

**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, August 22, 2019  
9:30 am  
\*\* AGENDA \*\***

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 06/20/19)
- 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. New Business
    - (i). Ratify Poll Vote Granting Authority to Administrator to Execute Letter of Intent with Port of Sale
    - (ii). Approval of Elevator Replacement at White House – Not to Exceed \$98,000.00
- 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. New Business
    - (i). Proposals for Port of Sale
    - (ii). Personnel
  - B. Unfinished Business
    - (i). WICO's Management Agreement
    - (ii). V.I. Finest Foods Update
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**  
**MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING**  
**August 22, 2019**

**I. Call to Order**

The GERS Regular Board of Trustees Meeting on August 22, 2019 was called to order at 9:47a.m. The meeting was held in the St. Thomas conference room by video teleconference to the St. Croix boardroom, and via Zoom.

**II. Roll Call.**

Trustees in attendance except Trustee Liger (Excused) and Trustees McDonald and Smith (Absent).

Staff in Attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Jr. Deputy General Counsel, Denise Jeremiah, CFO, Asiah Clendinen, Acting COO, Lorraine Gumbs-Morton, Director of Communication and Member Education, Glenville Henderson, Investment Analyst, and Zaida Castro, Executive Assistant to the Administrator.

Also, in attendance were Pedro Williams, Board Counsel and Yvonne Setorie, Stenographer.

**III. Comments and Suggestions from Retirees.**

No retirees were in attendance.

Chairperson Callender requested a follow up regarding the NOPA for the Chief Financial Officer.

**IV. Secretary Minutes (Regular: June 20, 2019).**

No corrections recommended to the minutes of the June 20<sup>th</sup> Board of Trustees Meeting. **A motion was made by Trustee Stephen Cohen to accept the minutes which was seconded by Trustee Desmond Maynard. The motion passed unanimously with 4 Yes, 1 Excused (Liger), 2 Absent (McDonald and Smith).**

**V. Communications and Correspondences.**

Mr. Nibbs read into the record Bill No. 33-0132 proposed by Senator Kirk Vialet – An Act amending title 3, chapter 27, section 715 of the Virgin Islands Code to strengthen the Board of the Government Employees' Retirement System (GERS) by requiring greater expertise among Board members. Line #11 of the Bill mentioned education requirements for the retirees. In the Reform Bill in 2005, GERS placed education requirements for the Board members. Mr. Nibbs inquired if the Board will be responding to the Bill. Attorney Cathy Smith will investigate when the Bill will be discussed at the Legislature.

The Bill does take out the requirement that one member shall be an active member of GERS. It was confirmed to Dr. Callender that the number of members remain the same. However, Board Counsel Pedro Williams recommended to the Board to pay close attention to line #10 which states "The remaining three members shall be appointed by the Governor...." to avoid ending up with no real active employment representation.

**VI. Chairperson's Report.**

No report from the Chairman.

**VII. Administrator's Report**

The Administrator's Report was presented and read into the record by Austin Nibbs. A copy was made available to the trustees and all staff in attendance. Highlights of the report are as follows:

1). No updates on Act No. 7261 VIESA (recalculation of salary increases) and Act No. 7128 sick and excess annual leave).

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- 2). Return to Work. Total cases reviewed through 7/31/19 – 64. Completed – 31.
- 3). Retiree Applications. Pending at 8/31/19 from 2013 - 2019 – 199. Pending for 2018 and 2019 – 175.
- 4). Refunds. Cases completed from 1/1/19-7/31/19 – 551 (\$6.1M) / \$5.7M not vested). Cases pending – 48.
- 5). Death Benefits. Cases completed from 1/1/19-7/31/19 – 33 for \$1.7M (\$1.6M active and \$135 K retired).
- 6). Life Certificates. Of the 102 sent to retirees residing in Puerto Rico, Caribbean and International, 12 benefits were suspended, and 1 benefit was terminated due to death.
- 7). Annuity Payments. At 7/31/19 there were 8,680 retirees being paid. The cumulative amount paid out from 10/1/18 – 7/31/19 is \$208.9M. Retirees added to the payroll through 7/31/19 – 423. Deleted – 259.
- 8). Loan Portfolio. At 7/31/19 – Personal loans 5,003 and mortgages 97.
- 9). Buildings. White House – elevator replacement for approval under regular session. The St. Croix and St. Thomas Complexes exterior work in progress and interior maintenance completed.
- 10). Rental Collections. Total collections FTYD \$1.4M (Rental-\$1M, Electric-\$416K). Arrearages \$202K (Electrical \$180K includes \$165K for DOJ).
- 11). Energy Audit. Conducted on 8/20/19. Nine (9) recommendations were made and under consideration.
- 12). Due Diligence. Universal Financial Consultants on September 19<sup>th</sup> in Clearwater/Tampa, Florida.

