GERS Monthly Board Meeting 5/19/2022

GERS Retirement System (Board of Trustees)

May 19, 2022 · 2.7 hours · gov

0:00:00 trustee colwood present trustee dorsey present trustee liger absent trustee mcdonnell absent ex-official member sydney richardson excused trustee russell present trustee smith absent chairman barry present four present three absent and one ex-official member excused okay so let's let's begin so the next item on the agenda comments and suggestions from retirees are there any retirees on the call okay okay and so next is a comment and suggestion from active members okay hearing none we'll move on to the next item on the agenda which is the secretary's minutes using i can't correct the mouse you could turn it on trustee wesley do you have an open mic trustee wesley can you have an open mic

0:02:07 Go ahead, Mr. Nibs. Someone has to make a motion for the Secretary Minutes. This is approval for the... Okay. Could I get a motion for approval of the Minutes, please? Mr. Chair, I move that we accept the minutes from the April 21st, 2022 meeting as a move. Are we going to second?

0:02:49 Excuse me? Can I get a second, please, for the motion? can't hear any second second thank you trustee callward yes trustee dorsey yes trustee liger absent trustee mcdonnell absent trustee russell yes trustee smith absent chairman barry yes four years three absent okay so so the minutes of the 421 22 meeting uh have been approved accepted communications and correspondences the only one piece of uh a letter that came in from um cindy richardson accent to be excused on this meeting okay so we move to the chair person's report um my report would would would would be basically are the reporting on the two committees that i share my client um trustee was trustee was that you have an open mic sorry

0:04:46 okay so i was saying that um are you reporting on the committee reports uh and the two committees that i share so uh i'll pass on the move on to the administrator's report okay on the screen administrator's report meetings presentation and appearances on may 6th i attended the media budget committee review meeting on the 8th i attended the due diligence planning meeting with the cfo general counselor and investment analyst in regards to the auditor's search on the 11th i attended a due diligence meeting with sbn company in oil mills maryland and at 13 i attended the planning implementation meeting regards to act 8560 return to work remember services as far as applications in house we do have 157 applications pending uh in 2021 we received 263 i mean we received 338 we processed 263 there's 75 left in which is 78 percent in 2022 we have received thus far 78 application we have processed six remaining 72 eight percent for total pending as you can see through the years of 157 we have circulated we circulated 262 life certificates were mailed out on april 5th with a deadline date of may 30th

0:06:53 thus far we have received 125 life certificates of the 262 Disability cases pending, same as last month five, we have four for internal legal review. as refunds number of cases completed from october through april 30th 194 total of 4.3 million dollars 4.3 million dollars those that were not vested 3.7 million dollars debt benefits from october through april we have completed 26 total of 790 986 089 cents you can see active or 480 982 097 pending cases in inventory 57 counting number of retirees made 13 payroll 8723 accumulative dollars paid out from october 15 payroll to may 13 payroll 163 million three $212.48 between october and may 13 2022 we have added to the payroll 243 retirees during the same period we deleted from the payroll 200 due to passing the gross payroll retiree for may 13 was 10.9 million dollars our loans portfolio total units at 4 30 20 22 1 million 1633 units total amount of standing is 17.9 million dollars at the end of calendar year 2022 approximately 726 loans are scheduled to mature as indicated in the previous meetings management will be submitting uh to the policy committee

0:09:36 our recommendation in regards to the reinstate to reinstate the loan program and our recommendations there's no major issues at the st koi complex the st thomas complex you know we have a couple major infrastructure developments the building hip roof certain portions have been completed and they have moved to another area with anticipated completion date of july 15th air conditioner project we do have a change order in the amount of 159 000 due to the some electrical that has to be done the original contract was 1.3 million dollars there are some ongoing projects um in the atrium and the restroom renovations ada compliance those will be included in the fy20 yeah we have somebody that's on the phone with an open mic on the call right as far as the um cave inside mall demolition project at the warehouse we have been um corresponding with femur in regards to the ehp and shp review

0:11:26 uh warehouse jay contractor was selected and we're waiting uh fema approval as we discussed in the last meeting what's the ehp and shpo hi miss um good morning it's the environmental hazard protection and the state historic preservation office okay thanks Whitehout annex we are cleaning that building it was damaged by hurricane the roof was demolished I mean by the hurricane and a new roof was put on but there was a lot of damage records that had to be thrown out and we're doing that right now the electrical work and cleaning and hopefully we'll moving in the summer of 2022 that space will be used for maintenance supplies the agave restaurant we are proud that we will be having a restaurant coming online pretty shortly in the next few months they did a request a dpnr permit for our outside dining that matter was brought before the um havenside mall committee oversight committee and it was approved by havenside mall committee uh rental for the month of april we collected 118 588.75 cents uh year to date we have collected seven hundred and thirty nine dollars four hundred sixty dollars and fifty five cents of that amount like rental is four hundred sixty eight thousand eight hundred and two dollars and seven cents these are the rare ages the marriages have been updated we since the report was completed

0:13:26 in april um we have received um some more funds um doj we see from doj we looked at the schedule their average was uh 74 126 we received 37 063 from them so their balance for rent of is 37 063 in the electrical receive from them 26 247 26 so they do have a balance in electrical of 26,465.91 that's the only update on any past two marriages uh leases um division of personnel the property has received po needed that's property and procurement and the legal team has the lease for review next steps i guess is dog for sufficiency and governor signatures department of justice um this uh government spoke with the department of justice the ag fund update on signature four six and there were no additional updates and again we're working with fema to get final approval on all of our projects so those are still pending that ends my report then chair yes go ahead um i'm not sure how to speak about it but in the legal document in the legal document it talks about um an insurance question with the justice department

0:15:19 and as it relates to the lease and the new rates but it's not in this part of the report which legal document the one the one from attorney smith to you that's dated on may 13 we don't discuss that in regular sessions right but what i'm trying to say to you the language you have in there is different than the language you have in this part as relates to the rent what is the language we just said you don't want to discuss it so you want to go in executive session and discuss it because it's in conflict you would have to discuss that in executive session with attorney smith she's the one that somebody's report i didn't i didn't pick up any language okay but mr um dorsey i'm not gonna i'm not gonna discuss it i'm just saying miss clendenin would have the most updated information because she's the one actually dealing with them i get my information second hand okay so so we'll discuss the executive session somebody make a note sir Okay, the other question I had, Mr. Nims, on page seven, where you said in 2022, at the end of the 2022 calendar year, you'll have approximately 526 loans that will be coming to mature. Is there a breakdown as to what type of loans they are?

0:16:44 There's a spreadsheet. It's a very extensive spreadsheet. I can get that information for you. I can give you that information, right? okay okay thank you you're welcome i have some questions mr chair and i'm i'm looking at um the report and um i i like a comprehensive report like that and but i i have some questions basic questions mr lives um um when you said you attended the the grs bond note closing in washington dc what was that about you you the note closed and do we have a copy of the note that provided that you know provides the funding to the grs as said i i haven't seen the actual note did you get a copy mr nibs by attending the closing return with the original copy and um it's been um i'm not sure if attorney smith she was supposed to have picked it up but it's in my office if she hasn't picked it up yes okay yeah i'd like to get a copy of that to see what you know what actually closed and how the financial um uh structure is set up i'd like to because i i'm not sure the legislature provided that on its web page or anything i don't think it was provided to the public and i think it you know the members might be interested in understanding it okay i thought we submitted that to the investment committee as resource material i'm not i thought okay maybe you did and and and i just saying okay well yeah i'd like a copy okay no problem yeah yeah uh okay um and then you said the disability cases pending go to that point that you report let me when you have internal legal is the case resolved and they waiting just to write up the opinion or it it's still pending a hearing i did one of those hearings and i thought it was you know

0:19:13 it's important to to have those disability cases resolved so what what in why you said this ability cases pending explain that a little bit internal legal what was that uh attorney myers yeah maybe tony yes yes yes uh yeah good morning trustee good morning yes we do have some cases that are pending um and disability um basically what is going on is that we are waiting for a date for the hearing um i believe one of those cases um filed a motion for continuance i believe i received that from um the board attorney yesterday um for some reason i can't pull it up i can't i don't have the right uh it's not a word document it's some other kind of document that i can't pull up um but there are i believe two or three cases that are just pending dates um for a hearing um trustees just to clarify when uh we put internal legal on member services side who compiles this report is these are the persons that filed an appeal so uh attorney myers is with our internal legal department like attorney myers explained waiting for a date but these are the persons that filed appeal based on the decision okay well okay if um yeah if i may just add Ms. Clenden, Lynn Gums is correct. These are cases that are pending before the medical review committee for hearings. We haven't been able to schedule them for hearing because we don't have sufficient doctors to participate in those hearings. Just for distinction, the case that you heard was an appeal based on the decision of the administrator relative to a return to work slash overpayment issue which is different from the disability cases that this would get disability cases that the cases that are pending before the medical review committee because of applications for duty or non-duty disability benefits that's an important explanation because um you know that distinction is noted okay so okay good and i'm hopeful that we could get those matters resolved because it i i don't want to come like the superior code okay next is um the return to work analysis mr mr nibs i think you're asking questions from the last report and not this report

0:22:22 okay wait wait wait okay okay i'm looking at okay yeah you you got a point there that's the last way you can you can actually yeah you can i i'm looking at the the the meeting um yeah i'm looking um oh i had a meeting you got the documents provided for this meeting okay i did have a meeting in internally for um 8560 which is yeah i want to hear about that that's what i'm talking about well we met to determine we met the plan to um draft sops and what grs responsibilities are um obviously uh individuals can come back to work nine months after retirement and um there's certain things they have to do they have to to let grs know in writing under what circumstances are they coming back to work whatever and also the agency should um notify us that this person is coming back to work grs responsibility is just to make sure that that person has complied with this statute as far as the waiting period uh we did meet we don't have any major issues with the system we have discussed it with our v3 provider and i think we have that under control because the person would be a retiree plus an active member so we know how to handle that situation in regards to the census also we have been in discussion with uh with the actuary as far as how to report that person and i think we also have that under control so we're writing up

0:24:24 like i said sops we will send out a correspondence to the head of departments or the hr people personal officers um so that they would know or be in the loop as to what is expected of them and what all requirements are that's that was basically the planning meeting yeah because i i want the new law to benefit our system and we will be collecting our contributions There was some question as to, well, let's say the person has three years, you have three years to, you can come out for three years and that person stay over the amount of three years.

