GERS Townhall Meeting, St. Thomas - March 12, 2020

GERS Retirement System (Board of Trustees)

March 12, 2020 · 1.7 hours · gov

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0:00:00 Good evening, ladies and gentlemen. We are about to start. Before we do get started, I want to do a little housekeeping. First off, I want you to cast your eyes in that direction. You'll notice that there's a screen displaying. If you're to the left or to the rear and you have trouble seeing that screen, this is a good time to make your move so that you can see it a little better. Also, if you have a mobile phone or other electronic device, please put it on vibrate or turn it off so that we're not interrupted. And I will again say good evening. Thank you all for being here tonight.

0:00:48 We'd like to acknowledge the GER CEO Nibs, our panelists and members of the broadcast family who are bringing this to you live and also GERS staff members and you our honored guests my name is Anita Davis I'll be your host and moderator and I'd like to welcome you to this town hall meeting hosted by your government employees retirement system entitled insolvency is not an option today you're going to hear from Austin L. Nibs CPA and administrator as well as CEO of the Government Employees Retirement System. I'd like to acknowledge him if you would please. He's also joined by Kathy Smith Esquire and General Counsel. Kathy if you would wave. Shoran D.C. Sasso, Director of Member Services, and Glenville Henderson, Investment Analyst. I'm going to give you a rundown on how the evening is going to proceed. You will have a presentation by your CEO, Mr. Nibs, after the presentation you will be invited to ask a question. All questions are going to be timed to a one-minute maximum. If it turns out you have additional questions, you'll be given some paper so that you can write your questions down so that they can be fielded by the other panelists in between movements. So your follow-up questions and additional questions will be written on the paper provided and we will be strict about the one-minute maximum because we want to make sure

0:02:42 that everyone has an opportunity to have their issues heard we will read the questions and all the questions will be answered by the staff and posted and printed publicly those that we don't get to and they'll be sent by email to each town hall participants so those of you who are not able to hear your questions make sure that you add your valid email to your question there may be a brief intermission there may not it really depends on how things go it looks like we have a lot of people who have a lot of questions so without further ado we're going to get things started and that will be with a presentation by austin l nibs your cpa your administrator and ceo of the government employees retirement system good evening it's nice to see so many of you here i think we got to do better than we did in st croix st croix we had at least 300 members so go and call your um friends who you know are members and let them know to come out but it's been about two years now since we um had a Thong Hall meeting. It was in February 2018. Since that time, obviously things have changed with the system significantly. So what we want to do in the presentation is a very short presentation. We'll just bring you up to date as to where we are and then you will have questions and answers. The most important thing tonight is to hear your questions and for us to give you the answers. How many individuals in here are active members?

0:04:28 That's a good show. So I guess everyone else is a retiree. That always happens. We have more retirees to the meetings than actives. Okay, so we're going to start with the active membership from 1994. to 2018. As you can see in this graph, in 2018, we had approximately 9,368 members. That's active members. Now, that has changed significantly.

0:05:12 Currently, we have 8,708 active members, dropped from 9,368 to 8,708 active members, and currently we have, I mean, I'm sorry, 8,708 retirees and 8,586 active members. Almost 1,000 dropped. And one of the reasons this occurred, because after the hurricanes, a lot of the members that are not vested have been leaving the system. And it's happening, we have a lot of members who are not vested that are leaving the system. Obviously, because it's unknown, they don't know exactly what's going to happen. They're young enough to leave and maybe start over, but we need them, but they're leaving for a lot of those reasons. And as you know, we need contributions. Contributions is what drives a pension system. Contributions to invest into the market, to gain investment income so we can pay the retirees. As you can see here, the contribution levels versus the benefits levels.

0:06:35 Let me tell you, every month we present to the board about the contributions coming in and the benefits payments. Every month we pay out close to $22 million a month to retirees. The contribution levels have increased somewhat, but usually it's 50% less. So that's where that problem is with the shortfall in contributions. We're not collecting enough contributions to pay the benefits to the retirees. And when that happens, the GRS has to go to its portfolio and draw down assets. So as you can see, our assets now are dwindling significantly. Hence, the unfunded liability is increasing. So I remember back in 2007, or just before the 2008 recession, we had about $1.3 billion in assets.

0:07:41 And you know what happened in 2008, 2009? Our assets had diminished to about $800 million. That's a significant drop. and 2009, 2010, 2011, it came back up somewhat, but it came up to like maybe $1.1 billion. And since that time, it's been decreasing significantly. So presently, our unfunded liability is approximately $2.93. It could be higher. This is 2018. We don't have 2019 results as yet, but if the assets are going down, That means the unfunded liability is going up, so it could be probably $3 billion or more. And as you can see, our funded ratio is 20.8%. I must say, and I'm not glad to say this, but we have the worst funded ratio in the United States. Kentucky is about 33%. And we're not going to compare ourselves with Puerto Rico, but we are the lowest funded pension system in the United States. We have something what we call ADEC, and we're going to base the conversation on these two things that you see on the screen right there. And these are the main reasons why the system is in the way it is. You're going to hear a lot of talk about bad investments and things like that. That didn't cause the problem with the system. Two main reasons why this system is the way it is. There were nine unfunded mandates that were granted or voted into law by the legislature going back from 1983, 1984, 1995, 1994, 2000, 2001. So there were nine unfunded mandates. One of those unfunded mandates cost the system

0:09:47 $120 million. And I think the legislature appropriated it was approximately $30 million. So it was net at least $90 million that were given to us. And nothing else for the other eight. So that means that members went home without paying their fair share of contributions. And those members probably still live in today. Okay? That's one of the biggest problems right now. Also, the actuarially determined employer contribution, what we call ADEC. These are the, it's a statutory contribution, but they're actuarially determined by the actuary. Every year, they determine what additional contributions have to come into the system to keep the system on an actuarially-sung basis. As you can see, we are 20.8% funded. You have some system in the United States that are 100% or more funded. A lot of them are around the average about 80%, 60% to 80% funded. But you must be able to have additional contributions because members are living longer.

0:11:05 And because of these unfunded mandates that occurred earlier in the life of the system, where individuals are living longer, continue to pay them benefits, and the contributions are not coming in. So this report are given to the legislature every year. What the legislature is supposed to do is to fund the system based on the actuaries recommended contributions, and they have not been doing that. They have not done that since I think 1990. And that's a long period of time. So now that amount is probably over $2 billion that is owed to the system by the plan sponsors. The combination of the central government and the semi-autonomous agencies. Now next week, hopefully, George Gomez is going to rule on this 718, section 718 of the code, this actuarial contributions. I don't know how he's going to rule, but I think the government has already said that the last commissioner did acknowledge that it's owed to us, correct? Okay, so I think that, but the thing is that can we get the $2 billion from the central government because they don't have the funds? but maybe there are ways we can talk about it a little later, but hopefully the judge will rule in our favor that it's due to us.

