GERS BOT·s Monthly Meeting 1/25/24

GERS Retirement System (Board of Trustees)

January 25, 2024 · 1.5 hours · gov

Source recording	https://youtu.be/YJ4osiY3Na0
Status	This is NOT the official transcript. 3 V.I.C. § 884 requires the agency itself to make a verbatim record of its proceedings and reduce it to a transcript within sixty days. This is a working transcript produced by machine from a recording of the proceeding, offered as a finding aid.
Transcribed by	VI Update, using OpenAI Whisper large-v3-turbo, run locally. Not reviewed by a person.
Reliability	Automatic transcription, UNVERIFIED. Verify every quotation against the recording before relying on it. Speech recognition splits spoken digits and wraps figures mid-number, so a dollar amount, a vote count or a bill number can be wrong in a way that reads as correct. Speakers are not identified: automatic speaker labelling was measured unusable and removed.
Public record	The underlying proceeding is a public record, and this body is NAMED as a governmental agency in 1 V.I.C. § 253(b), so its meetings are open to the public under § 254. 3 V.I.C. § 884 requires it to make a verbatim record of each proceeding and reduce it to a transcript within sixty days, and § 884(b) makes that transcript open to examination under § 881, which also gives every citizen the right to copy it and the news media the right to publish it. The source recording is not ours, is not hosted here, and remains with its publisher at the link above.

0:00:00 All right, good morning folks, it's Government Employees Retirement System of the Virgin island's regular meeting of the board of trustees for thursday january 25th 2024 is hereby part the order can i borrow one car please mr darson yes uh good morning all good morning mr chairman nellen l bowery nellen l bowery i don't think he's hearing no but are we transmitted trusty barry okay he's muted though yeah but if he's muted we won't hear him but he should hear us you're muted can you hear me now yes okay trustee barry present trustee uh andre andre t dorsey present trustee dorsey present trustee vincent g liger trustee liger absent a director cindy richardson director richardson absent trustee ronald e russell

0:01:47 trustee russell absent trustee leona e smith present trustee president trustee smith present uh trustee duane a colwood present trustee colwood present uh mr chairman four present through uh two abs three absent okay thank you uh we do have a quorum um do we have any comments and suggestions from retirees i think i see i thought i saw this good morning hello yes okay go ahead we could hang out if we good morning good morning good morning this is mary mohead if you're having problems hearing me i'd like to ask mr bowery or mr um dawson to read the email that i sent them earlier this week in anticipation of bad connection okay yeah we your connection i'm going in i know um yes i'm sorry it's that's the way we we have your perfect though we're hearing you're gonna know you're here oh okay well well okay okay it's it's not stable so i'll have mr yes i'll have mr darson read your statement

0:03:47 your um your correspondence into the record because your signal is going in and out i'm hearing you i'll have mr dawson read your statement into the record just a question he can just read the question all right so fine with that mr chairman um on um tuesday january 23rd i received an email from uh miss mary moorhead uh which reads as follows uh greetings gers trustees the best for the new year to all given that the agenda one uh dictates personal loan program restarts i asked for clarity the zoom connection is not guaranteed clearly and is never dependable therefore i share my comments for grs board with this email please share with all trustees it is a fact that monies are drawn this is miss moorhead point information chair dorsey can you allow the administrator to finish reading the email and then i'll go to your point information continue yes it is a fact that monies are drawn from gers investments to support the gers annuity payments to retirees seemingly the political pressure overpowering the restart of a personal loan program is imminent there will have to be additional drawdown of funds for personal loan program to be re-established miss mary's statement mr moorhead statement one have trustees agreed on the limit to be offered

0:05:41 for a loan program how much drawdown from investments must be controlled not to affect the rate of return from investments two have trustees increased the percentage of interest for a loan program how much gers cannot offer the same low interest rate no in low interest loans as previously standard percentage increases i intend to connect with zoom and comment in person if i'm unsuccessful to connect please place my inquiries on the record thank you mary l moorhead and given miss moorhead's communications issues this morning we have done exactly that per her request placed her inquiries on the record mr chairman all right all right All right, Chelsea Dolce, with the information. Yes, Chair. I was only making a point. I was trying to make it actually before the CEO had started communicating. I just couldn't get through on my side. So sorry about that, CEO. I didn't mean to cut into you. But I was going to make the request that the document was not received. uh based on when we're supposed to receive documents for review as trustee so this is system in place where we've received the information have our internal discussion before we go out with it just to bring it in just like that so we went down and wrote a right that's all it really was so do we do do we have a policy on will receive documents to bring

0:07:30 into a regular board meeting or we're not following anything we just take things the day before two days before read them into the record without a review from their trustees mr chairman may i address that please yes so uh trustee dorsey uh this is an email that was received from miss Moorhead she was being proactive because of past issues that she's had with connectivity and this is just a backstop in the event that she had issues with being able to communicate because of internet connectivity such as she experienced this morning she did end by indicating that she intended to attend and comment in person but that if unsuccessful she requested that her inquiry be placed on the record which is exactly what we just did by reading her email that she sent proactively uh into the record on her behalf since she's having uh connection issues thank you chair this doesn't as it became an email document this this doesn't come into the same category as a document coming into the system at that point no no no no negative okay cool i was just checking okay thank you you answered the question me this mr chair if my if my inquiries will be answered when you get to the item in the agenda then i you know i'll accept that that and that's exactly what we're gonna do okay thank you and and i appreciate you being proactive and and um sending an email as a backup

0:09:23 no problem thank you all right are there any comments and suggestions from any other retirees yes good morning good morning this is annette phillips hi hi sergeant retired i'm in denver Colorado. It's currently 6.45 a.m. My question is I'm currently involved in a situation. I don't know how I got here. I received a letter from the Division of Personnel. It's sort of a funny letter. I think it's a demand letter. They're requesting over $6,041.40 for insurance non-deducted, non-deducted from my payroll, my payroll account from January 15, 2021 to April 2, 2023. And it's funny because during that same period I could not get access to my service member account no matter how much I tried and who I called. So I did not get to see my actual pay stubs.

