

1 THE COURT: Counsel, I guess what I'd like to know is this is a Review Hearing  
2 and to decide whether we were going to raise the Employer Contribution. I, I totally believe Mr.  
3 Schrack and Mr. Muna. I, I think this Government is stretched so thin, it's unbelievable. I think  
4 Mr. Muna has got a lot of optimism, and I would certainly like to see that materialize, Mr. Muna.  
5 Although I just don't see in the next six months or year, a \$20 Million Dollar turnaround. In  
6 other words, (inaudible) the Government's got \$20 extra Million Dollars, we're going to, we're  
7 going to cut the Retirement Fund, going into principal to pay its obligations. I, I simply just don't  
8 see that, that happening. And I hope it does, but at the same time, right now, I can't justify  
9 raising it another 5%. However, we're talking about, and Mr. Muna mentioned, you know, things  
10 should start in the beginning of a fiscal year, so we're talking about October 1<sup>st</sup>, and I'm thinking  
11 to spur the Government on with those optimism, but I'm thinking of taking it up to 30% come  
12 October 1<sup>st</sup>. In other words, go for about 10% more. I want to give (inaudible), obviously, if, if  
13 you can get the line item appropriation, which will even be more, you don't have to worry about  
14 that. But it's a drop in the bucket, but at the same time, I wish the Retirement Fund that-, I think  
15 is doing the right steps as far as going to the Legislature and presenting the plan for the Pension  
16 Obligation Bond. You've got to make certain provisions, amending the Constitution. We've,  
17 we've talked about that before, so this is no surprise that certain things had to be done and it has  
18 to be done orderly. And unfortunately, nothing happens here quickly. Ever. So, I, I hope it can  
19 be done. I am still-, when Mr. Aguon mentioned the Pension Obligation Bond the last time he  
20 was up here, you know, I was smiling about it, and I'm still smiling about it, because, frankly, I  
21 just can't see why anyone would lend the money. But you can't even get to that step until  
22 everything is in process and then you've got to be able to try it out to see what happens. And I, I

1 understand we didn't talk about any numbers today, but even if it's an extra \$200 Million, if we're  
2 still drawing down \$40 Million Dollars a year, what does that give you? An extra five years?  
3 And then we're back in the same, for example where we're in now, plus the Government has got  
4 another huge obligation to pay off. So, I don't know what the answer is. Let me ask you, Ms.  
5 Alepuyo, I haven't heard anything more about the federal receiver. Where does that stand? You,  
6 you said that there was some appeal that was made to the 9<sup>th</sup> Circuit?

7 MS. ALEPUYO: Yes, Your Honor. After we met here in court, there was an Order  
8 that was received, that was issued to the parties to submit status reports. Essentially, there was a  
9 listing of questions that the court had issued and that the parties were directed to file a status  
10 report under seal. All the parties complied with the court's Order. However, the Retirement  
11 Fund did file a Motion for Reconsideration. And the argument that was U.S. District Court here  
12 lost jurisdiction when the Retirement Fund and the Board of Trustees filed its appeal to the 9<sup>th</sup>  
13 Circuit. Unfortunately, that Motion was filed in the evening hours (inaudible), because of judicial  
14 resources, the court denied the Motion. And so, we subsequently filed our, a Motion to the 9<sup>th</sup>  
15 Circuit to try to get it out of the District Court here, because it's our argument that the 9<sup>th</sup> Circuit  
16 now has proper jurisdiction in the matter. Our Opening Brief is due at the end of June. We  
17 haven't heard anything yet with regards to the District Court here, other than the status reports.

18 THE COURT: Alright.

19 MS. ALEPUYO: And I think most importantly, our argument to the federal District  
20 Court, I mean the 9<sup>th</sup> Circuit, is this is the proper venue for this case, because it is this court that  
21 has heard that eleven days of testimony from both parties. And it is this court that is being kept  
22 abreast of everything that's happening in the case.

