GERS Monthly Board Meeting 4/22/2022

GERS Retirement System (Board of Trustees)

April 22, 2022 · 2.3 hours · gov

0:00:00 Ex-officio member Richardson absent trustee Russell present trustee Smith present chairman barry present for present two excused two absent okay do you have a poem um um I was recently advised that um Miss Yvonne Bowsky is still a board member and um yes we are not she has recently passed I think according to my information she's a funeralist today Probably appropriate for us to observe a minute of silence, please.

0:01:32 Okay, thank you very much. let's move on to the agenda the next item is comments and suggestions from retirees do we have any retirees on the in the call on the conference there are none good morning good morning this is mary moorhead oh good morning it's more No problem. I just have one comment. I just want to ask that to recommend because I saw where the comment from the governor after he presented the check to GRS that he's announcing that there seemingly is no reason why you should not immediately begin the loan program and I just want to encourage the board members uh not to do that because i think that it should at least uh let couple of years uh to establish and uh reinforce the uh whole financial and investment situation and to make sure that all is proceeding uh well before getting putting that program back in place thank you thank you very thank you very much for that comment we certainly um keep that in mind and when we approach that subject

0:03:32 i think that's that's some wise advice you you passed on here so that will certainly that will certainly certainly be included in our uh discussion you know consideration of restarting as you rightly said there's been it's not just the governor i think we've we've had a correspondence from at least one senator that i know asking to be to fight to be immediately reinstated and so that's that's a decision we'll have to make and to ponder and uh we'll certainly include your your observation in that consideration thank you very much thank you okay in order now the comment is there any comment from um active members hearing none we'll go to the secretary's minutes just a motion is such a yeah motion um i move that we accept the secretary's minutes from the march 24th um regular meeting of the grs board of trustees i so move second moved and seconded board call you russ trusty callwood yes trusty dorsey absent trusty liger absent mcdonald absent trusty russell yes trusty smith yes chairman barry yes

0:05:34 four years three options you just i just uh called in good morning to everybody good morning um we're just getting started we if you have your agenda we're you're on item item five secretary's minutes and we're about to um hear a motion to approve the special images special meeting on april 1st um mr chair before we have the motion i found a typo from the april first um minutes okay so in a in a paragraph on a regular session um yeah the first sentence um the board reported out that the term sheet between grs and haven development llc was accepted to incorporate amendments agreed to i think that's supposed to be agreed to yeah that's that yeah so i just like to make that one correction and so that i corrected any other any other corrections go ahead mr chai moves that we accept the secretary's minutes from the special meeting held on april 1st 20 22nd as a move as as corrected as corrected sorry as a move who's second just two people

0:07:27 so who said seconds first it was simultaneous i don't know well it does for the record darcy a second i said second okay all right smith trustee carwood yes trustee dorsey yes trustee liger absent trustee mcdonnell absent trustee russell yes trustee smith yes chairman barry yes five years two absent i'll call you off but once again okay next item communications and correspondence you have any mr nims uh one minute there are a few pieces that i have some goes back to the prior months um i'm just gonna briefly because most of them are very lengthy I was trying to see if I can put them up on the screen.

0:09:10 Can you bear with me, sir? Okay. Okay. 18th first piece of correspondence is uh dated february 18th it uh was a letter from me to the uh president of legislature in regards to act number 8540 section 4g i think this had to do with the um settlement agreement we 4g said upon issuance of delivery of the grs funding note all amounts budgeted by the government to be paid into the grs during fiscal year 2022 are deemed voided rescinded and of no effort effect what we're trying to do is we requested um that the legislature consider budget amendment before the grs funding note is delivered to ensure that the director of the office of management and budget allots the funds necessary for fiscal year 2022 it relates to employer contributions that was the gist of that conversation there was no response the other correspondence dated february 24 2022 was a letter from senator gittins

0:11:02 this letter senator gittins indicated that he was writing to me to follow up on GRS's commitment to restoring the loans program to the active and retirees. And that was duly noted. Again, on May 14, 2022, correspondence from Donna Fred Gregory advising me that of my appearance before the legislature on march 16th he had a zoning map amendment application as that relates to the uh rezoning of the parcels at the haven side mall uh next piece of correspondence dated march 21 2022 in my response to senator kittens i'm going to read it since it was something that came up in the meet in the just a while ago from mary mohead yes senator gittins in response to your letter dated february 24 2022 the gr government employee retirement system board made a fiduciary decision in 2015 to suspend the loan program because of lumen of the lumen insolvency at that time the board position was that in the demand the grs receives the necessary funded to operate on an actuarial reserve basis the loan program will be reinstated it was never the intent of the board not to comply with act number 7880 we want to assure you that internal discussions for the restatement being statement of the loan program started before receipt of your correspondence as i indicated during your questioning in the committee of the whole on march 16th in my february 24th report to the board i recommended the reinstatement of the loan program with some limitation change in terms and other changes such as moving from version

0:12:59 8 software to be to a more robust version 10 and the introduction of applying for a loan online based on the foregoing and the cash flow and liquidity requirements for personal loans the grs management recommends a reinstatement date of october 1 2024 and for mortgages october 1 2025 which is subject to the approval of the board what was my response to him i mean i meet the i can't respond on march 29 20 22.

0:13:36 it'll come later yeah yeah trust trust trustee lastly you need to move to mike please oh sorry sorry sorry on march 29 2022 i received correspondence from senator valley in regards to appearing before uh the committee on finance in regards to the system fiscal year 2023 budget priorities a list of requirements were submitted and they requested some dates that the grs may be available i selected it's closer to the end of the year which is in august my selected dates preference dates for august 8th august 10th august 15th or august 16th they asked for four selection of dates to determine if those dates are available so the dates that i selected were august 8th august 10th august 15th and august 16th okay piece of current abundance march 29 2022 is a letter from the ceo of wapa uh mr smith indicating that he was glad to meet with us and our team on March 28th in regards to the outstanding past due amongst that are due and he indicated to us that there was in no way that the system could make payment the timetable that we suggested and he ended by saying look

0:15:48 forward to working collaboratively with you and on this matter so as you can see employee deductions he well he recommended a proposed schedule of repayment of the employee deductions contributions due this total was uh employee of 1.9 million dollars he wanted to space it out going through 2023, and the employer contributions, he proposing to extend it to 36 months, which is three years. That was his recommendation.

0:16:51 I responded to him on April 1st and he received his proposed installment plan and I would like to read this into the record, please. Dear Mr. Smith, we are in receipt of your letter dated May 29, 2022, although the government employee's retirement system understands the financial plight of the Virgin Islands Water and Power Authority, the GRS has the fiduciary responsibility to enforce the laws that govern the GRS. Employee contributions and deductions. As it relates to statutory employee contributions and deductions, personal loan payments, mortgage loan payments, and prior service, the proposed schedule that wapa submitted is unacceptable to us for the following reasons vi water and power employees personal loans and mortgage loans are in arrest since july 2021 the policy is after 30 days of non-payment the loan becomes delinquent by law the grs can deduct the past due payments from the accumulated employee contributions account we have not done so because it would reduce the employees accumulated contributions and jeopardize their credit service the accredited service because of this over 90 whopper employee loans are delinquent number two if the i-whopper employee who is not vested resigns and submits an application for a fund of contributions the grs would be unable to process the refund of contributions which were not paid by whopper to the GRS. Number three, if a BIWAP employee submits his or her application for retirement, the retirement will be delayed because of the non-payment of employee and employer contributions

0:18:48 and any outstanding loan payments. The GRS cannot accept the extended payment plan through April 1, 2023 to receive the employee contributions and deductions. The GRS must receive the outstanding deductions immediately in addition vi water and power tardy has not indicated in its response that it will begin to remit to the grs the current employee contributions and deductions from the employee's paychecks 10 days after the pay date according to the law as it relates to employer contributions untimely receipts of contributions causes the grs to have to withdraw from the investment portfolio to make up the deficits in the monthly payment to retirees The GRS cannot accept the extended proposed installment payment of 36 months.

