



VIRGIN ISLANDS PUBLIC FINANCE AUTHORITY
TESTIMONY ON THE FISCAL YEAR 2027 BUDGET

COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE

36th LEGISLATURE OF THE VIRGIN ISLANDS

TUESDAY JUNE 16, 2026

EARLE B. OTTLEY LEGISLATIVE HALL

ST. THOMAS, U.S.V.I.

10:00 AM

BY:

NATHAN SIMMONDS

DIRECTOR OF FINANCE AND ADMINISTRATION

Introduction

Good afternoon, Honorable Senator Novelle E. Francis Jr., other distinguished members of the Committee on Budget, Appropriations and Finance of the 36th Legislature of the Virgin Islands of the United States, other members of the 36th Legislature present, fellow testifiers, ladies, and gentlemen in the Chambers and the listening and viewing audiences. I am Nathan Simmonds, Director of Finance and Administration for the Virgin Islands Public Finance Authority (the “Authority”). I am accompanied by Joy Wheatley, Comptroller, Kye Walker, Esq., General Counsel for the Authority, Adrienne Williams-Octalien, Director of the Office of Disaster Recovery (“ODR”), and Artra Watlington-Francis, Deputy Director of Finance and Compliance, ODR, and from the Department of Public Works (“DPW”), Jomo McClean, Highway Program Manager, who is prepared to respond to any questions regarding the Government’s capital projects funded through the Authority.

We also have joining us on St. Croix and in the virtual conference, Carol Burke, Community Engagement and Communications Manager, and Cherrie Wallace-Cole, Bond Proceeds Disclosure and Compliance Manager.

Mr. Chair, we are here today on behalf of Executive Director, Kevin McCurdy, to report on the activities and budget priorities of the Authority for Fiscal Year 2027. Director Adrienne Williams-Octalien will also make a presentation on the ODR’s activities and priorities for Fiscal Year 2027.

The Authority was created nearly 40 years ago by Act No. 5365 titled “The Government Capital Improvement Act of 1988”, as a public corporation and autonomous governmental instrumentality. Over the years, our mission has been, and remains, “to aid the Government in the performance of its fiscal duties, to raise capital for essential public projects, and to create programs that will serve the financing needs of the people of the Territory.”

The Authority is under the control of a seven-member Board of Directors, which is chaired by the Governor, with the Commissioner of Finance and Director of the Office of Management and Budget serving as ex-officio members of the Board. The Governor appoints the Executive Director of the Authority from either the Commissioner of

Presently, the Commissioner of Finance serves as the Executive Director. In addition, four private citizens are appointed by the Governor, subject to legislative confirmation, and serve terms for a period of four years. At present, the private sector members are Keith O’Neale, Jr., Board Secretary from the St. Croix district, and Dorothy Isaacs, Esq., from the St. Thomas-St. John district. There are two vacant positions on the Board, one in the St. Croix district, and one in the St. Thomas-St. John district.

The PFA is the parent company of:

- ✓ the West Indian Company, Ltd. (“WICO”), which operates the Havensight cruise ship dock on St. Thomas;
- ✓ the Virgin Islands Next Generation Network (“viNGN”), which provides wholesale broadband middle mile services to providers throughout the Territory;
- ✓ Kings Alley Management, Inc. (“KAMI”), which was created to operate and manage the King’s Alley Walk and Hotel;
- ✓ Lonesome Dove Petroleum Company (“LDPC”), which was acquired by the Authority pursuant to Act 7864 to operate and manage and to make payments to satisfy the obligation for taxes and interest owed to the Government by the Company;
- ✓ Virgin Islands Transportation and Infrastructure Corporation (“VITIC”), which was created for the purpose of issuing the “Grant Anticipation Revenue Bonds (Federal Highway Grant Anticipation Revenue Loan Note), Series 2025” for the purpose of refunding the VIPFA 2015 Bonds and financing Phase II of the Veteran’s Drive Project, purchase of a St. Croix/St. Thomas ferry, and additional road projects on the island of St. Croix; and
- ✓ Virgin Islands Hotel Development Financing Corporation, which was created for the purpose of financing certain eligible hotel development projects approved in accordance with the Hotel Development Act.

