

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

**St. Croix GERS Boardroom
Thursday, August 18, 2016
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular 06/16/2016; Special 07/25/2016)
- V. Communications and Correspondences
- VI. Chairperson's Report
- VII. Administrator's Report
- VIII. Committee Reports
- IX. Internal Auditor's Report
- X. Treasurer's Report
- XI. Investment Officer's Report
- XII. REGULAR SESSION
 - A. New Business
 - (i). Revise Resolution 07-2016
- XIII. **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). Litigation
- XIV. Privileges of the Floor
- XV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, AUGUST 18, 2016**

The Regular Meeting of the Board of Trustees was held at the St. Croix (STX) Board Room and by videoconferencing (VTC) to the St. Thomas (STT) Conference Room. The meeting was called to order at 9:45am. At roll call, all Trustees were present except Carol Callwood (who called in from off island after the meeting started), Michael Mc Donald, and Wilbur Callender. Edgar Ross, Vice Chairman presided as the Acting Chairman.

Staff in attendance in STX: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Nikia Coley, Administrative Assistant to the Board, Asiah Clendenin, Strategic Planning & Organizational Development Officer, Bruce Thomas, Investment Officer, and Ilyna Jones, Operations Support Specialist. Staff in attendance in STT: Ishmael Meyers, Jr., Assistant General Counsel, Evelyn Venner Potter, Chief Operating Officer, Lorraine Gumbs Morton, Public Information Officer, Grasilda Dobbins, and Glenville Henderson, Investment Analyst, and Charmaine Antoine, Internal Auditor.

Also present in STX were: Pedro K. Williams, Board Counsel and Desiree Hill, Stenographer.

Comments and Suggestions from Retirees.

Mary Moorehead-STX Government Retirees. 1). Wanted to know if GERS had started to liquidate the assets, and if Havensight Mall could potentially be sold. The response from the Administrator was all assets are on the table.

There were no retirees present in the St. Thomas office.

Secretary's Minutes.

Motion made by Trustee Smith and seconded by Trustee Liger to accept and approve the secretary's minutes for the regular meeting-June 16, 2016 and special meeting-July 25, 2016.. Motion passed 4 yes and 3 absent (Callwood, McDonald, and Callender).

Communications and Correspondences.

The Administrator read into the record: 1). Letter dated June 21st addressed to the Administrator from Senator Novelle E. Francis, Jr. seeking assistance in determining how many GVI employees are: a). Eligible for retirement this calendar year, b). Have given notice to GERS of their intention to retire this calendar year, and c). Whether employer contributions are owed for the eligible individuals and the amount owed (whether or not they have indicated their intent. 2). Response letter from Administrator to Senator Jean Forde regarding his invitation to appear before the Committee on Education and Workforce Development to comment on raising the mandatory retirement age for VIPD officers from 55 years to 63 years. The GERS has no objection. 3). Letter to Senator Neville James, President and Clifford Graham, Chairman of the Finance Committee regarding FY 2017 Actuarially Determined Employer Contributions and Missing Employer Contributions.

Chairperson's Report. None.

Acting Chairman Ross asked what is the amount of ADEC that is owed by the plan sponsor for FY 2017 in the letter that was sent to the President of the Legislature and the Finance Committee Chairman? Administrator's response - \$265,500,000.00.

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Administrator's Report.

The Administrator reported significant items: **Appearances and Meetings.**

- 1). June 30th – Presented Annual Overview to the Committee of Finance.
- 2). July 8th – Met with CEO – St. Thomas Federal Credit Union regarding interest in partnering with GERS on loans.
- 3). August 5th – Reviewed RFP responses from contractors that bid on the Havensight Mall Refurbishment Project.
- 4). August 5th - Oversight Committee met with the Havensight Merchants Association.
- 5). August 8th – WICO/GERS selected a contractor for the Havensight Mall Refurbishment Project.
- 6). August 12th – GERS staff and Jaredian met with VI Finest Foods representatives for an update on the project. Staff in the meeting – Cathy Smith, Bruce Thomas, and Glenville Henderson.

VIFF schedule for opening:

- August 15 – September 26th inserting refrigeration, shelving, and equipment.
- October 5th – October 15th stocking/shelving inventory.
- Opening date is November 1st.

Trustee Smith asked Bruce Thomas, Investment Officer if he thought that VIFFF will make it to open on time or if project will be successful?

Also, Trustee Smith asked the Administrator what is being done with the due diligence on the other AIPs?

7). NOPA Project & V3 Project. No update. Time spent working with actuary and Vitech regarding 718 (k) issue. 8). Missing Contributions Retiree Payroll. Through June 14, 2016 payroll, of the 219 retirees who retired between May 2012 and December 31, 2014, there are 4 retirees remaining to receive their initial annuities. The remaining balance left from the \$2.1 million that was allotted by the central government for members retiring between May 2012 and December 31, 2014 is \$3,569.20. Receipt of the final NOPAs and retroactive annuity payments not enough to cover *employee* contributions due are the major reason why these cases cannot be completed timely. There are a few V3 issue related problems which are being addressed, in addition to, receipt of contributions from JFLHMC. Departments/Agencies are being billed for **missing employer contributions for those retirees that retired beginning January 1, 2015. 9). Annuity Payments.** a). October 1, 2015 – July 31, 2016 - \$200,748,985.03 w/pensioners. b). Number of retirees added to the payroll for the October 15th–July 31st pay date: 290. c). Number of retirees/survivors expected to be placed on the payroll for the August 15th pay date: 4. d). Number of retirees deleted from the payroll from October 1, 2015 – July 31st 235. e). Number of retirees added to the payroll for the July 31st : 9. **10). Retiree Applications.** Number of retiree applications received January 1, 2015 –December 31, 2015: 299 (STX 150, STT 149). Of the 299 applications, 245 retirees have received their initial annuity. Number of retiree applications received January 1, 2016 to August 5th: 130 (STX 47, STT 83) –Includes both autonomous agencies and the central government. **11).** January 1, 2016 to present 428 refund cases totaling \$2,833,050.18 were processed . **12). Juan F. Luis Hospital and Medical Center (JFLHMC).** Legal claim filed for outstanding contributions (employee/employer) balance is \$7.2 million (\$5.1 principal / \$2.1 interest and fees).

