

**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, November 15, 2018**

9:30 am

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 10/25/18; Special: 11/02/18)
- 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. Privileges of the Floor
- XII. Adjournment

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
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The Regular Meeting of the Board of Trustees was held in the St. Thomas (STT) conference room and the St. Croix (STX) boardroom by video teleconference (VTC). The meeting was called to order at 9:49am. At roll call, all Trustees were present except Trustees McDonald and Smith who were recorded as absent.

Staff in attendance on STT: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Deputy General Counsel, Denise Jeremiah, Acting CFO, Evelyn Venner Potter, COO, Lorraine Gumbs, Director, Communications and Member Education, Asiah Clendenin, SPODO, and Glenville Henderson, Investment Analyst. In STX Nikia Coley, Administrative Assistant to the Board.

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

Only media present in the meeting was Tom Edar of the Avis.

Comments and Suggestions from Retirees.

Retiree in attendance in the STX office requesting to speak was Adul Ali. He stated that he was concerned about the GERS. Suggested moving from a DB plan to a DC plan where active members can control their money. GERS needs to put more pressure on the GVI.

Retiree in attendance in the STX office requesting to speak was Dwayne Callwood a former marshal. His concern was that he had paid in excess employee contributions and was due a refund. He was waiting to receive his initial retirement check and was told that he could not receive a refund until he had received his initial annuity payment. The administrator directed the director of member services to process the refund.

Secretary's Minutes.

Motion made by Trustee Smith and seconded by Trustee Cohen to approve the secretary's minutes for the regular meeting for October 25, 2018, and the secretary's minutes for the special meeting for November 2, 2018. Motion passed 5 yes, 1 not voting (Maynard), and 1 absent (McDonald).

Communications and Correspondences. The administrator read into the record: 1). A letter (billings for prior periods missing employer contributions and ADEC) dated November 13, 2018 addressed to Julio A. Rhymer, Sr., OMB Director and Valdamier O. Collens, Commissioner of Finance requesting release of funds for initial annuity payments for the November 30, 2018 retiree payroll in the amount of \$115,215.83.

Chairperson's Report.

Chairman Callender reported: 1). Bill No. 32-0193 was passed by the 32nd Legislature to name the Casino Control Commission building for former Judge Eileen Petersen, despite his letter objecting. Counsels need to review the Bill.

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Presentations, Appearances, and External Meetings.

1). November 7 – Attended the pre-retirement workshop. 2). November 14 – Attended the CNW LLC Board meeting.

Major Highlights on Operations – Post Hurricanes Irma and Maria.

Systems Operations

1). No major system issues (network and communications) during this period. 2). The SAN for V3 has been installed and connected. Beginning November 12th, V3 UAT and Pre-Prod environments will be offline. These instances are being moved to the new SAN appliance. This process will occur during the business week, with expected system return on November 19, 2018. This is a critical step in our efforts to eventually move the Production environment to the new SAN. 3). New desktops are being installed. 4). UVI Cell final pre-assessment was held on November 13th and 14th for employees who missed the initial assessment in Microsoft Office 365.

Insurance Claims (Facilities) – No Update.

Bi-weekly Employee Deductions (Pay Day Deductions) and Employer Contributions as of November 14, 2018

1). The GVI-DOF is up to date for pay date November 8, 2018. However, the last posting is pay date September 27, 2018. There is a problem with the October files. Appears employees are missing from the file. Department of Finance has been advised. and is working to resolve the problem. 2). All the Autonomous and Semi-Autonomous agencies are current except WAPA outstanding payments are for pay date WAPA (8/23/18, 9/06/18, 9/20/18,10/04/18).

Member Services

Estimated Employer Missing Contributions as of November 14, 2018

Based on the Segal's study estimate of employer missing contributions of \$47 million in 2011, the estimated amount that is now due based on the allotments received from the plan sponsors (central government and autonomous agencies) since 2013 to date is \$35.7 million (central government - \$31.3 million).

