



## MINUTES OF THE 17<sup>TH</sup> ANNUAL GENERAL MEETING OF THE KENYA PORTS AUTHORITY PENSION SCHEME (DB) HELD ON THE 4<sup>TH</sup> DAY OF OCTOBER 2024 AT THE MBARAKI SPORTS CLUB MOMBASA AS FROM 09.00AM

### PRESENT

1. Francis Tsuma - Trustee [Sessional Chair]
2. Emmanuel Kibet - Trustee
3. Susan K. Leli - Trustee
4. Violet Mugambi - Trustee
5. Catherine Wangari - Trustee
6. Caroline Maina - Trustee
7. Ferdinand Malumbo - Trustee

### ABSENT WITH APOLOGIES

1. David Bonyi - Trustee
2. Omae Nyarandi - Trustee/Chairperson

### MEMBERS

1. As per the attendance list

### SECRETARIAT

1. Bernard Kibet - Scheme Administrator
2. Makaya Oweya - Secretary

### IN ATTENDANCE: -

1. Dr. Sudi Mwasinago - General Manager, Operations KPA
2. Emma Okello - Trustee DC Scheme
3. Mercy Kirui - Trustee DC Scheme
4. Dr. Consolata Lusweti - Trustee DC Scheme
5. Mohamed Muhidin - Retirement Benefits Authority
6. Yvonne Muthwii - Retirement Benefits Authority
7. Gideon Obiria - Obiria & Company Auditors
8. Florence Nduba - KCB Bank Kenya
9. David Mutisya - Actuarial Services East Africa
10. Ashley Mghanga - Coop Trust
11. Victor Koech - Coop Trust

The meeting was called to order at approximately 9:01 a.m. It commenced with a word of prayer offered by representatives of both the Christian and Muslim faiths.

## 1. MINUTE 01/2024: PRELIMINARIES

### (a) Quorum

1. It was confirmed that a quorum was present, thereby allowing the meeting to proceed with the business of the day.

### (b) Round of introduction

2. The Scheme Administrator commenced the forum by facilitating a round of introductions for the Trustees and representatives of various stakeholder groups in attendance.
3. The sessional chair took the opportunity to convey apologies from Trustees Omae Nyarandi and David Bonyi who could not attend the meeting for reason which could not be avoided.

### (c) Reading of the 17th Annual General Meeting Notice

4. The Scheme Administrator read out the Notice convening the 17th Annual General Meeting to the members.

### (d) Adoption of the Agenda

5. The agenda for the 17th Annual General Meeting was presented to the members and adopted without any amendments. The motion to adopt the agenda was proposed by Mr. E. Wafula and seconded Thomas Wafula.

### (e) Confirmation of the Minutes of the 16th Annual General Meeting

6. The minutes of the 16th Annual General Meeting were presented to the members by the Scheme's Legal Officer, Mr. Vincent Oweya.
7. The minutes were confirmed as a true and accurate record of the proceedings. The motion for adoption of the minutes was proposed by Mr. Jefa Kiti and seconded by Mr. Mzee Musa.

## 2. MINUTE 02/2024: EDUCATIONAL SKIT BY THE PEER EDUCATORS

### 1. The members were treated to informational entertainment through a skit by the Peer Educators. The highlight of the skit is as follows:

- a) Importance of Attending the Annual General Meeting (AGM)  
The peer educators emphasized the importance of attending the Annual General Meeting (AGM). They informed members that the AGM is a crucial platform for obtaining information, asking questions, and raising any concerns about the management and administration of the Scheme.
- b) Clarification on the recent pension increment  
The skit clarified the recent pension increment awarded to members. It was explained that the pension increase is not automatic but is dependent on the Scheme's funding level, the performance of its investments, and is guided by the Actuary's recommendation in concurrence with the sponsor. While members had anticipated a 9% increase, the Scheme's funding status and the Actuary's recommendation only supported a 3% increment.
- c) Sale of Scheme Properties  
Awareness was raised on the need to dispose of certain non-performing properties. It was illustrated and explained that it would be imprudent for members to continually oppose the disposal of such properties, especially since some of them are not generating meaningful returns for the Scheme.

