

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

**St. Thomas/St. Croix via Zoom  
Friday, November 20, 2020  
9:30 am  
\*\* AGENDA \*\***

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 09/24/2020)
- V. Communications and Correspondences
- VI. Chairperson's Report
- VII. Administrator's Report
- VIII. Committee Reports
- IX. Treasurer's Report
- X. Investment Officer's Report (Presented by Meketa)
- XI. REGULAR SESSION
  - A. New Business
    - (i). Ratify the FY 2019 Actuarial Valuation
    - (ii). Havensight Mall FY 2021 Proposed Budget
    - (iii). Ratify Poll Vote to Accept Actuary's Recommendation to Lower the Assumed Rate of Return

**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. New Business
  - (i). Medical Review Committee
- B. Unfinished Business
  - (i). Decision on M. Venzen v. GERS
  - (ii). Havensight Mall
- XIII. Privileges of the Floor
- XIV. Adjournment

# GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

**November 20, 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 Callender, Bowry, Cohen, Liger. Trustees McDonald, Smith, Callwood, and Clendinen (ex-officio) were absent.

(4 Present; 4 Absent)

Staff in attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Deputy General Counsel, Denise Jeremiah, CFO, and Zaida Castro, Executive Assistant to the Administrator, Nikia Coley, Administrative Assistant to the Board of Trustees, and Roy Moorehead, Chief Security Officer-Havensight Mall. Glenville Henderson, Investment Analyst and Asiah Clendinen Gumbs were absent.

Also, present in the meeting were Pedro Williams, Board Counsel and Gustavo Bikkesbakker, Principal Consultant from Meketa Investment Group, and stenographer Desiree Hill.

## **Comments and Suggestions from Retirees**

No comments from retirees.

## **Secretary's Minutes**

Administrator Nibbs noted that the "e" in Trustee Bowry's name should be eliminated on pages 9 and 11 and on page 2, the word initiative is misspelled.

A motion was made by Trustee Cohen and seconded by Trustee Bowry to approve the Secretary minutes for the September 24, 2020 Regular Board meeting with corrections. The motion passed with 3 yes (Cohen, Bowry, Callender); 1 not voting (Liger) and 3 absent (Callwood, Smith and McDonald).

## **Communications and Correspondences**

Administrator Nibbs stated that the results of the Retiree Trustee Election were submitted to the Board on October 30, 2020.

1). Trustee Bowry asked the Board if it is necessary to implement a second approach to recruit a Retiree Trustee for the St. Croix District. Board Counsel Williams stated that the Board's procedures do not speak about the present situation but recommended that efforts should be exhausted to show that all fair and reasonable means were applied so that all entities have been sought to represent the Board of Trustees. Administrator Nibbs mentioned that the application time was extended on both districts, it was advertised in newspapers and information was provided to retiree groups. Also, speaking with persons on St. Croix, they do not want the responsibility or personal liability. Trustee Cohen also reached out to the St. Croix Retiree Group announcing that the Board is looking for a candidate. Board Chair Callender will entertain the discussion at another session and make a final decision.

2). Communication was sent out to the Board regarding Bill No. 33-0330; "An Act Amending title 33 of the VI Code, chapter 3 relating to gross receipts taxes and remote sellers doing business in the VI." Submitted by Senator Novelle Francis. The bill will direct 75% of proceeds from sales to GERS and 25% to the General Fund.

3). Communication was sent out to the Board regarding Bill No. 33-0418 (Act 8383); An Act providing for the remitter of an amount not exceeding 50 percent of the revenues realized in excess of the funds

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appropriated by the Legislature of the Virgin Islands for the operation of the Government of the Virgin Islands (GERS) in the fiscal year ending September 30, 2020, and for an amount not exceeding \$50,000,000 to be remitted to the GERS, in the fiscal year ending September 30, 2021, from General Fund revenues realized in excess of the funds appropriated by the Legislature of the Virgin Islands for the operation of the Government of the Virgin Islands, to be used by the GERS exclusively for retirement annuity payments for the fiscal year ending September 30, 2021. Some board members and the Administrator do not believe this may be a reality for GERS because usually there is no excess funds of about \$50M appropriated in GVI Budgets. Trustee Bowry recommended that the Legislature should include a separate line item in the Budget.

Three items of funding that the Governor is seeking for GERS are:

- a). Refinancing of the \$255M.
- b). Bill No. 33-0418 - Remitter of an amount not exceeding 50 percent of the surplus.
- c). Bill No. 33-0330 - Gross Receipt Taxes of off island/electronic purchases.

