Board of Trustees Meeting October 4, 2018

GERS Retirement System (Board of Trustees)

October 4, 2018 · 2.2 hours · gov

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0:00:00 Trustee Calwood. Present. Trustee Cohen. Present. Trustee Liger. Absent. Trustee Maynard. Present. Trustee McDonnell. Present. Trustee Smith. Absent. Chairman Caldino. Present. Chairman Fyfe. Present. Two absent. Thank you. So we have a call around. Are there any comments or suggestions from retirees on St. Croix?

0:00:39 Excuse me? No. Yes, sir. I'm from St. Croix. Point said no. He's going to say I'm listening right now. Okay. Want to say any questions from you? None. None? No suggestions? You okay? I understand. Okay. Okay. Okay. Okay. Okay. Okay. I know. Yeah. Okay. It's okay. This is going to be the only time you'll be allowed to speak, Mr. Dalton. Secondary minutes, regular A23-2018, get a motion for approval, any corrections, additions?

0:01:54 motion to approve i'll second trustee carlwood yes trustee cohen yes trustee leiger absent trustee maynard yes trustee mcdonough yes trustee smith absent chairman calendar yes chair five years two absent Okay, minutes have been approved. Communications and Correspondences. Okay, first correspondence, dated September 4th, 2018, address 2. It's Austin Names Administrator, Government Employee of the Tyrant System, number 48B-50C, Comprinsons, Garter, GRS Complex, St. Thomas, US, Virgin Islands.

0:02:50 Dear Administrator Nibs, Hurricanes Irma and Maria produce widespread and significant damage to the Virgin Islands, inflicted severe emotional, physical and economic . Dear Administrator Nibs, Hurricanes Irma and Maria produce widespread and significant damage to the Virgin Islands, inflicting severe emotional, physical and economic hardships on residents of our territory. It is therefore fitting, as we mark the first anniversary of the storm's passage, that we gather to commemorate these life-altering events with praise and thanksgiving observances. I am pleased to invite you and your members of your staff to attend this event. We have scheduled this afflicting event on St. Thomas on Sunday, September night 2018 from 2 p.m. to 5 p.m. at the University of the Virgin Island Sports and Fitness Center. For more information please contact Assistant Commissioner Mr. Joyce Dorr Griffin at the Department of Tourism at 340-774-8784 extension 2222 and or JD Griffin at USEITourism.VI. I thank you in advance for participating in this noteworthy event i look forward to seeing you on sunday september 9 2018 sincerely kenneth emak governor correspondence dated september 6 2018 mr austin elnib's administrator government employees retirement system of the virgin islands 3438 crumb princeton's garter grx complex third floor st thomas virgin island 00802 regards to annual bonus payments to retirees. Dear Mr. Nims, as you are aware, the Virgin Islands Lottery Commission is required by Title 32, Virgin Islands Code, Chapter 13, Section 246J, to transfer at least no less than $2,2,270,000 from the net income of the lottery from all authorized gains to the government employees' retirement system before July each year for GRS to exclusively use as an annual bonus payment for eligible annuitants and pensioners. Commencing with fiscal year 2015 through fiscal year 2018, the total among that the Virgin Islands Lottery was obligated to transfer to the GRS pursuant to this statute is $9,080,000. I have been advised by the Commission that during the aforementioned period the Virgin Islands

0:05:36 lottery has transferred a sum of $3,905,509.83 to GRS, resulting in an outstanding balance owed to retiree bonuses of $5,174,490.17. I have instructed the Executive Director of the Lottery Commission to submit a plan to pay the outstanding balance to GRS while adhering to the requirements set forth in title 3 chapter 13 section 246 j virgin islands code given the receipt by grs of over 3.9 million for retiree bonuses i am requesting of you a report of the last bonus payments made to retirees by grs pursuant to title 3 virgin islands code section 729 b this statue mandates that grs pay these bonus payments by November 30 of each year. If bonus payments have not been made pursuant to law since receiving these funds, what is the status of funds received? Once I receive a proposed payment plan from the Lottery Commission to Peter Herrera, I will share this information with GRS so we can appropriately inform qualified annuitants when they can expect to receive the bonuses due and owing to them sincerely kenneth emap governor copies to the honorable valerie o collins chairman vi lottery commission vi lottery commission board members grs board members juan figueroa director virgin islands lottery my response to the governor dated september 13 2018. the honorable kenneth emap governor of the virgin islands of the united states office of the governor number 21-22, Kongjinsgarter, St. Thomas, Virgin Islands 00802, regards to annual bonus payments to retirees. Dear Governor Mack, we are pleased to provide you with full accounting of the annual Virgin Islands lottery bonus payments to the retirees since inception in fiscal year 2009 through fiscal year 2017 and for the three quarters in fiscal year 2018, as follows, see schedules attached. For fiscal years 2009 to 2017, a total of $20,430,000 was required to be remitted to the GRS in accordance with Title III, EIC Chapter 13, Section 246 . During this period, we received and paid to the retirees $11,954,109.94.

0:08:08 As of September 12, 2018, we received $905,509.83 for the three quarters through June 30, 2018. We are waiting for the payment for the fourth quarter ending September 30, 2018. Payment will be made to the eligible retirees by November 30, 2018, in accordance with three VIC section 729 . response to your specific request and letter dated September 6 2018 for fiscal year commencing 2015 through fiscal year 2018 nine million eighty thousand dollars is the required allotments for this period for the same period through September 12 2018 we received four million fifty four thousand three hundred fifty four dollars and one cents there's an outstanding balance of $5,025,654.99. Note there is a difference of $148,835.18 in the outstanding balance. VIL balance $5,174,490.70 and GRS balance $5,025,654.99. If you have any questions need further clarification you may contact me at 340-344-3333 or a nibs cpa at usvigrs.com sincerely austin l nibs administrator ceo attachments copy to grs board of trustees the honorable valo o collins chairman vi lottery commission vi lottery commission board members wang fioroa director virgin alas lottery atm smith esquire general counsel grs Denny Jeremiah, Acton CFO, GRS. Email from Milton E. Potter, dated September 23, 2018, Social

0:10:08 Security Number. Dear Mr. Nibbs, this is to advise you that commencing October 15, 2018, the Division of Personnel will no longer be using Social Security Numbers on NOPRS issued to employees of the central government. We are perhaps the last remaining city or state government that still prints these confidential numbers on NOPA's documents. The potential of misuse in the era of identity theft led to this decision. I have had preliminary discussions with two members of your senior staff, Ayesha Klandini and Jasmine Griot regarding our decision. Should you have any questions or concern in this regard, please do not hesitate. Contact me. Best regards, Elton Parra. That ends today. Any questions? I'm going to submit any comments?

0:11:03 None? What prompted this letter from the governor regarding the I don't want to speak incorrectly, but I think the governor had a meeting with Gruff, the retirees organization. I think that came up, and from what I understand, that's the reason why. So GS was not being accused of withholding any funds? Oh, because the law states that we can only pay out what we said.

0:11:39 okay thank you um i want you to recognize the presence of trustee smith i want you to vote us a little later who does it later okay 10 persons report Okay, good morning again. First, I want to thank Trustees Collin and Smith for chairing me during my absence until September.

0:12:22 Number two, I need to apologize to the Trustees for not notifying them in advance of the impending resignation of the Investment Office of Mr. Bruce Thomas. I am sure that it is no surprise that Mr. Thomas would eventually leave GERs. and to seek a more challenging and rewarding position on the mainland. During his tenure at GIS, Mr. Thomas did a superb job for the system, and the system provided the support for him to achieve at least three certifications. I suppose he started a new job October 1st, And he is a managing director of global equities for the Pennsylvania State Employees Retirement.

0:13:15 And in that position, he manages in excess of $13 billion. So, and he sends his regards to everyone. So I have in my notes a report that I believe I had presented to the board meeting in June 2018. I was told I could not be found there if I want to be sure that it becomes part of a record. And this is all cool. It's a quotation. After 44, and if you've done this before, stop me and let me know so I can't eliminate it. It has to do with the fact that after 44 months of his term, the governor has finally realized that there is a need to take some action to avoid the insolvency of the GIS. During these months, he has castigated the trustees and the administrator. He has made flagrant misrepresentations regarding the system, the investment portfolio, and he has virtually ignored the system and his representatives indicating that he would not provide funds to allow the system to continue to make bank investments. Now with a few months before a gubernatorial election, he has found a way to fund the system even though the paltry infusion will only deliver the system in solvency by a few years.

0:14:43 Yes the governor finally met with the board and he has pitched his plan to the retirees, But that is no more than political rhetoric and machinations. There are certain political aspirants who continue to proclaim that the system is partly in its present state due to the risky and bad investments that have been made. I would like for these individuals to name the bad investments. Just listen to them for us. Clearly, this system has had a return of 8.7% since inception, and it is ludicrous for anyone to continue to make these things. I want to thank the NCPRS organization, its leadership, and the other presenters who participated at the forum that was held on 29 and 30 August 2018.

