

**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, October 17, 2019  
9:30 am**

**\*\* AGENDA \*\***

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 09/26/19)
- 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 Make Monthly Allotments to WICO for Havensight Mall Operations  
Beginning October 1, 2019
    - (ii). Approve Increasing the Employer Contribution Rate 3% Effective January 1, 2020
- 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). Havensight
    - (ii). Potential Solutions Based on October 1, 2018 Valuation
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**  
**MINUTES OF THE BOARD OF TRUSTEES REGULAR MEETING**  
**October 17, 2019**

**I. Call to Order**

The GERS Regular Board of Trustees Meeting on October 17, 2019 was called to order at 9:48a.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 Trustees Liger (Excused Absence), Maynard and Smith (Absent). Trustee Cohen participated via phone.

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

Also, in attendance were Pedro Williams, Board Counsel and Desiree Hill, Stenographer.

**III. Comments and Suggestions from Retirees**

No Retirees were in attendance.

**IV. Secretary Minutes (Regular: September 26, 2019)**

**A motion was made by Trustee Cohen and seconded by Trustee Callwood to approve the secretary minutes for September 26, 2019. The motion passed unanimously with 3 Yes, 1 Excused (Liger), 2 Absent (Maynard and Smith) and 1 abstained (McDonald).**

**V. Communications and Correspondences**

Correspondence dated October 9<sup>th</sup> received from the Honorable Kurt Vialet, Chairman of the Committee of Finance, 33<sup>rd</sup> Legislature, regarding invitation to appear and testify on Bill No. 33-0042 on October 30<sup>th</sup> at the Earle B. Ottley Legislature Hall at 10:00 a.m. was read into the record. As such, Administrator response (sent via E-Mail on October 25<sup>th</sup>) to Honorable Kurt Vialet about the above-mentioned matter was read into the record. In summary, GERS has no objections to Bill No. 33-0042 but have concerns due to the absence of data to determine the economic impact the Bill will have. Attorney Cathy Smith will speak with the Post Auditor of the Legislature to verify how many licenses are renewed annually, and if any post audit analysis was done. A recommendation was made that new licenses should be a recommendation provided by GERS.

Correspondence sent by Honorable Donna Frett-Gregory dated October 2, 2019, seeking clarification and interpretation of Act # 8029 was read into the record. As such, Administrator response (sent via E-Mail on October 11<sup>th</sup>) to Honorable Donna Frett-Gregory was read into the record. There were no comments from the Board of Trustees.

**VI. Chairperson's Report**

No Report from the Chairman.

**VII. Administrator's Report**

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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 1<sup>st</sup>. - 60<sup>th</sup> Anniversary Program.

October 3<sup>rd</sup> Appeared on Redfield's Radio Program.

October 8<sup>th</sup> Meeting with IG Auditor Re: V.I. Finest Foods.

October 9<sup>th</sup>. – Meeting with Actuary Re: Benefit Proposal.

October 10<sup>th</sup>. – Meeting with former Interim Accountant (Bansal, CPA) for Carambola. Re: Work done and may need to be completed.

October 15<sup>th</sup>. – Meeting with Jaredian Re: Repairs on the STT Complex.

October 16<sup>th</sup>. – Attended Investment Committee Meeting re: WICO's interview in Response to RFP for Management of Havensight Mall.

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 - **209**. Pending from 2018-2020 – **189**.

4.) Refunds. Cases completed from 1/1/19 – 8/31/2019 – 643 (Totaling \$7.3 M). Cases pending – 105.

5.) Death Benefits. Cases completed from 1/1/19-9/30/19 - \$1.9M; (1.9M Active; 135K Retired).

6.) Life Certificates. Of the 102 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.

7.) Annuity Payments. At 9/30/2019 there were 8,685 retirees being paid. The cumulative amount paid out from 10/1/2018-9/30/2019 is \$251.3M (with pensioners). Retirees added to the payroll 10/1/2018 through 9/30/2019 – 474. Deleted (Deceased) – 306

8.) Loan Portfolio. At 9/30/2019 – Personal Loans 4,512 and mortgages 97.

