

**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 4, 2018
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 08/23/18)
- 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). Approval of Havensight Mall FY 2019 Operations and Capital Budgets
 - (ii). Administrator's Request for Implementation of \$25.00 Fee for Reissuing a Check
- 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. New Business
 - (i). Carambola Update
- XIII. Personnel Issues
- XIV. Privileges of the Floor
- XV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, OCTOBER 4, 2018**

The Regular Meeting of the Board of Trustees was held in the St. Thomas (STT) conference room and by video teleconferencing (VTC) from the St. Croix (STX) boardroom. The meeting was called to order at 9:55am. At roll call, all Trustees were present except Trustees Liger and Smith. Trustee McDonald participated from the St. Croix boardroom by VTC.

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, Nikia Coley, Administrative Assistant to the Board, Lorraine Gumbs, Director, Communications and Member Education, Asiah Clendenin, SPODO, Glenville Henderson, Investment Analyst, and Sakeeda Freeman, Communications and Member Education Specialist.

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

No media was physically present in the meeting.

Comments and Suggestions from Retirees.

Retirees in attendance: STT office – Gustave Dowling and STX office – Urman “Coach” Fahie.

No comments were offered.

Secretary’s Minutes.

Motion made by Trustee McDonald and seconded by Trustee Cohen to approve the secretary’s minutes for the regular meeting of October 4, 2018. Motion passed 5 yes, 2 absent (Liger and Smith).

Communications and Correspondences. The administrator read into the record: 1). A letter from Governor Mapp dated September 4, 2018, inviting the administrator to a thanksgiving observance for hurricanes Irma and Maria. 2). A letter dated September 6, 2018 from Governor Mapp regarding the annual VI Lottery bonus to the retirees. 3). A letter dated September 13, 2018 from the administrator to the Governor in response to his September 6, 2018 letter. 4). An email dated September 23, 2018 from Milton E. Potter, Director of Personnel regarding suspension of the use of social security numbers on employee’s documents effective October 15, 2018.

Chairperson’s Report.

Chairman Callender: 1). Thanked trustee Callwood and trustee Smith for chairing meetings during the month of September. 2). Apologized to the board for not mentioning Bruce Thomas’s resignation. He mentioned that Bruce received three (3) certifications during employment with the GERS. He is managing director of global equities (\$13 billion portfolio) at Pennsylvania Pension System. 3). After 44 months in office, Governor Mapp realized that GERS needs funding. A few months before the election, the Governor met with the board and made a few proposals. 4). Thanked NCPERS for participating in the forum. 5). Chided senator Vialet for criticizing GERS for posting of contributions.

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Presentations, Appearances, and External Meetings

1). August 28th – 30th – participated in the GERS/NCPERS 2018 Public Pension Forum held at Carambola. 2). September 4th – 6th – attended the Annual Public Funds Form by Value Edge Advisors in Laguna, CA., which is sponsored by one of our litigation firms (Robbins, Geller, Rudman, and Dowd). Former FBI Director James Comey was the main speaker. 3). September 10th – appeared on radio program “Just Government” as the guest of the At-Large aspirant Angel Bolques. Some of the questions asked: (i). Explain the difference between a DB and DC plan. (ii). What is the current unfunded liability? (iii). What is the status of the relationship between the GVI and the GERS? (iv). Where are we in reference to selling GERS assets, such as Carambola? (v). Explain some of the challenges that you are faced with as the administrator of the GERS. 4). September 11th – meeting with Vitech executive team. 5). September 16th – 19th – attended the NCPERS 2018 Public Pension Funding Forum in Boston, MA. 6). September 27th – attended and testified in the district court Re: GERS vs. GVI. 7). September 28th – GERS offices were closed for general staff training. Dr. Carolyn Clansy Miller, PhD a psychologist who made a presentation on The Positive Mindset. 8). October 1st – attended the CNW LLC board meeting.

Major Highlights on Operations – Post Hurricanes Irma and Maria

Systems Operations

All systems (network and communications) are fully operational. SmartNet (back up) has restored their wireless internet service.

Insurance Claims (Facilities)

The Public Adjuster for the GERS St. Croix Properties completed the damage assessment report and estimates for repair. Estimates were submitted to FEMA for the permanent repair projects as this was not covered by the insurance. FEMA covers damages under Category E for permanent work associated with buildings. In our instance, the amount of damage was lower than the deductible. Specifically, the windstorm deductible for the policy is 3% of the amount of the insured value per building, per location or \$839,812.05.

