

## **CY 2005 First Regular Board Meeting**

The FSM Social Security Board of Trustees had its 1st Regular Board Meeting of 2005 on Honolulu, Hawaii from February 23 to 25 to coincide with its Annual Investment Conference. Present at the meeting were Chairman of the Board, Charles L. Chieng; Vice-Chairman Lt. Governor Jack E. Yakana, Representative of Chuuk, Bernes O. Reselap; Representative of Kosrae, Nena Ned; At-Large Member from the National Government, Nahoy G. Selifis; and Administrator Alexander R. Narruhn, serving as ex-officio member on the board. They were joined by the FSMSS Deputy Administrator, Dernista I. Capelle. The board's Annual Investment Conference took place on February 22, 2005. As with all the Investment Conferences, the board met with representatives of its investment counsel, Merrill Lynch; its money managers that included Atalanta Sosnoff Capital Corporation, Missouri Valley Partners, and Provident Investment Counsel; and its custodian, Bank of Hawaii.

The investment portfolio's value as of December 31, 2004, is \$36,763,143.11. Each money manager made presentations on the overview of the market and the most favorable paths to travel to maximize returns while maintaining a prudent level of risk. Merrill Lynch advised the FSMSSA on the issues the money managers presented on. The First Regular Board Meeting of 2005 took place on February 23 and 24. The board entertained appeal cases as the first items on the agenda and later approved the Deputy Administrator Dernista Capelle's contract for another two years.

The board went over the proposed budget for Calendar Year 2005. The budget must always be equal to or less than 11% of the projected income for the year. The income projection for the year 2005 was \$12 million and the approved budget was \$977,208.00 or 7% of the projected income for 2005. The board moved on to review the financial statements. Total assets, including investments, as of December 31, 2004, was \$37,675,429.38 with cash at \$873,300.98, accounts receivable amounting to \$38,144.30, prepaid expenses at \$2,083.31, travel advances at \$7,492.40, allowance for doubtful accounts at \$8,734.72 and investments at \$36,763,143.11.

Contributions were at \$12.04 million, a 7.34% increase compared to total collections for CY 2003. Benefit payments also increased by 4.41% at \$11.3 million this year compared to \$10.8 million of the previous year. This increase is due to the net increase in the number of recipients by 198. Net assets increased by \$2.2 million this year which is attributed to the improved performance of the investment portfolio. Administrative expenses totaled \$868,598.95, a decrease of \$18,635.23 or 2.1% from CY 2003 and represents 87.04% of the total approved budget for CY 2004. For Calendar Year 2004, the FSMSSA collected a total of \$1,075,833.55 in delinquent taxes with Chuuk collecting \$578,159.44, Pohnpei bringing in \$340,870.68, Yap at \$103,305.71, and Kosrae with \$53,497.72. The meeting ended on February 24, 2005.

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