0:10:45 And now I got this letter from Ms. Henderson at Personnel. They are demanding this money. by february 15 i need to sign a contractual agreement stating that i will pay a certain amount of monies every month or my current insurance will be ended i just need to know if all of this is legal what is what's all of this going on why all this heavy handedness going on and how did this happen to me insurance non-deducted for over a year and a half maybe two years oh mr chairman what's your name again okay could you um we were having a little connectivity issues when you initially started so could you please state your name again this is annette jennings phillips i was the former sergeant raymer annette raymer vipd okay i retired in 2006. all right i know exactly who it is um could i ask you sergeant ramer to email the administrator at aedarson at usvigers.com um and then lay out the issues that you you um that you just shared with us and then i'll have him look into the button Definitely. Okay.

0:12:21 Thank you, Ms. Sargerim. What was it? Just Sargema Phillips. Just Sargema Phillips. Yeah, I call you for decades after the program. I have to say Sargema Phillips. Ma'am, I look forward to receiving your correspondence so that we can follow up appropriately. Thank you. Thank you, Mr. Dawson, and congratulations again. Thank you very much. I appreciate that. appreciate that thank you any other any other retirees with any comments suggestions hearing down do we have any comments and suggestions from active members okay let's move on to the secretary's minutes the secretary's minutes for the board meeting on December 19, 2023. Are there any corrections to be made to the revised minutes?

0:13:27 Okay hearing none. Can I have a motion to accept the minutes? Chair, I would like to make a motion to accept the secretary's minutes regular for December 19 2023 okay okay so I have a motion on the floor to accept the revised minutes that motion was moved by trustee do you have a second i'll i'll second it moved by trustee swift seconded by trustee yes mr chairman trustee barry yes trustee barry yes trustee dorsey trustee dorsey abstain not voting trustee liger absent trustee russell absent trustee smith yes trustee smith yes trustee colwood yes trustee callwood yes um mr chairman we have three yay uh one abstention and two absent thank you mr dawson so administrator do we have any communications and correspondences uh no we do not the next item the chairman's report on january 10th 2024 along with the administrator at a

0:15:15 meeting with the governor uh with a brief meeting two items we'll discuss one he is uh he gave us some feedback and where um he's at where the administration is at with respect to the reinstatement of the extender for the run cover of our revenues and the second item he inquired whether or not we were actively having discussions with regard to a restart of of the Post-Alone Program. And that ends my report. Administrator's report?

0:15:57 Yes. So the Administrator's report contains the meetings, presentations, and appearances that was shared at the last meeting. So I will skip that one and I will share the meetings, presentation and appearances subsequent. So on December 18th, being in the midst of the holiday season, we did have the Haven Sight Mall Christmas tree lighting that was very well attended and quite successful. The mall was truly beautiful and I'd like to thank Ms. Asia Clendenin-Gums and her team for doing a tremendous job with that activity. The children of the territory We were truly well entertained. On December 19th, we had our regular GERS Board of Trustees regular and executive meeting.

0:16:56 On December 20th, we had a meeting with Ideas, a company that we retained to assist with the reimagining of the Haven site mall, which is presently undergoing various initiatives. Excuse me, I'm quite dry this morning. Give me a moment, please. On January 3rd, I had a meeting with Siegel, the GERS's actuaries. On January 9th, I had a meeting with the loans team of GERS, headed by Ms. Michelle Niko.

0:17:40 On January 10th, as the chairman just indicated, we had a meeting, he and I, with Governor Brian. On January 11th, I held a meeting with the Haven Site Mall team to go over operational matters. January 18th I participated in an exit conference with the government accountability office which commenced a review last year of GRS activities not an audit just a review that we expect we'll get some helpful suggestions from in their final report I also had another weekly meeting with the Haven site mall team on january 22nd i attended the governor's state of the territory address on january 23rd i conducted a direct reports meeting with all of my direct reports on january 23rd we held a meeting to go over the planning of the green space park uh at haven site mall which we're happy to say will be a place that members of the community can gather for relaxation and for entertainment in conjunction with the construction of the Hampton by Hilton Hotel at the Havenside Mall and on January 24th yesterday I had a meeting with the quantum technology group that's requested to meet with us to share their abilities and to possibly establish a relationship in the technology space. Proceeding on member services report we can indicate that for in terms of retirement applications for 2024 we have received 27 applications none of them have been completed to date, so all 27 remain in process. For 2023, just in terms of a look back, there were 279 applications received, of which 177 were processed, leaving 102 that are currently remaining to be processed, but

0:20:06 actively being being analyzed of compliance and control and contribution processing refunds in particular we have 35 well 49 cases presently of which 35 or regular refunds from members who have resigned from government service and have not yet vested and are entitled to receive a refund of their contributions uh those are um we through from the first quarter of the fiscal year we received uh 105 cases um or 105 cases were completed rather for a total of 1.9 million dollars uh there was one case of an erroneous contribution that needed to be refunded that was de minimis at a thousand two hundred and sixty nine dollars and there were 87 cases of overpayment that were completed and that totaled 178 thousand dollars for total refunds of in the first quarter of 2.2 million dollars and there are 49 cases that are still outstanding to be processed. Debt benefits, we've paid out 11 cases in the first quarter totaling eight hundred and twenty four thousand four hundred and eighty dollars there thirty seven cases pending in for retirees we have paid out three that benefits totaling a hundred and thirty one thousand with four cases remaining

