

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

**St. Thomas/St. Croix via Zoom
Thursday, March 23, 2023
9:30 am**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Comments and Suggestions from Active Members
- V. Secretary's Minutes (Regular: 2/23/23; Special: 3/2/23)
- VI. Communications and Correspondences
- VII. Chairperson's Report
- VIII. Administrator's Report
- IX. Committee Reports
- X. Treasurer's Report
- XI. Investment Officer's Report

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/ or personal/ or legal matters; or matters whose premature disclosure will frustrate the implementation of the proposed agency action.

- A. New Business
 - (i). N Coley Contract
- XIII. Privileges of the Floor
- XIV. Adjournment

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

March 23, 2023

The Regular Meeting of the Board of Trustees for March 23, 2023, was called to order at 9:32am. The meeting was held via Zoom. At roll call, Trustees present were Bowry, Dorsey, Liger, Russell, and Callwood. Trustees not present were Smith and McDonald. A quorum was established with 5 voting Trustees present. Ex-Officio member Cindy Richardson submitted a letter dated March 23, 2023, requesting to be excused. Trustee Smith joined the meeting after the roll call.

Staff in attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Deputy General Counsel, Denise Jeremiah, Chief Financial Officer, Asiah Clendinen Gumbs, COO, Glenville Henderson, Investment Analyst, Sakeeda Figueroa, Communication and Member Education Specialist, LeSean Moses, IT, Zaida Castro, Executive Assistant to the Administrator, Nikia Coley, Administrative Assistant to the Board of Trustees, Roy Moorehead, Chief Security Officer-Havensight Mall, and Ucilla Austrie, Accounting Coordinator.

Also, present in the meeting Board Counsel, Pedro K. Williams and Kelsha Williams of the Williams & Williams Law firm. The stenographer Desire Hill was in attendance via zoom.

Comments and Suggestions from Retirees

No Comments from Retirees.

Comments and Suggestions from Active Members

No Comments from Active Members.

Secretary's Minutes (Regular 2/23/2023; Special: 3/02/2023)

A motion was made by Trustee Liger and seconded by Trustee Dorsey to approve the February 23, 2023, Regular Board meeting minutes. The motion passed with 4 Yes (Bowry, Dorsey, Liger, Callwood), and 3 Absent (McDonald, Russell, and Smith)

A motion was made by Trustee Liger and seconded by Trustee Dorsey to approve the March 2, 2023, Special Board meeting minutes. The motion passed with 3 Yes (Bowry, Liger, and Callwood), 2 Not Voting (Dorsey and Russell), and 2 Absent (Smith and McDonald).

Communications and Correspondences

None

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Chairman's Report

Chairman Callwood reported:

He met with WAPA and WICO representatives along with GERS' Senior Staff on March 9th regarding matters to Havensight Mall. On March 13th, along with GERS' Senior Staff met with Governor Bryan to discuss Havensight Mall issues. Information that was discussed will be shared with the Trustees in the Executive Session.

Administrator's Report

Meetings, Presentations, and Appearances

- February 28 Meeting with Legal to discuss Bill No. 35-0004.

- March 2 Havensight Mall Oversight Committee (HMOC) meeting to review responses to the RFQ – Strategic and Infrastructure Plan.

- 6/7 Met with Legal and attended hearing regarding a retirees board appeal case.

- 8 Special HMOC meeting to continue review of responses to RFQ - Strategic and Infrastructure Plan.

- 9 Meeting with WAPA and WICO to discuss water line losses at Havensight Mall.

- 13 Meeting with Governor Bryan Re: Havensight Mall issues.

- 14 Meeting with DPNR regarding water distribution system at Havensight Mall.

- 15 Special HMOC meeting for presentation by respondent to the RFQ - Strategic and Infrastructure Plan.

- 16 Meeting with BoltNagi (Corporate Attorney) regarding the dissolution of Carambola Northwest LLC.

Meeting with GAO representatives.

- 17 HMOC monthly meeting.

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Attended the Development Committee meeting.

