Government of the Virgin Islands Retirement System Board Meeting

GERS Retirement System (Board of Trustees)

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0:00:00 all right good morning good morning everyone good morning morning good morning i would like to call to order the employees retirement system of the government of the virgin ireland's regular meeting the board of trustees to order go call please good morning Trustee Carwood? Present. Trustee Bowery? Present. Dana Clendenning, excused. Trustee Cohen? Present.

0:00:44 Trustee Liger? Present. Trustee McDonnell? Absent. Trustee Smith? I see that she's a participant, Trustee Smith. She stepped out. She stepped out. All right, we get it when she comes back. Absent. Chairman Kalender.

0:01:12 Present. Chair 5, present. 2 absent. one excuse thank you um morning i'm i'm present okay trust this man just i'm president chairman calendar yes ma'am six president thank you we have a we have an absent one excuse thank you sir soon if you're doing okay i'm trying my best wapper just went so i don't know I don't know if my laptop has enough battery, but it's, you know, but I'm not talking about WAP, I'm talking about you.

0:01:56 Oh, well, you know, I'm recovering. I'm in a meeting, so that means I say something. You're not proud. Well, it's very painful. You know Mr. Neves is sober. Even if he ain't feeling good, he's still coming to work. You know that. Exactly. i'm using my i'm using my left hand so oh oh all right okay okay all right thank you for being here thank you comments and suggestions from him from retirees we none okay secretary's minutes the regular meeting november 20th 2020 any correction addition deletions any comments a nobody no one i have two two typos and and in the attendance you have uh trustee smith absent twice and under the third paragraph under number three some board members and the administrator it has does it should be due just typos there's only two typos i found need a motion for acceptance mr chair i move that we accept the minutes with corrections okay now second

0:03:45 Trustee Calvert? Yes. Trustee Bowery? Yes. Trustee Cohen? Yes. Trustee Liger? I was not that meeting so i will not vote not voting trustee i don't know absent trustee not voting chairman calder yes okay four yes two not voting one absent okay minutes have been accepted communications and correspondences none sir no what was required what was uh some i think we already submitted it to the board and it's That's something that, you know, it had to do with the testimonies on two bills, and I think it was submitted to the board in advance.

0:05:10 So I don't think we need to go through that again. We did receive, obviously, I was going to discuss that in my report, obviously the appointment of the new trustee, the central labour council trustee, that correspondence came in yesterday. but I would discuss that later on in the meeting. All right, thank you. Chairman's report, I have just two comments.

0:05:39 There continues to be a misunderstanding among the GIS members and members of the community regarding the now infamous 42% reduction in benefits that was proposed to take effect on january 1 2021 during the past month i have received numerous calls from retirees and other individuals asking me to confirm the impending cuts i had to assure them that there would be no reductions in their benefits and for the final time let me inform the members that this board has no authority to reduce their benefits only the government and the legislature can initiate such an act and since both have said that they will not be reduce anyone's annuity you can all now relax regarding any cuts taking effect on january 1 2021. i want to thank uh ensure appreciation to Mrs. Clendenin Gums and her team for their stunning job they did in putting on the annual employee recognition and appreciation dinner, which was held on December 10th.

0:07:22 The viral pandemic made it necessary for the team to think outside of the box and they were successful in doing so at least on st thomas an added bonus for the event was that the system didn't have to rent a venue invite him inside mall park and lot tunnel to be an appropriate venue again thank you miss glendin and my comments administrator's report Good morning again, if possible.

0:08:04 When he turned, I met with the staff to formulate an SOP. He asked the board's ruling on the physical exams for disability applicants. The same day, I met with the oversight committee and David's site merchants association. We got in a strategic alliance with hotels and gave in some more to increase food traffic in the mall. On November 24th, we had an all-staff meeting where all staff were present virtually. On November 25th, I had a follow-up meeting with Governor Brian. On December 1st, I met with the Department of Tourism, Joe Bushalti, and his team regarding the notice to quit and moving forward with negotiations for the Welcome Center.

0:09:03 December 8th, I submitted testimony to the President of the Legislature after discussing with him that I couldn't appear on Bill No. 33-0446. He had asked me to have Siegel there. I contacted Alwyn Frias and Alwyn Frias did attend the session. On December 9th, I sent testimony to the Chairman of the Committee of Clark Vale, letting him know the situation. He asked if someone put up a 10, he appointed Captain to attend. However, that bill was stabled.

0:09:43 That had to do with the changing of 14% to 20% of the fuel tax, which will probably bring in about $5 to $6 million annually. We did do some research and got some information from the Department of Finance, they started collecting back in 2012 and the last nine years or so average was about $5 million. On December 11, there was a return to work hearing Griffin versus GRS that is continued, did not happen.

0:10:19 On December 15, I was a guest on Straight Talk with Redfield. I also, in the beginning of the program, as the chairman said, I made it known that the 42% cannot be done by GRS in a lottery. And it will not happen unless the legislature does something between now and the end of the year. On December 16th, I had a meeting with the Havenside Mall yesterday, which was very fruitful. I invited Board Chair, Board Council, Pedro Williams, and he attended.

0:10:56 As far as the relevant applications, as you can see, in 2020 our applications have dwindled down to 196. prior year was 315, prior year 2018 was 403, so telling us that individuals are not retiring in droves like they used to, they are looking at what's going to happen with the system, that's what I'm reading from it, and they're trying to see what options they have. However, in 2020, we do still have 114 that has to be processed for a lot of different reasons.

