

**BILL NO. 35-0415**

**Thirty-Fifth Legislature of the Virgin Islands**

**November 19, 2024**

An Act amending Act No. 7754 to authorize the issuance of up to \$250,000,000 in bonds, notes, or other evidences of indebtedness by the Government of the Virgin Islands and the Virgin Islands Public Finance Authority, either directly or through a wholly-owned subsidiary or affiliated corporation serving as a public corporation, including amounts necessary for reserves and issuance costs; to finance projects under 23 U.S.C. §122, including the payment or refunding of the 2015 Bonds, the current phase of the Veterans Drive Project, the Ferry Project, road projects on St. Croix approved by the Department of Public Works and the Federal Highway Administration, and other federally approved road projects; authorizing the Government of the Virgin Islands and the Public Finance Authority to execute agreements, pledge Federal Highway Grant Revenues and other revenues as collateral, issue limited special obligation loan notes, and take necessary action to effectuate the provisions of this Act

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**PROPOSED BY:** Senator Novelle E. Francis, Jr. by Request of the Governor

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*Be it enacted by the Legislature of the Virgin Islands:*

**SECTION 1.** Act No. 7754 is amended as follows:

(a) Strike the WHEREAS clauses and insert the following:

**“WHEREAS**, a ferry route is needed between St. Croix and St. Thomas;

**WHEREAS**, safe, efficient, and reliable territorial highway and ferries system plays a significant role in providing and sustaining a vigorous economy;

**WHEREAS**, the United States Congress has declared that it is in the national interest of the United States to preserve and enhance the surface transportation system to meet the needs of the United States for the 21st century;

1           **WHEREAS**, to ensure that its intention is executed, Congress has provided  
2 states and territories with the ability to apply for grants for transportation-related  
3 projects that are necessary to improve the safe, secure, and efficient movement of  
4 people and goods;

5           **WHEREAS**, the Ferry Project is a foundational part of the USVI 2040  
6 Transportation Master Plan and the Government's multi-modal transportation plan;

7           **WHEREAS**, the Ferry Project will enhance inter-island connectivity,  
8 promote tourism, and provide an alternate mode of transportation for residents and  
9 visitors;

10          **WHEREAS**, Veterans Drive in St. Thomas is the only east-west  
11 thoroughfare for commercial traffic and is a vital corridor between the cruise ship  
12 docks, which receive over two million visitors annually, and the tourism center in  
13 historic downtown Charlotte Amalie;

14          **WHEREAS**, major reconstruction of Veterans Drive has been in the  
15 planning for almost 30 years, making this a long overdue road project essential to  
16 the Territory's tourism industry and the safety of the citizens of St. Thomas;

17          **WHEREAS**, the Ferry Project, the Veterans Drive Highway Project, and  
18 additional projects on the island of St. Croix have been approved by the Federal  
19 Highway Administration (FHWA);

20          **WHEREAS**, the Virgin Islands must continue to leverage available federal  
21 aid to assist with transportation-related projects;

22          **WHEREAS**, the Department of Public Works has an established relationship  
23 with a qualified bidder previously awarded a contract through a formal bidding  
24 process, and this bidder has provided detailed ferry design plans meeting the

1 Territory's needs, while rebidding the project would delay construction by at least  
2 six months;

3 **WHEREAS**, 31 V.I.C. § 239(8) authorizes the Department of Public Works  
4 to procure services under these circumstances, ensuring the urgent inter-island  
5 transportation needs of the Territory are addressed promptly;

6 **WHEREAS**, the Government of the Virgin Islands, Department of Public  
7 Works, and the FHWA, Puerto Rico/Virgin Islands Division Office, have entered  
8 into a Stewardship Agreement; and

9 **WHEREAS**, to finance all or a portion of the costs of the Transportation  
10 Projects set forth in Section 5 of this Act, the Public Finance Authority intends to  
11 issue up to \$250,000,000 in Grant Anticipation Revenue Bonds; Now, Therefore,"

12 (b) Strike section 1 and insert the following:

13 **"SECTION 1. Definitions**

14 In this Act—

15 (1) **Affiliated Corporation** means a public corporation controlled by or  
16 under common control with the Public Finance Authority, with the same or similar  
17 rights and powers granted to the Public Finance Authority under Title 29, Chapter  
18 15, Section 916, et seq., of the Virgin Islands Code.