\$19 million was appropriated in the miscellaneous section of the FY 2019 budget of the Government of the Virgin Islands for prior periods employer missing contributions. GERS will continue to bill through December 31, 2018 retiree payroll, and request quarterly allotments beginning with the 2nd quarter (January 1, 2019 – March 31, 2019) of FY 2019.

On November 13, 2018, a letter was sent to OMB Director and the Commissioner of Finance for prior periods missing employer contributions billings in the amount of \$115,215.83 for members who retired and are on the retiree payroll for November 30, 2018.

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Member Services (Continued)

Refunds. January 1, 2018 – October 31, 2018:

Number of applications – 805.

Number of Regular cases (non- vested) 602.

Number of cases completed – 510. Regular (non-vested) 360.

Number of cases pending – 295. Regular (non-vested) 242.

Total dollars refunded (1/1/18 – 10/31/18) - \$6,161,157.19 Regular (non-vested) \$5,648,710.64.

Retiree Applications - Includes both SAA and Central Government*

Members who retired effective January 1, 2012 – December 31, 2012*

There is 1 application pending.

Members who retired effective January 1, 2013 – December 31, 2013*

There is 1 application pending.

Members who retired effective January 1, 2014 – December 31, 2014*

There are no applications pending.

Members who retired effective January 1, 2015 – December 31, 2015*

St. Croix	147
St. Thomas	<u>148</u>
	<u>295</u>

Of the 295 people who retired in 2015, 291 have received their initial retirement annuity as of the November 2018 retiree payroll. 4 remaining for various reasons.

Members who retired effective January 1, 2016 – December 31, 2016*

St. Croix	112
St. Thomas	<u>164</u>
	<u>276</u>

Of the 276 people who retired in 2016, 266 have received their initial retirement annuity as of the November 2018 retiree payroll. 10 remaining for various reasons including prior periods missing employer contributions.

Members who retired effective January 1, 2017 – December 31, 2017*

St. Croix	118
St. Thomas	<u>128</u>
	<u>246</u>

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Member Services (Continued)

Of the 246 people who retired in 2017, 215 have received their initial retirement annuity as of the November 30, 2018 retiree payroll. 31 remaining for various reasons including prior periods missing employer contributions.

Members who retired effective January 1, 2018 – October 31, 2018*

St. Croix	129
St. Thomas	<u>159</u>
	<u>288</u>

Of the 288 people who retired in 2018, 94 have received their initial retirement annuity as of the November 30, 2018 retiree payroll. 194 remaining for various reasons including prior periods missing employer contributions.

Accounting.

Annuity Payments

Number of retirees as of November 15, 2018 payroll – 8,574

Total Annuity Payments – October 1, 2018– November 15, 2018- \$31,020,462.66 (w/Pensioners)

Retirees added to payroll from October 1, 2018 - November 15, 2018 – 87

Retirees added to payroll for November 15, 2018 - 20

Retirees expected to be placed on the November 30, 2018 payroll - 12

Retirees deleted from payroll from October 1, 2018 – November 15, 2018 – 29

Gross payroll for the November 15th payroll - \$10,353,701.49

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Operations.

Member Loans Portfolio

The loan activity is an ongoing reconciliation process:

As of October 31, 2018:

PERSONAL LOANS	9/15/18	10/15/18	10/31/18
Active Personal Loans	4,163	4,022	3,971
Retiree Personal Loans	1,906	1,883	1,876
Auto Loans	<u>5</u>	<u>5</u>	<u>5</u>
	<u>6,074</u>	<u>5,910</u>	<u>5,852</u>

MORTGAGE LOANS:

Construction/Home Improvement	24	24	24
Mortgage/Land	33	33	33
Mortgage - Purchase/Refi.	<u>47</u>	<u>45</u>	<u>44</u>
	<u>104</u>	<u>102</u>	<u>101</u>
Total	<u>6,178</u>	<u>6,012</u>	<u>5,953</u>

Buildings.