0:11:39 Maybe it's NOPERS, maybe within for ADEC payments. It also could be exit NOPERS, missing employee contributions, a lot of things. I don't have that information readily available. However, if Ms. Glendine wants to interject, she may ask the reasons why only 82 out of a hundred and 96 would be able to assume that mostly a lot of the teachers are probably waiting.

0:12:12 Yes. Ms. Glendine? Mr. Nibbs, we're waiting on... posting of contributions as well as NOPAs. We have placed all the persons on payroll that we could up until the end of October, up until the end of September, and we're waiting for postings of contributions and NOPAs to continue the rest. Most of them were December 31st, so they're pending. so what you see that huge number is because they're pending retirement december 31st and as you know that has not come yet and probably didn't receive the first payment until probably actually correct uh still the same with disability life certificates you made reference to a deck payments what's that additional contributions we do collect the ADEX from the board had made a decision to collect the ADEX from the hazardous employees like police, fire, WAPA and judges or you know legislators I know one legislator is waiting for it to be paid so I can hear you, Mr. Dibbs, I don't know about the rest.

0:14:17 I think he's going in and out. If you hear from here, we try to reach him to find out if we close in tomorrow morning. Hello.

0:15:12 I'll try to reach him to. Hello. Yes. Okay, I got caught off with the internet, the internet went down, just came back up, I'm sorry about that. Are you hearing me now? Yeah. Okay, Trustee Bowery was asking about that. And what I indicated to him is that the board had made a determination some years back to collect the additional determined contributions from our factory employees and judges and senators and all of that up front. So we do bill, we do bill the legislature, judiciary, and any semi-autonomous agencies that are class free employees, we do bill ADEC.

0:16:11 Okay. Thank you. In regards to contributions processing, as you can see, we have paid out about $1.1 million dollars so far in refunds, the regular refunds which are vested members, we have paid out $984,000, which is just about more than 90% of the $1.1 million. The benefits we have paid out so far from October 2019 through September 2020 to September so the last three months we have paid out $31,000. We do have a number of cases to be completed, approximately 80 cases.

0:17:18 As far as the normative payments, I want to say that we're experiencing a significant amount of downtime right now because of issues in the WAPA. WAPA has really played tricks on us for the last few days and I'm affected right now. My WAPA went down and the payroll have to go out so for the end of the month so um we our systems were down for the last two days no one is in the office the office building is actually closed today because uh whopper um went down our generator did not function as it should so um also the air conditioner contractor was doing some preliminary work with chillers and also with the ducts so you know the the temperature in the building was like in the 80s so no one is there right now however i know that mary kerry meyer and our team will try to get that payroll done um this week or next week uh number of retirees as of november 30 2020 8 691. our payroll so far from october through the end of november 42 million 923 777.1 cents number of retirees placed in payroll since October 138 number retiree deleted from the payroll 46 member loans portfolio as you can see our units for personal loans is reducing every month 30 from last month have been closed out. Our balance in the portfolio is $3.1 million dollars.

0:19:12 St. Croix office building, the annual inspection, I just gave a summary, annual inspection of the fire protection was scheduled or whether that was delayed and a date to be set very soon. There was some delay and also the landscaping the company's currently awaiting arrival of the start of this phase I guess they're waiting for the plants. Some projects the security doors which we did reported before currently awaiting delivery of the doors from Port Radius was some recommendation that was made by TEMA in regards to having some security doors installed in the Sinkway office. We did have some Some had to have called police, some disgruntled members came in a few times and we had to call the police a couple of times to remove them from the building.

0:20:11 There were threats and things like that. The St. Thomas office building, like I just said, I'll just summarize it because some of the projects have been completed that were reported in the last period. a significant amount of issues right now. There are a lot of projects going on. Our main concern is the roof project, which has started. However, we also have the air conditioning installation of the U-unit and that we did have some malfunctioning in that too with the whopper and the generator going down not clicking in and transfer switch not working as a soot.

0:20:51 This is something that we have never really experienced in years where we have something like this happening. It usually would kick in, but it did not. So they're working on that. And like I said, the office is actually closed. The building of tenants understand the issue. Some employees did come in, but it's unbearable to work in the office. so the building is actually closed down. The entire project is 100 percent complete. We did send out our PSA on the closing of the building this morning. The lighting project is about 75 percent complete. The civilians camera project is about 50 percent complete. fire alarm system 100 percent inspection was done and was conducted so those projects have been completed the auto capital project that's like a reconfiguration and run a full renovation of the lobby area to bring it up to the core and also looking at some energy efficient on lighting and faucets and urinals and try to save some monies in water and all of that and electricity we did we were advised by FEMA that it is releasing a check from by FEMA for $419,000 to us this is for the Havenside Mall cameras that were 137 cameras that were damaged during the 2017 hurricane, we were reimbursed at a 90% rate, so we are going to be getting back $419,000 that will go to the Haven site more.

