Government of the Virgin Islands Retirement System Board Meeting

GERS Retirement System (Board of Trustees)

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0:00:00 Okay, so the next item is, is treasurer's report. Who's presenting that? jerrymeyer is um she's on she's on there but she's muted um she's coming good afternoon board chair other trustees yeah good afternoon before you start with germany mr mr nibs you said there was some things that you need with the board is gonna need to approve no i know i said we have to approve the treasurer's report and we have to approve certain things in executive i mean a regular session so you said you won't lose a quorum so i said what is it you have to approve in a regular session well i would think some procedures for retiring trustees i don't know what that means the discussion and the governor's recommendation this is we bring bring these recommendations to you and abroad going to say yay or nay and go forward and we write the governor and set up a meeting okay go ahead mr jeremiah

0:01:55 okay this is um the schedule of receipts and disbursement for the month ending february 20 2021 for the government employees retirement system receipts from collections loan repayment 875 568 year to date 6 176 247 rent from tenants slash utilities 24 272 year to date 203 881 employer retirement contributions 8 209 749 year to date 39,251,262. Employee retirement contributions 4,211,539. Year-to-date 19,973,371. parking facility 1,280 year to date 4,220 miscellaneous 22,861 year to date four i'm sorry four million nine hundred and ten thousand fifty two dollars for a total collections of 13 million three hundred and forty five thousand two hundred and sixty nine year to date, $70,519,033. Disbursements, annuity payments, $21,624,577. Year-to-date, $109,529,443. Administrative expenses, $1,330,411.

0:04:02 Year-to-date, $5,908,509. Personal loans, $5,415. Year-to-date, $117,460. Mortgage loans, $13,175. Year to date, 71,259. Retiree loans, 867. Year to date, 4,000.

0:04:34 There is nothing for auto loans. Refund of contributions, 1,064,388. Year to date, 3,634,851. for a total disbursement of $24,038,833, year-to-date $119,265,521 for a net cash deficit of $10,693,564, year to date forty forty eight million seven hundred and forty six thousand four hundred and eighty before before you move on um mr jeremiah and mr nibs so and i like all the other board members to chime in there if if necessary So what is the message or the meaning from that schedule?

0:05:45 I mean, we get it every month and you walk us through it and, you know, you read it. we're saying that for the month of february we collected overall what should we be concerned excuse me we're saying for the month of february we have collected overall 30 million but we expended 24 million okay and year to date and that's from september to current to february this is the overall picture we collected 70 million but we expended 119.

0:06:39 a negative cash flow of 48.7 million is that good is that good is that on track is that what we expected is there anything we need to do i mean well well i would try i would chime in i would like to chime in at this point mr chairman and what i think i'm looking at it from another angle also we are paying out 21.766 million dollars in annuities um we're only collecting that month we only collected 12 so we had to draw down funds okay so because it is negative cash flow between collections and um we have to be drawing from our our um our portfolio to meet these expenses are we not we're not investing any we're not investing any contributions actually right now we haven't invested contribution in yes so we can make investment income so i my take from this is that we are paying out annuities of 21.6 plus our administrative expenses 1.3 but we only collected in contributions that's the other information is smaller loan repayment so we collected maybe 13 millions so that's a a big difference of eight million or close to 10 million dollars so where do we get those funds from and that ties in that ties into a wheat and cash cash liquidity for cash flow and it also ties into the report we saw earlier where uh where our investment balance is going down as we as we will be drawing more exactly okay so you know what i'd like um mr i mean for for for board for board level i mean if you do just a little narrative down below there to tie that all in for us i mean not i'm not criticizing the report itself is a good report but i mean we could all read i mean and yeah and to have you come every board meeting and just read done number by number even talking about a one thousand three hundred dollar collection for parking that i mean um you know you understand what i'm saying am i i understand you want a little narrative of uh how what the what is the impact yeah put it in some strategic context you know i mean yeah okay and i mean just yesterday miss jerry may have sent me something we had to pull down 20 million that's after the faculty's report we could put that in there and actually

0:09:19 that we had to pull down 20 million in march just to read payroll and all of that stuff in advance just a brief thing you know not not not a lot of pages yeah but i mean just to summarize the report to give it some context so at the board level what what that means and you know i mean i guess we're gonna see the the the havens one coming up next that's the next one is that in there i mean jerry my only would usually have one for the a separate one she has it uh oh it's it's okay and then so we put that in the context of the discussion about the mall and the sale of the mall and and the whole cash flow thing and put it in context of what the governor is asking us to do in terms of getting involved in a loan program right now only our cash flow position is is of course a major concern so just tie them all together so you know at the board level we get a sense for what what on a strategic level what that means okay yeah yeah yeah i think i have it yes okay i mean i mean the report is there and it's a good report i have said that before you know we had a little things earlier and we collect that but i mean just so just to have you at your level just read down the report line by line and i'm looking at it on my screen and i'm seeing the same thing line by line i'm saying you know you could all read so no no no no criticism no offense but at a board level i think it would help force us to have some context for that report and the same thing for the next one you're gonna have the other one with the administrative uh with administrative expenses that's a little bit of thing about how that ties into the budget are we unscheduled for the budget are we going to overshoot or