These are the nine unfunded mandates. They should be in your handout. This is the actuality determining employer contributions.

0:12:50 As you can see, the variance between what should have been collected and what was due. what was due. So there's a big variance. Let's look at 2019. The ADEC contribution that should be due is $277,000. We are projecting we may get about $83 million. I'm sorry, $277 million. And we are projecting to probably receive about $83 million. This is the big reason right here we have that disparity in the contributions.

0:13:28 At the same time, during the same period, GRS had to go to its portfolio and draw down between 2000 and 2019 approximately, I can't see that, but I know it's a $1.7 billion. $1,693,039,000. That's a lot of money from that portfolio. And we did that because we didn't have enough monies to pay the benefits.

0:14:08 Now, if these monies did not move from the portfolio, we won't probably be here today talking about insolvency of the system and if that means that the government would have been paid its fair share of the ADEC, the contributions, and if that was so we would not have had to withdraw those funds. Also let me state here that in January 1, 2020 we raise the employer rate 3% from 20.5% to 23.5% to bring in additional contributions. But do you know what the employer should be paying based on the actuarial assumptions?

0:14:57 Instead of 23.5, they should be paying 67% of payroll. So you see what that disparity right there. And that's because they neglected to fund the system on an arterial basis all those years. Somehow we're not moving. Okay. There's nothing happening, it's not.

0:15:53 The message went through the whole thing now. May God come out and go back in again. While we await the return of the presentation to the screen, I'd like to welcome my broadcast family members, Lucky 13 WSTA and 107.9 FM Divide for bringing this live to the people of the Virgin Islands and the world. You're listening to Insolvency is Not an Option, a presentation by the Government Employees retirement system in the United States Virgin Islands we're on the island of St.

0:16:41 Thomas I'm your host Anita Davis later on following this presentation you will be able to ask questions a reminder that your questions are limited to one minute maximum and if you go over you all are going to be invited to write your question down and we will pop them in where time permits between live questions and this is to ensure that everyone has an opportunity to participate but those questions that don't make it either to the floor or get read live as long as you provide your email address GERS staff will definitely address your questions and they'll make these answers public so that everyone will know the answers to the questions that you have so we are standing by for the return of our presentation which was being presented by GERS CEO Nibs we're also going to have our expert panelists answering your questions and they are Kathy Smith Esquire general counsel we are also joined by Shoran D.C. Sasso, your director of member services, and Glenville Henderson, investment analyst. For those of you who just came in, we do want to remind you to make sure that your phone is on vibrate or on the off setting so as not to disturb the proceedings.

0:18:27 yeah okay um i'm on page nine of the handout uh because we're having some technical difficulties so we're still on page nine i just want to point out on page nine our withdrawals as like i said um in 2020 so far how much we have withdrawn so far for 2020 we've withdrawn 60 million dollars to cover benefits Is that fiscal year or calendar year?

0:19:27 Fiscal year. Okay. So we have withdrawn 60-something million dollars already to pay benefits. So it appears that it's probably in line with last year, thinking about how many months we are in the fiscal year. Page 10, it just shows the market rate of return from 2000 to 2019. And this is a very important page because it scans about maybe 19 or 20 years. And in those 20 years, there were only at least five years of negative return. And those negative returns were in the period when the market was down. Look at 2008. 2008. The market went into a recession, right? Let's look at 2001, the same thing, 2001, 2002.

0:20:28 So, if you want to, let's be honest. Because you hear a lot of misinformation about how the market returns, what the board did and what they didn't do, the investments were bad. Well, it seems like we did pretty well. 15 years out of 20 years and during those 20 years there were only five down years due to market conditions okay so we're on page 10 okay let's move to right now our assets is about uh 580 million approximately 580 million. That's what we're down to. That's the portfolio in the market. And then we have our real assets, which is Havenside Mall, and the two vacant pieces of property, and the two office buildings. As you know, we sold Carambola. So we are now down to about $582 million for $83 million.

0:21:52 Now on page 12. This is a very important slide. Somebody brought this to my attention today that we must stress this slide because it tells a story. It shows the contribution levels benefit payments at 100%. So right now, each retiree is receiving 100% of the benefit payments. So we know that there is shortfall, and we have projected that by 2023-2024, the assets would run out, especially the liquid assets. We may still have some real assets left, but the liquid assets would run out. So what happens? If nothing is done by the plan sponsor, the legislature, your contributions will go down to at least

45%. I'm sorry, your annuity. Your annuity would be reduced at least 45%. We don't want to get there. We don't want to, well, this is real. We're basing this, if nothing is done, and I can give you some assurance, we have been doing the best we can on our own as GRS. Now it's in the hands of the governor and the legislature.

0:23:26 But all we're saying is, if nothing is done by 2023 or 2024, meaning to infuse the system with a significant amount of cash, need to be infused a significant amount of cash. And that 100% annuity that you receive every month will go down to at least 45%. Mr. Nibs, if I would. I think it's important for you to understand that right now you get 100%.

0:24:04 At 2023-2024, when the system rounds the assets, your benefits are basically going to be on a pay-by-go basis. So whatever funds the system gets from the general government, the contributions, it'll come in and it'll go directly back out to you, the retirees. so that's why miss nips is mentioning that you'll probably get somewhere around 45 percent and it could be less because it depends on the amount of contributions that are coming in if members who are not vested are leaving the system and we have a lot of non-vested members in our system alone we lost about about 10 or 15 since the hurricane so they're leaving So if non-vested members start to leave, if they see that the government is not going to do anything, they're not doing anything, or there is no movement, let's be honest.

0:25:01 We've got to tell you, put everything on the table. Those members are going to leave, so that means there'll be reductions in contributions. So what Mr. Henderson said, come 2023, 2024, we can only pay you what we collect. So some days it depends. sometimes the government don't pay in on time or the semi-autonomous agencies don't pay in on time. That happens. By law, they should pay 10 days after the pay period. Those money should come in. And when it comes to the day we have to pay the benefits, we can only pay what we receive. So it could be 45%. It could be 40%. It could be 35%. But we have to pay you only what we receive.

