

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

**St. Thomas/St. Croix via Zoom
Thursday, June 25, 2020
9:30 am
** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 05/28/2020)
- 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). Approval of FY 2020 Havensight Mall Budget
 - (ii). Discussion on GERS Funding Taskforce
 - (iii). Board Retreat
 - B. Unfinished Business
 - (i). Board Governance Policy

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/ or personal/ or legal matters; or matters whose premature disclosure will frustrate the implementation of the proposed agency action.

- A. Unfinished Business
 - (i). Havensight Update
- XIII. Privileges of the Floor
- XIV. Adjournment

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

June 25, 2020

The Regular Meeting of the Board of Trustees was called to order at 9:37a.m. The meeting was held in the St. Thomas conference room via Zoom. At roll call, Trustees present were Callwood, Bowry, Cohen, Liger, Callender. Trustees Smith and Clendinen were excused and Trustee McDonald was absent.

Staff in attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Deputy General Counsel, Denise Jeremiah, CFO, Glenville Henderson, Investment Analyst, Asiah Clendinen Gumbs, Acting COO, and Zaida Castro, Executive Assistant to the Administrator and Nikia Coley, Administrative Assistant to the Board of Trustees

Also, present in the meeting were Pedro Williams, Board Counsel, Yvonne Setorie, Stenographer

Comments and Suggestions from Retirees

No comments from retirees.

Secretary's Minutes

A motion was made by Trustee Callwood and seconded by Trustee Liger to approve the Secretary minutes for the May 28, 2020 Regular Board meeting. The motion passed with 5 Yes (Callwood, Bowry, Cohen, Liger, Smith, and Callender), 1 Absent (McDonald) and 1 Excused (Smith).

Communications and Correspondences

None

Chairperson's Report.

No Report.

Administrator's Report.

Presentations, Appearances, and External Meetings and Other

June 1st – Met with the contractor for Havensight Mall Roof Repairs.

June 12th – Attended mediation hearing re: GERS vs VIFF principals.

June 15th – Attended Havensight Mall transition meeting.

June 17th – Attended Budget Committee meeting.

June 19th – Attended Havensight Mall management meeting.

June 22nd – Met with Havensight Mall tenant VI Bridal.

MEMBER SERVICES

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

ACT No. 7128 (2010) No Update.

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Retirement Applications Received/Annuities Paid-Include both SAA and Central Government for May 31, 2020

	<u>Calendar Year</u>						
	2015	2016	2017	2018	2019	2020	Total
STX	147	111	118	178	144	25	
STT	<u>147</u>	<u>163</u>	<u>127</u>	<u>224</u>	<u>171</u>	<u>38</u>	
Total	294	274	245	402	315	63	
Paid	<u>292</u>	<u>271</u>	<u>239</u>	<u>387</u>	<u>261</u>	<u>15</u>	
Remaining	2	3	6	15	54	48	128

REFUNDS

October 1, 2019 – May 31, 2020

	No. Cases Completed	Total Amount	No. Cases Pending
Regular	328	\$4,907,268.36	40
Erroneous	17	13,136.66	6
Employer Share	20	43,214.27	0
Overpayment	<u>120</u>	<u>314,286.16</u>	<u>9</u>
Total	<u>485</u>	<u>\$5,277,905.45</u>	<u>55</u>

Death Benefits

October 1, 2019 – May 31, 2020

Types	No. of Cases <u>Completed</u>	Total <u>Amount</u>	No. Of Cases <u>Pending</u>
Active	24	\$605,349.98	63
Retired	<u>18</u>	<u>817,502.65</u>	<u>23</u>
Total	<u>42</u>	<u>\$1,422,852.63</u>	<u>86</u>

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Life Certificates – As of June 10, 2020

2020 Life Certificate Distribution

Life Certificates – As of June 10, 2020

2020 Life Certificate Distribution

80	Validated
9	Suspended
7	Pending Receipt of Documents*
96	Letters sent out. (Dated 1/31/2020 with 3/1/2020 response deadline.)

*Primarily from Caribbean/International

Benefits Suspended = Address was changed to GERS. Annuity checks will be held by GERS until either a validated Life Certificate or a Death Certificate is received.

Duty/Non-Duty Disability

71 – U.S. Mainland
164 – Virgin Islands

170	Validated
0	Suspended
65	Receipt of Life Certificate Pending
235	Letters sent out. (Dated 2/20/2020 with 3/20/2020 response deadline.)

