Government of the Virgin Islands· Retirement System Board Meeting

GERS Retirement System (Board of Trustees)

September 24, 2020 · 1.8 hours · gov

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0:00:00 all right we're ready to give a quorum okay that's good is miss haley ready yes i am yes okay okay good morning everyone good morning look i like the morning sir i would like to call to order the employee system of the government of the virgin island regular regional board of trustees to order roll call please Yeah, roll call.

0:01:09 Mr. Nibs is on mute. Yeah, Snips. Maybe he's waiting for someone to do something. Thank you. anything can you hear us okay i got you now yeah mr nibs eros yes i'm sorry about that trustee crowdwood absent trustee barry trusty barry he's off president president president trusty clendenin absent trusty cohen present posty liger present Trustee McDonough, absent. Trustee Smith, absent. Chairman Liger, present. Present. Four present, four absent. Thank you.

0:03:13 we can proceed right yes you have a call all right thank you all right do you have any comments or suggestions to retirees anyone present no okay I'd like to get approval of the secretary's minutes of the regular meeting September 24, 2020. Any additions? Deletions, correction?

0:03:57 I'd like to mention errors were made on page nine with trustee Baris three times with E in his name. we'll change that spelling of trusty barry's name i i had a question yeah i had a question on the mean presentations uh meeting with dr davies and it's senior leadership development and the next word is initiative okay so misspelled yeah you kept september 11th the present meetings presentation you should read the gs leadership development development initiative there's an m instead of an any other correction okay i'll so move to accept the minutes of previous meeting october

0:06:08 second no call trustee carlwood absent trustee barry yes trustee cohen yes trustee liger not voting trustee mcdonald absent trustee smith absent chairman liger chairman calendar i'm sorry yes i don't know why you like i'm like sorry about that Three yes, one not voting, and three absent.

0:06:59 Dr. Kalina, you sending your message or something? No, no. That have happened many times before. It's a Friday afternoon. Mr. Chairman, there's a few I'm just going to summarize. On October 30th, I sent the board the results of the retiree election. Do you want me to get into that, sir? no sir i have a yeah i have a have a question i'm not sure if i'm not necessarily questioning the results um i'm not sure if this is the appropriate time but i'll raise it anyway and it has to do with the st croix non-vote or non-election if you will and um i guess my question is whether whether we need to have a second approach or getting something i'm not sure if the rules allow it are you all having a problem hearing mr barrio is it just me yeah he's breaking up are you all hearing mr barry fine or is it just me i am hearing him fine here it's a thomas okay well maybe i just need to no you're breaking up on my system i was having a hard time hearing okay okay should i

0:08:56 point i was making had to do with the non-election and therefore non-representation of the same choir retirees and um and i guess the question i'm asking is whether or more than suggesting that whether we ought to do something to, I don't know if it needs a second try at it or whatever, but I feel uncomfortable about the absent of a St. Quad representation in the booth. Can you, can you, can you want to weigh in on that for us?

0:09:41 i believe we i i know i thought about it i reviewed the procedures that the board has adopted and the procedures do not speak um specifically to a situation like this um however i share mr boris concerns and think that um efforts should be exhausted to find a candidate and a person so if it means um re-advertising and trying to um hold an election those efforts should be made i'm assuming we've tried to keep them on the same track so that both the st thomas and st core retirees are elected at the same time and while that might be commendable and the preferable way to do it it doesn't mean it's the only way to do it but we should make every effort to make sure that you know all entities are represented on the board as anticipated by the statute so it would be my recommendation that an opinion the effort should be made to um do whatever is fair and reasonable to get something co-retary representative elected to the board mr nab you have some concern i don't have a concern i i i know that the procedures do not speak to anything like this i remember extending the time for nomination to a month and a half instead of 30 days um i think it was trustee who asked that we extend the time period we did my position is if no one's put themselves forward now it appears to me we we we sent everything to the retiree group over in St. Croix, retiree groups in St. Thomas, it was advertising to be out the two newspapers was press release was

0:11:48 sent out I feel if there was anyone that was qualified in St. Croix that were willing to stand up they would have done it and i don't have any issue with i'll go with whatever the board wants to do but i think going back out again unless you're going to force and twist somebody's hand to run for the position i don't see no sense okay i'd like to follow up with mr nibs um the uh a number of months ago i was on uh doing radio station locally and mentioned that you know i was leaving and that emphasized the point that somebody's got to step up and run for the election uh i also uh contacted all the officers of the local st croix retiree organization and informed them that they should let out at least a bulletin to their members and their email that um we're looking for somebody i think what i i feel that what it is is that they're i feel they're competent and uh qualified people in st croix however i don't think they want the headache i don't think they want a lot of personal liability they're running from that type of thing i spoke to a couple so i mean we can go out again but i don't have any problem with doing that but i think the problem is that they just don't want to be coming in at this time where we're going into insolvency and being blamed and you know have any type of liability this is what was expressed to me but they are qualified people in st cloy retirees but they don't want to put up themselves uh my my suggestion would be to

0:13:42 when our new uh retiree uh comes on board at the end of march to highlight the situation of what we're running into um on representation or lack thereof and get some newspaper coverage and see if we get any action out of that i think when the legislature was making the change i expressed that i mean you you you you're making it where there's not going to be anyone who's maybe a retiree you may have some people who are active might be qualified in those areas but you may not find any older person who's a retired that will be qualified you're setting the bar too high a board supposed to be made up of the complement of the membership that's what i see in the states they appointed positions by the governor yes but their teachers their firemen their this or that it's made up of uh the the membership but you're setting the bar too high for the retirees now because some of them don't have those backgrounds some of them are passed on who had the background okay just just just to be clear um I am not in any way criticizing or chastising the effort of the administration.

