

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

**St. Croix GERS Boardroom
Thursday, December 15, 2016
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular 11/22/2016)
- 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). Crisis Response Plan
 - (ii). Proposed Investment Policy Update
 - B. Unfinished Business
 - (i). Approval of Revised Bylaws
 - (ii). 2017 BOT Meeting Calendar

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). Agreement for Legal Services
 - (ii). Personnel
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, DECEMBER 15, 2016**

The Regular Meeting of the Board of Trustees was held at the St. Croix (STX) Boardroom and by videoconferencing (VTC) to the St. Thomas Croix (STT) Conference Room. The meeting was called to order at 9:46am. At roll call, all Trustees were present except Michael McDonald who was excused and Vincent Liger who arrived late. The meeting was chaired by Edgar Ross, Vice Chairman. The Chairman Wilbur Callender and Desmond Maynard participated via VTC from STT.

Staff in attendance in STX: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Nikia Coley, Administrative Assistant to the Board and Bruce Thomas, Investment Officer. Staff participating via VTC from STT: Ishmael Meyers, Jr., Grasilda Dobbins, Evelyn Venner Potter, Lorraine Gumbs Morton, Public Information Officer, Glenville Henderson, Investment Analyst, and Asiah Clendenin, Strategic Planning & Organization Development Officer.

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

Comments and Suggestions from Retirees.

No retirees present in the STT office. In STX retiree **Mary Moorhead** requested: 1). The Administrator to provide the amount of interest paid on refunds for 2016. 2). Disagree with the Governor's legislation that the increase in excise tax on cigarettes should go elsewhere other than towards the unfunded liability. **Phyllis Nielson** stated that monies for the 8% are directed elsewhere other than the GERS. Wonder why? **Debra Christopher** stated that the STX Retirees, Inc. thank the Board of Trustees and GERS. A good working relationship has been developed between GERS and their group. The group looks forward working with GERS in the future.

Patricia Oliver – Active member was told by the Chair to stop interrupting the meeting.

Secretary's Minutes.

Motion made by Trustee Smith and seconded by Trustee Callwood to accept the secretary's minutes for the regular meeting-November 22, 2016. Motion passed 5 yes and 1 absent (Liger), and 1 excused (McDonald).

Communications and Correspondences.

The Administrator read into the record: A letter from the West Indian Company, Ltd. dated December 6, 2016 inviting the management and staff of GERS to the 32nd Annual WICO/HMA Christmas Tree Lighting and Jazz Concert on December 7, 2016.

Chairperson's Report.

The Chairman stated that the Board had planned for Town Hall meetings but they were postponed. Dates are needed for next month.

Administrator's Report.

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

- 1). December 6th - Attended meeting with the Judiciary Re: Bill No. 31-0244
- 2). December 8th – Attended meeting with the Director of Finance for Carambola.
- 3). December 14th - CNW LLC Board of Directors meeting.
- 4). **NOPA Project & V3 Project.** (Next quarterly reporting at the January 2017 meeting)

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Member Services

5). **Missing Contributions.** As of November 3, 2016, based on the Segal study of missing contributions of \$47 million in 2011 – the balance is \$38.9 million.

6). Effective December 1, 2016, we are billing the Office of Management and Budget for the central government departments/agencies missing employer statutory contributions and the ADEC instead of directly to the departments/agencies. Last billing December 9th - \$443,809.74 for missing employer statutory contributions.

7). Retiree Applications Received and Dispositions

a). Of the 219 retirees who retired May 2012 through December 31, 2014, there are 4 retirees remaining to receive their initial annuities.

b). Of the 299 (STX-150/STT-149) retirees who retired in 2015, 274 retirees have received their initial annuities. In progress – 25 in various forms of processing.

c). Of the 246 (STX-101/STT-145) retirees who retired from January 1, 2016 to present, 55 retirees have received their initial annuities. In progress – 191 in various forms of processing.

d). **Summary of retirees that have not received initial annuities by years as of December 31st payroll:**

Year	Remaining To Be Processed	% Annuities Paid
2014	4	98%
2015	25	92%
2016	191	22%
Total	220	

8). **Annuity Payments.** a). October 1, 2016 – November 30, 2016 - \$40,565,448.25 w/pensioners. b). Number of retirees added to the payroll for the October 1, 2016-November 30, 2016: **35**. c). Number of retirees/survivors expected to be placed on the payroll for the December 15th pay date: **7**. d). Number of retirees deleted from the payroll from October 1, 2016 – November 30, 2016: **33**. e). Number of retirees added to the payroll for the November 30th: **7**. Total retirees as of November 30th payroll – 8,522. Gross retiree payroll for the November 30th pay date - \$10,147,599.41.