4). Communication was sent to, Governor Bryan, Director O'Neal, Office of Management and Budget and Acting Commissioner Clarina Modeste Elliot, Department of Finance, regarding an outstanding employer contribution payments of \$5 million due for the period October 1, 2019 through September 30, 2020.

5). Communication was sent out to Havensight Mall tenants on November 16, 2020 regarding beginning advertisement that the Mall is open for business. More discussion about Havensight Mall will occur in Executive Session.

## **Chairperson's Report.**

No Report.

## **Meetings, Presentations, and Appearances**

October 13<sup>th</sup> – Meeting with Havensight Mall tenants.

October 16<sup>th</sup> – Meeting with WICO to discuss MOU related to US Customs.

October 20<sup>th</sup> – 22<sup>nd</sup> – GERS Board Retreat

October 26<sup>th</sup> – Meeting with Contractors Re: RFPs for Havensight Mall Metal Buildings and Perimeter Fencing.

October 28<sup>th</sup> – Participated in interviews for Havensight Mall Property Manager.

November 5<sup>th</sup> – Meeting with Governor.

November 7<sup>th</sup> – Meeting with Governor, Senators, and GERS Board.

November 10<sup>th</sup> - Interview with V.I. Source Executive Director.

November 16<sup>th</sup> - RFPs Reviewed for Havensight Mall Metal Buildings and Perimeter Fencing.

November 25<sup>th</sup> – Continue November 5<sup>th</sup> meeting with the Governor.

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## Member Services

### Retirement Applications -November 2020

	<u>Calendar Year</u>							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
STX	147	111	118	179	143	86	4	
STT	<u>147</u>	<u>163</u>	<u>127</u>	<u>224</u>	<u>169</u>	<u>93</u>	<u>0</u>	
Total	294	274	245	403	312	179	4	
Processed	<u>293</u>	<u>273</u>	<u>243</u>	<u>400</u>	<u>295</u>	<u>66</u>	<u>0</u>	
Remaining	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>17</u>	<u>113</u>	<u>4</u>	<u>141*</u>

\*Includes SAA and Central Government as of November 15, 2020 retiree payroll.  
Also, Includes Later Payroll Cases

## Refunds

October 1, 2019 – September 2020

	<u>No. Cases Completed</u>	<u>Total Amount</u>	<u>No. Cases Pending</u>
Regular	417	\$6,650,073.91	49
Erroneous	19	17,451.05	3
Employer Share	31	86,426.96	0
Overpayment	<u>142</u>	<u>371,934.59</u>	<u>1</u>
Total	<u>609</u>	<u>\$6,860,978.32</u>	<u>53</u>

## Death Benefits

<u>Types</u>	<u>No. Completed 10/1/19-9/30/2020</u>	<u>Amount 10/1/19-09/30/2020</u>	<u>No. of Cases to be Completed</u>
Active	36	\$960,281.21	58
Retired	<u>20</u>	<u>962,792.78</u>	<u>28</u>
Total	<u>56</u>	<u>\$1,923,073.99</u>	<u>87</u>

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## **Disability Life Certificates – As of October 31, 2020**

### **2020 Duty/Non-Duty Disability Life Certificate Distribution**

71 – U.S. Mainland

160 – Virgin Islands

231 (Initial letters were dated 2/20/2020 with 3/20/2020 response deadline.)

### **Follow Up**

21 – U.S. Mainland

32 – Virgin Islands

53 (Follow-up letters were dated 10/28/2020 with 11/30/2020 response deadline)

177	Validated
0	Benefits Suspended
1	Deceased
53	Receipt of Life Certificate Pending
<u>231</u>	

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.

## **Annuity Payments – November 2020**

No. of retirees as of November 15, 2020 payroll: **8,685**

Total amount paid to retirees and pensioners from October 1, 2020– November 15, 2020

**\$32,182,321.84**

Number of retirees **added to payroll** from October 1, 2020– November 15, 2020: **21**

Number of retirees **added to the payroll** for the November 15, 2020 pay date: **10**

Number of retirees **expected to be placed on payroll** for the November 30, 2020 pay date: **16**

Number of retirees **deleted from payroll** from October 1, 2020 through November 15, 2020: **35**

Note: The gross retiree payroll for pay date November 15, 2020 was **\$10,722,972.96**.

# GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

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## Member Loans Portfolio

PERSONAL LOANS			
	8/31/2020	9/30/2020	10/31/2020
Active Personal Loans	1940	1814	1791
Retiree Personal Loans	884	864	852
Auto Loans	1	1	1
	2825	2679	2644
MORTGAGES			
	8/31/2020	9/30/2020	10/31/2020
Construction/Home Improvement	22	21	21
Land	30	30	30
Purchase/Refinance	40	39	39
Totals	91	90	90
LOANS	August 2020	September 2020	October
Active Personal Loan	\$20,958,848.89	\$20,362,233.23	\$19,555,273.70
Retiree Personal Loan	\$11,107,391.63	10,764,416.67	\$10,466,931.27
Auto Personal Loan	\$7,727.74	\$7,727.74	\$7,727.74
Purchase Refinance	\$1,976,897.72	\$1,981,293.41	\$1,965,713.37
Construction	\$2,404,162.46	\$2,284,517.08	\$2,269,603.01
Land Loan	\$631,076.66	\$642,876.68	\$628,894.41
GRAND TOTAL	<b>\$37,086,105.10</b>	<b>\$36,043,064.81</b>	<b>\$34,894,143.50</b>

## Operations

### St. Croix Office Buildings

#### SAFETY:

Fire Pump & Fire Sprinkler System Annual Inspection is due and hope to have completed this month.

#### SECURITY SYSTEMS / SECURITY SERVICES:

- On Saturday October 3, 2020, a meeting was conducted with all Security Officers and Supervisor to discuss responsibilities and the roll of Security Officers when on duty. The meeting was productive.
- Fire sprinkler System was tested this month by the tenant (Plessen Medical) All normal.

#### ENVIRONMENTAL CONDITIONS & AREAS:

Common areas maintenance (CAM SERVICES) The landscaping project has started; initial cleaning and pruning of plants were completed on 9/2/20.

#### BUILDINGS:

- GERs Executive Offices Building: Additional Roof leaking was identified, and repairs are in the process for the week of November 5 and 6, 2020 by the Warranty Company Burke Industries Inc.

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- The leak that was discovered at the Casino Commission Control will be corrected by Brothers Construction Inc.
- Roof leak that was pending warranty was repaired and corrected last Thursday November 5, 2020
- One of the existing leaks was identified, coming from the A/C # 3 at the bottom of the Unit. This issue was reported to the W.R. Nash local office and is currently awaiting their response on the corrective action.

## PROJECTS:

- GERS Executive Offices Building: Replacement of Glass doors for Solid Wooden Security Doors project was awarded to Armrey Gimini Industries Inc. They are currently awaiting the doors from P.R.
- GERS Executive Offices Building: Damaged Floor Tiles: We received an estimate from Brothers Construction Inc. and awaiting another from WW Construction Corp.

## **St. Thomas Office Buildings**

### HEADQUARTERS BUILDING

- The area of the conference room (where food is served) is complete. The area where meetings are held will be tiled with new carpet tiles.
- The tint project now completed. The tinting is an energy saving measure and will lessen the electricity monthly bill by 3% at least by my estimation. We have other mitigating actions to take that will lessen our monthly bill. We intend to install motion control lighting in the corridors and rest rooms. We will install more energy efficient lamps and fixtures in the interior, on the ground level (under the building) and on the building's exterior.
- The northern roof project is being mobilized and will start very soon.
- The project recently completed by Customs Builders continues to stand up to the elements. There have been no leaks to the repaired flat roof or hip roof. The gutters are diverting the rainwater to the spouts efficiently.

### PUMPS

The new pumps have been ordered. The Maintenance Division will hire a plumbing contractor to install the pumps as soon as they arrive on island. By utilizing the pumps over the years, GERS has saved tens of thousands of dollars. There were times when we were not using the pumps (during extremely dry seasons) that the monthly water bill would range between \$1,200.00 and \$1,300.00. Over the past four- or five-years water the bill has been less than \$1,000.00 dollars per year. According to the supplier they will arrive on island in December. As soon as they arrive, we will install them and return to cistern water use.

### CHILLERS ARRIVAL

The two chillers were brought to the facility on Tuesday, October 13th, 2020 and placed on the newly constructed concrete pad. The contractor is awaiting materials to proceed.

### LIGHTING FIXTURES REPLACEMENT

The replacement of the light fixtures is progressing well. The LED light fixtures will consume less electricity thereby lessening the electricity bill incrementally. Additionally, the premises are more clearly lit.