0:11:35 undershoot the budget based on the numbers we have to date and we'll talk about that on your next the next slide that you have i guess and i i don't i don't see the one for the oh yes it's here okay so go ahead mr mr i don't know if any other board members have any thoughts about that uh chair yes sir if you go back to the initial meeting when i came on i did explain to you prior to coming on this board prior to going sitting to the senate i had watched about seven of these meetings on the zoom on the internet and i explained to you then probably in the second meeting i followed up and i said to you that we just come here and we have numbers being read i'm i am happy today that we have come full circle to a particular point yes we need to summarize it all up but we also need to add to that report what we can do with those assets chair not to sell the assets but what we can do to develop so that we can start to bite in to this monthly debt so we don't have to keep drawing down so much okay okay okay so i really would like to see a resolution by resolution i mean a board resolution or no the resolutions where the members say they want to sell assets and this is going on for a while and you and i mr carwood we just come but there is light at the end of the tunnel i said this in the last meeting and i'm seeing it more so we just found another 73 million that we're pre pre-spending on something we should not be spending

0:13:29 on as a plan we should not be spending that 73 million so we need that we need a meeting just to look at the finances or what we're spending we we still don't know as a board at least i don't know all that we're spending there may be other areas of concern that we just need to cut it okay all right so we would um that's a separate discussion i would what i would do mr dossier i'll get with you and see if we could figure out get a better understanding of what what is it you want and then we'll put that as an agenda item for the next budget committee meeting and to take note mr nims that next business committee meeting will have as an agenda item something for me after my discussion with mr dorsey about because i'm not to be to be honest with you mr but i'm not it's not clear in my mind what is it you're asking for so saying the same thing i am we need to see mr okay hold on hold on mr nibs mr chair this this is not difficult you know this is if you running your own house this is not difficult this is this is not difficult what i'm saying what is difficult or not i mean you can't decide i mean you what may be easy to maybe difficult to somebody else i'm saying to you okay okay i i take it i take it back i understand now i got you it's not i mean it's my fault it's my fault that was my fault i made certain assumptions

0:15:26 so i'm sorry it's not clear to me and i think i have a good sense of budgeting and finance i said it without any reservation when it comes to budgeting and comes to finance i know what i'm talking about i never said it's not clear to me what is well i'm not saying you said it just it's not if i'm just saying it's not clear to me what is it you're asking so i'll sit with you and we'll we'll come to some you'll explain to me and clearly if it's very simple then i'll understand and then we'll just we'll set up a special session for preferably starting a budget meeting where we could sit down and flesh it out because we're not going in a board meeting we can't get into the details that you will want in the board meeting we'll be here forever so we'll flesh it out in a committee meeting and when you get to a point where we need to put it to bring it to the board for board decision we do that mr chairman can i just clarify real life and i want the membership and the public to understand management submits a budget to the budget committee all the costs that us uh that are proposed are there they are reviewed by line item we know exactly what they are the board can make adjustments the board approved the budget and we go ahead and spend now if you want to see an item the contents of it then tell us that if you want to see professional services tell us that we can get it and see i mean that's what i think you're you're trying to say that's how i understand

0:17:28 but we went we went through that mr news all right well yeah you know You know, the thing about that, right, so that's what I'm saying. Mr. Dorsey wasn't here, so he didn't go through that exercise. We went through it, item by item, item by item, you know, and you know that I have, and Ms. Jeremiah, I know that I question you guys all around the, all around the department, in the numbers and we have written it and mr dorsey wasn't there that that is why i'm saying that we you know we need to i need to sit with him and understand what is it he he wants to get to and if i can provide it and if i can't explain it then we'll do a special meeting and in a budget committee meeting where we tear it apart we can't tear apart a budget in in a general meeting we'll be here forever okay so we have a deal with mr dorsey that i will say to them before the next budget committee meeting and i'm asking you to remind me to make sure it's on the agenda that we'll we will figure out what is it what is it he wants clarified and we'll take it from there because we can't do it can't do it in the board meeting okay in regards to the sale of assets like i told you i did my research and i know that it happened in a in a in a in our um board retreat because we were discussing the dynamic asset allocation i cannot find a resolution saying the board said to sell assets but it's embedded into the dynamic asset allocation because the dynamic actual location was going from from where it was in 2016 or something like that through liquidation so each asset was in that schedule as to what time to sell and the board approved the

0:19:28 entire dynamic asset allocation but he's asking me for to give him a resolution and i'm telling him i don't think there's a really there's a resolution approving the dynamic asset allocation where the sale of the assets are embedded into that allocation that's but mr names can you find the document where the board approve it a dynamic asset allocation yes but give it give that no but he was telling asking me for a resolution i didn't think he understood that it was not a separate resolution just saying sell assets we know when we were we know when we came to the board with carambola carambola was a resolution to sell carambola i think we had we had a special resolution for that because we brought it to our more approach border to the full board but i'm saying to sell all the assets is embedded into the dynamic asset allocation um summary that we did with mikita and investment people and the board approved the dynamic asset allocation where those assets are embedded to be sell at a certain period of time So, Mr. Nibs, that is what Mr. Liger is saying then. That is the resolution that you should have.