0:15:43 I was pleased to see the number of individuals who attended this very informative meeting. However, nothing will always go as planned. I was surprised that governatory candidate Albert Bryan Jr., who described the presenters as being disingenuous, and was appalled as saying to the Israeli questioning messengers regarding posting of contributions. They were both out of line, and the firm was not the place to question the administrator on operation matters. I would encourage the government officials, particularly the Senate president, to cease asking members of the system whether or not the trustees had discussed certain matters with them before the trustees had made decisions.

0:16:29 The board has no obligation to poll members before making decisions. Trustees were appointed or elected to make the best decision with an affirmation that they have. And it's no different than the senators having to poll their concession before they make decisions. That's end of my report. Any comments, any questions? Beat me up. Thank you. Administrator's report. Good morning. Again, on August 28th through the 30th, I participated in the GRS NC-PERS 2018 Public Pension Forum, held at Carambola. September 4th through the 6th, I attended the annual public funds forum by Valued Advisors in Laguna, California, which is sponsored by one of our litigation firms, Robin Gerard Rodman and Dow. Former FBI Director James Comey was the main speaker. On September 10th, I appeared on radio program Just Government as a guest of the at-large aspirin .

0:17:41 Some of the questions asked were, explain the difference between a DB and a DC plan. What is the current unfunded liability? What is the status of the relationship between GRS and the Government of the Virgin Islands? Where are we in reference to selling GRS assets such as Palombola? some of the challenges that you face with that you are faced with as the administrator of the GRS. On September 11th, I had a meeting with Vitec executive team. On September 16th through the 19th, I attended the NC Plus 2018 Public Pension Funding Forum in Boston, Massachusetts.

0:18:22 On September 27th, I attended and testified in the district court in regards to GRS versus governor of virgin islands on september 28th the office was closed for general staff meeting dr caroline clancy millon phd a psychologist made a very good presentation to the employees on the positive mindset and number eight on october first i attended the carimbola northwest llc board meeting regards to the systems operation all systems network and communications are fully operational are expected with ongoing data and functionality fixes to vg transactions by our software provider vitex replacement of the sand for v3 installed and tested work in progress for cutover of environment smart nets our backup internet provider has been restored the wireless internet service new hardware upgrades we have received our new depth stops and servers and they will be installed shortly grs as you know is making a move to the cloud to improve system reliability functionality and data security there's also ongoing employee awareness training throughout the agency insurance claims public adjuster world claim and Richard Cohen continued to represent GRS we assessments of the GRS properties and insurance claims including Carabola document requested were provided to Mr.

0:20:02 Cohen accept non-budget every hurricane expenses a public adjuster for synchroity properties completed the damage assessment report and estimates for repairs. Estimates were submitted to FEMA for the permanent repair projects as this was not covered by the insurance. FEMA covers damages under category E for permanent work associated with the buildings. In our instance, the amount of the damages was lower than the deductible. Specifically, the windstorm deductible for the policy is 3% of the amount of the In short, value per building per location is $839,812.05. The estimated damages as per the scope and pricing provided by Black Horse Construction is as follows. For the building in St. Croix, Plesson Ophthalmology Office, $220,844.60. The other building in St. Croix, the Casino Control Commission, $194,124.67.

0:21:02 And the GRS offices, complex, $168,242.38. Total estimated damages, $183,211.65. We continue to submit documents to FEMA as requested to arrive at the settlement for all properties. The respective insurance proceeds will offset all possible claims. All claims for Category A and B have concluded emergency and temporary work. We will be working on Category E buildings and equipment permanent work. For the Haven site claim, the rent abated information was provided to the insurance adjuster. The adjuster will have settlement numbers in a couple of weeks. In regards to bi-weekly employee deductions which are considered pay, day deduction and employer contribution as of September 28th, the central government is paid up through pay date 9-13-18. Eastern Medical Center has paid up all outstanding employee deduction and employer contributions. WAPA is paid up through July 28, 2018 pay date. All employee deduction and employee deductions are standard for eight nine eight twenty three nine six and nine twenty pay dates remember this is as of september 28. all other employers are up to date except mong louis hospital the estimated missing employer contributions as of july 31 2018 stands at 36.6 million dollars From what I understand, Senator Verley plans to put a certain amount in the budget every

0:22:52 year to bring this total down to zero. On September 13, we sent a letter to OMB Director and Commissioner of Finance for prior period missing contributions, billing in the amount of $485,958.79 for members who retired and on retiree payrolls through september 30th as of october one this among still is outstanding i want to advise the board that we do have an issue um with the government remitting missing contributions to the grs i have advised Commissioner Collins and OMB director as of yesterday that we will not place any more retirees on the payroll if by October 10th GRS does not if GRS does not receive by October 10th 1.2 million dollars I will cease to include any new retirees on the payroll because what happened is there was 61 and 61 renewing retirees on the 930 payroll 486 million a thousand dollars we went ahead and put them on a payroll and talking of finance was to make payment by September 30th did it not last Thursday after court I spoke with Commissioner Collins he promised to have it to me this week I have not seen it sent him emails and he have not responded therefore by October 10th by noon if we

0:24:46 do not receive 1.2 million dollars we will cease to suspend put in any new retirees on the payroll because the law states that all contributions must be made in order for retirees to receive the initial annuity. I'll entertain questions after. As far as Act 2261 there's no update. Act 7128 no update. In regards to refunds, as you can see, the refunds have been increasing significantly. Since January 1, 2018 to August 2018, we have paid out $4.5 million in refund. Of that $4.5 million, regular, non-vested, those are members who are not vested that are leaving system we paid out four million dollars retiree applications as you see they're not moving and it's going to create a problem if we don't receive in the 1.2 million dollars that I just spoke to you about retirees we can get retirees ready for for placing on the payroll however if we do not receive they require funding we cannot place the retirees on the payroll unless the board authorize me otherwise okay as far as the number of retirees on the September 30 2018 payroll there were 8,516 retirees on the payroll total annuities from From October 2017 to September 30, 2018, we paid out $244,932,977.78. Month of September, 63 retirees were placed on the payroll. October 1, 2017, there were 282 retirees that left us, passed on, and the gross payroll for the month of September 2018 was $20.5 million. In regards to the loans we presently have 6,178 units active form 1,163 retiree loans 1,906

0:27:35 other loans 5 and we have mortgages different categories of 104 for total of 6,178 units as of September 15, 2015. Regards to our buildings, the turmoil treatment, windows, doors, including subterranean and minor electrical work were completed at the White House at Haven site. In St. Croix, the fence repairs to be done by Benton in October 2018. The gate repairs to begin by Alvar Weldon on October 10, 2018. Casino Commission building a draft was submitted to the Commission on August 10th. A meeting was held with a commission executive director and one of the commissioners. However, no unilateral decision could be made because Commissioner Goldwood is on sick leave. St. Thomas Complex, as you know, we do have some issues with this, infrastructure issues. From what I learned, the contract was executed with custom billers for emergency repairs, which will begin in mid-October, emergency repairs of the roof. WAPA interruptions have been a challenge for the AC system.

0:28:55 We did receive a report, finally, from the engineering consultant company, as in Zonda Review. The report included options and recommendations. We executed a lease with the VI Housing Finance Authority to occupy the office space on the first floor of the complex. The monthly rent is $5,810, with a two-year term with option to renew. The collection on our averages. In August, we collected rents in the amount of $161,625.35, 35 cents. No electrical connection. Collections were received. Rental year-to-date received $1,035,700.58. Electrical received to date, collections $225,195.23. We have rental ravages in the amount of $217,772.88. Major is the Department of Justice. We also have an electrical orifice of

$70,831.90, which is the Department of Justice through August 2018. Our third quarter newsletter, hopefully to go out by October 15th, major articles in the third quarter newsletter debt notification to GRS this has been an issue with us summary of GRS contributions administrator thank you to the NC PERS overview of member benefit statements GRS bottom line in regards to funding status total retirees year-to-date fiscal year retiree payroll total portfolio assets total return for quarter ending 6 30 2018. our saturday radio program was resumed november 12 2017 after the hurricanes on wsta reef broadcasting in st coi officially resumed programming at the end of august 2018. wgod has not yet resumed number of programs per month officially two programs per month however wsta focus vi plays it four times per month no charge for the extra two extra programs radio stations carrying a program 103.5 fm mondays at 10 a.m 16 20 a.m saturdays at 5 p.m

0:31:25 13 40 a.m saturdays anytime between 9 15 and 9 30 a.m and 98 fm wgod thurses at 3 or 5 p.m Tomorrow we'll be having, GRS will be hosting the annual HR officers meeting on St. Thomas and St. Croix via the VTC. Topics to be discussed, the 2017 annual benefit statement, member self-serve through the member self-serve on the website, return to work provisions, GRS membership record completion and timeliness, a 30-minute presentation by the division of personnel about a no Social Security, no part that I read into the record in my communications. Attendees are a representative from the human resources division across the government, central, semi-autonomous, and autonomous. And the annual meeting is outlined in the strategic plan, provides pertinent information that will assist HR officers in educating their employees and addressing various questions on all things concerning your time in. Mr. Chairman, that ends my report. Trustee, any questions on Ms. Adams? Any comments? None? I'm a trustee Calvert, don't hesitate. You're smiling. I'm happy.

