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With all the misinformation making the rounds regarding the Retirement Fund and its lack of money managers, seems like some clarification might be useful. An admittedly amateur attempt herewith. The stock market is composed not only of stocks and bonds, but also various sorts of each: for bonds - treasury, corporate, state and local, municipal, tax free, etc.. Stocks are categorized by industry, by style (growth, value), by capitalization (large cap, small cap, etc.) and whether foreign or domestic, among other things. Then there are money markets, CDs, mutual funds....

Wise investment calls for a balanced mix of categories, depending on the goal of the investment. When large amounts of money are involved, investors hire a money manager in each of the categories that fit their goals. Which is what the Retirement Fund did. With the help of a consultant, the Fund recently redefined its goal, and through an RFP, selected specialists (or money managers) to manage its investments in each of the categories that had been chosen to match its goals.

Several of those money managers have since resigned. But contrary to what some people are saying, that doesn't mean the remaining managers can take over. They aren't qualified. They have different specialties. And it doesn't mean that additional money managers aren't needed. Each manager had a specific category that fit into an over all plan that balanced short vs long term, high risk vs low risk, etc. If that balance is not retained, the investment is no longer logical or safe. It's like cutting off one front leg and one hind leg of some critter and expecting the critter to be able to continue walking. Won't work.

The money managers have resigned because of the ill-considered passage of the Derivative Beneficiary Act (DBA) by the CNMI legislature.

In addition to extending the statute of limitations from the more common six years to twelve years (solely to accommodate those seeking intervention in the suit against the Retirement Fund re its dealings with Merrill Lynch), the DBA voids clauses in existing Fund contracts, including expansion of the universe of potential claimants; it eliminates the requirements for "standing" in order to bring a suit; it eliminates the applicability of laws requiring "privity" of contracts; and it voids arbitration clauses.

Since money managers are required to liquidate all the moneys they were handling when they resign, those funds are now sitting in a custodial bank, earning less than 1% per annum. As a result, the Fund is losing the equivalent of \$9 million a year that it would have earned had the money been properly invested.

Instead of passing bills allowing members of the Fund to draw out their money, the legislature would serve more people better if it restored sanity to the picture, and passed the bill repealing the DBA ASAP!!!!!!

A retiree recently made the very disturbing observation that there are more non-retiree voters than there are remaining Defined Benefit Plan members of the Retirement Fund. Thus, the retiree noted, "I do not believe the elected officials are capable of - or even care - to take the necessary

action to salvage what remains of the members' Fund. For a politician to support the Fund is to risk alienation of many (if not all) non-retiree voters, who could care less about retirees.... They [the politicians] all view it as a drag on "their" continued ability to offer patronage. In their view the money which could go toward of the relief of the Fund is better directed toward "their" (the politicians) individual political preservation.... More money kept from the Fund, means more money for government jobs which means more votes for the politicians."

It is perhaps not fair to paint the entire legislature with that brush, but there does seem to be a general attitude that the Retirement Fund doesn't deserve nearly the attention that even member allowances are given. For example: neither the *Marianas Variety* nor the *Saipan Tribune* mentioned, in its reports on the legislature's forthcoming proposed budget for FY 2012, the \$10 million that was to have been set aside for the Retirement Fund. Did that just go by the wayside?

According to today's *Saipan Tribune*, Bob Jones' Blue Homes project is looking at other sites rather than the one near the Chalan Kanoa Beach Club, which is currently under consideration. Wherever it is built, and regardless of whether the zoning provision allowing high-rises applies there, one would hope that the architects and project designers bear in mind that views and vistas are not the prerogative only of the prospective tenants of the project, but also of residents in the surrounding area, who, after all, were there first.

Regrettably, over the years the CNMI has allowed the building of several walls along the beach - high rise buildings that block the view and the breezes of those on the other side of the wall, the most recent being the Sandy Homes project near the former Gardenia hotel. The lack of view and vista and openness damages the surrounding areas in that it causes them to lose value - they no longer have the access to the horizon that they once had.

There is no reason why builders, designers cannot use view corridors, and build at a right angle to the lagoon, rather than parallel to it. Though such use of view corridors provides slightly less of a view to the building tenants, it does allow the view to be shared by those in surrounding buildings, who, one would think, are justified in claiming pre-existing rights. Moreover, view corridors don't cut off air circulation, as do walls.

Special attention should be given to the proposal to build a high-rise along the shore (Blue Homes proposes a nine-story building). High rises are a blot on the horizon. They stand out like a sore thumb from all over the island. Far better for them to be placed in the foothills - further from shore, where they blend in with the hills in the background, and do not detract from the visibility of palm and coconut trees, the general tropical ambience. Traditionally, buildings on island were not to be taller than a coconut tree. Wherever possible, and despite zoning laws to the contrary, that tradition should continue to be observed if the CNMI wants to retain its image as a tropical tourist destination.

Short takes:

- The Department of Homeland Security's "Transitional Worker Classification Final Rule" calls for a \$150 "educational fee" to be paid for each contract worker, with the money going to the CNMI, but it says nothing about how that money is to be spent, or what it is to be used for. Are

there any federal controls at all over these moneys or will they be available for the governor's re-programming as whimsy suits him?

- Another question for DHS about its Rule: The Rule specifies that contract workers enroute to or from Manila can transit through Guam with no additional paperwork, provided they don't spend more than 8 hours there. But what happens if a contract worker's scheduled flight out of Guam is delayed, and s/he is stuck there for more than 8 hours? Will that disqualify him/her from traveling onward?

- There will be another military-sponsored "public scoping meeting" on Monday, September 26 at the multi-purpose center in Susupe from 5:00 p.m to 8:00 p.m. The Navy is preparing an Environmental Impact Statement to evaluate the potential environmental effects of proposed military readiness training and testing activities in what is being called the Mariana Islands Training and Testing Study Area (MITT) - a large ocean area that includes Guam, and all of the CNMI, as far south as Palau. According to the announcement, "some of the proposed activities may include the use of active sonar and explosives."

Something else to ponder: "If people can't fix their own island, how could you convince prospective investors to come? Money comes where it is treated well. Capital will flow when the expectation to grow is present, otherwise the investors will go someplace else.... Outside venture capitalists can detect very well if a place/people know how to balance their checkbook or not. If debt is higher than assets, they'll not venture their capital and this is written in the rock." [taken from a recent e-mailed comment on local politics]

- Presumably, the tree that was taken down on the beach side of the road where Quartermaster Road meets Beach Road was diseased, and justifiably cut down. But the gash that was left when part of it fell off looks awful. Would someone please come back and saw it off nicely, please?

- My condolences to the family of Roger Ludwick, who passed away on Guam this past week. He was my mentor when I first arrived on island some 30+ years ago, which helped me immeasurably in adjusting to life on the islands....