GERS BOT's Monthly Meeting 4/23/26

GERS Retirement System (Board of Trustees)

April 23, 2026 · 0.8 hours · gov

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0:00:00 all right good morning everyone this government employees retirement system of the virgin islands meeting of the board of trustees for thursday april 23rd 2026 is here by call to order have a roll call please yes uh good morning mr chairman and everyone tamen clark yes rusty clark present andre dorsey andre t yes yes present vincent g lager trustee liger absent ex-officio member cindy richardson ex-officio member richardson absent leona e smith present trustee smith present reina colwood present trustee colwood present mr chairman four present one absent thank you are there any comments and suggestions from retirees are there any comments and suggestions from active members next item on the agenda the secretary's minutes from the march 26 2026 board meeting are there any edits or corrections to be made to those minutes hearing none can i have a motion to accept the secretary's minutes from the march 26 2026 meeting meeting so moved second moved by trustee smith seconded by trustee dorsey

0:02:05 have our roll call please yes uh trustee clark yes trustee clark yes trustee dorsey yes let's see dorsey yes trustee liger absent trustee smith yes trustee smith yes trustee colwood yes trustee colwood yes mr chairman four ea one absent thank you are there any communications on correspondences we read into the record no sir um the chairman's report the there is not uh the administrators report uh yes sir uh good morning all again with regards to meetings presentations and appearances uh March 23rd I had a meeting with a senator regarding possible legislation which I will not disclose in an open session march 24th structured walkthrough number six with majesco vitek march 25th design session number 10 pension estimates with majesco vitek march 26 gers board of trustees meeting march 27th attended portrait unveiling of former governor john de young march 31st of course we had our transfer day holidays and then the second through the sixth easter holidays uh april 8 design session number 11 with majesco vita various applications april 8 business process improvement status meeting with linnea april 9 planning session tranche number two limited active loan program april 13 through the 17th i was on personal leave april 20th investment committee meeting

0:04:02 and then it's not on here it was subsequent to preparation here april 21st appearance before the legislature's budget appropriation and finance committee which as you're probably aware has received um extensive press coverage regarding two builds with regards to the ggrs continuing on with the reports uh our typical report shows retirement applications as of march uh 15 2026 uh for 2025 we have uh 298 applications of which 249 have been processed with 49 remaining so we're at an 84 a percent completion rate uh 2026 uh we have 54 uh two have been completed uh with 52 remaining uh contributions processing we they have processed a total of refunds totaling seven hundred and thirty two thousand five hundred thirteen dollars uh spread over 95 cases they've processed 64 death benefit cases totaling forty nine thousand forty two dollars and ninety seven cents from the accounting department's annuity payments number of retirees as of april 15th excuse me 2026 uh the payroll is 8 796 individuals and um cumulative through april 15 2026 for the fiscal year we've paid out some 148 million dollars in retirement

0:06:00 annuities number of retirees added to the payroll of in the current fiscal year 181 uh number of retirees added to the payroll subsequent to april 15th 29 number of retirees expected to be placed on a payroll for the april 30th pay date is 11 and the number of retirees deleted for the fiscal year thus far is 149. as of april 15th 2026 the semi-monthly payroll totals approximately 11.5 million dollars disbursement by location that doesn't change much from month to month we presently have nine thousand five hundred ninety one disbursements of which um seven thousand nine hundred and eighty nine are in the territory and one thousand seven hundred fifty six are outside of the territory personal loans of course subsequent to the last uh board meeting in march um we've announced the approval of another tranche of 20 million dollars we've publicized that and um we'll begin to accept a request for appointments the portal will be open uh on may 4th and appointments will be available for the months of june and july um in terms of the current portfolio for personal loans we have we have 2429 units and mortgages we have 40 uh for a combined portfolio of 2485 units

