Government Employees' Retirement System of the Virgin Islands

Annual Overview of Operations

FISCAL

2014

"Contributing today for a better tomorrow"

Presented to
Committee on Finance
30th Legislature of the United States Virgin Islands

Presented by:
Austin L. Nibbs, CPA, CGMA - Administrator

Earle B. Ottley Legislative Hall
Wednesday, September 10, 2014
9:00 a.m.
St. Thomas, U.S. Virgin Islands

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
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Good morning, Honorable Senator Clifford Graham, Chairman of the Committee on Finance, distinguished Committee members, other distinguished senators present in the chambers and good morning to all. I am, Austin L. Nibbs, Administrator of the Employees' Retirement System of the Government of the Virgin Islands (GERS). I am pleased to appear before you to present the System's Annual Overview of Operations. Before I begin, I would like to acknowledge members of my senior management team that are joining me today in the chambers.

Also, I would like to thank the employees of GERS for all of their efforts and dedication providing our members with the customer services that is required in accordance with the System's customer service policy. We strive continuously to make sure that a member's experience with GERS is a positive one. We are not perfect. There is room for significant improvement. We are addressing every member complaint on a daily basis. I recommend that members complete a customer service survey form every time they visit our offices, so that, we can address your needs and concerns, and measure effectively our customer relations. If you feel that your concerns cannot be adequately addressed by completing the survey, please feel free to contact me directly at (340) 776-7703, extension 4900.

INTRODUCTION

Enacted by the Third Legislature of the Virgin Islands on June 24, 1959 by Act 479, the GERS was created as a **defined benefit pension plan**. The statute that governs the operations of the GERS is Title 3, Chapter 27 and 28 of the Virgin Islands Code. Employees are enrolled into the System the first day of service, as a condition of their employment. The objective is to encourage employees who enter the System **to remain in the service of the Government by establishing an orderly means** whereby those members who became superannuated or incapacitated as a result of disability may retire without suffering economic hardship. Because of the nine (9) unfunded mandates passed by prior legislatures, the Virgin Islands Economic and Stability Act of 2011 and numerous terminations, are a few reasons why the System is in such a precarious liquidity position. For this System to continue to meet its statutory obligations to its members, the System **must be actuarially funded.**

Over the past few years, GERS has experienced some extremely challenging times. There were changes in leadership and staff, the enactment of various legislations, such as the Virgin Islands Economic Stability Act of 2011 (Act No. 7261), layoffs of employees and the rippling effect of the global financial and economic crisis have all impacted the operational processes of the System. With budgetary pressures increasing and stakeholders demand for financial accountability and reductions in administrative costs, the System is faced with the task of minimizing its operational costs and maximizing its financial outputs, while continuing to deliver timely and comprehensive services and support to its members.

The System has made significant improvements with the implementation of new technological systems aimed at improving the accessibility and efficiency of the information necessary to streamline service delivery and improve customer service to its members. With the implementation of the V3 System which integrates the benefits and loan processes, this has resulted in the improvement in the processing time and accuracy of information. The additional self-service modules provide stakeholders with real-time, web-based self-service capabilities to access data and execute transactions. We have also upgraded our accounting and financial reporting system from MAS 90 to MAS 500 to include all Sage products, and Altec's document management software Doc-Link. This suite of software modules provides GERS with an integrated real-time view of its various business processes, such as purchasing, inventory management, cash management, payroll, and accounting. The ability to access pertinent financial data instantaneously, remains one of the critical goals of the System.

As we strive to achieve operational efficiency and excellence, an honest and thorough review of the System's goals and objectives, use of resources, workflow processes, and services provided is critical. We are committed to the continuous improvement of our operational processes which is a requirement for us to deliver high quality services to our members in the most cost effective manner possible.

GERS is at the strategic crossroads of ***growth*** and ***contraction***. Growth through contributions of the active members, investments, and the responsible stewardship of management to re-engineer the System to establish a platform of growth and stability. The System will contract if little or no attention is paid to the management's goals and objectives and if there is no urgency by the Legislature to embrace and pass the comprehensive reforms that are needed to sustain the System through 2031.

