

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

**St. Thomas/St. Croix via Zoom
Thursday, February 23, 2023
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: 1/26/23)
- 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 Petty Cash Fund for Havensight Mall
 - B. Unfinished Business
 - (i). Administrator Search

XIII. 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. New Business
 - (i). Legal Matters
- XIV. Privileges of the Floor
- XV. Adjournment

**GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
MINUTES BOARD OF TRUSTEES REGULAR MEETING
JANUARY 26, 2023**

The Regular Meeting of the Board of Trustees for January 26, 2023, was called to order at 9:33am. The meeting was held via Zoom. At roll call, Trustees present were Bowry, Dorsey, Russell, Smith, and Chairman Callwood. Trustees not present were McDonald, and Ex-Officio Richardson. Trustee Liger arrived late. A quorum was established with 5 voting trustees present, 1 absent (McDonald) and one late (Liger). Ex-Officio member Cindy Richardson also arrived late. Trustee Liger joined later in the meeting.

Staff in attendance: Austin Nibbs, Administrator, Cathy Smith, General Counsel, Ishmael Meyers, Deputy General Counsel, Asiah Clendinen Gumbs, COO, Glenville Henderson, Investment Analyst, Sakeeda Figueroa, Communication and Member Education Specialist, LeSean Moses, IT, Zaida Castro, Executive Assistant to the Administrator, Roy Moorehead, Chief Security-Havensight Mall, Terence Thomas, Chief Information Technology, and Nikia Coley, Administrative Assistant to the Board of Trustees.

Also, present in the meeting were Pedro K. Williams, Board Counsel, Kelsha Williams, Associate in PKW Law Firm, and Stenographer, Desiree Hill.

Also, in attendance Mary Moorehead, member of St. Croix Government Retirees Inc.

There were several retirees and active members in attendance including the VI Source.

Chairman Callwood presented to the Board an item to be added to Regular Session – New Business which was to accept the Investment Committee's recommendation to implement the revised policy targets as presented by the Investment Advisor (Meketa).

A motion was made by Trustee Smith and seconded by Trustee Bowry to add to the agenda, under Regular Session-New Business, to accept the Investment Committee's recommendation to implement the revised policy targets as presented by the Investment Advisor. The motion passed with Yes 3 (Bowry, Smith, Callwood), 2 Not Voting (Dorsey and Russell) and 2 Absent (McDonald and Liger).

Comments and Suggestions from Retirees

No Comments from Retirees

Comments and Suggestions from Active Members

No Comments from Active Members

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Secretary's Minutes

A motion was made by Trustee Smith and seconded by Trustee Bowry to approve the December 22, 2022, Regular Board meeting minutes. The motion passed with Yes 3 (Bowry, Smith, Callwood), 2 Not Voting (Dorsey and Russell) and 2 Absent (McDonald and Liger).

Communications and Correspondences

None

Chairman's Report

Chairman Callwood appeared before the 34th Legislature on December 29th to testify before the Committee of the Whole on Bill No. 34-0370 – “A Resolution mandating the President of the 34th Legislature of the Virgin Islands to institute a civil action against GERS for its failure to implement the provisions of title 3 Virgin Islands Code section 717(b)(17), 717(c), 719(b), 766(b)(17), 766(b)(18), and 766(c).”

Trustee Russell raised a concern, originally brought up by a Senator at the December 29th hearing, about the appointment of Trustee Callwood as the GERS Board Chair due to his contractual relationship with the Legislature, because it may present a conflict. Trustee Russell requested that Board Counsel write a memorandum regarding Trustee Callwood's conflict, with his job position at the Legislature.

The Administrator interjected that Mary Moorhead had her hand up to be recognized. Acknowledging the technical difficulties that Mary Moorhead had experienced, Chairman Callwood recognized Mary Moorhead and invited her to read a letter for the record from Acting President of St. Croix Government Retirees Inc., Debra Christopher, regarding the organization's lack of confidence in Trustee Russell being a member of the GERS Board.

Administrator's Report

Meetings, Presentations, and Appearances

December 29th – Testified at the Committee of the Whole Re: Bili No. 34-0370.

January 2nd – Attended Inauguration.

January 12th – Briefing with Meketa Re: Rum Cover Over Shortfall and 35th Legislature Orientation.

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13th – Meeting with Governor (Cancelled) Re: ARPA Funding Request for Water Infrastructure Replacement Project at Havensight Mall.

20th - Havensight Mall Oversight Committee monthly meeting.

24th – Investment Committee meeting.

Member Services

	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
STX	147	111	118	177	143	114	164	143	11	
STT	<u>147</u>	<u>164</u>	<u>127</u>	<u>224</u>	172	124	179	171	3	
Total	294	275	245	401	315	238	343	314	14	
Processed	<u>293</u>	<u>275</u>	<u>245</u>	<u>400</u>	<u>315</u>	<u>236</u>	337	147	0	
Remaining	1	<u>0</u>	0	1	0	2	6	167	14	<u>191*</u>
	99%	100%	100%	99%	100%	99%	98%	47%	0%	

Retirement Applications - as of January 15, 2023

Life Certificates

Disability Cases – As of January 10, 2023

A total of 263 letters were mailed.

86 Disability Annuitants living in the US

177 Disability Annuitants residing in the Virgin Islands

263

To date, a total of 259 were returned to the office.

DISABILITY CASES

There is a total of five (5) disability cases pending with our legal unit.

REASONS PENDING

In Person Medical Exams	0
Disapproved by GERS Physicians	0
Internal/Legal	<u>5</u>
Total Pending Disabilities	<u>5</u>

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Non-Disability Cases

Life certificates were mailed out in December 2022. None were returned yet.

However, in the previous batch of life certificates, a total of 78 were mailed. 75 were returned and we suspended 3 annuities for retirees that did not respond and who were not known to be deceased.

We are revisiting the suspension of annuities because the suspension affects the retiree health insurance. So as not to hurt the retiree health insurance status, the recommendation of the Chief, Compliance and Control is to have Payroll hold the checks, until we can communicate further with the retiree or determine the status of the retiree.

Compliance and Control - Contribution Processing

October 1, 2022 – December 31, 2022

Refunds

	No. Cases <u>Completed</u>	Total <u>Amount</u>	No. Cases <u>Pending</u>
Regular	38	\$2,753,682.24	0
Erroneous	4	5,185.55	15
Employer Share	1	21,693.66	5
Overpayment	<u>60</u>	<u>282,994.01</u>	<u>0</u>
Total	<u>103</u>	<u>\$3,063,555.46</u>	<u>20</u>

Death Benefits

<u>Types</u>	No. Completed <u>10/1/22-12/31/2022</u>	Amount <u>10/1/22-12/31/2022</u>	No. of Cases <u>Pending</u>
Active	5	\$ 168,829.01	29
Retired	<u>3</u>	<u>251,702.76</u>	<u>05</u>
Total	<u>8</u>	<u>\$ 420,531.77</u>	<u>34</u>

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Accounting Department

Annuity Payments

No. of retirees as of January 13, 2023, payroll: **8735**

Cumulative dollar paid out from October 1, 2022 – January 13, 2023 - \$76,815,028.03.

