

Board Meets for 1st Regular Meeting of CY 2006

The FSM Social Security Board of Trustees met from February 9 to 10 in Honolulu, Hawaii for its 1st



Regular Meeting of Calendar Year 2006 to address an issue concerning its investment portfolio. Board members that were present included Chairman and Representative of Pohnpei, Lt. Gov. Jack E. Yakana, Vice-Chairman and at-large member, Nahoy G. Selifis, Representative of Chuuk, Bernes O. Reselap, and Kosrae Representative, Nena Ned. FSMSS Administrator Alexander R. Narruhn, serving as ex-officio member, was also present.

Provident Investment Counsel, which managed the FSMSSA's fixed income portfolio, had informed the board of its decision to dissolve its fixed income core in March 2006. Therefore, the main item on the agenda of the meeting was selecting PIC's replacement.

Merrill Lynch, the FSMSSA's investment consultant, through research and review, selected three money managers that were most fit to replace PIC in managing the FSMSSA's fixed income portfolio. The three institutions vying for the position were Bank of Hawaii, First Hawaiian Bank, and Payden and Rygel. Each institution made presentations declaring what each would bring to the table. After reviewing the presentations and looking at each of the institutions' track records, the board decided to opt for Payden and Rygel.

In other areas, the board went over the status of its investment portfolio with Merrill Lynch. As of January 31, 2006, the value of the portfolio was at \$40 million. The portfolio started in 1988, and over the span of 17 years, has earned \$33.8 million.

The board, in a previous meeting, had deferred an issue concerning the Chuuk State Health Care Plan. The matter entailed that the Chuuk Branch Social Security employees should be enrolled in the program as it is mandatory. The deferral of the issue was due to the need for legal opinion. From the legal opinion, the board decided against enrollment, as it wasn't mandatory as claimed. The next board meeting will take place in Chuuk and the board members hope it will end with the same success as this one.

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