0:19:36 The GRS cannot accept a monthly payment plan for the unpaid employer contribution that exceeds 18 months. Again, the law states that all contributions are to be remitted to the GRS 10 days after the pay date. Also, there is no mention in your letter of VI Water and Power Tarvity making current employer contributions payment. sincerely austin ellenage that ends the reading of the correspondences let me ask a question so in your response did you consider that as a counter offer in my response i indicated that the deduction should be paid immediately as far as the employee and employer deductions employee employee deductions contributions and loan payments and mortgage payments we are we are asked for an installment plan ex for the employer contributions he proposed 36 months i propose 18 months he never responded to me okay so so my question is to you whether he understands or it's your understanding that that that's was in the nature of a counter proposal i think he does okay he has not responded okay but one of the main thing is how is he going he has not addressed the current

0:21:27 going forward he's only addressing the past and he hasn't he has not submitted any currents rent contributions so so they haven't so they have not begun to they have not made any any contributions since since he's been there no sir we have not received any contributions since june 24 2021 okay mr chairman yes one of the things you may want to consider to the extent that there's been no responses to send them a formal settlement agreement that incorporates the terms of what the grs wants and see what their response to that is if there's something they're willing to execute because i think that's going to help if you have to go to the next step i told you next step was discuss that yesterday but as i'm saying before we get there i would send him a form for settlement agreement so if you go back and read his prior correspondent he said proper in no way and he was making trying to say at least 36 months that's in no way acceptable to us 18 months we tried to get him to come we come to propose 18 months he hasn't responded i think he would have responded and he hasn't made any effort to pay any current yeah we i think we are all on the same page with the facts mr nibs um the question the discussion now is about the process going forward okay the board the board has the board

0:23:19 has authorized um you moving forward with legal action um but as we all know legal action could take years to it to be resolved um and and um so i understand what you're saying uh mr i like mr i like the um attorney williams suggestion we're not we're not we're not we're not preventing you from the from mr i was saying is hold that cinema final settlement agreement with with a job that did i i think i think we should exhaust i i know we have i'm not this is not criticism i'm not i know but i think i think we need to absolutely exhaust um efforts before we elevate it to the next step um well you know mr barry i know this is what i've always you know um indicated that i i i was trying to work with him and the board had chastised me in a few days and i'm not following the directive and i my concern is that he has not responded to my request for current contributions okay you can't can't pay the pass now but let's start current at least because we have a problem we have an issue here with whopper employees yeah yeah we're we're on the same page with that mr nit we're on the same page of that i mean i'm i'm not in any way downplaying the seriousness of the

0:25:08 issue what i'm saying is is the reality of the situation is if you initiate if you initiate court action everything stops right other than going to all bets off the table at that point we're just going to court so our interest our primary interest is getting the money um chances are we got to i'm not suggesting we don't do it but i i think it it is straight in our position when we do get to court if we, to take that intervening step that Attorney Williams suggested.

0:25:53 And I know the other board members are here. I mean, we could join in this question. I mean, I think the reality is anybody who lives in the Virgin Islands knows that that the the the whopper has a cash flow problem now i'm not suggesting that that we take that as as our board not suggesting that at all so i'm very clear but i mean the next step the next step is going to be a link a lengthy process it's not it's not going to get this money any any time closer so the the board has already authorized that you you take if you take this matter to court i'm suggesting that before you before you do that remember that we sent we send them a final settlement offer a formal settlement agreement uh chairman barry i would send him a letter today kitten he has to respond to me by monday no that's not that's not that's not what he doesn't have it chairman barry he's telling me he don't have the money mr mr nips please please please hold a second please he said he doesn't have the money so what's the point to send him a thing said in given monday i mean you understand you are getting in a circle we would send him a settlement agreement sir that's what i'm trying to say indicating that time certain to respond and if he doesn't respond by that date then i follow the board directive

0:27:54 but you want the response by money that's what you say well uh mr barry i sent him this letter on april 1st it's 21 days in he has not responded to me i know he read it because he read it the same day when you said by monday i interpreted that to mean that you wanted the money by monday no man that's not what he's saying so so that's not someone to clarify that's what i'm trying to get from you is that i didn't say that he asked to give me a response as which way he wants to go okay okay okay that's not that works for me i that's what i was trying to get cleared up because when i heard the conversation at first i i thought he was saying that he has to pay your response would be give us the money by money see that so he's already told me he cannot say so okay i'm talking about going you know either let me know which way you're going to go we'll have to i'll have to follow the board's directive okay so i mean the board's directive is to is so far is to is to pursue legal action if you can't get if you can if you don't arrive at a settlement so that that that wouldn't change what's what's what's been interjected here is a is a is an intervening step And I think that will strengthen our hands a lot, if we do get to the point where we have to take it to court.

0:29:52 We send them a formal settlement agreement with a time to respond, and he ignored it. but my main concern um trustees is the employee portion because these employees are in jeopardy the loans are delinquent since july actually we should start withdrawing funds from their their contributions to satisfy the debt we don't want to do that he said he can't pay uh he has deducted employees monies from their paychecks and use it to pay his debts and he's telling me now he can't pay it and the employees are in jeopardy retirees are in jeopardy individuals who are not vested are in jeopardy and the mortgages and the personal loans are in jeopardy so so how how does that change if you if you go to court tomorrow no i'm just telling you the process something would have to happen he the court would order him to make the payments of the employee deductions but by monday i don't know by monday he did they're gonna give him a time searching okay that's i'm have any other board member wants to chime in at this point my position is a proceed with a legal action there's nothing i say if you file a case today You can't try to work out something along the way. Didn't we just dismiss the case that we had against the government of the Virgin Islands? And I agree with Mr. Nibs. I personally feel that what they did is criminal. To take money out of your employees' check and not turn it over, that's dealing.

0:31:42 So I have a serious problem with them not paying the employee part immediately. You know, you could ball about your cash flow issues. You took money out of them, people check. and ain't turn it over that's stealing the employee party should pay right away and then you could argue and fight and try to work out something with the employer contribution but you steal you steal from them people you know I have some other ideas I would like to suggest but I won't do hell do it in an executive session but I I have a serious problem with them not paying the employee contributions immediately so so do i so do i just to be clear so so i i'd like i said i there's nothing that says if you file a case today you can still try to work out some kind of come to some kind of agreement and then you go back to the court and dismiss the matter so i i personally don't see any strengthening of hand i think by sending in this letter waiting from file indication no one's still sending a letter that's that's just my position okay mr chairman this is like yes i wanted to ask me um attorney williams a question sure kenny williams is it not legal illegal to deduct money from employees and don't contribute it to GRS that that is correct that is a violation of the law the law provides that within 10 days of the pay period those contributions should be made to the system but let me be clear I wasn't suggesting that we not proceed with the litigation my suggestion was in light of no

0:33:33 response from WAPA that we send them a formal settlement agreement with dates and amounts that we want so that he will know that this is our proposal and again once we initiate litigation that we could all we'd have been a better position to sit to the court that we've done everything that we can reasonably do to resolve this issue that was the only point of my suggestion okay but but but when when was the last time he sent the employees contribution to GRS i don't know that's something either miss jeremiah mr nibs or somebody from the system would have to respond to a good point good point june 24 2021. june 24th so it's going to be a year soon yes sir i mean this this this this so this coming he's not sending currently doctor you know i that's that's so he has not he has not said well okay i'm past but i'm gonna try to make it up currently and then go back and come up with the past new amounts he's not responding this is deliberate disrespect yeah to the law and i don't think the employees have been much right the employees employees so employees that need that that should be retiring can't even retire now that that has gone beyond beyond deliberate uh disrespect to me okay so i think something should be done and done immediately

0:35:21 Okay, Mr. Nibs, I think we have a consensus there that I just should move forward immediately. Hello? Yes. Yes, I have a, I just had a quick point. Internally, do we have a process, I guess, with Mr. Nives, do we have a process when the agencies are not paying the portion that's supposed to come in, do we have a process to follow internal collections that are waiting almost a year to do something? i'm assuming you mean as far as collections having putting out something for someone to collect for us either either that or foreign to the ag to collect no we don't follow today we continue to build yeah but what i'm trying to ask we're going to continue to build almost a year nothing's coming in we don't have anything else we do besides that in terms of your processes since i've been here i've never seen any collections going on like that i think maybe i have done it for maybe a mortgage a delinquent mortgage one mortgage but i've never seen we have never done that we have always been able to somehow uh come up with a settlement agreement or come up with a pay installment payment plan okay well this is jeremiah may i add something yeah sure we have been calling so we have put out calls to um the port um wapa we did it you know every month every pay period so we have been in contact with them as well okay all right any other comment

