The Virgin Islands Consortium

GERS Will Be Able to Use Funding For Investments; Bryan Praises Pension System's Handling of Finances

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Funds secured for the Government Employees' Retirement System will not only be used to pay annuities to government retirees, but GERS will be able to make investments with those funds, said Governor Albert Bryan on Monday during a ceremony to present the pension system with its first check of $89.2 million.

GERS was facing collapse by 2024 and needed billions of dollars to remain solvent. Through a $1 billion refinancing deal of the territory's rum-cover bonds using a special purpose vehicle created by the V.I. Public Finance Authority that is wholly separate from the government of the Virgin Islands, GERS will receive $3.8 billion over a 30-year period. It will receive $250 million in 2022.

Mr. Bryan defended the pension system's investment history. "I think the GERS has been a really good steward of our money in terms of investment. I think they've averaged about 67 percent over the years in terms of return on investment; I wish I could get that out of my portfolio, I might give them some of my money to manage too," the governor said. He said the money must be invested in order to grow, adding that the funds "can't just sit there."

"One of the things I tell people is our pension system, just like other pension systems make investments," he said.

The governor then pivoted to comment on how he believes investments should be made. "If we're going to make investments, I think making them in other people's communities is not as sharp as making them in our community."

GERS's bad investments have been well documented following multiple audits performed by the V.I. Office of the Inspector General. From spending millions on a grocery store project despite being warned not to do so by a consultant, to bad investments with the Carambola Resort resulting in a total spend of $27 million. GERS was also sharply criticized through an IG audit for making illegal investments with taxpayers' pension fund, and the pension system was at risk of losing $40 million through its speculative investment program.

Governor Bryan also spoke on what he deemed "a vicious rumor" which says GERS is investing in a hotel. "It is not the truth. It's a land lease. They're leasing [the developer] a plot to put up yet another 100 or so rooms for us. Overnight guests seem to help us during Covid and it will continue to do so," he said.

The governor is referring to a measure approved in the Senate that cleared the way for GERS to lease land at the Havensight Mall to reputable developer Shaun Miller, owner of Standard Aviation who also partnered with the V.I. Port Authority to erect a maintenance building that has become the new home of VIPA's maintenance employees.