

**EMPLOYEES RETIREMENT SYSTEM
OF THE GOVERNMENT OF THE VIRGIN ISLANDS
REGULAR MEETING OF THE BOARD OF TRUSTEES**

**St. Croix GERS Boardroom/St. Thomas GERS Conference Room
Thursday, April 19, 2018
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 03/22/18)
- V. Communications and Correspondences
- VI. Chairperson's Report
- VII. Administrator's Report
- VIII. Committee Reports
- IX. Treasurer's Report
- X. Investment Officer's Report
- XI. REGULAR SESSION
 - A. Unfinished Business
 - (i). Approval of the FY 2018 Budget
 - (ii). V.I. Finest Foods Update
 - (iii). Kazi Foods Update
- XII. **EXECUTIVE SESSION**
 - This portion of the meeting will be closed to the public for matters pertaining to trade secrets / or financial or commercial information***
 - A. Unfinished Business
 - (i). Carambola Legal Matters
- XIII. Personnel
- XIV. Privileges of the Floor
- XV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, APRIL 19, 2018**

The Regular Meeting of the Board of Trustees was held in the St. Croix (STX) Boardroom and by video teleconferencing (VTC) from the St. Thomas (STT) Conference Room. The meeting was called to order at 9:56am. At roll call, all Trustees were present except Trustees Liger and McDonald who were excused.

Staff in attendance in STX: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Bruce Thomas, Investment Officer, and Nikia Coley, Administrative Assistant to the Board. Participating from STT were Ishmael Meyers, Jr., Deputy General Counsel, Denise Jeremiah, Acting CFO, Evelyn Venner Potter, COO, Asiah Clendenin, Strategic Planning & Organizational Development Officer, and Glenville Henderson, Investment Analyst.

Also, present in the meeting in STX was Pedro Williams, Board Counsel. Desiree Hill, Stenographer was present in STT.

Press in STT – V.I. Daily News.

Comments and Suggestions from Retirees. None.

No retirees attended the meeting in STT or STX.

Secretary's Minutes.

Motion made by Trustee Cohen and seconded by Trustee Callwood to accept the secretary's minutes for the regular meeting of March 22, 2018. Motion passed 5 yes and 2 excused (Liger and McDonald).

Communications and Correspondences. The Administrator read into the record a letter dated April 13, 2018 from Julio A. Rhymer, Sr. OMB Director Designee requesting information from GERS for the FY 2019 Executive Budget.

Chairperson's Report. None.

1). The Chairman apologized for absence of board members. 2). Stated that we are using the VTC to reduce travel expenses. 3). Mentioned Senator Brian's Save GERS sign. Feels the senator needs to find a better approach.

Administrator's Report. (The Administrator's Report was distributed and can be referenced or transcript can be read for more detailed information).

Highlights:

Update on Operations – Post Hurricanes Irma and Maria

Systems

- The V3 is back up. Reconciliation and Control Unit has been inputting the GVI's contribution files through July 2017 and all autonomous agencies files as received which has allowed Member Services to resume processing of initial annuit for those cases that are completed.

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- Internet connectivity. Our primary ViNGN is online 100%. We are working with Viya as a temporary secondary backup. Still waiting on our secondary back up - SmartNet to come on line.
- The new telephone system in the St. Croix office is now working and upgrades will be completed by the end of the month.

Facilities

- Public adjusters (World Claim and Richard Cohen) continue with the assessments of the properties.
- Continue to accumulate and the assess reimbursable costs for the STT properties. Deadline was extended.

Update – NOPA Project / V3 Issues

NOPA Project

The overall project is approximately 99.2% complete.

Central Government – 99.6%.

Autonomous Agencies – 98.4%.

Annual Statements

Phase I – Tier I Annual Benefits Statements – December 31, 2017.

Phase II – Tier II Annual Benefits Statements – Pending successful testing of legislative change – specifically career averaging.

V3 Issues

There are 136 outstanding issues as of April 16, 2018.

74% are awaiting action by GERS.

26% are awaiting action by Vitech.

Objective – To resolve as many issues to allow the smooth processing of all V3 transactions.

Outstanding Statutory Contributions/Loan Deductions

Major delinquencies:

- 1) Central Government – October 26, 2017 through December 21, 2017 pay dates and February 1, 2018 pay date.
- 2) East End Medical Center – February 1, 2018 – March 28, 2018 pay dates.
- 3) JFL – October 26, 2017 pay date.

However, JFL still owes from 2012 – 2015 employee and employer contributions.

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Member Services.

Missing Employer Contributions (Estimated).

- 1). Based on the Segal's study estimate of missing employer contributions of \$47 million in 2011, the estimated balance outstanding since 2012 to date (central government and autonomous agencies) is \$37.2 million.
- 2). The balance remaining on the \$1.8 million advance by the central government from the IRMF is \$686,787.89 as of February 28, 2018 payroll. GERS received the \$523,304.39 released by OMB on October 16, 2017 for the payment of Outstanding Employer Contributions owed to GERS for 53 members.

VIESA (ACT No. 7261). No update.

ACT No. 7128 (2010). Adjustments of annuities for sick and excess annual leave. No update.

Refunds. January 1, 2018 – February 28, 2018:

Number of applications – 414 (includes 170 cases carried over from 2017). Regular 314

Number of cases completed – 99. Regular 48.