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13). Virgin Islands Economic Stability Act – VIESA (ACT 7261). No Update. There are still outstanding issues with the recalculation of 340. We continue to have difficulties obtaining the NOPAs for salary increases. We continue to reach out to the Division of Personnel and the GERS Records Department to conduct research to locate these NOPAs. The Project Assistants and the STX Staff are inserting the employment history data in the V3. The Project Assistants have been helpful in updating a large number of the cases. **14). Act No 7128 (2010). No Update.** There are now 44 cases pending completion under Act 7128 for 2010, where adjustments of annuities have to be made for those retirees where the Government of the Virgin Islands paid for their Sick and Excess Annual Leave. \$3 million was appropriated and received by GERS under Act No. 7128. Issues with these cases consist of members that received incremental increases. Their cases need to be recreated since these members retired prior to V3 Go Live Date. **15). Missing Contributions.** Based on the Segal study of missing contributions in 2011 – balance as of August 5th - \$39.2 million. **16). Total Outstanding Loans as of July 31, 2016 - \$135.4 million.** Active Personal - \$92.9 million, Retiree Personal - \$34.9 million, and Other - \$7.6 million.

17). Operations – a). White House at Havensight. Completed. **b). St. Croix Office Building.** The replacement of the concrete stairs and railings completed. **c). St. Thomas Headquarters.** The work on the correction of the fuel leaks problem on the 900KW generator completed. **d).** The problem with the exit parking gate still exist. The recommendation is a lighter gate. **e). Other.** Total Rental Income collections for the month of July 2016 were \$76,536.29 and YTD was \$673,753.90. Electrical Collections for the month of July 2016 were \$44,290.41 and YTD - \$323,707.68. Lease negotiations with DOJ and DOP are still pending. Lease addendum with ResCare was finalized. **18). Havensight Mall.** A contractor was selected for the refurbishment of the Havensight Mall. The work will commence shortly after a contract is executed The work is expected to take about 120 days. **19).** RFP advertised for appraisals of all GERS properties.

20). Legislation. No Update. Act No. 7880

21). Lonesome Dove. No update..

Committee Reports.

1). Development Committee. **2).** Policy Committee. **None.** **3).** Investment Committee. **None.** **4).** Medical Review Committee. **None..**

Internal Auditor's Report.

The report highlighted: 1). Internal Audit Areas of Focus, 2). Internal Audit Fraud Awareness Effort, Internal Audit/Human Resources Skills Gap Analysis, GERS Data Valuation, Review V3 Security Master Template Usefulness, GERS Risk Assessment, and Standard Operating Procedures (SOPs).

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Treasurer's Report.

Grasilda Dobbins CFO reported:

The July 31, 2016 report shows collections for the month of July 2016 in the amount of \$14,060,194.00 and disbursements in the amount of \$23,798,443.00, for a net cash deficit of \$9,738,249.00. YTD FY 2016 collections are \$157,639,483.00 and disbursements are \$229,034,895.00, for a net cash deficit of \$71,395,412.00. Motion made by Trustee Smith and seconded by Trustee Liger to approve the Treasurer's Report as amended Motion passed 4 yes and 2 absent (McDonald and Callender), and 1 present (Callwood).

Investment Officer's Report.

Bruce Thomas, Investment Officer reported: 1). The Total Plan Ending Market Value at July 31, 2016 was \$780.3 million, which includes Attilanus Credit Facility, Carambola, GVI Loan, Kazi, and VI Finest and excludes the Loan Program, STT Office Complex, and the STX Office Complex. 2). No cash had to be raised for the month of July 2016. 3). **Total Plan** returned 2.3% for the month and underperformed its benchmark by 80 bps. **Total Equity** returned 4.0%% and outperformed its benchmark by 10 bps. **Total Fixed Income's** returned 0.7% and outperformed its benchmark by 10 bps. 4). **Total Alternatives** returned 0.5% underperforming its benchmark by 340 bps. 5). Continuing to work with custodian to have comingled funds added.

Regular Session.

Motion made by Trustee Smith and seconded by Trustee Liger to go into executive session. Motion passed 4 yes and 3 absent (Callwood, McDonald, and Callender)..

Motion made by Trustee Liger and seconded by Trustee Maynard to ratify poll vote on the 2 questions the due diligence interview of the 2 attorneys. Motion passed 3 yes, 1 present (Callwood), 1 not voting (Smith), and 2 absent (McDonald and Callender)

Executive Session.

Motion by Acting Chair Ross on the table to come out of executive session back to regular session if no

Regular Session.

Motion made by Trustee Smith and seconded by Trustee Liger to adjourn the meeting. Having properly move and seconded the meeting was adjourned by the Acting Chair.

The meeting was adjourned at approximately 11:44am.



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