



Government of the Virgin Islands Retirement System Board Meeting

GERS Retirement System (Board of Trustees)

April 15, 2020 · 2.6 hours · gov

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0:00:00 um trustee boris trying to log back in he lost connection so he should be back in shortly okay do you have to call in yeah okay uh i'll give i'll give you a call in number call One minute, one minute, one minute. The stenographer lost power whopper in St. Croix, so she has no internet. Is she recording? So, yeah, but she wants to guess to do.

0:00:38 Can she call the Zoom number? Yeah, or here also. Do you think it's better for here? Okay, why don't you call 693-3922? Okay? Plus, as you know, it's being recorded also. Alrighty. Hello, I'm sorry. I didn't hear you, Mr. Nibsley. You were speaking to me. Calling at 693. 693.

0:01:06 3922. 3922. And remember, it's being recorded also. Okay. On the stream. Okay. On the stream, yeah. Okay. Okay. hello hello morning hi morning just letting you guys know i lost power on the same call so i got i got put kicked off the internet so just following you by phone is there where i could see it on the phone anywhere can do it i didn't get the question what's the question yeah i was all set up on my computer and then power power went so i lost everything i'm calling in by four yeah the same thing at um why don't you um same thing happened with the stenographer in St. Croix. Maybe we need to call in on the AT&T. Why don't you call, you know the AT&T number? No. Okay, it's 888-278-0296.

0:02:39 and your code is your code is 7203429 let me check that back I was doing it by memory let's see let's see let's see mr nibs you need the at t access code no no access okay just trying i haven't given the last yes three two four nine three two four nine seven two zero three two four nine okay okay so sorry so the number is eight eight eight two seven eight zero two nine six i'm gonna give you another number to call in uh mr tory okay okay okay and i'm also trying okay fine yeah just eight eight eight two seven eight zero two nine six your code is seven two 0 3 2 4 9 Okay Welcome to AT&T teleconference service, please enter your access code To join the conference, there are one participants on the call, including you.

0:04:29 You are joining your conference as the host. For a menu of available commands, press star pound. Oh, boy. Okay, Satori, call in at 888-278-0296-0296-720-3249-3249. I do apologize.

- 0:05:16 No, no, that's okay. That's happened. That happened. like because usually my internet stays on but i don't know what happened but it knocked out the internet altogether yeah the same thing with mr barry and sinkhole it happened so no problem but what's mr barry's title what is he he's a trustee he's a new trustee oh okay yeah i know who he is but i didn't know that okay okay fine all right thank you Yeah, I lost power too. This is Cohen. I don't know if it's an old island blackout.
- 0:05:57 So call in to the calling number. What's that? Yes. Listen there. Did you say the number is 888? No, I'm sorry. up again i probably did it wrong pocket numbers what do you say miss satori no mr nids this is leona is it is it is the number eight eight eight two seven eight zero two nine six yes ma'am and the seven two zero three two four nine is the code right yes ma'am thank you Hi, this is Yvonne Sattori.
- 0:07:03 Yeah, okay. You got it. Yeah. um i was in the process of getting um the attendance and if i got as far as uh but i'm sorry i'm pronouncing your name wrong uh valcina valcina deputy director division of personnel I'm sorry, I didn't get the last name.
- 0:07:45 Q-U-A-S-H-I-E. Thank you. Thank you. it's a story yeah you have the are you completed are you finished i'm sorry i didn't hear that are you finished with the attendance um my um i don't have power i don't know whatever happened um it happened to broadband also because they cut everything out all right didn't see you yeah because usually i don't use loose internet so i don't know what happened and mr barga and i live on the same side of the island so let me let me check and see if i got that Well, his name is Boree. Yes. Not Satori.
- 0:09:41 What I would recommend, Ms. Satori, is that you mute your Zoom and just stay on the line in case it goes out again. The only thing, though, is with the phone, it's not as clear. Oh. that's I I I get what you're saying but um but okay if you can okay okay just remember it's being recorded maybe I'll just I'll stand the phone and if it goes off then I'll yeah I'll mute the phone that's it I said you made the audio after all that are you ready one second All, including you, you are joining your conference at...
- 0:10:45 Okay. Alright, good morning everyone. morning good morning i'd like to call to order good boy i'd like to call to order the employees retirement system of the government of the virgin islands regular meeting of the board of trustees to order roll call trustee carlwood present trustee barry Present. Trustee Clendenin.
- 0:11:37 Trustee Clendenin. Trustee Clendenin. I am present. Trustee Cohen. Trustee Cohen. Absent, present, trustee Liger. Yeah, trustee McDonnell absent trustee Smith. Chairman calendar.
- 0:12:13 Present 7 present 1 absent. okay so we have a call all right so we have to make provisions for comments from the trust from the retirees so chairman i do have a letter from a retiree i wish to plan okay please and i read it into the record Letter dated April 6th, addressed to Austin L. Nibs, Administrator CEO. Dear Administrator Nibs, I have not always been in agreement with some of your opinions. Nonetheless, I write to express our appreciation to GRS for its consideration in mailing out very early retiree annuity checks in advance to April 15, 2020, so that on set date, we'll have a financial outlet. While my wife and I have set aside a rainy day fund for such unknowns as what we experienced with COVID-19, the future is not an exact science. What probably most of us fear most is not fear, but rather the fear of the unknown. We wish you and your family and employees of GRS to be safe in your going and coming, for GRS can be considered frontline responders. May God continue to bless us with his everlasting grace. sincerely captain al and donister senior that ends all right uh what date was were those checks sent out jeremiah could you
- 0:14:00 respond the checks were sent out um march i have to look at march i'm going to look at the date around march 26th also the last day that um we worked um a full staff we decided to hurry the process along and get them done and we spent some late nights in getting it done and the payroll staff did it so i was happy and they were happy that they were able to do it so the end of march is send out the end they send out march and april 15 payments the checks yes but the ach um was done the regular time the checks were dated april 15th okay i got you okay trustee jenny any other question all right secretary's minutes for the regular meeting of march 26 2020 need an approval of those minutes any addition corrections deletions mr chairman before you proceed i had a correction to the minutes on page three there was a reference of comments i made and the the minutes me read that the that i said that the board has the legal authority to do that reduction i don't believe that's a correct comment it should be that the board did not have the legal authority to do it so i like the record to show reflect on page three yes of the minutes itself The paragraph that starts with Board Council Pedro Williams, if you're looking at it.
- 0:16:12 The second full paragraph. Yes. Yes. Five lines down. okay okay i did see that okay i thought you had changed your mind okay okay one other real minor correction on on page of the minutes on page five um roman numeral 10x Treasurer's report it had in I call a size a motion was made by trustee Kahn COHN so you just need to add the E in there just letting you guys know I'm gonna try to rejoin by a zoom okay in the chairperson's report and as i was corrected

someplace uh one two three four five the six line down which is between 2018 it should read between 2010 and 2018 the system was underfunded by more than 1.7 at 1.7 million 1.7 billion billion it's a b mr chairman the the secretary's report has not been

0:17:58 approved i know that's what the direction is still on the secretary's report yes okay all right yes okay so we now if there are no other corrections someone can make a motion to accept them with the corrections mr chair i move to accept the corrected secretary's minutes okay now i'll second that trustee callwood yes trustee barry yes trustee cohen yes trustee liger i was not admitting sir so i will not vote trustee mcdonnell absent trustee smith yes chairman calendar yes Chair 5, yes. One not voting. One absent.

0:19:04 All right. Those minutes have been passed. We also have the minutes of the special meeting which was held on 8 April 2020. Questions? Additions? None. We need a motion for approval. the chair make a motion to approve the uh board meeting uh the special board meeting on april 8 2020. trusty carlwood yes trusty barry yes trusty cohen yes trusty liger yeah trusty mcdonald absent trustee smith yeah chairman gallinon yes chair six yes one absent all right those minutes have also been approved communications and correspondences okay letter dated march 27 2020 stay haven site mall tenants we understand these challenging times the The lack of cruise ships and customers and closure of most businesses would undoubtedly have an impact on your business.

0:20:27 As your landlord, we at GRS, at the Government Employees Retirement System, GRS, understand your plight and want to work cooperatively to minimize and manage the economic fallout from COVID-19 virus. As such, at its board meeting on March 26, 2020, the GRS board considered your numerous requests for rent abatement, reduction, forgiveness, etc. As you know, the Board in the past has generally responded and provided rent abatement reduction as the situation warranted. In its deliberation, the Board pointed out that the GRS is facing its own economic challenges as the system anticipates insolvency by 2023 or sooner based on a trending economic climate. The GRS must continue to be mindful to balance all of its competing interests of its retirees, active members, and tenants. there are no easy answers and it is difficult to satisfy the legitimate needs and desires of all of the stakeholders accordingly in response to your request the board has decided to grant a two-month deferment of rental payments april and may 2020 without penalty and interest to all tenants going forward the board will continue The board will continue to monitor the situation, will reassess all of the factors on a month-to-month basis, and will act accordingly. It is our intent to keep you informed and make timely decisions so that you, in turn, can make your own business decision. We wish all of you well. Keep safe. We are in this together. will work with you to address all of your concerns.