The estimated damages as per the scope and pricing provided by Blackhorse construction is as follows:

1. 5 Orange Grove, St. Croix, USVI (Plessen Ophthalmology Office)	\$220,844.60
2. 5 Orange Grove, St. Croix, USVI (Casino Control Commission)	\$194,124.67
3. 5 & 6 Orange Grove, St. Croix USVI (GERS Offices)	\$168,242.38
Total Involved Estimated Damages	\$583,211.65

The next steps for both islands are with VITEMA for the verification and payment process. It is anticipated that this process will be completed by November 30, 2018, if not sooner.

Documents continue to be submitted to FEMA, as requested, to arrive at a settlement claim for all properties.

For the Havensight Mall claim, the rent abatement information was provided to the insurance adjuster. The adjuster will have settlement numbers in a couple weeks.

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Outstanding Bi-Weekly Contributions/Loan Deductions (Pay Date) Delinquencies:

- Central Government –paid up to September 13, 2018 pay date.
- East End Medical Center – paid up all outstanding employee and employer contributions.

Member Services.

Prior Periods Estimated Employer Missing Contributions – as of September 30, 2018 - \$36.6 million.

On September 13, 2018, a billing letter was sent to the OMB Director and the Commissioner of Finance for prior period missing employer contributions in the amount of \$485,958.79, for members who retired and are to be paid on the September 30, 2018 payroll.

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

Act No 7128 (2010) No Update.

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

Number of applications – 646.

Number of Regular cases (non- vested) 507.

Number of cases completed – 374. Regular (non-vested) 274.

Number of cases pending – 272. Regular (non-vested) 233.

Total dollars refunded (1/1/18 – 8/30/18) - \$4,472,398.19 Regular (non-vested) \$4,029,317.08.

Retiree Applications - Includes both SAA and Central Government

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

Of the 295 applications (STX-147, STT-148) received in 2015, 290 retirees have received their initial retirement annuity as of the September 30, 2018 retiree payroll. 5 remaining for several reasons other than employer contributions.

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

Of the 277 applications (STX-112, STT-165) received in 2016, 266 retirees have received their initial retirement annuity as of the September 30, 2018 retiree payroll. 11 remaining for several reasons other than employer contributions.

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

Of the 246 applications (STX-118, STT-128) received in 2017, 188 retirees have received their initial retirement annuity as of the September 30, 2018 retiree payroll. 58 remaining for several reasons other than employer contributions.

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Members Who Retired Effective January 1, 2018 -August 31, 2018*

Of the 211 applications (STX-85, STT-126) received in 2018, 4 retirees have received their initial retirement annuity as of the September 30, 2018 retiree payroll. 207 remaining for several reasons other than employer contributions.

Accounting

Retiree Payroll

Annuity Payments FY 2018

Number of retirees as of September 30, 2018 payroll – 8516

Total Annuity Payments – October 1, 2017 – September 30, 2018- \$ 244,932,977.78 (w/Pensioners).

Retirees added to payroll month of September 2018 63

Retirees deleted from payroll period of October 1, 2017 – September 30, 2018 – 282

Gross payroll for the month of September 2018 - \$20,536,313.21

Operations

Loans

The loan activity is an ongoing reconciliation process:

Loan – (Continued)

As of September 15, 2018:

PERSONAL LOANS

Active Personal Loans	4,163
Retiree Personal Loans	1,906
Auto Loans	<u>5</u>
	<u>6,074</u>

MORTGAGE LOANS:

Construction/Home Improvement	24
Mortgage/Land	33
Mortgage - Purchase/Refi.	<u>47</u>
	<u>104</u>
Total	<u>6,178</u>

Buildings.

White House at Havensight

The termite treatment (windows and doors including subterranean) and minor electrical work were completed.

St. Croix Office Complex

- Fence repairs to be done by J. Benton Construction in October 2018.
- Gates repair to be begin by Alva's Welding on October 10, 2018.

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Casino Commission Building

A draft lease was submitted to the commission on August 10, 2018. A meeting was held with the commission (executive director and one of the commissioners). However, no unilateral decision could be made because commissioner Golden is on sick leave.

St. Thomas Office Complex

This building has many infrastructure issues. Roof, exterior skin, and air conditioning (AC). The roof and the exterior skin projects are delayed due to the hurricanes and availability of contractors. A contract was executed with Custom Builders for emergency hurricane repairs which begin in mid-October.

WAPA interruptions have been a challenge for the AC system. A report was finally received from Engineering Consulting Company and is under review. The report included options and recommendations.

