GERS BOTs Monthly Meeting 8/25/2022

GERS Retirement System (Board of Trustees)

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0:00:00 so i see dorsey i see liger uh i'm not sure who's in the boardroom okay all right so then we have a quorum okay so when did the official show we'll call Trustee Colwood? Present. Trustee Dorsey? Present.

0:00:29 Trustee Liger? Present. Trustee McDonnell? Absent. Ex-official member Richardson? Present. Trustee Russell? Present. Trustee Smith? Present. present chairman barry present seven present one absent including the ex-official member we have a quorum okay okay thank you everybody for being here and being on time so let's let's get right to it um uh mr ninja you had a request to reorder the agenda yes i have a request for the agenda after the secretary minister uh to accommodate uh makita uh rio festino on the line so that he has a someone someone mike is on we have an issue he has an issue with uh another uh conflict and a time difference in in california so he asked that we move him up front so he can and present the new information that he submitted.

0:01:50 Okay, so you want him to come after number five on the agenda, is that what you're saying? That's correct. Okay, any objections? Hearing none, so ordered. okay so let me go to item number three which is comments and suggestions from retirees good morning yes good morning this is aquanet chenery um i've missed the last few meetings i'm a retiree but i just wanted to thank the board for the work that they did to help to shore up the um grs for all of us retirees and future retirees so i just wanted to put that on the record and say thank you okay you're welcome very welcome most of us are retirees too so we had a vested interest in that outcome um any others okay hearing none um you got to comment item number four comments and suggestions from active members do we have any online okay um hearing none i'll go to item number five secretary's minutes mr nibs need a roll call to approve someone needs to make a motion okay so do we have um may i have a a motion to approve the minutes someone who said that's right thank you trustee callwood yes trustee dorsi yes trustee liger yes

0:03:50 trustee mcdonnell absent trustee russell yes trustee smith yes yes yes yes one absent okay so So, minutes approved and adopted. I have a question, Chair, in reference to the minutes, the last paragraph of the minutes, Trustee Russell regarding a lack of participation of members in these meetings.

0:04:36 Mr. Trustee Russell suggests that our meetings be televised versus the internet or a combination of the two because we have very little participation from the 16 000 members we represent retirees and active so where are we on that he also suggested town hall televised meetings as well where are we on that yeah to me or well That would be to yourself, Mr. Nibs. The internet alone is not working. We all see that's not working. And we're trying to get a broader perspective of our membership.

0:05:24 I'm not even sure how many retirees are on or actives are on today. Well, I don't know. I was gonna say, I think that's something take on the advisement we have um i guess we have to have to figure out what the cost of that is going to be and and um and come and make a decision about about that could i comment please mr chair yes yeah the um The community channel that was started when cable came into existence is supposed to be available for certain things like these and WTJX.

0:06:19 We could ask our staff to look into how to get onto the community channel. I think also when the legislature is not using its whole apparatus, we could try to get it. So the three avenues, WTGX, the community channel, and the legislature, because we really need better participation since we're moving forward.

0:06:49 And these retirees have good ideas. They have good stature in the community, some of them. having the input would be great thank you okay mr nives and your staff why don't you do some research on that matter and and report back as to your recommendation of the options can i respond a little please sure i have been uh in a zoom meeting that had to pertain to retirees and a lot of them were there so i think we need to reach out more to the two organizations one in st thomas and st coy i don't have any problem with the community channel i think you have to request it i have done it before when i was on radio program but it has to be requested i'm not sure if you want live participation the zoom is just the best thing because you would have people chatting and things like that but i would reach out um i would recommend we have a zoom probably a zoom um or some type of turn hall meeting because there are a lot of questions since um last week when i went before the legislature but all i'm saying is that i have participated in meetings where there were close to 100 retirees only on the call so i don't know but we will try our best to see what works how we can get participation yeah okay so look into the options and we can report back yeah mr nibs you will give a report of of your testimony right when you give your report because a lot of people in the community

0:08:41 get in touch with me based on that testimony so uh you know if they if they have internet it's on the website okay good okay thank you thank you mr chair okay mr nives if they don't have internet um they don't have access to the website is not something you want to read into today's meeting take an hour okay all right don't worry about it um okay so now now we move to the the makita thing mr nips yes someone would have to be ordered the agenda i thought we are oh you did move okay fine i'm sorry okay leo Leo I see Leo is on yes good morning for some reason my video is not going through it says the host has stopped it so I can talk but the host has blocked my video Well, I can still talk, and you can hear me, and I can see you, but for some reason, I'm not being seen, which is okay.

0:10:12 So Sean, maybe you want to pick up, pull up our slides? Sure. Am I able to screen share? maybe somebody or if not we just point to page numbers however uh you know you can green screen share okay hold on one second all right um looks like i'm on there we go all right thank you uh maybe you can make this a little bit bigger the font or the ratio there zoom in perfect all right uh good morning everyone thank you for uh being flexible to put us first on the agenda today so this is a follow-up you you will recall we had conversations at the retreat and then at the investment committee meeting with respect to um important decisions the board has to make um definitely very good news to see the funding come in a few months ago and the other one expected the next one october 1.

0:11:22 so that infusion of capital extends the life of the fund which otherwise was headed for insolvency so there were three recommendations that we discussed at the committee meeting two of which were approved one that was table for today the two point of information chair point information chair um i have two retirees who had their hands raised and said they couldn't get in um they wanted me to let you know to reflect it in the record they had their hands raised they're listening they had their hands raised they had questions they couldn't get in they were not seen they were not uh acknowledged okay um so they want the record to reflect that two retirees okay okay sorry well mr cheer after um the presentation has made maybe we could go back to them i would like to hear from them if they still you know on okay after the presentation yeah they said they said chair they told me to tell you thanks and they would like the opportunity to come on okay good okay so we'll go back after them thank you yeah thank you so i was as i was stating there were three recommendations discussed at the investment committee meeting earlier this month two of which were approved by the committee the first one is setting up a new asset allocation so that asset allocation is shown now on this screen And it's somewhat similar to the one that existed prior to 2014.

0:13:11 So that will have to be ratified again by the board. The second recommendation that was accepted by the Investment Committee entailed the timing to move from the current asset allocation today to this target. And to refresh everyone's mind, it involves moving half of it soon as practicable possible so assuming the board approves again these recommendations yeah i sent it out yesterday you didn't get it send it i'll tell you right now please go on mute somebody's club run i use um yeah i use club runner mr garner Thank you. So, this last recommendation involved moving one-half of the assets to the new targets as soon as practicable possible, assuming the board has moved to approve this new target allocation, and then the balance in stages, targeting one-fourth of the balance each month so that by the end of the year, the new allocation is established.

0:14:26 to. So the language is in the documents used at the Investment Committee meeting and summarized again on this first page. The recommendation that was tabled involved first of all the decision on who the passive manager would be to manage these index funds and b what to do with the other the only active strategy which is pure capital. So the rest of today's presentation would focus on those two. As background, if we can go up one page. Okay, sorry, then we're good. As background, today, the system uses BlackRock as its index fund manager. In the past, when there were more assets blackrock manage a variety of index funds on behalf of the system since then the market has gotten more competitive makita has gotten larger in other words we advise and manage more assets and as a result we're able to negotiate better fees now than we were able perhaps five or ten years ago so we went back to blackrock and requested uh an update of those fees because some of those may be a little bit above where market standards would be today and so blackrock came with improved pricing across all of the offerings compared to the ones that existed before we went also to the marketplace and inquired and eventually found one provider which is state street global advisors ssga which is the investment management

0:16:17 arm of a state street bank which is a girl's custodian to offer an even more compelling proposition and so their recommendation today involves moving away from blackrock into ssga as they offer much improved pricing and we can discuss and revisit that in a minute uh so that's part of one of our recommendation which is on the next page um sean if you can point there maybe two slides up okay so what we have on this table are the six um products for which we sought services from an index provider consolidating with one typically makes the most sense in terms of getting the best possible fees if you look towards the right we have the original fees for the asset classes of the products that were used and you see they were all higher than we have today with either the blackrock new fee or the ssga new fee so if you look at the u.s equity used to be three basis points the new fee from blackrock was two ssga 1.75 there was none on international developed market equities but ssga's fees are about 25 cheaper the emerging market equities came back quite significantly from 15 to 9 now to 6.5 on bonds it goes from six to three now to two on tips which are inflation adjusted bonds it goes from four to two and a quarter to two and on high yield bonds we didn't have that available black uh black ropes started at 12 and ssga gives us at seven basis points so if we were to put all the money with ssga in these mondays the total fees that the system would pay would be 134 000 which is the minimum amount you can just

0:18:10 quickly glance at all of these amount it's just a couple of basis points for all of the systems assets um so this is a very efficient approach and it's still you know meaningfully less than the one with blackrock at 185 for the exact same services so our recommendation part one is that the board considers using a state street global advisors for its index fund needs i will move on to the second recommendation and then take any questions or the second part of this recommendation which involves pew capital recall that today you have essentially two assets the indexed bond allocation and the actively managed bond allocation at any rate the amounts of assets you have today in bonds is larger than the one you will have once you transition into this new asset allocation the reason being is today you had a lot of cash and bonds to essentially pay off the benefits now with the in with the inflows of additional contributions from the funding node, we don't need to be as conservative, so we're going to be redeeming from bonds. The question that you have is, do we get rid of Pew Capital and just use SSGA or not? We think Pew is a reasonable manager. We think highly of them. They've done a fair job for you.

0:19:38 They've been around with you for about 11 years. We have some very brief information of the firm, and on the next page we have some tables and we can point to the one on performance more importantly sean on the next page uh there you go it's on the shaded table um and if you go all the way to the right since inception the manager was able to add about 10 basis points grounded per year on average ahead of the benchmark so it added a little bit of value but uh their fees are about at this level 22 basis points um this is net so in other words after accounting for fees they were able to successfully add an additional 10 basis points so from that perspective uh it's been a net positive so even though you paid a little bit more you got a little bit of extra money but you know it's been only 10 basis points so um the choice is there and if we scroll down to the next page we can keep it very simple there are the fees you know sorry 25 basis points compared to the two so it is much more expensive this manager is trying to beat the benchmark after accounting for their fees so if you scroll down to part two here we're looking at a couple of different options one is we include pew one is we terminate pew so if we terminate pew this is the number on the right that you saw on the prior page 134. if you keep you the fees double and that should tells you how expensive running an investment program is when you use active managers and this is just bonds if you're looking at equities private equities it would increase more here we're just looking at these we're not accounting for you know the cost of running any local assets or private equity or anything else

0:21:38 just looking at these options so if you were to terminate pu which is option uh two you have the price at 134 and if you were to keep them that would be about 277. you can also choose to keep both and if you were to use the same ratio that you have today then we have there under option three not on the table but on the on the language below what the cost would be roughly about 192 000. so that's my quick summary certainly happy to entertain any questions or comments that that you may have but assuming you approve these recommendations today then we'll start working with your staff as soon as possible to begin to sell bonds and buy some of the other categories like stocks tips high yield etc i'll pause and welcome any questions any questions yeah i have a question um from the last meeting we had which was never truly answered um you talked about um um and options from an insurance standpoint how you could protect us with the different positions separate strategies consider uncertain conditions and i never received those five strategies right so up to now because i was cut off by the chair i don't know what they are i would like to know what they are i thought they were going to be presented first today since that's where we ended so i never got those five i asked the chair also to explain it and i never got it and i don't know if any other trustee received it but i did not receive those five

0:23:30 strategies that you came up with thank you trustee dorsey uh we haven't brought them because we're still not ready we're still analyzing the best way to potentially implement it so first we need to get comfortable ourselves that has some merits that the costs are outweighed by the benefits they would bring because those strategies would be costly it's essentially like buying insurance sometimes you have to figure out do i need it or do i self-insure and if i need it how much what premiums i would be paying what's my deductible going to be i'm paraphrasing using insurance language but to some degree there's many options so if i'm thinking about protecting some of my portfolio am i going to do it just on the u.s equity piece on the total piece at what level for what term etc so we're in the process working with our teams exploring those options to come up with a view as to whether this is appropriate or not for girls what i did mention at the last meeting is that we had a series of webinars and articles that i believe were forwarded to to the executive director and i think posted on our website as well those replays are available and we can share that information our goal before bringing a recommendation that is very new to you would be to first spend time providing some context providing some education making sure you understand what you have in front of you this is essentially very similar to what the board has invested in the past so today that information is not available and the reason is we're not ready yet we haven't arrived at the point to figure out if it makes sense or not for girls at this point but we intend to do it as soon as possible it just takes time because there's lots of variables to look at so so then we shouldn't be considering anything today since we might be making a move without the insurance in place to protect i i would disagree with that observation trustee dorset i think uh that this is uh there is some coverage that you get by being diversified across asset classes the other is a more precise insurance uh if you will um and so from our