### 3. MINUTE 03/2024: THE CHAIRPERSON'S REPORT

#### Presentation of the Chairperson's Report

1. The Chairperson, Mr. Omae Nyarandi, was unable to attend the meeting and sent his formal apology. In his absence, the Chairperson's Report was presented by Trustee Francis Tsuma, who also served as the Sessional Chairperson for the meeting.

#### Welcome and Overview

2. The Sessional Chairperson welcomed members to the 17th Annual General Meeting of the Kenya Ports Authority Pension Scheme and presented the Annual Report and Financial Statements for the year ended 31st December 2023.
3. He emphasized the Scheme's continued commitment to achieving sustainability and long-term stability in line with its 2022-2026 Strategic Plan and the Sustainable Development Goals.

#### Economic and Scheme Performance Highlights

4. It was reported that the pension industry recorded growth, with total pension assets rising to Kshs. 1,725.4 billion by December 2023.
5. Despite this, the Scheme's fund value declined from Kshs. 20.12 billion in 2022 to Kshs. 17.42 billion in 2023.
6. The Scheme's funding level stood at 66.6%, with an actuarial deficit of Kshs. 8.72 billion.

#### Measures Taken to Improve Funding Status

7. The following were reported to be the measures taken by the Scheme to improve the funding status of the Scheme:
  - i. Remedial Contributions: The Sponsor increased annual remedial funding to Kshs. 1.2384 billion, up from Kshs. 535.2 million.
  - ii. Revised Investment Strategy: The Scheme is gradually reducing investments in low-yield property and reallocating funds to higher-income assets such as government securities.
  - iii. Administrative Cost Control: The Scheme continues to maintain administration costs below the industry benchmark of 2%.

#### Key Scheme Activities in 2023

8. The Chairperson reported the following as the highlight of the scheme activities during the year under review:
  - i. **Biometric Census:** A comprehensive biometric registration exercise was conducted to support future remote member identification.
  - ii. **Trustee Elections:** Elections were held on 30th November 2023, resulting in the election of Ms. Susan Leli and the re-election of Trustees Ferdinand K. Malumbo and Violet M. Mugambi.
  - iii. **Board Self-Evaluation:** The Board conducted a self-assessment in compliance with RBA guidelines and achieved an average score of 82%.
  - iv. **Property Disposal:** Several properties were disposed of, although the Scheme's property exposure remains high at 59.90%, above the regulatory threshold.

#### Pension Increment

9. Members were informed that a pension increment, approved by the Sponsor, was implemented and disbursed in August 2024 to cushion members from the rising cost of living.

### **Scheme Projects and Oversight**

10. It was indicated that the Scheme continued to manage several real estate projects. Notably, the Bandari Apartments Project is under audit by both a forensic auditor appointed by RBA and an independent audit initiated by the Board to ensure value for money.

### **Legislative and Regulatory Developments**

11. The following was presented as the legislative and regulatory developments during the year:
  - i. Trustees' Remuneration Guidelines: The Scheme aligned its policy with the new RBA guidelines published on 5th May 2023.
  - ii. NSSF Act 2013: The implementation of the Act was suspended by the Supreme Court pending further court determination.
  - iii. Income Drawdown Regulations: The Scheme noted the issuance of regulations via Gazette Notice No. 187, though they do not apply to the DB Scheme.
  - iv. Treasury Bonds Valuation: New regulations require excluding unrealized gains/losses in returns credited to member accounts. The Scheme continues to mark-to-market due to liquidity needs.