9.) Buildings. White House – Pending elevator replacement

10.) St. Croix Complex – Brother's Construction started hurricane restoration work. 60% completed.

11.) Casino Commission Building – Roof was cleaned.

12.) St. Thomas Complex – Construction of building exterior has begun; received quotes for roof and hatch repair; proposals for replacement of AC Unit due on October 21<sup>st</sup>; 4 companies attended the pre-bid conference for the AC replacement.

13.) Rental Collections in September 2019 \$302K (Rents \$146K and Electric \$156K). Arrearages \$123K (Rents \$31K and Electric \$92K).

14.) As of September 30<sup>th</sup>, GERS has hired 85 employees.

15.) 60<sup>th</sup> Anniversary had over 300 participants.

Trustee Callwood requested an update about the GERS Ambassador Program. Mr. Nibbs mentioned that recruitment is ongoing. Ms. Gumbs-Morton confirmed that at the GERS' 60<sup>th</sup> Anniversary Commemorative events, 4 individuals signed up. As a result, there's a total of 10 recruits from St. Thomas and 8 from St. Croix. Mr. Nibbs recommended that we contact retiree groups such as GRUFF (Government Retirees United for Fairness) and St Croix Retirees, Inc. The program is also advertised in the GERS Newsletter.

Trustee Cohen raised a concern about access into the White House for individuals with disabilities because of the incline leading to the building. Mr. Nibbs mentioned that the White House is a historic building and GERS will have to seek approval from the Historic Preservation to conduct any exterior renovations. Mr. Nibbs

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confirmed to Trustee Cohen that a ramp does exist on the North side of the building. Trustee Cohen recommended that the ramp be covered, and Mr. Nibbs will investigate this matter.

Trustee Callwood asked if GERS is closer to processing annuities within 90 days, particularly due to several teachers retiring. Mr. Nibbs confirmed that annuities are being processed earlier and GERS is billing the Government of the Virgin Islands (GVI) and receiving its monies. The drawback is if the members have outstanding employee contributions or if they have other outstanding issues with GERS. Since the month of August, the number of individuals to be added to payroll is reducing. Mr. Nibbs will consult with the Director of Member Services about this matter.

Trustee Cohen recommended that a letter be sent to the Governor Albert Bryan Jr. regarding the progressiveness in the government paying its employer contributions. Mr. Nibbs mentioned that such has been communicated on radio programs. GERS is still working with Juan Luis Hospital on several issues with their outstanding employer contributions.

Chairman Callender congratulated the staff for an "Awesome" job well done in the planning and organizing of GERS' 60<sup>th</sup> Anniversary Commemorative events.

**VIII. Committee Reports**

a. Investment Committee – Trustee Maynard (Absent), b). Development Committee — Trustee Leona Smith (Absent), c). Medical Committee Report – Chairman Callender reported that the Committee has a hearing scheduled for November 7<sup>th</sup>, d). Budget Committee Report – Chairman Callender. Mr. Nibbs stated that the budget is delayed because GERS wanted to include the Union salary increases, e). Policy Committee Report – Trustee Callwood – Nothing to report.

**IX. Treasurer's Report -** The Treasurer's Report for the month ending of September 30, 2019 was presented and read into the record by Denise Jeremiah, CFO. Total Collections for September 2019 is \$14.3M and Total Disbursements are \$23.7M and a Net Cash Deficit of \$9.6M. Total FYTD 2019 Collections are \$199.8M and Disbursements are \$290.7M. A Net FYTD Net Deficit of \$90.9M. There were no questions from the Board of Trustees.

Comments from Trustee Callwood - We are paying out more than we are taking in and no investment income. We are quickly getting into a place we don't want to be.

