



**KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME
(KRSRBS)**

**MINUTES FOR THE MEMBERS 8TH ANNUAL GENERAL MEETING
HELD ON JULY 19TH, 2022 AT KICC NAIROBI**

BOT MEMBERS PRESENT

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|------------------------|---------------------|
| 1. Mr. Martin Mogwanja | Interim Chairperson |
| 2. Mr. James Kanyeki | Trustee |
| 3. Mr. Elijah Mokaya | Trustee |
| 4. Mr. Henry Toili | Trustee |
| 6. Mr. Philip Mainga | Trustee/KRC MD |

ABSENT WITH APOLOGY

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|----------------------------|----------|
| 1. Prof. John Nyerere | Chairman |
| 2. CHRP Asava Kadima | Trustee |
| 3. CPA. Jacqueline M'mboga | Trustee |

IN ATTENDANCE

- | | |
|--------------------------------------|---------------------|
| 1. Major Gen (retired) Pastor Awitta | KRC Chairman |
| 2. CS. Isaac Sila | CEO/TRUST SECRETARY |

3. Mr. Nicholas Ithondeka	Fund manager (CO-OP TRUST)
4. Mr. Michael Chumo	Deloitte and Touche
5. Mr. Wilberforce Amugune	Ronalds Auditors
6. Ms. Everlyne Kanjagwa	Ronalds Auditors
7. Ms. Cecilia Okoth	KCB Custodian
8. Mr. Dennis Oluoch	Retirement Benefits Authority
9. Ms. Caroline Wabwire	Retirement Benefits Authority

MINUTE NO. 01/19/07 OF 2022 –OPENING REMARKS

After confirming the presence of a quorum, the Chairman brought the meeting to order and welcomed everyone present to the meeting at 09.18a.m. The meeting commenced with words of prayer from Imam – Mr. Shaban Salim and Eng. M'kwenda.

MINUTE NO. 02/19/07 OF 2022 –PREVIOUS MINUTES

The minutes of the last AGM of 2019 were confirmed as true record of that meeting. It was proposed by Mr. Washika and seconded by Mr. Toikong.

MINUTE NO.03/ 19/07 OF 2022 – INTRODUCTIONS

- Chairman introduced the members of the Board of Trustees' present, Scheme staff, Scheme Sponsor's representatives, Retirement Benefits Authority (RBA) representatives and the service providers.
- The Chairman reported that both KRC Chairman and KRC MD had other engagements and therefore they had requested permission to make their remarks before leaving and this was granted by the pensioners.

MINUTE NO. 04/19/07 OF 2022 – SPONSOR'S REPORT

(i) KRC Chairman Remarks

- The KRC Chairman started his report by a word of greetings to members. He informed them that he was a pensioner just like them and gave them an assurance that their monthly pension will always be paid on time.
- Further he informed them his office had held various discussions with both the National government and other government agencies regarding all the scheme funds held and was glad to report that these discussions have been fruitful and he remains hopeful that all the funds held will be paid soon. As a parting word he wished pensioners a successful AGM.

(ii) KRC Managing Director's Remarks

- The Managing Director started by thanking all pensioners for attending the Scheme's 8th Annual general meeting in large numbers which was quite encouraging.
- The Managing Director informed the pensioners that he is a pensioner and assured them he fully understands all the challenges facing them. He informed that when the Sponsor realized that the Corporate Trustees were not properly discharging their duties in the year 2018, they made some timely changes by bringing in individual Trustees and he was happy that these changes had begun to bear some fruits.
- Further, the Managing Director informed the pensioners that he was fully aware that running the Scheme was not easy and on this he assured them that the sponsor will always support the Scheme fully.

- The Managing Director assured the pensioners that the following promises which the Sponsor made in the year 2018 will soon be fully fulfilled because of the tireless efforts that the sponsor has committed to make;
1. **To pay Monthly Pension on time.**
 2. **To ensure that there will be no division within the Scheme BOT.**

Litigation by the pensioners

- The Managing Director reported that some pensioners have become very litigious and this has crippled the Scheme's operations. He reported that though the scheme has competent Board of Trustees and staff their operations are always restricted by the pensioners who rush to Courts and the Directorate of Criminal Investigations to challenge any good resolutions passed by the Board.
- The Managing Director reported that both the scheme and sponsor have enjoyed a lot of goodwill from the National Government and much could have been realized if it were not for the few pensioners who have been rushing to court and the Directorate of Criminal Investigations to stop every good thing being done by the Scheme and the Sponsor.
- The Managing Director also reported that it has become extremely difficult to run the scheme due to many unending legal cases which have made it hard to plan ahead even with potential investors because the Scheme's reputation has been affected by these legal cases besides being extremely costly to the Scheme.
- The Managing Director pleaded with the pensioners to cease and desist from taking both the Scheme and the Sponsor to court on matters that can be solved internally.