Number of cases pending – 315. Regular 266

Total dollars refunded (1/1/18 – 3/31/18) - \$936,125.16

Retiree Applications. Include both SAA and Central Government.

Of the 296 applications received in **2015** (STX – 148, STT – 148), 289 retirees have received their initial retirement annuity as of the March 31, 2018 retiree payroll. 7 remaining for several reasons other than employer contributions.

Of the 278 applications received in **2016** (STX – 112, STT – 166), 254 retirees have received their initial retirement annuity as of the March 31, 2018 retiree payroll. 24 initial annuities remaining for several reasons other than for employer contributions.

Of the 250 applications received in **2017** – (STX – 118, STT 132), 38 retirees have received their initial retirement annuity as of the March 31, 2018 retiree payroll. 212 initial annuities remaining for several reasons other than for employer contributions.

Of the 55 applications received in **2018**, 0- retirees have received their initial retirement annuity as of March 31, 2018 retiree payroll.

Accounting

Annuity Payments

Total Retirees-as of April 13, 2018 payroll: **8,456**.

Total Annuity Payments – October 1, 2017 – April 13, 2018 - **\$132,474,664.14** (w/pensioners).

Retirees added to payroll October 1, 2017 – April 13, 2018 – **41**.

Expected to be placed on the April 30, 2018 payroll– **8**.

Retirees deleted from payroll month of October 1, 2017–April 13, 2018 - **120**.

Gross payroll for the March 15th payroll - **\$10,163,761.57**.

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Loans (Activity being reconciled).

No update. Activity being reconciled.

Operations

Rental Revenue

Collections month of March 2018 (Rents-\$162,852.53 / Electric-\$1,866.65).

Rental YTD March 31, 2018 (Rents-\$682,928.65 / Electric-\$176,287.51).

Arrearages as of March 31, 2018 (Rents-\$197,390.16 / Electric-\$119,739.62).

White House at Havensight.

Lease negotiations ongoing with VI Public TV.

St. Croix Office Complex.

Awaiting additional fencing and repairs to the gate damaged by the hurricane.

Replacement of the Board's kitchen window damaged by a bullet pending receipt of the glass ordered by the vendor.

Casino Commission Building.

New lease being drafted. Rent in arrears again for two (2) months.

St. Thomas Office Complex.

Roof issues and exterior skin projects are delayed due to the hurricanes. Replacement of air conditioning report is expected at the end of April.

Committee Reports.

- Policy - None.
- Investment Committee – Committee Chairman Maynard stated that the Committee met on April 11, 2018 and entertained presentations from the Havensight Merchants Association members and other merchants. Lasted approximately 2 hours.
- Development Committee – None.

Treasurer's Report.

Denise Jeremiah, Acting CFO read the treasurer's report into the record.

The March 31, 2018 report shows receipts and collections for the month of March 2018 in the amount of \$31,529,191 and disbursements in the amount of \$23,751,069, for a net cash surplus of \$7,778,122. The YTD receipts and collections are \$89,694,869 and YTD disbursements are \$135,345,599, for a net YTD cash deficit of \$45,650,730.

Motion made by Trustee Callwood and seconded by Trustee Maynard to accept the Treasurer's Report for March 31, 2018. Motion passed 4 yes, 2 excused (Liger and McDonald), and 1 absent (Smith).

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Investment Officer's Report.

Bruce Thomas, Investment Officer reported: Ended the month of March 2018 at approximately \$652.4 million (excludes member loans, -\$113 million, STT office Complex-\$7.6 million, and STX Office Complex-\$3 million).

- No funds were raised in the month of March 2018.
- Total Plan returned 0.1% for the month of March 2018. Outperformed its benchmark by 110bps.
- Total Equity returned -0.6% and outperformed its benchmark by 180bps.
- Total Fixed Income returned 0.6% and underperformed its benchmark by 10bps.
- Total Alternatives returned 0.2% and outperformed its benchmark by 250 bps.

Trustee Cohen made a statement that when GERS sends out letters to terminated managers within the 30 days that we give them to liquidate there could be fluctuations. The Investment Officers stated that the managers feel that they could liquidate in a week or two.

Regular Session.

Unfinished Business.

Approval of the FY 2018 Budget. Motion made by Trustee Smith and seconded by Trustee Callwood to approve the FY 2018 Budget of \$16,796,633 (15,677,676 – Administration and Facility Property Management and Operations, and \$1,118,957 – Capital Outlay). Motion passed 4 yes, 2 excused (Liger and McDonald), and 1 not voting (Maynard).

Motion made by Trustee Maynard and seconded by Trustee Cohen to place VI Finest Foods and Kazi Foods in executive session. Motion passed 4 yes, 1 absent (Callwood), and 2 excused (Liger and McDonald).

Motion made by Trustee Smith and seconded by Trustee Maynard to go into executive session. Motion passed 4 yes, 1 absent (Callwood), and 2 excused (Liger and McDonald).

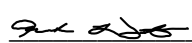
Executive Session.

Motion made by Trustee Maynard and seconded by Trustee Callwood to come out of executive session. Motion passed 4 yes, 1 absent (Smith), and 2 excused (Liger and McDonald).

Regular Session.

Motion on floor to adjourn the meeting. Without objection so ordered by the Chairman.

The was meeting adjourned at 1:03pm.

 5/2/18
Austin L. Nibbs, CPA, CGMA
Administrator/CEO
Secretary, GERS Board of Trustees