# GERS Special Board Meeting 1/28/22

GERS Retirement System (Board of Trustees)

January 28, 2022 · 2.3 hours · gov

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0:00:00 present trustee liger dorsey's present trustee ligers absent trustee mcdonnell absent ex-official member richardson absent trustee russell trustee smith absent chairman barry present for present or absent which includes the ex-official members have a quote okay so there are two items on today's agenda uh for the special meeting uh one is uh um um a discussion on bill number three four zero seven one which is i guess is the return to a bill and the other is the discussion and we are 21 or six eight five five which is now bill number 34 0188 um um i'd like to switch switch those around and deal with the discussion on that bill first um the the bill number 34 0188 which is the the securitization bill that will finance finance the gris system and take that around i'm i'm gonna lose quorum in in in an hour at most so um as we stand right now we just barely have quorum so um i'm gonna try to assign about 35 minutes to

0:02:05 to the discussion on the on 34 0188 uh i'm assuming without hearing no objection that we all carry the switch around of the topics i'm okay good i'm good okay so we have to vote on the switch around chair if there's no objection you don't have any no need to vote on it is anybody objecting to it okay so so the the bill what's before us today um which is now bill number 34-0-1-8-8 and the discussion today for the board is whether the board is going to support the the bill um it's the it's it's it's intent i mean i know i know our staff has some suggestions for for ways we could strengthen technical technical adjustments to the language and stuff but in terms of the core um purpose of the bill uh which which is the financing uh refinancing of the grs system and and then i guess the method of financing uh i can't imagine we have any as a board we have any objection to the funding that's proposed um so the only other area of um of objection i suspect would be in the method of financing which um i guess quite frankly is not a board decision and to me the grs

0:04:04 is a government entity the government is the sponsor the government determines the benefits and the government determines how to fund those benefits um our our concern as board is is whether those defend the funding is sufficient for us to deliver the benefits that are required so um bill bill number zero one eight eight as i said earlier is a bill that um we've discussed for quite a bit and we as a board we had a lengthy discussion these two hours with the governor and his advisors uh so we know what what what the bill is about um it's about providing significant additional contributions to grs which um which um which has as both both the the governor's financial advisors and the act and the actuarial consultants have agreed would be sufficient to fund the system to sustainably fund the system over at least next 30 years and in effect um take the gris insolvency issue off the table for that period of time um the specifically the plan the financial plan that's embodied in the bill is estimated to provide annual contribution and annual contributions to the grs ranging from 82 million dollars a year to 158 million dollars a year

0:06:10 according to a formula that's built into the the law over the 30-year period the total is about four billion dollars and as i said earlier according to the actual analysis it will um it would fund the system sustainably for at least the next 30 years and at which time the ta2 employees will will be predominate in the retiring population and we've been out we've been told for a while and the ta2 members are actually really sustainably funded so um as as i said as far as the money coming to the grs in terms of the amount of money and the impact i'm not sure there's any basis for any objection to that so and the only pushback i've heard so far has to do with how how that money gets to us and so what what what we need to to do at the end of this discussion is to make a decision as you know both both myself or both mr nibs and myself have been invited to the committee of the whole meeting on monday the committee committee of the whole meets on monday to to to consider this bill i think the expectation is that it will go into once it's done with the committee for it to go right into full session and and act on the bill um so um we have with mr libs and myself have been

0:08:07 have been invited to testify and so one question for us today is to decide um whether the board is in support of the of the plan or not um so i guess i'd like to open up for discussion now so that we um make that decision today and so we're now to proceed you know testimony which by the way is supposed to be submitted today so open for discussion okay um morning to everybody Trustee Dorsey, I have a few questions that I mentioned during the meeting with the governor. I didn't get any feedback from them unless it came and it didn't reach us.

0:09:05 But my position is as long as we're not signing off or obligating subordinating any assets of the system. I didn't have a problem supporting this bill. Also, I asked for a plan B. I think it was David Hall. I asked if there was a plan B. I didn't get a response to that as well. But in my mind, the plan B, certain things would have to keep in place in case we have a virus that hits our cover over a funding source. and that would be that the I think it's 23 percent that still comes every month to the system so that money needs to come in that needs to continue to come in as well as the employee portion needs to continue to come in and then there was the The other question was when they talk about the certificate to the system, as long as that means we're not obligating the system, I guess maybe that's terminology for how the money should be deposited based on the bill to the system.

0:10:37 But as long as we're not obligating anything, I think we're fine from that standpoint. Outside of that, I figure we'll just have to continue to work on what we can propose as a board in addition to this particular bill. And I guess, Chair, I would just ask you for clarification um from what we heard from yesterday so this bill was the governor's bill and this bill uh had the the the cross outs from i guess the senate so this will be the final uh document at this time so as long as those areas are covered then i definitely would support this at this time so that's all i have to say at this time okay anybody else yes i fundamentally mr chair and with all due respect i i don't support borrowing at this point and i've i've said where i really stand and i i could understand the climate of the territory and i don't see this administrator's administration as taking constructive criticism very good and i'm not going to be an obstructionist but fundamentally the whole borrowing is flawed and when you really think about it there is nothing preventing the senate and the governor from simply getting the cover over

0:12:45 Every year, paying the debt owed to the RUM companies, paying any band holder, and just simply dedicating the balance to GRS. You don't need a special purpose vehicle. If you want to dedicate the RUM cover over to the GRS, just do it. this borrowing is making money for somebody and somebody getting fees and and and and somebody is collecting off of the people unnecessary and you dedicate the money from the cover over without a special purpose vehicle and let the GERS use that as the insertion of capital.

0:13:41 The same thing that the special purpose vehicle has been doing. And several options. You could try the gasoline excise tax. You could ask Congress to increase the contribution of the room cover over you could get several other options that don't involve putting the territory in debt and it appears to me that this administration don't want to listen to other ideas and and I respect that, but I am voting for this. The board will accept it without my vote.

0:14:29 I'm going to abstain, because fundamentally, I was thinking about it last. I can't support it. And I'm a resident of this territory, and the longer we do these kind of things, borrowing, dealing with, you know, corruption in a lot of things, WAPA and everything, and we just go along with it. I'm not in that no more. The borrowing scheme to create a special purpose vehicle and this, and listen, it's a ruse to make somebody money. And I'm not in that because the wrong cover over, when I was representing Groff. They started a petition to just get the ROM cover over. We're back to square one with the ROM cover over. But it's all these documents in between. So I would like to hear our staff, their comments. I read it. And they made some good comments. Our councils made some good. And I would like to hear what they say to improve the bill that it appears that the legislature doing their own bill and it appears to me that they have gers into it and it's a significant improvement so mr chair i would like the staff whoever the legal council was made those corrections to explain those corrections to us now okay um briefly who who would be able to to do that um attorney smith could you put up the um draft of the testimony on the two items we would like to discuss tomorrow there are some other items that we can also discuss but we would

0:16:29 not include those into the into the testimony so we can do do the testimony first and then we can put up the other items that we're concerned about later on okay so let me find the testimony without the red line so let me look for it no you can do it just as you sent me this morning with the red line okay yeah i i need to see the red line because i comment on some of those red lines okay no the red line is the original was given to mr nibs he put it into the body of his testimony and and then sent it to me to give some additional comments. So, but let me try to pull it up.

0:17:15 I don't see how I'm able to share. Okay, here it is. The majority of the red line in the last draft are those that we're not gonna include, would like to at least let the board know how we were thinking yeah it's not allowing me to pull up this document i'm trying to figure out well you could begin with you could begin with the inclusion of the actual system in the legislation okay wait one minute i think i have it now no it's it's not it's not allowing me to pull up share screen yeah you want to forward it to me attorney smith okay yeah for some reason it's not allowing me to do this so let me just follow it to you mr nibs is all at least four or five crucial comments that i think the senators should should be i'm not sure what we didn't we know but um are those are those comments going to be included um testimony to the legislature well we were and uh took out we was looking at only putting two in there one in regards to the things you're looking for are those items that I intended to be in your testimony?

