

**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, May 24, 2018
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 04/19/18)
- 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). Ratify Poll Vote to Amendment the Moratorium Agreement between the GERS and Kazi Foods Of the Virgin Islands, Inc. to Grant Kazi Foods an Extension to July 1st to Make Full Payment On the Deferred Principal Amount
 - (ii). Authorize the Administrator to Engage a Consultant to Conduct Assessments and Make Recommendations on All Real Estate Properties of the GERS.
 - (iii). Approval of Revised Service Fee Structure Effective June 1, 2018
- 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). Legal Matters
- XIII. Personnel
- XIV. Privileges of the Floor
- XV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, MAY 24, 2018**

The Regular Meeting of the Board of Trustees was held in the St. Thomas (STT) Conference Room and by video teleconferencing (VTC) from the St. Croix (STX) Boardroom. The meeting was called to order at 9:49am. At roll call, all Trustees were present except Trustees Callwood and Smith. Trustee McDonald was excused. Trustees Liger and Cohen participated from STX via VTC.

Staff in attendance in STT: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Jr., Deputy General Counsel, Denise Jeremiah, Acting CFO, Evelyn Venner Potter, COO, Lorraine Gumbs-Morton, PIO, and Glenville Henderson, Investment Analyst. Bruce Thomas, Investment Officer participating via VTC from STX.

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

Media present in STT: V.I. Daily News and TV2. Media present in STX: Avis.

Comments and Suggestions from Retirees. None.

No retirees attended the meeting in STT or STX.

Secretary's Minutes.

Amended the minutes to reflect that Pedro Williams attended the April 19, 2018 meeting in STT via VTC. Motion made by Trustee Maynard and seconded by Trustee Cohen to approve the secretary's minutes for the regular meeting of April 19, 2018 as amended. Motion passed 3 yes, 1 not voting (Liger), 2 absent (Callwood and Smith), and 1 excused (McDonald).

Communications and Correspondences. The Administrator read into the record: 1). A letter dated May 14, 2018 from Senator Kurt Vialet, Chairman of the Committee on Finance inviting the GERS to present on July 18, 2018 at 1:00pm at the Earle B. Ottley Legislative Hall. 2). A letter dated May 15, 2018 from the Administrator to the Commissioner of Finance, Valdamier Collens requesting a listing of all active central government employees as of the last pay date who are not paying contributions (no contributions deducted from their bi-weekly pay checks) to the GERS.

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).

Highlights:

Presentations, Appearances, and External Meetings

1). May 4th – Meeting with Gourmet Gallery principals (father and son). 2). May 17th – Meeting with Richard Cohen (Clarke & Cohen) private insurance adjusters. 3). May 17th - Meeting with Valdamier O. Collens, Commissioner of Finance. 4). May 17th - Invited and attended the UVI Commencement

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Ceremonies on STT campus. 5). May 18th – Meeting with Angel Bolques, Jr. At-Large senatorial aspirant from STJ. 6). May 23rd – Attended the CNW, LLC board meeting.

Update on Operations – Post Hurricanes Irma and Maria

Systems

- V3 System. No reported operational problems other than outstanding JIRAs.
- 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.

Facilities

- Public adjusters (World Claim and Richard Cohen) continue to represent GERS with the assessments of the properties and insurance claims (includes Carambola).
- Continue to accumulate and the assess reimbursable costs for the properties. Reports and documents are being submitted to FEMA, as requested.

Outstanding Statutory Contributions/Loan Deductions

Major delinquencies:

- 1) Central Government – November 23, 2017 through December 21, 2017 pay dates and February 1, 2018 pay date.
- 2) East End Medical Center – February 1, 2018 – April 26, 2018 pay dates.

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 \$544,157.38 as of May 30, 2018 payroll. GERS received \$523,304.39 released by OMB on October 16, 2017 for the payment of outstanding employer contributions billed for 53 retirees.

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 April 30, 2018.

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

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

Number of applications – 444 (includes 170 cases carried over from 2017). Regular (non-vested) 345

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Number of cases completed – 96. Regular (non-vested) 30.

Number of cases pending – 348. Regular (non-vested) 315

Total dollars refunded (1/1/18 – 4/30/18) - \$1,492,987.22

Retiree Applications. Include both SAA and Central Government.

Of the 296 applications received in **2015** (STX – 147, STT – 148), 289 retirees have received their initial retirement annuity as of the April 30, 2018 retiree payroll. 7 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 April 30, 2018 retiree payroll. 22 initial annuities remaining for several reasons other than for employer contributions.

Of the 250 applications received in **2017** – (STX – 118, STT 132), 80 retirees have received their initial retirement annuity as of the April 30, 2018 retiree payroll. 168 initial annuities remaining for several reasons other than for employer contributions.

Of the 99 applications received in **2018**, (STX – 50, STT – 49), -0- retirees have received their initial retirement annuity as of April 30, 2018 retiree payroll.

As of May 15th, there are 297 initial annuity applications pending. Of the 297, 135 (45%) are due to non-receipt of the retirement NOPA, 98 (33%) – non-receipt of employer contribution payments.

