GERS BOT's Monthly Meeting 10/24/2024

GERS Retirement System (Board of Trustees)

October 24, 2024 · 1.4 hours · gov

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0:00:00 Good morning everyone, I apologize for the late start, we have some technology issues that we just got resolved um this government employees retirement system of the virgin islands regular meeting of the board of trustees for thursday october 24 20 24 is here by carter water can i have a roll call please yes sir mr chairman uh trustee nellen l barry present present trusty barry present trustee andre t dorsey trusty dorsey present trustee vincent g liger present trustee liger present trustee ex officio member cindy richardson is represented by balsina kwashi deputy director well cena kwashi deputy director um trustee ronald russell e russell trustee russell absent trustee leona e smith yes yes trustee smith excused trustee duane a callwood present trustee callwood present as a chairman or present two abs one absence one excuse thank you uh are there any comments and suggestions from retirees

0:01:53 hearing none are there any comments or suggestions from active members okay right now let's move on to the secretary's minutes from the regular meeting on september 26 2024 are there any corrections or edits that need to be made to the minutes hearing none can i get a motion to accept the minutes moved by trustee barry is there a second second seconded by trustee dorsey comparable copies yes mr chairman trustee barry yes trustee barry yes trustee dorsey yes trusty dorsey yes trustee liger not voting not voting trustee russell absent trustee leona smith excused trustee callwood yes trustee callwood yes mr chairman three yes one not voting and one absence on excuse thank you um any communication and correspondences we were including director no mr chairman okay next up chairman's report on october 2nd 2024 along with administrator we met with the governor and a couple of his uh members of his financial team um we had a discussion with respect to the three percentage point increase um that was contained in a resolution that we adopted at the september 26 meeting on october 11 i um toward the haven site hotel along with the administrator and mr sean miller that concludes my report

0:04:13 point information chair yes sir uh when can i get a tour of the property um may i trustee dorsey um the developer has expressed openness to any member of the board of trustees touring at their convenience so if you would please let me know uh when you would like to tour we can arrange that for you and that extends to other trustees as well and also thank you um ceo um also chair um what was the outcome of the meeting with the governor as related to the three percent increase which i definitely requested to be part of but i guess you can let us know now what was the outcome what's the governor's position and are we finally moving forward with the increase or do we have to make any adjustments in this meeting uh trustee dorsey respectfully i would refer to uh chairman call okay um with respect that there's there's no as we sit and speak today there is no outcome to save the meeting um for the most part we presented our um financial position with respect to the cash flows the same um presentation basically that was made by the actuary during our board retreat we just reiterated that this system is still about 10 funded and that even and that despite the cash flows that were scheduled to receive from the stv there's still a potential for the system to be insolvent um somewhere around 27 2037 2038 the governor and his team indicated that they were looking into some potential pockets of funding that they will be able to identify so i assume that when they conclude

0:06:08 whatever um research they will reach out to us um at that point but i don't think based on the conversation i don't think that they were in a position a position to make any definite progress okay so uh did you chair did you or the ceo recommend to the governor that he looked to cover the administrative costs uh based on what we were told um by our advisors that that cost being covered along with the three percent increase along with where we're at um in terms of our return on investment currently that that could somewhat head off the upcoming upcoming insolvency did you have any uh recommendation between yourself and the ceo at the meeting to recommend that was presented to the governor part of the meeting um our actuary was actually actually involved in the meeting as well and it was also made at our annual review to the legislature no i'm i'm just referring to the governor ceo he had need to know the importance as to why we increase as well as the general public as why we increase the the three percent on the government's portion of the plan that it's not about um what's in the budget or not in the budget um it's it's about to assist in this system so that we don't go back down that road of insolvency.

0:07:52 And this was one of the strategies that we had need to bring home to the governor in this meeting, that he still needs to present that to the Senate as a proposal. So I still think we, as a board, need to present to the governor the importance of the administrative costs being covered to head off. because we don't have an unconditional position with this note from the PFA with this special purpose vehicle. That was one of the things that was lacking from the beginning of this transaction. We don't have an unconditional position. So we're always going to be short with this cover over at 1050. The unconditional would have took care of the difference between the 1050 and the 1325 on the cover over but because we don't have it we really don't have no teeth in the game at this point so from a board position we need to at least write him put something in writing not just me but put something in writing indicating the importance based on what our advisors explain to us at our retreat that's what we do that today trustee dorsey both positions were presented uh both to the legislature uh which is on the record as well as in the meeting with the governor and with regards to the three percent it was not a proposal it was a statement of fact that the board of trustees has a legal right uh to increase by three percentage points uh uh in january of 2025 and the employee contribution and that uh is our intent at present based on the board's resolution that's nice things i i agree with that ceo but i was just i was just referring to what we got from our advisors in terms of heading off i understand it was we all understand what you mentioned it when you went to the senate to do your

0:09:57 uh to testify in reference to our financial position other operating issues with the system but our advisors was very clear at the retreat that we recently had that we were at right now we could possibly head off even without the unconditional guarantee coming from the government right coming from the sponsor of the uh the uh special purpose vehicle that's given us the notes So with the shortcomings, I'm saying that we need to, it's my recommendation, we need to take a position with the governor or the governor being the sponsor to just say, hey, we need this administrative cost cover.