0:22:11 Sincerely, Austin Al-Nibs Administrator. Copies to GRS Board of Trustees, Patrick William Esquire, GRS Board Counsel, Kathy M. Smith, Esquire, GRS General Counsel, GRS Oversight Committee Members, Anthony Hartley, Wyko. Dated March 31, 2020, Austin Al-Nibs. Dear Mr. Nibs, I hope all is well that you, the board grs board members and staff are well and staying safe on behalf of the haven site mall hma association i would like to thank you on the grs board for meeting with hma via teleconference on march 23rd 2020 and listening to our concerns we recognize that for all of us these are uncertain times and with each day circumstances change and we seek answers to new questions that surface i am sure that this is compounded by grs assuming direct management of the haven site mall from waiko rest assured that hma is ready to assist and ensure a smooth transition the haven site mall tenants received on march 27 2020 the grs decision board's decision to defer rent for april and may 2020. we appreciate the swift we appreciate the swift response to the board to our request for a rent abatement or reduction while we acknowledge that grs is facing its own economic challenges we the haven site merchants are also facing the compounded challenges of no cruise call and no customer traffic it is well recognized that over 90 of our customer traffic is dependent primarily on the customers brought by the various brands of the cruise lines on march 13 2020 the 20 2019 2020 cruise ship season came to an abrupt end when the cruise line international association announced the suspension of cruise ship operations from u.s ports of call for 30 days this week the primary brand of the cruise lines that visit our islands royal caribbean carnival norwegian disney all in america and msc have announced further cancellation into mid-May. Furthermore, major carriers are reducing and or cancelling their flights into St. Thomas. Spirit Airlines is reducing its flight schedule by 20 to 25% in April and May. American Airlines has consolidated its flights to the territory with one to each island. Delta has cancelled flight into St. Thomas and Silver Airways is institution flight cancellations. The combined impact has further reduced the amount of tourists on St. Thomas, our potential customers. Let's not forget that all hotels have also suspended accepting new guests to the properties as well. The U.S. has now surpassed all other countries around the world with the most cases of COVID-19. With the peak of COVID-19 yet to come on the mainland and in the U.S. Virgin Islands, these cancellations will only further

0:25:11 until the virus can be controlled and travel is deemed safe. As of March 30, 2020, Governor O'Brien extended the stay-at-home order until April 30, 2020, and heightened the enforcement of essential businesses that should be open. This

pandemic is an unprecedented event that has caused a lot of uncertainty for everyone. Given the circumstances as described above, the rent abatement is not a financially viable option for HMA members. We have had no sustained customer or cruise ship call traffic since mid-March. We have lost two prime months of the cruise ship season and the upcoming summer schedule, which was already looking bleak and non-existent. As of this date, there are no cruise ship call available scheduled. The reality is that HMA merchants are not generating the business activity to meet what a deferment implies will be addressed at a later date, as there is no customer traffic. Thus, the HMA is requesting that GRS revisit their decision to rent deferment and instead, one, provide a 50% rent reduction for the month of March and rent abatements for April and May 2020. This approach will be consistent with the approach of major landlords on St. Thomas and two, review our collective situation by late May by policy determination starting June 2020. We look forward to hearing from GRS board at its earliest convenience and encourage everyone to be well and stay safe. Regards Ram Mipuri, HMA President. Email dated April 14, 2020 is addressed to Mr. Nibbs. It's in regards to letter to Havenside Mall tenants dated March 27, 2020. Good afternoon and hope this email find you, your family and colleagues healthy and safe. Regarding your letter and deferment of April and May rent. Though we appreciate the offer, we feel that a waiving of rent is needed. I have spoken with other tenants and they feel the same. Little Switzerland and Jewel have long been standing tenants and we have always paid rent in time, on full and never late. Our revenue has drastically gone to zero and we are still recovering from the last two major hurricanes. We are in this together and we need further assistance.

0:27:34

For your information, we have been granted a suspension of rent from 90% from other landlords. I would like to propose that rent be waived until the USVI is back open and accepting cruise ships and hotel guests. If not, we and other tenants will be forced to take additional steps. Please advise and warmest regards Tom, Little Switzerland, Vice President, Store Operations. memo from office of management and budget memorandum number zero nine that's 2020 to all departments and agency heads from jennifer o'neil director office of management and budget date april 15 2020 request for all outstanding obligation the office of management and budget is formally requesting a comprehensive lift of all departments and agencies outstanding debt to all of the following with knowing conferences local off-island vendors and creditors employees workman comp code and government employees retirement system grs please detail amongst orders of march 31 2020 also adhere to the format of the template provided by indicating the fiscal years inputting the amount in the appropriate columns of funding source and reasons for non-payment the template will calculate the totals please respond to this request by tuesday april 21 if you have any questions please contact your budget analyst we requested and there were no incumbencies uh letter to the members of the government employees retirement system the board of trustees of the government employees retirement system grs met through electronic means on wednesday april 8 2020 to consider the decision of the district court of the virgin islands awarding the grs an additional 63 million in unpaid employer contributions including statutory interest in penalties, but denying enforcement of the 1984 Consent Decree on Actuarially Determining Employer Contributions, ADEC, which exceeds \$1.6 billion. The court took the position that a consent decree did not contemplate the ADEC. The board disagreed and directed its lawyers to seek review to that portion of the decision in the U.S. Third Circuit Court of Appeal. The Third Circuit code which is located in philadelphia here's appeals from all federal court decision in the u.s virgin islands at the time the board authorized a separate action to enforce at the same time i'm sorry the board authorized a separate action to enforce the adec in the superior code of the virgin islands we know that as a writ witness during the trial the former commissioner of finance valdemir collins testified that the gvi owes the grs the 80. the government of the virgin has already appealed the \$63 million decision and presumably an additional \$40 million the GVI has already paid under earlier court orders in this current action, contending it owes no more to the GRS. This action by the GVI, expressly supported by the Governor, exemplified a continued pattern of non-payment of retirement costs which has led the GRS to the edge of insolvency. In rendering judgment against the gvi judge gomez judge cortis jomez left no doubt what exists evidence in the case established there is overwhelming evidence that in this case the grs is on the verge of insolvency the financial calamity by some estimates is projected to occur in 2023 gush gomez continued restoring unpaid contribution identified hearing give long serving long suffering and understandably anxious government employees several things they deserve one a demonstrable a demonstrable demonstrable financial commitment by the gvi to make them whole to hope that they will receive their retirement benefits and three hope that a repository of the retirement funds will be supported in exercising its fiduciary responsible to the responsibility to the members and beneficiaries the board took note of the resulting grain forecasts economic forecast that insolvency of the grs would occasion by reducing the gross domestic product to gdp of the virgin islands by 25 percent the board also expressed its regret that the governors and the legislature since 2006 have failed to take serious steps

0:31:54

to avoid the impending economic crisis. The last piece of correspondence we received yesterday is dated April 21, 2020. Dear Mr. Nibbs, I hope all is well with you, the GRS board and members and staff. I am sure you are well aware of the recent notes that the Center for Disease Control and Prevention, CDC, in a bid to prevent the spread of COVID-19 on

cruise ships, has issued a new direct date to extend a no-sail order for at least the next 100 days. As of today, Carnival has already announced further suspension of sailing until June 26, 2020. The federal government will be issuing new guidelines and requirements for the cruise industry to protect members from any future spread of the disease on board their ships. The requirements will also require destination ports to put infrastructure in place should there be a need for sick passengers to be dropped off during the cruise for treatment. The cruise line will work with destinations to build such facilities. Now is the time for the Virgin Islands to prepare itself for cruises to return to St. Thomas. The soon-to-be-completed Main Street and waterfront project will give St. Thomas a much-needed facelift, but the biggest project that still hasn't been addressed is the dredging of the Charlotte-Amara Harbour. This project, which was due to start early March, is seeing further delay. There will be fierce competition from all eastern Caribbean islands for the cruise calls. The Virgin Islands will need to step up and deliver on the long-overdue improvements to our infrastructure. If St. Thomas cannot accommodate those mega-ships, the cruise lines will have no trouble finding other destinations. A prime example of this Carnival newest ship, the Mardi Gras, now delayed till January 2020. This ship would dock at Haven site. Currently, Carnival has not committed any calls for this ship to St. Thomas pending the dredging. It would be a shame to lose this ship due to unfinished projects.

0:33:58 This is just the first of many ships that may skip St. Thomas because they will not be able to come into our harbor. It is the HMA's request that GRS engage the Virgin Islands government and the VI Port Authority to expedite the dredging of the harbor. The Virgin Alley needs to act now to remain relevant as a leading destination in the Caribbean for those mega-cruise ships. Also, it would be greatly appreciated if you could provide us contact information for your appointed representatives for more related matters. A monthly newsletter would be a good thing, a good idea, to keep everyone updated with current happenings. Thank you, yours sincerely, Ram Mupuri, HMA President. That ends.

0:34:44 That ends the reading of the communication and correspondences. Mr. Chair, I have a question in regards to one of the correspondents. Hello? Proceed. Mr. Neal, in regards to the HLA, those merchants, have they applied for those stimulus packages? I cannot. I can't tell you that. None of them are.

