

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

**St. Thomas/St. Croix via Zoom
Wednesday, October 19, 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: 9/22/22; Special: 9/28/22; Special: 10/04/22)
- 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. New Business
 - (i). Approval of Havensight Mall FY 2023 Budget
- XIII. Privileges of the Floor
- XIV. Adjournment

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM MINUTES BOARD OF TRUSTEES REGULAR MEETING

October 19, 2022

The Regular Meeting of the Board of Trustees for October 19, 2022 was called to order at 9:34a.m. The meeting was held via Zoom. At roll call, the Trustees present were Trustee Bowry, Dorsey, Liger, Russell, and Callwood. Trustees not present during the roll call were McDonald and Smith. A quorum was established with 5 voting trustees present. Trustee Smith joined the meeting after the roll call. Ex-Officio member Cindy Richardson was not in attendance.

Staff in attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Deputy General Counsel, Denise Jeremiah, CFO, Asiah Clendinen Gumbs, COO, Glenville Henderson, Investment Analyst, Denise Jeremiah, CFO, Ucilla Austrie, Accounting Coordinator, Sakeeda Freeman, Communication Specialist, LeSean Moses, IT, Roy Moorehead, Chief Security Officer, Havensight Mall, Zaida Castro, Executive Assistant to the Administrator, and Nikia Coley, Administrative Assistant to the Board of Trustees.

Also, present in the meeting was Pedro Williams, Board of Trustees Counsel. The Stenographer, Ms. Desiree Hill, was not present. A copy of the recording will be provided to her to prepare the transcript as required by the law governing GERS.

A motion was made by Trustee Russell and seconded by Trustee Dorsey to postpone the Regular Board meeting of October 19, 2022, to November 2nd or 3rd, due to the power outages occurring on St. Thomas and St. John, so that the public has the opportunity to participate. The motion failed with 2 Yes (Dorsey, Russell); 1 Not Voting (Liger) 2 No (Bowry, Callwood), and 2 Absent (McDonald and Smith).

Trustee Russell clarified that members from the GRUFF organization wanted to participate but are unable because of lack of power.

Comments and Suggestions from Retirees

Acquanette Chinnery, a retiree, shared her sentiments that she is not in favor of the Board's decision to award Administrator Nibbs an increase in salary given the system's current status and is more in agreement with Bowry's position.

Ms. Chinnery requested an update on the disbursement of the VI Lottery Checks and wanted the System to consider the over 8% inflation and how it impacts the retirees who have less Cost-of-Living allowances compared to other groups.

Comments and Suggestions from Active Members

None

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Secretary's Minutes.

Corrections to September 22, 2022 Minutes

- Page 1 - Under Investment Report, the word "report" should be inserted in the second sentence of the paragraph to read "The September 22, 2022, report was explained to the Board."
- Page 9 – Under, *Casino and Control Commission*, "until the" should be stricken. The statement is to read "Exercised their additional option for another year beginning October 5, 2022, ending on October 4, 2023."
- Page 4 – Under *Disability Cases* the word "five" should be stricken and replace with "four." The statement should read "There is a total of four (4) disability cases pending at various stages."

A motion was made by Trustee Bowry and seconded by Trustee Liger to approve the Board meeting minutes for October 19, 2022, as amended. The motion passed with 6 Yes (Bowry, Dorsey, Liger, Russell, Smith, Callwood); and 1 Absent (McDonald).

Corrections to September 28, 2022 Minutes

- Page 1 - Last sentence of first paragraph, the word "Trustee" should be stricken, and sentence should read as "A quorum was established with 6 trustees present."

A motion was made by Trustee Dorsey and seconded by Trustee Bowry to approve the Board meeting minutes for September 28, 2022, as amended. The motion passed with 5 Yes (Bowry, Dorsey, Liger, Smith, Callwood); and 2 Absent (McDonald and Russell).

Corrections to October 4, 2022 Minutes

- Page 1 - Second to last paragraph and eight lines up, the word "augment" should be stricken, and the statement should read as "None of my arguments were rebutted or even seriously considered at the September 28th Special meeting that was convened for that purpose".
- The last paragraph, second sentence, the word "sated" is stricken for sentence to read as "Mr. Bowry then stated that he would entertain nomination to fulfill the remaining term of the Chair."

A motion was made by Trustee Dorsey and seconded by Trustee Bowry to approve the Board meeting minutes for October 4, 2022, as amended. The motion passed with 6 Yes (Bowry, Dorsey, Liger, Russell, Smith, Callwood); and 1 Absent (McDonald).

