

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

**St. Croix GERS Boardroom
Thursday, October 20, 2016
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular 09/15/16)
- 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 Change GERS's Current Cash Fund at State Street (SSHX) to a Floating Net Asset Value Fund (SAHXX)
 - (ii). Bert Smith & Co. Engagement Letter
 - (iii). November BOT Meeting Date
- 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). Recommendations from Committee on Medical Review
 - (ii). Legal Issues
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, OCTOBER 20, 2016**

The Regular Meeting of the Board of Trustees was held at the St. Croix (STX) Boardroom and by videoconferencing (VTC) to the St. Thomas (STT) Conference Room. The meeting was called to order at 9:43am. At roll call, all Trustees were present except Michael McDonald and Leona Smith.

Staff in attendance in STX: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Nikia Coley, Administrative Assistant to the Board, and Bruce Thomas, Investment Officer. Staff in attendance in STT: Asiah Clendenin, Strategic Planning & Organizational Development Officer, Evelyn Venner Potter, Chief Operating Officer, Lorraine Gumbs Morton, Public Information Officer, Grasilda Dobbins, and Glenville Henderson, Investment Analyst.

Also present in STX were: Pedro K. Williams, Board Counsel and Diane Andrews, Stenographer.

Comments and Suggestions from Retirees.

In STX retiree Benjamin Rodriguez and his wife Zulma Rodriguez requested to speak and delivered a copy of Mr. Rodriguez's LWOP NOPA from Public Works that was missing from his records at GERS.

No retirees were present in the STT office.

Secretary's Minutes.

Motion made by Trustee Callwood and seconded by Trustee Ross to accept and approve the secretary's minutes for the regular meeting-September 16, 2016. Motion passed 5 yes and 2 absent (McDonald and Smith).

Communications and Correspondences.

The Administrator read into the record: 1). Letter dated September 15, 2016 addressed to the Administrator from Aubrey A. Leë, V.I. Labor Management Committee. 2). Open letter dated September 20, 2016 from the St. Croix Government Retirees, Inc. inviting GERS to participate in a "Work Session" on Monday, October 10, 2016 at UVI Great Hall. 3). Letter dated September 22, 2016 addressed to the Administrator from Avery L. Lewis, President STT/STJ Federation of Teachers inviting GERS to address the Building Representatives – Addelita Cancryn Jr. High School on October 12, 2016. 4). Letter dated September 21, 2016 addressed to the Administrator from Denise P. Nibbs, Director of Human Resources, WAPA requesting census information. 5). Letter dated September 2, 2016 from the Administrator addressed to Kenneth E. Mapp, Governor of the V.I. transmitting the billing for the Actuarially Determined Employer Contributions Due. 6). Letter of Appreciation dated October 18, 2016 from the Administrator to Neville A. James, President of the 31st Legislature thanking the Legislature for airing the GERS Summit on Legit TV.

Chairperson's Report.

1). Read an anonymous letter from a member into the record. 2). Attended rally sponsored by GRUFF on October 10, 2016 at the Emancipation Gardens. Remained for 2 hours and heard all comments. 3). Tried to meet with the Governor. All attempts failed.

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Administrator's Report.

The Administrator reported significant items: **Appearances and Meetings.**

- 1). September 19th – Pre-Summit with Senators and Autonomous Agency Heads
- 2). September 20th – Summit with Stakeholders
- 3). September 22nd – 23rd – Attended hearing with Member
- 4). September 27th – Guest on Redfield's Radio Program
- 5). September 28th – Meeting with WICO's CFO
- 6). September 29th – Guest on Senator Marvin Blyden's Radio Program – WSTA
- 7). October 4th – Guest on Ideas and Issues - WSTA
- 8). October 7th – Havensight Mall Refurbishment Committee Meeting – Site Tour
- 9). October 8th – Guest on UVI Radio Program – “Just Us”
- 10). October 10th – Attended Session with STX Retiree Group at UVI on STX
- 11). October 13th – Meeting with Vitech (V3 Software Provider in NY)
- 12). October 19th – Carambola NW LLC Board Meeting at Carambola.
- 13). October 21st – Presentation to AFT TEACH Professional Development Conference

14). NOPA Project & V3 Project.

- Overall project – 84% completed.
- Autonomous agencies are 98% completed.
- Department of Education is last department remaining. Work in progress.
- Project scheduled to be completed by the 2nd Q 2017.
- Met with Vitech executive in NY on October 13, 2016.
- A total of 231 V3 issues as of October 18, 2016 – 54% critical with GERS and 49% with Vitech.
- Priority issues are the V3 functionality changes and additional training for GERS staff in December 2016.

- 15). **Missing Contributions.** As of October 6, 2016, based on the Segal study of missing contributions of \$47 million in 2011 – the balance as of October 6th - \$38.9 million.

Retiree Applications Received and Dispositions

- 16). a). Of the 219 retirees who retired May 2012 through December 31, 2014, there are 4 retirees remaining to receive their initial annuities.
- b). Of the 299 (STX-150/STT-149) retirees who retired in 2015, 257 retirees have received their initial annuities. In progress – 42 in various forms of processing.
- c). Of the 203 (STX-79/STT-124) retirees who retired from January 1, 2016 to present, 23 retirees have received their initial annuities. In progress – 180 in various forms of processing.

