

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

**St. Thomas GERS Conference Room/St. Croix GERS Boardroom
Thursday, March 22, 2018
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 02/22/18)
- 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. REGULAR SESSION
 - A. New Business
 - (i). Presentation Actuarial Solutions Provider
 - (ii). Ratify Poll Vote to Initiate a Securities Fraud Class Action Against Wage (NYSE)
as Recommended by Litigation Attorney – Barrack, Rodos & Bacine
- 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. Unfinished Business
 - (i). Attilanus Update
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, MARCH 22, 2018**

The Regular Meeting of the Board of Trustees was held at the St. Thomas (STT) Conference Room and by video teleconferencing (VTC) from the St. Croix (STX) Boardroom. The meeting was called to order at 9:51am. At roll call, all Trustees were present except trustees Liger and McDonald who were excused. Trustee Cohen participated by VTC from STX.

Staff in attendance in STT: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Jr., Deputy General Counsel, Evelyn Venner Potter, COO, and Asiah Clendenin, Strategic Planning & Organizational Development Officer, and Glenville Henderson, Investment Analyst.

Bruce Thomas, Investment Officer and Nikia Coley, Administrative Assistant to the Board participated by VTC from STX.

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

Press in STX - Avis.

Comments and Suggestions from Retirees. None.

Retirees in attendance in the STX office were Patricia Oliver and Urman Fahie. Mr. Fahie commended the GERS for taking the GVI to court. The administrator informed Mr. Fahie that 2016 was not the only time that the GERS took the GVI to court. GERS did in 1981, 1994 and 1996. Mr. Fahie also commented on a lady (retiree) whose loan matured and the deduction has not stopped.

There were no retirees in attendance in STT office.

Secretary's Minutes.

Motion made by Trustee Smith and seconded by Trustee Callwood to accept the secretary's minutes for the regular meeting-February 22, 2018. Motion passed 5 yes, 2 excused (Liger and McDonald).

Communications and Correspondences. The Administrator read into the record a letter dated February 26, 2018 from Kurt A. Vialet, Chairman, Committee on Finance requesting annual information for FY 2018 and priorities for FY 2019. GERS requested the following dates to appear before the committee: 1st choice – June 27th, 2nd choice – June 28th, 3rd choice – July 18th, and 4th choice – July 19th.

Chairperson's Report. None.

Administrator's Report. (The Administrator's Report was distributed and can be referenced or transcript can be read for more detailed information).

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING THURSDAY, MARCH 22, 2018

Highlights:

Update on Operations – Post Hurricanes Irma and Maria

Systems

- The V3 has been restored. Reconciliation and Control Unit is working to input the GVI's contribution files through July 2017 and all autonomous agencies files as received, to allow Member Services to resume processing of initial annuity and refunds for those cases that were completed.
- 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 telephone system in the St. Croix office is now working and upgrades will be completed by mid-April 2018.

Facilities

- Public adjusters (World Claim and Richard Cohen) continue with the assessments of the properties.
- Continue to accumulate and the assess reimbursable costs for the STT properties. Deadline was extended.

1098 – Mortgage Interest Statements.

Issued during the month of February.

Outstanding Statutory Contributions/Loan Deductions

Major delinquencies:

- 1) Central Government – August 2017 through December 21, 2017 pay dates.
 - 2) East End Medical Center – February 1, 2018 – March 1, 2018 pay dates.
 - 3) JFL – October 26, 2017 through February 15, 2018 pay dates.
- However, still owes from 2012 – 2015 employee and employer contributions.

Member Services.

Missing Employer Contributions (Estimated).

- 1). Based on the Segal's study estimate of missing employer contributions of \$47 million in 2011, the estimated balance outstanding since 2012 to date (central government and autonomous agencies) is \$37.2 million.
- 2). The balance remaining on the \$1.8 million advance by the central government from the IRMF is \$686,787.89 as of February 28, 2018 payroll. GERS received the \$523,304.39 released by OMB on October 16, 2017 for the payment of Outstanding Employer Contributions owed to GERS for 53 members.

VIESA (ACT No. 7261). No update.

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

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, MARCH 22, 2018**

Member Services (Continued)

Refunds. January 1, 2018 – February 28, 2018:

Number of applications – 349 (includes 170 cases carried over from 2017)

Number of cases completed – 32

Number of cases pending - 317

Total dollars refunded (1/1/18 – 2/28/18) - \$330,522.55

Retiree Applications. Include both SAA and Central Government.

Of the 295 applications received in 2015 (STX – 147, STT – 148), 285 retirees have received their initial retirement annuity as of the February 28, 2018 retiree payroll. 10 remaining for several reasons other than employer contributions.

Of the 278 applications received in 2016 (STX – 112, STT – 166), 236 retirees have received their initial retirement annuity as of the February 28, 2018 retiree payroll. 42 initial annuities remaining for several reasons other than for employer contributions.