9). Retiree Distribution by Annual Annuity/# of Annuitants/Average Age based on the 11/30/16 Payroll.

SALARY RANGE	COUNT
Under \$10,000	1029
\$10,001 - \$20,000	1910
\$20,001 - \$25,000	1043
\$25,001 - \$30,000	978
\$30,001 - \$35,000	812
\$35,001 - \$40,000	636
\$40,001 - \$45,000	570
\$45,001 - \$50,000	554
\$50,001 - \$55,000	471
\$55,001 - \$60,000	273

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\$60,001 - \$65,000	135
Over \$65,001	111
	8,522

AGE RANGE	COUNT
Under 50	83
60-65	1524
50-59	1022
66-70	1797
71-75	1705
76-80	1108
Over 80	1283
	8,522

10). **Total Refunds Paid January 1, 2016 to present - \$4,154,744.85.**

11). **VI Lottery Bonus Payments (Act No. 7070).** Total received - \$1,086,331.92. Retirees paid – 7,052. Gross - \$153.78 /Net - \$115.78. Payments were made on November 22, 2016.

12). **Juan F. Luis Hospital and Medical Center (JFLHMC).** December 16th meeting was cancelled by JFLHMC. See General Counsel's Legal Report.

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

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

15). **Section 718(k) Project (ADEC).** To date, we billed a total of \$870,345.38 (GVI - \$633,604.44 – 23 retirees) and (WAPA and VIWMA - \$236,740.94). We received \$633,604.44 from the GVI. No payments received from WAPA or VIWMA.

- Forty-one (41) retirees are impacted as of October 31, 2016.
- Six (6) retirees have been placed on the payroll for October 31, 2016.
- Nine (9) retirees will be placed on the payroll for November 30, 2016.

We have received confirmations from some of the retirees that they will wait to be paid the 3% instead of the 2.5%.

Loans

16). **Total Outstanding Loans as of November 30, 2016 – Approximately \$126.1 million. 7,737 Units.** Active Personal - \$86.7 million, Retiree Personal - \$32.0 million, and Other - \$7.4 million.

17). **Operations** – a). **White House at Havensight.** Completed. Pending occupancy decisions. b). **St. Croix Complex:** 1). Monitoring equipment for the solar system is still under repair by IT. 2). AC sensor failure in Zone #3 has been temporarily corrected. 3). Electronic South gate still malfunctioning. 4). Request by tenant (Plessen Eye) to enclose the walkthrough with glass to provide for a waiting area. Their request is under consideration. Safety issues are being reviewed. c). **STX Old Office Building:** No problems as of report date. d). **St. Thomas Headquarters.** Awaiting the engineer's report on exterior wall problems. Estimated cost to repair approximately \$443K. Air conditioning problems continue. Cleaning of roof and vullemizing continue. e). **Other.** Total Rental Income collections for the month of November 2016 and was \$63.3K and YTD were \$112.1K. Electrical Collections for the month of November 2016 was \$169.1K and YTD were \$17.6K. Arrearages – rental is \$259.5K (DOJ, DOP, and Casino Commission) and electrical is \$41.5K (DOP). Lease negotiations with DOJ and DOP are still pending.

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18). **Havensight Mall.** Refurbishment work is progressing. Expected to be completed at the end of December 2016 or early January 2017.

19). **Appraisals. Expected completion dates.** Estate Hoffman/Nullyberg – 2/28/17. Estate Coakley Bay – 2/28/17. STT Complex – 3/31/17. Carambola – 3/31/17. Havensight Mall – 4/30/17. STX Complex – 9/30/17.