0:37:26 okay i have one uh miss germany you said you have been in contact with wapa but what what was the response not paying for over a year the same response that you're hearing from mr nids we do not have the monies to pay you that's what they um said they don't have available funds to pay us okay i support mr nids is another correspondence the correspondence or the court action but i i think just to be clear over this question right where we are today is that the board has already authorized mr nibs and its staff to move forward the legal action in the absence of a set what what we're hearing today is that there's no settlement and they're ready to move forward Mr. Bowery this is um Kathy Smith if I could weigh in I was involved in all the zoom calls with WAPA they made it very clear and as he did in his Mr. Smith did in his letter that he does not have the money to pay according to the GRS requested terms and he gave us what he proposed was his best ability to pay us. I don't think we should waste any more time. You know, I held off with the complaint. I'm preparing the complaint. I think we need to go ahead and file it as we did the last time with WAPA, and then we got a settlement agreement. You know, I think we're just wasting our time. They said they can't pay. They're not going to make it a priority to move things around and pay us as long as we continue to sit back and accept it. We need to move forward with the complaint and then i think we'll get more action on their part and i'm just to answer mr um dorsey's question we did file lawsuits in the past against wapa and against juan louis which resulted in settlement agreements we also took the um went to the u.s attorney's office because of the being um the employer contribute employee contributions being withheld before and

0:39:46 And the US attorney was not interested in dealing with this kind of case. And so they just said they weren't interested. And that's why we haven't pursued any legal action for criminal action, I guess, against them taking and converting the employee's money to their own use, that they deduct the employee's deductions to their own use. OK, I have a response to that with Attorney Smith. so attorney smith is there a higher a higher court we can go to and is this the same u.s attorney when you filed before that's in office today um i don't think it's the same u.s attorney but we didn't we didn't go as far as talking to the u.s attorney no there's nobody hired they would have to bring it as a federal charge we can't go to and file a criminal charge against the the agency it would have to be the u.s attorney's office and they just didn't have an appetite for it and i i don't really think anything would change mr dorsey well i think we should try and let them tell us no that they're not going to do something if that's another option we have the question i have for the chair um you you think it makes it would make a difference if we met maybe board to board before we do something no no okay okay so i i think we've spent enough time that so i i think just to be clear mr nims i guess the uh position as of now is that you you you move forward as as directed by the board

0:41:43 i mean i i i would also think notwithstanding that um i think you should still send the letter settlement agreement letter that's just i don't know if they're also incompatible mr pedro mr attorney williams no they're not mutually exclusive you could certainly and it's you can certainly you should do both of those things one doesn't preclude the other it just takes more time to do the settlement agreement and then come back and do the complaint so it delays filing of the complaint because i'll have to stop what i'm doing on the complaint to now do a draft a settlement agreement and then come back to the complaint someone help you to do this um attorney smith do you have any help the settlement agreement that's only like a three-page thing it's very the one i will do will be detailed it It will be based like the one we did with other agent Juan Luis, and it was more than one page.

0:42:51 Attorney Williams can assist. Right. I think this is something that I should handle. Remember, I'm on salary. Attorney Williams gets paid by the hour. I don't think you want to incur any additional cost. How about your deputy? My deputy is out on leave. Oh, okay. I can do it. i'm just saying it takes more time and it just delays it and we have carnival coming up next week and i'm just saying it's a waste of time let's just go forward with the complaint once we file the complaint mr nibs can do his letter i think we'll get more action once you have a complaint filed and they get served that's what i'm saying i'm gonna miss this i misunderstood i thought that's what i said no i was told to send the settlement agreement first no i i asked i asked the whole second i asked attorney williams whether they can be done simultaneously and i thought i thought he said they could be did i misunderstand you no but i don't see the point of sending that with i mean you would have to send the settlement agreement first and give them an opportunity to reply before you file the complaint that's that's not that's not there's nothing to prevent you from doing both you you could file a complaint first if that's what you want to do you could file a complaint and send them the settlement agreement at the same time or you could send the settlement agreement first and then do the complaint you could do it any way you want to do it and i know and i would i disagree i think we should file a complaint once the complaint is served and then we can talk to them about trying to settle and trying to understand that you have a different position but that's not the question the question is whether or not you could do both of them at the same time

0:44:44 and and i think you would agree with me that the answer is yes you can but that's not the way and since i would be the attorney of record that's not the way i would want to handle it but you get to make the decision attorney smith don't you think this would give us more footing if if we can show the judge that we have tried to to to to settle have a certain agreement and then he you know mr laiga we have the letters where we propose the settlement agreement we have a counter letter from wapa saying this is what we can pay we sent back a letter to them saying no this is not acceptable you have to do these things i think we've done everything we can do okay the last time we didn't send them a settlement agreement in advance of the of the complaint i think the answer to mr elijah's question is yes by having sent them a settlement agreement it certainly threatens our position that's and i i disagree that's your opinion and i disagree exactly i've done other cases before i never sent a settlement agreement in advance when i sent the complaint mr nit is another correspondent i i don't see where it'll be a problem for you attorney smith and you said mr nipskos and all the correspondence and you could go ahead and proceed with the um the um dependent case that's the way i want to do it instead of sending a settlement agreement because the judge might might even suggest that you you try to settle before the court make a decision because i remember the last time and yes mr WAPA will file an answer to the complaint, and then the judge will send us to try to settle it.

0:46:28 But we still, I mean, we're gonna have to work out a settlement and WAPA has already made it clear, they cannot currently pay what we're asking for. So I don't think, and we've spelled out what we want in the letter, which was basically our offer to settle under those terms. So I don't see why we need to send another settlement agreement. We have it in the terms of the letter Mr. Nibs sent. but i'll do what i'm told but i just don't think it's necessary i think it's just a waste of time yeah but you have a new guy in wapa right now you have a new um executive director right i don't think he got that information prior um we've been talking with the new director ms smith that's who we met with that's who we had two zoom calls with but did he get the documents that you said yes the letters were sent to him that's who we've been corresponding with we waited for him to come into office so that we could talk to him well i don't think i don't think it holds or we send it again mr chairman we'll do what we have to do um so just in essence of time uh we'll discuss this internally with attorney smith and we move on Okay. All right. I kind of lost track where we're at on the agenda now. No, it's a chairperson's report. Very chairperson's report? That's you. Okay, I don't really have a report. I'd just like to make a comment at this observation, if you will, at this point, um and to to recognize some some positive events that that took place in april

0:48:42 starting in april 6 when the government of the virgin islands completed the matching fund securitization loan financing um you know that that financing included the grs funding note I think at that point, 17,500 members of GRS were able to exhale and have been holding our breath for a long time, waiting for the insolvency to come, and I think by that financing and specifically the the first payment which started to make it make it real i mean up until that first payment we're just talking figures and numbers and schedules i think the first payment which which was actually the if i'm not mistaken was the of 89 million dollars it was deposited in our account and the same down the of the closing mr nibs i think Mr. Nibs, he's on mute. That's correct, Mr. Chairman, 89.2 million. Yeah, okay. So all the fake check that you saw in the news, by the time that got put up, the money had been in our account two days before that.

0:50:14 So, and that's what sort of made this thing real. um just just to take note that the second the second payment is due in october of this year which is 158 million dollars um october one begins the fiscal 2023 fiscal year so the 89 was 2022 and 2023 we'll get in october one later this year for a total of 247 million dollars in in this calendar year uh i think that um yeah now we're talking some real money so i'd just like to um on behalf of the grs and its members to thank the governor and the legislature for stepping up to the plate and making good on their promise to save the grs from insolvency on april 11th the governor signed into law bill bill number 3420 2222 which became act numbers 8573 and that was the act that authorized the rezoning of the of the line um at the mall which we had requested to accommodate the hotel project that we contemplated so that that was um that was a positive step you know the resolution will allow us to move forward with the project um um that's that's gonna be again an important project allow us to move forward with the ground lease yes in fact that's what it's helping allow us to move forward the ground lease of 1.6 acres of land to the developer for the project um just to be clear grs is going to be a landlord and the developer is going to be a tenant

0:52:30 contrary to circulating misinformation this is going to be a good project for them all we're looking at least permits that's going to run in tens of millions of dollars which will be a healthy supplement to the money we're going to be getting from the from the funding note that we talked about earlier so that there was some good news and then the governor also signed into law bill number 34 0171 which became act number 8560 and that's the that's the return to work um legislation and that that allows retirees to return to work without losing um their benefits but requiring them to pay into the system so i think that that keeps that keeps the system moving at the same time it gives the allows the grs i mean the government to be in a better state and trying to recruit to fill the vacancies they'll be able to tap into a significantly large retiree pool so i think that's how it's gonna for us all around so that's those are the comments i'd like to make i just like to close on by saying a special thank you to the grs management and staff i know there was a there's a whole lot of hard work that went on behind the scenes that contributed to to the success of of these these efforts so it was the time staff that that

0:54:26 concludes my uh that concludes my report so move to administrator's report Mr. Nims, you're mute if you're talking. I think you lost us.