Accounting

Annuity Payments

Total Retirees-as of May 15, 2018 payroll: **8,465.**

Total Annuity Payments – October 1, 2017 – May 15, 2018 - **\$152,814,483.10** (w/pensioners).

Retirees added to payroll October 1, 2017 – May 15, 2018 – **73.**

Expected to be placed on the May 31, 2018 payroll– **30.**

Retirees deleted from payroll month of October 1, 2017–May 15, 2018 - **163.**

Gross payroll for the May 15th payroll - **\$10,178,254.42.**

The administrator responded yes to Trustee Maynard's question if GERS maintains a listing of deceased retirees. Annually, there are more than 200 retirees that die. This year the deaths increased significantly after the two hurricanes.

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.

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Phase II:

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

Loans (Activity being reconciled).

No update. Activity being reconciled.

Operations

Rental Revenue

Collections month of April 2018 (Rents-\$35,604.08 / Electric-\$-0-).

Rental YTD April 2018 - \$894,820.24 (Rents-\$718,532.73 / Electric-\$176,287.51).

Arrearages as of April 30, 2018 (Rents-\$226,641.10 / Electric-\$70,831.90).

White House at Havensight.

Lease negotiations at a standstill with VI Public TV. Last issue was no ADA access at the street entrance to the building. Request COO approach VIPTV to determine if interested in renting vacant office space on 1st floor of GERS STT building

St. Croix Office Complex.

Obtaining quotes for repairs to the fencing and the western gate.

Vendor has ordered the glass replacement for the board's kitchen window damaged by a bullet.

Casino Commission Building.

Lease pending.

St. Thomas Office Complex.

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.

Committee Reports.

- Policy – No report.

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- Investment Committee – No report. Committee Chairman Maynard stated to arrange a date for the next investment committee meeting.
- Development Committee – No report.
- Budget/Audit Committee – No report.

Treasurer's Report.

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

The April 30, 2018 report shows receipts and collections for the month of April 2018 in the amount of \$24,633,171 and disbursements in the amount of \$22,847,104, for a net cash surplus of \$1,786,066. The YTD receipts and collections are \$114,328,040 and YTD disbursements are \$158,192,704, for a net YTD cash deficit of \$43,864,664.

Motion made by Trustee Cohen and seconded by Trustee Maynard to accept the Treasurer's Report for April 30, 2018. Motion passed 4 yes, 2 absent (Callwood and Smith), and 1 excused (McDonald).

Investment Officer's Report.

Bruce Thomas, Investment Officer reported: Ended the month of April 30, 2018 at approximately \$654.4 million (excludes member loans, -\$113 million, STT office Complex-\$7.6 million, and STX Office Complex-\$3 million).

- Raised \$98 million in the month of April 2018. Liquidated from concentrated small cap managers.
- Total Plan returned 0.0% for the month of April 2018. Underperformed its benchmark by 10bps.
- Total Equity returned 0.2% and underperformed its benchmark by 20bps.
- Total Fixed Income returned -0.5% and outperformed its benchmark by 20bps.
- Total Alternatives returned 1.1% and outperformed its benchmark by 50 bps.
- Fiscal YTD investment management fees - \$1.2 million, and investment consultants fees - \$167K.

Regular Session.

New Business.

Motion made by Trustee Liger and seconded by Trustee Callender to ratify the poll vote to amend the moratorium agreement between the GERS and Kazi Foods of the V.I. to grant Kazi Foods an extension to July 1st to make full payment on the deferred principal amount. Motion passed 3 yes, 1 not voting (Maynard), 2 absent (Callwood and Smith), and 1 excused (McDonald).

Trustee Liger stated that there were no KFC opened on the island of STX. The administrator responded that the Golden Rock unit is presently being repaired.

Trustee Maynard stated that the authority to engage a consultant to conduct assessments and make recommendations on all GERS properties should be held in executive session. Motion passed 4 yes, 2 absent (Callwood and Smith), and 1 excused (McDonald).

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Motion made by Trustee Maynard and seconded by Trustee Cohen to accept the recommended revised service fee structure effective June 1, 2018. Motion passed 4 yes, 2 absent (Callwood and Smith), and 1 excused (McDonald).

Motion made by Trustee Cohen and seconded by Trustee Maynard to go into executive session. Motion passed 4 yes, 2 absent (Callwood and Smith), and 1 excused (McDonald).

Executive Session.

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

Regular Session.

Motion made by Trustee Liger and seconded by Trustee Maynard to authorize the administrator to engage a consultant (JLL) to conduct assessments and make recommendations on all GERS properties. Motion passed 4 yes, 2 absent (Callwood and Smith), and 1 excused (McDonald).

Motion made by Trustee Cohen and seconded by Trustee Maynard to authorize the administrator to accept a settlement with Juan F. Luis Hospital.

Motion made by Trustee Maynard and seconded by Trustee Cohen to authorize the administrator to join in the security litigation regarding Mexican Government Bonds as recommended by Barack, Rodos, Bacine Law Firm. Motion passed 4 yes, 2 absent (Callwood and Smith), and 1 excused (McDonald).

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

The was meeting adjourned at approximately 1:30pm.

 6/6/18

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