0:32:57 always mind can can i ask one thing yes sir um excuse me in reference to the the uh this deadline october 10th i think you mentioned for the government to pay up so that we can keep putting retirees on the list um is there any action that's going to be considered if that doesn't happen well this is part of the court the court um that's happened thursday that's correct I mean, so, you know, hopefully they will come through because it's only going to hurt the retirees.

0:33:36 Some of these retirees are already told what schedule payments they're going to be on. Normally, Commissioner Collins comes through, but he hasn't responded to my inquiries in the last few days. I know that he's reading my emails because I can see that he is. so probably it's a funding issue for them however i have to adhere to the law so hopefully it doesn't come to that thank you so mr this issue about not placing any retirees on the payroll expected to us well the law states that both sides of the contributions the employee and employer must be paid before and a retiree can replace receive the initial annuity so the government is owing us employer contributions prior period employer contributions normally when well what happened when the former OMB director was there he would give us a lump sum and I have spoken to the OMB director and I think we come into a meeting of the minds that that's what he wants to do And I've recommended that to Senator Bailey. I've recommended it also to the meeting with the OMB Director and Commissioner Collins.

0:35:04 Give us a quarterly allotment so that we can continue. And when we're liquidating, we'll let you know how much more we'll need for the, you know. If we're short, we'll let you know. And if we're over, we'll just deduct it probably from the subsequent allotment. I think we're going to get there, because I heard Senator speaking on the floor that that's what the intent is, to put a lump sum amount into the miscellaneous section of the project so that he can use for this purpose. So I think we're going to get there.

0:35:39 However, like I said, I can always hear Judge Ross ringing in my ears, follow the law. And I hear him and Kathy, Attorney Smith telling me this all the time, and Attorney Myers, follow the law. So, if we don't receive these funds, there's no way we can continue to place new retirees on payroll. So would there not be situations where a potential retiree has had all of his or her contributions made?

0:36:19 If the retiree pays the employer's share, the employee can be put on the payroll. Then they'll be reimbursed later on. So you don't anticipate there would be a situation where the company has paid up for any potential retiree? Yes, we did. We summed it up to September 15th. We had money to September 15th. They reimbursed us $528,000 or something. But now we're talking about September 30th, October 15th. yes but but i'm sorry did you say that for the september 30th payroll you placed 61 new retirees on that's correct without the government's contribution because it was promised i'll be there but then well that's not and this probably needs to be off the record but But if we've done that, have we not set a precedent?

0:37:25 We haven't set any precedent. Please. This is public and public. What precedent have we set? We have done it before. What I'm saying is, if you promise me something, I have to think about the retirees, you know. And, you know, Charansa's testimony really was emotional. And I think it changed the judge's thinking. and it had people in our courtroom in tears. We've got to be concerned for the retirees. Retirees are losing their homes. They can't buy medication. It's a lot, a lot of issues. And then what happened is they take it out on the employees including myself with their threats and all that stuff. We've got to be very careful. Now if you promised me, we had a meeting, you paid me the 528, you promised me he's going to get there. The other portion is going to get there. I asked for $800,000 and he'll be there. the retiree payroll is done two weeks before correct I can't stop it if it's done two is before it's gone yep so we have a gentleman agreement I mean we're all professional and you tell me yes it's gonna be there and I'm counting on you for it to be there so we had a meet we had the chair in under 28 was informed say i'll get it to you in a few days i'm still waiting so that's what it is the only comment i'm going to make is if you say you're not going to put any new retirees on the payroll that is not consistent with the position that we're concerned about the retirees because i understand why are you making that decision but you have the potential to affect

0:39:11 hundreds of other retirees who are waiting who don't have an annuity and can't pay their mortgages and their medication and all that. Well, if they want to change the law, that doesn't change the law. The only way I can get around that is to change the law is to go directly otherwise. Mr. Chair? Yes. And if memory serves me, we've had this conversation before in the past when the fact that retirees were placed on payroll and took the government a while to finally submit the funds and we're working on a IOU basis with the government for a period of time so I mean luckily we still we our funding is shored up enough that we're not paycheck to paycheck but in the event I think as As time goes by, if we start running short and they don't pay, that will put us in financial blind.

0:40:09 And I understand what Mr. Nibs is saying. I mean, I understand them, I mean, because a lot of my friends, those who entered with me have all submitted a retirement from last year. We are now, but they're year 30 to 32. So they're putting in their applications and they're being told they have to wait. And I understand that they want to be placed on the payroll, but if the funding isn't there, we need to make sure the pressure needs to be placed on the government to submit the funding timely. So that there is no, because if a member is planning to retire, they submit their information to their department. The department submits whatever they need to submit. From what I'm understanding, from some departments have submitted it, but it has not come to us.

0:40:59 And that's problematic. I don't understand what you're saying. I don't follow you because we don't submit any billings to the departments in the last two years. Everything goes through OMB. No, I'm not saying us. I'm actually agreeing with you. My comment was in agreement with your stance. But I'm just saying, I didn't say we bill them, but I know that in conversations with some people and their department heads that they have been told that their monies have been submitted. So that's what I'm saying. If it hasn't come to us, it's not because their department hasn't done. It just hasn't come to us from central government.

0:41:37 So we have to make sure that the pressure is placed on the government not to be hesitant or to delay the payments coming to us so that the people, as they retire, submit that long waiting time is cut down. Because we started the process of trying to do the 90-day cutoff, and we started getting there, and now we've gone back to six to nine months again. That three-month period was looking good, and I think you had gotten a few people under the three-month, and it was like, oh, yeah, GRS is looking nice, and now we've gone back to six to nine months before you get a first payment. That's problematic for people who put in 35 years and are waiting.

0:42:19 Well, I am hearing you, and if what I recommended, and I think what Senator Vele, I heard him say on the floor some days ago, and I know that Julio Reimer is going to be director of Greece with me, that we put a certain amount in the miscellaneous section, and every quarter we draw, they give us an allotment, we'll be able to get people out, people out from retirement I hope that passes but that would be a significant help to us in the meantime what are we going to do in terms of if we don't hear back from OMB director i mean we're going to return again i gave them uh until the 10th of october by noon it was promised to me that i would have received 486 million by monday thousands i'm sorry So I'm just going to stick to my gun. That's where the pressure comes on. I mean, I don't want to hurt any retiree, but I have to follow the law. I heard Val Khaled say it.

0:43:56 I don't have any issues with what you're saying. And I agree with you in following the law. Because like you, I keep hearing Judge Ross in our head. You know, you got to abide by the law. But my question is, you said 1 point something million years old. Well, right now, they owe me. Are we going to reach out again, I guess, prior to that October 10th deadline? I reached out to them yesterday.

0:44:26 Yeah, he does have stuff. And I know he read my email two times. yes I will call him but he did say in the court that he only has three or five days of cash the government is living on three or five days of cash and the government George Gomez says what GR has got to be top priority so I would think that he should pay this to us and forget about paying payables right yeah I think they adhere to when you put stuff in the media and then the next couple days they pay up so I think you probably need to put it in the media again and I'm hearing out here that GRS has been stabilized it bothers me it bothers me because I know differently it's not it's not it's a very serious thing I'm telling you because it's a lot of people over hurting just this morning I got two calls already people crying on the phone you know and I know some of these people I look the list of who's supposed to be paid in october 15 and some of them have called me like every day for the last three months if i can't what am i going to tell them well the government has not paid me my money that's all i can say and i know government house called me about a few and i told them that person is on that 2 or 15 payroll so we just have to call them and let them know that you you know, put on another payroll, maybe the 31st when we get the 15th month, the best I can do. Yes, sir.

0:46:28 Yes, Mr. Chairman, I'd like to address one other thing, and this may have to go into executive session, I'm not sure, I'm questioning the amount of money that the Department of Justice was highlighted both in their electrical in the rears as well as their rent is substantial and I'm wondering has any action been taken legal or otherwise to deal with this situation or have they reached out and negotiate it in any way Well, the last time we sent them a notice to our kids, we sent our lieutenant, we also sent personnel. They did get caught up, Justice, remember they paid off that lump sum amount.

0:47:22 But now they're lagging behind again. We do send out the billions every month. So justice is the name, they owe us over $182,000. So if nothing is done by maybe the 15th, probably we can send them a notice. But we do let them know every month we send them a faxant to please get caught up. I guess it's a funding issue with them also.

0:47:56 I must say when we send them that letter, it will pay off. it knows they said it didn't watch anything right and then when we send them the letter they paid it right away okay can we tell how many months they're behind miss potter would have to be the one yeah that's what i was going to comment on just the figure appears to be large in terms of the rental they're three months behind um in terms of the electric the electrical it appears like a large amount but if you remember WAPA had not been billing us since January so that really was a combination of like six months electrical so it appears that it is a high amount but it is only one electrical building that they're behind at three months right now but i must say three months is uh there's a lot of months to be behind right i'm inspired you're being sympathetic to them right No, not sympathetic necessarily. We understand the cash flow issues that they're faced with.

