

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

**St. Thomas GERS Conference Room  
Thursday, January 26, 2017  
9:30 am**

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

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular 12/15/2016)
- 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). Selection of New Officers
    - (ii). Approval of Jaredian Design Group's Proposal to Repair Exterior Structure of St. Thomas Complex – Not to Exceed \$435,350.00
    - (iii). Ratify Poll Vote to Replace Water Line at Havensight Mall - \$53,474.09
    - (iv). Board's Email Access Presentation – Re: Use of usvigiers.com
- 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). Approval of Agreement for Legal Services
    - (ii). Personnel Issues
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM  
MINUTES BOARD OF TRUSTEES REGULAR MEETING  
THURSDAY, JANUARY 26, 2017**

The Regular Meeting of the Board of Trustees was held at the St. Thomas (STT) Conference Room and by videoconferencing (VTC) to the St. Croix (STT) Boardroom. The meeting was called to order at 9:50am. At roll call, all Trustees were present in the STT Conference Room except Michael McDonald who was excused and Desmond Maynard who was absent.

Staff in attendance via VTC from STX: Bruce Thomas, Investment Officer.

Staff participating in STT: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Nikia Coley, Administrative Assistant to the Board, Ishmael Meyers, Jr., Deputy General Counsel, Grasilda Dobbins, Chief Financial Officer, Evelyn Venner Potter, Chief Operating Officer, Lorraine Gumbs Morton, Public Information Officer, Glenville Henderson, Investment Analyst, and Asiah Clendenin, Strategic Planning & Organization Development Officer. Also, present in the meeting in STT were: Pedro K. Williams, Board Counsel and Desiree Hill, Stenographer.

**Comments and Suggestions from Retirees.**

Pat Oliver (Active) interrupted the meeting. Trustee Ross requested the Board to bar Ms. Oliver from the meetings because only retirees can be entertained in the meetings based on the current law.

Ms. Oliver was asked to leave the meeting by the guard.

STT Retirees. No comments.

STX Rretirees. **Phyllis Nielson.** 1). Asked why items on the agenda are in executive session instead of in regular session? Response: Title 1, Section 254 VIC as it relates to matters pertaining to trade secrets/or financial or commercial information. 2). What rule or law bars active members speaking at meetings? Trustee Callwood responded: The VIC speaks to retirees only. Active members can submit written questions or inquires to the Administrator, or have a retiree ask the questions for them. **Mary Roebuck.** Mentioned that her inquires to the GERS go unanswered. The Administrator responded that he is not aware of any inquires that came to him that were not answered. Ms. Roebuck responded not to the Administrator, but to the staff. The Administrator stated that she should contact his office when this occurs. **Debra Christopher.** Concerned about the OSHA and safety training in the GERS. She offers her assistance. Evelyn Venner Potter, COO responded that over the years training was done. The Administrator will follow up. **Brevin Smith.** 1). Asked if the Board approved the 30% reduction. Response: No. 2). Asked if the GVI is current with its payment of contributions. Response: Yes with current pay periods, but delinquent in payment of employer missing statutory contributions and the actuarially determined employer contributions (ADEC). 3). If the governor does not give GERS the \$100 million, what are the consequences? Response: The fund will continue to experience a deficit between contributions collected and benefit payments and expenses. In 2023 when the portfolio (cash) is depleted, retirees will experience reduce annuities.

**Secretary's Minutes.**

Motion made by Trustee Smith and seconded by Trustee Liger to accept the secretary's minutes for the regular meeting-December 15, 2016. Motion passed 5 yes and 1 absent (Maynard), and 1 excused (McDonald).

