GERS BOT·s Monthly Meeting 3/27/2024

GERS Retirement System (Board of Trustees)

March 27, 2024 · 0.8 hours · gov

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0:00:00 mr chairman and all uh trustee tammond clark trustee clark absent excuse me trustee and ray president trustee benson g liger present trustee liger presence ex-officio member cindy richardson ex-officio member richardson present trustee ronald brussel trustee russell absent do you ronald do you russell let's see russell's still absent i'm here i'm here can you hear me yes we can hear you miss The trustee Russell, trustee Lee on a good morning.

0:01:30 Okay. Thank you. Yes. Rusty Smith present. Mr. Chairman. Oh, with that. Okay. Thank you. let's see do it a call is it let's see how would present uh mr chairman five present one absent thank you uh are there any comments and suggestions from retirees hearing none are there any comments and suggestions i'll not remember all right hearing on uh the secretary's minute secretary minutes from the meeting for february 27 2025 are there any edits or corrections to be made hearing on can i have a motion to accept the secretary minutes from february 27 20 25 meeting moved by trustee dorsey seconded by the trustee steven yes mr chairman uh trustee tamen clark absent trustee andre t dorsey yes Trustee Liger? Present. Yes, yes. Trustee Liger, yes. Trustee Ronald E. Russell? Yes.

0:03:21 Trustee Russell, yes. Trustee Leona E. Smith? Yes. Trustee Smith, yes. Trustee Duane A. Powell, yes. Trustee Powell, yes. Mr. Chairman, one absent. Thank you. uh are there any communications correspondences to be ready to give it to you no sir all right so chairman's report on march 11th 3.5 i attended the last immigration kickoff that's a conclusion of the chairman's report have a chance report uh yes mr okay uh the administrator's reports is as follows meetings presentations and appearances uh february 25th attended investment committee meeting february 26 conducted direct reports meeting february 7 at the february board of trustees meeting i would like to note that on february 28th uh we issued the gers update newsletter of february 2025 issue kudos once again to our communications team and i hope that all the trustees uh received and read it in the newsletter primitive yes good on march 4th i conducted a velocity migration project meeting

0:05:21 on march 5th i participated in an enculturation interview with regards to the haven site rebranding march 6th we had a jiro tickets update meeting march 7th i had a meeting with principal of pavement development march 11 through the 13th i'm happy to report that we had the velocity migration kickoff with vitech on site uh and mr chairman i would like to thank you for attending the march 11th events on behalf of the board of trustees uh march uh 13th i appeared on the passive on radio program on march 17th we had a velocity migration executive committee meeting and march 18th to 21st we had on-site meetings with linea solutions that is providing support for our migration to velocity march 19th we it's not on here hope we celebrated the customer service unit's uh sixth anniversary i'd like to extend kudos and congratulations to the customer service unit headed up by miss danica thomas and their sixth anniversary doing great work keeping our active and retirees well informed and serviced so thank you very much to the customer service team mr chairman before we move on you'll note that much of the last month since our last work we've spent engaged in the migration effort with the long-awaited migration effort um with regards to moving from v3 version 8 to velocity which is really a seminal moment in the history of the drs uh we're using this opportunity not only to migrate a software application but essentially to re-engineer a lot of our

0:07:44 business processes uh to undergo uh change management and uh frankly at the end of the day uh i will be inviting uh velocity by tech and linear solutions uh to our july board retreat so that they could give um maybe a less comprehensive overview than we had over the course of two weeks here in the last couple of weeks but more comprehensive than just a brief mention in today's meeting so that the board of trustees can get an update as to the project and where the project stands but in a nutshell uh we are looking at several phases we have the launch phase which we're presently in that will last three months then we have the implementation phase which will last 13 months and then the testing and development phase which will last seven and a half months at the very end we have a three-month warranty period to ensure that everything is working as it's supposed to so we're really looking at a two-year endeavor but at the end of that period i assure you that we will have a properly functioning pension administration system and we will have appropriately re-engineered business procedures for the 21st century so please stand by it's a very exciting time uh here at the gos with quite a lot going on in terms of all of the processes continuing with the administrators report um member services we have uh 157 uh applications uh remaining to the process representing primarily fiscal year 2024 and 2025 most of the application from prior year periods have been processed where either the 98 percentile or 99 100 percent for the prior years contribution processing refunds and death benefits we have processed 64 completed 64 cases totaling some 525 000 um and we have 137 cases uh remaining that are being processed