0:15:15 What I'm looking at as a bigger picture of the retiree representation. um and just just to follow up on mr nidge the the by to high meaning that the the expertise that's required yeah the expertise the older folks maybe they don't have that those type of backgrounds in finance in actual science maybe the younger folks some of the active members may have those type of that type of expertise so you know some retirees don't have that you You may have some who are attorneys, who are maybe doctors, you know, or accountants, but some of them don't want to put themselves out to do this because I spoke to a couple of people in St. Croix and they said, not me.

0:16:12 And they're retirees. Okay. I think we need to make one more effort. I don't want to do something different. I'm not sure what that is, but we put an ad in the paper advertising that the law requires a retiree St. Thomas St. Croix representation, that we have a St. Thomas one, that we did initial initial um vote we didn't get any any anybody uh and we're making one last request put it in the paper if we'll extend the the option for another month or something and do something. I mean, I think we need to be viewed as bending over backward to get this thing done. I admit that we've done what's reasonable. I think we've made a reasonable effort. I think we need to be seen as making an extraordinary effort to get this.

0:17:34 all right okay um so we we can we can deal with that we can check it up and uh and another session and make a decision on that okay all right let's proceed go ahead mr this time since time is of the yes sir uh you said you have another session to make a decision on that can we do that today so we can because the end of the month is here the election was going through uh january first week in january so we'll have to give them at least 30 days for nomination that's at the end of december unless you don't know extend the usually the retirees at same time but unless you want to extend the election period i don't have any problem going out again i don't you know if that is the wish of the trustees fine but it seems to be tons of the timing it may not be something you want to do between now and the end of the year because people's attention will be brought in the first of the whole nine yards and i did mention where we're trying to do them on a parallel track but that may not be practical given the reality so it seems to me that you may want to start the process come january of next year you know after people have gotten over the holidays and all of that just a thought well it was going to be the same thing uh the election the nomination was a period and then it goes out for election through january so it's the same thing they would have been i don't see it's just you're putting more pressure on the system to have two elections going forward different time i think i think i think i think that's worth it i think if we succeed in getting getting

0:19:39 retiree representation on the board i think that whatever pressure we're talking about is what the Therefore, I feel strong enough about it too. Okay. All right, gentlemen. I need to... Okay.

0:20:09 All right. I think, Mr. Chairman, I think we need to ask the administrator to present to the board an approach that you think makes sense and it's reasonable to carry out the intent that we have expressed in this discussion. Okay.

0:20:41 Okay. All right. All right. Mr. Nibs, you were, you were in, you know, the communication correspondences. Yeah. Okay. I had sent the board just copies of some legislation that were being presented that would have some have some type of an impact on the grs there's bill number 33.0330 and that was an act amending title 33 of the icode chapter 3 relating to the grocery seats taxes and remote sellers doing business in the virgin islands this piece of legislation was submitted by senator novel francis and the gist is to create an avenue to collect gross receipt taxes from individuals firms corporations water association without a physical present in the virgin islands who are considered to be doing business in the virgin islands through digital means the bill would direct 75 percent of the proceeds from the sales to the grs and 25 percent to the general fund that is presently on the table it's a controversial bill on all the registrations that occur this week um also bill number 33.014 that bill became act number 8383 um that bill um acts as a remit of an amount not exceeding 50 percent of the revenues realized in excess of the funds appropriated by the legislature of the virgin islands for the operation of the government of the virgin islands the fiscal year ending september 30 2020 and for a monk not

0:22:38 exceeding 50 million dollars to be remitted to the grs um in also in fiscal year 2021 from general fund revenues realized in excess of funds appropriated by the legislature virgin islands virgin islands to be used by the grs exclusively for retirement annuity payments for fiscal year ending 30 2021 so hopefully we'll have a surplus for funds over and above what was appropriated and we'll receive 50 million dollars shortly um go ahead go ahead pleasure i was going to ask Mr. Napes, what was his opinion or reading of the governor's comments relative to that bill when we had the meeting that Saturday? Because it seems to me that the governor and his OMB director was saying based on some language in the bill, and I guess whatever language the government uses for, quote unquote, excess funds, it was their position that there was none because of certain because the warden wasn't accurate or proper at least that's my layman's view of what he said i think uh feeds into the the response from from senator fred gregory in the car that was if if we are on the same page i think that was the reason for her exit from the meeting she claimed that she was she she's been confused or misled or something i'm sorry you know we were asked to we were asked by the governor's office to comment i did submit a copy and when i heard that i knew that because i know that they usually don't have no whole lot of

0:24:43 surplus um funds from appropriate excess appropriations many of the times those things are encumbered for another year and um so and also there's a a structural deficit within the um so you may have cash in the bank but you know you don't have any excess over appropriated funds and your question i i told him uh you know if the purpose funds are verifiable available and verifiable in the general funds and that's why i said that at the end of the year they must be available and verifiable so i agreed with a with senator gregory uh when i heard her said that and also agreed with governor when he said it so i think this bill was a show okay then you don't have a whole lot of 50 million dollars of excess funds appropriated in anybody i've never seen it before maybe i don't know if trustee barry i've seen it he was the budget director so you know to me to me there is um is a miss a misunderstanding about on those terms i mean you say you have you very understood the argument it was based on the level of appropriation and they're spending less and so they have more money that's what i understood spending less doesn't give you money you know i mean this this this this misinterpretation between appropriation and cash

0:26:32 if you spend less that doesn't mean you have cash it just means you didn't have cash to spend that's why you spend less i i i was confused about that and and from the time i heard that that discussion way back in the legislature i i knew that that that wasn't going to pan out and that is why uh if you want to say anything that i at the end of the media suggested to the governor that if you have extra cash plus the 63 million dollars they have us fighting in quote form I mean, how are you, how do you justify carrying on a court case, they were both spending money in third circuit, to avoid an award of 63 million dollars by the court. And the argument in the court is not that they're doing the money. So, it would have been interesting to hear how they made that argument to a court that they can't pay the award because they don't have any money. And I think I sent Cathy Smith, the governor's press release, so that our attorneys could could stand up and quote from it when the governor said we have more cash than we've ever had in how many years so i think there's a confusion i think i think i think there's a confusion terminology the fact that we're spending less doesn't mean you have more cash so I that was confused to me so the end result of the my summation of all this is that

