

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

**St. Thomas/St. Croix via Zoom
Tuesday, October 4, 2022
6:00 p.m.**

**** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. **REGULAR SESSION**
 - A. New Business
 - (i). Election of Officers
- IV. Privileges of the Floor
- V. Adjournment

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A Special Meeting of the Board of Trustees was held on October 4, 2022, and was called to order at 6:04pm. The meeting was held via Zoom. At roll call, Trustees present were Dorsey, Liger, Russell, Smith, and Bowry. Trustees not present during the roll call were McDonald and Callwood. The Chairman stated that Trustee Callwood reported that he will be late in participating in the meeting. A quorum was established with 5 trustees present.

The staff in attendance was Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Deputy General Counsel, Denise Jeremiah, Chief Financial Officer, Glenville Henderson, Investment Analyst, Roy Moorehead, Chief Security- Havensight Mall, Nikia Coley, Administrative Assistant to the Board, Zaida Castro, Executive Assistant to the Administrator, and LeSean Moses, IT.

Also, present in the meeting were Pedro K. Williams, Board Counsel and Kelsha Williams, Associate in the Law Firm of Pedro K. Williams.

The Chairman indicated that there is only one (1) item on the agenda and that is an election to fulfill the remainder of his term as Chairman. He further stated that he had circulated a letter to the Trustees stating the reason he was stepping down. The Chairman further stated as follows:

Pursuant to my letter. I would like to put on the record my reasons for the decision of the board to increase the salary of the Administrator to \$250,000 plus housing and other allowances is logically indefensible and fiscally irresponsible. It is significantly more than the incumbent Administrator has asked for, and more still than he had been willing to accept. It is not consistent with recent representations to the Virgin Islands Legislature requesting an increase in the Government's employer contributions and funding for the System's administrative costs. It contradicts and undermines our argument that the System is not yet financially ready to reinstate the Member Loan Program. I detailed these reasons in a September 23, 2022 memo to all trustees as the basis for convening a Special meeting to reconsider the decision. None of my arguments were rebutted or even seriously considered at the September 28th Special meeting that was convened for that purpose. Instead, the Board emphatically reaffirmed its original decision. The vote was 5 in favor and 1 against which was me and 1 absent. Therefore, I have concluded that I cannot credibly defend this decision to our members and stakeholders which is the responsibility of the Chairman. Hence my decision to relinquish the chair. I intend to remain an active member of the board, and wish at the member's discretion to retain chairmanship of the budget committee and/or the investment committee. That is the end of the statement. So, without further ado, I guess I will call for a nominations?

Mr. Bowry then asked Mr. Nibbs if that was the process. Instead, the Board Counsel responded that was correct. Mr. Bowry then stated that he would entertain nomination to fulfill the remaining term of the Chair. Mr. Bowry then asked Mr. Nibbs if he recalls when did his current term expire. Mr. Nibbs responded that he didn't recall, and stated that it is either January or February 2023.

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Trustee Smith asked to make a motion.

Trustee Russel asked to respond to Mr. Bowry's comments as to why the motion was made to increase Mr. Nibbs' compensation, and want to respond to it because he made the motion, and it was seconded and approved by all 5 members while the Chair opposed it. He stated that he thinks the public needs to know why that decision was made. He stated that he had an understanding that Mr. Nibbs wanted to leave the position much earlier for retirement and at the urging of the Chair and the other members, he extended his contract at least two or three times. He extended the contracts because of our search for a replacement just simply failed. "We could not find a replacement for Mr. Nibbs, and we asked him to stay on and he graciously accepted it. But he graciously accepted it without any increase in pay, and any consolation as to doing his duties without adequate compensation. So, we reached to 2022 and we still cannot find somebody to replace Mr. Nibbs, after several attempts. The funding came through for the GERS for the cover over, and I know the members felt that Mr. Nibbs should receive due compensation for accommodating the System when we didn't have enough money to pay him as a CEO. And CEOs in the territory make over \$300,000. WAPA, hospital, and I could name the rest of them. Mr. Nibbs was being paid under \$200,000 for his experience and for his commitment to the System. So, we evaluated, listened to all of the sides, the sacrifices that Mr. Nibbs had made to stay on, sacrifices that would have increased his salary significantly, but he stayed on as a member of the GERS System staff. And when we evaluated the entire situation, we realized that Mr. Nibbs was being underpaid for several years and was deserving of a raise. Since the System realized a significant shot in the arm with the cover over, the motion was made, and we all adopted it understanding the sacrifices Mr. Nibbs made over the years, and particularly after we couldn't find a CEO. So, the members felt that Mr. Nibbs earned it and because there is money in the System now to pay him due compensation for his contribution, we felt it necessary and our responsibility to pay him what he deserves. All that said, I understand the concerns of the Chair, but we made a vote, and the Chair disagreed with us. But the membership 5 board of trustees agreed, and they weighed all of the evidence that came before us as to why Mr. Nibbs needed adequate compensation for his services. There was a disagreement in the Board and the Chair is resigning because he believes that Mr. Nibbs does not deserves that and that's fine. He has the right to resign but the public needs to know why we made that decision and what went into that decision. Thank you very much."

