

**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, December 20, 2018  
9:30 am**

**\*\* AGENDA \*\***

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 11/15/18)
- 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 2019 Board Meeting Calendar
    - (ii). Strategic Plan 2020 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 Matters
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM  
MINUTES BOARD OF TRUSTEES REGULAR MEETING  
DECEMBER 20, 2018**

The Regular Meeting of the Board of Trustees was held in the St. Croix (STX) boardroom and by video teleconference (VTC) to the St. Thomas (STT) conference room. The meeting was called to order at 9:53am. At roll call, all Trustees were present except Trustees McDonald and Smith who were recorded absent.

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

Also, present in the meeting in STX were Pedro Williams, Board Counsel and Yvonne Setorie, Stenographer.

Media present in the meeting on STT was Brian O’Conner of the V.I. Daily News.

**Comments and Suggestions from Retirees**

Retiree in attendance in the STT office Gustave Dowling. No comments made.

No retiree in attendance in the STX office.

Letter read into the record from retiree Allan Paul Shatkin who resides in California.

**Secretary’s Minutes**

Motion made by Trustee Callwood and seconded by Trustee Liger to approve the secretary’s minutes for the regular meeting for November 15, 2018. Motion passed 5 yes, 2 absent (McDonald and Smith).

**Communications and Correspondences**

The administrator read the following correspondences into the record:

1. Letter from Committee on Finance dated November 21, 2018 for administrator to appear to provide testimony on Bill No. 32-0238.
2. Letter from Administrator to Ann Golden, Chair of the Casino Control Commission regarding Notice to Vacate Premises for nonpayment of rents (June 2018 – November 2018).
3. Letter from Bernard Wheatley, CEO Schneider Hospital dated December 3, 2018 in response to administrator’s letter dated November 15, 2018.
4. Letter dated December 7, 2018 from The Office of the Governor-Elect requesting information for the transition team.
5. Letter dated December 10, 2018 from Segal Consulting requesting FY 2018 census information.
6. Copy of a letter dated December 10, 2018 to FirstBank authorizing the release of the final payment for the \$13 million loan to the GVI.
7. Letter dated December 11, 2018 from Usie R. Richards, Vice Chair of Casino Commission acknowledging receipt of GERS’s December 3, 2018 letter.
8. Letter dated December 16, 2018 from Kevin A. Rodriguez, Chair of transition team Government Personnel and Operations Committee requesting information.
9. Email from Brian O’Conner requesting information on double dipping.

Statement made by Trustee Callwood on the quantity of information requested by the transition team. She felt it was a deep dive. Administrator responded that he stated same to the team when they met. However, in an interest of cooperation with the new administration he does not object, because the same information is requested by the Legislature annually.

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**Chairperson's Report**

Chairman Callender reported: 1). There is a change in attitude in the Office of the Governor. 2). Resignation of AG Walker-his negative views about the System. 3). Bill No. 32-0238 – simply continuation of the legislature demand to reinstate the loan program. The Bill is absolutely a waste of time. Bill No. 32-0193 was passed by the 32<sup>nd</sup> Legislature to name the Casino Control Commission building for former Judge Eileen Petersen, despite his letter in objection. Counsels need to review the Bill.

**Presentations, Appearances, and External Meetings**

1. November 26<sup>th</sup> – Evidentiary Hearing at District Court. Called to testify during the hearing.
2. December 3<sup>rd</sup> – 6<sup>th</sup> – Deposition in Charlotte, NC in the LASAR matter.
3. December 13<sup>th</sup> – Met with Mr. Ashby and his consultant in the VI Finest matter.
4. December 13<sup>th</sup> – Met with transition team assigned to the GERS.
5. December 19<sup>th</sup> -Testimony before the Committee on Finance Re: Bill No. 32-0238.
6. December 19<sup>th</sup> – Attended board meeting for Carambola Beach Resort Owners Association.
7. December 19<sup>th</sup> – Attended board meeting for CNW LLC.
8. December 19<sup>th</sup> – Attended Investment Committee meeting re: Jones Lang LaSalle's presentation.

**RECONCILIATION AND CONTROL**

The GVI-DOF is up to date for pay date November 22, 2018.

All the autonomous and semi-autonomous agencies are current except:

1. UVI – is posted through 09/25/2018.
2. WAPA –pay dates outstanding are 09/06/2018 through 11/29/2018.
3. Juan F. Luis – Posted up to 6/22/2017. Outstanding e-files for periods 7/6/2017 through 08/16/2018

**MEMBER SERVICES**

Unaudited Estimated Prior Periods Missing Employer and Employee Contributions based on Annual Benefit Statements as of December 31, 2017.