### **Update on the Three Payslip Case**

12. It was reported that the Scheme had recomputed benefits in line with the Retirement Benefits Appeals Tribunal judgment of 28th April 2022. Applications by the RBA CEO and affected pensioners had led to the delay in finalization of the suit.
13. A ruling on 25th January 2024 allowed the Scheme to file the recomputed benefits with the Tribunal. The Board reaffirmed its commitment to accurate benefit computation and remittance.

### **Future Outlook**

#### **PENSION SCHEME (DB)**

14. The Board expressed optimism about economic recovery in 2024, citing improved performance in equities, the strengthening of the Kenyan shilling, and declining interest rates. Members were assured that the Scheme would continue to pursue a proactive and robust investment strategy.

### **Appreciation**

15. The Sessional Chairperson closed by expressing gratitude to the members and the various stakeholders who had attended the AGM.

## **4. MINUTE 04/2024: THE REPORT ON BEHALF OF THE SPONSOR**

1. The Managing Director's Report was presented by Dr. Sudi Mwasinago, the Managing Director of Operations at Kenya Ports Authority (KPA), on behalf of Capt. William K. Ruto (AFNI), the Managing Director of KPA, who had sent his apologies for being unable to attend the meeting.
2. In delivering the report, Dr. Mwasinago reaffirmed KPA's unwavering commitment to the Kenya Ports Authority Pension Scheme and to the financial security and welfare of its members.

### **Acknowledgment and Purpose of the AGM**

3. He acknowledged the significance of the AGM as not just a statutory requirement but a vital opportunity to reflect on the Scheme's progress, performance, and future aspirations.

### **Employer's Commitment to the Scheme**

4. The Sponsor reaffirmed its dedication to the long-term sustainability of the Scheme, describing it as a crucial part of the employee welfare program. Retirement, he noted, should be accompanied by peace of mind and financial stability for all members.

### **Addressing the Scheme's Funding Deficit**

5. He further reported that effective July 2024, KPA increased its annual remedial contribution to Kshs. 1.2384 billion, up from Kshs. 535.2 million, as a demonstration of the Sponsor's commitment to restoring the Scheme's financial health.
6. Dr. Mwasinago urged the Trustees to ensure transparency and eliminate financial leakages, assuring members that KPA would continue to closely monitor the Scheme's administration.

### **Unity and Member Relations**

7. He noted the improvement in relations between the Trustees and Scheme members, with a notable decline in disputes. He encouraged continued dialogue, describing the Trustees as servants of the members and pledging the Sponsor's openness to constructive engagement.

### **Three Pay Slip Case**

8. On behalf of the sponsor, Dr. Mwasinago acknowledged that the Three Payslip Case, which dated back to 2007, remains before the Tribunal. He urged patience from all parties and emphasized the importance of respecting the final directions of the Retirement Benefits Appeals Tribunal once issued.

### **Pension Increment**

9. The Sponsor acknowledged the economic pressures caused by inflation and confirmed that a pension increment had been implemented and disbursed during the year.
10. Members were encouraged to remain patient in future, as such decisions involve multi-agency consultations, particularly with the National Treasury.

### **Innovation and Growth**

11. Looking to the future, the Sponsor emphasized the importance of innovation, collaboration, and modernization in Scheme administration. This included:
  - a) Enhancing member education and engagement,
  - b) Embracing technology for efficient service delivery, and
  - c) Adapting to emerging market and regulatory dynamics.

### **Call for Member Participation**

12. Dr. Mwasinago urged members to take an active role in their retirement planning by engaging with the Scheme, attending meetings, asking questions, and using available resources.

### **Appreciation and Assurance**

13. In conclusion, he conveyed the Sponsor's appreciation to the Trustees for their stewardship, the Scheme administrators for their hard work, and the members for their trust and support.
14. He reaffirmed that KPA remains fully committed to strengthening the Scheme and ensuring it continues to deliver dignified retirement benefits for all.