0:25:42 perspective um it would be in the best interest of the system to move towards a new asset allocation just because of the increase in cash flows and the situation if you keep your assets very conservatively as you have today you might make two three percent and as the actually has shown that alone will not lead to um the capital needed to avoid um insolvency in fact it's going to accelerate it okay well i i was just trying to get an idea of uh what you were explaining in our last meeting so as of today you still have no information one of your last comments was speaking about uh money options uh you didn't go into much detail you didn't name which uh position you were recommending even with that i just i was just looking for something a little bit more concrete i'm willing to stay concerned until you can show us uh what those strategies are i can actually uh save the system uh from making at this point um coward and uh smith you're you're not mute coward and smith you're not mute could i interject here um i'm saying chair coward and smith are stalking and i was stalking i was trying to make my point they're not mute

0:27:35 I was asking again you had your five strategies we have received no I need I have not received any documentation on the strategies but yet you're here today to ask us to move monies that are in safe environments and then you're putting in front of that that we're still looking to go insolvent if we don't move the money and still at the same time you're not giving us some insurance on top of that we're in as you just said we're in a safe place right now yes we're not going to make a high return but then at the same time you're going to draw in front of us that we're going to look to go and solve it again because we're not moving the money into investments that can make more on the return but the whole idea was from the last meeting you had five strategies that were part of your your report to us and i asked for those five those five should have been here before today's meeting and i would have had a discussion more in depth about the five i'd have had an opportunity to review them and ask you questions how you would apply it to these new proposed movement of our funds and it's not because we just had this influx of cash we just want to just well i don't want to just move it i can't speak for the other trustees but i would like some insurances so that we don't get back to where we was so trustee dorsey uh thank you for your comment i'm going to try to elaborate on my answer we shared our intention last at the last time we met was to give you a preview of other things we were considering we had all lengthy conversations at the retreat and then at the past

0:29:27 investment committee meeting about the direction that carers could go under different scenarios and we confirmed that the status quo was not the best path forward it was without additional inflows of capital and now with us capitals with the capital coming in we know we have at least another 10 to 15 years to be very cautious in terms of solvency where before we could see at most two or three years out if we use those assets that we know we now have at least 10 or 15 years and again assuming those funding notes do come as stated in that case if we're able to make six or seven percent on average over that 10 to 15 year period that's going to be very beneficial to the system trustees and overall any pension fund is in the business of making and managing risks all pension funds substantially invest primarily in equities and other assets that generate wealth as opposed to bonds that just receive income it's only in certain exceptions like curse was facing up to earlier this year that an allocation to the total fund in bonds is reasonable and prudent so our view remains that it is prudent and it is the best decision on behalf of the system and its participants to invest in diversify portfolio that also include stocks bonds etc What we preface is that if there is a way at a reasonable price to provide some type

0:31:30 of downside protection, we will explore that and bring that recommendation forward. We're not there yet because it's fairly complex and there's lots of assumptions in there. And so even if we had arrived internally at a view, this is fairly complex structure that involves the use of derivatives. And so our mantra, our view at Mikita is that clients need to understand the options in front of them.

0:32:06 And so it would take some time. so what we suggested that the last time is participate in some webinars review some materials that i believe were forwarded to mr nebs as a preview and then we'll have a series of educations those will take time because it would i i would be surprised that anyone can get that right away because even to me an investment professional it takes a little bit of time to really understand what's behind each option so our view today is this is a very reasonable and needed step for girls and the rest is something that we're continuing to explore and with any lack in the next three to six months we may be able to to arrive at that discussion for potential action but we're not there yet so i understand if your view is to not endorse this but our recommendation uh stands and we think that after conversations with staff trustees and the actuary an allocation that seeks um more market return for a pension fine of about six to seven percent is pure and unachievable that's not what that's not what i were saying that i didn't endorse something but like you made the example of insurance and for my assets in the category that you're speaking about i do have insurance right because you made the example of insurance so even if i'm bringing a tenant in i'm not going to bring my tenant in and then go get my insurance i'm going to get my insurance first so i'm saying if you're making recommendations for us to move money that is secured based on what you said a few minutes ago

0:33:56 to a more riskier position and you also indicated in our last meeting that you had five insurance strategies and it sounds like today you're saying that to even break down those strategies to the trustees that it's going to take some time so then my question to you why would you even make those recommendations to move today if it's going to take time then i think the trustees should at least have a working knowledge of the insurance scenarios that you want to present maybe it's just me ask a question um is it the stuff that we are proposing to approve today does that preclude us doing any any other other stuff at a later time uh no you could do that at a later time and in fact insurance insuring a portfolio is quite expensive and that's a primary reason why most pension funds don't do it or they do it on a very specific case and so that is the the primary reason most pension funds substantially all um absorb the risk because they know that over time they are rewarded by it and the cost of the insurance is too expensive so they may do it on a small piece of their portfolio at times but it would be rare to do it on the whole portfolio basis so we are in that process for you trying to figure out if it makes sense at what level at what size and it takes time to run all of those scenarios and variables so from from our perspective uh it's something that we care very much and we intend to do but um we're not ready yet thank you okay so um so as i understand it uh any other questions by there any other questions yes yes um

0:35:56 um i i was convinced at the board retreat so i'm on board with some most of your recommendations but i wanted to understand um option two Terminate Pew, terminate BlackRock. What would we be losing if we terminate Pew and BlackRock and go with SSGA? What's the reputation? What is the benefit to us besides a little bit of money?

0:36:46 uh i like option two but i want to understand it more so what benefit do we get with ssga could we could i suggest something um trust the worst of the the three the three basically three recommendations um that require approval as i understand your discussion had to do with the the third recommendation could we the second that's the second option but in terms of the recommend in terms of the recommendations and oh okay okay yeah two recommendations one has to do with if we set in the the targets and the the allocation to the different asset classes the one has to do with the structure of the management structure how the who we're going to approve to do the management And then the third is the one I think that you're talking about that has to do with specific stuff, whether we retain one manager or more than one. Oh, I see what you mean. So we need to vote on one and two.

0:38:01 I recommend that we take care of one and two, and then we get to item number three. Okay, okay. so as i understand it mr nives and um sean and makita guys in terms of in terms of word in a motion is that we want to want the proof the board to approve the uh recommendation the recommendation that to uh as outlined in your in your august 22nd memo the recommendation to reset and to reallocate the asset uh with the targets as you outline on that uh on the screen does that does that sum up the What you're asking, Mr. Approve? That's, that's correct.

0:39:11 So Mr. Nibs? Good morning, Mr. Chairman. Um, this is attorney Kelsha Williams, if I may. Um, I just wanted to point out that, um, there, there's a typo on the first page of the memorandum. This was this, I'm sorry. Uh, attorney Kelsha Williams. Okay. Um, on the first page, second paragraph of the, uh, memorandum, um, it states that the board approved, um, just wanted to point out, it should say the investment committee approved, um, in the second paragraph. Yeah. I think it's, okay. So no thing. Okay.

0:39:51 So could we have, could I get a motion to approve the, the, the new asset allocations? second no call let's see carlwood yes let's see dorsey no trustee lawyer yes trustee mcdonnell absent trustee russell yes trustee smith yes chairman barry yes five years one no one absent okay so that's carrying just just to make sure mr barry is on the screen now right so that's okay and and members who are participating uh could see it right yes yes okay good because okay because it's it's a significant progression i i really think it's good for the entire system thank you and the second one i i i thought we approved that so you say mr barry when we approve it in the retreat with the investment committee you bringing it back to the board yeah i didn't catch that okay you have to be approved by the board yeah okay okay okay so mr nips could you um think the motion could you structure the motion i think i'm going to approve what number two yeah the second i said

0:41:47 someone will make the motion just approve uh recommendation number two right make it a recommendation number two okay we made a motion this is sean from akita i would just want to clarify that this motion is to approve the transition plan that is on the screen right now okay okay so in other words is the transition that you we approved with a 50 now and a quarter up until the end of the year right sean correct okay good this is exactly the same that was discussed at the investment committee meeting and approved at the last investment committee meeting unanimously so it's just detailed the timing and it's here again because now the board has to do it and and again uh thank you attorney williams for that that type of it should read the committee investment committee also approved okay so good morning so basically what you're doing is you're approve and this is pedro you're proving the uh investment committee's recommendation to the board okay i move that we approve the investment committee timetable for um doing the are doing the the new investment plan as provided by the board not about but as provided by the investment committee when we have on a retreat could i suggest that you say move that you approve the transition plan yeah you could do that okay i move that we approve the transition plan approved by the investment committee okay discussion chair go ahead discussion

0:44:07 my understanding chair from the advisor that we were supposed to get clarification on certain items and that didn't happen um so we approved an item in the investment committee with the understanding that we were going to get clarification on certain items from this advisor and we have not received those uh if i may i i would like to understand what clarifications you were seeking because there were two items that we were sent back to the drawing board one was a specific ask i think from you trustee to see if there could be any lower fees so we went back and and worked hard to to communicate with all providers to seek best possible pricing so that one we have come back and there is an improved in prices and then we provide analysis as to what it would take to keep or terminate pew and that was the second item so those were the only two that prevented the investment committee from making a decision at the at the past investment committee meeting and those are provided in this memo oh there's a third item was the insurance component and we were cut off you and i were cut off and we just never got the actual final document so when we made when we agreed to go forward with these uh movements of funds you had a classic position that you have five different scenarios and i was really curious to see those five different scenarios you only mentioned uh out of the money options and i don't mind seeing it but i just haven't seen anything so we're voting on what we agreed to but we that was a conclusion that was

0:46:00 incomplete so your thoughts were never complete on what it was and you were going to follow up at some point so i thought that was going to happen today with a sheet that you would have sent to mr nibs that he would have shared with us as trustees i was really and i'm still i am today curious on what those options are my position as trustee is the safety of the plan like all the other trustees um but when you brought up the insurance options i thought that was something very unique and i just wanted to see what it was i think that's the prudent thing where i sit to review before i voted up or down okay sorry we have a motion i was going to provide if i may some commentary so because it's an important point that trustee doors is bringing i think if you were to review our documents from the investment committee meeting there was no comment in the recommendation about insurance that was a preview of what could come next much like in the past in a past meeting somebody has a question could we do private equity and we say well under these conditions in the future possibility well the same thing where this is not for now but it's for the future first we walk then we run mentality if you will so if we go back to the investment committee meetings there was no language about it it was a separate topic in the agenda providing a preview much like we provided a preview and then status update as to would it be possible to for example consider selling uh the funding note and getting money up front it was the same sort of concept so i agree trusty dorsey it's something we intend and will bring to you but it was never from our perspective something planned for either this meeting or the past in terms of an action item

0:47:53 and i apologize if we misled you or if you misunderstood or we miscommunicated on that Okay, so I don't think I misunderstood what you said I think you were we're on the discussion chair that's the process we're on the discussion. Okay, yes. We have one more minute for discussion, Mr. Dawson. So, as you just said, consultant, advisor, as you just said, it's a very important point, but obviously it's not a very important point to this chair, since he doesn't want me to speak about it in more detail to you. And I think it should be clarification.

0:48:37 It was an agenda item. We discussed it and then the chair ended the meeting. i even asked the chair if he could explain it he refused to explain it as well those five options so up to now we have chair trustees voting on five options and maybe they do maybe they don't i don't as a trustee have clarification on those five insurance options that you propose on your last agenda in the investment committee that could possibly help save us in the future if we run into obstacles again i think that's very important as you just indicated thank you okay we also just indicated that there's nothing that we're doing today that precludes that so um we have a motion on the floor could we um yes Trustee Dorsey? Trustee Dorsey? No. Trustee Liger? Yes. Trustee McDonnell absent. Trustee Russell?

