

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

**St. Thomas/St. Croix via Zoom
Monday, November 28, 2022
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: 10/19/22)
- 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. REGULAR SESSION
 - A. New Business
 - (i). SB & Company, LLC Presentation of FY 2021 Audit Results
- XIII. Privileges of the Floor
- XIV. Adjournment

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

November 28, 2022

The Regular Meeting of the Board of Trustees for November 28, 2022 was called to order at 9:31am. The meeting was held via Zoom. At roll call, Trustees present were Liger, Russell, Smith and Callwood. Trustees excused were Bowry and Ex-Officio member Richardson. Trustees not present were Dorsey and McDonald. A quorum was established with 4 voting trustees present and 1 excused (Bowry) and 2 absent (Dorsey and McDonald).

Staff in attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Deputy General Counsel, Denise Jeremiah, CFO, Asiah Clendinen Gumbs, COO, Jasmin Greaux Chief Compliance and Control Officer, Glenville Henderson, Investment Analyst, Ucilla Austrie, Accounting Coordinator, Sakeeda Figueroa, Communication and Member Education Specialist, Terence Thomas, CITO, LeSean Moses, IT, Zaida Castro, Executive Assistant to the Administrator, and Nikia Coley, Administrative Assistant to the Board of Trustees.

Also, present in the meeting were Pedro K. Williams, Valcina Quashi, Deputy Director for Division of Personnel, Stenographer, Desiree Hill as well as Mr. Graylin Smith, CPA and Engagement Partner with the SB and Company team members, Tiana Wynn, CPA and Austin Williams, Engagement Senior Partner.

Comments and Suggestions from Retirees

None

Comments and Suggestions from Active Members

None

Secretary's Minutes

A motion was made by Trustee Smith and seconded by Trustee Liger to approve the Board meeting minutes for October 19, 2022. The motion passed with 4 Yes (Liger, Russell, Smith, and Callwood) and 3 Absent (Bowry, Dorsey, and McDonald).

Communications and Correspondences

A press release was distributed on Monday, October 31st regarding Act. No. 8560 (bill No. 34-0171) Section 5. The law does not address retroactivity but states members with thirty or more years who have paid an additional three percent (3%) after April 11, 2022 are eligible for a refund of the additional 3% paid, and members who had thirty or more years of service prior to April 11, 2022, and who had paid in an additional three percent (3%) prior to April 11, 2022 are not eligible for a refund of the additional 3% paid.

On November 18, 2022 Administrator Nibbs sent a letter to Pugh Capital Management, stating that after 11 years with Pugh Capital as Investment, the Board of Trustees has given the go-ahead to liquidate its account by December 26, 2022.

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Chairman's Report

Committee Chair Callwood reported that the Investment Committee met on November 14th and received an update from our Investment Advisor Meketa on the System's Investments and Management Strategies.

Administrator's Report

Meetings, Presentations, and Appearances

October 26th - Meeting with Accounting and Compliance/Control Re: Bonuses – October 27th - Havensight Mall Oversight Committee Meeting - October 28th - Internal Joint Division/Activity Centers Meeting, October 31st - Meeting with Outside Attorney Re: Easements at HM/WICO

November 2nd - Meeting with GERS and DOP Re: Lease Agreement and Attended GERS Mandatory Cybersecurity Training November 7th - Meeting with Havensight Mall Tenant – November 9th - Meeting with GERS, WICO, and Counsels Re: Easements, November 14th - Attended Investment Committee Meeting, and November 17th - Havensight Mall Oversight Committee Meeting

Member Services

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
STX	147	111	118	177	143	114	164	129	4	
STT	<u>147</u>	<u>164</u>	<u>127</u>	<u>224</u>	172	123	179	139	1	
Total	294	275	245	401	315	237	343	268	5	
Processed	<u>293</u>	<u>275</u>	<u>245</u>	<u>400</u>	<u>315</u>	<u>236</u>	333	89	0	
Remaining	1	<u>0</u>	0	1	0	1	10	179	5	<u>197*</u>
	99%	100%	100%	99%	100%	99%	97%	33%	0%	

Retirement Applications - as of November 15, 2022

Life Certificates

Disability Cases – As of November 7, 2022

A total of 263 letters were mailed.

86 Disability Annuitants living in the US

177 Disability Annuitants residing in the Virgin Islands

263

To date, a total of 259 were returned to the office.

DISABILITY CASES

There is a total of four (4) disability cases pending with our legal unit.

REASONS PENDING

In Peron Medical Exam	0
Disapproved by GERS Physicians	0
Internal Legal	4

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Non-Disability Cases

A total of 78 letters were mailed. 75 were returned. There was suspension of the annuities for the 3 retirees that did not respond.

