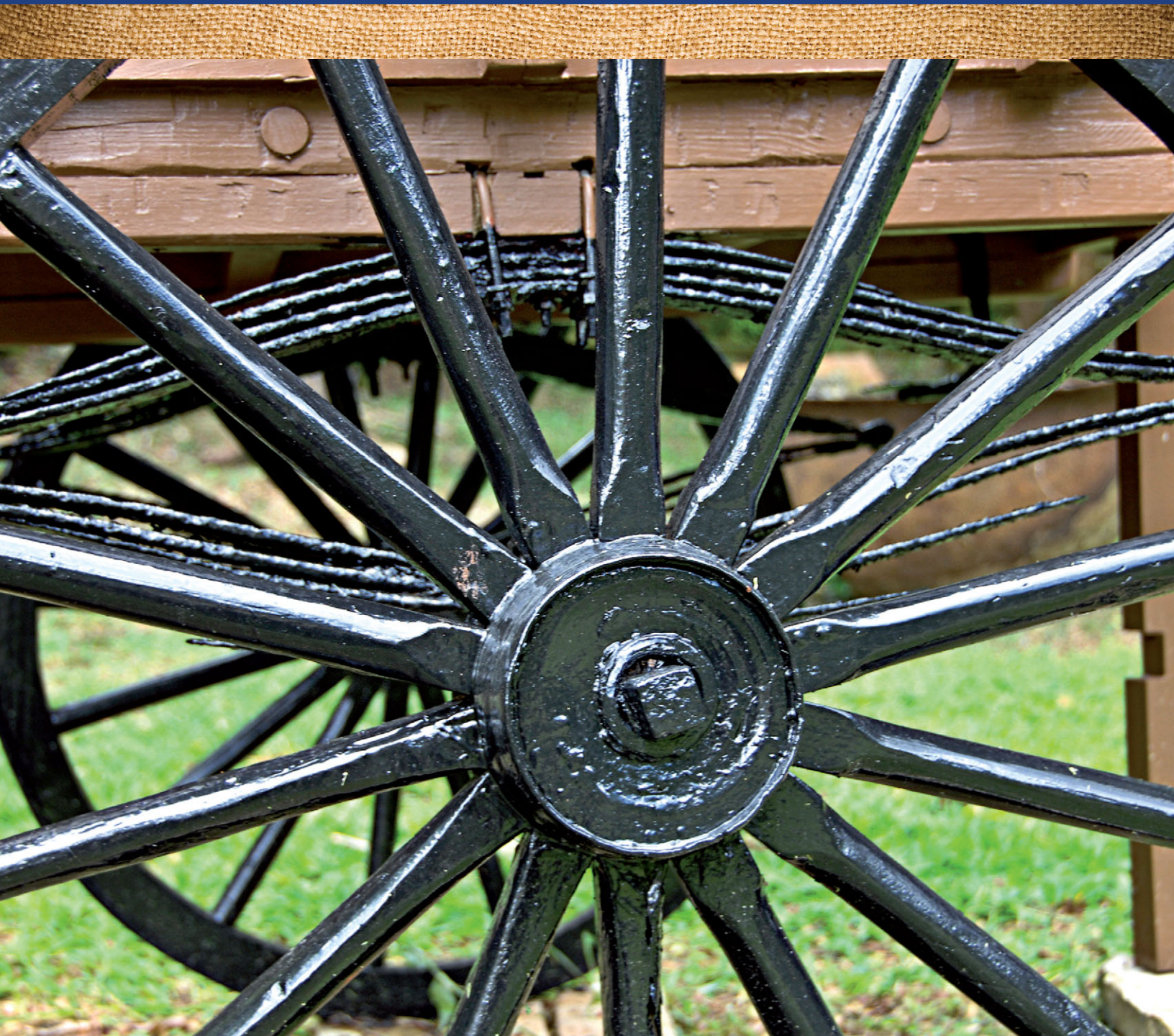





FY2010 ANNUAL REPORT





ECONOMIC
DEVELOPMENT
AUTHORITY

BOARD OF DIRECTORS

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Nathan Simmonds VICE CHAIRMAN

Lynn Millin-Maduro, Esq. SECRETARY

Randolph Allen MEMBER

John Lewis MEMBER

Jose Penn MEMBER

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ASSISTANT CHIEF EXECUTIVE OFFICER Alicia Barnes

PROJECT COORDINATOR Paul Arnold

DIRECTOR, COMPLIANCE (EDC) Margarita Benjamin

DIRECTOR, LENDING DIVISION Dianne Duinker

DIRECTOR, APPLICATIONS (EDC) Paul Flemming

DIRECTOR, MARKETING D. Jerry Garcia

DIRECTOR, ADMINISTRATION and FINANCE Ernest Halliday

DIRECTOR, ENTERPRISE ZONE Nadine Marchena Kean

LEGAL COUNSEL Stacey Plaskett, Esq.