0:22:40 As far as our leases, most of our leases are current, and we did reach out to the tenants letting them know about the current one-year lease that we are now going to be adhering to. So we really don't have any pushback from any of our tenants. The only person I think that have not really responded is the Casino Control Commission. We haven't heard anything from them as yet. As far as our rental and electricity collections for November we collected 15,637 dollars and 12 cents all in rental. Totally we collected twenty twenty eight thousand twenty one thousand cents of that seven hundred and seventy seven dollars is um the majority of the collections for the facilities have been the um rental we do have a significant error you can follow exhibit exhibit one we have almost um three hundred and seventy two thousand twenty two dollars and six cents in the rarages the majority is the electrical arranges we haven't been reimbursed um for our electrical um funds that were put out by the IRS the majority of that is um Department of Justice $204,790.74 following with the division of personnel sixty six thousand six hundred and twenty dollars and forty four cents um rental of marriage is about 98 000 again department of justice 74 126 dollars

0:24:42 and division of personnel 13 000 dollars so we on top of um we have sent out letters to them letting them know that um they are in arrest and um obviously this hurt our cash flow because we pay out and then we have to wait wait for those funds to come in um at the end of the time in regards to our strategic plan we i did sell a letter to dr hall at the university i have a question um you said you sent letters out uh who who did those letters go to we do send out letters every billings and it's it's a cover letter and plus a schedule of the billings goes to the to the um head of the agency i um you know just just a comment here um in recent times the governor has publicly announced that they're in a good cash position i mean i heard or read i don't recall whether i heard or read he spoke he made the comment that they hadn't had so much cash on hand for a long long time um so i i wonder if it is a way we could escalate our campaign to get paid um i know you're sending letters to the to the agency but i'm assuming that then they already know they're in a ways so should do we copy the letters to like omb or or department of finance or is there where we could escalate that i mean it's it's disheartening to hear that there's so much cash on hand and everybody's being paid and and we got

0:26:34 these big arrears sitting here mr nips may i yes go ahead mr thank you um trustee bori um uh the last serious delinquent letter was sent to omb it was copied to um jennifer o'neill the director i spoke directly with the attorney general about their arrears and their issue is that wapa is a single payer how it's line items in the budget so because grs is not wapa they're just having a little difficulty paying us with those funds because they're line item for wapa but she was made aware of the situation and it should be rectified shortly but then it's ombe's responsibility to pay this single payment right well what they've been doing is the agencies would submit it to them for payment so we just copied the serious delinquency letter to OMB so they could be aware that the GRS is waiting for payment okay so that's our policy going forward copy to OMB okay on electricity right trustee buru we can't hear you what about inventor the rental payments are in the queue for payment they're in where they're in the queue for payment we should receive those shortly at finance yes okay thank you so it's it's it's going to be If we're gonna come up to date, is that what you understand?

0:28:22 That is exactly what I understand. Okay, thank you. You're welcome. Okay, as far as there were some events, I think that, like I said, I was talking about a strategic plan and we did send a letter to the president the university i i was a i made away a couple days ago by miss clinton in that there was a proposal that came in we have to sit and discuss it in regards to um pricing and things like that um there was a all-staff meeting that was held 11 24 which was mentioned before 101 attendees Sergeant, what is it we are asking UVI to do?

0:29:24 We are asking the University of Arizona to be a facilitator in assisting us with our strategic plan for the next five years. All staff members, as is customary, receive a Thanksgiving card, a $25 gift from costless. This has been something that has been done before I came. The annual employee recognition, Chairman Callender mentioned that, and I've already congratulated Ms. Fernlinen on what she did that we can engage our members, our employees during these uncertain times.

0:30:18 As far as I understand, there was social distancing, masks were worn, so we were safe with that one. And they stayed in the cars most of the time. There was some type of a movie shown. There was a big screen. I did get pictures and see what it was I put in the tent. I offered my apologies to the staff. I've been, I've received, like I said, Andrew Dorsey nomination as the central labor council trustee was approved by the committee and the whole last week. Mr. Dorsey has been contacting me on this. I received some correspondence documents, his appointment I sent papers from the office of the governor a couple days ago. Unfortunately, there were errors in the documents. I returned them and they will be correcting the documents and sending them back to us.

0:31:19 Yesterday I received a copy of the oath of office sent directly to me, but ordinarily I wouldn't receive these. I don't know why the appointment letter was not really sent directly to the chairman of the board. However, I will send the oath of office to Mr. Dorsey, I'm not sure if he was copied, and he would I guess have to have someone swearing him. i don't know if we want to do it it can be done i guess in our meeting virtually i would assume it can be i'm not sure i need to or he can have it done by some attorney or a judge or someone that would sign off and authorize it so um i i you know i've never gotten involved in in that I think it could be done by nobody.

0:32:17 Yeah, anyone, like I say, if we have the stenographer next meeting, I guess she, if we have the appointment papers and they're duly, duly, duly corrected, I guess the stenographer can swine him in. But that is something we'll wait and see. I'm not gonna, we're not gonna do anything, I don't think until we receive the corrected appointment papers, which were effective December 14th. The last thing is the retiree election in St. Croix. I consider it a special election. We came up with some dates for the election.

0:32:56 A couple retirees did contact me. One of them said they never knew that there was an election, you know, things like that. And those people seem to be qualified. And hopefully the individuals also that I reached out to would put their hat in the ring. And then we'll have an election. But these are the dates that we came up with. If there are any suggestions to change dates, let us know because we're ready to go to start advertising immediately for picking up the packages on January 8th. That ends my report.