0:35:12 Apply for the blood packages, then we're going to have to come back to the table in regards to their rent abatements and support. Well, I can't tell you I can ask, but I'm not sure. I think we need to keep a tab on that list. Well, how are we going to know if supposed to lie to us? Unless we ask SBA? Yeah, I think we're probably going to need to do that because it's the same thing with port authority and that's what they have been telling their more sense as well yeah i think we did discuss that with them and um and in the letter we kind of insinuated that but um we'll follow up with them and encourage them to respond to mr mcbury and i encourage them to go and seek assistance i i would also i would also suggest that if they insist on rent abatement and in fact the board considers and grants that that they would have to sign some sort of document attesting to the fact that they did not receive any of those stimulus funds or paycheck protection etc and of course should we find out later on the diamond would say then they're entitled they're obligated to reimburse those funds etc etc so there are ways that you can do it yeah i i i don't think we should um agree to an abatement unless they've satisfied us that they've done everything else to try to to uh fix this situation i mean what we offer them is in effect uh an interest-free loan with the principal payment not set that's an infant that's it that is in in effect an interest with a different date for starting to pay back principle so i mean that's the federal government which has an open checkbook that's basically what they are offering to to private sector they're offering them soft loans which is

0:37:20 what we are offering so i think we need to get some some understanding and i agree with you um williams that any any abatement to be conditional upon on the end state, exhaust and all other options for women to address the real reality. What I would do is probably next week, I would probably send out an invite to them to do Zoom and have some discussion for the discussion on this in regards to their seeking financial assistance.

0:38:20 And I would listen to what the recording of what Attorney Williams said and probably let them know you know what we're thinking up front because i i think we need to be very forthright and honest with them so i'll try to see if i can get something in next week maybe a one hour zoom meeting or something like that if the board wants to i don't know that under the i don't know that under the current board situation i mean decision that we need to do anything all we've done is deferred april and may payment what i was suggesting that because they didn't they then came back and said they want more to the extent that the board may even consider that and at some point grant something then we need to go to that step but as it stands now i don't think the board needs to do that because they're still obligated to make event payment which we've simply deferred it i think mr nibs needs to get back to them so so so that they understand I mean we understand what our position is I mean they have written to us asking us for to change our decision and we need to get back to them but I don't my position on this is that we ought not to move towards deferment until we are satisfied that they have done some more to take advantage of other opportunities to address the financial situation that they find themselves in.

- 0:40:00 Mr. Chairman, if I may, this is Kathy. I agree with Trustee Bowery. We need to let them know in advance that if there is any abatement, we're going to require them to show us that they've exhausted all other remedies. And they need to know that so they can now apply for those loans. I mean, I don't think we should watch the abatement decision at this point. I think we should clarify what we offer, which I'm sure they understand that what we offer is an interest-free loan. We haven't decided when we're going to start paying back. we could adjust that but but an abatement it's in my view is it's is down the word a little bit until they have demonstrated that they're taking other steps to try to adjust the situation all right any other comments well one last one last thing mr nibs do you know do you have any idea what what this this last correspondence where and i think it's a little switzerland one where they said they'll be forced to make or take other steps or some something to that effect you know what they were referring to have any idea close huh i assume they mean closure of the i mean asking for an early out of their uh the lease oh that's my that's what i'm assuming that's what it meant i don't know what that's either they'll close and ask us to forgive the you know do some arrangement with the lease
- 0:41:56 I think the same thing with how long it's on it. Okay, I guess they'll have to do what they think they have to do in their own best interest. Let me ask a question in case the question comes to me. 100 days puts us to July. We have given an abatement through May. So what I'm hearing is that come May 31st, the first meeting in June, we will be making other decisions.
- 0:42:33 All right. Is that what I'm hearing? Yeah. I mean, that's what I was going to ask from the beginning. We have to revisit it again. That's one of the things I was recommending that we revisit it when that time is up. All right. right and i i think it's fair because by then you'll know whether they get to receive those stimulus checks i mean no stimulus loan or grants i think some people some businesses already have been receiving um funding okay do you do you know if they have any operations going at all i mean obviously going to be drastically scaled back but are they totally closed or they all merchants are closed except um except smoking roasters take out i guess in the afternoons um also uh virgin haven i think is take out in the afternoon up to six we close at six they must close access six and beyond the premises by seven and also um uh delhi deck i think they were serving takeout breakfast but all the other and all the doctors are open some of the doctors are doing work the professional offices in building tree dentists and doctors they're still doing some work but um all the merchants restaurants are doing takeout tap and seal is closed so the place is actually a ghost town during the day.
- 0:44:13 Then did the foreman that it offered applies to all of those even those are still open right? Yes but the governor said it can do take out you know we were trying to limit it in a way because they wanted to go until the eight o'clock but the security felt that we should stop it at six it must be out to the premises by seven block the gates okay okay any any additional questions okay then we'll move on chairperson's report i have no report so we can go to the administrator's report good morning on March 30th I was a guest on the Alda Donistar radio program and that same day GRS Waiko transition meeting was held on April 6th I attended a meeting with Mr. Banzal the CPA in Coy regarding the filing of the last franchise tax the last corporate tax return and franchise stack report for Carambola on April 8 I attended a special board meeting the board on the 15th meeting with senior staff requiring billing to sponsors billing to the plan sponsors and that's an offshoot of the the code proceedings that the consent decree on that same day I met with GRS Y code transition meeting on April 17th I had a joint meeting oversight committee meeting with Haven site management. In regards to our retiree applicants, as of April 30, the pending retiree applications are 147, mainly for reasons of missing
- 0:46:20 NOPERS or retirement NOPERS or missing NOPERS or payment of employee contributions and the like we have continued to build for employer contributions and that have not been received for a period start in the court order on refunds from October through March we completed 413 cases of those 413 284 regular which are non vested members that left the system for two of 4.3 million dollars the total from october through march is 4.6 million dollars dead benefits we have completed 40 cases from october through march and the amount is 1.4 million dollars 70 cases are pending as far as the life certificates we have sent out the second batch of life of ticket it's six months from 1 31 20 since 3 1 2020 we have received 48 to validate it 12 was suspended meaning that we held the checks because we did not receive response within that time and 15 are pending receipt of the documents and these receipt of documents are primarily from the Eastern Caribbean and international. For duty and non-duty disability, we sent out 235 letters to retirees, 155 were validated, 80 receipt of life certificates pending, meaning that we are pending 80 out
- 0:48:19 the 235 which is a good day of responding uh as far as our annuity payments as of april 15 2020 we had 8728 retirees cumulative amount paid from october 2019 to april 15 is 138.5 million dollars The number of retirees added to the payroll from October through April 15, 201. The number of retirees deleted from the payroll October through April 15, 158. We know that the April 15 gross retiree payroll was \$10.7 million.
- 0:49:05 Our loan portfolio is obviously being reduced every month as of 331, 2020, we had 3,564 units of personal loans still active, our mortgages we had 91. say that they are the personal loans all will be expired by 2024 2025 the St. Croix office

building we have really no major issues the roof the building still continues to be pending I know that it's less than 10 years it has not reached a 10-year mark it's getting there soon so there are some issues with the roof and we need to look at that warranty so that's pending due to the current situation. Maintenance of the sink oil, the generator, we had to do a repair, we had to do the starter relay had to be repaired and the monthly service was completed and also a leak from the water heater was repaired the projects we're still working on the dumpster closure project was awarded to brothers construction 50% deposit was approved the project hopefully will end by the end of April security guard building which is in need of repair the design was completed and one proposal will receive to a pending we also request estimate for the security doors installation of the GRS new building none was received at the time of this report listen Thomas

0:51:05 complex where a majority of the work is being done if you visit the the the complex today you can't really park inside the complex so anyone just park outside and because there's a whole lot of work going around the building and inside underneath the building and that should be completed shortly and when that is completed we are going to we're going to be starting on the roof program because some of our employees were displaced because of leak and the roof on the northern side, and we're also going to start the air-condition program project. There is some work going on at the personnel, Division of Personnel Rental Space. This product has progressed it very smoothly, and so this is some work that was needed, and they are also doing some work within the building our rental collections in March we collected ninety sixty four thousand six oh four seventy nine cents of that thirty four thousand six eighty five or seven was rent total fiscal year to date we collected rental four hundred and ten thousand hundred and ninety three dollars and two cents electric three hundred and twenty one thousand four hundred five hundred thirty four dollars and ninety two cents these are reimbursements and the total amount was seven seven hundred thirty one thousand seven hundred twenty one dollars and ninety four cents we do have a significant amount of marriages we can see that on appendix a the rental of rare ages total of seventy eight thousand