Mr. Bowry stated that it was not quite correct that Mr. Nibbs wasn't given any increase in compensation since he originally resigned. Mr. Nibbs was making \$140,000.* We increased that to \$180,000, and we added housing allowance and travel allowance. So, it was not a correct statement that we did not increase his salary since he resigned. I just want to correct that in the record. I do not personally intend to make any further comment. I laid out my position clearly to the Board in the memorandum which I outlined my reasons, and I have said that I have come to the conclusion, that as Chair, I am required to go out and explain to members and stakeholders to defend the position. For all the reasons that I have outlined, I can't in good conscience do that. Hence my decision.

*Mr. Nibbs compensation was \$142,050.

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At this point in the meeting, Mr. Bowry entertained nomination for his replacement as Chair.

Trustee Smith made a motion to nominate Dwane Callwood as the Chair. Trustee Liger seconded. Trustee Russell nominated Trustee Dorsey and Trustee Dorsey seconded.

Trustee Russell asked for discussion and stated that we are selecting a temporary chair to serve until the January meeting. Clarification was made by the Chairman and other trustees that the vote is to fulfill the remainder of the term.

There was discussion on how to proceed. The Board Counsel's position was it should not be done in public, rather the trustees should text or email their votes to him as Counsel to the Board and he will then tally the votes.

Mr. Nibbs interjected that since he has been at GERS he has never seen the Board Counsel participating in the voting process. The process is for the trustees to send their votes to the Board Secretary and when the Internal Auditor was here, the Internal Auditor would attest to the count.

The decision was made to send the votes by text to the Board Secretary.

Trustee Dorsey raised a point of information to Attorney Williams or Mr. Nibbs. In the past, are you saying the votes were not cast publicly to the constituents? He wanted to know what the Bylaws state. Mr. Nibbs restated the process and emphasized the only time there was deviation was when Dr. Callender's term ended. He referred Trustee Dorsey to the Board Counsel for his opinion. The Board Counsel responded that there is no provision in the Bylaws or the Board's Governance policy, other than the Board should hold an election. The Board Counsel also stated that because there was only one candidate at the end of Dr. Callender's term, it was a vote by acclamation.

Trustee Callwood joined the meeting at 6:23pm to cast his vote.

The members were given about 5 minutes to cast their votes.

Mr. Nibbs reported that 6 trustees voted in the election for a temporary Chair. Callwood received 4 votes Dorsey received 2 votes.

Mr. Bowry asked if any further issues. Mr. Nibbs asked if he can discuss the dates for the Investment Committee meeting under Privileges of the Floor? Mr. Nibbs stated that the Board had selected dates in October, November, and December. Meketa felt that the October 11th date was too soon because performance reports would not be available. Meketa requested that we cancel the October 11th date and move the Investment Committee meeting to November. The date that was selected in November was the 8th. Since the 8th is election day, we will need to change to the 7th. Trustee Russell recommended the meeting should be held after the election. Mr. Nibbs stated that Meketa is available on Mondays and Tuesdays, and it would be better to hold the meetings in the

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late afternoons or from 6pm-8pm, because trustees may have conflicts and commitments during the day. Mr. Bowry was concerned about skipping a meeting because of all of the financial activity (volatility and inflation, etc.) that may affect the portfolio. Mr. Henderson interjected that Meketa submitted a memorandum dated September 20, 2022. Mr. Nibbs stated that he will ask Meketa to submit a memorandum for the October 19th board meeting.

Trustee Dorsey stated that he agreed with Trustee Russell to move the November date to the 9th – the day after the election. After some discussion among the members, Mr. Nibbs indicated that he will ask Meketa to confirm for the 14th or 15th of November.

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

The meeting adjourned at approximately 6:38pm.



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