0:25:45 Okay? We'll have more discussions, and you can ask some questions about that. So what's happening with GRS? What's been happening? Let's see if this works. There we go. Okay. So what's been happening lately with GRS? Well, we had a meeting with the governor and the legislature on November 25th, 2019. and out of that, well, we gave the, we presented to the governor the recommendations from the actuary and there were two recommendations from the actuary to keep the system at least moving and at least until, given some time, until we can get a large infusion in cash and one of those recommendations were increased in the employer contribution rate to 23.5%, a 3% increase which we did effective January 1, 2020. That has been implemented. The other recommendation was, and this is only the actuaries' recommendation, was to cut benefits now by 30%, meaning that instead of 100% cut the benefits to 70% to give, to be able to catch up so that, but by 2023, hopefully the infusion will be there. And hopefully that you probably will, I don't know, that would have to be negotiated with the employer, but hopefully to get back to where you were before. So that was the two other recommendations. We implemented one and the board has not discussed the other one at any length. I know that in that meeting the governor said he doesn't approve on any cuts for the members and the legislature as all 15 were there said the same. So it's in the hands of the of the plan sponsoring the legislature out of that meeting also we

0:28:03 came up with a GRS legislative working group we met twice it's where the senators asked to meet with us so we can talk with each other brainstorm and give them some recommendation as to revenue generating items I think we came up with a significant amount, at least 20. But that legislature, I mean, I'm going to be very honest with you. You may have to increase taxes. I don't know. Or something is going to have to be done if you want to get to the deficit. Every year, there's a deficit of $150 million shortfall. That's why you remember Mr. Henderson said for 2090, we are, we're drew 125 million so every year we came up come up with at least 150 million deficit because we have to pay expenses to to our employees and the government does not give us any administrative expenses also mr nibs to note that as we add more retirees to the retiree payroll that deficit increases? That's correct. And every pay period, we retire at least 20, about 20, an average of 20 people go home initial annuities every pay period. So that's like 40 a month. Obviously, there are members who pass in a way and things like that, but it would increase the deficit every year. So we're looking at ways that we can be able to generate income, and the legislature would have to do that. But at least they start to work with us, and we'll see how far that goes. The governor has also created a GRS Solvency Working Group. He brought it to our attention, and hopefully he would get that going very shortly. I did recommend to him that he include at least the two retiree groups, and he agreed to that. So hopefully that, we did have a task force under Governor DeYoung, and there were a lot of initiatives that were passed. GRS made a lot of recommendations, but those were like structural changes to the

0:30:24 instead. Now we're looking for more for the money part of it, because the system is not going to survive without an infusion of cash. There's an initiative going around by GRUF. GRUF is the St. Thomas Retiree Group. I see some of the members are here. There was a presentation made by this organization at the last board meeting and I was very impressed because I made a presentation to the St. Khoi Retiree Group on Tuesday, on Monday and they were very receptive to the GRUF initiative. so I told them well they need to get in contact and join together I know that they did have a protest on

Tuesday morning Wednesday morning down at in Tsing Khoi in front of the government the government house in Tsing Khoi they tied up the traffic and things like that but I think some of them now are realizing that what the situation is and it's no longer It's something that can be very detrimental to the economy if this system is allowed to become insolvent.

0:31:39 Not just the economy, but to the member. You have some members who lift annuity check to annuity check, and it's gonna be very detrimental to them also. Some members haven't even been able to collect social security as yet. But we, that's why we are here, letting the members, educating the members as to what occurred, who the responsibilities are. Now, let me make this clear, because some members in St. Croix still didn't get it.

0:32:12 GRS by statute collects contributions and invests the contributions in order to pay benefits. GRS has no responsibility to try to find money. And that's what we've been doing. That's the responsibility of the legislature to fund this system correctly and the plan sponsor. That's all GRS is supposed to do. Collect the contributions, pay benefits, and administer the program.

0:32:46 That's all we're supposed to do. Now, there's a portion of the code that talks about financing, and GRS went out on its own. We went out to an insurance company to see if we can get at least a couple, a billion dollars or more, a billion, to see if we can finance the system. We also met with the delegate three times, well, two times in D.C. and two times in the Virgin Islands, and also with a national group, which we are a member, Nancy Peirce. We talked about going to the U.S. Treasury to get at least $2 billion or $3 billion on GRS's dime.

0:33:30 So that with a low-interest loan, maybe of 3%, 2%, 30-year terms with 10-year waiver, principal, and interest. Now, nothing like this has never been done before. It's unprecedented. So, you know, you're going to have to take Congress to probably get involved. I don't know if the Republicans or the, not to say the Republicans, the administration, I'm not sure they're going to be favorable to something like that. So we don't know, okay? But at least we tried. Now it's in the hands of the governor. We have presented it to him, and I think he's taking steps because he told me that when he was in D.C. a few weeks ago, he had a meeting with U.S. Treasury, and there were three things on the table that he spoke about, and I think he said it publicly so I can say it. He spoke about a gasoline excise tax. This is what Gruff, the initiative that Gruff is trying to get out there. So if you're a retiree, you need to see Gruff and sign a petition, the initiative that they have. I'm not sure they circulated the presentation yet, but you all guys need to get it out there.

0:34:44 Also, he spoke about maybe trying to get some smaller distilleries in, because as you know, Diageo is under capacity. They're not at full capacity. So to bring in some rum distillers so that we can probably get some increase in the rum tax that comes back to us. Also, he indicated that he did discuss the GRS plight, and he said that they didn't say yes or no, but they were leaning their ears and thinking about it. But let's think about it.

0:35:20 If this system is left to become insolvent, it's going to cause the federal government more. Because you have to put more federal monies into the system, more food stamps, more monies for healthcare. It's going to be a situation. This is what we're trying to probably present to them. Also, we did a white paper, GRS did. We just put it on the website. It's about 100 pages or so. It was issued in August 2019. We didn't make it public because we gave it to the governor, we gave it to the legislators in 2019. It was put on the website yesterday so you can go up and look at that white paper. A lot, a lot of information, statistical information. But I think GRS has done as much as it can do to make sure that this system does not go on. We try every day, but it's up to the plan sponsor and the legislature to make sure that the system stays solvent. And like I said, the governor did meet, and hopefully he can get the insolvency of the solvency group, I'm sorry, the GRS solvency working group together so that we can throw ideas out.

0:36:36 and maybe they may have town hall meetings so that the members can participate, but something has to be done. And as that graph showed, if nothing is done by 2023, 2024, and it could be faster. Thank God we're not into any, well, the market has been going on for the last week, so we don't have no more of our uh investment into any stocks like that yeah we've been the risk in the portfolio for a couple of years now so for events like what's occurring right now so yeah we're pretty prepared for that yeah we used to have 17 managers i see miss barry are there so she should know we used to have 17 managers now we're down to three and most of our monies are into bonds those are secured cannot we had to de-risk our portfolio contrary to what you're hearing out there okay that we should be in this big market because the market was up when the market is down now we would have lost our shirt okay so i think the um the board did a right move in um de-risking the portfolio that's all i have and we'll just await your questions and hopefully you can give you the right answers let's show our appreciation to mr nibs for the presentation and also i'd like to appreciate all of the members of team gers who are here making sure that you have this forum let's give them also a round of applause as we prepare for our first question um i'm going to read one that came off the floor so if you have a question the person you're going to be approaching is Sakita Freeman over here she will have the mic for you remember you have one minute and if you don't get your full question in or you have other questions you can write them down and put your email address you can also write them and have them pulled up so that we can put them in between things so as we prepare for our first question from the floor I'm going to direct this one to the panelists and once you receive the question you can answer it or if it's

0:38:58 appropriate to you this one comes from it doesn't say but it says military veterans after serving 20 years can work for the Virgin Islands government 10 years and retire again being vested after 10 years is there is this not draining the system I guess they expect them to be vested after 20 years that's what they wrote at the end which which one of you thinks that you would be able to feel that I'm going to it Good evening everyone, Shoran Sasso. The law provides that military veterans can get three years of active service as credited service.