PROPOSED LEGISLATION AND AMENDMENTS

During the 29th Legislature, the GERS submitted pension reform legislation and amendments which resulted in Bill No. 29-0099. Unfortunately, this Bill was not voted out of the Rules Committee to the floor for consideration. Subsequently, a Pension Reform Taskforce was created by the Governor and a report was published on April 29, 2013. On March 11, 2014, the Governor submitted a Pension Reform Bill to the 30th Legislature. In February 2013 one month after the 30th Legislature was sworn in, the GERS Board of Trustees and staff met with the senators as a group to brief them on the problems with the GERS, and the recommendations that were submitted to the 29th Legislature. To date, there has been no action taken on the Bill. There are only 3 months left before the 30th Legislature goes sine die. It is our hope that this body will address and pass a comprehensive pension reform bill during the 30th Legislature. The cash flow deficits and the unfunded liability increases every day this body fails to address and pass the measures necessary to stabilize the System.

The Actuary has estimated that the impact on plan assets over the 19 year period from October 1, 2012 to October 1, 2031 using an assumed rate of return of 7.5 percent, and the proposed pension reform changes that are included in the legislation before the Legislature are anticipated to positively impact cash flow in the amount of $2.8 billion, resulting in a positive asset position of $1.3 billion at October 1, 2031.

Mr. Chairman, the numbers speak volume to the measures that have been proposed to turn the System around. I do not know what more it will take for the Legislature to act on the proposed pension reforms. The numbers are real. The Actuary has attested to the numbers on two occasions during the 30th Legislature. For the 6 years and 11 months that I have been in this position, every time I came before this body, regardless of the nature of the hearings, I have placed on the record the health of the System, and our recommendations, to include submission of pension reforms to the 29th Legislature as Bill No. 29-0099.

The next section of our presentation will show the major reasons why there must be pension reforms in order to sustain the System going forward.

MEMBERSHIP/CONTRIBUTIONS/BENEFIT PAYMENTS

We have attached *Exhibit* A which shows that the gap between the active members and the retirees and beneficiaries has decreased from a 1.22 to 1 ratio in Fiscal Year 2012 to a 1.07 to1 ratio in Fiscal Year 2013. At August 31, 2014, the active members decreased by approximately 187 from September 30, 2013, and the retirees and beneficiaries increased by approximately 180 for the same period.

The comparison as shown in *Exhibit B* reveals that in Fiscal Year 2012, the total contributions received are approximately $147.2 million less than the total benefits and expenses paid, resulting in a negative cash flow. Also, for Fiscal Year 2013, the total contributions received are approximately $161.6 million less than the total benefits and expenses paid, resulting in an additional $14.4 million in negative cash flow over Fiscal Year 2012.

An analysis of employer contributions for the last 3 years compared to the annual required employer contribution (ARC) is presented below.

	YTD 7/31/14	**9/30/13**	**9/30/12**
Employer contributions	$ 56.4	$64.5	$66.7
Annual Required Employer			
Contributions	N/A	$172.4	
$178.6			
Percentage Contributed	N/A	37.42%	37.32%

MISSING EMPLOYER CONTRIBUTIONS

The issue of missing employer contributions is a huge problem for the System which occurred as far back as 30 years. The GERS identified this as a major problem when it implemented the new V3 System in March 2012. The new system accounts for both the employee and employer contributions in accordance with the 2005 pension reform legislation. Prior to 2005, retirees were given credit for service and permitted to retiree although the employer contributions were not paid to the System. As reported in my presentation last year, our Actuary, The Segal Company estimated the missing employer contribution amount to be approximately $47 million. For members retiring in 2012 and through present, the amount of missing employer contributions (central government and autonomous agencies) billed and received through July 31, 2014 is $5.3 million and $3.4 million respectively. We began to bill the departments and agencies for members retiring after December 31, 2012. We note that, although the Administration and the GERS Board of Trustees have agreed on a Settlement Agreement for missing employer contributions from October 1, 2010 through December 31, 2012; the agreement has not been executed by both parties.

We note that in accordance with the law, the central government and the autonomous agencies with the exception of Juan F. Luis Hospital and Medical Center (JFLHMC) are timely with payment of their Fiscal Year 2014 contributions. The JFLHMC has not remitted to the GERS its deductions for employee contributions and its share of employer contributions since pay period February 21, 2013. We have submitted billings to JFLHMC, and they have been making payments for former employees who retired and have missing contributions. We cannot quantify the amount of contributions that are due to the GERS, because we have not received any payroll or contributions files from JFLHMC since February 2013. The CFO indicated during JFLHMC's appearance before this Committee that the amount due to GERS is in excess of $3 million.