Member Services

Retirement Applications - as of March 10, 2023

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
STX	147	111	118	177	143	114	164	143	31	
STT	<u>147</u>	<u>164</u>	<u>127</u>	<u>224</u>	<u>172</u>	<u>126</u>	<u>179</u>	<u>182</u>	<u>15</u>	
Total	294	275	245	401	315	240	343	325	46	
Processed	<u>293</u>	<u>275</u>	<u>245</u>	<u>401</u>	<u>315</u>	<u>239</u>	<u>340</u>	<u>239</u>	<u>0</u>	
Remaining	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>3</u>	<u>86</u>	<u>46</u>	<u>137*</u>
% Completed	99%	100%	100%	100%	100%	99%	99%	74%	0%	

Compliance and Control - Contribution Processing October 1, 2022 – February 28, 2023

Refunds

	No. Cases <u>Completed</u>	Total <u>Amount</u>	No. of Cases <u>Pending</u>
Regular	213	\$3,935,958.93	19
Erroneous	14	6,346.96	2
Employer Share	3	21,693.66	5
Overpayment	<u>174</u>	<u>444,479.08</u>	<u>11</u>
Total	<u>404</u>	<u>\$4,408,478.63</u>	<u>37</u>

Death Benefits

<u>Types</u>	No. Completed <u>10/1/22-02/28/2023</u>	Amount <u>10/1/22-02/28/2023</u>	No. of Cases <u>Pending</u>
Active	11	\$ 539,814.21	26
Retired	<u>4</u>	<u>300,879.52</u>	<u>5</u>
Total	<u>15</u>	<u>\$ 840,693.73</u>	<u>31</u>

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Accounting Department

Annuity Payments

Number of retirees as of March 15, 2023, payroll: **8,763**

Cumulative amount paid from October 1, 2022 – March 15, 2023

Number of retirees added to the payroll from October 1, 2022 – March 15, 2023. **177**

Number of retirees added to the payroll for the March 15, 2023, pay date. **23**

Number of retirees expected to be placed on payroll for March 30, 2023 pay date: **28**

Number of retirees deleted from the payroll from October 1, 2022, through March 15, 2023: **147**

Note: The Gross Retiree Payroll for 3/15/23 was **\$11,056,909.10**

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**LOAN PORTFOLIO FOR THE MONTH
ENDING FEBRUARY 28, 2023**

PERSONAL LOANS

	Total	STT/STJ	STX
Active Personal Loans	493	283	210
Retiree Personal Loans	473	266	207
	966	549	417

MORTGAGES

Construction/Home Improvement	18	10	8
Land	16	14	2
Purchase/Refinance	22	17	5
Totals	56	41	15

TOTAL LOANS & MORTGAGES	1,022	590	432
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TOTAL OUTSTANDING

	Total	STT/STJ	STX
Active PL	\$ 3,998,404.41	\$ 2,497,250.38	\$ 1,501,154.03
Retiree PL	3,742,671.33	2,091,331.51	1,651,339.82
Purchase/Refi	1,222,065.74	954,372.20	267,693.54
Construction	1,851,106.82	1,129,974.70	721,132.12
Land Loans	314,200.80	279,620.15	34,580.65
GRAND TOTAL	\$ 11,128,449.10	\$ 6,952,548.94	\$ 4,175,900.16

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Operations

St. Croix Office Complex

No major issues other than ongoing maintenance.

PROJECTS COMPLETED/IN PROGRESS:

COMPLETED - Repaving of the rear parking lot at the Casino Control Commission.

COMPLETED - Installing a roof with guttering over the maintenance shed.

COMPLETED - Removing rust, priming and painting all exterior doors.

IN PROGRESS - Painting all exterior columns.

IN PROGRESS - Replacing missing tiles and refurbishing the fountain.

St. Thomas Office Complex

No major issues other than ongoing maintenance.

PROJECTS PENDING:

Paint second and third floor lobby and third floor corridor

Fill potholes in covered parking areas

Restripe parking lot.

Lobby/Atrium/ Restroom Renovations/ ADA Compliance – Architect Contract signed, and the GERS received designs/drawings. Project on hold until Roof and AC completed. To be included in FY 2024 Budget.

Havensight Mall

Work progresses on the demolition projects and refurbishment of Warehouse J.

Hotel Development

CZM hearing was held on February 23, 2023.

CZM walkthrough with the developer was conducted on Friday March 17, 2023.,

Generator

The generator was delivered on Monday March 13, 2023. It will be fully functional barring any unforeseen circumstances by August 2023.

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Office Buildings Rental and Electricity Collections – Exhibit A

	<u>Feb 2023</u>	<u>Total FYTD</u>	<u>Arrearages</u>
Rental	\$118,802.49	\$398,817.85	\$50,252.44
Electric	<u>71,619.43</u>	197,434.38	<u>36,302.19</u>
Total	<u>\$190,421.92</u>	<u>\$596,252.23</u>	<u>\$86,554.63</u>

The Administrator stated that \$11,637.42 was collected for electrical arrearages after the report was prepared.

LEASES (Outstanding)

Equus Workforce Solutions

New tenant. Lease was sent to Equus for review and signature on March 10, 2023.

