

**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 23, 2018
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 06/21/18)
- 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. New Business
 - (i). Approval of Engagement Letter for Bert Smith and Co. to conduct FY 2018 Financial Audit
 - B. Unfinished Business
 - (i). Gourmet Gallery's Proposal
 - (ii). Havensight Mall Abatement and Rent Reductions
 - (iii). Update on GERS/NCPERS Forum
- 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). Personnel Matters
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, AUGUST 23, 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 10:13am. At roll call, all Trustees were present except Trustees Maynard (absent).

Staff in attendance on STX: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Bruce Thomas, Investment Officer. And Nikia Coley, Administrative Assistant to the Board. Participating from STT: Ishmael Meyers, Jr., Deputy General Counsel, Denise Jeremiah, Acting CFO, Evelyn Venner Potter, COO, Glenville Henderson, Investment Analyst, Lorraine Gumbs, Director, Communications and Member Education, and Asiah Clendenin, SPODO.

Also, present in the meeting were Pedro Williams, Board Counsel (STX) and Desiree Hill, Stenographer (STT).

Media was physically present on STX – Avis (Brittany Knight).

Comments and Suggestions from Retirees.

No retirees were in attendance in the STT office.

In the STX office:

Adul Ali.

Retired 8 – 9 years ago. Invited GERS to his radio program on Saturdays.

Suggestion: Close the System down. Make sure the retirees get what they are supposed to get. For actives, come up with a plan to give the actives control of their monies. Don't want the actives to get hurt either.

Maurice Gaskins.

Worked for DOE and retired after 30 years of service 3 years ago. GERS invested in the hotel industry. GERS needs to get out of the hotel industry. GERS needs to get into supermarkets with cheaper prices (\$3 - \$4) cheaper prices than the others (Pricemart, Cost U Less, Pueblo). Profits are going out of the territory. Heard that GERS members cannot get any loans, but KFC was able to get a loan.

Secretary's Minutes.

Motion made by Trustee Smith and seconded by Trustee Cohen to approve the secretary's minutes for the regular meeting of June 21, 2018. Motion passed 6 yes, 1 absent (Maynard).

Communications and Correspondences. The Administrator read into the record: 1). A letter dated July 13, 2018 from the administrator to the Governor of the Virgin Islands inviting him to meet with the board during the board retreat (July 24 – 26) to discuss the real estate proposal that were submitted by the administration to the Legislature for consideration. 2). A letter dated August 3, 2018 from Julio A. Rhymer, Jr., Director, OMB requesting information about retirees. A response letter dated August 10, 2018 was sent to Mr. Rhymer responding to his inquires and requesting reimbursements and advances for employer missing contributions.

Chairperson's Report. None.

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Trustee McDonald requested a breakdown of actives members – vested vs. non-vested.

Highlights:

Presentations, Appearances, and External Meetings

1). July 11th - Meeting with senatorial aspirant Stacey January. 2). July 13th - Meeting with senatorial aspirant Kent Bernier. 3). July 18th – Annual Overview before the Committee on Finance. 4). July 19th – Meeting with senatorial aspirant Athniel “Bobby” Thomas. 5). July 19th – Meeting with Banco Popular regarding banking relationship. 6). July 23rd – Attended the CNW LLC Board meeting. 7). August 22nd – Attended the CNW LLC Board meeting.

Update on Operations – Post Hurricanes Irma and Maria

Systems

All systems (network and communications) are operating as expected with ongoing data and functionality fixes to V3 transactions by our software provider (Vitech). Our primary internet service via viNGN is fully operational and we are not experiencing any outages. Viya continues to provide the backup internet service for GERS St. Thomas, in the event the primary circuit goes down. SMARTNet circuits are still offline. There is no new projected date for restoration.

Insurance Claims (Facilities)

Public Adjusters (World Claim and Richard Cohen) continue to represent GERS with the assessments of the GERS properties and insurance claims (including Carambola). As it relates to FEMA, we received, signed and submitted the Subgrant Application Award in the amount of \$77,263.20 for the St. Croix Generator. The Public Adjuster for the GERS St. Croix Properties completed the damage assessment report and estimates for repair. Estimates were submitted to FEMA. The St. Thomas’ Generator Project Worksheet will be forthcoming shortly. Documents continue to be submitted to FEMA, as requested, to arrive at a settlement claim for all properties. The respective insurance proceeds offset all applicable claims. For the Havensight Mall claim, settlement (for business interruption) is pending a decision by the board on the abatement and rent reductions.