DIRECT CONTRIBUTION DUE FROM CENTRAL GOVERNMENT

Section 13 of Act No. 7261 (Bill No. 29-0123) which was vetoed by the Governor and overridden by the 29th Legislature on July 7, 2011, calls for *appropriating in fiscal year ending September 30, 2013, and all subsequent fiscal years,* the sum of $7,000,000 from the Internal Revenue Matching Fund to the GERS as a direct contribution. On June 4, 2014, we submitted a letter and invoice in the amount of $14 million which represented Fiscal Years 2013 and 2014 outstanding payments to the OMB Director and the Commissioner of Finance with a copy to the Governor. To date, we have not received a formal response or any allotments. On October 1st, we will submit an invoice in the amount of $21 million for outstanding amounts for Fiscal Years 2013, 2014 and 2015. There is no ambiguity in the law. The law is clear. We are requesting that the Committee on Finance include $21 million in the Fiscal Year 2015 budget during the mark up process to be appropriated from the Internal Revenue Matching Fund.

ASSETS

The assets of the GERS include the investment portfolios, which include cash and cash equivalents, stocks and bonds, private equity and other alternative investments, such as real estate and local investments and loans.

Investment Portfolio

The investment fund portfolio is managed with the specific goal to grow the assets to meet the System's pension liability and ensure a reliable cash flow that provides for the funding requirements of near-term pension obligations. To achieve these goals, the Board allocates the Fund's assets to a variety of asset types and strategies in consultation with our in-house Investment Unit and Investment Advisor, Meketa Investment Group. Generally, equity investments are included for their long-term return and growth characteristics, and fixed income assets are added for their ability to control investments risk and provide for a reliable cash flow that meets the System's funding requirements. The Fund's successful long-term performance confirms the importance of asset diversification and controlling investment risk within each asset class. An integral part of the overall investment policy is the strategic asset allocation policy. The targeted strategic asset allocation is designed to provide appropriate diversification and balance expected total rate of return with the volatility of expected returns. Specifically, the fund is broadly diversified across and within asset classes to limit the volatility of the total fund investment returns and to limit the impact of large losses on individual investments. Both traditional and nontraditional assets are incorporated into the asset allocation mix.

Performance

As shown in *Exhibit C*, at July 31 2014, the market value of the portfolio was $907.7 million which represents a decrease of $72.2 million from the same period one year ago. To meet obligations, $145.6 million was withdrawn from the Fund. The Fund earned income of $6.3 million and had a gain in the portfolio of $67.1 million.

The System's aggregate assets performance at July 31, 2014 (Fiscal YTD) is 7.9 percent. The aggregate performance since inception of the portfolio on July 1, 1981 is 9.3 percent.

Restructuring

The System will continue its commitment to a disciplined investment strategy that focuses on long-term results. Our mission is to promote long-term financial security for our membership while maintaining the stability of the Fund. During our presentation last year, we reported that the Board had terminated 7 investment managers for underperformance. In July 2014, the Board terminated another investment manager because of a significant change in the key personnel managing the assets. The System's investment fund is presently managed by 10 investment managers. They are:

Equities (Domestic/International)

Union Heritage Capital Management/Morgan Stanley

Blackrock

LSV Asset Management

Fisher Investments

Walter Scott

Fixed Income (Bonds)

Pugh Capital Management

PIMCO

Brandywine Asset Management

Alternative Investment (Private Equity)

Mesirow Financial

Life Settlements

Attilanus Fund

New Equity Managers (Pending)

By the end of the month, we will be contracting with five new managers in the concentrated small cap value, core, and growth strategies. The names of the new managers are Channing Capital Management, Cove Street Capital, Kayne Anderson Rudnick, Punch & Associates, and Granite Investment Partners.

Outlook

Developed market earnings growth is expected to improve over the next six months while the emerging market is expected to slow. The United States will persist as the best house in a bad neighborhood as the employment rate continues to improve. Although Europe may experience improved GDP, the threat of war may curtail potentially higher gains. Meanwhile, China is expected to grow at a slower rate as it seeks to become a consuming economy rather than an investing one. Overall, interest rates are expected to remain stable at the currently simulative levels even as the United States Federal Reserve tapers its bond buying program.

