

# **Government Employees Retirement System**

## **Minutes of Board of Trustees Regular Meeting**

**Tuesday, April 23, 2013**

The Regular Meeting of the Board of Trustees was held at the GERS St. Thomas (STT) Conference Room and via videoconferencing (VTC) from St. Croix (STX). The meeting was called to order at 9:41a.m. At roll call, the Trustees in attendance were Vincent Liger, Chairman, Carol Callwood, Raymond James, Desmond Maynard, Edgar Ross and Leona Smith. Wilbur Callender was absent.

Staff in attendance in STT- Austin Nibbs, Administrator, Cathy Smith, General Counsel, Grasilda Dobbins, Chief Financial Officer (CFO), Charmaine Modeste-Antoine, Internal Auditor, Lorraine Gumbs-Morton, Public Information Officer and Nikia Benjamin, Administrative Assistant to the Board. Anthony Selkridge, Assistant Administrator and Bruce Thomas, Investment Officer were in attendance in the STX Boardroom via VTC.

Board Counsel Pedro Williams and stenographer Yvonne Setorie were in attendance in the STT Conference Room.

### **Comments and Suggestions from Members**

Pat Oliver (active member-STX) inquired about the following:

1). Litigation of former Carambola owner Larry Vaughn.

The Administrator indicated that he could not comment on any pending litigation.

2). Who is the Board members of Carambola Northwest, LLC?

The Administrator indicated that the Bylaws have not been approved. The interim Board members are Vincent Liger, Chairman – GERS Board of Trustees, Grasilda Dobbins, CFO- GERS and Austin Nibbs, GERS Administrator.

Leslie Rockstein (active member-STT) addressed the Board regarding the processing of her first annuity payment. The Administrator informed the Board that he is aware of Mrs. Rockstein's case and had met with her and discussed the technical issue with the Vitech (software provider). The changes to the software are being tested by Vitech and hope to have the problem resolved shortly.

### **Adoption of Secretary's Minutes.**

Motion made by Trustee Ross and seconded by Trustee Smith to amend the agenda to include the secretary's minutes of February 21, 2013. Motion passed 6 Yes and 1 Absent (Callender).

Motion made by Trustee Ross and seconded by Trustee Callwood to accept the secretary's minutes for the February 21, 2013, April 2, 2013 and April 10, 2013. Motion passed 6 Yes and 1 Absent.

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### **Communications and Correspondences.**

The Administrator read into the record the following:

- 1). A letter dated March 8, 2013 addressed to Austin Nibbs, Administrator from Senator Nellie Rivera-O'Reilly requesting information for the upcoming budget hearings by April 29, 2013.
- 2). A letter dated March 11, 2013 addressed to Austin Nibbs, Administrator from Senator Donald G. Cole, Chairman on Education & Workforce Development inquiring about GERS's position on a letter dated February 25, 2013 written to GERS from STT/STJ Association of Retired Educational Personnel regarding reimbursement of the 8% contribution deducted from their retroactive wages, and the status of expending the \$6 million towards the mandate provided in Section 2 of Act No. 6984.
- 3). A letter dated March 20, 2013 addressed to Austin Nibbs, Administrator from Senator Clifford F. Graham, Chairman of the Committee on Finance requesting information for the upcoming FY 2014 budget hearings.

### **Chairperson's Report.**

None.

### **Administrator's Report.**

The Administrator reported: 1). Attended the groundbreaking ceremonies for V.I. Finest, LLC (d/b/a West Bay Supermarket) on Saturday April 13, 2013 and made a few remarks in addition to Trustee Callwood who was present. 2). GERS went live with the in house processing of the annuity payroll on March 15, 2013. 3). On April 15, 2013, there was a situation where retirees who receive their annuity by direct deposit did not received the credit in their bank account on the morning of April 15<sup>th</sup>. GERS followed all required protocol. By 2:00pm, all retirees who have their annuity deposited in Banco Popular (Host Bank) had access to their funds. The files were sent to the other banks (worldwide) after 2:00pm, and those retirees had access to their funds on April 16<sup>th</sup>. The problem was that Banco Popular did not pick up the file on time for processing, although, GERS sent the file on April 9<sup>th</sup>, more than 48 hours before the required 48 hours for timely processing. Measures have been put in place for this not to occur again. The contingency plan with First Bank which would have resolved the problem immediately could not be implemented because of the change in the appearance of the pay stub. GERS is in the process of discussing with the banks to determine what would be the appropriate document that would be acceptable in the event of a catastrophic event.