0:10:42 This would help offset any possible unfunded liabilities that we see in the payouts coming from the note. And because of the short fall of the cover over to make up that difference, possibly make up that difference of the 1050, between the 1050 and the 1325, whether this Congress approves the increase or not, that would be something that we could do locally. That's all I was saying.

0:11:18 Trustee Norsi, from my perspective, I think that we are in agreement. I would recommend to the chairman that perhaps to discuss some of the items that were discussed with the governor that we may want to discuss in an executive session. i don't call but i i want to put on record again that the actuary was part of the meeting and the same scenario about the government the government government administrative cards that was presented to the governor the very same charts that were presented at the board was presented to the governor and his financial team so what chair what was the governor's reaction after seeing the charge from the advisors what was his reaction or his financial advisors i'm not assuming people even understand the charge that in front of them so what was the reaction what was the comments you're looking into possible um pockets of funding and that's where um can you repeat that indicated before he and his financial team are looking into possible pockets of funding okay okay so so then he he's in agreement with our position is that what you're saying he saw the presentation he was given information at the conclusion that is what their position was they're looking at the pockets of funding they didn't agree or disagree what was presented was facts calculation there wasn't anything subjective okay okay thank you um ceo and thank you chair thank you welcome trustee uh uh just just to just to um add a little bit of texture to this discussion um the governor has gone on record i assume since that meeting i'm not sure the date but i know i i've heard him make this a public statement that

0:13:26 that he thinks the 3.8 billion dollars that they gave to to grs is enough so you know his comment was kind of we gave them a lot of money already And the sense was that he, I'm not, I'm going to be careful I don't say anything that he didn't say, so I'm not sure I'm quoting him. But my take from the statements is that he's saying that I know for a fact he made reference to the fact that they have given us $3.8 billion, and he thinks that's enough for GRS. I'm pretty close to a quote there. So, I'm not sure whatever that means, but that's a public statement he made, and I think it was in one of his press conferences or something, but I don't recall, but I know I heard that with my own two ears from his mind.

0:14:26 so i heard it was brought to my attention that uh and i think you're kind of close to what actual quote was but i know that was made in a press conference or one of his um press briefings prior to the meeting i don't know that since we've had a meeting and he saw a presentation that he's said anything i i can't say i haven't had it but i know it was said before and i did make it clear to him that even had we gotten 3.6 or 3.8 billion dollars on day one of the spv at that time unfunded liability was between 4.5 and 4.8 billion dollars so even if we had gotten our money on day one we still would have been in a hole and and we all know that getting 3.6 billion dollars today in one lump sum is not the same as getting it spread out over 30 years so he did acknowledge that much okay because both uh we've now had two years of shortfalls and the correct so i did make it clear that even if we had all this money and they won we still would have been in a hole yeah between 800 million and a billion dollars and and that was re it reiterated of uh confirmed by the actuary um in the meeting as well okay okay one last thing on this thing so what's what's the next step so so the board has approved the implementation of the three the the additional three percent um so is there any other step that be taken or we just go ahead and implement it how are in nothing um it goes into effect january 2025.

0:16:17 okay okay one information chair um the following uh trustee bory i think there was something written where um i don't know if it was written but i i think i kind of remember the same thing in reference to us receiving the note was there any discussion from um the meeting um any anything that was against what we did at all in that meeting i i i clearly ask the question well meeting that we're increased we're requesting an increase um because yes we have the uh authority to do that now as a board to go into effect in january of the next year um so was there anything else that was said that you can recall that where the administration wasn't comfortable with us increasing at this time because that was one of the things that was mentioned during this senate session with the ceo if the ceo had any discussions um with government house and i think the ceo said he was getting his marching orders from the board on that issue to increase so is there anything else said that we need to know about as trustees no i i i really clear what what was behind um us making a move to increase it was that we were entitled to do it by statute and the system was only 10 funded and it would be highly irresponsible and and it would be there uh the relation of duty if us as

0:18:09 a board has a potential pool of money somewhere that we legally entitled to and we don't ask for it we don't try to get it okay thank you so that's where we're coming from i made it clear and it was all about numbers it was all about numbers so it wasn't a subjective something okay thank you any other questions before we move on to the administrator's report all right thank you mr chairman i'll present the administrator's report at this time beginning with meetings presentations and appearances point affirmation ceo sorry chair um i did have another question uh not related to the three percent the september document uh ceo i had asked you if your security was part of the meeting and you were telling me they were not part of the meeting if i remember clearly i was asking i had a question for your security related to the security issues of the system itself remember i i made the scenario that it was recently a judge who had got shot um by the marshal or the sheriff who's supposed to protect him and then i was asking you about your security requirements or if you're looking at that at the grs and then i was talking about the mental health or maybe some of the employees because we're not sure what that was about the individual shooting the judge of course that was in the states but i was talking about the security of the employees of the system as well as yourself of course um if we had something we could possibly set up where people would have to walk through a detector versus just punching a finger on a you know a computer board to show your picture and to say who you're going to see

0:20:16 when you come into the grs um the security you have now they don't really leave behind the desk other than maybe assist someone who's not you know up on the computer system they have to punch in but there's near the from far i see there's no real check they might look at a bag but they're not looking at the individual uh they could have something on them not have something on them and i know we have uh the justice department in the building who would probably have weapons on them but let me let me interrupt you as a enforcement professional you don't want to discuss your vulnerabilities in a public forum okay well i guess we could discuss it on the executive section but please it was in general so that's why i was discussing it please but the But the point I was making with the CEO, when I looked at the minutes, it said that security was at the meeting and the security never came to have any communication.