0:19:17 What we're doing is we're putting up the draft and I ask Cathy to take out certain things. Any two items that we're concerned about to be in the testimony would be the rescinding of the lawsuit and also subordinating of the ban. There are other items that we would like to discuss with the board and the board agree we could add those into the testament right yeah yeah please but what we did mr um barry is would we the first part addresses the legislation the other part where we had questions are more on the function of it and those questions we believe go to the um would go to the administration and so those are questions that should be addressed to the administration we don't think the legislature would be able to answer those questions and it's not something that needs to go in the bill it's just questions that we feel the system needs to know how it's going it's going to operate with the bond so ms clendenin if you could pull up the second document in that i didn't at this i didn't receive it yet attorney smith yeah when attorney smith precisely what you saying was my concern too well i mean if these are if these if these are issues that have to do with administering the program and as you said they have nothing to do with the um they don't go to the actual legislation um let's this meeting today is about the legislation what's what what is before the committee of a whole and which i guess would would, I suspect would eventually go before the full body because I mean, apparently both the government and all the centers are already on board with this thing, the way it was developed. So if what your discussion has to do.

0:21:16 OK, I have it up now. I'm not sure how I move this down, up and down. okay i can do it now okay i i have it up the decision i need to from the board is to whether they're gonna um today is is about is about um legislation right the legislature is addressing this bill on monday that's why it's crucial that if we want these um suggested changes to protect the grs we need to get it to them asap okay so the first um if you want if i may miss the chairman the first section was in the definitions subsection kk on page nine and it required that as a condition to the issuance of the grs funding note that the grs have delivered or filed a cause to be delivered or filed a settlement agreement which will release any pending claims including all employer contributions and dismiss any and all pending legislation against the government and it would be deemed satisfied so the grs is willing to dismiss the district court case because the money being funded will take care of the what's the district court through the third circuit said was owed but what the grs would do for the superior court action is agreed to enter into a consent judgment thereby the court would still retain jurisdiction so that during the 30-year period of the funding agreement should any of the parties violate the agreement then there would be an enforcement mechanism and so that's what grs wants we don't want to dismiss the case we would agree to the consent judgment for the superior court case

0:23:09 why would you dismiss the district court case and just not state until the ban is issued until the mechanism in place and then dismiss it well once they give us the bond that was the thing when they give us the bond then we would dismiss the district court case oh because in other words yeah okay because i i don't think you should dismiss anything against the government because they have not acted in good faith toward the grs system but based on the third the third circuit's argument and back to the district court once we get the money it will have satisfied their obligation under that lawsuit so we have we really should dismiss that right once you get the money from the bond yeah okay and i once we get the bond right but for as far as the superior court case because the the this this agreement for funding is over 30 years we want to keep the court involved so should any party default during the 30-year period the court the superior court has jurisdiction and we can go back to the court for any violations of the agreement either party can go back to the court yeah okay good okay that's okay you clarify that one and this is important that's why i'm glad that you explained it because i saw this in your comments and this is important okay so attorney smith yes yeah so if the government was the default does that allow us through the lower court to go back to the higher court no because that court case would be dismissed because the third circuit has already ruled on what they owe us and we will have gotten that and so we can't go back to that because that that court case was because of a consent judgment that

0:24:59 was very specific so now the case that we have in the superior court is for the a deck and this was covering the a deck the the billions of dollars that are owed so what we would be able to do is immediately file an action in the superior court under this case number saying that the agreement was violated okay would have a hearing okay so so the so when you say we received the money the money that would have been outstanding we would have received it over how many years okay when you say the money that was outstanding i'm not sure which money you're talking about i'm talking about the higher court you said that we would have the case so you said it's very specific of the amount that we received are you saying that we would have received the amount in the higher court over what period of time it's going to be included in the 20 22 funding of the bomb when we get the money from the 2022 that will have covered what the court owed us what the court owed us so wouldn't we still leave that in place until we get the total amount what was due in that court well go ahead yeah that's what i'm saying um and that's what we agreed she was attorney smith was agreeing that that's what is going to happen we will satisfied that court order and then we could leave the superior court you know state or or hold it in a beans until you know no i and some i understand that uh trustee russell what i was asking what i was you you blanked out on me a minute there but what i was asking trustee russell you eliminate the higher court once you receive full payment right yeah it's not the higher it's

0:27:00 not the higher court it's just that the district court had jurisdiction at the time that the grs put the court to the um the government to court but what we're saying is once we get the money for 2022 the debt that's owed under that will have been satisfied and the court really no longer has jurisdiction and so even if you know we need to get out of the case and we should do it honorably because once we've got no money it's how it's how it's how you're explaining it uh attorney smith so when you say receive the money and come out you're really saying in my term in my terms you're saying at the end of 2022 we will make that uh do those that those documents to send those documents to the court because we have received the full payment that was due in that case well the timing again mr dorsey is something we have to work out because i'm not sure when we're going to get the money and that's some of the questions that we have to work out with the central government the money is going the money is going to come attorney smith yeah consistent with the summit at the beginning of each fiscal year when the the treasury department remits the matching fund to the special purpose vehicle that's that at that point that that whole distribution of funnel take place okay so there is one lump sum payment to the system right once a year once a year one lump sum payment okay what month is that payment i guess it'll be in october they will get the money okay so just just for just for clarity

0:28:53 the amount that is due from this particular court is equivalent to the first payment of 2022 not less okay okay well that's fine i and i think i think it just needs to be stated that way so that you know someone picking up the document would understand that attorney smith attorney um i don't know how much clearer i can make it but i will look at it again well you can show you can show it to me and then i can make it i can clear it up for you because 18 000 members understand could we just tell them the amount that is the district ruled on i mean and the third circuit did also um that they would have owed us 25 million dollars correct and we already got five so they owe us 19 million plus that's all that is why you can do right that's it's 19 million dollars that they owe us that's fine and i and i like that to show up so that if when members come on the website they can see as that money is coming into the system every year that they can see how it's being applied as well i'm not saying it's not happening now um but with this new bill coming in we need to be able to show members that they can go up online and check to see how their system is doing and if the government is holding up to their obligations um along the way so i think that's something we need to add in at some point as well but thank you mr news okay if i can continue the next section is section 1404 subsection 5b5 and that provision provides that if authorized in the future by the legislature

0:30:50 the issues additional the corporation issues additional bonds and including but not limited to subordinated bond liens for purposes related to the corporation as contemplated by a resolution and use the proceeds the proceeds as contemplated in the related indenture a supplemental indenture and pay any related costs and ongoing financing costs and it's our recommendation that this section be amended to ensure that any additional bonds that are issued would be subordinated to the grs bond so the grs would get their payments first and not get payments after any debt services paid to cover the other additional bonds because without getting that provision when they pay debt service on the additional bonds out of the residual fund it could reduce the amount that the grs receives and precisely that is very problematic because that's a setup to do other things if they want to do it that don't include the grs and i i completely disagree with that provision but go ahead okay i have a question i have a question about what you just read attorney smith i thought this special purpose vehicle was set up to fund the ger s am i missing something you're missing something yeah mr dorsey i can only go by what's in the bill so i can't answer what the government intended to do why they put this in i only address the languages in the bill that concerns or could affect the grs receiving the money when we met with the team that first presented this um that after renegotiating with the two rum companies taking care of their our obligations

0:32:46 to the two rum companies that the difference was coming to the system am i missing something that's the way it is written and it now but this provision allows the the government and the the corporation to to float additional bonds and i mentioned that at the meeting with the governor and the governor's financial person did say yes and it's up to us to to make sure you know and fix it so he did okay so attorney attorney smith we need to we need to fix that that language that needs to be corrected because i my understanding was if you're going to float additional bonds i guess that would be needed to make up any differences or any hiccups in the process of paying out to the system that's how i looked at that that that uh section so if that's not how it is attorney smith then that's what's something we need to put in we need to make sure that any additional bonds are going to be floated on behalf of the plan sponsor that that money is coming to the system no other place not even not even not even a general fund mr dorsey that's why we put that provision into our testimony to the legislature saying you know that we want this changed so we can't change it we can only make recommendations to the legislature and this is what this is doing right yeah but you see you start to you start to water down this bill over time if you allow other funding other bonds to be floated and then you start doing other things and then you get into other technicalities so i thought the intended purpose of this special purpose vehicle after paying the current debt to the two companies the two rum companies