0:07:58 totaling some 17 million 376 293 dollars with 91 cents operations operations continues apace we have listing of our current leases and then we have some pending or upcoming lease negotiations not the least of which is the department of justice and i will highlight the department of justice in our in our collections reports on the next page um nothing really outside of that to discuss with regards to leases um we have we conducted our typical environmental testing of our facilities and the results were shared with staff indicating that we have no no mold of issues uh now to start sorry will be shared oh minor um i alluded to our collections report for rent i'd first like to start with the good news and that is the division of personnel is completely current uh there's a very small amount outstanding from the police department but i must report to this board that the department of justice is a growing problem we have an arrearage representing january february and march for the department of justice totaling 111 189 and an electrical arrearage for january and february of 51 736 40 that's in excess of 160 almost 170 000 this is unacceptable and unsustainable uh we have been very courteous and cooperative with uh with our tenant the department of justice and we certainly don't want to be involved in a legal imbroglio with the government's legal arm

0:10:20 however they're also a tenant and we will not be accepting discontinued late payments this arrearage from the department of justice and we will attempt one more time to work cooperatively with the department of justice but failing that we will become more aggressive in our collection efforts so um via this means and others the department of justice is placed on notice that concludes the administrator's report thank you any questions for the administrator concerning uh with respect to the administrator's report um such i have one question for the administrator um i know the hurricane season is going to be upon us how was the generators a good morning and thank you for the question trustee smith i will commend our operations team and facilities team to do a superb job we have maintenance contracts on in both districts for our generators and they're always fully fueled and ready to go as has been proven over the last month with the outages that we experienced throughout the territory but particularly in the st thomas and john district i think even more exciting is that we invested a tremendous amount of money uh in uh installing a new massive generator at the haven site property and before that happened the legacy generator inherited when we retook control of the management of the property from waiko was in horrible shape our tenants were not very pleased many of them wanted to install their own personal generators for their stores and restaurants and we discouraged that but of course that means that meant that we owed them reliable power and the unit that we have on hand presently came through superbly as a matter of fact when the power went out in town haven site was a beacon for for folks that didn't have power at home and could come and patronize the

0:12:31 restaurants or even shop so thank you for the question trustee smith but uh we're fully covered there so um thank you mr chair i have a question for the administrator um maybe this might be better covered in executive session but um also wanted to ask about the whole department of justice situation i don't have the specifics on the particular lease but are there fees and penalties that are accrued for uh late payments currently is it something that we would look at incorporating in the future version of the contract it's it's currently in the existing contract okay and then the second point is um you know uh given the track record um as as the organization in terms of late payments etc um you know i think that should factor into the renewal process as well that's a personal opinion but we can talk about that and the choir says amen and absolutely that is uh going to be the feature of our discussions with uh with that tenant and of course they are part of the central government so they don't cut their own checks this may be a systemic issue with the department of finance or the office of management and budget or the department of justice itself or all three frankly it's not it is our problem in the sense that we need to get our money but it's for them to resolve and i do intend to highlight this matter at our next annual overview before the legislature's finance committee because ultimately is the legislature's responsibility to provide proper funding for the central government and to be to know the truth with regards to what is happening i know they've been active with helping wapa with a single-payer utility fund and maybe it's time for a single payer rental fund for the central government we don't know but we will attempt to assist as best as possible but at the end of the day that does not absolve them of their responsibilities

0:14:54 thank you you're welcome sir please know the presence of um trusty legger okay um we will record the presence of did you say attorney like a trustee like good morning good morning sir how are you i'm good i have a question a couple of questions chair um mr ceo just a quick one here um as relates to that issue with the uh late payment um i just want to thank your staff in terms of finally getting the division of personnel on board being current so he definitely uh did a really good job in following up on that i don't see any difference in you doing what you do as it relates to justice it's just a matter of time to do what you have to do internally the other thing i wanted to say uh ceo i did listen in to i don't want to say it's most of that senate session but the part i did hear when you were on the senate floor this past week i thought hello yeah you were like going you're going in or not i don't know if you were going far away from the device uh you're back now okay sorry about that yeah um i'm actually recovering sorry about that if my voice is low covering from being out sick um yes uh ceo i thought your presentation how you presented how how you defended the system. I just thought it was just really, really excellent. I was so proud of being part of the system, listening to you defend it, and even asking for the additional funding that would be needed. And I was saying to myself, just imagine where we would be if we didn't fund the note with the low revenue, even though we're at the highest, we can get on a call for where we as a citizen territory uh we probably be having a different you are not you're very gobbled you didn't we can't hear you and as i said to you not safely they need to be done can you hear me now hello hello yes i can hear you now but

