

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

**St. Thomas GERS Conference Room/St. Croix GERS Boardroom
Thursday, February 22, 2018
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 12/21/17)
- 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 to Name Denise Jeremiah, Assistant CFO, as Signatory to All Accounts
 - (ii). Renewal of D&O Insurance
 - (iii). Approval of Unbudgeted CAPEX to Havensight Mall
 - B. Unfinished Business
 - (i). Approval of Meketa Investment Group Contract
 - (ii). Approval of Payment to WICO for Prior Years' Capital Outlay for Havensight Mall
- 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). Commercial Proposals and Presentations
 - B. Unfinished Business
 - (i). Legal Matters - Attilanus
- XIII. Personnel
- XIV. Privileges of the Floor
- XV. Adjournment

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, FEBRUARY 22, 2018

The Regular Meeting of the Board of Trustees was held at the St. Thomas (STT) Conference Room and by video teleconferencing (VTC) from the St. Croix (STX) Boardroom. The meeting was called to order at 9:42am. At roll call, all Trustees were present except Trustees Callwood (who arrived late at 10:10am) and Vincent Liger. Trustee McDonald was excused. Trustee Cohen participated by VTC from STX.

Staff in attendance in STT: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Jr., Deputy General Counsel, Denise Jeremiah, Assistant, CFO, Evelyn Venner Potter, COO, and Clendenin, Strategic Planning & Organizational Development Officer.

Bruce Thomas, Investment Officer and Nikia Coley, Administrative Assistant to the Board participated by VTC from STX.

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

Press in STX - Avis.

Comments and Suggestions from Retirees. None.

There were no retirees in attendance in STX or STT.

Secretary's Minutes.

Motion made by Trustee Smith and seconded by Trustee Maynard to accept the secretary's minutes for the regular meeting-December 20, 2017. Motion passed 4 yes, 2 absent (Callwood and Liger), and 1 excused (McDonald).

Communications and Correspondences. The Administrator read into the record: 1). Letter dated December 19, 2017 from Milton E. Potter, Director, DOP requesting a 30-day extension to finalize payment of outstanding rentals. 2). Letter dated December 27, 2017 from Administrator to Director of DOP responding to his December 19, 2017 letter granting a 30-day extension. 3). Letter dated January 16, 2018 from Administrator to Delegate to Congress regarding meeting and presentation in Washington, D.C. on January 17, 2018. 4). Letter dated January 29, 2018 from Senator Brian Smith requesting financial documents. 5). Letter dated February 9, 2018 from Milton E. Potter Director of DOP – proposal in settlement of arrearages. 6). Letter dated January 30, 2018 from Trustee Desmond L. Maynard regarding Investment Committee matters.

Chairperson's Report.

The Chairman commented on: 1). Senator Brian Smith's letter to the VI Daily News. Two weeks later (January 24, 2018), the Chairman's response was printed in the VI Daily News. The Chairman stated that the STX Source's presentation was more accurate. 2). Chairman asked if Senator Smith's request for documents were granted? The Administrator responded that the request is for prior years' documents which is voluminous and working on it. 3). Chairman mentioned an analysis was done for employee contributions/employer contributions/investment and the results were in line with CalPERS's. 4). 1099Rs

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Administrator's Report. (The Administrator's Report was distributed and can be referenced or transcript can be read for more detailed information).

Highlights:

Update on Operations – Post Hurricanes Irma and Maria

Systems

- The V3 is back up. Reconciliation and Control Unit is working to input the GVI's contribution files through July 2017 and all autonomous agencies files as received, to allow Member Services to resume processing of initial annuity for those cases that are completed.
- Internet connectivity. Our primary ViNGN is online 100%. We are working with Viya as a temporary (secondary) backup. Still waiting on our secondary back up - SmartNet to come on line.
- The telephone system in the St. Croix office is now working.

Facilities

- In accordance with the Board's directive, we have engaged a public adjuster (World Claim) who is assigned to assess the Carambola damages. We engaged another public adjuster (Richard Cohen) to assess all other GERS properties.
- We are reviewing reimbursable costs for the STT properties that we can claim due to the hurricanes. We will continue to meet with the insurance adjusters to make sure all damages are identified.
- The STX facility did not sustain any damages over the deductible amount.

Retiree Payroll

The retiree payroll is now being processed internally by the payroll staff. The operation is back to normal.