0:34:39 is paying to the system i mean am i missing something chair i'm not sure where this conversation is going i mean what we have we what we have is a bill before us and the way i read the bill has a structure that there's a formula that decides how grs gets paid before and it's written it's written into the into into the the law that it's 158 million dollars minus the debt service and the refunding bonds so any extra bonds ain't refunding bonds so i'm not i'm not sure where it's going oh okay i understand what you're saying i understand what you're saying so i understand what you're saying chair that's clear now the clear intention of the bill and it's written as part of the law is that once the money comes in the special purpose vehicle of corporation is supposed to distribute the money according to a specific formula some of it goes to the the the The part of the formula is the GRS gets the difference between $158 million and the debt service on the refunding bonds, which is the bond. They have to refund the bonds because the current bonds have a lien on the matching fund. And so the government can't do anything and with the matching fund unless it pays off the existing bonds that's the reason for the refunding the bonds there there's a bonds in place right now about 560 million dollars somewhere there and they have a lien on the matching fund and until and let the only way you could get out of the lien which is which is necessary for the legislation to do what it wants to do they they have to pay off those bonds. And so what the SPV is going to do

0:37:05 is issue a new set of bonds to pay off those bonds and get out from under the leave. And then it could decide then how the rest of the money goes. And the formula says is $158 million minus the debt service and the refunding bonds. additional bonds after that are not refunding bonds. So I'm not sure how- So Chair, you made it very clear. You actually made it clearer. I guess how I would present it, Chair and Attorney Smith, we have to protect the special purpose vehicle from regurgitating what happened to the public finance authority and over floating this and over floating that. we need to leave it as it is that we protect it we protect this particular corporation from doing nothing unless they're going to float additional bonds that would be needed for the system itself i think that's a way better approach so i think the language we need to recommend is any additional funding any additional floating of bonds should be germane to the system itself and it shouldn't be for any other purpose are we going to end up with a situation where this special purpose vehicle may end up with a credit issue going forward because right now once we do this my understanding is this will be a a1 credit new corporation situation with the debt service being refinanced on the old bonds so i think going forward we need to put language in there to protect the integrity of the special purpose vehicle that we leave that opportunity open in case we get a hiccup as i said early on that the the rum cover over monies have some kind of virus in their industry where we don't get the level of monies coming in to the system to keep it up at the 158 million a year over time um i see that provision

0:39:24 and uh let me just say it and attorney smith go ahead i think we need to put this discussion in perspective we are responding as grs board members the decisions about funding and where and what bonds are issued are way outside of our jurisdiction we can't put any language that binding the legislature or how to issue bonds i mean even the the the third circuit court told us that that even though they may agree with us on on some some payments they have no authority to tell the government to legislate uh to appropriate the monies they said that right there is a separation of of um i guess whatever branches of government so we have i mean the the determination of bonds and issue issuance of bond is clearly and totally a legislative function ain't nothing we could do to tell him that yeah but we could suggest improvements in the language to protect i i understand and we talk about suggestion yeah and that's that suggestion what attorney smith says does that's a loophole but i'm agree with that i'm agreeing with that but when we start talking about they can't issue additional bonds and and and that all monies after bonds have to come to you we cannot dictate that i understand but the attorney smith if you could get that loophole closed i would like that okay and that's why we're mr um a trustee russell that's why we're suggesting that we put this language in so if the government does float

0:41:13 additional bonds it does not affect our funding and that's what we're trying to do okay thank you or attorney smith if they float other bands dedicated to the grs but you know uh you that's up to them but um i think you did a sufficient correction as a suggestion and i i agree that's one of them that i thought was necessary go ahead thank you attorney attorney smith um what i what i just suggested is it's a suggestion it's not dictating it's just a suggestion as well as uh uh chairman uh i'm not dictating to anybody i'm here to make suggestions that maybe one or two senators might say you know what i didn't i didn't see it that way but i see it now so if we put it in writing to them, at least they know that this is something that we're also trying to protect the integrity of the special purpose vehicle, because there's a great possibility if we leave certain things open, we can end up right back where we are in a few years. And we may need to, we might have to come back again and do another special purpose vehicle again. This is a way to protect that. But I'm just saying it's just a suggestion. I would like to see it just be suggested um brought forward to the senate and let them decide what they're going to do yeah you see i i see there the administration is seeing it as a necessary loophole in case they need money for the general fund later and to do what they want to do and and if we close the loophole you you know i mean i'm not i'm not i'm not i'm not lying but you can't close a loophole and legislature appropriation of funding no you could you close the language what they could do with the funding and what attorney smith is saying how suggested language protects us a little better with a special purpose vehicle we can't

0:43:36 be fully protected because we as there's still this plan spans pandas and you know they have to have access to capital but we could protect ourselves by doing these things and i i agree with that okay so we can't we can't tell them what to do but and that that to be part of uh the testimony going forward that they deal with this section okay all right all right i'll move on to the next section um in seven four section seven four i'm sorry in section 1413 subsection 5a on page 28 it states that the government assigns as security for the payment of the grs funding note receipts received by the government pursuant to the residual certificate in an annual amount calculated as follows and it says 158 000 million of matching fund receipts less debt service on the initial matching fund securitization bonds and any other payment obligations under the indenture allocable to the refunding redemption payment and defeasance of the government's portion of the existing pfa bonds subject to any agreements relating to the distribution of payment of residual receipts deposited in the residual fund the grs residual receipts it says to the extent that there is a shortfall in any fiscal year such shortfall shall be carried forward and shall constitute grs residual receipts in the next fiscal year until such shortfall has been satisfied in all cases the payment of the grs residual receipts shall only be made from residual residual receipts now this but this is something new to say that it carries over

0:45:37 there's a shortfall that wasn't in the governor's bill so that is a plus that the legislature added and the only concern is we weren't sure is that the prison the provision appears to cap the amount provided at 158 million dollars minus the matching fund receipts at payment of any other obligations but the chart that we were shown by the government's financial team showed that in 15 of the 30 years after the payment of the debt service and other obligations grs would receive 158 million dollars so that's why we were a little confused on that because if we don't receive the full 158 million then the chart would show that grs would be paid four um billion 200 i'm sorry 4 billion 22 million plus then that's not the amount the grs would receive so that's why we just need some clarification on that i'm not sure let me explain the formula says that the grs receives 158 million dollars minus that service on the max family refunding bonds right the reason why it turns to and that's over 30 years but the refunding bonds are 20-year bonds so but in 20 years all the refunding bonds would have been paid off and that's why you get the whole 158 million dollars from from year 21 onto your thing okay it's just that the only thing is we noticed that this was new language added and it changed the language from the governor's bill so what we were provided in the the the analysis from the government's financial team was a little different so that's all we were making note of yeah but also it has a cap and and uh the residual is good because if if that that's a good addition but um when school yeah

0:47:44 so um so all we're asking too is will in the years will we additional funds be provided during the period to make up for any shortfalls you know because depending on which years and the shortfall occurs what happens if the grs doesn't have the assets to fund the retiree payroll so that's just a question that we need to take a look at it wasn't to say anything about the language it was more something that we should be aware of so i and one of the things that they didn't do okay one 158 to them is the boring can't be 150 10 years from now and that's a problem that's why it shouldn't have a cap and i i i was i you know you you you taking what we could get now and without a clear understanding of how the future might go the language should be a lot more expansive in this provision in dear and uh you know 158 now is not gonna be one what

158 10 years that won't be what 120 something and and and then we still have to pay out to the retirees who have to you know we got to adjust so i don't know i thought they would include in this provision an adjustment so to to take to account future financial concerns of the territory and that's just my comment calculation for the actuaries take it up to 30 years yeah but and it shows that over that period of time

0:49:38 over that period of time that it keeps it it keeps the system solvent i mean the the benefits i mean you can make the same argument about the benefits 2065 million dollars benefits in 30 years and weren't the same as 2065 million dollars now right right so you know they are present value calculations i understand that and that's why i was saying in this language where they have you know they should have language so i can't hear you can you repeat it if if if the numbers and significant changes in economic country i i was just saying there should be language to account for um the the future value by expanding the 158 the the residuals tried to do it i think i think that that's what they did and um i'll leave it there but it could be a lot more clearer the language could be a lot more clearer but anyhow i'm not right in the legislation so we can move on katie include that in your in your comments that i think mr nibs is going to probably include something of that nature in his um testimony yeah but that's what mr bowery if we only bring it to the attention i think we have to go over this i i would i want to get some type of uh direction from the board um i'm seeing mr barry has experience in this area he's been around with omb before but with bonds i don't want to go to the legislature and i say something and they ask mr barry a question and there's a conflict right he's he has he has explained a lot and i'm understanding it a lot better how he explained something a while ago so i think we need to be very careful because i don't want to show any type of separation but the board and staff at that meeting right okay i agree i agree and mr you