0:21:21 They're part of the people who attended the meeting. So I was a little taken back that I couldn't get that question answered at the time when I did ask the CEO, is your security person here? I called the individual out and I'm waiting for this person to come forward and I came back to the ceo but now when i got the notes i'm seeing that the security person was here as well as the manager for the mouth and i had and i had questions and i didn't get that answered so it came across as though they were not here but for some reason they showing up in the notes that they they are here so at least at that meeting on the 26th can we bring that security up on the executive session today chair that's a serious issue if it's not a problem can i be added to the executive session yeah yes sir thank you okay um proceeding with the administrator's report um on September 26th that was our last board meeting that was exactly 19 business days ago um October 2nd as indicated by the chairman we met with Governor Bryan with regards to the three percentage point increase but before that On October 1st, let's take a moment and celebrate the 65th anniversary of the Government Employees Retirement System. That was, in fact, our birthday.

0:23:02 We are here on St. Croix today. We have open houses today on St. Croix and tomorrow on St. Thomas. And we certainly look forward to members of the Board of Trustees being able to join us at at least one, if not both, of those celebrations. So, proceeding with the calendar from the last meeting, on October 3rd, I had a meeting with a member with regards to their retirement qualification. On October 4th, there was a Vitek Statement of Work Review.

0:23:40 On October 9th, I had another meeting with a different member regarding their retirement qualification. October 9th, I had a meeting with Haven site tenant. October 10th I was a panelist at the Governor's Workforce Summit. October 11th I had a meeting with our architect regarding the Haven site green space which is progressing. October 11th we had a Haven site hotel visit with the chairman. Once again members are free to request the tour and I'll arrange that. October 11th we also had a meeting at another meeting with a Haven site tenant. October 15th I attended the Port Authority public hearing on fee increases October 17th we had a prep meeting for our inaugural Friday night at Haven site and on October 18th we had our inaugural Friday night at Haven site and I know that the manager at Haven site is on this meeting Mr Mills and Mr Moorhead I'd like to publicly commend them for an excellent effort with in regards to that first event.

0:24:48 So thank you guys. We intend to continue to do innovative things at the AVEN site to make it even more valuable to the community. Mr. Chairman, that's just the meetings, presentations, and appearances. Continuing on with the report for member services, retirement applications. Thus far in 2020, fiscal 2025, we have had one application for retirement. From 2024, we had 241, of which 102 have been processed with 139 remaining. We have a total of 155 applications for retirement pending. Contributions, processing, refunding and debt benefits for October 1st through 2023 through September 30th, 2024. We have a total of 44 such items that have been paid for a total of, no, I'm sorry, 710 for a total of 7,800,000 rounded. We have 44 cases pending debt benefits. We have processed 52 cases for a total of 2.5 million dollars and we have 61 cases pending annuity payments for October 1st 2024 through October 15 2024 a total of 11.3 million dollars have been paid for that same period we've had 15 retirees added to the payroll and for for the for the October 15 period we've had 15 paid to date number of retirees expected to be placed on the payroll for October 31st 2024 is five number of retirees deleted from payroll from October 1, 2024 to October 15, 2024. As of October 15, 2024, the gross payroll has arrived

0:27:02 at $11.3 million. Disbursement by location, we have 9,410 disbursements as of October 15, 2024, of which 1,724 were outside of the Virgin Islands and 7,686 were within the Virgin Islands. Personal loans. As of September 30th, 2024, we have a total of 2,516 loans between St. Thomas and St. Croix. 2,449 of those are personal loans and 67 mortgages, which are legacy mortgages from previous periods when we were engaged in making mortgage loans. Total outstanding in loans is $23.7 million. Of that amount, $12.3 million is in in St. Thomas and John and 11.4 million dollars is in St. Croix operations in terms of the St. Croix complex we do have the need for some repair and pleasing to the casino control commission building and in terms of maintenance we have a need to replace one of our HVAC or heating, ventilation, and air conditioning systems right here in this building, which is why we're in the conference room and not the boardroom today, because at the most inopportune time that unit went out, but it has been serving us well for 15 years. So I guess it's time. At the St. Thomas Complex, the renovation to this southern flat roof is 90% complete, and we will be discussing in a resolution later the need for a replacement of the western roof which also at the most inopportune time or maybe the most opportune time started to give us some serious problems as indicated previously the haven site the hotel

0:29:18 project is 70 complete according to the developer we should still be looking at a completion time frame of late march early april and they are on schedule um our generators is another success story we have completed the construction of the building and the pad to enclose a generator at haven site the new generator and the vents and ducts are being manufactured and that is 50 complete uh rental collection uh we had some very meaningful meetings with uh justice and as a matter of fact they were able to make a large payment which um i think you eliminated their errorage on rent um we have some detail with regards to that um we have um no errorage from the department of justice for rent but we do have a small array rich for utilities electricity of fifteen thousand six hundred and sixty dollars uh i was uh what shall i say joking but not so much uh with the representative of the division of personnel that uh they would be kind of on the spot today because we do have an array rich uh for rent from the division of personnel it's not huge 19 000 for rent but 43 000 more or less for electricity uh so um uh we will not necessarily ask you to address that today uh we will ask you to go on the record however with your name which we did have earlier but then you would repeat that valdina kwashi yes deputy director division of personnel excellent it is my pleasure to say that we are updated on our rent it was