0:25:11 Obviously, we're going to be keeping some internal monitoring in that, and if they pay contributions over and above that amount, I think the questions are what we should do with our contributions, you know, our position was that we should retain it. Okay, okay, okay, and the only reason I bring that up is because it's a new law and we want to stay on top of it and you know yeah because we have already had some people inquiries already and some people are ready to come on so yeah yeah okay good okay yeah and then um since i'm looking at the look the the the last report um i will bring up something that might not be fully you know um vetted, but I don't bring it up anyhow, the member loan portfolio, some people contact me wanting to, as a trustee, they knew I'm a trustee, they wanted to get the loan program going again and um and so when you said the member loan portfolio as of march 31st 2022 oh okay so the real issue is is that loan program a benefit to the system or it is it it is a problem or is it a problem for the system how you how you seeing that now well as you know when we

0:27:00 discuss an investment committee meeting we have to look at our cash flow and our liquidity um your last question was it is a benefit yes it's a benefit i think it carried the system because of the uh eight percent interest fixed rate of interest that comes in um to the system every year. So yes, it was a big plus for the system. However, we do have to be cautious now because we know what we discuss in investment committee. We don't want to make it public. There's going to be a period where we have to still pull from the portfolio. So we have to be very careful because of cash flow and liquidity issues. But the major advantage of the loan program or the major plus is the fixed rate of interest, 8% within steady rate of interest. Okay, good. And I have some issues to bring up in executive session because these people that contacted me had some really good ideas. Okay. Yes, we will be submitting our recommendations to the policy committee. But we have no control how the board is going. We're going to make our recommendations. Right now our recommendation is to hold off a couple of years with the personal loans until 2024 and probably mortgages until 2045. And I think we may have to relook at that because based on our meeting last week we saw what the situation is. So we have to do some we have to crunch some numbers to see we don't want it to be uh not in the benefit of the grs system but the the best part of it i think the plus is the steady eight percent but we have to look at our cash flow with you okay yeah and um miss clinton i moved on in down lower in his report i had some questions don't know what section accounting department go there go there right there accounting department you had some numbers there yeah yeah yeah uh-huh yes yes yes right there okay um i i want to i want to fully um um what what's duty connected debt annuities what's that

0:29:39 i'm not sure i understand that uh mr jeremiah could you and kerry maya yes listeners i am not sure about the categories but in my head um this is more for member services but in my head those um deaths and you it was connected to the duty of the member that's their other half getting those monies or their children so the person died while in duty active duty connected they died and the spouse gets the memories correct like a fireman or policeman dying on duty you understand trusty russell i i think i i get in it somewhat but they get a percentage of the amount up until age 18. it's in the code i can send you a copy of it okay yeah do that for me because um yeah that's like uh comparable to social security in a way right we have something okay yeah i i didn't understand it comes from the code okay okay please send me a copy because i'd like to understand it a little more and i i i was looking um yeah go ahead learning myers we'll send you the description for each one of these characters and yeah because yeah we we i i need to get an understanding of how we paint it out and who and you know the kind of um obligations that we have i don't mind the obligations i just want to understand it okay and and then mr nibs you had a one more question to you report got down go down a little bit more okay because you went too fast but i were watching it okay

0:31:47 okay right then total outstanding let's go let's go there that's where it is total outstanding go then in loans mr nips oh yeah yeah look yeah you had a you had a chart yeah there we go yes okay good thank you yeah okay okay okay okay okay okay um let me understand that okay here right there right there right there okay what's construction here what was that mortgages mortgages oh okay so you you you you when you when we lend money to build a house you have it under construction so that's the way they quoted it here but we know it's mortgages yes oh because okay okay no no you clarify it because i see it and i want to know see right here mortgages there is mortgages and you have construction land for mortgages okay i got you i got you okay okay good okay okay i i'm finished um thank you mr nibs no problem because when you when you do your comprehensive report i have to understand what's happening no problem i mean it's just that it's broken out on top and construction means mortgages so that you know yeah okay yeah okay good i mean this is good i'm

0:33:37 getting this from the division so you know i know what it is but you may not know but yeah your questions were on target okay uh thank you mr cheer okay i finish with mr nibs okay any other questions okay hearing none um move to are you down here with your port mr nibs yes sir okay so we'll move to committee reports um so i i report on the on two committee meetings that we had on on may 9th one was the investment committee and the other was budget committee so the investment committee meeting had a one item agenda basically was a presentation by the makita investment group with our investment advisors and there was a very lengthy report there's a hundred and some hundred plus pages but it covered four four key areas one was the the economic and that was an economic and market update The second was the portfolio performance as the GRS portfolio performance from March of 2022.

0:35:11 The third topic covered the dynamic asset allocation strategy that the system has adopted. And the fourth covered the GRS funding note, and more specifically, the implications of the note on the asset allocation. And at the end of it, we'll talk about what the next steps will be. um as far as the economic update um the the key takeaway from the presentation was that the investment the current investment market is characterized by volatility i think we all are aware of that we're listening news it's been fueled by high inflation you know we have that also city gas prices every time you go to the pump um expectations of the federal reserve board more specifically the expectation that in the tightening credit which would increase interest rates and the uncertainty in the market and the economy that was has been um fueled by the the the ukraine war washington the war in ukraine and its economic and financial consequences as a result economic growth is expected to be slow for the for the in the near term and so on return on equity stocks would also expect it to be slow and low in the near term

0:37:02 as far as the portfolio performance um the takeaway was that the short-term portfolio performance had been negative and we we are aware of that we see the monthly reports um however that the long-term basis which is the proper perspective for performance valuation it's been positive and they claim that the long-term return on investment has been 8.4 percent since since the since the inception of the dynamic asset allocation strategy and that is important because as we are aware the and the analysis on the gi's funding note and it's it's um it's sufficiency going forward assumes that we'll be on a long-term basis the system will be earning six percent interest on its investment and so it's going to be important that we monitor that they did a little some discussion or some discussion about um this the dynamic asset allocation strategy itself it's um how it what what it is what it is how it came to came about and specifically its impact on the fund its impact on the funding note was was uh um was run into it some some some some depth the long shot of it is that the the

0:38:55 the current market conditions and the requirement for six percent interest rate would would require us to pay particular attention to our investment strategy and more than likely that would mean that we have to revisit the the the allocation strategy not the strategy itself but the specifics of the strategy in other words we'll have to take a second look at the at the way we've allocated our assets among the different asset class so to make sure that we achieve the six the minimum six percent rate that's required so it was decided that there will need to be some further discussions on that those those follow-up discussions and analysis will involve the actuaries and And there obviously most likely will be a need to reset asset allocation.

0:40:05 The timetable for that further discussion will be at the retreat. So we look forward to continuing that discussion and making some decisions at the retreat. So that, that, that concludes the report on the Investment Committee meeting. As far as the Budget Committee meeting, there are two items on the agenda for that.

0:40:38 One was the mid-year budget review, and the other one was a confidential item relating to personal matters which was held in executive session the midway budget review involved basically reviewing submissions by the staff which which comprise the six months actual actual results for both the administration budget and the haven site mall budget the media budget review involved a comparison of actual operating and capital expenditure for six months ending march 22 2022 and we compared those with as compared to the budget uh so basically what we looked at is that what what does the six months worth of information tell us about how we're doing with respect to the budget and the key takeaway from that review is that so far the administration budget is concerned that both operating and capital budgets or expenditures are well within the budget the malls the the mall's budget the mall's expenditure is also within budget which is a good thing but its rental receipts are significantly significantly below budget

0:42:34 which is not so good so i think the takeaway from that is that there needs to be some focus on more land collections over the over the remaining months of the fiscal year to reduce the gap between what's actually happening what we're actually collecting and what we budgeted so that that may be a follow-up conversation we have with the management As far as the Hamasite moral budget, more specifically, six months annualized was about $430,000 below budget, but as I said earlier, it was significantly, but the revenues, the The rental revenue is also below.

0:43:32 That's basically the review. I think what comes out of that, as I said, is that we have to take some look, particularly at the malls budget to focus some attention on lease rental collections. um that being said i'd like to commend the management and staff for the diligence in making sure that we are spending within our budget and whether that's due to very good budgeting or good management of expenditures either way it's a good it's a good outcome i'd like to commend the staff for that The confidential matter was discussed in the executive session, and the upshot of that is that the management was asked to provide some further analysis for further discussions where the board suspect will be discussing that later on today.