## 6. MINUTE 06/2024: SCHEME'S FUND MANAGEMENT REPORT

### Introduction

1. The meeting received a presentation from Ms. Ashley Mganga of Co-optrust Investment Services Limited, the Scheme's appointed investment manager for the year 2023. She thanked the Board of Trustees, the Secretariat, and the members for entrusting Co-optrust with the responsibility of managing the Scheme's pension investments.

### Role of the Investment Manager

2. For the benefit of new members, Ms. Mganga outlined the responsibilities of an investment manager, which include:
  - a) Advising Trustees on investment matters.
  - b) Investing in accordance with the Investment Policy Statement (IPS) and regulatory guidelines issued by the Capital Markets Authority (CMA) and the Retirement Benefits Authority (RBA).
  - c) Providing quarterly performance reports to the Trustees; and
  - d) Reporting annually to members on investment performance.

### Economic Overview and Market Performance (2023)

3. She reported that the year 2023 was characterized by economic challenges. The enactment of the Finance Act resulted in increased taxation, while the continued depreciation of the Kenyan shilling against the US dollar adversely affected the economy.
4. These developments led to inflation and increased prices of goods and services, negatively impacting investment performance. Additionally, rising government borrowing pushed interest rates higher, affecting returns from treasury bonds. The stock market also recorded significant declines in share prices.

### Scheme Strategy and Performance

5. Despite the difficult environment, she assured members that the Trustees and investment managers implemented strategies to protect and grow Scheme assets by diversifying investments across various asset classes. She confirmed that the Scheme recorded positive investment returns in 2023, as also reflected in the external auditor's report.

### Market Outlook for 2024

6. Ms. Mganga noted that early 2024 showed signs of market recovery following the government's repayment of the Eurobond, which boosted investor confidence and led to an increase in share prices.
7. However, she mentioned that the rejection of the Finance Bill in the second quarter of the year resulted in social unrest, which temporarily disrupted the equities market.

### Conclusion

8. In conclusion, she reaffirmed the commitment of the Trustees, Secretariat, and investment managers to safeguarding and growing members' pension savings.
9. She thanked all stakeholders for their continued trust and support.

## 7. MINUTE 07/2024: SCHEME'S CUSTODIAL REPORT FOR THE YEAR 2023

1. The meeting received a presentation from Ms. Florence Nduba of KCB Bank Kenya Limited, who presented the Custodian's Report for the year ended 31st December 2023.

### Role and Responsibilities of the Custodian

2. Ms. Nduba outlined the core responsibilities of the custodian, stating that KCB Bank Kenya Limited was responsible for maintaining cash and securities accounts for the Scheme. She explained that the custodian was tasked with trade processing, which involves tracking, settling, and reconciling assets acquired or disposed of by the Fund Manager.
3. She noted that the custodian was also responsible for the safekeeping of the Scheme's assets by maintaining proper records, conducting asset valuation, and generating reports. Additionally, the custodian handled asset servicing, which included income collection, managing corporate actions, and handling proxy matters.
4. Ms. Nduba further reported that the custodian provided regular reports to the Board of Trustees and the relevant regulators on the assets held. She emphasized that the custodian's role was to ensure the safety of the Scheme's financial assets and to support the servicing of portfolios related to those assets.
5. She noted that KCB was responsible for implementing investment instructions from the Fund Manager, including the purchase and sale of investments, and for holding the documents of title in safe custody.
6. She clarified that while the primary role of the Fund Manager was to optimize returns on investments, the custodian focused on investment administration and asset servicing. She added that this tested model of operation enhanced transparency, reduced risk, ensured regulatory compliance, and supported the day-to-day management of the transaction account and related activities.

PENSION SCHEME (DB)

### Statutory Obligations of the Custodian

7. Ms. Nduba stated that custodians must be duly licensed by the Central Bank of Kenya (CBK), the Retirement Benefits Authority (RBA), and the Capital Markets Authority (CMA). They are also required to maintain a segregated bank account for the Scheme and ensure that all income and contributions received are credited to that account. Furthermore, custodians are expected to keep proper records of the portfolio and all investment activity and to maintain the technical and operational capacity required to perform their functions.