The Authority also provides managerial and administrative support services to:

- ✓ The Tobacco Settlement Financing Corporation (“TSFC”), which was formed to purchase all rights, title, and interest in certain litigation awards under the Master Settlement Agreement entered by participating cigarette

manufacturers and ultimately providing funds for hospital and healthcare projects.

- ✓ The Matching Fund Special Purpose Securitization Corporation (“MFSPSC”), which was created for the purpose of issuing the 2022 Matching Fund Securitization Bonds and for acquiring all the rights, title, and interest in the Matching Fund Receipts that would have been paid to the Government.

Other operating units include:

- ✓ The Office of Disaster Recovery (“ODR”), which was established to help improve financial management coordination across each agency and organization receiving disaster recovery funds;
- ✓ The Frederiksted Mall (“TFM”), which is managed under a lease agreement to assist in generating economic activity in the town of Frederiksted; and
- ✓ The Office of Economic Opportunity (“OEO”), which was formed to provide oversight of federal funds awarded to the Territory under the American Recovery and Reinvestment Act of 2009.

Government of the Virgin Islands Bonded Debt Obligations

The Revised Organic Act of 1954, as amended, authorizes the Virgin Islands to issue several types of municipal securities and distinguishes general obligation bonds from revenue bonds. The issuance of general obligation bonds is restricted to an amount no greater than 10% of the aggregate assessed valuation of taxable property in the Territory. The Tax Assessor’s Office has confirmed the 2025 total assessed value of all taxable property to be \$15.3 billion, therefore, the General Obligation debt ceiling for the territory is approximately \$1.53 billion. The current outstanding General Obligation Debt is \$413.7 million. These bonds were issued for working capital and for capital projects and are secured by the Government’s Gross Receipts Taxes. The Territory has approximately \$1.1 billion of debt ceiling capacity remaining.

Tobacco Settlement Financing Corporation – The Corporation has issued a total of \$69.8 million of Tobacco Settlement Financing Corporation Asset-Backed Bonds, secured by and payable solely from the Tobacco Settlement Revenues, investment earnings and amounts held in certain accounts, and the Corporation’s rights under the

purchase agreement. The proceeds were used for the purpose of financing several capital hospital and health department projects, including the Charlotte Kimmelman Cancer Institute on St. Thomas and the V.I. Cardiac Center on St. Croix, and to fund operating costs of the Corporation. Of the \$69.8 million in bonds issued, approximately \$20.5 million remains outstanding on the Series 2006 bonds. The Series 2001 bonds were paid in full on May 15, 2023. Funds allocated for capital projects totaled \$24.9 million, of which \$23.9 million has been expended and \$1.0 million remains unexpended. The remaining unexpended balances are for projects under the Department of Health.

Matching Fund Special Purpose Securitization Corporation – The Internal Revenue Matching Fund, Revenue Obligation Debt, is now held by the Matching Fund Special Purpose Securitization Corporation. As of April 30, 2026, the outstanding debt was \$912.8 million. These bonds were originally issued to fund capital projects and provide working capital to the Government and are secured by the revenue generated from rum produced on St. Croix and exported to the United States. The Corporation issued Matching Fund Securitization Series 2022A Bonds of \$930,315,000, and Taxable Matching Fund Securitization Bonds, Series 2022B of \$22,510,000 in April 2022. Proceeds of the Bonds were used to: (i) purchase the Government of the Virgin Island’s right, title, and interest in and to the Matching Fund Receipts to be received from the U.S. Department of Treasury and the Related Rights, (ii) pay Capitalized Interest on a portion of the Series 2022 Bonds, and (iii) pay certain Costs of Issuance of the Series 2022 Bonds. As of April 30, 2026, the outstanding balance of the Corporation’s Series 2022A Bonds was \$912,840,000. The Series 2022B Bonds were paid off on October 1, 2025.

