

STX Government Retirees Inc. drill GERS official about money trail

WYNDI AMBROSE

ST. CROIX — Members of St. Croix Government Retirees Inc. attempted to get to the root of their steadily decreasing, and in some cases, nonexistent pension money during a meeting Tuesday with Austin Nibbs, administrator for the Government Employees' Retirement System of the Virgin Islands.

The system's current condition — an unfunded liability of \$1.8 billion — came to light in May when a Pension Reform Task Force and Advisory Committee, commissioned by Gov. John de Jongh Jr., released a report. However, other reports indicate that the growing unfunded liability of the system was predicted at least 21 years ago.

Nevertheless, retirees are feeling the effects today. Tuesday, Retirees' Inc. Secretary Abdul Ali reported that to date, government employees who have retired since last December have not received a pension.

"This is really, really, very bad," Ali said.

Eunice Gomes, who was once a VI Water and Power Authority worker, said she retired in September, not owing the system any contributions, but she has yet to receive a pension.

"I'm just waiting," Gomes told Nibbs during the meeting. "I'm hoping that things work out."

Earlier in the meeting, Nibbs explained that his goal was for retirees to receive their first annuity within 45 days of their retirement. However, he cast some of the blame for GERS' present inability to meet all retirees' needs on the system itself. He said in the past people received money from the system without paying contributions.

"Some of it is GERS' fault," he said, "because years ago people were getting credit for contributions that were not paid in."

Under VI law, all employee and employer contributions must be paid before retirees can receive their pensions.

Though Nibbs put some of the blame on the system for the bad

shape it's in, he also told St. Croix retirees that the government owes GERS \$47 million in missing contributions.

"Does GERS plan to take the government to court for this \$47 million?" Ali questioned Nibbs. "This is totally ridiculous."

Nibbs said that would be a decision for the board, but that they were trying to get a settlement agreement with the governor first. However, Nibbs informed retirees that the governor said he would not pay for loss investments.

"The governor don't want to pay nothing," he said. "He doesn't wanna pay loss investment. He doesn't wanna pay...the delinquency. He doesn't want to pay anything."

De Jongh had announced earlier this year that he had submitted a proposal for the Government Employees' Retirement System to receive missing government contributions. The money, however, would come from the balance left over after the government repaid a loan with property tax collections for 2005 and prior.

Nibbs, during the Tuesday meeting, said that de Jongh promised him that he would sign a settlement agreement and that the two shook hands on it, making it a gentlemen's agreement. However, Nibbs said the governor failed to follow through.

In a later interview, the GERS administrator explained that the agreement he and the governor shook hands on was a settlement agreement for missing government contributions for 2012 retirees. Counting on the governor's follow through, Nibbs said he let retirees go home with credit.

Of the governor's recently proposed agreement to make up for the missing contributions with tax collections from 2005 and prior, Nibbs confirmed that the GERS board of trustees had sent more than one revised draft to de Jongh. The governor refused to sign the last draft that was sent to him, Nibbs said.

Tuesday night, The Avis reached out to the Office of the

Governor for comment on the agreement but did not receive a response by press time.

Retirees Inc. member Miguel Nico pointed out during the meeting Tuesday that according to Act 7261, the government was also supposed to directly contribute \$7 million a year to the system from rum cover over funds.

The governor vetoed the act, but the Legislature overrode the veto in 2011. Nibbs said that to date he hadn't seen a penny from the cover over funds.

Despite the growing unfunded liability GERS faces, Nibbs objected to raising contribution rates that the system receives from its members and employers at a GERS board meeting Monday. Retiree Mary Moorhead said she was disappointed with Nibbs' objection. She said raising contribution rates would mean that the government would owe the system more, and there would be room for hope that a new administration would take the responsibility of paying the tab.

"Right now there's no hope of money flowing in because everything is the same," she said.

Nibbs said he thought the Legislature was in a better position to determine contribution rates than the GERS board because the Legislature would know what type of revenue the government was raking in. He also explained that the motion was to raise contribution rates for Tier 1 employees only, and that he thought that was unfair. He said he thought it "should be a shared sacrifice."

Attendee Patricia Oliver questioned the system's alternative investment plans to acquire money. She mentioned that Orbitel, a local communications company that has requested \$19.5 million from GERS, has federal debt.

Nibbs said that GERS hadn't signed anything with Orbitel. He also said that he didn't know if GERS would give the company the requested money, but if GERS did, Orbitel would have to meet certain requirements.