0:28:25 don't don't hang your hat on the future I mean if they want to give 50 million dollars all in all if it's a matter of appropriation all you have to do is do like amend the budget amend the budget and put another line item in there that's a 50 million dollars is appropriated for grs right if the revenues are less than appropriation and that's what they're arguing simply put a line item in the budget amending the budget and a new line item 50 million dollars for jail and let's let's see let's let's see if we have really i'm wanting to do am i my to follow up on mr nipson's budget director my suggestion to you is that for the board that we shouldn't hang our hat and i don't i don't see it as a reality be happy i'd be happy to before you um all right i don't see it but those are the three item of uh funding that um that the governor is dealing with now the refinancing the 255 million is 50 million dollar excess funds in the budget and the uh uh grocery see taxes from uh off-island uh purchases so that's the tree that i think that they have identified for um funds coming to the grs also what was um legalizing recreational

0:30:23 marijuana uh they don't even have a board yet so i i don't know i i can't say but those are the three that i saw highlighted what are those three mr nibs the the if i is the 50 million from the excess funds appropriated the 255 million and the um 75 percent coming to grs from the uh Of island purchases.

0:30:57 Okay. Okay. Okay. Just to move on, I have two more. I sent the OMB Director and the Acting Commissioner of Finance a letter on October 27th indicating to them that they still have an amount of $5 million for us. I heard the Governor in our meeting with the Senators and the Board last week, he did mention that the same amount. So I'm hoping that they would send it to us.

0:31:40 It was due by the end of September, additional $5 million. also on november 16th i sent our uh memo to the havenside mall association and um i'd like to read it into the record good day havenside mall tenants we are aware that there has been an increase in airline passengers coming to st thomas the latest we have received is that the time shares are 75 to 90 percent occupy the management of the havenside mall is planning to begin advertising that the Havenside Mall is open for business. We plan to use all form of advertising including social media arrangements with hotels and potentially a video segment at the Cyrillic King Airport and Red Hook Port of Entry. We aim to reach the airline visitors coming to St.

0:32:28 Thomas at the time of arrival to let them know that the mall is open for business and the diverse businesses in the mall. We understand the challenges and hardships during these uncertain times. However, once the advertising campaign begins, we expect our tenants to do their part by opening their doors. We are in the process of creating a COVID-19 prevention bubble at the Havenside Mall in time for the arrival of two ships at the dock. We look forward to working with you to make this a reality. Signed by myself, Carbis DeBoer, Havenside Mall Oversight Committee, officer smith operation manager and more head chief security officer um there's a lot we have done in follow-up to that i would probably deal with that when we discuss haven site more in executive session but the aim is to some of the stores and we've started monitoring and since this memo went out we monitor stores every day to determine who is open and i'll give you a reason why we're doing that in executive session when we get there to discuss even side more financials.

0:33:36 That ends my communications and correspondences all right thank you mr thank you um i have no chairman's report therefore we can move on to the administrator's report good morning again uh meeting presentation and appearances in october 13th i met with the haven site mall tenants we had a meeting uh virtual meeting had about 70 to 80 uh tenants on october 16th we met with waiko to discuss the mou related to the u.s custom issue on october 20th to the 22nd obviously you know we had the grs board retreat which i think was very successful based on the uh virtual instead of in person on october 26 i met with the contractors in regards to rfps for the haven site more metal building and perimeter fencing on october 28 i participated in interviews for the haven site more property manager on november 5th i met with the governor along with um board council and and some other folks on november 7th we had a meeting with the senators the governor the senators and the grs board i remember trustee barry and chairman calendar was in attendance on november 10th we had an interview with the vi source executive director on november 16

0:35:38 we did review the rfps for the havenside mall metal building and parameter fencing on november 17th i reached out to the the ipod authorities executive director to give us some insight and collaborate in some advertising promotions that we can do at the ports on november 19th at a meeting with uh lisa hamilton which was yesterday the executive director of the hotel association in regards to some type of a strategic alliance with the hotel association for havenside mall and on november 25th continue meeting you're going to be meeting with the governor on the 25th of november to continue our november 5th meeting that we had with the governor given site mall is something on the agenda also in regards to that um member services as you can see we have received at least four application for retirees who are going to retire in 2021 we have 141 applications still remaining i just wanted to note that the applications are decreasing in 2018 we received 403 applications in 2019 we received 312 and in 2020 so far we receive 179 so that's telling us that retirees are not retiring at the case that they used to maybe some because of the pending insolvency so they're holding out a little longer that's my interpretation of those numbers unless they're going to be a whole slew of people retiring between now and december

0:37:25 i doubt it so only 179 um so far uh for this year last year was 312 the year before that 403 um refunds as you can see from october to september We have paid out $6.9 million, of that $6.9 million, $6.7 million is for individuals who were not vested and requested a refund of their contributions. Debt benefits, we are continuing to process the benefits. We have received 56. We have completed 56 for the fiscal year 2020. We have at least 87 still to be completed. The total is about $1.9 million. Disability certificates, the same status. We sent out 231. We have validated 177. We are waiting for 53 life certificates to determine the existence of those retirees. Annuity payments, as of the November 15 payroll, we have 8,685 retirees.

0:39:01 From October through November 15th, it's a month and a half, we paid out $32.2 million. So far for that period, we added 21 to the payroll, and we deleted 35. The gross retiree payroll for that November 15 pay date was $10.8 million. Our loan portfolio is still staying steady. There was some reduction between September and October, very small amount, mortgages are still 90.