0:10:25 debt benefits we have 65 cases pending um with regards to annuity payments uh for the period october 1st 2024 through march 15 2025 we have paid out a total of 124.3 million dollars most of which represents service retirement activities at 121 million 121 23 million dollars um for the period october 1st 2024 through march 15 2025 we've added 129 retirees to payroll um for the period in march 15th through march 15 we've added uh seven um for the pay date of march 15. uh the number of retirees expected to be placed on the payroll for the march 28th uh payday is five the number of retirees deleted from the payroll from october 1st 2024 through march 15 20 25 is not around 30. so one of those interesting coincidences we added almost as many as we needed unfortunately yes of retirees um as of march 15 2025 the payroll um um semi-monthly bill is 11.3 million dollars uh disbursement by location we have 9447 uh disbursements as of march 15 2025 uh 1715 of those are outside of the territory in 7732 inside the territory so with that type of payout the economic benefit of the retirement system

0:12:32 is primarily within the virgin islands territory um our loan portfolio as of february 28 2025 we have 2283 active personal loans and we have 67 uh legacy mortgage loans for a total of 2350 loans uh in terms of dollars outstanding the active uh we have a grand total of 21.3 million dollars in outstanding loans of which the vast majority are active personal loans at 17 and a half million dollars and then various categories of mortgage loans which continue to amortize all from our balance sheet i would indicate that subsequent to the february board of trustees meeting and the authorization to proceed with a limited retiree loan program that we are in the process of working with vitac on the necessary system programming so that we can proceed with that program and we'll be sharing more details to the relevant public as soon as practical operations there's frankly nothing to report with regards to this employers and thomas office complex i did indicate in the last meeting that we received very good appraisal values uh for both the properties showing increases in value over a period of approximately four to five years uh at haven sites mall uh the major data point would be with regards to the hotel project which is now 85 percent complete uh the exterior of the building is essentially complete i mean you're talking about in 19 percentile range or higher most of the work presently is on the

0:14:44 interior uh you can imagine that building out and furnishing 126 guest rooms is quite an undertaking that is what is happening now uh as well as some civil work on the exterior The micro turbine that was installed for the hotel is tested and is up and running, so the hotel is self-contained in terms of power. It is, however, connected to the city sewage system and the water connection is scheduled for the upcoming weeks. their waiting material uh as an aside the hotel is currently on system water and they have 125 000 gallons capacity in my report you can see that there's some photos of the building that shows the tremendous progress that has been made in a relatively short period of time uh as far as our rental uh collections uh we presently well we've collected eighty five thousand two hundred and twenty eight dollars and this is for the vrs proper of course uh a total of six hundred forty three thousand dollars for uh the fiscal year to date we have for marriages of 168 000 and some change and it's the typically the department of justice and the division of personnel but i always indicate that we may be late but they always pay so we expect that we will get those payments hopefully in short order we do have um one private tenants that is uh in arrears for rents and we uh deal with that matter privately and appropriately uh so mr chairman with that that includes the administrative report thank you uh any questions for the admin chair i had uh two questions um

0:17:05 through the chair to the ceo um so you said at the end of the testing period for the new software there's going to be a three-month warranty period is that for everything uh yes trustee so is there a possibility to buy an extended warranty on it uh well with the that is what was negotiated uh with um that is their typical uh warranty period attorney meyers was quite involved in the negotiation and if he cares to comment please yes the 90-day warranty is standard and there is a possibility you offer possibilities by up by more months yes i'm sorry attorney myers i didn't hear um you said there's a possibility i didn't hear anything after that the answer to your question is yes you can buy up and buy more months for the work how far out can you go what's your extended warranty they charge you for a month per month okay have you considered it have you considered that beyond the 90 days just based on our past history with our systems it's a very exorbitant amount okay i cannot remember the actual figure right that's fine thank you thank you for that answer uh yeah trustee norsey further to your

0:18:54 uh question i would point out that for the processes that occur not regularly within grs but on a quarterly basis uh we do have uh some extended coverage on those and um actually through the extensive testing process that we are will be undergoing over uh 18 months uh we really are have designed the migration in such a way that there should be minimal if any uh technical issues by the time we get to the actual and go live with the system so those risks uh minimize and given the cost that would be involved in extending the warranty as attorney myers indicated uh we believe that we'll be in a good place already i also need to point out that has been brought to my attention that personnel has in fact made their payment uh it wasn't reflected as of my report but that is the current situation they made sure to let us know and we're happy to report that thank you director richardson my other my other question um to the ceo um when you said the amount of people we i guess we brought on to the plan for payment um was 129 and we i guess we lost 130 people is that was that what you said yes so the people we're bringing on those are basically tear two so there's a difference in that calculation as well our retirees even though we're seeing some tier two um the bulk of our retirees are still within tier one demographically okay that of course will change at some point but

