

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

**St. Thomas/St. Croix via Zoom
Thursday, August 27, 2020
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 07/23/2020)
- V. Communications and Correspondences
- VI. Chairperson's Report
- VII. Administrator's Report
- VIII. Committee Reports
- IX. Treasurer's Report
- X. Investment Officer's Report (presented by Meketa)
- XI. REGULAR SESSION
 - A. New Business
 - (i). Segal - Solvency Projections for Special Legislation
 - (ii). Administrator's Recommended Dates for Virtual Board Retreat
- 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/ or personal/ or legal matters; or matters whose premature disclosure will frustrate the implementation of the proposed agency action.

 - A. New Business
 - (i). WAPA's Proposal
- XIII. Privileges of the Floor
- XIV. Adjournment

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

August 27, 2020

The Regular Meeting of the Board of Trustees was called to order at 9:46a.m. The meeting was held in the St. Thomas conference room via Zoom. At roll call, Trustees present were Callender, Bowry, Cohen, Smith, Clendinen, Liger and Callwood. Trustee McDonald was absent.

Staff in attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Deputy General Counsel, Denise Jeremiah, CFO, Asiah Clendinen Gumbs, Acting COO, and Zaida Castro, Executive Assistant to the Administrator and Nikia Coley, Administrative Assistant to the Board of Trustees. Glenville Henderson, Investment Analyst was absent.

Also, present in the meeting were Pedro Williams, Board Counsel and Yvonne Setorie Stenographer. Leonardo Festino of Meketa Investment Group and Aldwin Frias, and Leon Joyner from The Segal Company.

Comments and Suggestions from Retirees

No comments from retirees.

Secretary's Minutes

A motion was made by Trustee Cohen and seconded by Trustee Bowry to approve the Secretary minutes for the July 23, 2020 Regular Board meeting. The motion passed with 5 Yes (Callwood, Bowry, Cohen, Smith, and Callender), 1 not voting (Liger), 1 absent (McDonald).

A motion was made to amend the agenda to move Segal's Solvency Projections for Special Legislation presentation as an item after the Secretary minutes. The motion was moved by Trustee Bowry and seconded by Trustee Smith. The motion passed with 6 Yes (Callwood, Bowry, Cohen, Smith, Liger, and Callender) and 1 absent (McDonald).

Presentation by Segal – Solvency Projections for Special Legislation. The main topic discussed was the impact of cash infusion payable October 1, 2020, as a \$255M lump sum or \$85M per year for 3 years. A presentation handout was circulated.

Communications and Correspondences

1. An e-mail received on August 17, 2020, from Joel Trantum, President of Port of Sale, Inc. inquiring whether Port of Sale can anticipate any modifications or relief for the ground lease due to the Governor's most recent Stay at Home order for the last two weeks of Augusts.
2. A memorandum received from Bert Smith and Company dated August 17, 2020, regarding deferring tax obligations to the COVID-19 Disaster based on US President Executive Order. Administrator Nibbs and CFO Jeremiah will submit a correspondence advising staff by September 1st about the tax implications of the Executive Order and additional research will be conducted visiting the IRS website. Concerns outlined by Bert Smith and Co. were read into the record.

Chairperson's Report.

No Report.

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Administrator's Report.

Meetings, Presentations, and Appearances

August 4th – Committee on Finance Hearing – Bill No. 33-0315 (Canceled).

August 5th – Attended administrative hearing as a witness.

August 10th – Meeting with Governor Bryan Re: Bond refinancing proposal.

August 11th – Presented at Committee on Finance hearing.

August 13th – Havensight Mall Oversight Committee Meeting Re: MOUs.

August 17th – Site visit at Havensight Mall with architect.

Havensight Mall Committee meeting Re: RFP for Power Generator

August 19 – Meeting with Retiree Trustees Election Committee members and observers.

Meeting with GAO representatives.

August 20th - Attended administrative hearing as a witness.