Division of Personnel

Awaiting finalization. Last language agreed to on March 13, 2023.

Department of Justice

Both parties have executed the lease. However, DOJ is required to provide proof of funding to DPP. Awaiting DOJ to forward the proof of funding documentation to DPP to finalize the processing of the agreement.

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RENTAL – EXHIBIT A

	February 2023 Collection								
	Rental Collection	Electrical Collection	Rental Year-To-Date Collection for FY 2023	Electrical Year-To-Date Collection for FY 2023	Total Year-To-Date Revenue Collection	Rental Arrearage	Electrical Arrearage	Notes	
Department of Justice	\$ 74,126.00	\$ 60,053.66	\$ 185,315.00	\$ 149,602.07	\$ 334,917.07	\$ 37,063.00	\$ 24,082.76	February Rent/Electrical	
Division of Personnel	-	11,565.77	65,947.20	41,283.61	107,230.81	13,189.44	11,543.79	Feb. Rent	Feb. Electrical
FirstBank	580.40	-	2,031.40		2,031.40	-	93.63	Feb. Electrical	
Ophthalmology Consultants, LLC	6,365.40	-	31,827.00	-	31,827.00	-	-		
Plessen Eye, LLC_ADMIN	16,037.12	-	24,055.68	-	24,055.68		-		
Plessen Eye, LLC_ADMIN STORAGE	2,320.00	-	3,480.00	-	3,480.00		-		
Plessen Eye, LLC_ASC	17,569.76	-	35,139.52	-	35,139.52		-		
ResCare (JobCorps)	1,803.81	-	9,019.05	855.86	9,874.91	-	582.01	Feb. Electrical	
VI Housing Finance Authority	-	-		5,692.84	5,692.84	-	-		
VI Casino			42,003.00	-	42,003.00	-	-		
Total income Received	\$ 118,802.49	71,619.43	398,817.85	197,434.38	596,252.23	50,252.44	36,302.19		

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Questions and Comments from Board of Trustees to Administrator Nibbs

Trustee Russell inquired about challenges of government employees withdrawing from the system. According to Administrator Nibbs, the mindset has changed since the influx of the bond note. However, some are still withdrawing their contributions because they are not convinced the system is stable.

Trustee Russell asked Administrator Nibbs for an update of the proposed "Return to Work" Legislation. Administrator Nibbs responded that the numbers of "Return to Work" retirees are at a minimum. Administrator Nibbs will get the numbers from Compliance and Control for Trustee Russell.

Trustee Russell asked what is the next step with the CZM walk-through. Administrator Nibbs asked Chief Operating Officer, Clendinen Gumbs to respond. According to Ms. Clendinen Gumbs, within thirty days of the walk-through, CZM will make a formal recommendation to the Legislature.

Trustee Bowry asked about the tenant Equus Workforce Solutions. Administrator Nibbs asked Chief Operating Officer, Clendinen Gumbs to respond. According to Ms. Clendinen Gumbs, this program is through the Department of Labor. They give grants and funding and ResCare won the contract to operate Job Corp in the Virgin Islands. It is the same management under the name Equus Workforce Solutions. ResCare Lease had expired, and they had an option to renew under the name Equus Workforce Solutions.

Trustee Bowry inquired about Carambola. Administrator Nibbs responded that Carambola was sold on July 4, 2019, and all assets have been liquidated. Prior to the liquidation, GERS filed the required financial reports with the Lt. Governor's Office. As of the closing, there was an amount of \$225K placed in escrow for liability purposes with the buyer's attorney (Dudley). After the closing, the buyer claimed that Carambola was responsible for outstanding invoices for about \$125K which were not identified in the true-up. Bolt Nagi (Corporate Attorney for Carambola Northwest LLC) completed confirmation and a reconciliation with the buyer's accountant and the outstanding invoices that were claimed have decreased significantly. The process by Bolt Nagi to resolve the \$225K in escrow is ongoing. The Board passed a resolution a few years ago for the dissolution of Carambola Northwest LLC. Bolt Nagi filed the termination documents in March 2023, and the termination was approved by the Lt. Governor's Office dissolving Carambola Northwest LLC.

Trustee Bowry inquired about the GAO report. Administrator Nibbs stated that GAO wanted a follow-up about the bond note and other information discussed in the prior meetings, and also

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asked for copies of the appraisals of our properties. They will finalize their report by the end of the year.

Committee Reports.

(a) Investment Committee – Trustee Callwood – No Report.