SUPERINTENDENT of PARKS George St. Rose

MISSION STATEMENT

The Virgin Islands Economic Development Authority (VIEDA) strives to be a customer service based organization that creates positive public/private sector partnerships for the enhancement of economic growth and development by meeting the challenges of the global economy and serving the needs of the business community, while embracing our unique cultural heritage and preserving our pristine natural environment.



THE VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

The Virgin Islands Economic Development Authority (VIEDA) was created as a semi-autonomous government agency on February 1, 2001 to assume, integrate and unify the functions of the Government Development Bank (GDB), the Economic Development Commission (EDC), the Industrial Park Development Corporation (IPDC), the Small Business Development Agency (SBDA), and the Enterprise Zone Commission (EZC) under one executive board in order to achieve maximum efficiency, streamline operations, and develop comprehensive programs to promote and enhance the economic development of the Territory.

The Authority accomplishes its mission by attracting multi-national investors to establish or relocate their businesses to the United States Virgin Islands and by providing financial assistance through its lending arm, namely the GDB and the SBDA, to emerging and established businesses in the Territory. The Authority is funded by the general fund, based on a budget request from the Governor and the VIEDA Board of Commissioners, which must ultimately be approved by the Legislature of the Virgin Islands.

The powers of the Authority are exercised in a seven-member board, which is comprised of three (3) members that are appointed by the Governor from among heads of cabinet-level executive departments or agencies or from among the Governor's executive staff, three (3) members who are not employees of the Government of the United States Virgin Islands and are appointed by the Governor with the advice and consent of the Legislature, and one (1) member appointed from the board or executive staff of the Government Employees' Retirement System, the Virgin Islands Port Authority or the University of the Virgin Islands.

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THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802

340-774-0001

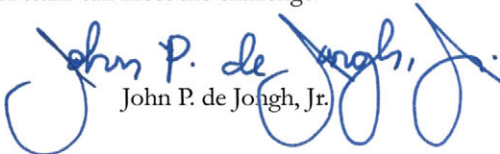
MESSAGE FROM THE GOVERNOR

The issuance of the Virgin Islands Economic Development Authority's Annual Report is a good opportunity to assess the year's progress, as well as plans for the future. Over the last few years, challenges have abounded across the U.S. Virgin Islands, especially considering the worldwide economic climate and resulting Great Recession that commenced at the close of 2007. The staff of the EDA has as its focus and mission the expansion and diversification of our economy. The challenges of these recent years and the dismal economic environment have not been used as excuses, but rather served to reinforce the charge and commitment of this agency's central mission and guiding purpose. These times and the EDA's efforts help form the backbone of our interface with potential investors and future small, medium, and large-scale businesses from throughout the world, and reinforce our commitment to those already in the Territory through technical assistance, lending or access to programs and projects.

Five entities operate under the umbrella of the Economic Development Authority: the Economic Development Commission; the Enterprise Zone Commission; the Government Development Bank; the Small Business Development Agency; and the Industrial Park Development Corporation. Working individually and collaboratively, these agencies, with their staff and programs, support existing and prospective business owners and institutions to visit, invest, locate or expand operations in the Territory, in addition to helping lay a foundation for future generations through various specialized project work and targeted, strategic operations. From marketing the advantages of business relocation to the U.S. Virgin Islands to supporting our existing small businesses, the branches of the EDA continue to aggressively sustain our current economic base and increase business and industrial investments in the Territory.