0:49:39 Yes. Trustee Smith? Yes. Chairman Bari? Yes. Five yes, one no, one absent. okay and there was there was a third um third action item for recommendation yes and I believe here's where trustee Russell asked a question uh that was an answer but I intend to do it now if that is okay Mr. Chair which was what do we win or lose by going with SSGA. Was that your question, Trustee Russell? Yes, yes. I had the wrong assumption that once we approved it in the Investment Committee, we were just moving on to the new stuff. So I stand corrected with that. And that is about the third option. I am approaching the third option, trying to understand the benefit to system so proceed please yes so with option one under these i'm sorry let me let me be very clear because there is recommendations part options okay on the table we have on this screen on the right under blue option two terminate pu that means all of your assets all of your liquid assets go into index funds that seem to replicate the market plainly stated you will be taking what the market gives you the other option is to go with actively managed strategy and in that case you hire a specialist manager with the hopes that they will be able to produce returns above and beyond what the market gives you hopefully without taking any extra warranty risk in seeking that

0:51:31 most pension funds invest in a combination of the two and in some areas they take active managers to try to generate excess returns and in others they take what the market gives there is nothing again preventing the system from from considering hiring active strategies in the future in fact when we came on board there was a mix of active and passive strategies as the assets got smaller it made sense to consolidate and just have fewer strategies that were passively managed because again the conclusion was investment results alone are not going to solve girls problems so there was no need to take the risk of an active manager now you have the option and i think in our opinion is best to get first where we need to be which is reinvested into the market in different areas and we can do that easily with index funds in the future as these fund these nodes come and as we have more time to explore we can consider a variety of other options including active management right now the only active strategy that you have is pew you could consider to keep them or you could terminate them so i'm going to tell you now what you get with one or the other if you terminate pew you pay the lowest possible fee and whether it's ssg or blackrock they are both very large very capable organizations with trillions of dollars and their management in in in a lot of strategies many of which are passive so from that perspective they are comparable both can do the job one just is lower cost than the other for different reasons they have incentives or preferences they really value your relationship as a as a custodian and they want to expand on that and so from that perspective they are offering very attractive pricing our recommendation is to go with a state street because we see that lower price as material for essentially the same services with respect to pew that is where the manager tries to produce returns and above their specific benchmark and as we saw on the

0:53:39 prior page we're able to do it just barely so but this is not a manager that takes a lot of risk it's going to be always fairly close there's never been a period when they lost a lot of money versus a benchmark or they made a lot of money above the benchmark but they were able to add another 10 basis points uh on top of covering their fees some would find a lot of value and some would say you know that's a lot of work to get a tiny bit and if i only have 72 million that would translate potentially if you assume you're gonna get an extra 10 basis points that is so if you do you know 7 million 700 that's an extra 70 grand above their fee so is it worth taking all of these to maybe make 70 000 per year some may say yes some may say no it's not a guarantee the fees that you save are guaranteed you walk that down the rest is the expectation you're going to make extra money so if you use if you retain pew it's going to cost 277 and if you terminate pew it's going to cost about half of that 134. pew you may make an extra 70 grand on top of covering their fees so potentially you know all of that could be washed away does that make sense rusty russell Yeah, I'm sorry. I was mute. Mr. Bowery, what does our staff weigh in with this? Mr. Henderson, Alwyn, and you know, because I like the recommendation, but I would like to know what our staff uh how they interact with this uh suggestion they they know better than us uh good morning trustee rusty this is on glenville henderson yeah i think as leo stated um you know we we did see some um benefits of some extra returns from pew as to if it's what if it warrants

0:55:59 the the fees um that we pay over time uh that's you know that's debatable i i i um there's no there's no um i don't think there's any wrong answer in these in any of these options to be honest Um, and I, I, I could tell the trustees, I probably would lean towards just terminate in pew and rolling everything up into, into index going forward. Okay. Good.

0:56:32 That's what I was thinking too. Well, what about, um, I'll win the online. No. Okay. Well then I'll go. Thank you, Mr. Anderson, because I, I, I believe that might be a good move. Thank you. thank you um mr festino and mr cheer that's all i need to ask uh i go i have a question trustee i'm sorry chair chairman boring i have a question mr henderson uh mr henderson i've been here speaking about those insurance options what is your position on those insurance options that were mentioned in the investment committee that was on the agenda that were never discussed in detail so what is your position on that i actually forgot about you sorry about that i would ask that's okay trusty dorsey i'm i'm i'm in agreeance with nikita on this one we have to bear in mind that um even with uh where we're looking at options of our insurance hedge to the portfolio but options in it's in their self in the nature of options it carries its own inherent risk as well so it's very important for Mikita to be able to um you know vet it properly in terms of how it would benefit the GRS before they actually present it to the board so it's you know I think it's very important that we get our target asset I mean target allocation a little more aggressive forces where we are right now because the funding note is there the fund the funds will be coming in every fiscal year but

0:58:21 also as a component of it we have to meet a certain threshold in return for it to even be viable and we just can't do it with the two or three percent that we beginning on the current allocation in the portfolio and as mikita mentioned we really need to to have or it's better for us to have strong returns at least in all years to make up for what we see coming in you know the later after that third year we see um a little dip in the in the contributions coming in from the funding note so it's important that we get strong returns in those all the years and we just it's we can't see it or we can't see it being done with the current allocation that we have so it's very important the options piece is basically i mean you know mikita we're saying the insurance it's a complement to the portfolio but at its core we need to adapt these new targets so we can at least hit the ground running in getting a strong return at least for the first three years of those other funding it's it's it's very important mr henderson the five options were that was mentioned they're all option positions is that what you're saying today because that didn't sound like that from this job i don't recall and and leo if you could if you could um chime in i i don't recall leo did you actually give the investment committee five options i did no this was a discussion item as opposed to the recommendation items together with the discussion on the selling of the funding note and i just gave a preview and i provided a few illustrations one of which was the use of options but i just

1:00:13 tried to provide like a very brief uh illustration of what it could entail right so that's that's all i provided at the meeting that is what i recall as well that's not mentioned that there were like five options or five uh there were multiple approaches that could be followed and again that's part of the the analysis which were not final yet mr henderson the last item was the auto market calls but the other four i didn't get what they were so apparently you didn't get it as well so that's a problem in itself and i'm just moving to indexes mr henderson i understand that clearly but we we should be moving as trustees with an understanding from every angle mr dorsey we're going over ground that we've covered half an hour 45 minutes ago we've gone yeah but but trustee trustee uh bory i forget mr henderson who who represents our interests on our side never even made a comment so i have a right as a trustee to at least ask our advisor a question because i don't have an official position from him yeah you have a right to ask the question in the order of the agenda and i'm asking in the order of the agenda you passed that half an hour no we did not we're still in item option three we're still in the same part of the agenda it's all the same it's coming from the same advisor it's all connected this is this is how we get in these situations i i don't think it's just me who needs the clarity i may be the only one speaking up but i'm not going to vote on something if you're going to make recommendations and now you're going to come back and say you're they're not recommendations okay but but you we've gone past that you voted no and invested invested and voted yes so they are asking mr henderson

1:02:06 who didn't say anything can we get to the agenda can we give up to the agenda he represents our interests mr miss miss but i i i i control the board meeting you control the board meeting along with the trustees we're all one vote but we all we all voted already i understand that but i was just getting clarification i forgot mr henderson was there and i was getting clarification it doesn't matter that you voted uh trustee bori i have a right to ask the question i'm not just i'm not just asking for me trusty bori we have an agenda of individuals who are retirees that can't get in uh mr chair uh we have we have a motion in the floor for pew capital is that is that what we are now well well i want to make the motion uh i have made a motion because yeah i want i i want to make the motion that regarding uh our existing portfolio we use option two we could this which would decide to terminate pew and terminate blackrock and higher ssga for all the index uh index mandates and assets i so move move your secondary seconded thank you trusty carwood yes dorsey trustee liger trustee liger trustee liger absent trustee mcdonald absent trustee russell yes trustee smith yes chairman barry yes okay four yes one no two absent

1:04:09 okay so motion carried so um does that conclude that item mr nims yes and we would like to have an approval on three that was uh the draft that was uh submitted to us in regards to the investment policy statement as recommended by nikita those change some changes were made after discussion in the investment committee meeting and a clean draft was submitted to us so we'd like to adopt the changes and amendments to investment committee meeting that is number three on the regular session okay so we we all got that's that's the ones that were highlighted in red right the changes what i like to do right yes and then we uh we submitted a clean draft okay we agreed to the changes uh that kita had recommended and we also had discussion for changes okay yeah mr chair i think those people listening the people need to understand that we had a retreat where we discussed all of this you know and we had a full full understanding of everything i thought that you were going to bring forward and the board and although you may be missing the discussion um as members uh we really really vetted everything before we make these changes so although we're voting on it you know um um if if you have the information and you could get the information you could see how we came to these decisions for all of the members who listening it wasn't done willy-nilly and it

1:06:02 wasn't done without real serious discussion and uh and exploration okay so it might it might sound funny because we we voted on something but it was done properly and we explored all options before we make the change thank you mr chair okay i i think i think it was important that you put that on the record that yes i do okay so there got a motion i i move that we adapt the changes to our policy uh recommended by mikita i saw move you're approving the um yeah yeah from the investment committee yeah as approved by the investor thank you mr williams thank you attorney williams yeah okay can you get a second yes i second it okay good phone call let's see carwood yes trustee dorsey no yeah trustee mcdonnell absent trustee russell yes trustee smith yes chairman barry yes five yes one no one absent okay so thank you very much makita i guess um you could you could you could release makita now

1:07:49 yes sir yeah thank you very much we will work with your staff to implement the changes approved today by the board we will continue to walk to work uh internally on um the insurance uh matter as trustee dorsey mentioned and as soon as we have updates or anything to share we will be in contact with you and we will be providing reports with updates on the transition uh thank you very much for your time thank you thank you thank you both of you bye-bye have a good well done well done thank you okay trustee glory uh you said after this you were going back to the retiree section so i'll just put on the record um it says they're still having bad signal issues and then it says please ask today about resumption of workshops in person then the item two was uh they're asking what's up with the medical review why are there many cases pending so i'm not sure if someone can answer because they can hear you but and they're in and out if someone can answer those two questions mr bory um mary mohead has a hand up too i could see the hand up i don't know if she could you know so we got retirees who want to participate i don't know if you could see the hand mr bory but yeah no i'm not seeing it so yeah that's my head yes i see i see that hand okay the first question so we need to go we're going back to the comments and suggestions from

1:09:37 retirees yes that's what you indicated yeah so one of the retirees sent a text it was asking please ask today about the resumption of workshops in person that was one next one and what's up with the medical review why are many cases pending okay um and then it says so many calls and requests i'm not sure what that means but that's what they mr next like miss uh planning gums to handle this she's in charge of that area okay Good morning. Our response since the pandemic we had gone to a Zoom environment and we have found that our numbers more than quadrupled. In our in-person we could only accommodate up to 25 persons in our zoom environment we have as much as a hundred persons per zoom and that varies but it's much more than 25 i will speak to the staff and see if once a month we can offer something in person for those who are not participating by zoom but for active employees the feedback we have received is that it is a very good method in order giving them that flexibility they need to attend and not having to kind of leave their jobs and come down with travel time and spend the day so the feedback we've received is that people um really like that i will speak to the staff um about doing something monthly or every other month for those who can't attend by

1:11:36 zoom thank you is that is that like a tongue meeting or a question and so what what what how do you interact with the members of the platform it is just like this it's a zoom workshop so miss akita freeman presents the information we have various topics countdown to retirement preparing for retirement the retirement process it's just like this so it's very interactive um we can see faces they can ask questions um the good thing about this forum it provides an opportunity for much more persons to participate um and not lose any time from work or do not leave their comforts of their homes or wherever they are to participate but if this is something that um this is the first time we're hearing this feedback so if somebody wants something i'll meet with the staff in the upcoming fiscal year to offer a couple uh in persons for persons not able to join us by zoom for the workshops so how often you did the zoom how much how much have you done so far um every month we do about four zooms per month um and we reach hundreds i think we're up to almost 700 people for the year already um versus when we did not do it by zoom of course the pandemic propelled us into this arena um we could only do 25 persons and then we had a lot of cancellations and people um not showing up so the workshop was cancelled we we found much more participation in the zoom but to remain flexible and our retirees again in the upcoming as we plan the workshops for fiscal year 2023 we will include some in person so those that cannot attend by zoom will have that option okay thank you you're welcome medical review question if you can answer it says uh what's up with the medical review why many cases