In spite of current growth expectations, developed market stocks are fairly valued while emerging market stocks remain relatively cheap. Over the longer-term, the system may benefit from its recent shift towards emerging stocks. Emerging debt may be the next logical step considering the low interest rate environment. Unfortunately, the system does not have the ability to invest in these securities.

Going forward, there are a few concerns for the global markets. Normalized interest rates, monetary policy shifts, and global conflict pose threats to continued growth. The System can suffer tremendously from the impact of any one of these events. The GERS doesn't have the ability to invest its way out of any downdrafts, and needs additional sources of cash.

Alternative Investment Program

Title 3, Section 12, Chapter 27 of the Virgin Islands Code gives the Board of Trustees the authorization to invest in an Alternative Investment Program. Alternative investments are private market (non-publicly traded) investments in domestic and international venture capital and special equity; simply any investments other than the traditional equity and bonds.

The Alternative Investment Program is designed to enhance the total Fund performance by generating a long-term rate of return greater than the assumed actuarial rate of 7.5 percent. On January 23, 2014, the Board approved a rate of no less than 10% effective January 1, 2014 for all alternative investments. To date, GERS has invested in three types of alternative investments, private equity, real estate and special situations (local investments).

Private Equity

Mesirow Financial Private Equity Fund

- On July 31, 2008, the Board committed $25 million ($15 million in Fund IV and $10 million in Fund V).
- Invested in Fund IV $12 million with distributions to date of $3.5 million.
- Invested in Fund V $5.5 million with distributions to date of $500 thousand.
- The System has a limited partnership in both funds.

Real Estate

(A) **GERS Complexes**

The System owns:

- **The three story complex on St. Thomas which is the official headquarters of the GERS.** The tenants are the Division of Personnel, the Department of Justice and ResCare (Job Corp).This property was appraised at $7.6 million on March 17, 2014.
- **The new complex on St. Croix which houses the St. Croix operations**. This property was appraised at $2.8 million on August 15, 2012.
- **The former GERS St. Croix office building and the adjacent building which is occupied by the Casino Control Commission.** Both properties were appraised on August 15, 2012 at $400,000.00 and $500,000.00 respectively.

We are pleased to announce that leases have been executed effective September 1, 2014, for a tenant to occupy the entire first floor of the complex on St. Croix, and the former GERS building.

Rents and utility payments received and outstanding Year-to-Date (July 31, 2014) are shown in *Exhibit D* and summarized below:

Category	YTD Total Received	YTD Total Arrearage
Rents	$523,647	$257,589
Electricity	$877,690	$21,182

(B) **Land**

Estates Hoffman and Nullyberg – St. Thomas

- 120 acres purchased in 2006 for $3.1 million.
- Designated for a mixed use development consisting of a conference and entertainment center, hotel, 108 units for assisted living and 105 single family lots is being proposed.
- Rezoning is pending in the 30th Legislature.
- Appraised at $3.5 million on October 15, 2012.

Estate Coakley Bay – St. Croix

- 170 acres purchased in 2010 for $5 million.
- Designated for a Planned Area Development (PAD) consisting of a mixture of single family residential lots, independent living for the elderly and commercial space is being proposed.
- Rezoning Bill No. 30-183 was passed by the Legislature on August 7, 2013, and approved by the Governor on August 23, 2013.
- Appraised at $2.4 million on November 14, 2013.

(C) Havensight Shopping Mall

- Purchased from the West Indian Company, Ltd. (WICO) on June 30, 1993 for $33 million.
- Since 1993, has grossed in excess of $100 million in revenues and has earned a return in excess of $67 million.
- Appraised at $66.6 million on January 27, 2010, down from $80 million. A current appraisal is pending.
- Board is currently in negotiations with (WICO) on a management agreement.

Special Situations

Renaissance Carambola Beach Resorts and Spa

- On December 8, 2009, a loan in the amount of $15,000,000 was closed with Carambola Northwest, LLC (CNW, LLC) for a term of 5 years.
- CNW, LLC defaulted on its principal and interest payments.
- A Disposition Agreement was executed with CNW, LLC on November 2, 2012 and the property was immediately turned over to the GERS.
- There is a five (5) member Carambola NW LLC Board which meets monthly.
- The Marriott Flagship and Franchise Agreement continue to remain in place.
- GERS has invested approximately $6 million in infrastructure upgrades, renovations, repairs, and furniture and equipment.
- Activity has improved significantly.