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**INSTALLATION OF FIRE ALARM SYSTEM**

The new fire alarm system project is progressing smoothly.

**Rental and Electricity Collections – Exhibit A**

	<b>Sept. 2020</b>	Total FYTD	Arrearages
Rental	\$144,987.45	\$956,074.65	\$12,283.30
Electric	<u>2,553.69</u>	<u>465,549.49</u>	<u>201,627.33</u>
Total	<u>\$ 147,541.14</u>	<u>\$1,421,624.14</u>	<u>\$213,910.63</u>

**Rental and Electricity Collections – Exhibit A**

	<b>Oct. 2020</b>	Total FYTD	Arrearages
Rental	\$11,607.77	\$11,607.77	\$12,283.30
Electric	<u>777.07</u>	<u>777.07</u>	<u>230,078.85</u>
Total	<u>\$ 12,384.84</u>	<u>\$12,384.84</u>	<u>\$242,362.15</u>

**Human Resources**

<b>Location</b>	<b>Number of Employees</b>
St. Thomas	69
St. Croix	13
Havensight	22
Total	105

**St. Thomas / St. Croix**

<b>Classification</b>	<b>Number of Employees</b>
Exempt	31
Supervisory (UIW)	9
Classified (USW)	42
	82

**Havensight**

<b>Classification</b>	<b>Number of Employees</b>
Exempt (Senior Level)	2
Supervisory (Exempt)	4
Classified (USW)	9
Exempt Support Staff)	7
	22



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<b>Vacancies</b>	
St. Thomas	0
St Croix	0
Havensight	2
Total	2

On November 25<sup>th</sup> what will be discussed with the Governor is Havensight Mall and partnership with Department of Health for COVID testing of Havensight Mall Merchants and staff, and also GERS Insolvency plans. The Commissioner of Tourism received a Notice to Quit occupying the Welcome Center at Havensight Mall. GERS is awaiting a response.

## **Committee Reports**

(a). Investment Committee – Chairman Callender - No Report. (b). Development Committee – Trustee Leona Smith (Absent) – No Report (c). Medical Committee Report – Chairman Callender – Findings of cases will be discussed in Executive Session. (d). Budget Committee Report – Trustee Bowry – Trustee Bowry has received a proposed budget for Havensight Mall and will schedule a budget committee meeting to discuss further. Mr. Bowry requested to submit a post balance budget showing revenues of \$1.2M and expenses of \$6.2M showing a \$5M deficit. Mr. Nibbs mentioned that Havensight Mall Budget spend a lot in Capital infrastructure improvements and received about an estimate of \$4M in Insurance Funds. Ms. Jeremiah clarified that the Havensight Mall Budget has about \$4.3M for Capital Projects. Then another \$5.3M in the Havensight Mall account that which is insurance proceeds. Trustee Bowry recommended that the Budget for Havensight should reflect what are the sources of the amounts mentioned. Mr. Nibbs recommended to place these amounts under the revenue section and resubmit to Trustee Bowry. (e). Policy Committee Report – Trustee Callwood (Absent) – No Report.

## **Treasurer's Report**

Denise Jeremiah, CFO read the Treasurer's Report for October 31, 2020 into the record. Total Collections for October 31, 2020 is \$11M and FYTD is \$11M and Total Disbursements for August \$23.8M and FYTD is \$23.8M a Net Cash Deficit of \$12.4M and FYTD is \$12.4M

## **Havensight Mall**

Denise Jeremiah, CFO read the Treasurer's Report for the Havensight Mall for October 31, 2020 into the record.

Total Collections for October 31, 2020 is \$111K and FYTD is \$111K (Rent \$103K & Miscellaneous \$8K) and Total Disbursements for October \$408K (Personal Services \$78K, Fringe Benefits \$40K,

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Other Services \$8K, Utilities \$0.00, Capital \$2.8K) and FYTD is \$408K and a Net Cash Deficit of \$297K and FYTD is \$297K

Trustee Bowry recommended to include a footnote on the Month Ending Havensight Mall report the deferrals given to the tenants. A report of Havensight Mall tenants' deferrals was distributed by Ms. Coley for further discussion at Executive Session.

A motion was made by Trustee Bowry and seconded by Trustee Cohen to accept the Treasurer's Report. The motion passed with 4 yes (Bowry, Cohen, Liger, Callender); 3 absent (Callwood, Smith and McDonald).