Compliance and Control - Contribution Processing

October 1, 2022 – October 31, 2022

Refunds

	No. Cases <u>Completed</u>	Total <u>Amount</u>	<u>Pending</u>
Regular	34	\$615,293.50	21
Erroneous	2	347.99	16
Employer Share	1	17,592.06	5
Overpayment	<u>20</u>	<u>37,424.48</u>	<u>0</u>
Total	<u>57</u>	<u>\$ 670,658.03</u>	<u>42</u>

Death Benefits

	No. Completed	Amount	No. of Cases
<u>Types</u>	<u>10/1/22-10/31/2022</u>	<u>10/1/22-10/31/2022</u>	<u>Pending</u>
Active	1	\$ 13,444.34	33
Retired	<u>2</u>	<u>\$168,954.81</u>	<u>06</u>
Total	<u>3</u>	<u>\$ 182,399.15</u>	<u>39</u>

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Accounting Department

Annuity Payments

No. of retirees as of November 15, 2022, payroll: **8,725**

Cumulative dollar paid out from October 1, 2022 – November 15, 2022

700	Pensioners	\$0.00	
702	Service Retirement Annuities	32,095,967.63	
703	Survivors' Annuities	216,372.00	
704	Duty-Connected Death Annuities	320.43	
705	Duty-Connected Disability Annuities	389,053.80	
706	Non-Duty Disability Annuities	195,330.67	
	Totals		\$32,897,044.53

Number of retirees **added to payroll** from October 1, 2022 – November 15, 2022. **39**

Number of retirees **added to the payroll** for the November 15, 2022, pay date. **7**

Number of retirees **expected to be placed on payroll** for the November 31, 2022, pay date: **3**

Number of retirees **deleted from the payroll** from October 1, 2022, through November 15, 2022: **47**

Note: The Gross Retiree Payroll for the November 15th payroll was \$10,957,332.78.

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LOAN PORTFOLIO FOR THE MONTH ENDING OCTOBER 2022

PERSONAL LOANS		DATE	
	10/31/2022	STT/STJ	STX
Active Personal Loans	689	378	311
Retiree Personal Loans	525	301	224
	1,214	679	535
MORTGAGES			
Construction/Home Improvement	18	10	8
Land	16	14	2
Purchase/Refinance	24	18	6
Totals	58	42	16
TOTAL LOANS & MORTGAGES	1,272	721	551
TOTAL OUTSTANDING			
<u>October 2022</u>	Total	STT/STJ	STX
Active PL -	\$ 5,778,054.67	\$ 3,529,282.66	\$ 2,248,772.01
Retiree PL -	4,479,062.55	2,537,409.15	1,941,653.40
Purchase/Refi -	1,370,162.85	1,002,689.39	367,473.46
Construction -	1,898,885.88	1,159,596.02	739,289.86
Land Loans -	335,436.77	298,972.86	36,463.91
GRAND TOTAL	\$ 13,861,602.72	\$ 8,527,950.08	\$ 5,333,652.64

Refund for Overpayments October 31, 2022

<u>No. of Units</u>	<u>Total</u>
15	\$7,520.73

At the end of the calendar year 2022 approximately 526 loans are schedule to mature.

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Projected Loan Maturity by Calendar Year by Loan Type

<u>Loan Type</u>	<u>Total as of December 2022</u>	<u>Total as of December 2023</u>
Active Personal Loan	352	137
Retiree Personal Loan	170	149
Mortgage Construction	2	0
Purchase Refinance	1	3
Land	1	5
Total Loans Maturing	526	294

Operations

St. Croix Office Complex

No Issues to Report

St. Thomas Office Complex

BUILDING:

GERS Hip Roof

Roof work completed. The final review of the roof for warranty and for the final payment took place the week of October 31, 2022.

Havensight Mall

Warehouse Demolition

We have received the Solid Waste Disposal Permit Application and the Demolition permit from DPNR. Work has begun on the demolition of Warehouse 3 and Michael's Storeroom.

Fencing was erected around the area and disposal of contents of the buildings began.

Hotel Development

Haven Development has completed the pre-application meeting with DPNR and is awaiting a CZM hearing date.

Agave Restaurant Havensight Mall Rental

Tenants submitted approved plans to DPNR for the patio awning. A meeting is planned with the HMOC to review and approve signage for the business.

My Girlfriends' Closet

Grand opening was Saturday November 12, 2022.

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Historic Preservation

MOU was drafted and sent to St. Thomas Historic Trust.

Bronze Statues

Draft of MOU pending internal legal sufficiency.

Rental and Electricity Collections – Exhibit A

	October 2022	Total FYTD	Arrearages
Rental	\$82,237.30	\$82,237.30	\$ -0-
Electric	<u>46,277.62</u>	<u>46,277.62</u>	<u>5,692.84</u>
Total	<u>\$128,514.92</u>	<u>\$128,514.92</u>	<u>\$ 5,692.84</u>

LEASES

Division of Personnel

GERS met with Property and Procurement, and Division of Personnel representatives to address their concerns with the lease terms. GERS revised some areas and maintained our position on others. The redlined lease is with DOP for review with a deadline of November 14, 2022.