Number of retirees added to the payroll from October 1, 2022 – January 13, 2023. **102**

Number of retirees added to the payroll for the January 13, 2022, pay date. **5**

Number of retirees expected to be placed on payroll for the January 31, 2023, pay date: **18**

Number of retirees deleted from the payroll from October 1, 2022, through January 13, 2023: **100**

Note: Gross Retiree Payroll for 1/13/23 was **\$11,001,202.42**

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LOAN PORTFOLIO FOR THE MONTH ENDING DECEMBER 2022

	12/31/2022	STT/STJ	STX
Active Personal Loans	540	310	230
Retiree Personal Loans	501	282	219
	1,041	592	449
MORTGAGES			
Construction/Home Improvement	18	10	8
Land	16	14	2
Purchase/Refinance	24	18	6
Totals	58	42	16
TOTAL LOANS & MORTGA	1,099	634	465
TOTAL OUTSTANDING			
<u>December 2022</u>	Total	STT/STJ	STX
Active PL -	\$ 4,595,866.17	\$ 2,842,232.04	\$ 1,753,634.13
Retiree PL -	4,093,765.42	2,292,568.54	1,801,196.88
Purchase/Refi -	1,356,565.66	993,749.82	362,815.84
Construction -	1,868,464.18	1,140,681.08	727,783.10
Land Loans -	321,964.23	286,792.22	35,172.01
GRAND TOTAL	\$ 12,236,625.66	\$ 7,556,023.70	\$ 4,680,601.96

Refund for Overpayments December 31, 2022

<u>No. of Units</u>	<u>Total</u>
24	\$15,621.49

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It was estimated that at the end of the calendar year 2022 approximately 526 loans were scheduled to mature. At December 31, 2022, the actual total loans matured were 800.

All personal loans will mature by December 31, 2025, except one loan because of the date of issuance.

Operations

St. Croix Office Complex

- No Issues to Report

St. Thomas Office Complex

- Awaiting quote for filling potholes in the parking garage.
- Planning continues on the acquisition of a new generator for the STT Complex – the electrical design, automatic transfer switch, and the design for a new generator room, which includes the existing generator as a backup.



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Havensight Mall

Warehouse Demolition

The demolition project continues.

Hotel Development

GERS was asked to provide an authorization letter to CZM for the construction of the Welcome Center on Parcel #4. CZM also required an additional agreement for the construction of the Welcome Center on Parcel #4. GERS prepared and provided such agreement. With this, Haven Development has provided all the necessary information needed for a hearing before the CZM.

St. Thomas Historical Trust

The St. Thomas Historical Trust Board has secured a collection but working on funding to prepare the space at the White House for the museum. A meeting is scheduled the week of January 23rd to discuss the MOU and a how to move forward (phased approach) with the funding in place.

Bronze Statues

MOU was signed and notarized. 50% of the Invoice sent for processing.

Rental and Electricity Collections – Exhibit A

	Dec 2022	Total FYTD	Arrearages
Rental	\$66,523.91	\$201,714.21	\$81,405.32
Electric	<u>27,668.58</u>	<u>125,814.95</u>	<u>66,741.57</u>
Total	<u>\$94,192.49</u>	<u>\$327,529.16</u>	<u>\$148,146.89</u>

LEASES

Division of Personnel

Awaiting the finalization of the revised lease. Sent to DOP on December 20, 2022, for final review. Followed up on January 10, 2023. DOP will review and send back shortly.

Department of Justice

Attorney General Denise George Counts signed the Department of Justice lease. Since her separation, the acting AG Carol Jacobs will re-sign the lease for execution by GERS.

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FEMA/INSURANCE

Update: FEMA Meeting on Monday, November 7, 2022. Recovery Transition Meeting.

Final Numbers

\$1,920,292.16 St. Thomas and \$314,409.37 for St. Croix.

Category	Title	CRC Gross Cost	Total Insurance Reductions	CRC Net Cost	Obligated Federal Share	% Cost Share
B - Emergency Protective Measures	TMUEN01- Generator Usage	\$275,012.00	\$0.00	\$275,012.00	\$275,012.00	100.00%
B - Emergency Protective Measures	TMUEN04 - EPM Administrative Building	\$61,103.40	\$0.00	\$61,103.40	\$61,103.40	100.00%
E - Buildings and Equipment	TMUEN05-GM82473-GERS Havensight Security S	\$466,661.15	\$0.00	\$466,661.15	\$419,995.04	90.00%
E - Buildings and Equipment	TMUEN02 - GERS Havensight Mall Retail Building	\$950,330.23	\$636,620.34	\$319,960.74	\$287,964.67	90.00%
E - Buildings and Equipment	TMUEN07 Administrative Building	\$153,014.00	\$0.00	\$153,014.00	\$137,712.60	90.00%
E - Buildings and Equipment	TMUEN08 GERS Havensight Warehouses	\$2,358,468.20	\$1,648,239.91	\$710,228.29	\$639,205.47	90.00%
Z - Management Costs	TMUEN06- Cat-Z Management Costs	\$99,298.98	\$0.00	\$99,298.98	\$99,298.98	100.00%

After Administrator Nibbs concluded reading the Administrator's Report into the record, Chairman Callwood granted Trustee Russell a point of personal privilege to respond to the St. Croix Government Retirees Inc.

After Administrator Nibbs concluded reading the Administrator's Report into the record, Chairman Callwood granted Trustee Russell a point of personal privilege to respond to the St. Croix Government Retirees Inc.

According to Trustee Russell, St. Croix Government Retirees Inc. did not support him and the Government Retirees United for Fairness (GRUFF) initiative to pursue the Rum Cover. As a result, GRUFF recommended that Trustee Russell apply for the elected Retiree for the district of St. Croix. Trustee Russell was the only candidate from St. Croix and was selected by default. Another reason is the need for more invitations to St. Croix Government Retirees Inc. meetings.

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Committee Reports.

- (a) Investment Committee – Chairman Callwood reported that the Investment Committee met on Tuesday, January 24th to receive an update from the System's investment advisors as well as recommended changes to policy targets.
- (b) Development Committee – No Report.
- (c) Medical Committee Report - No Report.
- (d) Budget/Audit Committee Report – No Report.
- (e) Policy Committee Report – Trustee Russell reported that the Policy Committee meeting was canceled to await the actions of the 34th Legislature for Bill No. 34-0370. Another Policy Committee meeting will be scheduled before the next Regular Board meeting.

Treasurer's Report

In the absence of Denise Jeremiah, CFO, the Administrator read the Treasurer's Report for the System and Havensight Mall for the month ending December 31, 2022, into the record.

Total Collections for December 2023 is \$13.4M and FYTD is \$196.9M. Total Disbursements for December 31, 2022 is \$26.1M and FYTD is \$81.3M; Net Cash Deficit for December 31, 2022 is \$12.7M and a Net Cash Surplus of \$115.6M FYTD.

Havensight Mall.

Total Collections for December 2023 was \$467.2K and FYTD \$1.5M; Total Disbursements for December 2022 was \$537.5K and FYTD is \$916.5K and a Net Cash Deficits of \$70.3K and Net Cash Surplus of \$540K FYTD.

Trustee Russell asked Administrator Nibbs how the \$30M drawdown is justified with the amount received from the Special Purpose Vehicle. Administrator Nibbs announced that Mr. Glenville Henderson, Investment Analysts, would provide more insight to answer Trustee Russell's question.

Mr. Henderson reported on December 22, 2022, that the portfolio gained a 3% increase, as reported in the November 30, 2022, Investment Report. Trustee Russell requested clarity about when the System can use a percentage of the portfolio for a drawdown so that the System can reduce its drawdowns. Administrator Nibbs answered that the System will always have drawdowns, but it will be the ideal scenario for it to make at least 25% in the market.

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A motion was made by Trustee Smith and seconded by Trustee Russell to accept the Treasurer's for December 31, 2022. The motion passed with 5 Yes (Bowry, Dorsey, Russell, Smith, and Callwood), 2 Absent (Liger and McDonald).

Administrator Nibbs reported that Ex-Officio member Cindy Richardson had joined the meeting.

Investment Officer's Report

Mr. Glenville Henderson, Investment Analysts, read the investment report for the month ending December 31, 2022, into the record.

The Total Plan returned -2.1% for the month of December 2022; Year-To-Date.

The portfolio was down -6.8% YTD and at the beginning of the year 1.2%.

Total Domestic Equity returned -5.8% and was in lined with its benchmark.

Total International Equity returned -1.2% and underperformed its benchmark by 0.5%.

Total Fixed Income returned -0.2% and outperformed its benchmark by 0.2%.

