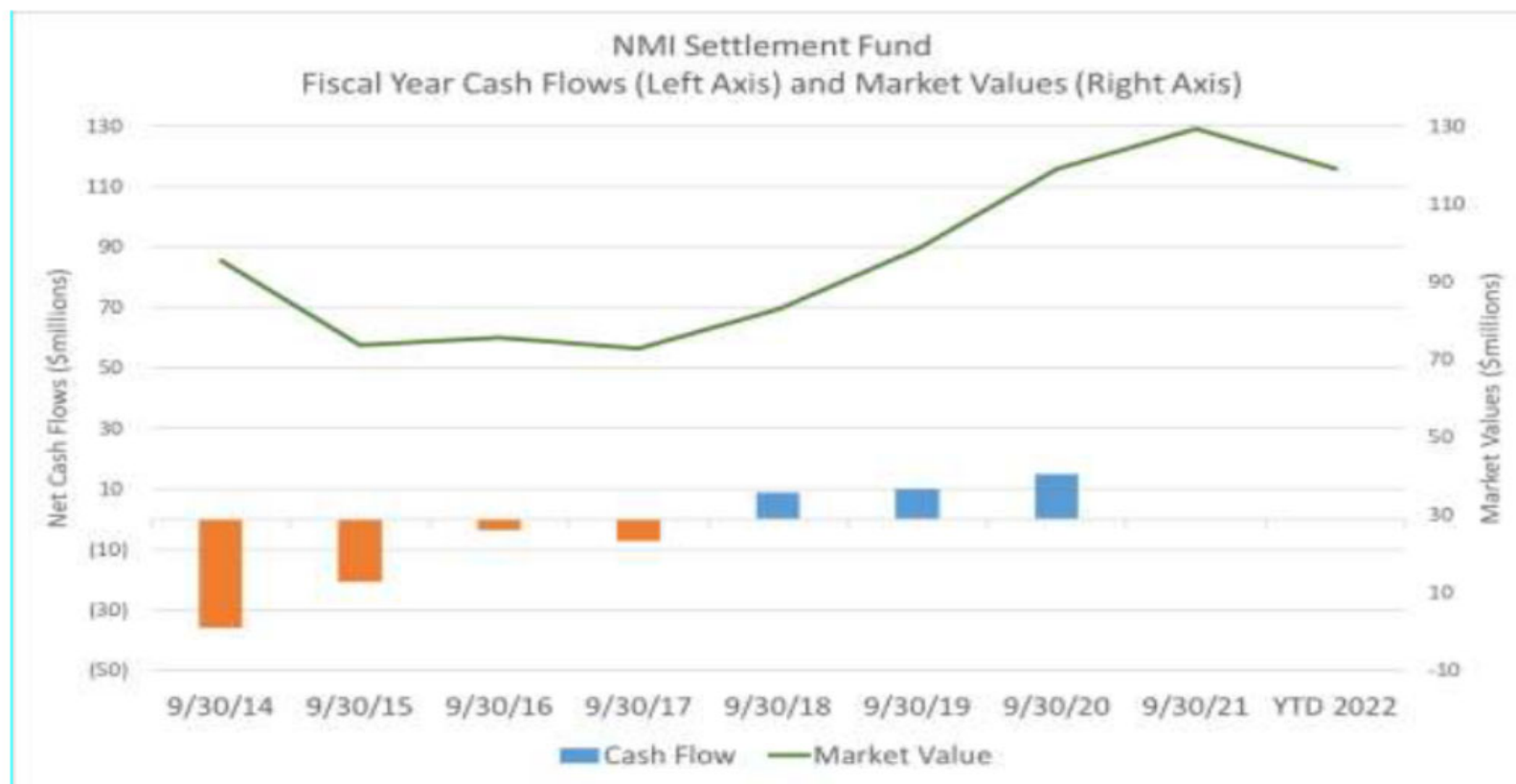
- Government's commitment to bi-weekly MAP payments
- Enactment of P.L. 20-33 (Settlement Fund Revolving Fund Account)



-7.96% Return as of 7/31/22

- Adverse market environment, including surging inflation, invasion of Ukraine, disrupted global supply chain during China's continued lock down, and Central Banks' aggressive withdrawals of liquidity impacted returns
- Negative return for FY 2022 as of 7/31/22 outperformed benchmark index return of -8.97%
- Modified asset allocation as of June 2022, reducing equity and nominal bonds, and allocating 25% to a balanced diversified real return manager

- The Settlement Fund experienced negative returns and net cash flow in FY 2022
- With improved diversification, Settlement Fund is expected to become more resilient to future adverse market conditions