0:21:01 it'll probably be a few more years on the chart that you'll see from the actuary at the july board retreat you'll certainly begin to see that there's a sliver of tier two retirees whereas before there was little or not but the the bar graph is beginning to become perceptible but it takes a while because of course we do not hasten anybody's demise uh it takes time for a demographic check is sort of burned so that so that total number is is all tier two at this point that's just the way the system is set up now right which number is all tier two uh the new people coming on to the plan or no if you're coming on to the plan as an active employee you're a tier two if you're retired it's still primarily tier one right okay um okay thank you for that Do you have an update on the pavement site on repairs and restoration because I've been there too, is it going to be a long time? See on the air right there, he's very young.

0:22:29 your question is timely your question is timely we finally got the after probably more than a year uh the building permit to be able to proceed with that with that work uh trust me i've been harassing folks about that it's um it's you know it's unbelievable how long it took to get a building for a relatively simple repeat okay so as far as the painting of the buildings that's all part of the rebranding that we're doing with ideas so there's actually various color schemes that they have come up with for review and consideration which we'll not do all at once but as we as we paid buildings which we do periodically we will be choosing from the color scheme thank you for the question any additional questions for the ceo there are none treasures report oh committee reports sorry um there are no treasures report chair i didn't hear the committee did you say anything about the committee report there aren't any there are none oh okay sorry all right thank you good morning board chair of the justice this is the grs Are you all hearing her? I'm not hearing her.

0:24:47 Oh, okay. Yeah, I was thinking the same. Sorry, I pulled the wrong report. But she wants to present. so thanks This is the GRC Schedule of Receipts and Disbursement for the month ending February 28th, 2025.

0:25:55 Receipts on collections, we have loan repayments of $638,461, year to date $3.3 million, We have rent from tenants, year to date, 453,000. Employee retirement contributions, 9.5 million, year to date, 38.2. We have employee retirement contribution $4.7 million, year-to-date $19.5 million, then we have miscellaneous 413, year-to-date $1.8 million for total collections of $15.3 million, and year-to-date collection $164.9 million. disbursements we have annuity payments of 22.7 or 22.8 million year to date 116.9 million administrative expenses 1.1 million year to date 7.6 million we have of contributions 724 000 year to date 4.7 million for total disbursement of 24.7 million for the month of february year to date 129.4 million we have a net cash deficit of 9.2 million for the month and a net customer plus utility of 25.4 million or 25.5 million we found it all

0:27:51 yep can i have a question right there with respect to um the collections um yeah um last year relative to last year's month of february relative this month of february um it seems like it was down about four million is there any particular thing that caused that because the disbursement seemed like they're on the same level as they were last year on this time so just just try and understand why collections was down less for the fundable notes the band family notes for last year okay cumulative basis though but trustee clark specifically for the month and that would be an employer and employee retirement contributions yeah which may be some timing differences versus the prior year right and we um collected some um dates some that were last year yes right so there's a bit of a distortion I would also like to point out before I was a trustee Jeremiah CFO Jeremiah moves on to the next slide that with regards to administrative expenses at the five month mark uh we should be at about 41 percent of the budgets with regards to administrative expenses and we are 34 so we see some good administrative expense control there thank you

0:29:41 for the month ending February 28, 2025. We have total collections of $5,015,000 year-to-date $2.5 million and our disbursement for $400,000 year-to-date $1.9 million and so we have a net cash surplus for the month of february of 115 000 the age of days 681 000 that ends the report any questions i get there's no questions for the cfo wow i just had a quick question um CEO you said the administrative expense is at 34% and you said it's going to come down to 21% I was just trying to follow so no such thing I indicated that at the five-month mark we had 41% of the year completed but at 34% of the budget so if we were to straight line our expenses we would typically be at the 40 41% Marty in terms of expenditures at this point with regards to the budget but we're at 34% so it shows good expense control what did you say that was from you were in and out i didn't understand what you said trustee doors you were in and out i was trying to

0:31:35 figure out how did we get there what did you say okay i'll repeat um we if we were straight our expenses we're at five months uh five divided by 12 is 41 uh so you would typically be at about that uh region um for the year our expenses are fairly straight line uh we're at 34 percent my it was a very passing uh comment that we are exercising good expense control and i was saying that to the cfo and commending her and our various uh officers for having that expansion oh okay i hear you now within button i hear you now thank you good job yeah good job in your team thank you anybody else having questions for the cfo i have a motion to accept the treasurer's report don't move second my choice is to me so i can be very interested Yes, Mr. Chairman. Trustee Clark? Trustee Clark? Yes. Trustee Clark, yes. Trustee Dorsey?

