

Government Employees Retirement System

Minutes of Board of Trustees Special Meeting

Saturday, January 21, 2012

The Special Meeting of the Board of Trustees was held at the Renaissance Carambola Resort on St. Croix (STX). The meeting was called to order at 11:57 a.m.

At roll call the Trustees in attendance were Raymond James, Chairman, Carver Farrow, Vice Chairman, Wilbur Callender, Vincent Liger, Edgar Ross, and Leona Smith. Desmond Maynard was absent.

Staff in attendance: Austin Nibbs, Administrator, Anthony Selkridge, Assistant Administrator, Cathy Smith, General Counsel, Bruce Thomas, Investment Officer and Nikia Benjamin, Administrative Assistant to the Board.

Also in attendance was Pedro Williams, Board Counsel.

The stenographer was Yvonne Setorie.

Recess was called by the Chairman at 12:01p.m. in order for the Trustees to meet with the Legislative Caucus who invited the Board to their meeting.

The Board returned from recess at 12:45p.m.

Regular Session.

1). Discussion on Amendments to Bill No. 29-0099.

The Administrator recommended an amendment (Re: disability retiree ability to receive a personal loan) to the Board for approval prior to his appearance before the Committee on Rules and Judiciary on January 24th. Cathy Smith, General Counsel explained the current practice vs. the V.I.C. interpretation and the programming of the new system based on the V.I.C. provision regarding the V.I.C. definition of a retirement annuity retiree and a disability retiree.

Motion made by Trustee Liger and seconded by Trustee Smith to approve the Administrator's recommendation to amend the legislation to allow the disability retiree to continue to apply for personal loans. Motion passed 6 Yes (Callender, Farrow, Liger, Ross, Smith and James) and 1 Absent (Maynard).

The Administrator recommended an amendment to the refund provisions which would not allow vested members to withdraw their contributions from the System. If the vested member is not of retirement age, the member will have to wait until retirement age to apply for a pension.

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Motion made by Trustee Smith and seconded by Trustee Farrow to approve the Administrator's recommendation to amend Section 713 and include in Section 762 the new language. Motion passed 6 Yes (Callender, Farrow, Liger, Ross, Smith and James) and 1 Absent (Maynard).

2). GERS Scholarship Fund.

The Administrator reported that the Fund had a balance of \$5,000 and that \$50,000 was moved from the loan account to the scholarship fund account. Presently, the annual award mirrors the annual tuition of the University of the Virgin Islands (UVI) which is now \$4,600.00 beginning the Fall Semester 2012. The Administrator is recommending a change to limit the annual award to \$5,000.00 when UVI's tuition exceeds \$5,000.00. The Board recommended that the Administrator prepare a paper with the policy change recommendations to the Policy Committee.

Trustee Ross stated that he is naming the two past Chairmen (Farrow and Liger) to the Policy Committee.

The Administrator requested to reorder the Agenda to discuss a line of credit (LOC) proposal.

Motion made by Trustee Farrow and seconded by Trustee Ross to reorder the agenda to include a discussion from the Administrator on the proposed LOC. Motion passed 5 Yes (Callender, Farrow, Liger, Ross, and James) and 2 Absent (Maynard and Smith).

The Administrator reported to the Board that the System had approached State Street Bank (SSB), the System's custodian with a proposal to replace the LOC at Banco Popular (BP). Since the inception of the LOC with BP, it carried a negative arbitrage. The LOC with BP was cancelled in November 2011 and the \$13 million CD which was part of the collateral was used for the VI Property Tax Revenue Anticipation Note to the central government. There is another CD in the amount of \$10 million remaining with BP. The proposal with SSB would require the investments (equity) as collateral. The LOC would be a maximum of \$50 million. The team will have a follow up meeting with SSB to discuss other options.

Motion made by Trustee Farrow and seconded by Trustee Liger to go into Executive Session. Motion passed 5 Yes (Callender, Farrow, Liger, Ross, and James) and 2 Absent (Maynard and Smith).

Executive Session.

Unfinished Business.

1). Update on WICO's Management Agreement.

Discussed the additional financial information submitted by WICO.

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Motion made by Trustee Liger and seconded by Trustee Farrow to come out of Executive Session. Motion passed 5 Yes (Callender, Farrow, Liger, Ross, and James) and 2 Absent (Maynard and Smith).

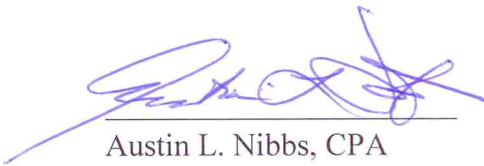
Regular Session.

The Chairman directed the Administrator to send a letter to the Acting President/CEO of WICO advising them that negotiations will resume on Thursday, February 16th at 6:00p.m. in the STX Boardroom.

The Chairman further stated that the results of the WICO negotiations will be discuss in Regular session on February 17th.

Motion made by Trustee Farrow and seconded by Trustee Ross to adjourn the meeting. Motion passed 5 Yes (Callender, Farrow, Liger, Ross, and James) and 2 Absent (Maynard and Smith).

The meeting adjourned at 2:45p.m.



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