0:33:44 I just want to thank you, Mr. Nibs, for the efforts Well, I was on Redfield's show on the 15th, and that 42% cut was the first thing I started with. It was a very good show. I did it by phone, but I looked at the Facebook presentation. It was very well. I did disseminate a significant amount of information. I also talked about a retiree election on that show. I don't know how many. that show. I don't know how many members retirees listen to the show, but we plan to at least advertise in the Avis at least twice a week for the PBR, and then we're also going to do it on the website. We may send out some PSAs also over the radio. We do have a radio program. We'll do that. I don't know how many people listen to a special station in September 19.5, but I was invited next Monday to be on that show so we will do whatever we can to advertise we will also send out the emails like we did before to the retiree groups we do have emails in our in you know current contact and we will do that also for the synchroid people so we send it out directly to whatever We have email contacts for, we'll send it out to the head of the organization. You know, I don't know what to do other than that. Mr. Neves? We can advertise on the St. Croix station. We can probably send it directly to the Mosley St. Croix station and see how it gets over.

0:35:35 Yes ma'am. Mr. Neves? Yes. so a few months ago i remember i asked a question about uh the saint thomas reed attiree and the process that we did with mystery because when we we met and you told us about mr carlwood and i in and i indicated some concerns about how it was done because there may be some questions now we i'm not sure we didn't get an opportunity to further discuss it because based on and what i'm looking at is potential potential challenges especially from people like mary moorhead who questioned the validity of or our decision as she thinks she put it of not accepting certain candidate a certain bird brian in particular uh based on his um credential and we weren't i'm not sure about the credentials of mr colwood and i don't want to put us in the position that well i they won't be me because mr dorsey will be probably in in seated by then for the for grs to come on the fire based on the possibility of what the perception of fast tracking the saint thomas retiree based on the fact that you said there was none and then the one came after and then the energy that's being put forth for the saint croix retiree i want to make sure and that because i'm i hear mary moorhead in the back of my head and chat and i could see that challenge especially if Mr. Carwood was not totally vetted. Mr. Trustee Carwood, let me respond this way.

0:37:28 We followed the procedures, dotted all T's, crossed all T's, dotted all I's. We followed the procedures that the board approved. This is the third time, the fourth time I'm doing this since I've been here. We had two committees involved. So, we looked at all the credentials, we asked for information from the university where he's an instructor. We did everything and I think he's eminently qualified.

0:37:58 I sent the chairman, asked for the information and all of the papers that we had to prepare. I sent them to the chairman. He didn't respond and said that he was not qualified, but we are confident. I would stand on mine on that team. But we followed the timing as far as the procedures, whatever Mary Mohair wants to say it was fast track, it was not fast track, we followed the procedures to the team. We looked at the timing when we have to contact the person, you know, do advertise it and all of that. So we followed it to the team. I think I gave more time because i sent it to the board force and said this is what we have i didn't hear anything from the board so i followed the procedures well you didn't have for me because i asked about it i did ask about it i heard after you asked about it but like i said i followed it to the team okay so you did vet him with the with the with the options university and everything that that's correct okay we got the documentation in the file you know i'm a former auditor but that response wasn't given i made the inquiry and note that response wasn't given well you know you know the thing is that in it three or four times i've done it and i think the board did it the board never wanted to get involved that's why they gave the responsibility to the administrator and the administrator set up um the committees but just keep in mind you've initially said that there were no applicants and then the next time you said there was one applicant that well i think that it came in after the fact well you know that's what i said then you said it was there before but at first we were told that there were no applicants and then and i mean i know the young man we've all met him before so i'm not questioning i'm not necessarily i just want to make sure that the procedures and the credentials have been vetted so that this does not come back

0:39:59 to bite us as far as i think there was a clock in um that came in i think he came in on the same last day okay correct mr nibs if i may the question was asked on the 22nd board meeting the deadline was 5 p.m on the 23rd third on the 23rd morning just for clarification on the record thank you so yeah that was all the questions we were asking thank you so much yeah i i i so i think you you have the question to miss clendenin and i don't know if you have i did i think she did tell me about it so i said well it came in on the 23rd so we have already vetted it so um maybe that's why i didn't respond to you because i think your question was to stand in it If I may, Mr. Chair, to Ms. Clendenin-Gums, I believe you were the chair of the organizer of the election committee, correct?

0:40:53 That's correct. That's correct. Could you tell us what constitutes the five-year experience of the statutory requirement? Can we discuss this? maybe we need to discuss this in executive session hello I can't hear anymore I think it should exactly an executive session definitely I agree I agree seems like it's heading to an executive session kind of discussion yes Yes. Yes. Executive Session.

0:41:43 Mr. Nibs, in regards to the Haven Site Mall, do we have any tenants that close their business because of the COVID? When you say close, abandon the leasehold or are you saying that they... Closing a business for good. well there are a couple that asked us we haven't made any decision on that um if they're going to close my position is if they're thinking about that then they should have some agreement with us to find a tenant and maybe do a sublease that would be my um position okay because there was a chance of rumors that some of them might be going out of business internally with the oversight committee we did discuss it is that it's still obligated to leave inside multiplayer okay and then such then some agreement has to be made to amend the lease maybe for some recent agreement and they would have to find the tenant to bring the tenant at the same rate and any of our marriages in between that time would have to be the obligation okay thank you that's my position the board the board may take an position but that's my position what I would recommend so you would recommend that if they I've discussed it with my council and we think we share the same opinion that there's a legal obligation to pay the rent if you want to vacate your lease or you know terminate it and we need to enter into some amendment to read to sublease to someone else because if you know and if that

0:43:55 person wants to come in there are people out there who are looking for spaces in in even site mall they contact us every week if there are any spaces to rent that's my position Thank you. Just like when you vacate your apartment and you're into a lease, you can negotiate with your landlord to have someone sublease it out so that there will be no loss to the landlord. Okay. Thanks.

