GERS BOT·s Monthly Meeting 4/20/23

GERS Retirement System (Board of Trustees)

April 20, 2023 · 1.1 hours · gov

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0:00:00 I recognize the board, I know, I know, I know, I know, I know, I know, I know, I know, been there it's been so long remember when we used to mr pickering was on board i used to go get our we probably should go back to okay um good morning everyone is government employees retirement system of the virgin islands regular board meeting for april 2020-23 is there by call to order is the names can i get a roll call please barry excuse rossi dorsey present frosty liger absent. Ex-official member Richardson. Excuse. Trustee Russell. Here. Trustee Smith. Present.

0:01:34 Chairman Calwood. Present. Four present. Two excused. One absent and one excused. should be too excused well ex-officially oh it's not a voting member correct correct okay um comments and suggestions from retirees comments and suggestions from active members okay let's move on to item number five the secretary's minutes from the regular board meeting of march 23rd 2023 are there any corrections or adjustments that need to be made can i get a motion to accept the minutes so moved second recording in progress moved by Chelsea Dorsey seconded by Chelsea Smith it's the next time I got a roll call please not voting trustee Liger absent trustee Russell trustee Russell trustee russell hello yes we didn't hear you i say yes okay Mr. Smith.

0:03:30 Mr. Smith. other than the correspondence from the director personnel. Okay, item number seven, the chairman's report. On April 14th, I met with the, took part in the select committee meeting with respect to the search for the new administrator. On April 18th, we held our investment committee meeting where we got an update from our uh investment managers and yesterday on april 19th the budget committee met to have their media review of the annual budget um that concludes the chairman's report point information chair yes sir i did not get any notification that we had a budget committee meeting and i had asked to participate in so the next time if i can be notified i'd appreciate it i am mr chairman i i miss half but i wonder if i should sign in again or something i don't know check my internet and hop street so you try my phone um trusty russell yeah i don't try my phone

0:05:23 i i didn't hear i didn't hear I think if you look in the um it should have a number ID number yeah and a past old yeah i'm gonna do it i'm gonna i'm gonna see okay mr chairman yes sir yeah since my office is the one that sent out the notice for the budget committee meeting my understanding is that all trustees advise of committee meeting only when it's the investment committee meeting. If there are committee meetings, standing committee meetings, it's only the members of those committees are invited. Am I correct?

0:06:29 That has been a practice. So how should I handle this going forward? since there's cut it appears that you know i've heard this before that they want you know a member wants to be invited i i only invite people who are members of the standing committee the only time all trustees are invited to the investment committee i just want to because i'm the one that sends out a notice okay but um yes duly noted but i mean that has been a practice but at the end of the day i mean any trustee is free to attend any meeting um even though they're not a member of the committee and therefore they won't be voting but they have a right to participate so in light of that in in light of that um i have no problem with sending the notifying other trustees of the uh of the committee meetings a duly notice thank you good morning good morning good morning um yeah okay okay i'm just checking yeah because i i put it on my phone and you walk in okay okay much better okay good thank you you wanted this to atom i thought trust trustee like i was trying to answer no i just get in okay okay good all right All right, Mr. Neves, you can proceed with Administrator's report. On March 28th, I attended the pre-proposal meeting for the RFP for the engineering services for the waterline replacement at Havenside Mall. mall in the 29th i attended the havenside mall oversight committee meeting to review and discuss the cost proposal for the respondent to the rfp for strategic and infrastructure plan that same day i met with a compliance officer regarding the status of processing the annual benefit statements on the 30th i met with vitek in regards to the issuance of the process of the annual statements and resolution of an issue software issue on april 3rd the havenside mall committee meeting met an emergency meeting to discuss the structural failure of the eastern side of building three at havenside mall that same day i attended the development committee meeting on april 11 i met with wapper in regards to the pre-proposal questions from the respondent the rfp for

0:09:18 for engineering services for the waterline replacement at Havenside Mall. On the 13th, special Havenside Mall Oversight Committee meeting regarding a pre-contract scope of work discussions on the strategic and infrastructure plan. On the 18th, I attended the Investment Committee meeting. On the 19th, I attended the Budget Committee meeting, mid-year meeting yesterday. Regards to the status of the retirement application, As of April 15, there are 141 applications still pending or remaining to be processed.