0:39:37 The value of the loan portfolio is $34.9 million. There are some repairs to our facilities. I'm not gonna go through everything. I wanna just highlight certain areas that are probably safety and things like that. We do have to have a fire pump and sprinkler. Annual inspection is due and hope to be completed this month. uh we know that the fire sprinkler system was tested by pleasant which is our major tenant and all is okay uh the grs building st croix there was some leaking as you know we had a significant amount of rain in the territory and there were some leaks that were identified and we have to get we're going to be having those repaired uh there is a warranty on this roof in st croix i think was 10 years it's getting very close because i think that that uh work was completed in 2010 so it's a the warranty is getting close to expiration so we have to look at that also however it does have a warranty there is a replacement of the glass doors because of security reasons we're waiting the doors from puerto rico and it's in thomas building we have completed the tiling in the conference room area where the food was the kitchen is we plan to replace the tiles in the conference area also we also did some tinting of the our glass around the building that is completed this is an energy saving measure that we're looking at to reduce our walk-up bill like i said we get out a significant amount of rain and we had a lot

0:41:30 of problems in st thomas building um it's one of the reasons kathy's not here because her her roof got and her area got a lot of water in that it's noisy right now uh but we must i think we we we have kept our fingers crossed because the work that was done at the outer exterior of the building that held up very good you know before the water to get in between the exterior and the interior of the building that didn't happen so that project that we spent about over a million dollars to do for the entire building held up very well for us we are ordering new pumps as a saver for the use of water the pumps that just pump the water from the system went down so we have ordered new pumps and that would save us so we can use our system water that's two big systems here save us at least a thousand maybe a thousand thousand dollars a year in water bill if we use the system water the air conditioning project is on schedule a lot of equipment if you visit our office in St. Thomas, you'll see that there's so many big pieces of equipment, the chillers and everything has been put in place underground. However, some have to go on the roof, but that project is ongoing very smoothly. We also have the new fire alarm set project that is progressing very smoothly. They are here working every day, so they're running the new fire alarm system on all the floors. As far as collections, I'll give you as of October. October, we collected $12,384.84. In rental, we collected $11,607.77. Compared to September, where we collected 147,541 dollars and 14 cents in rental 144,987.45 cents so in october as you can see

0:43:56 there's a significant errorage um uh we have a rare age in uh especially in wapa the average in rental is not as significant as twelve thousand three eighty three dollars and thirty cents and whopper two hundred and thirty thousand seventy eight dollars and eighty five cents for total of rarities of three hundred and forty two thousand three hundred sixty two dollars and fifteen cents so we're gonna be i guess this happens usually at the beginning of each year um when um allotments are being made so we'll be on top of the uh of our tenants to we made those funds to us um i'm going to skip human resources i think that's self-explanatory i want to mention that the vi lottery bonus for 2020 will be uh will be on the streets uh november 23rd on monday um it will be paid on the 23rd the file has been sent to the bank i want to give you some stats the amount that we're receiving from the lottery is is decreasing it decreased 42 percent from last year last year we received 1.3 million dollars this year we received 778 000 the number of retirees are going to receive the bonus in 2020 is 7 436 members those are members who are 60 years of age and on the payroll for at least one year also they disability members the amount of the bonus the gross amount could be 104.74 the net amount after taxes 81.74 as i said i would like to discuss some haven side issues but then we'll deal with that in executive session that ends my presentation

0:46:00 thank you mr nibs trustee any questions with mr nibs yeah any comments when you're talking about their marriage um i was trying to follow what page on your report that was okay okay i got it all right any other questions any other comments i have meeting with the governor that the meeting with the governor that occurred i think it was the 5th and that you're having a continued session the 25th um what was left on undiscussed nothing left on this cause was haven site was haven site mall and the trying to find uh trying to get some type of a partnership with health with the kovi with our prevention program at the mall because those two main things are what i want to stress to him that was left there was something else about insolvency uh i wanted to mention to him what we were doing what our plans were see if i can get any response from him but the main thing on the agenda when i meet with him is going to be the haven side mall we have some issues there and also uh maybe trying to have some type of alliance um with health in the testing of some type of strategic alliance with departmental health all right may may i suggest um with uh relationship uh to the covid and the procedures and so on um i'm sure there's a federal package or at least recommendation right up when we did early voting it was done over in our old movie theater here it was done exceptionally well um and i'm sure they had a game plan that they tapped into some federal program to advise them of such so it may be there may be things already written up that we

0:48:16 We can just adopt. Well, we reached out to the commissioner of health. We did send a letter to her. We followed up. She did acknowledge that she received it. That would response to her, would respond to us. At least our executive assistant did say that we received it and she would follow, we would get a response. We haven't received our responses yet. So we didn't reach out. any anything else i have one comment uh regarding the regarding the loan portfolio yes sir uh no just information probably for mr barry the present uh loan balance is 34.9 million when the loan program was terminated in august of 2015 the loan portfolio the time was 159 million and $218,000 no portfolio and I'm sure if we did not terminate that program you still would have had a lot of monies out at this time All right, how many reports, and he, anyone with somebody, he's muted.

0:50:16 yeah i'm sorry i like to mention that i received from mr nabbs a proposed budget for the haven site uh more and so i'll be at some point i'll try to schedule a budget meeting but as as an initial comment i'd would like to ask everybody to turn yeah we can't hear him and then maybe some people who are not talking they should turn off their their mic can you hear me anybody hear me i can hear you now i can hear you maybe maybe miss some liger you could turn off your mic too please okay um i was saying that i received a draft or recommended budget for the haven site mall from for mr nibs and i intend shortly to schedule a budget committee meeting to discuss it but as a as a preliminary um reaction i want to indicate to mr nibs that um i'm going to request that he submit um a balanced budget was balanced budget i received has um showed revenues of 1.2 million and expenditures of six and expenditures yeah well let me finish please revenues of 1.2 million expenses of 6.2 million