- **Prior periods employer missing contributions** (excludes lost investment/delinquency fee)-  
**\$72.2 million.**
- **Prior periods employee missing contributions** ((excludes lost investment/delinquency fee)-  
**\$40.3 million.**

\$19 million was appropriated in the miscellaneous section of the FY 2019 budget of the Government of the Virgin Islands for prior periods employer missing contributions. We will continue to bill for each pay date until we can meet with the new administration to agree to quarterly allotments going forward.

On December 13, 2018, we sent a letter to the Acting OMB Director and the Commissioner of Finance for prior periods missing employer contributions billings in the amount of \$247,988.55 for members who retired and are the retiree payroll for December 31, 2018.

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

**Act No 7128 (2010) No Update.**

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**MEMBER SERVICES (Continued)**

**Refunds**

January 1, 2018 – November 30, 2018: Number of applications – 845.

Number of Regular cases (non- vested) 614.

Number of cases completed – 604. Regular (non-vested) 405.

Number of cases pending – 241. Regular (non-vested) 209

Total dollars refunded (1/1/18 – 11/30/18) - \$7,154,278.96. Regular (non-vested) \$6,504,803.76.

**Retiree Applications Received/Annuities Paid - Includes both SAA and Central Government.**

	2012	2013	2014	2015	2016	2017	2018*
STX	-	-	-	147	112	118	160
STT	-	-	-	<u>148</u>	<u>163</u>	<u>127</u>	<u>179</u>
Total	-	-	-	<u>295</u>	<u>275</u>	<u>245</u>	<u>339</u>
Remaining	1	1	0	<u>4</u>	<u>9</u>	<u>30</u>	<u>210</u>

\*As of November 30, 2018

**ACCOUNTING**

**Annuity Payments**

- Number of retirees as of December 14, 2018 payroll - 8,563
- Total Annuity Payments - October 1, 2018-December 14, 2018- \$51,721,893.77  
**(w/Pensioners)**
- Retirees added to payroll from October 1, 2018 – December 14, 2018 -106 Retirees added to payroll for December 14, 2018 - 8
- Retirees expected to be placed on the December 30, 2018 payroll - 28
- Retirees deleted from payroll from October 1, 2018 -December 14, 2018 -16 Gross payroll for the December 14<sup>th</sup> payroll - \$10,347,952.49

**Member Loans Portfolio**

Remaining Personal Loans as of 12/15/18 – 5,712

Remaining Mortgage Loans as of 12/15/18 - 100

Total Loans Remaining 12/15/18 – 5,812

**BUILDINGS**

**White House at Havensight**

Reviewing a quote from L.A. Electric to have accounting for usage separated from WICO to hold out for rental or other income producing project for the System.

**St. Croix Office Complex**

- No firm commitment has been received from J. Benton Construction as to when they would begin the fence/building repairs.
- All work was completed on December 10<sup>th</sup> by contractor for ceiling and plaster work.

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**BUILDINGS (Continued)**

- Discussed additional storage needs with Plessen. Schematic is currently under review. Problems intermittent water infiltration in the ASC which was not previously reported to GERS. Jaredian Designs had previously provided us with recommendations to address another area on the Northwestern side of the building which was successfully remedied. This will be addressed for correction. In addition, the issue of their rental delinquency was raised, a commitment was made to address with Dr. Tawakol.

**Casino Commission Building**

- Repairs still await contractor availability.
- Efforts being made to become more current in their rental payments.

**St. Thomas Complex**

- Custom Builders still waiting for shipping confirmation prior to our issuing a Notice to Proceed to complete the immediate storm repairs. The exterior skin project remains on hold awaiting availability of the contractor.
- Met with Jaredian Designs on November 30<sup>th</sup> to further discuss the proposed option for the upgrades to the A/C System. Jaredian’s **position is that it would be cost effective to select an alternate proposal to what our air-conditioning service provider proposed. Their reasoning was based on several considerations to include: lowest operating and maintenance cost; best energy use, with little environmental impact; the ability to re-use much of the existing infrastructure such as chilled water piping, ductwork and electrical facilities; and shortest construction period with the least amount of time without a/c.** Jaredian recommended that we again meet with our installer to further discuss, prior to making a final decision.
- The lease extension with ResCare was executed by both parties.

