

**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 21, 2018
9:30 am
** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 05/24/18)
- 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). Discussion on Vacant Rental Properties (Commercial/Financial Information)
 - (ii). Legal Matters
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, JUNE 21, 2018**

The Regular Meeting of the Board of Trustees was held in the St. Croix (STX) Boardroom and by video teleconferencing (VTC) from the St. Thomas (STT) Conference Room. The meeting was called to order at 9:47am. At roll call, all Trustees were present except Trustees Maynard (absent) and Trustee McDonald (excused).

Staff in attendance on STX: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Asiah Clendenin, SPODO, and Bruce Thomas, Investment Officer. Participating from STT: Ishmael Meyers, Jr., Deputy General Counsel, Denise Jeremiah, Acting CFO, Evelyn Venner Potter, COO, and Glenville Henderson, Investment Analyst.

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

No media was physically present on STT or STX.

Comments and Suggestions from Retirees.

No retirees were in attendance in STT or STX.

Secretary's Minutes.

Motion made by Trustee Liger and seconded by Trustee Cohen to approve the secretary's minutes for the regular meeting of June 21, 2018. Motion passed 5 yes, 1 absent (Maynard), and 1 excused (McDonald).

Communications and Correspondences. The Administrator read into the record a letter dated June 1, 2018 from Senator Nellie Rivera-O'Reilly requesting personnel and FEMA related information.

Chairperson's Report.

The chairman commented briefly on the following: 1). Proposals sent to legislature by the governor. 2). The governor finally realized that there are GERS problems. 3). Proposals would only carry over the system for 1 year. 4). Plan sponsor has no legal oversight of the system.

Highlights:

Presentations, Appearances, and External Meetings

1). June 6th – Attended Bryan/Roach town hall meeting on the GERS. 2). June 13th – Attended evidentiary hearing at District Court for GERS vs. GVI. 3). June 18th – Attended LSAR/Attilanus mediation in New York. 4). June 20th – Attended the CNW, LLC board meeting.

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING THURSDAY, JUNE 21, 2018

Update on Operations – Post Hurricanes Irma and Maria

Systems

- The V3 system is operational with no major issues to report. There are plans to replace the current SAN with the replacement unit during the summer, tentatively in August.
- IT has met with Dell regarding updating the performance analysis of the legacy servers and specifications for the replacement of desktop computers. New hardware is expected to be ordered this summer.
- IT has brought on-board two new staff members, IT Support Specialist and Business Systems Analyst. However, Database Administrator last day was June 15th.
- Work continues the Time Clock Plus system upgrade. This new system replaced the current version that became end-of-life in December 2017. The new system is cloud-based.
- Project planning for the complete upgrades to DocLink, MAS 500 and the Sage systems has begun.
- 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 new telephone system in the St. Croix office is now working and upgrades were completed. Training was conducted.

Communications

- GERS' primary internet service via viNGN is fully operational and no outages have been experienced in the past 30 days.
- Viya continues to provide the backup internet service for GERS St. Thomas, in the event the primary circuit goes down.
- SMARTNet circuits are still offline. There is no new projected date for restoration.

Avaya IP Office (Telephone System)

- Phase I of the new telephone system is complete. There are no major issues with the system.
- Phase II is scheduled for implementation by the end of November 2018. This phase will include call accounting and call center management.

Insurance Claims (Facilities)

- Public Adjusters (World Claim and Richard Cohen) continue to represent GERS with the assessments of the properties and insurance claims (including Carambola). Carambola has received two advances so far totaling \$8 million.
- See FEMA Damage Assessment/Reimbursables. EXHIBIT A.

Outstanding Statutory Contributions/Loan Deductions Delinquencies:

- 1) Central Government – Pay dates December 21, 2017 and February 1, 2018.
- 2) East End Medical Center – Pay dates February 1, 2018 – June 7, 2018.

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, JUNE 21, 2018**

Member Services.

Missing Employer Contributions (Estimated).

- 1). The balance remaining on the \$1.8 million advance by the central government from the Internal Revenue Matching Fund is \$570,243.01 as of June 15, 2018 payroll. GERS received \$523,304.39 released by OMB to GERS on October 16, 2017 which was applied to the 53 retirees that billings were sent for.

VIESA (ACT No. 7261).

Act No. 7261 calls for appropriated beginning with September 30, 2013 \$7 million from the Internal Revenue Matching Fund. Of the \$42 million due from September 30, 2013 through September 30, 2018, \$28 million was received as of June 15, 2018. Outstanding - \$14 million.

No update on the 340 cases pending recalculation. We continue to have difficulties obtaining the NOPAs for salary increases and have reached out to the Division of Personnel and the GERS Records Department to conduct research to locate these NOPAs. The Project Assistants are inserting the employment history data in the member's records in the V3.

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

Refunds. January 1, 2018 – May 30, 2018:

Number of applications – 482

Number of Regular cases (non- vested) 382

Number of cases completed – 182. Regular (non-vested) 107.

Number of cases pending – 300. Regular (non-vested) 275

Total dollars refunded (1/1/18 – 5/30/18) - \$1,899,136.21

Retiree Applications. Include both SAA and Central Government.

Of the 295 applications received in **2015** (STX – 147, STT – 148), 290 retirees have received their initial retirement annuity as of the May 31, 2018 retiree payroll. 5 remaining for several reasons other than employer contributions.

Of the 278 applications received in **2016** (STX – 112, STT – 166), 256 retirees have received their initial retirement annuity as of the May 31, 2018 retiree payroll. 22 initial annuities remaining for several reasons other than for employer contributions.