0:09:55 The majority is in calendar year 2022, which is 72 remaining. In 2023, there are 64 applications that will receive and non-percess to date. As far as the refunds, There are 481 refunds that were processed completed, cases completed from October through March 31, 2023 for a total of $5.3 million.

0:10:27 Of those cases completed, 262 are non-vested members for a tune of $4.7 million. benefits from october to march 31 there were 18 cases that were completed of those 18 12 members were active and the total amount that were submitted when 939 674.99 The accounting of the retirees, as of April 14th, payroll, 8,782 retired members. Total amount paid out from October to April 14th, $143,125,449.92. Number of retirees added to the payroll from October 1 through April 14, 218. Number of deceased retirees deleted from the payroll from October through April 14, 169. The gross payroll for the April 14, 2023 was 11,104,975.51 cents. The active members at this time, this period of reporting was about 8,999 members.

0:12:05 Loan portfolio, as of the end of March, 2023, there were 966 units still outstanding. Retiree personal loans, with active and retiring 910 units and mortgage is 56 units. Still outstanding. Total outstanding portfolio as of March, 2023 for the loan, 10,448,000, $32.00 in five cents. St. Croix complex, no major issues, other than ongoing maintenance projects in process, painting the exterior columns, replacing missing tiles and refurbishing the fountain outside in the downstairs and directional signage. St. Thomas office complex, the Southern flat roof will need replacement in the near future as a TPO. I asked Mr. Tlendin what that was.

0:13:03 It's a scientific word. I don't have it right in front of me, but we have to replace the Southern flat roof because it's at end of life. Air conditioning project, The service provider carrier will be on site the week of April 17th to start some work on the air conditioner. The new 500 KW generator for the complex is expected to arrive on island by the end of April. The decision made to build a new enclosure for unit with a switch gear, which was presented to the board a couple months ago. The next step is the architectural drawings and permits for the new enclosure, which is about $16,000. Evenside Mall, warehouse demolition, work continues on warehouse number four. Environmental concept tested the remaining metal trusses or tested negative except the tracks for the metal roller bars, which will be disposed of island. The new warehouse refurbishment of warehouse jib, pictures with roof and completed sides as shown below.

0:14:13 there is an issue which may cause some delay the manufacturer the medicine has not performed however yesterday we didn't make contact with him and we have adopted in the next next board meeting as far as the hotel developments CMZ is expected CZMZ hearing is expected sometimes this week provide a final date for that hearing once posted ccm waits 10 to 14 days for input from the public before the hearing can take place to approve the project uh the st thomas historical trust as you know there we are forming a public-private partnership with them to convert the white house to museum meeting is scheduled for the week of may with them to make final decision The generator at Havenside Mall, as you know, we received that generator. We're waiting for electrical engineers from Puerto Rico to visit the site and start planning for construction of that, of the generator. Building three, there was a structural failure. In the morning of April 3rd, 2023, a portion of the overhang collapsed at Deli Deck Restaurant at Havenside more you know that building was built in 1975 the concrete overhang failed due to rusted and corroded steel in the concrete earthquake tremor that morning may have been a trigger but it did collapse around 5 30 in the morning the overhang is primarily used for maintenance and hurricane shutter installation the window and frames were also damaged the engineer suggested that the The overhanging side are restaurants outside seat and be reinforced with columns and beams.

0:16:09 This is the picture shown below of the damage to the area. The structural engineer recommendation is that all the overhangs be removed and resurfaced. The delegate outside eating area must be detached from the overhangs. And he suggests the column be erected and the other eating area attached to that column. So we are waiting the final report from the structural engineer. And in the budget committee yesterday, I discussed this with the chair and we expected some costs to be added between the budget between now and September 30th, because the work has to be done to make sure the safety of the area. The office building rentals as of March, in March, the month of March, we collected 58,717.32 cents. Total year to date, collected $637,941.77. Rental is $397,517.14. Our average is, as of March 30th, it's $176,544.08.