Accounting Department

Annuity Payments

No. of retirees as of June 15, 2020 payroll: 8,701

Cumulative dollar paid out from October 1, 2019 – June 15, 2020 with pensioners
\$ 181,371,633.26

Number of retirees **added to payroll** from October 1, 2019 – June 15, 2020. **252**

Number of retirees added to the payroll for the June 15, 2020 pay date. **6**

Number of retirees expected to be placed on payroll for the June 29, 2020 pay date: **12**

Number of retirees **deleted from payroll** from October 1, 2019 through June 15, 2020: **236**

Note: Gross Retiree Payroll for June 15, 2020 payroll was \$10,707,675.68.

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PERSONAL LOANS

	4/30/2020	5/31/2020	
Active Personal Loans	2442	2372	
Retiree Personal Loans	1083	1041	
Auto Loans	2	1	
	3527	3414	

MORTGAGES

Construction/Home Improvement	21	21	
Land	30	30	
Purchase/Refinance	40	40	
Totals	91	91	

Active PL	-	\$24,632,305.13
Retiree PL	-	\$12,083,674.17
Auto PL	-	\$7,727.74
Purchase/Refi	-	\$2,043,384.96
Construction	-	\$2,238,038.00
Land Loans	-	\$656,229.26
GRAND TOTAL		<u>\$41,661,359.26</u>

Operations

St. Croix Office Buildings

Environmental conditions:

Common areas maintenance (CAM SERVICES) (2) Proposals received for restoration of Landscaping & Gardening services and a third by June 17th.

Buildings:

- GERS Executive Offices Building: Roof repair pending vendor travel plan due to COVID-19 situation.
- Hurricane shutters were ordered for the Casino Control Commission Front Doors. (Oversight during the repairs and renovations)

Maintenance:

- 500 KW. Emergency Electric Generator: Monthly maintenance was completed, and all is normal with equipment.

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- HVAC systems: Quarterly maintenance was completed on June 5, 2020. Two minor issues occurred:

Projects:

- Trash dumpster's enclosure project completed 100% and area is being maintained aesthetically organized.
- Security Guard's building renovation: Proposals received, and contractor selected (Brothers Construction Inc.).
- Glass doors replacement for security purposes (Active Shooter Protection) to be placed at the following locations; entrance to corridor east end of Bldg.; entrance to corridor west end of Bldg.; entrance to Loans & Benefits areas. Pending receipt and review of quotes.

Quotations:

- Quotation requested from A/C service provider for monthly filter change received from W.R Nash V.I. Inc.
- Quotation requested from Cleaning Companies for Cleaning & Disinfecting Common areas received.

St. Thomas Office Complex

Facility Repairs

- The repair work is 98% completed. The gutters were totally replaced. The newly installed gutters will catch all the rainwater from the roofs.
- Work has begun on the resealing of the covered parking lot area
- Contractors selected for the following approved projects:
 - Tinting of the all windows, and storefront with energy efficient heat protection tint
 - Tiling of offices with carpet

Northern Roof

Jaredian delivered the plans for the northern roof. RFP will be posted in the Newspapers starting the week of June 15th for two (2) weeks.

A/C Contract Activity

- Design specification and product information was provided to Jaredian for review
- Jaredian indicated that coils needed to be dipped for longer life in our climate/elements
- Dipping was not included in the original RFP – awaiting a quote on cost.

Upcoming Chillers' Pad in Parking Lot

- The area where the new chillers will be located has been cleared and the contractor is in the process of preparing to cast the concrete slab.

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Estate Nullyberg and Hoffman

The survey was completed. Plans were received from Jaredian Designs. We will seek three quotes/bids based on the drawings for the fence/wall.

Division of Personnel

Stopped worked for 2 days due to environmental/air quality concerns.
Completed final walk through of work/renovations.

Projects and quotations for Covid -19 safety precautions:

- Received three (3) quotes for disinfecting and sanitizing the building
- Security Guard Station in the GERS Main Lobby – Installed Plexi Glass Shield Protector from visitors.
- Tempaire will change the filters to high efficiency a/c filters as prescribed by OSHA monthly.
- One-time courtesy face covering ordered and received and distributed to employees
- Supplies (Tissue, Wipes, Disinfectant Spray) were ordered for staff

Rental and Electricity Collections

	May 2020	Total FYTD	Arrearages
Rental	\$50, 172.93	\$509,894.35	\$83,107.72
Electric	<u>32,676.19</u>	<u>415,100.82</u>	<u>105,661.61</u>
Total	<u>\$82,849.12</u>	<u>\$924,995.17</u>	<u>\$188,769.33</u>

Retiree Elections

Vendor

Election America, Inc. – Mineola, NY

Voting Method Options

Paper Ballot

Interactive Voice Response (IVR)

Online

Cost

High as \$8,955

Low as \$5,471

Timeline (October 5, 2020 – January 18, 2021)

October 5, 2020 – GERS announces notice of the election and nomination packets are available.