### Presentation of Scheme Assets

8. A summary of the Scheme's assets was presented as follows:

| Asset Category         | Value (KShs.) 31 <sup>st</sup> Dec. 2023 | % Holding | RBA Maximum Limits |
|------------------------|--|-----------|--------------------|
| Cash & Demand Deposits | 97,646,887                               | 0.66%     | 5%                 |
| Term Deposits          | 52,686,817                               | 0.36%     | 30%                |
| Government Securities  | 2,786,712,993                            | 18.97%    | 90%                |
| Kenyan Quoted Equities | 1,036,389,811                            | 7.05%     | 70%                |
| Unquoted Equities      | 56,692,800                               | 0.39%     | 5%                 |
| Private Equity         | 227,691,114                              | 1.55%     | 10%                |
| Property               | 10,433,630,000                           | 71.02%    | 30%                |
| Fund Value             | 14,691,450,422                           | 100.00%   | 100.00%            |

### **Custodian's Confirmation**

9. In her report, Ms. Nduba confirmed that all assets for the Kenya Ports Authority Staff Pension Scheme had been maintained in a segregated account.
10. She also confirmed that all investment instructions issued by the Fund Manager had been executed accordingly.
11. She further noted that the custodian had received monthly pension contributions from the sponsor, and that asset reporting had been done in line with the RBA guidelines. Lastly, she stated that the details of all assets held in custody were included in the Scheme's audited accounts for the year ended 31st December 2023.

## **8. MINUTE 08/2024: REPORT BY THE ACTUARY**

1. The meeting received a presentation from Ms. Evelyn Muthoni of Actuarial Services East Africa, who provided a detailed overview of the role of the actuary, the structure of the Defined Benefit (DB) Scheme, and key considerations in its operation.

### **Role of the Actuary**

2. Ms. Muthoni informed members that the actuary's core responsibilities include conducting statutory actuarial valuations of the Scheme, assisting with benefit calculations, advising on the development of the Investment Policy, and providing guidance on any actuarial matters concerning the Scheme.

### **Scheme Structure and Design**

3. She reported that the Kenya Ports Authority Pension Scheme commenced on 1st April 1998 and is fully registered with the Retirement Benefits Authority (RBA). It operates as a Defined Benefit Scheme and is managed by a Board of Trustees. The benefit formula used in the Scheme is:

$$1/480 \times \text{Final Pensionable Salary} \times \text{Pensionable Service}$$

where the accrual rate of 1/480 has remained constant, the final salary is the average of the last three years, and pensionable service includes all completed years and months of Scheme membership.

4. She emphasized that the DB structure guarantees members a predictable benefit, with the Scheme Sponsor bearing both investment and funding risks. She further noted that actuarial valuations are conducted every three years, and employer contribution rates are adjusted based on these valuations since benefits are not directly tied to actual contributions made.

### **Funding Requirements and Compliance**

5. Ms. Muthoni explained that DB Schemes are required by law to be 100% funded. In the event of a deficit—where assets are less than liabilities—the sponsor is required to make additional contributions to address the shortfall within six years, as guided by the actuary's recommendations.

### **Merits and Demerits of the DB Scheme**

6. She outlined the advantages and disadvantages of DB Schemes from both the employer's and employee's perspectives. Merits for employers include benefiting from strong investment returns and better employee retention, while employees enjoy predictable and guaranteed benefits.
7. However, she noted that eventual funding costs for employers are uncertain, and the Schemes tend to be expensive to administer. Employees, especially younger members, may find the Scheme less appealing and may face lower benefits if they withdraw early or if the Scheme is wound up.