On July 28, 2025, Kroll Bond Rating Agency affirmed the long-term rating of BBB and revised the Outlook to Stable, from Negative, for the Matching Fund Special Purpose Securitization Corporation Matching Fund Securitization Bonds.

Virgin Islands Transportation and Infrastructure Corporation – The Grant Anticipation Revenue (GARVEE) Bonds (Federal Highway Grant Anticipation Revenue Loan Note), is now held by the Virgin Islands Transportation and Infrastructure Corporation. As of April 30, 2026, the outstanding debt was \$141.4 million.

Pursuant to Act 8949, the 36th Legislature authorized the issuance of up to

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\$250,000,000 in bonds, notes, or other evidence of indebtedness by the Government and the Authority, either directly or through a wholly owned subsidiary to finance projects under 23 U.S.C. §122, including the payment or refunding of the 2015 GARVEE Bonds. On May 7, 2025, the Corporation was formed as a special purpose, independent, and autonomous public corporation and governmental instrumentality and wholly owned subsidiary of the Authority in accordance with Act 8949 and organized as a not-for-profit corporation in accordance with Title 13, Chapter 3, Section 491 et. Seq of the Virgin Islands Code.

On June 5, 2025, the Corporation (VITIC) closed on the Grant Anticipation Revenue Bonds (Federal Highway Grant Anticipation Revenue Loan Note), Series 2025 “Garvee Bonds” in the amount of \$150,155,000. The bonds were issued to (i) finance all or a portion of the costs of the Approved Projects as outlined in Act 8949, (ii) refund the Virgin Islands Public Finance Authority Grant Anticipation Revenue Bonds (Federal Highway Grant Anticipation Revenue Loan Note), Series 2015, (iii) fund the amount necessary to meet the Debt Service Reserve Requirement for the Bonds, and (iv) to pay the costs of issuance of the Bonds.

Of the proceeds \$96,000,000 will fund the following approved projects:

- (1) The Ferry Project - \$20,000,000;
- (2) The Veterans Drive Highway Project - \$48,000,000;
- (3) Additional projects identified by the Department of Public Works and approved by the Federal Highway Administration’s (FHWA) for the district of St. Croix - \$28,000,000.

To date, \$48.0 million was transferred to the U.S. Department of Transportation, Federal Highway Administration, DOT-FHWA for the management and disbursement(s) of the Veterans Drive Highway Improvement, Phase II Project, and the remaining \$48 million remains unexpended.

S&P Global Ratings, a division of S&P Global Inc., has assigned the Bonds a rating of “A” with a Stable Outlook.

Virgin Islands Hotel Development Financing Corporation – The Virgin Islands Hotel Development Financing Corporation, a wholly owned subsidiary of the Authority,

was established pursuant to Act 9063 as an autonomous public corporation empowered to issue bonds or other debt instruments to finance eligible hotel development projects. The Corporation is further authorized to issue revenue bonds to finance, acquire, construct, or improve hotel or resort facilities. The goal of the Hotel Development Financing Corporation is to promote and incentivize the development and renovation of hotel and resort facilities given the tourism industry is a critical component of the Virgin Islands economy.

On January 7, 2026, the Corporation closed on the following Hotel Revenue Bonds in the amount of \$462,270,000:

- \$272,270,000 Hotel Revenue Bonds, Senior Lien Series 2025A-1;
- \$10,000,000 Hotel Revenue Bonds, Federally Taxable Senior Lien Series 2025A-2;
- \$135,000,000 Hotel Revenue Bonds, Subordinate Lien Series 2025B;
- \$45,000,000 Hotel Revenue Bonds, Junior Lien Series 2025C.

The bonds, which were issued on behalf of the hotel owner, was done on the basis of the hotel project on a stand-alone basis, without a pledge of financial support from the Authority or the Government, and used to (i) finance the costs of acquiring ownership interests in the hotels, constituting The Westin St. Thomas Beach Resort & Spa and the Buoy Haus Beach Resort St. Thomas, Autograph Collection, located on the island of St. Thomas; (ii) fund certain reserves and other required amounts in connection therewith, (iii) fund capitalized interest on the Series 2025AB Bonds, and (iv) pay certain costs of issuing the Series 2025 Bonds.

