

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

**St. Thomas GERS Conference Room
Thursday, September 15, 2016
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Secretary's Minutes (Regular: 08/18/16)
- V. Communications and Correspondences
- VI. Chairperson's Report
- VII. Administrator's Report
- VIII. Committee Reports
- IX. Internal Auditor's Report
- X. Treasurer's Report
- XI. Investment Officer's Report
- XII. **REGULAR SESSION**
 - A. New Business
 - (i). Approval of the FY 2017 Proposed Havensight Mall Operations Budget
 - (ii). Approval of Request from CNW LLC Board to Grant Request for Bridge Loan from Owner or Other Source to Start the Phase I Project of the PIP
- XIII. Privileges of the Floor
- XIV. Adjournment

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, SEPTEMBER 15, 2016**

The Regular Meeting of the Board of Trustees was held at the St. Thomas (STT) Conference Room and by videoconferencing (VTC) to the St. Croix (STX) Board Room. The meeting was called to order at 9:58am. At roll call, all Trustees were present except Carol Callwood (called in from off island after the meeting started).

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

Staff in attendance in STX: Bruce Thomas, Investment Officer.

Also present in STT were: Pedro K. Williams, Board Counsel and Desiree Hill, Stenographer.

The Chairman made a comment about numerous media comments regarding GERS cutting benefits. He stated that the Board has not voted to cut any benefits.

Comments and Suggestions from Retirees.

In STX Davidson Chalamane a 718(k) retiree spoke about the hardship of reducing the Class 3 employee's benefits by .5%.

In STT Ian Williams, Jr. a 718(k) retirees (former policeman and fireman) spoke also about the hardship he is experiencing.

Secretary's Minutes.

Motion made by Trustee Smith and seconded by Trustee Ross to accept and approve the secretary's minutes for the regular meeting-August 18, 2016. Motion passed 4 yes and 1 not voting, 1 abstain (McDonald), and 1 present (Callwood).

Communications and Correspondences.

The Administrator read into the record: 1). Letter dated August 18, 2016 addressed to the Honorable Kenneth E. Mapp, Governor of the V.I. from Acting GERS Chairman Edgar D. Ross, J.D. regarding invitation to attend the Summit on September 9, 2016. 2). Letter dated August 17, 2016 addressed to the administrator from Jamie Vitiello, Executive Vice President of Vitech regarding change in browser protocol; PDF fillable forms. 3). Memorandum from Governor to Department Heads regarding Zika Prevention. 4). Letter dated September 13, 2016 from Administrator to Senate President Neville James requesting LegitTV to be present at the Pre Summit/Summit on September 19th and 20th.

Chairperson's Report.

1). Thanked the Vice Chairman for covering during his absence from the territory. 2). Attended the Public Funds Forum in Utah. 3). Medical Review Committee met Tuesday September 13, 2016. The case will be forwarded to the Trustees in 30 days. 4). Pre-Summit/Summit will be held on September 19th and 20th.

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Administrator's Report.

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

1). August 29th – August 31st – Attended custodian due diligence meetings in Boston and Chicago at State Street Bank, BYNMellon, and Northern Trust. Also, attending were Trustees Smith and Callwood and Bruce Thomas, Glenville Henderson, and Denise Jeremiah.

2). September 5th – 9th – Attended the 2016 Public Funds Forum sponsored by Robbins Geller Rudman & Dowd LLP – Securities Litigation Firm in Park City, Utah.

The main speakers were former Chairman of the Federal Reserve System Ben Bernanke and David Axelrod, former Senior Advisor to President Barack Obama.

3). September 14th – Attended Carambola Northwest LLC board meeting.

4). NOPA Project & V3 Project. Will report on a quarterly basis. 5). Missing Contributions Retiree Payroll. Through September 8, 2016 payroll, of the 219 retirees who retired between May 2012 and December 31, 2014, there are 4 retirees remaining to receive their initial annuities. The remaining balance left from the \$2.1 million that was allotted by the central government for members retiring between May 2012 and December 31, 2014 is \$3,569.20. Receipt of the final NOPAs and retroactive annuity payments not enough to cover *employee* contributions due are the major reason why these cases cannot be completed timely. There are a few V3 issue related problems which are being addressed, in addition to, receipt of contributions from JFLHMC. Departments/Agencies are being billed for missing employer contributions for those retirees that retired beginning January 1, 2015. Based on the Segal study of missing contributions in 2011 – balance as to date - \$39.2 million.

5). Annuity Payments. a). October 1, 2015 – September 15, 2016 - \$231,157,539.02 w/pensioners. b). Number of retirees added to the payroll for the October 1, 2015-September 15, 2016: 304. c). Number of retirees/survivors expected to be placed on the payroll for the September 30th pay date: 5. d). Number of retirees deleted from the payroll from October 1, 2015 – September 15, 2016: 235. e). Number of retirees added to the payroll for the September 15th pay date: 6. **6). Retiree Applications.** Number of retiree applications received January 1, 2015 –December 31, 2015: 299 (STX 150, STT 149). Of the 299 applications, 248 retirees have received their initial annuity. Number of retiree applications received January 1, 2016 to September 15, 2016: 184 (STX 70, STT 114) –Includes both autonomous agencies and the central government. Of the 184 applications received in 2016, 18 retirees have received their initial annuity. **7).** January 1, 2016 to present 509 refund cases totaling \$5,247,195.09 were processed. **8). Juan F. Luis Hospital and Medical Center (JFLHMC).** Legal claim filed for outstanding contributions (employee/employer) of approximately \$7.2 million (\$5.1 principal / \$2.1 interest and fees).