Retiree's Annual Bonus Payment

The annual bonus payment was paid to 7,243 retirees who are 60 years of age as of June 30, 2017 and 1 year on the payroll as of June 30, 2017. The gross payout was \$1,046,643.82. Gross payment each retiree \$144.50. Net payment \$112.71.

1099R

Issued at the end of January to all retirees.

Outstanding Statutory Contributions/Loan Deductions

Major delinquencies:

- 1) Central Government – August 2017 through present. Paid in advance month of January 2018.
- 2) WAPA – August 2017 through present.
- 3) JFL – October 2017 through present. However, owes from 2012 – 2015 and 2018 in the amount of \$6.4 million, including interest and fees \$11.9 million.

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Member Services.

Missing Employer Contributions (Estimated).

1). Based on the Segal's study estimate of missing employer contributions of \$47 million in 2011, the estimated balance outstanding since 2012 to date (central government and autonomous agencies) is \$37.8 million.

2). The balance remaining on the \$1.8 million advance by the central government from the IRMF is \$686,787.89 as of November 30, 2017 payroll. GERS received the \$523,304.39 released by OMB on October 16, 2017 for the payment of Outstanding Employer Contributions owed to GERS.

VIESA (ACT No. 7261). No update.

ACT No. 7128 (2010). Adjustments of annuities for sick and excess annual leave. No update.

Refunds. January 1, 2017 - January 31, 2018:

Number of applications – 631

Number of cases completed - 461

Total dollars - \$3,379,574.16

Retiree Applications. Include both SAA and Central Government.

Of the 296 applications received in 2015 (STX – 148, STT – 148), 285 retirees have received their initial retirement annuity as of the January 31, 2018 retiree payroll. 11 remaining for several reasons other than employer contributions.

Of the 278 applications received in 2016 (STX – 112, STT – 166), 236 retirees have received their initial retirement annuity as of the January 31, 2018 retiree payroll. 42 initial annuities remaining for several reasons other than for employer contributions.

Of the 239 applications received from January 1, 2017 – December 31, 2017 – (STX – 116, STT 123), 15 retirees have received their initial retirement annuity as of the January 31, 2018 retiree payroll. 209 initial annuities remaining for several reasons other than for employer contributions.

Of the 23 applications received in 2018, -0- retirees have received their initial retirement annuity as of January 31, 2018 retiree payroll.

Annuity Payments

Total Retirees-February 2018 payroll: **8,450.**

Total Annuity Payments – October 1, 2017 – February 15, 2018 - \$91,831,523.45 (w/pensioners).

Retirees added to payroll month of January 2018– **0.**

Retirees deleted from payroll month of October 1, 2017–February 15, 2018 - **48.**

Gross payroll for the month of January 2018 - **\$20,361,922.19.**

Loans

Loans outstanding as of January 31, 2018. No update. V3 was down and postings behind due to non-receipt of loan deductions from plan sponsors, especially the central government.

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Operations

Rental Revenue

Collections month of January 2018 (Rents-\$81,298.79 / Electric-\$31,063.00).

Rental YTD January 31, 2018 (Rents-\$502,083.40 / Electric-\$173,430.43).

Arrearages as of January 31, 2018 (Rents-\$227,936.94 / Electric-\$15,760.51).

White House at Havensight.

Internal damage assessment completed. Public Adjuster (Richard Cohen) was engaged to assess damages.

Lease drafted between GERS and VIPTV for 24-month tenancy. Awaiting decision from VIPTV.

St. Croix Office Complex.

Internal damage assessment completed. Minor damages within deductible amount.

Old St. Croix Office Building.

Internal damage assessment completed. Public Adjuster was engaged to assess damages.

Casino Commission Building.

Internal damage assessment completed. Tenant repaired storefront that was damaged.

Public Adjuster was engaged to assess damages.

St. Thomas Office Complex.

Internal damage assessment completed. Public Adjuster (Richard Cohen) was engaged to assess damages.

Roof issues and exterior skin projects are delayed due to the hurricanes.

Appraisals.

All appraisals were completed.

Committee Reports.

None.

Treasurer's Report.