Government Employees Retirement System Loan Note – The restructuring of the Authority’s Matching Fund Revenue bonds enabled the Authority, in turn, to issue its own note to the Government Employees Retirement System (“GERS”), secured by an irrevocable and legally binding pledge of the Government’s share of residual Matching Fund receipts. That note, with an estimated par amount of \$1.7 billion dollars, has been issued to secure the payment of an estimated \$4 billion over the next thirty years. Utilizing the newly created corporation to refund and restructure the outstanding Matching Fund debt was a critical element of the GERS Solvency Plan. Reducing debt service costs during the early years allowed for Matching Funds to be provided to GERS

through the Funding Note on an accelerated basis – including over \$500 million during the early years when funding to GERS is most urgently needed. As of April 30, 2026, the outstanding on the GERS Note was approximately \$3.3 billion.

Investment Management – In concert with its mission, the Authority is charged with the investment and administration of the debt service funds for the debt instruments issued and loaned to the Government. The proceeds from these debt issuances are managed by the Authority on behalf of the Government. These management activities consist of investing the proceeds, managing the debt service reserves, processing vendor payments, and receiving pledged revenues for the timely payment of principal and interest. During calendar year 2025, the Authority had on average \$229.5 million under management, at an approximate yield of 4.06%, and investment earnings for 2025 of approximately \$6.8 million. As of April 2, 2026, holdings of the investment portfolio totaled approximately \$213.7 million.

Due to various debt service payments, vendor payments processed, and pledged revenues received, balances fluctuated throughout the calendar year. A breakdown of the investment balances, as of April 2, 2026, is as follows:

<u>VIPFA - GRT Bonds - \$97.2 MILLION</u>		<u>VITIC - GARVEE Bonds - \$91.0 MILLION</u>	
*	Debt Service Reserve, \$70.5 Million	*	Debt Service Reserve, \$11.9 Million
*	Debt Principal & Interest, \$23.7 Million	*	Projects, \$79.1 Million
*	Projects, \$3.0 Million		
<u>TSFC - Tobacco Bonds - \$3.1 MILLION</u>		<u>MFSPSC - IRMF Bonds - \$22.4 MILLION</u>	
*	Projects, \$3.1 Million	*	Community Facilities Trust Fund, \$22.4 Million

Capital Projects – As of May 31, 2026, there was approximately \$127.4 million in unexpended proceeds for capital projects funded through the Authority for various departments and agencies. A listing of outstanding capital projects with unexpended balances, by department, is attached. During fiscal year 2025 approximately \$5.0 million in capital project funding was expended. As of May 31, 2026, \$7.7 million in capital project funding was expended during fiscal year 2026.

Rum Cover Over Program – Internal Revenue Matching Fund – Each year, the

Government submits a request for a prepayment of Matching Fund Revenues to the United States Department of Interior (“DOI”). The funds, known as rum cover-over, are calculated based on the rum producers’ estimates of federal excise taxes to be collected and earned on the projected sales of rum produced in the U.S. Virgin Islands and shipped to the United States. DOI determines the amount of the federal excise taxes for prepayment for the ensuing fiscal year, and such payment is made into a Special Escrow Account held at Bank of New York Mellon (“BNY”), the Trustee of the funds. The cover-over rate became permanent at \$13.25 per proof gallon effective January 1, 2026, by the passage of the One Big Beautiful Bill Act passed by Congress on July 3, 2025, and signed into law on July 4, 2025.