0:17:34 you're very garbled you're coming in and out yeah yeah um uh can you hear me now the issue isn't volume it it's like your bandwidth is struggling so you're actually like breaking up not not not that the volume is okay okay um i'm not sure if you can hear me now with the volume or with the bandwidth if i'm still in and out i just wanted to say that um the session that the ceo was just in i thought it was the presentation how he presented how he represented us as a system i think we all should be very very proud i just was really really off the chain and i did call him and tell him but i i just wanted to say that again for the record so our constituents who probably didn't tune in can go back and tune in and just have an understanding of where we are as a system that we still have insolventy issues that we have to deal with in the short order so i just wanted to say that for the record thank you all right mr chairman if i may i'd like to thank trustee clark for his kind words i'm truly honored uh by the trustee dorsey sorry um for the uh compliment from trustee dorsey i truly appreciate it the men and women of the gers all work hard and i'm duty bound to represent them and this board to the best of my ability so thank you for the uh recognition truly appreciated my head already big enough all right um committee reports the investment committee met on tuesday was it the 21st choosing oh lord the 21st all right apparently we can't come to four today the investment

0:19:39 committee met on tuesday um the 21st we got an investment we got an update from our um investment managers regarding the portfolio um i don't believe there are any other companies subcommittees uh treasures report mr henderson i mean it's jeremiah i'm sorry what's with us i shouldn't have a coffee it good morning board chair auto trustees this is the government employees retirement system schedule of receipts and disbursement for the month ending march 31st 2026. receipts from collections loan repayments 545 000 year to date 3.5 million rent from tenants 16 000 year to date 558 000 employer retirement contributions 7.6 million year to date 44.7 million employee retirement contributions 4.3 million year to date 24.3 million miscellaneous we have 69 000 year to date 1.8 million total collections for the month of march 12.5 million year to date 134.9 million disbursements we have annuity payments 23.2 million year to date 140.8 million administrative reports um expenses 1.4 million year to date 10.8 personal loans um these are the refunds we have six thousand year to date 22 000 mortgages these are escrow payments for most

0:21:33 part 15 000 year to date 48 000 refund of contributions 776 000 year to date 5.7 million for total disbursement for the month of march of 25.4 million year to date 157.2 million for the month of march we had a net deficit of 12.9 million year to date 22.3 million we have withdrawn from the investment portfolio thus far 100 million and our admin expenses are 39 of the budget for the haven site mall we have total collections of 686 000 for the month of march year to date 3.7 million and our disbursements 684 000 year to date 2.9 million for a net cash surplus in march of 1800 and for the year to date 808 000 but she that ends the reading of the schedules thank you i have one quick question um the administrative expenses you said were 39 percent of what it does so far for the fiscal year so far for the fiscal year as of march all right good job thank you any other questions for the cfo regarding the treasurer's report can i have a motion to accept the treasurer's report so moved moved by trustee clark seconded by chelsea smith