New Lease with Virgin Islands Housing Finance Authority

We executed a lease with the Virgin Islands Housing Finance Authority to occupy the office space on the 1st floor of the complex. The monthly rent is \$5,810.00 with a 2-year term with option to renew.

Collections and Arrearages.

August 2018

Rental Collections - \$161,625.35 / YTD \$1,035,700.58 / Arrearage \$217,772.88

Electrical Collections - \$0 / YTD \$225,195.23 / Arrearage \$70,831.90

3rd Quarter Newsletter

Major articles in 3rd quarter newsletter.

Death Notification to GERS, Summary of GERS Contributions, Administrator's Thank you to NCPERS Overview of Member Benefits Statement, GERS' Bottom Line (Funded Status, Total Retirees, YTD FY 2018 Retiree Payroll, Total Portfolio Assets, and Total Return for Quarter Ending 6/30/18)

Saturday Radio Program

Resumed November 12, 2017 on WSTA

Reef Broadcasting officially resumed programing at the end of August 2018

WGOD has not yet resumed

Number of programs per month

- Officially 2 programs per month
- WSTA/Focus VI plays it 4 times per month (no charge for 2 extra programs)

Which radio stations carrying the program

- 103.5 FM Mondays at 10:00 a.m.
- 1620 AM Saturdays at 5:00 p.m.

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- 1340 AM Saturdays anytime between 9:15 and 9:30 a.m.
- 98 FM (WGOD) Thursdays at 3:05 p.m.

Annual Meeting with HR Officers

GERS will host the annual Human Resources Officer's Meeting for all government HR officers on St. Thomas and St. Croix (VTC) on Friday, October 5, 2018.

Topics to be discussed:

2017 Annual Benefit Statement, Member Self-Service (MSS), Return to Work Provisions, GERS Membership Record completion and timeliness, 30-minutes presentation by the Division of Personnel about the "NO Social Security NOPA."

Discussion by the administrator on the central government non-payment of the 9/30/18 and 10/15/18 prior periods missing employer contributions. GERS will suspend placing ne retirees on the payroll if the central government does not pay up by noon on October 10, 2018.

Committee Reports.

- Development – No report.
- Policy – Board governance policy still in review. Marked up by board counsel. Personnel manual review not completed.
- Investment – None.
- Budget Committee. None.
- Medical Review – None.

Treasurer's Report.

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

The August 31, 2018 report shows receipts and collections for the month of August 2018 in the amount of \$19,769,862 and disbursements in the amount of \$27,438,832, for a net cash deficit of \$7,668,970. The YTD receipts and collections are \$197,772,049 and YTD disbursements are \$255,494,376, for a net YTD cash deficit of \$57,722,328.

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

Investment Officer's Report.

Glenville Henderson, Investment Analyst reported: Ended the month of August 31, 2018 at approximately \$688 million (excludes member loans and office buildings. Total Plan returned 0.8% for the month of August 2018 and underperformed its benchmark by 100bps. Total Equity returned 3.9% and outperformed its benchmark by 40 bps. Total Fixed Income returned 0.1% and underperformed its benchmark by 50 bps. Total Alternative returned -1.1% and underperformed its benchmark by 460 bps. No funds were raised in the month of August.

The remaining two fixed income managers (Brandywine and Pugh) will be terminated at the end of November 2018. The only managers left will be Blackrock -manager of the index funds and Mesirow – private equity.

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Regular Session.

Motion made by Trustee Smith and seconded by Trustee Cohen to approve the FY 2019 Havensight Mall Operating Budget in the amount of \$4,078,279 (operating expenses-\$3,696,152 and management fees-\$382,127).

Motion passed 6 yes, 1 absent (Liger).

Trustee Callwood stated that WICO was poor manager of the mall. A question was asked when does the WICO management agreement expires? The administrator responded – September 30, 2019. The board counsel stated that the board should meet to determine if the WICO agreement should be renewed.

The board tabled the administrator's request to implement a \$25.00 fee for reissuing a check. The board directed the administrator to follow the resolution for mandatory direct deposit. If the retirees do not comply, the administrator was directed to hold their retirement annuity checks until there is compliance.

Motion made by Trustee Callwood and seconded by Trustee Smith to approve the Havensight Mall Capital Budget for FY 2019 in the amount of \$371,000. Motion passed 6 yes, 1 absent (Liger).

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

Executive Session.

Lost quorum.

Special meeting on October 10, 2018 at 10:00am.

The was meeting adjourned at approximately 1:40pm.

 10/11/18

Austin L. Nibbs, CPA, CGMA

Administrator/CEO

Secretary, GERS Board of Trustees