

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

**St. Thomas GERS Conference Room
Thursday, January 21, 2016
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (R: Regular 12/17/2015)
- V. Communications and Correspondences
- VI. Chairperson's Report
- VII. Administrator's Report
- VIII. Committee Reports
- IX. Internal Auditor's Report
- X. Treasurer's Report
- XI. Investment Officer's Report
- 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). Red Legacy Due Diligence
- B. Unfinished Business
 - (i). Inspector General's Report
 - (ii). FY 2016 Budget
 - (iii). Carambola Matters
- XIII. Privileges of the Floor
- XIV. Adjournment

Government Employees Retirement System
Minutes of Board of Trustees Regular Meeting
Thursday, January 21, 2016

The Regular meeting of the Board of Trustees was held at the St. Thomas (STT) Conference Room and by videoconferencing (VTC) from the St. Croix (STX) Boardroom. The meeting was called to order at 9:45 am. At roll call, all Trustees were present except Vincent Liger, Desmond Maynard, and Edgar Ross. Edgar Ross joined the meeting at 10:44 am.

Staff in attendance in STT: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Nikia Coley, Administrative Assistant to the Board, Bruce Thomas, Investment Officer, Charmaine Antoine, Internal Auditor, Ishmael Meyers, Jr., Assistant General Counsel, Grasilda Dobbins, Chief Financial Officer, Evelyn Venner Potter, Chief Operating Officer, and Lorraine Gumbs Morton, Public Information Officer.

Also present were: Pedro K. Williams, Board Counsel and Desiree Francis, Stenographer. A reporter from The Source and the V.I. Daily News (Jonathan Austin) were in attendance in STT, as well as AARP (Virginia Dargan).

Comments and Suggestions from Retirees.

There were no retirees present in the St. Thomas or St. Croix offices. Coach Fahie appeared for about 10 minutes in the St. Croix office and left after the meeting went into Executive Session.

Secretary's Minutes.

Motion made by Trustee Smith and seconded by Trustee Callwood to accept the secretary's minutes for the Regular meeting December 17, 2015. Motion passed 4 yes, 3 absent (Liger, Maynard, and Ross).

Communications and Correspondences.

The Administrator read into the record: 1). Letter dated January 4, 2016 from Government Retirees United for Fairness, Inc. 2). A memorandum from OMB Director dated January 7, 2016 to All Departments and Agency Heads regarding restoration of appropriation reduction – fiscal year 2016. 3). Letter from United Steelworks Union dated January 7, 2016 requesting the 2016 seniority listing. 4). Memorandum dated January 13, 2016 from GERS Administrator to Heads of Departments, Agencies and Instrumentalities regarding retired employees returning to work. 5). An email from GERS Administrator dated January 13, 2016 to V.I. Finest LLC regarding setting up a construction meeting on January 18th or 25th.

Chairperson's Report.

The Chairman made comments: 1). Thanking retirees who participated in the retiree election. Out of 4,612 eligible STT/STJ district retirees only 1,205 voted. 2). Board needs to be proactive that retirees receive their annuities on time. 3). Met with the AARP in St. Thomas. Many of the participants were government retirees. Topics discussed were termination of the loan program and why lending more money to Carambola. 4). A meeting is scheduled with Randy Knight –Chairman WICO on January 22th related to a potential developer (Puerto Rico) for Havensight Mall. 5). Spent 5 days in Havana, Cuba on a Howard University Alumni sponsored trip.

Administrator's Report.