0:20:40 Well, he didn't ask me for that. I explained that to Mr. Dorsey that it's embedded in, but he wanted to see a special just for his assets, and I told him no. I don't think I can find that. I was looking all over the place. I mean, Mr. Nibs, that's why it's a whole long pageant, because we are reacting to what he's asked for. I think we need to react to what information he's trying to get to. He may not be asking for what, you probably will give him what he asked you for, and then he still doesn't get him where he wants to go. That is why I think, you know, he's asking me for specific things, and I'm not sure, in my mind, whether what you're saying, a little bit down to what he's trying to get to.

0:21:27 i'm not i'm not thinking that what what i'm hearing you saying is going to get getting what he wants i think we need to focus on what is it he wants to know and then we'll take it from there as i mean you say he's asking he's asking for a resolution and you said there's no resolution or you said there's a resolution i didn't find any and um i i don't know if um attorney williams can go back but i went through my all my files into board meetings looking at the votes i looked at to see if there was a resolution of motions done from the minutes i didn't see anything i know that it was done when we approved the dynamic asset allocation because all of the sale of assets are embedded into when they should be sold so what if what what if you find the resolution you're saying to him well i will i will i will look for it yeah okay and i'm saying okay let's assume that tonight you find a resolution and you send it yes you send the resolution does that satisfy his question i don't know yeah that's what i'm saying i i don't think there was we need to figure out and i'm trying to understand what is it you want one side rather than reacting to what he's asking for and that's why i said i would like to sit with him yeah you know and we we go through it in in a session where we could dig into it i mean we can't do that in a board meeting we'll be here all day the board meeting for the board to make chairman bori i i just wanted to go back and say i just want to go back and say that i was not uh trying to question your qualifications that's not was the point of what i was saying i was just trying to explain to you i was just trying to explain to you no i was just trying to i was trying to explain to you right i wasn't doing that that's

0:23:28 not who i am when i asked for the resolution because since i've been on the board if you go back in the minutes that's always been said to me there's a resolution so i'm asking for what i was told it's easy you can go back in the minutes and you'll see that that's what i was told coming onto the board i only asked for a copy of the resolution for all the different assets because i was told it was a resolution if it's something else with a different title then that's what i would ask for so i think that's pretty straightforward okay mr try to find this resolution i'll send him a copy of the dynamic asset allocation That was approved by the board and embedded in there was the sale of the assets.

0:24:17 You have the board approval? I'll go back. Yeah, the board approved the dynamic asset allocation. Yeah. Okay. Okay. Same to me. board uh chairman sorry chairman i was i also asked in the previous meetings for each of those assets i only got one for haven site i did not get for the other assets that the board is looking to sell as to what was done in terms of what was being proposed to develop those properties develop those assets so that they could start making money for the system i did request that however you see that mr names mr mr chairman i i indicated to mr barry the two raw pieces of land we had drawings and conceptual drawings and there was a plan the board has abandoned that plan i don't understand you know we don't have any money to to build unless you go into a public private partnership or something like that you don't have any monies to build no hotel and convention center and all of this stuff but i mean there are things if i don't have them geridian design group has a full set of plans also for the st cloy property but it takes time it takes time give me some time to get this because you can't you're asking me for all those things too so i mean you know last week give me send me an email tell me what you don't have a listing and i will get but it takes time to get this stuff some of the stuff i may have to go back and get the drawings and the things that you want from uh geradian design group let's move let's let's move on i think you know let's decide that we're gonna i'm gonna get you mr dorsey and get a clear understanding what is it what his concern is

0:26:20 and what is it you're trying to get to and we'll we'll we'll hash it out whatever it is in a budget committee meeting and then we'll we'll take it from there do me do me and do me a favor chairman when when you get what you believe you're gonna get when we sit down you'll find out that we're saying the same thing you know okay i would like to have i would like to have the people work and that would just verify it but this yes we're gonna we're gonna deal with that when we sit down i i have a meeting to finish we have a meeting to finish yes thank you next item where we are i don't remember where we are on the agenda move to approve the uh the haven site okay haven't cite more numbers miss um mr didn't finish her report right no she did not okay so mr jeremiah apologies continue all right this is the haven site operation for the month of february total collections 248 thousand six hundred and twenty nine year-to-date collection one million one hundred and twenty five thousand one hundred and seven our total disbursements two hundred and eighty three thousand seventy one year-to-date one million four hundred and six thousand four hundred and one we have a net cash deficit for the month of february of thirty four thousand four hundred and 42 a year-to-date cash deficit of 281 294. that's the end of the reading um chair Okay, any questions? Any other comments you want to make about the report? Mr. Nibs,

0:28:32 mr jeremiah any other questions very emotion to accept the report i move to accept the report you have a second mr chairman this is like a second yes trusty dorsey yes trusty mcdonnell absent trusty smith absent chairman barry yes four years two yes four years two absent okay so what is accepted next item on engine is new business procedure for retiring trustees who speaks to that i don't know i i didn't put it on the agenda i'm not sure i see a resolution here resolution oh that's what i think that's what it is i'm not sure i think that's okay all right all right okay so let's let's that's that's not a procedure i mean anything had a discussion about um figuring out some way to recognize the trustees who who gave us years of service and um um and i moved on and i i i guess that that's that's that's my bad day i was supposed to get a resolution what what i want is i want to propose is that the board pass a resolution