0:31:05 paid on october the 8th is that that's not reflected in our records no okay okay so we'll allow you the opportunity to reconcile that number with uh our chief of operations uh miss asia clinton and gums because as of this report that is not what we have reflected but uh it could be some innocent mistake along the way okay but that personnel is usually quite good with their payments so we're just happy to report frankly that a six-figure of marriage from the department of justice has been addressed right um and that would conclude the administrative report okay your report was was was as of the end of september i take it yes it was so yes so actually the number may be updated since then but we don't have that captured as yet so thank you for that information any questions for the ceo yes uh jay i have two questions um the october 3rd meeting uh that you had in reference to retirement qualifications what exactly was that about and you had a follow-up meeting no it wasn't a follow-up those are two separate cases and this is routine gers matters where someone may think that they're qualified to retire but when we do the research in fact not oh that type of meeting okay i thought i thought something else no and then the v tech uh statement of work review what was that about well as you're probably by tech and you're probably out may i proceed hello yes can you hear me yeah i can hear you now okay so as you're probably aware we're in the process of migrating from um the current version that we're on uh to to um to the newest version

0:33:07 and there's work involved with that and we're finalizing the scope of work also um ceo can you have the um i guess would be mr thomas if he's part of this meeting be part of the executive session related to my security question i was just saying that from now also um on your list just to clarify trustee dorsey um mr thomas as head of our information technology area uh doesn't really have any direct input to physical security that is overseen by our i didn't want to go into more detail as the chair said to talk about your weak areas i mean if you want to talk about it now we can but i was asking i was simply going to clarify that miss asia clinton and gums our chief operating officer oversees uh physical security so she would be the more relevant person and she's here mr thomas would be responsible for uh cyber security uh which is i don't think the area that you've expressed concern in in your preamble you don't have my full thought because technically i can't really say what i want to say ceo okay i was kindly asking if he could be in the executive session he is the ex he is the expert in the technology this is a technology security question mrs clinton is not the expert he's the expert mr thomas is working today and if he's not on already he can join us at the appropriate time um so the green space haven site um i didn't see anything at reference to uh the building uh for tourism and the plan on that particular project was that all part of the

0:35:01 same meeting yes trustee what was the status on that what was the status on the plans the design for the building it is progressing a pace okay um and then the you attended a port authority uh public hearing on fee increases what exactly was that about well this doesn't have anything to do directly with haven site uh but indirectly it did because it's the matter of the fees that you may have read about publicly uh and the increases that are um being imposed by the port authority that will also apply to waiko so to the extent that there could be any impact on uh cruise ship arrivals we of course have an interest in that because of our ownership of them all so it was merely to to monitor what was happening which is a part of what i do okay thank you you're welcome sir any other questions for the administrator all right hearing none thank you for the report um it's awesome yes position all right are there any committee reports should be announced all right the treasurer's report i would indicate that our cfo is on leave and in her absence miss missilla austri and uh miss monique richardson uh uh filling in uh doesn't seem to be so i'm not sure who's

0:36:59 okay yes i'm on just trying to share my screen can everyone see the screen yes okay good morning board chair other board trustees good morning everyone the government employees retirement system schedule of receipts and disbursements for the month ending september 30th 2024. the receipts of collection is as follows loan repayment $632,441. Year to date, fiscal 2024, $5,684,269. Rent from tenants, $235,257. Year to date, fiscal 2024, $1,184,545. The employee retirement contributions that was collected, $7,467,113.

0:38:08 dollars. Year-to-date fiscal 2024, $100,626,519. Employee retirement contributions, $4,349,408. Year-to-date, fiscal 2024, $56,728,843. So the total collection for September 2024 was $12,694,699. Year-to-date fiscal 2024, $290,580,033. In terms of the disbursements, annuity payments was $22,886,827.

0:39:06 Year-to-date fiscal 2024, $273,334,968. The administrative expenses is as follows, $894,623 for the month of September. Year-to-date fiscal 2024, $14,986,381. In terms of the refund and the contribution of refund of contributions, in the month of September, we paid out $1,260,166.

0:39:49 Year to date fiscal year, $12,156,809. So total disbursement was $25,100,854. dollars. Year-to-date fiscal 2024, $319,353,979, giving us a net cash deficit of $12,406,155 dollars. Year-to-date fiscal year also a net cash deficit of $28,773,946.

0:40:38 The local collection for the month of September was 51% of what was needed for the disbursement which was $25,100,854. Fiscal 2024 year-to-date collection were 30% under fiscal 2023 year-to-date collection. The administrative expenses were 66% of budget, which were in total is $14,986,381. dollars year-to-date withdrawal from the investment portfolio was 145 million dollars so we draw down 145 million dollars for fiscal 2024. then we move on to the haven site mall schedule of receipts and disbursements could i ask a question on the sure you could go ahead move on um um yeah um so well where was it you you made some reference that we have spent 66 percent of budgetness so many notes in terms of the administrative expenses yeah so so this is as of the end of September right yes sir so this this is this is the end of the fiscal year yes sir so um and we spent 66% of the budget, where was the big gap? Where was the difference between what we budgeted

0:42:40 and what we actually spent? Well, capital projects in terms of our Vitec projects. Oh, okay. Yes. okay okay gotcha well if you're saying in terms of the operating expense are we within budget yes we are okay all right go ahead okay i had a question chair the hundred and the drawdown you're breaking up I'm not hearing it okay trustee those you're breaking up so So, turn off the camera just for a second and state the question.