### **Closure of the DB Scheme**

8. The meeting was informed that the DB Scheme was closed to new members on 31st December 2012. Members aged 45 and above as of that date remained in the DB Scheme as Continuing Members, while younger members transitioned to a Defined Contribution (DC) Scheme from 1st January 2013.
9. She reported that Continuing Members contribute 7.5% of their basic salary, while the sponsor contributes 14.7%. Members may commute up to one-quarter of their pension at retirement using a fixed commutation factor of 20. Administrative expenses are met from the Scheme's assets.

### **Benefit Access Events**

10. Ms. Muthoni outlined the options available to members upon normal, early, or ill health retirement. Members may access their full pension, commute 25% into a lump sum, or receive the entire benefit in cash if the amount is deemed trivial. Early retirement is subject to an actuarial reduction.
11. For members exiting the Scheme before age 50, options include transferring the actuarial value of their benefit to another registered scheme or deferring access until retirement age. Deferred benefits accessed early are also subject to actuarial reduction.

### **Death Benefits**

12. She reported that in the event of death in service, a life assurance benefit equal to five times the member's annual basic salary is payable. In addition, a spouse or child's pension is paid for a maximum of ten years—100% of the member's pension for the first five years, followed by 33% for the subsequent five.
13. In the case of death in retirement, a last expense benefit of KES 100,000 is payable, along with a similar pension arrangement for the spouse or child.

#### **PENSION SCHEME (DB)**

## **9. MINUTE 09/2024: PRESENTATION BY THE RETIREMENT BENEFITS AUTHORITY (RBA)**

1. The Members received a regulatory update from the Retirement Benefits Authority. The presentation was given by Ms. Yvonne Muthwii, who informed the meeting of key developments affecting retirement benefit schemes and income drawdown funds.

### **Role of the Retirement Benefits Authority**

2. The representatives from the Retirement Benefits Authority (RBA) commenced their presentation by outlining the mandate of the Authority. They stated that the RBA is responsible for regulating retirement benefits schemes in the country. Specifically, its role includes:
  - i. Regulating the pension industry.
  - ii. Registering pension schemes and securing member benefits.
  - iii. Protecting stakeholders within the pension sector; and
  - iv. Advising the government on pension-related policy development.

### **Legal Framework and Compliance Status**

3. It was reported that the RBA operates under the National Treasury and is governed by the Retirement Benefits Act. The RBA representative confirmed that the Scheme had complied with all statutory requirements.

### **Good Governance Compliance**

4. The RBA commended the Scheme for complying with the Good Governance Guidelines and for submitting the required policies.

### **Concern Over Growing Scheme Deficit**

5. The RBA expressed concern over the Scheme's growing deficit, noting that it was

increasing at an alarming rate. The Scheme was urged to take urgent measures to address the situation.

#### **Recommendation on Legal Costs**

6. The Scheme was advised to adopt Alternative Dispute Resolution (ADR) mechanisms to help reduce the legal costs incurred in disputes between the Trustees and the Members.

#### **Member Rights and Tribunal Update**

7. Members were sensitized to their rights under the Scheme. Additionally, the RBA representatives provided an update on the benefits case that had been determined by the Retirement Benefits Appeals Tribunal, commonly referred to as the Munyao Case.

#### **Implementation of Tribunal Judgment**

8. It was indicated the Regulator was keen to see the matter settled. It was reported that the matter was still pending determination of some applications which had been lodged and were awaiting determination.

#### **Assurance on Member Welfare**

9. The RBA concluded by reiterating its commitment to safeguarding the welfare of all members within the retirement benefits sector.

## **10. MINUTE 10/2024: TRUSTEE REMUNERATION POLICY**

1. The meeting received a presentation from the Scheme Administrator regarding the proposed Trustee Remuneration Policy, its legal and regulatory basis, and the process leading to its formulation.