0:30:50 just of appreciation for the service of of retiring board members and some some of these board members have been on for many many years operating on farms that have long expired and continue to operate just to make sure we have a quorum without being without um without being we we re-installed i guess in in both in two in at least two cases and it's been so long they're not only they're not no longer eligible for we reinstall it so so i would um i would pass on that issue and i'll flush that out some more and revisit that for the next next board meeting but that that was that was the idea and i i asked for that to go there and i didn't i didn't know what i needed to do to follow up on it as you know there's a there's a mr chair mr chair based on what you indicated to um the board's assistant that she spoke to me i prepared resolution i don't know if you got a chance to look at it i think that's what mr nibs is referencing yeah yeah i i think i had a quick look at it and i wanted to tweak it some more and and because i wanted i wanted to win a one who wanted to be in a form where the board will approve it specifically so okay so i i would i i table that one for for this meeting mr mr nips so the next the next item is is the discussion yes um as you know i read

0:32:42 I find the information chair on the resolution. You don't want to approve what you have and it make amendments? No. Okay. All right. Thank you. Yeah, Mr. Ness. Okay. On the second item on the regular session, new business, As I indicated during my reading of the correspondences that the governor sent us a letter on February 25th, 2021. And we looked at it and we would like to respond to him. We did have an initial response to him. However, this is more in-depth as to the contents of our member education and communications, we're doing so i'll let miss um and the responses which was submitted yesterday afternoon um we should have a separate email on that um it's by paragraph so i'll let miss clendenin gums discuss paragraph three and paragraph three of the letter in regards to the um the type of webinars and member education programs that we have so so you're saying this this response was was sent to the governor no no sir it was not sent to the governor remember we discussed it and you said well i'll bring it to the board because the governor in his letter said he would like to speak with he said you which i guess he meant me and the

0:34:35 board about these issues so i um say i'll bring it to the board and let them know what where we are if they have any changes or they have any concerns or additions deletions let us know and then we can send it on to the governor indicating this is our position and we'd like to meet with him to discuss if that is okay with the board well i i think uh okay let's just let's go ahead i think the board the board will have to make um a decision as to how we want to move forward i mean there has to be a board decision and particularly with respect to the loan, the second, the loan piece, because I- All right, that's why we put the pros and the cons. We set it up as pros and cons so that the board will make that decision. I know what the board position is because we did it since 2015 and there was a legislation that Senator Gittins had brought to move us or pushed us into doing, We start in the program and we still, we have not done that because of the board's position of the fiduciary responsibility to the fund and they know what the cashflow issues and liquidity and everything.

0:36:02 So I'm just saying, if you don't want us to read it in, I mean, not read it in, but discuss it, we can have the board digest it. If you don't want it to be put into the record in a public session now because you don't want the governor knows exactly how you're thinking, or you don't want that to go into public domain at this time, especially about a loan program, then we can just indicate the member education program that we had and the paragraph four about a supplemental contribution program, which is part of act 6905 he referenced that uh you know as a as a different type of like a 401k you know come up with some type of employees sponsored or employee contribution program which there is one already which is a supplemental um contribution program which we addressed before okay so i i the i the item i think the item the customer service education program that's that's right for discussion in executive session i think they the um yeah the other one the the supplemental contribution but with respect to the yeah resumption of the of the loan program i think that that needs a full-fledged board decision um before we move on and that i mean okay we have us specifically because what you said we have my fact there's legislation that ask for for the there's already legislation that has the but a resumption yeah with assumption of the program and the board the board has made a decision not to resume not to stand in the

0:38:06 legislation because of the cash flow situation impact potentially and i i don't know whether the reasons whether the situation has improved since then i mean the reasons given the reason the board the reason the board is not to resume not to stand in legislation those circumstances in my view have just gotten worse still um i know i need some some in-depth discussions go ahead report on the letter and report on what you've done so far like i said we have a copy of the letter i did not read it into the record fully just summarize it that the governor made some suggestions about member education educating the members especially retirees and since there's going to be some hardships probably coming down the line and in regards to investments retirement planning you know estates and so i would like miss just to briefly said what we have and how we can probably modify it to take into account on what the governor requested point of information here yeah go ahead uh is is the board or the system in violation of the law since a law was passed to start the loan program are we in violation i don't i don't think i don't think you're going to expect me to answer that right

0:40:16 well our council we have we have i'm assuming i'm assuming that the board felt yeah yeah it's it's the it was within its legal authority not to carry out something in addition the The board of financial responsibility, that's also law. In your financial responsibility, your first responsibility is to the system. And more specifically, the trust, the funds of the system and the ability of the funds to do its primary purpose, which is to pay benefits.

