

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

**St. Thomas/St. Croix via Zoom
Friday, June 17, 2022
9:30 am
** AGENDA ****

- I. Call to Order
- II. Roll Call
- III. Comments and Suggestions from Retirees
- IV. Comments and Suggestions from Active Members
- V. Secretary's Minutes (Regular: 5/19/22; Special: 6/6/22)
- VI. Communications and Correspondences
- VII. Chairperson's Report
- VIII. Administrator's Report
- IX. Committee Reports
- X. Treasurer's Report
- XI. Investment Officer's Report
- XII. REGULAR SESSION
 - A. Unfinished Business
 - (i). To Approve the Policy Committee's Recommendation that Management be given the Flexibility to Negotiate Leases and Security for GVI Leases
 - (ii). To Approve the Policy Committee's Recommendation that Management be given the Flexibility to Negotiate Leases for Havensight Mall
- XII. **EXECUTIVE SESSION**

This portion of the meeting will be closed to the public for matters pertaining to trade secrets / or financial or commercial information/ or personal/ or legal matters; or matters whose premature disclosure will frustrate the implementation of the proposed agency action.

 - A. Unfinished Business
 - (i). Update on Matters Pending from Board Hearings
- XIII. Privileges of the Floor
- XIV. Adjournment

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

June 17, 2022

The Regular Meeting of the Board of Trustees for June 17, 2022 was called to order at 9:36am. The meeting was held via Zoom and streamed live on YouTube. At roll call, Trustees present were Callwood, Dorsey, Russell, and Bowry. Trustees not present during the roll call were Liger, McDonald, and Smith. A quorum was established with 4 trustees present. Ex-officio member Cindy Richardson was excused. Trustees Liger and Smith arrived after the roll call.

Staff in attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Jr, Deputy General Counsel, Denise Jeremiah, CFO, Asiah Clendinen Gumbs, COO, Glenville Henderson, Investment Analyst, LeSean Moses, IT, Roy Moorehead, Chief Security Officer-Havensight Mall, and Nikia Coley, Administrative Assistant to the Board.

Also, present in the meeting were Pedro K. Williams, Board Counsel, Kelsha Williams (Associate in Pedro Williams Law Offices), and Desiree Hill, stenographer. Valcina Quashie (representing the DOP Director), and Sally Camacho and Colette Monroe representing the Governor's office.

Comments and Suggestions from Retirees and Active Members

There were no comments from retirees or active members that were present.

Secretary's Minutes

Motion made by Trustee Callwood and seconded by Trustee Dorsey to approve the secretary's minutes for the Regular Board Meeting – May 19, 2022 and Special Board Meeting – June 6, 2022. The motion passed 4 yes (Callwood, Dorsey, Russell, and Bowry) and 3 absent (Liger, McDonald, and Smith).

Communications and Correspondences

Letter from Senator Novelle E. Francis, Jr. dated May 20, 2022 regarding GERS response to BR21-0789 that proposed suspending the annuity of a member who is incarcerated.

Letter from Kurt A. Vialet, Chairman, Committee on Finance dated May 20, 2022 to schedule GERS budget presentation on the operations of the GERS.

Memorandum from GERS Administrator to GERS Employees dated June 13, 2022 regarding returning to work (in person) effective July 5, 2022.

Letter from Marvin L. Pickering, Chairman/CEO of the Casino Control Commission dated June 13, 2022 concerning lease renewal.

Letter from ex-officio member Cindy L. Richardson, Director of Personnel dated June 16, 2022 informing the Board that she is unable to attend the meeting.

Trustee Russell asked the Administrator when GERS goes before the Legislature do we ask for money. The Administrator responded that all annual reports that are published by our outside consultants are provided to the Legislature which gives the picture of the investments, the employer outstanding contributions (ADEC), and the unfunded liability. The Administrator reminded the Board that the Legislature granted the board the authority to increase the employer contribution rate 3% every five years. Trustee Bowry asked when was the last time this was done. The Administrator indicated January 1, 2020.