**Insurance Claims**

	<u>Total</u>	<u>Havensight</u>	<u>STT Complex</u>
Total settlements	\$7.4	\$5.9	\$1.5
Deductibles	<u>1.8</u>	<u>1.5</u>	<u>0.3</u>
Net collectible	5.6	4.3	1.3
Advance received	<u>1.5</u>	<u>1.0</u>	<u>0.5</u>
Balance to receive	<b><u>\$4.1</u></b>	<b><u>\$3.3</u></b>	<b><u>\$0.8</u></b>

**FEMA Update:**

FEMA has begun to pay the GERS for Categories A and B claims (debris removal and emergency measures). The first check in the amounts of \$77,263.20 (St. Croix Generator) and \$83,760.00 (St. Thomas Generator) for a total so far of \$161,023.20 were received. We are expecting an additional check in the amount of approximately \$200,000.00 for the final St. Thomas Generator payment. GERS will continue to work with our VITEMA and FEMA partners to supplement our insurance proceeds with the permanent work categories to include deductible reimbursement, mitigation, and permanent work on the GERS Main Buildings on both islands and the Havensight Mall.

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**BUILDINGS (Continued)**

**Collections and Arrearages at November 30, 2018.**

Rental Collections - \$26,127.20  
Electrical Collections - \$49,250.61  
Rental Collections FY 2019 - \$304,449.36  
Electrical Collections – FY 2019 - \$233,603.63  
Rental Arrearages - \$124,225.88  
Electrical Arrearages - \$59,948.39

**Employee Relations**

December 14<sup>th</sup> – Annual Employee Recognition Program.

Honorees

- 5 years of service - 2
- 10 years of service - 7
- 15 years of service - 3
- 25 years of service - 1
- 30 years of service - 2
- 35 years of service - 2
- Employees retired in 2018 - 4
- Employees promoted due to vacancies - 8
- New hires in 2018 - 10
- Separated (Resigned) after September 2017 - 18

As of December 20, 2018, there are 85 FTE.

Trustees' requests:

- Callwood – number of employees hired from January 7, 2015 to present.
- Callender – meet with new heads of justice and personnel regarding rents outstanding.

**COMMITTEE REPORTS**

**Investment. (Maynard)** – meeting held on December 19<sup>th</sup>. Presentation by Jones Lang LaSalle. Regarding Havensight Mall and Estate Coakley Bay. **Policy. (Callwood)** – Attorney Williams to send questions gathered from the review of the personnel policy to Asiah Clendinen. Administrator requested that the questions should be forwarded to his office. **Budget. (Callender)** – review of the FY 2019 budget pending.

**Treasurer's Report**

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

The November 30, 2018 report shows receipts and collections for the month of November 2018 in the amount of \$11,463,088 and disbursements in the amount of \$24,858,121, for a net cash deficit of \$13,395,032. The FYTD 2019 receipts and collections are \$25,183,595 and FYTD 2019 disbursements are \$49,616,875, for a net FYTD cash deficit of \$24,433,280. Motion made by Trustee Cohen and seconded by Trustee Maynard to accept the Treasurer's Report for November 30, 2018. Motion passed 5 yes, 2 absent (McDonald and Smith).

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**Investment Officer's Report**

Glenville Henderson, Investment Analyst reported: Ended the month of November 30, 2018 at approximately \$638 million (excludes member loans and office buildings). Total Plan returned 0.8% for the month of November 2018 and underperformed its benchmark by 50bps. Total Equity returned 2.0% and was in line with its benchmark. Total Fixed Income returned 0.4% and underperformed its benchmark by 20 bps. Total Alternative returned 0.6% and underperformed its benchmark by 170 bps. No funds were raised in the month of November. Plan to raise \$10 million in month of December.

**Regular Session**

- Motion made by Trustee Maynard and seconded by Trustee Callwood to approve the 2019 board meeting calendar. Motion passed 5 yes and 2 absent (McDonald and Smith).
- Motion made by Trustee Callwood and seconded by Trustee Cohen to go into executive session. Motion passed 5 yes, 2 absent (McDonald and Smith).
- The Strategic Plan 2020 Update was presented by Asiah Clendinen. A copy of the presentation was made available to the board.

**Executive Session**

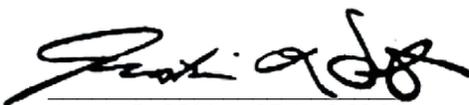
- Motion made by Trustee Liger and seconded by Trustee Maynard to come out of executive session. Motion passed 5yes, 2 absent (McDonald and Smith).

**Regular Session**

Privileges of the Floor.

- Callender – next regular board meeting changed to Monday, January 14, 2019 at 9:30am in St. Thomas.
- Motion made by Trustee Liger and seconded by Trustee Maynard to adjourn. Motion passed 5 yes, 2 absent (McDonald and Smith).

The was meeting adjourned at approximately 1:29pm.



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