Notable Fund Performance: Russell 3000 index returned -5.8%.

US AGG Bond Index returned -1.7%.

US TIPS index returned -1.5%.

US High YLD Bond Index Return -1.2%.

Cash Flow Activity: Month ended with \$489.5M; Raised \$74M for December; Liquidated Pugh Capital Management to reallocate to new policy targets.

Began the month with \$514.8M; Net Cash Flow of \$-15M (this includes the \$30M in December 2022 drawdown); Income \$802.6K, Loss of -\$11M; Ending Market Value \$489.5M.

Custodial/Consulting/Management Fees: No fees for the month of December. CYTD; \$431K Calendar YTD; \$108K Fiscal YTD.

A motion was made by Trustee Russell and seconded by Trustee Dorsey to accept the Investment Officer's Report for December 31, 2023. The motion passed with 5 Yes (Bowry, Dorsey, Russell, Smith, and Callwood) and 2 Absent (Liger and McDonald).

Regular Session

A. New Business

**GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
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(i). Election of Officers

Trustee Russell recommended postponing the Election of Officers to inform active members and retirees since it was not announced within the 30 days prior to the election. According to the Board Counsel, the election of officers was announced at the last Board meeting on December 22, 2022. The notice about the election of officers is not for the general public, instead it is an election among trustees of the GERS Board.

Trustee Russell made a motion seconded by Trustee Dorsey to postpone the election of officers so that it is announced to the public and active members. The motion failed with 2 Yes (Dorsey and Russell), 3 No (Bowry, Smith, and Callwood) and 2 Absent (Liger and McDonald). The motion fails.

Trustee Smith made a nomination for Trustee Callwood to serve as Chairman and Trustee Bowry to serve as Vice-Chair and both Trustee Callwood and Trustee Bowry accepted their nominations.

Trustee Dorsey made a nomination for Trustee Russell to serve as Chairman and Trustee Smith to serve as Vice-Chair. Trustee Russell accepted his nomination, but Trustee Smith declined to serve as Vice-Chair.

Trustee Russell nominated himself to serve as Chairman and Trustee Dorsey as vice-chair and both Trustee Russell and Trustee Dorsey accepted their nominations.

Before the voting process started, Trustee Russell recommended that the Trustees nominated as Chair and Vice-Chair submit a resume, primarily to address concerns such as uncertainty about how Trustee Callwood qualified to serve as Chair due to his employment relationship with the Legislature. Trustee Russell also questioned the secret ballot voting process for the election of officers. Board Counsel Williams clarified that the rules do not specify how the election is held. Based on past practice - past elections, Trustees were asked to submit ballots and forward them to the Secretary of the Board. The Trustees can change the approach if so desired.

In response to Trustee Russell's concerns about Trustee Callwood serving as the Board Chairman, Trustee Callwood pointed out that the GERS Board has five seats with specific criteria, such as the position he holds as Elected Retiree for the St. Thomas District.

Trustee Russell made a motion and seconded by Trustee Dorsey to conduct the election of officers by voice vote. The motion failed with 2 Yes (Dorsey and Russell) and 4 No (Bowry, Liger, Smith, Callwood) and 1 absent (McDonald).

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Administrator Nibbs read the voting of election officers results into the record. The results were 4

votes for Trustee Callwood to serve as Chairman and 2 votes for Trustee Russell to serve as Chairman. The only vote that was not texted to the Secretary of the Board was Trustee Dorsey's

(by phone).

Trustee Russell requested to know who wrote the opinion about Trustee Callwood serving as Board Chair does not create a conflict of interest. Board Counsel will research whether the opinion was a written opinion or not and a copy will be submitted to Trustee Russell. The opinion submitted by Board Counsel was that Trustee Callwood qualified to serve as a Board member and was not an employee of the Legislature and did not address Trustee Callwood current position as Chairman. The Board Counsel also stated that it is up to the Board to decide whether or not the Chair can represent them appropriately before the Legislature or other entities. Trustee Russell will submit his concerns to the Board Counsel and Trustees.

(ii) Consideration of Electronic Information Dissemination Policy.

Chairman Callwood is seeking the support of the Trustees to modify the current GERS Board of Trustees documents dissemination policy. Trustees have requested that the System print hard copies of documents for meetings, and it is a time-consuming task for the staff. Trustees have been assigned an electronic device and a GERS e-mail address. Trustee Dorsey sent an email on December 8th requesting to be exempt. Chairman Callwood denied his request. Chairman Callwood requested that the Trustees accept the adoption of the Information Dissemination Policy.

Trustee Dorsey mentioned for the record that he does have a medical situation and will be returning electronic devices to the System. Trustee Russell recommended not to have restrictions regarding hardcopies and that the policy be withdrawn. Chairman Callwood disagreed because the continuity of printing creates security issues, breach of confidentiality and the System has purchased a laptop for a Trustee. Trustee Russell then requested a hotspot.

A motion was made by Trustee Smith to adopt and approve the Chairman's recommendation that the electronic dissemination of information to the Trustee is the official means of distributing GER's Documents and Trustee's E-mail. Trustees who don't have GERS electronic devices will receive hard copies of documents. Motion dies for a lack of a second.

Board Counsel Williams clarified that the Board currently has no policy or provision for how the information is disseminated. If this policy is not adopted, it is still up to the Chairman how information is disseminated. If the policy is adopted it will provide the ability for information to be

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disseminated electronically to those that have an issued GERS electronic device and hardcopies for Trustees that do not have an issued GERS electronic device.

Trustee Russell recommended tabling the policy and having the Policy Committee review the policy and the Committee make a recommendation to the Board of Trustees.

Another motion was made by Trustee Smith and seconded by Trustee Liger to adopt and approve the Chairman's recommendation that the electronic dissemination of information to the Trustees is the official means of distributing GERS documents; providing the ability for information to be disseminated electronically to those that have an issued GERS electronic device and hardcopies for Trustees that do not have an issued GERS electronic device. The motion was tabled for future discussion.

(iii) Authorized Administration to begin Negotiating with Vendor or Vitech Software Update

Terence Thomas, Chief Information Technology Officer, reported to the Board of Trustees that the most recent challenge is the two-factor authentication, specifically for the member self-service module. This matter was brought to the Board's attention at the board retreat and IT provided a presentation regarding the vulnerability of the System, because the V3 program (the pension management system for GERS) needs to be upgraded to Version 10. As time moves forward, it is difficult for the vendor of the software to provide support for the version that the V3 System operates which is Version 8. Version 8 of the V3 System does not support two-factor authentication. Administrator Nibbs mentioned that the topic was also discussed at Budget Committee meetings and the expense was not approved because the total budget was limited to \$15.6M based on the Actuary's recommended administrative expenses for FY 2023. The cost of the upgrading is about \$7.5M spread over the project life. An option pursued in the past was for GERS to file for a grant from the Department of Interior Technical Systems and the request was posted on their website. However, GERS has not received any formal response as yet.

Trustee Russell asked if it is best to stick with the vendor or switch to another vendor that is more conducive to meeting the System's needs. Mr. Thomas said that there are some needs, requirements and constraints when switching vendors; however, the migration to move the System to Version 10 is a shorter window to deal with. Trustee Dorsey requested to know if it is possible to have GERS seek the assistance of central government like Cordell Rhymer and if there is a system that can be looked at as a sample and be ahead of the game. Currently, GERS is collaborating with the Central Government, Division of Personnel on a NOPA Center Feed so that NOPAs are not manually entered into the System, which will cut down on errors. The Division of Personnel and GERS work on two different systems.

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A motion was made by Trustee Smith and seconded by Trustee Bowry to authorize the Administrator to begin negotiating with the vendor for Vitech Software Update. The motion passed with 5 yes (Bowry, Dorsey, Russell, Smith, Callwood) and 2 absent (Liger and McDonald).