0:53:00 799 2088 and electrical arrearages 87 000 361.58 i note that um pleasant has arrearages i think miss um and i'll have to put this before the board um miss claudia didn't send me an email from pleasant where they're asking for reduction in rent because of the covet 19. um that's under consideration i have to send it to the board to discuss it with board and see exactly how they want to handle that but they're requesting some type of reduction in the rent i guess they would have to prove to us that the traffic has slowed down because of that because the pairs are all there areas that they're renting, and I don't know why their storage, which is \$2,320, should impact, but they are behind in the rent significantly. Also, the electrical arrears is a significant amount is with the Department of Justice and also Division of Personnel. i'm not sure if there were any receipt of um of rents electrical subsequent to march 31 i'm not sure i am from the virgin islands mr name from the virgin island housing finance authority and first bank the electrical arranges was because wafa sent a two-month bill so our normal bill of 88 000 went to almost 160 something thousand um so those two months were sent to the tenants so we expect those shortly thank you but i just want to let the um the board knows that i will be sending that letter to them since they sent it to us and they asked for request for relief as to what i'll make my recommendation and I'll have the board make a decision we can do that

0:55:11 I'll send all the correspondence we can I can get some more background information and maybe we can do it by a poll vote so I'll be sending that to you probably sometime next week that's they are the only tenants that have asked us for any relief also trustees and appendix b as requested i have submitted our fy 2019 accomplishments and also i have submitted our fiscal year 2020 goals this is extensive i i i don't think i should be reading this into the record at this time but um yeah but they are attached and um we can further discuss this at an appropriate time that ends my report i'll chuck any questions from mr nick for the administrator somebody has a telephone or something that is on give in some feedback okay thank you all right trustees any any questions for the administrator any comments one

0:56:58 question are where are we going to take a look at the Haven site transitional report so that's an executive session as far as I think this is that on the agenda. All right, thank you. Sabari? No, I just um I just want to make sure that we stay on top of these arrearages so they don't get out of hand so um just just to alert um Mr. Nibbs that that's one one we put every taking very close close close look at uh on a monthly basis also um yeah also i receive a letter this is for trustee barry i think are you the investment chair now sir trustee are you the investment chair now i'm in a budget chair oh i am one of them i'm the book go ahead mr barry i'm on the budget chair mr neis by default i think i'm gonna be in the investment chair okay uh i did get a request from kazi to revisit their loan um i think they're looking to maybe do refinancing i think that's not involved in their um in the loan uh agreement but but they are asking for some type of reorganization or refinancing, some type of discount because of the interest rate. So that, I think, needs to be in investment committee. If we can discuss it prior, but we may need to have them do a presentation. We can do it by Zoom.

0:58:56 I know that they just opened up a unit at KFC on the waterfront. um that's uh i don't know how they open it at one of the worst times because uh there's no traffic there significant amount of traffic no tourists nobody frequent that area not much

so um but they do they did submit a request and i'll submit that at the appropriate time all right to jump in here just to put a little idea out there that i heard that was very reasonable and a good idea related to loans um what they were talking about is because of the the virus um turning around and not abating or um reducing or forgiving any of the loan but projecting it um forward to where the the deadline was and whether it be two three months whatever it is to just add that on the end of the mortgage and um you know or the loan and project it that way well i like i said it's a request and um at the appropriate time the board will make the decision so i'm going to send it on and i can do it today or tomorrow um to the entire committee and you can set up an investment committee meeting and um discuss it we can have them come in and give us i want i'm going to look to see when was the last financial that was submitted they're usually pretty good with their um submission of their requirements regards to their their loan their loan requirements so i'll look at that and i'll send send the request forward Trustee Caldwell, any questions, any comments? No, not today. Not for that part. For that part.

1:01:10 Who am I missing? zeliger oh yeah no sir any comments any questions no okay attorney attorney williams any questions any comments no sir i'm fine you're fine okay okay then we can move on to committee reports Committee reports. Committee Chairs, anything to report?

1:02:10 I'll start. Oh shucks. Attorney Williams had given a markup of his recommendations thus far. We're waiting for attorney smith to submit her final so we didn't have an opportunity to do our meeting because we wanted to get the recommendation for changes the only thing i also wanted you guys to comment on the electronic policy portion that i'd sent out so to determine if we're going to create it as a standalone policy or if you're going to insert it the recommendation i had made was to insert it into the policy or if you guys wanted to do a separate policy so i'm going to need feedback on that also sorry please identify the policy you're talking about oh i'm sorry um the board manual okay the listening audience yes So I didn't know I sent out any additional corrections or anything for the electronic policy. I took it from three different policies that I saw to make it fit into what we have going on here. So if I miss something, I need somebody to say.

1:03:44 I haven't seen that. So if you could forward that to me when you get a chance, please, I could submit comments. Okay. Sorry. Okay. Two things that attorney Williams mentioned about, should the system be capitalized or not? And also referring to board members of trustees either way because we're a specific um group and not just generally they should be capitalized whichever way you go okay one other thing that um that was that was um uh attorney williams was asking uh one other thing i'd like to note um with the policy the way it's written uh on page seven uh where it talks about c where it talks about board powers um do i wanted to highlight that it does not list our power or intent or anything about us being able to alter benefits and that's fine with me to leave it that way because i don't think i think if we add that in we're going to get into trouble okay any other comments uh mr chairman i think we may have to submit to have an amended compensatory time policy um i have to discuss it a little further with miss glenlin and gums however we learned that there were changes in the fair labor standard act as to who should be entitled and what salary so it's uh the current fair labor standard act provisions are totally different from what our policy has in there so i think that needs to be changed so everybody can be on the same page where we haven't submitted it as yet i learned about

1:05:46 that a couple days ago and that is something that should be very straightforward probably in the next board meeting we'll submit it so that we can amend our compensatory point policy to be um in sync with the fair labor standard act okay okay mr cohen dr cohen can you that what your anything you request or comments can you email it text it or put it in writing so that i can make sure that i capture it okay yes of course our meeting thanks so as soon as attorney smith submits the her her corrections additions we'll have our committee meeting this is kathy i just received attorney williams comments so i'm going to look at them over the weekend and then i'll get it to you on monday okay thank you so guys we'll tentatively look at wednesday i'll send out a time request for everybody so if attorney smith gets it monday we should be able to meet on wednesday and so we can knock it out okay i'm sorry any additional community reports okay thank you here we now now we will move on to the treasurer's report good morning board chair or the trustees this is the government employees retirement

1:07:34 system schedule of receipts and disbursements for the month ending march 31st 2020. receipts from collections loan repayment 1 million 252 575 year to date 9 million 870 381 Rent from tenants slash utilities, \$211,834. Year to date, \$743,462. Rents from Havenside tenants, \$414,265.

1:08:15 Year to date, \$3,042,562. Employer Retirement Contributions, \$4,891,743. Year-to-date, \$41,764,110. Employee Retirement Contributions, \$2,791,541. Year-to-date, \$23,125,848. Parking facility, 210, year-to-date, 5,540. Miscellaneous, 8,590,098, year-to-date, 11,126,635 for total collections of 18,152,265. for total collections of \$18,152,265. Year-to-date, \$89,678,539. Disbursements, annuity payments, \$22,505,380. Year-to-date, \$132,651,419.

- 1:09:40 administrative expenses one million two hundred and eight thousand seven hundred and thirty four year to date seven million seven hundred and eighty seven thousand seven hundred and nine personal loans sixteen thousand four hundred and four year to date one hundred and sixty two thousand 911 mortgage loans 29 267 year to date 137 278 retiree loans 257 year to date 9502 there was nothing current in the month for auto loans and land loans year to date auto loans twelve twelve dollars refund of contributions one million fifteen thousand six hundred and forty year to date five million seven hundred and forty seven thousand five hundred and eighty one no allotments to waiko in the month of march year to date 874,960 total disbursements 24,775,682 year to date 147,381,371 for a net cash deficit of \$6,623,480, year-to-date net cash deficit \$57,702,832. And that ends the reading of the schedule of receipts and disbursements for the month of March.
- 1:11:33 Thank you, Ms. Jeremiah. Any questions? trustee barbie any questions no just to call one not a question but comment as usual um because the payments or the contributions are down are down this month we're collected like less than eight and we paid out \$22,000, \$22,500, that's a big disparity.
- 1:12:12 It's like \$14 million short. Is that something that we anticipate is going to happen again? The governor, when I sent the governor a letter, an email, we let ask him, you know, if there's going to be any, Because of the COVID virus and the shutdown, was there going to be any delay in receiving contribution? He assured me that there was not going to be a delay. But we're down by half.
- 1:12:45 Well, this is the reality. He said no. They were reaching out. He was supposed to be getting their \$60 million loan. He did say, I know he said he only had three to four days of cash at the time when I spoke with him. but he assured me that he expected um he expected to make payment on time so i don't know why i i don't know i don't know i don't know the mr might be able to speak is it on their side or is that on the um autonomous agency side i assume that it's on on the government side the gvi the central government but i you know but he assured me that there would be no reductions i know that it would have to be reduction because gross receipts are going to be down withholding taxes people unemployed are going to be down so um you know they have been making their payments um i the last period might be the only missing one but they have been making their payments but what she's saying compared to like behind yeah compared to last month um i think last month we were we were at 10 or almost 11 and this month we're at 7. wapa was behind and wapa was trying to play catch up so when you see that big amount last month it was wapa trying to play catch up uh reality is for most this is our collection this is what it is so we're before i complained about 10 000 10 million now we're going to almost 15
- 1:14:32 it could be a result of members leaving the system also and we got more coming um okay just the coin any question no no I need no questions thank you sir Trustee Smith? No. Mr. Chair.
- 1:15:02 Okay. Need a motion for approval. Mr. Chair. I want to accept the treasurer's report. Second. Second. Trustee Caldwell? Yes. Trustee Bowery? Yes. Trustee Bowery? Yes. Trustee Bowery? Yes. Trustee Bowery? Yes. Trustee Bowery? Yes. Trustee Bowery? are we we're voting to approve the report yes what does that mean you're approving the figures that were read into the records the treasurers you're accepting them you're accepting them i mean um they're coming directly from the books and records i'm not i'm not i'm not voting on that not voting trusty cohen yes i'll say yes Trustee Liger? Yes. Trustee McDonnell? Absent. Trustee Smith? Yes. Chair McDonnell? Yes.
- 1:16:24 Chair, five yes, one not voting, one absent. Thank you. Treasury's report has been accepted. Investment officers report. Mr. Henderson, I'm here, Mr. Chair. Yes, sir. Good morning, Mr. Chair, other trustees. This is the monthly performance and update of the investment portfolio as of March 31st, 2020. The total plan returned negative 2.5% for the month. total equity returned negative 12.1% for the month and outperformed its benchmark by 170 basis points total fixed incomes negative 0.8% return underperformed its benchmark by 20 basis points and total alternatives negative 3.6% return outperformed its benchmark by 850 basis points notable fund performance for the month The Russell 1000 Index returned in negative 13.2%.
- 1:17:36 Pew Capital returned negative 1.4%, an underperformance benchmark by 77 basis points. Our U.S. Debt Index returned at negative 0.6%. And our U.S. Tips Fund returned at negative 1.9%. As we all know, the market's volatility in March was, you know, something of a historical nature. If you look in retrospect, the S&P 500 was down, I think, negative 12.4% month to date.
- 1:18:14 The Russell 3000 was down, I think, about 21%, so negative 21% for the month of March. so but overall that negative 2.5 percent for the month i think year to date we are where we were down as of march 34th negative 1.3 percent the physical year today we were flat at about zero so i think if you put our pension plan up against probably the universe we would probably rank somewhere in the top percentile um as it pertains to return given our current allocation if we look at the monthly cash flow activities as of the end of march 31st we ended the month at approximately 558 million bear in mind