0:17:42 Of that amount, $109,486.60. Our average is for the rental. this is the least the equus works for a solution which was formerly jump jacquo the lease was forwarded to equus the contract manager and grs legal are discussing the language of beliefs division of personnel both parties signed the lease and it was sent to p p on april 5th to determine availability of funds i guess department of justice as for the department of problem procurement the doj is required to provide proof of funding and the doj cfo confirmed that doj is working to obtain the payment documentation so the department of public and government can finalize the processing of the agreement as of 4-4-23 the doj is still seeking additional funding from omb for the rental increase amount to complete the execution of the lease february and march when payments are in progress which is shown in exhibit the exhibit a are there any questions yes yes sir yes yes i like that report but i have several questions was anybody injured when that building collapsed no it happened around about 5 30 in the morning oh okay okay okay so that it's just structural damage and that we have to repair how to work with the business interruption if there

0:19:35 is any is there any business into that there were two days business interruption and we are working with them on that okay okay good good okay um you know what go back to that you said you gave a report on active retirees and i like that but i wanted to find out um i see you say at least 8 99 8 099 that fluctuates those are active employees that as of that moment when we capture that but that fluctuates back and forth but at that time and when it was given to me in the report there were about 8999 000 active those that are submitting contributions contributions are committed submitted for that changes every week yeah and the thing i wanted okay are they separated based on the tiers that they're in or all of these or and also how how how is the the law i asked you that the last time but is the law making a difference where retirees coming back to work and when they come back to work are they coming back in tier one or tier two what's the the the breakdown of that t1 and t2 and when they come back to work you have that available well we only have nine individuals that came back to work under that law yeah now i got to take a stab at it the law is that if you come back to work within a five-year period you would uh remain the tier like if you were if you were taiwan and you retire if you work within the five-year period

0:21:22 then you come back as a tier one if you come back after the five year period you're there too okay good i see that miss sasso is on the on the call if she wants to you know correct me please do so but that's my understanding yes and okay do we want um i don't i don't think that it matters what ted individuals are returning as because they're not really members of the system only as it relates to the percentage that we'll be getting out of the um their their monies but it doesn't matter because we're not going to be paying any benefits any additional benefits to them yeah that's true okay you're correct thank you okay thank you uh okay now uh okay good good and do we need to advertise to the over 7 000 retirees that they could come back to work without a penalty do they know that i don't know if that's our responsibility i think that's the division of personnel or the agency i'm not you know i mean we can go ahead and do it but that's not our responsibility that i think that's the division of personnel recruiting okay okay or the responsible semi-autonomous agency okay okay you can put it out there i mean which we have already we know the law what it is a retiree can come back to work after nine i think it was nine months yeah yeah i think it was but i don't think that's drs responsible okay and and then you meeting with the budget okay and what budget you talking about or internal budget that needs to be modified to rectify the issues you spoke about right is that that's what it is yeah for the haven side side the budget i mean i can send you a copy of what was presented but the budget for the system let's say the system is is on is on target at the 50 you know mark six months mark uh the issues with the haven side mall because of these projects and situations that have occurred subsequent to the approval of the budget we may have to come back and i think we said that maybe in the board retreat

0:23:52 we can give detail more detail but we will probably have to come back for an increase or modification to the budget we're looking where we can probably see if we can find some cushion for some savings but we will come back to the budget committee and that was discussed with the chairman yesterday maybe for modification okay last and um i i i like that very detailed reports um got i got to this section which you were talking i think wait let me see i'm looking at it um scroll down scroll down for me mr nibs yeah mortgages stop stop stop stop stop that's with it okay uh now these were loans after the moratorium and loans right now um these mortgage sales were prior to i think it only had but one that was in process a couple that were in process when the moratorium came in and so we we had an obligation to go forward with them okay the active loans the the the personal loans those are going to expire i think in uh 20 20 25 around there in the next two years okay oh how is our fault rate regarding these loans I think that's important because if we want to enter a loan program again, we have to understand, you know, whatever liability is attached to a loan. So how does our default rate shape up with these loans?