0:39:55 However, they have to pay in for the military service to make up that 10 years of credited service. Three years only of military service. So no military person can walk, can get 20 years of just military credit with the Virgin Islands government. It's three years and they have to pay in the employee and the employer contributions to get that credit I have another question if we have someone coming up from the floor but I do have another question do you want to take the one from the floor okay go right ahead yes it is good afternoon mr.

0:40:52 panelists after active members and retirees I want to thank you to provide this information to us this afternoon most of this information you have been providing to the public for some years now so when when I read the title that insolvency is not my name is Randolph Thomas by this by the way is not is another not an option I was hoping that we would get some meaningful solutions being presented to us here so I was wondering what's the substantive meaning for us from a solution perspective of that title and you don't have to answer that yet two more quick questions my other question is I was wondering what was the monthly revenue from member loans before they were discontinued what was the monthly revenue and I would anticipate that your your consultants would have done an analysis to see really whether or not it was beneficial. I know you guys indicated that you needed to discontinue because you need to pay but I was wondering if those the revenue from member loans would not have given you a further run in regards to being to being able to pay these benefits. And finally, would the GRS be willing to partner with an organization to provide a sustainable solution in terms of revenue to the GRS?

0:42:40 Well, let's look at the last one. When you said partner with an organization, That's not our responsibility. The responsibility of bringing revenues into the trust, it has to be legislated through contributions or some other means. So I don't think that's GRS responsibility. GRS can make the investments to get investment income. So that's, I think I have to make that clear. As far as the income from loans, I'm aware that we, I'll give it to you on an annual basis, we used to make sometimes nine, ten million dollars a year in interest from the loans.

0:43:26 And the main reason why the board suspended the loans indefinitely now, they did it indefinitely in 2015 is because we knew we had to change our asset allocation and we knew that the time horizon was getting very short for insolvency. So we would have had to reduce the terms of loans, the terms of the loans and most members would not have been able to pay a loan back in five years. You must remember some active members are going on with a $20 check every pay period. You don't know, but I know. Because they have so much liability, they have so many loans at credit unions all over. So they're going home with minimum amount in net pay. So how were they going to be able to pay me back? That's what I'm saying. So we know the time horizon would have been short. We didn't want to get it where you come to insolvency. It's all liquidity. We needed the funds to pay the benefits okay so we couldn't be lending monies out and getting it back ten years later that's the issue right there now with you said something about insolvency and the meaning of the title well it's not an option because if insolvency happens it's gonna hurt every member it's gonna hurt the retirees, it's going to hurt the economy, and you know something, the active members will continue to pain and they don't know what's going to happen. But maybe let's say in 15, 20 years, when tier one individuals, you must remember tier one, tier two, I'm

0:45:19 sorry. Tier 2 members started back in 2005. So let's say into 15-20 years when they start to retire, the system is going to turn around. It is going to turn around if you continuously fund it, increase your funding, and you must remember that Tier 2 members are going to get less benefits because they're paying in more. They're paying in more to get less benefits right now. So the system will turn around if we get a large infusion of cash and over the next 20 years it would turn around so insolvency is not an it cannot be an option too many people depend on annuities we generate 250 million dollars of the retirees some of the retirees are not here and in the states you know that not that many but a lot of them could travel back and forth but we put lot of money into the economy. And when you multiply it with a multiplier effect, it's about 400, 500 million dollars. So if that economy is losing that type of money, you know, you should know what's going to happen. So that's why we say insolvency is not an option. There has to be other options to keep this system afloat.

0:46:39 And our next question coming from the floor, thank you. Good evening to everyone. Evening. Earlier, first of all, I want to say it's unfortunate that we're here in this situation, but I heard you spoke earlier about when you say that you didn't feel that the executives or the board made a bad decision in terms of selling Carambolda and also now going and sell the supermarket down in the west. I disagree with that because persons or groups don't sell assets. What I feel you are sure to do is whether lease and or own that that property in maybe as I saying listen it in that way we will be liquidating our assets also sometime back I asked you about why don't we turn because I know right now why co owns the dark I mean owns the Havenside Mall, why don't we work on getting a museum open there, which I'm speaking about, a state-of-the-art museum, which you said you do have intentions of doing that, and I hope you go forward with that, because that's a big asset that can come to that area, which is a tourism industry thank you okay let's go from number three the museum this is something that has been on the table but you know what the problem is we can't get those individuals who are trained

0:48:36 who worked at dp enough who understands the archives and the cultural uh things about the virgin islands to come back to work i've spoken to many of them they would have to give up their pension number one and they don't want to do that and that's one of the reasons why that museum hasn't moved forward well I'm just saying you you have to have someone from the Virgin Islands who understand the culture and knows the culture you can't bring someone from the states and expect them to do that you need to have people who worked in the government before they worked at DPNR they been working in the archives and the library science and all that stuff who understand and knows the culture the Virgin Islands that's the whole thing about having a museum because depict what happened there on the dock it could do a lot of things but that's the reason why it's not that we hadn't tried we did try as far as vi finest vi finest was alone and you know something if i could have had every one of you in here to support vi finest we wouldn't be vi finest would have been operating trust me i know a lot of reasons why vi's finest did not succeed. I can't say publicly, but I know. Okay, they had a mortgage with us. We didn't own the property. The property is owned by V.I. Port Authority, and thank God that they defaulted on the loan. It was $11 million, and we sold the leasehold, which the mortgage, it was a mortgage leasehold for the building. We sold that to the university last week for 8.2 million dollars and we have received so far over 11 million dollars from VI finest yes it was a good project but it did not succeed because of a lot of reasons plus a lot of the members did not support it if other if other supermarkets would five cents less they go to the other supermarket. Trust me, I know. So it was not supported by the members. And the reason why they didn't have things on the shelf is because of a lot of reasons. And I think you should know what I'm talking about. Okay?

0:50:54 Weico does not own the mall. The mall is owned by GRS. I think you said Weico owned the mall. Oh, okay. In regards to Carambola, Carambola was a loan. It was a loan that the board, and number one, when I saw that property, I didn't know it had such beautiful property in the Virgin Islands, and especially Sinkoi, when I saw it for the first time. It was a beautiful piece of property. We had a five-year loan with them. We know it was high risk, and we charged them high interest rates because it was high risk and they defaulted we didn't go in to Karambola to own a hotel it was an investment where we know just like we invest in and we get back investment returns so we had to take it over it didn't really make any monies the time we between between that period in 2012 and before the hurricane hit it didn't really make any money so GRS had to put in cash calls all the time to keep this carambola going during the summertime.