Denise T. Jeremiah, Acting CFO reported: 1). The January 31, 2018 report shows receipts and collections for the month of January 2018 in the amount of \$24,711,845 and disbursements in the amount of \$23,001,138, for a net cash surplus of \$1,710,707. The YTD receipts and collections are \$41,504,810 and

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Treasurer's Report (Continued)

YTD disbursements are \$88,669,840, for a net YTD cash deficit of \$47,165,030.

Motion made by Trustee Callwood and seconded by Trustee Smith to accept the Treasurer's Report.

Motion passed 4 yes, 2 absent (Liger and Maynard), and 1 excused (McDonald).

Chairman Cullender asked what was the \$51 in Auto Loans. Ms. Jeremiah responded most likely insurance payments.

Investment Officer's Report.

Bruce Thomas, Investment Officer reported: Ended the month of January 2018 at approximately \$661.3 million (excludes member loans, -\$113 million, STT office Complex-\$7.6 million, and STX Office Complex-\$3 million).

- No funds were raised in the month of January 2018.
- Total Plan returned 1.9% for the month of January 2018. Underperformed its benchmark by 160bps.
- Total Equity returned 4.9% and underperformed its benchmark by 70bps.
- Total Fixed Income returned 0.2% and outperformed its benchmark by 140bps.
- Total Alternatives returned 0.2% and underperformed its benchmark by 580 bps.

Regular Session.

New Business.

Motion made by Trustee Smith and seconded by Trustee Callwood to ratify poll vote to name Denise Jeremiah, Assistant CFO as signatory to all bank accounts. Motion passed 4 yes, 1 absent (Liger), 1 abstain (Cohen), and 1 excused (McDonald).

Cathy Smith, General Counsel explain to the Board the insurance company unwillingness to write a D&O policy for more than \$5 million. Premium increased 200%. Insurance company concerned about the future of the insured and the ability of the GERS to continue operating. Without a change, unwilling to provide coverage. She explained to the insurance company that the plan sponsor is responsible to fund the System. Section of the code regarding this was sent to the insurance company to determine if this would make a difference in their decision. The current extension expires on March 9, 2018.

Motion made by Trustee Callwood and seconded by Trustee Smith to approve the unfunded Capex to Havensight Mall due to hurricane Irma damages not to exceed \$60,000. Motion passed 5 yes, 1 absent (Liger), and 1 excused (McDonald).

Regular Session.

Unfinished Business.

Motion made by Trustee Smith and seconded by Trustee Callwood to approve the proposed contract with Meketa Investment Group. Motion passed 5 yes, 1 absent (Liger), and 1 excused (McDonald).

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Motion made by Trustee Smith and seconded by Trustee Callwood to approve payment to WICO for prior years' (2012 – 2017) Capex for Havensight Mall in the amount of \$1,142,588.16 in installments at discretion of the Administrator. Motion passed 5 yes, 1 absent (Liger), and 1 excused (McDonald).

Motion made by Trustee Smith and seconded by Trustee Callwood to go into executive session. Motion passed 5 yes, 1 absent (Liger), and 1 excused (McDonald).

Executive Session.

Motion made by Trustee Cohen and seconded by Trustee Smith to come out of executive session. Motion passed 5 yes, 1 absent (Liger), and 1 excused (McDonald).

Regular Session.

Motion made by Trustee Cohen and seconded by Trustee Smith to add to the agenda discussion on VI Finest in executive session. Motion passed 5 yes, 1 absent (Liger), and 1 excused (McDonald).

Motion made by Trustee Callwood and seconded by Trustee Smith to return to executive session for VI Finest discussion. Motion passed 5 yes, 1 absent (Liger), and 1 excused (McDonald).

Executive Session.

Motion made by Trustee Smith and seconded by Trustee Cohen to come out of executive session. Motion passed 5 yes, 1 absent (Liger), and 1 excused (McDonald).

Regular Session.

Motion made by Trustee Smith and seconded by Trustee Maynard to accept Administrator's request to change the NOPA approval and signing process. Motion passed 5 yes, 1 absent (Liger), and 1 excused (McDonald).

Motion made by Trustee Callwood and seconded by Trustee Smith to adjourn the meeting. Motion passed 4 yes, 1 absent (Liger), 1 not voting (Maynard), and 1 excused (McDonald).

The was meeting adjourned at 1:25pm.

 2/28/18
Austin L. Nibbs, CPA, CGMA
Administrator/CEO
Secretary, GERS Board of Trustees