0:51:54 know mr bowery can probably explain this because again we were looking at what the governor's team gave us and the language and then the legislature changed the language so all we're saying is that the chart that the governor gave us the government's team gave us isn't it may change upon this and so we're just wondering how that affects it you know that's all we're saying we haven't seen a chart showing how this language change affects us affects the grs from the prior chart we said but now that mr bowery explains it you know he may because he has experience he may say oh no it's not of any consequence so we have to rely on him we're only noting the difference that's all we're doing well the difference i think was explained uh with a residual um it means that we could get more or that we if we have a deficit we could it it it is all over and it's rolled over uh with the the treasury and the ban i mean the the the access to the money that the special purpose vehicle is supposed to give us that's how i see it mr barry you see that way too i'm sorry i'm losing you see that residual can't hear you attorney russell we cannot hear you but mr bowery based on your explanation that the bonds the repayment for the bonds um are going to dissipate in 20 years and we will get the full 158 then that does change but that wasn't shown on the chart so you know then this probably is a non-issue i mean it it was it was shown on the on the thing that came from i came from um mr paul

0:53:55 if you look at um david paul if you look at the schedule had it was it was it was in the in the presentation that that um that the actuary provided the first 20 years you have different levels of funding so some years it's 80 something some years 144 and then from year 21 on is a flat number 150 and then okay okay and that is because as i said the funding bonds 20 year bonds and in 20 years they would they would have been paid off and so 150 this formula says 158 minus the bonds the bonds are after you get your full 158. okay so then based on this this language change it to the legislature did has no effect and that's all we were just bringing it to the attention so yeah mr barry's correct i've seen it but when you want to go to 150 so then it's a non-issue so i mean i i think in terms i'm trying to get the the the discussion of the board because the issue that came up yesterday is is whether or not we will the board is going to support it I know when we had the discussion with the governor, he said, I guess somebody asked him the discussion came up about board support and his response was, it would be nice.

0:55:28 Um, and, and I took that to, to mean that he's subtly telling you that it's not really necessary. I mean, this, what we, what we're going to be faced with tomorrow is a result of. the governor and the legislature through uh through the subcommittee and um i don't think any senator dare vote against that because they all campaigned and that will fix grs and we have an election coming up and nobody has a fix this is the closest thing we have to of ethics so um so the quick i think in terms of for the purpose of this meeting um i'm reading the board sentiment and i don't know how we want to express it when you want it formally or some that after the discussion we've had that we we we are in support of the in general support with with some technical adjustments, which we'd want them to include. But the fundamental core of the plan, financing plan and the method of financing it, we are in support of that, I'm assuming. And that's my reading of discussion today.

0:56:57 And I'd like that to be stated out, stated specifically. So Mr. Nibs, when he's writing his testimony, he's in sync with the board director. Right, and there was only one last issue. Well, I'm attorney Smith. I have a question on that same issue. I just need clarification on if there's a shortfall in a particular year and it's supposed to be rolled over but you have a shortfall in that year where do we make up the difference they keep rolling over yeah you would have to ask the legislature that mr i mean that's right that's what i was saying before this it continues to roll over every year there's a shortfall it will continue to roll over so if in one year there's a 10 million dollar shortfall and the next year there's another 10 million dollar you'll have a 20 million dollar shortfall it'll just keep rolling over well that's what i was saying early on if you guys are paying attention if the government has the ability to the special purpose vehicle to float additional bonds that would be the logical place to float them at that time to make up the difference if it has the ability and the capacity to afloat additional bonds and that's why i keep saying we need to tie everything back to what i call the golden goose which is the system itself so to me that's another loophole that needs to tie back in just as it's easy to sit here and say we're just going to roll over 10 million or whatever the shortfall is and keep rolling over 10 million i'm saying that's how we got in this predicament in a sense but we have an opportunity now with a new special purpose vehicle that has the capacity to float more bonds i think we should at least make the request

0:59:00 mr bowery i would have to defer to your expertise if the government is not able to pay the amount that's owed to grs and they have to roll it over will they have the ability to float more bonds if they can't make the payments that are already under the bonds the government always has the ability to float mobile subject to subject to two things subject to the the the bond capacity and i guess there are two kinds of bond capacity there's a legal capacity and there's a financial capacity so i mean that that's that the government always has the ability to float more bonds i guess i i phrased that wrong would there be an appetite for somebody purchasing their bond how are we going to answer that question 20 years yeah so i don't know i guess my point is this may be a non-issue because they may not be in a position to even float more bonds no that's that's that's not that's not correct attorney smith the reason why we putting this vehicle together right why it's being proposed is because the the pfa is not in that capacity they're not in that position to have the capacity to do this because of their credit ratings right this new vehicle is able to do that so you're saying after initially floating these bonds and refinancing the debt so you're saying whenever this shortfall comes in the next 20 years for example the system wouldn't have the capacity to float a different bonds that cover just a 10 million dollars or 20 million dollar that's what you're saying no i didn't i didn't put a figure on it mr spv has no authority to do anything other than what's in in the legislation

1:00:53 it has authority to float one set of bonds that's the refunding bonds and it has authority to to or do the GRS bond. He has no authority to do anything else. Okay, so you're saying, Chair, that after the special purpose vehicle floats the bonds, refinance the existing bonds of the PFA, and floats those bonds, pays the two run companies, they don't have the ability to do any other bonding activity that vehicle no is that what you're saying that that's that's the way that's where i read the language okay i mean the spv has very specific purposes they are spelled out in the law okay and they can't do any less so i guess i would ask mr nibs at this point um mr nibs if we have a short fall as what was just said then that means the monies that are coming in from the government currently and the monies that are coming in uh the employees portion that's coming in currently is it is it to be that that money will continue to come in during this uh period that these uh special purpose vehicles in place yes okay so then that money should be enough to cover supposedly those shortfalls is what we're looking at i don't think so i mean i don't know what a shortfall is going to be but if there's any deficit it will come from the portfolio wow uh trustees we've averaged over the last 10 years about 115 million withdrawals from the portfolio so um any any short files i guess like mr nim stated we would have to pull from the from the fund to make us whole

1:02:49 we still need a plan b the way i see this i understand the legislation in front of us but we still need a plan b this is like putting all your eggs still in one basket in a sense and i'm not comfortable with that part of it and i mentioned that i mentioned that to the governor and his team that we need a plan b i asked them if they had a plan b they didn't have a plan b but we definitely need a plan b okay so but right now we have a plan a question the question we have is what the board's position about plan a well my position is right now i want to let kathy finish going through what she's going through before i answer that now there's only i think two more sections mr bowery if you want me to continue okay the other section says in section subsection d in that in that same section the bill provides that upon the deposit of the government of the grs funding note with with the grs the grs shall be deemed the sole and exclusive owner of the grs funding note subject to the rights of transfer as set forth in the indenture and the uh financing document securing the note And all we're saying is that we should be apprised of, it's not with this bill, but it's something that the board needs to know what its rights of transfer or what any limitations or whatever is going to be on the, in the financing documents. So that's just something we should be aware of.

1:04:29 And then the last item I have, I believe is the last item, is in subsection G on page 29, the bill provides that any and all amounts budgeted by the government to be paid to the GRS during fiscal year 2022 shall, upon the issuance and delivery of the GRS funded note, be deemed voided, rescinded, and of no further force or effect. And we want to know, does this provision mean that the GRS will not receive the employer contributions in 2022 once they're given the bond? And also, does this relieve the GVI of its obligations under those provisions of the code?