1:13:42 um you'll have to ask attorney williams about that okay board council i'm not sure why that question is being deferred to me um the issue with the medical review committee is that um the committee has not been able to meet because we don't have the participation of the doctors it is the responsibility of the system to contract with doctors to serve and the medical review committee the three physicians that are currently on the committee um dr colander is still willing to do the two cases that were pending during the time he served as a trustee um one of the doctors have left the territory but is available by zoom i believe miss coley has been trying to schedule meetings and we have about two or three new cases that we will need to have heard even though we've had the pre-hearing conferences but we just need the system to contract with doctors to serve on the committee and um just to address contracting with doctors we have attempted to we have just been unable to get doctors who are willing to serve on the committee we continue every time we see a new doctor in the territory we miss sasso reaches out to that physician asking them to come on board and to work on the medical review committee but we've been turned down okay attorney smith and attorney williams we don't pay them yes yes we do okay so that okay okay and the next question is um uh how how has been your sort of relationship with these health centers the frederick state health center the one in saint thomas and saint john are some of those doctors available

1:15:54 the doctors have to be board certified it depends on the areas of specialty and so um as i said we've reached out to the doctors in the territory who are board certified but we have yet to have any particular person agree to be on the board oh okay okay board certified yeah okay attorney smith there's all the your attorney williams does all the participants on the medical review committee have to be doctors is that what the code says yes it does attorney williams i don't agree with that position um when the law was enacted we met and we had that discussion and we've had this discussion in the retreat and the policy committee in terms of the composition of the board um we had agreed that there would be some physicians and some non-physicians but that's a decision the board can make um but the problem is it's not the non-physician members is the physician having this position to serve on the board and the medical view committee that's been the challenge attorney williams does the policy committee need to shore up the new committee in terms of who should be on who shouldn't be on based on the code we need to review that well i don't believe it's a policy committee issue i believe the policy committee sent this matter to the full board again we discussed it at the retreat and it's my understanding that the board is supposed to meet um at a special meeting to um decide or act on the system's recommendation as to what to do with the medical review committee including the composition of the committee okay thank you

1:18:00 any other questions miss moorhead okay good morning good morning Hi, thanks. This is Mary Moorhead, retiree. First, I'd like to ask that, please, the person that is in charge of sending out information to please be more considered with that because I got absolutely no information for this meeting and I had to go through someone who really is an employee and that is through their supervisor. So this has been affecting the three retirees because we have a system that when i get an information i forward it to our secretary who then has the listing of uh the emails of our retirees that she then forwards that to so therefore uh well i would say probably quite a few of our retirees in st croix did not get the information today for today's meeting okay so i would ask that that be corrected please uh the first concern i had is was because in hearing testimony with the senate i uh got the impression that you the board is looking to consider to um move up the date for the reinstatement of the loan program and i'm calling to say that we are really concerned about that and would not recommend that because for one i heard retirees um trustees themselves say that the uh solution the bill uh that gives given the uh monies to the grs that is abandoned so i would want we would want that uh the um the whole thing is solved and taken care of uh before you

1:19:57 decide to begin another program and especially hearing the discussion that happened just before which i'm not sure uh as to what all this uh situation was but it is consideration and changes in your structuring of your bonds which then means that it would be uh very i would think positive for you to wait to make sure of the circumstances the stability the status of the whole the whole system before you get into a loan program because uh may i ask are we still drawing down from investments in order to meet annuity payments mr names no we're not coming but the um since we received 89.8 million we have not really drawn anything down okay since then and and we are on tap for 158 in october that's what which would mean everyone we shouldn't be drawing down next year yeah you should you shouldn't be but is it a guarantee that you definitely will not have to be in a position of drawing down again nothing is guaranteed this point other than assuming christ-like um powers uh it's it's it's as it's as close to a guarantee that we could give you understanding that not as mr nibs said not nothing is guaranteed understood and that is why i would think that you should stick with your original plan i think that was uh 2024 that you were saying you were looking at to uh consider the re uh establishment of the loan program because it is not my understanding that grs was created to be anything more than a pension fund wasn't to be a loan program so uh i think we need to keep with what the priority is to make sure that um we the retirees uh don't have to go

1:22:10 to any more stress again uh the next issue i wanted can i respond to that the upside to the loan program is you can't lose anything you get you get eight percent every month contrary to when we not doing well in the market we are getting a solid eight percent every month loan program has been very good to the system so i mean you know the board will have to make a decision whether they want to go back or not but i just wanted to let you know that we would get a steady eight percent every month the market you know what what i'd like i'd like to show you uh ms moorhead is that you you are very much on point and i don't know if you you were listening to the earlier part of the meeting that whole discussion we've had before this we had this morning if you heard it was all about what you're saying about making sure that we are very careful about how we manage these monies and investments to to put to protect the system i mean we're quite aware that our first priorities is is to pay benefits but um the the the loan program from our perspective is is an investment and as mr naves indicate it's an investment that gives a return so but we we if you if you heard the meeting this morning we were very careful about how we're going to structure our investments what what what how much risk we want to take on and and be very careful about how we move forward so well really i only heard from the motion because as i said i had difficulty getting the information in order to to connect but let me ask is will the loan program when it reopens will it include the retirees i i i'm not sure we have to put

1:24:12 put it together i mean i i think we're gonna have to do my my own personal views that we're going to end up with a stage a stage introduction i think we have to limit our exposure for a while until we know that we have our bases covered so we're gonna um it's i'm not i can't give a specifics at this point that but um we're going to be very careful about how we introduce it it's probably going to be come to some kind of stage introduction we may limit the dollar amount we may limit the maturity dates because part of the problem we had with the loan when we suspended the loan program was not because of the return on investment but because we run out of money and we couldn't we couldn't invest in in a program that's going to lend out money for five years if you're going to go bankrupt in three so so that's that's was the the reason for for for suspending the program what was wrong there's more cash there's more cash flow than return on investment so well when you consider reinstating just realize that you can't put the retirees with all the stress and harassment and concern but none of the benefits because we were the ones that are worrying to death about the situation uh with the grs i understand uh the next issue i have and i guess i would say that you addressing it so far is uh everyone was talking about yes the um the monies that are given is a help but there still needs to be some reform of the system and i'm just asking for that discussion and i guess like i said because i didn't hear the whole thing uh your structure situation is the beginning but there's us there's more discussion and i want to from in a form that includes suggestion recommendations that's going to look like

1:26:20 where the grs is concerned the last thing is uh with the incarceration situation uh the government retirees recommended some time ago and at the time that it was recommended some years ago the board members then they uh what is comprised of the members uh well we thought in support of the recommendation and i'm talking about the fact that uh to mirror the social security by suspending uh the annuity for people who are incarcerated who are sentenced to be incarcerated uh and i was uh pressing because i've been the one pressing that issue with uh senators over the past years only to find out that recently that it was done it was well it was drafted it was sent to you and you just uh knocked it down and uh i and you know wasn't even aware of that and it was concerning to me after the reasons you knocked it down uh which is uh talking about the dependence of those who are incarcerated when these dependents are the same people who are involved and support and enable the wrongdoing and the crime uh the criminal situation uh i want to ask uh first of all did you research your particular um members who are in that position of incarceration did anyone look at their file in in and getting data to make the decision that you did i i i didn't i don't know if any of the other board members did because you know i and we we

1:28:11 thought that maybe it's possibly that that was just a decision of an emotion more so than the decision of concerning of data because i would think if there were mortgages or loans that uh involved GRS that can be some narrative within the bill in order to secure that GRS would get theirs even though they would not necessarily be that that the annuity would be suspended but to really just think base it on the fact that the dependents when you have other government resources that take care of that food stamp whatever you know all those kinds of things that they are available for those people i don't think that should have been a reason for us to knock that down and i was wondering if anyone has the number of the amount that is spent every year uh to people who are incarcerated is it a significant amount um miss moher we don't we didn't research anything locally i know that attorney smith did research of other pension system in regards to this the position that was taken that the board felt this have been around for quite a long time i must say for the last maybe 10 years now we've been looking at this it came to us before the board felt that if mr not meaning to be rude and interrupt but you talk like you don't recall I'm recalling very well. It came before us not in a formal way before and the board had discussed this years ago. I think what the board did is that they said if the offense was against the government, let's say for embezzlement of funds or something like that,

1:30:07 they didn't have any problem with approving or approving um um the position however if let's say for instance you have a retiree a young retiree just retired he's driving down the street somebody popped out from i think one of the trustees that popped out from uh behind a car and he hit that person and that person died he has to go to jail for every uh vehicle or homicide you know he has kids in college he has a wife don't work it's a lot of factors and they felt that you know you have to be very selective of what crime is being committed and if it's against the government fine but if it's something that is other than that i think we have to consider the the family matters you mentioned food stamps and other things but i mean you know it goes beyond food stamps food stamps don't send a kid to college may i ask a question mr lives i want to put on the record since she brought it like that because i'm the one one of those that was affected by the fact that when did that when did the uh grs decided to ask for the law that once your annuity is calculated it cannot be changed that i was left in a position of losing tens of thousands of dollars because i was not notified and those of us who were told when we retired that when you got uh retro your annuity was changed we were never notified that you were going to the department the legislature to change that and we were not grandfathered in so i mean our annuity was affected by tens of thousands of dollars and that law still exists we got a double whammy okay nobody seemed to consider us then who worked for that money under dire resource circumstances because we didn't have

1:31:59 all the resources and whatnot that exist now and it really bothers me that you know we weren't considered then and thought about but okay so that's that's a separate issue i'm understanding so miss miss mohead is it's a loss of money it's not saying it's a loss of money each with miss mohead is it is it your position is it your position that the reason the law wasn't enacted was because grs said that it was that we're not in support there were yeah it's exactly we're not in support because you considered as i saw the people and the people who are going to be affected because the uh one of the um um uh depend when the because of the pendant uh the the way you say that the main or one of the main would be affected but you see my thing is if you do the crime you need to think the time and you you are responsible to be uh for all of that and for what it affects or whatever so uh gr is taking the position of considering the dependence of somebody putting a crime whether it's against the government or not i had a problem with that my question to you uh is whether are you saying that that the reason that the legislation didn't go forward is because of the grs objection yes this is what i was told by senator francis who who's the one that did the draft and told me that he sent the draft to you all and because you're ejected, he pulled it. He didn't follow through with it. He said he even had it on blue copy and whatnot. Well, I think you all know what it means when they have the blue copy, how far along it is. Senator Russell could tell you.