The Administrator reported significant items: **Appearances and Meetings.** 1). Met with Juan Luis Hospital and Medical Center officials on January 12th to finalize the outstanding total contributions that are owed to the GERS. 2). Invited to appear before the Committee on Finance on January 19th to give testimony on Bill No. 31-0169. 3). To meet with V.I. Finest Foods LLC on

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January 25th to discuss construction issues and completion date of the project. **4). NOPA Project.** Overall project is 54% completed. 98% of the autonomous agencies are completed and 92.3% or 36 of the 39 central government agencies are completed. The Division of Personnel (DOP) continues to work with GERS to get the project completed. The work on the annual statement is ongoing. The objective is to produce the annual statement by agency for autonomous agencies that are more than 90% completed. The goal is to begin the process in the first quarter of 2016. As of January 12th, there are now six (6) Project Assistants on the project. **5). V3 Update.** The new V3 reporting tool JIRA shows that there are 132 issues with the GERS for action in various forms. 46 are Critical, 53 are High, 26 are Medium, and 7 are Low. Additional training is planned for the first quarter of 2016. Training is expected to reinforce previous training and reduce the error rate when processing V3 transactions. **6). Missing Contributions Retiree Payroll.** Through January 15, 2016 payroll, of the 218 retirees (updated) who retired between May 2012 and December 31, 2014, there are 14 retirees remaining to receive their initial annuities. The remaining balance left from the \$2.1 million that was allotted by the central government for members retiring between May 2012 and December 31, 2014 is \$110,112.44. Receipt of the final NOPAs and retroactive annuity payments not enough to cover *employee* contributions due are the major reason why these cases cannot be completed timely. There are a few V3 issue related problems which are being addressed, in addition to, receipt of contributions from JFLHMC. Departments/Agencies are being billed for missing employer contributions for those retirees that retired beginning January 1, 2015. **7). Annuity Payments.** a). October 1, 2015 – December 31, 2015 - \$59,853,007.94 w/pensioners. b). Number of retirees added to the payroll for the October 15th – December 31st pay date: 55 c). Number of retirees/survivors expected to be placed on the payroll for the January 15th pay date: 5 retirees. d). Number of retirees deleted from the payroll from October 1, 2015 – December 31st: 44. e). Number of retirees added to the payroll for the December 31st pay date: 9. **8). Retiree Applications.** Number of retiree applications received January 1, 2015 – December 31st: 282 (STX 144, STT 138). Includes both autonomous agencies and the central government. **9). Juan F. Luis Hospital and Medical Center (JFLHMC).** Waiting for a response from the JLHMC's Board regarding our offer of \$200,000 per month until all missing contributions are paid off. **10). Virgin Islands Economic Stability Act – VIESA (ACT 7261).** There are still outstanding issues with the recalculation of 344. The outstanding Issues are being discussed with the Vitech Team during TEAM GERS meetings. Further discussions will be required to address these abnormalities. We continue to have difficulties obtaining the NOPAs for salary increases. **11). Act No 7128 (2010).** There are now 44 cases pending completion under Act 7128 for 2010, where adjustments of annuities have to be made for those retirees where the Government of the Virgin Islands paid for their Sick and Excess Annual Leave. **No update.** **12). Missing Contributions.** Based on the Segal study of missing contributions in 2011 - \$47 million, as of January 14, 2016, the amount outstanding is \$41.3 million. **13). Total Outstanding Loans as of December 31, 2015 - \$151million.** Active Personal - \$105.5 million, Retiree Personal - \$37.6 million, and Other - \$7.9 million. **14). Operations – a). White House at Havensight.** The overall project is 100% complete. As a result of the walk-through some additional scope items were recommended by GERS. We are working with Senator Jackson with creating a museum at the White House. **b). St. Croix Office Building.** We continue to collaborate with the new tenant on completing outstanding items. The installation of the water meter is still pending. All rental payments from the new tenants are received timely. **c). St. Thomas Headquarters.** Advised First Bank of the implementation of the 3% escalation clause for the space housing the ATM machine. **d). Other -** Total Rental Income collected for the month of December was \$83,071.26 and YTD Fiscal Year 2016 was \$248,320.65. Electrical Collections for the month of December were \$46,707.22 and YTD Fiscal Year 2016 - \$118,124.41

Havensight Mall

The FY 2016 Capital Budget for the Havensight Mall is pending a decision on the redevelopment of the Mall.

Legislation

Lonesome Dove

No update.

Pension Reform

Bill No. 31-251 was passed on October 19th and the Governor signed it into law. The Bill was reviewed in house to determine the amendments made and the information was forwarded to Vitech to determine the impact to the V3 System.