this um that's um this amount excludes the member loans program which i think is about 42 million right now and the st thomas office st thomas and st cry office complexes we did raise 20.6 million out of the fund in the month of March we were fortunate enough to liquidate our Russell 1000 growth and Russell 1000 value funds we traded out on March 6 so we traded out before the following week which was when the market took that big dive down so we were kind fortunate on that. If you look at the activity for the month, we began at about \$582 million. We had a net cash flow of about \$10 million that we took out to pay benefits. We had income of about \$2.2 million. We lost value of about \$16.5 million. And so we ended up at that ending market value of 558 million as it pertains to fees that we paid for the month we paid 42 000 month to date

1:20:16 as of march 31st uh in investment management fees uh calendar year to date we've paid 93 000 and our physical year to date we've paid out 225 000 for investment management custodian and consulting fees year to date or fiscal year to date we've collected about um a thousand thousand dollars in our securities lending proceeds um again as we can see we continue to um we continue to have to take cash out to make up the shortfall to pay benefits and in such um continue to reduce our asset base um pretty much consistently month over month um it's the chair that that concludes my report for the month thank you sir so boring any questions I have no question but I just want to commend Mr Henderson I think he's doing a pretty good job thank you also mr chair just a quick update i know we were speaking about kazi and then their their desires to come to the table to restructure i guess the loan uh currently as of march 31st uh the loan balance is about three million dollars so i think we borrowed them six they are three million dollars now outstanding so they're about halfway through the loan and

1:22:15 they're they they're up to date all right trustee smith grace trustee smith that available and again all I have to say is I want to thank Makita for keeping us abreast of what is happening and keeping us from losing our shirt in the market by investing unwisely Mr. Bobby you're back I guess you still can't hear me, huh?

1:23:06 Also, Mr. Chair, just to give an update of where the portfolio is as of yesterday, we're up about 2%. For the month. All right, thank you, sir. All right, new business. to we need to ratify the poll vote to continue the board of administrative assistance contract oh i'm sorry i'm sorry uh the squashy are you there i am i'm sorry sorry i uh forgive me i'm forgotten to You're representing Ms. Clendenin, right? Ms. Clendenin should be on the call as well.

1:24:00 Ms. Dana Clendenin? Yes, she's there. Why have you allowed me to go this far in the middle without asking you if you had any questions? i didn't hear you i said if i had a question i i would have asked so it's no worries at all okay i'm sorry man i do apologize thank you mr chairman yes before we go into regular session i don't know uh trustee barry is um he's here and trustee barry are you hearing us i don't think he is because he's ignoring us my my internet is unstable it's going in and out well you need to call it sometimes i hear sometimes i don't i think maybe you still are you still on the 1-800 number you can call in on the number that i gave you the 1-800-888 but mr chairman what i would like to get from mr barry because um as to the reason why he failed to vote for the Treasurer's report. He has done that before. Is it that he lacks confidence in the report? Because we need to know. I mean, he has voted for it all the

1:25:49 time. And, you know, it gave me a funny feeling that he doesn't feel confident with the numbers. and the numbers are coming directly from our records that we received. Whenever we get him up, then we can certainly ask him. I had a recommendation that invite him into the main office in the financial office to meet everybody, see where the books are coming from and where the numbers are coming oh come on this place is run by a cpa by uh miss jerry meyer yeah and you get all the time no wait no and we get audited all the time it's the same thing come on i don't accept that uh mr dr cohen i missed that what was it that that um trustee bobby wanted to have done no no what i wanted to ask him i could have asked him off offline but as to why he was not comfortable with the treasurer's report if there's a reason why we i think we need to know so that if he is something that he's puzzled about or because we're getting the numbers from our records right which are audited i think initially he had mentioned something about the format but i guess we can get it well you remember we had changed the format when judge ross was here it was a comprehensive report But it was hard to keep up with it because of time indifferences and bank reconciliations and all of that stuff.

1:27:44 Remember that big report we used to give as like an addendum? But he needs to tell us if he feels that he wants a different format, he needs to let us know. But this is what, like I said, we used to do a separate report, a comprehensive report, but there were timing differences because the bank reconciliation was comprehensive of the entire portfolio and our bank accounts and everything. We can go back to that, but we really need to know why he's uncomfortable so that we can better serve the board.

1:28:22 Okay. But until we get him, I guess we have to move on and find out from him. Okay. Okay. Mr. Bobby, if you can't hear us, you need to call in. You're breaking up. We can't hear you clearly. okay recently we had a poll vote to approve the to continue the contract for the board administrative assistant and we need to ratify the poll vote poll vote was six in six in favor of renewing her contract for a period of one year effective march 17 2020. so i need a motion for someone to so we

