Government Employees· Retirement System Monthly Board Meeting

GERS Retirement System (Board of Trustees)

December 19, 2019 · 2.2 hours · gov

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0:00:00 Good morning, good morning. Good morning. Good morning. Ready? Ready, set. Okay. I'd like to call the Board Retirement System of the Government of Virgin Islands Regular Meeting with the Board of Trustees to order December 19, 2019. Roll call please. Trustee Calwood? Present.

0:00:26 Trustee Clendenin? Mr. Minister, she'll be late. I think she had her late flight from St. Croix. Rusty Cohen? Mr. Moses? Mr. Moses, I don't think the speaker is on the phone. Can you hear us now? Dr. Cohen?

0:01:11 Are you hearing us? I'm sure he's not. He wouldn't answer. Let's go. Thank you. Guilty, sorry.

0:02:27 There we go. Okay, I'm back on. Frosty Caldwell.

0:02:55 Present. Trustee Clendenin is actually late. Trustee Cohen? Present. Trustee Liger? Absent. Trustee Maynard? Present. Trustee McDonough? Absent. Trustee Smith? Absent. All right.

0:03:24 No. Excuse me. Chairman Callender. Present. Chair 4 present. 2 absent. 1 excused. Thank you, sir. comments and suggestions on retiring i think i need to revise that i didn't include miss blending so it's uh three abs four present three absent one excused I think she really doesn't call for purposes of establishing a call.

0:04:12 Dr. Cohen, is there a retaliation in court? No, it's actually a reporter from the source. Mention your name. John Buchanan. Thank you sir. There's no one to retire here. Okay, Secretary of Minutes, the special meeting held on 10-15-2019 and we delayed review of those minutes on the last meeting. So, we're going to do that today. I get a motion for approval or any corrections, addition, deletions.

0:05:02 No corrections. Trustees. Hearing no corrections, shall I move to accept those minutes? Okay, I'll second it. No call. Trustee Caldwell? Yes. trustee cohen yes trustee leiger absent trustee minard yes trustee mcdonald absent trustee smith absent chairman calendar uh yes yes chair four years three absent okay minutes have been approved Now, we'd like to consider the minutes of the regular meeting hearing on November 21st, 2019.

0:05:52 Do we get a motion? Any corrections or additional deletions? Hearing no corrections, Mr. Che, make a motion to accept the minutes of November 21st. Okay, I'll second that. Trustee Colwood? Yes.

0:06:23 Trustee Cohen? Yes. Trustee Liger absent. Trustee Maynard? Yes. Trustee McDonnell absent. Trustee Pitt absent. Chairman Callender? Yes. Chair, four yes, three absent. And it has been approved. Communication and correspondence is? Letter dated December 2nd, 2019. Austin L. Nipsey, PA, GMA, Administrator, CEO, Government Employees Retirement System, 3438, Comprinsons, garter grs complex third floor st thomas virgin allen 00802 their administrator ceo nibs the purpose of this correspondence is to request additional information from your office after participating in your meeting on november 25th one what the total number of service credits grs has received for its members since 2012 please provide us with the running total for each year to include how many members paid their portions and the government's portion to receive said benefits two a listing of all insurance companies of financials institutions grs has received offers from to fund the grs system over the last seven years how many of these offers were declined by the grs board three what is the name of the reviewing company grs is currently in negotiation width and the interest rate for the one billion dollars being negotiated for please provide any additional information that is pertinent or support my requests looking forward to your favorable response have a wonderful and blessed day best regards Tenman Hodge jr. senator third legislature of the Virgin Islands letter dated December 2nd 2019 Mr. Austin

0:08:20 Nibs Administrator Government Employees Retirement System 3438 from Princeton's Garter third-floor GRS buildings in Thomas Virgin Island 00802 there Mr. Nibs this correspondent serves as an official invitation to provide testimony at the upcoming Committee on Education and Work for Development hearing on Monday December 16 2019 at 9 a.m. at Earl B. Hartley Legislative Hall please provide testimonies on the following bill number 33-005 and a commanding title 13 virgin islands code chapter 25 to preserve the rights of career employees after service in an unclassified position proposed by kenneth gittins you are welcome to have the appropriate support staff accompany you at this hearing the deadline to submit testimony is wednesday december 11 2019 we look forward to your timely response and to seeing you at a hearing on monday december 16 2019 should you have any questions or concerns or questions contact monet edwards at three four zero six nine three three six eight six or email at med wards at legvi.org kind regards donna fred Gregory, Senator, 33rd Legislature.

0:09:47 That ends the reading. This meeting was postponed. Do you have a new date for it? No. You don't. Trustees, any questions or any comments about either letter? Did you respond to Senator Hodge? Well, we are, I respond in, um, partially, um, I didn't respond to the insurance part of it. We, uh, the information he's requesting in number one is very time consuming. We would have to request assistance from the, um, we have some information in house manually, but we would have to request how to assistance running a report to capture everything that he wants. so it's going to take some time but uh we did have a memo that we drafted up regards to the um meeting that we had um and i would um what i plan to do just extract some information from there and send it to him but you know there was no really no proposal to us we went up and we got a briefing as to what is available you know so that's that's how we're going to respond you see he is the one who will get any any other questions uh trustees any other questions and mr next i'm good no but see it is the same center who walked out in the meeting and chose that if he has stayed maybe will learn some more not that this makes any sense I don't see how this is gonna help the of the system in any way I guess I will respond to some of that my report the other now I have to give some credit to sign the guidance for for his

0:11:50 proposed legislation too often classified employees when the bridges who take classified unclassified jobs I sent home once it's a change in administration so there's really no no hope of having continuing within the system so what happens is that these individuals either go to private into private industry or the lead territory so we may be losing some really qualified individuals so i have to give him some credit for for this yeah but see you got that and you're right and that has happened too um i'm telling you you mentioned that you know before the administration changes then you attempt to become classified and see that just that doesn't make any sense but many of them were classified they opted for these exempt positions based on salary or decision to support so they knew once they signed that exempt position they signed on to that exempt position they know the past they knew that this is a term sensitive acceptance when this term expires there's a possibility you're on your way out unless you make friends along the lines so that you can become your services invaluable enough that they keep you but when they accept the exempt positions they know that it comes with a term limit or a potential term limit but many people opt for that higher salary because some of these positions are created during that term so these are things and that's what we tell people all the time weigh your options

0:13:57 before you accept an exam position because at the end of it you are then forced to either start over and or fend for yourself but I do I commend him They're trying to keep some money in the system, if we, but if they don't secure a government job, there's nothing we can do for them, unless they're paying into it, like me. But see, the other situation, and I can be personal now, I went from a classified position to an unclassified position, getting a lower salary, getting a lower salary, because I wanted to help the system.

0:14:40 Your desire to serve. Right. and when I got fired I didn't leave, when I got fired there were no positions available because it was all political how do you not give a doctor a job and not just a doctor but a damn good doctor how do you do that? how do you do that? we live in a society where politics rule but it's total nonsense I understand, so come in, send again for a good time, I do agree with you but we also have to look at if that's the employee's responsibility to secure another job that keeps them in the system. Unfortunately, sometimes it's within their desired occupation, and sometimes they have to step out.

0:15:25 There's also budget constraints. Suppose there's no vacancy. What are you going to do, just hire somebody just to give them a job? They do it all the time. I'm just saying. Hire people. Create positions for people. I'm just saying the career, I mean, I understand what he's trying to do, but it's based on budget constraints. All right. We would want as much money as we can. Yeah, that's what we do, but... See, I wasn't even thinking about that. But just those people being able to secure a job and stay here, live here. Not happy to leave the territory because somebody won a popularity contest.

0:16:07 all right okay okay so uh bear with me and because i haven't given a report for a few months let me see where i can find this was up late last night doing all kinds of craziness All right. As you all are aware, there was a meeting held on November 25th, 2019, when the governor, the members of the staff, and some members of the legislature attended a presentation by the GRS. I was pleased with and enthusiastic about their presence.

0:16:53 However, I was equally disappointed that the board's recommendation was dismissed without much discussion on its merits. Systems cash is due to run out in or before 2023. And I'm seeing numbers that are before that, based on before that. the board along with his actuaries recognized that there were only two ways to keep this system solvent one by a significant cash infusion or two by decreasing the amount of money that the system pays out annually along with some less amount of cash infusion expenses for the system amount to to approximate where less than $60 million annually.