(iv) To accept the Investment Committee Recommendation to implement the revised policy targets as presented by the Investment Advisor.

Administrator Nibbs reported that Meketa made a presentation at the January 24th in the Investment Committee meeting. Also, the board accepted targets favorable to the portfolio. However, the initial policy target did not include cash which GERS usually reserves \$20M in cash for drawdown or shortfalls, about 1 month of benefit payments considering the GERS payroll. Discussions took place for GERS to keep the reserve and accept the revised policy targets based on the recommendation of Meketa.

A motion was made by Trustee Russell and seconded by Trustee Bowry to accept the Investment Committee Recommendation to implement the revised policy targets as presented by the Investment Advisor. The motion pass with 6 yes (Bowry, Dorsey, Liger, Russell, Smith, Callwood) and 1 absent (McDonald).

A motion was made by Trustee Smith and seconded by Trustee Liger go into 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 will frustrate the implementation of the proposed agency action. The motion passed with 6 Yes (Bowry, Dorsey, Liger, Russell, Smith, Callwood), and 1 Absent (McDonald).

Attorney Marie Thomas Griffith, Outside counsel joined the meeting in Executive Session to discuss legal matters.

Executive Session

A motion was made by Trustee Bowry and seconded by Trustee Dorsey to come out of Executive Session. The motion passed with 4 Yes (Bowry, Dorsey, Liger, and Callwood), and 3 Absent, (McDonald, Russell, and Smith).

Regular Session

Privileges of the Floor

None

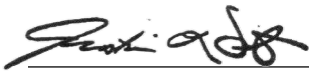
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Adjournment

A motion was made by Trustee Bowry and seconded by Trustee Dorsey to adjourn the meeting. The motion passed with 4 Yes (Bowry, Dorsey, Liger, and Callwood), and 3 Absent, (McDonald, Russell, and Smith).

The meeting adjourned at approximately 1:28pm.

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



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

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

ADMINISTRATOR'S REPORT

Regular Board Meeting

February 23, 2023

ADMINISTRATOR'S REPORT

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Rentals/Leases	10
FEMA	11
Exhibit A – Rentals	11

Meetings, Presentations, and Appearances

February 2	Site Visit with Board at Havensight Mall.
9	Meeting with E-Finity Distributor re: Exploring Microturbine grid at Havensight Mall.
10	Meeting with attorneys re: Outstanding WICO issues.
15	Havensight Mall Oversight Committee meeting.
16	Meeting with RLSH CEO Re: Outstanding deductions/contributions.
17	Attended 35 th Legislature Orientation.
21	Attended Investment Committee Meeting.
23	To attend the CZM Hearing Re: Haven Development LLC

Member Services

Retirement Applications - as of February 15, 2023

	<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	142	19	
STT	<u>147</u>	<u>164</u>	<u>127</u>	<u>224</u>	<u>172</u>	<u>126</u>	<u>179</u>	<u>178</u>	<u>9</u>	
Total	294	275	245	401	315	240	343	320	28	
Processed	<u>293</u>	<u>275</u>	<u>245</u>	<u>401</u>	<u>315</u>	<u>238</u>	<u>339</u>	<u>192</u>	<u>0</u>	
Remaining	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>4</u>	<u>128</u>	<u>28</u>	<u>163*</u>
	99%	100%	100%	100%	100%	99%	99%	60%	0%	

Life Certificates

Disability Cases – As of February 7, 2023

A total of 263 letters were mailed.

86 Disability Annuitants living in the US
177 Disability Annuitants residing in the Virgin Islands
263

To date, a total of 259 have been returned to the office. Four (4) members were suspended from the Retirees' Payroll due to non-compliance with the completed Life Certificates.

There are six (6) disability cases pending with our legal unit.

REASONS PENDING

In Person Medical Exams	2
Disapproved by GERS	
Physicians	0
Internal Legal	4
Total Pending Disabilities	6

Non-Disability Cases

Life certificates were mailed out in December 2022. None were returned as yet.

However, in the previous batch of life certificates, a total of 78 were mailed. 75 were returned and we *suspended 3 annuities* for retirees that did not respond and who were not known to be deceased.

We are revisiting the suspension of annuities because the suspension affects the retiree health insurance. So as not to hurt the retiree health insurance status, the recommendation of the Chief, Compliance and Control is to have Payroll hold the checks, until we can communicate further with the retiree or determine the status of the retiree.

Compliance and Control - Contribution Processing
October 1, 2022 – January 31, 2023

Refunds

	No. Cases <u>Completed</u>	Total <u>Amount</u>	No. of Cases <u>Pending</u>
Regular	47	\$3,492,031.76	0
Erroneous	2	5,764.56	15
Employer Share	0	21,693.66	5
Overpayment	<u>23</u>	<u>348,380.50</u>	<u>0</u>
Total	<u>72</u>	<u>\$ 3,867,870.48</u>	<u>20</u>

Death Benefits

<u>Types</u>	No. Completed <u>10/1/22-01/31/2023</u>	Amount <u>10/1/22-01/31/2023</u>	No. of Cases <u>Pending</u>
Active	5	\$ 489,071.39	25
Retired	<u>1</u>	<u>300,879.52</u>	<u>4</u>
Total	<u>6</u>	<u>\$ 789,950.91</u>	<u>29</u>

Accounting Department

Annuity Payments

No. of retirees as of February 15, 2023, payroll: **8737**

Cumulative dollar paid out from October 1, 2022 – February 15, 2023

700	Pensioners	\$0.00	
702	Service Retirement Annuities	96,441,274.70	
703	Survivors' Annuities	653,429.39	
704	Duty-Connected Death Annuities	961.29	
705	Duty-Connected Disability Annuities	1,166,420.66	
706	Non-Duty Disability Annuities	579,110.56	
	Totals		98,841,196.60

Number of retirees **added to the payroll** from October 1, 2022 – February 15, 2023. **135**

Number of retirees **added to the payroll** for the February 15, 2023, pay date. **14**

Number of retirees **expected to be placed on payroll** for February 28, 2023 pay date: **19**

Number of retirees **deleted from the payroll** from October 1, 2022, through February 15, 2023: **131**

Note: The Gross Retiree Payroll for 2/15/23 was **\$ 11,015,512.83.**

**LOANS PORTFOLIO FOR THE MONTH ENDING
JANUARY 2023**

	1/31/2022	STT/STJ	STX
Active Personal Loans	513	295	218
Retiree Personal Loans	492	276	216
	1,005	571	434
MORTGAGES			
Construction/Home Improvement	18	10	8
Land	16	14	2
Purchase/Refinance	22	17	5
Totals	56	41	15
TOTAL LOANS & MORTGAGES	1,061	612	449
TOTAL OUTSTANDING			
<u>January 2023</u>	Total	STT/STJ	STX
Active PL -	\$ 4,261,521.65	\$ 2,667,806.51	\$ 1,593,715.14
Retiree PL -	3,971,126.80	2,204,333.58	1,766,793.22
Purchase/Refi -	1,353,943.53	992,259.93	361,683.60
Construction -	1,859,652.99	1,135,215.04	724,437.95
Land Loans -	319,232.63	284,355.39	34,877.24
GRAND TOTAL	\$ 11,765,477.60	\$ 7,283,970.45	\$ 4,481,507.15

Refund for Overpayments January 31, 2023

<u>No. of Units</u>	<u>Total</u>
11	\$7,779.77

The chart below shows total loans projected to mature in calendar years 2023 and 2024. All personal loans are expected to mature by December 31, 2025, except one loan because of the date of issuance.

Projected Loan Maturity by Calendar Year and Loan Type

<u>Loan Type</u>	<u>Total Loans Projected to Mature as of December 2023</u>	<u>Total Loans Projected to Mature as of December 2024</u>
Active Personal Loan	129	155
Retiree Personal Loan	147	188
Mortgage Construction	0	0
Purchase Refinance	2	2
Land	2	0
Total Loans Maturing	280	345

Operations

St. Croix Office Complex

PROJECTS PENDING:

Repaving of the rear parking lot at the Casino Control Commission was completed.