August 26th – Meeting with appraiser.

Member Services

Retirement Applications

	<u>Calendar Year</u>						
	2015	2016	2017	2018	2019	2020	Total
STX	147	111	118	178	143	44	
STT	<u>147</u>	<u>163</u>	<u>127</u>	<u>224</u>	<u>169</u>	<u>57</u>	
Total	294	274	245	402	312	101	
Paid	<u>292</u>	<u>271</u>	<u>242</u>	<u>397</u>	<u>288</u>	<u>38</u>	
Remaining	<u>2</u>	<u>3</u>	<u>3</u>	<u>5</u>	<u>24</u>	<u>63</u>	<u>100*</u>

*Includes SAA and Central Government as of August 15, 2020 retiree payroll.

Includes "Later Payroll" cases.

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Refunds

October 1, 2019 – July 31, 2020

	No. Cases <u>Completed</u>	Total <u>Amount</u>	No. Cases <u>Pending</u>
Regular	382	\$5,979,271.11	44
Erroneous	19	17,451.05	5
Employer Share	25	60,016.10	0
Overpayment	<u>131</u>	<u>361,560.13</u>	<u>12</u>
Total	<u>557</u>	<u>\$6,418,298.39</u>	<u>61</u>

Death Benefits

<u>Types</u>	No. Completed <u>10/1/19-7/31/2020</u>	Amount <u>10/1/19-07/31/2020</u>	No. of Cases to <u>be Completed</u>
Active	28	\$732,057.97	60
Retired	<u>20</u>	<u>962,792.78</u>	<u>24</u>
Total	<u>48</u>	<u>\$1,694,850.75</u>	<u>84</u>

Life Certificates – As of August 7, 2020

2020 Life Certificate Distribution

82	Validated
11	Suspended@
3	Pending Receipt of Documents*
96	Letters sent out. (Dated 1/31/2020 with 3/1/2020 response deadline.)

@ Benefits Suspended = Address was changed to GERS. Annuity checks will be held by GERS until **either** a validated Life Certificate **or** a Death Certificate is received.

*Primarily from Caribbean/International

Duty/Non-Duty Disability

71 – U.S. Mainland
164 – Virgin Islands

177	Validated
0	Suspended
58	Receipt of Life Certificate Pending
235	Letters sent out. (Dated 2/20/2020 with 3/20/2020 response deadline.)

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Act No. 7261 Virgin Islands Economic Stability Act – VIESA

July 26, 2020 Excerpt from Legislative Testimony: Act No. 7261 – Virgin Islands Economic Stability Act (VIESA) was signed into law by Governor John P. de Jongh Jr. on July 5, 2011 for the Government of the Virgin Islands to pay \$10,000 to any members of the GERS who had attained 30 years or more years of credited service at date of enactment of this Act and elected to retire between June 30, 2011 and September 30, 2011. For the 340 applications pending completion there are missing NOPAs.

On February 11, 2020, the Administrator wrote to the Director of Personnel seeking assistance with getting GVI Department/Agency HR Officers to process salary change NOPAs for the 286 affected employees. These NOPAs are needed so that GERS can update their employment service histories in order to determine whether they may be eligible for an annuity recalculation.

Act No 7128 (2010)

July 26, 2020 Excerpt from Legislative Testimony: Act No. 7128 – \$3M appropriated from the General Fund for payment to the GERS of employee and employer contributions, as prescribed by title 3, Chapter 27, section 704(i), for hours of annual and sick leave that have been, or will be converted to credited service for members whose date of retirement is between January 1, 2010 and December 31, 2010.

There are now 25 cases pending completion under Act 7128 for 2010. The 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.

Accounting Department

Annuity Payments

No. of retirees as of August 15, 2020 payroll: **8,718**

Total amount paid to retirees and pensioners from October 1, 2019 – August 15, 2020
\$224,252,161.94.