0:41:01 So, I'm assuming that there's something on the record where the board made a decision that it has its legal authority not to resume the program, notwithstanding the legislation. So, Chair, I'd like to hear from legal counsel if we're in violation from our counsel, Mr. Williams, attorney Williams. truly chair this is a legal matter I think something like this should be discussed in executive that's not what I that's not what I asked chair that's not what I asked I did not ask the system i ask for our council if we're in violation as trustee i'm not i'm not going to ask my counsel to answer that mr chairman once once we discuss this and we admit we are in violation what then what even if you are asked to do something and you do not have the ability to do it even with the law what are you going to do i'm going to ask the council to do mr chairman i just want to add to clarify because the public is listening and hearing these things what the governor is asking us to do is to partner with a bank or private financial institution we would not be we're going to get to that oh okay i just wanted yeah i just want to clarify

0:42:55 because you know people are going to be confused as to what was asked but but mr chairman we we have had this offer prior to to today there there was a uh uh with the credit union there was a credit union in st thomas that came to us and they wanted to partner with us but it's it's not as easy as as it sounds okay yeah and what mr liger said was true and i think in my initial response i told the governor we have gone to this before so anyway um miss clandering gums um could you just briefly summarize um the programs that we have and is there anything that we are not doing that the governor is suggesting please information chair point information go ahead um i just needed clarity clarity on what you were suggesting um you were indicating that the request that i made through you to counsel williams you're not going to allow him to answer are you not allowing him to answer in general session or does that also include the executive session you want me to ask my counsel to to put on the record whether we're in violation law you want to ask your counsel that? I asked the question you indicated you're not going to allow him to answer. So I was asking you, I'm very clear, is that pertaining to only regular session or does that also include executive session in terms of receiving an answer?

0:44:54 We'll revisit it in executive session. Okay, that's fine. That's fine. Thank you. Good afternoon, trustees. In response to the governor's letter, the customer service, the communication and member education unit currently provides sessions pertaining to the GRS specifically, pre-retirement sessions, countdown to retirement, transition to retirement, hazardous retirement sessions, and post-retirement sessions. These sessions are designed to help members plan for their retirement. I mean, it involves a division of personnel, which you have to do as far as health insurance, your life insurance, and social security. We've partnered last year as of October, signing an MOA with the AARP of the Virgin Islands to expand the workshops and webinars we offer our actives and members. We are calling that series our Financial Literacy Wellness Series.

0:46:12 Again, it began last year and it will continue for one year. At the end of one year, we will do an evaluation of the program so to see things we can improve or add once we get that feedback. On Wednesdays, once a month, the types of programs that are offered, it talks about savings and planning, managing and protecting your assets. We do estate planning, the type of legal documents you need, kind of the difference between a will or power of attorney, the medical power of attorney, living will versus trust. also talks about your budget and debt, home ownership, interest, building good credit habits, savings, and how you do that. And it touches on investing. In the governor's letter, he talks a lot about investing money.

0:47:09 And what we have done is reached out to AARP for them to advise us how we can dive more into this, as well as the division of personnel who had something similar planned for the active members. So that's our communication and member education and the investing part, we do plan to have a partnership to dive into that more for our actives and retirees.

0:47:42 Any questions on that? Okay, that's it, Mr. Nips. is there anything what the governor's suggestion is letter that we're not doing not exactly we could do more in investing uh again we just started that um i did reach out to the division of personnel and to aarp to see how we can get that as its own class it's touched upon in our financial literacy wellness series but maybe we can offer a class on that itself or webinar workshop so we did reach out to them that would be the only thing i i would say okay thank you you're welcome because i did attend one of the um aarp and it was very in-depth i learned a whole lot so i think we are covering uh a lot of information with partnering partnering with aarp virgin islands was um is a positive thing we don't have to pay for anything it's a sign thank you and um it's a wealth of information that is given out in those workshops okay um i'll move on to paragraph four of the letter supplemental contribution program i think this is what the governor was trying to allude to this was uh established under act number 60 60 905 i'm sorry it's it's 60 95 it's 6905 that's an error uh section seven on sub chapter three was signed into law by governor turnbull on december 26 2006. it acts like a direct contribution plan or 401k plan it's an employee um employee investment contributions only the employer pays no part and does not uh share any any of the costs or contribute any um employer contributions it was addressed by grs about 10 years ago i'm thinking um okay um again an rfp

0:49:48 was instead of where an rfp was circulated there were three respondents two were selected to present to the border the board selected tiacref because of its presence at the in the virgin islands at uvi and also for its diversified investment products discussions were started however tiacref requested that grs be the administrative function to receive the deductions which would be the employee contributions only from dof and forward to tiacref the board position was that the deduction should go directly from DOF to TIAA-CREF. We didn't want to have any administrative. The only administrative thing we wanted to do was to set up the program and determine because the law states we have to determine how the plan is going to be run and all of the requirements. We didn't want to have any other administrative function between the employee and TIAA-CREF. At that time, Department of Finance did not have the required platform to do that and would have been costly for them to implement. That was their position at the time. The project was then put on hold. TIACREF has a relationship with UVI and I know it works very well because I informed recently with the HR how that was working. Implementation of the program could be revisited. It could be.