0:17:52 Therefore, any cuts from that source would be insignificant. The other source would be the annuities or benefits that amount to greater than $21 million per month. The board's recommendation to decrease annuities by 30% was done with the hope of prolonging the system. recognizing that such action would create a hardship for many retirees, but also protecting the active members. Most recommendations which would have started on October 1, 2020 was not considered because, and I quote, it would be done in an election year.

0:18:37 The fact is that every year in the Virgin Islands is an election year. even if we do not go to the polls annually the governor has stated that it is not the responsibility of the executive branch to fund the GIS it is also not the responsibility of the GIS to find funding for the system while one shouldn't and I could never look a gift horse in the mouth the anticipated 50 million dollars per year that is to be generated through the cannabis legislation somewhere down the road we will not pay the retirees and UG's for even one month remember the present money and UG payroll and I think November's payroll was in excess of twenty one point five million dollars I am I am aware that those monies will be coming from one of many funding sources.

0:19:44 However, if there is no significant funding before 2023, retirees annuity will be decreased by as much as 75%. If this occurs, the consequences will be brutal. And I am using the term, which was expressed by the Prime Minister of France, were they also going through some pension reforms even though the meeting was called to discuss what the GIS thought was an issue of paramount importance legislators took the opportunity to question the administrator regarding one the time it takes for retirement to receive his or her additional payment to the sale of Carambola Beach Resort three termination of GS's agreement with Waco and the implementation of the loan program where is the priority apparently no one is hearing us the system has a cash flow problem why would we want to make loans at this time on October 1 2012 the systems investment fund portfolio had one in excess of one billion dollars on September 30 2019 that fund had 613 but approximately 614 million dollars that's a difference of approximately 400 million dollars in spite of gains in six of the seven years totaled 347 million dollars there was a a net cash flow of negative 747 million dollars this was due to withdrawals in order to pay benefits

0:21:41 on another subject while trying not to preempt the administrator who can you to testify before the legislature sometime in january on bill number 33-0132 which will attempt to strengthen the board by requiring greater expertise among G.I.S. board members, please make cognizant of the fact that even if the brightest minds with the greatest experiences were placed on the board and the system does not have adequate funding, the result will still be insolvency. Finally, if the legislature wants to do something that will be of value to the territory, it should pass a bill requiring minimum educational level for all senatorial candidates, and that does not mean high school diploma. That's the end of my report.

0:22:45 questions comments why are you also quiet all right next on the agenda my only comment in regards to the the bill with the uh educational requirements shouldn't the board be the one testifying why would they want the administrator to get involved in some of that i'm questioning why because i think the board should be the one the board chair should be the one going up there and testifying about the about the composition of the board yeah i i i have i i fully agree with you tell them that i don't know i don't think i should be the one testifying suppose i say something contrary to what the board did they invite to testify invited me but i'm just saying i don't think it's appropriate for me to tell them what the composition of the board should be on the board requirements i don't think i will last 10 minutes someday in front of them tell them the truth and they will probably and they can't arrest me up there right no and that's okay what they're doing doesn't make any sense and that's what i would tell them in a nice way it doesn't make sense Okay. Administrator's report. On November 22nd, I attended the Havenside Mall Transition Meeting, also attending an executive meeting with Vitek. On November 25th, along with staff and the board, we attended a meeting with the governor, as the chairman stated. And that afternoon, we also attended an evidentiary hearing at the district court, GRS versus GVI. On November 27th, we met with the auditor to discuss services needed for the Havenside Mall. On December 12th, we did have a site visit at Havenside Mall, the oversight committee, in regards to space for the management office, which we did find.

0:25:05 find good space at the upper level of building three where the excitemental office was on december 13th we had the annual christmas and employee report ceremony and in december 16th we attended the haven type mall transition 10. regards to retiree applications we still have 195 applications pending as of now we speak majority of those applications for this year that are still pending for either the majority of them and opus also probably employee contributions and also employer contributions As you see, the refunds are climbing. We paid out from January to November. Overall, $8.8 million in refunds. Of that $8.8 million, $8.3 million, 91% is non-vested members.

0:26:19 number of members that were not vested which we consider regular we paid out 8.3 of 8.8 million dollars so as you can see the unvested members are leaving the system in droves debt benefits we are moving along with getting our debt benefits out 44 so far for this year and we have at least 72 more to go life certificates of the 110 life certificates as you can see 96 were validated came in okay 10 was suspended due to address change to grs three were terminated because of that certificate and one for power of attorney the mat was cleared up it's 110 instead of 116 As the chairman mentioned, the annuity payments are climbing as of November 30, 2019, we have paid $8,669.

0:27:25 We have, as of November 30, 2019, our payroll count for retirees are $8,669 retirees. From October 1 through November 30th, we have paid out $42.4 million. From October through November 30th, we have added to the payroll $34, and we have deleted from the payroll for the same period 52 members because of their deceased.

0:28:02 So our gross payroll per pay period is approximately $10.6 million every year. Our personal loans are decreasing. We do have $4,221.22 left and 95 mortgages. As far as operations, the White House, no new issue to report on the White House, other and we are maintaining it as we speak the casino commission building is 100 completed we do need to paint that building at the st koi building no major problems in the st koi building repairs have been completed the fence is approximately 65 completed we have also cleaned the air conditioning duct which was completed maintenance on that equipment and the system. Our biggest problem obviously is the St. Thomas office complex. We are working on two projects right now. The exterior skin repair which is a significant project that is being done. Also, we did select an AC contractor, and that is Central Air. We have submitted a letter to him informing him that he was selected as the contractor for the air conditioning system. Our lease says we are moving along with our lease says we did have a meeting with personnel. uh it was held on december 16th to iron out issues and it's still pending the department of justice is also pending rest care which is the federal job court downstairs we

0:30:03 submitted a pending a notice to quit we plan to send them a notice to quit uh pleasant ophthalmology renewed in st croix also the play all entire pleasant organization the leases have been renewed and the Virgin Islands for housing finance authority is current and First Bank is also current. In regards to our rental and electricity for November we collected fifty one thousand six hundred seventy six dollars eighty one cents in rents electric seventy nine thousand eight hundred and fifty five dollars and seventy cents for total of one hundred and thirty one dollars five hundred and thirty two dollars and fifty one cents uh year to date we have collected one hundred and fifty one thousand two hundred and eighteen dollars and seventy nine cents we do as of november 30 2019 we did have a rareage significant errorage between rental and electric however those amounts have been paid up subsequent to 11 30 2019 received in december our maker major focus in focus in the uh i.t area is the vitec v3 and our i.t projects i which is shown as appendix be very intensive very lengthy so the area of focus is a v3 Vitec v3 which is has to do with software and also equipment refurbishing and line equipment getting into the cloud and the IT projects also is on page three of that of that report but the time clock plus was completed. Training was done up through yesterday.

0:32:03 Hope to go live with that, I guess, in January. End of January. January 5th. January 5th, to be exact. In regards to reconciliation and control, that's Appendix C, that's a major, major concern to us because we have a lot of outstanding data fixes and issues. We're working diligently. we have, we were, things had slowed down in the last couple of months because of the malware issue that the Vitek experienced with their system, the virus had infiltrated there, so we couldn't, they couldn't talk to us, they didn't want to corrupt our system, so they have gotten that fixed, however it's a slow process to get back into the mode that we were in in regards to getting out but we are working very diligently to get this done also we're working on the census data that should be completed in january so that we can submit it to seagull also working with updating our postings through the end of the end of december the end of the year so that we can issue annual benefit statements for tier one by february there was a question that was asked in the last meeting by Dr. Poe in regards to how many how many members active members that we have central government currently has approximately and this came from the director of personnel 6,293 you know it moves every day this is semi-autonomous agencies have about 1,972 for total of active is about eight thousand two hundred and sixty-five retirees eight thousand six hundred and sixty-nine so we have eight thousand two hundred and sixty-five actives retirees eight thousand six hundred and sixty-nine it's less than a one-to-one okay listen if that's as of what date as

0:34:14 of right now let's say current I mean as of yesterday but things change every day but i say let's say approximately with the actives 8265 exact retirees 8669 and that is not going to change i think it's going to get worse because of the resignation of non-invested in members the governor did state at the meeting that i i went to last week speaking he had a presentation he said he has two thousand vacancies out there two thousand vacancies he said so if we can get those two thousand vacancies i think it would increase our contribution significantly so so he said he has two thousand vacancies and he wants a lot of people to you know let their family knows who in the states to you know apply for for these positions so that they can have the young folks come back and that will be very good for the GRS as far as contributions.

