

Good morning. I am Angel E. Dawson, Jr., Administrator and CEO of the Government Employees' Retirement System of the Virgin Islands ("GERS").

The GERS appreciates this opportunity to give testimony on Bill No. 36-0122 - an act amending Title 3 Virgin Islands Code, Chapter 27, Section 711 and Chapter 28a, Section 760, by requiring the Government Employees Retirement System to discontinue making disability retirement annuity payments to a member who resumes any employment. The GERS is not opposed to this measure.

Pursuant to Title 3 V.I.C. Chapter 27 and Chapter 28a, the GERS provides duty and non-duty disability annuities. The current law under Section 711 (b) and 760 (b) states: "Should any member receiving a duty disability annuity or nonduty disability annuity resume a gainful occupation, and his earnings therefrom together with his disability annuity exceed the rate of compensation of the member at the date of retirement, the System shall reduce the amount of disability annuity to an amount which, when added to the compensation being earned by the member, shall not exceed the rate of compensation of the member at the date he last became a disability beneficiary."

The proposed amendment by the bill's sponsor seeks to prohibit the GERS from continuing disability payments for any member that resumes employment by striking the language above and adding the following new language in Chapter 27, section 711, subsection (b) and Chapter 28a, section 760, subsection (b).

“The System shall discontinue making duty disability retirement annuity payments or nonduty disability retirement annuity payments to a member who resumes any employment.”

To the extent that the current law, previously cited, predicates disability annuities upon a member being deemed “totally and permanently disabled”, the GERS does not oppose this bill.

With regard to Bill No. 36-0238, the GERS has no intention of “looking a gift horse in the mouth”. We would like to publicly thank Senator Avery Lewis for this proposed legislation that would amend Title 29, Virgin Islands Code, Chapter 23 “to redirect hotel development net bond proceeds to the Government Employees’ Retirement System of the Virgin Islands”.

Specifically:

- Section 1319, Subsection(c)(2) would now read: “**If the hotel is sold prior to final maturity of the bonds**, all net proceeds from such sale after repayment of the bonds and costs related thereto, will be transmitted to the Government Employees’ Retirement System of the Virgin Islands”. (Hotel, in this instance, means any hotel development project of a Qualified Nonprofit financed by the Virgin Islands Hotel Development Financing Corporation, established as a subsidiary within the Virgin Islands Public Finance Authority.)
- In Section 1320: “Notwithstanding any other law, any net proceeds derived **from the sale** of a hotel development project financed under this chapter that would otherwise be transmitted to the Government of the Virgin Islands shall instead be transmitted to the Government

Employees' Retirement System of the Virgin Islands, unless otherwise prohibited by federal law or applicable bond covenants.”

With regard to the Section 1319 proposed amendment, I have highlighted the phrase, **“If the hotel is sold prior to final maturity of the bonds”** with great intentionality. Because, although Bill 36-0238 is very well-intentioned in its recognition of the GERS' need for additional assets - in light of its more than \$3.4 Billion Unfunded Actuarial Accrued Liability - the GERS would only realize this largesse, **“if the hotel is sold prior to final maturity of the bonds”**. And, then, it would only be the “net proceeds from such sale after repayment of the bonds and costs related thereto”.

Similarly, Section 1320 speaks to “net proceeds derived **from the sale** of a hotel development project financed under this chapter”. Interestingly, Section 1319, Subsection (c), itself, provides as follows: “For the issuance of bonds secured by hotel development projects, the owner shall **transfer fully unencumbered and fee-simple ownership interest to the Government upon repayment of all bonds**”.

To ensure that the Government Employees' Retirement System of the Virgin Islands receives the assets intended in Bill 36-0238, whether the hotel development project is sold, **or** transferred upon repayment of all bonds, Subsection (c) should also be amended by striking “Government” and inserting “Government Employees' Retirement System of the Virgin Islands”. In that way GERS would realize value from the hotel development project under either scenario.

I thank you.