0:25:49 We don't really have any default rate for the personal loans. It's attached to your contributions. So, let's say, for instance, you resign and you haven't paid off your loan, you're not coming in to pay out of pocket, you take it out of your contributions. So, there's no default. It's guaranteed. I thought so. Mortgages, since I've been here, maybe one or two due to a hurricane or something, but legal has been able. I think we did, was able to repossess those properties. Okay. i think that he can can correct me if i'm incorrect um you're right mr nibs we only had one property we actually took back it's a piece of vacant land um the other foreclosures were all settled before we actually had to go to a sale so the mortgages were paid off okay good that's what i wanted to hear and i hope that the public listening because it's a public meeting okay thank you very much um attorney smith and mr nibs that's the end of my questions any more questions if none thank you all right um let's move on to the committee reports i'll start we had an investment committee meeting on monday monday the 18th tuesday sorry um we got a update from from makita our investment advisors um with respect to the performance of our portfolio um the budget committee met yesterday

0:27:42 just for media review at the time we passed the administrative budget for the system agreed that we would get together halfway through the year to see where we were at numbers wise to see if there were any changes that needed to be made um to the budget i am happy to report that we are where we are right at where we should be um at the midpoint and in some areas we even a little below so i could say with absolute assurance that we're going to be able to come in either at budget or under um the administrative budget that we approved so there are no significant changes that need to be made at the board retreat we have some further discussions regarding some of the uh matters that came up at haven site um at that point in july we should have some uh concrete numbers so we know exactly what we what we are going to deal with so that that concludes the report reflected about the committee a lot of the other specifics miss and it spoke about in his response to trusty russell and that concludes my report uh mr russell trusty russell yes i had a meeting yes very nice okay my report okay Mr. Nibs and Ms. Klendena gave an excellent report regarding how the development committee would assume some of the responsibilities that were not being addressed in development. And they gave, I think, a very promising report for development of the vacant properties that we have. Now, the board will have to make that decision, but I was very encouraged by, I think, Jordanian, or what? Geridian.

0:29:45 Geridian. geridian gave a rendering that from my point of view we should just move forward and do what they suggested a while back but that's my point of view because i was thoroughly impressed with the renderings and the concepts conceptually i mean one or two might change a hotel you know there are a couple things might change but all in all they gave a good rendering of how we could use this property to benefit the territory and members okay and then mr nips uh gave a report as to you know what's the status of what had happened to those renderings and what where we were of course we had resolutions uh and we were in you know in in in in conflict not conflict in problems with our finances okay so i could understand that okay additionally um i wanted to say that uh the way that we move in now mr chair and members and the public where the committees actually meet it's encouraging because the future looks bright and we gonna be meeting toward that end every monday uh first monday of the month and then we participate in the additional meetings and then a full report could be given to the monthly meetings and the public will be updated okay now i want to say

0:31:33 that uh since the development committee meeting i got reports from the all the committees that met and when we reach to an appropriate time mr chair i i want to make some recommendations regarding selecting a new CEO and developing a plan to move forward. As far as the committee, the important factor was Mr. Nibbs' report, the transition that might happen between some of the things that Mr. Nibbs managing that our development committee tasks and the intertwining of how the administrative staff would work with the development committee. And I think that went well.

0:32:29 So it's encouraging. And to see that the committees are meeting and giving input into the development of a system that's going to work, I feel encouraged. that ends my report all right thank you trustee russell all right um treasurer's report okay good morning good chair other trustees good morning this is the government employees retirement system schedule of receipts and disbursement for the morning march 31st 2023 we see some collections we have loan repayments five hundred and sixty nine thousand one dollar year to date three million nine hundred and thirty one thousand ninety dollars we have rent from tenants seventy eight thousand eight hundred and thirty three year to date three hundred and seventy six thousand seven hundred and fourteen employer retirement contributions we have eight million two hundred and fifty five thousand three 327. Year to date, 47,403,501. Employee retirement contribution, $4,653,772. Year to date, 27,398,529.