**Trustee Smith joined the meeting around 10:00am.**

Comments-on the Administrator's Report

Dr. Callender posed the question if followed up would occur regarding the Benefits suspended. The answer was that follow ups are ongoing. GERS can investigate if a member is deceased through the Social Security Administration, Department of Personnel (Group Insurance), Department of Health (Vital Statistics) and PBI; a national service that GERS can access at any time to provide reports.

The Loan Portfolio is decreasing because loans are maturing, and no new loans are being issued.

Mr. Nibbs brought to the attention of the Board that one of the items on the agenda during regular session is the elevator replacement at the White House at Havensight.

GERS continues to inspect the roof for the St. Thomas building to repair leak damages that were caused during the rainy days. The Department of Justice (DOJ) has severe electrical issues. Mr. Nibbs had conversations with the Attorney General, and she has promised to catch up on what they may owe GERS. However, DOJ arrearages is electrical and not rental. Currently, fifty-two (52) lights are out in DOJ. GERS ordered the ballasts in order to replace them. The lease calls for DOJ to be responsible for the bulbs and not the electrical fixtures. In the past, DOJ did the replacement to the electrical fixtures. This will change in future leases to tenants. GERS is also looking at the Energy Office recommendations for efficiency and savings, however, before making an investment, it is important to talk about whether GERS will be staying in its buildings or not. Based on Mr. Nibbs's extensive research, Pension Systems usually rent buildings and not own them. Therefore, Mr. Nibbs recommendations were a "Sales Type Lease Back" occupying less space or offering employees the option of "Working at Home" as a recruitment tool to attract millennials. This topic was presented by IT at the Board of Trustees Retreat and discussed monitoring tools and measuring productivity.

**Attorney Meyers and Ms. Clendinen joined the meeting during the discussions.**

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**VIII. Committee Reports.**

- a. Investment Committee – Trustee Maynard reported that a meeting was held on July 29<sup>th</sup> and the meeting was with the Havensight Merchants Association. Five (5) Trustees were in attendance and no decisions were made.
- b. Development Committee – Trustee Leona Smith - Nothing to Report.
- c. Medical Committee Report – Chairman Callendar – Nothing to Report.
- d. Budget Committee Report – Chairman Callendar – Nothing to Report.
- e. Policy Committee Report – Chairman Callwood – Nothing to Report. However, it was mentioned that the Board Governance Manual is still pending review by the committee.

**IX. Treasurer's Report.** The Treasurer's report for the month ending July 31, 2019 was presented and read into the Board Meeting by Denise Jeremiah, CFO. Total Collections - \$15.6M and Total Disbursements - \$24.0M. Net Cash Deficit - \$8.4M. FYTD Total Collections-\$168.5M and FTYD Disbursements-\$241.4M. Net FYTD Cash Deficit--\$72.9M. There were no questions from the Board of Trustees. **A motion to approve the Treasurer's Report was moved by Trustee Smith and seconded by Trustee Cohen. The motion passed unanimously with 5 Yes, 1 Absent (McDonald), and 1 Excused (Liger).**

**X. Investment Officer Report.**

The Investment Officer Report was presented and read into the Board meeting by Glenville Henderson and summarized below:

Ending Market Value of the Plan as of July 31, 2019 is \$622.9 million (excludes member's loans and the office complexes). For the month of July, the Total Plan returned -0.5% and underperformed its benchmark by 120 bps. Total Equity returned 1.6% and outperformed its benchmark by 10 bps. Total Fixed Income returned 0.1% and underperformed its benchmark by 10bps. Total Alternative returned -5.1% and underperformed its benchmark by 680 bps. No funds were raised in the month of July. Plan to raise \$48M in the month of August.