1:05:13 And we're saying this is concerning because the GRS relies, even if we get the bond in 2022, we still rely on the employer contributions to make payroll. And if we don't get those employer contributions, and Mr. Hendrickson could speak more about that, we will have to pull from the portfolio. What does that suggest to you that we won't get? I mean, this whole- The language. It says any and all amounts budgeted, which is the employer contributions are budgeted to be paid into the GRS during fiscal year 2022, shall upon the issuance and delivery of the funding, avoid and rescind it yes and i read the language that same way so what would you say other than other than the statute other than the payroll contribution mr bowie i read that language the same way that they'll give us a lump some money and they don't have they don't have to pay anything into us i i i that that's very problematic okay so we need to clarify that kathy but to make sure that it says obviously the the whole plan assumes that those payments continue otherwise it doesn't right no and i guess the whole analysis that has been done that says it's a sustainable plan assumes that those can't continue exactly and we don't understand why the legislature put that in there i mean why did they do that so i think i think why they're doing and you just you could clarify it by let's say make sure it's a except for the regular um however you want to put payroll based contribution because i mean i think what that

1:07:02 that has to do is those other those other little appropriations that have been made before that's been outstanding i think i think last time mr nips is about nine million dollars what appropriations that we haven't been paid for that's about this 10 i think it's 10 million right now there's a couple of appropriations that were made um like in 2019 2020 and 2021. yeah that that they haven't fulfilled all right okay well according to the language mr bowery it says all amounts budgeted in 2022 so if those amounts are owed from prior fiscal years they're not alleviated in this it's only those of those budgeted in the fiscal year 2022 budget that's the reading of this of the language i think so your concern is whether it that eliminates the employee contributions okay so we propose that that be clear exactly obvious that is not is not intended exactly so numbers don't work if it if it goes up right so that was the last thing that we had for the on the legislation okay and And may I comment, this provision here is why are we restricted from getting any other appropriation or budgeted when this law moves forward? Why are there restrictions in this law on the GERS receiving money or budgeted money or anything like that? I don't agree with that. you can you concern katie to me it's it's problematic because it's trying to say that the fundamental purpose of the grs of getting employee contributions can now be forgo

1:09:13 right and my concern is um attorney russell you're right we're only getting a bond we're not getting cash so that's something that i don't know if the you know they even realize what you're saying we're not getting cash no it says we're gonna get the buy upon the bond once they deliver the bond to us and that's my concern it it doesn't say that upon one receipt of the monies from the bond agents it says once they give us the bond so i'm going by the plain language mr bory the plain language of this legislation doesn't satisfy the intent what everybody's saying is supposed to do they got too much loopholes in it and they got and when a language could be interpreted differently it's a problem and when a law is this big and this cumbersome people will take provisions and interpret it what they want it to be and and that's a problem this this this section is a real problem i don't know how how we could address it but it's a real problem and i thought your comments at tony smith were well taken okay and and i'm i'm in agreement with it i'm saying the question is one is two things is is that a problem big enough to up to object to the rest of the whole package no we just requested the legislation

1:10:55 okay let me tell you mr barry let me say clear okay and and very very clearly i support the effort to fund the grs because this is the only effort we have the method doesn't show me a good faith method in really solving the grs problem the method to me is used for something else and creates a problem from my point of view because the borrowing the same vehicle was twice rejected by the legislature and they have more information and they had testimony and that this is a corrected that's yeah they did this is okay well i i i the legislature rejected a special purpose vehicle yeah yeah yeah yeah i mean the legislature passed it and they actually were going to market and it was stopped i'm not sure okay it's not true both time let's let your food yeah okay and and and you're correct um the the legislature okay i so i i i'm not trying to obstruct anything i disagree with baron again i think all right that's fundamental and and i i read i read everything that katie and i thought she obviously wants to correct some loopholes and i agree with that i can just abstain because my conscience don't allow me to support this like how everybody's supporting it okay all right

1:13:02 Right, that's fine. Mr. Bowery, like you said before, all we have to do is put them in the language excluding the employer contributions and that's the problem. Just to clarify. Yeah, yeah. We can solve the problem. It's not- You don't have no problem with that because, I mean, clearly it's the same thing. Right. I have a point of clarification, Chair, to attorney Smith.

1:13:29 um that same that same provision if i read it a little different right i read that provision that it would exclude the government's portion employee portion going into the system and i also read it any uh bills that were passed uh through some of the sitting senators where monies were supposed to come into the system that we would no longer receive that money and then any other opportunities through the matching fund uh monies coming through the senate that we would be blocked from getting that money as well that's how i read that that particular uh section mr dorsey employee contributions i don't believe are in the budget that comes directly from the employee's salaries so i don't think that would be included that's money they take from the employee's paycheck and turn it over and so it would only be those monies that are in the 2022 budget to be turned over to grs which would be the employer contributions any of those other bills that provide yearly money to the grs only for 2022 would it not be paid to the grs that's my understanding of the bill do you see the bill the bill has as trustee russell indicated it just has a lot of uh bells and whistles for a short period of time um that we're reviewing this um i think that that provision it definitely needs to be cleared up but it just needs to open it back up to how it is currently any opportunity for us to get funding needs to be available to us i've said this in many meetings we need to start to do uh or attempt to do

1:15:26 what the executive director has been doing successfully at the Port Authority when it comes to going to the Senate and asking for monies to help build up his system and we haven't scratched the surface on that and we have fitting assets to do that so I don't want this provision to block us and going to the Senate and requesting funding because at some point it will happen it may not happen with this particular set of trustees but it's going to happen it's just a matter of when so if this provision blocks those type of opportunities then that needs to be fixed as well so i'm saying that to you and mr niz when you're doing your uh proposal on that particular section we need to be able to have those opportunities again this only applies to fiscal year 2022 no i'm just saying it's not forever that's all i want to make clear it's not forever it's only for fiscal year 2022. so then at this point we could just take that out or make the requested remove that section then that's not even necessary at this point if even if it's for the one year it's not necessary because the system right now as we all know sitting here we We need every dime, every penny we can get. I wanted to have one other question in the questions section of your document. Are you going to go through that?

1:16:54 No, Mr. Dorsey, because that's not questions pending to this legislation. Those are just questions that we need to have a further discussion on that. We need some clarification from the governor's team. And I don't even know if they possibly have those answers, but once the documents created after this bill is approved by the legislature then we need to get into those other questions that would you know from the financial team so those were not questions for the legislature so that would be it would not be too late don't you want to get things uh suggested before for the for the meeting you have coming up so that can be part of the bill the no this is not to be part of the bill and it's not in the bill this is stuff that goes in the actual financial documents that we need to see so it's totally separate it's just something that we wanted the board to be aware that we need to look at in the future so do we get an opportunity to participate in that uh document put in that document together do we get that opportunity as well because you have some very good questions here um i think number five who would control the grs bond the grs board or the the grs or the trustees i mean those are good points that's up to the chairman how he wants to handle that mr dorsey but that's not with the financial team no with the financial team i'm saying i don't know how he chooses to to deal with that that's up to the chairman the chairman of the financial team of the grs board okay so these are just questions for us as board that's what you're saying

1:18:38 yes for us to investigate discuss look at maybe ask the the governor's financial team to clarify some issues but this is not related to the legislation okay i mean i don't understand why the legislature would prevent the grs from even receiving an appropriation in 2022 it don't make no sense to me what why the language that whole language should be removed because any money we could get in any year beginning now would help us but let's let's let's be realistic about what we're talking about we're talking about a piece of legislation to be considered mr mr attorney russell knows that the legislature has full and total this um discretion about how public funds it funds whether you like it or not the fact that you the fact that you don't understand why they should want to do that i mean that's within the prerogative what what we need to do is focus on what is for us and how it impacts jihadist and i mean to you know if we if before if kathy is if we if the if the direction is that kathy include include that as a request for for um for an amendment then then that's fine but i mean the question about why why they want to do that i'm i'm not sure why they want to do that i mean but as trustees we don't have any say about why they want to do it how to spend money i mean that that you know appropriations are totally within the jurisdiction of the legislation so i i i we've been we've been in this now about close to hour and a half um i need to bring this thing to closure and again and i'm saying that the the way i have summed up the the this discussion is that the the the the board is is substantially in favor of the of the plan as subject to

1:21:20 some some concerns that we have which um the attorney will will will will submit or mr nips is in his testimony will submit for recommendation for for for amendments i'm not sure and attorney was probably have better insights than me and this one i mean my understanding is that the the the body meets the committee of the whole and then that that will adjourn and it'll go right into a full a full a full um full body hearing full legislative session that's my understanding and the invitation says i don't remember the exact words but this indication suggests that's what's going to happen so i'm not sure what opportunity will be available for any serious amendments between committee of the whole and the body so we'll see but um what what i am i i am i summarizing the board's position correctly that that we are in substantial agreement or we substantially support the the the uh the effort and the the the legislation and the the financing that it embodies uh chairman bori um so when we say we support the bill at this point because we have a bill that has um i guess the original bill i guess from government house and then we have the markup from the senate so in this case we're supporting this bill with provisions uh based on the position of this bill sponsor and the senate at this point is that how we're going forward with this because we got two