0:35:28 2,000 vacancies were increased active to about 10,000 members. That's the way it was I think back in the Tunble administration there was over 10,000 members. So we'll see what happens. That ends my report. Thank you, sir. Any questions for Mr. Names? I got two. Mm-hmm. Sorry. Sure. For the refunds, you had 101 pending are those you have highlighted 101 those are the ones that have yet to be processed and we're just waiting to pay out well it could be in progress could be waiting to pay out so you're probably working on them so that's a definite additional so that's not some that we may not have to pay you know No, no, no, those were not included and completed. Those are not being paid.

0:36:33 So it seems like it's gonna hit, we would have close to 700 about, by the end of the year, I guess. And a few more coming, because I just had some resignations and they weren't vested. Yeah, with the V3 updates and training, Does that include the possibility of, when we talked about the systems communicating with GVI, with personnel, so we can get that all tied in? I don't think so. I think that's something else. There'll be something. No, no, no.

0:37:15 Thank you, I'm sorry. No, no, not. This report does not address that. Okay, so is that, because, is that. when you see communicating as far as in opus yeah where where we were able to before that issue that we had starting another chance to possibly let it become electronic so we don't have to go through that yeah i think we still could but the problem was that when we started it we started to get the system got corrupted so when the upgrades have a way to filter it so we can start again it's a matter of just sitting down and with a test I need to probably do a test for maybe a few months to see how it works. But a lot of the information, data is the problem.

0:38:01 A lot, sometimes a lot of bad data go into the system. And it's consistent. Yeah, yeah. Especially social security numbers. And start dates. And start dates. Because we've had a lot of situations with our teachers having one start date and then the system has one thing and their documents have something different. different right well trustee clandinen just came in for the record trustee clandinen is present and this is her baby so maybe she can expound on how we can better merge our systems into one as far as getting electronic feed from personnel Good morning.

0:38:52 Do you know all the board members who are present? I do not. You do not. I trust attorney Maynard, new board member and director of personnel. It's Calvert-Colwood. On St. Croix, we have Dr. Cohen. Okay. And I'm Will Barkella in the board chair. I'm going to forget. Denise Jeremiah, CFL.

0:39:31 Kathy Smith, General Counsel. She knows me. Okay. Austin Epps, Administrator. Pedro Williams, Board Counsel. Thank you. This reminds me of the General Counsel. in reference to the system okay I'll be happy and you brought with you or consultant and make it eyes it from Gustavo because my name is okay nice to meet you I brought with me my deputy director I'll miss Valsina Quashie Valsina Quashie Q-u-a-s-h-i-e for the record So if you could just tell me the question again, I'm sorry, that don't work.

0:40:47 You walked in the middle. A few years ago, the system was set up where the information could be fed or shared with personnel and GRS where they were trying to match the NOPAs, but I think what had happened is some of the information that came in was inconsistent to what was there, so it ended up becoming problematic. So it was stopped. So we were talking about the new upgrades to our IT system, and my question was, do those upgrades include a communication with GVI? And that's when you walked in.

0:41:24 Okay. I know we've been in communication with GRS as it pertains to our health benefits side so that we could make sure we're talking, but even that requires some upgrade on GBI's part and their part. As far as the NOPAs, we really need to do, before we can speak of merging information, we need to make sure our data is solid. And right now, I don't believe we are working to clean up a lot of our data. So in answer to your question, not at the moment, but we're happy to explore it. Anything that makes life more simple for both of us, we are happy to explore. Thank you. Does that exhaust my questions? Dr. Cohen, any questions for the administrator? No, no, this time. All right, thank you, sir.

0:42:23 Committee reports. Policy committee, no report. The investment committee. the medical review committee on December 11 the medical review committee met and voted to make a recommendation to the board to uphold the administrator's decision to deny the non-duty disability claim filed by I miss comment concepts here the board should be making the final decision at the meeting to be held as soon as possible another duty disability case scheduled to be heard on the same evening was postponed due to the appellance attorney not being able to get a flight of St. Croix to St. Thomas of course that was in Seaborne. And this case will be rescheduled.

0:43:33 Out of the budget committee, we just received the 2020 fiscal budget. And unfortunately, Mr. Ness, for some reason, I could not get it open on my schedule. We'll get your thoughts on it. You send it. I don't know why. you know i tried on everything i had it in the house hey you got yours over here other trustees this is the government employees retirement system schedule of receipts and disbursements for the month ended november 30th 2019. receipts from collections loan repayment 1 million 719 189 year to date 3 million 599 545 rent from tenants slash utilities 129 162 Year-to-date, $163,106.

0:44:56 Right from Havenside Tenants, $494,846. Year-to-date, $949,356. Employer Retirement Contributions, $5,626,175. Year-to-date, $12,622,981. Employee retirement contributions, $3,236,071.

0:45:28 Year-to-date, $7,358,701. Parking facility, $625. Year-to-date, $2,955. miscellaneous, $448,509, year-to-date, $643,112, for total collections of $11,654,578, year-to-date, $25,339,736. Disbursements, annuity payments, $21,525,077.

0:46:11 Year-to-date, $43,340,165. Administrative expenses, $819,595. The year-to-date, $2,439,329. Personal loans, $9,590. The year-to-date, $33,418. Mortgage loans, $31,124.

0:46:45 The year-to-date, $51,368. Retiree loans, $1,660, year-to-date, $8,187, nothing for auto loans and land loans, year-to-date auto loans, $6. Refund of contributions, $1,211,282, year-to-date, $2,225,619. Allotments, the WICO, slash management fees, $16,872. Year-to-date, $16,872.

0:47:27 Total disbursements, $23,615,200. Year-to-date, $48,134,964. For a net cash deficit of $11,960,622. year to date twenty two million seven hundred and ninety five thousand two hundred and eight that ends the reading thank you ma'am thank you ma'am just these questions comments i don't have a question for mr jeremiah right now because i actually found the answer to the question that i wrote but same comment i've been making since i first came when i compare the contributions to the noities i remember when i first came on and we were paid we were collecting between employee and employer 10 million and paying out 19 million and i was like it's almost the same we almost double what we pay what we're collecting This month, we collected $8,862,246 between employer and employee contribution, and annuities was 21,525, that's $12,662,831 paid more, paid out than was collected.

0:49:13 And our, so that difference has to come from somewhere. At the beginning I talked about the, it was coming from the investment income from the quote bad investment that the board had made but those bad investments were paying this difference now we don't have that investment income it's coming now from what cash we have on hand but the senator sent to get in love him daily is still pushing on giving out loans and we try to explain to them you cannot give up cash on hand when you have to dig into your cash to pay this difference i need somewhere for somebody who can explain it better because they're not understanding it from the administrator they didn't understand it from our advisors they didn't definitely didn't understand it from me but somebody needs to explain to them that that difference in contributions to what's being paid out has to come from somewhere so you know i don't know it's in our monthly newsletter but do we need to just capture a screenshot and put it in the daily news or something so they can see it because they're not getting it how do we address their inability to understand it's the election year Mr. Chairman, it's my understanding that you'll accompany Mr. Nibbs when he goes to the legislature.

0:50:57 And at that time, you'll explain in great detail what the solution is, and at the same time, propose an educational standard for those. Mr. Nibbs is a numbers person. Why would I go choose you? You're supposed to be like that. I know. I know. That's not so? It doesn't make sense for me to tell them what numbers. Mr. Nibbs is a numbers person.

0:51:29 So, and I have not been in the bankers. What do I do? Crash. I like to crash. So that you can know, since you brought it up, you're aware that they are removing the field of medicine from among the list of professions, and I hate to say this, I don't mean any disrespect to anyone in here, anyone, any place. There's no profession that one has to stay in school longer than the medical profession. None. Okay? Even though, I mean, I know you're going to protest about teachers. They do spend some time there, but continuously physicians spend a lot of time in school how can it not be qualified but you can put anybody else and some people without any any required the education of the board doesn't make any sense and I hope that that removing this because me well Mr. Chairman, I think the way to argue that is that there's a medical review committee within the board.