0:52:24 the five million dollar deficit and i'm not sure where that difference where that money is going to come from to make a difference so um we have my perspective the mall is supposed to be supporting the rest of the system not the other way well so um that's where i'm coming from on this so um we're going to have to i says i expect them to submit a budget that's balanced well and i think we discussed this before they have funds in an account and i think trustee barry or the one i think that said we need we told you that we don't have we have to expend a lot of capital infrastructure employment that's where the monies are and we have we have received over four point something million dollars in insurance funds so i can show you where the monies will be uh their funds available to do the work the budget the budget has to reflect this is also funding well then we might as well close shop well because we're not we're not going to be able to we're not going to be able to the expenses alone would be for salaries only salaries only about more than the 1.2 however maybe maybe closing shop has to be on the table i mean we can't have we we are heading towards bankruptcy

0:54:11 the mall is supposed to be the purpose of the investment in the mall is supposed to be to to help the system it's it's dragging itself i mean if you're if you're saying the system has those comfort five million dollars to support the mall maybe the mall we need we need to maybe closing it down should be on the table well may i yes mr mr my great um what we are saying for this year's budget is that there is about 4.3 million dollars for the capital projects that were insurance proceeds for haven site mall then in the haven site account there is another 5.3 million dollars in the haven site um account apart and i pointed out that is the insurance proceed correct and i pointed that out i pointed that out in the presentation so well i know i'm saying the budget has to reflect that you need to submit Okay, well, I did say that at the end, so I told you how much monies we have in account and I told you how much monies we have on the books for the insurance. We have like $9 million.

0:55:39 However, if you want me to go back and put that up in the revenue section where I have the revenues, I could do that. and i'll indicate that it's the bank account for the uh for the what we have in the bank account of five million and the four million dollars in insurance proceeds well i i i don't care where you put it i'm saying to you that you have to okay okay we'll do it we'll do that we'll revise it sir uh we'll submit it to you we'll resubmit it and to show the i understand what you're looking for i'll put it up in the revenue section and you'll see the difference between the revenues and expenses proposed and you'll see whether there's a surplus or deficit okay okay the medical review committee will make the presentation in an executive session good morning.

0:56:50 No, , , no, no, no. No, no, No. No. No. jeremiah good morning board chair other trustees this is the government employees retirement system schedule of receipts and disbursements for the month ending october 31st 2020 2020. receipts from collections loan repayment one million two hundred and seventeen thousand fourteen hundred and the year-to-date of course will be the same for all rent from tenants slash utilities eighteen thousand four hundred and forty eight we have moved the reporting for the haven site mall to a separate schedule. We have employer retirement contributions, $6,744,720. Employee retirement contributions, $3,441,464. Parking facility, $700. Miscellaneous, $15,487. For total collections of $11 million, four hundred and thirty eight thousand eight hundred and thirty three disbursements annuity payments 21 million seven hundred and seventeen thousand four hundred and fifteen administrative expenses one million three hundred and thirty two thousand one hundred and sixty three personal loans 60 808 832 mortgage loans 7 810 retiree loan 1456 refund of contributions seven seven i'm sorry 716 672 for a total disbursement of 23 million 836 347 for a net deficit of 12 million 397 515.

0:59:26 the haven site report for the month ending october 31st 2020. i have a question i have a question before we pass that um and i guess so i noticed that the the employer both the employer and employee contribution um went down compared to october of last year is that is that a reflection of of lower um active employees is that's what's going on there or i think it's a timing difference correct it's more timing than anything else okay okay so we'll wait for a couple of months okay that's fine okay excuse me could i interrupt for one second um i just got a call from one of the the um reporters from i think the source to consortium that they weren't picking us up on youtube youtube down right now so youtube is down so i'll post up when they're finished okay thanks okay the schedule of receipts and disbursement um for the month ending october 31st 2020 for the haven site mall from collections we have rents from tenants 103 417 We have miscellaneous 8,125 for total collection of 111,542 disbursement we have personnel services we have 78,308 fringe benefits 40,095 other services and charges 8,066 capital projects 282,330 for total disbursement of $408,799.

1:01:44 And for the month, the net cash deficit is $297,257. That ends the reading of the treasurer's report. Thank you, Ms. Joyemeyer. Trustee, any questions? So, Ms. Jeremiah, the difference between the 454 in October 19, I'm open to rents, rents from tenants. 454, 455,000 in October 19 and 103 in October 20. Is that from the abatement?

1:02:34 that is that only due to rent abatement that is due to our deferral okay is there somewhere in the financials or somewhere that that could be shown as a i don't know what you call it you know set to expense or i don't offset to revenue or something i don't know but um i don't know this is a cash report so i'm not suggesting to go there But I would like somehow for the reporting to reflect the deferrals as an expense or something.

1:03:21 I don't know the accounting where to do it. Do you understand what I'm trying to say? Yes. So I understand this probably is not the report to do it in because this is more cash. receipts and disbursement report but it should be important for the board to be aware of the and the financials to reflect the impact of the board's decision to defer those renters i can put it in note below okay okay somehow that yeah that's that that will work for me enough are we speaking about a haven site more yes yes well that spreadsheet that you gave me miss um that would show him the defaults wouldn't it it will yeah if we give you that particular show for each tenant we show the defaults what we received what expected what was received and deferrals okay um uh yeah i'm not sure if you have it i don't know no i mean i know miss jeremiah they gave me a link of all the tenants with what is expected what was received and the deferred amount okay just put it on this report sir i mean i have enough things to want you okay put it on a report as if you put a footnote i'm fine with that i mean just okay okay all right thanks miss colleen did send that out i i didn't hear that

1:05:05 miss colleen did send out the haven site spreadsheet with all the tenants okay okay i i look for it i did send it out to be discussed in uh executive session to miss cooley okay so we're going to revisit it in the executive session if you did receive it yes sir i will show you exactly okay it's in the package yes it's a separate attachment along with the packaging okay all right go ahead that's the only comment i had on that particular okay any other questions trust me any comments if not we need a motion to accept the treasurer's report i so move okay i'm seconding trustee palwood absent trustee barry yes trustee cohen yes trustee liger yeah trustee mcdonald absent trustee smith absent chairman calendar yes all present three absent um is jeremiah oh yes yes i want to take note that trustee