0:44:36 so I mean I'm not sure I find that but I guess we will have a discussion another time I mean if the if the business is going out of business the entity that we have an arrangement with is no longer going to exist How are they subleasing all property? I'm not sure I understand this one. Okay.

0:45:10 Do you want to speak? Yeah. What we're saying, Mr. Bowery, is you find a tenant, they don't have to necessarily sublease it. They can find a substitute tenant, and then we can do a new lease with the new tenant, and then there wouldn't be a sublease. a sublease so all we're asking them is to find a substitute tenant if you want to get out of your lease but you still have a legal obligation to pay the rent i suppose i mean i i thought i was understanding that these are people who are going out of business yeah but it depends on i'd have to look at the individual lease how the lease reads um what the um if it's an individual or if it's in a corporation a lot of issues that you would have to look at to see what their obligation is um i would recommend again something like this be discussed in executive session there could be individuals listening that have contacted me i know that there's a attendant who has three businesses in the vr different locations it's just that he's closed over and in um in evenside mall he wants to get out of his lease okay i'm fine i'm fine an executive session discussion i just need to get clarification and lastly mr nibs do we still have a warranty on the generator since we have been problem with um wapa knocking it out every so often which generator you said the generator had problems with the um the power grs GRS generator. I'm not too sure about the old generator. I mean, it's not five years.

0:46:56 I think it's been there since I've been here, but it's been operating. It's serviced every month and everything, but something with the surge, there was some issue that didn't transfer us, which didn't kick in. So, okay? Yeah, thanks. The generator was running, but no current billing and all kind of stuff was happening with the craziness that was happening with WAPA and that happened also over at Havenside Mall. Terrible experience over there this week.

0:47:27 Yeah, WAPA needs to be responsible for giving us a generator. Yeah, but I'm not sure a warranty for our day-to-day billing. Usually generators are maybe like 10 years or so we can check on that i'm not sure all right thank you you're welcome i haven't seen you in a long time yeah i have trying to same thing keep it in my corner okay right Mr Ned are you completed your report yes i'm completed any other trustee any other question for the administrator or the other question will be answered in executive session all right committee reports I'll start. This would probably be my last meeting as a trustee, so as that means I will no longer be policy committee chair.

0:48:45 I'd like to thank everyone for all the work that they've done in assisting me with policies that we put into place during my tenure. So thank you very much. I appreciated all the support, and this was a wonderful experience. thank you thank you ma'am and yellow community chair the um the stars budget committee is concerned i received a proposed budget for the heavyside mall and i have not i did not schedule a committee meeting for the reasons that i explained in a letter that i sent to you dr kinder and all the other members of the board um i as as you all know i from i've had some misgivings about the idea of the grs assuming operational the um responsibility for the mall um and when we acquired the mall it was not an investment um and i'm aware and you know i'm aware of the fact that um that we and not comfortable or i'm looking for a stronger word but with the arrangement it's wiko and i have no issue with our decision to discontinue that relationship but i i

0:50:41 i have some serious concerns about um assimilating that operation in the current grs structure for several reasons which are outlined in a letter mall management is not what we do we we should treat it as an as an investment that is no longer uh giving positive returns the same way we handled carimbolo we took it over we took the first opportunity we got we got out of it because we're not in the the um the hotel business i i think before we ramp up to and and take on staff at the time when we look at the time we're looking at ramping down ramping down so i mean it it sort of contradicts what our position in the at the retreat when we we advise management to begin to develop a plan for ramping down operations in view of depending insolvency in two years and adding staff and the GRS payroll as GRS staff is just going to complicate that effort the other thing is that um just looking at the the budget that was submitted on the operations the budget is indicating operating deficit of 2.4 million dollars for 2021 which is going to wipe out our our cash reserves and you know for please um i i i don't see the system tomorrow becoming profitable in in time for when we need we're going to have to sell

0:52:57 it and we remember that the the 2023 insolvency date assumes that at that time we have already sold all our assets not only the financial access but the real estate assets including our buildings and and the mall and our land i recall that whenever we get our reports uh from the actuaries they point out that although the insolvency date in 2023 that we may run out of cash before then of liquid cash because part of the the assets that are included in the 2023 date is the mall and and those are the assets that we can that are not liquid and so i i think if nothing happens we're probably gonna have to start thinking about selling them all in a year or so anyway so that we don't get caught trying to sell it when in distress and it's the worst thing you could worst time to sell anything is when you're in bankruptcy yes why don't we hold our discussion and you can do all of that in executive session too okay all right okay so that and just to explain that's why the reason why i didn't i didn't schedule a budget committee meeting on the budget yes trustee barrio i'm hearing what you're saying but i thought you would have invited us i think we could have bring more more clarity because a lot of those monies that we expended are reimbursable to us i was just very you know you're surprised that you didn't invite us so that we can sit down and discuss this more well i mean i i think we need to make the basic decision first i mean it's

0:54:52 no point going to this budget if if this budget assumes that we're taking it over and i'm saying that we need to i would like the board to make a decision about that before we get into the budget well you know we have done that we have done that before we have sent out rfp for management and And what they said to us, even stateside management, they said it's too much political interference. They don't want to be bothered with it. Okay, well, okay, so we have, so...