0:23:27 yes trustee clark yes trustee clark yes trustee dorsey yes let's see dorsey yes trustee liger yes trustee leiger yes trustee smith yes trustee smith yes trustee callwood yes see cloudwood yes mr chairman 68 thank you next up we have the investment officer support good morning mr chair other trustees um this is an update of the investment portfolio as of March 31, 2026. Global equity saw decline in the month, primarily impacted by geopolitical tensions with the ongoing or the escalation of the Iran-US and Israel war. Some of the key themes that mattered for markets during the month were, of course the iran conflict dominated uh the narrative uh at the middle east conflict an effective closure of the strait of humus drove pretty much a risk of shift uh with march trading marked by headline driven swings uh we also saw oil barn yields and u.s dollar higher practically everything else was lower so uh march left investors with pretty much few places to hide uh we also saw a surge uh as for the surge in crude prices spark the con spark um concerns about renewed inflation uh pressures are knocked on effects to the broader economic activity uh in the markets um as it relates to performance for the plan total plan returned or was down um 3.9 month to date but the total plan was up about one percent fiscal year to date. Total domestic

0:25:30 equities was down five percent month to date and also down about roughly 1.4 percent fiscal year to date. The Russell 1000 index declined about five percent month to date and was also done about 1.9 percent fiscal year to date uh our russell 2000 index declined five percent month to date but it's up 3.2 percent fiscal year to date and it's pretty much one of our better performing asset classes in the portfolio um equity is pretty much broadly declined in the month uh with the major indexes smp 500 russell 3000 and also the russell 1000 all falling above five percent uh the energy sector was the lowest standard sector of the month which gained about 10.3 while all other sectors were broadly negative um led by consumer staples which was done about 9.8 basic materials was done about 7.1 and healthcare was done about 7.3 percent uh total international equity uh was down about 10.2 percent month to date but it's positive so far fiscal year to date up 4.5 percent um it did underperform its domestic counterpart for the month but has been the best performing asset class fiscal year to date in the portfolio uh developed market equity as represented by our MSCI IFA index fund was down 10.2% month to date, but is up 3.7% fiscal year to date.

0:27:06 Our emerging market fund was down 10.5% month to date, but is up 7.6% fiscal year to date. Developed market performance saw Eurozone equities experiencing a significant downturn in March, reflecting market reactions to the economic impact of elevated energy prices and a higher interest rate backdrop. UK stocks also declined due to elevated bond yields and slowing economic growth. On the emerging market slide, slightly underperformed developed market once for the month, mainly due to weaknesses related to reliance on energy imports, currency declines and increasing inflation throughout the developing world. China was a standout underperformer for the month falling about 7.7% representing as I said the biggest decliner of the month as internet and software stocks weakened amid ongoing growth and policy uncertainty. Our total fixed income portfolio was down 1.5% month to date but is up 0.8% fiscal year to date. As government bonds experienced a sell-off in March as concern around oil-driven inflation pressures forced a reassessment of global monetary policy, among corporates high yield bond spreads widened more than investment grades in both the US and overseas markets. As it pertains to our investment grade portfolio, that return was down 1.9% month to date but is up one percent fiscal year to date our u.s tips portfolio was down 1.4 percent month to date but is up 0.3 percent fiscal year to date and our high yield bonds returned uh was down 1.2 percent month to date but is up 0.8 percent fiscal year to date as of march 31st 2026

0:29:15 Also, I'd like to report that currently month-to-date, as of yesterday's market close in April, the portfolio is up about 5% month-to-date. So we've pretty much gained back most of that decline from March. As it relates to the record of asset growth of the cash flow for the month, so we ended the month at approximately $480.2 million. We began with a market value of about $500.5 million. We had no net cash outflow for the month in March with about 7,931 in income. We had an unrealized depreciation in the portfolio of about $20 million, and that brought us to that ending market value of $480.2 million as of March 31, 2026.

0:30:23 the month. We did have to raise about $19.5 million out of the portfolio in anticipation of cash needs for benefits. Of course, we tried to use that opportunity to rebalance the portfolio. At the time of rebalancing our fixed income, our portfolio was slightly overweighted. so we pulled most of the cash from there. We took $8 million from our U.S. Aggregated Bond Index, we took $5 million from our U.S. High Yield Bond Index, we took $3.5 million from our U.S.