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#### **Committee Reports.**

Trustee Maynard, Chair of the Investment Committee reported that the Committee held a meeting on April 11th and accepted presentations from Tibbar Energy LLC and Orbital LLC. The Committee agreed to forward the proposals to the full Board for consideration.

Trustee Smith, Chair of the Development Committee reported that the Committee met with Darnell Christopher of Synergy LLC and John Woods, Jaredian Design Group regarding the development of the Hoffman/Nullyberg and Estate Coakley Bay properties. The Committee requested the Administrator to dialogue with Synergy LLC to determine next steps. The Chair asked the Administrator if this was done and his response was yes.

#### **Internal Auditor's Report**

The Internal Auditor reported that three projects are in progress (Employer's Missing Contributions, Corporate Credit Card Audit and the Records Management Audit).

#### **Treasurer's Report.**

The Treasurer's Report was read into the record by the CFO. For the month ending March 31, 2013, the receipts were \$11,149,221.00 and the disbursements were \$23,341,496.00, for a deficit of \$12,192,275.00. YTD Fiscal 2013 receipts were \$72,532,618.00 and the disbursements were \$142,874,906.00, for a deficit of \$70,342,288.00.

Motion made by Trustee Smith and seconded by Trustee Ross to accept the Treasurer's Report. Motion passed 5 Yes and 2 Absent (Callender and James).

#### **Investment Officer's Report.**

The Investment Officer presented a copy of the Account Compliance Summary for period ending March 28, 2013. The Account Compliance Summary showed 3 Alerts and 3 Warnings test concentration results.

- 1). Portfolio Value at the end of March 31, 2013 is \$1billion (which includes Seaborne Airlines and Carambola Beach Resort & Spa) up from \$993 million at the end of January 2013. The Total Portfolio return was 2.1% for the month of March 2013. Total Domestic Equity outperformed its benchmark by 40 bps, International Equity outperformed by 90 bps and Total Fixed Income outperformed by 20 bps. 2). Of note, the domestic portfolio's outperformance was partly driven by Oberweis's outperformance of 3.1%. Oberweis's outperformance was somewhat offset by Turner's and Silvant's underperformance of 1.6% and 1.0% respectively. The international portfolio's outperformance was mostly driven by Walter Scott's outperformance of 2.4%. March was the first full month of performance for Walter Scott.
- 3). GERS is currently maintaining 75% compliance with the VI Code.

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### **Regular Session.**

Motion made by Trustee Ross and seconded by Trustee James to reorder the agenda to move New Business items (i) Determination by the Board on Setting the Judiciary Rate and (ii) Settlement Agreement with the GVI Re: Employer Contribution from Executive Session to Regular Session. Motion passed 6 Yes and 1 Absent (Callender).

The approval of the Carambola Northwest LLC bylaws was held because all trustees did not receive a copy.

The selection of 3<sup>rd</sup> Party Administrator was held. Trustees requested the Administrator to resubmit the proposals to the Trustees.

Determination by the Board on Setting the Judiciary Rate was held for more in-depth discussion at the Board's retreat in June.

Motion made by Trustee James and seconded by Trustee Callwood to go into Executive Session to discuss matters pertaining to trade secrets/or financial or commercial information. Motion passed 6 Yes and 1 Absent (Callender).

### **Executive Session.**

Discussed were 1). Seaborne Airlines, 2). Golden Gaming Request, 3). Transition Managers and 4). WAPA.

The meeting did not come out of Executive Session and go into Regular Session because of lack of a quorum.

The meeting adjourned at approximately 2:34pm.

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