0:52:04 Okay, then initially we had to put in a lot of monies to refurbish the place, about $15 million or more. And then just before, after the storm, yes, it was, the occupancy was high because the guests were FEMA people and responders and all of those people from the states. So there was a high, but the damage to Carambola was $23 million, okay? And at that time, Carambola appraisal was $15 million, but we had damages of $23 million, and we received 17 investment proceeds. Four of that 17 had to be put in, the insurance demanded, we put it in to remediate and mold infest and roofs, and still, I was over there, stayed over there up to two days ago, and it's still in disrepair. And you know what? Marriott wanted us to put in another 15 million. No. The board, I think, make a right decision to move and sell it, okay?

0:53:16 We have another question from the floor, good evening. Good evening. Let me say before, I'm sorry. Before the hurricane, Yes, we did a lot of offers for Carambola. There were a lot of offers for Carambola and they were good offers. Like 30 million and 33 million. Yeah, the offers were there. I just want to put that in. We did have offers before the hurricane. 30 million and 33 million and all of that. But after the hurricane, it knocked everything out. So why hold on to an asset when you know Marriott is asking to put in more monies and i'd have to be using your contributions to put it in and we don't know you know so i think it was an investment we took it over we ran it ran it for um a good seven years danny only had about um two and a half three years good years out of those seven years and it was time to i think to to do what we had to do and sell carabolo it's a beautiful piece of property but it's it's really damaged right now because I was there up to two days ago good evening madam moderator good evening to the members of the panel and good evening to fellow members of the audience I've got two questions for the panel first was with regard to the last town hall meeting that I attended back in 2018 you had indicated that you would be liquidating assets I think later beginning later that year one thing questions that I have is whether that has started and where you are in the process if you have started that I know you did indicate that you've done some risk reduction on the portfolio not sure exactly what all that means second question is whether the administration and the board would be supportive of legislation that allows active members with 30 years or more of service to be able to retire and then return to active service utilizing an alternative retirement system.

Thanks. That would be the responsibility of the legislature to come up with some type of a different system.

0:55:38 I know that there's some talk about looking at direct contribution plan, DC plan, which is like a 401 . But the problem is, if you want this system to continue as is, the present system, if you require maybe new members coming in to go on another plan, who is gonna pick up the contribution sold for from those new members? We need contributions.

0:56:12 So the plan sponsor has to decide what type of system it wants, okay? Now, they did talk about new members coming in to change. You must remember there's a contract between the member and the plan sponsor. There's a legal contract. So they talked about, like I said, new members coming in and going on another plan. But if those new members go on another plan, those new members go on another plan, who's gonna pick up the shortfall in contribution to pay the retirees?

0:56:50 But as far as active, I mean, members retired coming back, that's something that the board, I mean, the legislature would have to deal with. But presently, only police, nurses and teachers can come back for up to two years. Okay. I think you had a question on the asset allocation.

0:57:21 Right, so. Yes, so based on our dynamic asset allocation that we adopted back in 2015, we've been moving away from more of the riskier asset classes. So we've liquidated out of all of our international equity positions. We've liquidated out of most of our international, well, all of our international fixed income positions as well so we're totally out of international stocks and bonds we're currently liquidating out of equities i think right now we're about seven percent equities right now in the portfolio so we're winding that down and like mr nibs mentioned sometime by probably fiscal year beginning fiscal year 2021 we'll probably be all fixed income and alternatives or the remaining real assets that we have.

0:58:27 Okay. And I believe we have another person on the floor. Good evening to all. Good evening. My first question is whether or not currently GRS is getting the money from the revenues which is I think about seven million dollars annually correct that's correct I know there was some change in a become allocation but yeah if we get in it is it current I can't respond to you because I don't think we are getting it right now I'll have to check so but the last time I check I didn't see it so that means and just for the public few a couple people what don't understand what we're what I'm asking them the law provides every year from the rum revenue that GRS received seven million dollars it had one time previously were up to over 30 some odd million I think it had come current at some point it came current at September 2019 since that time I haven't seen any because they had They paid us a $21 million in a lump sum.

0:59:47 So since you haven't seen it, what have GRS done to make sure they recover it, or to get it? I wrote to the Finance Commissioner some time back. I also asked him about the lonesome dove, and I haven't gotten a response. And I just wanted to go and record my time up. There's a back and forth, so if you could finish your thoughts. Fine, here is where I'm going, though.

1:00:14 And I'm speaking as Carlton Dow, not as Viper, not as No Exanita, because my family, myself, is all vested in this system. And so I'm thinking along the same line that the same rump revenues that we're talking about, that's where I think, and I know you made mention of getting more distilleries, but sometimes GRS themselves got to get in the game in terms of helping the education to a lot of the population because when the same rom companies will come in here this whole place was in one approach that's some of the same money now that should be going to grs and so when these time come we don't need to take a back seat we need to be active and hopefully we could look towards because the rom revenues provide for this territory get over 100 plus million dollars annually from rom revenues so my point is that at some point we have got to look seriously and make that that dedication to using a source such as that to assist in in a big way with a system it's only gonna happen by an infusion of cash so it makes no sense for us to what war with each other there'll be enough blame to go around how we're gonna resolve it and where the infusion of cash is gonna come from I solely believe and strongly believe that that's where we should be looking and i agree with you i mean the same um proposal came to that proposal came directly with a consultant to the board we had a board meeting the person asked to meet with the board we met the board we told him about it we have no problems we like that to happen but we told him he would have to go to the governor or pfa that's why he would have to sell that proposal but he did come to the board and presented that same proposal to the board I have a

1:02:08 question in my hand that I'm going to read and everyone who comes up if you could just have your question ready but if you dialogue it does confuse the timing so we're trying our best to be fair I have a question in my hand that says there's quite a few of them here but in the interest of other people I'm going to take the first one and pass the rest on do the governor and the lieutenant governor receive their pension from gers no the governor lieutenant governor has a account in department of finance the legislature approves their pension i think every year and it they paid out to the department of finance they are not members of the grs and a related question do Do the Senators receive their pension from GDRS and if they do, please clarify or explain their benefit plan or package?

1:03:08 That's a related question. Well, they are the only individuals who are not members of the GRS are the Governor, Lieutenant Governor. Now, the legislatures, the members do have a different plan. Number one, they don't have to work 30 years. I think if they work three terms, they can get a percentage, and they work three terms, which is six years, they can get a percentage of their pension.