0:21:56 so 14 have been completed in the first quarter and a total of 41 remain pending to be processed 37 for active employees and for for retirees from the accounting departments we have a report on annuity payments for October 1st through January 12th 2024 a total of seventy eight point two million dollars have been paid out in annuities. We currently have 8,792 retirees as of January 12th. In the first quarter of the fiscal year, 108 retirees were added to the payroll and on January 12th, 12 retirees were added to the payroll. The number of retirees expected to be placed on a payroll for January 31st 2024 numbers 8 and a number of retirees were deleted from the payroll from October 1st 2023 through January 12 2024 and that would be the number of 76 and as usual we pray that they will rest in peace because these are retirees that have for the most part passed on. As of January 12, 2024 the retiree payroll per payday is $11,214,734. In terms of by location we have

0:23:51 Bear with me because it's in two parts. We pay both by ACH and by check. We have in terms of ACH, bear with me, well geographically we have 3,941 retirees on St. Thomas, 3,338 retirees on St. Croix and 225 retirees on St. John for a total of 7,500. hundred and four retirees well no we have that this I have the accident for this report to be structured differently it's a midterm around but we have a total of nine thousand two hundred and five retirees and it's split between ACH and checks okay and once again per payday it's eleven point two million dollars rounded that we pay in retiree benefits so approximately twenty two point four million dollars per month the loan servicing reports and this has not changed very much we have a total of three hundred and three no we have a total of 700 719 uh personal loans split between st thomas and john and st croix they're 416 in st thomas and john and 303 uh in st croix uh in terms of mortgages that's an even smaller amount we have 72 mortgages within the system 41 on st thomas and john and 11 in the st croix district

0:25:39 In terms of the dollar amount of the loans, we have a portfolio of $7.6, $7.7 million, of which $4.8 million is on St. Thomas and John, rounded, and $2.9 million is in the St. Croix district. with regards to operations we really don't have any major um maintenance issues mr chairman i think we've been joined by trustee russell yes i wanted to announce that i'm on okay thank you uh no operation no major operational issues in terms of the office complex we have an agreement with Central Air and they have honored a warranty and have completed an AC project under that. We have a number of projects pending which we enumerated previously. I don't know that we necessarily need to go through them at this point. They're rather routine having to do with our floors and cleaning etc so unless there's any particular query from a trustee regarding that I would just skip over that. It is a fairly major project that we have ongoing with regards to the installation of a new generator at GERS main complex here in St. Thomas. We apologize for the inconvenience. I know you probably didn't have your usual space this morning but it's very good that we're getting our new generator installed I've mentioned Haven site mall before a major project that has been undertaken there's the demolition of warehouses five and four a which should be completed by this month essentially complete and this is where the green space that I referred to earlier is is going to be going sorry I was in the parking yes and the parking I I guess I emphasize the green space because I'm a fan of green space versus parking but we will have some new

0:28:07 parking as well but it's important to note that I remind folks that I do believe and of course I'm biased that we have the best commercial property on St. Thomas. We have in excess of 400 probably closer to 500 parking spaces available throughout Haven site mall and I don't think that there's any other retail establishment except maybe the mall in Tutu that can boast having that type of parking so we're very well positioned with regards to parking. We have completed the construction of Warehouse J which is the new warehouse that and will be the only warehouse that we have available at Haven Site Mall. We're awaiting the installation of meters by WAPA. I did refer to the hotel development earlier.

0:28:59 A major accomplishment in December in terms of the piles that were required being all driven. We do acknowledge that there may have been some disruption in terms of minimal noise and vibration, but that is over. and you'll begin to see the hotel emerging out of the ground. Actually, it is already. I think there was supposed to be a major concrete pour this week and a lot of the infrastructure work has already gone into the ground. We are awaiting a final permit for the installation of the very much needed new backup generator at Havenside Mall. The generator is on site, has been on site, but we're waiting for the permit. I haven't received any notice that we have received it, even though it was imminent. So hopefully we receive that soon. We do have issues with regards to the existing generator, which sort of was a holdover from the previous mall manager, Wyco. it really only works for like a half hour and then it presents problems for us and for our tenants so the sooner we can get that permit if anyone from DPNR is listening the better. We continue working with our consultants ideas on development of the strategic and infrastructure plan for the Haven site Mall that we expect will take us in well into the future. We've received some reports and we've shared some of those reports with the HavenSight Mall Oversight Committee. That's certainly a progress report but we envision that within the next month or two we'll be able to share reports with the not only the HavenSight Mall Oversight Committee but the entire Board of Trustees so that you guys would benefit from the findings and recommendations thus far particularly as we enter budget season where we'll be preparing the budget for not only GERS proper but for Haven site mall there may be certain projects that we consider low-hanging fruit that we'll be seeking to finance prudently and by finance I don't mean with borrowing but with available internal resources the Haven site mall waterline replacements project continues I would defer any questions on that to our operations manager Miss Clendenin who has detailed with regards to that but suffice it to say we pleased with the progress and the preparations on that very important project to date. In terms of arrearages and rents, but we don't have the names listed, Ms. Jeremiah, we