0:52:45 You can't have lay people on this medical. We'll have to go out and get all the doctors to come in to be consultants. So if someone is on the board who's in medicine, it's an asset. It might be now, but you can't use it because you may not have a physician on the board all the time. I mean what you suggested that you need to have a physician, but no you probably don't need to, but you should not eliminate physicians from being a candidate. It just doesn't make sense. This is a good conversation because I have a lot of things I want to say, but right now we need to appreciate Ms. Jeremiah because that's going to be another lengthy part of this board meeting, but I want to capture Ms. Jeremiah's part. Okay, any other questions? Any questions from Ms. Jeremiah? All right, then we need a motion to approve the treasurer's report. Chairman, I make a motion to approve the letter. Ms. Jeremiah's report. Treasurer's report.

0:53:43 Second. Trustee Caldwell? Yes. Trustee Cohen? Yes. Trustee Liger? Absent. Trustee Maynard? Yes. Trustee McDonnell? Absent. Trustee Smith? Absent. Chairman Callum? Yes. Mr. Chair, four. Yes. Three. Absent. Thank you. The treasurer's report has been approved. And Ms. J. Meyer, we apologize for interfering with your report. Thank you, Mr. Chairman. Good morning, Mr. Chair, other trustees.

0:54:25 Update of the investment performance for the month of ending November 30th, 2019. The total plan was up slightly at 0.7%. Contributing to that performance, total equity returned 3.8% and was basically in line with its benchmark, which is the Russell 3000. Total fixed income performance was flat for the month at 0.0 return, but it did outperform its benchmark slightly by 10 basis points. total alternatives was up 0.9 percent and the return on the performance benchmark which is the slp 500 plus 300 basis points by 300 basis points uh to note the performance of the total alternative excludes the member loans program our office complexes and also So, well, St. Croix and St. Thomas office complexes. As it relates to the cash flow activity for the month in the investment fund, we ended a month of approximately $607 million in assets. That number excludes the member loans program and also the St. Thomas and St. Croix office complexes. We raised no funds in the month of November, but we do plan to raise $25 million in the month of December to replenish or to bring our cash on hand back to our target levels.

0:55:55 We are proposing funding from 15 million from the Russell 1000 growth portfolio and 10 million from the Russell 1000 value portfolio. So if we look at our activity for the one month, we had a beginning market value of about 602 million. we had a net cash flow of about 21 000. we had income of about 800 000 we had a gain of roughly 4 million in the portfolio that brought us to that ending market value about 607 billion dollars as it pertains to fees paid for the month we paid 21 000 month to date those fees were for custodian bank fees. Calendar year to date, we've paid $722,000 in fees and that consists of management fees of $469,000, consultant fees, investment consultant fees of $124,000 and custodian bank fees of $129,000. Fiscal year to date, fiscal year 2020, we've paid $94,000 That includes investment management fees of $42,000, investment consulting fees of approximately $31,000 and the custodian bank fees of $21,000.

0:57:20 As it relates to securities lending, year-to-date, we have about $3,000 we've gained from that. I'd like to mention, of course, as everyone has been speaking, as you can see, that the the assets keep declining month over month uh we had a slight gain this month but overall when we do factor in um i think we raised about 15 million last month from the portfolio so well not october october yeah and i'm assuming at some point in time no you will probably be coming again. Not right now. Right now. So the assets continue. We keep continuing to have to draw assets to make up the short fund to pay that notice. Mr. Chair, I'm going to answer. Thank you, sir. Any questions? Any comments? Mr. Coyne? Just one observation. So we're going We're going to drop below $600 million in assets come January. That $600 million, as I mentioned, does not include the member loans program, the member loans program right now.

0:58:41 And also, I think there's still an issue with reconciling on that and the office complexes, but if not, we're not going to be too far off. Okay, thank you. Okay. Thank you, sir. The next? Calendar year to date, how much have we withdrawn from the portfolio? Calendar year to date, if we add the draw that we did in October, we've withdrawn about $130 million.

0:59:17 From the portfolio? From the portfolio. From January to present. okay so she planned to withdraw 25 million this month oh i'm sorry you said calendar i'm sorry yeah calendar okay i don't have calendar numbers i fiscal years i know fiscal year 2019 we drove with we dropped about 125 million okay calendar year i'm not sure i don't have the fiscal year 100 and how much 125 million right okay that's good enough that's two september right but they talk about the bad investments all right new business approval of the 2020 board meeting calendar trustees this calendar was sent to us everything you found it's just the days of the January 17th, February 27th, March 26th, the fourth Thursday, until we get to July and it's done there because we have a planned retreat in July and in November and December.

1:01:02 November, November International Foundation meeting is, will be going on that week. So the proposed date would be Monday, November 30th. Unless somebody has some other day that he or she thinks will be better. right the fourth is thanksgiving day the fourth thursday and then december the fourth thursday is christmas eve see what happened on third thursday then on december You need to change the June 8th and Councils are up to the NAPOL Conference.

1:01:54 I don't know if Cathy or Myers are planning to do that. I know Myers is definitely home. Change it to 18th. Anyone has any problem trying to assist the Council since we need them present for June 18th? June 18th, instead of the 25th. Instead of the 18th. Huh? Instead of the 25th, yeah, I'm sorry. June 18th.

1:02:28 June 18th. So the calendar says the 25th, but the board it says, well. Board 26th? Board it says the 27th. Oh. Yeah, okay. I think. Yeah, I don't know why. All right. 25th. You talk about having two meetings for the year or something like that. Well, we were just that we may be so broken that they want to go any place.

1:02:59 You don't ever go. You never go. Any questions about June 18? I want to make a point. you know these meetings are being scheduled we're in advance so try and make your plans and try and work around i know already you're not retired and that may have i'm sure you have obligations but uh see if we can stick to this calendar as closely as we can Okay. So we need a motion. I'll make a motion to accept it as corrected. The calendar.

1:03:47 I need a second. I need a second. Second, sorry. Call? Trustee Calvert? Yes. Trustee Cohen? Yes. Trustee Liger? Absent. Trustee Minard? Yes. Trustee McDonnell? Absent. Trustee Schmitt? Absent. Chairman, calendar. Yes. Chair, four, yes. Three, absent. Board meeting calendar has been approved for the changes for 2020.

1:04:32 Investment update by Nikita Investment Group. Good to you. Good morning. Okay, what do we need to do this, we don't need to do it tonight. That's okay, they can see you because the camera, you can sit there because the camera will hit them from the back. Is that right? Yeah, they'll be able to see you, there's a camera there, in the back.

1:05:06 Oh, the camera's not showing? This just fills in the internal. I stay here, so I don't give you my back. That's okay. That's good. Good job, sir. Ready? Good morning, everyone. Good morning, sir. Great to be here back again. First, I need to apologize because we couldn't make it on our work. It was one of those rare occasions in which the three of us were in different client meetings in different parts of the country and it coincided with exactly the only case that we said in advance to Mr. Henderson that we couldn't make it.

1:05:59 So thanks for accommodating and giving us 30 minutes or so today. Okay. I would like to start, you know, I hope that you all have the electronic version. I understand everyone has it. On that report, if you can go to page 42. This page is an explanation of the fees, not the system page, adding to the comments of Mr. Henderson. These are the manager fees, so this is not even the custodian fees or Mekita's fees. Even adding that, if we add Mekita's custodian fees, this would go up to eight, nine basic points. The average of the industry is around between 42 and 46 basic points. We are all included at 8.

1:07:03 So this is the stuff that we can control. We cannot control how the markets are doing. We cannot control if, you know, we are receiving any extra funding or not. But this is one of the few things that we can control, which is expenses. we are around 40 basic points cheaper than any other system than the average system in the country all right so this is stuff that we can control and we're doing the other thing that we can control is risk and we have been doing that since 2015 when we decided to move into dynamic asset location because we saw given our actuarial forecast that the system was going to be running out of money in three, four more years. So we decided to reduce the risk making sure that we have assets in liquid assets to pay benefits and that we have in a type of asset that, a market that it was December of 2018, actually, the system was able to navigate it beautifully, actually, we didn't have a negative performance that month, everyone else in the country had a negative performance. So that's what we're preparing for. On the other side, if we prepare the system for that, we cannot expect, you know, when the markets go up 29% as they have this year, actually, to move within that range, because I wish we could, but it's impossible balance. So this is the stuff I would, the two things that we really can control are expenses and risk, and we are doing a pretty good job.