Outstanding Bi-Weekly Contributions/Loan Deductions (Pay Date) Delinquencies:

- 1) Central Government –Up to date.
- 2) East End Medical Center – Pay dates February 15, 2018 – July 5, 2018.

Member Services.

Estimated Employer Missing Contributions as of July 31, 2018

Based on the Segal’s study estimate of employer missing contributions of \$47 million in 2011, the estimated amount that is now due based on the allotments received from the plan sponsors (central government and autonomous agencies) since 2013 to date is \$37.2 million as shown in Exhibit A. On August 10, 2018, a letter was sent to the OMB Director and the Commissioner of Finance requesting a meeting to discuss reimbursements that are due to the GERS for employer missing contributions in the

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Member Services (Continued)

amount of \$2,328,112.98 (replenishment of \$1.8 million received from the IRMF and \$528,112.98), for members who retired and were paid initial annuities through July 31, 2018 payroll, and estimated advance of \$800,000 for employer missing contributions to process initial annuities to retirees for pay dates August 31, 2018 – October 31, 2018.

Virgin Islands Economic Stability Act – VIESA (ACT 7261). No Update.

There are now 340 cases pending recalculation. Continue to have difficulties obtaining the NOPAs for salary increases and have reached out to the Division of Personnel and the GERS Records Department to conduct research to locate these NOPAs. Project Assistants are inserting the employment history data in the member's records in the V3.

Act No 7128 (2010) No Update.

There are now 25 cases pending completion under Act 7128 for 2010, where adjustments of annuities must 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.

Refunds. January 1, 2018 – August 14, 2018:

Number of applications – 638.

Number of Regular cases (non- vested) 505.

Number of cases completed – 294. Regular (non-vested) 213.

Number of cases pending – 344. Regular (non-vested) 292.

Total dollars refunded (1/1/18 – 8/14/18) - \$3,115,999.16. Regular (non-vested) \$2,745,461.68.

Retiree Applications - Includes both SAA and Central Government

Retiree Applications Received January 1, 2015 – December 31, 2015*

St. Croix 147

St. Thomas 148

295

Of the 295 applications received in 2015, 290 retirees have received their initial retirement annuity as of the July 31, 2018 retiree payroll. 5 remaining for several reasons other than employer contributions.

Retiree Applications Received January 1, 2016 – December 31, 2016*

St. Croix 111

St. Thomas 166

277

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Member Services (Continued)

Of the 277 applications received in 2016, 261 retirees have received their initial retirement annuity as of the July 31, 2018 retiree payroll. 16 remaining for several reasons other than employer contributions.

Retiree Applications Received January 1, 2017 – December 31, 2017*

St. Croix	118
St. Thomas	<u>129</u>

247

Of the 247 applications received in 2017, 121 retirees have received their initial retirement annuity as of the July 31, 2018 retiree payroll. 126 remaining for several reasons other than employer contributions.

Members Who Retired Effective January 1, 2018 -July 31, 2018*

St. Croix	72
St. Thomas	<u>104</u>

176

Of the 176 applications received in 2018, 3 retirees have received their initial retirement annuity as of the July 31, 2018 retiree payroll. 173 remaining for several reasons other than employer contributions.

Accounting

Retiree Payroll

Annuity Payments

FY 2018

Number of retirees as of August 15, 2018 payroll – 8494

Total Annuity Payments – October 1, 2017 – August 15, 2018- \$ 214,154,604.14 (w/Pensioners).

Retirees added to payroll from October 1, 2017 – August 15, 2018 – 171.

Retirees added to payroll for August 15, 2018 – 26.

Retirees expected to be placed on the August 30, 2018 payroll - 10.

Retirees deleted from payroll from October 1, 2017 – August 15, 2018 – 232.

Gross payroll for the August 15th payroll - \$10,247,627.51.

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Operations

Loans

The loan activity is still being reconciled. We ran a report to determine how many personal loans maturity dates have not expired. The amount was 4,132 down from approximately 7,300 two years ago.

Buildings.