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

**X. Investment Officer's Report –** The Investment Report for the month ending of September 30<sup>th</sup> was presented and read into the record by Mr. Glenville Henderson. Ending market value \$614 million. Total Plan returned for the month 0.2%, Total Equity returned 1.6%, Total Fixed Income returned -0.5%, and Total Alternative returned 0.2%. The Total FYTD returned 5.8%. \$3.4 million was raised in the month from Mid Cap Index liquidation.

Mr. Nibbs requested for the Board to make a motion to amend the agenda in order to include a new item for Zaida Castro, the Administrator's Executive Assistant, to be added to the Petty Cash account as the custodian.

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**A motion to amend the agenda to approve Zaida Castro, Executive Assistant to the Administrator as a signatory to the Petty Cash Account was moved by Trustee Cohen and seconded by Trustee McDonald. The motion passed unanimously with 4 Yes, 2 Absent (Maynard and Smith), and 1 Excused (Liger).**

**XI. REGULAR SESSION**

**A. New Business**

- i. Ratify Poll Vote to Make Monthly Allotments to WICO for Havensight Mall Operations beginning October 1, 2019. GERS had a management agreement with WICO which provides for quarterly allotments. The Board's Counsel advised GERS not to unilaterally change the agreement to monthly allotments because the existing agreement provides for quarterly allotment not monthly. Currently WICO is on a month to month contract. Mr. Nibbs told WICO he can't release an allotment until he gets a True-Up which was due on October 15<sup>th</sup> and WICO responded that they can't provide it until the end of the month. Also, if WICO has a surplus it needs to be dealt with after October. Additionally, reports are not being submitted on a timely manner. Attorney Williams mentioned if WICO is not in compliance with reports WICO is then in default of agreement and GERS can withhold the quarterly allotments.

**A motion to ratify the poll vote to make monthly allotments to WICO for Havensight Mall Operations was moved by Trustee Callwood and seconded by Trustee Cohen. The motion was passed unanimously with 4 Yes, 2 Absent (Maynard and Smith), and 1 Excused (Liger).**

- ii. Approve Increasing the Employer Contribution Rate an additional 3% Effective January 1, 2020. The resolution to increase Employer contribution an additional 3% happened in 2015 carrying GERS to 2020 (Resolution 03-2015). Ideally, it was thought that every five years GERS would automatically increase the employer rate by three percent; however, GERS Counsel clarified that the resolution was interpreted incorrectly. The request to the GERS Board is to continue the 3% increase (employer rate) every five years. The employee rate cannot increase further. Mr. Nibbs confirmed that the GERS Board with the VI Code has the approval of the Legislature to increase employer rates.

***Mr. Kelsha Williams, Esq. (Attorney at Law Office of Pedro K. Williams) joined the meeting.***

**A motion to approve increasing the employer contribution rate an additional 3% effective January 1, 2020 was moved by Trustee McDonald and seconded by Trustee Callwood. The motion was approved unanimously 4 yes, 2 Absent (Maynard and Smith), and 1 Excused (Liger).**

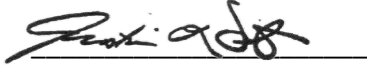
- iii. **A motion to approve Ms. Zaida Castro to be the petty cash custodian was moved by Trustee Callwood and seconded by Trustee Cohen. The motion was passed unanimously with 4 Yes, 2 Absent (Maynard and Smith), and 1 Excused (Liger).**

**XII. EXECUTIVE SESSION**

- i. **A motion moved by Trustee Callwood and seconded by Trustee McDonald to go into Executive Session. The motion passed unanimously with 4 yes, 2 Absent (Maynard and Smith), and 1 Excused (Liger).**
- ii. **A motion moved by Trustee McDonald and seconded by Trustee Cohen to come out of Executive Session. The motion passed unanimously with 4 yes, 2 Absent (Maynard and Smith), and 1 Excused (Liger).**
- iii. **A motion moved by Trustee Callwood and seconded by Trustee McDonald to adjourn the meeting. The motion passed unanimously with 4 yes, 2 Absent (Maynard and Smith), and 1 Excused (Liger).**

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**The meeting was adjourned at approximately 1:09 p.m.**

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

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