## **Investment Officer's Report**

Meketa Investment Group made a presentation to the to the Board of Trustees. The topic discussed was the performance review for the month of October 2020. As of October 31<sup>st</sup>, total assets are at \$459,784,014 (12% in Equity, 77% in Total Fixed Income; 3% in Alternative Investment Assets; 9% in Cash). QTD for the retirement system aggregate is -0.6%, YTD is 4.6%. The Domestic Equity Assets, Russell 3000 is \$54M. For Fixed Income is about \$83M and -0.4% for the QTD. As of November 19<sup>th</sup>, the Equity markets are up between 9% - 10% and internationally about 14%.

Before going into regular session, Administrator Nibbs requested to amend the agenda to discuss the process of the Board of Trustee Retiree election for the St. Croix district to address the 2009/2010 procedures so that the language be changed. This will address the rule that if there is only one candidate in the district and qualified, that person automatically becomes a candidate. Trustee Bowry recommended that if the procedures need to change then the Administrator needs to submit recommended changes to the Board.

Board Counsel Williams advised that changes to the procedures are not needed. Instead, execute the procedures for recruitment again with the justification that there was no candidate in the St. Croix district. There is also no need to amend the agenda because the concern was as a result of agenda item 5 – Communication and Correspondence; a motion will suffice.

A motion was made by Trustee Bowry that the Administrator submits to the Board a proposal or establish a procedure to extend the recruitment and election campaign to elect a Board of Trustee Retiree until a candidate is found. Trustee Cohen seconded the motion. The motion passed with 4 yes (Bowry, Cohen, Liger, Callender); 3 absent (Callwood, Smith and McDonald).

# GOVERNMENT EMPLOYEES RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

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## Regular Session

### A. New Business

- i. Ratify Poll Vote to Accept Actuary's Recommendation to Lower the Assumed Rate of Return  
A motion was made by Trustee Cohen and second by Trustee Bowry to accept the actuary's recommendation to lower the investment return assumption from 7% to 4% effective with the October 1, 2019 Actuarial Valuation. The motion passed with 4 yes (Bowry, Cohen, Liger, Callender); 3 absent (Callwood, Smith and McDonald).

- ii. Approve the FY 2019 Actuarial Valuation

Administrator Nibbs stated that the report was received on November 19<sup>th</sup> and circulated to the Board and requested a motion to approve.

A motion was made by Trustee Bowry to accept the FY 2019 Actuarial Valuation Report by Segal and second by Trustee Cohen. The motion passed with 4 yes (Bowry, Cohen, Liger, Callender); 3 absent (Callwood, Smith and McDonald).

Motion made by Trustee Cohen and seconded by Trustee Bowry to go into Executive Session. The motion passed with 4 yes (Bowry, Cohen, Liger, Callender); 3 absent (Callwood, Smith and McDonald).

## Executive Session

Motion made by Trustee Cohen and seconded by Trustee Liger to come out of Executive Session. The motion passed with 4 yes (Bowry, Cohen, Liger, Callender); 3 absent (Callwood, Smith and McDonald).

## Regular Session

Motion made by Trustee Cohen and seconded by Trustee Bowry to extend the deferments to those merchant that are dependent on the cruise lines to December 31, 2020. The motion passed with 4 yes (Bowry, Cohen, Liger, Callender); 3 absent (Callwood, Smith and McDonald).

Motion made by Trustee Liger and seconded by Trustee Cohen to approve actual physical review for disability cases. The motion passed with 4 yes (Bowry, Cohen, Liger, Callender); 3 absent (Callwood, Smith and McDonald).

## Privileges of the Floor

None.

## Adjournment

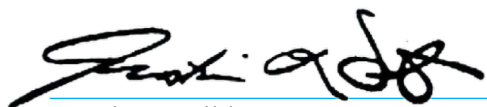
Motion made by Trustee Cohen and seconded by Trustee Bowry to adjourn the meeting. The motion passed with 4 yes (Bowry, Cohen, Liger, Callender); 3 absent (Callwood, Smith and McDonald).

The meeting was adjourned at 1:06pm.

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM  
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The minutes were transcribed from the recordings by Zaida Castro, Executive Assistant to the Administrator, and reviewed and edited by the Secretary to the Board.

A handwritten signature in black ink, appearing to read "Austin L. Nibbs", written over a light blue horizontal line.

Austin L. Nibbs, CPA, CGMA

Administrator/CEO

Secretary, GERS Board of Trustees