0:32:06 We do have about $307,000 in arrearages, $154,000 of that is for rent proper, and $153,000 is for electric. On the following page, actually, we do have the breakdown. The Department of Justice remains in arrears for rent $111,000 and electrical $96,000. The Division of Personnel follows with $34,000 for rent and $57,000 for electricity. And then we have a number of much smaller arrearages in the range of $580 to $4,392. We do understand that in the case of the Division of Personnel and the Department of Justice, that like other government agencies, they're awaiting their allotments and have been unable to make their payments, not that they don't want to, but they're dependent on receiving their allotments which apparently have been caught up in the well-publicized cash flow issues that the government is experiencing at this time so i would think that certainly by the second quarter um hopefully not the third but between the second and third that we would have um matters of arrearages with the department of justice and division of personnel uh resolved uh so with that mr chairman that concludes my administrator's report thank you sir um committee reports any questions for the administrator

0:34:06 i have a question um i'm sorry go ahead dorsey and then bowery you could follow it I just had a question in reference to, you know, we have a possibly new government tenant coming in, and I had made the request prior to your arrival. Will we do any new contracts with government agencies if we can have some monies set aside up front for these rainy days when they're having problems on their payment to us? So in the new lease, I'm not sure if that was shared with you, CEO, with your staff and your council, that any new leases, we were looking at a different way to collect our rent so that we don't fall behind like we are with these two government agencies within the building. um so i'm not sure what the language is in there to cover that in the future so it has nothing to do with cash flow it was to put us in a better position in terms of collecting from the agencies so that discussion uh we did have that discussion prior to your arrival but i'm not sure what your newly says with our possibly new government agency that's going to be occupying in the house stairs levels i guess of the old first bank location uh mr chairman if i may ask um our chief operating officer and our acting general counsel to comment on those matters good morning the government of the virgin islands property and procurement as discussed previously before your arrival did something different in their leases through negotiations where they now require the agencies to have a purchase order a requisition and a purchase order so they can draw down from so it's not that they haven't complied with that part it's that the cash flow is in there so even if you have your money in hand they are not releasing um the check um the government

0:36:20 will not put a separate amount of money for the future in a separate bank account for us to draw down from for the leases or pain advance so their compromise was the appeal that you prove that you have the money that it's there but it's because of the cash flow you have the authorization correct Okay, Chair, that's not what I was discussing. The discussion we had had nothing to do with appeal.

0:36:57 We heard the comment about the appeal, and when the prior head counsel was there, prior again to the currency rival it was understood that we were going to try to have monies that we would control and draw down from not at what rent was seven of a separate bank account this is the first i heard that um but that we would have monies that we would be drawing down from and that they would be paying into that account to us which would be their regular rent rule so we'll be asking for money more money up front um i guess in the closet monies however that would be structured um so that's that's what i was referring to so not that there was a separate account that was never discussed as a separate account the the keyword and what you just said was trite hello a keyword in your last statement was trying we would try if they're saying oh okay sorry yeah what are you saying chair the keyword in your last statement is trying yeah but do you know if that was done uh that's what I was asking was any language because it wasn't shared with us and I did ask to see it and it wasn't shared with us I don't think I don't think it was this is uh it reminds I think that it was but i will double check and get back to you sir thank you thank you chair chelsea bowery

0:38:49 yeah i kind of forgot what i was going to ask about um so so go ahead now i'll having a senior moment here okay if they come back to you we'll we'll we'll we'll entertain it okay don't worry trusty barry we all have them yeah i mean it was it was that it was along the lines of of of this new new um your tendency taken and given the fact that um the the well well publicized cash flow problem of the government whether there's any anything we could put in place um to give some more show and some getting paid so i mean i don't know the fact of the matter is that i don't know about any any department could put aside any anything only the only thing that could pay us is cash and the only people control cash is finance so um not sure how that works but Well, Trustee Bowery, you and I share unique perspectives. You as a former OMB Director, as a former Commissioner of Finance, that while these may be desirable items, that they are certainly outside of the norm and are not readily available in terms of having some large reserve that's set aside to pay for any future delinquencies. overall of course i i would indicate that from a financial perspective the while the government may be slow uh the government historically has never defaulted on any uh financial obligation so we do expect to uh to receive payments uh albeit uh slowly at this point

0:40:47 that's it okay i got it yeah yeah yeah yeah i mean i mean i guess you're not sure i understand this thing she said they have not they have not defaulted but they're slow but i mean i mean if if they're two years slow i'm not sure at what point slow becomes a default well i don't i don't think we've ever had to write off any any amounts due from the government so that would be the ultimate default we do receive our payments once again in this case at this time slowly but even now it's a vast improvement over what it had been in the past in terms of outstanding amounts so maybe i'm just trying to find the silver lining and to be to remain optimistic i do have every reason to believe that we will receive our delinquent run okay uh information yes that's that's that's it from the legislature okay that is you okay yeah i'd like to know from either attorney williams or attorney myers if we have ever written off any monies from government agencies under under under the system if they're aware of any times we written off anything any of any abatement any abatement any write-offs this is uh ishmael myers uh as far as i know no the answer to that is no Good morning Trustee Dorsey. I'm not aware of any, but I would say that the abatement issue is a separate issue that the board dealt with in the specificity relative to Haven site