1:33:58 So do you consider that? So it's dead. Public policy. Okay. mean we we've suggested a lot of things before before that they didn't go along well uh you know well this one they they killed them and like i said uh nobody even looked to see how much money total uh you know is going out for people in that situation i just it is bothersome to me when you make decisions without some kind of research some kind of data but thank you very much for uh listening and um for accommodating me uh i've said the fact i appreciate that okay from mr nibs uh mr boy chairman boy uh mr nibs ms morehead asked if we had any monies that were drawn down this year um your answer didn't seem to be correct we had no drawdowns for the year year to date that's what she was asking can i respond okay and it's in documents i put it before the legislature we drew down 120 million dollars okay and then we received the 89.8 so technically we if you look at it we net 31 000 31 million dollars but we did withdraw 120 million announced okay she has the rest of the year that's how i understood it but we did withdraw 120 million yes and then the other the other points he mentioned mr nibs is she was in a category of employees that was affected um with a bill that was passed without being notified by the system the system definitely has an obligation if you're going to make changes to employees retirement in any way you guys have to notify them so is there a policy in place

1:36:03 where that's done mr nibs as of today because if mrs moorhead wasn't notified and people in her category we need to fix that i how the policy well i wouldn't what happened could have been was that we were doing the the government task force this was one of our and kathy can can chime in this was one of probably our recommendation we put it for the legislature obviously we had to go to the legislature to to to comment on it um i understand what you're saying um you know mr i'm not sure i think this is something that predates us i think this was in the reform act okay i'm not sure i'd have to research it i think it was in the reform act so it i thought it was one of the grs task force recommendations no they never implemented any of those recommendations that came in 2005. i believe so i'd have to do some research but i because i always thought it was existing in the code but i'll have to do research but i believe it predates our employment rights office all i was asking all i was asking right if there's a policy in place when there's a change in the code that affects government employees retirees that you guys send a document to them you guys are obligated to send it to them this has nothing to do with the senate down this has to do with the system having a change in policy and forward it to the affected people in the system you know who they are they should have gotten a letter from the system saying that this is now changing if they want to at that point leave it go they leave it go but if they want to be able to come and have a conversation they should have had the opportunity if they didn't have that opportunity then we need to give them that opportunity now that's unfair like attorney smith said this was before my time before time in 2000

1:38:04 usually something substantive like that we would include it in the newsletter or we can send out an email uh you know a mass email or something we usually do something like that so um what i was only referring is to the effective employee it should go to the individual employee in a letter it's like if they're late on their payment on their loan or their mortgage payment on a personal loan loan construction loan they will get a document indicating from that section this is what's happening so i'm saying if this is miss sassel's section then a letter should have came directly to miss mary moorhead indicating that this is a change if that didn't happen that is a great disservice for that uh group of employees and we need to fix it we need to go back and fix that um mr dorsey we will address that policy and if we have the knowledge i may just clarify okay mr dorsey i was saying wait wait wait wait i didn't hear what she um i'm just clarifying that i retired in 2002 and i did ask specifically of miss sasso because i had me missus considering my retirement and whatnot and ask specifically because i was old retro if when i got paid my annuity would be adjusted and the answer i got was yes what i'm saying is after that now you all left the the uh legislation made the change but you did not at least ask for those of us who are old retro and who were retired retired previous to them looking to put the law for us to be grandfathered in that our adjustment could have been made with the payment of the retro because right now when i meet people and they

1:40:08 ask about that consideration with the retro whatever i tell them hello it's up to you if you want to stay until there's a payment in order to increase your annuity so because once you come out it will not be changed but i never had that option i was told mine will be changed because it was before y'all had the law just clarifying thank you okay so mr nibs why don't you why don't you take a look at that and and see if there's something you some bring some recommendation to the board as to how we could address that earlier unless there's amendment to the law it says your annuity cannot be changed unless there's an error okay okay so so mr we will look mr barry we will look at um a policy so if there is a change in the law and something where we are aware of who is affected but something like that where people who are owed retroactive unless they come in and specifically told grs we would not have the knowledge of who was old retroactive but we will draft some kind of policy to address any change in the law for notification to the members okay so i i see um uh judith in a hand up she's hanging up for a while and then chair also a mr gardner would like to speak please go on mr gardner okay i'll entertain miss miss judith and mr gardener and then we have to move on um now i don't miss i see judith are you there see her hand up uh good morning friends no i am just listening i do not have a question at this time thank you for recognizing me i'll go back on mute okay thank you so you could take your hand down

1:42:04 um mr gardner he said um mr gardner if he's still up there said he's been trying to get to you in a minute i'm not sure if he's still there okay we have to move on so what's it what's the next item on the agenda mr names communications and correspondences you have any yes just a couple uh this is just to to notify us that um our date for presenting to the legislature was moved from the 16th from the 18th i'm sorry we see this on june 22nd from the 18th to the 16th and we did testified before the legislature on the 16th of august last week another correspondence is uh 8578 this has to do this was passed by the legislature recently and this has to do with the bonuses annual bonuses to the retirees um senator gregory fred gregory that sponsored this bill to to give the additional amounts up to the 2 million 175 million dollars appropriation uh on our act number 8473 so 8473 back uh in 2011 i think um appropriated like 2.1 million dollars every year for bonuses from the luxury system and they had not met that requirement so she wants to

1:44:12 she wants to increase the uh allotments to the retirees in fy 2018 by 1.015 million 2019 926 thousand and twenty twenty one million five four ninety one so we uh presently get gearing up to do this i don't have with me the number of the uh individuals who are eligible i forgot that i know what i do have it someplace but i i i don't have it with me so the payroll division we hope to get this done by the middle of um september because the bill said we must pay out by uh fiscal year and in september 30th so those individuals who are 60 years of age and have been on the payroll um for one year will get an additional amount in the bonus now we have to filter the system for any any member that died um during this period i mean you know beginning in 2019 and we would have to eliminate those and then we would have to go to the beneficiaries determine who the beneficiaries are and then we would have to pay out whatever is due to them uh to their beneficiaries so it's a project that is being done as we speak and we do it did have to add some interventions from i.t and our software provider to get book triggers and and who died and and things like that so um we we are on this um the next piece yes the bill provides for a lump sum or for uh graduated um payment of that amount given by the senate how how how is it intended to be given to the retirees yeah

1:46:12 amount is divided by the amount divided by the number of eligible persons like i said has passed but amount of eligible persons and they're given a net amount because taxes have to come out oh okay so that it's not over a period of time just a net amount okay correct along some yes but i'll get they'll get amount for 20. they'll get a difference of what they got and what is they should have gotten in 2018 so in reference each year they would get a check for a net check okay okay okay yeah thank you uh the next piece of correspondence mr chairman i would like to read it into the record um because i think it's very important give me about two minutes it's a letter that uh dated august 12 2022 is addressed to the Governor of the Virgin Islands and also Jennifer O'Neill, who is the OMB Director. It's in regards to AARP funding requests for new water line infrastructure at Havenside Mall. The Honorable Governor Brian and Director O'Neill, the Government Employee Retirement System of the Virgin Islands owners and operators of the Havenside Mall hereby submits this letter of request for 3.9 million dollars of funding for the Havenside Mall water infrastructure replacement project under the american rescue plan act as we emerge ready to move forward from the devastating impact of the pandemic has had on haven side with the dredging of our harbors on the horizon the virgin islands will welcome larger ships and more passengers by sea our overnight guests stay on the rise and experience we can provide our guests directly impacts our economy in an area poised as an economic hub the grs requires assistance to replace old water lines the water infrastructure created using cast iron pipes at havenside mall has come to an end

1:48:11 of its lifespan the iterated cast iron pipes often result in underground leaks and dangerous sinkholes on the property in consultation with the water and power authority and the department of planning natural resources we sought a grant to complete the waterline replacement project dp and i advise that the lines are didn't have to be transferred to wap or based on our discussion with a former interim ceo the new ceo has no interest in the grs transferring the water lines or meter in the water despite the grs agreeing to pay for all repairs until a new line is commissioned therefore we are seeking an own one-time allotment of $3,930,082.45 for the ARPA funds to replace the water lines at Havenside Mall and construct a 1 million gallon water storage tank. This tank, which was suggested by WAPA, will be an additional water storage for clean drinking water to gravity feed the surrounding areas in the event of power outages or during hurricanes. This is the breakdown of what the needs would be.

1:49:23 If approved, this project will be completed within one year of the award date. Be assured that the GRS is fully committed and focused on revitalizing Haven site and the surrounding area. I would like to schedule the time to discuss our request in more detail. I look forward to hearing from you respectfully, Austin Neves, the administrator, CEO, copies to the gr's board of trustees ajax linden and gums chief operating officer and kathy smith general counsel just wanted to put that on the record that answer question chair go ahead this is related to the august 12th letter that mr nips just read so mr news uh requesting the american rescue plan act funds this is only for the water lines and on the second page when it talks about the asphalt is this where you're going to be digging up only that you're asking for monies for we're going to be digging up and replacing all the old lines that's what we okay so the asphalt you're asking for is that's the only section that would be replace right in this proposal asphalt you said yeah item 11 the asphalt well we have to dig up all the the lines plus we have to replace you know we have to replace the roads we have to make sure so you're replacing what you're digging up mr nibs that's it right yes okay can i ask this question is is there any reason why the money allows the money allows for uh also the mines for uh sewage uh and also allows for resurfacing the entire property is there any reason why you didn't ask for monies for that as well um i can address this one for the sewage mr dorsey we are currently getting the estimates of what it would cost to replace the sewer lines and then we will write another letter requesting that we just haven't been able to get the cost because we were dealing with wapa previously and so those costs were already at hand and so we wanted to get in at least the request for them for the water lines right away but ms glenderman and i are working to get the estimates for the

1:51:47 sewer lines replacement and then we will submit another request and what about resurfacing the entire property uh money's gonna be used for that as well the um if i may mr nibs the section um of the arpa funds that we identified was just for clean drinking water uh water lines and sewage for this particular grant um resurfacing of haven site malls asphalt for the whole mall i have not read anywhere that that's an allowable cost on the arpa funding side okay so i would say this mr nids thank you mr dada thank you um also the uh pfa just uh granted like 47 million to dredge the harbor as well have we requested any funding from them are we going to request any funding from them that they also have available that can assist us in areas of concern where we're not able to use the grant funding that we consider that at all well sir we just wrote a letter to the governor we want to start a communication your point is well taken that's something that maybe we can address but um you know he i know that he read the letter he hasn't reached out to me i will follow up with him but it's um i know that miss clinton has been in contact with the only director at least twice so um this is something but a discussion has to be started i you know i can't um i can't tell you if the psa monies that were allotted would be you know can you be used to

1:53:39 this but something that maybe we can approach when we discuss it with the government okay that was my only concern okay thank you okay go ahead mr nibs i'm finished sir it ends the car correspondences okay um we'll go to the administrator's report uh i think your report is before then chairman's report yeah you can skip that yeah i'm skipping that okay fine okay i just want to find the information to we're not doing the chairman's report today are we coming back to it when you say skip it we're going to administrator's report no i was asking are we not doing a chairman's report today when you say skip it are we coming back to it no we're not doing that's all i was asking thank you thank you mr barry uh meetings presentations on june 21st i met it with whopper and dpnr regarding the same thing i just discussed funding for inside water lines on june 22nd i met with jfl representative in regards to some uh reconciliation issues on the 24th of june we had an all-staff meeting on the 27th i met with bitec uh usual meetings and at first i met with havenside mall association board members also on that same day i had an internal meeting with Javis Havenside Mall Generator and Energy Monitoring in regards to that.

1:55:27 We attended a board meeting of the board retreat in July 20 to the 22nd. Also, we had an internal meeting in the same bill that I just discussed in regards to the bonuses to retirees for 2018 2019 and 2022 in preparations for that and then we met with seagulls on the 28th in regards to proposal for additional funding to the system in lieu of the um the annual grs funding note in the second attending the investment committee meeting and the third i met with evenside development llc in regards to its ground lease and the 16 grs annual overview presentation before the committee on finance on the 17th i met with havenside development llc in regards to demolition timelines etc in regards to hotel development on the 18th we had a meeting a havenside motorcycle committee meeting with the owners of uh bombing gallery again on the 23rd i had an internal meeting with member services and compliance regarding tier two issues and uh met with the appraiser yesterday in regards to discuss appraisals of the two vacant properties and also the even site more uh member services there are 184 applications could i ask a quick question and on the anything you need to is what's what about in the haven development agency say that again you are you are breaking up i was wondering if there's uh well let me let me just

1:57:13 ask a question what if anything you need to tell us about the meeting we had with haven development llc well uh in regards to the demolition of timeline i know that the grand lease has been signed on their side that happened yesterday um so uh the demolition we just discussed the timelines and what has to be done first that is going to be i'll show you that at the end of the meeting uh in regards to the um operations okay okay go ahead go ahead in regards to the haven site appraisals uh we had a serious discussion with the appraiser obviously um he's aware of all the situations with the pandemic and the reduction so you know he's going to look at it as is and um however we're going to give him information of what we plan to do but his main concern is relevant to haven site would be the income um approach um so obviously there's probably going to be a reduction in the and we need to know there's going to be a reduction in the in the um in the appraisal but he would do it as is and give projections going forward if these developments were done over time so uh number services applications we have have 184 applications still pending. Okay. As far as the disability life certificates, we issued 263 of the 263, 256 for return. As of this date of this report, seven members benefits will be suspended if we have not received the return of life certificates. In regards

1:59:09 to the disability cases that was brought up by um one of the members and retirees we have five pending and there are reasons internal legal before based on what was discussed um in the in by attorney david williams and katie smith our refunds today from october we have paid out 6.2 of that amount non-vested regular is 5.2 so hopefully this trend would um decrease now that we have gotten some funding giving members more confidence in the system question chair i'm mr nibs on the non-vested those are people who work like nine years and and some months and they take their money out on average yes then um do you have any recommendations to the board that we should look to change that that's a large number what do you how do you mean change it we'll change it to just the probationary period so we don't have to be paying out so much on the back end i don't know if that's going to stick the lowest i've seen in industries five years but even that's better than where we're at now maybe that number will go down to a third well we have a policy committee i mean you know this can be brought up if that's your recommendation bring it to the board okay thank you you're welcome is that is that a policy committee or is that legislation well we would have to agree i would assume that the board

2:00:55 yeah i'm asking you that that's that probably this patient also yes it'd have to go to the legislature also mr nibs we'd have to discuss with the actuary to see what effect it would have because anybody with five years then we would have an obligation to them to pay an annuity so we would have to have an actuarial valuation on that we would have to go through everything anytime we have a change in legislation to grs actuarial valuation is required so Debt benefits, as you can see, through July 31, we have paid out $1.3 million to our benefits for individuals who have passed, active and retired.