Communications and Correspondences

The Administrator stated that on September 29, 2022, Act 8645 (Bill No. 34.0333) was signed. This Bill was sponsored by Senator Frett Gregory. It includes the FY 2021 fiscal year additional bonus of \$961K and FY 2022 additional bonus of \$1M. The beneficiaries of the deceased retirees will receive their payments.

As a follow up to the Lottery annual bonuses for fiscal years 2018, 2019 and 2020, the funds

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were received and in amount of \$3.4M; the files are with the software provider for testing as of October 18th. The tasks were tedious and required GERS to manipulate old files. The target date for GERS to distribute bonus checks is by Thanksgiving or before the end of the fiscal year.

The Administrator stated that Act No. 8652 was passed by the Legislature on September 22, 2022. It amended Acts Nos. 8244, 8473, and 8489 by reducing \$24M in prior appropriations from the Internal Revenue Matching Fund for fiscal years 2020, 2021, and 2022 to allow for debt service payments. As it relates to contributions to the GERS, Act No.8244 stricken from \$6M (Contribution to GERS Outstanding Employer) to \$5M. Act No. 8489, stricken \$6M (Outstanding Employer Contributions) and \$4M (Direct Contributions) in its entirety. The Act further stated that: Any funds not used to pay the debt service payments from the Internal Revenue Matching Fund must be transferred to the Government Employees Retirement System for contributions to the System.

On September 29th Administrator Nibbs received e-mail from Director Nathan Simmonds of the Virgin Islands Public Finance Authority, confirming the Funding Note maturity schedule of \$158M transferred to the GERS account on October 1st.

Chairman's Report

No Report

Administrator's Report

Meetings, Presentations, and Appearances

1). September 23rd - Meeting with Havensight Mall management Re: Potential tenant and HMOC meeting with WICO;s management. 2). September 28th - Attended Special Board Meeting. 3). October 4th - Attended Special Board Meeting Re: Election of Officers. 4). October 7th - Meeting with Team Re: Completion of SOPs. 5). October 12th - Attended Budget Committee meeting Re: Havensight Mall. 6). October 18th - Guest at St. Croix Retiree Group meeting.

Member Services

Retirement Applications - as of October 15, 2022

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>Total</u> |
|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| STX | 147 | 111 | 118 | 177 | 143 | 114 | 164 | 116 | 3 | |
| STT | <u>147</u> | <u>164</u> | <u>127</u> | <u>224</u> | <u>172</u> | <u>123</u> | <u>179</u> | <u>132</u> | <u>1</u> | |
| Total | 294 | 275 | 245 | 401 | 315 | 237 | 343 | 248 | 4 | |
| Processed | <u>293</u> | <u>275</u> | <u>245</u> | <u>400</u> | <u>315</u> | <u>234</u> | <u>324</u> | <u>80</u> | <u>0</u> | |
| Remaining | <u>1</u> | <u>0</u> | <u>0</u> | <u>1</u> | <u>0</u> | <u>3</u> | <u>19</u> | <u>168</u> | <u>4</u> | <u>196*</u> |
| | 99% | 100% | 100% | 99% | 100% | 99% | 94% | 32% | 0% | |

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Life Certificates – As of October 10, 2022

Of the 263 letters that were mailed, a total of 259 were returned. The benefits of four (4) members were suspended.

Disability Cases

A total of four (4) disability cases pending with our legal unit.

REASONS PENDING

| | |
|-----------------------------------|----------|
| In Person Medical Exams | 0 |
| Disapproved by GERS Physicians | 0 |
| <u>Internal Legal</u> | <u>4</u> |
| <u>Total Pending Disabilities</u> | <u>4</u> |

**Compliance and Control - Contribution Processing
October 1, 2021 – September 30, 2022**

Refunds

| | No. Cases <u>Completed</u> | Total <u>Amount</u> | No. Cases <u>Pending</u> |
|----------------|-------------------------------|------------------------|-----------------------------|
| Regular | 435 | \$7,331,706.50 | 23 |
| Erroneous | 29 | 204,110.41 | 15 |
| Employer Share | 9 | 72,119.94 | 5 |
| Overpayment | <u>349</u> | <u>852,423.69</u> | <u>0</u> |
| Total | <u>822</u> | <u>\$8,460,360.54</u> | <u>43</u> |