#### **Legal and Regulatory Framework**

2. The Scheme Administrator informed members that, in accordance with regulatory requirements, Trustees are mandated to submit a proposed Trustee Remuneration Policy for approval by members at least once every three (3) years during an Annual General Meeting.
3. It was further reported that the Retirement Benefits Authority (RBA), through Gazette Notice No. 5796 dated 18th April 2023, issued formal Guidelines on Trustees' Remuneration Policy and Scheme Expenses.
4. The Scheme Administrator confirmed that the proposed policy had been prepared in conformity with the said Guidelines.

#### **Development and Approval Process**

5. Members were informed that the Trustees had followed the required process by submitting the draft policy to the Scheme Sponsor for concurrence. The Sponsor responded with comments, which the Trustees considered and incorporated. The Administrator noted that under the RBA Guidelines, the final policy must also be submitted to the Authority for approval before it becomes effective.
6. Proposed Rates of Allowance
7. The Scheme Administrator presented the proposed sitting allowances (before tax) for Trustees as follows:

| <b>Type of Meeting</b>                 | <b>Gross Allowance (Kshs)</b> | <b>Net Allowance (Kshs)</b> |
|--|-------------------------------|-----------------------------|
| Quarterly/Special Board Meetings       | 30,000                        | 19,500                      |
| Quarterly Committee Meetings           | 30,000                        | 19,500                      |
| Annual/Special General Meetings        | 30,000                        | 19,500                      |
| Chairperson of the Board (per sitting) | 35,000                        | 22,750                      |

8. It was reported that the current allowance is Kshs 20,000 gross (Kshs 13,000 net). The proposed adjustment takes into consideration the recent increase in tax rates from 30% to 35%. The Scheme Administrator clarified that the number of full board meetings and committee meetings per year would each be capped at six (6). Further, the Trustees would not be entitled to sitting allowances for participation in trainings, workshops, retreats, or seminars.

#### **Recommendation and Member Feedback**

9. The Scheme Administrator reported that a notice outlining the proposed rates was issued to members alongside the AGM notice, inviting comments within seven (7) days. No written feedback or alternative proposals were received from members during that period.
10. Consequently, members were informed that the only remuneration proposal available for approval was the one that had been reviewed and concurred by both the Trustees and the Sponsor.

#### **Request for Member Approval**

11. The Scheme Administrator concluded by requesting the members of the Scheme formally approve the proposed Trustee Remuneration Policy as presented. He welcomed the members to express their views before conducting a poll on the approval of the rates.

#### **Views by the Members**

12. Members presented their views. The views expressed were both in favour and against the approval of the proposed rates. Below is a summary of the views expressed.
  - (a) Views in support of the proposed rates
    13. Some members expressed the view that, since Trustees do not receive a salary, it would be appropriate to enhance their sitting allowances. In this regard, they supported the proposed rates.
    14. Support for the proposal also considered the size of the fund. Members observed that the fund is substantial, and the responsibilities placed on Trustees are significant, thereby justifying adequate remuneration.
    15. A section of the membership noted that Trustee allowances had not been reviewed for a long time, despite changes in the economic environment. They supported the proposed rates on this basis.
    16. It was further suggested that, since the frequency of meetings would be regulated, an increase in sitting allowances would be reasonable.
  - (b) Views in opposition to the proposed rates
    17. The country was undergoing austerity measures, and the proposal lacked adequate justification in the prevailing economic climate.
    18. It was observed that the Scheme fund was diminishing, and increasing Trustee allowances at such a time was considered financially imprudent.
    19. Members also noted that pension benefits had not been significantly adjusted and that their transport and lunch allowances had never been increased. These issues, they argued, should be addressed before considering any increment for Trustees. For quite a long time. They rejected the proposed rates of remuneration for the Trustees.