- EDC application has been filed with the Economic Development Authority.
- Casino study was completed and discussions have begun with the Casino Commission.
- Appraised May 1, 2013.

V.I. Property Tax Revenue Anticipation Note

- On November 14, 2011, the GERS entered into a loan agreement with the Government of the Virgin Islands (GVI) in the amount of $13 million at an interest rate of 4.91 percent and a maturity date of December 15, 2016.
- The security for the note is the pledged real property tax receipts from the delinquent real property tax receivables, including penalties and interest for tax years prior to and including 2005, totaling approximately $36 million.
- The GVI is current on the note.
- As of August 21, 2014, the GERS has received $7,239,293.80 of which $5,958,645.11 is principal and $1,280,648.69 is interest. The principal balance on the note is $7,041,354.89.

Kazi Foods Virgin Islands

- A term loan closed on September 24, 2013 in the amount of $6 million.
- Interest rate at 6.25% and a maturity date of October 1, 2023.

- Loan secured by a first lien on all Company's fixed assets, accounts receivable and inventory; operating cash flow; a parent guaranty from Kazi Management VI LLC, and a personal guaranty from the principal of the Company.
- The note is current and the Company is meeting the covenant requirements.

V.I. Finest Foods LLC

- A term loan closed on June 30, 2014 in the amount of $8.2 million.
- Interest rate at 6.40% and a maturity date of June 30, 2024.
- Loan is secured by bank accounts, property, equipment, inventory and leases, a certificate of deposit in the amount of $1.3 million and limited personal guarantees from owners, and cash sweeps of quarterly surplus cash flows and annual cash sweeps.
- Completion date is on or before November 30, 2015.

We note that contrary to what has been reported in the media, the GERS Board of Trustees did not fund a $15 million loan to Tibbar Energy USVI, LLC. Tibbar submitted a proposal which was vetted extensively in the Investment Committee and at the Board level. The Board authorized the Administrator to engage a financial consultant to conduct a due diligence and prepare a term sheet. In addition, the Board authorized the Administrator to engage an investigating agency to conduct background investigations on the principal and associates of the company. The background investigations due diligences and report have been completed. The financial consultant report with recommendations will be completed this month.

Life Settlements

The Attilanus Fund I, L.P.

- On August 15, 2006, the System invested $50 million in a limited partnership (The Attilanus Fund which was formerly known as the Atticus Fund I, L.P.).
- The partnership purchases senior life insurance policies for individuals age 65 and older and have an expected life expectancy of 5 to 7 years. A senior life settlement provides cash payment in exchange for the assignment of an ownership interest in the life insurance policy insuring the life of an individual.
- The partnership agreement is effective through December 31, 2017 and could be extended for an additional two years.
- The System received a distribution in the form of a return of capital totaling $8.2 million in 2008 because of the restructuring of the portfolio.
- A valuation was conducted by an outside consulting firm to determine the fair value of the Fund at September 30, 2012 which was speculative.
- The estimated fair value of the limited partnership reported on the certified audited financial statements at September 30, 2013 was $41.3 million.

Loans

The System provides personal, auto, land, and mortgage loans to qualified members and retirees. Historically, the loan portfolio generates annual revenues (interest income) to the System in excess of $9 million.

As shown in *Exhibit E,* at July 31, 2014, there were 8,686 units in the loans portfolio with a total value of $152.3 million.

ACTUARIAL VALUATION INFORMATION

Title 3, Chapter 27, Section 718 (a) of the Virgin Islands Code mandates that the Employees' Retirement System of the Government of the Virgin Islands be financed on an "actuarial reserve basis". An **"actuarial reserve basis"** generally means that the retirement benefits are funded during employees active years of employment so that by the time they retire, the benefits would have been fully funded in advance of their retirement date. The actuarial valuation, which is conducted by the System's Actuary, determines the contribution rate necessary to meet the cost of benefits being accrued and a corresponding amount to pay down a portion of the unfunded liabilities. The latest actuarial valuation was conducted for Fiscal Year 2013 and presented as Exhibit F. The Actuarial Accrued Liability (Total Obligations) is $3.1 billion, the Unfunded Liability is $1.8 billion, and the Funded Ratio is 40.16 percent, down from 45.28 percent in Fiscal Year 2012. The Fiscal Year 2013 Actuarial Valuation Report is available on the Website.