White House at Havensight

Pending report on cost to separate meter from WICO to hold out for rental or other income producing project for the System.

St. Croix Office Complex

J. Benton Construction has advised that they should be wrapping up a few of their disaster recovery – emergency work over the next month, freeing up some resources to work on other projects to include the fence/building repairs. We expect a firm commitment at that time.

Casino Commission Building

Repairs still await contractor availability. The Commission has been making efforts to become more current in their rental payments. They are currently behind one quarterly payment.

St. Thomas Office Complex

Contractor, Custom Builders, await shipping confirmation prior to our issuing a Notice to Proceed to complete the Immediate Storm Repairs. We last met with them on October 15th. The Exterior skin project remains on hold awaiting further availability by the contractor

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Operations (Continued)

A tentative meeting is scheduled for 10:30 a.m. on November 30th with Jaredian to further discuss the proposed option for the upgrades to the A/C System

The COO collaborated with Legal on a lease addendum for ResCare (Job Corp) to extend current lease that will expire on November 30, 2018. They have indicated that they may want to exercise a temporary sublease arrangement with another ResCare entity. We await further word.

Virgin Islands Housing Finance Authority

Settled in as a tenant.

Collections and Arrearages – October 2018

Collections: Rental - \$278,322.16, Electrical - \$184,352.02

Arrearages: Rental - \$58,841.94 (\$21,001.50 – Casino), Electrical - \$49,095.68 (\$37,063-DOJ)

Committee Reports.

Policy. (Callwood. 1). Personnel handbook pending. Need responses and questions by November 2rd. 2). Governance policy is also pending

Investment. (Maynard) – No report. Inquiry made about the Gourmet Gallery project.

Budget/Audit. Request for a meeting sent by chair. Asking for three best days to meet to review the FY 2019 budget. Expect to complete by November 30th.

Treasurer's Report.

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

The October 31, 2018 report shows receipts and collections for the month of October 2018 and YTD in the amount of \$13,720,507 and disbursements in the amount of \$24,758,754, for a net cash deficit of \$11,038,248.

Motion made by Trustee Smith and seconded by Trustee Callwood to accept the Treasurer's Report for October 31, 2018. Motion passed 6 yes, 1 absent (McDonald).

Investment Officer's Report.

Glenville Henderson, Investment Analyst reported: Ended the month of October 31, 2018 at approximately \$648 million (excludes member loans and office buildings. Total Plan returned -2.5% for the month of October 2018 and outperformed its benchmark by 250bps. Total Equity returned -8.1% and underperformed its benchmark by 70bps. Total Fixed Income returned -0.9% and underperformed its benchmark by 10 bps. Total Alternative returned -0.3% and outperformed its benchmark by 630 bps. No funds were raised in the month of October. Regarding the local alternative investments, all are current except V.I. Finest. The administrator reported foreclosure was filed for V.I. Finest. The \$13 million GVI loan will be paid off in December 2018.

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Regular Session.

Motion made by Trustee Callwood and seconded by Trustee Cohn to add executive session to the agenda to hear update on financial and legal matters for Carambola. Motion passed 6 yes and 1 absent (McDonald).

Motion made by Trustee Maynard and seconded by Trustee Smith to go into executive session. Motion passed 6 yes, 1 absent (McDonald).

Executive Session.

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

Regular Session.

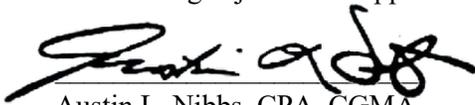
Privileges of the Floor.

None

Next regular meeting: Thursday, December 20, 2018 9:30am on St. Croix.

Motion made by Trustee Smith and seconded by Trustee Cohen to adjourn. Motion passed 5 yes, 1 no (Maynard), and 1 absent (McDonald).

The meeting adjourned at approximately 12:07pm.



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