The FY 2026 Internal Revenue Matching Fund (IRMF) advance of \$252,506,250 was based on the projected sale of 20,100,000 proof gallons that the Virgin Islands Rum Industry indicated they will produce and sell in the United States. The Advance was also calculated at \$10.50 per proof gallon for the months of October – December 2025 and \$13.25 per proof gallon for the months of January – September 2026. However, due to the deduction of (\$27,030,721) for FY 2024 True-Up, the actual Advance received was \$225,475,529. The FY 2024 True-Up (\$27,030,721) was the difference between the excise taxes collected of \$203,969,279 and the FY 2024 Advance received of \$231,000,000. (See below chart)

<u>Estimated Proof Gallons</u>	<u>Monthly Division PGs / 12</u>	<u>Oct. - Dec. 2025 \$10.50 Rate 3 Months</u>	<u>Jan. - Sept. 2026 \$13.25 Rate 9 Months</u>	<u>Combined Rate Total</u>
20,100,000	1,675,000	\$52,762,500	\$199,743,750	\$252,506,250
			FY 2024 True Up	-\$27,030,721
			Advance Received	\$225,475,529

We have not yet received the final estimates from the Rum Companies for FY 2027. Once received, the estimates will be provided to DOI for the calculation of the amount of prepayment due FY 2027.

Caribbean Basin Initiative Fund – The Caribbean Basin Economic Recovery Act of 1983 provides that all revenue from federal excise taxes on rum imported into the

United States from foreign sources be remitted to the treasuries of Puerto Rico and the Virgin Islands according to a formula promulgated by U.S. Treasury. Under the formula, Puerto Rico's share of excise tax revenue will never exceed its baseline percentage of 87.6% and the Virgin Islands' share will never fall below its baseline percentage of 12.4%. For FY 2025, the Virgin Islands received \$5.6 million in Caribbean Basin Initiative Fund.

Limetree Bay Refining and Terminal – The Authority has also been charged with compliance oversight of the operating agreements between the Government and Limetree Bay Terminals, LLC, (“LBT”)and Limetree Bay Refining, LLC (“LBR”), which were ratified by the 31st Legislature pursuant to Act No. 7806, as amended by Act No. 8072.

As it pertains to the Limetree Bay Terminal operations d/b/a Ocean Point Terminals, as of May 31, 2026:

- 584 persons were working at the Limetree Bay Terminal, 417 of which are contractors and 167 are persons working at the site, 97% of which are VI residents.
- There are approximately twenty-eight million barrels of storage currently online, with a total storage capacity of thirty-four million barrels at the terminal.
- As of May 31, 2026, terminal variable payments year to date totaled \$3,208,000.00. 2026 year to date quarterly variable payments are \$3M.
- The 2024 True Up amount owed by OPT was \$5,453,808.00. OPT has paid that amount to the Government in eight (8) equal, consecutive monthly installments, with the first payment made on May 31, 2025, and the final payment on December 31, 2025. With interest compounded quarterly on the unpaid balance through December 31, 2025, the amount paid was \$5,747,048.00. The 2025 True-Up amount is \$250,000 which OPT has paid.
- Limetree Bay Terminals, LLC entered into a \$10 million Promissory Note on 11/30/2019 with the Government of the Virgin Islands for conveying particular property and easements acquired by the LBT. Payment on the \$10M Note is semi-annual, due on June 30 and December 31. As of December 31, 2025, the balance on the note was \$6,212,689.16.

Limetree Bay Refining ceased operation and filed for bankruptcy on July 12, 2021. Following several pollution incidents, the U.S. Environmental Protection Agency

(USEPA) issued an Emergency Order to LBR to discontinue Refining operations. Thereafter, LBR filed a Chapter 11 petition in the Bankruptcy Court in Texas, which resulted in Port Hamilton owning and assuming the Refining Operating Agreement.

Port Hamilton Refining and Transportation – Under the terms of the bankruptcy ruling, Port Hamilton Refining and Transportation (“PHRT”) assumed the Refinery Operating Agreement. Port Hamilton filed a suit against the US Environmental Protection Agency over the permits required for refinery restart, and on July 25, 2023, the court ruled that EPA exceeded its statutory authority under the CAA in requiring Port Hamilton to obtain a PSD Permit.