0:51:17 would need to dialogue with the university virginology hr payroll to determine what compatible platform is used to transmit the deductions to tia craft and contact here craft to determine if they are still interested in something like this also we would have to maybe discuss with dof to determine if their platform is now compatible i know at the time they were having issues with the the the system and they said it was not compatible so it can be revisited it would be something between the employee and tia craft just like ira something like that about 401k where you have a deduction all of you come up and you make a you have some type of relationship with tia craft some type of uh agreement to sign uh like how much is going to be taken out of your your pay every two weeks you know and it goes you have that agreement and finance will deduct it you'll have to find you know sign some agreement with finance to deduct your monies and then it goes to tear your crap you would have to select your investment products that you want to invest in so grs will be out of the loop after the requirements are set up we don't want to get involved in the company deductions come to grs if there are issues we got to resolve them and reconcile them and then send them on to TIA CREF so that was the only drawback and also with finance having doesn't have a didn't have a compatible platform at the time to do that so it's something that can be revisited many employees years ago used to ask about you know investing in this program because they wanted to have control over how they invest their monies so this can be something outside of the grs program be your own personal direct

0:53:13 contribution or 401k type ira type where you contribute and you you select the products that you want to invest in okay one comment also check with the agencies because it wouldn't be limited to just the central government it would be open to wapa how is it yeah yeah i just wanted to make sure because you just had deal yeah you're right you're right because drf was a problem at the time but um uvi's work has been working very well with them so they have the platform they the person told me miss richards told me that i'm no problem at all um so we it can be revisited but like i said a time dof because we are concentrating on the majority of the members are in the central government um so we guess we would have to if the uh the employees that are assigned to the autonomous agencies want to participate we would have to determine that they have also the um compatible platform to participate in the program the agencies okay but it's something that can be revisited yeah you know you know it's not costing us anything grs what what you're saying what's what's the next step you see for this this item this one that i just discussed next step right now would be to determine if finance have the well first we want to know if TIAA-CREF is still interested in participating. They're here, they have a relationship with UVI and we want to ask them, we want to open up this program again. Are you interested in

0:55:03 participating? Have there been any changes since the last time? Then we would obviously have to go to, because we have to be the facilitator now. The talks in the legislation that we're going to facilitate and determine what requirements are there's a heavy burden on the grs the board because we have to set it up and determine all the requirements and everything it's a lengthy piece of legislation i i sent it i sent copies to the members of the board last week but uh we'll we'll talk with uh finance and we'll talk with the semi-autonomy agencies payroll um and hr units to determine if they could have a compatible uh platform that they can talk to um ti aircraft and then we can move forward but we first need to know if ti aircraft is interested if they're not then an rsp would have to be sent out looking for um looking for um you know Is it their threshold decision that you need to make, whether in fact they want to get involved at all? No, no, no. I think it's up to the member. They can invest how much they want to invest. I don't remember. I can go back to the legislation and check, but I don't remember seeing a threshold.

0:56:28 Okay. I'm just I'm just weary given where we're at in terms of sliding into insolvency for taking on any any further responsibility. I mean, to the extent that to the extent that this is something that could help the members, I, you know, I am in favor of of pursuing it. I think yeah members will have to start over it's not that they can take their contributions that they have in deposit now and move it over they would have to start from day one investing and they would have to understand that it's not that their contribution that is sitting in you know that they've been the lesser they had they've been working they've been a members for 25 years and now this program comes up well okay transform my monies over to tia pref that is not going to happen they will have to start a new investment so we ask them to get to get involved in a program that theoretically or presumably may not we won't be able to support in in two years or so Well, it's an employee. I think he's, yeah, well, after we set it up, because the legislation talk about the Board of Trustees setting up the program, all the requirements and everything

0:58:14 have to be set up. It spells out some of the requirements. After we do that, it's now between the employee and the provider we don't get involved anymore see but i mean an employee right now can do it on their own they can set up a raw diary on their own if they're interested listen i just want to make it clear if grs does set up the supplemental contribution program the members need to understand this is in addition to the still paying grs yes that's what i just said it's not you can't transfer your contributions you have to continue as a member you would have to start from start over just like if you'd invested into a wrought ira and employees can do that right now they can invest in any vehicle um outside of grs i understand i just wanted to make it clear because some members can be confused and think that this is something this is you're breaking up um tony smith can't tell you break you just you're breaking up okay look it looks like we lost them yeah okay well that's um that's all i have so um no discussion on the other piece which one the um the loan program yeah i well all i would like to say is that this is in this is not going there's not going to be any responsibility on the grs other than providing the collateral for the loan. We did put in some pros and cons. You did mention that we didn't want to discuss them until the board has flushed them out. I don't want to put anything in a public domain and get high hopes up, but we have discussed, we met with two of the credit unions and we did that, yes, 2016, we did have a meeting with the St. Thomas Federal Credit Union. We did have a meeting with them on March 9th St. Thomas and the Frederick Stead Credit Union. The lady in St. Clair is gonna check

1:00:44 with the Christian Stead Credit Union and Mid-Ireland. But presently, it's not a significant amount of monies, the terms, and if we had to go into the loan program, we would have put the same terms and the same amount. We're only looking at maybe a maximum of let's say 10,000 um with a term of five years maybe less because the time horizon now between insolvency is about three years i don't know we may have to revisit the term and um the person must be a member of the credit union there'll be no retirees can participate the retirees would not be participating and these would be new loans um so i don't want to discuss the pros and the cons right now i think the board i have to give you know give them that um leeway to make a decision as to what we should do how we should present it today but it's something that he proposed that we looked at we did look at it uh five years ago however it's coming under certain conditions now and the loan amounts and everything and so i'll leave it as that until the board has made their met and make their decisions but i just want to mention that it's it would be a part we would not have to put out any monies at all other than hold a collateral for the amount up to the amount of the loan that's all and just to be clear i mean once once we sign off on that we book the collateral that becomes a liability right well yes in a way and my recommendation you would i would have you put it in a separate uh state sheet bank we put it in some type of separate account and um obviously let's say for instance 2024 come a member can't pay the member defaults the member don't pay out of pocket then we would have to pay the we'd have to pay the credit yes correct so it's a liability okay and then and then at the book the loan it becomes a liability to the system well yeah