With economists predicting the worst of the recession as now behind us, there is renewed hope that a brighter economic future is within our reach, with the right decisions, the right focus and the right partners to drive both growth and diversification to foster business activity and job creation. We are fortunate to have many advantages in our favor, including the strength of United States currency; national protections under U.S. law; a favorable business environment enhanced by unparalleled natural beauty and warm weather; a well-educated and welcoming labor force; and the dedicated staff of the EDA who provide expertise and assistance for new businesses and those already operating within the Territory. As we are in competition with other locations throughout the world, the EDA's commitment to market the Territory; attract the best businesses for our environment; and offer key programs and support is unwavering.

I look forward to continued progress and creativity throughout 2011 to capitalize on the opportunities that will be presented to us to grow and diversify. We have in our arsenal the economic tools to make our Territory attractive; we have the leadership and dedicated staff to forefill the mission; and we have the programs and initiatives to respond to our existing and prospective business clients. We now have the responsibility to execute, and there is no doubt the dynamic EDA team can meet the challenge.


John P. de Jongh, Jr.



The United States Virgin Islands
OFFICE OF THE LIEUTENANT GOVERNOR
1105 King Street
Christiansted, Virgin Islands 00820



MESSAGE FROM THE LIEUTENANT GOVERNOR

It is once again my pleasure to extend my congratulations to the Virgin Islands Economic Development Authority and the Board of Governors as they steadfastly pursue their mission to return financial health and well-being to our territory.

Although the EDA leads the charge in developing opportunities for economic development, achieving success will require the involvement of the entire community. Our economic future depends on the collective effort and initiative of all Virgin Islanders – from the private sector to non-profits to the common man. We all must be committed to do our part towards the economic rebirth of the United States Virgin Islands.

The issues that we struggle with are challenging – but not insurmountable. We must continue to aggressively work to ensure our position as a viable competitor in this world economy and commit ourselves to build and explore opportunities for further growth and success.

The Office of the Lieutenant Governor remains your committed partner in this effort to rebuild our economy and the future of the Virgin Islands.

Sincerely,

A handwritten signature in blue ink, appearing to read "G.R. Francis".

Gregory R. Francis



Message from the Chairman of the Board

The raw material in a service economy is talent, which is necessary to power the innovation and creativity that foster new service products into the marketplace. At the Virgin Islands Economic Development Authority (VIEDA) we know this to be true and have therefore been working to develop sustainable economic growth by supporting the educational system that is the incubator for this talent. Over the years in partnership with beneficiaries of the Economic Development Program and the Department of Education, we have made it possible for thousands of Virgin Islanders to pursue their dreams. We intend to continue this trend and as such have set up a special fund dedicated to workforce development. Additionally, we have sponsored many initiatives with a focus on the development of our future.

Understandably, the initiatives that we have taken to grow, develop and retain our small business base would be useless if we cannot encourage and develop a new generation of entrepreneurs. This would make ludicrous the millions of dollars that we have invested in small business loans, together with the lower interest rates that we have offered prospective clients.

In my capacity as Chairman of the VIEDA Board of Commissioners, I will continue to provide the leadership necessary for the Authority to stay on course in providing economic opportunities for off-shore businesses to relocate here, while at the same time ensuring the increased participation of local residents in the economic development of the Territory. Now more than ever we recognize the importance of utilizing this two-prong approach to growing the local economy.

While we work towards enhancing our attractive tax-incentive product to increase the number of companies participating in the Economic Development Program, so too will we collaborate with other government and non-government entities to provide the necessary financial and technical resources to help residents in the areas of business creation, expansion and sustainability.

We understand that private sector development is the base of our economic success, and the VIEDA's calling is to facilitate this development using all the tools and creativity bestowed upon us.

On behalf of the Board of Commissioners, I extend sincere thanks to you for your continued support.

Sincerely,

Albert Bryan Jr.
Chairman of the Board



Message from the Chief Executive Officer

As we embrace the new fiscal year with a spirit of optimism, the management and staff of the Virgin Islands Economic Development Authority (VIEDA) take pride in the accomplishments of the past year, realized through team effort and an unwavering commitment to our mission of enhancing and promoting economic development throughout the Territory.

We knew that despite the prolonged global economic downturn--now in its fourth year—the VIEDA, the lead economic development entity of the local government, would still be required to help local businesses to remain viable and to seize all opportunities to expand. To that end, the Lending Division of the VIEDA, comprised of the Government Development Bank (GDB) and the Small Business Development Agency (SBDA), offered a 90-day amnesty on delinquent loans to allow for loan consolidations and interest rate reductions. This helped to ease the financial burden on our clients by making available additional investment dollars. The Authority also provided loans to first-time entrepreneurs, consistent with an initiative to encourage and support new local businesses.