The Government was notified that Crucian Energy Holdings, Inc., acquired a controlling interest in PHRT, but has not been made aware of any definitive plans to restart the refinery. The GVI continues to remain supportive as PHRT navigates its future through legal and regulatory challenges and continues to work with the US Environmental Protection Agency on a safe restart for the refinery.

VIPFA Fiscal Year 2027 Budget

The Authority’s Bond Indenture Agreements require the Authority’s Board of Directors to approve an administrative budget annually, which is used to assure the Authority’s compliance with all covenants entered into with its bond holders. The Authority’s Board of Directors met on May 26, 2026, and approved the Fiscal Year 2027 Budget in the amount of \$27.88 million dollars, which is a 7% increase or \$1.77 Million more than Fiscal Year 2026. This is due primarily to ongoing legal fees resulting primarily from tax refund litigation for the Government.

The fiscal year 2027 budget will be used to fund the business operations of the Authority, including the Office of Disaster Recovery, such as Payroll, IT Systems Maintenance and Upgrades, Building and Property Maintenance, Office Space Rental, Training expenses, Professional Services Agreements.

The Authority’s proposed FY 2027 annual Budget of \$27.88 million is funded with \$5 million from Gross Receipts Taxes, \$9 million in General Fund Appropriations, \$8.21 million from federal reimbursements, \$5.57 million from the Authority’s Project Fund, and \$100K from Frederiksted Mall rental revenue.

Of the \$9 million requested from the General Fund, \$5 million is for the Authority's administration and finance operations, and \$4 million for the ODR. Prior to 2022, the \$5 million for administration and finance would be allocated from the Internal Revenue Matching Funds. However, with the issuance of the Matching Fund Bonds and the use of the excess revenues after debt service to fund the GERS Note, it became necessary for this funding to come from the General Fund.

In Fiscal Year 2026, the total budget For the Administration category was \$5.65 million. For Fiscal Year 2027, the total budget in this category is \$6.22 million which represents an increase of \$562,550 dollars or a 10% increase from fiscal year 2026. This increase is due primarily to the increased funding needed for increased insurance expenses and funding needed for rental and the overhead cost of the new St. Thomas Office location at WICO.

The Professional Services category consists of accounting and auditing services, financial advisory services, municipal tax attorneys, legal advisors, trustees and bank custody fees, investment advisors, project evaluation, and underwriting expenses. For Fiscal Year 2026, the total budget in this category was \$8.23 million. For Fiscal Year 2027, the total budget for professional services is \$9.44 million, which is a 13% increase or \$1.77 million more than fiscal year 2026. As stated previously, this is due to continuing legal fees for the refund litigation for the Government.

The total FY 2027 Operating Budget for Administration and Finance is \$15.67 million. Once again, we are requesting \$5 million in General Fund support for these categories, representing 32% of the overall budget. It should be noted that prior to 2022, the Authority did not seek any General Fund support. However, with the issuance of the Matching Fund Securitization Bonds, and the use of the excess revenues after debt service to fund the GERS Note, General Fund support is now necessary to replace the funding that previously came from the Matching Fund revenues.

The FY 2027 Operating Budget for the Office of Disaster Recovery is \$12.21 million. The proposed budget will be utilized to conduct the business of ODR to include the Super PMO and CDBG-DR programs. This budget covers expenses such as payroll, staff training, additional office space expenses and corresponding maintenance, equipment, travel, as well as other administrative expenses.

Fiscal Year 2026 Accomplishments:

Audits

- ✓ Completed the FY 2024 Audits for Subsidiary Units WICO and viNGN.
- ✓ Completed the FY 2024 Audit for Tobacco Settlement Financing Corporation. Final review for FY 2025 is in progress, with expected issuance by July 31, 2026.
- ✓ Completed the FY 2025 Audits for Matching Fund Special Purpose Securitization Corporation, which brings the Corporation current.
- ✓ VIPFA FY 2024 Audit is in final review, with expected issuance by June 30, 2026
- ✓ VITIC FY 2025 Audit field work has begun, with expected issuance by July 31, 2026

Audits are posted on the Authority's website and can be seen at this link:

<https://www.usvipfa.com/wp-content/uploads/2025/11/VIPFA-2023-Audited-Financials.pdf>

Financial Management System Upgrade

- ✓ Upgraded the Financial Management System from MS Dynamics GP to MS Business Central. This upgraded system will provide financial information for all entities managed by the Authority. Leveraging the capabilities of Business Central to streamline workflows and improve efficiency will drive significant business value over time. The implementation of this system will increase the overall efficiency of the Authority by replacing manual processes, allowing access to the financial system from anywhere, not just in the office or having to VPN into the network, enhance data security and compliance, and decreased IT cost as minimal infrastructure will be required.