Investment Summary FY 2022						
	Beg. Balance	Net Contributions	Distributions & Adm Fees	Investment Gains/Losses	Inv. Fees	End. Balance
1st Quarter (Oct. - Dec. 2021)	\$ 129,393,294	\$ -	\$ (18,040)	\$ 1,734,252	\$ -	\$ 131,109,506
2nd Quarter (Jan. - Mar. 2022)	\$ 131,109,506	\$ -	\$ (17,756)	\$ (6,444,262)	\$ -	\$ 124,647,489
3rd Quarter (Apr. - June 2022)	\$ 124,647,489	\$ -	\$ (16,958)	\$ (10,022,513)	\$ -	\$ 114,608,018
4th Quarter (July 2022)	\$ 114,608,018	\$ -	\$ (5,471)	\$ 4,367,304	\$ -	\$ 118,969,851
		\$ -	\$ (58,225)	\$ (10,365,219)		

Trustee's Report (ECF No. 842, at 20); Exhibit 6 (ECF 842-6).

Balance in Investment Accounts:

FY 2019	\$98,260,000
FY 2020	\$118,899,043
FY 2021	\$129,393,294
FY 2022	\$118,969,851

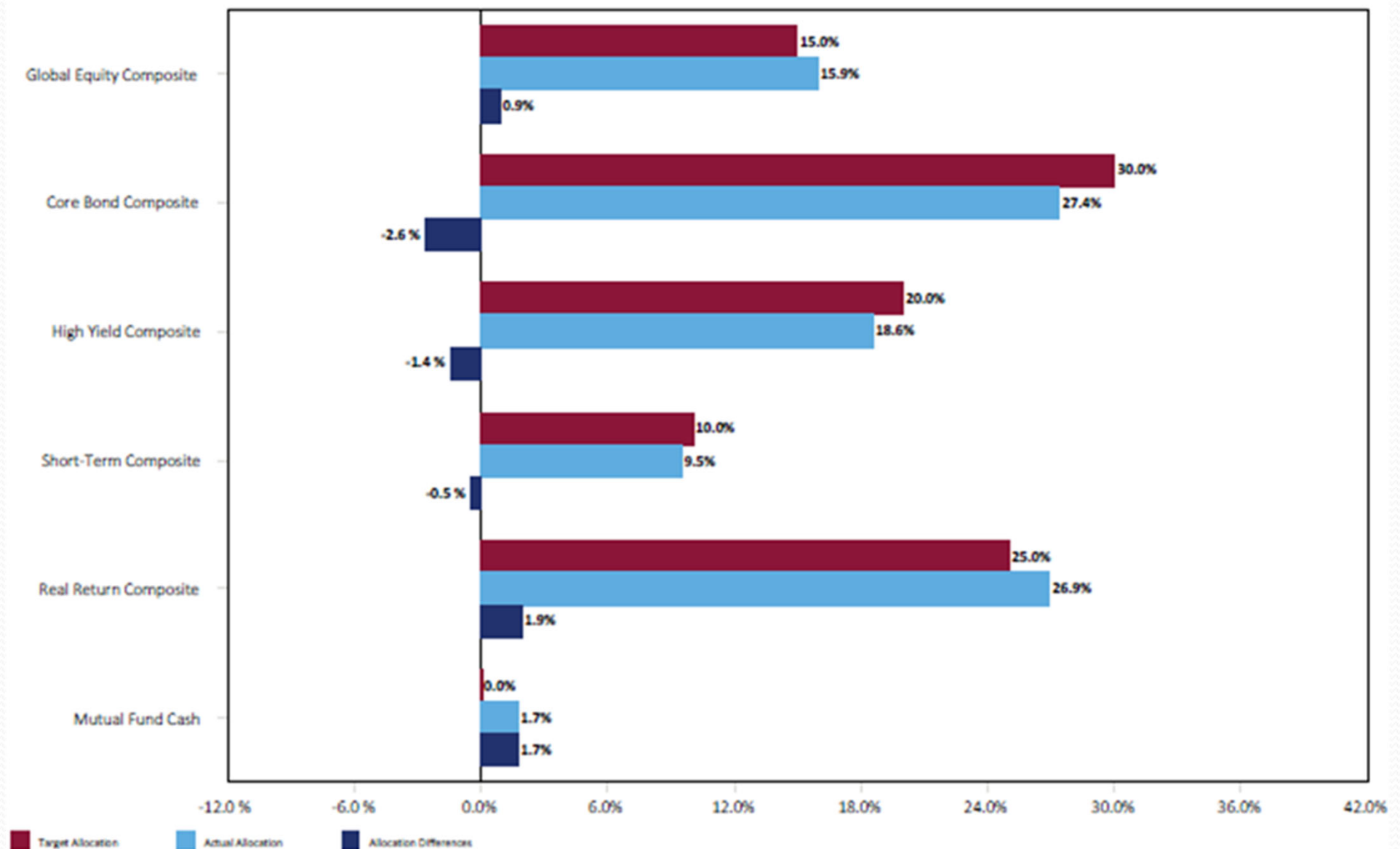
Asset Allocation and Investment Strategy