1:03:07 uh it doesn't become a liability until the member defaults i think the contingent liability a contingent yes but our contingency is not it's not in the numbers it's just a note but it is it doesn't really become a true liability until the member defaults if any if that happens i i disagree with you but we're okay yeah sure no problem we a lot of you you set up you set up you you have to say by the mere fact you segregate in some of your assets that's a that's a concession that you you recognize in a liability well you know it's not that's not a theory and accounting issues that we have we can discuss with the auditor and see how how he would book it but um but yeah because the thing is that they the the credit union wants to make sure that they're going to be paid if something happens exactly and um we don't want to obviously right they want to make sure they're big right as far as the credit union is concerned if the person doesn't pay gms pays yes we'll have to because that's what we do right now we take it out of their contributions therein therein lies the liability well anyway yeah okay so that that's your report on that yes i'm not going to go any further you know we have given the pros and the cons on each um

1:04:58 you're going to want to have a discussion on that in more detail in more depth in an executive session maybe but not not not um not in regular session until we have finalized it because i don't know you know you don't want to to have any high hopes up with the members yeah i was asked if you want to discuss it you know in the budget it's just very much straightforward mr chairman like i'm looking at the i'm looking at the significant amount of our in involvement it's not that much maybe maybe about 77 million five i'm thinking because one agency that probably can have a capacity of five million the smaller one says maybe 500 000 so if you look at it it's about 7.5 million we would have to set aside as a collateral so um it's not that much when you look at the entire picture but we said we have to set aside it because obviously there are contingence liability library is going to become a like could become a liability but based on our experience um based on what i'm looking when it becomes in summer i assume members would still be paying their deductions um how are things changing how is this different i mean we had a loan program that would discontinue okay and we did yeah refuse refuse to to reinstate it resuming so what's different now how is this different well the thing is okay fine i mean i can go into the reason why if we let's say for instance the grs

1:06:48 want to do the same thing right now with the conditions that we under with cash flow and all that stuff okay and we would probably limit it to probably less than 10 because we know that members we did a little study one time and we look at how much if we if we limit the loans because remember the threshold for launches would be fifty thousand dollars you're going to want to go back into that because obviously the board has already made a decision about cash flow and all of that so you want to limit it to either 10 and we say we limit it to at least five thousand dollars for new loans and the terms would be maybe three years so if you do that you know that the majority of the members are not going to be able to qualify and this is something we are told um senator um the senator that did this before we know that because we are limited to 10 a lot of people wouldn't qualify because they have so many other so much other debt that they're paying out of the check the net pay wouldn't have been able to to um because of the terms had changed they would not have been able to to pay back the loan um the cons with this is grs suspended loan program in 2015 because of the cash liquidity until a significant amount of cash is infused in the system the board ignored or did not did not put into play a legislation that was passed forcing grs to restart the loan program because of uh the board fiduciary responsibility to the fund that was our position if we restart this program is going to increase administrative costs to return the processing unit because we got to bring processors in while the board has mandated budget reductions because of insolvency um the loan processing module functions have not been tested

1:08:45 because now we're on a new platform so we haven't tested any processing of loans in that platform so that would have to take some time and and all of that to learn to to go through that function and that we have too many outstanding issues right now functionality and data fixes in the loan area in vessel e3 velocity as we call it with the current system we should be concentrating on resolving those issues and there's what we call duplicate payments and lates from dof department of finance which comes in just about every month which slows down the posting of deductions meaning if you have a if you have issues in february if you have issues in january and you don't resolve those issues you can't post february okay so if you don't resolve those issues in three months you can go forward and post post so we don't want to get involved in that now because we have so much other issues to deal with but they may what they propose as a next step well you could tell us what tell us should we just submit this do you agree with what we're saying our pros and our cons because i gave you a summary and do you agree with what we're saying should we pursue this should we not and then we send it to the governor and say this is not in our venture interest or this is now a venture's best interest these are the pros and the cons um but like i said we would not put out anything we put out any monies as a matter of fact we may make four percent interest only only only because we're going to get back monies from those um the uh the credit unions because they will charge the rate of eight percent

1:10:32 so we're going to get back at least four percent of that interest that is being charged okay i i for one i'm not ready to to to make a call or not i mean i need to we need to have some some in-depth discussion on this before before we uh we get involved in that so um i'd like to to table this for some further further review by the board probably via via committee meeting that we could spend a lot of time digging into pros and cons yeah i i have some serious reservations about it so yeah okay okay chair i have a point information yes um i need to ask council another question if i can ryan ask him yeah in reference to the the ubi program is my understanding from council which which was said in a previous meeting, if you work for the system, you'll have to pay into the GRS. Is that correct? If you're a government employee? No, it's different qualification. Ms. Clendid and I think you know it better than us in regards to how, I think it's only teachers maybe and certain employees have to be GRS, be part of the GRS program.

