

**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, June 20, 2019

9:30 am

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 05/16/19)
- 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. **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). Personnel Matters
 - (ii). Legal Matters
 - (iii). WICO
 - (iv). Leadership Development Training
- XIII. Privileges of the Floor
- XIV. Adjournment

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

June 20, 2019

The Regular Meeting of the Board of Trustees was held in the St. Thomas (STT) conference room, and by video teleconference (VTC) to the St. Croix (STX) boardroom. The meeting was called to order at 9:42am. At roll call, all Trustees were present except Trustee Cohen who was excused and Trustee Maynard who was recorded as absent. Trustees Liger and McDonald participated by VTC from the STX boardroom.

Staff in attendance on STT: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Denise Jeremiah, Acting CFO, Glenville Henderson, Investment Analyst, Lorraine Morton, Communication Member Education Specialist, and Asiah Clendinen, Strategic Planning and Organizational Development Officer/Acting COO.

Also, present in the meeting on STT were Pedro Williams, board counsel and Desiree Hill, stenographer.

Media present in STX: Avis.

Comments and Suggestions from Retirees - None.

Secretary's Minutes

Motion made by Trustee Smith and seconded by Trustee Callwood to approve the secretary's minutes for the regular meeting for May 16, 2019. Motion passed 4 yes, 2 absent (Cohen and Maynard), and 1 abstain (McDonald).

Communications and Correspondences.

Correspondence read into the record – Act No. 8171, an Act amending section 13 of Act No. 7261 to increase the annual appropriation from the Internal Revenue Matching Fund to the Government Employees' Retirement System from \$7,000,000 to \$10,000,000 and to allocate forty percent of the appropriation to pay outstanding employer contributions and sixty percent to direct contributions.

Chairperson's Report. None.

1). Letter of resignation received from Nikia Coley. Last day of work is July 5, 2019. 2). Evelyn Potter retired as of May 31, 2019. Thanked Asiah Clendinen for hosting a reception in her honor. 3). There has been recent talk about GERS on the talk shows. 4). At a legislative hearing, senator Jackson asked the omb director if she knew anything about the sale of Carambola. 5). Received a leadership development proposal from UVI – Dr. Haldane Davies.

Administrator's Report.

Presentations, Appearances, and External Meetings and Other

- 1). May 20 – 23. Attended CHRIS in Miami, FL.
- 2). May 28. Met with DOP nominee (Clendinen) and Commissioner of Finance Callwood
Re: Separation NOPAs and GERS issues concerning DOF.
- 3). June 4. Met with AG Denise George. Discussed lease renewal, rent and electrical arrearages, renovations/repairs in rental area, GERS vs. GVI.
- 4). June 4. Met with Tempaire (Kelly) re AC problems and next steps to procure new system.
- 5). June 7. Attended the STT ceremony for Employee of the Year at UVI. STT employee – Rory Andrews.
- 6). June 10. Presented at the monthly GRUFF meeting.
- 7). June 11 – 14. Attended the 2019 NCPERS CEO Pension Summit in Chicago.
- 8). June 25. Invited to speak at Democratic Club breakfast meeting.

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MEMBER SERVICES

ACT No. 7261 - Virgin Islands Economic Stability Act – VIESA No Update.

ACT No. 7128 (2010) No Update.

Refunds

Cumulative for Calendar Year 2019 through April 30, 2019

	Cases in Inventory	Cases Paid 1/1/19-5/31/19	Total Paid
Regular (non-vested)	118	233	\$3,319,605.28
Erroneous	11	25	8,566.21
Employer Share	8	26	102,600.48
SCP Overpayment	<u>24</u>	<u>61</u>	<u>128,686.89</u>
	<u>161</u>	<u>345</u>	<u>\$3,559,458.86</u>

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

	<u>Calendar Year</u>								
	2012	2013	2014	2015	2016	2017	2018	2019	Total
STX	-	-	-	147	112	118	185	62	
STT	-	-	-	<u>147</u>	<u>163</u>	<u>127</u>	<u>219</u>	<u>58</u>	
Total	-	-	-	294	275	245	404	120	
Remaining	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>6</u>	<u>15</u>	<u>88</u>	<u>83</u>	<u>196</u>

Life Certificates Status as of May 14, 2019

A total of 102 life certificates dated March 21, 2019 were sent out to 97 retirees and 5 duty death benefit survivors as follows:

Retirees:

81 - Puerto Rico

14 - Caribbean

2 - International

Duty-Death Survivors:

3 – St. Croix

2 – U.S. Mainland

60-day response deadline is May 21, 2019.

65	Validated
13	Missing Documents
1	Returned by USPS (Insufficient Address)
23	Pending Response
102	

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A question was asked by Trustee Callender if the 23 life certificates that were pending response and the 13 that were missing documents, were the retiree's annuity payments suspended. The answer was yes.

ACCOUNTING

Annuity Payments

Number of retirees as of June 14, 2019 payroll - **8,654**

Total Annuity Payments from October 1, 2018 – June 14, 2019 - \$177,139,095.67 (with pensioners).

Number of retirees added to payroll from October 1, 2018 – June 14, 2019. **359**

Number of retirees added to the payroll for the June 14, 2019 pay date. **25**

Number of retirees expected to be placed on payroll for the June 28, 2019 pay date: **22**

Number of retirees deleted from payroll from October 1, 2018 through June 14, 2019: **221**

Note: Gross retiree payroll for the 6/14/19 payroll: \$ 10,276,604.03.

LOANS

The loan activity is an ongoing reconciliation process:
as of May 31, 2019.