Installation of a roof with guttering over the maintenance shed is in progress.

St. Thomas Office Complex

No major issues to report.

Havensight Mall

Warehouse Demolition

Work continues on Warehouse 4.



Work resumed on Warehouse J with the arrival of the exterior and roof panels. Completion date expected in June 2023.

Once construction is completed on Warehouse J, Warehouses 4a, 5 and the welcome center will be demolished.



Hotel Development

Haven Development received notification from DPNR that their CZM permit was complete, and a Public Hearing was scheduled for Thursday February 23, 2023.

Generator

The GERS through their contractor, Import Supply, was able to source a brand new 2022/2023 CAT 2- megawatt generator from RIMCO (official CAT dealer/rep) through Islands Generators in PR. Unit is scheduled to be on island in approximately 80-90 days. Awaiting one additional quote for the removal and cleaning of the generator yard. Items needed for arrival: Concrete pad, generator housing, switch gears/transfer switch. Electrical engineers that installed the current generators will be called in to consult. CAT officials will be onsite at start up to ensure operations, commission and warranty. Project anticipated to be completed by August of 2023 (barring any unforeseen obstacles).

Parking Lot

Department of Public Works (DPW) has agreed to patch the potholes around the property with asphalt purchased by GERS. Work to begin based on non-ship days and availability of DPW.

Office Buildings Rental and Electricity Collections – Exhibit A

	Jan 2023	Total FYTD	Arrearages
Rental	\$78,010.95	\$279,725.16	\$92,089.43
Electric	<u>31,259.25</u>	<u>157,074.20</u>	<u>71,597.45</u>
Total	<u>\$109,270.20</u>	<u>\$436,799.36</u>	<u>\$163,686.88</u>

LEASES

ResCare (Job Corps)

New Entity took over Job Corps which is now call Equus Workforce Solutions. Paperwork was forwarded to legal to draft a new 5-year lease agreement.

Division of Personnel

DOP responded on January 14, 2023, with a minor revision to which GERS agreed with. GERS sent final lease for signatures on February 1, 2023. GERS is awaiting Attorney Baker – Office of the Governor Acting Chief Legal Counsel, suggested language.

Department of Justice

Lease was resigned by Attorney Jacobs and Mr. Nibbs. DOJ will forward to Property and Procurement for additional review and signatures.

FEMA/INSURANCE:

Extension letter (Until March 2024) to VITEMA and Director Octalien Williams at the Office of Disaster recovery will be sent by February 15, 2023. Project at Havensight Mall Demolition, Warehouse J, Parking lot and green space slated , as per the FEMA award, to be completed by March 2023.

RENTAL – EXHIBIT A

	January 2023 Collection							
	Rental Collection	Electrical Collection	Rental Year-To- Date Collection for FY 2023	Electrical Year-To- Date Collection for FY 2023	Total Year-To-Date Revenue Collection	Rental Arrearage	Electrical Arrearage	Notes
Department of Justice	\$ -	\$ -	\$ 111,189.00	\$ 89,548.41	\$ 200,737.41	\$ 74,126.00	\$ 60,053.66	Dec. & Jan Rent/Electri cal
Division of Personnel	39,568.32	30,584.89	65,947.20	60,302.73	126,249.93	-	11,543.79	Jan. Electrical
FirstBank	290.20	93.45	1,160.80	93.45	1,254.25	-	-	
Ophthalmology Consultants, LLC	6,365.40	-	25,461.60	-	25,461.60	-	-	
Plessen Eye, LLC_ADMIN	4,009.28	-	8,018.56	-	8,018.56	8,018.55	-	Dec., Jan. Rent
Plessen Eye, LLC_ADMIN STORAGE	580.00	-	1,160.00	-	1,160.00	1,160.00	-	Dec., Jan. Rent
Plessen Eye, LLC_ASC	4,392.44	-	17,569.76	-	17,569.76	8,784.88	-	Dec., Jan. Rent
ResCare (JobCorps)	1,803.81	580.91	7,215.24	1,436.77	8,652.01	-	-	
VI Housing Finance Authority	-	-		5,692.84	5,692.84	-	-	
VI Casino	21,001.50		42,003.00	-	42,003.00	-	-	
Total income Received	\$ 78,010.95	31,259.25	279,725.16	157,074.20	436,799.36	92,089.43	71,597.45	

**THE
GOVERNMENT EMPLOYEES'
RETIREMENT SYSTEM**

**SCHEDULE OF RECEIPTS
&
DISBURSEMENTS**

**PERIOD ENDING
January 31, 2023**

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
Schedule of Receipts and Disbursements
Month Ending January 31, 2023

	January-23	January-22	YTD Fiscal 2023	YTD Fiscal 2022
Receipts from collections				
Loan Repayment	\$ 707,990	\$ 815,345	\$ 2,766,814	\$ 3,548,326
Rent from Tenants/Utilities	\$ 23,096	\$ 59,032	\$ 203,808	\$ 189,648
Employer Retirement Contributions	\$ 7,925,260	\$ 8,459,575	\$ 30,339,927	\$ 32,078,166
Employee Retirement Contributions	\$ 4,659,646	\$ 4,058,951	\$ 17,557,226	\$ 16,210,924
Parking Facility	\$ 1,240	\$ 340	\$ 2,770	\$ 2,060
GERS Bond Note Funding	\$ -	\$ -	\$ 157,996,500	\$ -
Miscellaneous	\$ 278,444	\$ 18,824	\$ 1,596,708	\$ 787,399
Total Collections	\$ 13,595,676	\$ 13,412,067	\$ 210,463,753	\$ 52,816,523
Disbursements				
Annuity Payments	\$ 22,620,202	\$ 21,891,738	\$ 95,727,129	\$ 89,548,869
Administrative Expenses	\$ 1,090,859	\$ 1,005,700	\$ 5,311,880	\$ 4,389,263
Personal Loans	\$ 1,337	\$ 4,445	\$ 32,172	\$ 41,294
Mortgage Loans	\$ 7,444	\$ 1,863	\$ 33,376	\$ 51,922
Retiree Loans	\$ -	\$ 468	\$ 4,463	\$ 8,957
Land Loans	\$ -	\$ -	\$ 227	\$ 34
Refund of Contributions	\$ 930,181	\$ 747,482	\$ 4,665,742	\$ 2,800,210
Total Disbursements	\$ 24,650,023	\$ 23,651,696	\$ 105,774,989	\$ 96,840,549
Net Cash Surplus/(Net Cash Deficit)	\$ (11,054,347)	\$ (10,239,629)	\$ 104,688,765	\$ (44,024,026)

Synopsis

In the month of January collected 55 % (\$13,595,676) of what was needed for disbursements (\$24,650,023)

Year to date Fiscal 2023 Administrative expenses was 34% (\$5,311,880) of budget (\$15,600,000)

Year to date withdrawal from the investment portfolio was \$50M

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

Supplemental Information January 2023

Loan Disbursements:

Personal Loans		
Refund	1,337	1,337
Mortgage Loans		
Insurance	7,444	7,444
TOTAL		8,781

Miscellaneous:

Annuities (deceased pensioners checks)	3,704
Delinquent & Investment Fee	5,312
ADEC	268,470
Structured Service Fees	933
NSF Fee	25
TOTAL	278,444

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

ADMINISTRATIVE EXPENSES FISCAL YEAR 2023

	10/31/22	11/30/22	12/31/22	01/31/23	Total
Personnel Services	638,691	394,028	602,296	386,213	2,021,228
Fringe Benefits	189,482	159,281	185,808	190,102	724,673
Supplies	12,292	15,299	6,040	6,559	40,189
Other Services and Charges	148,863	344,175	1,246,707	272,984	2,012,729
Utilities	86,568	10,220	87,338	181,725	365,850
Capital Outlay	-	19,945	200,698	54,288	274,931
Subtotal	1,075,896	942,947	2,328,887	1,091,870	5,439,600
Reimbursement Electricity	(61,138)	(6,434)	(59,138)	(1,010)	(127,721)
Total	\$ 1,014,758	\$ 936,513	\$ 2,269,749	\$ 1,090,859	\$ 5,311,880