0:33:22 Yes. Trustee Dorsey, yes. Trustee Liger? Yes. Trustee Liger, yes. Trustee Russell? thank you thank you uh mr jerry mayor for the report next up we have the investment officer's employee mr anderson morning everyone good morning trustees um this is the update of the portfolio as of february 28th 2025 uh just a quick highlight of some of the activity in the markets for the month so in the month of february um our domestic domestic stocks fell a while develop an emerging market um shares outperform uh domestically share fell of economic data raised concerns over the health of the US consumer and worries over the potential impact of trade tariffs. Also in February, President Trump threatened to impose 25% tariffs on goods from the EU and planned tariffs on Canadian and Mexican goods. As you know, he did in fact impose those tariffs in March. I think also yesterday he imposed a next set of tariffs on automobiles, importing automobiles and auto parts as well. Concerns over sustainability of earnings from U.S. megacaps tech stocks, especially those exposed to AI. In the Eurozone, shares advanced

0:35:14 despite ongoing escalated geopolitical tensions and tense meetings between the European leaders and the Trump administration. In particular, the financial sector led gains as bank shares performed well amid amid good um corporate earnings and plans for shareholder returns uh in emerging markets uh the advanced emerging markets um advanced in u.s dollar terms as china drove gains i think the chinese market was up about uh 11 for the month uh with optimism about its air capabilities um poland demonstrated resilience and made investor outlook for a possible end to the Russia-Ukraine war and Mexico showed gains as U.S. tariffs were passed until March 4th. Total plan performance, a total plan returned 1.3% for the month. This performance number includes the addition of the new appraisal value for the Havenside Mall. So we did capture that performance in the month of February.

0:36:19 So the portfolio was up totally, total plan was up 1.3% for the month. Fiscal year to date, we're up about 3.1%, since exception, we're still up 8.4%. Our total domestic equity was down 2.3%, our Russell 1000 index was down 1.8%. Our Russell 2000 index, which is a small cap index, was down 5.3%. Total international equity returned 1.6%. Our developed market portfolio was up 1.9%. And emerging markets was up slightly at 0.7%. Total domestic fixed income returned 1.8%.

0:37:05 Our investment grade bonds returned 2.2%. As did our tips, 2.2%, our higher year bonds returned 0.7%, slight return on our cash at 0.3%, and our total alternative returned 8.4%, again bumped up by that appraisal value from the Havenside Mall. As it relates to the cash flow for the month, we ended the month at approximately $545 million in the portfolio. So we had a beginning market of about $547.8 million. We had a net cash flow of $20 million as we had to withdraw cash for benefit payments. We had income of about $155,000.

0:37:55 We had an unrealized appreciation in the portfolio of about $7 million. mostly attributed to the appraisal value of the Havenside Mall that brought us that ending market value of 534.8 million dollars a fiscal year to date we began at 497.2 million net cash flow for the fiscal year 21 million dollars about a million dollars in income for the month for the fiscal year unrealized appreciation in the portfolio was 15.2 million again brought us to that ending market value of 544.8 million dollars in the portfolio as it relates to investment management and custodian fees month to date we paid about 16 000 for custodian for the custodian Bank. Fees, year to date, we've paid about $125,000. Fiscal year to date, we've paid about $224,000 in investment-related fees. I added a new chart. I took out the securities lending portion and added what I feel would be added a little more value to this report for the trustees. So I added the manager expense analysis and this is for the public market managers. So if you look at the XOP, we have a total market value of about $462 million in public market assets with an estimated fee value of about $121,000, which is about 0.02% or two basis points in um overall fees so very very low cost in our portfolio um mr chairman trustees i think that oh and one other thing i wanted to note that if you note