1:23:27 different people uh that were back and forth with these uh there's only one measure before the committee of the whole that's the one that's um that's the most recent one apparently the one that was marked up that's okay that's the only that's the only bill before the body okay but i'm just trying to figure out how do we state the the white paper how do we how do we present our position who who are we presenting this to at this point because we have two different parties here are we presenting it to the two parties to let them know where we stand are we doing two separate letters the bill itself right this originated from the governor his team and the markup of the bill came from the senate this is what they're going to discuss on monday that's what they're going to discuss the one that the one that's as marked up by the subcommittee so the question i have when we say we are in support we're in support of this bill so we're just saying the bill and we're just speaking to the bill number itself at this point that's before the body okay I'm just trying to be clear and I had I had a another question chair those questions at the end of the section for attorney smith um does this does this um the payments if the payments are are not able to be made are not able to be made to the bondholders right and they would then the the liens that would be put on nothing's going to

1:25:23 be leaned onto the system it's just the liens will just be leaned onto the special purpose vehicle itself the obligations to pay the bonds is is only connected to the special purpose vehicle not nothing is tied to the system itself right that's correct from my understanding do the grs is just like the rum companies we're going to hold that bond and they owe us to pay us on it okay there's no obligation for the grs to pay anything okay let me suggest something here mr nibs you you would have any problem with having attorney smith accompany you and how making the presentation about our concerns and being able to say to the senators this language we suggest a change like this because we need somebody there in enough it's not a fee for all we have an interest to protect senator you're assuming that i don't know you know what what uh kathy's talking about i am going to uh to deliver the testimony i always take legal counsel with me and if i'm not too sure of certain things she would respond okay good i want that because i think um as a legal counsel for the system that did an analysis it would be good to have her deal with you because she raised some serious concerns and there are loopholes that that we have to at least ask them to address i don't know if they're gonna address it but there's there's serious loopholes thank you okay and i just want to clarify it was

1:27:15 not me alone um i also had the assistance of attorney myers and mr henderson who also especially took a lead in the financial portion so i don't want to take any credit for it it was a team effort and also with mr nibs he looked at everything and reviewed and gave us his input we work carry the team the senators have the team there and and if you need to call on them calling them because this is significant legislation that can't can't be they what they are going into a special session to approve it that's how it goes so and the testimony is significant they will make the changes right there before the special session recess and do it so carry your team mr nims you have a good team thank you attorney attorney smith so just for my last point classification so you're saying the grs in this process of the special purpose vehicle we would be sitting i guess in a third position of monies that will be coming off the top uh meaning that the two rom companies will get paid and then we will get paid third debt service for the two run companies come and then after that money is paid grs gets up to 158 million on what's left over so technically grs is in third place because the two rum cover over bonds have to be paid the debt service on that is paid before grs gets paid okay but my clarification it actually says that someplace in there right there page yes it does say and mr bowery is

1:29:06 probably better at this than i am but yes the two the debt service on those two bonds of rum cover cover over bonds are paid and then grs gets the remaining up to 158 million annually miss attorney smith um i think trustee russell hit on it earlier but is there any reason why we this is capped at 158 are you saying there'll be years that there'll be more than 158 they could technically pay us uh pay the system yeah um so why that money couldn't just roll over into the grs account instead of us looking at from the standpoint of looking at it from the standpoint of less money coming in in a particular year we could we could at least be in a position of strength and draw down and maybe the following year i guess if it comes to that we can get back a portion and we can still hold a portion so that we could always start out uh with like the a deposit amount of money on hand cash that we would be able to draw down fund drug sorry draw down from during those years when the system um or this process might be coming up short i think that's a different way to look at this language that should be proposed to the senate mr dorsey i'm not in a position to opine on that i don't know the reasons why it was done the way it was i you know i only look at the legislation for protecting the grs so i know i'm asking i'm asking attorneys there that is something we need to recommend because now that you just said that cap at 150 if there's additional money what is the reason why this they wouldn't want to pay

1:31:01 additional money into our account why not just put it there there's some kind of vehicle that or system or process we could put in place so we don't have to at least it'd be like a backup plan because we don't have a backup plan right but within those months or years that we have um money uh short we would have it on hand so we wouldn't have actually have to touch our investments it's just a different strategy that we can present we can just present it a senator might say hey that that makes sense mr dorsey that's not up to me that's a board decision or maybe or maybe what could happen i mean the government has other responsibilities in addition to grs there's other things that get paid the other funds money things that get paid out out of that matching fund the government is funding the system sustainably that's the responsibility i mean the other responsibilities the government have yeah but yeah you know let me chime in here mr barry and i could understand that you promoting idea we don't have to agree with that idea because i'm just i'm just answering the question yeah because the other responsibilities the grs has been neglected for so much when gruff came up with the same plan the governor rejected so i i believe they show me a cap 158 and any residual after 158 should go to the grs to reinvest the investments that they had to draw down when the government wasn't providing the money okay that's a suggestion thank you uh mr nives you had something to say

1:33:07 no i said another option would be to raise the government contributions the rate i mean i know that senator vale had some legislation he did send it to us to raise it to 33.5 over the years if they come into that situation maybe we can recommend a rate increase i don't know that can fill the gap there's all kind of things but like uh trustee barry says he'd have all our obligations you got to look at the general fund to see you know to determine if there's any any way it can be done well i would just say this uh i'm not sure what those other obligations are i mean how this was presented it was presented that the wrong cover over companies have to be covered first uh they'd be one in two and then we would be three and then the servicing of the the bonds is another cost the this is a special purpose vehicle it doesn't have any employees so technically it doesn't have any overhead so i'm saying to myself this is like a cash cow situation and our system is in need of cash so even at 158 i i understand it's a big number i understand that's only going to meet our monthly i'm sorry our yearly obligations at our current level but i think you know if there's extra money i really think we need to put that in because that argument that trustee russell just made that really makes that really brings it home because these years that we haven't been this the response the plan sponsor hasn't been meeting their obligations i mean how did how do you go back and re and recoup that money this is one of the ways you could actually do it and we could put a sunset on this pro this approach i'm just saying it should be suggested to the senate to

1:35:08 put it in it should be suggested to the senate to put it in and i guess the chair of the finance committee uh senator ville he might even say it makes sense he's the chair of the finance committee he might it might ring a bell um so i don't think we should be capped i think all that difference needs to come in i think the general fund from where we sit and based on the territorial address it if i heard the governor correctly the system is full of money right about now we probably got more money coming in than we got people to fill the jobs for the positions and opportunities we have locally just on the capital funds the federal funds sorry alone so i'm not sure what obligations don't want to share that with us we've only gotten this part of the picture so i'm only speaking on what we have in front of us what do we have in front of us is 158 million dollars that's what we have in front of us yes that's correct here we have 158 million with recommendations in front of us that's what we have in front of us with recommendations i need we need to bring this this meeting to a close we have another item on the agenda and um again um my understanding of what i don't know how we want to articulate this I don't know if we still have a quorum or anything, I'm not sure.

1:36:49 But the purpose of the discussion was to determine, I guess, what the board's position on the item left in front of us. Okay, Mr. Borey, is Mr. Carl Wood still on line? Yes.

