

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING
November 21, 2019

I. Call to Order

The GERS Regular Board of Trustees Meeting on November 21, 2019, was called to order at 9:53a.m. The meeting was held in the St. Thomas conference room by video teleconference to the St. Croix Boardroom, via Zoom.

II. Roll Call

Trustees in attendance except for Trustees Callwood (Excused), McDonald and Smith (Absent). A quorum was established.

Administrator Nibbs requested for the Board to reorder the agenda to include in the Executive Session, item (III) Unfinished Business, Legal Matters. The Board acknowledged Administrator Nibbs request and verbally voted unanimously.

Staff in Attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Denise Jeremiah, CFO, Asiah Clendinen Gumbs, Acting COO, Lorraine Gumbs-Morton, Director of Communications and Member Education, Glenville Henderson, Investment Analyst, and Zaida Castro, Executive Assistant to the Administrator.

Also, in attendance were Pedro Williams, Board Counsel, Desiree Hill, Stenographer and media present in St. Croix (Lasiba – Reporter – St. Croix Avis)

III. Comments and Suggestions from Retirees

No Retirees were in attendance.

IV. Secretary Minutes (Regular: October 17, 2019)

A motion was made by Trustee Liger and seconded by Trustee Cohen to approve the secretary minutes for October 17, 2019. The motion passed unanimously with 3 Yes, 1 Excused (Callwood), 2 Absent (McDonald and Smith) and 1 Not Voting (Maynard).

Minutes of the Board of Trustees Special Meeting held on October 15th was submitted but not included on agenda. Therefore, Administrator Nibbs recommended that the voting to approve these minutes occur in the December 19th meeting.

V. Communications and Correspondences

Administrator Nibbs requested that a correspondence received from East End Clinic be discussed in the Executive Session instead of the Regular Session. The Board of Trustees agreed to discuss the correspondence in the Executive Session.

Correspondence sent from the Director of Division of Personnel; Dayna Clendinen received via E-mail on November 20th at 5:35p.m. was read into the record. The letter requested that Director Clendinen be notified of all upcoming meetings, activities, and events of the GERS Board of Trustees and be provided with previous information, agenda, minutes as pursuant to VI Code Title 3 Chapter 27 Subsection 715.

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This VI Code reads "The Board of Trustees shall be composed of seven members who shall be appointed by the Governor by the consent of the Legislature and the Director of Personnel as an ex-officio nonvoting member." Administrator Nibbs will notify Director Clendinen about the upcoming December 19th Board meeting and submit to her the requested information. As advised by Board Counsel, Pedro Williams, Director Clendinen can be provided material as far as when her tenure began. The Board Counsel will conduct research to determine if Director Clendinen can sit in Executive Sessions.

VI. Chairperson's Report – None

VII. Administrator's Report

The Administrator's Report was presented and read into the record by Mr. Nibbs. A copy was made available to the trustees and all staff in attendance.

Highlights of the report are as follows:

1). Meetings, Presentations, and Appearances

- October 25th – Executive meeting with Vitech.
- October 29th – Final walkthrough with Custom Builders – contractor on the exterior skin project.
- October 30th – Met with Deepak Bansal, CPA Re: Carambola outstanding tax filings.
- October 31st – Participated in the Leadership Development Training.
- November 5th – Met with former Director of Security for WICO.
- November 13th – Meet with WICO's transition Team.

Member Services

2). No updates on Act. No. 7261 VIESA (recalculation of salary increases) and Act. No. 7128 (sick and excess annual leave).

3.) Retirees Applications. Pending at 9/30/19 from 2013-2020 - 215. Pending from 2018-2020 – 197.

Administrator Nibbs did some research and found out that out of the 215 pending retirement applications; 130 are missing NOPAs. Therefore, GERS has started contacting GVI agencies to locate the individuals' last NOPA.

4.) Refunds. Cases completed from 1/1/19 – 10/31/2019 – 737 (Totaling \$8.4M). Cases pending – 105.

5.) Death Benefits. Cases completed from 1/1/19-10/31/19 – 44 (Totaling \$2.2M); (\$2M Active; \$139K Retired).

6.) Life Certificates. Of the 110 certificates sent to retirees residing in Puerto Rico, Caribbean and International, 13 benefits were suspended, 3 benefits were terminated due to death and 7 responses are pending. The Administrator to determine the nature of a slight math error.