Department of Justice

Spoke with the Attorney General last week. She requested a week to review again and AG to get back to Administrator.

Number of Active Employees as of October 31, 2022

8,903 (Central Government – 6,341, Others – 2,562)

Outstanding Contributions/Deductions/Posting Issues as of October 28, 2022

WAPA

Employee contributions \$1,292,342.16

Employer Contributions -\$7,415,397.49.

Loan deductions - \$161,013.08

The current WAPA payment arrangement is posing problems the V3 functionality because the employee's participant accounts should be updated for the employee and employer contributions for the same pay date and not separately. This is creating the same issue that occurred at JFLH.

WAPA's postings are 31 pay dates behind; contributions and loan deductions are posted through 6/24/2021. However, the employees' share of the contributions and the loan payments along with some lump sum payments for the employer contributions have been submitted, but due to the inconsistencies in the submittals, the Reconciliation and Control Unit have not received the batch sheets for posting. The General Accounting and Reconciliation and Control continue to post individual lump sum contributions for individual members upon notification.

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Roy Lester Schneider Hospital

Payments are not current. We have received contributions and deductions payments and the electronic files through pay date 8/11/22.

Juan F. Luis Hospital

The Juan Luis Hospital (JFL) contributions and loan deductions are posted through pay date 9/22/2022.

The JFL reconciliation and posting issues for the outstanding contributions received for pay dates 2012 through 2016 have been completely reviewed internally by GERS for those payments that have been submitted. The spreadsheet compiled by GERS have been completed. General Accounting and Reconciliation and Control met with the Administrator to discuss the next step of the project. Overtime was requested to address the work to be completed for the project. It was discovered through research there are several payments not processed through the V3 System. This information will require further research with a determination of posting prior to reporting GERS findings to the JFL team.

Department of Finance

At the end of October 2022, the central government's (represented as DOF) contributions are posted through pay date 07/28/2022. The October 2022 contributions have been received. By GERS.

However, DOF have been unable to reconcile its 8/11/2022 pay date contribution file through to present. This creates a posting issue and will delay requests for refunds and retirements.

GERS continues to work with the Commissioner Bruce and her team on the reconciliation of these files.

Active Member Review Project and NOPA Upload Project

The untimely receipt of NOPAs continues to be a challenge. The Department of Education and the Department of Health are the two departments that possess challenges in obtaining NOPAs.

The goal is to have all employment information electronically uploaded to the member's account thereby improving the efficiency and the accuracy of the posting process within the V3 System and moving towards a paperless environment. The latest testing of the NOPA upload file from the DOP was not successful.

We will proceed with the other large agencies and those agencies whose form of employment documentation is an appointment letter.

Unpaid Contributions

A request is still pending from the Division of Personnel for employees whose payroll transactions are processed through the DOF, and no contributions were received.

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Bonus Payments

In accordance with Act No. 8578, the additional bonuses payments to retirees who received bonuses in Fiscal Years 2018, 2019, and 2020 were paid last week as follows:

Net Payments

2018 - \$108.92 – November 8th

2019 - \$100.20 – November 9th

2020 - \$156.61 – November 10th

The beneficiaries of the deceased retirees who received the annual V.I. Lottery Bonuses for Fiscal Years 2018, 2019, and 2020, will receive their net payments after the due diligence protocol is completed.

The additional bonus payment for 2021 and 2022 will be completed before the end of November.

Annual Benefits Statement

GERs goal is to issue the Annual Benefits Statements to Tier I and Tier II members for calendar year 2022 in January 2023 or early February 2023. We are working with the software provider to complete all the necessary changes by the end of December.

Questions and Comments to the Administrator

Trustee Smith asked for an update regarding the WAPA outstanding contributions, posting issues and what is the System's next step. Attorney Smith confirmed that the case is pending in the Superior Court.

Committee Reports

Budget and Audit Committee Report – Trustee Callwood – No Report

Investment Committee – Trustee Callwood. Committee Chair reported that the committee met on November 14th and received an update on the System's Investments and Management Strategies from the Investment Advisor.

Policy Committee – Trustee Russell – Committee Chair Russell will be planning a Policy Committee within the next two weeks.

Treasurer's Report

Denise Jeremiah, CFO read the Treasurer's Report for the System and Havensight Mall for the month ending October 31, 2022 into the record.

Total Collections for October 31, 2022 is \$171.7M and FYTD is \$171.7M. Total Disbursements for October 31, 2022 is \$24M and FYTD is \$24M. Net Cash Surplus for October 31, 2022 is \$147.7M and \$147.7M FYTD.

