

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

**St. Croix GERS Boardroom/St. Thomas GERS Conference Room
Thursday, October 25, 2018
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 10/04/18; Special: 10/10/18)
- 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). Amendment to Resolution No. 17-2011
- 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). Carambola Matters
 - B. New Business
 - (i). Personnel Matters
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, OCTOBER 25, 2018**

The Regular Meeting of the Board of Trustees was held in the St. Croix (STX) boardroom and by video teleconference (VTC) from the St. Thomas (STT) conference room. The meeting was called to order at 9:43am. At roll call, all Trustees were present except Trustee Liger who was recorded absent.

Staff in attendance on STX: Austin Nibbs, Administrator, Cathy Smith, General Counsel, and Nikia Coley, Administrative Assistant to the Board. In STT were: 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.

Also, present in the meeting in STX were Pedro Williams, Board Counsel and Diane Andrews, Stenographer.

No media was physically present in the meeting.

Comments and Suggestions from Retirees.

There were no retirees in attendance in the STT and STX offices.

Secretary's Minutes.

Motion made by Trustee Callwood and seconded by Trustee McDonald to approve the secretary's minutes for the regular meeting for October 4, 2018, and the secretary's minutes for the special meeting for October 10, 2018. Motion passed 6 yes, 1 absent (Liger).

Communications and Correspondences. The administrator read into the record: 1). A letter (billings for prior periods missing employer contributions and ADEC) dated October 16, 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 October 31, 2018 retiree payroll in the amount of \$139,380.46.

Chairperson's Report.

Chairman Callender reported: 1). Attended the International Foundation annual meeting from October 14 -17. Attended many lectures on DC Plans. DC Plans are not in the best interest of employees. Many pension systems who converted to DC Plans went back to DB Plans. Employees are not trained to handle their finances in a DC Plan. Will make available handouts and literature to the HR office. Will send a letter to Senator Norvelle Francis regarding objection to Bill No. 32-0193 which names the Casino Commission building (which is owned by GERS) as the Eileen Petersen Building. 3). A correction needs to be made to the minutes under the Chairman's Report that Bruce Thomas is managing \$13billion instead of \$13 million.

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Presentations, Appearances, and External Meetings.

1). October 23–Meeting with Juan Luis Hospital’s new acting CEO and team. 2). October 26–Initial meeting with Gourmet Gallery to begin discussions/negotiations. 3). October 29 – 30–Meetings with Jones Land LaSalle – consultant for real estate properties. 4). October 31–Invited to appear on Redfield Show–11:00am–12:00pm.

Major Highlights on Operations – Post Hurricanes Irma and Maria.

Systems Operations

1). There are no major system issues (network and communications) during this period. 2). The SAN for V3 has been installed and connected. Ongoing meetings with Vitech to schedule the cutover of environments (Pre-Prod and UAT). 3). New desktops have been received and being rolled out. 4). New UPS was received on Monday October 22nd. 5). UVI Cell is finalizing the training schedule for all employees in Microsoft Office 365.

Insurance Claims (Facilities) – No Update.

NOPA Project Update.

As of October 23rd, the NOPA Project for the central government is 99.6% complete. part). The semi-autonomous agencies project is 98.4% The overall project is 99.2% complete. Efforts are being made daily by the reconciliation and control unit to obtain missing information, to ensure the database is current and accurate.

V3 JIRA Update.

As of October 23rd, there are 160 outstanding issues. Of the 160 issues, 114 or 71% are under review by GERS or need clarification from the GERS.

Member Services

Status of Bi-weekly Employee Deductions (Pay Day Deductions) and Employer Contributions as of October 23, 2018.

The GVI-DOF is up to date for pay date October 11, 2018.

All the Autonomous and Semi-Autonomous agencies are current except those listed below.

- WAPA outstanding payments are for pay date 8/23/2018 to 10/04/2018 (4 payments).
- HFA outstanding payment is 10/11/18
- UVI outstanding payment is 10/04/18
- VIPTV outstanding payment is 10/11/18

Estimated Employer Missing Contributions as of October 25, 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

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Member Services (Continued)

agencies) since 2013 to date is \$35.8 million. We are aware that \$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. We are requesting quarterly allotments.