1:03:41 And I think if they work, if they serve for 20 years, they can get a hundred percent. But we'll let Ms. Sasso give you some more information on that. For the first six years, it's 3.5 percent for each year. For seven to 12 years, it's four percent for each year 13 to 20 is five i'm sorry 4.5 percent for each year between 13 and 20 and for someone who solves 20 years it's five percent for each year at 100 and there's only one senator that had gotten that which was senator lauren berry and i believe that question is answered so we're going to go back to the floor Good evening, everyone. Good evening. Senator now preempted me, but I'm going to follow up on his question. In 2006, the administration then received authorization to float a $600 million bond. In 2007, the new administration did not pursue the bond, but instead sought and received authorization to assist Diageo. on the premise that grs will receive a hundred million dollars annually that was later reduced am i correct and my last question was how much are we getting at some point it was supposed to be 10 million not 100 million it was supposed to be 10 million and it was reduced to seven and he asked the question are we getting seven has any discussion happened since 2006 about floating the bond to save grs that is discussed all the time i mean even the governor every meeting we have the governor or any legislature they talked about is 600 million dollars bond 600

1:05:52 million we'll take it but it's not going to do anything for the system right now we need more we had the authorization we did have it it's still there authorization to do it it's still there And instead of doing it, the money was diverted, the effort was diverted to support Diageo. Correct. And now we're not getting the money that we were promised from Diageo, the $10 million. Right. No, there's discussion internally. I mean, we have discussed it with senators. There's an authorization there. But they're the ones that have to make the move.

1:06:23 So, in other words, the discussions for GRS pretty much is not the responsibility lays the hand of the senator the senators and the administration that's correct thank you moving on with our questions i have one in my hand as we wait for someone else to approach the microphone do you know who the members of the governor's solvency work group are and i'm going to assume they want you to name them no the governor has not um i did discuss it with him he would be on the board, someone from GRS will be on the board, some legislators or maybe the finance committee chair may be on the board. I recommended that he have other stakeholders like the two retirement groups representative from them. They may also have to maybe look at individuals from the private sector, maybe AARP, these type of groups, interest groups. So he would have to be the one making a decision, but he asked me what my recommendations were and and I gave him some of those that I gave you.

1:07:30 So the group has not actually been formed? No. Are the autonomous agencies, senate, and judiciary paying the actuary recommended contribution? I'm gonna read that again. Are the Autonomous Agencies Senate and Judiciary paying the actuarial recommended contribution?

1:08:04 Actuarial? No, we're not. Do we have any other people that want to ask questions on the book? Okay, I'll continue. When the unfunded mandates were presented, why didn't GERS ignore them?

1:08:40 Did the system meet its fiduciary responsibility? I cannot respond to that. I was not there at the time, but I'll see what legal can. I was not. Also, I was not there. Good evening. I was not there at the time, but back several years ago in the 90s, the GRS did refuse to pay one of the benefits, and they were taken to court, and the judge ordered that the GRS was not insolvent, and therefore they had to pay the benefit. okay oh we have a um someone on the floor good evening good evening evening my name is ira trent i've been a member of jr since 1977. 1985 the gers was one of the the best retirement fund in the world the other part of the government the merchants for example would complain about paying their taxes and they suggested that we have this early retirement system I don't think problem for the GRS. The problem with the GRS is simply that the government, the entire government is being mismanaged. The GRS was created to support retirees and it's supposed to have six employees to one retiree. Now, based on the information you just give us,

1:10:29 like one-to-one you know so my thing is that the government is creating this problem because the fund cannot be funded properly unless there are enough people supporting it now you said that there's some people that don't have to join and that's true but if you don't join you can't get You know, Mr. Nibbs, I have come up and come to this meeting for years, and only twice I have seen the board present here a couple of times I saw the board. You know, you're the CEO and you have your staff. The CEO don't make any decision on how the GERS is run.

1:11:17 the GRS is run by a board of trustees and the trustees to me feel like the GRS is theirs because they make decisions that affect us. You can finish your thought. Well the trustees for example make decisions that affect all of us. For example every commercial loan that the GRS has made has been a failure and you sit up there and you tell us you make excuse for them and I'm saying this is ridiculous I mean you have big degrees you know the reason why this system is failing is because the government is not being properly run thank you very much I think I need to correct you in regards to every commercial loan that have made of it been a failure no see one we got back all our money plus 30 which one has been good seaborn i just told you we got all our monies back plus 30 percent i don't to me that was a bad geonet it was a bad place it was a bad loan because we got 30 percent they were supposed to they were supposed to have the maintenance part of the of the airline here yes which meant it was jobs correct jobs and there were taxes and that's the reason why we called a loan because they were going to puerto rico okay that's what we did in the first place but we got 30 percent i'm gonna have to say thank you if you have more if you could write it down please also we have geonet geonet was young people you have all these young people in here they're not stupid they know what's going on you have to come together I am not I voted for the governor but I'm not impressed with the governor decisions are made by the government is wrong to me it's wrong you know what I'm

1:13:19 saying you have all these young people here big education have big degree they know what's going on everybody sit back this place should be this place should be full of people's name thank you good evening my name is Michael Dunstan I'd like to correct some misinformation that I just heard I know for at least the last three judges who have left the court system, the judiciary paid an actuarially determined contribution on top of the employee's full contribution, the employer's full contribution, and after those were paid, the judiciary was asked to pay an additional amount, a substantial an additional amount in each instance for an actuarially determined additional contribution. So suggesting that the judiciary has not done so is not accurate.

1:14:35 The hazardous employees, Class III and the judiciary, have paid a reduced. ADEC you should be paying 67 percent. 67 percent. That's what you should be paying. We did it at the reduced rate for hazardous and judges. You're correct about that? All I'm saying is the GERS sent us a bill and we paid that bill. It's for firemen, it's for any hazardous employees, police officers judges legislators and you're paying at a reduced amount you should be paying at 67 percent ladies and gentlemen please please The judge is going to rule on that next week, by the way, the ADEC, and we will be charging the 67%.

1:15:45 Okay. Are we ready to move on? All right. I have another question that was written. It says, please explain why the government has been allowed to be delinquent over the years that we are where we are today. Why wasn't it addressed through legal means and forced the government to do what it was supposed to do in the earliest stages? We've been in court since 1988.

1:16:17 Since 1984, the government took, I mean the GRS took the government to court. We're in court right now, still in court. As you remember after the hurricane the government was behind in their deductions. What they were doing is taking employee contributions and the loan deductions and using it to pay their bills. We couldn't, people had to be retired and couldn't be retired because the contributions were not coming in. We took them to court and the government, the judge said by a certain time it had to be paid. We've taken them to court, we're in court now, with the ADEC that Judge Dunson just talked about okay and this has been going on since 1984.