0:49:17 The last time around they were six months behind, they sent us a check for three months. So we know that they're actively working on it. They have done the check request, but they're waiting on the Department of Finance to cut the check. All right. Any other questions, comments, trustees? Okay, none. Committee reports. Any reports, any committee? Policy, one of the things we are working on finalizing the board governance policy. I've received some markups from attorney Williams, sent it to the members of the committee, processing the document with the recommended changes to be then we submitted to attorneys William and Smith the employee handbook very internet inch thick document no one has quite completed it we need to finish it within the next two weeks one thing we did October was our deadline for completion waiting for attorney Williams to make any recommendations because as I read it I just the governance policy I read it took out a few things but he identified some things I didn't see so I can't submit it we just the trustees looking at it we do still want to wait for board council to complete so we're hoping at the end of October we'll have it completed for acceptance or submit So how do you propose we handle this?

0:51:07 Because you should have received the markup form. And then tonight, today, you should get the red line copy. Because I'm working on that. For that governance. The same thing with the employee handbook. The recommendations that he sends, I send to you so you can match your recommendation with the original document. Then I put the red line in and send it back to attorney Smith. So the same way I did with the governor's policy do with the handbook sends me the recommendation with the additional markup that I had sent them to you and then the red line comes to you this afternoon and then goes back to attorney Smith and attorney and then we tackle that very big document. I did read it. The whole thing. Okay. Any, uh, any other committee reports?

0:52:19 No, no, no, no. I'm working on it. Not much change, but I need to look at some certain things there's an inquiry though and that is whether or not we intend to pursue the matters involving gourmet gallery and mr. pickles presentation with respect to the development of Copley Bay. I mean those two things are hanging out there.

0:53:14 In the last meeting we approve, sorry I was telling you Mr. Chair, in the last meeting we approved the situation. You are absent. Yeah I was absent. We approved the recommendation. Let me speak to it. In regards to Jack Pickle, we have turned that project over to the consultant George Lang Sal we've had communications with him he's communicating with Jack Pickle back and forth and he's going to be down here until the end of October they're going to meet him with us for a couple days however him and Jack Pickle has been back and forth and he gave us recommendations at that time okay regards to gourmet gallery gourmet gallery I've reached out to Gourmet Gallery we're gonna be meeting with them to start some type of negotiations with them and that should have been done already however his wife was sick and he was away but I was awake in a way so hopefully can start something in October I've asked attorney Smith to give me the questions that was posed to your committee and we'll sit down and start from there as to what the committee position was and then start negotiating negotiating from there but they eager to get in they can't they can't start operation until the roof is fixed and as you know the insurance adjuster says that the roof got to be removed so however we're going to try to work with them and we'd be working with waiko management to also get them involved because they may have recommendations and ideas to sit and come up with some type of negotiating okay what's the schedule for removal of the roof and and repair the roof Ms. Glendinen you working with FEMA and what is the

0:55:14 FEMA had the um trustee made FEMA made the same recommendation as the insurance adjuster they um for their structural engineers they have that all moves to be removed and replaced they didn't have have any repair on any of those in the entirety of the segment the insurance adjuster mr. Cohen wrote two or three days ago they're working on some final documents who they're working on call back to us for additional documents we just providing that to them so like in the report the administrators report we're hopeful in the next few weeks they come back with a settlement so we could start to go out to bed and do whatever work with white girl to get it started but both both sides, FEMA, and the insurance both at all roofs at Havenside must be replaced. My recommendation to the board is maybe we should, if we know that we're going to get a certain amount, maybe we can start on the repairs ourselves now, maybe we can front it. How much was it cost? Well, we don't know. I don't know yet. By the time we get the estimates, we'll have to... But maybe we can start so that we can get back into business.

0:56:29 I mean, Gourmet Gallery is looking to invest 3 point something million in dollars in the leasehold. And that's significant. So has it been made clear to Gourmet Gallery that they simply can't commence any kind of before? The repairs are made. The roof. They're concerned about the roof. They refused to do anything until the roof was done. My concern with that is, that's why I wasn't sure, because last week, they were on the roof doing repairs. Oh, why are you going to patch it? Yeah, but the FEMA said the insurance said the roof needs to be closed.

0:57:16 I saw them doing the overhang and the roofing last week, and I was like, I thought they were taking that off. unless it's part of the capital budget for last year's roof repairs was part of the capital budget but why repair some do you remove it you're saying this to me now maybe I'll give yeah check and see maybe they might have just been fixing a little crap but they were there for a couple hours there were a lot of punctures from the flying debris in the roof so they did a lot of replacement of the flashing because inside the stores are leaking because of the holes so they have to do patchwork temporary work until it's replaced because they can't have inside leaking and the moisture it was okay thank you we have the treasurer's report good morning both you and other trustees this is the treasurer's report for the month ending August 31st, 2018. Receipts from collections, loan repayment $3,517,988, year to date $38,136,180, rent from tenants slash utilities $50,436, year to date $1,226,70, seven hundred and thirty-one rents from Havenside tenants five hundred and two thousand two hundred and forty one year to date four million eight hundred and thirty five thousand two hundred and seventy five employer retirement contributions nine million seventy three thousand seven hundred and twelve year to date 91 million four hundred and thirty seven thousand four hundred and sixty

0:59:15 three employee retirement contributions five million three thousand two hundred and seventy five year to date forty nine million four hundred and forty thousand six hundred and twenty two parking facility nine hundred and forty Year to date, $10,041. Miscellaneous, $1,621,270. Year to date, $12,685,737. Total collections, $19,769,862. Year to date, $197,772,049. Disbursements and utility payments, $21,690,782. Year to date, $228,765,060.

1:00:21 Administrative expenses, $2,985,722. Year to date, $13,632,099. Personal loans, $42,896. Year to date, $457,569. Mortgage loans, $204,148. Year-to-date, $2,284,138. Retiree loans, $4,676. Year-to-date, $344,182. There was nothing for auto loans for the month of August. Year-to-date, $281.

1:01:14 Land loans, $0. Year-to-date, $299,000. Refund of contributions, $1,585,636. Year to date, $5,239,237. Allotments to WICO slash management fees, $924,972. Year-to-date, $4,771,512 for a total disbursement of $27,438,832. Year-to-date, $255,494,376. net cash deficit $7,768,970, year to date, a net cash deficit of $57,722,328, and that ends the charter's report.

1:02:19 Make a correction on the net surplus over 16, you said $7,768,768. okay thank you ma'am uh trustees any questions i have one yes sir um i i'm looking at the miscellaneous where um the significant difference between um you know 2018 2017 um you know could you fill me in on a little bit of why that miscellaneous is so significantly different both on the month as well as the year i know that we received some insurance proceeds so that is part of it we jumped it okay thank you any any any other questions any comments okay thank you the motion to acceptance of the treasurer's report i move the weeks of the treasurer's report second second trustee carlwood yes trustee cohen yes trustee liger absent trustee maynard yes trustee mcdonald yes trustee smith yes chairman gunner yes just six present one absent thank you six yes i'm sorry six yes one absent no one absent yes okay thank you okay

1:04:06 Okay, I'll give the investment officer's report. Thank you sir. Good morning Mr. Chairman, trustees. This is a monthly performance update for the month ending August 21st, 2018. Total plan returned 0.8% for the month and underperformed this benchmark by 100 basis points. Total equities, 3.9% return, outperformed its benchmark by 40 basis points. Total fixed incomes, 0.1% return, underperformed its benchmark by 50 basis points. And total alternatives, excluding member loans and the office complexes, negative 1.1 return, underperformed its benchmark by 460 basis points. Notable manager performance for the month, Brandywine turned negative 2.5% and underperformed his benchmark by 221 basis points.

1:05:12 Mainly due to trade concerns for the month of August that dampened emerging markets returns. There was a flight by investors to most safety of domestic products, both in the U.S. dollar and treasuries. There's no updates on the compliance. Moving on to the cash flow for the month, ended August 24, 2018. The portfolio ended at approximately $688 million. We raised no funds in the month of August, we have $99,000 a month to date investment manager fees, calendar year to date we've paid out $1.1 million, fiscal year to date we've paid out $1.6 million. So securities lending earnings for the month $500, that's going to probably go closer of zero as we are probably by the end of this quarter we are sell out of if we follow the dynamic asset allocation and we sell out of the last one record of the asset growth for the month so we started beginning market value of approximately 682 million. We had a net cash flow of 169,818. Income of negative 928,928,908. We had investment gains of 6,248,732 which

1:07:07 brought us to the ending market value of 687,562,800. Of course those those assets or the assets does not include the member loans and also the office as complex as here and Mr. Chairman, that ends my performance report for the month of August. Thank you sir. Any questions? One question. In regards to, I know that the last time we spoke to Mr. Thomas was in regards to the transition of the last two managers. What is the status on that? I know based on the source and usage schedule that we are, the most recent sources of usage schedule we should be selling out of both Brandywine and Pew in this quarter.