Accounting

7.) Annuity Payments. At 11/15/2019 there were 8,676 retirees being paid. The cumulative amount paid out from 10/1/2019-11/15 /2019 is \$31.8M (with pensioners). Retirees added to the payroll 10/01/2019 through 11/29/2019 – 39; Deleted (Deceased) – 39.

Trustee Cohen requested to know how many active employees are currently in GVI. Administrator Nibbs stated that usually this information is available from the Division of Personnel and Administrator Nibbs will

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investigate getting concrete numbers. Trustee Cohen mentioned that if there are more employees than retirees; GERS will be arriving at a critical point.

Operations

8.) Loan Portfolio. At 10/30/2019 – Personal Loans 4,371 and mortgages 97.

9.) Buildings. White House – Pending elevator replacement; interior is clean; AC cooling acceptable; water pressure unacceptable; exterior and roof need washing

10.) St. Croix Complex – Security booth needs repairs; obtaining estimates for painting Plessen Optical Building; W.R. Nash technicians conducting maintenance in AC; temperature in work areas are cooling. A meeting is scheduled with Plessen to discuss the leases on the property to house their refrigerators containers.

11.) Casino Commission Building – Obtaining quotes for painting of building

12.) St. Thomas Complex – temperature in work areas are cooling; repair to exterior skin of building has started; identified leaking in north flat roof and estimates are being solicited. GERS did finalize the RFP process for the Air Conditioning Unit and a bidder was selected but not yet notified; therefore, this information will be shared at a later date.

13.) CAM charges were developed by Legal for Division of Personnel and Department of Justice and they are under review by Operations. All GERS leases are still not current.

14.) Rental Collections in October 2019 and FYTD are \$23K (Rents \$20K and Electric \$3K). Arrearages are \$217K (Rents \$81K and Electric \$136K).

Chairman Calendar requested Administrator Nibbs to provide updates about walk thru with Custom Builders, filing for Carambola and the upcoming meeting with GERS, the VI Legislature, SEGAL and Governor Albert Bryan Jr.

A walk thru with Custom Builders was conducted on October 29th and it was determined that a request for additional funding was needed in order to address issues that were not in the initial drawings. This request will be presented in the regular session.

On October 30th, Mr. Nibbs had a meeting with Mr. Deepak Bansal relative to tax filing for Carambola. The Gross receipts were not filed as they should have been. Although GERS does not pay Gross receipts, EDA still wants to see a filing. Therefore, Mr. Bansal filed several periods of gross receipts, as well as occupancy tax, annual franchise tax statements, 1120S which is an information return. The next step is to file 2019 documents.

On October 10th, Administrator Nibbs sent an invite to Senate President Francis to discuss issues of the GERS with the Legislature and proposed several dates. The Legislature responded on October 22nd via E-Mail that they would be available on November 25th. On November 18th, the Administrator's Office received an e-mail from the Senate President staff requesting the meeting to be rescheduled and provide alternative dates. Mr. Nibbs, responded to Senate President Francis and recommended that Senators' representatives, such as Chief of Staffs to be present because consultants were traveling to partake in the meeting and Governor Albert Bryan Jr. had confirmed his availability and attendance.

VIII. Committee Reports

- a. Investment Committee – Trustee Maynard – No Report (b). Development Committee – Trustee Leona Smith (Absent), c). Medical Committee Report – Chairman Callender reported that the Committee had a

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hearing scheduled for November 7th and it was postponed and now its being held on December 11th (d). Budget Committee Report – Chairman Callender – No Report, (e). Policy Committee Report – Trustee Callwood (Excused Absence)

- IX.** Treasurer's Report - The Treasurer's Report for the month ending of October 31, 2019 was presented and read into the record by Denise Jeremiah, CFO. Total Collections for October 2019 and FYTD is \$13.7M and Total Disbursements are \$24.5M and a Net Cash Deficit of \$10.8M.

A motion to approve the Treasurer's Report for the month ending October 30, 2019 was moved by Trustee Cohen and seconded by Trustee Maynard. The motion passed unanimously with 4 Yes, 2 Absent, (Smith and McDonald) 1 Excused (Callwood).