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**Communications and Correspondences.** The Administrator read into the record: 1). A memorandum from the Administrator dated December 28, 2016 to all agencies and instrumentalities of the GVI citing the increase in the employee contribution rates for all Tiers effective January 1, 2017. 2). An email dated January 12, 2017 from Divya Bali, Senior Analyst, Government Accountability Office (GAO) inviting the GERS to a fact finding meeting on territorial debt. 3). A letter dated January 19, 2017 from the Administrator to Moletto A. Smith, Jr., Executive Director/CEO, STT East End Medical Center Corporation (a/k/a East End Clinic) regarding delinquency in reporting and payment of employee and employer contributions, and a response letter with the same date from Mr. Smith acknowledging receipt and requesting a contact to begin the reconciliation. 4). Letter from Administrator dated January 23, 2017 to Shambhu Acharya, CFO, Kazi Management requesting a site tour due diligence of all stores in the territory and copies of leases, and the 4<sup>th</sup>Q compliance report, and the 2016 annual audited financial statements. 5). A letter from Administrator dated January 23, 2017 to VI. Finest Foods, LLC detailing observations on the progress of the project and requesting a site visit meeting on January 31, 2017.

**Chairperson's Report.**

The Chairman reported/stated the following: 1). Would have liked to start off the year in a peaceful manner. 2). Read a letter into the record from NAF of STX officials commending Bruce Thomas, Investment Officer on his assistance to the Academy. 3). Responded to Union Heritage's letter. 4). Suspension of the Loan Program mentioned again by one senator before the legislature going sine die.

**Administrator's Report.** The Administrator reported significant items: **Appearances and Meetings.**

1). December 20, 2016 – Follow up meeting held with DOI and US Treasury officials. 2). December 27<sup>th</sup> – Meeting with WAPA Executive Director re: ADEC. 3). December 30<sup>th</sup> – Meeting with Senator O'Reilly and Juan Luis Hospital HR Director. 4). January 4, 2017 – Attended Carambola annual employee recognition program. 5). January 11<sup>th</sup> – Appeared on Redfield's radio program. 6). January 11<sup>th</sup> – Met with Banco Popular re: Carambola. 7). January 18<sup>th</sup> – Met with SIU union representatives re: reorganization. 8). January 25<sup>th</sup> – Attended Carambola board meeting. 9). Upcoming. January 27<sup>th</sup> – a). Meeting with Department of Finance management re: deduction files issues. b). January 30<sup>th</sup> – Attend the State of Territory address. c). January 31<sup>st</sup> – Meeting with VI Finest Foods, LLC team.

**NOPA Project.** The NOPA project is approximately 90% completed. Project Assistants are working on the remaining central government department – Education. The completion date of the project is expected to be the 2<sup>nd</sup> Q of FY 2017 (end of March 2017).

**V3 Project.** There are 139 PMT Post Go-Live issues (all categories – critical, high, medium, and low) at January 22, 2017. 73 are owned by GERS and 66 are owned by Vitech.

**Member Services**

**Missing Contributions.** As of December 30, 2016, based on the Segal study of missing contributions of \$47 million in 2011 – the balance is \$38.9 million.

Effective December 1, 2016, the Office of Management and Budget is being billed for the central government departments/agencies missing employer contributions (retirees and actives) and ADEC instead of directly to the departments/agencies. The latest outstanding amount due as of January 25<sup>th</sup> is \$\_\_\_\_\_. (Pending)

**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 258 (STX-97/STT-161) retirees who retired from January 1, 2016 to December 31, 2016, 62 retirees have received their initial annuities. In progress – 196 in various forms of processing.

# GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

## MINUTES BOARD OF TRUSTEES REGULAR MEETING

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

Year	Remaining To Be Processed	% Annuities Paid
2014	4	98%
2015	25	92%
2016	196	24%
Total	225	

**Annuity Payments.** a). October 1, 2016 – December 31, 2016 - \$60,858,378.35 w/pensioners. b). Number of retirees added to the payroll for the October 1, 2016- December 31, 2016: **52**. c). Number of retirees/survivors expected to be placed on the payroll for the January 15, 2017 pay date: **8**. d). Number of retirees deleted from the payroll from October 1, 2016 – December 31, 2016: **56**. e). Number of retirees added to the payroll for the December 31, 2016: **10**. Total retirees as of December 31, 2016 payroll – **8,516**. Gross retiree payroll for the December 31, 2016 pay date - **\$10,150,105.97**.

**Total Refunds Paid** January 1, 2016 to December 31, 2016 - **\$3,902,903.79**. Note a correction was made from the last monthly reporting. The last report included 2015.