0:42:49 mall tenants. Right, so I don't know that. Well, I don't know if they come, but that's a whole different issue. Okay, were there any government tenants that part of the appointment now that i'm aware okay that's what i was asking okay thank you committee reports um development committee yes uh we did not have a meeting in uh since our last that was yeah okay okay okay we intend to have more but um the the season was upon us and we didn't feel it was necessary to have a meeting when everybody would be celebrating in sinkhole thank you okay um investment committee we met on tuesday um to discuss our um our latest financial reports with our consultants. We also discussed the restart of the personal loan program. And out of that committee meeting, we came to a consensus on a resolution regarding the restart of the loan program. That resolution will be taken up later on on today's agenda. I believe that concludes the committee reports remove the treasurer of the treasurer's report morning board chair or the trustees this is a treasurer's report for the month ending December 31st, 2023. Receipts from collections, we have loan repayment for the month of December of 391,531, year to date, 1.2 million. We have rents from tenants, 40,000, year to date, 308,000. We have employee retirement contributions, 5.5 million, year to date, 21.3 employee contributions we have three million year-to-date eleven point nine million miscellaneous fourteen thousand year-to-date seven hundred and one thousand total collections for the month of december nine million thirty two thousand two hundred and eighty eight

0:45:36 year-to-date collection one hundred fifty nine million five hundred and twenty eight thousand 496 disbursements we had annuity payments of 22.7 million year to date 67.9 million administrative expenses 1 million year to date 3.7 million refunds of contributions 1.4 million year to date 3.7 million for total disbursement in the month of december of 25 million year-to-date disbursement $75,383,252. We had a net cash deficit of $16,203,812, year-to-date net cash surplus of $84,145,244. From the Havenside Mall, receipts for the month of December, total $448,297, year to date $1,319,692. We have total disbursement of $349,630. Year-to-date, $1,390,644. We have a net cash surplus in the month of December of 1998, $1,667.

0:47:22 and a net cash deficit of $70,951,000 for the year-to-date. That ends the Chedera's report. Any questions? Hearing none, can I have a motion? Point of information, Chair. Right on, Ms. Dorsey. i just want to say that um mr jeremiah you've done an excellent uh report as usual i just want to say that for the record very good very good thank you thank you mr chairman if i first may concur with trustee dorsey thank you mr jeremiah but i've also received information that as of this morning at 10 o'clock a.m the Department of Justice has paid all of their rent and utilities, so they're no longer delinquent.

0:48:26 All right. That's good news. Yes, very good news. Fine information, Chair. Yes, Dorsey. uh to the ceo um are you saying that the uh division of personnel is falling in line as well no he said that justice oh and the department of justice actually was the larger of the two uh at over two hundred thousand dollars okay all right thank you it pays to be optimistic mr chair would like to make a motion to accept the treasurer's report most of my choices to accept the treasurer's report can i get a second please so i'm out seconded by trustee dorsey can i have a roll call please yes moved by trustee smith seconded by trustee dorsey Uh, Trustee Bowery?

0:49:34 Yes. Trustee Bowery, yes. Trustee Dorsey? Yes. Trustee Dorsey, yes. Trustee Liger? Trustee Liger absent. Trustee Russell? Trustee Russell? Yes. Trustee Russell, yes. Trustee Smith? Yes. trustee smith yes trustee callwood yes trustee callwood yes mr chairman five eas one absent thank you very much next up the investment officer's report mr henderson um trustee russell meet the device please thank you I'm sorry. Good morning, Mr. Chairman, other trustees. This is an update of the investment portfolio as of December 31, 2023. Just a brief update of the month in summary. A volatile 2023 ending on a cautiously positive note. Strong performance in December capped off a strong quarter for global shares uh u.s and development market equities registered strong gains are boosted by expectations that there may be no further interest rate hikes by the fence emerging markets also have strong gains what lag its developed market counterpart as china continued to be a drag on broad emerging market performance of investor concerns over weaker economic growth continued uh on the fixed income size fixed income markets end of the month and quarter positively as well with performance driven by a perceived shift in monetary policy from the earlier higher for longer stance to prospective rate cuts uh as it relates to the performance of the plan total plan performance for the month the plan was up 3.9 percent physically fiscal year to date the plan is up 8.6 percent uh again i want to remind

0:51:42 the trustees and listening audience that these performance numbers do include some alternative investment, including some of our local assets, including the Haven site, excluding the member loans program and our office complexes. Total domestic equity returns 5.4%. percent. Fiscal year to date, strong returns at 12.5 percent. Total international equity was up 4.9 percent. That was fueled by the developed market equity return of 5.4 percent, and the emerging market equity return of 3.8 percent. Fiscal year to date, international equity was up 10.4 percent so strong returns there as well total domestic fixed income returned 3.2 percent that was fueled by our investment grade bond holdings was up 3.8 percent our tips was up 2.6 and our high yield bonds was up 3.8 for the month fiscal year to date we saw an increase of 6.2 percent total fixed income our total alternative was done slightly 0.5 percent as it relates to the portfolio growth we ended the month at approximately 546.7 million in the portfolio we began the month at a beginning market value of 545.9 million we had net cash flow of 20 million As spoken to by the CFO for benefit payments, we had income of roughly $29,000, and we had an unrealized gain in the portfolio of about $21 million. That brought us to that ending market value of $546.7 million.

0:53:45 Fiscal year to date, we began the fiscal year at $413.5 million. We had a net cash flow, positive net cash flow of about $89 million, courtesy of the funding note. We had a positive income of about $177,000. We've seen a robust gain in the portfolio of about $44 million. brought us to that 546.7 million dollar ending market value um for the month of december we did have to raise some or liquidate some assets to raise cash uh to replenish the cash that we did um had to um had to withdraw so we we raised 19.3 million in the month of december uh we took nine of $9 million from the Russell 3000 index. We took $6 million from our MSCI IFA index.