HAVENSIGHT MALL
Schedule of Receipts and Disbursements
Month Ending January 31, 2023

	January-23	January-22	YTD Fiscal 2023	YTD Fiscal 2022
Receipts from collections				
Rents from Havensight Tenants - net	\$ 446,263	\$ 201,969	\$ 1,588,781	\$ 811,144
Miscellaneous	\$ 9,261	\$ 10,059	\$ 323,269	\$ 15,238
Total Collections	\$ 455,524	\$ 212,028	\$ 1,912,050	\$ 826,382
Disbursements				
Personnel Services	\$ 118,941	\$ 77,164	\$ 503,828	\$ 326,375
Overtime	\$ 13,515	\$ 11,721	\$ 41,574	\$ 43,385
Fringe Benefits	\$ 56,291	\$ 40,403	\$ 209,560	\$ 151,572
Supplies	\$ -	\$ -	\$ 1,437	\$ 61
Other Services and Charges	\$ 30,051	\$ 76,768	\$ 106,168	\$ 127,814
Utilities	\$ 10,071	\$ 777	\$ 19,925	\$ 9,439
Capital Project	\$ 7,500	\$ -	\$ 270,400	\$ 171,204
Allotments to WICO/Management fees		\$ -	\$ -	\$ -
Total Disbursements	\$ 236,369	\$ 206,833	\$ 1,152,892	\$ 829,849
Net Cash Surplus/(Net Cash Deficit)	\$ 219,154	\$ 5,196	\$ 759,158	\$ (3,467)

Synopsis

For the month January 2023, Havensight Mall expenditure was 56% or \$219,154 of total collections

Year to date collections increased by 231% or \$1,085,668 over last fiscal year to date collections

Year to date expenditure increased by 39% or \$323,042 over last fiscal year to date expenditure

Fiscal Year 2023 Havensight Mall expenses were 14% of budget.

Monthly Performance & Update

Total Plan Performance

- o Total Plan returned 4.9% for the month
- o Total Domestic Equity returned 6.9% for the month and was inline with its benchmark
- o Total International Equity' returned 8.3% and outperformed its benchmark by 0.2%
- o Total Fixed Income returned 2.9% and underperformed its benchmark by -0.2%

Notable Fund Performance

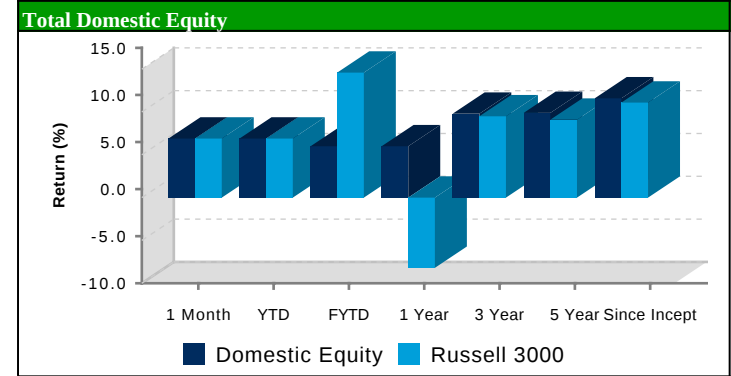
- o Russell 3000 Index returned 6.9%
- o MSCI Emerging MKTS Index returned 8.4%
- o U.S. AGG Bond Index returned 3.3%
- o US High YLD Bond Index returned 4.0%

Compliance Updates

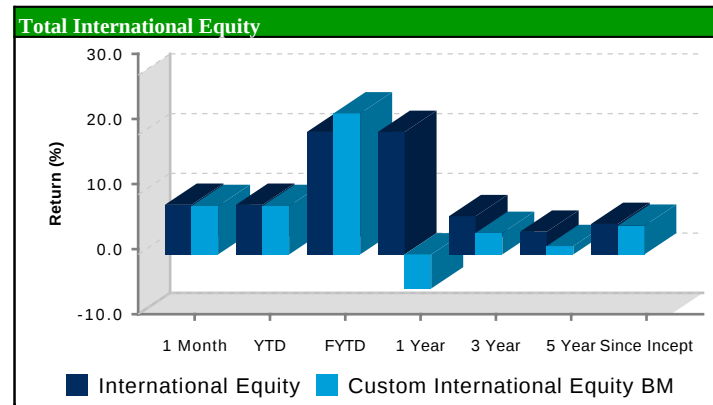
- o No updates for the month



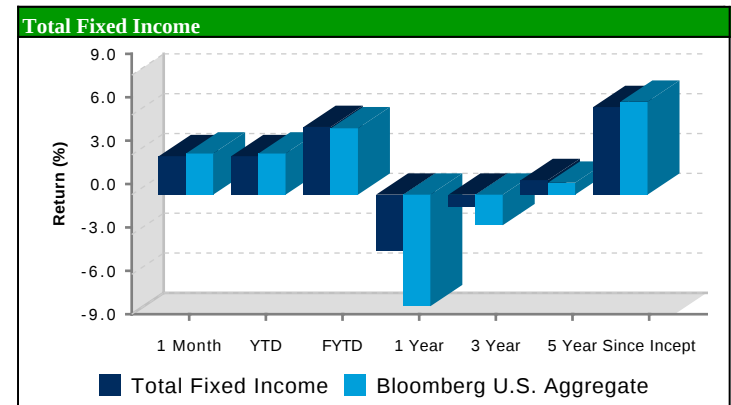
	1 Month	YTD	FYTD	1 Year	3 Year	5 Year	Since Incept
Total Plan	4.9	4.9	6.2	-0.8	1.6	3.4	8.2
Total Policy Index	5.7	5.7	13.4	-7.7	5.3	5.8	9.6
Excess	-0.9	-0.9	-7.2	6.9	-3.7	-2.5	-1.4



	1 Month	YTD	FYTD	1 Year	3 Year	5 Year	Since Incept
Domestic Equity	6.9	6.9	6.0	6.0	9.8	9.9	11.6
Russell 3000	6.9	6.9	14.6	-8.2	9.5	9.1	11.1
Excess	-0.0	-0.0	-8.6	14.2	0.3	0.8	0.4



	1 Month	YTD	FYTD	1 Year	3 Year	5 Year	Since Incept
International Equity	8.3	8.3	20.5	20.5	6.4	3.8	
Custom International Equity BM	8.1	8.1	23.6	-5.7	3.6	1.4	
Excess	0.2	0.2	-3.0	26.3	2.8	2.4	