1:12:17 I think the faculty, some of those people, some of them are TIA-CREF. I think it's administrative people and other people have to be GRS, part of the GRS system. Is that correct, Ms. Gums? I don't know specifically for UVI, but their TIA-CREF, yes, it is faculty and some other senior higher leadership type staff in TIA-CREF. and all of that that's not my question that's not my question mr nibs i was asking council i was i i hear council say if you work for the government you're supposed to be paying into the system that's what the council indicated for the board that was a couple of meetings back yeah so i was just trying to get clarification on that but i'm telling you what vobi is we just told you so he's certain employees it depends on what function you are i know someone worked in i'm asking about i'm asking about the law because what uva is doing could be incorrect mr nips i'm asking about what the law says what does the law say what does the code say i don't know the code the code which which counselor you referring to pedro williams indicated a few meetings back send the minutes if you work for the government you're supposed to be paying into the system if you work for the government so i was asking what does the laws say not what uva is doing it doesn't mean what they're doing is even right okay that is my understanding and interpretation of the law that if you are employed by the government of the virgin islands you are automatically a member of

1:14:11 the system and has to have to make contributions okay so my next question is if those employees at the university of the virgin islands who are part of the government of the virgin islands are they paying in the craft program would be an alternative investment program but they still should be paying into the central government system which means if they haven't been paying and that means the university owes this government a lot of money and lost investment income we need to go to the ubi section of the code and see what it is how it was set up the trf craft program how it was set up yeah that's that's correct mr nips i'm i'm currently doing some research now it might be an exception that's in their enabling statute and is not listed in ours such as the case has occurred with the casino control commission where that it was not listed in our particular section but it was listed in their particular section but i'm currently doing research right now hopefully i'll be able to find an answer by the time we get into executive session okay chair my other question was to mr nibs if he if if there are employees in the system right now who are working for the government in some capacity and still receiving an annuity because they might have worked for a different part of the government so now they're working for another part of the government and still receiving an annuity do we have employees in that category. There are exceptions to that. You know the legislature, if you were an executive

1:16:00 employee and you retired from the executive branch, you can go to become a senator and continue to receive your annuity and you receive a check from the from the legislature and when you retire from the legislature, you receive another annuity. That is law. Not just the executive branch, it could be the judicial branch also okay so chair that's that's just another layer of areas of concern that we really need to fix as a board it's one government it's one government so we're just kind of like sending people home requesting to send people home from this system here the grs system and then we got people who are already working a full-time job getting the same government money and still getting an annuity. Then on the back end, we're telling other government employees who work in the central government that they can't do the same thing. It's just not fair. It's just not right. It is a void that we need to fix. It's just going on too long. Either we're going to try to fix it or we're not going to try to fix it. You have to get eight votes from the legislature to do that then because it will be affected. We're not worried about the eight votes mr nips the point is the point is you know there's a problem you have to try to fix it and bring it forward as a board as an administration look at it mr dorsey i look think based on materiality you look at it it's not that much we have to look at the significant funding of the system to keep the system that stuff that is going on like that because of the law that is in place right now it's insignificant to the big picture it's it's insignificant from what standpoint mr all that money all that money adds up all that money adds up i'm just saying all that money adds up you're saying something you're saying

1:17:57 something insignificant to somebody who might have to be let go from your system it's not insignificant if i know we were going to be successful i would go for it i know we're not going to be successful but that's not even that's not even your fight that's not your fight i keep telling you you guys to me you got your wires crossed when it come to war you should be fighting that is something that should be done we have a legal arm of the government that's how that should be done you don't have to do every fight you know there are other agencies that can take that on because it's one government uh uh chair this letter from the governor what are we going to do with this letter because we're talking about the letter the pro and cons but the letter hasn't been read into the record you want elected right into the record well we're talking about pros and cons of what we're recommending but people don't know what we're talking about unless it's a public document they can go up on the website and read it for themselves then we should tell the public that all right so you want you want us to post the letter on the website that's that's your request it should be posted so people can understand what we're talking about we know what it is the general public don't know what we're talking about oh mr chairman i can i can read it into the record if he wants me to no no not today oh okay you could submit it to whoever to post it on the website just post the website okay okay so we have two more items to do we need to go back into executive session

1:19:51 yeah yes yes sir we have a motion do you have a motion to go into executive session i move that we're going to executive session second Mr. Chairman, I second. Bullden seconded. We'll call. Trustee Calwood? Yes. Trustee Dorsey? No.

1:20:39 Trustee Liger? Yes. Trustee McDonnell, absent. Trustee Smith absent, Chairman Bari? Yes. Chair, three yes, one no, two absent. Okay, two items we have left.

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.

2x **Trustee Andre Dorsey**
heard in this transcript as: Dorsey

2x **Senator Kenneth L. Gittens**
heard in this transcript as: Gittins

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

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 6905 Act 6905 · An Act authorizing the issuance of Pension Obligations Bonds; amending the Retirement System Reform Act, 3 V.I.C., chapter 27 by establishing a new retirement program for members of the Legislature and establishing a Supplemental Contribution Program; amending 3 V.I.C., sections 1 and 31 to increase the governor·s salary to $150,000 and the Lt. Governor·s salary to $125,000; amending 2 V-I.C., section 71 to increase the salaries of the members of the Legislature; authorizing the issuance of a guaranty to Golden Gaming LLLP, ratifying illegal contracts, making appropriations and for other purposes ---0