## **Polling and Resolution**

20. The Scheme Administrator appreciated the feedback received and noted that no written memoranda had been submitted prior to the AGM. He cautioned against making floor amendments, citing the absence of the Sponsor's input.
21. A vote was conducted by acclamation and hand-raising. However, the majority of members opposed the proposed rates, and as such, the proposal was not approved.
22. Resolution: That the proposed Trustee remuneration rates as circulated be and are hereby declined by the Members of the Scheme.

## **11. MINUTE 11/2024: MEMBER COMMENTS, QUESTION AND ANSWER SESSION**

1. The Members of the Scheme were subsequently invited to a question-and-answer session. The questions and concerns raised have been grouped and summarized under the following thematic areas:

### **(a) Questions Related to the Three Pay Slip Case**

2. Members inquired why the case was delayed and took an unusually long time to be finalized. It was noted that each time it came up for hearing, new issues seemed to emerge, further prolonging the process. It was explained that the delay was because of interim applications filed by the parties. Additionally, it was indicated that the delay was further occasioned because the parties had not agreed on the mode of calculation of benefits in line with the judgment of the Tribunal.

### **b) Questions relating to the Scheme Properties & Investments**

3. The members sought to know whether the valuation of the Scheme properties was done by the Property Managers. It was reported that the valuation of the scheme properties had been conducted by an independent valuer who was not related to the Property Managers. It was appreciated that having property managers conduct valuation of the properties would amount to conflict of interest.
4. Another member sought an explanation on why there were elections in the year 2023 and none reported in the year 2022. The members were informed that elections are only conducted once in three (3) years. This explained why no election expenditure was incurred in the year 2022.
5. Members inquired as to whether the property maintenance costs had been included in the annual report. It was reported that the maintenance costs had been reported as indirect expenses to the property.
6. Members asked for the reason why there was a huge increment on the consultancy fees. The increment in the Consultancy Fees was attributed to the fact that the Scheme had conducted valuation of its properties and this had attracted a cost to it under the consultancy fee budget line.

### **c) Questions relating to Members' Issues and Benefits**

7. Members inquired about why there were police attending the AGM? It was stated that additional security was provided solely to ensure that members felt safe. It was further clarified that the police officers were present only to offer security support and would not interfere with the proceedings of the meeting in any way.

8. Members asked why there was a distinction between the DB Scheme and the DC Scheme?  
It was indicated that the DB Scheme was different in terms of design from that of the DC Scheme. Further it was clarified that the two boards were administered by distinct boards of Trustees.
9. Members noted that previously, the Scheme used to pay NHIF premiums on behalf of the pensioners. They asked whether this practice would be applied to SHA payments too?  
The Scheme confirmed that SHA premiums would be paid from a member's pension, subject to receiving instructions from the member. Members were encouraged to register on the SHA platform to enable means testing and determine their applicable monthly premium.
10. On member education, a request was made to ensure rotation of the members participating in this activity.  
The Scheme took note of this request and assured the members that this has always been the norm when conducting the member activities.
11. A member asked why he could not be allowed to include his grandchildren as beneficiaries.  
It was indicated that the Trust Deed and Rules do not recognize grandchildren as direct beneficiaries. It was further clarified that grandchildren are only beneficiaries to the members children and not the member.
12. Another issue raised was on the capping of pensions at thirty four (34) years.  
It was clarified that the capping was provided for under the Trust Deed and Rules.

## **12. MINUTE 12/2024: VOTE OF THANKS AND ADJOURNEMENT OF MEETING**

**PENSION SCHEME (DB)**

1. The Trustees extended their sincere appreciation to all members and stakeholders for their consistent cooperation and support over the years. They urged continued collaboration to ensure the ongoing growth and prosperity of the Scheme.
2. There being no other business, Trustee Violet Mugambi gave the vote of thanks.
3. The meeting was officially adjourned at 12:45 p.m. Members were advised that the date and venue of the next meeting would be communicated in due course.

.....  
**Chairperson**

.....  
**Secretary**

**Confirmed and Signed as a True and Correct Record of the Proceedings**

This ..... day of..... 2025