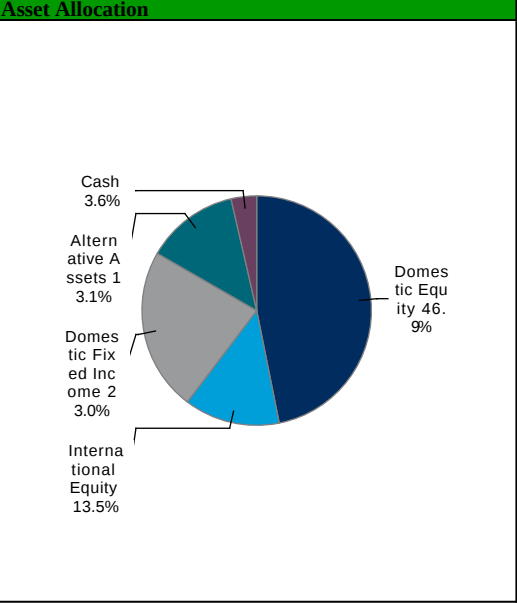
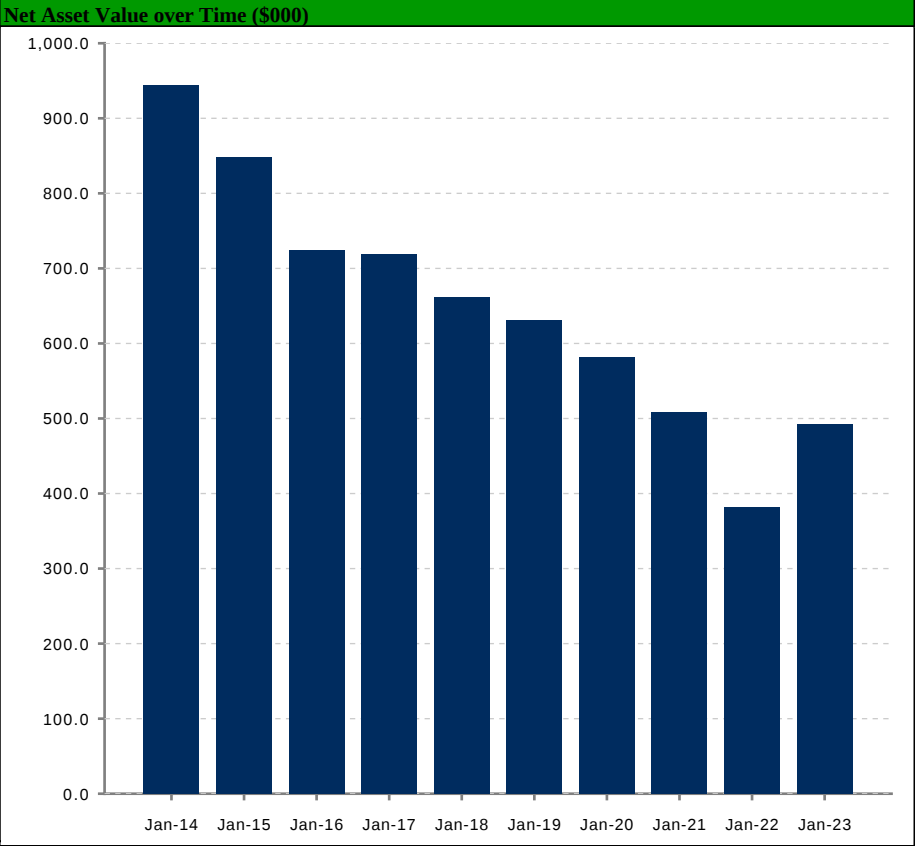


	1 Month	YTD	FYTD	1 Year	3 Year	5 Year	Since Incept
Total Fixed Income	2.9	2.9	5.1	-4.2	-0.9	1.1	6.6
Bloomberg U.S. Aggregate	3.1	3.1	5.0	-8.4	-2.3	0.9	7.0
Excess	-0.2	-0.2	0.1	4.1	1.5	0.3	-0.4

*Total Alternatives performance excludes Member Loan Program, STT Office Complex, and STX Office Complex

- Monthly Cash Flow Update
- Cash Flow
- o Ended month at approximately \$492.7 million*
 - o Raised \$14 million in the month of January
 - Liquidated \$9 million from Russell 3000 Index & \$5 million from MSCI EAFE Index to established cash allocation target
- Investment Management/Custodian/Consulting Fees
- o \$97 thousand Calendar MTD
 - Investment management \$37 thousand
 - Investment consultant \$47 thousand
 - Custodian bank \$13 thousand
 - o \$97 thousand Calendar YTD
 - Investment management \$37 thousand
 - Investment consultant \$47 thousand
 - Custodian bank \$13 thousand
 - o \$205 thousand Fiscal YTD
 - Investment management \$95 thousand
 - Investment consultant \$83 thousand
 - Custodian bank \$27 thousand
- Securities Lending
- o MTD earnings N/A
 - o YTD earnings N/A
 - o FYTD earnings \$2,720

Record of Asset Growth				
	One Month	Year to Date	FYTD	One Year
Total Plan				
Beginning Market Value	489,464,661	489,464,661	355,200,077	382,061,897
Net Cash Flow	-20,050,472	-20,050,472	107,874,781	106,845,169
Income	476,990	476,990	1,467,218	8,544,739
Gain/(Loss)	22,769,088	22,769,088	28,118,191	-4,791,537
Ending Market Value	492,660,268	492,660,268	492,660,268	492,660,268



Allocation Market Values	
	Ending MV (millions)
Domestic Equity	190.30
International Equity	76.94
Domestic Fixed Income	130.77
Alternative Assets	74.37
Cash	20.28

* Excludes: Members Loan Program - (MV) \$12.2 million, STT Office Complex - (MV) \$8 million, and STX Office Complex - (MV) \$3.3 million.

REGULAR

SESSION

REQUEST APPROVAL OF A PETTY CASH ACCOUNT FOR HAVENSIGHT MALL OFFICE

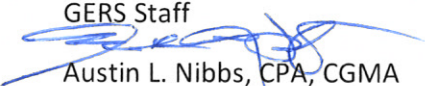
We are experiencing a significant amount of small purchases - many emergency purchases at the Havensight Mall. Therefore, for the effective and timely operations of this office, I am requesting approval of a Petty Cash Account for the Havensight Mall Office.

- 1). Petty Cash Amount - \$1,500.00
- 2). Custodian: Atanya Springette Boschulte, Administrative Specialist
- 3). Signatories: Atanya Springette Boschulte, Administrative Specialist
Kathleen LeBlanc, Accountant
Zaida Castro, Executive Assistant to the Administrator
Denise Jeremiah, Chief Financial Officer
Austin L. Nibbs, Administrator/CEO
- 4). *Two (2) signatories* shall be required on all checks.
- 5). All disbursements shall be initialed by the manager(s) requesting the purchase and approved by the Administrator or designated senior management prior to the preparation of a check.
- 6). Monthly reconciliation shall be prepared by the custodian and submitted for review to the Administrator's office or designated senior management prior to submitting to accounting for replenishment.
- 7). The policy shall be administered in accordance with the established Petty Cash Policy. See attachment.

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM OF THE VIRGIN ISLANDS

"Contributing today for a better tomorrow"

MEMORANDUM

TO: GERS Staff

FROM: Austin L. Nibbs, CPA, CGMA
Administrator/CEO
DATE: July 30, 2021
SUBJECT: Petty Cash Policy

Hereto for your perusal and record keeping is the GERS' Petty Cash policy. Please be guided accordingly. Should you have questions or concerns, you may contact the Administrator's Office.

cc: GERS Board of Trustees



Government Employees' Retirement System

Petty Cash Policy

To provide guidelines for the appropriate establishment of use and accountability of petty cash funds. The petty cash funds are to enable units to make small purchases or minor emergency expenditures and should not be used to circumvent established current purchasing procedures. The custodian is to appropriately safeguard the account.

I. Scope

The petty cash SOPP applies to all GERS units, staff, and its Board of Trustees. The petty cash request should not exceed \$100.00 and it is to cover minor expenditures (small purchases of goods or services) that impacts the general daily operations of the agency because the transaction cannot be expeditiously processed by check.

Special circumstances/emergencies should be clearly defined and only approved by the Administrator which sole purpose is to promptly assure a safe and healthy environment for employees, tenants, and visitors. In such cases, the Administrator, or CFO may approve petty cash above \$100.00 during natural disasters (Hurricanes, Storms and other), late night/weekend emergency.

Some examples are as follows:

- a. Messenger/Facilities incurred a cost while on the road conducting official business such as a flat tire, replacement of a tire plug or a dead battery;
- b. Facilities Director needs to repair a leaking pipe in the restrooms;
- c. Plastic covering/sandbags to distribute to various units in preparation of natural disasters.