Number of retirees added to payroll from October 1, 2019 – August 15, 2020. **313**

Number of retirees added to the payroll for the August 15, 2020 pay date. **26**

Number of retirees expected to be placed on payroll for the August 31, 2020 pay date: **4**

Number of retirees deleted from payroll from October 1, 2019 through August 15, 2020: **280**

Note: Gross Retiree Payroll for pay date 8/14/20 was \$10,740,236.52

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

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Member Loans Portfolio

PERSONAL LOANS

	6/30/2020	7/31/2020	
Active Personal Loans	2140	1962	
Retiree Personal Loans	967	919	
Auto Loans	1	1	
	3108	2882	

	6/30/2020	7/31/2020	
MORTGAGES			
Construction/Home Improvement	21	22	
Land	30	31	
Purchase/Refinance	40	40	
Totals	91	93	*

Jul-2020

Active PL	-	\$22,043,243.81
Retiree PL	-	11,383,193.33
Auto PL	-	7,727.74
Purchase/Refi	-	1,996,808.61
Construction	-	2,431,089.55
Land Loans	-	643,210.95
GRAND TOTAL		\$38,505,273.99

**It was discovered that two mortgages were not reflected on the record because they were erroneously dissolved. The reason for the increase of 2 units in the Mortgage loans portfolio.*

Operations

St. Croix Office Buildings

SAFETY:

- Fire Pump & Fire Sprinkler System Annual Inspection by VIFD . The work was approved to be completed.

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ENVIRONMENTAL CONDITIONS:

- Common areas maintenance (CAM SERVICES) Proposals for the restoration of landscaping and gardening services were received and are currently under review for the selection of the best service provider.

BUILDINGS:

- Plessen Ophthalmology & CCC Buildings: No major concerns to report.
- GERS Executive Offices Building: Roof Repairs were completed on Friday July 31, 2020.

MAINTENANCE:

- 500 KW. Emergency Electric Generator: Monthly maintenance service was completed. All normal except the exercising program continues pending the Technician availability (Quality Electric & Supplies) Follow up to continue.

HVAC SYSTEMS: We experienced cooling issues with Unit #1 for zone #1 and unit #3 for zone #3. W.R. Nash were called in and the issues were corrected by replacing the Condenser Fan Motors on both Units. Currently all units are functioning normal.

- Water Heater was replaced due to interior rupture of the existing unit approximately 10 years of service.
- Maintenance Storage containers are currently under repairs and will be painted when completed.
- Artificial Water Fountain: Main Recirculating Pump/ Motor was repaired however; due to an unintentional operating error the pump & motor was over heated. Currently the load of the motor is in the border line, which is not safe to operate so unit is down until situation is corrected. (Motor repair shop's Owner is currently Off Island.)

PROJECTS:

- Security guards building renovation project: Approximately 70 % completed. ~~so far so good.~~
- Restoration of landscaping and gardening: Proposals are under review for selection of service provider.
- Glass doors replacement for security purposes: One estimate was received, two others pending.

St. Thomas Office Buildings

Exterior of Building

- The Building's exterior has been checked to make sure that there was no water penetration since the repair work was done. Maintenance will keep monitoring as the rainy season comes in full force in September.

Pumps

- The facility is back on cistern water after several weeks of using WAPA's portable water. Both have been damaged by WAPA's unstable power supply (irregular voltage).

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Lease Agreements

- **Division of Personnel** – New Agreement Pending – With Property and Procurement
- **Department of Justice** – New Agreement Pending
- **Casino Control Commission** – Final draft lease pending with GERS with VICC Edits (Language still pending)
- **ResCare (Job Corps)** – Payments being made on the old lease; new lease still pending
- **Plessen Ophthalmology** – Lease renewed
- **Plessen Admin** – Lease renewed
- **Plessen ASC** – Lease renewed
- **Plessen Trailer** – New lease signed
- **VI Housing Authority** – Current
- **First Bank** – Current*