0:44:42 That concludes the report from the budget committee, and that concludes my report. Chair, I had some questions, but I prefer to address those in the executive session as it relates to the mall and the tenants, because that is part of the legal document as well. I had some other questions, so I'll wait till then. Okay.

0:45:09 all right so um there are no other questions let's go to a treasury report one more question the is that report in writing that we could review it i thought it was pretty comprehensive all right it's it's it's in writing in in note form i was reading from notes so well oh okay okay okay yeah um okay okay because um an understanding of how how the staff manages the budget is good i'd like to understand that but okay let's move on yeah sure okay um investment officers report Good morning, Bochy and other trustees.

0:46:09 Good morning. I will share my screen. This is the government employee's retirement system schedule of receipts and disbursements for the month ending April 30, 2022. Receipts from collections. We have loan repayments of 412,578. Year to date, 5 million. Excuse me.

0:46:48 Hi, Ms. Jeremiah. I think you're sharing the wrong document. Sorry. okay we've seen a spreadsheet you've seen a spreadsheet yeah okay let me stop sharing and go back and share again i don't know why on my screen it's showing the are you seeing the yeah yeah okay sorry about that okay so to continue for the employer retirement contributions we collected five million 11 830 year to date 53 million 636 dollars and 45 cents employee retirement contribution two million six hundred and seventy six thousand seventy six dollars year to date 27 million 388 757 um the grs bond note funding 89 million 198 738 the same year to date for total collections in april of 97 million 405 995 year-to-date collection 177 million 874 225 Disbursements, we have annuity payments of 22,309,874, year-to-date 156,154,747.

0:48:53 We had administrative expenses of $1,018,479 year-to-date, $7,331,510. Refund of contributions, $751,035 year-to-date, $5,117,875. disbursements 24 million 109 608 for total disbursement of 168 million 809 671 year-to-date net cash surplus 73 million 296 387 year-to-date net cash surplus 9 million 64 554 So year to date expenditure is 46% of the budget. And we have drawn down thus far 85 million from the investment portfolio.

0:50:00 Haven site mall. We move on. I think I asked this question already and I'm sure I got an answer, but under disbursements, personal loans and mortgage loans. What are we disbursing them? The refunds. Most of it is refunds if we pay escrow, like insurance, taxes. Okay. And it's down here. It's here.

0:50:32 Okay. Okay. Okay, one thing, one question here. so the 89 million that we are supposed to get this is it here yeah but it didn't reduce the drawdown we had already joined down oh okay oh okay so so okay nine million went to investment it didn't come to the local coffers it went into directly into the investment so it didn't reduce our need to draw down you saying no and we had already drawn down the 85 million prior to getting this however the monies were invested so we are going to still need jaw downs we got to discuss that man okay are you continue continue a question question is jeremiah are we a trustee russell we're gonna discuss that in executive session yeah definitely because you know i just want to know where i just yeah okay i'll hold it to executive session yeah we have discuss it among the trustees because we have to understand you see that tie into my question about seeing the ban um document and all of that but we will get there and we have to discuss it is that it's an important delicate financial in situ situation so we're going to discuss it in executive section then in carol may i add that nikita did provide you a schedule and it shows all

0:52:24 enough information on one schedule i don't remember but it specifically shows you exactly the picture the entire picture yeah okay and um um i'm gonna look at it but i want to discuss it too yeah yeah you do have it we can discuss it but okay thank you but let's continue um continue i didn't mean to interrupt okay this is the haven site um all schedule of receipts and disbursement for the month ending april 30th 2022. receipts from collections we collected in the month of april 510 329 year to date 1 million 755 477 we have a total collections of 514 840 and year-to-date 1,781,772. Our disbursements, we have for personal services, 96,736 year-to-date, $598,121. We have fringe benefits of $50,901. Year to date, $285,328. We had a total disbursement at the haven site mall of 190 139 year to date 1 million 571 220 net cash surplus for the month of april 324 701 year to date net cash surplus 210 552 and year to date expenses at the haven site mall is 46 percent of budget that concludes the treasurer's report okay any questions on the treasurer's report

0:54:43 i just like to take note of the uh of the comparison on the net cash comparison between fiscal year 2022 fiscal year 2021 notice that in 2021 at this point in time we had a 1.2 million dollar negative cash deficit and in 2022 we have a 210 000 positive which is about a 1.5 million dollar turnaround so that's that's a that's a significant improvement shows how we are rebounding from the from the pandemic influence go ahead do we have to adapt that treasure report I don't know do we do yes yes we do okay I hope that we adapt the treasurer's report is that Dorsey that said second no Calwood Calwood okay thank you Trustee Caldwell? Yes.

0:56:21 Trustee Dorsey? Yes. Trustee Liger? Absent. Trustee McDonnell? Absent. Trustee Russell? Yes. Trustee Smith? Absent. Chairman Barry? Yes. Four yes, three absent. uh miss jeremiah i hope that we could have you available in the executive session okay simply because yeah i need to delve into some matters okay thank you available if i'm asked okay Go ahead, an investment officer's report.

0:57:30 Good morning, everyone. This is an update of the investment portfolio as of April 30th, 2022. We ended the month. I'm sorry. I'm showing the wrong page. okay so the plan end why is it still scrolling up the plan returned negative 1.5 for the month of april so we um continuing the uh the downward trend that began at the beginning of the year as the chairman eloquently um updated us in his um chairman chairman report volatility still is pretty prevalent within the markets as it has been from the beginning of the calendar year and probably for the, at least in the short term, for the coming to the next year. Total fixed income was down 2.4% relative to the Bloomberg US ag which was down 3.8% We outperformed that benchmark by 1.4%.

0:58:44 Again, our position that we currently hold it in cash, I think at the end of April, we held about 25% of the portfolio in cash. And that helped us in terms of outperforming in the fixed income arena. Me hearing you good. You had a lot of scratchy noise. I'm sorry. You hearing me go down? Yeah, something wrong. Yeah, I'm sorry, hear me good? Okay, my apologies.

0:59:16 So I was saying, yes, total fixed income was down negative 2.4%, but outperformed its benchmark by 1.4%. And that was primarily due to our current position in cash. At the end of April, we held about 25 to 30% of the portfolio in cash. And that helped us in the short term. total alternatives was up 3% and actually outperformed its benchmark by 11.5% as the CFO just stated with the Haven site mall returns, those impacted those returns positively as well.

1:00:02 So, I mean, we had a down, a slightly down month, But overall, when considering overall equity markets was down double digit and has been down double digit year to date, in the grand scheme of things, for how we set up the portfolio with a dynamic asset allocation, we have held up pretty well considering. What did that contribute in dollar amounts? We ended the month at approximately 421.9 million. We raised no funds in April, so we didn't have to liquidate any funds from any managers in the month of April. The CFO stated that we did get those proceeds from the GRS funded note, the 89 million.

1:00:52 We received that in early April. So how did that impact the activity for the month? So we began the month at approximately 358.8 million. We had a net cash flow positive of 69.1 million. Of course, that's the 89.1 million we received netting out the 20 million withdrawal that we had to do for the month that brought us to that net cash flow amount.

1:01:25 We had income of about 2.7 million for the month. had an unrealized loss of 8.8 million that should be showing the other screen i am i am showing it aren't you seeing it no it should say monthly cash flow update they are showing the 8.8 million loss i i don't see it here you know no you're still on your first screen is having the same problem jeremiah was having yeah i already scroll yeah on my screen i see and hold on a second um hold on stop sharing let me go back in again i'm sorry about that are you seeing it now that's fine yeah thank you all right so that brought us the ending market value of 421.9 million uh at the end of april i'd like to um gather your attention to the fiscal year today column and just let you know the impact of that um from the note proceed that we received so fiscal year today we started at 436.5 million and if you look at the net cash flow where this would typically be that 85 plus million that miss jeremiah spoke about in in her presentation we now have a net positive net cash flow of four million dollars for fiscal year to date so we We basically replenished all the cash

1:03:13 that we had to withdraw for the fiscal year with the proceeds that we got from the funding note. I hear you. So. Okay. All right. So, as it relates to fees for the month, we paid about 99,000. Year to date, we paid out 144,000. And fiscal year to date, we pay out about $246,000 in investment, management fees, and consultant fees. That concludes my presentation as of April 12th, 2022. And I'll be happy to take any questions. Any questions?

1:03:59 Yeah, I got one. He mentioned earlier, Um, I'm not sure what, which, which investment took a loss, which one you said took a loss, but it was compensated with another one. So we, our fixed income portfolio, we, we had, um, a lot of value for the month that's where you're right so overall fixed income was down 2.4 for the month but our total alternative was um for the month was up 3.0 and that was primarily due to um our the haven site mile activity because that that that investment performance is also rolled up into this this this report so we're starting to see we're starting to see some positive returns from our haven site mall investment again on a consistent basis okay so that's also what was showed on um the cfo's report as well yeah which so which which investment um um uh what part of the portfolio last in april i was wondering how it ties into the market uh okay so again the our our our fixed income our fixed income portion of the portfolio now remember our current asset allocation our current allocation we only have fixed income high quality high quality fixed income um instruments and we have cash and and the alternatives the local alternative um investments yes the right so the our holdings in pure capital and blackrock they were both down about four percent for the month which contributed that 2.4 percent okay um on the performance that that that 2.4 percent in your chart right right right well like i mentioned if relative to the benchmark which was down 3.8 percent or four percent of year round we were still up for the month 1.4 percent and that was primarily due to our position in cash as i mentioned we are about 20 to 25 to 30 percent in cash and also our our um our alternatives did

1:06:36 they did well as well for the month. Okay, okay, I'll be with you. Okay, thank you. No problem. So you know things are rough when your investment in cash is popping up your results. Exactly. Yes, in this current environment, it's definitely helping the portfolio out. Yeah, yeah. The war in Ukraine, changing the dynamic, you know, changing it a lot. That's the reason why we have to revisit the allocation, under the dynamic allocation strategy.