0:31:05 TIPS Index and we took $3 million from our Emerging Market Index. As it pertains to fees for the month, we didn't pay any fees for the calendar month to date. Fiscal year today we've paid about $216,000 in investment-related fees. And just a highlight of the asset allocation of the market values for the month. We had domestic equities at about $150 million. We had a developed market equity at about $64.1 million. We had emerging market equity at about $17 million. investment grade bonds at about 84 million uh us tips at about 43.7 million uh higher bonds at about 41.4 million our real estate um assets uh this includes um this excludes our system assets at about 54.7 million our two legacy private equity funds uh at about five million and cash and hand at the end of the month um as mentioned at about 20 million dollars uh mr chair trustee that ends my presentation i'll be happy to answer any questions mr hennison quick question um uh is it seems like some of the distribution withdrawals came from very bonded accounts and so trying to understand did that affect our portfolio allocation in any way and are there lower fees with bond accounts why were most of the withdrawals coming from the bond side of things yeah so typically trustee clark typically um

0:32:52 at a given moment when we're raising cash from the portfolio we take a look at the overall portfolio and see where we're overweight or underweight um versus the versus the um policy and uh we were overweight in the portfolio as of as of that given time we were overweight um investment grade bonds high yield bonds and tips i think investment grade bars we were overweight by about 11 also by tips about 11 i think high yield bonds we were overweight but no we were a bit sorry my my apologies we were overweight about one percent uh we were overweight about one percent in tips and i think we were similarly overweight as well uh hyabans um versus the policy benchmark so we typically tend to rebalance back to those targets as we do cash withdrawals and that is why we basically withdraw from those um those those portfolios thank you so much appreciate it no problem uh chair mr henderson um question yeah when you're doing those withdrawals i thought you and mrs um jeremiah have that discussion you guys don't discuss that as to which funds you're going to pull that money from or is there another way you guys do that so so typically how that would work um trustee dorsey um if jeremiah would um communicate a need for for draw or need for cash to cover the chart file or the projected chart file for benefit payments.

0:34:47 And in turn, I would communicate with Mikita, our investment consultant, and we would work together to determine which asset class or which bucket would be the most reasonable place to pull those funds at a given time. okay and then the and then you present that to the ceo i the ceo i know in in the consultants respond back to me the ceo would be copied on it as well copied on it yes okay i appreciate that thank you you're welcome i was concurring with uh with mr henderson that i am similarly included in the communication oh okay okay and ceo just a quick question um that bill that related to the possible monies that would be coming in when you were testifying uh senator lewis's bill would that affect the the the asset value over let's let's let's get through the investment the investment officers report let's keep the questions limited to that once we approve it then we could it's future are there any questions pertaining to the investment officers report i have a motion to accept the investment officers report moved by trustee clark seconded by trustee liger yes trustee clark yes trustee clark yes trustee dorsey hello trustee dorsey we're taking a vote on the investment officer's report

0:36:48 oh i didn't have my question answered did somebody respond to my question or did you just move on i didn't hear it i blanked out can somebody give me clarification my response was that i was trying to keep the questions limited to the investment officers report and once we get that accepted then we could expound oh so so we're voting on so right now we're just looking on yes trustee dorsey yes trustee liger yes okay yes yes trustee smith yes trustee smith yes trustee colwood yes trustee colwood yes mr chairman 68 all right now trustee dorsey proceed with a question to the ceo yes ceo i was asking when you were testifying there was a bill from senator avery lewis um that was supposed to bring some kind of future funding to the system um with some type of hotel uh development or hotel transactions um some kind of proceeds would come out of that um i was wondering how that might possibly affect the overall asset value of the system was there i don't know if there's any research done on what that would possibly look like as another funding source to the system uh thank you uh trustee dorsey so it's technical but there was a bond financing that concluded sometime late last year in which the public finance authority was essentially utilized as a conduit lender borrower to facilitate the transfer of ownership of the frenchman's reef well the western frenchman's reef boy house under a non-profit corporate structure and there's also a subsidiary created within the pfa so as i indicated it gets to be a bit complex we were not a part of that senator lewis's bill