Of the 248 applications received in **2017** – (STX – 119, STT 129), 83 retirees have received their initial retirement annuity as of the May 31, 2018 retiree payroll. 165 initial annuities remaining for several reasons other than for employer contributions.

Of the 115 applications received in **2018**, (STX – 56, STT – 59), -0- retirees have received their initial retirement annuity as of May 31, 2018 retiree payroll.

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, JUNE 21, 2018**

Accounting – Retiree Payroll/Annuity Payments

YTD FY 2018 – October 1, 2017 – June 15, 2018 - \$173,216,590.49 (w/Pensioners)

Gross payroll for the June 15th payroll - **\$10,206,895.47**

Number of retirees as of June 15, 2018 payroll – **8484**

Retirees added to payroll from October 1, 2017 – June 15, 2018 – **112**

Retirees added to payroll for June 15, 2018 – **15**

Retirees expected to be placed on the June 30, 2018 payroll - **8**

Retirees deleted from payroll from October 1, 2017 – June 15, 2018 – **183**

Reconciliation and Control

Annual Statements

To be distributed at the end of June 2018:

Phase I:

Tier I - Central Government Employees Annual Benefits Statements – September 30, 2017.

Tier I - Autonomous Agencies Employees Annual Benefits Statements – December 31, 2017.

Phase II:

Tier II - Annual Benefits Statements – Pending successful testing of legislative change, specifically career averaging.

Loans (Activity being reconciled). A Loans Coordinator as hired to supervise and give direction to the loan staff. The loans section has many problems related to data fixes and functionality fixes.

Operations Rental

Revenue

Collections month of May 2018 (Rents-\$79,695.25 / Electric-\$0-).

Rental YTD May 2018 - \$1,023,423.21 (Rents-\$798,227.98 / Electric-\$225,195.23).

Arrearages as of May 30, 2018 - \$306,935.85 (Rents-\$236,103.95 / Electric-\$70,831.90).

White House at Havensight.

Lease negotiations at a standstill with V.I. Public Television. They have not responded to the June 8th deadline. A decision will be made by management by the end of the month regarding occupancy.

St. Thomas Office Complex (No Significant Change)

This building has many infrastructure issues. Roof, exterior skin, and air conditioning (AC). The roof and the exterior skin projects are delayed due to the hurricanes and availability of contractors. WAPA interruptions have been a challenge for the AC system. This project is still in discussion. There has not been a meeting of the minds between the consultant and Jaredian and the service provider. There is major disagreement on the approach and necessary infrastructure. A complete report was expected at the end April and have not been received. My impression is that consultants and contractors have more economical projects in their inventory because of the demand after the hurricanes. The contractor has stated that they will not be available for another six months in addressing the exterior skin repair project.

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, JUNE 21, 2018**

V.I. Housing Finance Authority has expressed an interest in renting the vacant space on the first floor. A June 20th site visit is scheduled.

St. Croix Office Complex

- Obtaining quotes for repairs to the fencing and the western gate.
- The glass replacement to the board's kitchen window damaged by a bullet is scheduled to be completed by June 25th.

Casino Commission Building

- The review of the draft lease will be completed by June 24th.
- Estimates have been requested to paint the exterior of the building

Trustee Callwood asked if GERS keep in touch with the retirees who have not received their annuities. The answer was yes. The administrator stated that each retiree is assigned a benefit analyst when their application is received. A follow-up question was asked if GERS sends out periodic written communication to retirees who are waiting for their initial annuity. The answer was no.

Committee Reports.

- Development – No report.
- Policy – Reviewing the personnel manual.
- Investment – Committee Chair –Absent.
- Medical Review – No report.

Treasurer's Report.

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

The May 31, 2018 report shows receipts and collections for the month of May 2018 in the amount of \$21,555,439 and disbursements in the amount of \$23,413,906, for a net cash deficit of \$1,858,467. The YTD receipts and collections are \$135,883,479 and YTD disbursements are \$181,606,610, for a net YTD cash deficit of \$45,723,131.

Motion made by Trustee Smith and seconded by Trustee Callwood to accept the Treasurer's Report for May 31, 2018. Motion passed 5 yes, 1 absent (Maynard), and 1 excused (McDonald).

Investment Officer's Report.

Bruce Thomas, Investment Officer reported: Ended the month of May 31, 2018 at approximately \$6716 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 May.
- Contributions of \$11.5 million in month of May – Blackrock U.S. Debt Index.
- Total Plan returned 0.9% for the month of May 2018. Underperformed its benchmark by 30bps.

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, JUNE 21, 2018**

- Total Equity returned 3.3% and outperformed its benchmark by 50bps.
- Total Fixed Income returned 0.1% and underperformed its benchmark by 60bps.
- Total Alternatives returned 0.8% and underperformed its benchmark by 190 bps.
- Fiscal YTD investment management fees - \$1.3 million, and investment consultants fees - \$167K.

Regular Session.

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

Regular Session.

Motion made by Trustee Callwood and seconded by Trustee Liger to reorder the agenda to include the security surveillance quote for the Havensight Mall. Motion passed 4 yes, 2 absent (Maynard and Smith), and 1 excused (McDonald).

Motion made by Trustee Liger and seconded by Trustee Smith to accept the Alliance quote of \$495,500 to install 137 security cameras at the Havensight Mall. Motion passed 5 yes, 1 absent (Maynard), and 1 excused (McDonald).

Motion made by Trustee Smith and seconded by Trustee Liger to adjourn the meeting. Motion passed 5 yes, 1 absent (Maynard), and 1 excused (McDonald).

The was meeting adjourned at approximately 11:52am.

 8/4/18

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