1:07:22 Yeah, yeah, because you can't predict that, you know, that's just a function of the globe. Yeah, okay. A good report. you're welcome yeah so jay i just had a quick question so that check we just received from the bond issue can you just repeat that section of your report again so so so we got the proceeds the 89.189 million one hundred and ninety eight thousand i mean 738 we gathered in early april um to date we have if you include drafts that we did um in early april as well to date um we draw down 85 million dollars physical year to date so if you look at if you look at the physical year today column the net cash flow where this would typically be 85 plus million dollars because of what we actually withdraw because of the proceeds we receive from the grs funding note it pretty much gave us a wash it pretty much replenished what we what we drew down for the fiscal year to date that's that's what that's what i understand it to be i just wanted to hit and say it again um yeah so we're basically started from this point going forward to do to continue to draw down so the next drawdown should be maybe less than 10 million or so that's determined by i guess whatever contributions we're getting at any given time um so yeah right yeah that that's determined by whatever shortfall we have from i guess whatever contributions we're getting at any given time so i can't i can't give you an exact number uh trusty dorsey yeah but if we stay you answered you answered you answered my question yeah if we stay if we stay to trend we've we've i think we've

1:09:26 averaged about 115 120 million in drawdowns a year and we are currently now at 85 million so that's why the law we pass to get more contribution that's why we pass the law that's why we have to monitor it because if people come back to work you got to make sure that they pin into the system and that was you know the we got to monitor everything to make you know fine tune so i i okay i like that if if there's a bright side to to the activity we won't technically we won't have to draw again from a manager especially in this down market so we won't have to draw again for for from an actual investment manager and then call losses whether it you know by volatility or any other reason we have enough cash on hand right now that should carry us to the end of the fiscal year okay good okay that's a good sign okay good mr chira i don't have no more question for for him i i thought he did a good job explaining especially how the uh how they you know the infusion of cash help us okay thank you okay um we have a vote to accept the investment officers report i move to accept the investment officers report that i move second second i would second it uh yes trustee dorsey yes trustee liger absent trustee mcdonnell absent trustee russell yes

1:11:18 Mr Smith, absent. Chairman Gary, four years, three absent. Okay. So now we're going to regular session. Next item on the agenda. Item A, under that On the regular session is the issue of authorizing the administrator to contract for a new auditor.

1:11:59 Mr. Nils, the floor is yours. The due diligence of SME company was conducted on May 11, 2022 at the office in Owen Mills, Maryland. representing sbc at a meeting was graylon smith the engagement partner representing the grs were dennis jeremiah chief financial officer glennville henderson investment analyst kathy smith general counsel and myself the purpose of the meeting with sbc was to conduct an interview site visit as part of the due diligence process sbc was one of the two cpa firms that responded to rfp and met all the requirements and qualifications there was that was set forth in the rfp uh the other firm kpmg was disqualified because it did not mean the submission deadline at the board meeting held on april 21st the board authorized management to conduct the due diligence of spc to audit the grs for the period of five years beginning with fy 2021 the agenda for the meeting is attached um an overview of the three most important areas of the audit were presented Danny Jeremiah CFO outlined in detail the type of financial reporting systems that are in place of the GRS also there was discussion on the internal control weaknesses reported in the FY 2020 audited report Glenville Henderson investment analyst provided an in-depth background on the structure of the GRS portfolio, the asset allocation, and the challenges regarding cash flow and liquidity that GRS has experienced over the years. Cathy Smith General Counsel gave a historical perspective, the legal action by GRS against the plan sponsor beginning in 1984 through the U.S. Court of Appeals and the settlement agreement between PBI and the GRS. The GRS funding note was

1:14:00 also discuss disclosure for fy 2021 and thereafter the overview of these three areas spurred discussion and questions between the grs team and sbc as part of the due diligence interview questions were asked of sbc all of the questions were answered to our satisfaction detailed by sbc during the overview by the team the copy of the interview questions is attached the most key important takeaway from the meeting is the timeline for performing the audit that was discussed with sbc and suggested by sbc sbpc proposed to begin the preliminary planning process and of the major programs the week of may 23rd and may 30 respectively begin preliminary tests in in the week of June 13, if they are approved by the board.

1:15:04 SBC Mr. Smith indicated that there are hiccups. If there are no hiccups, the audit would be completed at least eight weeks after the preliminary testing, which would be around the end of August or the middle of September, 2022. An evaluation sheet was prepared by each member of the team who attended the due diligence. SBC scored 91 out of 400. We have reviewed three of the four reference requests that were sent to their pension and trust clients, responding favorably and recommended a selection at FBC, our Pennsylvania Public School Employee Retirement System, Maryland State Retirement and Pension System, and Montgomery County Employee Retirement System. FBC would like to be invited to the board, which is if approved by this board. our recommendation is based on the due diligence and site visit meeting the due diligence committee recommends that the board authorize the administrator to contract with sb and company to conduct audit services for the amongst proposed beginning with the fy 2021 audit my recommendation so any questions how much they cost how much they gonna cost us i i don't have that that that was a detailed discussion about 30 minutes in the last meeting in april i i that was submitted i can i'll have to go to my notes to get that information they are in line with the the prior auditor um the amount that there was um that they were submitting as fees the other um that the other uh respondent to the rfp kpmg was way out of line it was like maybe like 400 000 more i don't know why so um their fees um in 2021 should be about 110 000 2022 115 this is what they proposed 2023 120

1:17:18 20 24 125 20 25 130 000. this is in line with the uh prior auditor uh fees over the years so they did it is it this international um auditing certification they have it what's the name of it i don't know the name but it's an international organization that does approve other thing they are members members of their members yes yeah okay okay that's important and then and then um locally they they they approved to the business in the waging islands and they have they have started obviously inquiring and we told them what the responsibilities are Okay. So, okay. And last, they have any local presence? No.

1:18:22 Okay. So they're going to have to do it from abroad or sending people? Not necessarily. Well, just like any other firm. They don't have any local presence. However, However, we are in discussion with them as to how we're going to handle it. Obviously, the engagement partner would like to come down and at least, you know, come to the retreat, be invited to retreat, which I think is good because you'll have a chance to listen to the Makita and meet Makita and also the Actuary. and obviously they do have a way we can and which we have done with our um prior auditor to review records digital records okay now is they understand internal control they can do that we have no issues okay thank you you're welcome Any other further questions?

1:19:33 The chairman, I would make a recommendation that a recommendation that the board approve the. The question chair, sorry about that. I was trying to get out of mute. And this one is the scoring system you use, the 391 out of 400, is that a standard system you guys use? We have used it before. It's based on the information that is in the RFP. You pull out, you know, you zero in on certain requirements that they have to meet. And that's how we did it.

1:20:09 I was asking, is that how you do most of your scoring for the operation? Is it based on the, is it part of the practice of the system? it was done a large time I mean years ago based on the same it's it's in the RFP it tells you exactly what the requirements are and how do you have to meet in order to for your proposal to be to be approved and those areas are lifted right out of there and you score them based on what was received and the the responses and the due diligence okay did that answer your question sir yeah i i have i have one i was asking where you originated the scoring system from mr news i told you sir in the rfp and it's based in the rfp we did years ago back in 28 29 2009 2000 you have a certain requirements that they have to meet in the rfp they submit the rfp they include all the information we go back and do all our due diligence and we determine if they have meet that requirement and you score it and i mean i submitted to the team and we agreed that that was the best scoring method and we we did it that way okay thank you okay mr nip sorry sorry mr boy but the last audit when was it done and is this um need to have an audit related to what the inspector general did and how does that figure out mr nabes give me a sense of it the last audit what he might have said and then what we expect

1:22:07 from this audit this is a financial reporting audit inspector general audit was more of an operation type audit uh the last audit cited a few internal control weaknesses we discussed those within one was the loan program the issue with the loan program with having to sometimes reconcile outside of the system because of some glitches there was also a concern about the i.t and he's going to be looking at all of that. Obviously, he's going to collaborate with the prior auditor to discuss these things. Before he even comes in, he has to sit with the prior auditor and discuss these things, how we arrive at these things. We explain to him certain things or however he has to go back and determine what the auditor said and the reason why and things like that so he's not going to discuss anything in his review or looked at anything in regards to the return to work issue with the inspector general that's that's totally different we're dealing with the financial reporting part of it okay good good good so that yeah and and that's important i i i welcome that because we want to you know express to the public that we using some financial practices managing the money for the system and i i think that's very important okay i know that there are certain amounts that were um disclosed in the inspector general's uh report that retirees owe us now we may want to look at that and determine if it's is it's material enough to include in his his audit i'm not sure how he's going to handle it