1:08:50 This is not forecast, this is eight basic points, this is fact, all right, if someone is asking you questions around 40 basic points cheaper than the average planet in the country. Period. That's a fact. I will ask you to go back to page six if you don't mind and let's talk a little bit what's going on. I think just to give some context of the numbers are coming later. So this you have a picture here of what happened year-to-date in 2019 and what happened in the third quarter, two very distinct features. The year-to-date 2019 is very similar to what's going on up to yesterday. Everyone is happy, all the asset classes are positive, there's no negative in the markets, everything is moving, You know, as of yesterday, the U.S. stock was up almost 30%, 29%.

1:09:55 Bonds up almost 9%. Nothing seems to move the market. The market is just going to continue moving forward. The third quarter, though, on that chart, was a little bit different from what happened year-to-day. And the fact is that, you know, one of the biggest movers of the market is, you know, trade tensions and interest rates that play out during third quarter.

So that kind of moves the markets in a different direction.

1:10:34 And this is exactly why we cannot just assume that we will keep growing for the rest of the life. and actually not prepare the pension system for a quarter that it was last quarter of 2018 or the third quarter in which most of the asset classes were moving. So the system is prepared for those things.

1:11:03 We don't want to have the need to take money out of the system when that specific asset class is down. down if you want it to get it when it's stable or up. Page seven, you know, we heard about, you know, the PMI or the Global Manufacturing Index and how that is affecting the markets and how that is in decline. That has been in decline for a while, for years, and in fact it has to do with, you know, the US market actually definitely moving almost 100% into the services market.

1:11:46 And that is a reflection of that. However, we do see, if you see that chart, at the end of that chart is a little bit of an uptick. So even though those comments and all that, the PMI actually is starting to move back. That means that some of the CEOs in the manufacturing industry are just putting money back to work. So they are seeing some positives. The next page, page 8, is what everyone talks about, the U.S. yield for, it is, it is inversed, it's not, it is inversed for 24 hours and it comes back again and this is moved by the expectations in the long term, in the short term and in the long term what the Fed is doing.

1:12:25 Basically what it is today is not inverted, everyone is saying that the inverted yield is usually an anticipation of a recession, which has been historically true, but what is not said is that that has to elongate for a certain period of time, and no one can assess what that period of time is. It can be in a verse for six months, and you would be out of the market expecting a recession that is not going. And if you're waiting six months, and for three months is going back again to the stage that it is today, that it's not in first, but that is for issue. So today it's kind of flat. It's very difficult for a bond manager to try to position in duration to make money. But that's the way it is. So no bad news in the yield curve. No bad news, honestly, on the PMI.

1:13:22 If we flip to page nine, that is the best news in the U.S. market as a U.S. consumer. The consumer's confidence is up in historic highs and continues to be there. You know, arguments towards it, you know, low interest rates, people are refinancing their mortgages, or they are taking new mortgages at a low rate. They are 401ks and doing great because the stock market is up 30%, so everyone feels that. Feels that it has more money, right? And so U.S. consumer is going up, and U.S. consumer is actually, it's around, what is it, 30, 40 percent of the GDP growth, so it's a big chunk of it. So U.S. consumer continues to grow.

1:14:11 Then, the next page, page 10, is the other component of the whole macro variables that is helping. That is, you know, what the central banks are doing. Low in interest rate, they're pumping money into the market. You know, as an economist, you can argue that in the long term it's not good, but in the short term it's actually pumping liquidity into the markets, which means that people have money to spend. Supposedly. We reached, yesterday was, yeah, yesterday actually Sweden was the first country here in the European Union that is actually going back to positive yields, meaning that if you put money in the bank in Europe, you have to pay the bank to leave your money there, so they're in negative interest rates. Sweden is the first country in the European Union that's actually reversing that, saying no, in the long term this is not going to work. So we're going back to at least flat, but raising. So when you see that, you know, If you put money in a bank in Germany, right, you have to pay the bank for keep your money. When US, a 10 year bond is given, what is it?

1:15:33 1.8, 1.9, yeah. I take it, right? That's why all the money from abroad is flowing into the US bonds. Just because, you know, we say it's a lot better than minus two. so we're sure we're sure it's like that. So when you put all these variables together, right, plus 2020 election year, historically election years have been good for the fact, you know, you start seeing what you see in page 11 that is like all the recession fears. These are charts that kind of try to explain recession fears and recession indicators. moving out of favor, meaning that a recession is not in the short term for the market in general. So while we had some conversations at the beginning of the year after a horrible December of 2018, hopefully we can hold on this December, we still have a couple of days to go, and actually going into 2020, you know, in positive territory. Which means, honestly speaking, means that we somehow have some relief that if the economy is growing, then, you know, we can still think about hopes in which how to get an influx of money into the system. In terms of the system, in general, you heard Mr. Henderson, $130, $140 million out of the system every year, and at $600 million, even on the liquid stuff, we have like $540 million. That means that we would need to put up like 25% every day into investment return, just to be break here.

1:17:25 I think that the only one who signed up for a task like that would be like Bernie Madoff and is behind bars, so, you know, even though the stock market's all that at the level that needs to be to be just very given, just an impossible task, unfortunately. All right, so that's the market. The market is good news. The performance as well, let me ask you to please, page 30, all these numbers are the money that went in and out of each of the investments that we have in the fund.

1:18:17 Basically, if you do contributions of 241 plus withdrawals of 320, the contributions are a mix of moving assets from one side to the other, getting contributions from the government and from the sale of some of our alternatives and blah, blah, blah. Plus the withdrawals you have there, they're 100 and something difference in contributions of withdrawal. this is fiscal year. Fiscal year, this is as of September 30. In investment change, actually, the system actually made around $26 million, which is absolutely not bad. It's a 5.25% rate of return when you see that this includes December of 2018, which was an absolute disaster for This 525, I would say 85% of the U.S. pension plans out there as of September 30, they will switch it with you, without a doubt, because they had a December of minus 10, minus 12, so that screwed up the whole fiscal year for the majority of the systems. So 525 for the fiscal year.

1:19:38 So let me ask you to flip to page 34 first, which is this nice graph. We just finished in Miami, the art basal. You see that? You saw that a banana stuck on the wall was sold by 120,000 dollars. Yeah, 100,000 dollars. See that? Okay, 90 cents. Amazing, huh? So I think that this chart in page 24, actually it's a lot more work than that banana stuck on the wall. You should be selling this by 250,000 at least, right? No. Yeah. Basically, each of the different colors means a different aggregate asset class.

1:20:19 For example, the first one on the top, on that pinkish, is the US equities. As you see from 2016 to date, how that has been decreasing. At the same moment, international equities, we're out 100%. Then the next one, the greenish, is the U.S. fixed income, which that is increasing. And that's the one that will increase the bonds, generally with cash. And then the rest are foreign bonds that we are out of it this year. We terminated the last manager there. And then we have the alternative investments, that here it means just the investment that we have in Messy Grove and those that are actually giving us not only a nice return, but also good distributions so we are unwinding those distributions in the next three four years we will be hopefully getting all the money back so that worked out well so basically in a year from now you will see here what is left in alternatives bonds and cash by the end of 2020 which means that we are totally in line with the plans that we had of having two years, you know, the projection from the actuality is like 2023, 2024, is that we're going to be, so we need to have all the assets at least two years before in liquid, non-risky assets.

1:21:52 sense. That is the plan for the American allocation and we are actually doing as we plan. Hopefully in the middle of that we receive a billion dollars from somewhere and we can redo the asset allocation as we had it before. Your lips to God's ears. Until that doesn't happen, we will end up having bonds and cash starting fiscal year 2021. That's the plan and that's That's the prudent thing to do.

1:22:22 Anything else is the same as putting your money in a casino, all right. So page 35, which it is the performance of the different asset classes, which this has less and less meaning as soon as we're moving forward because we only have cash and bonds. But if you see the 1, 2, 3, the third column, quarter to date, 1.4, the year to date, this is actually 2019, see, 9.1, not bad, huh?

1:23:06 The fiscal year we touched about with the 5.2, go all the way to back down, since inception, 8.9%, you're a case study. No, seriously, seriously. I have some clients in common with Bob Clausen, and he sometimes in board meetings brings the Virgin Islands, that's one of the funds that has low funding ratio. And so when I'm in that meeting, I ask the boards, So, I guess what was the annual investment return since inception for a fund that is sold like around 30% fund? No one guessed that, because it's unreal thinking that having almost a 9% per year since inception.