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October 24, 2020 – Nominations packets are due back to GERS by 5pm.

October 26, 2020 – GERS begins the candidate vetting process reviewing nomination packets

November 5, 2020 – Candidates re notified by GERS.

November 9, 2020 – GERS provides Election with the eligible voter file data and candidate information.

December 2, 2020 – Election opens. Ballots are mailed and online/telephone voting opens at 9:0am.

January 11, 2021 – Election closes at 5pm

January 13, 2021 – Yes Elections provides results via e-mail.

January 18, 2021 – GERS announces results.

Trustee Cohen suggested that the announcement date be moved back 30 days to give potential candidates adequate time to obtain signatures, etc. for nomination packet.

Committee Reports

Investment Committee – Chairman Callender - No Report. (b). Development Committee – Trustee Leona Smith – Excused Absence (c). Medical Committee Report – Chairman Callender - No Report (d). Budget Committee Report – Trustee Bowry – The Budget Committee met on June 17th to discuss the proposed Havensight Mall Budget and a recommendation will be presented to the Board under Regular Session. (e). Policy Committee Report – Trustee Callwood – Recommended changes for the Board Policy Manual were submitted and will be presented to the Board of Trustees under Regular Session Unfinished Business.

Treasurer's Report

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

Total Collections for May 31, 2020 is \$14M and FYTD is \$123.5M and Total Disbursements for May \$23.1M and FYTD is \$194.6M; a Net Cash Deficit of \$9M and FYTD is \$71.1M.

A motion was made by Trustee Cohen and seconded by Trustee Callwood to approve the Treasurer's report. The motion passed with 4 Yes (Callwood, Cohen, Liger, and Callender), 1 Not Voting (Bowry), 1 Absent (McDonald), 1 Excused (Smith).

Investment Officer's Report

Glenville Henderson, Investment Analyst reported:

Total Plan Performance. Total Plan Return is 0.9% for the month of May; Total Equity return is 5.3% and inline with its benchmark; Total Fixed Income is 0.4% and underperformed its benchmark by 10bps; Total Alternatives is 1.1%.

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Notable Fund Performance. Russel 1000 Index Return is 5.3% Pugh Capital Return is 0.6% and outperformed its benchmark by 16bps; US Debt Index return is 0.5% and US TIPS is 0.3%.

The monthly cashflow update ended with \$560M (excludes Members Loans Program and St. Thomas/St. Croix office complexes); No funds raised in the month of May; Beginning Market Value is \$555M; Net Cash Flow is -\$19K, Income is \$275K; Gain/Loss \$5M; Ending value of \$560M.

Investment Management/Custodian/Consulting Fees for the month of May is \$20K; CYD is \$227K; and FYTD \$359K.

Regular Session

A. New Business

i. Approval of the FY 2020 Havensight Mall Budget

Trustee Bowry stated that the Budget Committee is recommending the Havensight Mall budget of \$2,869,275 for FY 2020 be approved by the Board of Trustees. The total operating budget is \$1,366,700 with total capital outlay in the amount of \$ \$1,502,575 with a grand total of \$2,869,275 for the period of April 2020– September 2020. A motion was made by Trustee Bowry and seconded by Trustee Callwood to approve the FY 2020 Havensight Mall Budget grand total of \$2,869,275 covering April 1, 2020 – September 30, 2020. The motion passed with 5 Yes (Callwood, Bowry, Cohen, Liger, Smith, and Callender), 1 Excused (Smith) and 1 Absent (McDonald).

ii. Discussion on the GERS Task Force

The Board of Trustees discussed their thoughts about the Task Force:

- The composition, (12 members) does not match with the mission.
- The Executive Order states that the Task Force is not a decision-making Board, but an advisory board assigned to create a funding plan via technical advice; this includes amending laws and language. These changes should not impact old members only new members to discourage lawsuits especially from members that are vested in the system.