0:54:47 We took $2.3 million from our U.S. TIPS index and an additional $2 million from our U.S. Aggregate Bond index. As it relates to investment management and custodian fees, we paid no fees for the month of December. Calendar year to date, we've paid about $391,000. Fiscal year to date, we paid about $103,000 so far. On the securities lending side, month to date, we got about $2,700. Year to date, calendar year to date, we've made about $46,000. Fiscal year to date, we've made about roughly almost $8,000. And all those funds were reinvested back into the fund, respectively.

0:55:35 So if you look at the current allocation in dollar amount, domestic equity-wise, we have about $218.7 million in the portfolio. International equity, we have about $97.5 million. Domestic fixed income, we have about $143.1 million. for Alps, about $67 million, and total cash, $20 million. Mr. Chair, trustees, that concludes my report for the month of December 2023. Happy to answer any questions.

0:56:09 Thank you, Mr. Henderson. Any questions? Yes, Chair, I have a point. I have a question. Mr. Henderson, you did a very good report, mr henderson um i was just trying to figure out which portion of that uh return came under the uh you said the haven site property as an alternative investment it was calculated in yes so i think uh month today the haven site property was um out of the total, 0.5% down, then the HHM mal contributed about maybe the bulk of it. So I can't remember exactly right now how much it was done, but I could get that number to you.

0:57:08 Okay. Thank you. any other questions for the investment officer kind of a motion to accept the investment officer's report so move move by can i move by trustee split seconded by trustee dorsey can i have a roll call please mr ministry yes Yes. Trustee Bowery? Yes.

0:57:41 Trustee Bowery, yes. Trustee Dorsey? Yes. Trustee Dorsey, yes. Trustee Liger? Absent. Trustee Russell? Yes. Trustee Russell, yes. Trustee Smith? Yes. Trustee Smith, yes. Trustee Colwood? Yes. Trustee Colwood, yes. Mr. Chairman, five-year, one absent. Thank you, Mr. Administrator. I don't know, Mr. Chair, I'm not sure if this is the time to raise this question. It was kind of my standard question to the CEO about whether any...

0:58:27 What's his most recent understanding about whether the local government will be able to make up for the shortfall in the funding note based on the fact that the government is being reimbursed from the matching fund based on the lower rate, the 10.25 versus it or the 10.50 versus the 13.25 reimbursement rate. Mr. Chairman? Yes. Trustee Bowery, no, there is no such indication that the government will be um making up the shortfall um from its own resources um in our discussion with the governor uh that was not indicated uh there has however been extensive press uh coverage on the optimism of both uh delegate to congress and the governor uh with regards to their efforts on getting the uh rum cover over rate um increased back to the 1325 uh with the shortages uh being paid on a reimbursement basis at which point uh the gers will be made whole with regards to the funding note um there's uh daily news report uh on december 27th on that uh there's a report today in the saint thomas source with regards to that matter and of course there's extensive coverage on the governor's state of the territory address in which he uh touched on the issue as well i have a question mr chair wait

1:00:23 wait wait wait um you're good yes okay go ahead um yeah and your questions is there an attempt to bypass the special purpose vehicle and the pfa and allot that money directly to the grs is there a way that it could be done that we don't have to go through the pfa you broke up at certain points in your in the beginning you say the question yeah okay is there a way that we can working with the governor bypass the pfa as the vehicle and get the money directly from treasury system can we talk about yes okay so um trustee russell um i i do believe that the way that the special purpose vehicle is established and the corporation that that oversees that that that would not be possible but as significantly as we I don't believe that the PFA is the issue they are the conduit the monies would be would be passed through to the GERS had they received the the amount of the cover-over that was scheduled to be received but of course we know that at lower rate that hasn't been possible so passage of the extender is critical for the pfa to be able to to keep the the note to the gers um paid as as as promised

1:02:24 okay the reason for my question is that um the government of the virgin islands in itself Well, they may not have the kind of standing with Congress, and if we don't include the government and the PFA as a government entity, and we try to get the system to get the money directly, I think we get better results with Congress.

1:02:54 is the reason that i raised that question because uh the government has received a lot of money and right now the government is not demonstrating that it has proper management of the federal funds and i don't want the pfa and the government to be an obstacle to the getting the extender that's my push for the question thank you okay um next item on the agenda is the new business personal loan restart as i indicated during the committee reports we attacked the entire board of trustees but as an investment committee i discuss um at length um the restarted postal loan program before i get into well let me start out by addressing the questions i will pose by miss mary mohead um her first question was she was asking if the trustees had agreed on a limit to be offered for a loan program and if we had how much um Um, we agreed, we agreed, as per vote, as per vote, the Virgin Islands Code, currently, we are going to allocate $20 million, a total of $20 million, um, towards a law program.

1:04:34 That $20 million would be divided by district, with $10 million for the St. Thomas, St. John, Water Island District, and 10 million for the St. Khoi District. The interest rate, that's also set currently in the Board General Islands Code, that's set at 8%. So that's not, we didn't have the liberty as a board to come up with an interest rate other than the 8%.