0:34:16 We have the GRS bond note, we had nothing but year-to-date 157,996,500. We have a total collection of 13,739,668 for the month of March, year-to-date 239,276,000. Over this first month, we have annuity payments of $22,645,455, year-to-date $141,091,646, administrative expenses one million one hundred and nine thousand three hundred and forty year to date seven million two hundred and forty six thousand three hundred and thirty four refund of contributions nine hundred and fifty six thousand seven hundred and forty year to date six million 481 857 for total disbursements of 24 million 723 343 for the month of march year to date 154 million 940 382 we have a net cash deficit of 10 million nine hundred and eighty three thousand six hundred and seventy five dollars year to date a net cash surplus of eighty four million three hundred and fifty nine thousand four hundred and ten we have um withdrawal from the investment portfolio at march 30th of 70 million dollars for the haven site mall

0:36:16 um we had collected for the month of march three hundred and ninety thousand five hundred and ninety three dollars year-to-date collection two million seven hundred and seven dollars four hundred and twenty four disbursements total for the month of march five hundred and fifty six thousand eight hundred and eighty eight dollars year to date two million six hundred and fifty one thousand three hundred and fifteen we had a net cash deficit of 166 295 but a net cash surplus year to date of fifty six thousand one hundred and ten and our expenses thus far for haven site mall is thirty three percent of the budget that ends the reading of the treacherous report thank you mr maya um any questions for me jeremiah just a question just a question what the uh the drawdown can you explain that a little bit more miss jeremiah as we need cash to meet the retiree payroll we draw down whether we have been joined down every other month and so in the month of march we drew down 20 million and so year to date we had drew down a total of 70 million okay i got you thank you miss jeremiah good morning so when when we have a surplus in a particular area has it ever been considered to use the

0:38:12 surplus and to reduce the drawdown so that we don't affect our, you know, investments in other areas. Tell me about that. When you say a surplus in a particular area, what do you mean? With surplus, I hear you talking about surplus in Havenside Mall. But Havenside Mall is a different company. We can borrow if you want us to borrow, I guess, but it's a different company completely so we can't just take the money willy-nilly and do what we want okay no i know i didn't mean it that kind of way yeah but also that's cumulative right now havenside mall don't have 84 000 84 million sitting there it's only about 9 million in cash that is sitting in havenside mall accounts so we have to understand that okay well that that a little clearer to me oh i was thinking you had 84 day and then you can't you need to borrow 70 million from the day you i you'd use the infinite mall okay well if that was the case there would have to be some type of a loan uh loan note or something that would be drawn up to to move those funds but there's not 84 million dollars sitting there that's okay okay okay okay you clarified a bit there because it sounded like a lot to me and i was saying well why are we borrowing from the portfolio borrow from haven site mall and then we move forward okay if that was the case you would have been investing that money someplace but it's not okay okay okay okay thank you uh thank you for the report and thank you for the clarification mr libs

0:40:08 any other questions for mr jeremiah can i get a motion to accept the treasurer's report so mo second all right moved by trustee dorsey seconded by trusty russell canaver will comment something trusty barry absent trusty dorsey trusty dorsey yes trusty liger trusty liger absent trustee russell yeah trustee smith chairman carlwood yes four years two absent all right next up mr i am here and my my vote is yes yeah okay thank you five one five yes one option thank you next up the investment officers report uh good morning mr chair the trustees uh this is an update of the investment portfolio as of march 31st 2023 uh the total plan returned 1.3 percent for the month total domestic equity returned 2.6%. Our total international equity funds returned 2.8%.