The way forward.

1. There was need for unity of the Scheme, Sponsor and pensioners to make money for the scheme.
2. All pensioners living in Scheme houses need to be pay their rent on time.
3. To look at our assets (he suggested passing a resolution on how to deal with the land that we have to sell to be able to comply with the 70% to 30% liquid assets to fixed asset as required by the regulator to improve the liquidity of the scheme.
4. The pensioners to have one umbrella representative body elected by the pensioners which will be engaged by the Scheme and the Sponsor on all matters affecting the Scheme.
5. Sponsor's assurance that it will be helping the Scheme to pay pensioners whenever there is a deficit.
 - The Managing Director before departing, requested the pensioners to work together for the benefit of the Scheme and he gave an assurance that he is committed to ensure that pensioners are paid their monthly pension in good time.
 - The Managing Director also thanked the pensioners for supporting KRC, he further reported that he had recruited pensioners to help in rehabilitation of the old meter gauge railway line and promised to consider pensioners in future to go abroad to rehabilitate the Congo railway line since they have the expertise on this.

Request from the pensioners

P.T.O. (Privilege Ticket Order)

It was reported that pensioners requested for the PTOs from the Sponsor. The Managing Director promised that this will be looked at the Board level and assured pensioners that soon they will be issued with vouchers for travelling.

MINUTE NO. 05/19/07 OF 2022 – TRUSTEE’S REPORT

- The Chairman presented the Trustee’s report and begun by registering apologies from the substantive Chairman who was unwell and Trustee CHRP Kadima who was away on official engagements. He also reported that one Trustee had retired and the sponsor was expected to appoint a replacement. He further reported that all the trustees had been trained by the Retirement Benefits Authority (RBA).
- The Chairman thanked all the pensioners, staff, service providers and RBA representatives for attending the AGM. The Chairman informed the meeting that the Trustees had travelled all over the country holding member awareness sessions to meet the pensioners, share and explain to them on the happenings of the Scheme.
- The Chairman reported that the Scheme had postponed the Scheme AGM for four years because of change of Board of Trustees from Corporate Trustees to elected Trustees and the effects of COVID19 which had made it impossible for large gatherings to happen.

The following were the reported Scheme challenges;

1. It was reported that Scheme was in excess of land assets which produce rental income of around Kes.30M per month. Further it was reported that the regulator had advised on maintaining a ratio of 70% (Liquid assets) and 30% (land assets)

which the scheme has been struggling to attain. It was mentioned that the scheme houses were in a dilapidated state and the Scheme did not have resources to renovate them.

2. It was reported that the Scheme was facing perennial litigations which have been very expensive to the Scheme in addition to crippling the operations of the Scheme especially where Scheme accounts were seized or frozen.
3. It was reported that the National Government and the Government institutions were owing Scheme a lot of funds and even though concerted efforts have been put in place the Scheme has not been successful to collect these debts.
4. It was reported that there were challenges in rent collections due to cartels and gangs, political interferences and this had seen the rental collections going down month after another.

Pension payments challenges

- It was reported that the Scheme had to take some actions in order to solve the problem of not being able to honor monthly pension on time. The actions taken were;
1. The Scheme had to take a top up loan facility of Kes.850M which was used to repay the existing loan and the remaining balance was used to clear all the pending monthly pensions.

The Railway Club land was compulsorily acquired by the National Government which promised to be paying Kes.105M per month to cater for the monthly pension but unfortunately the National Government had not honored this and this has inconvenienced the Scheme financially.

- It was reported that the Trustees will continue pushing the National government to honor the signed payment plan and once these funds are received the Scheme will be able to clear all the pending pension arrears and increases, SACCO check

offs, deferred pension lump sums and be able to stabilize the monthly pension payments.

Trust Deed and Rule (TDR)

It was reported that the Scheme was in the process of amending the TDR in order to reflect the changes that have happened in the related legislations. It was reported that a new TDR will be ready during the next AGM.