0:43:40 I see that. Hello. Hello. Turn off the camera. Yeah, I was asking. okay so let's continue i'm going to join back and we'll let's go ahead and move on and then when you're talking we'll um try to get this question okay hello hello go ahead on dosi yes i was asking the 145 million that you drew down for this year it was it was that less compared to last year are we drawing down less are we drawing down more because i can't remember last year's number i think we draw down the same amount um the difference is the 20 million was drawn for portfolio can you repeat that i didn't hear you sorry okay out of the 144 million dollars 20 million of that 144 million dollars consists of the loan payments you that we did so if you take out the portion of the loan program then that means we would have drawn down less this year no we drew down the same about the same amounts he conditioned that by saying if we were to to exclude the 20 million for the loans this first one twenty one twenty one twenty five one to see

0:45:40 hello did that clarify your question sir yeah i was asking if we subtract out the loan portion you're saying it would still be the same amount as last year same amount as last year i believe withdrawn on 120 million okay we did 125. i got you okay thank you you're welcome okay proceed with your uh university reports okay so we're going to move on to the haven site mall schedule of receipts and disbursement one ending September 30, 2024. The receipts of collections, in terms of the total collection, we collected $412,862. The total disbursement, $299,666, giving us a net cash surplus of $113,197.

0:46:41 dollars. Year-to-date, the total collection was $5,313,313. Total disbursements, year-to-date, $5,603,624, giving us a net cash deficit of $290,321. dollars i have a question have we received any um rent payments yet from the hotel lease lease lease payment no we have not okay uh when when do you recall when the first payment is supposed to be supposed to get a first payment i am not sure but i did say to the completion of the hotel. So we don't get the first payment until the hotel is completed.

0:47:42 That's not my recollection of what the lease agreement was. I could be mistaken. Sam, I understand you need it here. Attorney Myers, is there any way you can clear that up for us? I'm going to attempt to, sir. For me, I'll take, I mean, so is your representation, Mr. Administrator, CEO, that the first payment is not due until the hotel is completed? That's your recollection? That's my understanding, subject to further clarification. But then, of course, there's an increasing scale over time based upon a percentage of revenue collected as well. Yeah, I mean, I know there's, you know, it's a two-step process. There's a minimum amount that's due regardless, and there's another amount that's based on a percent of gross revenue.

0:48:45 Which of course they don't have a zero. Right, whichever is higher, so that's what I'm saying. So it's a minimum amount, and then there's an amount that's based on percent of gross revenues whichever is higher regardless there's a basic minimum amount and my recollection is that anyway point information chair yes no i see once if trustee bore you've done for the information um between uh board council um miss clendenin uh gums and attorney myers my understanding was that we were supposed to get paid because this was a lease this was a lease and then at some point when this project opens up doing business we would have a a scale where we get paid based on the income uh coming off of the property so that's how i remember we agreed to do the deal um along with uh the the project owner uh rebuilding the the center for tourism and assistant in the green space and then of course they would also get additional parking so did something change i'm speaking to board council did something change along the way attorney williams i don't know that i'm not aware that anything has changed the lease is what it is one of us would have to pull it out i don't think any of us have memorize what the these terms are um we're going to anticipate this question i assume attorney vice was trying to find it in the system if that's not possible then one of us could try and find the laser that we can answer your question but on the top of at least my head i can't answer your

0:50:55 question without review okay that's that's fine that's fine counsel um miss gums can you answer the question um good morning um trustee dorsey no unless i read the fine prints i would be miss speaking um from going from memory um but truly um what mr dawson stated and what you stated is exactly what um the broad terms are that you do have a lease and a profit share is there anybody in the haven site office online that can answer that question we have a new manager is he online i'm sure he's probably done his review since he's been online since he's come on board can he answer it's the least property on the haven site can the new manager answer the question manager manages the mall the lease is not between the hotel and the mall the lease is between the hotel as a developer and gers that doesn't fall under the purview of the manager for the mall the manager of the mall had nothing to do with um leases of property is that what you're saying chair that's not going to job spec the property was not released from havenside mob the property was leased from the g-e-r-s the manager for the mall manages the mall the property sits on the mall property it's a lease it's a lease on the property so you're saying yes no he has no say in what happens on that property the manager hold on mr attorney my i was speaking to the chair

0:52:45 i responded i responded to it twice i think attorney myers is trying to okay okay okay that's how that's how you understand it what does the lease say attorney myers um i'm currently i i cannot pull it up right now i'll send word to have it centrally trusty dorsey if i may um there is no attempt not to answer your question however this was not an agenda item so we didn't have the research and prepared to discuss that in detail today however since you've asked we are in the process of reviewing so that we can answer you factually so the only thing i was saying ceil this this is a property you know on the dock we have a new manager i'm sure he has done his due diligence to check into the different properties the different businesses on the property and now i'm told by the yes but this is a separate issue within the property so this is like a business within the business right so so two things can be true at the same time trustee dorsey the fact of the matter is that the lease is between the gers proper and uh haven development that that is a fact in terms of the oversight and just being aware of of what's happening on the property of course the property manager is aware of what's happening on the property that doesn't mean that the legal relationship is between them all which is not a separate legal entity and um haven development okay so you had finished here i'm sorry uh ceo you had finished yes sir okay so what i was saying um let me just ask this question who's responsible for the collection since you're saying the mall manager has nothing to do with those the gers is responsible for collection There is, in fact, a fiscal employee of the GERS that is situated physically at the mall.