0:41:46 Total fixed income returned 2.1% for the month of March. And our total alternatives was down negative 4.8%. Fiscal year to date, the planned is up 5.4%. percent uh domestic equity total domestic equity is up 6.2 percent physical year to date our international equity funds are up 19.5 percent physical year to date and our total fixed income portfolio is up 5.6 percent physical year to date um notably for the month of march um our russell three thousand index fund was up 2.6 percent our emerging market index fund was up 3.3 percent and that index fund is also up about 20 percent um since inception of that particular index fund uh us tips it was up 2.9 for the month What did that translate into a dollar amount? We ended the month at approximately $468.9 million of assets that excludes the member loans program and our office complexes. We did raise $20 million in the month of March to replenish our cash on hand. that um withdrawal that um cfo just spoke about so we took 15 million from our u.s aggregate bond index we took 5 million from our russell 3000 growth index and converted to cash so we could have that cash on hand so if you look at the record of asset growth we began the month at

0:43:33 approximately 48 482.7 million we had that 20 million cash flow out of the fund to pay our benefit expenses we had a negative income of 3.5 million we had a gain in the unrealized gain in the portfolio for the month of approximately 9.6 million which brought us to the ending market value of 468.9 million fiscal year to date we started at 355 million approximately we had a net cash flow of a positive $87.8 million. That includes the receiving of the funding monies. We have a negative income of about $2.3 million. We had an unrealized gain of about $28 million fiscal year to date, which brings us to that $468.9 million market value at the end of March. As it relates to fees, we paid no fees for calendar month to date, and in March, fiscal year to date, we've paid about $229,000 in expenses and fees.

0:44:46 Securities lending, month to date, we've collected about $3,400. year to date we've collected about 12 000 12.5 12 500 for fiscal year to date um and mr chair trustee that concludes my report i'll be happy to answer any questions all right any questions yes uh chair i have a quick question um mr henderson um let me just ask you how do you determine how do you decide which accounts to draw down the monies from to make our monthly annuity payments how do you determine that that thought that determination is usually used we would use uh cash need draw to usually rebalance the portfolio so that determination would be made uh and i don't have the as you know we have target allocations for different sectors of the of the portfolio so if any particular sector any particular target is out of is out of whack we would rebalance that particular target back to where it needs to be using those cash flows so we so that determination usually factors highly into how we would draw cash from a particular manager and of course performance as well so okay so there's there's no there's no penalties and how we draw down money from these different accounts at this point these different funds right no no no no okay okay thank you um any other questions

0:46:40 yes thank you yeah um so following up with mr dorsey's question so you evaluate which fund is the best fund to draw down from to sort of uh remain consistent with some kind of benefit to the system without the drawing down ham in the system uh that's that's that's the yes we try to try to as much as possible to alleviate a negative impact on the fund uh like i mentioned we work with mikita our consultant to identify first of all you know where we might be uh over on the over or underweight in a particular area within the portfolio and then we would look at you know current valuations within those funds you know and all of that coming together will make it would help us make a determination as to which particular funds we would tap to draw assets okay good replenish you know we as miss jeremiah stated we do have to unfortunately tap the fund ever so often for cash to pay benefits and expenses and you know we try our best to alleviate any negative any negative impact to the fund as possible yeah the next question i asked in the investment committee meeting but i'm going to dive a little deeper here since this is a public meeting um okay we got a portfolio that deals with the european and whatever market that is and then we have a portfolio that deals with you know u.s investments

0:48:39 and um makita said that because of the the the the devaluing of the dollar it gives i think it was from 114 to 105 or six something like that we gained money in the european market right correct but how did that affect the u.s market that's what i want to know the u.s market not so much um being affected by the the the dollar declining more so than the pressures of inflation currently okay so as mikita stated to you in the committee meeting as it pertains to our international holdings or international funds they are going to be impacted more by the declining dollar because as we repatriate those international funds remember now when we purchased international funds technically we were partially purchased those within the denomination of the home country yes right but when we're repatriating those funds back now we're repatriating those funds back in u.s currency and the declining dollar in that aspect benefits our international positions yes okay good i got that okay so you say inflation affects our us right on the domestic side you know what's going on with you know inflation the flat the fed um rising the fed increasing right yeah more of an impact on the on the domestic side