**Juan F. Luis Hospital and Medical Center (JFLHMC).** See General Counsel's Legal Report. Pending settlement conference on February 1, 2017.

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

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

**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. Through December 31, 2016 payroll, twenty-three (23) ADEC retirees were placed on the payroll.

#### Loans

**Total Outstanding Loans as of December 31, 2016 – Approximately \$123.4 million. 7,674 Units.** Active Personal - \$84.5 million, Retiree Personal - \$31.5 million, and Other - \$7.4 million.

**Operations – a). White House at Havensight.** Completed. Pending rental decisions. The #1 option is a museum. **b). St. Croix Complex:** (i). Monitoring equipment for the solar system is still under repair by IT. (ii). Thermostat installed in Zone #3 and working well. (iii). Electronic south gate still malfunctioning. (iv). 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.**

- (i) Leakages continue on the flat areas of the roof. Recent rains caused delay in addressing the problems.
- (ii) Air conditioning system continues to experience problems. Awaiting report from Tempaire and Trane technicians.
- (iii) The damaged exterior skin is allowing moisture to cause corrosion of the structural steel, and also allowing moisture to enter the interior of the building. New exterior skin will resolve these issues. In conjunction with this project, we will undertake the repair of the corroded structural steel columns in the courtyard/parking area of

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the STT Headquarters, and the exterior painting of the building. It is projected that the entire project will cost approximately \$443,050.00 (inclusive of Design Fees). The estimate is before Board to approved not to exceed pending RFP.

e). **Other.** Total Rental Income collections for the month of December 2016 were \$17.9K and YTD were \$130.0K. Electrical Collections for the month of December 2016 were \$-0- and YTD were \$17.6K. Arrearages – rental is \$309.8K (DOJ, DOP, and Casino Commission) and electrical is \$60.8K (DOP). Lease negotiations with DOJ and DOP are pending.

**Havensight Mall.** Refurbishment work is progressing. Expected to be completed at the end of February 2017. Based on discussions with Jaredian, the revised completion date is March 4, 2017.

Slippage due to weather (rain) and restrictions by WICO for contractor to work if there are 3 cruise ships in port. Work to be completed: 1). Sidewalk, 2). Painting, 3). Gate 3 walkway and planters, 4). Canopies on stores 5). New guardhouse, 6). Archway and 7). Fencing.

**Appraisals. Expected completion dates.** 1). Estate Hoffman/Nullyberg – 2/28/17. 2). Estate Coakley Bay – 2/28/17. 3). STT Complex – 3/31/17. 4). Carambola – 3/31/17. 5). Havensight Mall – 4/30/17. 6). STX Complex – 9/30/17.

**Telephone System.** The legacy telephone system was restored last week. There are a few issues, but 95% restored. A new robust system will be installed in the STT office and the STX office will be upgraded.

**Other**

**Legislation –31-0244 – Judiciary Amendments.** SCJ Hodge requested a meeting with the Board.

**Lonesome Dove**

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

**GVI \$13 million Property Tax Revenue Anticipation Note.** Term Loan Conversion documents were executed on December 8, 2016.

**\$15 million Annuity Product -** Recommended by the Governor in the State of the Territory Address – January 2016. Never funded by the Administration. No update.

**Other (Continued)**

**Employee Relations.** Annual Employee Recognition/Christmas Social was held at “St. Peter Great House” on December 16<sup>th</sup>. Chairman Callender attended. The employees voted Employee of the Year for 2016– STT (Pamela M. Krigger - Financial Management Support Specialist) and STX (Kemba Martin-Morgan – Senior Loan

Servicing Officer II). They will receive a \$1,000.00 gift and will also be honored at the annual government –wide Employee of the Year Program in May 2017.

**Collective Bargaining Agreement Negotiations.** Ongoing with the USW (Rank and File) and the SIU (Supervisors/Managers).

**Applications for Vacant Internal Auditor Position.** Received 4 applications.

(i). 2 applicants were eliminated for lack of experience, education requirements, and certification credentials. (ii). 2 applicants were reviewed for possible interviews. (iii). 1 of the 2 applicants reviewed

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for possible interviews had the requisite education and experience but lack the certification. (iv). 1 of the 2 applicants reviewed for possible interviews had the requisite education, experience, and certification credential, but in my opinion, based on my knowledge of that person's work habits and lack of aggressiveness, is not the best candidate for the position. (v). Recommendation – Re advertise the position.