Because of the drastic changes that are occurring within the System, the Board has approved that an actuarial valuation be conducted annually beginning with Fiscal Year 2014.

ANNUAL FINANCIAL AUDIT

The System's most recent certified financial statements are as of September 30, 2013. The fieldwork for the Fiscal Year 2014 financial audit is expected to begin in a couple of months, and the audit report is expected to be issued on or before February 28, 2015. The Fiscal Year 2013 financial statements are available on our website.

ACCOMPLISHMENTS

Our **major** accomplishments for Fiscal Year 2014 to date are:

- We completed a comprehensive long range (5 year) Strategic Plan for the System which will be presented to the Board very shortly for approval.
- We approved a formal investment policy.
- We issued the Fiscal Year 2013 Annual Certified Financial Statements.
- We completed the Fiscal Year 2013 Certified Actuarial Valuation Report.
- We completed the full implementation of the member and employer self-service modules in the new V3 System.
- We provided the necessary education through workshops and social media to assist our members with planning for retirement and managing their retirement fund.
- Mortgage applications in the St. Croix district increased from 0 units to 6 units during the period October 2013 to present. The total mortgage applications increased from 1 unit to 18 units during the period October 2013 to present.
- We refunded retro contributions to retirees totaling $2,015,474.23, which included $498,861.66 of interest by June 16, 2014 in accordance with the law.
- The Alternative Investment Program interest rate was set at no less than 10% effective January 1, 2014.

- We had a very successful annual board retreat at the H. Lavity Stoutt Community College on Tortola, BVI from June 11th – June 13th.

GOALS FOR FISCAL YEAR 2015

- We will continue to improve on the timely processing of member's benefits and providing timely and accurate information to our members.
- We will continue to reduce backlogged Prior Service Requests.
- We will reduce the updating of member records by 50%.
- We will continue to address the outstanding issues surrounding the new V3 Benefits and Loans System and the Financial Accounting System, and reduce the issues by 50%.
- We will continue to address energy saving measures in our buildings, to include solar system.
- We will obtain the rezoning of the Estate Hoffman/Nullyberg property and make a final determination on the development of the Estate Hoffman and Estate Coakley Bay properties.
- We will complete an economic and site development study for the Havensight Mall.
- We will issue member discount cards to a least 50% of our membership.
- We will issue the Fiscal Year 2014 Certified Annual Audit by February 28, 2015.
- We will complete the Fiscal Year 2014 Actuarial Valuation by January 31, 2015.
- We will hire an Alternative Investment consultant to oversee the Alternative Investment Program.
- We will develop an Ethic Policy, a Governance Policy, and a Conflict of Interest Policy.

SUMMARY

Mr. Chairman, comprehensive pension reform legislation is before this body for consideration. These bold recommendations and legislative changes represent shared sacrifices from all stakeholders. We ask that the Rules Committee arrange for the necessary hearings and address the pension reform measures that were submitted by the Governor.

This concludes our written presentation. We are prepared to respond to any questions the Committee may have on the operations and the future of the GERS.

MEMBERSHIP

EST = Estimated

The overall membership in the System is shown in the table below:

Fiscal Year		Active Members	Retirees & Beneficiaries	Ratio of Actives to Retirees	Total Members
1982		**8,914**	**1,360**	**6.55 to 1**	**10,174**
1987		10,466	2,338	4.47 to 1	12,804
1991		11,766	2,901	4.05 to 1	14,677
1993		11,642	3,473	3.35 to 1	15,115
1994		12,116	3,751	3.23 to 1	15,867
1995		**11,493**	**4,438**	**2.58 to 1**	**15,931**
1997		11,572	4,682	2.47 to 1	16,254
1999		10,763	6,212	1.73 to 1	16,975
2001		**9,303**	**5,581**	**1.66 to 1**	**14,884**
2002		11,352	5,938	1.91 to 1	17,290
2003		10,555	6,052	1.74 to 1	16,607
2004		9,362	6,258	1.49 to 1	15,620
2005		**9,967**	**6,484**	**1.54 to 1**	**16,451**
2006		**9,841**	**6,731**	**1.46 to 1**	**16,572**
2007		11,207	6,811	1.65 to 1	18,018
2008		11,122	7,050	1.58 to 1	18,172
2009		11,085	7,134	1.55 to 1	18,219
2010		11,117	7,497	1.48 to 1	18,614
2011		10,731	7,868	1.36 to 1	18,599
2012		9,935	8,151	1.22 to 1	18,086
2013		9,241	8,653	1.07 to 1	17,894
2014	8/31/14 EST	9,054	8,833	1.03 to 1	17,887