2:01:43 For annuity payments, for August 15, we had 8,727 members. From October 15 through October 15, we have paid out 228,712,146,047. The number of retirees added to the payroll from October through August 15, 333. number of retirees deleted from the payroll for the same period 286 members who have passed the gross retiree payroll for the october 15th was 10.9 million dollars personal loans we presently have 1 408 units of which 1333 are personal loans and 75 mortgages our loan portfolio as of the end of july is 15.5 billion dollars at the end of calendar year 2022 approximately 526 loans are scheduled to mature and as of december next year we should have about 294 scheduled to be mature so at the end of 2025 around that time we should have zero personal ones we still have some mortgages left no major issues in the st koi complex in the st thomas office complex the grs roof schedule completion date is late august or september they're still working on it due to the weather most likely probably to around the september time frame air condition is scheduled to be completed by the end of the summer which is probably about the end of september our generator is fully operational that's the the old generator replacement parts were installed we are looking at codes for new generator uh import supply was selected and three contractors as a successful data from the three

2:03:54 contractors the cost will be submitted in the fy 2023 budget haven side more warehouse demolition fema approved the demolition thank god for that thank them the current grant expires in december of 2022 we are seeking extension which will be submitted for december 2023 demolition will take place in four phases six weeks for demolition phase one will be warehouse three and four three three and three a where phase two will be warehouse j and a section of warehouse five phase three will be remainder of warehouse five four four eight and phase four will be the welcome center warehouse which is the warehouse that we plan to retain um maybe six months for demolition and rehab of the warehouse um FEMA approved the rehab of the warehouse this warehouse will be used to uh as tenants will be uh for our um tenants that uh supply the um the other tenants with so with um merchandise hotel development the lease has been negotiating kind of any of those warehouse was the one that born no that's not a one that's a different uh that's the maintenance maintenance shift the lease has been negotiated between grs and hearing site development see information needed by waiko from the engineers and security concern provided to waiko last week uh historic preservation and mou between a grs and the same town's historic preservation trust was drafted to operate the white house as a museum still in discussion Also, an MAU between the GRS and other parties is being drafted to erect brown statues on the green space of the coal women participation in the DOC.

2:06:01 Discussions with seven, about four to five potential tenants for leasing space at Havenside Moor. Currently we have 73 members and 10 vacancies and we have some potential tenants in discussion. We have tenants asking about being a tenant at Havenside Moor this time as we speak. we are working to procure a new generator the time 50 to six weeks or a surplus return of failure generator the average cost is over 1.2 million dollars can get our generator for about 600 000 however we have to have a radiator we have to do an encasement we have shipping transportation removal of current generators so it's going to cost us about 1.2 million We're looking for cheaper costs.

2:06:56 Maintenance shed fire at Havensides on the early morning of August 11th. The fire involves the maintenance shed that housed the golf carts. Pillows to the fire department responded swiftly and extinguished the fire. All of the contents of the shed were totally destroyed. We have not received a report from the fire department as yet to the cause of the fire. The building and contents are insured. We have filed an incident report with the insurance carrier to initiate a claim so that the adjusters can visit the site. We will supplement the report as soon as we receive the report from the fire department. Rentals.

2:07:34 I have a question, Mr. Nibs. Mr. Nibs, I have a question. Under the generator, you said you're working with HKT. Who is HKT? this is a time of material it's not any contract this is not the vendor this is not the vendor that we say we wouldn't be working with we're suspending a contract presently they made recommendations to us and we have fallen through the recommendations so we have to have contact with them no no no mr nibs the board made a recommendation not to work with this vendor is this the same vendor that's all i was asking mr dorsey they have to fulfill certain things in their contract we have we're working with them they made recommendations to us with a lot of jobs on the courts so we we're just getting feedback from them i don't have any problem with doing that and the staff don't have any problem to do that i don't think it's any violation because we have recommendations mr names all i was asking if we're in violation of a motion that was made by the board no that's being followed that's being followed by your office that we were not working with this particular vendor in any capacity when you're saying contrary so that's what it is that's what it is but if you can share those documents i'd like to see what they say where we're supposed to be still working with a vendor that we voted not to be working with as a board As far as rental and electricity collections, in July we collected $99,586.40, year to date we have collected $1.1 million of that $1.1 million, $30,000, $10.92 have been collected

2:09:38 for renter we do have some arrearages uh 83 107 072 cents mainly the department of justice and also we have some electrical also that is an arrearage you can find out in exhibit a which is attached leases division of personnel lease at government house for signature the department of justice, a final offer letter was submitted to the DOJ after the AAG had a meeting with me a couple weeks ago. The deadline to respond is August 31, 2022. I want to know that if the Yeltsin Finance Authority lease expires on September 30th, they will not renew their lease because of funding issues for rent in the grant that they had, the federal funds that they had for leasing that space vipd is interested in the space and possible other spaces in the building and i've done a walkthrough we are also exploring leasing options in the st croix complex complex on st croix any idle space that we feel that can help us with defraying some of the costs of operations of the building we are trying to look at it uh very closely casino control commission exercise the additional option for another year until the beginning of october 5 2022 ending on october 4 2023 our strategic plan a draft to present it to the ceo by of september 1 the task force by september 30th and to the board by october november 2022 we are presently in discussions with the university dr davies this is the uh exhibit a as you can see department of justice is the is uh the one that's really

2:11:36 delinquent in the rental marriages and electrical energies it's a chairman that ends my report what what what what are they saying what are they telling you department of justice well i had a uh uh meeting with the AG uh about a week and a half ago in regards to she has uh had some issues with what we were charging her per square foot um they'll have to have Miss turn in and follow up on their marriages because she's the one that is in contact with finance and OMB I'm not I'm trying to understand what what is she saying to you in terms of making the payment particularly particularly like about electric i mean in the past we've heard um um departments say that you know they need to go to property procurement for leasing and stuff but the electric charge what what what is she saying she doesn't have the money what is she saying i'm saying i'm gonna let miss blending in because she's the one that answered that area i my discussion with the ag was solely on the the cost for rental and renovations and she has had complaints so Ms. Clendenin could you respond to the payment of electrical charges yeah she had she had a discussion with you about complaints without talking about the arranges so at that time my mind was not focused on that I was focused on something else okay okay um the rental and their electrical um arrearages they have put into the e erp system the erp system and we're waiting for payment i brought it to her attention um about their reoccurring arrearages um every other tenant we spoke to as you can see it's it's cleared up lessons check

2:13:44 is in the mail so um they're the ones that have this reoccurring arrearages and again when she complained about how much we want to charge per square foot in the new lease um we did speak about her marriages so so what what do you understand that to mean when you say she's put it in the europe system in turn from from a grs perspective what do you understand that to mean in terms of i understand it to mean that the monies are identified that the payment is going through the payment process that they've gotten approval from the property and procurement because they don't have a current lease so they have to get an approval letter every month to process that payment so um being in the erp system is that they've reached a point where they got an approval and they put it through for payment so for both for both are there correct okay for the for the full amount yes chairman board so there's no dispute about the amount just no there is not okay okay thank you chair i had a point from the the same issue on the payment uh in the june 17th meeting i had requested a copy of documents related to the 8000 and aware from his goals to be provided and it looks like the number has gone off and i didn't see the documents maybe i missed it i did make a request it is in the minutes of the meeting i don't see the documents made a request for what i was making a request for the same a month ago when we had this question about arrears with uh the justice department i had made a request on the documentation and where we were at with the rare issue um i think at that time we were told the lease was at government house for signature for personnel and justice was had something with um property and procurement and i didn't remember hearing anything about the ag about square footage uh pricing but they were at a raise at that point of 80 000 and now that now has gone up again so i want the documentation i made a request to see

2:16:34 the documentation maybe i did get it but i'm not seeing it did you send it to me miss gums because i didn't see it trustee dorsey i'm not sure what specific documentation that you were seeking i think it was the i think it was the he wanted copies of the document that we got i think you had gotten a copy of a printout to something from finance or the erp system or something of how it looks yeah you want it you wanted that cup all right i'll forward that to you now okay thank you you're welcome so the other question uh chair mr nibs so are we making a payment to the vendor is that is that the understanding that we're making a payment or we're not paying anything to hgt the contractor there hkt had some deliverables they are constantly they're presently doing that i haven't seen a bill as yet but they they they had to some more stuff to do when you cut it off and we couldn't look we couldn't who else is going to do this for us after we did all this we have to get moving on the projects and they have certain things to complete for us and we we understand what you're saying but we they they have the knowledge they have all the material they did all the quotes they contacted all the vendors for this we are following up with them so that they can assist us in getting but you got a directive from the board to cease and if you had any hiccups you were supposed

2:18:21 to bring it back to the board you you're not supposed to continue doing what you want outside of the board saying to cease that sounds like what you're saying today it has nothing to do if they have the expertise because they're not the only game in town the point is the board gave you a directive to cease and if you continue and that means you didn't listen to what the directive was from the board the board made a motion to cease and there was anything else that needed to happen after that you're supposed to bring it back to the board you didn't do that if you continue doing things and the board's not aware of it and to read it down in a report today that's not fair to us as trustees also said a great disadvantage i'm not sure how that's supposed to play out but attorney williams i would ask you how does that supposed to play out good morning trustee dorsey um i would need a chance to review um the the motion that was passed um by the board um that that you're referenced into and i can send that to you um in a memo once i'm finished reviewing it we'll send it to the chair to send to all of us because i know we voted on it there was reasons why at the time um i think the motion was by trustee russell but um there were reasons why we said to cease so if you continue and we said the thief then that's going opposite though we've been down this road before as trustees okay the contract has been canceled i'm just saying that there are certain knowledge that these people have we we tried to seek others and we couldn't find them so we have to the project has to be done and uh you know we don't have no contract with them the problem is that we need the expert the knowledge they had all of this information you know uh we we would have to to sit down and discuss it with us and see if their recommendations are solid they had all these goals they met with

2:20:33 all the vendors they did everything mr nibs mr nibs all i was saying is the trustees took a position and you've gone contrary to the position we understood the contract was cancelled we don't have a contract but you still can't work with that vendor mr nibs that's not how the system works i can't speak with them you cannot do work on the government property under this system that we oversee if we say as trustees that this has to cease that is what it is if you had if you had any other mr nerves if you had any other issues you were supposed to come back and lead to the chair but i don't have any issue wow i i can speak i don't have a part you can tell you telling me i okay i i don't have a contract with you but i can't speak with you what you did and give us some recommendation it was abruptly stopped so their recommendation in there their vendor quotes in there how did you arrive at this what was the reason for your recommendation i mean these are the questions that are being asked that's not what you have in this document here mr nibs you have in this document as though you are doing work with hq3 that's how you have it written here in your report mr chairman yeah i would like to move on that doesn't move you away from the violation mr nibs a violation is a violation i was asking legal counsel how do you deal with um attorney william season i'll get back to you okay go ahead mr i'm finished sir okay so it's time for the uh treasury report yes committee reports

2:22:35 what so making reports do you have any committee reports none from the policy none from the policy but the investment committee met um on august 2nd met in august 2nd at 4pm resume for presentation and discussions with the systems investment consultants and which is the makita investment group and the actuarial consultants is seagull makita presented its recommendation to revise the system asset allocation policy and posture in light of 3.8 billion dollars additional cash contributions expected from the jaris funding note after discussion after discussions the committee voted to approve makita's recommended recommended revision to the GRS asset allocation policy to establish new targets and ranges for various investment class of assets various class of investment assets the new policy and asset allocations included in today's agenda for board consideration obviously that's what we did earlier today with um Makita um so this this report was was was was um was preparing prior to this switch this obviously has been prepared prior to the

2:24:26 switching the agenda the board and the committee we also received presentation from our various funding options from seagull to address the potential future cash flow due to the unevenness of the contributions from the funding node the annual contributions are heavily back loaded as we know with about half of the 3.8 billion dollars coming in the last 12 years um of the 30-year note and this was done at the expense of the middle years uh see a presentation and analysis about funding options for bridging the gap for those middle years these discussions got to be continued and converted into an action plan for later board action and that's that's my report on the from the investment committee and if there if there if there are no other committee reports you go to the treasurer's report good morning board chair of the trustees i'm going to share my screen i'm sorry it's not i'm not sure why it's not sharing let me try again can you see my screen now yes okay this is the government employees retirement system Schedule of receipts and disbursements for the month ended July 31st, 2022. We have collected employer retirement contributions of 12.9 million. Year-to-date, we have collected 84.8 million.