Administrator Nibbs was approached by Governor Bryan about developing a future Task Force and he provided suggestions; however, the present Executive Order by Governor Bryan does not include a GERS Board member or employee. GERS has submitted to GVI all studies regarding the insolvency of the system.

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Another suggestion to GVI was approaching the Federal Government, US Treasury to borrow \$2B for a term of 30 years, with no principal or interest payments for 10 years at an interest rate of 2 – 3. This would allow GERS to invest the money in the portfolio. However, the employer would have to increase the employer contribution rate.

Also, an Insurance company was considered where GERS would have pledged members life insurance policies as collateral. The terms and conditions were not in the best interest of GERS. Also, members would have had to agree to allow GERS to purchase life insurance policies on their life.

iii. Board Retreat

The Board Retreat was scheduled for July but was tabled due to the COVID-19 pandemic for further discussion. Some participants in the past were actuary, investment advisors, CPAs, auditors where topics such as governance and ethics training, which is an annual requirement, were discussed. Trustee Bowry suggested a scale down version virtual retreat. Administrator Nibbs recommended to discuss the GERS and Havensight Mall Strategic Plan at the Board retreat. Other topics to be considered are preparing members/retirees for life after insolvency via webinars and podcasts. Administrator Nibbs will be submitting to the Board a recommendation regarding the upcoming virtual retreat, suggested to be held in October.

Unfinished Business

i. Board Governance Policy

Trustee Callwood introduced to the Board changes regarding conducting electronic meeting procedures and policy provisions. If a Trustee is out of the territory, for example, and prefers to participate electronically, they will have full coverage of the meeting as if they are present; providing the Chairperson proper notice of availability and attendance. In the past, the policy was that if the Trustee was available via phone and in the territory, the Trustee was allowed to vote, but if the Trustee was off island the Trustee could not vote.

Also, the Policy committee made changes to Trustees Responsibilities such as attendance, committee service, presentation and education, how to approach conversations outside, code of conduct, and how to avoid the appearance of nepotism. Based on the policy, Trustees can participate in interviews and represent themselves but not the board, unless permission is granted by the Chairperson.

The Board of Trustees recommended that the cumulative value of gifts including meals or entertainment be adjusted to \$250.00.

The policy committee recommended to the Board to remove item#2B (adopt a neutral position or no position on legislation or regulation) in order to preserve the Board's right in taking a position. The Board agreed.

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The topic of Sexual Harassment and discrimination will be inserted into the Board Policy Manual. The committee will look at the GERS Handbook and use it as a sample. The final copy will be presented in the next board meeting.

Motion made was by Trustee Bowry and seconded by Trustee Cohen to go into Executive Session to discuss matters pertaining to trade secrets/or financial or commercial information/or personal/or legal matters; or matters whose premature disclosure will frustrate the implementation of the proposed agency action. The motion passed with 5 Yes (Callwood, Bowry, Cohen, Liger, and Callender), 1 Excused (Smith) and 1 Absent (McDonald).

Executive Session

Motion made by Trustee Cohen and seconded by Trustee Bowry to accept the Oversight Committee's recommendation for Havensight Mall tenants effective July 1, 2020.

- 1). Suspend ground lease deferment effective July 1, 2020
 - b). 50% of deferment for months of April, May, and June 2020 beginning September 1, 2020 until paid off.
- 2).a) Tenants not substantially dependent on cruise ship traffic to survive should continue/begin to make regular rental payments effective July 1, 2020.
 - b). 50% of deferment for months of April, May, and June 2020 beginning September 1, 2020 until paid off.
- 3). For merchants substantially dependent on cruise ship traffic continue deferment until September 30, 2020.

The motion passed with 4 Yes (Callwood, Bowry, Cohen, and Callender), and 1 Excused (Smith) and 2 Absent (Liger and McDonald).

Motion made by Trustee Cohen and seconded by Trustee Bowry to a come out of Executive Session. The motion passed with 4 Yes (Callwood, Bowry, Cohen, and Callender), and 1 Excused (Smith) and 2 Absent (Liger and McDonald).

Regular Session

Privileges of the Floor.

None.


Motion made by Trustee Bowry and seconded by Trustee Cohen to adjourn the meeting. The motion passed with 4 Yes (Callwood, Bowry, Cohen, and Callender), and 1 Excused (Smith) and 2 Absent (Liger and McDonald).

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
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Adjournment.

The was meeting adjourned at approximately 12:49p.m.



Austin L. Nibbs, CPA, CGMA

Administrator/CEO

Secretary, GERS Board of Trustees