1:08:03 No more income without no more managers. No more income. We'll have no more active managers but we'll have BlackRock. and we'll also still have misery and we notice we're still going down the portfolio you said we're just 600 and something million now 688 million and this was of August we had some flows in September so that number is less now yeah, so that's really frightening okay thank you thank you our regular session new business approval of Haven site mode fiscally a 2019 operations and capital budget I sent a schedule to the board with my recommendations and I did an analysis of the budgets in two prior years and actuals basically the amounts of running about the same my position and if we look at it further I know that and from consultants that I've spoken to money consultant that we engage with right now feel that these expenses are too high should be reduced maybe around maybe 1.5 million or two

1:09:57 million dollars less expenses are too high for running even site more and this was told to us five six seven years ago when we did an RFP so however we we're looking at what we have. My only amount that I disallowed over the years they have been included directive fees in the budget. My position is directive fee should be included in management fees. We should not, Havenside Mall should not be paying for the director fees for waikook so i eliminated the 53 250 53 250 and i also eliminated the provisions for bad debt i've been looking at i've been looking at and i've submitted to them yesterday host of questions because now we got to do the true up for 2017 and it grew up for 2018 meaning we ought to compare what we approve in the budget and what we actually paid and I saw where in 2018 they already charged me the 5% on what they estimated well you didn't collect all your income so how could you be charging management fees on five percent of what the estimated amount you've already taken it you got to charge me what you collected right it's on a cash basis so that i'm going to be looking at very closely and mr graham did respond to me and tell me that you know his cfo was out and when she comes back we can sit down but the committee the oversight committee i'll get them involved also but I submitted a post a question in regards to some of these expenses what's included in them why this and things like that obviously the

1:12:04 largest expenses and salaries as you know maybe we need to revisit the allocation that we did four five six years ago as you know we reduce the allocation to the Havenside Mall and put more of the burden on the Waiko because it seems to me Waiko or Havenside Mall was paying too much of some of those employees. We share employees. As a matter of fact I discussed with Miss Jeremy Meyer we haven't brought it to the board as yet maybe bringing the accounting inside here and she told me it can be done. It can be. That would reduce their participation in the budget, we can do it inside. So we'll be looking at that also because we need to reduce the expenses. It's too much. We spend too much expenses on operating here inside more. It should be reduced at least $1.5 million to $2 million. Anyway, I'm recommending With the exception of the exclusion of the provisions for bad debt and the director's fees, I'm recommending a fee of $282,127 administrative or management fee and total operating expenses of $3,696,152.

1:13:38 For total expenses, which includes the operating expenses and management fee of $4,078,279. I have a question because my question was on the $195,000 bad debt provision. So because when I saw that, I was like, that's a lot of money to be removed. What was that for and why we don't need it anymore? well what well i don't think it should be in our budget just like depreciation used to include depreciation expense yeah remember well because what they're doing is an estimate that they may not collect these monies but they haven't been so well yeah but they're saying well you're doing a provision in there that they will collect it but i don't know that we don't make what what is going to happen is that after we did it we do the true up then we can determine exactly what should be in there but I don't want to give it to you and you spend it because I allot it every quarter so I don't want to be giving you the money and then you're not using it it's not it's not you're not really using them you're using the money but what purpose is not for the purpose intended I'm just giving you a cash flow that's all I'm doing I have no nothing personal against because most of them like the directors those white co has always been people I get along with but I do still have a problem with us paying a large management fee to a manager who has mismanaged the property because when they talk about the fact that Havenside had lost value it's lost value because of the tenants and the payment and who's responsible for collection of rent who's responsible for promotion of the mall who's responsible for maintenance of the mall it is the manager that we pay an exorbitant amount of money to so when they talk about OGRS let HavenSight run down and give it to WICO newsflash

1:15:36 WICO is the cause of HavenSight running down because they were the managers of the mall and it's not a personal attack it's it's a fact so but looking at the class I mean I'm still down to renegotiating the management fee for next go around because unless they have improved i mean they have we some new tenants bringing in some monies but based on our our last report i'm still hesitant about the amount of funding going in to manage a property that's not being managed into potential we want it to be managed in so when it's being promoted that grs has let them all run down please remind everyone that we are the owners of the mall but we pay a large fee for manage will or not proper management I don't want to miss management because I rose by any other name is still this is it so but um we have to make sure that the funding is there to manage our mall manage it you know and things i mean i'm seeing repairs because now i'm a tenant but i so i i get to see more of the things that are happening there and every time we talk about reduction they start talking about the work of the maintenance workers the ones who do the work but they've always done the work so they always the workers the custodians and the gardeners and those who you see working all the time are always under the threat of jr's gonna cut the funds so we may not have a job so we have to make sure that when we look at

1:17:30 the salaries and and we identify those people that we control so yeah without without outsourcing I'm not a component of outsourcing, I know. Yeah, but they don't pay, they're not a GRS pension, so don't bother me if we outsource. By law, they should be, because the judges rule. Yeah, they belong.

1:17:57 If we outsource, it's not going to hurt us. There'll be no reduction in our pension rules. the history of this it was three percent before it became five percent now based on my research and I remember Governor Young telling me this is that usually a mall around eight to ten percent was a management fee that's in the states eight ten percent but every course here instead of negotiating a fee then you get a new manager if you reduce the fee are they gonna do any better can't do any worse well I'm just saying you know I mean we have increased the fee to 5% they wanted I think was 8% and we negotiate down to five and um you know i think grs puts a lot of money this is only the operating budget we also gotta approve the capital budget which is 371 000 for 2019 so we put money into to haven site mall every year question because we do five percent but it's not five percent of the money's collected It's like 5% of the money is collected.

1:19:22 That's what it's supposed to be. So then we may or should be adjusting it based on the fact that we have not collected. Correct. That's why I don't want a provision for that debt. Yeah, because technically, if we do 5% of what the actual collections, we may get a refund. Correct. Well, this is what I went. I went in and I looked at August or July month, and I saw what was collected, and they already charge me for the books for the amount that we estimated of the estimated so I know that there's a difference right there so submit a refund and then deducted but no what we do is remember we do it in a true-up so I've asked them to come in with a true-up for 17 and 18 and then we'll see if we go and do some you know analysis and determine from there it could be up or down that's what we do I mean mr. Graham is very I mean he responds as I must say he responds to us before we had a you know not a good relationship as we should have but he does respond so I'm looking forward to working with him on that which will of course hopefully they understand because I've already asked him over the director's fees. Why would you charge me $53,000 for director's fees? What decisions does WICO directors make about Haven site? We have an oversight committee. I don't think it's worth $53,000. No way. That should be under the management fee. And I've spoken to the consultant about it and he said, yes, we're correct. That should be part of the management fee.

1:21:06 The public have been paying a lot more for a long time. Well, we did. We were paying the depreciation for a long time, too. All right. Thank you. So tell me how the bringing the accountant into the here, how would that make a significant? It would reduce the salaries on the Havenside budget. How many persons you're talking about? that was supposed to be the responsibility of our internal auditor was supposed to be the person who would have been in control but we don't have that position right now what I mean you're looking to put it on to Mr. Jeremiah's plate yeah it's the internal wouldn't wouldn't do she would only be view she can't process all my Jeremiah will be doing is processing rents coming in and when we give white weight allotment or every time they need funds we can fund them to payroll and every time they need fund to send in some type of deal with the answers yes all right it will be internally we're looking at it I've asked her she said think you can do it we need to stabilize accounting and see how it works and I think that's from because we're paying a lot for a little bit of service right so if we're gonna pay somebody somebody who put an into GRS as a matter of fact we we did have another general ledger remember we talked about it we had someone else to we can have more than one use or something like that so we have discussed it and we can do it all it is to me is collecting the rent and paying the bills now the maintenance is something totally different maybe they can continue to do the maintenance you pay them we can outsource it

1:23:12 it all depends because it's to me to me it would be a a benefit to us to outsource it because we're paying the salaries plus fringe plus bonus. Plus increase, merit increases when we pay. Yeah, they pay bonuses out of this budget. They pay fringe benefits and salaries. So it would be a benefit to the GRS. No, no, I'm not. You know the labor person in me that, Well, yeah, but it's not benefit to the GRS because they are not members of the pension system. It wouldn't hurt me. That labor hat weighs heavy on this head. So I understand, I do understand my fiduciary responsibility, but the labor hat is heavy. I understand. But it came close to having that happening back in 2010, 2011, when we couldn't get a contract, and when they said they want to close the gates, we had a contingency plan to outsource.

1:24:14 Hold on. No, but I'm just, I'm, excuse me? How much longer do we have a contract with them to manage the property? Next September. Next September. It expires next year. 12 months. Less than 12 months. 11 months. If we were to look, not necessarily outside of them, but have them just relook the whole management aspect of it, when does that process start?

1:24:45 Yeah, well the consultant is going to be looking at all of those and he's going to come up with options to give us recommendations. I'm going to meet with him physically. I've always met with him on the phone, but he's coming down this month for two days and we'll be able to sit with him and talk with you. Okay. Okay. So Mr. Chairman I'm... I'm saying that we're not in the same situation it makes sense for at least the trustees to have some sort of discussion in terms of what they want to do about the management of WICO you know at least by the end of this year so that we start you know you start either negotiating for a new management contract or looking for somebody else before the actual agreement expires in September.