0:55:22 Yeah, we have done this, we have done this years ago, two years ago, a year ago, we sent out RSPs for management. We didn't want to manage it. Listen, listen, we're going to keep on doing this, I mean, we're going to... Let's do all of this in executive session, please. okay all right people just telling that i thought you would have you know because we were waiting for it because we wanted to you know tell you what we did and what what was happening but we didn't get an invitation we still we still have time to do that okay all right okay any other any other committee chair okay if not then we will move on to the treasurer's report good morning vote chair and other trustees this is the government employees retirement system schedule of receipts and disbursement for the month ending november 30th 2020. Receipts from collections. Loan repayment, $1,461,979. Year to date, $2,678,993. Rent from tenants slash utilities, $17,288. Year to date, $35,736. The rents from Havenside tenants is in a separate report, even though I have it on here, so it's 118,173, year-to-date 233,089, employer contributions 8,051,729, year to date 14 million seven hundred and ninety seven thousand four hundred and forty employee retirement contributions three million six hundred and eighty eight thousand nine dollars

0:57:49 year to date seven million one hundred and twenty nine thousand four hundred and seventy three parking facility 1 130 year to date 1 830 miscellaneous 314 403 year today 329 894 total collection of 13 million 652 711 total um year today total collection 25 million two hundred and six thousand four hundred and fifty nine disbursements annuity payments 22 million four hundred and thirty four thousand one hundred and fifty five year to date 44 million 151 517 administrative expenses 1 million 16 918 year to date two million three hundred and forty nine thousand one hundred and forty three personal loans thirteen thousand three hundred and fifty one here to date twenty four thousand one hundred and eighty three mortgage loans nineteen thousand one hundred and eighty two here today twenty six thousand nine hundred and ninety two retiree loans year to date 1 456 there is nothing for auto loans and land loans refunds of contribution 591 913 year to date 1 million 308 585 for total disbursement of 24 000 some 24 million i'm sorry 75 582 year to date 47 million

911 929 for a net cash deficit of 10 million 422 871 year to date net cash deficit of 22 million 705 470 that ends the reading of the schedules report proceed any questions for jeremiah

1:00:24 trustees i have no questions sir budget director budget committee chair no question no questions anyone else no then i need a motion for acceptance i'll move to accept second Trustee Caldwell? Yes. Trustee Bari? Yes. Trustee Cohen? Yes. Trustee Liger? Yeah. Trustee mcdonnell accent trustee smith yes yes yes thank you sir treasurer's report has been accepted investment officers report do we have someone for big oh real good morning sir good morning dr calendar trustees staff and members of the public how's everybody doing very well great great well i was asked again by mr names to provide a brief update of the status of the investments i have performance updated through the end of November, and I will share that. I know Gustavo was here last month and provided performance through the end of October. As you probably have seen in the news

1:02:17 and other media, it's been a very, very strong month, and so your portfolio gained. I will share the screen with you if you give me one second. let me know if you can see it can you see the report yes all right so we'll start with the cashless summary and unsurprisingly there is more money going out than it is coming in and in this quarter to date so the month of october and november the first two months of the new fiscal year that imbalance was about 15 million dollars about half of that was upset by investment gains so they pulled the fund declined by about eight million dollars give or take in value again keep in mind this excludes any local assets that we don't advise or monitor or typically report. The period return, as you look to the right, was just under 2%, 1.6% for the portfolio. In the next slide, you see the year-to-date, so this covers 11 of the past 12 months. You'll see again the this party between money going in contributions column about 31 million and withdrawals 123 million investment gains were 32 and change so the ending value again eroded from 513 million to about 455 despite the gain of about seven percent which was right on

1:04:05 track with the uh the old assumed rate of return and for the last year you know we include just an additional month in this case you still see a deficit of over a hundred million dollars and the period return was 7.6 percent the fund looking at the asset allocation uh very similar as the past meetings there hasn't been any any major activity with respect to rebalancing or reliquidating a position equities have increased in value and so they went up from 12 to 13 percent of the fund the balance is fixed income and cash that's roughly 85 percent of the fund and then the alternative assets are the two miserable private equity fund funds that have been in a distribution mode and are getting smaller So here you see, graphically, the blue line at the top.

1:05:06 It got the smallest at the end of March, coincident with the drawdown in the market. Then the market has the rally on the equity side, and it has increased a bit the weight in the total portfolio from about 10% to 13%. alternative assets is the purple line and you can see it getting smaller gradually that's our expectation in the next few years it should be much much smaller and the big one is the the red which is the uh the government bonds and credits that you own that are all domestic to conclude the performance again as i mentioned that it's been a very strong a month of november october not so much uh december you know up market but much much more reduced size and so we don't expect a lot of movement in december year today so you know you're about uh 1.6 for these first two months of the year which is pretty good given your allocation and where interest rates are and for the year as i mentioned seven percent but if you look across one three five and ten very consistent uh performance i'm sorry i was trying to i stopped because i heard somebody asking a question i think you can proceed okay my man um so i i was stating that the performance has been very consistent and and pretty good actually if you look at it compared to peers but also compared to your own goals exceeding the assume rate of return assumption um when you annualize that over multiple