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17). Annuity Payments. a). October 1, 2015 – September 30, 2016 - \$241,286,663.93 w/pensioners. b). Number of retirees added to the payroll for the October 1, 2015-September 30, 2016: 313. c). Number of retirees/survivors expected to be placed on the payroll for the October 15th pay date: 5. d). Number of retirees deleted from the payroll from October 1, 2015 – September 30, 2016: 261. e). Number of retirees added to the payroll for the September 30th pay date: 9 Total retirees as of September 30th payroll – 8,520. Gross retiree payroll for the September 30th pay date - \$10.1 million.

18). Juan F. Luis Hospital and Medical Center (JFLHMC). See General Counsel's Legal Report

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

20). Act No 7128 (2010). No Significant Update.

21). Total Outstanding Loans as of September 30, 2016 – Approximately \$130.1 million. Active Personal - \$88.8 million, Retiree Personal - \$33.6 million, and Other - \$7.7 million.

22). Operations – a). White House at Havensight. Completed. Pending decision to rent. b). **St. Croix Old Office Building.** Renovations completed. c). **St. Thomas Headquarters.** Awaiting engineer's report on exterior wall problems. Air conditioning problems continue. Cleaning of roof and vullemizing is being done. c). **Other.** Total Rental Income collections for the month of September 2016 were \$246,740.29 and YTD was \$940,176.48. Electrical Collections for the month of September 2016 were \$70,797.44 and YTD - \$403,349.95. Arrearages – rental is \$219,371.40 (DOP and Casino Commission) and electrical is \$14,551.15 (DOP). Lease negotiations with DOJ and DOP are still pending.

23). Havensight Mall. Refurbishment work is progressing.

24). No responses to RFP advertised for appraisals of all GERS properties. We reached out to the previous appraiser who was not aware of the RFP.

25). Legislation. No Update.

26). Lonesome Dove. No update..

Questions:

Trustee Callwood asked: 1). If the retirement application are still being done on a FIFO basis? Answer- No. 2). If there is space in Havensight Mall for kiosks? Answer- WICO should be the one to determine that. 3). Is GERS planning to place solar paneling on our buildings? Yes. Part of the capital improvement strategic plan.

Pedro Williams. Appears no arrearages for DOJ. Answer - No. Lump-sum payment was made.

Committee Reports.

1). Development Committee – Trustee Smith. None. **2).** Policy Committee – Trustee Callwood. Behind in meetings. **3).** Investment Committee – Trustee Maynard. Investment Officer and Chair arranging a meeting. Due diligences were conducted with small cap managers in CA. from October 25th – 28th. **4).** Medical Review Committee – Trustee Callender. Recommendation will be presented in Executive Session.

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Internal Auditor's Report. None.

Treasurer's Report.

Grasilda Dobbins CFO reported:

The September 30, 2016 report shows collections for the month of September 2016 in the amount of \$13,583,588.00 and disbursements in the amount of \$22,984,244.00, for a net cash deficit of \$9,400,656.00. YTD FY 2016 collections are \$184,791,629.00 and disbursements are \$274,801,294.00, for a net cash deficit of \$90,009,665.00. Motion made by Trustee Callwood and seconded by Trustee Ross to approve the Treasurer's Report. Motion passed 5 yes and 2 absent (McDonald and Smith). Mrs. Dobbins mentioned that the Loan disbursements are due to credit life insurance payments, taxes, etc. Also, the payment to WICO in the amount of \$154,676.00 is for Havensight Mall Refurbishment Project transactions.

Investment Officer's Report.

Bruce Thomas, Investment Officer reported: **1).** The Total Plan Ending Market Value at September 30, 2016 was \$762.2 million, which includes Attilanus Credit Facility, Carambola, GVI Loan, Kazi, and VI Finest and excludes the Loan Program, STT Office Complex, and the STX Office Complex. **2).** \$15 million was drawn from Union Heritage (Morgan Stanley) in September. **3).** **Total Plan FYTD** returned 8.9%, **CYTD** 5.8%, and for the month of September -0.5%.

Regular Session.

Motion made by Trustee Liger and seconded by Trustee Ross to ratify poll vote to change GERS's current cash fund (SSHX) to SAHXX. Motion passed 5 yes and 2 absent (McDonald and Smith).

Motion made by Trustee Ross and seconded by Trustee Callwood to change the System's current cash fund that is a SHXX to a GVMX that is a State Street International U.S. Government Money Market Fund – Premier Class. Motion passed 5 yes and 2 absent (McDonald and Smith).

Motion made by Trustee Callwood and seconded by Trustee Ross to accept the engagement letter for Bert Smith & Co. in the amount of \$123,000.00. Motion passed 5 yes and 2 absent (McDonald and Smith).

Motion made by Trustee Callwood and seconded by Trustee Maynard to go into Executive Session. Motion passed 5 yes and 2 absent (McDonald and Smith).

Executive Session.

Motion by Trustee Callwood and seconded by Trustee Liger to come out of executive session. Motion passed 5 yes and 2 present (McDonald and Smith).

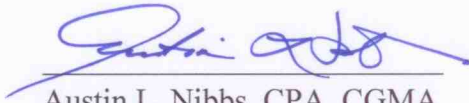
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Regular Session.

Discussion on next meeting date. Meeting date changed from Thursday, November 17, 2016 to Tuesday, November 22, 2016 at 9:30am in St. Thomas.

Motion to adjourn. Without objection so ordered by the Chairman.

The meeting was adjourned at approximately 1:40pm.

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

Austin L. Nibbs, CPA, CGMA

Administrator/CEO

Secretary, GERS Board of Trustees