Death Benefits

| | No. Completed <u>10/1/21-09/30/2022</u> | Amount <u>10/1/21-09/30/2022</u> | No. of Cases <u>Pending</u> |
|--------------|--|-------------------------------------|--------------------------------|
| <u>Types</u> | | | |
| Active | 32 | \$1,188,375.37 | 34 |
| Retired | <u>14</u> | <u>\$585,403.56</u> | <u>8</u> |
| Total | <u>46</u> | <u>\$1,773,778.93</u> | <u>42</u> |

Accounting Department

Annuity Payments

No. of retirees as of October 14, 2022, payroll: **8,737**

Cumulative dollar paid out from October 1, 2022 – October 14, 2022 - \$10,972,850.86

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Number of retirees added to the payroll from October 1, 2022 – October 14, 2022. **17**

Number of retirees added to the payroll for the October 14, 2022, pay date. **17**

Number of retirees expected to be placed on payroll for the October 31, 2022, pay date: **14**

Number of retirees deleted from the payroll from October 1, 2022, through October 14, 2022: **13**

The Gross Retiree Payroll for payroll date of October 14, 2022 was \$10,972,850.86.

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LOAN PORTFOLIO FOR THE MONTH ENDING September 2022

| PERSONAL LOANS | | DATE | | |
|----------------------------------|--------------|-------------------------|------------------------|------------------------|
| | 9/30/2022 | STT/STJ | STX | |
| Active Personal Loans | 706 | 385 | 321 | |
| Retiree Personal Loans | 577 | 333 | 244 | |
| Auto Loans | 0 | 0 | 0 | |
| | 1,283 | 718 | 565 | |
| MORTGAGES | | | | |
| Construction/Home Improvement | 17 | 10 | 7 | |
| Land | 19 | 16 | 3 | |
| Purchase/Refinance | 25 | 18 | 7 | |
| Totals | 61 | 44 | 17 | |
| | | | | |
| | | | | |
| TOTAL LOANS & MORTGAG | 1,344 | 762 | 582 | |
| | | | | |
| | | | | |
| TOTAL OUTSTANDING | | | | |
| <u>September 2022</u> | | Total | STT/STJ | STX |
| Active PL - | | \$ 6,018,979.68 | \$ 3,638,325.45 | \$ 2,380,654.23 |
| Retiree PL - | | 4,983,282.69 | 2,844,800.71 | 2,138,481.98 |
| Auto PL - | | - | - | - |
| Purchase/Refi - | | 1,455,936.51 | 1,018,571.48 | 437,365.03 |
| Construction - | | 1,832,258.27 | 1,164,807.91 | 667,450.36 |
| Land Loans - | | 435,368.06 | 384,099.06 | 51,269.00 |
| GRAND TOTAL | | \$ 14,725,825.21 | \$ 9,050,604.61 | \$ 5,675,220.60 |

Refund for Overpayments September 30, 2022

| <u>No. of Units</u> | <u>Total</u> |
|---------------------|-------------------|
| 10 | \$8,575.43 |

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At the end of the calendar year 2022 approximately 526 loans are schedule to mature.

Projected Loan Maturity by Calendar Year by Loan Type

| <u>Loan Type</u> | <u>Total as of December 2022</u> | <u>Total as of December 2023</u> |
|-----------------------------|---|---|
| Active Personal Loan | 352 | 137 |
| Retiree Personal Loan | 170 | 149 |
| Mortgage Construction | 2 | 0 |
| Purchase Refinance | 1 | 3 |
| Land | 1 | 5 |
| Total Loans Maturing | 526 | 294 |

Operations

St. Croix Office Complex

BUILDINGS:

CASINO COMMISSION CONTROL BUILDING:

Building presented leak at rest room area it was corrected and leaked again, roof repair contractor was contacted to further correct same.

OTHER PROJECTS:

There are several repairs and upgrading projects, we are currently awaiting one additional estimate to submit them all for review and comments.

St. Thomas Office Complex

BUILDING:

GERS Hip Roof

The roof is completed. Waiting on punch list items and final manufacturer warranty.

AIR CONDITIONER PROJECT

Extensive electrical work continues to connect the VAVs. Completion date pushed back to end of October/early November.

Generator – Quotes for a new generator received, one selected and approved. Deposit provided to vendor. Est. arrival January 2023.

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Havensight Mall

Warehouse Demolition

Projected start in October of 2022. Waiting on Demolition permit.