On October 16, 2018, we sent a letter to OMB Director and the Commissioner of Finance for prior periods missing employer contributions billings in the amount of \$139,380.46 for members who retired and are the retiree payroll for October 31, 2018. As of October 23, 2018, this amount is still outstanding.

Virgin Islands Economic Stability Act – VIESA (ACT 7261). No Update.

Act No 7128 (2010) No Update.

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

Number of applications – 740.

Number of Regular cases (non- vested) 563.

Number of cases completed – 431. Regular (non-vested) 308.

Number of cases pending – 303. Regular (non-vested) 255.

Total dollars refunded (1/1/18 – 9/30/18) - \$5,180,835.69 Regular (non-vested) \$4,715,272.36.

Retiree Applications - Includes both SAA and Central Government.

Retiree Applications Received January 1, 2012 – December 31, 2012

There is 1 application pending for initial annuity payment.

Retiree Applications Received January 1, 2013 – December 31, 2013

There is 1 application pending for initial annuity payment.

Retiree Applications Received January 1, 2014 – December 31, 2014

There are no applications pending for initial annuity payment.

Retiree Applications Received January 1, 2015 – December 31, 2015

St. Croix 147

St. Thomas 148

295

Of the 295 applications received in 2015, 291 retirees have received their initial retirement annuity as of the September 30, 2018 retiree payroll. 4 remaining for various reasons.

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Member Services (Continued)

Retiree Applications Received January 1, 2016 – December 31, 2016

St. Croix	112
St. Thomas	<u>166</u>

278

Of the 278 applications received in 2016, 267 retirees have received their initial retirement annuity as of the September 30, 2018 retiree payroll. 11 remaining for various reasons including prior periods employer missing contributions.

Retiree Applications Received January 1, 2017 – December 31, 2017

St. Croix	118
St. Thomas	<u>127</u>

245

Of the 245 applications received in 2017, 205 retirees have received their initial retirement annuity as of the September 30, 2018 retiree payroll. 40 remaining for various reasons including prior periods employer missing contributions.

Members Who Retired Effective January 1, 2018 -September 30, 2018

St. Croix	108
St. Thomas	<u>145</u>

253

Of the 253 applications received in 2018, 72 retirees have received their initial retirement annuity as of the October 31, 2018 retiree payroll. 181 remaining for various reasons including prior periods employer missing contributions.

Accounting.

Annuity Payments.

Number of retirees as of October 15, 2018 payroll – 8,555

Total Annuity Payments – October 1, 2018– October 15, 2018- **\$10,324,409.14 (w/Pensioners)**

Retirees added to payroll for October 15, 2018 – 46

Retirees expected to be placed on the October 31, 2018 payroll - 21

Retirees deleted from payroll from October 1, 2017 – October 15, 2018 – 289

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Operations.

Member Loans Portfolio.

The loan activity is an ongoing reconciliation process:

As of October 15, 2018:

PERSONAL LOANS	9/15/18	10/15/18
Active Personal Loans	4,163	4,022
Retiree Personal Loans	1,906	1,883
Auto Loans	<u>5</u>	<u>5</u>
	<u>6,074</u>	<u>5,910</u>
MORTGAGE LOANS:		
Construction/Home Improvement	24	24
Mortgage/Land	33	33
Mortgage - Purchase/Refi.	<u>47</u>	<u>45</u>
	<u>104</u>	<u>102</u>
Total	<u>6,178</u>	<u>6,012</u>

Buildings.

White House at Havensight.

Presently, researching separation of meter from WICO to hold out for rental or other income producing project for the System

St. Croix Office Complex.

- Gates Repair work completed by Alva's Welding on October 19th. Additional work to be completed by the gate security vendor simultaneously with the fence repair.
- Fence repair work to be conducted by J. Benton Construction later this month.
- The defective exterior lighting replacement began, and was completed in October by vendor, Raymond Ventura.

Casino Commission Building.

Lease negotiation still in progress. The full commission to meet before the end of October to consider the landlord's position.

St. Thomas Office Complex.

This building has many infrastructure issues. Roof, exterior skin, and air conditioning (AC).

