



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

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340-774-0001

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GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM'S
ADMINISTRATOR'S

**EXECUTIVE ORDER NO. 458-2012
TO ESTABLISH THE GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM'S
PENSION REFORM JOINT TASK FORCE**

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By the authority vested in me as Governor by the Revised Organic Act of 1954, as amended, and the laws of the United States Virgin Islands, it is hereby ordered as follows:

Section 1. Policy and Purpose

- a. The United States Virgin Islands recognizes the importance of maintaining and preserving the Government Employees' Retirement System for the benefit of its membership;
- b. The United States Virgin Islands recognizes the responsibility of properly funding the Government Employees' Retirement System to promote long-term sustainability, and to prevent default or cessation of the benefits provided;
- c. The United States Virgin Islands recognizes that the Government Employees' Retirement System is at critical risk due to a growing unfunded liability of more than \$1.4 billion, which represents a gap between the amount of retirees future annuities and the projected value of Retirement System assets;
- d. The United States Virgin Islands recognizes that the Government Employees' Retirement System is impacted by such critical factors as insufficient contribution levels, the decreasing ratio of active to retired members, and unfunded legislative mandates;
- e. The United States Virgin Islands recognizes that without action the Government Employees' Retirement System could default in less than twenty years, and put at risk the payment of benefits;

- f. The United States Virgin Islands concurs with the findings of the U.S. Department of Interior's Office of the Inspector General's Audit Report No. VI-EV_VIS-0002-2010, *Administrative Functions of the Virgin Islands Government Employees Retirement System*, dated June 2011, and is committed to establishing and implementing requisite policies and realistic measures to address the Government Employees' Retirement System's unfunded liability and ensure its sustainability;
- g. It shall be the policy and practice of the Government of the Virgin Islands that any future retirement legislative provisions shall be supported by a funding source and that any legislative provisions should adhere to V.I. CODE ANN. Title 3, Chapter 27, inclusive of §§718(a) and (f), and Chapter 28a; and
- h. It shall be policy and practice of the Executive Branch to work in conjunction with the Legislative Branch and the Trustees to preserve, maintain, promote and prevent a systemic collapse of the Government Employees' Retirement System.

Section 2. Composition of Joint Task Force and Advisory Committee

a. There is established in the Office of the Governor, the Government Employees' Retirement System Pension Reform Joint Task Force ("GERS Pension Reform Joint Task Force").

b. The GERS Pension Reform Joint Task Force shall be composed of seven (7) members, comprised of:

- 1. the Administrator of the Government Employees' Retirement System;
- 2. the Chairman of the Board of Trustees of GERS;
- 3. a representative from the Central Labor Council;
- 4. one (1) representative of the Chamber of Commerce, either from the District of St. Thomas/St. John or from the District of St. Croix;
- 5. the Director of the Office of Management and Budget;
- 6. the Governor's Chief of Staff or Designee; and
- 7. the Chairman of the Legislature's Committee on Finance or the Legislature's Post Auditor.

c. There is also established an Advisory Committee to the GERS Pension Reform Joint Task Force.

d. The Advisory Committee to the GERS Pension Reform Joint Task Force shall be composed of the following seven (7) members:

1. the Commissioner of the Department of Finance
2. the Director of the Division of Personnel;
3. one (1) representative of the Chamber of Commerce, either from the District of St. Thomas/St. John or from the District of St. Croix;
4. one (1) representative from the Committee to Save the GERS;
5. one (1) representative from the Central Labor Council;
6. one (1) representative from the Virgin Islands Chapter of the American Association of Retired Persons; and
7. the GERS Board of Trustees Finance Committee Chairman.

e. Members of the GERS Pension Reform Joint Task Force and the Advisory Committee shall serve at the pleasure of the Governor and may be removed at any time with or without cause.

f. Members of the GERS Pension Reform Joint Task Force and the Advisory Committee shall serve without compensation.