Procurement

- ✓ During Fiscal Years 2025 and 2026, the Authority issued fifty-five (55) solicitations fifty-four (54) of which were on behalf of the Office of Disaster Recovery (ODR).
- ✓ Procurement continued efforts to modernize the Authority's procurement policies, procedures, and contract management practices. These efforts promote consistency across procurement activities and align operations with current federal, territorial, and internal requirements.

- ✓ Key enhancements include policy revisions, standardized procurement and contract documentation, improved file management processes to automate the storage and organization of contracts and related records and the implementation of a centralized contract management solution. Collectively, these improvements enhance compliance, transparency, and operational efficiency across the Public Finance Authority (PFA).

Initiatives in conjunction with the Government of the Virgin Islands

\$250,000,000 Line of Credit

- ✓ Act 8991 increased the authorization for the Line of Credit to \$250,000,000. The Authority has facilitated discussions with Banco Popular resulting in a commitment for a Line of Credit for \$100,000,000, which, when closed, will increase the amount available for disaster related projects to \$200,000,000.

Virgin Islands Hotel Development Financing Corporation

- ✓ In January 2026, the Virgin Islands Hotel Development Financing Corporation closed on \$448.6 million Series 2025 bond issuance to finance the acquisition of the Westin and Morningstar Buoy Haus (formerly Frenchman’s Reef). The bond proceeds were loaned to CFC-FR, LLC, a nonprofit organization, to support the hotel acquisition, permitted project costs, capitalized interest during early stages of financing and issuance related expenses. Under the structuring framework, once the bond debt is retired, ownership of the resort property would be transferred to the Government of the Virgin Islands.

Washington Team

We continue our work with our Washington Legal and Government Relations consultants on several initiatives on behalf of the Government of the Virgin Islands, including:

- ✓ Rum Cover-Over Program
- ✓ Global Intangible Low-Taxed Income (“GILTI”) initiative
- ✓ EU Blacklisting
- ✓ Economic Recovery Initiatives
- ✓ Tax Litigation Issues

- ✓ Health Care Reform
- ✓ Disaster Recovery
- ✓ Environmental, Terminal and Refinery Issues

Fiscal Year 2027 Goals

Audits

- Complete the Authority and Subsidiaries, Kings Alley Management Inc and Lonesome Dove Corporation FY 2025 Audits by September 30, 2026. This will bring all the Authority's and Subsidiaries Audits current.

Systems Enhancements

- Surveillance System – Identify areas of concern that will have camera coverage at PFA locations and managed properties.
- Social media - Identify platforms that will be used for a social media presence. For the Authority and managed entities.
- Building Entry – Identify a solution that will be used for access to our facilities.

Human Resources

- Continued support of the Authority's mission through the recruitment, development, and retention of a highly qualified workforce.
- Prioritize employee engagement, retention, and professional development initiatives designed to foster a productive and supportive work environment.
- Coordinate employee recognition programs, wellness initiatives, and training opportunities, while supporting leadership development and succession planning efforts.

Mr. Chair, before I conclude, I would like to express my thanks and appreciation to the Authority's staff. We are small, but mighty! It is through their continued dedication and hard work that we are able to fulfill our mandates.

This concludes my presentation on the Authority's Fiscal Year 2027 budget. Thank you for allowing us the opportunity to appear before this committee today. Following Director William-Octalien's testimony, we are available to answer any questions you, or your colleagues may have.

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June 10, 2025