0:55:07 Mr. Nims. Yes sir, do you see me now? hearing me now sir yes one minute please um mr barry and members i have to step away for a minute for about 15 minutes okay i step away from the okay okay just let me know when you're when you're leaving or when you're back yeah i'll leave it now and i'll be back i'll i'll announce when i'm back okay okay okay um my report as you know we have not been able to give a report for a couple months however i've tried to most of the information in my report is uh cumulative so it goes forward most of the times it's it builds and builds and builds so um as far as by my meetings and presentations i uh on march 25th i attended the havenside mall oversight committee uh meeting on the 28th we met with uh mr smith the whopper ceo regards to the issue we were discussion uh just a while ago on april 1st i attended a special meeting obviously of the haven site development llc your on your on screen is not advancing i don't know that's my choice sorry i'm sorry okay uh on the fifth i attended the grs bond closing in washington dc on the 12th i met with seagull in regards to adec and on the 20th yesterday i met with the commissioner of department of finance in regards to resolving some issues between grs and department of finance

0:57:21 as far as member services retirement applications as of april 15th 168 um as you can see in 2022 we received uh 59 we have not processed any as yet so in 2021 we received 328 we have processed 229 there are 99 application less for various reasons as far as the disability life certificates last year we did set out uh 231 uh just a quick question mr names the 99 in 2021 they they you haven't gotten to them or they're they're just unresolved they're in process we miss a noper it could be employee contributions okay yes so but they are in process okay okay uh 2020 disability certificate distribution we distributed 231 we have validated 226 three were deceased and we appended receipt of two more life certificates those retirees obviously payments have been suspended until we can verify that they are live Since that time, on April 5th, we did send out 262 new disability life certificates with a deadline date of May 30th to respond to us. 86 living in the U.S., 176 are residing in the Virgin Islands.

0:59:10 So as far as disability case, I think one time one trustee had asked about the disability case that were pending. There has been a change. There are now five. Instead of six, there are five disability cases. um in-person medical exam should be zero instead of one that's the update uh so the total pending disability cases are five i think that in executive sessions we do have um i think a review of one of those cases today someone had also asked about a return to work this is the uh employees who came back to work and um did not advise grs and had um owed the grs significant amount of funds can also look at that on exhibit b it gives you a description of the um the amounts that are owed um obviously total due were uh 1.8 million we did receive 536 000 so the balance due um is 1.2 that's the update and the employer contributions due from the essays is 116 thousand dollars what's it what's the case semi-autonomous agencies and that that's this uh that's this is what this is based on the 63 cases that were um reported by the ig inspector generals on the return to work okay in regards to the uh

1:01:04 uh the uh teachers and police and nurses we're trying to get a handle on that um we're accumulating a listing of these retirees who came back uh under the current law for two years retaining their annuity and no contributions and no calculations of annuity as far as uh contributions processing They're a total of $3.6 million, it's processed from October through March. And as you can see the regular, those are refunds to the non-vested individuals, 3.3 million.

1:01:46 So the bulk of the refunds are those individuals who left the system and were not vested. our dead benefits from october through march we have completed 25 and the number of 53 cases are pending our retiree as of april 13 2022 our retiree role is 8701 retirees uh receiving an annuity um from october through april the total amount paid out is 141.1 million dollars to the exact 141 million 144 000 895 dollars and eight cents um from october through april we have added 191 retirees to the payroll and um that same period of time we have deleted from the payroll 176 retirees those in the retirees that have passed passed on the retiree payroll what is paid it was 10.9 million dollars 10 million 895 150.69 um if you go to exhibit c i'm going to move to exhibit c this is the budget timeline that we came up with for our budget uh for fy 2023 it's been worked on um we want to submit this to the budget committee by august 1 i i spoke with mr barry yesterday we want to do our uh midterm review either on main night may 2nd or may night to look at the um last six months

1:03:52 the first six months of the budget um also we discussed that um Mikita Investment has been requesting that we meet with them in regards, obviously, to get an update as to what the board plans are in regards to our investments. So I've asked Mr. Bari if we can probably hold the investment committee meeting and our update of the budget on the same day since we'll have the attention of all trustees. It's going to take maybe about two and a half to three hours to do those, the investment, the meeting with Makita and the budget, because we need to have that budget committee meeting because we have union negotiations on the 19th of May. So we want to alert the board and get the board input as to our proposals. So I'm recommending either Monday, May 2nd, maybe from 10 to 12 or 10 to 12, 30, 10 to 1, or Monday, May 9th at the same time to hold a joint investment committee and the budget committee meeting so i'm just putting it out there the chairman obviously will be in contact with you in regards to that so just to be clear the the it'll be a joint it'll be a joint investment and budget committee meeting basically yes but will be separate by what we will do is since leo is on the west coast we probably try to start investment committee first

1:05:38 I asked, I told him about it. It'd be seven o'clock his time. He have usually complied with us. If not, then we'll hold the budget committee meeting first and then hold the investment committee meeting, which will be maybe around 11, so that you'll give him time to get to his office, so 11 or 12. Okay, so just to be clear, you say you're asking for a two-hour meeting roughly, or three hours? I would say at least three hours because there are going to be questions when it comes to the investment. I know that. So 10 to? I would say 10 to 1.

1:06:18 Okay. All right. So to alert everybody, we'll be sending out a call from Ms. Coley asking about people's availability. so so it would be the the dates of the the second and the ninth you're proposing the second or the ninth of may yes okay so we'll we'll we'll send those notices out keep going uh the next is the update on the rfp that we'll be discussing um in regular session and it's on the agenda our personal loans portfolio which page you're not which page you're on in your page six it's on the screen okay go ahead member loans portfolio um there are 1676 units still um in process or still uh active as of march 31 2022 um there are 875 on the 1598 personal loans active and retiree combined and 78 mortgages that are still outstanding for total portfolio amount of 18 million five hundred fifteen thousand twenty nine dollars and five cents during this as of march 31 there were 34 units that will be

1:08:13 there was an overpayment of nine thousand three hundred forty four dollars and forty seven cents by this end of this calendar year approximately 526 loans will be scheduled to to mature um i will be forwarding the recommendations for reinstatement of the loan program in a different form beginning fy 2025 i think the conduit to this would be the policy committee for review and consideration my recommendation is that um we discuss this more at length in the board retreat. I'm looking maybe in two years when we can see the light and get a handle on cash flow and liquidity. We can do it in a reduced form, meaning that instead of a $50,000 loan, which is the limit, we reduce it down to probably about 10 to start. So we're going to be submitting some recommendations to the policy committee for review and the policy committee can meet and make recommendations to the board okay that's that's up to the board if they don't want to implement fine but we're just giving our recommendations yeah um there's been a lot of uh i'm sorry i thought you were done that's no i would say there's been a lot of inquiry from members in regards to yeah there's there's not inquiries from members i know there's a lot of inquiries and suggestions and from all kinds of people my response have been has been that that is when we when we when we restore that program will depend on

1:10:12 when we make a determination that our our investment portfolio is stabilized so it's it's not going to be i mean everyone needs to keep in mind a couple of things one is that we lose about 140 on your 45 million dollars a year and the first permit is is 89 million so we're still going to be short and so on until we stabilize our investment portfolio and i think we're going to have to have we have we have to have that discussion also with our investment consultants because it will have to fit into a dynamic we have a dynamic asset allocation strategy in place and now that would that is what's going to dictate when and how much we could uh set aside or or invest in that loan program i understand um i think the law states 10 million dollars uh um i don't think we need to go that high but 10 million dollars and as you know it's a sure eight percent return and also there's no way we can lose so i'm just putting that out there okay but we will make our recommendations like i said and i understand everything mr barry just said um we'll make our recommendations and the board will make a determination as to when and how the program we want to do some um some changes in regards to the system uh trying to do it online instead of having 100 people show up every day to try to and it's only one loan in accordance to the law i think we were doing it we were not um

1:12:25 um uh doing things um in prior in accordance to the law we used to be given two loans a year the law states only one loan per year so uh plus we plan to reduce the terms and also the among that the um the retired or the members can lend up any one time so we will give our recommendations the staff, you know, the board will make the decision.