1:07:01 made a motion to accept your your report yes just a second time made a change make it you're making some headway i realize that okay good thank you very much okay i i'm really i'm really a nice guy and i'm easy to please okay okay so we have treasurer's report good morning gustavo maybe it's the background there is the background good morning how are you good i hope that uh everyone is safe and healthy there in the beautiful islands trying to be here in the mainland are not uh are not getting better in terms of our covid cases they're growing exponentially unfortunately um it hasn't been a long time since we saw each other right right right right yeah the last uh the last uh report that we presented in front of us for was for the fiscal year which ended up on september 30th so what we um what you have in front of you is the performance report for the month of october so that is going to we're going to be discussing briefly today the month of october in general for the markets was a little bit of a reversal from what we've seen in the last couple of months. The month of October actually

1:08:53 was a negative performance for the markets. There were different situations where cases up in europe uh starting to see cases up in the u.s the elections all these uh different variables play a role in the month of october it up uh being negative for uh the u.s equities in general for the month of october the smp was done almost three percent two point seven percent international markets also minus four percent and uh so that had an impact definitely on the overall performance of the of the of the portfolio uh thankfully uh because of the measures that we have been taking since at some point 2015 2016 with dynamic asset allocation will be a big chunk of the portfolio is invested in in bonds so um we were not hit as bad as the majority of other pension plans in the united states for the month of october um if you um if you please uh move to um page uh nine of the report You will see that as of October 31st, the total system without local asset, which will never show performance here, these are liquid assets, was $459,784.

1:10:47 As I mentioned before, the majority of the assets are now invested in fixed income portfolio, which as it shows here, 77%, 12% in equities and 9% in cash, a small portion of it still remains in alternative assets in two of the mesmeral private equity funds. If you please be some kind and switch to page 11, the total retirement performance for the month of October, which you will see there under the column quarter to date, it was minus 0.6%.

1:11:37 So it only retrieved 60 basic points compared to a minus 3% of the S&P that was done. So it defended well compared to what the U.S. and international equities done for that month. For the year to date, this is not fiscal year. We remember that we broke fiscal year on September 30th. But just to give you an idea where the portfolio stands for the year of 2020, it's up 4.6%. If we move to the next page, page 12, we see on the quarter-to-date column under domestic equity assets, we have 54 million invested in the Russell 1000 index, that is the index of large-gap equity names, and that piece of the portfolio was done 2.4 percent exactly same as the index because what we invested is a reflection of the index. On the fixed income side, we have still one active manager that still grew fixed income, which was down 0.4 percent.

1:12:55 And then we have a portion in TIPS and the majority of it in an index of US debt that was down 0.4 percent. so the combination of the of the asset allocation um actually ended up as i mentioned before for the month of october at minus that 60 basic points uh as you see there for the we don't have any data for uh the private equity funds uh these are a quarterly lag so we usually see we'll see and we usually know we will see the performance of those at the end of the year or the beginning not of 2021 uh so uh the portfolio um actually um responded as uh it was constructed for at this point that is defending on months in which uh the equities markets are extremely volatile to give you some perspective this is of october 31st since then for the month of november as of yesterday the equity markets are up between nine and ten percent in the u.s equity on the international they are up like 14 percent uh so we will see probably by the end of the year i'll pick up a little bit of the pickup in the uh in in the portfolio however the portfolio has small portion of it invested in equities but also what is interesting as well is that the the bond markets were up as well uh as of uh so far as the month of november so uh no major uh changes from uh from the month of september uh the only other aspect that we continuously monitor

1:14:50 is actually on page uh four uh which you know this is a a statement of cash flow for the month uh and as we see there on the column of withdrawals uh we only see that in fact this is then withdrawals this is an uh and a distribution from the two uh private equity funds for the month of october that actually distributed to the system 167 uh thousand on on the on mesero fund four and 224 for mesero fund five what you see there are negative numbers because it's a a withdrawal from the market value right of the and but it's actually a cash inflow into the system um so um that's uh that's uh pretty much what uh what uh we have uh prepared to show you uh and the results of the month of october um the still the same question marks you know the markets go up and down depending on news of the vaccine and how that is going to be implemented and how the saga because i cannot call it the other way of the elections uh moves uh during the day uh but you know the main issues are still there if there's going to be a stimulus or not if vaccines are going to be available at the end of December or beginning of February.

1:16:37 So that volatility is still out there. However, the prospects for a better 2021, given the fact that it seems that the vaccine is going to be with us, are a lot better than they were three, four months ago. With that, I will open for any comments, questions. Please, any comments from Gustavo? Yeah, I have a question or comment. Not sure what it is. I'll just try it out and be free to respond.

1:17:22 um the board recently approved um for four percent rate of return to be used for discounting the um for establishing the unfunded liability um given what you you know about the what's going on. Does that sound like, is that in a reasonable ballpark as to, in terms of a decision? It does. I mean, honestly, it's difficult to predict an exact number, of course. But if you see that, you know, the trends of the expected returns of a 60-40 portfolio that has always been the bogey, right, or the benchmark that everyone is following as a rule of thumb, has been declining for the last 15 years.

1:18:29 And more so, more so under the current circumstances, that for the foreseeable short term, or medium term, I would say, we see a low interest rate environment. So, at the low rates that it is expected, you would have, you know, almost half of the portfolio, 40%, on a 60-40 allocation, right? that we yield very close to zero, right? And in a circumstances like this, we have 70 to 80% of the portfolio that we're yielding very low performance rates as well. So definitely moving towards a lower expected return, it sounds absolutely reasonable and prudent.

1:19:23 Okay. Because the reason I'm asking this is because, I mean, as you're probably aware, that shift from 7% to 4% made a significant difference in the ADEC and the unfunded liability. And given the heightened attention that PRS gets or is getting, I just want to be sure that as a board that we, that's a good position to take. Because it's going to, as you say, it's going to exacerbate the net present value, the unfunded liability, I should say.