9). Virgin Islands Economic Stability Act – VIESA (ACT 7261). No Update. There are still outstanding issues with the recalculation of 340. We continue to have difficulties obtaining the NOPAs for salary increases. We continue to reach out to the Division of Personnel and the GERS Records

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Department to conduct research to locate these NOPAs. The Project Assistants and the STX Staff are inserting the employment history data in the V3. The Project Assistants have been helpful in updating a large number of the cases. **10). Act No 7128 (2010). No Update.** There are now 33 cases pending completion under Act 7128 for 2010, where adjustments of annuities have to be made for those retirees where the Government of the Virgin Islands paid for their Sick and Excess Annual Leave. \$3 million was appropriated and received by GERS under Act No. 7128. Issues with these cases consist of members that received incremental increases. Their cases need to be recreated since these members retired prior to V3 Go Live Date. **11). Total Outstanding Loans as of August 31, 2016 - \$132.1 million.** Active Personal - \$90.7 million, Retiree Personal - \$34.0 million, and Other - \$7.4 million.

12). Operations – a). **White House at Havensight.** Completed. b). **St. Croix Office Building.** The replacement of the concrete stairs and railings completed. c). **St. Thomas Headquarters.** The work on the correction of the fuel leaks problem on the 900KW generator completed. d). The problem with the exit parking gate still exist. The recommendation is a lighter gate. e). **Other.** Total Rental Income collections for the month of August 2016 were \$19,682.29 and YTD was \$693,436.19. Electrical Collections for the month of August 2016 were \$8,844.83 and YTD - \$332,552.51. Lease negotiations with DOJ and DOP are still pending. Lease addendum with ResCare was finalized. **13). Havensight Mall.** The contract was executed on August 31, 2016 in the amount of \$1.5 million between AT Construction and WICO to perform the refurbishment for the Havensight Mall. The work is expected to take about 120 days. **14).** RFP advertised for appraisals of all GERS properties with a response date of September 23, 2016.

15). Legislation. No Update. Act No. 7880

16). Lonesome Dove. No update..

Committee Reports.

1). Development Committee. None, **2).** Policy Committee. None. **3).** Investment Committee. None. **4).** Medical Review Committee. Disability hearing held on September 13, 2016.

Internal Auditor's Report. None.

Treasurer's Report.

Grasilda Dobbins CFO reported:

The August 31, 2016 report shows collections for the month of August 2016 in the amount of \$13,568,558.00 and disbursements in the amount of \$22,782,154.00, for a net cash deficit of \$9,213,596.00. YTD FY 2016 collections are \$171,208,041.00 and disbursements are \$251,817,050.00, for a net cash deficit of \$80,609,009.00. Motion made by Trustee McDonald and seconded by Trustee Smith to approve the Treasurer's Report. Motion passed 6 yes and 1 present (Callwood). Trustee Callwood mentioned that Benefits Payments were \$20.5 million and contributions were less than \$10 million for the month of August 2016.

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Investment Officer's Report.

Bruce Thomas, Investment Officer reported: **1).** The Total Plan Ending Market Value at September 14, 2016 was \$906.5 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 on August 29th, which is the first draw since April 2016. **3).** **Total Plan FYTD** returned 8.9% and **CYTD** 6.6%.

Regular Session.

Motion made by Trustee Smith and seconded by Trustee McDonald to approve the FY 2017 Havensight Mall Operating Budget of Total Revenues \$6.4 million, Total Variable Expenses of \$512.6k, Total Fixed Costs of \$3.5 million, Total Expenses of \$4.0 million, and EBITDA of \$2.4 million. Motion passed 6 yes and 1 present (Callwood).

Motion made by Trustee Smith and seconded by Trustee McDonald to approve the credit facility to Carambola Northwest, LLC. Motion passed 6 yes and 1 present (Callwood).

Motion made by Trustee Ross and seconded by Trustee Smith to amend the agenda to add Executive Session to discuss personnel matters. Motion passed 6 yes and 1 present (Callwood).

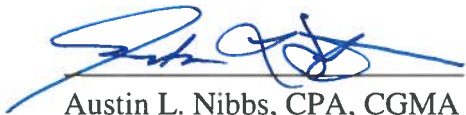
Executive Session.

Motion by Trustee McDonald and seconded by Trustee Smith to come out of executive session back to regular session. Motion passed 6 yes and 1 present (Callwood).

Regular Session.

Motion made by Trustee Ross. No second. Meeting was adjourned without objection so ordered by the Chairman.

The meeting was adjourned at approximately 12:55pm.



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