1:25:38 it was the last time the last time we started that conversation a couple months before and so because the last I was part here with the last time just when you with this contract let's see what the consultant comes up with first I think that's the first step and then once that comes and we can review on that um then we can make a decision how fast we need to make the next decision okay so mr chairman um recommended a budget for the havenside mall for fiscal year 2019 operation budget of four million seventy eight thousand two hundred and seventy nine dollars which includes operating expenses of three million six ninety six hundred and fifty two and management fee of three eighty two hundred and twenty seven and also a capital budget for fiscal year 2019 I'm recommending as proposed three hundred and seventy one dollars thousand dollars three hundred and seventy one thousand dollars and that's includes the painting of building five and six and seven handicap ramps building three security building reconfiguration and replace a 2006 silverado pickup my total capital budget fy 2009 recommend 371 000. okay motion yes sir yes sir i i don't know if i misunderstood something but did you say you wanted to

1:27:32 relook at some of the expenses no no no that's for the true up what happened we're going to have a true-up I've submitted for documents supporting documentation and explanation of some expenses not in here I mean the true-up going forward and then we can make adjustments in 2017 or 18 depending on what the outcome of that would be this is use this was usually done by the internal auditor and also Ran Raganandam. As you know, Ran has passed on. So I'm just asking for information. I may ask Ms. Jerry Meyer someone to assist in going through the documentation. But I've put and I've sent a copies of what I requested yesterday. So we can at least start looking and let them know that we're looking at what is happening over there in the absence of the internal auditor and Ran, Ran, who was our um consultant so that wouldn't affect what we're looking at for 19. no it can only affect it would affect it in a true we determine in a true up i've already made my my adjustments to what i think are questionable items and um so i i feel comfortable with what is being recommended have you submitted your questions to mr graham and you said he's responded yet or he hasn't no he responded um last evening that he receive it and he would be um having his accounting person pull whatever documents that were requested and he let me know when we can have access when you first sent us the budget earlier this summer i don't remember the letter being highlighted this new one that you sent you have it highlighted three items why did you highlight that

1:29:35 in red it was highlighted the letter the budget letter that mr kriana sent I don't remember it being like that yet before, but now you have like, during the coming year, WICO plans to start some of the work, explore other alternatives for the warehouse, and to continue repairs. Well, this occurred, this was submitted in the summer after the hurricane. So obviously, I highlighted it because you probably won't be able to start phase two until we probably get reimbursement from the from the children's so she remember the governor had promised yeah to match much so maybe these were some of the reasons I highlighted that to look at maybe you know where houses I think we are I think why go and also agreed out of where houses should be Yeah, I think that's why I think that's the damage one, not the...

1:30:39 I think we need further discussions, you know. Mr. Chairman? Yes, sir. Okay. Mr. Nibbs, did you just say that Gourmet Galleries, the cost of Gourmet's gallery improvement Improvement or projected improvements would be 5 million. No, I think the estimate is going to you're going to spend at least 3.5 No, because my recollection is they said it would be 3 3 million 70,000 that's Okay, that's that's the figure that yeah, well, that's why I said three points at 3.5. Oh, I'm off a little bit I thought you said five no 3.5 million my mistake it depending on negotiations too okay I guess but I would think their investment could only enhance them more but there are other conditions we have to look at We need a motion, we need a motion and two budgets separately, sir, I'll repeat it again Can someone give me a copy to Ms. Sush, because you're not going to remember it, Ms. Sush. Anyone can give a copy of the two budgets.

1:32:16 Okay, Mr. Chair, make a motion. You look at the bottom on the left, you can use that as a motion. Yeah, the bottom on the left. There? Yeah. The operating expenses? Right. Okay. motion to approve the Havenside Mall FR 2019 operation budget. Operating expenses $3,696,152. The management fee $382,127, a total of $4,078,279.

1:32:59 I'll second that. So who moved? Smith moved. Second. Trustee Collarwood? Yes. Trustee Cohen? Yes. Trustee Liger? Absent. Trustee Minard? Yes. Trustee McDonnell? Yes. Trustee McDonnell? Yes. Trustee Smith? Yes. Chairman Callender? Yes. Chair 6, yes. One absent. Okay. motionless fans like a motion to approve the capital budget for FY 2009 in the amount of three hundred and seventy one thousand twenty nineteen so moved second Trustee Collwood? Yes. Trustee Cohen? Yes. Trustee Liger? Absent? Yes. Trustee Maynard? Yes. Trustee McDonnell? Yes. Trustee Smith? Yes. Chairman Calendar? Yes. Chair Six? Yes.

1:34:09 One absent. Thank you. The motion passes. Thank you. The project will input it. We will put it in a second here, but it won't happen. Okay. Okay, Administrator's request for implementation of $25 fee for re-issuing a check. this was sent out as the chair's a poll vote um mr chair i'd send this out as a poll vote and i didn't get only got two responses and there were some questions um about the reasonableness of the amount um so um i'm just bringing it before the board in detail yes we can't We cannot ratify. I just have to ask for a request. I requested this because I've been seeing, also in speaking with the acting CFO, there's abundance of, well first let me say, the board passed a resolution effective, cannot remember the name, that all retirees payroll should be by direct deposit so that's a board directive a resolution was passed years ago think in 2012 when we came in with a new system I think we made exceptions for individuals who have a certain age after Hurricane Irma and Maria we also cause a lot of

1:36:01 people moving around a lot of things happened after the boat hurricanes we went out again with a campaign to try to induce encourage our retirees who are not on direct deposit to sign up and I think we had a good response like 75% response obviously you know that retirees who are international which and use Puerto Rico. Those in the Caribbean, Puerto Rico and overseas are not required. We do not afford them to direct deposit. They are issued checks for a lot of reasons. However, I'm going to give you some reasons why we're asking for this to increase. For many years, we had an abundance of retiree payroll checks voided and reissues.

1:37:06 So far for FY18, there's about 184 reissued checks were requested by retirees. Over 60 checks were between two retirees. create unnecessary administrative costs which we research by payroll accounting cancellation of each check in the v3 system the printing of a check and mailing in and out of checks some of the reasons the retirees gave for requesting a ratio check they held on to the check and became stale dated they misplaced or lost the check they inadvertently ripped up the check thought it was trash water damaged sign in the front instead of in the back now I remember when I came here I think in in 2007 I think right after that we had a prominent former government official who came in with three years of stale data checks. My thing was he didn't really need a retirement. But think about it, having to reissue 72 checks, voiding each one of them to do that. For internal control purposes, at least five staff have to touch one of them checks. The payroll technician who's paid $23 an hour, the accountant who's paid $26 an hour, the payroll manager who have to sign off on something who's paid $38 dollars per hour the assistant payroll manager who makes 35 dollars per hour and the messenger who makes 13 dollars per hour because he has to go and mail these checks out so in order to recoup the administrative time loss in having to be reissuing these checks oh by the way after the hurricane there was one gentleman who we had to reissue I think 30-something checks and I knew the guy very well he was a retiree in Florida he had health issues and the checks were returning from his VI address no way to contact him no knowledge of his debt was on the news and we saw the news in Orlando Florida and on Facebook about two months ago that he was following the street days in Orlando I saw it because was on the radio. His sister contacted us and we were able to contact him. We were trying to encourage him to have his annuity by direct deposit to the account. I don't know if that was done. As a matter of fact, I spoke to him, but I don't think he has done it. To some, the accumulation of these checks is a form of savings. They don't want to put them in the bank, they hold on to them. They don't want to deposit them. They don't want spend it this day. So the checks become still dated and we have to reissue this check. But for that individuals, we couldn't find them, we had to issue 30 something checks. So in order to recoup that administrative cost, it takes time.

1:40:15 So many people have to touch one check. You have to go in and void that check in the system and reissue another check. We're just asking as a deterrent because these retirees who are not over 80 or not over 70 have a method of direct deposit that you can use that we in order to have a check reissue and also this just not for the retiree only even for vendor checks we have encouraged our event I think 75% of our vendors now a direct deposit they love it they get their monies faster however if any one of them also hold onto a check and it has to be reissued they would also pay that 25 dollars a check so i'm asking and i'm recommending that the board approve for any checks being reissued to anyone either retiree or a vendor at a charge of 25 dollars be um implemented for a reissue check okay question yes mr nips plus we have to reissue the check do a stop payment and the bank charges me for the stop payment Mr. Nibbs, it seems to me that the only issue here is the reasonableness of the charge.

1:41:56 Question is whether or not the $25 fee is reasonable. Now, with respect to someone who frequently, for example, let's take the gentleman who brought in two years of checks, you said? Three years. Three years of checks. Do you think that this fee would be reasonable for him as compared to someone who may have just lost a check, one or two checks, or may have torn up one or two checks and came in as opposed to this gentleman who came in with three years of checks.