1:37:16 Okay, well, let's take a vote. And I'm going to vote for it. But I'm going to put that caveat here. And I'm going to make a motion that the board supports the measure that was sent down to us by the legislature with commentary from our executive director as to our discussions and our requests for modification second trusty carlwood abstain um go ahead i'm sorry what's the cargo not voting abstain abstain not voting abstain trusty dorsey yes trusty lager absent trusty mcdonald absent trusty russell yes trusty smith absent chairman barry um i need to get i need to get specifics about what what those items so i understand as i understand the emotion is that the board support the legislation that's before the the committee um and

1:39:06 and and what so so is that so let me is that saying that this support is conditional upon the next no no no no we supporting it but we want them to entertain our requests that's all okay they don't have to okay we want we want to be able to put a full picture of what katie just said and some of the things because we need clarity about yeah okay so it just we're making requests with all requests and then they go do what they want okay i vote yes on that i mean i mean that that's what's going to happen anyway thank you as three years three absent one abstain and all it is mr barry is that it's a more forceful presentation yeah we we review it and we got some requests and that's it we like it but we want the request to be considered and they're gonna do what they want anyhow okay so um so you're clear mr nibs or what the testimony yeah i i'm still a little concerned about one the one with the refunding um that had the four million dollar um no with that that i've taken yeah i'm revising it for you you don't take it out because yeah i'm taking it i've taken that out but i'm revising the other suggestions so yeah yeah attorney smith don't water it down you know we need no no i'm not watering it down but based on what mr bowery said that's a non-issue and so we don't want to raise put stuff in there that's a non-issue we want to focus on the things that are important okay good okay i good all right carwood you don't forward uh yes is that you disagree with some of those things that uh attorney smith was saying mr calvin just

1:41:44 treat it it we voted it passed let's move on to the next time very good okay so the next the next one is um what's the other one bill number the return to work bill um yeah quarter zero one Yes, I think could you pull that one up? I know that we got some amendments that were submitted earlier today from Senator Potter's office. Those were circulated. All right, Kathy, Al-Mashef, you had a chance to look at those? I circulated them to the um trustees we just had a few um issues that we would like to be considered so i mean just just to summarize that you you're basically in favor of legislation subject to something yes yes okay and they gave it they gave you a format that you respond to whether you for or against advantages and disadvantages and um the economic impact i said you know based on the average um actuarial salary the actual evaluation report about 46 if you have a thousand vacancies at using the tier 2 regular rate of 11.5 when the 23.5 it could come to about

1:43:33 um 18 million dollars additional so any additional contributions to us is great and we we did some recommendation just let me jump in just just to clear in my mind this is not an idea is this on the agenda for monday no it's for um okay okay go ahead and um i'm not sure katya i didn't have a chance to look at the um the amendments that came in i'm not sure if the break in service i saw something about 36 months that's a cursory look but what we were saying is that the return to work policy of various pension system determine what was the break in service requirement the break in self requirement range from 30 days to 12 months meaning that someone can return to work with you know in 30 days or 12 months but a proposed legislation i'd recommend an 18-month break in service and then we talked about internal revenue service internal revenue service has a provision about employees returning to work you know they have to stop working and um their um break in service recommend is like 90 days break in service period so we were recommending that um to be in in in accordance with the irb irs we recommend a response of the bill consider amending the proposed legislation to include a break in service of 90 days to 12 months so you can't come back before 90 days and um so that's basically it but they did submit amendments got you like to read amendments journey smith now let me see

1:45:35 uh mr nips i'm sorry i was on mute i'm looking let me stop sharing this document i don't believe i if it came in this morning once the meeting started i haven't seen them but let me look for i sent it to you this morning i got it in from the senator's office okay i self-deated it uh let's see no i don't have a mr nips i sent it to you yeah oh i said it says the email below okay um let me see if i can um it's talked about the age participation of the age you can't be of a certain amount of age um let me pull let me see if i can pull up this email i'll try and see if i can share the email i don't i don't uh see what you're talking about mr news and break and excuse me i don't see the document you're referring to i thought i did something no i didn't get it okay let me try to get this another way hey did you send it to me okay i will i thought i did okay okay all right let me try to get this up another way so if we can share the screen no i think i have too many things open let me see if i could close out some of the things that are open okay let me see if i can share it now

1:47:41 Okay, here we go. Okay, can everyone see the screen? Yes, Attorney Smith. Yeah, I see it. Yes. Yes.

1:48:10 yes sorry i just okay uh mr nibs these are amendments that the senator will put forth on tuesday to change his bill that's what i suggest right that's correct okay how are we going to move forward on this mr mr nims no i would just look at my i don't think we um there's too much conflict and i think we requested that the the um they change the break in service period i think what they're doing is adding additional meat to the um to the legislation i saw it as the age participant the age um there's age cut off i think well it says um that people under six under the age of 65 must switch to the active government insurance program right so that was discussing the stakeholders um meeting so we don't have any problem with that the only issue we had was the um was the uh break in service period obviously they're adding an annual the the participants will earn annual and sick leave that doesn't affect the grs no and um something is it but okay so i i don't really see anything that affects the the grs all right okay going back to the original document um is there anything that we have an

1:50:05 issue with no okay so let me make a suggestion here that I was thinking about if we had it, the meeting in a policy. I believe that there should be either a penalty, you call it a penalty, if you call it that, it'd be, you know, not attractive, but coming back into the government service and you essentially being allowed to double dip, i think they should pay a higher percentage to the grs for the grs allowing them to double dip if we're gonna allow them to double dip and the 11 percent maybe need to go to 15 18 percent pay to the grs because they we allowing them to double it yeah but we're not losing anything we're not losing it no i understand that i understand that but as a system it was a very sound policy not allowing people to go in we accommodating the executive branch and we losing nothing we should gain some more they're they're paying in a tier two weeks which is the official authorized rate which is higher higher than the weight that they paid into another day right if the ta1 okay and so so you you don't think they should be an increased no contribution to the grs no without losing anything because if they did if this program was

1:51:53 not in place we would have been getting the same thing from the active employees the new people coming in right but at a lower salary mr nibs at the lower salary also no hires probably came in at the lowest salary and we were getting the same rate but we pay some of the highest rates among pension systems as it is and if you're you're asking if you ask somebody to pay 15 they get no additional benefits i i think that's a little stretching it a little our concern is the additional contributions that's all we're concerned are we getting that correct so that okay um Um, so that the problem I see is that, is that we are allowing double dipping and all we get in for it is a contribution if, if they went stateside and recruit somebody.

1:53:14 But we allow it now, them to tax our government, because this one government to double dip without some kind... How they double dip? Well look, if the government was able to recruit people off island, and they had to pay into the system, they'd pay one thing.

1:53:42 Okay? yeah well well well no they didn't have to recruit people here who now qualify could receive the annuity and the salary the government can get them well what we're saying um um senator russell the governor went out in the states trying to recruit i don't know how much i asked um the director personal yesterday to give me uh some statistics but i haven't received anything but they went out and recruit most of those individuals the young folks do not want to come back to the virgin islands now and i've speak to a lot of them they don't want to come back now i mean the proof the proof of the pudding is is all those vacancy positions that right there are some positions that do allow come back we have teachers that come back we have nurses we have police officers and they're not paying anything right now nurses they're back right now they're not paying any contributions you want to correct that yes you want to correct that and i understand that and my my view is if you allowing is one pool gross receipt property tax pay one thing why it why we shouldn't collect a little extra if you want to come back getting an annuity from us that's all i say and if you if we don't have a consensus i'll back up because you know but i think my view is you're coming in you're getting a check and you're coming in and you're only paying what somebody or any from any place would pay no because you taxing our general fund so we got you gotta pay a little more into that if you want

1:55:46 but the general fund would have been taxed anyway if the person that came back okay okay i'm gonna support okay but i i i go support it because it it clear closes the loophole of coming back and not paying nothing but i believe those somebody who live in in in bovoni and they retire again a good check and and they they tap to come back in should pay a little more but you must remember attorney russell they have to go to the procurement i mean the personal process you know they have to be qualified they have the positions have to be advertised and it's competitive they're not just come back no but it got a lot of people qualified here mr nibs the people here well qualified you can tell the governor where they are they're not applying for the positions year after year the vacancies show up in the budget yeah the vacancies because the firing people who didn't show the fire all the politics came in the way of a merit service the politics is ridiculous people could you know and and that's why black in it and and you know i ain't gonna get into politics right now but the truth is um we we could tell them in the legislation pay a little 15 percent and you come back that's my view i know it's not a consensus but i i don't believe this government should be paying double like that simply because the administration is don't don't advertise and do the proper thing to get people to work you know you know people people want job if they you know so i i leave it there i leave it there

1:57:43 because it they look like the corrections um and the amendments are good from when i just see cost three so you know i good okay i have a question um chair i have a question the uh the unused the unused annual leave and sick leave that you accumulate they're saying that this document is this amendment is saying that you wouldn't be entitled to that. What exactly are they saying there because everybody else is entitled to annual leave when they leave. And when they say you're not entitled to sick leave they won't have sick leave if they come back to work or is it upon separation sorry. So you normally don't go with your sick upon separation but you go with your annual leave so i'm trying to figure out what's going on with that are they gonna that's gonna be change that's gonna be different from new people coming in that's that's technically that's not a grs issue right but i thought i thought the grs uh The money is paid to the system from the agency the person is working from.