- can ratify that poll vote mr chair i move that we ratify the poll vote taken to extend the contract for our administrative assistant. For a period of one year. For a period of one year. I second. Trustee Howard yes trusty Barry we know he's present he's tried he was trying to call him
- 1:30:24 it's enough it was a nurse can you go in and come back to him he's he's on now Yes, but you need to mute your zoom. okay we are now we are now um voting on the poll vote to ratify so let's review the host i think you can mute him from your side again if you're the host of the meeting i think you can use him from your side and then he could use the phone no i'm not he needs to use his computer not the zoom it's his computer okay What do you say I have to mute?
- 1:31:47 Mute your computer. The volume on your computer. Volume on the computer. Put it down. Volume on the computer. Take it off. The feedback is from the boardroom and Mr. Nibs. okay that yeah that's better yeah yes it is thank you yes it is 100 better we are voting on the poll vote to ratify the poll vote regards to the continuation of the uh assistant to the board contract for a period of one year okay yeah i vote yesterday okay yes trustee cohen yes trustee leiger yeah trustee mcdonald absent trustee smith trustee smith absent trusty calendar yes chair five yes two absent number two annual board retreat this was put on the agenda because as you know every year for the past few years i don't know how many years now we've been having it we have always have an annual retreat where we need maybe three or four days at a try at a kind of a off
- 1:33:40 well you know trying to be as secluded as possible where we can have the attention of the board uh we usually invite our investment advisor we invite our actuaries to get presentation we We also invite off island attorneys to give sessions on ethics and governance, and also we had where the GRS staff would present strategically plans going forward and come to consensus as to what needs to be done. the agency i think it's a this year is a opportune time because the system is in a different is in a different stage of his life to have a board retreat but how and where i'm not sure we can do i don't know what the future holds in july usually the board retreat is held i think the first or the second week in july we don't have any business meeting in july the board retreat is held at that time. But as to how it's going to be done, I'm not sure it's going to be effective by Zoom. Could be done, but the whole thing about retreat is to have that camaraderie and closeness and type atmosphere where we sit and we brainstorm and we throw out ideas and make decisions as to the future of the system.
- 1:35:20 I said, there's an unknown. I don't know where we can congregate in a big place where we could be six feet apart. Mr. Nibbs? Yes. Can we consider postponing it for a few months? One, it gives us an opportunity to see where things fall, where we level off. It's up to the board. I'm just throwing this out. I'm sorry? I'm sorry. I'm just throwing this out. It's up to the board to make that decision. It's an unknown. Obviously, from Dr. Fasci, he says, come wintertime, the coronavirus comes back. Coronavirus. I don't know. So it's an unknown. Do you want to postpone it for this year? But on the other hand, there's so much things this board need to consider we have a consideration on in the executive session of uh resolution number 250 25 2019 that's a significant change in the in the in the administration of the benefits i'm just throwing it out there i mean could i just jump in here for one second um i i would postpone this decision um at least for another month because uh a number of things there's been a number of predictions from different entomologists and everything and you know they're concerned that there may be another surge um if there isn't and then things start coming that we could very possibly um be able to sit down and you know um have a a meeting the way you're describing that that we had in the past.
- 1:37:08 So just the idea of postponing the decision as of yet and setting it in can be held on for months or so. Yeah. Okay, all right. Did you hear me when I said yes for that vote for Nakaya? Yes. No, no, no, no, I did not hear you, ma'am. You were not voting. You were absent. No, because I keep saying yes, but I haven't heard, I'm not hearing anything. I just had a call back in. so you are asking me to change your vote then yeah because i mean i i said yes but you didn't hear me no nobody heard you yeah because i don't know what happened i don't call back in my vote is here mr chairman with your permission i'll change the vote please do i don't want miss miss cole miss uh assistant to be upset with miss smith the new vote is uh six yes and one absent thank you so are we are we going to take are we going to take uh trustees trustee coins uh suggestion i miss i miss caward yeah she's the one that suggested that post moment so i think um you know you could pull the board members to see when will be feasible to have that retreat but i agree with the postponement for right now yeah did i understand trustee coin to said postpone the the um the retreat or postpone the decision postpone the decision yeah spend the decision sir okay yeah yeah i agree with that that we postpone the decision for a while um so
- 1:39:03 the normal date would be when she was in the first week in july the second first or the second week in July. There's no business meeting in July. Okay, so I would go with Trustee Cohen to postpone the decision. In the meantime, we probably need to look at options for having to do it from a distance. I don't think we are to postpone the actual retreat my personal view is that a slip down retreat is better than not no retreat at all well i agree with you it can't be done by electronic means it's just that you wouldn't have that you know it's a different thing by electronic means it's like sitting and just had that camaraderie I guess you know that type of thing so I mean you know but then why I think we should

- give us a little more time to decide I think we should try to have it even if it's um even without the camaraderie I think that would be better than no retreat at all but Mr. Chair if I can one of the things I was saying postpone the date because that with the unknowns right now the fluctuations for May and June we may
- 1:40:52 want to see where things lie in the Virgin Islands per se by the by summertime by end of summer we'll have an idea of where the VI is especially with the fact that the governor has to rely on funding coming from this nation because the entire from now until the end of summer we no monies are coming it based on tourism shutting down so we have there's going to be a lot of things that we're going to have to consider because we'll know where the government is by June July we won't know before that I heard you but what does that mean no we postpone the decision or do and and or do we postpone the date well no um Dr. Cohen said plus one decision so we have to make a decision by June in or if we're gonna do it in July or not so postponing the decision is fine okay but um trustee Barry was talking about still having it in maybe in July but my reason for asking us to go beyond July was to see where we are financially as a territory Mr. Nips, if you make a decision in next month, May, we will still have adequate time to hold it in July, right? Yeah, well, you know, well, unless we'll have to find out Rocky's schedule, Alwyn's schedule, we'll have to find out Nikita's schedule. We may, I don't know, attorney Smith we may want to have the attorneys that we usually have to do the ethics and government training governance and the staff is okay we can always get our stuff together
- 1:42:58 but it's having the individuals on the outside who determine the availability of those dates know my gut feeling is that we're gonna end up doing doing this virtually yeah I think July is going to be a bit early with what's all that's going on nationally it's okay so let's just let's make a decision next month about what we're going to do okay any any any other suggestions okay I agree um to make the decision next month all right thank you Okay. So we now have the unfinished business. Mr. Nib, this is on you.
- 1:44:13 Mr. Chairman, we do have a request for a proposal number two change order in regards to the GRS building in St. Thomas from Custom Builders, the contractor that is doing the work at the St. Thomas complex. Uh, with our, um, owners representative, um, Geridian, they have agreed that this work needs to be done.
- 1:44:42 Um, they did submit a proposal initially of, um, uh, \$299,486. Our owners rep, engineers went back to them and, uh, negotiated with them and, um, looked at more closely as to what they were requesting and it was revised on April 13 down to two hundred and thirty eight thousand five hundred eighty dollars now this amount is not in addition to the capital projects that were approved in the FY 2020 budget as a matter of fact we plan to exclude the six hundred and \$86,000 for the lobby restroom renovations and moved that to the 2021 budget so we're not asking for any financial approve of any financial amount I mean for I mean in the budget to exceed the budget we are willing to roll over 2021 project a project that we were supposed to do in 2020 to 2021 that's the lobby restroom renovations and use those available funds from there. We are asking your approval, just your approval of the change order.
- 1:46:05 The funds are available. And Mr. Nims, where are the funds coming from? We have a capital project approved in the 2020 budget. \$3,836,332.50 was approved for capital project. We are willing to eliminate from that amount \$686,000 and move that project over to the 2021 budget. No problems. And I think Trustee Bowery the last time says do not come back looking for any more monies. to find the monies within that three million dollars which we did uh Mr. Nibs Mr. Clendenin here just want to be sure I am understanding that is just the restrooms and the lobby area at Drs St. Thomas GRS and Thomas the restroom and all restrooms in the building So I'm asking for approval of the change order in the amount of \$238,580.
- 1:47:47 to be to be taken out of the capital project so Mr. Nature is this a new budgeted item now it's in it isn't it 3.8 million dollars that we approve it it's in there already yes sir that project yes sir and you told us not to come back so I found some money I'll move that over to 2021 budget that amount it's a lot of projects going on right now so we have what we have we don't have a quote for that per se we have quotes for the other smaller projects so I can use the the difference for the 238 500.
- 1:48:41 all right if there isn't any more discussion on this I can really make the motion I actually already moved we just need a second oh I'll give you the second yeah well I can play move already right for the the 238 000 580 this is a project that was included in the 3 million head yes sir and the change order reduces the amount of increase it's not going to increase it because I'm I'm deducting the 680 from the three eight so I have a surplus now now I'm not talking about the project they said this project was one of the projects that we included in the budget this one yes it's increasing yes because this has changed honor number two so yes it would increase if anything if we if we left it 686 and that would increase the amount that was approved by the budget committee okay okay I got you so because you said not to come back fine you do what you have to do to find the money so we funded the okay trustee Carlway okay is exhausted all questions yes trustee Barry yes trustee Cohen yes trustee Liger yeah trustee McDonald absent trustee Smith
- 1:50:36 yes chairman calendar yes seven six yes one absent all right motion passes all right item number two GRS updated projects projections and need for temporary benefit reduction and this is actuary yes Mr. Chairman I had uh Parks Seagull based on

a discussion really that i had with uh just to go back and look at what reductions would be and probably categorize it by age group um which is on page 11 but to go back and do some run some numbers and scenarios as to if we took the the cut that um we are and based on the economy of the the uh the economy um um what it would be come 2024 as far as the cuts and be able to do some type of um presentation as to the age groups how the age groups would be impacted so it's your take mr joiner okay thank you um good morning board members um i'm just going to walk through the first section of the report just to what we did look on page 2 I think you have it in

1:52:29 front of you the projected insolvency the graph looks almost identical to what it has been what we've changed here is we're assuming a 0% return for the year in 2020 and a 3% returns after that if nothing changes and nothing happens we're also assuming a decrease in active employees down to 8700 if this goes lower then it could be a little worse again this is not new this has been reported every year since about 2003 and we're just getting closer and closer to the actual insolvency date which is still going to be somewhere around looks like 23 somewhere between 2022 and 2024 depending on a lot of other factors one mentioned earlier today if there's like a run on the bank and new retirees then you get more outflow quicker and that could hurt the plan um slipping over to page four you've seen this chart before there's nothing new here and then the next couple of pages also are reemphasizing that if nothing is done it's going to be a significant impact to employees going forward one thing I do want to point out I think that's actually an open section so what I'd like to do now is turn the the next section turning to page seven and aldwin if you take over and add the newer stuff we've put in here that the board has not seen before sure uh so i i guess if we we turn to page six real quick uh as as summarized from the prior slides uh you know we we said that the

1:54:31 reductions can be as much as 71 percent across the board uh especially if um you know there's going to be an issue in collecting employee contributions uh when you know the plan goes insolvent so page six basically just illustrate in simple terms what this means to your current tier one and current tier two retirees so right now the average monthly benefit for a tier one is about 2400 you reduce that by 70 people are going to receive 705 dollars on average uh tier two on the other hand uh the current benefits they're getting is 798 you reduce them further that's down to 231 dollars on average uh that's based on the payroll that we have now uh on the current retirees so if you turn to page eight basically what what we've been proposing here uh and what the board has been talking about uh for the past several years is that maybe smaller temporary reductions in the benefits today would be better than if we have these large reductions that are going to happen for sure uh you know and now that's basically the next three years and those reductions are going to be permanent so on page eight you know that kind of summarize it in simple terms if we do nothing uh everybody's going to get a reduction uh from 54 to as much as 71 and if if participation goes lower uh because we have run on the bank or or the government is having issues um building vacancies um in in in participating for government uh work uh that reduction can even be more um if we try to if we act now uh and and implement some temporary reductions effective january 1st 2021 um the reduction is you know