1:12:54 Yes, okay. Go ahead. Okay. All right. St. Croix Complex, no major issues other than they have been doing their annual quarterly spraying of the area. We did have some remediation done in both offices as far as mold and air that came out. some areas had to be remediated including my office and the st thomas complex the largest things are the building the hip roof they're working on that um it's scheduled to be completed in july 2022 subject to the weather um air condition project that is anticipated to be completed in the uh second or third quarter fiscal year 2022 um i was speaking with the um the owner of this company that is we have a contract with yesterday i saw him downstairs and he was talking and he said there's a lot of things that have to be done that were not considered as far as wiring and conduits and all of that stuff. Maybe Ms.

1:14:10 Glendina knows more about it, but it's something that they did not think that they have to do, but they will have to do. So maybe there may have to be a change in the scope of services or something like that. So, and it may delay the completion date. She may want to expung on that based on what he said to me generator we still have an issue with the generator i think um what we we did discuss replacing that generator it has to be repaired it's it's a very old we'll be billing uh the generator and um i think we need to do our backup generator a new generator that we had contemplates after hurricane hurricane the heart of two hurricanes um for the haven site mall the rfp for the way house j is out to bid the donate the new date for submittal is april 20th at 3 p.m it has been advertised in the papers you see it just about every day. As far as our rental is concerned, in March we collected $94,398.32. Of that amount, the rental was $65,326.63. For total collection between rental and electrical uh for fiscal year to date is 641 213.29 we do have a rare ages um a rental of a hundred thousand four hundred and ninety one dollars and sixteen cents electrical 53 125.75 we did receive i think yesterday the amount from risk scare of one thousand two hundred and fifty three

1:16:09 dollars and sixty cents so uh the electrical should be down to about uh about fifty two million or fifty million fifty thousand so there was a payment yesterday of one thousand two hundred fifty three dollars and sixty cents from job core so uh that's where we are with the rentals the leases um division of personnel uh property and procurement is requiring dop to obtain a letter from dof insurance the validity of the purchase order uh miss clandinen that's mr next yeah could you want to expand on that please good morning trustees and everyone the lease with the government employees retirement system and the division of personnel and justice as well has to go through property and procurement so although the lease had division of personnel at least had necessary signatures they require that the lease is accompanied by a purchase order if you're familiar with the government system and that purchase order will be for the amount of the lease for a year the division of personnel had secured a purchase order previously so the property procurement is requiring from them an updated letter from dof indicating how much money is left on that um purchase order um and if they need any additional money so that has been the hold up they have been working on it they sent the requests and i'm in contact weekly with them it's not a budgetary issue no sir okay so hopefully we will receive these monies by by next month right they don't have any arrares division of personnel pays their rent it's department of justice that does so what we hope to receive is the letter from dof indicating how much is left on the purchase order so that property and procurement could move the lease forward for final signatures okay it appears this is the first time they have

1:18:18 actually got us involved with a purchase order i know the system from the other side but i we have never had this before so something we have to adhere to so we just have to do what we have to do thank you uh you're welcome um the protocol as far as protocol covet is still in effect with our office we still require that you um you wear masses in the common areas and entering the building so we have not reduced our protocols as you can see actually cases are arising and so we feel that we should continue to adhere to the protocols that are in place until further notice um i think that ends my um that's that ends that ends my report sir unless there are questions to the chair mr nips how old is the um the generator that generator is at least 25 but close to 30 years old it used to work very well it worked very well yeah it would store the hurricanes and things like that but there's a part that was needed that is not manufactured anymore So we had to go out and have it manufactured. And also the import supply, who is our outside provider, they recommend that it has a life from maybe the next three or four years. So we need to, four to five years, I think, we need to at least secure a backup generator because of

1:20:17 our payroll and also for our i.t that's the main reason why i think we should get a backup right now and how much will be the cost of a new one you think you need it's gonna be less than yeah we looked at uh because you know hkt in that proposal they had right they had um looked at um some of the sizing that we had it's gonna cost maybe between 300 and 400 000 i shouldn't be no more than that so we're gonna i think that would be sufficient than a backup right for right now oh yeah we need we need yeah we have it's the same um low low test load amount so it's it's okay but um we will need to have a backup as a matter of fact we are thinking about getting a smaller um generator for payroll and an it because we don't we don't want to ever miss a payroll and we want it has to stay up because right now you know if the if the uh whopper goes down after a period of time our batteries you know they have a certain amount of time the batteries go down and you know i we lose id so we are thinking about a smaller generator just for those two areas plus a backup okay that one costs us more than maybe half a million dollars maybe less than that but we are looking at it we have been in discussion and we're going to put it in in the budget coming up soon if we have to do it before if we have a new budget we'll just have to ask for supplemental budget to increase the fy22 budget and move forward okay okay thank you okay thanks you're You're welcome. That ends my report. There are no more questions.

1:22:10 Okay. So, Ms. Joyemeyer's turn? Committee reports. Oh, I'm skipping. committee reports do we have any have there any committee reports that's that that's a no answer treasurer's report good morning board chair of the trustees good morning i will share the screen this is the government employees retirement system schedule of receipts and disbursement for the month ending march 31st 2022 i will do a highlight of the major areas so for our loan repayment for the month of march 957 220 year to date 5 million 320 608 for employer retirement contributions we had 8 million 814 711 year to date 48 million six hundred and twenty four thousand two hundred and fifteen our total collection was fourteen million six hundred and twenty seven thousand five hundred and seventy five year-to-date collection

1:24:01 eighty million four hundred and sixty eight thousand two hundred and twenty twenty nine For our disbursements, we had annuity payments of $22,329,168, year-to-date $133,844,873, administrative expenses one million one hundred and fifty seven thousand four hundred and seventeen year to date six million three hundred and thirteen thousand thirty one dollars for total disbursement of 24 million three hundred and thirty three thousand three hundred and fifteen and year-to-date $144,700,064. We have drawn down from the loan portfolio $65 million up to March 2022. our haven site mall receipts and disbursement for the month of march 31st 2022 rents from Havenside tenants 216,953 year to date 1,245,148 for a total collection of 220,889 year to date 1,266,932 We have expended so far for Havenside Mall $188,662 for the month of March and year-to-date $1,381,081. And that ends the reading of the schedule of receipts and disbursements.

1:26:19 okay just looking at the events events 22 versus 21 um that that's that's a good sign that says that people are coming back is that what that means yes means that um i guess the tenants you're looking at haven side more yes the tenants are paying they're paying so that's a good sign that things are coming back okay just just briefly did we lose did we lose any tenants at all mr anybody know i want to say yes mr bauer it's in my report if you look in my legal report you'll see on the haven site mall i have listed the tenants we've lost okay what happened some of the tenants have maybe two or three stores they reducing you know giving up a store or they so we did lose the tenants yes okay okay we need to have uh the board approve the treasurer's report yeah forget a motion i make a motion to approve the treasurer's report second Trustee Callwood?

1:28:00 Yes. Trustee Dorsey? Trustee Dorsey absent. Trustee Liger? Yes. Trustee Dorsey? Yes. You are approving the Treasury Report? Yes. trustee liger yes trustee mcdonnell absent trustee russell he said he said he said he had to step out so maybe he's not absent trustee smith yes chairman barry yes five yes two absent Okay. Treasury report is approved. Investment officer's report.