It was reported that during the Member awareness, pensioners had given their suggestions on what they wished to be amended in the TDR and their suggestions were;

1. Pensioners had suggested the number of elected Trustees to be increased from the current three (3) to six (6).

It was responded that: -

The current regulations recommend six (6) Sponsor nominated Trustees to three (3) member elected Trustees. The Scheme being a defined benefit (DB) whereby the Sponsor is responsible and has a responsibility to pay pension when the Scheme fails to pay and if the Scheme is wound up, it's the sponsor who takes up the risk.

2. Pensioners had requested that the elected Trustees should be decentralized to represent different regions.

The response was that: -

This is costly and it has a risk of manipulation. The Scheme will balance between costs and risks. The best option in future will be online voting using (USSD).

3. Pensioners had requested the NHIF payments be made without deducting the same from their monthly pensions.

The response was: -

Is it affordable and can it be sustained? The Scheme cannot afford it and can't sustain. But this will be considered in future once money is made available.

4. Widows from all over the visited regions had asked Trustees to consider paying pension for more than five years after the principal had passed on.

It was responded that: -

This will be assessed in consultation with the scheme actuary then decisions can be made to cover all pensioners to the last one.

5. The pensioners had requested the minimum pension to be increased to Kshs. 10,000.00 per month.

It was responded that: -

It was explained that Pension increases are awarded by the BOT in consultation with the sponsor taking into consideration the funding position and financial impact of the Scheme.

Trust Deed and Rules

The pensioners were requested to send any proposal they have on TDR to the CEO before the end of the month of July then the BOT will finalize the TDR then forward to the Sponsor for ratification, approval and finally to the regulator (RBA) and be launched once cleared.

Scheme policies

It was reported that the Scheme had developed the mandatory nine (9) key policies which will guide the Scheme on daily operations. It was further noted that the Scheme communication with the pensioners will be improved going forward.

Elected Trustees

It was reported that an ad hoc election committee had been formed which was composed of some of the sponsor appointed Trustees, an independent election firm and the Scheme CEO was appointed Secretary to this committee. The election will be held on September 20th, 2022 which was sixty (60) days from July 19, 2022.

Strategic plan for 2021 – 2026

It was reported that the Scheme was in the process of developing a strategic plan since the previous one had expired. The strategic plan will cover five years period.

Upgraded ICT System

It was reported that the Scheme had commenced the process of upgrading the current system which will go live by the end of next year. One of the features of this system is a members' portal whereby members will be able to log in and access their statements.

Rental collection

It was reported that collecting rent from the Scheme properties was not easy due to cartels, gangs and political interference existing in the scheme estates to mitigate this the scheme will invest more on reinforcements in order to get more rent.

Chambilo Estate

It was reported that the existing lease had been terminated, tenant removed and the Scheme was in full control of this property.

Sale of assets

It was reported that the regulator require scheme to have an asset ratio of 70% in liquid form and 30% in fixed assets, and the scheme had not met this standard. To meet this set standard, the scheme will dispose of some of the lands which are affected by the Railway City and others.

Conclusion

All the pensioners were requested to be good ambassadors of the Scheme by being active and positive on the Scheme affairs, while the Trustees promised pensioners that they will serve them faithfully.

MINUTE NO. 06/19/07 OF 2022 – Retirement Benefits Authority (RBA)

Address

- Madam Caroline spoke and gave apologies from the Ag. Chief Executive officer who was engaged with other pressing official matters.
- She thanked the Trustees for inviting them and for finally being able to conduct the Annual General Meeting and for the pensioners for having travelled all the way to come and attend the AGM. She reminded the members that the Managing Director and the Chairman in their opening remarks had spoken on their commitment to support the Scheme and calls for team work.
- By responding to some of the questions raised by the pensioners she informed pensioners that their scheme was closed and the role of RBA was to give guidelines on where to invest scheme funds at the same time it cannot direct schemes. Further, she informed the pensioners that it was the duty of the Trustees to go to RBA to give a report that the Scheme was doing good but not to go and report about nonpayment of pension.