19 (2) **Authority** means the Virgin Islands Public Finance Authority, acting  
20 either directly or through a wholly owned subsidiary or an affiliated corporation,  
21 each with the same or similar rights and powers granted under Title 29, Chapter  
22 15, Section 916, et seq., of the Virgin Islands Code.

23 (3) **FHWA** means the Federal Highway Administration.

1           (4) Federal Highway Grant Revenues means all revenues received by or  
2 on behalf of the Government from the FHWA that are legally available for payment  
3 of debt service, bond-related charges, and reimbursement of eligible costs.

4           (5) Ferry means the passenger and vehicle ferry vessel that will be part of  
5 the Ferry Project.

6           (6) Ferry Project means the ferry service for Route 753M connecting St.  
7 Croix to St. Thomas, including the acquisition of the ferry.

8           (7) GARVEE Bonds or Bonds means Grant Anticipation Revenue Vehicle  
9 Bonds.

10          (8) Government means the Government of the United States Virgin  
11 Islands.

12          (9) Indenture means the Indenture of Trust by and between the Authority  
13 and the Trustee, securing the GARVEE Bonds.

14          (10) Loan Note means one or more special, limited obligation loan notes of  
15 the Government issued to fund necessary reserves and pay costs associated with  
16 issuing the Bonds under Section 5 of this Act.

17          (11) Revised Organic Act means the Revised Organic Act of the Virgin  
18 Islands, (48 U.S.C. et. seq.)

19          (12) St. Croix Scenic Road Enhancement Project means the enhancement of  
20 the Scenic Road in St. Croix.

21          (13) Subsidiary means a wholly owned subsidiary of the Authority, serving  
22 as a public corporation with the same or similar rights and powers granted under  
23 title 29 Virgin Islands Code chapter 15, section 916, et seq.

1 (14) Transportation Projects means, collectively, the Ferry Project, the  
2 Veterans Drive Project, the St. Croix Scenic Road Enhancement Project, and any  
3 additional projects identified by the Department of Public Works as 2024  
4 Transportation Projects.

5 (15) Trustee means the financial institution or entity designated by the  
6 Authority to administer the Indenture, manage bond proceeds, ensure compliance  
7 with bond covenants, and facilitate debt service payments.

8 (16) Veterans Drive Project means the current phase of the major  
9 reconstruction of Veterans Drive, including upgrades to meet federal standards,  
10 safety improvements, road expansion, walkability enhancements, aesthetic  
11 upgrades, and mitigation measures such as enhanced seawalls and improved  
12 stormwater drainage.

13 (17) 2015 Bonds means the Grant Anticipation Revenue Bonds (Federal  
14 Highway Grant Anticipation Loan Note), Series 2015, issued by the Authority,  
15 dated as of December 15, 2015.”

16 (c) Strike the following sentence in section 2:

17 “Not less than \$4,000,000.00 must be used to supplement funding for the ferry  
18 system on St. Croix.”

19 (d) Strike section 3 and insert the following:

20 **“SECTION 3. Financing of Transportation Projects**

21 Any proceeds derived from the Bonds must be used for the financing of:

22 (1) The Ferry Project;

23 (2) The Veterans Drive Highway Project;

1 (3) Additional projects identified by the Department of Public  
2 Works and approved by the FHWA for the district of St. Croix; and

3 (4) The payment or refunding of the 2015 Bonds.”

4 (e) Strike section 4 and insert the following:

5 “SECTION 4. **Scope of Work.** The Department of Public Works shall submit  
6 the following to the Legislature:

7 (i) A scope of work for the Ferry Project, the Veterans Drive Project, and  
8 any additional projects identified by the Department of Public Works and approved  
9 by the FHWA under Section 3, within 60 days after the issuance of the bonds; and

10 (ii) A scope of work for any other Transportation Projects within 60 days  
11 of FHWA approval for GARVEE Bond financing.

12 The scope of work must include: the roads identified for upgrades and paving and copies  
13 of all correspondence with the FHWA and other entities related to the execution of this  
14 mandate.

15 (f) Strike section 5 and insert the following:

16 “SECTION 5. **Authorization to Borrow on a Special Limited Obligation**  
17 **Basis**

18 (a) The Authority may issue Bonds in one or more series to finance all or  
19 a portion of the Transportation Projects and to pay or refund the 2015 Bonds. The  
20 aggregate principal amount of the Bonds issued must not exceed \$250,000,000,  
21 plus the amount necessary to finance reserves and cover issuance costs.