Havensight Mall.

Total Collections for October 31, 2022 was \$396.5K and FYTD \$396.5K; Total Disbursements for October 31, 2022 was \$164 and FYTD is \$164K and a Net Cash Surplus of \$232.5K and \$232.5K FYTD.

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

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A motion was made by Trustee Smith and seconded by Trustee Russell to accept the Treasurer's Report for the month ending October 31, 2022. The motion passed with 4 Yes (Liger, Russell, Smith, and Callwood); and 3 Absent (Bowry, Dorsey and McDonald).

Investment Officer's Report

Glenville Henderson, Investment Analyst reported:

Total Plan Return was -0.1% for the month of October 2022, Total Fixed Income Portfolio return was -0.4% for the month and outperformed benchmark by 0.9%. Total Alternatives Portfolio return was 0.5%.

Cash flow for month ending of October is \$512.4M and beginning of October was \$355.2M; Net cash flow of \$157M (including the Note proceeds received on October 18th of \$158M), Net Income of \$1M and an unrealized loss of \$1.7M. No funds raised for the month of October.

Investment Management/Custodian/Consulting Fees for MTD is \$50K \$373K for CYTD. Investment Management is \$189K, Investment Consultant - \$36K, and Custodian Bank - \$14K.

Investment Management/ Custodian/Consulting Fees for FYTD is \$373K (Investment Management fees, \$189K, Investment Consulting fees \$36K, and Custodian Bank Fees \$14K).

On October 22nd, the System gained an uptick in the Net Asset Value.

A motion was made by Trustee Russell and seconded by Trustee Smith to accept the Investment Report for the month ending October 31, 2022. The motion passed with 4 Yes (Liger, Russell, Smith, and Callwood); and 3 Absent (Bowry, Dorsey and McDonald).

REGULAR SESSION

A. New Business

(i). SB & Company, LLC Presentation of FY 2021 Audit Results

Graylin Smith, CPA and Engagement Partner with the SB and Company team members, Tiana Wynn, CPA and Austin Williams, Engagement Senior Partner, presented the FY 2021 Audit Results. The Auditors shared with the Board of Trustees their scope of services, the company's audit approach and submitted their summary of current year observations and recommendations to the Board in areas such as:

- Cyber-Security Preparedness
- Financial Report
- Fix Assets
- Actuarial Information

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S B & Company pointed out significant risk areas and provided its assessment of the control environment as it relates to the process of control environment, risk assessment, control activities, information and communication, and monitoring. Their assessment for each were determined to be effective.

In addition, S B & Company provided a summary of the current year observations and recommendations in the areas of financial reporting, mortgage and personal loans, actuarial assumptions, havensight mall accounting, backup and recover disaster plan, network communication vulnerability scanning, and cybersecurity preparedness.

Management will be responding to the recommendations made by SB and Company to the Board of Trustees; some of the recommendations were already in progress.

A high-level summary of the Statements of Fiduciary Pension as of September 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$505.4M	\$619.7M	\$711.4M
Total Liabilities	<u>33.6M</u>	<u>37.1M</u>	<u>33.2M</u>
Total Net Position	<u>\$471.8M</u>	<u>\$582.5M</u>	<u>\$678.1M</u>

Privileges of the Floor

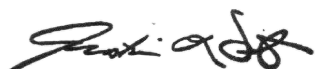
None

Adjournment

A motion was made by Trustee Smith and seconded by Trustee Liger to adjourn the Board of Trustees Regular Session Meeting for November 28, 2022. The motion failed due to lack of quorum with 3 Yes (Liger, Smith, Callwood); and 4 Absent (Bowry, Dorsey, McDonald, and Russell).

The meeting was adjourned due to a lack of quorum at 10:39am.

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

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

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EXHIBIT A	October 2022 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
Department of Justice	\$ 37,063.00	\$ 31,186.35	\$ 37,063.00	\$ 31,186.35	\$ 68,249.35		
Division of Personnel	27,930.01	14,977.27	\$ 27,930.01	\$ 14,977.27	42,907.28		
FirstBank	290.20		290.20		290.20	-	-
Ophthalmology Consultants, LLC	6,365.40		6,356.40		6,356.40	-	
Plessen Eye, LLC_ADMIN					-	-	
Plessen Eye, LLC_ADMIN STORAGE					-	-	
Plessen Eye, LLC_ASC	8,784.88		8,784.88		8,784.88		
ResCare (JobCorps)	1,803.81	114.00	1,803.81	114.00	1,917.81	-	
VI Housing Finance Authority					-	-	5,692.84
VI Casino					-	-	
Total income Received	\$ 82,237.30	46,277.62	82,228.30	46,277.62	128,505.92	-	5,692.84