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Chairperson's Report

The Chairman reported that the GAO will be conducting a study of the GERS. The study was requested by Congresswoman Stacy Plaskett.

Administrator's Report

Meetings, Presentations, and Appearances

- May 23rd Attended follow-up meeting with staff to document recommendations Re: Act No. 7880 (Reinstatement of Loan Program).
- 24th Attended meeting with staff to discuss current QDRO (Qualified Domestic Relations Order) issues.
- 31st Attended meeting with WAPA representative Re: Replacement of water lines on Havensight Mall property.
- June 1st Attended meeting with GAO representatives Re: Study of GERS requested by Congresswoman Stacy Plaskett.
- 6th Attended Special Board Meeting.
- Attended meeting with developer of planned hotel development at Havensight Mall.
- 7th Attended meeting with a real estate firm interested in acquiring tenants for the Havensight Mall.
- 8th Meeting with RLSH CEO.
- 9th Attended FY 2021 audit entrance meeting.
- 10th Attended Havensight Mall Oversight Committee meeting.
- 13th Attended Policy Committee meeting / Havensight Mall site visit.
- Attended planning meeting with Meketa Re: Presentation for the board retreat.

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

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Member Services

Retirement Applications - as of June 10, 2022

A total of 148 applications pending as of June 10th. Of the 148 applications pending there are a total of 47 (for 2021) and 95 (for 2022).

Disability Life Certificates - as of June 10, 2022

A total of 263 new disability life certificates were mailed out with a deadline date of May 30, 2022.

86 Disability annuitants residing in the U.S.
177 Disability annuitants residing in the Virgin Islands
263

To date, 232 life certificates were returned.

73 From the U.S.
159 From the Virgin Islands
232

88.2% were received as of June 10, 2022.

Disability Cases Pending

In Person Medical Exams	0
Disapproved by GERS Physicians	1
Internal Legal (Pending hearing)	4
<u>Total Pending Disabilities</u>	<u>5</u>

Compliance and Control - Contribution Processing - October 1, 2021 – May 31, 2022

Refunds

	No. Cases <u>Completed</u>	Total <u>Amount</u>	No. Cases <u>Pending</u>
Total	<u>529</u>	<u>\$4,849,314.27</u> *	<u>34</u>

*\$4,087,278.48 (84.3%) represents regular (non-vested).

Death Benefits - October 1, 2021 – May 31, 2022

<u>Types</u>	<u>No. Completed</u>	<u>Amount</u>	No. of Cases <u>Pending</u>
Active	18	\$623,528.24 (66.8%)	45
Retired	<u>10</u>	<u>310,003.92</u>	<u>11</u>
Total	<u>28</u>	<u>\$ 933,532.16</u>	<u>56</u>

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Accounting Department

Annuity Payments

Number of retirees as of May 13, 2022 payroll: **8,728**

Cumulative dollar paid out from October 15, 2021 – June 15, 2022 - **\$184,891,424.84**

Number of retirees added to payroll from October 1, 2021 – June 15, 2022. **277**

Number of retirees deleted from payroll from October 1, 2021, through June 15, 2022: **229**

Member Loan Portfolio – May 31, 2022

Total Loans and Mortgages 1,547 units (1,469 – personal / 78 – mortgages)

Total Amount Outstanding - \$17.1 million

At the end of 2022, approximately 526 loans are scheduled to mature.

Trustee Dorsey requested a breakdown of the 526 loans (personal/mortgages) that are scheduled to mature at the end of 2022.

Management will be discussing our recommendation for the Reinstatement of the Loan Program in a different form beginning FY 2025 (October 1, 2024) for personal loans and FY 2026 (October 1, 2025) for mortgages to the Policy Committee for review and consideration.

Operations

St. Croix Office Complex – No updates.

St. Thomas Office Complex

Building

GERS Hip Roof

Scheduled completion date July/August 2022 (subject to weather).