1:24:03 but there's a mound that is owned by old by those individuals that was cited in the in the inspector general report yeah so they have to pay us we could discuss that at the retreat with him yeah yeah we should get what we want too yes i mean we also discussed with him the bonding note how to record obviously in 2021 since this was done in 2022 this would have to be a disclosure as a subsequent event in the financials for one in 2022 we we we don't know he talked about maybe doing a valuation to maybe report present value um we don't know as yet or maybe just recording one year every year we just record him on because it's not it's not guaranteed that we may receive these monies that's what he was thinking i mean it's there but however we don't know if we're gonna get the same so he didn't want to but he needs to discuss this with the actuary and especially the jury okay yeah i i look forward to that and i i would like to be involved in that process because i think it would add a lot of credibility to the system uh to have a solid you know review of the financial thing you know so i'm with you mr nips and and i hope that our team of trustees would would you know and the team that we have would would would cooperate fully well you know with any new order to come in he's looking at this he has different eyes so yeah you know we have a different approach and you know yeah that's the reason why he would want to he wants to um be able to attend the uh board retreat okay be able to discuss You need to approve it. My recommendation is that the uh you gave me authorization now to contract SB and company to conduct the audit for the period that I mentioned in the the proposal beginning with FY 2021. Yeah we want a comprehensive one though so okay

1:26:12 well I could support that. When you say comprehensive what do you mean? I mean, you know, as broad a scope that you could write within the confines of, you know, what the trustees are going to approve, because I think an audit, besides pointing out deficiencies, could be used to really improve, and it should be used to improve, you know, your entire process. so i i'm looking at that that's how i want to see it and as broad as you get within the contractual confines of what we need i i i could approve that because i i need a broad uh brush coming over the grs because you know past history and a lot of things people have negative views of it so yeah but as you can see we got a clean report the last time however there was some uh issues with internal control relative to four areas we prepared the un unaudited financial the cfo office does and all he would do is come in he would make sure he probably would look at everyone the account test them to see if they are okay and all of that stuff and you know he that person at the time you won't know until you get to see the books and records so yeah um i don't know how i don't know how far he's going to go based on what he sees but there are only three three or four areas that uh there was some internal control issues um they were not material enough to not to issue a clean report okay okay okay yeah and i'm with you i i think it benefits us okay so so you want authorization mr names

1:28:12 to contract s s and b company to conduct product services um proposed you want you want you want to fight for the five years is that what but whatever was proposed yes for the five years beginning with 2021 okay all right so i'll entertain a motion to authorize administrator to contract with smb company to conduct the audit services for this year well i move i move to um to approve the administrator's recommendation regarding this audit company I had a question just what was it what was the cost of this of this service uh let me go back i need a clarification on who second the motion i think it was dorsey okay uh 2021 has been cost 110 20 22 115 20 23 120 twenty twenty four hundred and twenty five twenty twenty five hundred and thirty okay thank you and and and mr nibs we did this question uh the motion second but so that when you were discussing

1:30:10 it with them they justified nobody seconded the motion does he just said discussion i thought somebody said second okay oh well you know then uh well i thought it was a second but anyhow does he say second second second second second yeah we discussion mr nibs so that they justify the increase each year by inflation or the cpi or something how they do that i i don't know i mean you know this could i mean obviously you know i i really cannot say it's very it's below i'm going to tell you right now last year it cost us 160 000 and when that started out it started about 115 120 000 then you know haven site came along obviously haven site if everything is clean with avian site you shouldn't that person should not have the to you know so that's things evolve there's a increase in in travel they may have to travel yeah yeah no so that type of thing you know i okay by five thousand dollars a year increase i don't think it's that substantial and i and i i don't have a problem with that i just wanted to find out if they justified um and you know it's reasonable i think it's pretty low because i know i have seen audits uh like i said a lot a motion that's moving second then uh could we have a vote and come through this man you're done you're done trusty wasn't yeah i'm finished we could have got to the vote yeah sure okay trusty carlwood yes trusty dorsey trusty dorsey yes yes trusty liger absent trusty mcdonnell absent trusty russell yes trusty smith absent chairman barry yes oh yes three absent i i thought that was justice me talking the woman she's not

1:32:41 the stenographer miss hill oh sorry sorry okay okay okay sorry next item on the agenda what is that uh increase the term of the complex tenants issues from one year to five years. Obviously there was some direction from the board. I went back and I tried to do some research looking at my minutes. It appears some type of direction was done in the board retreat in 2020.

1:33:21 uh because in december 17 2020 minutes and january 28 2021 minutes we are saying under lease agreements that the board had authorized us to move to a one-year lease term only and all on all leases i don't think there was a resolution we were looking for resolution there were none and prior to the board retreat i went back from september all the way back to me there was no mention about anything about the leases moving to one year however after the board retreat in my minutes on the lease agreements we talked and in two times on december 17 2020 meeting on the January 28th 2021 minutes um um board report uh administrators report also we talked about the board the board giving directions to um enter into one-year leases with our tenants that occupy the two complexes and st thomas and st core so that's the reason why we want to now move change from a one-year lease to uh a five-year lease tenants uh uh you know the we are now we have kind of um i think the basis for moving to the one year was because of the insolvency uh we didn't um there were unknowns this is my interpretation um and um i think now the the the tenants need to be able to be assured that they have a lease a long-term lease so

1:35:10 would like to the board to um i don't know how we're gonna handle this this was not a resolution it was not a board board i think we discussed it because of a presentation in the board retreat i think all that information was given and there was um a general consensus that we should move to a one-year lease so now we're going to be trying to move to a five-year lease so i'm not sure we're going to handle this since there was no board resolution well i mean i don't i don't recall what form the directives directed it was right clearly we may recall that the board had directed that we limit the leases to one year as you said that was because you are projected or predicted to be insolvent within 18 months at the time right it makes sense to enter into five-year leases when you're going to bankrupt in 18 months all right that was the reason i'm not sure what what form it took um i'm surprised that there's no record of it but in any case as we stand today you have one your leases yeah like i said i think it was done in the board retreat because after that the minutes and and the my report shows that the board directed so and miss clendenin remembers the same okay yeah so yeah i remember the same i remember too also so i'm saying the point is whatever form it took the reality is today we have one elisis yeah and what you're seeking is authorization to move move them to five village that's correct and

1:37:09 A couple of questions. One, how many are which tenants we're talking about, and is it your recommendation that we simply extend the current, keep the rest of the term, the terms of the lease and simply extend for one year? My understanding is that a couple of the tenants haven't signed any lease, obviously. for department of justice and on personnel having signage yes but all of the other leases were one term one year yes my question i have to extend four more years mr libs may i well my question my question is whether you're requesting that for those leases that are in play here that we keep all other provisions of the lease as is and simply external extend the number of years or you're you're contemplating revisiting lease term no miss no but mr clendenin you can speak no no no no what i mean no we don't we're not changing the terms okay i mean what i'm saying is we're not changing anything other than the the term which would be for five-year lease okay and which which which particular terms you're talking about well i don't know i'm not i i would have to have mr clenden and gum speak to that depression miss gums um we are not going to change any current leases that say one year today to five years but when their leases come for renewal

1:39:03 because casino control commission it was written in division of personnel and department of justice as well as the virgin islands finance housing authority and job corps their leases were one year leases so when their leases expire coming up on the year then we would have authorization it approved by the board to negotiate up to a five-year term but we wouldn't go back to their lease and change anything today it would be going forward in the future and then no other terms as you asked before would be changed unless we negotiate that at that time okay so just to be clear you're simply asking at this time for authorization to negotiate it to negotiate leases be up to up to five years that's correct okay that that's that that that's satisfying my inquiry any any other questions i have a question does this apply only to tenants in the grs complex um does it apply to the tenants at haven site mall no no thank you yeah i i got a question here um what why are we considering five year terms at this point the tenant is requiring or asking for five years tom yes well i mean when when tenants are planning uh they're um just like grs when they have financial status so where they're going to house their business a year-to-year term is very unsettling for them they wanted long-term commitments before the directive in 2020 we

1:41:19 were negotiating 10-year terms and that solidifies their obligation to the system and those rent collections those monies that we get from rent as part of our revenue well it's hard to do a five-year term right now and we just coming out of that insolvency threat and and we waiting for the entire ban issue to kick in and make sure that everything what when i listen to the financial given to the last you know the report you know the timing is a little strange for me to say okay we're giving you a five-year lease you know i don't know about that but i just wanted to add that the dynamic asset allocation um plan called for the selling of all our assets the conversation at the board retreat started with that and um if somebody can correct me if i'm incorrect that i think the board did vote not to sell all our assets that conversation with the one year was um also in conjunction with selling the assets and if we're not selling the assets then to assure that we have that revenue stream for our rentals so that you you if we give them another one year lease with an option to renew and that we could revisit it within you know a reasonable time to extend it depending on our you know our whole portfolio financial wherewithal and everything would that jeopardize any releases

1:43:17 basis for moving to one year was not based on that was based on selling of the assets oh okay the the the insolvency have been shaved off not quite a hundred percent so always saying let's move back since we're not selling the assets any longer let's move back so the the um the tenants they want to be comfortable that they have a long-term lease it used to be 10 we're just saying let's move it to five they need the budget and things like that let's move it to five with a long-term lease what what's what's what's the normal uh the term for for for for those kind of leases for the kind of tenants we have i mean a lot of those tenants invest significant amounts of money in in in the in the property that they're leasing for us And so it's important to them, and especially I suspect a lot of them have to have to finance their improvements to the property via loans. And so it's going to be important for them to have some stability and expect some stability in their business in order to finance their all right finance the investment yeah and some have done infrastructure improvements the question i'm asking is i mean you said you said five but um why why not more than five if what's the normal invest uh because i mean the kind of tenants we attract would depend on how how long they that they could expect to be not to have to worry about where they're going to locate the business well like mr annanen said initially it was 10 years ago and um you know we could rather rather than limit limit to five why don't we leave it to not some something like normal rental terms.