1 THE COURT: Alright. And there has definitely been progress made since the last  
2 time we, we were here. Going to the Legislature, presenting it to them, especially both sides  
3 together doing this is very, very important. If you two, the two sides had been arguing and  
4 fighting and backbiting, obviously it would be an enormous waste of time. And it just simply  
5 didn't accomplish anything. But--

6 MS. ALEPUYO: The next step, Your Honor, would be for both sides to have a  
7 public hearing in order to present it to the members of the Retirement Fund. So, we've done it  
8 this week, you know, got all our plan down on paper, and we presented it to the Legislature, and  
9 now presented to the court, and now we would need to put it to the public. (Inaudible), of  
10 course, this has got to be on (inaudible), but the plan is to ensure the Retirement Fund is here, or  
11 whatever (inaudible).

12 THE COURT: Alright. I'm not going to raise the Employer Contribution at this  
13 time, but I, I want to put you on notice that unless, unless something really significant has  
14 happened by the start of the next fiscal year, it is going to go up to 30%. I know Mr. Schrack  
15 that's going to give you (inaudible) with, you know, all the other things that are happening, but it  
16 has to be done. There is a Judgment. It leaves the Government some very unsavory choices. But  
17 you can't-, it's, it's very difficult to raise taxes in a down economy. It's, you know, you don't  
18 have to be an Economist to know that that's not the right thing to do. Cutting down the size of  
19 Government, which I think everybody in the private sector can agree, is the thing that (inaudible),  
20 it's much easier to say than to do because of the, the way things are here. You-, to, to take  
21 somebody who's working for the Government that has a whole family depending on a paycheck  
22 every two weeks, and then say, 'by the way, your paycheck stops two weeks from now, and

1 you're going to have to go on food stamps, and you're not going to be able to trade your  
2 (inaudible), and you can't continue to pay for your car, etcetera, etcetera', is, is too hard a thing  
3 to do to our fellow citizens, many of whom are relatives. And this, unfortunately, is the way that  
4 this society has grown. I mean, long time ago, I don't know if it was by conscious desire or it just  
5 happened, but it is almost a, a dichotomy that was made that local people were going to work for  
6 the Government and all other work was going to be done by non-resident workers. Up until 10  
7 years ago, I firmly believe that most indigenous people actually thought that they had a  
8 Constitutional right to a Government job, and a Constitutional right to retirement for the rest of  
9 their lives. Now, the reality of the situation has shown us that that is not true anymore, but it's  
10 been very hard to accept. And believe me I see this every Thursday afternoon in this court when I  
11 deal with the deadbeat dads that are making children and not supporting their children and I don't  
12 have a job. Well, you might want to find a job (inaudible). Yeah, well, you can't work for the  
13 Government, you have to go into the private sector. And then they shake their heads. They,  
14 they're in shock. They just don't want to do that thing. So, this is what would amaze me is, the  
15 minimum wage still has not gone up enough to attract a lot of local people, and I'm not sure that  
16 it ever will. So, these are the dilemmas we face. And in the midst of all this we've got our  
17 Retirement Fund in which money is taken out of principal every year, which is a recipe for  
18 eventually going out of business. So, I, I think you have all been trying, and I assume we will do  
19 Mr. Muna's term, which I've, I've taken as my own, and that is *Sheparding the Fund through the*  
20 *last DB pensioner or family member until it's all over*, and that's the way we've been doing, but  
21 continue to do it. Let's set a Review Hearing in August.

22 THE CLERK: August 18, 9 o'clock.

1 THE COURT: Alright. August 18 at 9 o'clock.

2 MS. HASSEL-SHEARER: I'll be starting a hea-, or a trial on the 18<sup>th</sup> in Judge  
3 Wiseman's.

4 THE COURT: Let's do it the week after.

5 MS. ALEPUYO: I have a jury trial, so I don't think

6 THE COURT: You have a jury trial? Alright, then let's do it a week before.

7 THE CLERK: August 11.

8 THE COURT: August 11.

9 MS. HASSEL-SHEARER: (Inaudible).

10 THE COURT: At 9 o'clock. Alright. Thank you and we are in recess.

11 MS. ALEPUYO: Your Honor, do you still want to give the parties the-, what it is  
12 exactly the court wants to hear on that day?

13 THE COURT: Well, by making continuous, how the 5-point plan is coming along,  
14 any progress made. And I'd like you to prepare the Order on today's hearing Ms. Alepuyo.

15 MS. ALEPUYO: Yes, Your Honor.

16 THE COURT: Alright. Thank you. Alright.

17 [END OF PROCEEDINGS]