Air Conditioner Project (Installation of Central Air Control System)

Anticipated project completion date has moved to the 4th Quarter FY 2022 due to rewiring of VAV system which will require a change order which revised downwards to \$98,000 from \$159,000. The original contract amount is \$1,252,500.

Generator – Repairs to be completed by June 24, 2022.

Havensight Mall

Warehouse Demolition

FEMA approved the revised scope of work. Information sent to EHP (Environmental Hazard Protection) on June 9th. Demolition permit to be submitted to DPNR within 2 weeks.

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Warehouse J

GERS waiting on FEMA for approval of the project in order to proceed. Permits received from DPNR.

White House Annex

Cleaning and electrical are work in progress. To occupy by the end of summer.

Agave Restaurant at Havensight Mall

Tenant waiting for the plans from the architect for the patio. There are delays in receiving equipment due to supply chain issues.

Rental and Electricity Collections – Exhibit A

	May 2022	Total FYTD	Arrearages
Rental	\$94,045.22	\$556,862.99	\$80,110.30
Electric	<u>29,730.95</u>	<u>300,397.43</u>	<u>85,735.82</u>
Total	<u>\$123,776.17</u>	<u>\$857,260.42</u>	<u>\$165,846.12</u>

Trustee Dorsey requested a copy of the document for the \$80,000 arrearages. Mrs. Gumbs to provide.

LEASES

Division of Personnel - DOP lease at Government House for signature.

Department of Justice – Inquired with the AG and Attorney Carol Jacob about the lease. They are finalizing the letter.

Update on Board Retreat

The Administrator stated that the dates for the board retreat are July 20th – 22nd. Trustees Russell and Dorsey stated that they have conflicts with the dates. The Administrator indicated that all the presenters have locked in the dates with travel, accommodations, etc., and it would be very hard to make a change in the dates at this time. He stated that zoom participation is an option. The consensus is that the retreat will be held on June 20th – 22nd. Trustee Russell asked if the GERS STX office is opened so that he may use the conference room. The Administrator indicated that the room is available to the trustees. Trustee Smith also indicated that she will not be in attendance at the board retreat because she will be out of the country.

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Committee Reports

Policy Committee

Trustee Russell reported that a policy committee meeting was held on June 13, 2022. Discussed was a plan to deal with granting management the discretion in negotiating leases. For the GVI leases there will be a provision to have a lockbox guarantee.

Trustee Russell stated that a presentation was made to the trustees who were present regarding approaching the delegate and POTUS Biden for returning of the gasoline excise tax through an executive order. He mentioned that the only trustee present not in a favor was trustee Callwood. At the appropriate time he will submit a budget for the board's consideration to cover the contributions deficits that the GERS is experiencing.

Trustee Russell also mentioned that other items on the agenda were three proposals. 1). A bank to participate in restoring the loan program. 2). To develop of the properties. 3). A wind to energy proposal. However, the presenters could not present because there is a resolution passed over 6 years ago to suspend the alternative investment program. Trustee Russell stated that he was unaware of the suspension and publicly chastised management and staff for not bringing this to his attention before the meeting.

There were no other committee reports.

Treasurer's Report

The Treasurer's Report for the month of May 2022 was read into the record by the CFO Denise Jeremiah.

System

Collections – Month of May - \$17,257,274 / FYTD \$ 195,131,499

Disbursements – Month of May - \$24,271,850 / FYTD \$193,081,521

Net Surplus (Net deficit) – Month of May – (\$7,014,576) / FYTD \$2,049,979

For the month of May 2022, GERS collected 71% (\$17,257,274) of what was needed for expenses of \$24,271,850.

Year to date collection at May 2022 was \$83.1 million more than year to date collection at May 2021.

Year to date expenditure is 51% of budget.

Havensight Mall

Collections – Month of May - \$396,099 / FYTD \$2,177,871

Disbursements – Month of May - \$205,386 / FYTD \$1,776,606

Net Surplus – Month of May- \$190,713 / FYTD \$401,265

For the month May 2022, Havensight Mall expenditure was 52% or \$205,386 of total collections.