20). **Other**

a). **Legislation –31-0244 – Judiciary Amendments - Pending**

b). **Lonesome Dove**

Act No. 7864 was signed into law by the Governor on April 22, 2016. No proceeds received to date.

c). **GVI \$13 million Property Tax Revenue Anticipation Note**

Term Loan Conversion documents were received on December 8, 2016. Decision by Board pending.

d). **\$15 million Annuity Product - Recommended** by the Governor in the State of the Territory Address – January 2016. Never funded by the Administration.

e). **Employee Relations**

December 16th – The Annual Employee Recognition and Christmas Social will be held at “St. Peter Great House” from 9:00am – 3:00pm. Management and staff would like to extend an invitation to the Trustees to join us for the program (to include breakfast and lunch) and celebrate with us.

Questions:

1). Trustee Smith asked, what is the status of the funds under Act No. 7261 from the Internal Revenue Matching Fund? Response: We received the first \$7 million last year. The past due amount is \$35 million. 2). Trustee Callwood asked if GERS billed the GVI for the ADEC. Response: Yes. For \$1.4 billion. Trustee Callwood suggest that the Board meeting be done by “Live Streaming.” 3). Trustee Callwood stated that she has been speaking with union retirees regarding obtaining their separation NOPAs, etc.

Committee Reports.

No responses.

Internal Auditor’s Report. None.

Four (4) applications were received for the vacancy. Administrator is reviewing for recommendation to the Board.

Treasurer’s Report.

Grasilda Dobbins CFO reported:

The November 30, 2016 report shows receipts and collections for the month of November 2016 in the amount of \$8,664,607.00 and disbursements in the amount of \$22,948,567.00 for a net cash deficit in the amount of \$14,283,960.00. The YTD receipts and collections are \$23,975,215.00 and YTD disbursements in the amount of \$44,948,548.00 for a net YTD cash deficit of \$20,973,354.00.

Motion made by Trustee Smith and seconded by Trustee Maynard to accept the Treasurer’s Report. Motion passed 6 yes and 1 excused (McDonald).

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Investment Officer's Report.

No formal report was available for presentation. Bruce Thomas, Investment Officer reported/presented:

1). **Crisis Response Plan.** The Board requested examples of what constitute a crisis. Assigned to the Policy Committee for review and to give recommendation to the full Board. 2). **Update of Investment Policy Statement.** Need to be updated and assigned to a subcommittee of the Investment Committee for their recommendation to the Board. 3). **Go-Invest (Software Provider).** Would allow the System to forecast the unfunded liability as ad hoc reporting. May reduce actuarial costs. However, VIC requires an independent actuarial review. 4). **Dynamic Asset Allocation.** The implementation continues. 5). Letter sent to **Union Heritage** requesting liquidation of its holdings. A letter was also sent to **State Street** to facilitate settlement.

Regular Session.

Motion made by Trustee Smith and seconded by Trustee Liger to approve the revision to the Bylaws for the 4th Thursday for Regular Board meetings. Motion passed 6 yes and 1 excused (McDonald).

Motion made by Trustee Smith and seconded by Trustee Ross to authorize the administrator to seek to amend legislation to change benefit payments from bi-monthly to monthly effective July 1, 2017. Motion passed 6 yes and 1 excused (McDonald).

Motion made by Trustee Maynard and seconded by Trustee Callwood to approve the 2017 business calendar as amended for STT in March. Motion passed 6 yes and 1 excused (McDonald).

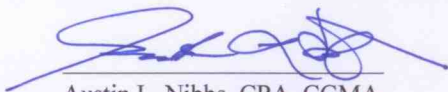
Motion made by Trustee Callwood and seconded by Trustee Smith to go into Executive Session. Motion passed 6 yes and 1 excused (McDonald).

Executive Session.

Motion by Trustee Smith and seconded by Trustee Liger to come out of executive session. Motion passed 6 yes and 1 excused (McDonald).

Regular Session.

The meeting was adjourned without objections at approximately 12:47pm.



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