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GERS Board Members Want to Revive Risky Investment Scheme That Resulted in Millions in Lost Revenue; WAPA's Debt to Pension System Grows

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Proceed with caution. That's how the Government Employees Retirement System (GERS) Board of Trustees has assessed the idea of lifting the ongoing moratorium on the Alternative Investment Program (AIP), in order to boost revenues by developing real estate.

Via Resolution No. 53 of 2014, the GERS Board shuttered the program. Two years later, the Inspector General [found that the AIP was](#) "not meeting the intended purpose of safely increasing the return on investments," due to several risky loans granted without the necessary due diligence or proper oversight.

Last [August](#), the board voted not to restart the AIP, but during last Thursday's meeting, chair of the Board's Development Committee Ronald Russell suggested now was the right time to do so. GERS owns 170 acres of property at Estate Coakley Bay on St. Croix, and 120 acres on St. Thomas, at Estates Nullyberg and Hoffman. "We need to remove the moratorium on development," Mr. Russell said, "so we don't have a block on development for the system."

GERS needed to leverage some of the funds now flowing into their coffers from the government's recent debt restructuring exercise, Mr. Russell argued. "We need to utilize all of our resources towards the system, and that might involve development of property and other things."

Trustee Andre Dorsey clarified that the request was not for a blanket lifting of the AIP, but specifically targeted towards the development of the two specific 120-acre and 170-acre parcels. Other Board members felt more comfortable with that approach, with Trustee Vincent Liger saying that before any decision is taken to lift the moratorium either fully or partially, a discussion on specific development plans needs to be had. "We should decide exactly what we are doing and if it is a good idea, sure I would support," he said.

Trustee Nellon Bowry said that he did not believe GERS was "sufficiently out of the woods at this point" to be able to completely lift the moratorium. "I would be amenable to, on a project by project basis," Mr. Bowry said. "If there's a project that has promise and makes sense...I won't object...for us to move ahead with that particular project."

Mr. Bowry went on to suggest that the board seeks expert advice on how to achieve the best returns on any potential development deal. "Some kind of cost-benefit analysis to figure out what's the highest and best use for," he offered. "The real estate that we have, so that we don't just fall for the first thing that comes."

At the end of the discussion on that issue, Mr. Russell accepted Board Chair Dwane Callwood's suggestion that all Trustees be invited to the Development Committee's next meeting on April 3 to discuss the way forward for the two undeveloped properties. Mr. Russell said he would also request GERS Administrator Austin Nibbs's presence.

At Thursday's meeting, Administrator Nibbs disclosed that the Water and Power Authority (WAPA) still owes millions. At the end of February, \$10.5 million was still outstanding in employer contributions, and the total debt stood at \$10.7 million, growing even in the face of [pending legal action](#) by GERS. The Schneider Regional Medical Center owes just over \$720,000 in employer contributions, and \$1.1 million overall.

Mr. Nibbs also told the board that government workers continue to express skepticism about the System's long-term health, with some choosing to quit their jobs with the government before they become vested in the system. If a worker leaves government service before 10 years of employment, they are able to be refunded all their contributions (employer contributions do not accrue to the employee in this case). Refunds of this sort, the Administrator's report indicated, went to 213 people in just 5 months - October 2022 to February 2023 - totalling just over \$3.9 million. "Some members are still withdrawing their money, staying out of the service for a few months, whatever, and coming back," Mr. Nibbs said. The idea of implementing penalties on employees who leave and rejoin the system was raised by Trustee Dorsey.

"We have to be frank with them, let them understand that we still not out of the woods as yet. There's going to be a period of time when – if nothing is done to additional funds coming in – that the system could...experience no assets," the GERS Administrator said, while acknowledging that the recent government debt resecuritization exercise and subsequent cash injections into GERS

have gone some way into allaying government workers' fears.

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