Section 3: Duties and Responsibilities.

a. Duties and Responsibilities: The GERS Pension Reform Joint Task Force shall:

1. Elect a Chairman and other officers, who shall preside at all meetings of the GERS Pension Reform Joint Task Force;

2. Review the Evaluation Report - Administrative Functions of the Virgin Islands Government Employees' Retirement System, Report No. VI-EV -VIS-0002-2010 and establish a mission statement, set forth intended goals, and identify the set of tasks to be undertaken to meet the mission and goals of the GERS Pension Reform Joint Task Force and submit to the Governor for review and approval;

3. Study and analyze all Virgin Islands laws and regulations relating to the GERS as well as methods employed by other jurisdictions to resolve issues related to unfunded liabilities of government retirement systems, including differences between current and recommended payroll contribution levels and shall provide recommendations to the Governor and the Legislature;

4. Request the assistance of all agencies, departments and instrumentalities of the Government of the Virgin Islands and the Legislature, to cooperate with the GERS Pension Reform Task Force, in the production of papers, books, accounts, documents, records and papers of every kind and description, in a reasonable and forthwith manner;

5. May take testimony, oral and documentary, relative to its duties and functions; provided, however, that all powers of production of information shall be consistent with and subject to the applicable disclosure rules of the Virgin Islands Code;

6. Shall have access to the expertise, through the GERS and the Office of the Governor, of the supporting resources of the Actuary of the GERS, Government's financial advisor and/or any Executive Branch department, agency or instrumentality with such research, technical, or professional staff as necessary to carry out its duties and responsibilities, and any other administrative needs;

7. Shall file written reports of its study with recommendations on a quarterly basis, with the Governor and the Legislature, provided, however, that the first report shall be filed no later than September 30, 2012; and

8. Shall prepare and forward a final report to the attention of the Governor with a copy to the Senate President on or before March 1, 2013.

b. Duties and Responsibilities: The Advisory Committee to the GERS Pension Reform Joint Task Force shall:

1. Review the Evaluation Report - Administrative Functions of the Virgin Islands Government Employees' Retirement System, Report No. VI-EV -VIS-0002-2010;

2. Review the contents, findings and/or recommendations of the GERS Pension Reform Joint Task Force within its quarterly reports and provide recommendations and/or advice on meeting the stated mission and goals;

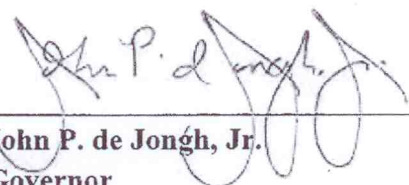
3. Provide a forum for communicating member concerns about the Pension Plan to the GERS Pension Reform Joint Task Force, and a forum for prioritizing any recommended future pension plan improvements;
4. Engage with the representatives of the Retirement System, unions, retirees, and other non-participatory groups to gain insight and input on their respective concerns in order to enhance the reliability and validity of member information, to encourage reconciliations with and quality reviews of the pension system; and
5. Review the effectiveness and relevancy of pension policy and, where possible, those of related organizations and unions with a view, from time to time, toward recommending updates, changes and additions.

Section 5. Expiration

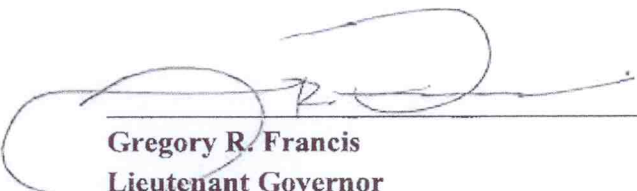
- a. Unless sooner modified, the terms of the Task Force and Advisory Committee shall expire on March 31, 2013.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the Governor of the United States Virgin Islands to be affixed a Charlotte Amalie, St. Thomas, Virgin Islands, this 26th of May, 2012, A.D.





John P. de Jongh, Jr.
Governor



Gregory R. Francis
Lieutenant Governor