- Further, she reported that the Scheme was given land assets but not cash and this makes this Scheme very unique since assets are not easy to dispose of. It was reported that RBA was patient with the Scheme in disposing off its assets. She advised that it was good for the pensioners to support the Trustees but not pull them down. She requested pensioners to remove any road blocks along the way. She noted that by the scheme having an upgraded ICT system will enable the scheme to improve communication which will bring positive change to the pensioners.
- It was reported that The Annual General Meeting will be expected to be held every year since COVID was gone.
- Pensioners were requested to have one umbrella representation body which will be used to address the pensioners' issues.
- RBA reported that they had appointed Ernest and Young (EY) at their cost and there was need to implement the recommendations of this report in order to enable scheme collect maximum rent.
- It was insisted there was need to fully implement the nine key policies.
- On the upcoming Trustees election planned for 20th September, 2022, pensioners were requested to vet all the potential candidates and ensure the elected trustees fully complies with chapter 6 of the Constitution.
- Finally, RBA assured the pensioners and the Trustees that they were committed in working together to better the Scheme.

MINUTE NO. 07/19/07 OF 2022 – National Hospital Insurance Fund (NHIF)

It was reported that NHIF had sent a representative Madam Linda Mugiri. She utilized her given time to explain in detail how NHIF has been helping

pensioners and she promised this will continue in future provided the dues are paid on time.

MINUTE NO. 08/19/07 OF 2022 Fund Managers report

It was reported that the Scheme had about 166% cover of assets against the actuarial liability, but has been holding 99% of its assets in the form of properties .It was noted that fund managers had come up with a quick win solution model on the scheme properties which was being hindered by numerous court cases. It was explained that the Scheme had not invested in other opportunities due to unavailability of liquid funds.

MINUTE NO. 09/19/07 OF 2022 Custodian report

It was reported that the custodian was carrying out their role very well that is securing the scheme assets and funds.

MINUTE NO. 10/19/07 OF 2022 Audited financial statements

- The accounts for the financial years 2017/2018, 2018/2019, and 2019/2020 were presented by the auditors Deloitte to the pensioners and were all unanimously adopted.
- The accounts for the financial year 2020/2021 were presented by the auditors Ronalds and these were adopted by the pensioners unanimously.
- It was noted that all the accounts had qualified opinion and on this it was explained that there was need to dispose of some of the scheme properties in order to improve this situation. Further it was reported that Makongeni property discussions have not been concluded and this is still going on.

MINUTE NO. 11/19/07 OF 2022 Member elected Trustees elections manual.

- It was explained that this policy was already in the scheme's website. It was reported that three (3) vacancies for elected Trustees had been declared. In this policy two election options (Central /physical or online voting) had been proposed.
- The role of the Ad hoc election committee was explained. Pensioners were informed that the notice of trustee's election will be issued on 20/07/2022 on the Scheme website and other media platforms.
- It was noted that since the election of the elected trustees would be done after the current term for the trustees had expired, the elected Trustee could not act for the scheme and two proposals were given to the members since the scheme activities had to continue until the election is done. The proposals were;
 - I. Pensioners to allow the Sponsor appointed Trustees to run the Scheme for seven (7) weeks.
 - II. To extend the term of the existing elected Trustees for seven (7) weeks.
- On these two options it was noted that the RBA officials present did not object to any option.
- Through acclamation, the pensioners unanimously extended the term of the current elected Trustees for seven weeks.

MINUTE NO. 12/19/07 OF 2022 Trustee's remuneration policy

After this policy was presented to the pensioners the pensioners through acclamation unanimously rejected the proposed new rates, thus the existing rates are retained.

MINUTE NO. 13/19/07 OF 2022 Questions and Answers session

Question

What is RBA doing to assist the scheme in recovering the funds held by National Treasury?

Answer

The RBA is aware of this matter and has been talking to National Treasury on this funds owed to the Scheme.

Question

When are we going to get our arrears?

Answer

As soon as the Scheme cash flow stabilizes, all the arrears and the funds owed to the pensioners will be paid.

MINUTE NO. 14/19/07 OF 2022-Vote of Thanks

The vote of thanks was given by Mr. Amuma who thanked all the service providers, KRC, KRSRBS Board, KRSRBS Secretariat, RBA, caterers and all pensioners for having planned and attended the AGM

MINUTE NO. 15/19/07 OF 2022 – A.O.B.

There being no any other business the meeting ended at 03:00p.m with a word of prayer from Mr. Henry Toili.

Confirmed this day of 2023

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Martin Mogwanja

CHAIRMAN

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CS. Isaac Sila

CEO/TRUST SECRETARY