** Mr. Valdamier Colleens, Senior President of FirstBank, will notify GERS if they will renew lease or not. Currently, there is a FirstBank ATM Machine is located on the first floor.*

Capital Projects – St. Thomas Complex

- **Exterior Skin** - Completed
- **Air Conditioning Project** – A concrete pad was built. Chillers are on order. Fabrication on ductwork has proceeded.
- **Northern Roof** – Advance Restoration Services selected for the roof project. Contract drafted; waiting on all signatures.
- **Tiling** – Replacing carpets after Hurricanes the system is changing all rugs to tile. Chester Construction selected work to begin week of August 10th.
- **Building Tinting** – Work 50% complete. Target completion date is 1st week of September.
- **Estate Hoffman and Nullyberg Fence** - Waiting on Quotes
- **Security Cameras and Panel/Fire Alarm** – Received 3 quotes
- **Transformer Replacement** – Replacement transformer is available. WAPA consulted. Awaiting information from Mr. Fahie. If not received within two weeks will proceed with another license electrician.
- **Lighting Building Exterior with Energy Efficient LEDs** – Contractor selected. Work to commence in September.

Rental and Electricity Collections – Exhibit A

	July 2020	Total FYTD	Arrearages
Rental	\$96,474.01	\$665,261.64	\$138,134.16
Electric	<u>750.19</u>	<u>431,615.63</u>	<u>148,282.58</u>
Total	<u>\$ 97,224.12</u>	<u>\$1,096,877.27</u>	<u>\$286,416.74</u>

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Human Resources

Location	Number of Employees
St. Thomas	69
St. Croix	15
Havensight	22
Total	106

St. Thomas / St. Croix

Classification	Number of Employees
Exempt	31
Supervisory (UIW)	9
Classified (USW)	42
Vacancies	2
	84

Havensight

Classification	Number of Employees
Exempt (Senior Level)	2
Supervisory (Exempt)	4
Classified (USW)	10
Exempt Support Staff	6
	22

Appraisals

Estate Hoffman/Nullyberg (St. Thomas)

Purchase price \$4.1M

Year purchased 2006

Appraised value

- October 2012 - \$3.5M
- March 2017 - \$5M
- June 2020 - \$5M

Estate Coakley Bay (St. Croix)

Purchase price \$5M

Year purchased 2010

Appraised value

- June 2010 - \$5.9M
- November 2013 - \$2.4M
- June 2020 - \$1.9M

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Estate Coakley Bay was rezoned as a plan area development (PAD) for mix-use which lasted for two years. That zoning has expired and GERS will request a rezoning change. The VI Code citations were submitted by McCloskey to GERS. The appraiser indicated that the reason why the Estate Coakley Bay property market value is so low is because of large tracts of land available on St. Croix compared to St. Thomas.

Carambola Northwest LLC

Carambola Northwest LLC closing was July 4, 2019.

A final Board meeting is needed to receive a report on what has transpired since July 4, 2019 (Bank Balances, payments disbursed after July 4, 2019, annual reports filed with the LTG office and franchise taxes paid, accountant's reports, status of \$250K held back in escrow at closing, etc.).

Tentative dates: September 16th or 17th via Zoom between 10:00am – 12pm

Persons expected to be in attendance: Board members - Dr. Callender, Leona Smith, Earl Powell, Pamela Samuel, Austin Nibbs. Staff – Cathy Smith, Denise Jeremiah. Corporate Counsel – Tom Bolt
The consensus for this meeting is September 17, 2020 via zoom at 10:00a.m.

Board Retreat (Virtual) - Tentative Dates Recommended

Tuesday October 20th

Wednesday October 21st

Thursday October 22nd

Note: No board meeting will be held in the month of October

GERS FY 2021 Budget

Expected to be submitted on August 31st

Retiree Trustees Election Schedule – Exhibit B

Announcements will start on September 8, 2020 and it will be published in the Daily News and Avis. September 8, 2020 until October 23, 2020 to pickup and return packages. Packages will be available on St. Thomas and St. Croix complexes.