**FY 2017 Budget.** Submitted the FY 2017 Budget to the Budget Committee for review.

The budget incorporates the implementation of the strategic plan's five (5) areas of focus:

(i). Organizational Development. (ii). Stakeholder Engagement. (iii). Technological and Infrastructure Advancement. (iv). Financial/Fiscal Sustainability and Growth. (v). Operational Efficiency and Excellence.

In conjunction with the suspension of the Loans Program, we have reorganized and streamlined and consolidated within divisions and units to expand the knowledge base and reassign employees to assist in the realization of their full potential.

**Committee Reports.** (i). Policy Committee – Callwood. None. (ii). Budget Committee – Callender – Received the 2017 budget. Need a date to meet in person to begin the review. (iii). Investment Committee – Maynard – None. Absent. (iv). Development Committee – Smith. Will have an update when meeting is held with the Havensight Mall Refurbishment Committee. (v). Medical Review Committee – Callender. The committee continues to review cases. Two other cases to be completed.

**Treasurer's Report.** Grasilda Dobbins CFO reported: The December 31, 2016 report shows receipts and collections for the month of December 2016 in the amount of \$15,134,472.00 and disbursements in the amount of \$22,344,329.00 for a net cash deficit in the amount of \$7,209,857.00. The YTD receipts and collections are \$39,109,687.00 and YTD disbursements in the amount of \$67,292,898.00 for a net YTD cash deficit of \$28,183,211.00. Motion made by Trustee Callwood and seconded by Trustee Smith to accept the Treasurer's Report. Motion passed 5 yes, 1 absent (Maynard), and 1 excused (McDonald).

**Investment Officer's Report.**

Bruce Thomas, Investment Officer reported: (i). Ended month of December 2016 at approximately \$732 million (excludes Loans-\$127M, STT Office Complex-\$7.6M, and STX Office Complex-\$3.1M. (ii). Raised \$29M in the month of December from liquidation of Union Heritage. (iii). Plan to raise \$5M in month of January 2017 from LSV. (iv). Total Plan returned 1.1% for the month of December 2016 and underperformed its benchmark by 40bps. (v). Total Equity returned 1.9% for the month of December 2016 and underperformed its benchmark by 40bps. (vi). Total Fixed Income returned 0.1% for the month of December 2016 and underperformed its benchmark by 10bps. (vii). Total Alternatives returned 1.0% for the month of December 2016 and underperformed its benchmark by 130bps.

**Regular Session.**

Motion made by Trustee Smith and seconded by Trustee Liger to have officers remain status quo (Callender – Chairman and Ross – Vice Chairman). Motion passed 3 yes, 2 not voting, 1 absent (Maynard), and 1 excused (McDonald).

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Motion made by Trustee Smith and seconded by Trustee Liger to approve the Jaredian Design Group's Proposal to repair the exterior structure of the St. Thomas Complex for an amount not to exceed \$435,350.00. Motion passed 6 yes, 1 absent (Maynard), and 1 excused (McDonald).

Motion made by Trustee Liger and seconded by Trustee Callwood to ratify the poll vote to replace the water line at Havensight Mall in the amount of \$53,474.09. Motion passed 6 yes, 1 absent (Maynard), and 1 excused (McDonald).

A presentation was made by the Chief Information Technology Officer Terence Thomas on the Trustee's use of the GERS network email address (usvigiers.com)

**Regular Session.**

Motion by Trustee Callwood and seconded by Trustee Smith to go into executive session to discuss matters pertaining to trade secrets/or financial or commercial information. Motion passed 6 yes, 1 absent (Maynard), and 1 excused (McDonald).

**Executive Session.**

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

**Regular Session.**

Motion made by Trustee Smith and seconded by Trustee Liger to adjourn the meeting. Motion passed 4 yes, 2 absent (Maynard and Ross), and 1 excused (McDonald).

The meeting was adjourned at approximately 1:40pm.



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