0:54:58 i'm not i'm not hearing um trusty dorsey i don't know enough is my company or his um trusty does you're breaking up again okay so if i may we we possibly for those collections is it it's not the mall that's that's responsible like they are for the other businesses on the property at the mall so is there someone in the main office where you sit ceo who's responsible for the collections of the rent on the hotel okay so uh let's go back over a couple of things the mall is not a separate legal entity it's essentially a division of the gers we do have an employee of gers all the employees at the mall are employees of the grs let's make clear we do have someone from the fiscal office that sits physically at the mall to facilitate collections of rents at the mall but it's still a responsibility of the gers however more to the matter at hand which is uh trustee barry and your question with regards you need to uh you put back in your code we have the lease present so with regards to the first year um and we'll we'll circulate the lease so that everybody's recollection is is refreshed uh year one the lease states the greater of a minimum rent of blank and i'm not going to state it publicly because this is a private matter but we'll share it with the trustees or percentage of rent of one percent of gross revenues in In the first full calendar year following, following the hotel's opening, the hotel is still under construction. So year one begins?

0:57:01 After the construction of the hotel and it's open. Okay. okay okay this was not an agenda item so we didn't have it handy there was no answer you made a question we just didn't have it present at this meeting i understand and i i accept your response i mean i say you know my recollection obviously could be fought yeah and so i'll all of our recollections so that's why we'll share it to make sure that everybody is refreshed including ourselves So, Chair, to the CEO again, I was just trying to be clear. The mall personnel you have, we know they're GRS employees. That was not my question, Chair, I mean, CEO. I was asking in terms of collection of the rent for that property, which we're talking about is the new hotel going up. I was asking, like all the other businesses at the mall, they go through the management office at the Haven site property.

0:58:11 I guess unless you changed that up since you came on board. No, that's still the case. So you're saying that for the hotel, I was asking if there's somebody else who's responsible for that particular collection. So what are we saying different? because i thought that since they were physically on that property that they would be uh the people at the mall the mall office would be responsible for any issues they may have like they have for all the other uh businesses on the property so it's a different arrangement than what's been happening on the property prior to your arrival no trustee dorsey trustee dorsey it's one part of the question is moot in that there are nothing to collect for the hotel for the lease thus far at the point that there are collections to be received from the hotel ultimately the chief financial officer who has an employee that sits at the mall will be responsible for collections with regards to all tenants at the haven site mall property of which i guess you could say loosely the hotel property is a part but ultimately it all flows through our chief financial officer and then of course to myself so what so what is it in the terms of the physical monitoring of the property yes the property manager is at havenside mall and even though he has no direct role to play with the hotel he's there and he you know there's a good relationship between the gds and the developer and our property manager is a part of that so chair what did i say different what is it that i'm sorry chair i'm sorry not the chair the ceo what did i say different oh you're saying so you're saying we're in agreement okay if that's what it is that's what it is i'm just trying to understand thank you okay we can move on chair thank you i appreciate it any more questions for the treasurer or respect the treasurer's report now can i have a motion to accept the treasurer's report so move is there a second second second is by trusty barry

1:00:38 yes mr chairman uh trustee barry yes trustee barry yes trustee dorsey yes trustee dorsey yes trustee leger yes trustee leger yes trustee russell let's see russell absent trustee smith trustee smith excuse trustee call yes trustee call one yes mr chairman four eight one absent one excuse thank you somebody say something okay next up we have the investment officers report Good morning, Mr. Chairman, other trustees, and everyone else. This is an update of the GRS portfolio as of September, so it's year 2024. Just to wrap up the month in summary, and pretty much the fiscal year. Global equity saw gains for the month and the quarter despite pronounced volatility on several occasions. U.S. shares continue to advance within the month, with some resilient corporate earnings over the period helping to settle investor nerves. International equities gained with emerging markets outperforming developed markets, and fixed income markets boosted by interest rate cuts and the prospect of more to come delivered solid returns for the month and for the quarter. What that meant for the plan in terms of performance for the month, total plan was up 1.7% for the month. Fiscal year to date, we saw a strong 22% return.

1:02:34 Total domestic equity was up 2.1% for the month. Fiscal year to date, we saw a strong return in domestic equity at 35.8%. Total international equity returned 2.6% for the month. Fiscal year to date was up 25.9%. Our total domestic fixed income portfolio returned 1.5% for the month and was up solidly as well at 12.6% for the year. What did that contribute to in terms of of cash flow on dollars. We ended the month at approximately $497.2 million in value of the portfolio. We began the month at about $488.8 million. We had a net cash flow of about $26,000. We had income of about $111,000, $112,000. We realized appreciation in the portfolio for the month of about $8.3 million. brought us to that ending market value of approximately 497.2 million dollars fiscal year to date as you see we began the fiscal year at around 413.5 million uh we did have a negative cash flow throughout the fiscal year of about 21 million dollars uh we saw income of about 691 thousand we did have a um significant unrealized appreciation in the portfolio of about 104.1 million um for the fiscal year that brought us also back to that 497.2 million dollars market value at the end of the fiscal year uh for the month of um um would you explain a little bit

1:04:30 more what the 104 million dollars is okay so the 104 million dollars would be the total amount appreciated in the investment performance appreciated within the portfolio throughout the fiscal year oh okay so this is how much we earned on our investments throughout the fiscal year unrealized it's unrealized because we haven't we haven't just reflected in the value correct Okay. How do you translate that in terms of return and investment, in terms of percent? In terms of percent, if you go back to the performance schedule, it's about 22.2%. 22.2%, okay. Let me ask a question.