Comments on the Investment Officer Report – Brandywine has been a long-term tenure Manager - global fixed income. However, due to liquidity measures and the Dynamic Asset Allocation Plan, the Board of Trustees approved the liquidation of Brandywine as an investment manager. GERS plans to raise \$48M in the month of August with the Brandywine liquidation, moving the funds to the US Depth Index Fund.

Update from the Investment Analyst – As of August 21<sup>st</sup>, GERS performance is up about 1%. GERS now has three (3) managers (Pugh, Mesirow, and Blackrock).

Mr. Nibbs noted that although GERS withdrew \$100M over the same period, the Investment Income earned and the Gain in the portfolio is \$40M. This demonstrates that investments are keeping GERS afloat.

**XI. Regular Session.**

**A. New Business**

(i). Ratify Poll Vote Granting Authority to Administrator to Execute the Non-Binding Letter of intent with Port of Sale. The poll vote occurred on July 17, 2019. Only one (1) trustee did not respond to the poll vote. The Non-Binding Letter of Intent was signed by The Administrator of July 18, 2019. **A motion was made by Trustee Smith and seconded by Trustee Maynard to ratify the poll vote to grant authority to the Administrator to execute the Non-Binding Letter of Intent with Port of Sale. The motion passed unanimously with 5 Yes, 1 Absent (McDonald) and 1 Excused-(Liger).**

(ii). Approval of Elevator Replacement at White House – Not to Exceed \$98,000.00.

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The company engaged to replace the elevator is Otis, who recommended a larger elevator that can carry 2100 T pounds. However, that size is too large for the White House because it will require demolition of walls to make space. Therefore, Otis recommended purchasing an elevator that can hold 1400 T pounds. In order to expedite the process, Mr. Nibbs is requesting the Board of Trustees to approve the purchase of a replacement elevator not to exceed \$98,000. Trustee Maynard inquired when the quote was provided. The quote was provided in June 19<sup>th</sup>. The brand that is recommended is LULA.

Trustee Maynard inquired about the community interest of renting the White House. According to Mr. Nibbs, the Legislature was interested in the past. But many don't want to rent due to the price per square foot even though the per square foot was already reduced by \$10.00. It was \$35 and it was reduced to \$25.00. Trustee Callwood would like to have a conversation on the original installation of the elevator and recommended that it be a future item of discussion on the agenda.

**A motion was made by Trustee and seconded by Trustee Smith to approve the elevator replacement at the White House – not to exceed \$98,000. The motion passed unanimously with 5 Yes, 1 Absent (McDonald), and 1 Excused (Liger).**

**A motion was made by Trustee Smith and seconded by Trustee Cohen to go into executive session. The vote passed unanimously with 5 Yes, 1 Absent (McDonald) and 1 Excused (Liger).**

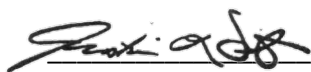
**XII. EXECUTIVE SESSION (Session closed to the public for matters pertaining to trade secrets / or financial or commercial information).**

**A motion was made by Trustee Cohen and seconded by Trustee Callender to come out of executive session. The motion passed unanimously with 4 Yes, 2 Absent (McDonald and Smith) and 1 Excused (Liger).**

**XIII. Privileges of the Floor. None.**

**XIV. Adjournment.**

**A motion was made by Trustee Cohen and seconded by Trustee Maynard to adjourn the meeting. The motion passed with 3 Yes, 1 not voting (Maynard), 2 Absent (McDonald and Smith), and 1 Excused (Liger). The meeting adjourned at approximately 12:25p.m.**



9/6/19

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