Warehouse J

Projected start date - October of 2022.

Steel Solutions – manufacturer of the 2nd Floor Mezzanine will be in the territory on Friday, October 14th to Sunday, October 16th measuring and meeting with the architect and contractor.

Hotel Development

Haven Development LLC is waiting for CZM process.

White House Museum

Awaiting word from Historic Preservation's legal team.

Coal Woman Bronze Statues

MOU was drafted. Awaiting word.

Rental and Electricity Collections – Exhibit A

| | September 2022 | Total FYTD | Arrearages |
|----------|-----------------------|-----------------------|---------------------|
| Rental | \$45,817.38 | \$908,666.15 | \$59,037.32 |
| Electric | <u>\$ 930.81</u> | <u>\$488,733.21</u> | <u>\$ 51,970.54</u> |
| Total | <u>\$ 46,748.19</u> | <u>\$1,397,399.36</u> | <u>\$111,007.86</u> |

LEASES

Division of Personnel - Email sent with new deadline before the GERS issues a Notice to Quit Letter.

Department of Justice – Email with new deadline before the GERS issues a Notice to Quit Letter.

Virgin Islands Housing Finance Authority (former tenant) – Waiting for Property and Procurement inspectors to inspect the location to begin process with potential tenant (VIPD) lease.

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FEMA

FEMA provided final approval on September 1, 2022.

Questions and Comments to the Administrator.

Trustee Dorsey asked what topics were covered at the well-attended September 18th meeting with the St. Croix Retiree Group. Administrator Nibbs discussed the Bond Note, a summary of the System's Investments, retroactive payments, and the Administrator's increase.

Trustee Dorsey asked about the follow-up inquiry to Department of Personnel (DOP) and the Department of Justice (DOJ) regarding GERS issuing a Notice to Quit letter. Administrator Nibbs responded that the Department of Personnel wanted to discuss this on November 2nd, even though GERS notified the DOP that if they do not respond at a particular time, GERS will send a notice to quit letter. GERS accepted the invitation to sit with the Department of Personnel, but the agency's decision will remain the same.

Committee Reports

- a) Budget and Audit Committee Report – Trustee Callwood reported that the Budget Committee met on October 12, 2022. The committee vetted and recommended to the full Board the Havensight Mall FY 2023 budget. Chairman Callwood thanked those responsible for submitting a summary explaining items with extensive differences in FY 2022 and FY 2023.
- b) Investment Committee – Trustee Callwood - No Report.
- c) Policy Committee – Trustee Russell – No Report
- d) Development Committee – Trustee Bowry - No Report.

Treasurer's Report

Denise Jeremiah, CFO read the Treasurer's Report for the System and Havensight Mall for the month ending September 30, 2022, into the record.

Total Collections for September 30, 2022 is \$187.7M and FYTD is \$262.3M. Total Disbursements for September 30, 2022 is \$24.5M and FYTD is \$293.5M; Net Cash Deficits for September 30, 2022 is \$76.8M and \$31.2M FYTD.

Havensight Mall.

Total Collections for September 30, 2022 was \$322.7K and FYTD \$3.7M; Total Disbursements for September 30, 2022 was \$646.7K and FYTD is \$3.1M and a Net Cash Deficits of \$323.9K and \$632.3K.

Trustee Dorsey asked if the System still has to do drawdowns since the System received the funding note in October. Ms. Jeremiah responded yes because the funding is going to State Street to invest in the investment portfolio.

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A motion was made by Trustee Dorsey and seconded by Trustee Bowry to accept the Treasurer's report for the month ending September 30, 2022. The motion passed with 4 Yes (Bowry, Dorsey, Liger, Callwood); and 3 Absent (McDonald, Russell, and Smith).

Investment Officer's Report

Glenville Henderson, Investment Analyst reported:

Total Plan Return was -2.6% for the month of September-2022. Fiscal Year to Date portfolio return is -7.7%. Total Fixed Income Portfolio return was -2.9% for the month and outperformed benchmark by 1.4%. Fiscal Year to Date Fixed Income return was -10.6% and outperformed its benchmark by 4%. Total Alternatives Return was -1.1% and outperformed its benchmark (S&P 500) by 7.9% for the month. Fiscal Year to Date the Alternative Portfolio is up 5.8% and outperformed its benchmark by 18.7%.

Pugh Capital Return returned -4.3% and Blackrock US Debt returned -4.3%.