1:05:26 the 19 or 20 million dollars that we invested in the in the loan program we we we can earn at max eight percent of that right yeah we should be on eight percent on that um so had we if if we didn't invest it in that program which which class of investment would that have fallen uh that's a tricky question uh we thought we we sourced those proceeds primarily i would say we probably would probably would have been in somewhere in the equities somewhere within the fixed the domestic or international equity bucket that's primarily where we sourced most of the most of our cash for the fiscal year from so probably would have been when the equity market so instead of eight percent you have been on and what and then it would have it was well it's hard to say how much we love well but it would have been part of that accumulation of um whether the um the 35.8 percent in the domestic equity or the 25.9 percent i think total total equity i think we we owned about 30 30 percent i believe if you combine both domestic and and international equity i think we aren't like 30 for the year so it would have been somewhere in that bucket it would have boosted somewhere in that bucket okay thank you sure mr chairman may i point out that while that's the case these are historical which is great that these are historically uh high returns and of course unusually so um so it is not as if we could have predicted we would have been to the 20 30 percent um eight percent of course is guaranteed for the life of the loan and then there are other benefits in terms of benefits to our members and benefits economically as this money was spent in the territory so um and it exceeds our minimum desired return of seven percent so um we certainly understand the question but wanted to put it in broader context that uh whether maybe 20 30 presently it could just as easily be five percent or negative even um in the next month or the next quarter so versus a guaranteed eight percent so i think that balance that the board made a good decision with regards to the loan program which

1:08:08 has been proceeding very well let me record show that i voted in favor yes thank you i said the board i said the board i'm not i'm not i'm not second guessing you said to add to the cc ceo i mean we can look at it also that divorcifier as he mentioned we did did excellent this fiscal year with our returns but in in in terms of down markets you know that that that eight percent fix that we will be getting at that low another portfolio would be an excellent default diversifier across the board thank you mr anderson thank you mr we know that a lot of people listen to this uh to these meetings so we just want to be sure that everything is in the proper context and this would be the third fiscal year in a row of course we're uh that we uh have posted so far um excellent growth so uh kudos to um mr henderson and our investment advisors i'm sorry so this is the fiscal year in the world at work that we have experienced excellent um growth in our investment portfolio excellent returns so i was just commending Mr. Henderson and our investment advisors. It's all good. In terms of investment management and custodian fees, we've paid about $26,000 calendar year to date. That was about $26,000 in investment management fees. Year to date, we've paid about 196,000. Fiscal year to date, we've paid about $290,000, which is broken down into about 83,000 investment management fees, 159,000 in consultant fees, and about 48,000 in custodian bank fees.

1:10:12 Fiscal year to date, we've collected about roughly 24,000 in securities lending, which we um reinvested back into the um portfolio respectively and uh that concludes my report mr chair and trustees and i'll be happy to answer any further questions if you have the question for the investment officer uh mr henderson that was a very good report very good good job thank you can i have a motion to accept the investment officer's report so move moved by trusty dorsey seconded by trusty barry have our work out please yes mr trillman mercy boring yes trusty barry yes trusty dorsey yes proceed or see yes trusty leger Trustee Liger. Trustee Liger, yes. Trustee Liger, yes. Trustee Russell, absent. Trustee Smith, excused. Trustee Caldwell, yes. Trustee Caldwell, yes. Mr. Chairman, four, yes. One absent, one excused. All right. Thank you, Mr. Henderson.

1:11:33 you're welcome all right next item new business um consideration of the amendment to the advanced restoration services contract to repair with some flat roof at grs this enormous complex um mr chairman i will ask our chief operating officer with responsibility for such things not to present uh this matter for consideration good morning information for the information chair yes sir the um issue that was raised this morning in reference to the st croix ac is that already covered in your budget ceo to replace it yes sir okay thank you thank you you sorry miss gong no problem trusty dorsey good morning again trustees um we are here today under new business on the agenda to seek an amendment to the existing ars contract to fix the western roof um we entered into an agreement after being selected from three various um contractors selected ars to fix our southern roof and was under the understanding at that time that that was our final move to be fixed as the western roof had some repairs done a few years ago the division of personnel experience leaks after we had began the contract and the work had commenced for the southern roof we asked the roofer to go investigate for us what we thought originally was just a flashing to be replaced after further investigation the roof has a lot of pinhole they call it pinhole leaks and some soft spots mushy so whatever temporary