1:59:19 The check is not cut from the combination of the agency and the GRS. I thought that's how that works. That ain't how that works? The current retirees checks? Yeah. No, the annual leave you accumulate when you're leaving. That check is cut from the GRS once everything is cut. yeah it's because from the agency finance or somebody oh okay i thought it came from our main concern is the additional contributions let's not miss the ball no no that's not what i'm asking mr nibs i understand that point but i thought the um no mr dorsey when you leave an agency like when i left wapa i got a check for my annual leave that i had accumulated my sick leave would be transferred if i went to another government agency they would transfer that sick leave to the government aid the new government agency but you do not get a payment for your for your um sick leave okay so what happens in this case with the annual leave that's what i'm asking what is this bill saying those these individuals will not will not get annually they won't get paid annually yeah but they will be discriminating against the current employees that are under the cbas in those agencies that's that's discrimination not if you're returning to work mr mr dorothy you're returning to work you're collecting your annuity and a salary i think asking to get your a lump sum for your annual leave that you may accumulate is a little much in beginning benefit no no no you're missing you guys you guys are missing the point when you come back in you're coming into a collected bargaining agreement which is happening now there are tear two people and tear one people under the same collective bargaining agreement these people are going to be coming in as tear two they'll be part of the collective bargaining agreement so i'm just saying how does that work i mean you would be discriminating against those individuals in that situation i think that

2:01:30 would be up to the government to negotiate this i'm not sure you i'm not i'm not sure why that's called discrimination i mean that apparently the government is is is um creating a new category of employees i mean this suggests this legislation speaks to a new category of employees and when you come into that new category you come in with the understanding that this is the deal yeah but you're still coming under the cba what are you trying to say maybe you're maybe you're not you're not maybe you're not aware of it uh chairman chairman uh bori there was a federal law that passed under president trump as related to cbas and employees private sector public sector as relates to the cbas right so when that law passed it talked about discrimination and coming into the workplace which would supersede what's being proposed here i don't know i don't know who prepared this document but um that's the issue for drs mr dorsey that will be between the government and the unions that's the issue for the government the union yeah that's exactly what i was going to say that's it the government the union and the government to work out yeah grs has nothing to do with this nothing to do okay you as a union rep if you want to bring it up you bring it up but we have nothing to do with it well i couldn't bring anything up i was never invited to anything so i don't know i'm just the first i'm seeing this amendment today and um i think there's something in the legislation i think that there's some there's going to be some discussion the the the employees have to be hired by the but have to go through the um personnel director and i read something that there's going to be some discussion with the union and that between the government and the union has nothing to do with us

2:03:39 i hear you okay mr chairman both the union and and personnel was at that meeting the stakeholders they raise questions so you know it's up to them to to make that known to the senator i don't think we need to get involved with that um mr nes when you said that both the union was was there you're referring to a person mr jackson was there he doesn't he only represent his shop so you think it want to make sense that 36 um unions at the table trustee that's what you're implying i'm implying that whoever put this together should have thought it out a little better that's all i was saying if this came from mr potter's office his staff should have thought this thought this whole process out a little better that's what i'm saying yes answer your question if you're going to do something with bargaining units and you and and you notice 36 bargaining units, the proper thing would have been to do for Mr. Potter is invite all 36. You don't invite one bargaining unit because all our units operate on the different paradigms.

2:04:57 You wasn't invited to the first one. You won't be invited to the second meeting. And that's also the way it is. Say that again? That's not an issue for this. I didn't hear what the trustee said. What do you say, Calwood? You can repeat it, Calwood. as you know as a trustee when you sit in as a grs boat trust you have to take off you can't wear two hats i'm not wearing two hats but the carwood made a comment as though they're saying you have to wear one hat mr mr mr nives coward made a comment as though he may have some insight on this that's all i was asking he said one group wasn't i don't i don't have any insight on anything really coward but you just made a comment i asked i asked a common sense question i asked a common question based on common sense not nothing else well it was common to you but that's not common sense it was common for the senator to invite all the bargaining units if you're going to be fair be fair across the board that's all i was saying but i've seen whoever prepared this document didn't use any common sense all right so let's let's move on um so from from a grs perspective um we are going to make those suggestions and where are we on this with respect to this meeting what what do you want from the board here i i would agree with trustee russell that if people are coming into the system they need to pay more money and i think the 15 that he recommended is a very good point and i'm not sure why that office for mr potter and the people who put that document together

2:06:48 didn't suggest that in the document but that that that is not an issue for grs right that's not a it's not a grs issue so with respect to the grs testimony yeah that's that's not that's not an issue so mr mr and kathy are you clear and yeah my i mean we support the bill and the advantages would be additional contributions coming in um to the tune about plus or minus 18 million could be less could be more and we just want to make a recommendation about the breaking service and bring to the attention the irs codes and that's it but we have supported bill okay i haven't supported the bill with the recommendation by adding the recommendation by trustee russell of increasing those individuals to pay the additional 15 percent to the system then i would be in support of this bill motion my motion is that we add the we make the request that the the bill include the additional 15 to be added to um those new employees since this uh is a new category for those new employees additional 15 or 15 15 15 15 it's 13 now uh it's 13 now uh mr news

2:08:49 it's 11.5 yeah so 15 i mean there's no one more reason to this is there a second nice for lack of a second okay we have all our trustees here Hello? Hello?

2:09:43 We have four trustees and there's a quorum. You can't hear the trustee, we lost them. So you're talking about taking the vote over, and that's why this isn't on? Yeah, we lost the trustee. We didn't have a quorum. Okay. So we have a quorum now?

2:10:17 I'm trying to ask the... Listen, you can hear me? Yeah, we couldn't hear you before. So I made a motion on increasing the percentage from the 11% to 15% for the new category of employees. You still there, Russell?

2:10:50 Hello? gone again all right he's on he's on the line i'm not i'm i don't know what's the problem but he's there mike is open and saying that his video is open maybe he can call in if he's there in us hello so we don't have a call well he's there hey there he is okay but i'm not i'm sure he's having some audio or something so we don't have a quorum we have a quorum let me see someone has Ms. Glenn Linen yeah and I would second that I just get okay seconded okay he said he seconded mr mr chairman he said he seconded that's a wrong call yes trustee carwood no no trustee dorsey yes trustee liger absent trustee mcdonald absent trustee russell

2:12:38 said he can't get in he sent me a text see he can't get in so we don't have a quorum okay he can't scroll in on his cell phone it looks like he's back he's back he's down at the bottom mr russell so we have some problems you can hear me now yes what is your vote sir yes yes what is your vote yeah i i vote yes with a 50 no two years two no i mean i'm sorry yes two yes two no and three absent okay we have three options the motion dies okay so could i get a motion for adjournment okay so mr chairman do we have any guidance for

2:14:36 our testimony before the legislature on tuesday which one for the the senator um potter's bill we just indicated to them that we approved that we are we um in favor of the bill we have no opposition it's an advantage is additional contribution to the fund okay give them an estimate of uh collection plus or minus okay we indicated a recommendation about the uh fine the previous breaking service yeah okay that's fine as long as we're clear Mr. Chair, move that we adjourn this special meeting of the board of trustees.

2:15:17 Aye, so move. Can I get a second? Yes, second. Volcker? Trustee Caldwell? Yes. Trustee Darcy? Yes. Trustee Liger, absent. Trustee McDonnell, absent. Trustee Russell? yeah trustee smith absent chairman barry yes lawyers three absent thank you all very much thank staff thank board members yes enjoy your weekend okay thank you thank you have a good weekend everyone so i'll keep calling me okay yeah i'm gonna call you right now 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.

2x **Trustee Andre Dorsey**
heard in this transcript as: Dorsey

2x **Trustee Ronald Russell**
heard in this transcript as: Russell

2x **Trustee Vincent Liger**
heard in this transcript as: Liger

## Bills and acts referred to

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

Referred to but not found in our acts corpus: Bill 34-0188