1:56:41 Still, there's going to be substantial reductions, but it's a lot less than the 70 percent. So effective January 2021, Tier 1 benefits can be reduced by 42 percent, and that's for the next 20 years. After 20 years, Tier 1 benefits can be restored back to 100 percent. Now, a lot of the retirees right now probably aren't really going to benefit from that restoration, but people who um have not yet retired um you know and and you know not going to retire in the next 10 15 years you know that that is something to uh you know at least uh give them um some some hope uh and again uh this this proposal doesn't include any reduction in the tier 2 benefits uh and and we have uh a chart later on in this presentation that basically shows side by side you know what the tier 2 benefits look like compared to tier 1 and i think that would basically demonstrate that the tier 2 benefits are already been reduced significantly and are and at the same time paying in more employee contributions and and further reducing them uh doesn't really make any sense part of this proposal as we've said before uh you know we need to uh also implement uh what the board has authority uh in terms of increasing the employer contributions so every five years uh these projections reflect an increase in employer contributions by three percent of pay up to an ultimate rate of 35.5 percent by 2040. so doing all of this um will based on our projections uh enable the the fund to survive and be sustainable

1:58:34 in the future if i may jump in there just second alderman if you think about these projected reductions what what you're actually doing is normalizing the amount of benefit that's payable with the actual amount of contributions we're getting from the government Historically, the government has underpaid the ADEC for many, many, many years, and we're kind of, we're now stuck with the fruits of that.

1:59:10 And what this is saying is that from here on out, whatever the contributions are, is what we're going to normalize the benefit to be related to. Calvin. yep um if we turn to page nine uh that's just an illustration of how the market value of assets are going to perform based on our projections so as you can see the light blue line basically drops down all the way to uh 2023 2024 that's our projected insolvency currently uh if we reduce this 42 and again as rocky said earlier we've

updated this projection assuming we're only going to earn three percent per year uh even in the years uh long term um we based on that the 42 reduction across the board um will be sufficient to enable the system to thrive and survive over over the uh over the long term and one last one more comment if i could jump in on page eight at the bottom of that page there's a there's a comment in a blue box that's very very important the the grs system and the board you have to pay benefits as best you can for the money you have available the government by adopting the plan has promised to pay a certain amount of benefits so even though the retirement system itself is not able to pay the full benefit the government technically is still responsible where they get the money from i don't know but technically they're still responsible for the full benefit at some point right i guess how that's going to play out uh we we don't know i i assume i guess that will play out in in the in the court system when people start all right i'm just going to pause for a second and see if there are any questions so far

2:01:13 there are no questions one second one one second one second let's tendin is dana clinton any questions yeah i i have i have two um to do hello give me a sec give me one second i didn't hear from ms condon did you say no sorry i i said no i'm good okay okay all right sorry sorry okay okay mr justice go ahead okay so my first question has to do with this 71 and then this is probably a more legal question than a financial one.

2:02:11 My understanding is that the 71% would be what would happen if the employee portion gets eliminated, if the employees refuse to contribute. Okay. And so my question is that, is that going to be a legal position that they'll take would they have a legal basis for not paying into it i mean because i mean the government the government since it's taken from your pay how how under what conditions would would that happen but my sense is indicated on the current law employees are obligated to make their contributions to the system the government would have an obligation to withhold that from each employee's pay obviously when participate that uh person who's been in the system who said maybe 15 years if they don't have they're going to get any benefit they're going to court and act for them from taking out monies for benefits that they're probably never going to see if a court agrees and issues an injunction directing the government not to take the money out then the government will do that and grs will not get the money absent that the grs should receive the funds assuming their funds to be received and mr bowery okay on page four if if the court said you have to make the employee contributions even though you might not get the full benefit the reduction would be

2:04:11 about 54 um which is shown on page four yeah yeah i i saw that and and that's the um that's the number we've been dealing with all along i'm just trying to understand so um the the the 71 percent i'm just trying to understand how that would happen, if the government has the obligation to take it from your pay, under what condition it won't happen. i think i think i i think i heard uh attorney williams is saying that the um the employee would have to go to court and and claim that it's been unjustly taken out since the the um since the the the benefits that were promised and are no longer forthcoming is that basically understand yes sir and let me add one caveat and of course if the legislature decides to go in and change the law say if the legislature amended the statute to say in light of what's happening you know employees are no longer obligated to pay them we're back to the same situation as if a court issued an injunction so on either of those two scenarios an employee would no longer be obligated to pay if the law is change of the court issues an injunction okay the other question i had is that um there was a mention about uh having a run on the bank i'm not sure i understand what what that meant

2:06:07 the the run on the bank yeah right so what just what that means is just if there are more retirees applying for their retirement more members are applying for their retirement then the benefit payouts are going to be projected to go up and if that's the case the overall amount that the contributions that are in can support will be will be less than what we're showing here and mr. Bowery if I may explain oh yes yeah i'm sorry all right mr. Bowery just to expand that a little bit you may have individuals who have they're vested but they may only be 40 45 years old and in anticipation of not getting their full benefit they may retire or somebody who's 50 may retire take their early retirement take their penalty and go somewhere else to work and so or they may just let the money sit in the GRS until they're eligible for a retirement but meantime you're not getting those contributions so that's where i think the the term run on the bank came is a lot of people who normally would not retire under the circumstances will be forced to retire and seek employment elsewhere okay okay i i i got caught to the bank thing i was thinking commercial banks i couldn't make the connection so i understand i apologize for that

2:07:55 any other questions question one other question on page nine where you show the projected market value of the assets um it slides down until about 2032 and goes back up until about 2040 and then start coming back down what what's happening yes so the proposal that we have here is the reduction will only occur for the first 20 years so after 20 years 2040 the benefits will will be restored back to 100% and so that's why you see another dip around 2040 but then it stabilizes again and it starts to go up okay but basically in the earlier years the reason why you have a decline in assets is because the the gap between the benefit payments and and the contributions are still more than the amount of savings that

are being generated by by the 42% reduction however it's enough so that it it extends the the life of the system that by 2032 where you have more tier two retirees in the system you know it starts to level off and and actually go goes back up and assumption that when when I get to the 20th period that the government will switch will restore the benefits but is the government then going to start to to um fund it

2:09:45 fund it by the adec as opposed to the current formula is that the assumption well the assumption is by then the government contribution will be up to 35 and a half percent where we do the three percent increases every fifth year and so that should be roughly equivalent to funding the full adec correct okay okay so from the last meeting the other thing that we talked about is what about the vulnerable population you know how do we define the vulnerable population so you know first you know we the Virgin Island stakeholders will really have to be the one to define what the vulnerable population but we've done here is to just illustrate you know what has been done in other systems so in in the private sector before multi-employer pension plans there's a multi-employer pension reform that where they are allowed plans that are in trouble and running out of money they are allowed to cut their benefits even for people who are currently retired but within that within that framework they've also defined what the vulnerable population is and in that act the vulnerable population are those people who are disabled and those who are at least 80 years of age as of the as of right now um under that act basically the vulnerable population uh don't get any reductions people between ages 75 and 80 will have their reductions faced in between um you know no reductions and whatever reductions have been uh proposed for uh for the for the for the pension plan so generally um you know when we talk about um providing no reduction or a

2:11:53 lower reduction to a to a certain group such as a vulnerable population what that means is that the reduction for everyone else in order to achieve the same goal will be higher so in your case if we're saying across the board for the tier one is 42 percent uh and that's the goal in order for us to have the system to remain solvent and thriving in the future um if if we define the the vulnerable population as the same as defining the multi-employer pension reform act, the 42% will increase for everybody else.

2:12:32 So if you turn to page 11, page 11 has a small table at the bottom of that page. So if giving you an example of how this would work. So if the vulnerable population in right now, which is we're defining as people are over 80 and uh disabled if we lower their reduction to 10 percent um the 42 reduction for everyone else will increase to 48 percent if we lower that to 30 percent the 40 i'm sorry if we lower that to 30 percent the 42 reduction for everyone else will increase to 44 percent so if we turn to page 12 real quick it gives you an illustration of how the average monthly benefits by year looks like and by age so as a group in total tier two compared to tier one are receiving currently about 33 of what tier one people are getting um and you can see uh from this chart how that differs uh by the different age age groups so if we go to page 13 and and we apply the 42 reduction across the board tier two average benefits are still significantly lower compared to tier one so as a total tier two benefit levels are 57 compared to the tier one average monthly benefits with the 42 across the board reduction and you can see how that compares by by age If you go to page 14, page 14 and page 15 gives you an illustration if we do some kind of difference between the vulnerable population and non-vulnerable population.