1:29:04 Good morning, Mr. Chair, other trustees. One second, I'll try to share my screen here. Good morning, sir. one second mr chair sorry i have to um adjust something here i'm in a sentence okay mr chair in order for me to share my screen i have to reset a setting on my computer and if i do that i'll have to reset and come out and come back in so um whatever you think yeah i i don't i'll have to i'll have to share if you could if you could please that'd be great thank you so much if you could um if you could set it into full screen mode with jeremiah thank you so much okay let's see it's one thing with technology you could do all the all the preliminary checks and balances and still something I would have come up with.

1:30:41 Yeah, it's not. Try view, go to, try view and it should have an option for full screen. Yeah, but that's what he's saying, it's in. It's up and I'm seeing the screen. As far as I think it is full screen because I can see the whole thing. Screen, yeah. yeah yeah hold on better yes okay that's good thank you so much okay so um this is an update of the investment portfolio as of march 31st 2022 um as mr nip stated earlier we haven't um we haven't met well we've met but we haven't had a chance to discuss performance uh for the previous couple months and a lot has happened for the first at least the first quarter of this year as our markets have been very very volatile um on the boat on both equity and fixed income side um typically our anomaly sleepy bond market has seen some of its worst losses in years as markets once again uh reset to expectations set by the federal reserve and their anticipation of raising interest rates um going forward uh the latest back and forth around how much the fed will raise rates have the bond market shifting into a higher and faster mode for interest rates thanks to inflation remaining elevated more than um more than most investors expected um and this dynamic has been worsened as you know by the spike in oil prices primarily after um russia's invasion of

1:32:27 Ukraine. All that to say, the results for the first quarter of this year and for this month ending March 31st and also for basically the quarter beginning 2022, the results have been that yields have moved in the opposite direction of bond prices, of course, and have been rising at a faster pace in that it has in recent years um so um as of i think today current ban yields are now as high as 2.8 87 percent on the 10 year and 2.62 percent on the two year and as we know um ban yield and brand brand prices move in the inverse um directions as yield as As banyu prices rise, banyu prices fall. So having said that, total plan return for the month ending March 31st, 2022 was down negative 1.6%.

1:33:33 Total fixed income was down negative 2.2%. A slightly outperformance benchmark by 0.6%. And I think that outperformance was primarily based on our cash position. I think we've held about 15 to 20% of the portfolio in cash. So that has actually helped the portfolio and helped performance. Total alternatives was up 0.7% for the month and underperforming is benchmarked by 3.3%. One active manager, Pew Capital, they returned at negative 2.8% as they track the Blue Morg US Ag pretty tightly. So this slightly underperformed by a negative 0.1%.

1:34:23 What that translated to in dollar activity. Ms. Jeremiah, if you could scroll up. Thank you so much. So we ended the month of March at approximately 358.9 million. This amount excludes the members loan program and our office complexes. If you look at the record of asset growth, we began the bond at 364.7 million. We had zero net cash flow for the month. So that was a good thing. We had no withdrawals for the month. We had income of 430,000. We had a net unrealized loss of $6 million, which brought us to the ending market value of 358.9 million.

1:35:24 If you look at our year-to-date figure, we started at 407.7 million or 0.8. We had a net cash flow as of the ending of March of roughly $35 million, income of $1.2 million. Again, as I've said, we've had a rough first three months of the year that I saw the portfolio lose value in the amount of about $15 million. that brought us to that ending market value of um 358.9 million dollars as of the ending of march 2022. uh we as it pertains to fees of course we paid no fees for the month uh we paid 45 000 calendar year to date and we've paid about 147 000 physical year to date in fees just to update the trustees and current activities for the current month as we all know we've we did receive that 89.2 million um first tranche of the of the grs funding note we got that on um the 7th of april so with that amount now within the portfolio as of yesterday the portfolio value was up to 425 million dollars um i just want to want to have the trustees be aware that if we also include withdrawals for the fiscal year to include this month we've withdrawn a total of 85 million so if we look at it that 89 million dollars that we you know that we got from that first

1:37:14 tranche from the note basically helped us replenish that all that we've um withdrawn so far for the fiscal year um and it also allows us i guess going forward at least until the the at least for the foreseeable future um we probably won't have to draw from our current um securities as well we should have enough cash on hand at least for the remainder of this fiscal year and going forward. That, Mr. Chairman and trustees, ends my presentation for this month. If we have any questions, I'll be happy to answer.

1:37:57 just an observation um you know things uh things are messed up when keep keeping your money in cash is a positive right i mean we we you know we look at cash as alpha uh allocation within within the portfolio as well and there's times when you know cash cash is king and cash being in cash helps performance as well so having having that allocation that we have currently in cash has definitely helped overall the performance of the other of the fund at least for the first quarter of the year um you anticipate we have the need for us to reset our asset allocations um not necessarily for this year but looking out looking out towards towards the this next couple of years i mean the next three years starting in october we're going to get 158 million dollars a year correct correct um yeah i'll i see that i mean as you know you know with the dynamic asset allocation you know we have basically three three um buckets um so as as we as we um determine that we have enough cash on hand to meet the short term we probably would be able to allocate any excess funds in more of an aggressive nature going forward. So definitely, especially with that $158 million that's projected to come into the plan beginning of the fiscal year. I mean, if you look at it, cash is giving you

1:40:04 more return than the others right i i wouldn't say well for the first quarter of this year i would say yes i would say yes but you do have to you do have to remember we're also in the backdrop of of a high inflation environment and as you know you know in a high inflation environment you know it diminishes the value of of that cash as well where you could you know so gotcha okay any any questions okay a motion a motion to um to approve investment some more so move you got a second second mr chair one call trusty carlwood yes trusty doising yes trusty liger yes trusty mcdonnell absent trusty russell absent trustee smith yes chairman barry yes five yes two absent okay so we need to we have these four outstanding reports um attorney williams can we approve those in block with one motion all for them if that is the desire and wish of the trustees yes you can

1:42:02 and anybody like that idea or not like that i mean fine with me i'm good with it okay Could I get a motion? Hello? We have to spell out in the motion. We have to spell out the reports, right? Yes, sir. I think Trustee Dorsey's trying to get in. I didn't hear what you said, Chair.

1:42:32 Okay, I was suggesting that we approve those. We have four past reports that we need to approve, and I was suggesting that we approve them in block with one motion. unless somebody has an objection to that no i don't have none i don't have none okay so if we could get a motion and i guess the motion will be to approve and we need to spell out approve january 22nd treasury report january 20 january 2022 investment report january 20 february 2022 treasury report so somebody somebody move it in that fashion please I move that we have said the investment reports for January 2022, February 2022, March 2022 and April 2022 in black.

1:43:41 january and february january and february investment officers and treasurer's report okay i move that we accept the january january and february 2022 investment um and treasurer's officer treasurer and investment officer reports in block yes trustee liger yes trustee mcdonald absent trustee russell absent trustee smith yes chairman barry yes five years two absent okay thank you very much new business as the sb and company proposal for audit services for fiscal 2021 for five years can i wait a minute please Thank you.

1:46:03 You are mute, Mr. Lerner, you are mute, Mr. Lerner. Sorry about that. Okay, as you know, our predecessor auditor, Bart Smith & Company term had expired and the board authorized the administrator to advertise for audit services for the period beginning FY 2021 through FY 2025 for a five-year period.

1:47:00 so in january 3rd 2022 we issued an rfp um initially the rfp was uh through february 15th however we extended and i'll tell you why so in all we issued an rfp through from from january through the end of march we advertised in the bi daily news the cinque avis pension and investments which is an international periodical and also on the GRS website. We had tried to advertise in the Journal of Accountancy, but there was a lot of back and forth and not returning calls and things like that. So we had to go with whatever we could get. And there were inquiries, obviously, from sb and company llc during that period of january 3rd through february 15th also from a local firm benham and hodge cpas we received a proposal the deadline was 2 15 we did receive one proposal s and b company llc we decided miss jeremiah and myself discussed it We discussed it. We felt that maybe we should go back out again and see if we can gain some more attention to the RFP. So what we did, we advised our SNB, they did not have to resubmit, but we let them know that we were going to extend the proposal. And the proposal were in or where we were going to extend. We extended a proposal to March 30th.