1:13:33 repair was done years ago has far passed its life and in order for the division of personnel not to experience leaks so there are no other further environmental hazards we're asking for an amendment because the roofer is already mobilized we asked the roofer to send us a scope of work and an approximate cost we forwarded that information to our architectural and engineering firm on contract geradian design for their input geradian design wrote to us i think monday or friday um indicating that they're in support of it that if we had to um remobilize it would have been double or triple the cost uh that the roofers have done good work and that their work would come with a 20 year warranty so we're asking for an amendment the 64 000 could not simply be a change order of course it exceeds that and it's a different scope of work so in line with the procurement policy we're coming before the board to ask over 64 000. please bear in mind the original cost of the contract was 200 almost 200 000 less than what was budgeted for the project so the 64 thousand um that amount could be covered um easily so we're asking for your permission we could not do that on our own any questions you could not do it on your own because what it it it it it surpassed some threshold and some thresholds yeah correct we only could do 15 above the original cost of

1:15:30 the contract and in consultation with attorney myers and attorney williams because it's a different roof the western roof and not the southern roof and it's a small roof um the western roof we opted to have an amendment to the contract and those amendments are to come before the board if it was simply a change order up to 15 the ceo within the procurement policy could do that without coming to you and uh trustees this is time sensitive in the sense that uh ars is presently deployed on the southern roof we don't want them to finish that work and then have to come back and mobilize again to do the western roof because then we would likely incur additional costs okay i'm fine i'm good yes um miss gums um is there any other uh sections of the roof that needs to be done um anything else great question trustee dorsey no we have done the northern roof we did all five um well it's four hip roofs and a small section five we're doing the southern roof which is about 95 complete right now the western roof will be the last of the roof um at grs to complete and again all roofs has a 20-year warranty so we should be good for about 20 years the western roof just got jealous and didn't want to be left out so so this is saint thomas right that is correct so is the roof in saint croix okay yes the roof in saint croix it's a fairly newer building um a little less than 15 years old so

1:17:23 we don't have a problem with the most roof at this time there has been some minor if um you weren't here but some minor leaks but we discovered it wasn't from the roof it's just how the ac dust are done and we redid those but this roof is good for now thank you you're welcome thank you chair all right um any trustees have any questions so can i get a motion to um authorize the administrator to amend the ars contract so move second Okay, moved by Trustee Dorsey, seconded by Trustee Bowery.

1:18:11 Yes, Mr. Chairman, Trustee Bowery? Yes. Trustee Bowery, yes. Trustee Dorsey? Yes. Trustee Dorsey, yes. Trustee Liger? Yeah. Trustee Liger, yes. Trustee Russell, absent. Trustee Smith, excused. Trustee Colwood? Yes. Trustee Colwood, yes. Mr. Chairman, four yes. One absent. my excuse all right thank you thank you trustees mr chairman before you entertain a motion for executive session which is what i think was next yeah okay i just wanted to indicate that in my administrator's reports for the meeting of the 26th uh i neglected to mention that uh there was a prominent promotion within the GERS and I wanted to correct that today in our employee all staff meeting of September 13th I announced the promotion of our what should I say primarily our assistant general counsel and then our acting general counsel I did announce that he has been promoted to the position of general counsel uh so i i had not sent a memo as i usually do to staff because it was an a verbal announcement of course he received it in writing uh i would have copied the board on that memo had i sent a memo but it was done in our all staff meetings so i wanted to share uh that news with the board of trustees as well so congratulations it was thank you very much attorney myers yes sir it's so funny i was just sitting here thinking if i shouldn't make a motion today for you to have that vision i was just sitting here thinking i will just get ready to do it you know i was just really thinking about it but i think i would get a second attorney williams i think i would get a second today well i'm very happy about that i'm happy that everybody is

1:20:37 pleased with this election and well-deserved so we of course are in the in the process of he's leading the effort frankly to identify an assistant because that's important it's quite a lot that the general counsel office handles it there were previously two and the two attorneys now there's been one for about a year and um we'll find the right assistant i'm sure so so ceo um could there be any preference to bringing that individual out of the st croix office give some balance out of the st croix office we have no attorney in the st croix office that's that's the point um if we can have something based in the st croix office i don't think it really matters much where they physically reside i i will defer to attorney meyers to an extent with regards to uh where that person is um i i really don't care uh you know they're qualified and can do the work uh we have phones we have computers we have planes yeah so uh if somebody's identified in syncroy so be it i'm fine with that yeah so let's see i said i told you i'm trying to get away from the office but it's a great thought process uh trustee uh dorsey no objection whatsoever um to an extent given the profession i want to defer largely to attorney myers because whoever is hired has to be highly qualified and has to work well with attorney myers so we'll see what he comes up with all right well attorney myers i listen for the speech well thank you very much i i appreciate the confidence that uh everybody has given me um and i will work very hard uh continue to keep you continuous uh to keep you satisfied all right and that's it thank you very much all right thank you mr chairman for the all right um can i get a motion to wait to executive session so move you know you have to look at you know can i have a motion during executive session for because this portion of the meeting will be close

1:23:05 to the public for matters pertaining to trade secrets or financial or commercial information or personal or legal matters or matters whose premature disclosure will frustrate the implementation of the proposed agency action do i get it do i have a mover i move i shall move sorry move by trusty barry secondly by trustee like a second yes mr chairman um trustee barry yes trustee barry yes trustee dorsey yes trustee dorsey yes trustee leiger yes trustee leiger yes trustee russell absent trustee smith excuse trustee colwood yes trustee colwood yes mr chairman for you one absent for one excuse okay

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.

6x **Trustee Vincent Liger**
heard in this transcript as: Liger

4x **Trustee Andre Dorsey**
heard in this transcript as: Dorsey

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

3x **Trustee Ronald Russell**
heard in this transcript as: Russell

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