1:24:00 This is nine plus nine plus nine. Every six years you're doubling the money, and still you're a 30% fund. Because that happens when we go to our meetings and they're like, our investment returns are so good, but they're like, what's your funding ratio? And I'm like, oh, 40%, you know, you're like, oh, 40%, and they're like, how, you know, imagine what we could have done if we had funding. What ratio would you say code in there? What ratio would you go to in there? 40%, it's 20%. But that was then, remember that was then. That was three years ago.

1:24:38 two or three years ago when we were at 40% when we started. When we went on it was like 47% when we went under 50%. Now I don't even tell them, I said you don't want to know. That's all I said, you don't want to know. Just say 8.9% since inception. You know, honesty is a case study. Which means, you know, we always say this to the clients and you are living through the experience so you will see, but you always see it to the clients. investment returns are a nice plus, but that shouldn't be the core driving. It's contributions. It's theory. Without contributions, I mean, whatever investment return needs contributions. If not, we transform into a form of 1K, right? People just need the minimum that they can and they just hope that investment will make up for their retirement and we end up what we have now in the United States.

1:25:30 That is, you know, I believe that's 75 to 90% 75 to 90% of the people over 55 years old have only $55,000 in savings for retirement. That's the next big bombing. That and personally climate change, those are the two big risks that we're facing. So, from the investment performance, investment, not just performance, from an investment perspective, honestly there's nothing else that we can do just to continue doing what we've done, the risk in the portfolio. And if you ask me to all right now if just put everything in equities because the equities were 20% up this year, we'll probably resign because because that's an important thing to do without error. A good market timer goes down. Yes, I mean, that would be like, it's absurd. That would get you in front of the judge, that's for sure. And not as an expert witness, like bad advice. So, no, definitely we'll continue doing the same. Any questions on the performance?

1:26:49 I just want to know if the inverse is still true, when stocks go down the fixed income rates? I'm sorry, the inverse is true. I just want to know if the inverse is still true. When the stocks go down, the fixed income interest rates go up. That's still true or not? Yes and no. In theory, yes. That's why we have a diversified portfolio, right? We have bonds going up when the stock goes down. 2008 told us that one time when it really goes down, everything goes down. There's this correlation of one of everything going down. The same happened in December 2018, everything just went down. Big corrections, everything goes down. Now, if you see it within a month to a few months, then they started to move back again to reversing to the mean.

1:27:40 So, but there's also an argument that all these central banks pumping money, keeping an interest rate at zero and all of that has affected the way the fixed income market reacts. So that's why there are some new strategies that we are talking with, you know, some clients that have enough assets and they have sophisticated staff that can really understand that as well. they are like risk mitigating strategies. It's a mix of lumped up treasuries and some hedge funds that mimic different stages of the market, momentum trending, trail trending, this and that. I'm putting a mix of that. That is like totally uncorrelated when you put that all together.

1:28:31 That is totally uncorrelated to whatever happens. So if your equities and your bonds go down, the whole portfolio will go down but at least you're saving a little piece. So when you come back then in fact you're probably better than your peers. That's the whole purpose. So in theory yes, in practice it's not happening. Any further questions in terms of performance? No? Let me start on page 66. This is the study that we do every time that we're starting a new fiscal year. That is the new projections of the dynamic asset allocation. That chart is showing each of the different aggregate asset classes since we started with the program at around 2016. The gray part of the charge is what happened already. The right hands of the chart is the projections. So what you see there is what we saw on the other charts. It's like, you know, we are out of EM equities which is the first lines we are out of international equities which is the second line and at some point in 2020 will be out of US equities in general the one that is going up is gas fixed income and cash and the one that is steady there and it's still in the future because it's difficult to forecast it's what is is your alternative assets so this is this includes the Messieroga but also here we have the loans and all the other assets that the system holds with some of them they're not mark to market it's different it's difficult to project some of the ones that we can project that loan repayment and all that is

1:30:34 included here but the rest we can so it's kind of steady there and we hopefully go down back in. So by around 2023-2024 we will have no more liquid assets we just have the portion of the alternative assets. Unless someone give us a billion dollars. Similar information, a different way of looking at it, page 67. The gray part of it is 18 and 19, and the other are the projections. These are the dollar amounts that are projected to be in each of the different asset classes. You see that we only leave it to that it's fixed income plus cash which is the green one and then the alternative and local assets. I'm not going to spend time on page 68 because there are lower numbers and there are nice charts in page 69 which corresponds to that. This is to show you the the waterfall of the cash flows during the fiscal year 2019. We draw 63 from domestic equity. We increase a little bit the fixed income bucket. We draw 67 from the local assets and we draw 24 from The next page is 70. This is a comparison of where we ended up fiscal year 2019, which is the magenta color compared to what should be what we projected on the light blue.

1:32:36 pretty good shape you know good projection the only one that is out of scale is the alternative because there's nothing we can do there as soon as we keep on selling those assets and then they're coming down. The page 71, 72 and 73 are the projections for 2020. We keep projecting the 140 as outflows, page 71, as our actuary is showing us. We usually last year was like 134, fiscal year 125, 134, so we are around that. Hopefully it's less and this is where we are projecting that those cash flows will be coming from. As you see we will be redeeming 100% of the equities by the end of fiscal year 2020. It's a graphical chart of that in page 72. This is where we're projecting that we're getting money out to pay the $140 million. At page 73 it is the projections and where we will be. So the projections is saying that at the end of the year if the end of the fund is around 2024 we should have 420 in fixed income and cash and our projections that they will be bull parked there for 10 and it's telling us that we should have zero in alternative local assets and we will still have around 160 there's not much we can do there unless we start selling more of the local assets so we continue with the moving forward with a with the program it has been the market

1:34:29 has been positive honestly speaking because having a nine percent return as we have now with only 17% in equities. It's fabulous. Plus, during the last five years since we started this program, active managers, so all the managers that we have, they've been having a horrible last five years when you compare it to an index. So the place to be has been index fund. So we were lucky that we had index fund. So we were lacking a lot of aspects on the investment side, but still, there's nothing we can do about this. Any questions? On the DIA? Always to work closely with staff, making sure with Mr. Henderson There are cash needs where we're taking off, how we change our view. For that, we use what is on page 77, that is the projection of where we'll be getting those $140 million out of during the rest of the year.

1:35:40 That first column that you see, the two red, there is what Mr. Henderson just referred a few minutes ago, where is he getting the money out of to pay. Hopefully, we get a billion dollars in the middle and we have to change this. I think this is the one that we need, we need a motion here on the sources and uses to get this or no, I don't remember that.

1:36:17 Could we did that already? No? I don't remember that. I do with some friends, but I don't know. We haven't made any changes. These are the new projections for the fiscal year 2020. There's a continuation of our... It's the same thing. We wouldn't need that. It's a continuation. Alright, there's no further questions. I have one more item. bagging around, I don't exactly remember what, in 2016, Mr. Thomas was still around, and we sent him a review of the IPS, all power, making sure that when we, in 2017, really started moving the ranges, right, of equities, they can go 25 all the way to zero, that those comments are incorporated into the IPS. I asked Mr. Henderson a couple of months ago, the usual review that we do on the IPS every once in a while, and I haven't seen those changes incorporated. So I added that on your back end, recent page, 82, 91.

1:37:36 reference for what was discussed in the rest of my community because of this. 91. Basically if you remember in this section in the IPS, it just tells you know this as a class should be around this range, this as a class around. Basically what we did is we added a little bit of verbiage saying that because we are in dynamic as an allocation, these targets are moving. And basically we're saying all this target can go all the way down to zero that's basically we consider that that should be definitely incorporated to the appearance we thought it was honestly speaking sending back in 2016 glad that I asked the question a few months ago somehow it could just fall into the cracks I'm guessing between his the part you're in so I I don't know the process for it if if you need to vote it's better or need to review or Cathy or but um well it was discussed in the investment committee okay so what I would recommend is that the board a motion be made to accept if the board I don't think we had any disagreement with it in investment committee meeting no i don't think we did well i cast it all right no i don't think any of the trustees had an issue with it if i recall i think what yeah what we're just doing is we should doing something that should have been done yes i we honestly we honestly we assumed that that I was done when we sent it.