1:42:40 Or have you considered escalating the charges conditioned or depending on the frequency that the retiree comes in to have these checks reissued? You know, an escalation of fees. Because some people may have a real legitimate reason for having a check reissued. But when someone accumulates three years of checks, I don't see that person in the same light as I see someone who may have had a good and valid and legitimate reason for having a check reissued.

1:43:25 I'm hearing what you're saying, Trustee Maynard, you have a point. Right now, I'm going to go to the other side. Right now, I have retirees writing to me. And I know what the board resolution said, telling me they don't want direct deposit anymore. They want the check. They want the check. And they're starting to do this. I don't know why. I mean, it increases our administrative costs. And that is the reason why we went to direct deposit. it was going to save us at least $80,000 a year. Well, you know, what I'm saying is, I guess what I'm saying is I understand what you're saying. You want a graduate dependent on the reason for a or categories of fees charge. You may want to have categories of fees.

1:44:16 For example, in today's world, I don't think that it's a sufficient justification for someone to just come in and say I want a check I mean everything is going electronic these days you know so you have to become you have to be mindful of your cost but I'm talking about the other situation I just presented to you someone who for some legitimate reason lost the check destroy the check as opposed to someone who accumulated checks for three years you know to make are two different categories of people so let me answer a question are you suggesting maybe that in some cases the fee could be lower or maybe even waived yes that's what I'm suggesting for yeah a low fee or waived fee yeah that's what I'm suggesting can I ask a question to miss Jerry Meyer when would be a reason why we wouldn't have a file-out affidavit to the bank of loss check? Only if they don't have the check in their possession. If they don't have the check in their possession, we have to do a stock payment. It's going to cost us to the bank. So who pays for that? Well, if they don't... See what I'm saying? You could impose certain conditions on your fee. If someone doesn't have the check, it costs you more. You shouldn't have to dip into your pocket to correct their situation okay i'll agree with you and i hear what you're saying okay if they don't have the check charge them the 25 if they have the check we have a reduced fee something condition but then you know on the other side they have the option of direct deposit and some of these retirees have direct deposit already with social security so what is the problem i agree what i'm saying what i'm saying is that is that is the category that i'm not really sympathetic you know that's what i said you know you can't you can't go back in time no we i'm

1:46:25 it's not are we trying to be um we're just trying to make it easier on them and ourselves i don't like imposing the fee but it's costing me me to reissue the check. Five people at least in different sections have to touch one check to reissue a check, including the messenger to mail it out. I'm sympathetic to your situation, you know. Please understand. So, I don't know. I mean, I don't mind negotiating and saying, okay, if you don't have the check, then it's $25. But if you have the check in your hand, maybe we can, it won't cost us the stop payment so maybe that could be a different fee you know I'm saying is that one category of people that you I don't believe you should reverse your position in that is those people who presently have you know direct deposit and who want to reverse that and go back to you know I'm not sympathetic to that that group. I'm talking about other groups that I mentioned.

1:47:28 So then also, oh, sorry, go ahead. I think we voted already that we were going through the ACH process and we wanted to do direct, 100% direct deposit. So as far as I'm concerned. Be close. Be very close. Right. But we're not there. And so for those individuals that still want to get a check, I'm not sympathetic at all. I think they should charge $25,000 or even more. Let me...

1:48:03 When I was practicing, some of the insurance companies offered us, vendors, the opportunity to have direct deposit. and for some reason I decided I don't know and I want to see my check and I want to make sure it's correct so I can match match up stuff of course I didn't go to the bank every day I didn't go every week and then months later on I look in the trunk of my car I had to check for in fact since the hurricane my phone checks all over my house and I tried to blame my wife for the checks being there but in fact if I had gotten direct deposit from the from the insurance company I wouldn't have had any problem the money would have been in the bank now these checks and now some of the checks are two years old I don't know what to do with the checks and I'm sure some of them may be Medicare checks I didn't know who contact in Medicaid too. So I am fully supportive that everybody should be a hundred percent direct deposit and I have no compunction about charging and in fact I thought 25 I thought you're going to the point 25 that might be too low. Especially since Mr. Nib is now saying that the bank is charging the system 15 20 dollars. Let's, like Trustee McDonald stated, we voted to have direct deposit. Social Security has stated that everybody has to be put direct deposit. I think some exceptions for your age,

1:49:48 if you're born after a certain year. I'm almost at that age and I have direct deposit. Now I have another issue now, before we vote, the board has mandated direct deposit, having members, retirees who are writing me letters, I don't want them a direct deposit, I want my cheque. Listen to me, what's going to happen? They're going to close their account. So when they close their account, what do I do? Do I issue them a check or hold it? And don't get paid. Can I have a directive from the board? Because Social Security, point of information, because I'm not sure. Because I know we did get a letter from my mom. She just stated that they were going to get it.

1:50:44 They weren't offered an option. So if her account closes, the money returns to Social Security. And then you will in turn then have to resubmit something, I believe, but you have to provide them with an account. They don't offer you an option to provide them with a mailing address for the check. Because one of her friends had a situation where she, I think she changed banks, but she did not tell Social Security. So she hadn't received money, and then she realized didn't they didn't have the right bank and the people said they had to submit her new account and it's a whole a long application a bunch of redundant questions but they never offered her the option of sending a mailing address they asked for a new routing number and a new account number for the new bank it was never an option okay so the money returns to grs and you hold on to it and then you issue them their monies when they provide uh an account i know some pension systems what they do is if you you refuse they open an account for you now i mean you know um somebody doing that and then you have an option and they gave them a pin somebody did that jerry in my age hearing what the board is saying right i'm glad you're here because if we open our cover somebody and they sent them they send them they send them a card i remember the news somebody did that and they issued them a card and sent them the pin for the card correct i can't remember what was i remember that was that was in the national news when they charge you to open a So you're going to charge them, that's all we see to do that.

1:52:45 Listen, do you know whether social security has an exception for, let's say, persons who live, live in the States, work in the state for many years and may have returned to the native country, Poland or Czechoslovakia or Romania or something like that. something like that, where the banking system isn't really, doesn't mesh with the U.S. banking system. I think we are following, we did some research, and Social Security has a list of countries where they do direct deposit and where they don't. And we were following that. I think some Eastern Caribbean countries and some foreign countries, they do the check. So we looked at it. And even the, I think, like I was telling Ms. Asso, so why don't we do BVI issue check BVI we have the same banks here why can't we do a direct deposit for the BVI Anguilla we have some members return home to Anguilla Anguilla has Scotia Bank and banks that are here in the Virgin Islands so why but they still issue check because it's considered international and I think that we were following the Social Security model of where they do direct deposits as opposed to checks. And there's an age limit. I can't remember, but I think if you're over a certain age, you get an exemption to have a check instead of direct deposit. I think it may be 80 years old or something like that.

1:54:23 80 years old. What's the explanation for getting a check because you're 80? Because then you still have to pick up the check. You have to go to the back and do something with it. I'm going to tell you the explanation for some of our retirees in the Virgin Islands. Because I've spoken to a person They said, what happened if a lot of these 80-year-olds cannot get out? So they gave their card to their grandson or their granddaughter or their kids. Tell them, take out $500 for me.

1:55:02 You bring them the $500, but when they see the bank statement, it's more. Just for your information, Social Security can be deposited into a foreign bank as long as the foreign bank accepts it yeah and so they said the philippines does accept it and there are other countries so it depends on the foreign bank yeah but don't go short to see the retirement needs to find someone who's more reliable i'm sorry i have a question yes ma'am oops In terms of those individuals who would not have the check and so would be charging them $25, was any consideration given to those persons who may not have legitimately received the check? Like I said, the check was mailed and they came in and they said, well, we did not receive the check.

1:56:03 Not that they had it and they lost it, but that they did not get it. But you still have to do a stop payment. Yeah. Right. So that's what I'm saying, when we can give some consideration to the charge for that and they did not get the check. We gotta recoup the stock payment. We gotta re-stoop the cost to the stock payment. What if it didn't get the check? Question, you refer to it if it was picked up by someone else inadvertently or if the mail was... We got a lawsuit. The mail. The mail. And it wasn't returned to us.

1:56:34 In the wrong box it was addressed incorrectly. but there's a method of payment, direct deposit. That wouldn't have happened with it. We understand, but that's not the nature of the question. Well, the question is, we still would incur a cost to do the stop payment. Yeah, but my question is, should the client then be penalized for not actually receiving the check? Because there's another form of payment, which is direct deposit. I guess what I'm saying is, if there's a consideration of waivers for some situations, can we consider waiver in that situation where they did not get it.

1:57:09 No, but I think that the question of concern is if the policy is everybody gets the direct deposit, there are some exceptions to that. So if the person falls into one of those exceptions, then hence Ms. Potter's question. I'm legitimately a part of the exception. I did not receive the check. Should I be penalized $25 to come in and say, I didn't receive my check, we issue a check? or give me another check thank you that's something to be considered so the persons then grs will incur the cost and bear the cost because miss sue was 90 didn't get her didn't get it her check never she never got it nobody cashed it Yeah, I mean, it won't be that many, I'm assuming.