White House at Havensight

Entire building needs termite treatment (windows and doors including subterranean). After that treatment is completed and minor electrical work completed, the facility will be available for rent.

St. Croix Office Complex

Quotations for repairs of property fences. Western and main entrance gates J. Benton are currently generating an updated quote for the fence repair. The original quote that was submitted, was considered as a quote for temporary repairs and did not include, all that had to be done. Gates repair work will be conducted by Alva's Welding. A deposit was made, and they are in the process of purchasing the materials needed. Board's Room Kitchen Glass Replacement. Glass replacement work was completed 100 %.

Casino Commission Building

Lease negotiation in progress.

St. Thomas Office Complex

This building has many infrastructure issues. Roof, exterior skin, and air conditioning (AC). The roof and the exterior skin projects are delayed due to the hurricanes and availability of contractors. WAPA interruptions have been a challenge for the AC system. This project is still in discussion. There has not been a meeting of the minds between the consultant and Jaredian and the service provider. There is major disagreement on the approach and necessary infrastructure. A complete report was expected at the end April and have not been received. My impression is that consultants and contractors have more economical projects in their inventory because of the demand after the hurricanes.

Collections and Arrearages.

July 2018

Rental Collections - \$24,691.72 / YTD \$874,075.23 / Arrearage \$291,898.88

Electrical Collections - \$0 YTD \$225,195.23 / Arrearage \$70,831.90

Committee Reports.

- Development – No report.
- Policy – Reviewing the personnel manual.
- Investment – Committee Chair –Absent.

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Committee Reports (Continued).

- Budget Committee. The administrator advised the chairman will have the FY 2019 GERS Budget and Havensight Mall budget for the next board meeting.
- Medical Review – No report.

Treasurer's Report.

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

The July 31, 2018 report shows receipts and collections for the month of July 2018 in the amount of \$16,909,300 and disbursements in the amount of \$23,175,770, for a net cash deficit of \$6,266,470. The YTD receipts and collections are \$177,989,959 and YTD disbursements are \$228,055,544, for a net YTD cash deficit of \$50,065,585.

Motion made by Trustee Liger and seconded by Trustee Mc Donald to accept the Treasurer's Report for July 31, 2018. Motion passed 6 yes, 1 absent (Maynard).

Investment Officer's Report.

Unable to receive the report from State Street.

In absence of Bruce Thomas, Investment Officer, Glenville Henderson, Investment Analyst reported: Ended the month of July 31, 2018 at approximately \$682 million (excludes member loans and office buildings. Total Plan returned 0.6% for the month of July 2018. CY – 2.13%, and FY – 5.4%. May have to raise cash next month to pay the retirees.

Regular Session.

Motion made by Trustee Smith and seconded by Trustee Cohen to approve the engagement letter for Bert Smith & Co. to conduct the FY 2018 financial audit in the amount of \$141,750. Motion passed 6 yes, 1 absent (Maynard).

Motion made by Trustee Smith and seconded by Trustee Liger to authorize the administrator to commence negotiations with Gourmet Gallery and return with recommendations to the board. Motion passed 6 yes, 1 absent (Maynard).

Motion made by Trustee Liger and seconded by Trustee Cohen to approve the administrator's recommendations for Havensight Mall abatement and rent reductions for 2017 and 2018. Motion passed 6 yes, 1 absent (Maynard).

Update on GERS/NCPERS Forum

Reported by Cathy Smith, General Counsel and Asiah Clendenin.

- Limited space and not opened to the public.
- Will be live stream on YouTube.
- Will be on the website
- About 90 people will be there.

Trustee Callwood inquired about the Ambassador Program. Lorraine Morton, Director of Communication/ Member Education (CME) responded will meet with the personnel officers in October 2018.

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Motion made by Trustee Mc Donald and seconded by Trustee Smith to go into executive session. Motion passed 6 yes, 1 absent (Maynard).

Executive Session.

Motion made by Trustee Liger and seconded by Trustee Smith to come out of executive session. Motion passed 6 yes, 1 absent (Maynard).

Regular Session.

Motion made by Trustee Smith and seconded by Trustee Cohen to adjourn. Motion passed 6 yes, 1 absent (Maynard and Smith).

The was meeting adjourned at approximately 12:42am.

 9/5/18

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