2:26:54 Employee retirement contributions, 6.8 million. Year-to-date, 44.4 million. So for the month of July, we collected 21.3 million year to date. We have collected 230 million. Our disbursements, our annuity payments, we disbursed 22.5 million for the month of July. Year to date, 223,982,000. Administrative expenses for the month of July is $1,446,690, year to date $12,108,122, so we have refunds of contribution $110,426, year to date $6,604,441. We have a total disbursement in July of $24,121,476.

2:28:07 Year-to-date, $242,962,634. So we have net cash deficit in the month of July of $2,742,826. year to date net cash deficit of $12,679,526. Our administrative expenses for July up to July year to date is 76% of fiscal 2022 budget.

2:28:47 We have withdrawn from the portfolio up to July 31st, $120 million. for the use in paying our obligations for the haven site mall we have collected 355 524 year to date 2 million eight hundred and ninety three thousand eight hundred and six we expended um one hundred and ninety three thousand fifty two for the month of july year to date two million two hundred and eighty six thousand seven hundred and forty five we have a net cash surplus in the month of july of one hundred and sixty two thousand 471 year-to-date net cash surplus of 607 000 60 our expenses at the haven site mall is 67 percent of the budget and the year-to-date collection increased by 86 percent over last year's year-to-date collections that's in the treasury's report for the month um board chair okay just just a quick thing you said you you you would do 120 million from the portfolio uh but you've put back 89 right correct okay so the net the net drawdown is closer to 40. like correct okay mr nibs mentioned the amount earlier so that is correct about 31 million right okay

2:30:42 all right any questions on that if if not we'll go to the the investment officers report we need to have a motion on this what's on mr chair go ahead and then we accept let me move that we accept the treasurer's report for july uh 2022 that's a move yes jossie yes trustee liger yes trustee mcdonald absent trustee russell yes trustee smith yes chairman barry yes six years one absent okay now we're going to the investment officer good morning again trustees um that's an update of the portfolio performance as of july 31st 2022 the total plan returned 1.4 for the month um physical year to date we were we are done about four percent total fixed income 1.7 percent return on the performance benchmark by approximately 0.8 percent physical year to date though we have we are up about two percent versus the bloomberg us ag index which is our benchmark total alternatives was up 0.5 percent for the month lagged its benchmark by about nine but if you look at the physical year to date our total alternative is up 6.3 percent and has has um outperformed its benchmark by about seven percent how does that translate into um dollars for the month we ended the month at approximately 390.3

2:32:38 million that excludes the member loans program which was about 15 million the office complex which is a value of about eight million on our St Thomas office complex i mean St Troy office complex which is valued about 3.3 million um if you look at the activity for the month we began the month at approximately 400 million we had a net cash flow of 15 million which one was on withdrawal for benefits and expenses we had income of 714 000 we had a gain in the portfolio of about 5 million which brought us to that ending market value of 390.3 million approximately physical year to date we began at approximately 437 million the net cash flow we've we were just discussing it we we drew down 120 million, we've had that 89 million contribution from the funding note. So that net, as we discussed, is 31 million approximately.

2:33:48 We had income of about 7.1 million for the physical year to date. We saw loss in value of the portfolio to the tune of about 22 million. That has brought us to that ending market value of 390.3. million as of the end of july 31st 2022 as it relates to fees um calendar month to date we paid 102 000 year to date we've paid about 310 000 and physical year to date we've paid about 412 000 in investment management investment consultant and custodian bank fees um securities lending fiscal year to date we've earned about um three thousand eight hundred dollars to date um and mr chairman trustees that concludes my report as to the performance of the fund as of july 31st 2022 happy to answer any questions any questions okay hearing none get a motion to accept motion mr chair i move that we accept the investment report dated july 31st 2022 as presented as a second let's take our wood yes i'll see dorsey yes let's see liger yes mcdonnell absent trustee russell yes trustee smith yes chairman barry yes six years one absent okay all right so we pick back up with um item number a new business

2:35:44 first item is the nomination and selection of vice vice chair of the jurist board of trustees i'm not sure what that process is um we just take um nominations from the board members i'm not sure what that process is well i'll i'll say what i've seen happen and maybe uh attorneys williams can come in there are usually nominations from the floor and then there's usually a secret ballot that's how uh it has transpired since i've been here uh uh trustee liger you know he was a chairman when i was here so i know that's the way i've seen it happen nominations came from the floor and then you would vote secretly meaning you would write something and and then someone at that time we're not in person but i used to the internal auditor used to check and see what the results were so so so how would that work in in this scenario i guess nomination can be made i mean you want to be transparent just nominations can be made and you just take a vote i mean attorney williams is there maybe he may have a some suggestions but that would be my suggestions absence being in present in person yes good afternoon i hadn't thought about how it would work in terms of the fact that most of the trustees are appearing um by zoom um but what mr nibs has suggested

2:37:31 maybe um you could nominate appoint somebody to keep the scores and then force can text their votes to that individual unless of course there's only one nominee and therefore the vote of approbation that person will be um elected and so there'd be no need for the formal voted but just off the top of my head that seems to be the way that you may want to proceed yeah i think attorney williams is is um that's that recommendation i think is on point maybe they can text it to miss cooley someone independent text it to miss cooley and then um oh if you want you can text it to me uh but uh but i think that would be the way to go right now that suggestion i think is is what i would recommend i i have a problem with that i i think to select a vice chair we need to meet in person and talk to everybody i would like to talk to miss smith and mr carlwood i don't i don't want to do it this kind of way and i think we should go back to enforcement meetings because we have to discuss things among ourselves. I think we could do it that way. I don't like the impersonal thing when we're selecting our vice chair or we're making changes within the board. So that's my view. I think we need an impossible so that's that's my feeling right now okay that's so that's one that's one thing so i mean i mean i'm i'm i'm i'm open to that for me we just we could just um get nominations and we and we text to be texted to to you mr nibs

2:39:34 good so so how did the nomination process what you mean well somebody would you know make a a nomination on the floor i nominate you know x trustee to be the next vice chair somebody else must say i nominate x trustee to be the vice chair and a vote is taken you submit you who you selected to to me in attacks yeah the the problem mr chair is that i didn't consider that before today and i think you consider what what what um the agenda are selecting a vice chair. So I thought we would, we would, you know, have in person meetings so that we could discuss with everybody and not do it. So, you know, so informal, we just vote in like that.

2:40:41 We need to discuss not informal. It's the formal board meeting. What do you mean? Yeah, no, I'm talking about. talking, chatting with the board members to see who would want to do it, what kind of time they have. You've got to, I think, explore it. Well, if someone nominates someone, they can always reject. That's what it seems to be. Yeah, yeah. But Mr. Chair. Go ahead.

2:41:18 I don't quite understand why, at this point, when we only have four more months left in the reign of the chair, when we would have a new election next January, for the vice chair to be so important because in January again we would have to elect a chair and a vice chair but I have no problem if that's the way the board wants it to be to go ahead and uh i and and go go along with it but i i personally i'm saying it right up front i i don't want to be the vice chair so so if if there will be any nomination please leave my name out of it for now it's four months left in the arena of the chair in january we haven't we you you may you may be re-elected for the chair for the next two years but um we we don't know and so if someone wants to reign for the four months and and they don't mind that well that that's okay I'm not sure what the impetus was for the nomination other than that it's a gap that needs to be filled so I guess it's up it's up to the members yeah I understand that Mr chair but well it's it's almost almost two years we have done without it

2:43:24 so what's so okay funny how the board members i mean what's i'm uh i'm good following uh senior trustee liger's recommendation at this point it makes a lot of sense he's been around probably the longest so he makes a lot of sense i really do bear down and listen to what he has to say um so i'm in agreement with him as well so we could just wait we've already gotten a whole term so i didn't realize it was so close uh trustee liger so thanks for that information but i'm on page with you yeah and i i i join trustee like us um you know plan simply when we do elect an a chair or if the same chair we then elect the you know the assistant just do it one time so i i i would that are you guys guys guys yeah sorry sorry yeah okay um carlwood smith trustees um i can't call but wait four months um make it as well okay so so i don't know i don't know if we don't need any any board action on this right mr it says the board would determine okay all right so go to approval of seagull's proposal to come to conduct the experience study i guess i guess we could do we could do four and five as part of the same i would prefer to do it separate sir totally two different things okay need a motion for two the motion to the web i would recommend that you have two different motions okay okay so who wants to speak who wants to speak to this

2:46:10 well in the meeting uh in the meeting uh the uh board retreat um alwyn didn't mention conducting an experience study when doing a discussion with the new auditor this is something that was done i think seven years ago um usually would be done every four or five years in the industry standards and i've been here since it was done and the um uh the uh proposal was circulated so um we watch what he's trying to do is just to make sure that his his numbers he wants to go back and do an in-depth study of the of the system in regards to demographics and all of that stuff um assumptions that will be made to make sure that they're on point and i would recommend that we enter into this agreement with them to conduct this study which is required by industry study of every four or five years the cost is uh thirty six thousand dollars this is in line with what the uh they submitted and was paid last time okay i mean for just for the benefit of listening this is intended to address the the basic assumptions that go into the the evaluation that they have to do every year right right you have to do assumptions about return on investment assumptions about you have the actual assumptions that need to be updated and you have the financial assumptions that have to be.

2:48:01 So, as you say, the best practices require that we revisit, those assumptions, they revisited periodically and it's four to five years is the, it is the, it appears to be the norm. When was the last one done? When was the last one done? Seven years ago, so that would be 2015. Seven years ago?

2:48:31 Seven. OK, so it's definitely time for review. And I guess it's particularly important now, especially given the funding note and the implications for that on solvency and all that kind of stuff. So I think the need for the study is apparent and clear. So it's just a question of whether we want to approve, to give the go ahead for Seagull to conduct it.

2:49:13 Mr. Chair, who did the one before and what was the cost? Same thing Seagull did, the bin of our actuary, and the cost was about the same amount, $34,000, $35,000, something like that. Okay, so that, and they give us a timeline? It should be completed within maybe eight weeks after receiving the final ended valuation. Okay. It's not an audit, right? It's just an evaluation of our investment portfolio, right?

2:49:55 No, it's not an evaluation of the portfolio. Assumption. update of the assumptions that they use to prepare the evaluation oh okay okay the evaluation is is a present value the present value valuation of people at the future costs and benefits and that's right right right okay okay so so you need a motion to approve that no chair have a question before your motion um mr nibs the one that was completed last time was you said it was done seven years ago hello yes sir okay can i get a copy of it yes sir when you get a chance you can leave it by security for me i appreciate it okay trustee russell go ahead with your motion uh i move that we approve um seagull's uh uh what what you don't call it evaluation but the assumptions moving forward they they're proving approval they're proving their proposal to conduct the experience story yep i so move good second Trustee Calwood?