The Ending Market Value was \$355.2M (excludes Members Loans Program and St. Thomas/St. Croix office complexes). No funds raised for the month of September 2022.

The Beginning Market Value was \$384.9M. Net Cash Flow was \$20M. Income was \$710K. Loss was \$10.4M. Ending Market Value was \$355.2M.

FYTD started with \$436.6M. Net Cash Flow was -\$51.1M. Income was \$8.7M. Lost was -\$38.9M. Ending Market Value was \$355.2M.

No Investment Management/Custodian/Consulting Fees for September 30, 2022. However, \$323K for CYTD. Investment Management is \$189K, Investment Consultant - \$94K, and Custodian Bank - \$40K.

Investment Management/ Custodian/Consulting Fees for FYTD is \$260K for Investment Management fees, \$125K for Investment Consulting fees, and \$40K for Custodian Bank Fees.

Trustee Dorsey asked if there is a report or a chart to show what the Board agreed upon in regard to the Asset Allocations. Mr. Henderson confirmed that the data will be reflected in the subsequent reports moving forward.

A motion was made by Trustee Dorsey and seconded by Trustee Smith to accept the Investment Officer's report for the month ending September 30, 2022. The motion passed with 5 Yes (Bowry, Dorsey, Liger, Smith, Callwood); and 2 Absent (McDonald, and Russell)

**GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
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Regular Session

A. New Business

(i) Approval of Havensight Mall FY 2023 Budget

Trustee Dorsey asked if GERS has to do a special appropriation to obtain the golf carts and trolleys that were destroyed in the fire. The Administrator confirmed that the expense is already included in the budget as a Capital item to be paid from insurance proceeds and quotes are currently being secured.

A motion was made by Trustee Dorsey and seconded by Trustee Smith to accept the Havensight Mall FY 2023 Budget. The motion passed with 5 Yes (Bowry, Dorsey, Liger, Smith, Callwood); and 2 Absent (McDonald, and Russell)

Privileges on the Floor

None.

Adjournment

A motion was made by Trustee Dorsey and seconded by Trustee Bowry to adjourn the October 19, 2022 Board of Trustees Regular meeting. The motion passed with 6 Yes (Bowry, Dorsey, Liger, Russell, Smith, Callwood); and 1 Absent (McDonald).

The meeting was adjourned at approximately 10:46am.

The minutes for the Regular Session were transcribed from the zoom recording by Zaida Castro, Executive Assistant to the Administrator, and were reviewed and approved by the Secretary of the Board.

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

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RENTAL – EXHIBIT A

| | September 2022 Collection | | | | Total Year-To-Date Revenue Collection | Rental Arrearage | Electrical Arrearage |
|-----------------------------------|---------------------------|--------------------------|---|---|--|---------------------|-------------------------|
| | Rental Collection | Electrical Collection | Rental Year-To- Date Collection for FY 2022 | Electrical Year-To- Date Collection for FY 2022 | | | |
| Department of Justice | \$ - | | \$ 407,693.00 | \$ 333,033.29 | \$ 740,726.29 | \$ 37,063.00 | \$ 31,186.35 |
| Division of Personnel | - | | 145,083.84 | 119,344.42 | 264,428.26 | 13,189.44 | 14,977.27 |
| FirstBank | 290.20 | 121.25 | 3,482.40 | 1,229.17 | 4,711.57 | - | - |
| Ophthalmology Consultants, LLC | 6,365.40 | | 76,384.80 | - | 76,384.80 | - | |
| Plessen Eye, LLC_ADMIN | 12,027.84 | | 48,111.36 | - | 48,111.36 | - | |
| Plessen Eye, LLC_ADMIN STORAGE | 1,740.00 | | 6,960.00 | - | 6,960.00 | - | |
| Plessen Eye, LLC_ASC | 4,392.44 | | 43,924.40 | - | 43,924.40 | 8,784.88 | |
| ResCare (JobCorps) | | 809.56 | 21,383.05 | 8,202.66 | 29,585.71 | - | 114.08 |
| VI Housing Finance Authority | | | 71,637.30 | 26,923.67 | 98,560.97 | - | 5,692.84 |
| VI Casino | 21,001.50 | | 84,006.00 | - | 84,006.00 | - | |
| Total income Received | \$ 45,817.38 | 930.81 | 908,666.15 | 488,733.21 | 1,397,399.36 | 59,037.32 | 51,970.54 |