1:46:00 What is that? I don't know. They remain flexible. Yeah, so depending on the business, the five-year will work, depending on the kind of tenant they might need 10 years, depending on the investment they want to put in the particular place. or like one of our tenants that get federal funds they want to be on a year-to-year so i i am i hearing that you're giving management flexibility that's that that would be my proposal now that i mean the whole reason limiting the term is is is now no longer in play right okay so i i understand that yeah my preference will be for you to add the flexibility to to negotiate the best the best terms given the particular tenant and and and the return that we expect to get on that that would be my thing okay but if i might is that a fact misconduct in that of the tenants that we're talking about are the majority of government entities you're talking about justice personnel vi housing finance authority job corps which is a federal agency and you probably have maybe one or two private private entities am i correct yes and in response to a question which tenant is asking for five-year lease

1:47:55 that was casino control commission they wanted longer than the one-year lease the leases for justice and personnel they wanted longer than a year um five years with options to renews or 10 years with option to renews were all discussions we had okay and so i see me the chairman is saying that you know one option is to give management the flexibility up to a certain year and then you could decide depending on the entity how much years you want to give them and it seems to me that trustee russell is saying in his opinion and i may be putting words in his mouth five years might be too long you just think of a two-year three-year lease so you kind of have the full spectrum then i don't know what the other trustees are thinking i have a i have a thought on it um that relates to the division of personnel and the justice department i think you have to show or at least perform to be paying on time before you start talking about extended lease and in the same legal document the dollar uh square footage that they're being charged is way on the market and they're even fighting that so to me it looks like they don't want to pay anything they want a free ride um but i can't see going into a five-year lease i i wouldn't even do that with my own tenants i'm going to go into a lease with a tenant that's not paying i i want that tenant out so i can get in a tenant that's going to pay how much they're not paying trusty dorsey

1:49:47 sometimes they're two months behind what are you what are you talking about right now is just the department of justice uh mr nibs the department of justice and division of personnel they've been behind since i've been on the board and all they've been doing is trying to play catch up and playing back and forth with property and procurement property and procurement needs to do something but i'm looking at the latest report from you guys from mr attorney smith to to you mr nibs and under that section um department of justice uh you guys i want a clarification even on the insurance do they have insurance or they don't have insurance because in the report they say they're self-insured so i'm trying to think from a liability standpoint if something catches up in the office i mean who's who's going to cover that how's that work so i'm looking at your report these departments have a budget a budget is approved by the legislature where it includes rent omb allots their budget i guess now they have some type of arrangement up there where two pmp there must be purchase orders and whatever but won't be a lot of the money isn't allotted then obviously they can't pay on time so so mr mr nibs i said this to you and an attorney smith already how you guys negotiate these particular type of contracts with government agencies you guys need to get monies up front so that we can draw it out we need to change the paradigm as to how we set up these particular leases because the system is losing so it's like you're not listening you're responding all i'm trying to say we have to change how we do business with these particular agencies if you guys are not able to do it we can find somebody else to do that but this is not working because we're always behind we're always behind in collection give me a recommendation so how would you do it

1:51:59 wait wait wait wait wait we're going way off course here we're off course what we're proposing gives removes the restriction the the one-year restriction that's all we're doing that we leave so the the the management has has the discretion to negotiate individual leases with individual tenants for different terms if if the circumstances warrant it sorry i hear you if the circumstances one want a different kind of arrangement with with it with a particular government then so reflect that in there particularly what we're saying what i'm proposing is that we remove the restriction and leave it up to that that gives them my gives management the freedom and they make me to to negotiate different leases for different terms or different depending on the tenant and you know how we view our possibility of getting paid and all that kind of stuff um may i try conceptually it's sound good mr chairman but um we our responsibility is charged to protecting the system and some of these government ages don't even consider serious in paying the rent the flexibility i i um you should then just to wrestle is that we you discuss the mentor with those particular agencies yeah and i agree with flexibility but

1:53:47 yeah go ahead we also we have a responsibility for technicians we also have a responsibility to to raise revenue and to get a return on our investments that's an important responsibility that's not that this whole discussion we had today about about the you know the the that dynamic asset allocation we have to we have a responsibility as part of the funding of the system to earn a retirement investment and so getting rental payments from our tenants is part of that so um i i hear you when you talk about the difficulty we've had with government tenants i mean we understand difficulty with the government is in paying the the other obligations so the issue if you have an issue with a particular tenant then we address that particular tenant for their particular lease instead of giving putting a restriction on management for the whole universal leases that they have or potentially could get so i you know i i understand the issue we had with you know put particular tenant and difficult to have getting paid and that they are usually behind we understand that but so we'll deal with we'll deal with those leases there's no there's nothing said that every lease has to be five years we're just saying that every lease don't have to be one year

1:55:35 so i i think i think you know we'll we'll deal with with when that lease comes out doesn't the board have to approve those leases mr nips yeah i'm not too sure traditionally traditionally have not been submitted to the board for not to the board we will get we know exactly what the the terms would have been so we that we never submitted them to the board okay so i mean if that's something the board wants them to yeah i want that but it's just like havenside mall we don't submit the leases to the board yeah we have the authority to negotiate the leases yeah but we're negotiating the lease we're submitting the lease for for for the hotel and for put a sale to the ground sale the ground at least yeah at least please yeah yeah okay yeah you're gonna be getting 98 leases one time no but you know is it flexibility again um mr chairman yesterday we had a meeting and cathy can chime in you know it's the flexibility based on the type of tenant that you have and you just said the same thing that's what i'm proposing mr news where we are yes yes yes no no we're not arguing and i think what board council was saying about maybe having um the board get involved with it with all leases you know so i agree with you i think what the board just said parameters and and and i leave it to you guys to all right to negotiate the leases that's my possible so maybe one of the things you want to consider can i make a request should have been

1:57:24 can i make a request policy committee he took the words out of my mouth that's what i was going to suggest um i i'll make a motion that this um process be moved be moved to the um I'll see committee I second the motion I I'll tell Mr. Bori yes I I agree with changing the paradigm regarding particular leases that have been problematic um a majority of these leases are not problematic but we we need to have a better handle because you know and we need to come up without a plan. So I really, I am uncomfortable with that five-year and 10-year lease, and we still haven't really solved our insolvency to the extent that we satisfy people in the financial market, and we satisfy all people that govern in our finances.

1:58:59 So I, I, I, I support that motion and we can discuss it very extensively in a policy meeting. I, I, I, I'm not sure if I'm not following the logic. There's a motion on the floor. So, um, so there, there's a motion on the floor. What, what, what, what do you repeat the motion? These, these arrangements be moved to the policy committee.

1:59:28 moved and seconded dorsey moved russell seconded okay well called trusty carlwood yeah yes trusty dorsey yes trusty liger absent trustee mcdonnell absent trustee russell yes trustee smith absent chairman barry jimani voting um is he still on the line oh i'm still here i'm still here oh okay okay i'm just pondering my vote we're going to discuss it all the way come to the meeting excuse me and we'll discuss the whole issue in my committee because we got to discuss it uh mr boy we got we got to discuss it can't solve it just with that uh blanket authority to the you know to to the administration we got to discuss this is this is our arrangement for the system only the complex i mean that that was your recommendation that's why i asked what i'm just asking you you're the one that brought the haven site in the mix and that's the reason i'm thinking some people might be a little confused

2:01:29 well what was the question mr nibs what was the question mr nibs at your your um motion is lease arrangements for the complex only no in general because you're we were you're looking to get flexibility mr nibs to address leases in general that's what my understanding was from one to five years so we're trying to put a policy together i mean and just in terms of just in terms of renting most people who are not going to rent the people who don't pay on time they want them gone they don't want to go to court and chew all of that they want them gone other people want to rent they're that's just how the market is today it's a different thing with haven site but it's a different ball game yeah is the one that deal with easily says if she wants to chime in yes but it's a totally different ball game right i i agree and also a lot of the tenants in the mall they have to reconfigure and they spend significant amount of money reconfiguring the stores when they move in and so to get they need at least they want a five-year lease with options uh i think haven site can be an easy fix yeah i think so and and i think there's some other problematic issues here that we got to discuss and we can discuss them now okay well what i would recommend from you uh uh senator russell is that we set dates now because we have a lot of policy weekend dates you give us dates we have a lot of issues with with haven side that we need to uh yeah we go set the date now i can get my calendar here don't worry i want to meet next week about this though well we'll see if we available just give us at least three dates that we need to but we still need to we need to deal with this motion yeah i'll give you the dates because i i this is serious

2:03:45 um today mr chairman if you're still pondering your vote from a practical standpoint it probably doesn't make a difference if you have three persons voting yes yeah i i i'm aware of that so i'm i'm gonna i'm gonna abstain from them okay um mr nibs yes okay um okay three years uh three absent one abstain uh senator russell sorry sorry trustee russell hello hello so what's what's what's the alcohol involved yeah yeah um the dates we are we asked mr nips asks for some dates okay well we could fix that fix fix that with him after after the meeting okay good okay okay um i won't i won't advise any meeting next week um we have we have to look at our um sometime in june um early june but i'll call you mr names yeah you know give us at least three dates that you are not um you are available okay and

2:05:35 let's see if we have we have any conflict okay yes surely thank you okay so so so um chairman uh let me ask you a question the legal report are we going to go into that today it's not on the agenda no no no okay so we haven't been through the legal report itself and maybe several meetings unless i missed something i will put it on the agenda for the next meeting okay can we can we have that as one of the the items up front because we have a lot of items in here some pending for a while um they got different sections if you're familiar with the documents got like maybe four different sections i had some questions for even the well i had a question for the chair in reference to just for clarification for um the case section of it is all those cases have a hearing officer to the chair um i don't even know what case section you're talking about kathy could appeals appeals to the board section it's on page 17.