It should not circumvent purchasing procedures of operating supplies unless justifiable by the Administrator. Theft or suspected irregularities involving petty cash should be reported directly and immediately to the Administrator and the CFO. The Administrator will require the closing of the petty cash account if proper procedures are not followed. The Custodian will submit to the Administrator and or CFO the petty cash check book, keys, username, passcodes, tokens to On-line Banking Petty Cash account, all receipts, invoices, statements, quotes, reconciliation reports and bank statements until a thorough investigation is done. At this time, all petty cash activities will cease.

II. Prerequisite

A request for petty cash must be properly documented by submitting a Transmittal Memorandum or an e-mail to the Custodian. It is to include the purpose of the request, define how it constitutes an emergency, a quote or receipt, a budget code, and the signature of the Division Head. The same applies to a reimbursement requested via Petty Cash. It must be claimed within one week of the expense incurred. An Affidavit is required to request reimbursement of a claimed lost receipt or invoice.

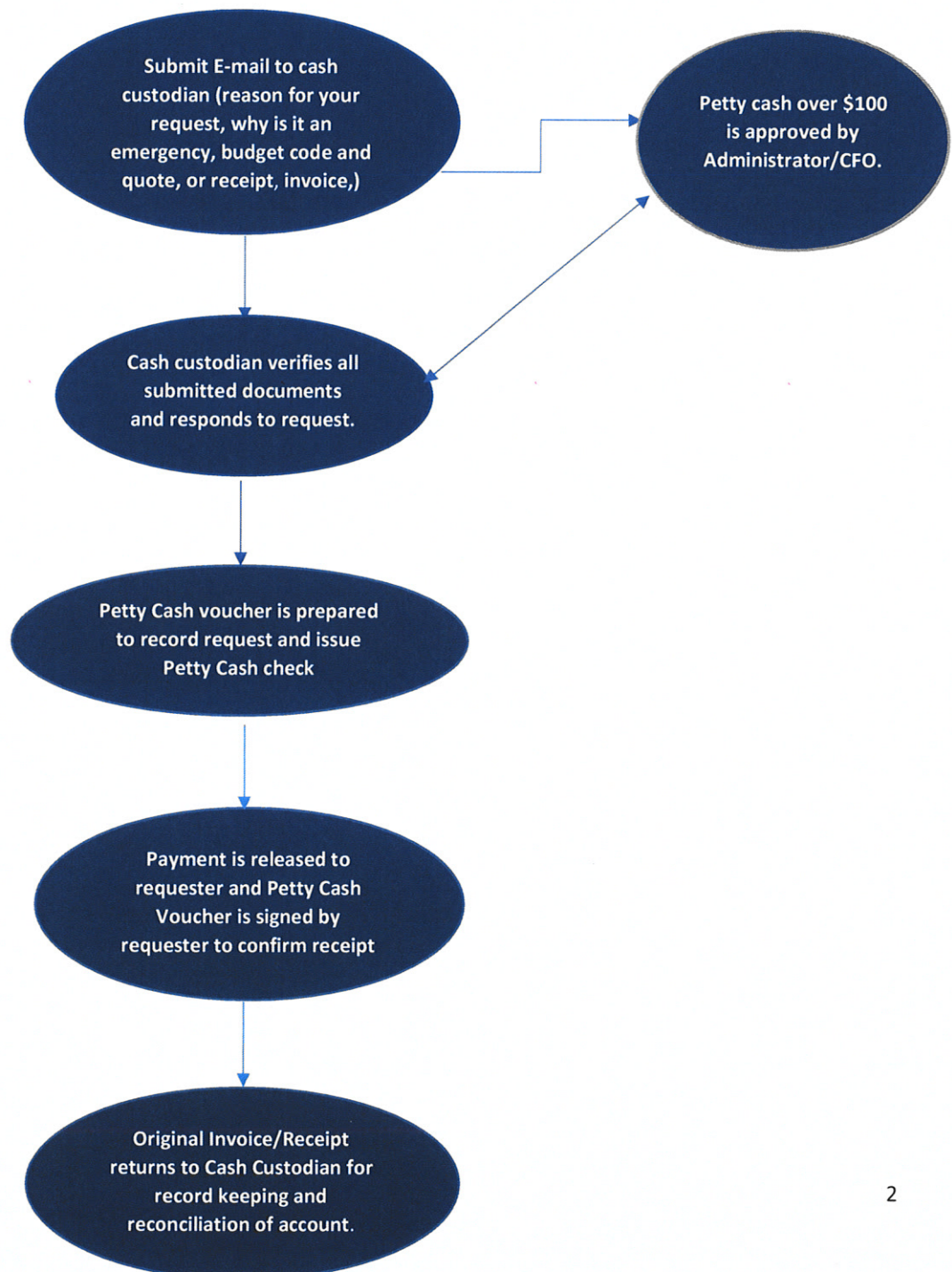
III. Responsibilities

The custodian is to keep the petty cash checkbook in a secure area such as a locked drawer or small safe. The custodian is responsible for safeguarding, reconciling, collecting, filing all petty cash records (statements, receipts, invoices, quotes, petty cash vouchers), check account balances, and replenishment of account requests.

Reconciliation reports will be submitted by the Custodian to the Administrator and CFO. After it is reviewed, a copy will be sent to the Accounts Payable staff, along with vouchers, if requested, to process a check to replenish the petty cash account.

IV. Procedures

The Office of the Administrator receives original receipts of all expenditures used with petty cash. Where proper receipts/quotes are not made available the reason why must be submitted in writing.



V. References - Petty Cash Restrictions

- a. Alcoholic beverages;
- b. Funds are not to be disbursed on goods or services for personal consumption or use;
- c. Pay salary/wages;
- d. Payments to contractors/consultants;
- e. Petty cash funds shall not be used to acquire or reimburse travel activities/expenses (**See GERS Travel Policy**).
- f. Subscriptions and periodicals

The delegated officer/custodian cannot approve their own petty cash claim. In these instances, the Administrator/or the CFO approves or disapproves the petty cash request. Petty cash must not be used to bypass the Purchasing System unless a justifiable reason or cause is presented in writing, acknowledged, and approved by the Administrator. Where purchases of the same goods or services are undertaken frequently, they should be purchased by way of a purchase requisition by GERS' approved processes and delegations.

VI. Definitions

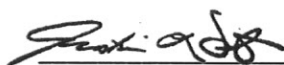
- a. Signatory or Delegated Officer: This person signs the appropriate financial documents to approve each petty disbursement check.
- b. Petty cash: Cash maintained to reimburse board members and staff and for minor expenditure incurred in the course of official duties. A petty cash fund is a small amount of money available for paying small expenses.
- c. Petty Cash Holder/Custodian: The person assigned and responsible for the management of the petty cash float, collects all receipts, and prepares reconciliation reports and replenishment requests.
- d. Resolution: A written document stating the specifics of a decision made by a Board.
- e. Replenishing the Petty Cash Account: When the balance in petty cash becomes low, a transmittal memorandum is submitted to the Administrator and CFO to debit various expense accounts and crediting petty cash for the sum of disbursements made. Then petty cash is replenished by a check. The Reconciliation report is also attached to the Transmittal memo.

VII. Other – Transfer of Petty Cash

Where it is necessary to transfer the petty cash account from one petty cash holder to another, a recommendation for a Resolution is requested to the Board of Trustees by the Administrator.

A reconciliation of the petty cash account before the handover should occur as well. The outgoing petty cash holder must account for the cash account and receipts on hand and reconcile the account before the incoming petty cash holder.

The incoming petty cash holder must check and sign the reconciliation report to accept custodianship of the petty cash account. All keys and checkbooks must be provided to the incoming petty cash custodian. Evidence of transfer of the petty cash account should be retained on file with a copy forwarded to the Administrator and the Chief Financial Officer.



Austin L. Nibbs, CPA, CGMA
ADMINISTRATOR/CEO

July 28, 2021

Date

EXECUTIVE

SESSION