

Press Release

For Immediate Release



EMPLOYEES' RETIREMENT SYSTEM

OF THE GOVERNMENT OF THE VIRGIN ISLANDS

"Contributing today for a better tomorrow"

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ST. THOMAS, VI -

GERS BOARD AUTHORIZES ADMINISTRATOR TO UTILIZE LEGAL REMEDIES TO COLLECT OUTSTANDING CONSULTING FEES FROM SEABORNE

THE GERS BOARD ON THURSDAY VOTED TO AUTHORIZE ADMINISTRATOR, AUSTIN NIBBS TO USE WHATEVER LEGAL REMEDIES AVAILABLE TO OBTAIN DISPUTED CONSULTING FEES FROM SEABORNE. THE DISPUTED FEES, \$186,988.50, ORIGINATED FROM LEGAL AND FINANCIAL CONSULTING SERVICES ACQUIRED BY THE GERS WHILE IN THE PROCESS OF HELPING THE AIRLINE RESTRUCTURE ITS ORIGINAL LOAN FROM THE SYSTEM.

GERS MADE A LOAN TO SEABORNE IN DECEMBER 2009, IN THE AMOUNT OF \$3.3 MILLION AT AN INTEREST RATE OF 8.25, FOR A TERM OF FIVE YEARS. THREE YEARS LATER IN SEPTEMBER 2012, THE LOAN TERMS WERE MODIFIED BY THE BOARD TO DROP THE INTEREST RATE TO 6.23 PERCENT AND TO LOAN THE AIRLINE AN ADDITIONAL \$1.5 MILLION TO EXPAND ITS OPERATIONS.

AFTER SEABORNE ANNOUNCED PUBLICLY IN DECEMBER THAT IT WOULD RELOCATE ITS CORPORATE HEADQUARTERS FROM ST. CROIX TO PUERTO RICO, THE GERS ADMINISTRATOR DEMANDED PAYOFF OF THE LOANS AND RECEIVED A PAYOFF AMOUNT OF \$4,104,324.88 ON DECEMBER 19, 2013.

THE BOARD ALSO TOOK THE FOLLOWING ACTIONS:

VOTED TO ACCEPT THE ASSET-LIABILITY STUDY BY THE BOARD'S FINANCIAL ADVISOR, MEKETA. THE STUDY WHICH CONCLUDED NOVEMBER 2013, TOOK A LOOK AT THE SYSTEM'S ASSETS IN RELATION TO THE LIABILITIES TO DETERMINE IF THE ALLOCATION IS ADEQUATE TO MEET THE LIABILITIES GOING FORWARD. IT CREATED VARIOUS SCENARIOS IN THE PORTFOLIO TO SEE WHAT WOULD HAPPEN IF IN FACT WE EXPERIENCE A NEGATIVE ECONOMIC SITUATION. THE STUDY WHICH IS EXPECTED TO BE CONDUCTED EVERY FIVE YEARS, CONCLUDED THAT DESPITE THE MANY POSSIBLE ECONOMIC SCENARIOS, THE BOARD MAY HAVE TO DECREASE BENEFITS OR INCREASE CONTRIBUTIONS TO IMPROVE THE SYSTEM'S CONDITION. THE STUDY WILL BE AVAILABLE ON THE WEBSITE.

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VOTED TO INCREASE THE ALTERNATIVE INVESTMENT PROGRAM INTEREST RATE TO NOT LESS THAN 10 PERCENT RETROACTIVE TO JANUARY 1, 2014. IN THE DECEMBER 2013 MEETING, THE RATE WAS SET AT THE ACTUARIAL ASSUMED RATE OF 7.5 PERCENT. BECAUSE OF THE HIGH-RISK INVESTMENT FACTOR, THE ADMINISTRATOR RECOMMENDED THAT THE EXPECTED RETURNS BE HIGHER.

IN HIS REPORT, ADMINISTRATOR AUSTIN NIBBS, INDICATED THAT HE SUBMITTED DRAFT LEGISLATION TO THE 30TH LEGISLATURE TO AMEND CHANGES TO BILL NO. 30-0158. THIS LEGISLATION IS TO CORRECT AN OVERSIGHT TO THE EMPLOYER CONTRIBUTION RATES FOR TEIR 2 MEMBERS WHICH WAS NOT INCREASED WHEN THE LEGISLATURE INCREASED THE RATE FOR TIER 1 MEMBERS, FROM 14.5 TO 17.5 PERCENT ON MARCH 19, 2008. THIS AMENDMENT IS RETROACTIVE BACK TO MARCH 2008 AND CURRENTLY ALL EMPLOYERS ARE PAYING THE 17.5 PERCENT. THE LEGISLATURE APPROVED THE BILL ON JANUARY 14, 2014. IT IS BEFORE THE GOVERNOR FOR SIGNATURE.

IN OTHER DISCUSSIONS, BOARD CHAIRMAN, VINCENT LIGER INDICATED THAT THE GOVERNOR HAS TENTATIVELY SCHEDULED A MEETING FOR SOMETIME DURING THE MONTH OF FEBRUARY TO DISCUSS THE SETTLEMENT AGREEMENT BETWEEN THE GERS AND THE GOVERNMENT.

ALL BOARD MEMBERS WERE IN ATTENDANCE AT THURSDAY'S MEETING.

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