- A contract was executed in September with Custom Builders for Immediate Storm Repairs. They have submitted a tentative schedule of work to begin October 15th; however, this is not a firm construction date, but represents a date for project mobilization and ordering of materials. As such, we met with them on October 15th for a planning meeting. They will update the schedule when a firm start date is established, once they receive confirmation of shipment of materials.
- The exterior skin project remains on hold awaiting further availability by the contractor.

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Operations - Buildings (Continued)

- We have received an updated report from Jaredian Designs on the A/C Upgrade Project. The report includes an analysis of two workable options along with cost estimates. We will be shortly scheduling a meeting with all concerned parties (engineer/installer) for further review.

New Lease with Virgin Islands Housing Finance Authority.

Following the lease execution in September, we have received the first month's rental (October - \$5,810); and the security deposit of \$5,810 totaling \$11,620.00.

Collections and Arrearages at September 30, 2018.

Rental Collections - \$21,326.60

Electrical Collections - \$323.38

Rental Collections FY 2018 - \$1,057,027.18

Electrical Collections – FY 2018 - \$225,518.61

Rental Arrearages - \$262,992.88

Electrical Arrearages - \$213,950.52

Questions from the Trustees.

Callender: What is the square footage of the space rented to VIHA? 1,992 sq. ft.

Cohen: Do we look at the employer contributions when a member resigns and receive a refund? No.

Callwood: What do we do with E-Waste? GERS staff is afforded the opportunity to purchase at reduced price. Also, we donate to non-profit or schools if there are surplus.

Committee Reports.

Policy. (Callwood) - Sent the personnel policy for review requesting a response by November 8th.

Investment. (Maynard) – Questions asked and responded by the Administrator.

Status of Gourmet Gallery - Meeting was held on October 26, 2018.

Status of KFC and Pizza Hut (PH)– Current with their loan. Opened all units in STT except PH on the waterfront. KFCs opened in STT and Golden Rock and in Frederiksted.

Status of VI Finest – In default. Communicated with our outside attorney to contact VI Finest's attorney to have the default cured and plan to become current, or GERS will proceed with foreclosure.

Treasurer's Report.

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

The September 30, 2018 report shows receipts and collections for the month of September 2018 in the amount of \$14,098,882 and disbursements in the amount of \$22,978,385, for a net cash deficit of \$8,879,503. The YTD receipts and collections are \$211,870,931 and YTD disbursements are \$278,472,762, for a net YTD cash deficit of \$66,601,831.

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Treasurer's Report (Continued)

Motion made by Trustee Smith and seconded by Trustee Callwood to accept the Treasurer's Report for September 30, 2018. Motion passed 6 yes, 1 absent (Liger).

Investment Officer's Report.

Glenville Henderson, Investment Analyst reported: Ended the month of September 30, 2018 at approximately \$685 million (excludes member loans and office buildings. Total Plan returned 1.0% for the month of September 2018 and outperformed its benchmark by 100bps. Total Equity returned 0.1% and was in line with its benchmark. Total Fixed Income returned -0.3% and outperformed its benchmark by 40 bps. Total Alternative returned 7.4% and outperformed its benchmark by 650 bps. No funds were raised in the month of September.

Regular Session.

Motion made by Trustee Smith and seconded by Trustee Callwood to amend Resolution No. 17-2011 to accept administrator's recommendation for mandatory direct deposit for all retiree's annuity payments, with exceptions by administrator based on case by case basis. Motion passed 6 yes and 1 absent (Liger).

Motion made by Trustee Mc Donald and seconded by Trustee Cohen to go into executive session. Motion passed 6 yes, 1 absent (Liger).

Executive Session.

Motion made by Trustee Cohen and seconded by Trustee Maynard to come out of executive session. Motion passed 6 yes, 1 absent (Liger).

Regular Session.

Privileges of the Floor.

None

Next regular meeting: Thursday, November 15, 2018 9:30am in St. Thomas. on October 10, 2018 at 10:00am.

Motion made by Trustee Callwood and seconded by Trustee Cohen to adjourn. Motion passed 4 yes, 1 not voting (Maynard), 2 absent (Liger and Smith).

The was meeting adjourned at approximately 12:25pm.

 11/9/18

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