1:48:49 We advertised in the daily news and the website. Also, we contacted, invited four big six firms. Cohen Resnick, Deloitte, KPMG, PricewaterhouseCoopers. There were some inquiries, no commitments, but some inquiries, we did respond to those inquiries, and we had a meeting with KPMG prior to the deadline, about a week before the deadline. They did contact us a couple occasions, and we had a Zoom meeting with Jeremiah and myself the principal of one of the principal partners at KPMG in Puerto Rico. As you know, KPMG was the government auditor years ago when I was at finance. Also there were the auditors of GRS just before I came in and we had some issues obviously with what was going on at that time and were terminated. However, on the deadline and date, they did contact me before 5 o'clock and indicated that they couldn't meet the deadline date and time.

1:50:27 I indicated to them I could not extend the deadline date because I would have to do it for everyone and I don't know who was coming in. And so as far as I was concerned, if they didn't meet that deadline date, obviously they disqualified. They did respond, however, received something from them, APMG at 9.44 p.m. that same day. Anyway, based on our evaluation results, SNB and company LLC, I've given copies of the proposals to have circulated that to the trustees, so they have a copy.

1:51:08 SNB and company LLC was responsive to the RFP and met all of the requirements and qualifications set forth in the RFP. Their main office is located in Owens Mills, Maryland. The experience is very extensive in regards to experience in auditing pension plan. One of the client is the Pennsylvania Public School Retirement System, which has a net assets of $50.2 billion.

1:51:42 Also Metropolitan Washington Airport employees, net assets of 321 million. Montgomery County Retirement System, net assets of 5.3 billion dollars and Maryland state retirement and pension system net assets of 55 billion dollars so as you can see some of the clients um that they audit at a pension clients exceeds our um our operations the fees the proposal fees um which are in line with um our predecessor fees um as that as shown on the screen these are the fees that they have proposed so kpmg which proposal was um not responsive they were responsive and met all the requirements and qualifications however the proposal was disqualified because it was not received on march on time after the deadline uh the proposal like i said was received with a meal at 9 44 pm um so uh kpmg they do have kpmg does have uh experience in auditing the pension plans like i said they did audit the grs um before i came here and when i came we were in limbo with them because of some issues we had to terminate um they presently audits the pension system of the government of puerto rico however if you look at their fees as you can see the fees are out outside the scope or outside the range of what it would take to audit the GRS. Significant difference in the range of fees between S and B, which is this,

1:53:56 and KPMG, which is this. And our predecessor fees were in the range of S&B fees in the beginning when they started to audit. Obviously last year was $160,000. dollars prior to that it was 147 in 19 2018 133 2017 123 2016 116 so they're in line with um the fees that was submitted the fees that were submitted by s and b are in line with our predecessor auditor fees kpmg fees are way out of line there's no way it would take so much to audit the grs in my opinion um preliminary due diligence has started on s and b but before you go on you think mr nibs that they just they throw that number out there because they were they're going to late no sir okay they're just they're just normally high price i think i think they charge you for the brunt that's what it is and you don't need to you don't need to buy a porsche to drive from your house to the um post office to check them here thank you must be carl would you wait i'm with you okay i know these guys because i've worked with them before they were the auditors for the government when i was at finance plus they were auditors for grs so i know them i didn't remember them but they told me they knew me and all that and i i recollect some of them yes you're you're right mr hd they they were working with us

1:55:46 before you came right so and i worked with them for eight years at finance so but anyway it's out of line it's totally out of line clearly okay so um there's no way i could even do anything about that but anyway we did start some preliminary due diligence on snb we we submitted uh requests for references from letters from four of the clients mentioned above we requested letters from these clients here and we are waiting those and um also uh staff want to do an um on-site due diligence which is required but snb audit office we want to do that within the next 30 days um i think i would like a team of the cfo um the investment analyst if you can make it and general counsel and myself to do a site visit what we call kicking the tires we go there and we interview them we walk around you know talk to their staff and they're going to ask us a lot of questions there are a lot of things they need to know in regards to our systems they did ask some questions before but i think since we have seen their portfolio obviously of the clients that they have we need to ask them some questions about the accounting part of it kathy also would have to talk to them about the how we're going to handle the settlement agreement and things like that and what it is so we would like to do that in the next within the next 30 days then we would come back to the board and give board our opinion um as to our visit and also the references letters that we have i would recommend that the board

1:57:44 maybe participate in also a due diligence with the um the principal um partner you can either come down here or you can do it by zoom but i think the board would want to probably participate and ask some questions you don't have to but i would um think that the board would want to you know discuss certain things with them um so um also i think if they are selected they should be invited to the board retreat also another to get them acclimated to the investment side of it the actuarial side of of what they they up against so um so in in essence what i'm saying my recommendation would be for the board to authorize the management to complete the due diligence of s and b company who was all to audit the grs for the period of five years beginning fy 2021-2025 and report its finance to the board, which would then give the authorization to the management to execute engagement contract and engagement letters. That's my recommendation.

1:59:05 A few things, Mr. Ninj. First of all, what does the code require prospect with respect to the the external auditor the court requires that the uh a concern or concern for five years from a recognized national auditing firm okay and it's your representation to the board that they meet they meet those requirements that's correct all right um and hand off hand off from bud smith to uh guess we could just go in and call him uh smb company what what's that process and it could yeah go ahead i'm sorry could that be expedited here's where i'm going with this we're now we're now in um pretty much end of april uh by the time you're done your due diligence it'll be may so we're almost uh three quarters of a year past the end of the last fiscal year and we haven't started you haven't started the audit and i'm i'm concerned about that obviously I understand and so I'm not not that's not here and here at this point in time except is there is there an approach that we could have that could make up for that time could could how how do you see it I'm very much concerned about about I I have a fear that based on the experience of this firm you can see what they're up against they're not

2:01:00 dealing with small dollars here they're dealing with big companies with volume i would think and based on my discussion with the principal that they're ready to go um obviously there has to be discussion between the predecessor which would be bird smith and company and this company passing on work papers and discussions but if they are auditing big firms like that they're aware of gasby situation they're working with actuary um actuaries they're working with investment people so i think they have the experience the graphs and the information that we put to them now the the law requires that it should be completed within 120 days after the fiscal year i think if they come on let's say in june let's say you know because they have to mobilize um uh within 120 days they should have complete 120 days from from last september put us to it yes but i'm saying to you that if they come on in june it should be complete within 120 days after that okay no no the law states that an audit should be completed 120 days after the fiscal year yes person is my question is what what is that day well that state is what is it june this let's say for instance if they we gave him a contract let's say in june that's not my question mr okay fine i believe it i believe it will be january well that's what i'm trying to i'm trying to 120 days after the fiscal year october november december january january okay so i'm really i'm heading with this that so if it forces test strictly within the law would have had to have done the audit by the end of january 2022 you know in april 2020 and we are looking

2:03:11 to start in june 2022 best case now how many days they need one after june when we sign on to complete and and my only question is whether that that that number days could be compressed i wouldn't i would recommend it because number one this is the first time uh number two i'm assuming i i think that if our unaudited financial is uh uh completed and ready to go ms jerry meyer can attest to this it's also um them um coordinating with a predecessor auditor which is bursmith and company they may have questions they need to see work papers and things like that i feel based on what i've seen here based on the experience that they have i think it could be completed within 120 days after the june yes okay i mean yeah we are ahead of the government of the virgin islands when i came here we were three years behind that's a low bar no what i'm saying i cannot do anything about it i'm not i'm not i'm not you know listen to me mr i'm not i'm not blaming you i'm not saying all i'm saying to you is i have a a fear a phobia about late financial statements stuff and i understand why we're late so i'm not i'm not going there i'm just trying to see if is there where we could reduce the lateness that's all i'm trying to get at but i wouldn't pressure an auditor to do something like that if we can maybe we can do is we can if they are acceptable to it but i would think as a new person they want to come to the site to look around and things like that could we ask them well this is something that we would have to do in our due diligence we will we would ask them about that maybe we can give them digital records where they don't have to be to be um visiting the office like that we have done it with bert smith and company