Of the 246 applications received from January 1, 2017 – December 31, 2017 – (STX – 117, STT 129), 15 retirees have received their initial retirement annuity as of the February 28, 2018 retiree payroll. 231 initial annuities remaining for several reasons other than for employer contributions.

Of the 37 applications received in 2018, -0- retirees have received their initial retirement annuity as of February 28, 2018 retiree payroll.

Accounting

Annuity Payments

Total Retirees-as of March 15, 2018 payroll: **8,451.**

Total Annuity Payments – October 1, 2017 – March 15, 2018 - **\$112,137,878.24** (w/pensioners).

Retirees added to payroll October 1, 2017 – March 15, 2018 – **16.**

Expected to be placed on the March 31, 2018 payroll– **19.**

Retirees deleted from payroll month of October 1, 2017–March 15, 2018 - **120.**

Gross payroll for the March 15th payroll - **\$10,156,890.95.**

Loans (Activity being reconciled).

No update. V3 was down and postings behind due to non-receipt of loan deductions from plan sponsors, especially the central government.

Operations

Rental Revenue

Collections month of February 2018 (Rents-\$17,992.72 / Electric-\$990.43).

Rental YTD February 28, 2018 (Rents-\$520,076.12 / Electric-\$174,420.86).

Arrearages as of February 28, 2018 (Rents-\$287,556.88 / Electric-\$14,890.63).

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, MARCH 22, 2018

Operations (Continued)

White House at Havensight.

Lease negotiations ongoing with VI Public TV.

St. Croix Office Complex.

Awaiting additional fencing and repairs to the gate damaged by the hurricane. Within deductible amount.

Old St. Croix Office Building.

Internal damage assessment completed. Public Adjuster was engaged to assess damages.

Casino Commission Building.

Rent in arrears for two (2) months.

St. Thomas Office Complex.

Roof issues and exterior skin projects are delayed due to the hurricanes.

Committee Reports.

- Policy - None.
- Investment Committee – Maynard. Committee had a meeting on March 8, 2018. Several trustees attended. On agenda were: 1). Meketa’s presentation for 4Q performance. 2). Havensight Mall property issues. 3). West Bay supermarket discussed. 4). Status of Carambola. 5). Estate Coakley Bay RFP.
- Development Committee – None.

Treasurer’s Report.

Administrator read the treasurer’s report into the record in the absence of the Acting CFO Denise T. Jeremiah.

The February 28, 2018 report shows receipts and collections for the month of February 2018 in the amount of \$16,660,868 and disbursements in the amount of \$22,924,690, for a net cash deficit of (\$6,263,822). The YTD receipts and collections are \$58,165,678 and YTD disbursements are \$111,594,530, for a net YTD cash deficit of \$53,428,852. Trustee Callwood mentioned that approximately \$12 million came in for February 2018 for employee and employer contributions, and the shortfall is approximately \$8 million,

Motion made by Trustee Smith and seconded by Trustee Callwood to accept the Treasurer’s Report for February 28, 2018. Motion passed 5 yes, 2 excused (Liger and McDonald).

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, MARCH 22, 2018**

Investment Officer's Report.

Bruce Thomas, Investment Officer reported: Ended the month of February 2018 at approximately \$651.7 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 February 2018.
- Total Plan returned -1.4% for the month of February 2018. Outperformed its benchmark by 140bps.
- Total Equity returned -3.0% and outperformed its benchmark by 90bps.
- Total Fixed Income returned -0.7% and outperformed its benchmark by 30bps.
- Total Alternatives returned -0.1% and outperformed its benchmark by 340 bps.

Chairman Callender inquired how many managers that will be liquidated next month? Bruce Thomas, Investment Officer indicated all small cap concentrated managers.

Regular Session.

New Business.

Actuarial Service Provider. An audio/video presentation was made by GovInvest. There were vigorous discussions – pro and con. Motion made by Trustee Smith and seconded by Trustee Cohen to table any further discussion on additional actuarial service provider. Motion passed 5 yes, 2 excused (Liger and McDonald).

Motion made by Trustee Smith and seconded by Trustee Callwood to ratify poll vote to initiate a securities fraud class action against Wage Works, Inc. as recommended by litigation attorney Barrack Rodos & Bacine. Motion passed 5 yes, 2 excused (Liger and McDonald).

Motion made by Trustee Callwood and seconded by Trustee Smith to go into executive session. Motion passed 5 yes, 2 excused (Liger and McDonald).

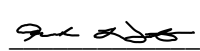
Executive Session.

Motion made by Trustee Callwood and seconded by Trustee Maynard to come out of executive session. Motion passed 4 yes, 1 absent (Smith), and 2 excused (Liger and McDonald).

Regular Session.

Motion on floor to adjourn the meeting. Without objection so ordered by the Chairman.

The was meeting adjourned at 1:17pm.

 3/26/18
Austin L. Nibbs, CPA, CGMA
Administrator/CEO
Secretary, GERS Board of Trustees