Oliver also questioned a recent, undisclosed agreement that GERS



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Austin Nibbs addresses government retirees' concerns at a St. Croix Government Retirees Inc. meeting Tuesday.

entered with WAPA.

"How many secret contracts does GERS have?" she asked. "Is this another loser investment?"

Nibbs explained that WAPA owed the system money and that GERS nearly took the authority to court. He said five days before the court date, GERS reached an agreement with WAPA. He also said the system had received "a big check" last week Friday and that the authority had agreed to pay the remainder of their debt over the next year.

There also were questions about the system's Seaborne Airlines investment. Nibbs said that the airline company had defaulted on interest payments since June and that he heard the company might be moving its corporate office to San Juan in the near future.

However, a move like that, he said, would be against the company's agreement with GERS.

During a report early in the meeting, Ali said a GERS schedule for receipts and disbursements for the month of October indicated a deficit of \$12,493,308.

"The point I was trying to make was that the system is losing a fair amount of money...more than they're getting in," Ali said in a later interview. "And that's just for the month of October as I understand it."

When attendees at the meeting heard that GERS would be distributing an annual bonus in the amount of \$121.75 to certain eligible retirees, some laughed.

"It's quite clear that there is a problem," Ali said of the entire situation in a later interview.

He stressed that some retirees who've invested years of government service and contributions to the system have gone nearly a year without pensions. To compound the issue, government retirees are uncertain of exactly when or if they will ever get their pensions, according to Ali.

"Based on what the governor is saying, it doesn't look like you gonna get it at all," he said. "And the worse thing about it is that these are monies the government is deducting from your check."

According to Ali, the law is on GERS' side, however. He said the system was following the law in saying that "until we get all the monies from the government or from you, we're not going to pay you any of your benefits."

He said that some people have actually had to take out bank loans to pay the government contribution portion so they could reap their retiree benefits from the system.

"Imagine you running to a bank to borrow \$10,000 after you done 30 years (of service)...so that you can end up getting your benefits," he said. "But who is to say when the government will actually pay in its share so that these people will be refunded?"

The Retirees Inc. secretary said that members from the organization are going to talk to an attorney about a case against the government. Ali said the case would have more standing if retirees who have paid their employee contributions but haven't received a pension for quite some time came forward to tell their stories.

ENERGY:

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Isle Developers to lower the utility bill it receives from the Virgin Islands Water and Power Authority.

"We're trying everything to reduce the WAPA bill that ultimately is passed on to the tenants," the office manager said.

Two Plus Two Night Club and Restaurant in La Grande Princesse is another recipient of federal funding for an energy project. Two Plus Two will receive \$59,614 to help install solar power at the restaurant.

Tom Vilsack, USDA secretary,

announced earlier this month that Sunny Isle Developers and Two Plus Two were among a total of three St. Croix businesses taking advantage of USDA funding for energy projects. The projects in the Virgin Islands are among 424 throughout the nation that will help agricultural producers and rural small businesses reduce energy consumption and costs.

"By investing in clean, renewable energy created in rural America, USDA is able to provide new income opportunities in our small towns while supporting the Obama Administration's compre-

hensive effort to combat the impacts of a changing climate."

The third St. Croix business that qualified to receive the federal aid was Tropics Hydroponics Farm, which grows fresh produce for sale to include lettuce and tomatoes. Tropics Hydroponics was approved to receive \$28,874 to install a wind turbine. Tropics Hydroponics is, however, not pursuing the grant opportunity and has not yet received any money.

"We decided in the long run solar is going to be a better choice for us," Brian McCullough, Tropics Hydroponics owner, said,

adding he can't always count on wind at the location of his farm.

REAP creates opportunities for economic development for rural businesses by supporting renewable energy and energy efficiency projects, via loan guarantees and grants, according to the USDA. The program provides assistance to qualified applicants to finance renewable energy and energy-efficiency projects to include renewable biomass, anaerobic digesters, geothermal for electric generation, geothermal for direct use, hydroelectric (30 megawatts or less), hydrogen, small and large wind, small and

large solar and ocean, including tidal, wave, current and thermal. It expands the existing private credit structure by providing a credit enhancement via a loan guarantee.

The REAP Renewable Energy System Grant and Loan Guarantee provides financial assistance to agriculture producers and rural small business for the specific purpose of purchasing, installing and constructing renewable energy systems. This type of assistance may require that a business-level feasibility study be completed by an independent, qualified consultant as part of the application.