1:07:10 year horizon, whether it is 1, 3, 5, 10, or even since inception in 81, it compounds at just under 9%. That's net of fees. The domestic equity assets, as I mentioned, comprise 13%. So you'll see the strongest gains. It's been a very strong decade for U.S. equities. And so you used to have a very large position there. It was the largest part of the portfolio. With the advice from the actually that the current situation at GERS is not going to be sold along with investments. We started this dynamic allocation model which essentially was reducing equities to avoid situations like the first quarter of this year when that would have been very detrimental to the fund because it doesn't have long enough time to recoup those losses. Fixed income was the beneficiary of a secular decline in interest rate so overall again very positive uh annualized gains over seven percent since inception in 81. and here's what you own again this is the same as you have seen in the past uh few months you own one large gap index fund which is the largest 1 000 stocks as deemed by russell and reconstituted yearly so that's your equity allocation and And then on the fixed income side, you have one actively managed core bond account by Pew, and they managed to add a bit of value with managed risk. So they are meeting their mandate. And then you have TIPS, which are government securities index for inflation. And then you have a broad basket of bonds paid essentially paid to the index, which is the Bloomberg Barclays US aggregate total return index. The two measure of funds, as I mentioned, are getting smaller. Now they comprise about $12 million, and they are fully in distribution mode.

1:09:14 The next few pages show the performance year by year, and I think it's done by calendar and fiscal year, but I think 7 out of 10 beat the assumed rate of return. again when you annualize that the losses have been pretty pretty small you get two losses on absolute figures of about one percent each and one gain of five percent which you know was behind the assumed rate of return believe that year um but when you annualize all of these over one three five ten you come at seven or above essentially and lastly this is a very efficient daily liquid portfolio except for those two mesero pieces which are very small 12 million the rest has daily liquidity and very very manageable fees so you're paying about eight basis points for all of your public market investments so that is my report i'm happy to answer any questions anybody my hat hi leo this is the owner good morning so are we fine how are you doing are we still on track for insolvency for 2023 no hope on horizon um well last i think two months ago we had a presentation that was linked there where also the actually joined and there was a lot more discussion on the topic and i don't recall the exact month but it didn't change a whole lot maybe by a few months from from you know prior plans from you know years ago so i think it is still on track um investments alone as as stated then is not going to solve it there is a there's been a deficit in money coming into the system for decades now that that is very difficult to to correct unless there is a very large inflow of assets uh to come very very soon and then you

1:11:13 can count to someone expected gains to to eventually turn it around but barring that uh i think you know it's gonna be pretty close to to to the plan from the past which is still you know around 2023 2024 i don't recall the actual i don't have that presentation in front of me with the actual date but you are you're correct that is the direction where the system is is headed unfortunately any other question thank you anything else if not as usual thank you very much for what you do well thank you um dr calendar and it's good to see you all i wish you everybody happy holidays thank you again for the trusted house we're always here to help let us know how we can do that and i look forward to seeing you again early in 2021 be safe be good now thank you very much bye-bye okay next new business regular session approval of the 2021 board meeting calendar everyone has the calendar in front of them yes yeah you do we need it to approve it i mean if if if you want okay

1:13:07 i'm questioning um in december uh we've got the meeting typically on the the fourth thursday um do we know when christmas is christmas uh going to be that weekend it's enough time not to worry about it well you can decide um dr calendar if i may i just want to mention that in june the national association of public pension attorneys their conference is june 22nd through the 25th and normally the attorneys go to that and so you might not have an attorney usually you move the date because of that conference you move the date up a week pedro usually mentions it but i don't see him on so he may have um forgotten all right what you mean you don't see me oh okay i'm sorry i only see dr calendars we're very small so i can look at the cat at the calendar you slipped on your duty pedro you usually mention this so you know the attorneys will want to have the meeting schedule for the 17th we need you present so trustees any problem with doing that trustees i stepped out on background i'll tell exactly what you're referring to uh chairman june the uh the meeting for june is now scheduled for the 24th the councils are usually going that week so they're asking to have it the meeting we schedule you for the week of the 17th i'm usually accommodating them i have no problem i have i'm finding that uh mr chairman and i

1:15:06 assume that we're looking at the december too you want to move that to the 16th is that is that what your name is i recommend that uh mr chairman this december you move it up because some people may be going on vacation is a lot of questions around that time right so we recommend to move the meeting to december to the 16th come on trustees you're i'm not going to be here you're going to be here so you need to decide what you want it sounds like they're asking to move the the june to a week earlier the 17th and the december four week earlier this the 16th yes i'm fine with that i'm fine with that uh mr chairman also uh usually uh in one month you have the um one retreat it's usually held in july uh as you know this year we held it in um october it was virtual so um i don't know if you want to go back to the july board retreat month oh okay see what you mean yeah you may eliminate the july meeting and put the retreat in yeah well last year we did it in october um but it was scheduled for july last year usually we've been doing it for the last extra month in July. It's when we used to have the investment everyone

1:16:57 coming but we're doing it virtually now so it could be anyone but I would recommend that to continue in July. Okay. So are you just arguing to eliminate the board meeting for that? Well, you eliminate the board meeting. We would have the three or four days board retreat in July and there would be no business meeting in July. Okay, I'm fine with that too. The same week as the week of the board meeting, so it'll be the week of July 20th to the 23rd, depending on how many days you want to schedule it for. You know, well yeah, because sometimes we have to try to make arrangements for the professionals, the consultants, so usually it used to be like in the first week of July, so they always used to carve out that week.