0:50:32 than anything else so when they raise the interest rate we you we lose money you say well you know they've been if you look at if you look at treasuries for instance so right so the fed's been raising interest rates which has been essentially you know the um Increasing yields, which in essence have been compressing prices of those treasuries, which have a negative effect on our portfolio. okay okay that and then the last question for you okay um so when when you interact with mikita i i want to understand that because simply put i like how you explain stuff and when you interact with mikita how how do you translate that into how you explain stuff with us and the decisions they make and the decisions you make well you have to remember as a consultant uh mikita's role is a little more different to my role for the system so as a consultant overall consultant for the system mikita's role and it's it's you know it's my role to an extent but it's you know it's of more of an overview of our or the gatekeeper to you know to our managers so so they right okay my role is similar to mikita in terms of yes i oh i also overview the managers but i also internally you know i'm saying um i i would say internally also i would you know more have more i don't know how to explain but internally i would more have a lot alongside that role with the managers i also have to dialogue

0:52:44 also with the um custodian bank and stuff like that so we kind of work hand in hand not really you know my determination over Nikita we work hand in hand together as staff and consultants I don't know if that that's understandable to you yeah I think I think I understand we work together there's no overlapping determination as to I you know I would circumvent you know a decision that they or a recommendation that they make to staff or to the trustees, you know, usually, you know, we're, we're, we're, we're lack step in step as to, you know, what we feel is best, best for the system overall.

0:53:32 So you communicate, communicate with them Saturday afternoon and keep abreast of what they're doing and they keep abreast of what you're doing. Correctly. Correct. And as it pertains to stuff like, you know, cash drives and the need for, need for cash. we we communicate regularly as to where the portfolio is at a given time you know what we feel needs to be done in terms of you know upcoming cash need or the uh based on how the market is is moving as well okay very good i needed that explanation no thank you thank you very much research here yeah any more questions okay i have another i have another i have another i have another question mr chair um yeah i just a question um so i after hearing the explanation uh to trustee russell since we had the influx of uh the bond monies so when you look at the influx of the bond monies and the the uh the drawdowns we've been doing i guess up to the 70 million at this point are we ahead is the portfolio ahead at this point yeah are we behind we are we are um as i mentioned if you look at the at the chart on the on the screen we are up 5.4 percent or the portfolio is up 5.4 so we're up okay um and the other question i had because of that 70 million that we're looking at and i guess if we average out from last year do we need to go back to the plan sponsor um because i remember we had that discussion i I believe with Mr. Altman in reference to. welcome to zoom please press pound then eight six one three seven two three eight please enter the meeting passcode, followed by the pound sign.

0:56:27 Makita made some feelers out there. You are in the meeting now. Recording in progress. So that $2 billion that you're talking about, Makita did make some calls to different investors and they were not interested. because there was no guarantee okay so i think we need to step back from that two billion dollars that you're thinking about uh mr nivs mikita is not the only game in town um they made calls we all know that they might have done it twice and it didn't work out for them but i'm hoping that we're not putting all our eggs in one basket for just one group saying that they're not able to deliver what we need at this point. The only thing I was asking, Mr. Alwin Siegel was indicating to us in his report, we have this shortfall coming, which would put us back in insolvency, and we need to look at ways to offset that. That was one of the options that he mentioned, and Makita was in agreement. Now, Makita went out to try to find somebody that would take the note, and they weren't able to do that. I don't think we should stop there. However, this is just where we're at. So what the question I was asking, if the $2 billion would allow Mr. Henderson to sleep better at night i was just trying to figure out if that was the magic number and i didn't get an answer

0:58:12 it would leave it would it would let all members of the system to sleep better there were other options other options were increasing the employer rate and that has been that has been encabled for a period of time one option was to increase the rate now instead of wait for the for the five year period another year was to increase it up to 33 percent so there are options on the table and from what i understand we are waiting for the the the legislative committee i did speak with uh reg reg reg reg to begin the meetings that we used to have to determine how we can um bridge that so that hasn't started as yet but i like i said you know there's no appetite for the $2 billion that we're talking about because those monies are not guaranteed. You see what is happening with the shortfall right now from the tax situation, right?