2:14:45 so you can see on page 14 if we use the reduction of 48 percent for the non-vulnerable population and 10 for the vulnerable population the tier two average benefit compared to tier one is about 52 percent uh it's pretty much similar to the uh if we do a 42 across the board but obviously if you look at the impact on that for the non-vulnerable population including the ones that are being faced in between 75 to 79 it's a little different if you go to page 15 that's similar over there but one interesting thing in here I guess to look at is in on the if you're looking at the tier 1 and just scanning the average benefits by the different age group with with this uh with reducing 44 for everybody else and 30 for the non-vulnerable and phasing in these reductions for people who are 75 to 79 the average benefits are almost uh they're they're more in line with each other that's basically uh you know the presentation you have any questions i have a question it's more for the board answer here but i i i with with with the

2:16:38 the Chairman's permission and I'd like that discussion to happen while you're here. My underlying question is what do we as a board, and this is a rhetorical question at this point, what do we as a board do with this information and put that in the context of our responsibility, legal and fiduciary responsibility, and specifically with respect to a question I asked Attorney Williams through the chair about the board's responsibility to make a recommendation, I don't know what is to the plan sponsor or to the legislature. I don't recall, but do you recall Pedro? What? What? Remember I wrote a memo where we discussed about the board's responsibility to recommend based on actuarial information. The responsibility was to recommend to him.

2:18:10 I don't know if it seems like a turn. Yes, I'm sorry. Yes, to the governor and the legislature. OK, did you hear me? So, yeah, yeah, I heard it. So, so, so, so back to the big question in my mind is that, what what what do we as a board want to do are we going to use this as a basis for making some recommendation to the to the legislature and the and the governor is that the idea um trustee bobby i think that would be the appropriate route to take after you've had some discussions yes

okay may i just add that um that discussion unfortunately because of the virus and because of elections coming up if they're held i would imagine um that we're not going to have an audience until after that election well we need to have it before the election this is something that rosie would be discussed in a board retreat um i would recommend that it's be on the agenda for the board retreat to sit down and flush these things out i know at one board retreat we had in st john CEO had the ability to just show on the spot scenarios where they had the machine and then you know they could make changes right away if a suggestion was

2:19:58 made so something like this would be discussed at length in a board retreat why can't it get a special board meeting just for that it can but when are you when are you going to recommend it to the legislature i think we should do it before the elections okay so that's where we have the most leverage the board retreat is july or september by september are we still going to recommend resolution number 25 2019 in september october well that's that's going to be discussed in executive session and then we can decide on that for um miss clendenin any questions no sir all right trustee carwood no just a coin not at this point okay so see like oh sir thank you no mr care anyone else just so i'm clear i kind of if we're leaving we're leaving this for a retreat that we just said we don't know whether we'll have or not can you repeat that please trusty barry can you repeat what you just said

2:21:49 i i just wanted your clarification are we saying that we want to leave this for a retreat and we just got you saying they're not sure whether we have or not i don't think we said we're not going to have it we were just trying to determine what what time frame we're going to have it the retreat is important the purpose of the retreat is to have uninterrupted discussions even in the absence of a retreat this information needs to get to the governor and the legislators but i have a question um and it's one of those it's not rhetorical but it's hard to answer because i think this would be our third time presenting to the governor and the senators after we have compiled our what we know is inevitable and their response in historically has not to do anything to been to do anything are we anticipating them being of a different mindset now that we're in a difficult financial state because they don't they don't take action and they're free or refuse especially in a political year that's my concern i'm aware that we pass the resolution but i'm also aware that the law requires the board make a specific recommendation and to the best of my knowledge and everybody

2:23:43 here i've been on you on the block so you all correct me from it correct to the best of my knowledge we have not made a formal let me ask you can ask a question have we made a formal recommendation pursuant to that legislation no the board has i'm not i'm not hearing him you said no this is pedro i said the board has not all right so that's where i'm coming from with this i'm saying that the law requires us to make a formal recommendation i have not done so not this kind in the fact that we've bought all these things the class resolutions and we you know applies them fully of the way we headed financially i i think we need to fulfill that request make a formal recommendation i agree sir i agree i i i don't necessarily think that we need to to wait for um um right That's true.

2:25:29 Because we may not have a retreat, but we need to do this. So we may end up not having a retreat, but we need to do this. We need to make the formal recommendation. So a special meeting is going to be in order so we can spend some time, because it's going to be a lot of conversation to be had. Yeah.

2:25:56 In a special meeting, or we devote the next meeting entirely to that, so I'm going to But I think to receive this information and to do nothing with it, I mean, I don't think that's an option for us as a board. I think we all will agree with you. Because I hope we all will agree.

2:26:43 okay okay any other comments any other suggestions on this that we publicize whatever this proposal is this recommendation once we do put it together when we give it presented to the legislature and the governor have it publicized in the papers as well in the radio stations that's that's something to be considered all right any yet any other questions for the actuaries anyone if not gentlemen we'd like to thank you again for your great work you know we'll be we will be calling you again soon anything else you want to add and Rocky Owen anything else I think we're good for now if you do have any questions on this presentation or any modifications to it or tweaks you'd like to see, just let Mr. Nibs know and he will email us and we can provide an update.

2:28:06 All right. Thank you very much. Do you guys have any template that we could follow? Do you have any examples of how are the systems similarly situated, how they have structured it? Anything we could use as a guide? If I heard the question correctly, Mr. Valerie, and I'm not sure I did, you said, could we describe the examples of other systems that have been in similar situations and what they have done?

2:28:43 Yeah, I know we have any that any system that had to struggle with that kind of situation how and how there is specifically how they went about reducing benefits coming along the only one i know of in a public sector situation that reduced some benefits was the state of rhode island and they had some difficulty making them them stick the public sector generally has just either raised taxes or taking money from other parts of their particular government. The state of

Kentucky, their KERS system is currently about 17% funded, and the legislature has enacted a bill that will increase the contribution rate to something around 90% of pay to get them out of their funding situation. The other things they have done is they have limited colas. They've done things like that, which this system has already done and enacted as far as benefits. No one has had to take the drastic measures of this because of complete lack of support by the central government say that one more time 90 90 okay they've got actually in the Kentucky law right now there's one proposal for an 83 percent contribution another proposal for 93 percent of pay contribution and i'm not sure they've actually adopted one of them yet but it

2:30:32 will be significantly greater than what they are used to paying which is around 30 to 40 percent okay alban you may have do we have an example of a multi-employer plan that actually reduced benefits and it's stuck uh yeah i mean there are several multi-employer plans that uh have applied for benefit reductions and have been approved and are actually being implemented right now but it's it's a little different in multi-employer system uh because in the multi-employer system when a plan goes under uh there is the pension benefit guarantee corporation that uh guarantees the benefit uh and so the way the multi-employer pension reform act is framed is um you know either you know you wait for for that eventuality and get a very very reduced benefit at that pbgc guarantee or you try to you know get a reduction that is smaller than uh the what the reduction would have been under the pbgc guarantee now some systems or some plans have have tried uh to come up with different ways uh to structure the reduction in order to address equity on their population uh but a lot of times uh that that equity uh question is is very difficult to prove uh because in the in the multi-employer system in order for a plan to uh implement these reductions the board has to apply to the department of treasury and the department of treasury have to go through that application it's a long process uh and they have to approve it including you know any proposals that

2:32:19 uh you know look at a structure that um will make it equitable like quote-unquote on uh on their population um but most of the time what they've done because it's really difficult to prove what is equitable or not uh what they have done is basically just look at the pbgc guarantee formula uh and then apply some kind of scaling of of that formula so for example they would just say um you know people are going to be cut based on uh the pbgc formula but 200 of that uh so this way it gives them an incentive uh that you know instead of getting a huge reduction all the way down to the PBGC guarantee cut, they'll get the benefit twice that.

2:33:14 And in our situation with GRS, that's actually similar. If the board and the legislature, the governor, if they do nothing, then you know you're going to hit bottom when the assets run out and you're going to be paying about 40 cents on the dollar as opposed to taking action earlier where you still may be able to pay 55 cents on the dollar or even closer to 60 cents on the dollar, depending on the situation. Sir. All right. Those are questions I have.

2:34:06 I don't have any more questions, Mr. Chin. All right. Okay, this portion of the meeting. will be close to the public for matters pertaining to trade secrets financial commercial and legal matters so i need a motion to go into executive session second trusty carwood yes trusty barry yes trusty cohen yes trusty liger yeah trusty mcdonald absent trustee smith yes chairman calendar yes six yes one absent okay so want to take five minutes all right yep see in five in regards to executive session um my recommendation is since we have so many people on the call and i'm not sure if the media is on the call with the zoom but i think in the future we need to have a different call-in number for executive session you can take it off

2:35:56 i think you can put people in the waiting room if you're the host you could put people in the waiting room yeah there's an option to put everybody else on the side all the staff and anybody outside of the trustees well i would like uh certain other staff to stay because for the haven side mall they are a part of the oversight committee so i have to determine who you put in the meeting room in the um outside room i have asked them to stay so a sean could ask to move everybody else out all right

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.

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

2x **Trustee Vincent Liger**

heard in this transcript as: Liger