Exhibit A

CONTRIBUTION VS. BENEFIT PAYMENTS & EXPENSES

Fiscal Year		Total Contributions	Benefits Payments & Expenses	Surplus/Deficit
1994		61.7	46.7	15.0
1995		74.9	64.6	10.3
1996		71.7	73.3	(1.6)
1997		74.3	80.0	(5.7)
1998		71.9	91.6	(19.7)
1999		71.7	95.4	(23.7)
2000		70.2	103.7	(33.5)
2001		69.1	121.2	(52.1)
2002		80.1	133.0	(52.9)
2003		82.1	138.0	(55.9)
2004		84.9	142.6	(57.7)
2005		81.9	153.0	(71.1)
2006		99.3	161.0	(61.7)
2007		96.6	170.5	(73.9)
2008		112.8	184.7	(71.9)
2009		120.3	193.9	(73.6)
2010		117.1	208.3	(91.2)
2011		123.8	223.0	(99.2)
2012		104.4	251.6	(147.2)
2013		98.5	260.1	(161.6)

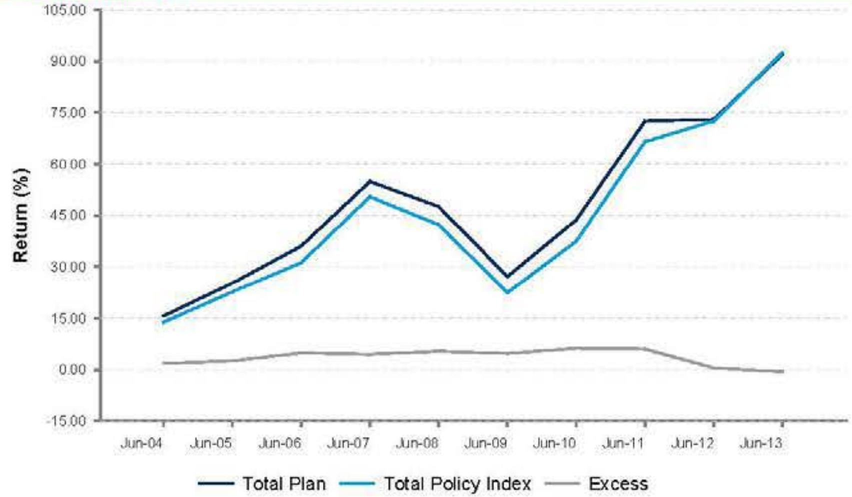
Exhibit B

GERS OF USVI
June 30, 2013

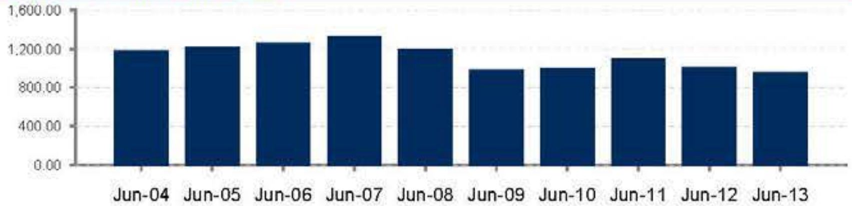
Record of Asset Growth

	One Year
Beginning Market Value	1,007,631,815
Net Cash Flow	-150,697,039
Income	24,392,433
Gain/Loss	79,539,287
Ending Market Value	960,866,496

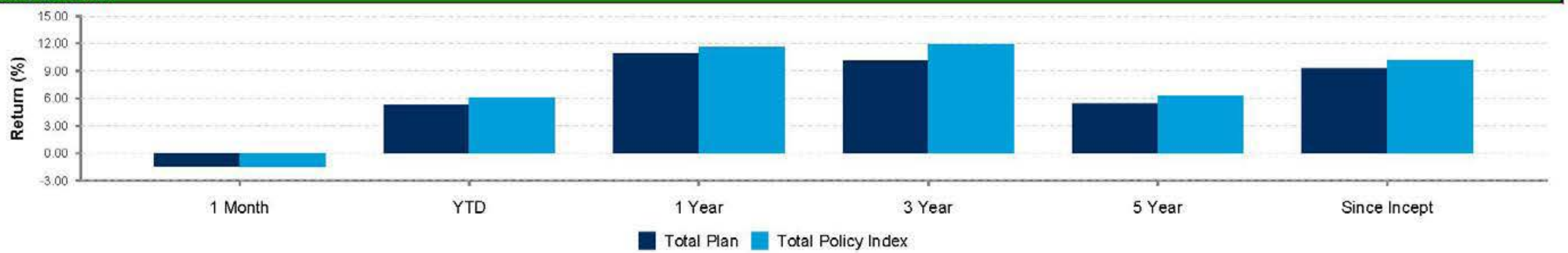
Cumulative Return (%)