0:39:00 uh as drafted would have diverted any funds from the sale of the property any property finance using this mechanism except that presently there's only one um that if the property were to be sold prior to the repayment of the bonds that the net proceeds instead of going to the government of the virgin islands would come to the gers of course we were not a part of the transaction we do not know what the value of the hotel is presently we certainly do not know what the value of the hotel would be in possibly 10 20 or 30 years but whatever it is as i indicated in my presentation we will not look a gift horse in the mouth we will take it but we couldn't tell you and we certainly couldn't model actuarially what the value is because we don't know but we can all surmise that it's potentially quite a valuable asset and the net proceeds would be most welcome by the system it would be more money than we anticipated we would have just a month ago um the issue that i identified in the in the legislative hearing was that as written we would only benefit if there were a sale of the property prior to the maturity of the bonds however if the bonds were to go for their full uh life uh then the property as the bill is written would revert to the enabling legislation for the transaction to begin with um the property would would would transfer unencumbered to the government of the virgin islands so that would be of no benefit to us so my suggested amendment was that they amended so that either under a sale before maturity of the bonds or upon transfer at the repayment full repayment of the bonds that we would benefit under that scenario as well and that was well received by senator lewis uh they're working on the amendment process and that would be one of the key amendments that would be presented by the time the bill arrives on the rules committee sounds good thank you welcome sir okay um so trusty

0:41:35 dosi you wanted to before you do i would like to note the presence of miss florine hassle on behalf of the ex-officio member cindy richardson good morning miss hassle what's with the phones today it's on their end and we can hear you sort of miss hassle we were just recognizing your presence i hope you can hear me oh we can hear you now yes okay good morning to everyone and thank you for having me you're most welcome thank you um i would also i don't get personal privilege but i'll take the opportunity i'd like to recognize that yesterday was administrative professionals week so i would like to recognize all the administrative professionals within the government employees retirement system and we have two right behind here uh miss zayda castro within the legal department and of course miss sandy brian bill thank you very much for all that you do administrative professionals you keep our lives on track and we have miss nikaya coley who i think would uh qualify as an administrative professional thank you miss coley um on behalf of well yeah yeah we really a lot of people don't know like every we need a working school thank you mr darcy thank you too and finally i would like to recognize mr terence thomas our uh chief information technology officer and mr leshawn moses because we're all beneficiaries of a wonderful new audio visual system in the boardroom here in st thomas as well as the boardroom on saint croix can we pull up

0:43:36 miss um miss miss nico we were seeing her so nicely before she did okay but anyway uh mr chairman uh uh board of trustees i hope that you are pleased with uh oh very much that you're pleased with the new uh setup um when miss nico came up earlier we've always had an issue with being able to really see people clearly um and you know large enough from the boardroom in st croy and i must say that i'm very pleased with uh with the product and also would like to thank our vendor innovative av that did a superb job all right um trusty dosi had a matter you wanted to discuss in executive session so at this time i'll ask for a motion we're going to executive session this portion of the meeting will be closed to the public for matters pertaining to trade secrets or financial or commercial information or personal or legal matters or matters whose premature disclosure will frustrate the implementation the proposed agency action can i get them over don't move or second moved by trustee clark seconded by trustee dorsey however we'll call please yes uh trustee clark yes trustee clark yes trustee dorsey yes trustee dorsey yes trustee liger yes trustee leiger yes trustee smith yes trustee smith yes trustee callwood yes trustee callwood yes mr chairman for six years all right thank you um so we'll recess for two minutes thank you um i think i would like to ask miss chapman to remain as well attorney chapman yes can you remain in the executive session please sure