2:05:25 okay but i don't want to guarantee anything less than 120 days i wasn't asking you for guarantee besides 120 days start last last last not january right but can i say something i don't know what's wrong with the government of virgin islands but their 2020 hasn't been even issued we are ready to issue our 2021 in 121 days even ahead of them so our goal is to always be ahead we're going to try the best that we can do to have them making it within 121 20 days wait mr nips wait mr nips two things please please don't use the government everyone else as the standard no we're not okay that's why we are here secondly explain to me what the 121 days because i am interpreting the 121 days to be 120 days after the end of the fiscal year our fiscal year ended september i said that already sir so how are you going how could you finish within 120 days if you're ready from june from june the financial statements have already been prepared to give to the auditor if we engage them in june july august september october october it should be completed am i am i the only one missing missing somebody help somebody help me what what mr bibbs is saying is that he's given them 120 days from the date we enter into a contract with them for them to complete the audit okay thank you hold it i said that before so what did the law say what did mr nibs say the law required the law requires 120 days after the fiscal year ends all right so when when does the fiscal year end but we know that the fiscal year

2:07:35 and it's september but that's a different year we are we are we are auditing 2021 fiscally that's a different year then they will be able to catch up hopefully catch up to 2022 we will have to complete our financials to be able to catch up to be completed 2022 in 120 days and i know it's not going to be done so i would think in 20 2022 or it will probably be completed maybe about march 2023 well okay maybe i'm in top i mean this is i've been dealing with this for 40 years so i don't know um i really don't know i mean what how more or 20 fy 2021 audit is behind already because of the change in the auditor that's what i'm talking about i'm talking about so i'm saying if we get this new auditor to audit 2021 which has not been audited if he starts in june let's say we get a contract done he starts in june hopefully by october he'll be complete fy 2021 fy 2022 ends september 30th 2022 we have to compile our statements and have the unaudited statements done hopefully we will have him complete the 2022 audit by march 2023 or april 2023 but maybe mr jeremiah can um can um i i i think we can uh they kind of puppy the puppy kind of chasing the tail um i i have to say with mr nips in terms of you know um as a new phone coming to do a audit for the first time i i agree with him i wouldn't want to kind of pressure them to be crunching any time and stuff like that i think the first go wrong will take more time than the subsequent years

2:09:37 you know with respect to the 120 days of the law requires we are ready beyond and unfortunately we can't turn back the hands of time we are late and and we're going to be late but i have to say with mr nips in terms of not pressuring a new editor to you know i mean to kind of try to compress time during the first guru like that that's just my two cents um mr nips is the board smith in uh maryland as well yeah yeah and they could coordinate they could coordinate up there with them as well right yeah there's no problem that the work papers are not here they're up at bird smith they can coordinate electronically they can discuss they're going to meet they're going to have to meet there's a process in well you know and um i don't know how much more let me let me put my question on different i'm sorry finish finishing this no no i'm not finished okay now miss miss miss smith you're answering a question trust this man no i was saying it shouldn't be a problem because you know they have offices in the same area in the same state but it's already um answered the question okay so i have one last question for you mr news give me where we are today what would you venture to be a likely completion date for the 2021 party i would say again based on the experience that i've seen the clients that he have i think it would be sometime in october okay okay thank you that's the 2021 are you talking yes okay all right so so you're not you're not you're not asking for what what are your question that was today

2:11:29 just to give me an authorization to to do the due diligence of this company and um we'll come back to you with a report and that the board probably meet with the uh you can have the person come here the board can do it by zoom i'm sure the board may have questions i don't know um we're going to ask as much questions as possible um the reason why is because ms jeremiah and myself are the ones that signs the engagement letter and the management representation letter um so but what may want to to ask questions and after we came with our report then the board can authorize me to enter into agreement with this company okay i am satisfied majority satisfied but we need to do our due diligence okay mr chairman i have maybe one comment on the recommendation given that we're dealing with a new entity that we don't have a relationship with my concern is whether or not we want to commit ourselves to a five-year contract even though the law says we could do that it may make more sense to do a one or two-year contract unless that's going to change the fees or something like that and then see how the relationship pans out before we commit ourselves to a five-year contract. Mr. Chairman I totally disagree this was in the RFP we have done this all the time with all auditors let us move forward with what we advertise for we see we see the experience of this company

2:13:18 let us move forward and with what they committed and what they responded to and mr chairman we can put a provision in the contract that we can um terminate the contract for cause or something like that i'm just gonna say that so yes i i think um pedro the five-year contract is almost standard nowadays as you i mean as you as you've heard from trustee call when the first year the first year is going to be a learning call and the others get more more efficient and more effective as as they as they learn more more than all about this the entity the more efficient the odd it is so i yeah i was going to say that i think i think we should do the start the five-year term especially in addition to the the points that mr nib said about that what we had the ties for and as kathy said i mean if something outrageous that i mean there must be a way we could terminate if there's some kind of outrageous uh action or inaction so i'm going to the five years and that's just i don't have any other board member can you just stick to the five years i agree with the five years okay so we need a motion so you need a motion mr nes we authorize you to to follow through do what what do you want the motion to say authorize management to complete the due diligence of f and b llc proposal to audit the grs that is um pending reports and report is financed to the board okay so moved

2:15:12 muna second then second second that we'll call trusty carlwood yes trusty dorsey he is he's he's not he's absent absent trusty liger yeah trusty mcdonald absent trusty russell absent trustee smith yes chairman barry yes four yes three absent okay not up to you now are we ready to go okay good all right so Time for executive session. Got a motion, please.

2:16:13 Motion. Mr. Chair, I move that we go into executive session to discuss matters pertaining to trade secrets, financial, commercial information, or personal legal matters or matters whose premature disclosure will frustrate the implementation of the proposed agency action ISO move. You got a second? Second. All call.

2:16:41 Trustee Caldwell? Yes. Trustee Dorsey? Absent. Trustee Liger? Yeah. Trustee McDonnell? Absent. Trustee Russell? Absent. Trustee Smith? Yes. Chairman Barry? Yes. Four yes, three absent. Okay.

2:17:13 So, John, we're now into executive session. All right, so to report out of the executive session, during executive session the board approved the term sheet for the ground lease, for a ground lease, a haven hotel development. The board authorised management to negotiate a lease extension of the port of sale mall lease, well I say lease extension. The board made a decision in the appeal of Mary Duggan that parties would be fortified in a decision and order.

2:18:00 covers it yes so a motion to adjourn yes sir i move that we are john second one call godward yes trustee dorsey absent trustee liger trustee liger trustee mcdonnell absent trustee russell trustee russell yes yes yeah yes trustee smith absent chairman barry yes trustee liger Does he like her absent, they have three yes and four absent.

2:19:08 So have you lost your call and the meeting is over. Yeah. Yeah. Okay. All right. Thank you. Thank you. Thank you. Thank you. Thank you. Thanks everybody. This is my lengthy one, but I think we got some stuff done today. Appreciate it. Appreciate you guys having me. Bye.

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.

5x **Trustee Andre Dorsey**
heard in this transcript as: Dorsey

3x **Trustee Vincent Liger**
heard in this transcript as: Liger

2x **Trustee Leona E. Smith**
heard in this transcript as: Smith

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

Bills and acts referred to

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

Act 8540	Act 8540 · January 31, 2022 · An Act amending title 29 Virgin Islands Code, by adding chapter 24 to authorize the sale of the Matching Fund Receipts and create a new entity named the ·Matching Fund Special Purpose Securitization Corporation· to: (1) acquire during the Transfer Period all of the Virgin Islands Government·s right, title, and interest in the Matching Fund Receipts to be paid to or for the account of the Government by the United States Treasury and the Related Rights, (2) issue Matching Fund Securitization Bonds and the Residual Certificate in order to pay the purchase price therefor and as otherwise authorized under the act, and (3) direct the Secretary and the United States Department of Interior to pay th
Act 7880	Act 7880 · An Act amending title 3 Virgin Islands Code, sections 717 and 766 by requiring the GERS to issue personal loans to members in an amount not to exceed $10,000 and requiring that the personal loans issued not exceed the aggregate amount of $10,000,000 per annum, per district and by making a technical amendment ---()
Act 8560	Act 8560 · March 24, 2022 · An Act amending Virgin Islands Code, title 3, chapter 27, section 706 and chapter 28A, section 755 relating to the service retirement annuity to allow retirees to reenter government service and retain their annuity while paying a contribution to the Government Employees· Retirement System; amending title 3, chapter 25, subchapter III relating to the government personnel position classification system position to cover positions of annuitants who reenter government service; and for other related purposes ---0

Referred to but not found in our acts corpus: Bill 34-0171