(b) Development Committee

Trustee Russell reported that the Development Committee and Administrator gave a lengthy report regarding Havensight Mall. Due to the undeveloped land owned by GERS the Development Committee would like to proceed expeditiously with proposals that may be presented to the Committee. Another expectation of the Committee was establishing a set meeting time, a date which is each Monday of the month from 5:00 p.m. – 6:00 p.m. The Committee also discussed participating in a walk-through at Havensight Mall on March 30th. The Committee also discussed the possibility of rescinding the Moratorium and Alternative Investment Resolution, specifically for the St. Thomas and St. Croix undeveloped properties. The majority of the Board of Trustees do not agree with a blanket lifting of the policy at this time. Projects should be considered on a case-by-case basis, have specific discussions, and vetted by the Board before entertaining the proposals. Trustee Bowry recommended that a Cost Analysis be performed.

(c) Budget/Audit Committee Report – Chairman Callwood - No Report.

(d) Policy Committee Report – Trustee Bowry. No Report.

Treasurer's Report System

Denise Jeremiah, CFO, read the Treasurer's Report for the System and Havensight Mall for the month ending February 28, 2023, into the record.

Total Collections for February 28, 2023, is \$15.1M and FYTD is \$225.6M. Total Disbursements for January 31, 2023 is \$24.5M and FYTD is \$130.2M; Net Cash Deficit for February 28, 2023 is \$9.4M and a Net Cash Surplus of \$95.3M FYTD.

Havensight Mall

Total Collections for February 28, 2023 was \$404.8K and FYTD \$2.3M; Total Disbursements for February 28, 2023 was \$941.5K and FYTD is \$2M and a Net Cash deficit of \$536.8K and Net Cash surplus of \$222.4K FYTD.

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A motion was made by Trustee Smith and seconded by Trustee Liger to accept the Treasurer's for February 28, 2023. The motion passed with 5 Yes (Bowry, Liger, Russell, Smith, and Callwood), 1 Not voting (Dorsey) and 1 Absent (McDonald)

Investment Report

Glennville Henderson, Investment Analysts, read the investment report for the month ending February 28, 2023, into the record.

The Total Plan returned -2% for the month of February 2023.

Total Domestic Equity returned -2.3% and was in line with its benchmark.

Total International Equity returned -3.6% and underperformed its benchmark by 0.1%.

Total Fixed Income returned -1.6% and outperformed its benchmark by 1.0%.

Tot Alternatives Returned -0.5% outperformed it benchmark by 1.7%

Notable Fund Performance: Russell 3000 index returned -2.3%

MSCI Emerging MKTS Index returned -7.0%

U.S. AGG Bond Index returned -2.6%.

Cash Flow Activity: Month ended was \$482.7M.

Began the month with \$492.6M; Net Cash Flow of -\$23.5M; Income -\$266.3K, Loss of -\$9.7M; Ending Market Value \$4982.7M.

Custodial/Consulting/Management Fees: \$24K Calendar MTD; \$121K Calendar YTD; \$229K Fiscal YTD.

Trustee Smith asked Mr. Henderson when the System can return to investing in stocks and bonds. Mr. Henderson stated that the system is currently invested in stocks and bonds due to the reallocation of the investment policy.

A motion was made by Trustee Russell and seconded by Trustee Bowry to accept the Investment Officer's Report for February 28, 2023. The motion passed with 6 Yes (Bowry, Dorsey, Liger, Russell, Smith, and Callwood) and 1 Absent (McDonald).

A motion was made by Trustee Dorsey and seconded by Trustee Bowry to go into Executive Session. This portion of the meeting will be closed to the public for matters pertaining to trade secrets or financial or commercial information or personal or legal matters; or matters whose premature disclosure will frustrate the implementation of the proposed agency action. The motion

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passed with 5 Yes (Bowry, Dorsey, Liger, Russell, and Callwood), and 2 Absent (McDonald and Smith).

Executive Session

A motion was made by Trustee Dorsey and seconded by Trustee Russell to come out of Executive Session. The motion passed with 5 Yes (Bowry, Dorsey, Liger, Russell, and Callwood), and 2 Absent (McDonald and Smith).

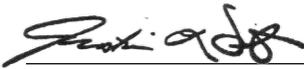
Regular Session.

The Chairman reported out of Executive Session that the Board had approved the renewal of the contract of the Administrative Assistant to the Board.

A motion was made by Trustee Russell and seconded by Trustee Bowry to adjourn the meeting. The motion passed with 5 Yes (Bowry, Dorsey, Liger, Russell, and Callwood), and 2 Absent (McDonald and Smith).

The meeting ended at approximately 11:51am.

The minutes for the Regular Session were transcribed from the zoom recording by Zaida Castro, Executive Assistant to the Administrator and reviewed and edited by the Secretary of the Board.



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