Year to date collections increased by 78% or \$954,239 over last fiscal year to date collections.

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Year to date expenditure was 50% or \$892,335 under last fiscal year to date expenditure. Fiscal Year 2022 Havensight Mall expenses were 52% of budget.

Motion made by Trustee Russell and seconded by Trustee Callwood to approve the Treasurer's Report for May 31, 2022. The motion passed 5 yes (Callwood, Liger, Russell, Smith, and Bowry) and 2 absent (Dorsey and McDonald).

Investment Officer's Report

Total Plan Market Value at the end of May 2022 - \$423.8 million. No funds were raised in the month of May 2022.

Beginning Balance for the month of May 2022 - \$422million. \$62K was withdrawn from the portfolio. income - \$690K, and loss - \$1.2 million.

Total Plan returned 0.5% for month of May. Fixed Income 0.4% and underperformed its benchmark by 0.3%. Total Alternatives returned 0.7% and outperformed its benchmark by 0.3%.

The portfolio had an out of compliance (Pugh Capital) regarding 2 positions that triggered an alert regarding manager's specific guidelines. The position was below investment grade. GERS is working with State Street and Pugh Capital to rectify. Pugh Capital was able to prove to the GERS that they are now in compliance. Ordinarily, 60 days are given to the manager to come into compliance.

Trustee Russell asked about energy related investments. The Investment Analyst Glenville Henderson indicated that the GVI does not have an ESG related mandate per the VIC. Trustee Russell feels that the board should consider these types of investments.

Motion made by Trustee Smith and seconded by Trustee Callwood to approve the Investment Officer's Report for May 31, 2022. The motion passed 5 yes (Callwood, Liger, Russell, Smith, and Bowry) and 2 absent (Dorsey and McDonald).

Motion made by Trustee Callwood to go into Executive Session for matters pertaining to trade secrets/or financial or commercial information/or personal/or legal matters whose premature disclosures will frustrate the implementation of the proposed agency action. Motion seconded by Trustee Russell. The motion passed 6 yes (Callwood, Dorsey, Liger, Russell, Smith, and Bowry) and 1 absent (McDonald).

Executive Session

Motion made by Trustee Callwood and seconded by Trustee Smith to come out of Executive Session. The motion passed 4 yes (Callwood, Russell, Smith, and Bowry) and 3 absent (Dorsey, Liger, and McDonald).

Regular Session

The Board Counsel reported out of executive session the discussion regarding the Levron Sarauw and Mary Duggan matters. Also, Trustee Russell requested a discussion on the alternative investment program in the board retreat.

**GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING**

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Unfinished Business

Trustee Russell stated that the Policy Committee recommended that management be given the flexibility to negotiate leases and a lockbox for the GVI leases as security for these leases.

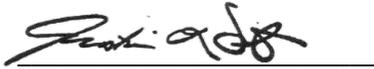
Motion made by Trustee Callwood and seconded by Trustee Russell to approve the Policy Committee's recommendation that management be given the flexibility to negotiate leases and security for GVI leases. The motion passed 4 yes (Callwood, Dorsey, Russell, and Bowry) and 3 absent (Liger, McDonald, and Smith).

Motion made by Trustee Callwood and seconded by Trustee Russell to approve the Policy Committee's recommendation that management be given the flexibility to negotiate leases for Havensight Mall.. The motion passed 4 yes (Callwood, Dorsey, Russell, and Bowry) and 3 absent (Liger, McDonald, and Smith).

Motion made by Trustee Callwood and seconded by Trustee Dorsey to adjourn the meeting. The motion passed 4 yes (Callwood, Dorsey, Russell, and Bowry) and 3 absent (Liger, McDonald, and Smith).

There was a discussion raised by Trustee Russell regarding the lack of participation of members in the meetings. Some reasons mentioned were that the meetings are too long and sometimes go off track. Suggestions – town hall meetings televised on the Government Channel, opening the meeting to in person meeting, and shortening of the meetings.

The meeting adjourned at approximately 12:20pm.



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