Net Asset Value over Time ($000)



Rates of Return



	1 Month	YTD	1 Year	3 Year	5 Year	Since Incept	1 Year as of Dec 31 2012	1 Year as of Dec 31 2011	1 Year as of Dec 31 2010
Total Plan	-1.39	5.26	10.94	10.14	5.39	9.28	11.06	-0.93	13.36
Total Policy Index	-1.45	6.09	11.62	11.90	6.24	10.19	11.43	2.59	12.61
Excess	0.06	-0.83	-0.68	-1.75	-0.85	-0.91	-0.36	-3.53	0.75

Exhibit C

July 2014 Collection

	Rental Collection	Electric Collection	Rental YTD Collection for FY 2014	Electric YTD Collection for FY 2014	Total YTD Revenue Collection	Rental Arrearage	Electric Arrearage
Dept of Justice	$ -	$51,301.10	$ 370,630.00	$ 746,781.92	$ 1,117,411.92	$ 74,126 .00	$ -
Division of Personnel	-	16,900.55	69,804.00	123,358.79	193,162.79	148,385.52	21,082.40
Division of Personnel Library	-	-	-	-	-	35,077.44	
FirstBank	257.84	191.24	2,578.40	960.09	3,538.49	-	100.07
ResCare (JobCorps)	1,602.71	1,239.80	17,629.81	6,588.99	24,218.80	-	-
VI Casino	-	-	63,004.50	-	63,004.50	-	-
Total Income Received	**$ 1,860.55**	**69,632.69**	**523,646.71**	**877,689.79**	**1,401,336.50**	**257,588.96**	**21,182.47**

Exhibit D

TOTAL OUTSTANDING LOANS

AT JULY 31, 2014

LOAN TYPE	# OF LOANS	BALANCE
Active Personal Loan	5,807	107,039,723.59
Auto/Motorcycle Loan	12	89,210.92
Mortgage: 2nd Priority	1	3,792.84
Mortgage: Construction/Home Improvement	21	1,953,341.73
Mortgage: Land	30	683,537.40
Mortgage: Purchase Refinance	131	4,270,923.12
Retiree: Personal Loan	2,684	38,241,788.43
TOTALS	**8,686**	**152,282,318.03**

Exhibit E

UNFUNDED LIABILITY

Year		(a) Actuarial value of assets	(b) Unfunded actuarial accrued liability (UAAL)	Actuarial accrued liability (a) + (b)	Funded Ratio (a)/(c)
1998		1,078,291,775	307,300,371	1,385,592,146	77.82%
1999		1,255,210,822	518,608,964	1,773,291,625	70.78%
2000		1,330,089,822	525,608,964	1,855,698,786	71.68%
2001		1,342,894,336	731,727,064	2,074,621,400	64.73%
2002		1,337,676,064	815,884,419	2,153,560,483	62.11%
2003		1,346,906,862	921,669,858	2,268,576,720	59.37%
2004		1,360,288,336	977,502,024	2,337,790,360	58.19%
2005		1,366,982,183	1,088,574,553	2,455,556,736	55.67%
2006		1,421,093,035	1,236,571,529	2,657,664,564	53.47%
2007		1,509,244,380	1,241,138,878	2,750,383,258	54.87%
2008		1,530,604,789	1,310,218,726	2,840,843,515	53.88%
2009		1,534,899,736	1,397,261,661	2,932,161,397	52.35%
2010		1,505,970,212	1,513,059,673	3,019,029,885	49.88%
2011		1,448,926,591	1,719,110,906	3,168,037,497	45.74%
2012		1,327,038,907	1,603,758,454	2,930,797,361	45.28%
2013		1,237,213,473	1,843,251,472	3,080,464,945	40.16%

Exhibit F