2:07:25 Mr. Trustee Dorsey most of those cases are medical review cases so right technically in front of the medical review committee which is somewhat not functioning because of lack of medical doctors to serve on those committees or these the ones who are on there making themselves available does the code say they have to be medical doctors or in the medical field Physicians, we're talking about physicians.

2:07:59 Okay. So certifications in certain areas in the medical field won't work? I'm not sure I understand what that means. I mean, most of them are board certified in whatever their specialties are, based on our experience and the regulation requirements. Okay. okay okay so it'll be on it'll be on the agenda so we'll take it up then all right could i get a motion to go into executive session we have another we have something else oh okay yeah i'm sorry that's the suspension of retirement annuity that's bill we have 210789 um what what what what what is it we have been asked what's the board's role in there will be what's being asked we are we are we were asked by senator novelle francis office we draft legislation to br uh the br 21079 which would be suspension of retirement annuities for persons convicted and confined on a felony charge during that personal period of confinement this have came up before us many times over the years since i've been here we never acted on it and no senator never really sponsored it but there are discussions um they sent us the bill they asked us to review it i had attorney smith did some research um of different uh pension system different states and she made uh some red line um i would let her put her red line

2:10:04 um up on the screen and discuss um how she um provided there was some concern as to who would advise us because if this law is passed and this person someone is convicted obviously someone would have to tell us to stop their annuity so attorney smith attorney smith attorney smith yeah before just like just then you know No, I think the bill has a problem policy-wise, and why does Tony Smith come on? Because somebody gets convicted, you want to stop the annuity? I don't understand that. I don't understand the rationale. our the request was submitted to us to look at it and ask how in any way this affects the grs to make make some changes in language we did some research and attorney smith would present watch okay good okay okay good can you hear me i can hear you okay because i've been speaking but i guess nobody could hear me okay i've shared my screen can everyone see it yes i've seen it okay i just made some changes as you can see um senator francis had forfeiture but basically if you read the body of it it's really a suspension of the benefits so i just changed that to make it

2:11:53 what to show the intent basically the major changes was um i added when he had um any person who was receiving a retirement annuity from the system has been sentenced to a term of confinement for a period of one year or more in a prison jail penal a penal institution a correctional facility i added halfway house home confinement and a facility in which is under the control and jurisdiction of a penal system and i've taken that language from other jurisdictions and then i added a provision under that a because senator francis said he didn't know what consequences he wanted if the person failed to notify us and i put that they will that will result in the loss of benefits until all pension funds including penalties and interests that had been erroneously paid have to to the individual has been recovered by the system and then also the period of confinement ends when the prisoner is paroled or released because the sentence has ended suspended or overturned so that makes it clear i would like to reorganize this but i didn't want to make too many changes because sometimes people get offended so i tried to add it in where i thought it was appropriate um the problem with the notice is you know if it's in the local court we can always reach out to the u.s attorney's office the ag's office and the courts to notify us and i did put in a provision that said concurrently with sentencing the clerk of the court shall provide notice to the system of the sentencing and then i said upon release from confinement a request to reinstate the annuity is required to be filed with a copy of the release documents before grs will consider the request the problem comes if the person is sentenced in another jurisdiction i don't know and i've looked and i don't see i didn't see anything

2:13:54 in the other pension systems um provisions as to how they would get noticed if it's a foreign jurisdiction and that's something you know i'm going to reach out to my um counterparts at the various pension systems and see if they have any suggestions or ideas and but i couldn't see anything in the legislation that i looked at for the various pension systems that gave any guidance on that and basically that's the changes that i uh suggestions i made to the senators legislation i i have a question chair um i need to ask uh board council is is this legal to take someone's money they earn i mean i'm trying to get the connection you went you did your time you earned your annuity now all of a sudden you got arrested for something but how do the two meet is what i'm trying to understand what i'm not sure this person's annuity might be supporting a family member as well so we would suspend the annuity and then that person would be on welfare or whatever i mean i'm just trying to understand the connection why would we do that it's like to me it's like you're beating down this person again um i don't know if this is even a due process situation but they already earned the annuity they didn't steal the money they might have did something else someplace else but what would that have to do with their annuity i'm trying to get the connection so i was asking our legal counsel if this is legal well when you ask whether it's legal um you know the legislature passes a bill like this it stands unless and until a court you know

2:15:49 overturns it but but let me just add as mr nibs indicated this matter has come up before the board in several occasions my recollection is every time it has raised its head the board has consistently said no to these types of provisions and some of it is because of the questions that trustee Dorsey just raised. And if you look at the statue that attorney Smith or Mr. Libs attached to this bill, most of the states that have any type of provision that's similar to this, the conviction is tied to some sort of fraud mismanagement of public funds. It is not such a broad conviction as in this proposed bill so i think even as a lawyer from that standpoint i think the bill is overbought and i don't think it'll be able to stand a a legal challenge if it's adopted the way it's been drafted um i'm not sure what the request was from the senator but it seemed to me that if this is before the board the board needs to take a position whether just in principle a concept this is something that the board is in favor of and if it is then you could you know go ahead and mark up the bill or make suggestions if you're not maybe that's what we need to be saying to the senator that the system is not in favor of these types of provisions but even if you take like the social security uh provisions those things also have exceptions for dependence of these individuals this bill doesn't address anything like that so again there's some serious concerns or challenges with this type of legislation um and as attorney spit indicated how do you enforce this in terms of if a person is convicted in florida i don't think the clerk

2:17:49 of the court in florida is going to know or care about notifying the system that you know joe blow who's a retiree of the government of the virgin islands and receiving an annuity has been convicted of a felony so so what you're going to have is persons who are convicted in the virgin islands being penalized or this provision applying to them and persons similarly convicted in some mainland jurisdiction they're going to keep getting their annuity potentially because nobody in the mainland is notifying the system here so again it's become very inequitable to and against um you know persons who are in the virgin islands so i just think this bill as proposed has a lot of issues um but you know trustees have to decide whether this is something that they even in favor of or would like to you know senators to pursue or simply say to them that this isn't the direction that the system would like to go well you know you know uh council i would vote on this bill if it included uh everybody that's tied to the system meaning the senators who vote for these uh unfunded liabilities uh i would do it from that standpoint if you tie everybody in because even prisoners have rights so i don't understand if a man or woman earns their annuity how you feel you could just take it from them just like that i i mean um i understand that i i i want to chime in i don't support this bill in one iota of what the policy they're trying to put that bill i think our system should so no we don't support it and let them know that it just it's it's it's sort of ridiculous but you know double punishment you you punishing somebody for something that they own and their family might need and they might have children and

2:20:01 a spouse no i don't support this bill at all so whether and i i commend um attorney smith for trying to massage it a little bit but um it can't it can't be massaged to to to my satisfaction to have a policy like this coming from our system supporting this kind of thing depriving somebody who work and and on paid into the system um that you know you're taking it away from them so I don't support it and I you know where I stand thank you okay just to give a little history um Miss Nibs was correct when this first um came up it was for people who um basically committed a crime against the government and uh and so they were taking the benefits away from them while they were being paid by well i should be saying maintained by the government of virgin islands because the government paid for them to be in prison i think that was the original um intent was the government was why should you get your pension when we're paying and supporting you while you're in prison and feeding you and housing you but since then it has um broadened to this very broad um bill it has changed over the years attorney smith if that was the intention of the bill i would agree that you subtract whatever the cost is to maintain the prisoner off of the annuity that way the government is not paying twice if that was the intent of the bill i don't know if that was the intent of this bill mr dorsey i'm just saying how it evolved i'm not saying i'm

2:21:53 not saying this bill you were telling me early on what the intent was early on we're talking about yeah the early bills that was the intent and i'm saying to you if that was the intent i can agree that we subtract so we don't pay twice as a government that i could agree to with explanation to the family that whatever the difference is that's what you would get and then we put it out there to the community and to all the participants that if you end up in our local system where we have to spend money it will be subtracted but then other things would have to happen but i could agree to something like that but just to take it just because you can that didn't make any sense but now what you're saying that makes sense i guess it looks like we have a real movement of unanimity here on the board um because i i i don't i don't agree with the intent of the bill either um my question the question we have before so we have a bill and we have been invited by the sponsor to to comment on the bill so we took we have to look like we have two options because decide to wash your hands completely of the bill and say you know you don't want to have anything to do with this bill in diplomatic terms or we could we could recognizing the the possibility that it might become law