PERSONAL LOANS

	4/30/19	5/31/19	
Active Personal Loans	3526	3455	
Retiree Personal Loans	1686	1686	
Auto Loans	4	4	
	5216	5145	

MORTGAGES

Construction/Home Improvement	23	23	
Land	32	32	
Purchase/Refinance	44	43	
Totals	99	98	
	5315	5243	

OPERATIONS.

Buildings.

White House at Havensight

Pending elevator replacement. Potential tenant.

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St. Croix Office Complex

- Updated proposal for the building repair projects was received from WW Construction. The proposal for the fencing was not received.
- J. Benton Construction completed the façade sealing where there was a water infiltration issue in the area of Plessen Healthcare.
- GERS submitted the letter requested by Plessen to DPNR for permitting to construct additional storage needs on the property.
- The annual fire sprinkler inspection will be completed next week.

Casino Commission Building

- General Counsel will submit a draft of the lease before the end of June to the Casino Control Commission to begin lease negotiations.

St. Thomas Complex

- Roof repairs started by Custom Builders.
- Resources are expected to become available by the end of June to begin the exterior skin project. The bid award letter was issued and Legal provided with all documentation to draft a contract.
- Internal directional signs were replaced.

Rental Collections - Exhibit A

	May 2019	Total FYTD	Arrearages
Rental	\$83,277.08	\$842,094.82	\$74,126.00
Electric	<u>28,197.13</u>	<u>401,924.12</u>	<u>118,302.96</u>
	<u>\$111,474.21</u>	<u>\$1,244,018.94</u>	<u>\$192,428.96</u>

Insurance Claims

FEMA

The GERS continues to work with FEMA on Disaster Recovery Funding. We have opened a project worksheet for the 130+ surveillance cameras at Havensight which has subsequently been approved. This project will cover 90% of the costs not covered by our insurance claim.

GERS received and forwarded the new leases and month to month agreement letter for all tenants without a current lease agreement at the Havensight Mall to FEMA.

Government of the Virgin Islands – Disaster Recovery

The Disaster Recovery Program Management Office has been tasked with coordinating with all agencies in the Territory to identify disaster recovery projects and define project schedules. To date, their team has identified nine (9) disaster-related projects assigned to the GERS and has coordinated with the Witt O'Brien's

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team to forecast project timelines for each of those projects based on the best information available and their expertise.

ODR has requested a meeting on Tuesday, June 25, 2019, to validate the project schedules before including them in the territory-wide disaster recovery reports that will be seen by the ODR Director and Governor.

IT

- Vitech was contacted regarding the definitive technical specifications for a replacement load balancer, which was provided to the vendor along with the model numbers of the current units in production. A quote is expected within ten business days.
- The newly installed APC UPS experienced a blown inverter circuit board module. This unit will have to be replaced. The part is a special-order part and is expected to be ready for installation by mid-July. Prior to installation of the replacement part, a complete power assessment will have to be done.
- UVI CELL training for the Board and make-up sessions have been completed as of June 14th.
- See Exhibit B for Cloud update.

Lonesome Dove

\$200,000 was received from the central government in accordance with Act No. 7864.

Committee Reports- None

Treasurer's Report

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

The May 31, 2019 report shows receipts and collections for the month of May 2019 in the amount of \$14,192,554 and disbursements in the amount of \$23,752,042 for a net cash deficit of \$9,559,487. The FYTD 2019 receipts and collections are \$139,323,934 and FYTD 2019 disbursements are \$191,803,933 for a net FYTD cash deficit of \$52,480,000. Motion made by Trustee Callwood and seconded by Trustee Smith to accept the Treasurer's Report for May 31, 2019. Motion passed 5 yes and 2 absent (Cohen and Maynard).

Comments.

Callwood – increase in annuity and decrease in contributions.

Callender – A senator inquired if the legislators will be invited to the board retreat.

Decision made to invite the senators to the board retreat.

Investment Officer's Report

Glenville Henderson, Investment Analyst reported: Ending Market Value of the Plan as of May 31, 2019 is \$632.4 million (excludes member's loans and the office complexes). For the month of May, the Total Plan returned -0.9% and outperformed its benchmark by 270 bps. Total Equity returned -6.7% and underperformed its benchmark by 20 bps. Total Fixed Income returned 1.3% and underperformed its benchmark by 50bps. Total Alternative returned -1.6% and outperformed its benchmark by 450 bps. No funds were raised in the month of May. Plan to raise \$35M in the month of June. There four (4) active managers (Brandywine, Pugh Capital, Blackrock, and Mesirow).

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Regular Session

Motion made by Trustee Smith and seconded by Trustee Callwood to go into executive session. Motion passed 5 yes and 2 absent (Cohen and Maynard).

Executive Session

Trustee Cohen joined the meeting in executive session.

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

Regular Session

Motion made by Trustee Callwood and seconded by Trustee Smith to approve administrator's recommendation to name Denise Jeremiah CFO effective July 1, 2019. Motion passed 5 yes and 2 absent (Liger and Maynard).

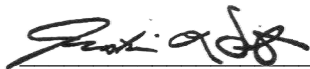
Motion made by Trustee Callwood and seconded by Trustee Smith to accept the proposal submitted by Dr. Haldane Davies to conduct leadership development training for GERS. Motion passed 5 yes and 2 absent (Liger and Maynard).

Privileges of the Floor. None.

Adjournment.

Motion made by Trustee Smith and seconded by Trustee Cohen to adjourn. Motion passed 5 yes and 2 absent (Liger and Maynard).

The was meeting adjourned at approximately 12:25am.



6/25/19

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