1:17:06 You know now you ask why the GRS or the board you know a retiree made a good statement some days ago we know about it we can do it the board has the power to do it because we're not supposed to be paying out more than we're taken in we can shut the annuities down we can stop the annuities being paid based on the code we can do that and all the retirees in here would not be receiving annuity by code the board can do that right now because by statute we're not supposed to be paying our benefits for the, I mean, annuities that haven't been paid for. In ADEC, we've been owed over 2.5 billion dollars, you know what that means? How is this government going to ever pay us back, or pay the system for what they're supposed to? So the board has the authority to stop paying annuities right now, and you ask why they didn't do it. Because of you. You know, all of us have families and mothers and brothers and everything. It's gonna be very hard to shut the economy down. Some people, they live paycheck to paycheck, but the board has the authority right now to shut stop paying annuities do we have any other questions from the floor okay I will read one since those retirees in the 90s got

1:18:53 early retirement without contributing fully why didn't the system make those beneficiaries now pay a higher percentage the GRS can only charge what the law allows and there was no provision for GRS to charge those early retirement members who went home any type of penalty that was supposed to have been funded by the plan sponsor was the government of the virgin islands they should have put in the money for the early retirement that was one of the unfunded mandates that mr nibs spoke about what is the present cap for retirees why was it raised from 50 000 when unfunded liabilities were in place what is the present cap for retirees why was it raised from 50 000 when unfunded viabilities were in place the maximum that a member can receive an annuity or a regular member is 65 000 to the best of my knowledge that has always been the cap you pay contributions on 65 000 and the maximum you can receive after 40 years is 65 000 the um rate for judges the judges pay benefits and they receive based on their salary also for the legislature it is based on their salary I have another question what markets are the primary investments and do they change or do they remain in the same markets markets I know what markets are the primary investments do

1:21:07 they change or do they remain in the same market? Currently as I mentioned with our divestiture from the more riskier asset classes we're more now concentrated in the U.S debt market so basically fixed income so we have about 70 70 percent of the portfolio right now it's in u.s fixed income and cash um and that's primarily after we pretty much liquidate out of the remaining equity positions that we have that will primarily be the driving source or the driving investment vehicle that we have going forward absent of any infusion of cash between now and 2023 i hope i answered that question so basically you are contributing in safer that is correct so as part of um the policy to this de-risk the portfolio with um 2023 insolvency pending um like i mentioned we've been reducing our equities to a to to more safer asset classes which is fixed income and at some point in time the portfolio will just consist of fixed income and like i said the real assets that we still have on the books come 2023 or 2024 um i mean with how the market is acting right now it could be 2022 and i don't mean to frighten

1:22:59 anybody but um by 2023 we should be out of the fixed income assets and we may just have like mr nibs mentioned earlier a couple of real assets stuff like maybe haven site and and and the lands How much has Diageo contributed to the system since its inception annually and gross? And secondary to bonds being redirected from GERS as applied to Diageo, wasn't it supposed to be that annually funds would be directed to GERS.

1:23:45 Should I read that again? Well, the first question is, I have no knowledge of any funds coming from Diageo. I know like Senator Dow said, there was $7 million, I think beginning back in 2015, that was supposed to be directed to GRS as direct contribution. And as of September 2019, it amounted to 41 million and received 41 million through September 2019. We haven't received anything for 2020 fiscal years yet. And so the gross, I'm assuming they mean to date. I really wouldn't know other than that $7 million coming from the rom rom taxes, I wouldn't know.

1:24:43 All right. How much does the governor and the semi-autonomous agencies owe? And how much does the system need to be solvent? Some of this may have been answered already, but I'm sure we could all use a refresher. Well, let's start with the semi-autonomous agencies. Other than Wang Lui Hospital, which we have a settlement with, I think I'm safe to say that all the semi-autonomous agencies are basically up to date, maybe behind one pay period or two pay period, with the statutory deductions, but the adec that was we just spoke about you know we're going to start billing them for that we were just waiting for the ruling and we'll start billing for the adec uh so it's only one louie that we have some issues with that owes contributions going back to maybe 2012 through 2014 2015. and if you could repeat how much the system needs to be solvent I know I think it was in the presentation was it yes well the unfunded liability I would say is about three billion dollars right now so if we receive two billion dollars I mean the assets would increase the liability would go down so I would I could safely say that the system need a a large infusion of cash, no less than a billion dollars. I think our, Glenville, you can correct me, the last time we spoke, our investment advisor spoke to us that one billion dollars came up and he said that wouldn't be enough.

1:26:36 Yes, he did. I think that one billion at the time, I think he mentioned it may have been close enough to 2.5 almost 3 billion, I believe. Correct. So that's what we need as a large infusion of cash. Those funds, if we get a large infusion, they will go into the market because we need to earn investment income so that we can pay benefits. So we won't have to be withdrawing funds all the time.

1:27:04 But if I can, Mr. Nibs, annually, like Mr. Nibs mentioned, the retiree payroll is about $250, $252 million. Of that, there's a shortfall usually of half of that so we have to pull out let's say maybe 150 150 million from the portfolio even if the plan sponsor can kick in more contributions at some point in time throughout the year that we would have wouldn't have to draw that 150 140 million dollars let's say if we just maybe have to draw 50 million 75 million every little thing helps What is the status of the cannabis funds that are to be used for GERS and is this something that can really help the system?

1:28:00 We have not received any cannabis funds. Whoever wrote this question, if you want, you can come to the mic and clarify. I'll just make mention that as much as cannabis and the cannabis industry has been in the news, I think we all know that cannabis is still under federal statute, still illegal. so I believe that would I mean to have our pension plan accept funding from directly from cannabis I don't know before to the attorneys but I don't know know how that would work to be honest. A bit volatile. Alright, I'll move on. If GERS is losing money, why do they continue to hire staff including new staff at Haven site? Why not contract for maintenance services instead of hiring? We have contracted out landscaping portion but we need contributions don't we they were on our payroll before at least 50 percent 80 percent on our payroll we need contributions they were not paying contributions to us now they come over with us they got to pay contributions um when when is gers going to have a town hall meeting with the legislature to resolve this issue We had a tongue hauls with the legislature, let's say, about five or six years ago, in St. Croix and in St. Thomas.

1:30:01 I think they're referring to the unfunded mandate and the lack of allocation of funds. well they're not going to be any more unfunded mandates because the statute requires that before any legislation is passed regarding grs the act there has to be an actuarial revaluation so i don't think that can ever happen again um i can't remember the other um that that was it that was the one question when is grs going to have a town hall meeting with the legislature to resolve the issues we meet with them constantly like i said we have a working group It came out at the November 25th meeting with the governor and legislature, so we work with them all the time. We're in constant contact with senators, you know, on a weekly basis. They ask us questions, they ask us our opinion, and so.