22 (b) The proceeds of the Bonds authorized in subsection (a) for the  
23 Transportation Projects must provide for the following:

24 (1) For the initial series of Bonds:

- 1 (a) An estimated \$20,000,000 for the Ferry Project;
- 2 (b) An estimated \$48,000,000 for the Veterans Drive Highway  
3 Project;
- 4 (c) An estimated \$28,000,000 for additional projects identified  
5 by the Department of Public Works and approved by the FHWA for  
6 the district of St. Croix; and
- 7 (d) Up to \$56,000,000 for the refunding of the existing 2015  
8 Bonds.
- 9 (2) The Authority may enter into an Indenture with the Trustee and  
10 issue the Bonds in accordance with the Revised Organic Act and title 29  
11 Virgin Islands Code, chapter 15.
- 12 (c) As evidence of its obligation to repay the Bonds, the Government  
13 may issue a Loan Note and execute one or more Loan Agreements.”
- 14 (g) Strike section 6(d) and insert the following:
- 15 “(d) The Government shall covenant that, if the United States government  
16 discontinues providing Federal Highway Grant Revenues and substitutes another source  
17 of federal revenues in their place, the Government shall use its best efforts to add or  
18 substitute another source of federal revenues to pledge as security for the repayment of  
19 the Loan Note. Any substituted revenues must:
- 20 (i) be directly deposited into the Federal Transportation and Highway  
21 Grant Escrow Account held by the Trustee;
- 22 (ii) be subject to the security interest granted therein; and
- 23 (ii) be remitted in the same manner as authorized in subsection (a) of this  
24 section.

1           Notwithstanding any other law, upon deposit of the Federal Highway Grant Revenues  
2 into the Federal Transportation and Highway Grant Escrow Account, such amounts are not  
3 subject to any prior lien or attachment by any creditor of the Government or the Authority, or  
4 by any other person or entity, except for the lien and security interest authorized under this  
5 Act.”

6           (h) Amend section 7 as follows:

7                 (1) in subsection 4, insert the word “the” before the word “Bonds”.

8                 (2) in subsection 5:

9                         (A) insert “(i)” after “not”; and

10                        (B) insert “(ii)” before “allow, permit or suffer.”

11           (i) Strike section 9(1) and insert the following:

12                 “(1) Execute and deliver all documents and agreements necessary or advisable  
13 for:

14                         (a) the issuance of the Bonds; and

15                         (b) the payment or refunding of the 2015 Bonds, as authorized in this Act.”

16           (j) Strike section 11 and insert the following:

17                 **“SECTION 11. Statutory Lien Created**

18                         The Bonds issued under this Act are automatically secured by a statutory lien  
19 on the items pledged as permitted under section 6 of this Act. This statutory lien is  
20 effective, binding, and enforceable against all creditors and any other parties  
21 asserting claims or rights in tort, contract, or otherwise, regardless of notice of the  
22 lien. The statutory lien arises by operation of law upon the issuance of the Bonds  
23 and attaches automatically to the pledged items without the need for physical



1 delivery, recordation, filing, or any further action or authorization by the  
2 Government, the Authority, or any other entity, person, or governmental authority.”

3 **SECTION 2.** The Department of Public Works shall solicit and consider public input  
4 before naming the St. Croix Ferry Vessel.

5 **BILL SUMMARY**

6 This bill amends Act No. 7754 to complete and implement priority transportation  
7 projects, including the current phase of the Veterans s Drive Project, the Ferry Project, and the  
8 payment or refunding of the 2015 Bonds. A significant portion of the funds, totaling  
9 \$96,000,000, will be allocated to transportation projects financed through Grant Anticipation  
10 Revenue Bonds (These projects include the completion of the Veterans Drive Project (Phase  
11 2A) at an estimated cost of \$48,000,000, the Ferry Project to establish a waterway connection  
12 between St. Croix and St. Thomas at an estimated cost of \$20,000,000, and additional road  
13 projects approved by the Federal Highway Administration at an estimated cost of \$28,000,000.  
14 Additionally, the measure authorizes \$56,000,000 to pay or refund the Grant Anticipation  
15 Revenue Bonds (Federal Highway Grant Anticipation Loan Note), Series 2015, issued by the  
16 Virgin Islands Public Finance Authority on December 15, 2015.

17 **BR24-1403/November 18, 2024/KEH/Revised November 19, 2024/KEH**  
18 **G35-097**