2:23:40 with even over our objection and submit comments or put revisions that will make it less bad if there's such a term, if you don't want to use it better. um so i mean i i i don't agree with the intent of the bill either but um again the question is we have a request before us and we have to make a decision on the board and it seems to me that we could say i'm repeating myself now you could simply wash your hands of it and say we don't want anything to do with this bill or we could do both we could say we disagree with the intent of the bill but offer comments uh with revisions that make it less unpalatable to us in the event that it gets passed even above our own objections if we get past it's gonna be challenged because it's it sounds very unconstitutional not in its way it's broad brush so i support just saying the system don't want to get involved with this kind of bill and you know what you have to do we ain't involved with that and when they get challenged you know it's gonna be a challenge if they pass that i guarantee you it's gonna be challenged you know that was my initial thought until i saw all the different jurisdictions that have similar things yeah so i mean um that means republican jurisdiction

2:25:41 not that that that so we're talking we're talking about the courts now yeah and it's not a good policy it's not it's not it's not i'm agreeing with you okay so i i am i am for doing uh a nice letter disavowing ourselves from this and you know and i hope the osibir is a good point but to get into the nitty-gritty of dividing up and everything now i just i just don't like it so i'm i'm voting for just this avowing of self from this bill and not offering no suggestion to build it up good well the senator has asked for us to receive feedback i think i'm not sure the board needs to vote right now we can write a letter indicating that we reviewed the bill and it was brought before the board and the board does not endorse the bill and for the reasons why can we do that because i don't know how you're going to frame a motion now yeah i i like that i like that because just write a letter we discuss it with the board it's public public knowledge it's it's in regular session and that the board does not endorse the bill and we can give reasons why that's a good one that's a good way that's that's non-committal would that would that be with or without any suggestions for improvement well we would well kathy can still do

2:27:29 the markup we obviously we would have no way to determine how if there's a felon in new york how would we know and that person is receiving an annuity how would we know and i think they asked us uh in their letter this says we are hoping you can provide some guidance on how grs could potentially handle those type of new returns who are incarcerated outside the territory specifically how the grs will be informed so there's no way i don't know i know social security has some type of a program um that's what finish go ahead they wrote according to our legal counsel's research under the social security administration rules it is the prisoner's responsibility to advise i guess they would ask him any income and he'll have to advise that person of that person incarceration this provision is included in the attached draft the social security has pre-release arrangements with penal institution whereby these institutions advise ssa when a prisoner is being released so i guess there's some type of uh maybe when the person is sentenced they ask do you receive any type of income and from where mr nibs mr nibs and mr bory listen you can't increase the penalty just because you want to make a bill like that the penalty is bad it's bad policy that's increasing a penalty that i think we should not get involved with i'm saying i'm i'm agreeing with you i mean i i don't agree to pass either but i don't mean it won't pass that's my point that doesn't mean it won't pass they're going to lose every challenge no no that's what you say my bad i a lot a lot of things i've heard that won't pass it will be overturned by the third circuit and they don't know they don't get them they don't get them overturned we have experience with that so my recommendation is that we state that or we could take missing this but i think

2:29:41 and the slim chance whatever chance always limited at this thing make a pass that we should offer any suggestion we have that will make it will help to protect us if it if it passes without either without acknowledging that we agree or even formally saying that we disagree with everything we could say that if we want or you could take mr nip suggestion and don't comment on it at all and simply i think i think i think if there's if there are obvious areas where this could this could be bad for grs i think the staff should respond pointing out those areas and even suggesting ways to mitigate it um because as i said i i don't agree with it either i don't agree with the intent of the law i don't know the policy implications but that doesn't mean the latter thing i don't agree Well, the only problem I think with the GRS system would be how are we going to be advised that this person is incarcerated and we must stop the pension.

2:31:09 That's the only problem for us. That's, I mean, you know, other than the attorney Smith's red line. right that's the problem to us and i think they asked us how would we go around i don't know they would have to tell us you know we wouldn't know that person is incarcerated how do other jurisdictions do i mean is this well kathy like attorney smith said she would have to we did she would have to you know look um check with some of the other jurisdiction to determine how they advise that this person is incarcerated suppose i'm i got arrested in new york i mean and i have a pension in the virgin islands how would new york know to um pension know to stop mr bowery i can reach out to my counterparts at some of the um pension systems and ask them if there's any way how do they get notified i can do that today and i'm sure i'll have an answer by in a day or two if not sooner most people answer right away may i suggest what you may want to consider is sending a letter indicating that the board has discussed the issue um majority of the board fears that it's bad public policy and you may want to give one or two reasons why without going into any specifics and without suggesting any specific changes i assume should the senator and maybe um senate trustee Russell and maybe Trustee Caldwell has more on this to the proceed and then it comes up for hearing I think that might be the time where you may then want a red line or give specific recommendation or changes because I think other than even what Kathy has suggested there's some other areas that I think need to be addressed that we would need to look at so I mean I think this first go on you just send a general letter about the policy issues and and see whether or not he continues to pursue it i i was trying to comment this to the same um i i could i could punch 50 holes and nothing given scenarios of people being arrested right here i don't even have to

2:33:24 to consider people being arrested elsewhere you know sometimes simply the bill is talking about suspending payments while people are confined so what happens when somebody's arrested sitting in jail for two years they haven't been convicted of anything yet you know they go to trial they're convicted and then at that time the judge gives them credit for the two years that they've been sitting in jail so is that personnel in death for grs for the two years that they will receive in pension so so i'm just saying even with with local arrests i could punch a whole bunch of holes into the business. I think we should, I like a Tony Williams approach, where we, you know, right off the top, just let the senator know that we're, you know, where they both discuss it and, you know, we're opposed to the policy. And I personally, just my personal opinion, I can't see a senator's voting to push something like this forward.

2:34:21 You know, and like Tony Williams said, we send an initial letter and then if the senator continues to push forward with it then you know at that point then we see you know what we could do to try to get within the bill to kind of um make it more amicable but i don't think we need to make that kind of effort right now and i possibly could tell i right now i ain't supporting this in no way shape you know or form i looked at the document that had the policies for different states and there's some elements in some that are you know kind of feasible but you know i i i'm not in support i don't care what the social security administration doing and you know what they say to what this other state i feel that as a territorial government we are closer to all people you know so the federal government are there and they could stop social security that's them i feel state and local governments are closer to the people and you know to a certain extent we kind of got to look out for and i do believe that if somebody's incarcerated you know for you to on top of that now start their pension that's increasing the penalty you know in in my opinion you know if you're talking about somebody that commits fraud or or some kind of crime against the governmental votes and that's a whole different you know i i could go with that i could go with that you know but it's too easy to become a fellow you know it's too easy to become you drive on the veteran drive you over the speed limit somebody stepped up from between two cars they hit him you know because he was feeding you know so it yeah i think i think that's just my question i think we have unanimous consent on that part of it so the question is trying to figure out how do we respond you have a request from a senator any question how to respond and say

2:36:17 Do we cut ourselves away from it right now up front and don't respond or decline to offer comments or do we indicate that we totally disagree with the intent of the bill, however? Mr. Chairman. Yes. Mr. Carl, Trustee Carl would have a suggestion. I go with him, his suggestion. which is follow uh attorney williams own just briefly we we and if briefly respond and if it goes farther then we turn to katie smith and hope you know if it looks like you move farther just right now just briefly respond with a statement similar to what mr nibs and uh attorney williams proposed okay and i i support carlwood said it very clearly okay but i'm ready to dispose of that chair i just have a quick question in reference to this um attorney smith the original history is that accessible at this point when it was something a crime against the government i would have to um trusty dorsey i would have to look in my files and see i can check and see if i if i have that information in the file it was a while ago so i'm not sure i think it was the only one person i would like to have seen that original language i think whoever was uh put that supported that at the time that was probably the way to go it was senator francis i believe at the time oh okay

2:38:05 Okay. Okay. So, Mr. Nibs, you're clear on what needs to be done? I, you know, send our correspondence, you know, based on the, you know, language that, the combination of the language of attorneys Williams and myself. Okay. All right. Time for executive session now? Just copy us with that letter, okay?

2:38:36 attorney william could you just write us a draft i can go back to the the um tape but would you just write something and send it to me so i can see if it's the it's meshing with minds thank you okay motion for executive session Mr. Chair, I move that we move into executive session to discuss 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 iso move we're gonna second we're gonna second executive session we all we all left thank you thank you trusty carlwood yes trusty dorsey yes trusty liger absent trusty mcdonald absent trusty russell yeah what's this absent chairman sorry yes four years

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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 Andre Dorsey**
heard in this transcript as: Dorsey

2x **Trustee Leona E. Smith**
heard in this transcript as: Smith

2x **Trustee Ronald Russell**
heard in this transcript as: Russell

2x **Trustee Vincent Liger**
heard in this transcript as: Liger

Bills and acts referred to

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

Act 8560 Act 8560 · March 24, 2022 · An Act amending Virgin Islands Code, title 3, chapter 27, section 706 and chapter 28A, section 755 relating to the service retirement annuity to allow retirees to reenter government service and retain their annuity while paying a contribution to the Government Employees· Retirement System; amending title 3, chapter 25, subchapter III relating to the government personnel position classification system position to cover positions of annuitants who reenter government service; and for other related purposes ---0