1:05:08 to answer those both questions is eight percent a total of 20 million dollars divided evenly between the both districts and that's per virgin islands code as currently written so i don't know if you still have this more here but um those are the answers to the two questions that you post okay so generally what we're going to restart a loan program the intention is to restart the loan program we're going to authorize as a board we authorize the system to conduct the program um for the remainder of calendar year 2024 or up until december 31st during our october meeting we will look at where we are at that as a system with regards to contributions from the government um monies received from the rom cover over um investment portfolio return we just look at the numbers and see if it's still viable or makes sense for us to continue the program in 2025 and each year we will do the authorization for the following year so it's not that we're going to restart it now and it's you know it's going to run forever and ever we'll run it as long as the numbers make sense and it's something that we will reevaluate on an annual basis if in fact we find that we are at a point in in time with how we back to where we were where the government is you know seriously delinquent and contributions and the numbers and the numbers no longer make sense to support a continuation of the program we will cease the authorization or not continue the authorization so it's 20 million dollars initially out the gate and as i indicated every october we will look at the numbers and make a decision as to whether that will continue it for the following following calendar year the maximum repayment period for any loans issued will be five years

1:07:16 to be eligible you'll have to be an active member who have contributed for at least two years um into the system and that's again for virgin islands code and the maximum amount for any applicant will be the lesser of ten thousand dollars or 75 percent of the applicant's contribution credit to the system again that's per virgin island school star date our target star date will be april 30th 2024 no later than no later than no later than april 20th 2024 so those are the main main points upon which we're going to restart the loan program i i have a question mr chair i guess it's directed to our council both board council and then staff council as as you guys understand the current status of the of the law both both the act that um enabled that requires the restyle of the program and the basic um law that established the GRS. Under the current law, we have, as I understand it, an app that requires the GRS to restart the program. And it outlines the basic parameters of the program.

1:09:02 In that, is there any way or any basis under which the board has any discretion in whether or not to implement the program? I mean, it seems to me that we are being directed by law to implement the program.

1:09:42 And given the act, and given our fiduciary responsibility as a board, is there any basis on which under which in a scenario under which we could not implement the program as it has outlined good morning trustee um as as you're aware i believe this law as you referred to it I guess most of us refer to this as the Gittins law. It's been in effect for some time, I believe, subject to correction probably since 2016. And the board has not, because of its fiduciary duty, not restarted the loan program.

1:10:37 So in a sense, the board has exercised that discretion not to do it because the numbers didn't support restarting the loan program. I believe since the receipt of monies under the special purpose vehicle scenario, the investment returns and the reports from the actuary and the consultant, the board has been provided with information that the finances or the liquidity issue of the system have substantially improved, which was the basis for suspending the loan program. And I believe based on that information, the board is in the position, should it choose to do so, to restart the loan program, as I believe the chairman has just indicated. So to answer your question, the board does have the discretion, which is why you can start it, and then if the numbers change, you can suspend it.

1:11:38 Now, clearly, if the legislature, some member of the community decides that you're in violation of the law and they take you to court, then you'll have to litigate that issue, and it'll be up to a judge to determine whether or not you've properly exercised your fiduciary duty in terms of that discretion that you've exercised. but that would be left up to a judge to decide but you do have generally that discretion that any and all decisions you make should be pursuant to your responsibilities your fiduciary responsibilities as a trustee pursuant to the prudent man rule all right put an investor rule by the woman so so as i understand your your response the only legal basis we the board has for not implementing the program is a specific finding that um it's not financially um prudent basically yes okay so so in you in based on that opinion if if to put it the other way if there's a finding by by the board based on information presented by staff information presented by consultants if there's a finding that it's it's not wise fiscally to to restart the program that is a basis on which they the board can defer delay or not implement the before not restart the program especially given at least in the time frame that the law requires press

1:13:49 current law requires well just to be clear the current law does not impose a time frame which has been one of the challenges um there's none of the law that says you have to restart this program by x date it simply authorizes you to do so so so a time frame is not an issue but the gist of your the answer to the gist of your question is yes i mean thus for up until today the board has determined that they did not have supporting um evidence or supporting financial information to restart the loan program but more recently they have been given that information which is why it's moving in this direction okay okay i thought there wasn't it legislation that gave a gave a drop date date for implementing the program no i i think what you're i'm thinking about is in our last meeting in december there was a draft proposal by a senator to direct the system to restart the program and that proposed legislation had in a date for the restart but in the laws it stands to date, unless the legislation did something in the last two hours there is no deadline by which the system has to restart the program okay okay so um from our i guess from our as a board our decision to restart the program

1:15:43 um is based on the the representation from our staff and our consultants that it is now financially feasible that is that is that is correct that is correct and and and as and as indicated by our um actuary they were highly in favor of it and i mean i i there was there was there was some concern that monies that were directed to the loan program would then not be available for investment in the financial markets. However, from a risk perspective, the money that's the return that that money is going to generate from the loan program is guaranteed. If that money is invested in the financial market it could be lost it couldn't cover loss okay so so where as the system i believe that last year our overall return on our investment portfolio was double digit that's not something that that reasonable people that truly understand the financial markets assume on an annual basis as a matter of fact when i learned about the financial markets i was told that anybody that guarantee a return take your money and run in the opposite direction there was red flag pansy schemes you know so the numbers make sense we we we didn't follow the law previously because our argument was our fight that right our fight fiduciary yes the program was not implemented because our fiduciary responsibility trumped everything else but we are at a state now we're power we can't make that argument you're actually saying you can't make the argument hence we restarted the loan program the authorization as i indicated is only going to be for calendar year 2024 and every october we look at where we're at as a system and see if the numbers continue to warrant and justify the continuation of the program.