1:20:19 I think that's a significant amount, over a million dollars, and it increased by I think it's about 38%, if I recall correctly. It's a move that I need in my own mind as a board member to feel comfortable that it was a decision. Yes, and most probably hear from Rocky and the rest of the team of the great actuaries that you have working on the fund.

1:20:55 And, you know, moving towards that type of target is definitely something, you know, with acknowledging, you know, the pain that that causes in the system and the beneficiaries and in the, you know, in the funded liability, unfunded liabilities of the fund. But, you know, just because of the status of the asset, the asset allocation and the status of the market overall, is a prudent and reasonable thing to do okay thank you no problem any other questions for gustavo anyone what i was going to say is that in our in our thing in our firma things continue to be continue to be um you know as normal as they can and under these circumstances the firm is uh different solid uh no interruptions in our business other than instead of seeing you face to face unfortunately virtually but our firm continues to be um solid moving forward without any disruptions on this pandemic and we continue working from home and uh and the small little ways into some of the offices that we wanted to do, some of them has been interrupted in the case of California that has our California office, there were some of the

1:22:48 folks that were going to the office for, you know, mostly for from an operational perspective that needed to be there. And unfortunately, that cannot be done now because California closed all businesses back in lockdown. So, you know, in small progress that we did moving that one is now backwards back again. But thanks God, our business is solid and we continue with the operations as uh as as normal as they can be and we thank you sir for being here for us for sure okay all right thank you very very much see you next month yes sir before we go into regular session since the election was discussed it was not on the agenda but since it was discussed in regards to um having an election in st croix follow-on i think since the procedures and rules that were promulgated back in 2009 2010 did not address it can we amend the agenda to include that the board make or maybe directly have the the uh the board council we can make a motion that that uh procedure we change the language and approved by the board now so we can start working i mean we just need to center the procedures are silent we need to have something to

1:24:39 i mean it's since it's it's a very important very important thing and we want to have something in our hand because you know miss clinton and she's a facilitator she was asked me should i go ahead and start up now i i mean you know i think we need to have the procedures down in case any there's any questions about it that um would make a little change in there in the in event there's no one that comes up you can always go back out because it's silent I think it's Mr. Chairman since my response is on this issue um if if Mr. Nibbs wants something from the board to for the board to approve then he needs to submit it I recommend that he make a he he put his head together with his staff come up with a reasonable approach and um send it on to us i mean we could we could vote um my poll vote and and approve it i'm not sure he's asking us to approve something i don't know what that is well can initially well initially i i did not i did not recommend the procedures the procedures uh were recommended by board council i assume at that time and the board approve it all i'm asking is that maybe the board council come up with the recommended language to to amend the procedures to have this done yes i i agree an amendment um if um attorney williams according to the circumstances that we're meeting now which is unusual i didn't hear what the trustee cohen said so i don't know if he wants to repeat that

1:26:51 okay let me let me try again the um to do an amendment reflecting the situation that we have which is we didn't get any um uh candidates applying for the position of st croix retiree position for the board that if that occurs that we should make an additional uh extension on the election date uh submissions uh would probably be the easiest way to do it okay i'm trying to wrap my arms around this from what i am i'm understanding i i don't know that there needs to be a change in the procedure it's it seems to me that what the trustees are saying is that we don't have a candidate we basically need to do the process again no i agree that williams you're going in and out i don't know how to fix that it it's a problem on my end that any better rocking back and forth just stay still in the camera that's all okay um i will say i don't know that there needs to be a change in the procedure my understanding of what the trustees desire is is that we do the process over again in a sense almost until we find a candidate i agree as i said in the first time we addressed that that the car procedures do not address this situation so at the very most all the trustee would need to do is to pass a motion basically saying that you know go back out and go through

1:28:46 the process again but i also thought i understood the chairman to say that we're going to discuss this at a different time or another time unless i misunderstood that so maybe we kind of need to put all of those things on the same page and kind of figure out a way forward i did say that but if someone has if there's something that one things needs to be done immediately then we can proceed well mr chairman it appears to me that based on the responses i've heard from the trustees the majority wants to go out again so i know that there's something in the in the uh rules that says if there's only one candidate in a district and if that candidate is qualified he automatically that person him or her automatically becomes a candidate so i think we need something in there to guide us this this may happen again something in there for future and i'm not going to be here a lot of other people not going to be here is going to say hey if you haven't received any person i've not nominated for that position the x amount of time you uh it's at your discretion either you want to give it to the discretionary administrator i don't like that because since the board had promulgated the rules and procedures i think the board should say if no one came in go out again for one time one more time not two three four times at least go back again and repeat the same procedure in that district that's all we need i think that can be changed right in the in the rules

1:30:35 because it says in the rules if there's only one candidate and that person is qualified that person automatically that's all i was trying to say but give us something we're ready we're ready to go out if you want us do we go but but that's not i i don't think that's the issue mr man the issue whether there's only one candidate the issue is in this issue there were no candidates and the board that's right i think the board is saying go back out we advertise it and again i may be putting words in their mouth and this is where the discussion comes in until you find it until we get a candidate so again unless the board specifically say you only have to do this one more time or the board could say you keep doing it every three months until you find a candidate i mean that's something that the trustee would have to decide but but it simply takes a motion to do that i don't know that you need or the motion because we amend the procedures to add this language that might be fine but if there's a motion that said in to the extent that there was no candidate in the same court district for the election the board is directing the administrator to keep um doing the election process until there is a candidate that's basically all that would need to be said well we can do it we can amend the procedures now let's do it now and just like what you just said if there is no candidate responding to the election in the district we go back out and do it until we find a candidate or you know suppose we never find a candidate is the governor going to appoint someone suppose that never happens there's no i don't i don't advise the governor but i don't believe that the governor can't just decide he's going to appoint a candidate if if the law says it has to be done to an election of retirees well okay okay well suppose there are no retirees