1:39:20 So we updating the IPS? Yes. That's all it is? Yeah, that's all it is. Actually, we're not making any changes for the future. We're making changes of what has happened already. Are you just changing the range or the target? I thought you said you had some language. I think that we had some language. due to the current funding status of the system. That is new, Pedro. The board has implemented dynamic asset allocation targets. You mean the whole language that's on page 91?

1:39:55 Yes. Above the chart? Yes. The annually down, I believe, that was what was already there. What we added was the dynamic, you know, it's a little bit of an explanation of what dynamic asset allocation is. I don't think that that has a lot of relevance other than informational. What really matters is the range better. So without changing any language, if we change the range, it's fine as well.

1:40:44 Yes, we have to move. Actually, I think this is . But the Mercedes is saying we need to adopt the new ranges. Right. In order to be . It's important that we encompass the new targets, establishing the ranges. Yeah. Basically, they are the same type of assets. We didn't change that at all. Correct. check the numbers the ranges I mean the targets when you have these ranges the target doesn't really matter because you have there you have a target but you can go all the way down to zero The target allocation, let's get to page 91 and it's report. Okay.

1:41:37 The. Recommendation for the adjustment of the range. Mr. Chair, I move to accept the McKee's recommendation to adopt the target recommendation, the target allocation on page 91 of the report presentation. Okay, I'll second that. Trustee Calward?

1:42:23 Yes. Trustee Cohen? Yes. Trustee Liger? Absent. Trustee Maynard? Yes. Trustee McDonnell? Absent. Trustee Smith? Absent. Chairman Callender? Yes. Chair Foy? Yes. Three. Absent. Good. All right. The only item that I would like to share with you is a little bit of a status of our firm. We continue to grow. We are around 200 in terms of personnel. We We are around 200 accounts, but we are close to 1.4 trillion dollars in assets under advisory. We can take one. That's one of them. What did I say? Can we get some transfer from the butter? If we can only touch that amount of money, we just advise.

1:43:28 That's one account for each employee. Exactly. And so, I mean, it has been, the growth has been Basically, it's pretty much organic, but the difference in the number of assets and their advisory has been driven by the big plans, right?

Busters, scalpers, Ulcers, Chicago Eye, EASB, all those big plans that we are now working with. The structure of the firm continues to be the same, managed by a couple of us that happened to be lucky lucky to be shareholders and well so we're Miami office growing as well we are going to be five shortly so all good a lot of work good thing you may actually get vacation time and you may you just that was growing you may get I was telling Mr. Henderson, this is my last trip, but then I have another board meeting on the 6th, another on the 16th, then a trip on the 22nd, and it's just so very good enough.

1:44:49 Good. Any questions for Ms. Adamoff? Thank you. I have a couple questions. Sure. So, during your business to, do you find boards with a great number of professional trustees? Yes, you do? No. You do not. No, it really varies. There's no standard. The only standard is that you hire experts.

1:45:21 That you hire, of course. you hire your custodian you have your your managers to manage your money investment manager you hire a custodian to be the custodian of your money you hire your investment manager to advise you in the decisions on the investment it's uh you you shouldn't be savvy on investments to be part of the board that's that's how the governance governance of the board i mean you You have Pedro that advises you on the legal stuff, and it's why we are service providers, because you don't need to have all of this.

1:45:59 It would be unreasonable to ask a board to have all the expertise necessary, it would not be prudent. He needs to go, not me. Thank you, sir. Now, saying that, there are some boards that have, right? Right. some words that are, everyone is an investment manager, everyone, honestly speaking, honestly speaking, the governance of that is a mess. Yeah, the worst, but, yeah, it's a mess, because all these big personalities, and they will never agree upon each other.

1:46:34 I would not be happy if I have another client like that. All right. Thank you, sir. You want to have it? Anytime. Okay, we have an investment policy statement change. I was going to ask you what was the difference between what you approved. And I thank you because many times we use this term dynamic asset allocation.

1:47:13 I don't think the people we're speaking to really understand what it's all about. So I'm glad for this definition also. All right. Okay. All right. We need to change the Secretary of the Sunshine Center to come from Ms. Turnbull to Ms. Denon Gump. No, we missed number four. Did you miss something? Oh, to amend the language and question about us to try to increase period. Okay. That's it all about.

1:47:41 good morning uh trustees last year last year the grs personnel handle was updated and approved by the board in the language In that personal policy, it gave an expressed grace period of 15 minutes per day for staff, which equates to 62 hours of free time every year. According to the contracts, after any applicable grace period, the GRS is not to dock any employee 29 minutes or less.

1:48:30 less and anything over 29 minutes we should use annual leave or something like that some other paid leave the new time clock plus we are implemented also incorporates the language in the contract the purpose of this revision of the language is to keep in line with the contracts and our cloud-based time clock plus system stipulating that work is from 8 to 5 and after any applicable grace period which the manager may give if something happens the employees will be docked according to the contract not that you have one every single day and 815 becomes your new reporting time as as it's happening thank you trustee you understand oh are you reading it they're ready already you understand it yeah so what are you going to do about it one two um i just saw this this morning for the first time but if i'm understanding what mr then it is saying the change would move from the specific designated or delineated 15-minute grace period and it will now vest that as a discretion within the grs or i assume some manager within the GRS system, which means I'm assuming each manager will determine whether or not an employee

1:50:40 benefits from that 15-minute, from some grace period on a, whenever they're late. If according to the CPAs, if after any applicable grace period, if any applicable gives that discretion already to management if something happens it's not habitual it doesn't become your new reporting time if something happened yes managers after discussion to manage that if something happens they can impart that upon the employee what it cannot become is a daily new occurrence again I have a flux in line with the CBA says unless specifically stated differently in our two contracts which it doesn't um it grants a grace we don't want to be so hard and fast that nothing will ever happen in the morning then you're coming in but if something's happening every day for 10 years um that's something else needs to be done but we don't want to cut it off hard and fast because things happen we understand that we want to balance life and work I want to take an advantage of as if that becomes unit reporting time so any CBA issues it clears that saying unless specifically different in a CBA but this is our overall policy You need more time in the policy committee to do this, maybe?

1:52:06 But it appears that, you know, not... If there was no legal challenges to the clarification. I'm sorry? Would there be any legal challenges to the clarification? I don't know if there are any legal challenges. I can't speak to what somebody else may do. do but all of my thought is that it makes it so much more subjective that's precisely my 15 minutes grace period next if you adopt this an employee doesn't know that and it's up to a manager to determine whether or not i mean the manager may do for some employees and not for others i'm not saying this is going to happen but i'm saying one concern you read it that way and what this does it just makes it so much more subjective from my review of the language mr chairman that's precisely what i was going to say because what is excessive tardiness to one manager may not be excessive tardiness to another and what constitutes an abuse of the gray spirit for one manager may not necessarily be the same for another so i think those terms should be reduced to some numerical situation or to a more specific wording in order for them to be effective or reduce the chances of there being challenged.

1:53:39 Can Ms. Jeremiah explain something? Go ahead. With the time clock and the way it's set up, it's set up based on the rules for union contracts. the union contract said after 29 minutes when you hit 30 minutes then you can be charged with it up to the 29 minutes they're no charge you that's your grace period hence the clock it's set up just like that to reflect what the union contracts are saying so it's not based on what the manager thinks it's all based on the rules of the contracts so it takes the subjectivity it takes that so so then is this language intent to say that the grs could grant additional grace period if an employee is late for more than 29 minutes but that's the only difference i would see based on your explanation. What I'm understanding you to say is that the time clock is set up, that if I come to 827, I'm not docked. If I come to 827 every day, I won't be docked. No, not two weeks.

1:54:54 No, not two days, in two weeks period. You have 29 minutes every two weeks. If you read the first paragraph, you can read it to say that you get 15 minutes per day. Correction will be 29 minutes every day period, which is every two weeks. So if you come in 15 minutes one day, you're okay. If you come in 15 minutes late the next day, you're docked. You're going to be docked at least one minute. So the second language makes it more...