- Continue to review available opportunities suitable to Fund's conservative risk profile

2022-2023 Portfolio Targets

	FY 2019	FY 2020	FY 2021- FY 2022	FY 2023
Equity	6%	25%	20%	15%
High Yield	22%	20%	30%	20%
Core Bond	60%	40%	40%	30%
Short Term Bond	-	-	-	10%
Cash	12%	15%	10%	-
Balanced Real Return	-	-	-	25%
Expected Return	3.75%	4.26%	2.75%	4.37%
Expected Risk	5.00%	6.38%	4.00%	6.09%

Fund's Actual Allocation – As of 7/31/22





Pending Litigation Matters

***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 outstanding employer contributions
- Claim was assigned and transferred to Settlement Fund pursuant to Settlement Agreement
- Tentative settlement reached
- CUC filed a motion for status conference in May 2022 and Joint Status Report subsequently filed

In re Estate of Manuel B. Villagomez, Filed in NMI Superior Court (Case No. 21-0234-CV)

- Notice of Claim against Estate for overpayment of retirement benefits filed in November 2021
- Mr. Villagomez previously filed an appeal of an adverse decision letter issued by the NMI Retirement Fund in May 2012
- Administratrix requested an order declaration the NMI Superior Court has jurisdiction over pending administrative appeal involving Mr. Villagomez
- Settlement Fund filed an Emergency Motion Under Local Rule 7.1(f) for Declaratory Relief, Stay, and Injunctive Relief in January 2022
- Since February 2022 hearing on the Emergency Motion, the Administratrix has produced additional documents, resulting in the reduction of the initial overpayment amount
- Parties working towards settlement

Administrative Appeals

- Appointment of mediator – Hon. Daniel Collins, U.S. Bankruptcy Judge for the District of Arizona
- Appointment of new hearing officer – Attorney Deborah Fisher
- Cases Pending Administrative Appeal Process
 - Pending Mediation: 102
 - Settled at Mediation: 5
 - Not Settled Following Mediation: 4
- Outside of formal mediation, 20 additional cases settled and 2 tentatively settled



Bills, Legislative Initiatives and Resolutions

Bonus

Senate Joint Resolutions 22-05 and 22-09

- Approved the Governor's request to create a new program and business unit for bonuses and reprogram funds for the payment of bonuses

Senate Resolution 22-18

- To request that the Senate President appoint Senate Conferees to the Conference Committee for House Bill 22-91, HD1, SS1 and support and approve the proposed conference committee substitute for the payment of \$1,000 bonuses to retirees

House Bill 22-95, SS1

- To amend the FY 2022 Appropriations Act, signed into law as P.L. 22-08, to establish a business unit for the retiree bonus and re-appropriate personnel lapses and line-item vetoes in P.L. 22-8
- Signed into law as PL 22-17

Funding Sources

House Bill 22-116, HD2

- To appropriate funds for the operations and activities of the CNMI Government for FY 2023, including the \$36 million FY 2023 MAP obligation
- Pending action by the Senate

Funding Sources

House Concurrent Resolution 22-1

- To approve revenues and resources for FY 2022, including the FY 2022 MAP obligation
- Adopted

House Concurrent Resolution 22-2

- To approve revenues and resources for FY 2023, including the FY 2023 MAP obligation
- Pending with the Senate

Senate Resolution 22-10

- Urges Governor Torres to reserve funds for a retiree bonus or Cost of Living Adjustment to be distributed equally to all Settlement Class members and CNMI Fund members receiving an annuity
- Pending with the Senate

Group Health and Life Insurance ("GHLI")

Senate Bill 22-79

- To amend 1 CMC §§ 8421-8424 to transfer the administration of the GHLI from the Department of Finance to the Office of Personnel Management
- Pending action by the Senate

Marriage Certificate Requirements

House Bill 22-113

- To amend 8 CMC § 1204 to eliminate the ten-day restriction to submit a marriage certificate to the clerk of court for recordation in the marriage register.
- Pending review by the Senate

New Retirement Plan

Senate Bill 22-71

- 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 further action by the Senate



Biba Retirees!