1:32:47 nobody wants to put themselves up i mean i told you i've spoken to a few people who are qualified well qualified they don't want to because of the situation with the system they don't want to be like it was speculation and i think in a sense i guess the board will have to cause that when it gets to it but i don't know that we're at that point mr chairman mr chairman i i i i would like to move that the board um excuse me i think we have to mend the agenda if you make emotions okay i thought you were just saying i i i i don't think you need to to do that to the extent that um the what you call it the trust election was a part of the communications and correspondence it's really arising from that that we haven't this discussion i mean so there's no real need to amend the agenda i mean because you know some comes up there and somebody wants to make a bullshit there's certainly free to do that i mean i don't i don't understand i mean i understood mr nibs to be saying we need to do it right now so i'm trying to do it right now no but what mr ninja is saying because it's not a specific line item on the agenda you would need to amend the agenda to add that item and i'm saying that you don't need to amend the agenda to do that because the issue came up during the communications and correspondence section this is arising from that so it's already been a part of the record

1:34:40 so i mean it's not so you're saying that just yes that's what i'm saying and you can make a motion that is correct mr chairman all right just to worry i i i move that um the administration be required to to submit to the board um a proposal or an approach for to extend the effort we like um to elect a candidate, a retiree candidate for the St. Croix, representing St. Croix spot on the board.

1:35:39 Do you want to add it in the event in those situations where no candidate I will submit it with some to that effect. Okay, I'll think about it some more. You don't want to do it for this particular time. I think you want to do it for whatever happens in the future. Yes, correct. And I won't necessarily say the saying for election, let's just leave it broad enough in the event that there's no candidate for the retiree election.

1:36:29 So what you may want to say, if I may, Mr. Bowie, there's a case where there's no candidate for any um the retiree election that the administrator is required to submit to the board a proposal to extend uh to establish an effort to extend the election until a Hal Hallstein, A suitable candidate is fall. Hal Hallstein, We need a second on that. Hal Hallstein, You understand that. Trustee Caldwell? Absent. Trustee Barnaby? Yes.

1:37:28 Trustee Cohen? Yes. Trustee Liger? Yes. Trustee McDonnell? Absent. Trustee Smith? Absent. Chairman Callender? Yes. or yes three absent okay we proceed to regular session to ratify the poll vote to accept the act three's recommendation to lower the assumed rate of return i have one question um this doesn't it's not as this is not retroactive correct it's from now uh starting when we pass this that it figures the four percent before the responsibility um of the grs that it'll be four percent from this point on it's effective one 2019 ah okay thank you what you're doing trustee coin is you're ratifying the vote that took place um probably a couple weeks ago a poll vote was submitted a poor request for poor boat was submitted right after the um So right after the board retreat, I obtained a letter from Seagull indicating summarizing the issue in reduction of the rate from 7% to 4%.

1:39:25 I sent it out to the trustees and I requested a full vote. Four trustees responded, Smith, Callender, Cohen, and Bowrie, and voted yes. So there was a majority there. so all we're doing is ratifying this poll vote that we did on back in on the 23rd forward but it would be effective with effective october 1 2019 actuarial valuation all right thank you Is there the motion needed at this point?

1:40:17 Yes. Okay. I move to lower the investment returns. Mr. Cohen, can you repeat the motion and probably keep your face closer to the mic? Okay. Okay. I'll speak slower too. Okay. I still move to accept the actuaries recommendation to learn from 7% to 4% effectively with the October 1st, 2019 actuary graduation. evaluation i think mr barry said second second trustee carlwood absent trustee barry yes trustee cohen yes trustee leiger yeah trustee mcdonnell absent trustee smith absent chairman calendar yes four years three options thank you motion um mr chair i believe that uh i should i i i should be leaving at this point okay thank you sir thank you for your presence thank you for your presentation thank you thank you okay all right item number two to approve the

1:42:20 mr chairman the uh evaluation report was received yesterday the formal copy i i circulated it to the board and we just need to approve the entire 2019 october 1 2019 october evaluation report i move i move that we have to accept the actuarial report um by seagull for the actuarial report um by seagull for the actuarial valuation and second Trustee Caldwell absent. Trustee Bari? Yes. Trustee Cohen? Yes. Trustee Liger? Yes. Trustee Have you any questions since 2020? cinicnt visto over to 2020? yes.

1:44:15 Yes, 4 years 3. All right, this portion of the conv Würzio or personal or legal matters or matters whose premature disclosure will frustrate the implementation of the proposed agency action need a motion to go into executive session i'll i'll move that we go into executive session second Trustee Caldwell absent. Trustee Bowery? Yes. Trustee Cohen? Yes. Trustee Liger? Yeah. Trustee McDonnell absent. Trustee Smith absent. Chairman Callender? Yes. Four years, three absent.

1:45:16 So we take care.

People named in this transcript

SUSPECTED, and a finding aid only. Names were matched by machine against the spellings used across all 426 of our transcripts, and the title is the one used in the room. Being named here is NOT evidence that a person attended or spoke · only that the name was said. Speech recognition mishears names, so a spelling may be wrong even where no alternative is offered.

4x **Trustee Leona E. Smith**
heard in this transcript as: Smith

4x **Trustee Vincent Liger**
heard in this transcript as: Liger

Bills and acts referred to

Matched by number against our own acts corpus. The number is what the recognition heard, so it may be wrong; where it resolved, the title is the one the Legislature gave the act.

Act 8383 Act 8383 · An Act providing for the remitter of an amount not exceeding 50 percent of the revenues realized in excess of the funds appropriated by the Legislature of the Virgin Islands for the operation of the Government of the Virgin Islands (GERS) in the fiscal year ending September 30, 2020, and for an amount not exceeding $50,000,000 to be remitted to the GERS, in the fiscal year ending September 30, 2021, from General Fund revenues realized in excess of the funds appropriated by the Legislature of the Virgin Islands fur the operation of the Government of the Virgin Islands, to he used by the GERS exclusively for retirement annuity payments for the fiscal year ending September 30, 2021 ---0