In regards to Act No. 7261 (VIESA), Dayna Clendinen, Director, Division of Personnel (DOP) indicated that the DOP had reached out to GERS to get more information to begin the process of outstanding NOPAs and a response was received on August 27th. Also, DOP has reached out to Commissioner Thomas regarding the lease with GERS; it is an outstanding issue as of 2005.

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The Administrator shared with the Board that the GERS is expecting issuance of the 2019 Audit at the end of September and it will be submitted to the Actuary. The Actuary will present the actuarial valuation findings in October during the Board of Trustees Retreat.

Committee Reports

Investment Committee – Chairman Callender - No Report. (b). Development Committee – Trustee Leona Smith – No Report (c). Medical Committee Report – Chairman Callender – No Report (d). Budget Committee Report – Trustee Bowry – No Report. (e). Policy Committee Report – Trustee Callwood – No Report.

Treasurer's Report

Denise Jeremiah, CFO read the Treasurer's Report into the record.

Total Collections for July 31, 2020 is \$18.9M and FYTD is \$155.8M and Total Disbursements for July \$24.4M and FYTD is \$242.7M; a Net Cash Deficit of \$5.9M and FYTD is \$86.8M.

A motion was made by Trustee Smith and seconded by Trustee Cohen to accept the Treasurer's Report. The motion passed with 5 Yes (Callwood, Cohen, Smith, Liger and Callender), 1 not voting (Bowry), 1 absent (McDonald).

Investment Officer's Report

Meketa Investment Group made a presentation to the Board of Trustees. Topics discussed were Cash Flow Summary and Retirement System Summary

Cash Flow summary for the month of July 2020 shows a withdrawal of \$15M and a gain of about \$8.8M. Cash Flow YTD shows a withdrawal of \$105M and a gain \$34M. The Current Balance of the portfolio is \$477.7M. The Current Allocation is Total Equity-11%, Total Fixed Income-75%, Alternative Investment Assets-2% and Cash-11%. The Asset Class Performance for the Quarter is 1.8%, YTD is 5.0% and FYTD is 7.0%.

Regular Session

A. New Business

i. Administrator's Recommendation Dates for Virtual Board Retreat

Correspondence will be sent to the Service Providers, (Legal, Investment Advisors, and Auditors). An update will be submitted to the Board of Trustees. The Board of Trustees meeting will not occur in October.

Motion made by Trustee Smith and seconded by Trustee Callwood to go into Executive Session. The motion passed with 6 Yes (Callwood, Bowry, Cohen, Smith, Liger and Callender) and 1 absent (McDonald).

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

August 27, 2020

Executive Session

Motion made by Trustee Callwood and seconded by Trustee Cohen to come out of Executive Session. The motion passed with 6 Yes (Callwood, Bowry, Cohen, Smith, Liger and Callender) and 1 absent (McDonald).

Regular Session

Motion made by Trustee Smith and seconded by Trustee Bowry to accept the June 30, 2020 proposal from WAPA for the Havensight Mall water distribution system and tank in the amount of \$1.8M. The motion passed with 6 Yes (Callwood, Bowry, Cohen, Smith, Liger and Callender) and 1 absent (McDonald).

Privileges of the Floor.

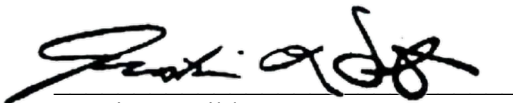
None.

Adjournment.

Motion made by Trustee Smith and seconded by Trustee Bowry to adjourn the meeting. The motion passed with 6 Yes (Callwood, Bowry, Cohen, Smith, Liger and Callender) and 1 absent (McDonald).

The meeting was adjourned at approximately 12:30pm.

The minutes were transcribed from the recordings by Zaida Castro, Executive Assistant to the Administrator, and reviewed and edited by the Secretary to the Board.



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