- X.** Investment Officer's Report – Total Plan Return is 0.5% for the month which underperformed it's benchmark by 120 bps; Total Equity is 2.2% return and was in line with its benchmark; Total Fixed Income is 0.3% return and was in line with its benchmark; Total Alternatives were 0.0% return and underperformed its benchmark by 240bps. The portfolio beginning Market Value for the month is \$614.8M ending Market Value is \$602M.

XI. REGULAR SESSION

A. Unfinished Business

- i.** Approval of Change Order for Custom Builders – Exterior Skin Project GERS St. Thomas Headquarters

The original contract in 2015 had an RFP and the project lingered then the Hurricanes hit in 2017. The original contract was for \$680,472. The Administrator, key staff, and Jaredian Design Group did a walk thru with Custom Builders and identified additional work that needs to be done, especially on the East Side of the St. Thomas Complex. GERS requested the contractor to provide a cost estimate for additional work to discuss with Jaredian. As a result, the change proposed came up to \$389,588. Therefore, the Administrator recommended to the Board to approve the first change order for the exterior skin project for the St. Thomas GERS Complex for the amount of \$389,588.

A motion was made by Trustee Liger and seconded by Trustee Cohen to approve the first change order of the exterior skin project for the St. Thomas GERS Complex in the amount of \$389,588. The motion passed unanimously with 4 Yes, 1 Excused (Callwood), 2 Absent (McDonald and Smith).

- ii.** Recommendation on Universal Financial Consultants

A due diligence meeting with Universal Financial Consultants occurred in September. It was discussed with the Board that it is in the best interest for GERS not to entertain their proposal. Administrator Nibbs recommendation to the Investment Committee and to the Board that a motion is needed for the record not to accept the proposal.

Comments from Trustee Maynard – Trustee Maynard did not attend the meeting in Tampa, Florida with United Financial. "The Vice Chair of the investment Committee, Trustee Smith, and Trustee Liger, Administrator Nibbs, General Counsel Cathy Smith and Mr. Glenville Henderson, attended that meeting. Therefore, I'm not in a position to make a recommendation to the Board. However, Mr. Nibbs made a presentation concerning that meeting at a subsequent Board meeting and based upon what was shared it will be in my personal opinion that it benefits not the GERS to accept the proposal presented by United Financial. It is best that those that attended to weight in really what transpired."

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Administrator Nibbs confirmed that the Vice Chair/Trustee Smith, Trustee Liger, General Counsel Smith and Mr. Henderson did attend the meeting and the topic was discussed in front of the full Board and the Trustees (Smith and Liger) expressed the same sentiments.

Comments from Trustee Liger – "GERS will not benefit in any way and agree with Administrator Nibbs and Attorney Maynard that GERS should not accept the proposal from United Financial."

A motion was made by Trustee Liger and seconded by Trustee Cohen to reject the proposal by Universal Financial Consultants since it does not benefit the GERS. The motion passed unanimously with 3 Yes, 1 Excused (Callwood), 1 Not Voting (Maynard) 2 Absent (McDonald and Smith).

XII. EXECUTIVE SESSION

A motion moved by Trustee Maynard and seconded by Trustee Cohen to go into Executive Session. The motion passed unanimously with 4 Yes, 2 Absent (McDonald and Smith), and 1 Excused (Callwood).

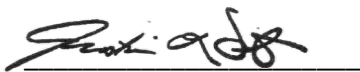
A motion was made by Trustee Cohen and seconded by Trustee Maynard to come out of the Executive Session. Motion passed with 4 Yes, 1 Excused (Trustee Callwood), 2 Absent (McDonald and Smith).

REGULAR SESSION

A motion was made by Trustee Cohen and seconded by Trustee Liger to approve the Settlement Agreement with Juan Luis Hospital (VIGHHFC. Corp) subject to amendment agreed to by GERS General Counsel and approved by the Board. The motion passed unanimously with 4 Yes, 1 Excused (Callwood), and 2 Absent (McDonald and Smith).

A motion was made by Trustee Cohen and seconded by Trustee Maynard to adjourn the meeting. The motion passed with 3 Yes, 1 No (Liger), 1 Excused (Callwood), and 2 Absent (Smith and McDonald).

The meeting was adjourned at approximately 12:13 pm.



Austin L. Nibbs, CPA, CGMA
Secretary/Administrator/CEO