1:58:05 Say that again. It'll be difficult. Hold on. Okay, because I think I'm going to say what you say. There's a question whether the person really . Once it's not cash, it's like once it's not cash. Let me give you an example again. Again, I received a check from someone. It ended up in my trunk of my car. And, of course, we send a bill to the person. check the lady sent the check to me it was a trunk of my car I found it four months later six months eight months I am now too embarrassed to tell this lady that I found this check I told the checker I didn't receive the check so there are ways you can get around that yeah but mr. chairman the instances in which mail does not arrive there are many instances of that that's true for example I paid a bill last month there's a substantial amount that was paid next thing I know, I got a notice that the bill was not paid. I have proof that it was paid and paid on time. We can't account for what happened in the postal system. So I'm using that as an example of a situation in which mail may have been sent in the U.S. mail. abide by all the terms that you had to abide by for payment of this payment on this account but for whatever reason that they the check didn't get there I mean how are we to ascertain whether or not the excuse let's you know call it

2:00:00 excuse is a valid one or not I mean you know I see a lot of pitfalls in this If, if, if we are talking about, um, um, penal, if we are charging, if we are talking about charging someone the $25 for, um, exercising an option that they were given in the first place, how could that be fair?

2:00:32 give them an option direct deposit or they fall into one of these exceptions okay so they exercise the exception something happens and you're going to charge them I don't see that as being consistent with fairness so now how close are we what percentage do you think we have with direct deposit right now I'm about 90 96 points so nice so you only direct deposit we don't have is individuals like I say international or some individual who just refused or may have closed their account. So you will be satisfied with 100% of domestic deposits? Sure, yes.

2:01:17 And we might be beating a dead horse. It would be easier for us. So won't you make a list of the exceptions that you satisfy with and we just continue with our man of direct deposit for all everyone else yep and entertain trustee I only threw those things out for consideration I mean I just wanted to provoke the thoughts certain things that you may not have considered you know so So I'm not here saying, you know, absolutely do this or that, I just wanted to throw it out in the air.

2:02:00 That's all. Well, the solution would be to revisit the policy and just delete the exceptions, which means everybody has to have to make deposit. See, my point is, I don't think it's as cut and dry and as easy and direct as we're making it out to be. I'm just saying there's certain situations that ought to be given consideration. I think the only exception would be if you put it in the mail and it was lost in the mail.

2:02:30 But I'm going to tell you, if I lose the check or I wet up the check, I'm going to tell you I lost it. It never came. I usually do that too. Because I'm forever spilling stuff on my table and my table is my desk, it's my office. So when I spill my coffee, if you give me that option or, I mean, not the option, but if it's out there, I'm going to say I didn't receive it. Well, the exception would only be for international, it wouldn't be for domestic. So that's what I'm saying. The exception would only be international. We need to push the consistency of the policy at similar to the, like, just how we started the social security policy with the exceptions for international and but we need to push the international people to check their banks and see if they accept the foreign deposit because i see what the philippines do so there's no reason why we can't send it to people who live in the philippines so we need to push those more people yeah we got the same back then yeah all the banks in the eastern caribbean countries have correspondent banks in the states we did So I don't know why an exception should be made to them for that reason.

2:03:50 I think we had an issue with Scotiabank. Do we have an issue with Scotiabank? They didn't want to or something? Scotiabank has a issue. The Scotiabank is not connected to the one here. It's not connected to the British banks. You can't have an account here and say, okay, I'm going to forward money down there. You can't. So Scotiabank was out. If you don't have Banco in St. Kitts, you don't have First Bank in St. Kitts, you have Banco in Totola and First Bank. Tell me what, summarize what it is, because what I'm saying is we're having members right now wanting to close. They do not want no more direct deposit. They're coming in in an abundance. I don't know why. Follow the policy. Listen to me. They're going to close their account.

2:04:44 that means that then i would not issue them until they give you an annuity until they gave me a new account yes in order to receive your annuity please provide a routing number and thing uh routing and account number for a banking institution Yeah, I think that's Mr. Nibs, Mr. Nibs, the directive that you received. or you need a vote on it? Yes, we got it.

2:05:35 Also, you know, we have a $50 fee if you close the account. So when you close your account, you can charge them a $50 fee to redo everything. Okay, so that is already approved. Yes, so for those who are making the request, explain to them that it's cost prohibitive for us to do a check. The board has already directed it as direct deposit mandatory, and we are not able to provide you with a hard copy or a paper check, so your request is denied. And then you list, and then disclaimer at the bottom, in the event that you close your account, please be reminded that there is already in place a $50 charge and funds will be withheld until you provide us with routing and account number for a new account. So, I mean, just state it there. I understand some people would like to have their cash on hand for whatever their reason is, but if we're, we can't afford it. That's one of the reasons why we started the direct deposit because it cost us too money to keep printing checks.

2:06:49 And, I'm sorry. I understand. I'll follow status quo. So now, what do you want to do for $25, which has a discussion? What I plan to do, I plan to write all the retirees that are receiving the checks, let them know what the requirements are. And give them a good three months to give them enough time for their families to take them and do what they need to do. and then individual basis and see what their things are and look at it have them out individually so now we look at the policy period which which policy is direct deposit policy correct say and look we look at the exceptions that we made and say that now there was a resolution that we should go direct deposit we operations or the administration made exceptions for people over a certain age following the social security policy I think over a certain age I think the letter that we send them out recently has that so we can read we know exactly what the exception is we just follow the social security exception if you saw it over a certain age you were born I think after a certain year 1915 or 1912 or something like that that type of thing you know those people before that yeah those are 100 years old that type of thing so we'll go along with the board's directive status quo and we'll deal with whatever so do you do you want to consider the well no

2:08:45 The only thing is that if they close their account and they have to open another, they have to pay me $50. If I send that letter out and they close that account, we hold in the funds for six months. To get my money, I got to open an account for $50. And then we deposit it amongst in the bank. We don't want it to come like this, but it's just getting out of hand and I can see it there.

2:09:22 It's just an abundance of retirees. I know that have social security direct deposits saying, no, I want it. Maybe it's because they're thinking about the government, the situation with the government and they're getting kind of scared that money's not going to be there. And I think that's what it is. So that's not going to be any different where there's direct deposit. It's a funny thing. You want to see that check in hand. It's still 57 minutes. All right.

2:09:53 My question is, are we looking at this $25 fee sale or not? No. For those exceptions. $1.4, he didn't have. He didn't have. So GRS is going to continue paying the $25? no we can have direct deposit to everyone i was saying for all the exceptions probably will not be any exception he's saying that somebody comes in now well what we're going to do is we don't go back miss miss jeremiah and see what there's any large amount outstanding diary checks out there because people can come in tomorrow with 10 or 15 checks I'll have to reissue them so we just need to go back and see how far back people are holding on to check you want to table the recommendation I want you you need to get They may not let out to the retirees as soon as possible, so they won't close their accounts and recharge the state of the bank.

2:11:11 Thank you. All right. All right. This portion of the meeting will be closed to the public for matters pertaining to trade secrets of financial or commercial information. I need a motion to go into executive session. Motion to go into executive session. Second. Second. Second my switch.

2:11:40 Thanks for coming Mr. Dowling. Yes. Why are you here, ma'am? One second. No. They only pay off on this. They're not right here, I'm not kidding. We finished this class, Mr. Nip, Mr. Nip, Mr. Nip, don't leave it, Mr. Nip. Mr. Nip, do the closing contact and we'll go to the bathroom. What? Hold one second, Mr. Nymphs, I want to go to the bathroom. Let's finish the room, that's all, just wait for the room. Wait one minute, don't leave yet. Finish the room. You'll have a break after this, right? Yeah, yeah, yeah, yeah.

2:12:20 Go call. Go call. Trustee Calwood. Yes. Trustee Cohen. Yes. Trustee Riger. I was definitely upset. Mr. Maynard. Yes. Trustee McDonnell. Yes. Trustee Smith. Yes. Chairman Callender. Yes. Chair Six. Yes. One absent. All right. Thank you very much. Thank you, sir. Thank you, sir. Thank you, sir. Thank you.

2:12:46 Um, first of all, you're worried about why some people, some people don't want directly passing because it costs them a fee. And all the people, it costs you a fee. If you have a minimum balance, and you go below that, and my annuity is only $200 a month, and I go below, if I had a back minimum balance, they take $2, they take $3. Thank you very much. Okay? That's one.

2:13:16 Two, the next thing, if I don't go to the back ATL, that's $2, $3, what? If you don't go to the back ATL, if you go to another back ATL, I live in, I live in, I live in, I live in. I can't get to Scotia, and the one by Merchant Bank is done.

People named in this transcript

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

5x **Trustee Leona E. Smith**
heard in this transcript as: Smith

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

2x **Senator Kurt A. Vele**
heard in this transcript as: Vele

2x **Senator Kurt A. Verley**
heard in this transcript as: Verley

Bills and acts referred to

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

Act 7128 Act 7128 · An Act to establish a ten-month amnesty period from interest and penalties for delinquent gross receipt taxes through September 30, 2009 ---0

Referred to but not found in our acts corpus: Act 2261