0:59:15 Are you referring to the cover over, Mr. Niz? Yes, sir. Okay, well, Mr. Niz, we were told by Mr. Simmons, PFA, that the cover over number at 1050 a gallon was twice the amount that was needed for the note he did tell us that so at at the 1325 number that was three times the amount so we're we're good based on the note that's what mr simmons indicated so we're still good that that really has nothing to do with this situation if that if what mr simmons was saying is correct that has nothing to do with what i'm asking today what i was asking today was what would be the number that would allow uh mr henderson to sleep well at night i still didn't get an answer from mr henderson mr dorsey i can't determine which number would be you know i mean two billion sounds good i mean we haven't run the numbers to tell who knows okay so you're saying that now but when mr alwyn was there we did run the numbers and the numbers he came up with was 1.5 billion that's what he came up with and then makita said they were going to go out to market to see if they can get a institution that would take that on there's only a handful of those institutions that would probably take that on in the country um but it's not unheard of so we do we do have we do have a number i think what mikita reported back is that i guess the structure of the the funding note as it is right now as mr nip stated um they wasn't they weren't getting the the appetite based on the structure of the funding note as it is right now

1:01:06 30-year term the term was too long you know and there was no guarantee that they can be paid the 30 yet it wasn't expected in the terms the terms of 30 years that we went out looking for yeah well you could you could refinance that it doesn't have to be refinanced at 30 years discussed in the in the retreat or investment committee meeting but there there's no appetite they can go back but there was no appetite to those investors specialize in this type of these type of deals there was no appetite for that structure so i hear you i hear you mr nibs i hear you look at we need to look at other areas and not sitting down and see where the plan sponsor can maybe contribute more well now we're saying the same thing okay thank you yeah well i want to chime in i want to chime in because i believe at the retreat we have to come up with a plan to try to get the gasoline excise tax in the mix i had drafted executive order and the president although he had indications that he saw it and he considered it and his staff uh there was not appetite for it at that time but the dynamics of the national budget and the national finances is changing and i think we should discuss that in the retreat maybe we could leverage that maybe we could do something with

1:02:55 a promise from the federal government that would rectify the 1.5 or 2 billion dollars so i i want to make sure that we discuss that in our retreat and i will indicate it to the chair so that when the retreat come true we could really explore real and concrete options to get us more money thank you can i get a motion to accept the investment officer's board i make motion i so move second is there a second second okay moved by trustee russell seconded by trustee smith can i get a roll call please us on news that's the body absent trustee dorsey yes trustee leiger yes trustee russell yes trustee smith yes chairman cowl yes five yes one absent all right thank you um that's it investment officers report Is there anything else before we join this meeting?

1:04:25 Yeah, yeah, please. Mr. Chairman, getting ready to interview applicants for the CEO position, I want to make a motion to have Mr. Nibs to become a voting member of that committee so that he can have direct input into the next ceo that we select so i move to include mr nips as a voting member of that committee i so move second move by chossey russell second by trusty dorsey can ever welcome a senate barry absent rusty dorsey yes mercy liger trusty liger yes yeah i'm here you are you voting for the motion yes i said yes okay sir thank you trustee russell yes trustee smith stand voting not voting trustee hallward no no it's three yes one not voting one no one absent motion carried thank you and mr carlwood one more thing i want to attend that october conference in boston i think we had a good time the last time but more importantly we get you know the funding note the finances changed and our investments making money we need to look at what other

1:06:32 financially viable systems doing and i think our members should attend i want to attend so i i know you may not you have said that you not be available but want to encourage our members and staff some of the staff to attend so i i just making that note and i'm making it note in public so the public could know that we will be attending something to give us our education and enhance us as the system move forward thank you very much mr chairman can i get a motion to join so move second number of comments on this trustee barry is absent trustee dorsey yes trustee liger trustee liger yes trustee russell well yes trustee smith yes chairman carlwood yes five years one option all right this meeting said by adjourn thank you very much ladies and gentlemen for your time i will say carnival everyone Thank you.

People named in this transcript

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