

logo not found or type unknown

GERS Sees Financial Turnaround with \$50 Million Upward Shift

GERS Resolves Rental Concerns and Announces Strong Financial Rebound

GERS / **Published On October 30, 2023 10:09 AM /**

Janeke Simon **October 30, 2023**

Image not found or type unknown



G.E.R.S. headquarters on St. Croix. By. V.I. CONSORTIUM

During Thursday's meeting of the Government Employees' Retirement System Board of Trustees, a significant financial turnaround was reported. GERS said it experienced a positive cash flow of \$18.5 million, in stark contrast to the previous year's deficit of \$31 million. This improvement, representing a substantial upward shift of nearly \$50 million, marks a noteworthy advancement for the pension system's financial health.

Also during the meeting, board members were informed that the issue of unpaid rent that had concerned the board during [August's meeting](#) had been largely resolved.

Down from an arrearage of over \$68,700 as of September 30, current arrears are down to only approximately \$232. "So our rental arrearage is essentially nil at this point," said Angel Dawson, GERS Administrator. The Department of Justice, which had accumulated significant arrears, was "working on getting their act together for the new fiscal year," Mr. Dawson told trustees.

Mr. Dawson also provided trustees with a brief update on developments at Havensight Mall, informing them that the demolition of several existing warehouses to facilitate the Hilton construction project must wait until a new warehouse, currently under construction, is completed. "We look forward to the demolition of warehouse four and five so that it wouldn't be an impediment to the ongoing construction activities," the GERS administrator noted, saying that weekly project meetings were being conducted to ensure that work continues according to plan.

For the mall itself, GERS was awaiting permits for the installation of a new generator that will represent a significant improvement for tenants, "because the legacy generator that WICO operated generally only works for like a half hour," Mr. Dawson said. He hopes that the permitting process and the construction of the housing for the generator would be completed before the end of the year. Having sufficient backup power generation for the mall is crucial, Mr. Dawson said, to prevent a scenario where each tenant is operating their own temporary generator in the event of a WAPA power outage, "which generally we can count on." Multiple generators would be unsightly and also "not very environmentally safe" he said, referring to the amount of exhaust that would be produced.

With respect to GERS' core operations, Mr. Dawson noted that 220 retirement applications had been received for fiscal year 2023, with 140 of those still awaiting processes. For the new fiscal year, 11 applications have already come in.

Mr. Dawson also noted that as of September 30th, over \$9.8 million had been refunded, the vast majority of which went to "non-vested employees who have left government service and were entitled to receive their contributions back." Another 43 death benefit cases resulted in a payout of just over \$2 million.

Currently, the gross retiree payroll is \$11.1 million, according to Mr. Dawson, which is mostly paid out through the ACH banking system. GERS also still has 49 mortgages on the books, representing a portfolio of \$7.8 million.

When it came to reviewing the agency's investment portfolio, board member Nellon Bowry pointed out that the data as presented could leave a reviewer with the erroneous impression that the GERS portfolio shrank by the \$130 million that was reported to have been withdrawn. However, the addition of \$158 million, provided to the pension system from the Bryan administration as part of the [resecuritization agreement](#), was not adequately communicated, Mr. Bowry argued. "It's technically true that you withdrew, but you sort of leave the impression that the portfolio was reduced by that amount," he said.

Mr. Dawson attempted to clarify by pointing out the net cash surplus was \$18.5 million, which when compared to last year's deficit of \$31 million, "would indicate a swing of almost \$50 million." The positive movement notwithstanding, he promised to work with the GERS finance team to make the figures more clear.

After receiving the Finance and Investment reports, the Board of Trustees moved into executive session to discuss a pending legal matter before adjourning.