1:18:00 Mr. Chair, I have a question. Go ahead, Andrew. Okay, I know the limit is $20 million, not to exceed $20 million. Expiration is December 31st, 2024, so there is a balance going to be carried over in the 2025 calendar year. We don't exceed that $20 million. No, we can't. based on current statute good any other questions okay um i would like to i would like to um move to modify the resolution to include retirees if the retirees have sufficient security and collateral to support the loan currently it does not include retirees it's just employees and i'd like to get support for that because the previous loan program included retirees so we should ask senator gittins to amend his law to include retirees and put in a provision that the retiree must have sufficient collateral or security as provided by the to provide to the system so i'd like to uh modify that uh resolution that we have mr chair uh yeah but we we could accept senator gitmus to modify the law so that the retirees could be solved it's a modification that's you know really easy and i'd like it i'd like to get support from the board to make the modification uh modification would be that we submit uh uh a proposal to senator gitmes to make the modification to include retirees

1:20:15 and i'd like to get a consensus since we were moving by consensus mr chair in the investment meeting i'd like to get consensus now maybe we could vote on it you see we have the motion okay will you make that's your motion um yeah to modify the resolution to include retirees with sufficient security and collateral yeah and to approach senator gittins with with that because it would be a modification in the law um this is pedro Williams, Trustee Gossel. If you look at Title 3, Section 717C, it indicates that the system shall make personal loans to members of the system as provided in this subsection. The next paragraph says each active member is allowed one personal loan. So the law as written does not authorize the system to make loans to a personal loan to a retiree on the section 717c should the board modify should the trustees modify or pass a resolution that includes retiree in my opinion that would be contrary to the law now clearly no no may finish but i read a lot too and i know it says that and i'm saying that we should send a proposal to senator to change the law well i was going to finish my statement that's it i i know the law i know what it says i was going to finish we could change it we could yeah okay i was going to finish my statement by

1:22:00 saying clearly the board of the system or individuals can lobby members of the legislature to amend the statute to say each member each active of italian members allow whatever language they want but unless and until that is done you have a again a fiduciary responsibility to comply with the wording of the law as long as it doesn't violate any of your fiduciary responsibilities that's that's the only comment i was going to make so well it's a good comment because i'm not saying that we um modify the resolution to include contrary to the law what we want to do is send a proposal supported our all members that we want the law to change so that retirees could get access as long as they provide sufficient security your collateral uh for the loan okay okay that's all it trustee trustee russell for where i'm sitting and i could be i correct me if i'm wrong i started off by saying you wanted to make a modification to the resolution that's how you started yeah so so so here's so here's so so here's my so here's my recommendation the way i would like to see us go let's deal with what's before us which is the resolution so that we could get this thing started by april the end of april this month and we could revisit all these other options of potential changes and a lot down the road you as a former senate as a former senate president know we're not going to pick up the phone today and get a slam modified a month from now so let's deal with what's before us and then we could talk about all these other expansions and modifications to the code and the program

1:24:03 fair enough but yeah i i support the resolution but i think uh the retirees not having access is a problem and we got to address it at some time thank you mr chef is not a question can I make a motion okay I move that the GRS we start the personal loan program subject to the following conditions this shall be a limited loan program the authorization for which will expire december 31st 2024. number two 20 million dollars shall be allocated and disbursed during the authorized period this amount is to be evenly divided between the districts 10 million 10 million dollars for st croix and 10 million dollars for the St. Thomas St. John district number three the maximum among allowable for any applicant shall be the lesser of ten thousand dollars or seventy five percent of the applicant's contribution credit in the system the maximum among allowable for any applicant shall be further reduced by any personal loan principal balance outstanding which shall not be eligible eligible for refinancing the interest rate shall be eight percent number four the repayment period of each loan shall not exceed five years number five only active members who have contributed for at least two years are eligible to participate in this limited loan program number six this limited loan program shall begin no later than april 30th 2024.

1:26:02 moved by trustee smith seconded by was that dorsey yeah yes okay seconded by trusty dorsey have a roll call please mr administrator yes mr chairman trustee bowry trustee bowry he's still thinking trusty barry not voting keep going trusty dorsey yes trusty dorsey yes trusty liger trusty liger absent trusty russell yes trusty russell yes trusty smith yes trusty smith yes trusty colwood yes trusty colwood yes Mr. Chairman, Trustee Bowery, Mr. Chairman, FIVA, one absent.

1:27:09 All right, thank you. i got a motion before executive session i will make my motion about the retirees could i make a motion please create a motion i move that the board supports an initiative to the legislature to include retirees in the loan program by making the requisite amendments to the current law i so moved second okay moved by trustee russell seconded by trustee dorsey yes sir trustee bowery no trustee bowery no trustee dorsey yes trustee dorsey yes trustee trustee liger trustee liger absent trustee russell yes trustee russell yes trustee smith no trustee smith no trustee colwood no trustee colwood no uh mr chairman two yay three nay one absent motion feels chair would like to make a motion to move into executive session this portion of the meeting will be closed to the public for matters pertaining to trade secrets or financial or commercial information or personal or legal matters or matters whose premature

1:29:00 disclosure will frustrate the implementation of the proposed agency actions moved by trustee smith do i have a second second second by trustee dorsey have a roll call please yes uh trustee barry yes trustee barry yes trustee dorsey yes trustee dorsey yes trustee liger trustee liger absent trustee russell trustee russell not voting trustee smith yes trustee smith yes trustee callwood yes trustee callwood yes mr chairman four yay one absent one either absent or not voting i'm not sure which okay um ocean carries will give iet a few minutes are you still there in executive session no oh okay okay i i join back in okay um we're back in regular session during executive session we discuss um medical review committee um case matter as pending case as well as um a possible change to our policy we have motion to adjourn moved by trustee smith do you have a second second secondly by trustee bowery i have a roll call please trustee boy yes trustee dorsey yes yes

1:30:53 trustee smith yes chairman yes motion carries thank you very much ladies and gentlemen enjoy the rest of the day thank you all right 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.

6x **Trustee Andre Dorsey**
heard in this transcript as: Dorsey

6x **Trustee Ronald Russell**
heard in this transcript as: Russell

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

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

2x **Governor Albert Bryan Jr**
heard in this transcript as: Brian