1:30:54 Okay, the governor's work group has not yet been formed. Has the GERS and legislature work group been formed? who is actually working regularly on this issue, especially since it is not GERS's job to roll to find money? Well, it's a working group, and Attorney Smith is a facilitator. I let her handle it. She's a facilitator. And President Neville, is it Novell? Novell Francis, he's pay heads on the other side. And like I said, we had two sessions so far. We just had to cancel a session a couple weeks ago. But a lot of brainstorming.

1:31:41 We have the Bureau of Economic Research on that group. I can't remember the gentleman's name. Dorsey, Mr. Dorsett. And then there's the economist there also, Mark Connor. He's the economist for the government of the Virgin Islands. So, like I said, we're trying to determine how we can generate revenues and we gave them at least 20 different ways they can, but a lot of it, you know, you're going to have to be taxes and economic development and yeah.

1:32:15 We gave some ideas and the Bureau of Economic Development, they're trying to cost out how much money would be realized from some of those ideas to see if they're viable so at the next meeting and that was one of the reasons the meeting was postponed so that we could have those figures when we met so we could see what was viable what was not viable and to determine how much money could come into the system from those avenues okay um i'm going to read this one exactly how it's written what about the big shots who never paid back their loans you mean employees big shots what do you mean well if you're talking about employee loans we never lost on employee loans because um active employees because their contributions were held as collateral so if they defaulted we would let's say they resign and they had a loan we would take the the loan payments the balance out of the contribution and we would give them the difference so we never active member can never default on a loan the retiree we may have a little problem with retirees well it comes out of their check but if If they pass, the insurance would pick it up.

1:33:45 So we can't really- So the only big shot can get away with it is- Well, when you say a big shot, I mean, are you saying a big shot in government? Well, the governor, lieutenant governor cannot get a loan. The judges and legislators can have loans because they're members of the system. So those are the only big shots. I think people might have this impression that there's someone getting a loan. No. We don't really have any foreclosures on mortgages, rarely.

1:34:17 We had a few, but rarely any foreclosure on mortgages. We have about 95 mortgages left in the portfolio. Thank you. How long is it taking for new retirees to get on the return payroll? Oh, I'm sorry. How long is it taking for new retirees get on the retiree payroll and is it still taking one year plus we're averaging about three months on average between three to six months please take into consideration that outside influences affect when a retiree is placed on the payroll we have to receive the The NOPA, the retirement NOPA, contributions have to come in timely. We have individuals who owe contributions themselves and don't have the money readily to bring it in, so it takes a while for them to get placed on the payroll. There was a period of time when we had a lot of difficulties getting NOPAs, getting the payments in and so forth, and members were taking a lot longer. But I want to say in 2019, we've seen a significant improvement unless there are issues, funding issues. Very rarely do we have system issues.

1:35:45 I want to say maybe in about 100 persons, we encounter four persons, five persons. It has increased immensely as far as the turnaround time for placing retirees on the payroll. I'm comfortable in saying we're seeing three months to six months. And I think my assistant director can shake her head. Yes. And Ms. Sasso, I guess if someone has an issue with this, they should come to you? That is correct. Between me and my staff here on St. Thomas, as well as the staff on St. Croix.

1:36:21 And we also have our customer service area. We want to encourage our active members as well as our retirees to join our member self-serve online. What we're seeing is that not enough persons are signing up on the member self-serve system. You need to visit the website. There's a lot, a lot of information on there that you can read and ask questions about. We have frequently asked questions that you can get answers to. You need to visit the website. we have resources we're not taking advantage of it i'm an active member as an employee and an active member i would like to see more active persons coming out to these town hall meetings as well just putting in a plug there because we're the retirees are here in large numbers and we're the ones who are going to be facing whether we're going to be getting pensions i'm not seeing you um i hear some applause go ahead give it to her give it up okay next question please explain or clarify the judge's retirement percentage for years of service i believe you went through this earlier but this question the person the question just came in So, I'm assuming that the person wants you to read it.

1:37:55 The judges get 5% per year of employment for each year that they work and they can retire with three terms and have to be age 50 must stress that let me correct that please. It's one term and age 55. There was one that had a few questions on it and I wanted to make sure to get to everyone else, so I held them back. But now I'm going to revisit this one.

1:38:45 This is the same thing. Do the superior court judges receive their pension from GERS? If they do, please clarify. And I think you've gone through that. And how do the benefit packages of the governor lieutenant governor senator or judges impact the gers system are these group contributions enough to adequately cover their benefits well the governor lieutenant governor's package is not with the grs they're not members of the grs and i think i can safely say miss sasso can tell me the judges and senators pay a higher rate And as you just heard, the former judge said, the retired judge, we are billing for ADEC, not really the true rate. We're billing them at the reduced rate. We should be billing them at 67%. So when they retire, like I said, hopefully when the ruling comes down, we would start billing the government and all plans as plan sponsors for the ADEC at 67%.

1:39:57 And I got, this isn't really a question, but it is a clarification regarding the rum revenue that it is not Diageo alone. It's all rum revenue, including Cruzen. And that's the, that's it for the questions that I received that were written. And if anyone else wants to come up the floor you're welcome to take the microphone we'll give it a couple of moments well that really looks like since that's all the questions that you have i'll ask my host if there's any housekeeping they need me to do before we get oh okay good evening good evening i just wanted to ask um concerning the ruling that you're speaking about about the aid act could you expound on that i'm sorry i was late if you did before if you can explain what that ruling is and what is expected from it The ruling has to do with whether or not the ADEC is covered in a consent judgment that exists between the GRS and the government of the Virgin Islands, and the ruling is expected sometime next week.

1:41:19 At least that's what the judge said. So it's not whether the ADEC is owed, because that has been already agreed to by the government, whether it's covered under this particular consent judgment. And the ADEC, the acronym stands for Actuarily Determined Employer Contribution. Yes, I'm familiar with that. I just wanted to add that in addition to what the judge mentioned with regard to the ADEC, the courts also pay ADEC on the marshals and they have also paid everything that has been billed thus far. You're correct about that. I mean, when we bill them, they do make the payments. So we must say that, but it's not built at the, it's built at a reduced rate, but you are paying it.

1:42:13 We can only pay what's billed. Correct, you're correct. So are there any other questions or points of clarification from the floor? If there are no more questions, I'd like to thank everyone for all of the time and effort that was put into presenting this town hall on behalf of the Government Employees Retirement System. Thank you very much to the panelists, including.

1:42:49 uh i just want to recognize um there are two trustees here uh the chairman dr calendar and carol carlwood also we have the uh board council pedro williams here with us so sorry about thank you for joining in so thank you very much to our panelists austin nibs administrator and ceo of gers kathy smith esquire general counsel shoran dc sasso director of member services and glenville henderson investment analyst thanks to the gers staff and to all of our broadcast partners uh 107.9 fm divide and wsta lucky 13. i'm your host amita davis get home safely