1:18:02 That's how it used to be. I mean you can put two options, either it's the first week of July, it could be the fourth week. Then you have just two options and then when you get your book from your consultants, you pick or choose. Since there's going to be no business meeting, we can have two option dates and just leave it open. it's up to you but it's usually the first week in the second week in july right now we're trying to set the board meeting agenda right so the issue the issue in july is that we are saying that july we will have the retreat and no board meeting none you know never had a business meeting in july we all only had the board retreat okay that's so so you're saying okay so yeah yeah so instead of 12 board meetings we had 11. and that's that's what that's where you want us to approve at this point if you're going to continue the board retreat continue it in july or you can move like this year we had it in october because of kovic but i'm recommending that you probably have it in july it's just the date yeah i mean that's that's what i'm asking i mean right now right now we're not trying to fix the retreat you're trying to fix the board meetings okay so so as i understand it so far we want to shift the the june to the 17th in december to the 16th and we're gonna um leave the july out of the board in low and they're going to be substituted by the retreat that's what you're saying right that is

1:19:59 correct okay i'll move for approval on that basis but what i'm i think what i'm trying to say mr chairman is that i think attorney williams said leave it the date the fourth week and ordinarily we didn't have it on the fourth week we had it in the in the like around the seven or the six seven and eight because that's when the consultants used to set that date those period just for that if we change it we may have some problems all we're going to do is eliminate eliminate the business meeting on the side you put board retreat date to be determined right okay fine can you still move okay we need a second second yes trusty barry yes trusty cohen yes trusty liger yeah trusty mcdonald absent trustee smith yes chairman calendar yes six yes one absent all right we have motion passed you have your schedule for next year and we have a proposed new language for procedures for election of retirees to the board what is new about this language

1:22:03 um so chairman you didn't get the markup copy however we did make the changes and we sent it to board council board council made more changes and um i it's it's let me see let me get the red line number two i think it's added number three changes were made in number two number three uh and um there was some also some changes in e the last paragraph in E there was a change also in C the first paragraph it says or telephone in four or four there was a change in the last paragraph again or, like internet or, but the significant changes were in two and three.

1:23:07 Two and three. On the first page. Letter two and three. Mr. Nibbs, are you on your computer? Can you share your screen where you have the markup? Ms. Glendinen? Yes, Mr. Nibbs. You have that markup copy that we received from I had sent it to Ms. Cooley. Do you have it on your computer? I will open it now. The redlining that we received from Attorney Williams. Good morning. The redlining copy is on the attachment I sent to the board it's a word document okay yes okay cool do you want to share your screen because my internet is very slow okay I'll share yeah oh yes it's unstable we had a snowstorm slash ice storm you're having power problems still there it is just internet okay There are changes, there are changes on all pages.

1:24:53 What day was Coley? When I sent out the board meeting documents, so that would have been Tuesday. Okay, hold on.

1:25:25 Plus two, let me see which not long. Yep, I got it. All right, I see it. Did I stop sharing, Mr. Netson?

1:26:06 I guess I'm telling you to make a decision. Can I say it? There are changes in all pages. What was the purpose of the substantial change? A lot of these changes look very, you know, minor. But you said there was one substantial change.

1:26:42 No, but two and three on page one. purpose was to do it, or the objective? Because of the participation in St. Croix where no one was nominated, saying that the election has to be held again, that type of thing. Remember, there were no procedures in place for something like this. And the last meeting we had, they were the one that asked the question about what procedures we had, and the board told us to go back and come up with some new language for the procedures. okay okay okay anyone ready to make a motion all right if there are no questions or problems with it i'll move to accept it as um as amended no okay i'm sorry but back up one second uh i'm not seeing any other red lines except that section one and two must admit that changes on all pages but i'm not seeing anything else see the first paragraph instead of internet and telephone internet or telephone there was a change from chairman of the board to chairperson just to make it uh agenda control i guess also at the first regular was me regular but first then after receipt of the official appointment letters and then um on page and the other page and then roman numeral four first paragraph

1:28:35 a capitalized system first paragraph the sentence before the last and on the third paragraph again internet or instead of internet and and that was it okay okay Chelsea is any more questions any additional questions No. There are none.

1:29:04 Do you want to make a motion, Trustee Coyne? I so move to accept the amended version for the voting for the Board of Trustees. Yes. Sure do. Okay, so then, Sam. Who second? Second. Second.

1:29:30 Trustee Collarwood? Yes. Trustee Bowery? Yes. Trustee Cohen? Yes. Trustee Liger? Yeah. Trustee McDonnell absent. Trustee Schmidt? Yes. Chairman Callender? Yes. Six yes, one absent. Okay, motion passes. all right so we have some new procedures this portion of the meeting will be closed to the public for matters pertaining to trade secrets or financial or commercial information or personal or legal matters or matters whose premature disclosure will frustrate the implementation of the proposed agency action i need a motion to go into executive session second yes yes yes yeah yeah trustee mcdonald is absent trustee smith yes yes one absent and we're going to executive session in a minute a five six seven minute

People named in this transcript

SUSPECTED, and a finding aid only. Names were matched by machine against the spellings used across all 426 of our transcripts, and the title is the one used in the room. Being named here is NOT evidence that a person attended or spoke · only that the name was said. Speech recognition mishears names, so a spelling may be wrong even where no alternative is offered.

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

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

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

Bills and acts referred to

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

Referred to but not found in our acts corpus: Bill 33-0446