0:39:52 on the graph in the middle net asset value over time if you look at the um the over year february 24 uh 2020 i mean february 2024 and february 2025 we pretty much still um at neck and neck at a stable level even though we know we had um withdrawals so the the fund has been performing um really well over that over that year basis on that last point i would like to add that even that is a bit distorted so to speak because uh that shows a balance of approximately 535 million dollars as the ending market value we all need to remember that we are still owed 90 million dollars more or less uh for the past two uh fiscal years with regards to the funding note all tied up with the cover over uh and the um the matching fund being at 1050 as opposed to 1325. so when because i'm going to be optimistic we received that 90 million dollars it will show that we're actually closer to being at 624 million dollars uh in terms of value at this point those monies are not um forgiven uh we still expect to receive them good point i'd miss you to dawson thank you uh mr chairman trustee that concludes my report i'd be happy to answer any questions oh i have a question chair i was about to ask do any personal investment officer um yes the slide before we were talking about the uh the bank shares were performing well but we're talking about us uh

0:41:58 major banks at this point like is there an index or something that you were referring to is it a group or something or was it particular banks those were um banks in the in the in the easy index predominantly so those were international develop develop market banks that's what i thought okay so do you have do you have a and how are you how are you uh following that is there a list is there a list of those banks or is there one item you're following uh if you recall we invest in the in the russell 1000 index so within that index basically of um of a thousand um positions so you could you could you could get a snapshot of that index as to um the makeup of the the companies that make up that index so you would see the bank that's that's that's the primary russell 1000 index is that what you're saying correct okay i appreciate that msci ife because we're talking about the um developed market i'm sorry we're talking about developed markets so we're talking about the the msci ife index thank you you're welcome thank you chair mr chairman just two observations uh one with regards to bank shares um we definitely saw bank shares do well in anticipation of there being a lucifer regulatory environment with regards to financial institutions so we're seeing some of that

0:43:56 and secondly we have the haven sites manager online and you would have heard mr henderson indicates several times that uh this month we benefited from the improved value uh reflected in the appraisal of the haven site mall and um i i drive them very hard at haven sites and uh i would like to recognize that the efforts that are being made they're already beginning to show uh results that are that are conflicts meaningful to us in terms of value so the value proposition of them all remains quite high with even more potential um any other questions for the investment officer there's one comment Chair, if I may.

0:44:56 Proceed. Mr. Henderson, thanks for the report. One thing that we can see is that diversification definitely benefits the portfolio because if we were heavily weighted towards domestic equities, we would have taken a greater loss. So I want to commend the foresight of you guys from reducing your domestic equity part of your asset allocation, given potential, you know, overvalued assets and troubling times. That's going to help with the portfolio. And, you know, a comment to the CEO. I know in my testimony I talked about alternative assets, you know, and trying to understand that. and they have been a benefit to the portfolio. And so I hear your commendation and I second it to the staff.

0:45:53 Thank you, Trustee, really appreciate it. Mr. Chair. Yes, sir. I have to leave to attend a funeral for a really, really good friend, cultural icon, Mr. Bully Peterson. So I am leaving the meeting, okay? Thank you. Are there any other questions for the investment officer? I have a motion to accept the investment officer's report. So I move. Second.

0:46:27 Move by Chelsea Doacy, seconded by Chelsea Clark. with me uh trustee clark yes trustee clark yes trustee dorsey yes let's see dorsey yes trustee lighter yes library yes trustee russell uh absence uh trust that roll call the trustee yes trustee smith yes trustee yes Trustee Caldwell, yes, Mr. Chairman, I did one absent. Thank you.

0:47:20 Hello? What did you say, Chair? I would just like to say that, and I guess through the CEO, to miss clandening gums was recognized over the last week i guess of the weekend hoping that the system and the newsletter will recognize thank you trustee dorsey that's a very good point that you raise and of course uh she's uh but uh we would like to second your motion and uh command um i'm calling everybody trustee today i also call you trustee clinton uh miss clinton and comes our senior deputy administrator from being uh honored uh last week friday um by a community organization so kudos thank you all right can i have a motion to adjourn so moved second by trustee dorsey seconded by trustee clark okay uh trustee clark yes let's see clark yes trustee dorsey yes Thank you very much, ladies and gentlemen, for your time.

0:49:13 Thank you. Thank you. You

People named in this transcript

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5x **Trustee Vincent Liger**
heard in this transcript as: Liger

4x **Trustee Ronald Russell**
heard in this transcript as: Ronald E. Russell, Russell

3x **Trustee Andre Dorsey**
heard in this transcript as: Dorsey

3x **Trustee Leona E. Smith**
heard in this transcript as: Smith