1:55:28 It brings it in line with the two union contracts. If you look at the top one, you're approved the top one. It's already approved. so the language about excessive tardiness it's already approved that's what's in there today all we're taking out is the first sentence that says you have that every day 50 minutes so if the board has alternative language or just takes out the understanding that you don't have 15 minutes to come every day so your time is 8 50 now we're amenable to that just bear in mind what was it was already approved this language I just took out the first sentence or so again all this amendment does it says that you can't be late for more than the 29 minutes for more than a certain amount of time the tool right so that's what I'm saying is that whereas an employee knew that they had this 15 minutes great period and they be quote-unquote take advantage of it you know preventing them from doing that actually it was just a misunderstanding that that's what was technically yes pedro somebody could come 15 minutes late every single day so you know now you're changing no i agree using it i agree but we're not still out of discretion we're not debating whether it was an abuse or not always saying it's what's the real practical impact of this change and that's That's what it is. You're now saying we're limiting how much time you could come in late in any. All right, so it's just coinciding with the contract. I just want to make sure the trustees understand what we're doing.

1:57:07 It's coinciding with the union contract. So it's good now they're gonna match. So that's what the union contract says? Yes. Yes, it does. Yeah, but the language already says unless trust will be stated differently in the collective bargaining agreement. So if that's what the contract says, it's already covered under the existing language, so there's no need to change it. In the policy, we need to put it in the policy. We need to put it in the handbook. Because you could have negotiations later on, and you change that language in the union contracts. And so that's why you put that language in there, in case you negotiate something different.

1:57:43 So if you change it in a union contract, it's still applicable, because your policy says, unless specifically stated differently. No, that's what they're changing it to. No, no, that's in the existing language, and that's in the proposed language, the very first line. It says the same thing. So that's what I'm saying. If the CBA says something differently, it is the CBA language that will control. Exactly, but we're just changing the language because it's already existing. The top language is in the policy, so we need to change it to match.

1:58:16 I don't see it. I really don't see it. We have an exempt employees. the only thing that this amendment this change does is limit the amount of time i mean and that may be what you want to do all i'm saying is that let's be clear in terms of what we we are doing if that's the position of the board that's fine but i just i just don't want the board to be misled in terms of or misunderstand what the practical effect of this change is to me that's the only thing you're doing yeah yeah so let's call a spade as the question before plus the committee will have to well it goes into effect january 5th what was the time clock no time clock but it's already in the union contract so So we just want the employees to know.

1:59:14 We just need to change it in a handbook to coincide with the union contracts. But why do we need, why can't you all make it clear to us? Here, so we can make a decision today. So let me ask a question. Let me ask a question. What is unclear? What may I ask? What specifically is unclear? Not that I want to make sure that nothing is unclear to me. I haven't made a decision yet. I'm trying to find out you are trying to limit employees to being late no more than 29 minutes every two weeks is that what you're trying to do right so yes yes so they can't come so they come what it become late 50 minutes on Monday it's okay but it become late 50 minutes and Tuesday that is not okay is that what he's trying to do and one other thing the intent is to remove the language in our first statement that says all employees have 15 minutes to arrive to work late every day that's what I'm oh we're expressly given permission that every single day you could arrive that's what the old says that's all I'm trying to remove every day you can arrive to work it's not okay for every day we're giving you permission to do that you just want to take that out that's all well that's not and technically that it doesn't say dick but it does state that they only have 29 but the first I was just talking about the old one attorney, just the old one, not the new one, the old one. the language in the new one doesn't capture what i just said we could change it now i'm just saying the old one expressly says unless specifically stated in the cba and not all employees are covered by a cba and then it says all employees may like to work 15 minutes late so we're expressly giving you that permission to do that but that's okay that your work day every day can start at 8 15.

2:01:39 we said it's okay all we're saying is that's not okay your cba says one thing and for everybody else come to work when you reporting anything excessive charge whatever your manager has discretion that's what you always have discretion we don't put a time limit the time limit is there because the union contract says we can't dock unless you hit that 30-minute mark that's where that time frame comes in in their contract but truly the intent was just to get rid of that sentence that says it's okay to come at age 15 every day so however we could do the new language if it needs to just be rewarded to say that we could do that right now but that was because the old does say that attorney maynard well what i was questioning is why couldn't we specifically refer to the terms of the contract Everybody doesn't have a contract.

2:02:38 Everybody doesn't have a contract. All of their employees are not unionized. Okay. Do you understand what they're trying to achieve? Yeah, sure. So we also need the proper language. Because what I was going to say is assuming that, you know, everyone had a contract, then all you have to do is to refer Pro to that particular provision of the contract, rather than trying to interpret it here in a handbook. And that's why the line less specifically stated because contracts change from time to time. And throughout the whole handbook, as you know, you approved it, it says that throughout. So, whatever the contract says, that's the rule.

2:03:28 Employees. I mean, I understand what Ms. Glennon just explained, and it says all employees have a 15-minute dispute, but all I'm saying is, the intent of the language is to address that until it says that an employee cannot accumulate more than 29 minutes of lateness in a two-week in a two-week pay period or else they'll be considered they'll be docked remember under the contract the 29 minutes under the article speaks to the docking policy we can't dock an employee unless you've accumulated 30 minutes of time right so 29 minutes or less regular time 29 minutes or less is regular time it doesn't it does it's not under the discipline policy it's not just in two weeks if you're 29 minutes late every two weeks i can't discipline you right it's not giving you permission it's just saying i can't dock you because work still starts at eight so even if you choose every wednesday to be 29 minutes late every Wednesday that's still a problem for your employer so it doesn't come in at 8 14 every day it doesn't prevent the manager from disciplining them because if you're still exactly you're correct you're still late but what he did in the old the language there just gave you permission so I can't discipline if i'm telling you come to work at 8 15. just want to take that okay i'm good thank you

2:05:23 so are you okay i'm telling you may not i have no dr cohen i agree with her proposal so you do what you gotta do the system doesn't the system can make a recommendation with the nails the administrator has to find it my Are you telling me to do it?

2:06:06 Yes, yes, yes. Mr. Chair, Mr. Chair, I move to adopt the recommendation of the administrator to adjust the language in the personal handbook relative to the grace period. we need a second yeah i'll take a second trustee callward yes yes trustee liger absent trustee maynard yes trustee mcdonald absent trustee smith absent chairman counter yes here four yes three up thank you Mr. Chairman, this is an account that we have set up.

2:07:25 The name of it is the Sunshine Fund. what we're trying to do is change the um remove the signatory from um johnny strombo who is a former hr to miss clandinen uh this fund is used to deposit all the monies from the soda machines and the vending machines in the in the in the uh building it's used for employee you know activities and if someone family died we buy a reed things like that so it's used for employee activities so we just all we're doing is changing the signatory from sternball uh to asia clinton gums you mean your system makes money from those machines we we have contracts with vendors yeah i actually thought i actually thought it was probably i thought this machine was owned by a company the company has to pay us to have the machine in here i thought you just pay your rent no okay you're the commission now for the sales yeah okay that's a fundraising for most places you know that people have schemes to make money thank you 25 cents for every soda are the other signatories on the account is it just one person yes it's myself also i think yes The CFO, I think you may have, Mr. Chairman and the Vice Chair may have to sign a resolution, yes, a bank resolution.

2:08:51 But you see there's two signatories at all, one time, all the time. So it's usually myself, I think it's one. So there are like four signatories where you need two persons to sign on a check? You can sign one. What happened is what happened is Ms. Turnbull coming and say I have to do a check or something. checkbook and i'll just give her authority she'll sign it if she's out i would sign it okay all right good luck so moved all right so moved so move what we have moved to the You mean the executive system? No, to approve the . Shift the sign in. Well, somebody makes a motion to accept the administrator's recommendation. That's what I just did. Oh, you said you move, you move, I know you have to keep moving. So we got a second. Yeah, I told you I just did. I'm a step behind today. Yes, you are. Trustee Calwood. Yes. Trustee Cohen.

2:10:03 Yes. Trustee Maynard absent. Trustee Liger absent. Trustee Maynard? Yes. Trustee McDonnell absent. Trustee Smith absent. Chairman Callen? Yes. Chair, four yes, three absent. All right. And change has passed. Okay. This portion of the meeting will be closed to the public for matters pertaining to trade secrets or financial or commercial. information in a motion to go in the executive session I move to go in executive session okay trusty yes yes Trustee Liger absent. Trustee Maynard? Yes. Trustee McDonnell absent. Trustee Smith absent. Chairman Colonel? Yes. Jeff Boyes, three absent. Dr. Cohen, you can stretch your legs. You've got five minutes. Thank you.

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.

8x **Trustee Vincent Liger**
heard in this transcript as: Liger

6x **Trustee Leona E. Smith**
heard in this transcript as: Smith

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.

Referred to but not found in our acts corpus: Bill 33-0005, Bill 33-0132