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Retiree Trustee Election

The election in the St. Thomas/St. John district concluded at midnight on December 11th and the results were officially issued on December 16th. Of the 4,612 ballots that were mailed to retirees in the STT/STJ district who were on the payroll through September 30, 2015, only 1,220 ballots (26.5%) were returned. The results were Callender – 778, Simmonds – 437, and Spoiled – 5.

Invitation for Bids (IFB)

No response was received from the highest bidder for the Hoffman/Nullyberg property. A follow – up certified/return receipt letter was sent out by the attorney. If no response, we will determine next steps.

Committee Reports.

- 1). Policy Committee. Trustee Callwood. Committee met in December. Sent the Policy Manual to Attorney Smith on January 21, 2016.
- 2). Development Committee. Trustee Smith. Red Legacy due diligence will be discussed in Executive Session.
- 3). Budget Committee. Trustee Callender. The Budget Committee met and will discuss the FY 2016 Budget in Executive Session.
- 4). Investment Committee. Trustee Maynard absent.

Internal Auditor's Report.

The Internal Auditor gave updates on the following: 1). March 12, 2016 will mark 4th anniversary of V3 going live. 2). GERS Draft Business Continuity Plan (Testing). 3). Havensight Mall Review of Leases. 4). GASB 68. 5). GERS Audit of Death Benefits. 6). Internal Audit ensuring Completeness and Accuracy for V3 Balances. 7). Catalog V3 Guided Practices & Standard Operating Procedures (SOPs).

Treasurer's Report.

Grasilda Dobbins CFO reported:

The December 31, 2015 report shows collections for the month of December 2015 in the amount of \$11,792,972.00 and disbursements in the amount of \$22,828,487.00 for a deficit of \$11,035,515.00. YTD FY 2016 collections are \$32,800,654.00 and disbursements are \$68,066,037.00, for a deficit of \$35,265,383.00. Motion made by Trustee Smith and seconded by Trustee McDonald to approve the Treasurer's Report. Motion passed 5 yes, 2 absent (Liger and Maynard).

Investment Officer's Report.

Bruce Thomas, Investment Officer reported: 1). The Total Plan Ending Market Value at December 31, 2015 was \$751million, which includes Attilanus Credit Facility, Carambola, GVI Loan, Kazi, and VI Finest and excludes Loan Program, STT Office Complex, and the STX Office Complex. 2). Raised \$15 million in the month of December. 3). **Total Plan** returned -1.4% for the month and underperformed its benchmark by 22 bps. **Domestic Equity's** returned -2.8% and underperformed its benchmark by 79 bps. **Concentrated Small Cap's** returned -4.7% and outperformed its benchmark by 30 bps. **International Equity's** returned -1.1% and outperformed its benchmark by 79 bps. **Fixed Income's** returned -0.5% and underperformed its benchmark by 19 bps. 4). Continuing to work with custodian to have comingled funds added.

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Regular Session

Motion made by Trustee Smith and seconded by Trustee McDonald to go into Executive Session.

Motion passed 5 yes, 2 absent (Liger and Maynard).

Executive Session.

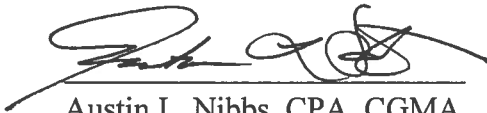
Motion made by Trustee Smith and seconded by Trustee McDonald to come out of Executive Session.

Motion passed 5 yes, 2 absent (Liger and Maynard).

Regular Session

Motion made by Trustee Callwood and seconded by Trustee Smith to adjourn the meeting. Motion passed 5 yes, 2 absent (Liger and Maynard).

The meeting was adjourned at approximately 1:22pm.

A handwritten signature in black ink, appearing to read 'Austin L. Nibbs', with a horizontal line underneath.

Austin L. Nibbs, CPA, CGMA

Administrator/CEO

Secretary, GERS Board of Trustees