

SENATORS HELD IN COMMITTEE BILL AS IT RELATES TO GERS AND APPROVED THREE LEASE AGREEMENTS

Date : March 8, 2019



ST. THOMAS- Members of the Committee on Finance, chaired by Sen. Donna Frett-Gregory, convened in a meeting at the Capitol Building on Friday, and voted to hold in committee Bill No. 33-0014 as it relates to the Government Employees Retirement System (GERS). However, senators voted favorably for three lease agreements. All approved items on the agenda will be forwarded to the Committee on the Whole for further consideration.

The measure seeks to amend Section 13 of Act No. 7261 as amended by striking "\$7,000,000" and inserting "\$10,000,000" and Section 13 of Act No. 7261 as amended by Act No. 8125 is amended by striking "outstanding employer contributions" and inserting "as a direct contribution." Bill Sponsor Sen. Frett-Gregory stated that the bill is a step in the right direction to resolve GERS priority issues.

Currently, the outstanding employer contribution to GERS totals \$71,809,752.63. Out of those

monies, \$66,799,769.89 is owed for member's annual benefits; \$4,007,986.19 is assumed for lost investment; and \$1,001,996.55 is owed in delinquency fees. The outstanding employer contributions are for the statutory fixed rate that is contributed bi-weekly on behalf of the members of the GERS. Sen. Frett-Gregory noted that the estimated \$71 million is a part of the \$3 billion issues that have the same component for interest. The \$71 million is a part of the structural deficit.

GERS Administrator/CEO Austin Nibbs expressed his support of the bill because the \$1.8 million was previously used as a direct contribution to the unfunded liability and the nine unfunded mandates. GERS received the \$21 million on February 25th from the Office of Management and Budget (OMB) and invested the funds in its portfolio on March 1st. To process annuity payments to 165 retirees, GERS submitted documentation requesting OMB and the Department of Finance for the reimbursement of \$1.8 million.

However, OMB Acting Director Jennifer O'Neal is opposition to the bill because the \$71 million is a significant debt, incurs penalties, late fees and a loss of investment. GERS should use the \$10 million for debt reduction, not for unfunded liability and unfunded mandates. "OMB is aware of the need to reduce the outstanding employer contributions and not compound the outstanding sum with further charges for delinquency fees and lost investment penalties. OMB maintains reservations regarding a change to the language from Outstanding Contributions."

Separately, lawmakers voted favorably for the three lease agreements between the Government of the Virgin Islands and the Department of Property and Procurement (DPP) on behalf of their clients. Presently, the process of approving lease agreements can take up to six months to a year. Sen. Frett-Gregory inquired about the challenges with moving lease agreements forward?" DPP Deputy Commissioner Laverne Bailey noted that corporate documents might not be in place; in some cases, there are expired business licenses and lease agreements. Bailey stated that lease agreements last from 10-20 years and the client would receive a letter or renewal.

Lease Agreement between the Government of the Virgin Islands, DPP on behalf of the Department of Agriculture and Rueben Liburd and Sylvia Liburd. Plot No. 4-LA VI CORP Land, Prince Quarter, St. Croix, Virgin Islands, consisting of approximately 2.072 US acres. Twice Farmer of the Year in the Agricultural Fair Rueben Liburd stated that some of the produce grown on the farm are radish, carrots, and passionfruit. Sen. Blyden inquired about the type of machinery needed to fulfill farming tasks. In response, Liburd noted that the land preparation is hindered because the tractors need repairs and there is a shortage of farmers on the land.

Lease Agreement between the Government of the Virgin Islands, DPP on behalf of the Department of Agriculture and Violet Drew and Samuel Tyson. Plot No. 4-G VI CORP Land, Prince Quarter, St. Croix Virgin Islands, Consisting of approximately 3,656 US acres. In addition to crop production, the value of the farm increases because homemade products are sold such as tomato sauce, coconut oil, and jams. Sen. Alison DeGazon inquired about the challenges of farming. In response Drew stated that parts of the fence were damaged, post-hurricanes Irma and Maria. As a result,

unwanted animals such as deer and iguanas enter the farm.

Lease Agreement between the Government of the Virgin Islands, Department of Property and Procurement and Dave Jeffers d/b/a Paradise Trucking Service. Parcel No. 99 b-3 Submarine Base, No. 6 Southside Quarter, St Thomas, Virgin Islands, consisting of 4,969 sq. Ft or 0.11 US acres of land more or less. The purpose of the lease is to allow Paradise Trucking to expand current operations and to continue to provide trucking and delivery services in support of the storms. The agreement is for ten years with one five-year period for renewal.

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