2:51:26 Yes. Trustee Dorsey? Yes. Trustee Liger? Yes. Trustee McDonnell? Absent. Trustee Russell? Yes. Trustee Smith? Yes. Chairman Burry? Yes. Six yes, one absent. Okay, and number five? okay number five uh approval of the preliminary assumptions in the actuarial valuation presented in the board retreat this was presented to the board discussions were had and questions were asked and just need to nothing is going to change i spoke with alwin um if anything was going to be changed with his assumptions he said no he's just waiting for the audited financial report from the auditor but nothing is going to change so this was presented in the board retreat discussed and brought before the um for the preliminary assumptions that were made in the report mr nibs when we approve earlier in the meeting we didn't approve the assumptions when we approved the the you know well it was an investment committee meeting and i was being brought before the board no but when we approve it earlier in this meeting we didn't know with that no no no this is this is actuary versus the investments what do i prove what was it was the um investment this is seagull this is the actuary okay okay

2:53:27 trusty russell before was makita that you which you approved on those three options yeah i know it's a different uh scenario now oh i i thought they were working in tandem when they came to the retreat but i don't mind approving that too this one now so let's go yeah that's fine yeah they have to work they have to work close together um so could i get a motion so mr chair i move that we approve the preliminary preliminary assumptions in actuarial valuation presented at the board Yes. Yes.

2:54:14 Trustee Liger. Yeah. Trustee McDonnell. Absent. Trustee Russell. Yeah. Trustee Smith. Yes. Chairman Bari. Yes. Six yes, one absent. Yes. Yes. Yes. Yes. Yes. Yes. Yes. Yes. Yes. Yes. Yes. Yes. Yes. Okay. And then the last item in the regular session is to rescind resolution number 53-2014 to lift the moratorium on the investment program. We'll speak for that.

2:55:06 you want to give some background what what what what i think one i think in the um board retreat uh trustee i think it was dossier asked that this be placed on the agenda um in today's board meeting what happened is back in um after the inver in the inspector general had done his report and there was some negative comments and all that and you know about the of an alternative investment program um the board decided plus obviously we were uh looking at uh insolvency looming insolvency ahead the board decided to cancel the alternative investment program that means you know um giving um investing or giving loans to like uh you know that we did you know karambola that that's that's what we consider alternative investment program so um so i think uh the trustees one of the trustee acts that must be placed on the agenda to rescind that okay um if i can interject um Um, I was asking true legal counsel at the time, um, with proposals coming in and you had mentioned, Mr.

2:56:34 Nives, you couldn't entertain those proposals because you had to do certain due diligence before those proposals came in front of the trustees is a policy process where you have to do your due diligence, uh, trustee Russell, I think at the time had maybe three to a tree organizations that wanted to propose different strategies to assist us in our funding of our physical assets as well as the kickstart in a loan program so we were told by yourself that again we would have to resend the resolution that was done back in 2015. it so that's why i asked to put it on the agenda because in order to go forward we're looking at developing our physical assets or any other capital items related to this outside of a lease arrangement that was mentioned with the hotel development arrangement that we would have to resend this uh resolution 53-2014 on alternative uh to resend the moratorium on alternative and the alternative investment program so that's why i requested it to be on the agenda based on communication with yourself and council going forward so i guess today we'll decide if that's what we want to do as trustees will decide that today uh trustee russell can speak on his proposals he was proposing he even tried to do it through the policy committee um so he can speak on that but i was just trying to say if we're going to get engaged and i even think the proposal by the governor it still might come under the same category if he's

2:58:34 using an institution that we have to get involved with again mr nibs i would assume you have to do your due diligence of what he's proposing to us even as as the governor to re-kick or resolve the loan program so that's all that was about so mr chairman yes yes sir so am i to understand that in doing so we we are getting ready to begin loans to businesses that is proposing um to establish businesses on the on on the island or in the territory well i think i i'm not sure where i'm not sure if that's what's coming that that would that would remove the the prohibition right now we don't we don't even bother to consider it right right so i assume what i what i understand this to be is just saying that we know we no longer have a prohibition but that doesn't mean that we have to take everything that comes through the door we still have to do our own due diligence and make individual decisions are still on particular things so yeah but my question my reason for asking this question mr chair is because we are going to have some criticism and and a lot of it if we if we are opening to to to make loans even if we never do it but if that's what we are proposing to do when in fact we are saying we are not quite ready to reinstate the loan for the members loan. I think if we are thinking about doing this we have to be careful and begin to also consider um like mr names was saying uh the the members loan is a guarantee of eight percent so so if we are going to say well we open uh to for people to come in and and begin to make requests then um

3:01:03 how about because you know the trustees i mean the the the employees will say it's our money how come you are not allowing us to get a loan and then you're giving this person a loan So we need to consider this, that's this. Let me add to that, Mr. Chair, let me add to it. Why we need to rescind it is because we are now in a position of at least better financial health. it don't mean that we have to consider anything but we need to rescind that rule that prevented us from even exploring wind energy exploring you know developing any kind of property we have doing anything that um that prohibition prevented us and all we want to do is open up the the lines of communication without making any commitments uh trustee laiga and i think it's absolutely necessary that we open it up because i tried to have a meeting just to explore options for the system when energy was a big one and you know uh but we we couldn't do it because of the prohibition so i am in definitely in favor of rescinding the prohibition okay You know, Mr. Trustee Russell, I don't think it's fair to make an argument that says we only open it up for discussions. I mean if we're not, if we don't think we're in a position to entertain a project, I don't think we should, we may as well just just not hear it at all and i don't think we should we should say we're open to discussions on a particular category of projects knowing full well that we don't think we're in a position to approve it given we're in our situation if if if we're going to remove the restrictions it has to be that we yes we're saying the message you're saying is that we're ready to entertain them and as others have been that would be a misdirection to put it kindly i mean so so the question we have in my view is whether we think we're ready financially and everything given where we and all the discussions we've had about the hurdle we have to pass to make sure

3:03:55 we get we get past the low points in the funding note i don't think we we are ready to to get into that level of risk again at this point in time that's my personal view on it um so Can I just say this in terms of Trustee Liger is making a very valid point and I would just say this and I've said it before even if we open a program my position and I've always said for the record we should not be using system money to do the past type of investments that were done with the system i'm not going to get into if they were bad or good my position is i will still stick on point um if individuals want to come and do business similar to the hotel project it has to be a give and take where they're basically doing a hundred percent of any funding that needs to be done if they want to lease something or do a public private partnership they will be paying for those fees because of the in a sense getting that relationship with the system and the system would be getting some type of income coming in i've also said and mr nips just testified and we all know about the administrative fees that used to be covered through the central government which is a big number um if in fact the senate takes that on during this budget process which it looks like they might um that differential that could indirectly be the monies that would be needed or just requesting a direct uh allotment for the two districts from the uh central government or the plan sponsor to kick it in place but i agree with trustee liger i'm not pushing any plan and i've said this to retirees and actives who have confronted me uh my position has been that the system itself

3:06:03 even with this new bond can't support a loan program or or loaning out any other monies for any purpose um right now so i'm looking for the senate to appropriate that money um if in fact senator getton senator villay wants that done or the governor wants it done i'm looking for them to appropriate that money whatever it is it's 10 million 15 million 20 million and i agree with miss moorhead um i think we should start with retirees who are on a fixed income whatever program we come up with i think they should be getting the first bite at the apple so i definitely agree with that but i agree with uh trustee liger if we do open it up i'm not looking for any dollars to come from this system we're just not there and we all know that so that that wouldn't be prudent for any of us to do so that's my position but i just requested the chair to be on the agenda so at least we'll have a discussion thank you okay so i go make the motion to rescind the resolution that prevented alternative investments to be considered by the system i so move okay we have a motion is there a second that's resolution 53-2014 trustee russell okay that's reason that's resolution 53-2014 it's titled uh the moratorium on the alternative investment program and i amended to 52 53-2014 and you want to this is the moratorium on the alternative investment program

3:08:09 right to rescind it yes so i so moved mr cheer second no trustee dorsey yes trustee liger no trustee mcdonnell absent trustee russell yes trustee smith no trustee barry no two yes four no one absent Okay.

3:08:54 Motion to go into executive session. Motion, I move that we go into executive session to discuss matters pertaining to trade secrets or financial or commercial information or personal or legal matters, matters whose premature disclosure will frustrate the implementation. the pool's agency action i will give a second but i have a point of information before we go on executive session i have this text from i guess this is a retiree at a st croix is government employees retirees inc as the president can your board put on record the possibility, put on record a possibility file to file a complaint with the PSC are coming up meetings as stated by VIA represented in Guyana, the problem with the phone and the internet sterns from the numerous WAPA outages, WAPA outages, each outage lowers VIA system.

3:10:05 they have major difficulty rising back to raising it, raising it back to, raising it back up. So what are you asking us to do? There's a motion on the floor. did you get a second for the motion no huh no he interrupted just already interrupted and actually to hold off but it's not even to do with the the discussion at hand okay so yes trustee dorsey yes trustee liger yeah trustee mcdonough absent trustee russell yeah trustee smith yes chairman bowery yes six one six yes one absent okay

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.

9x **Trustee Ronald Russell**
heard in this transcript as: Russell

6x **Trustee Vincent Liger**
heard in this transcript as: Liger

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

5x **Trustee Leona E. Smith**
heard in this transcript as: Smith

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

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 8473	Act 8473 · September 17, 2021 · An Act amending Act No. 8365, as amended by Act No. 8411; and Act No. 8451; amending Act No. 8451, section 2(a); amending Act No. 8347, section 1, relating to the fiscal year 2021 operating budget for the Government of the Virgin Islands, to appropriate $24,423,321 to several departments and agencies to pay outstanding obligations; and providing for other related purposes =
Act 8365	Act 8365 · An Act providing an appropriation from the General Fund of the Government of the Virgin Islands for the operation of the Government of the Virgin Islands during the fiscal year October 1, 2020 through September 30, 2021 Re it enacted by the Legislature ofthe Virgin islands: SECTION 1. The sum listed, or so much thereof as shall be sufficient to accomplish the purposes specified, as set forth, are appropriated and authorized to be paid from any funds in the General Fund of the Treasury of the Virgin islands, which amounts shall be available for the fiscal year October 1,

	2020 to September 30. 2021. FY 2021 0100 GENERAL FUND A. ORG 110 DEPARTMENT OFJUSTICE PERSONNEL & FRINGE BENEFITS $ 12,063
Act 8411	Act 8411 · December 11, 2020 · An Act amending Act No. 8365, relating to the fiscal year 2021 operating budget for the Government of the Virgin Islands to increase the funding for wage adjustments from $2,623,000 to $9,760,658, to appropriate $18,000,000 to the Single Payer Utility Fund; to reduce the operating expenses for the Department of Finance from $2,091,757 to $1,591,757; to reduce the budget for the Department of Education from $167,807,284 to $164,180,173; to increase the Department of Public Works· appropriation for the Abandoned Vehicles Programs in St. Croix, and St. Thomas from $25,000 to $75,000; to appropriate an additional $75,000 for a St. John Abandoned Vehicles Program, and $400,000 for addition road w
Act 8451	Act 8451 · May 4, 2021 · An Act amending Act No. 8365, relating to the fiscal year 2021 operating budget for the Government of the Virgin Islands to appropriate S3,533,333 to the Department of Justice to pay the settlement agreement of Joe Harold Vanrerpool d/b/a Vanterpool Enterprises v. Gorennnent of the Virgin Islands; to appropriate S2,000,000 to the Department of Labor for the payment of outstanding Worker·s Compensation payments to medical providers; to reduce the line item for Department of Education Interscholastic Sports from $125,000 to $1 10,000; amending Act No. 8411. to appropriate $40,000 to Clean Sweep Frederiksted for the beautification of the town of Frederiksted; to appropriate $15,000 to the Depar
Act 8347	Act 8347 · An Act providing an appropriation from the Internal Revenue Matching Fund for the fiscal year October 1, 2020, through September 30, 2021 ---0