In addition to the steps taken by the Lending Division to meet the needs of a growing small business community, the VIEDA made significant strides in FY 2010. Chief among these was the expansion of services to the residents of St. John with the opening of a satellite location within the Office of the St. John Administrator. We also implemented a Performance Bonding Program to assist contractors so that they could qualify for medium and large construction jobs; increased by 64 percent the number of businesses participating in the Enterprise Zone Tax Credit Program; increased traffic to the Authority's Web site, which resulted in a number of new prospects for our tax-incentive program; and enhanced the infrastructure of our industrial parks.

We are excited about the myriad possibilities of FY 2011. We will continue to encourage large corporate investment, facilitate employment growth opportunities and promote the establishment of financial services and manufacturing companies in the Territory, all while continuing to support those who already are a part of our dynamic Economic Development Program. By improving the efficiency of the EDC application process and enabling potential investors to apply electronically for tax incentives, we hope to see an increase in the number of applications, particularly as the economy begins to stabilize.

Similar efforts will be expended to helping the local small business sector. If any lesson has been learnt from the global economic meltdown, it is the critical importance of small businesses to any economy, and especially so to an island economy such as ours. Therefore, we plan to do all that we can to provide financial and technical support to our small business community while simultaneously encouraging start-ups. This will be done through a series of small business seminars in collaboration with our small business partners, on-site visits to clients, and aggressive marketing of our entrepreneurship initiative.

With your continued support, we are confident of achieving these goals.

Sincerely,

Percival E. Clouden
Chief Executive Officer



THE ECONOMIC DEVELOPMENT COMMISSION

The Economic Development Commission (EDC) is charged with promoting the growth, development and diversification of the economy of the United States Virgin Islands by developing the human and economic resources of the Territory, preserving job opportunities for residents of the U.S. Virgin Islands, and promoting capital formation to support industrial development in the Territory. The EDC is comprised of the Applications Unit, which is the first point of contact by a business seeking to apply for economic development benefits, and the Compliance Unit, which monitors beneficiaries to ensure that they comply with the terms and conditions of their certificates and with other requirements of law.



The mission of the Applications Unit, which is consistent with the Economic Development Program, is to facilitate the promotion of the growth, development, and diversification of the economy of the U.S. Virgin Islands by processing application packages to be submitted to the VIEDA’s Board of Directors. Upon review, this Board will consider and recommend that the applicant be approved to receive economic development benefits.

VISION

The vision of the Applications Unit is to be a functioning entity of the Economic Development Authority that facilitates the mandate of enhanced economic sustainability and diversity in the USVI, by expeditiously processing applications in a manner that ensures program integrity.

SHORT-TERM GOALS

In FY 2010, the Applications Unit, with the assistance of the VIEDA’s Marketing and PR Dept., has increased awareness of the EDC program. This division also focused on these two primary areas of the EDC program: enhancing the cost/benefit analysis model and the timely processing of applications. The cost/benefit model, which is included in the evaluation process of an application, captures comprehensive data – both qualitative and quantitative - that can ascertain the fiscal and economic impact of the EDC program on our Territory.

Aggressive efforts have been made to expeditiously process all applications and address the issues that can delay the approval of certificates. In FY 2011, this unit will continue to be diligent in processing all applications in a timely manner.

LONG-TERM GOALS

The Applications Unit will continue to work with the Marketing and PR Dept. to actively attract potential beneficiaries of the EDC program through tradeshows, conferences and target meetings with industry leaders. Furthermore, this division will periodically revisit work-unit plans that can be implemented to adjust to major shifts in the economy that can occur in today’s global marketplace.

Local outreach activities for beneficiaries, such as workshops on the proper procedures for completing EDC applications, will be held. These workshops can also encourage the timely processing of applications within the 80 to 90-day period.

SUMMARY OF MAJOR ACCOMPLISHMENTS FOR FY 2010

In FY 2010, the Economic Development Commission (EDC) received 11 applications. Five (5) new applications for initial benefits were submitted, and six (6) were filed for tax benefit extensions or modifications. Of the 11 applications that were received, three (3) were approved by the Board for benefits, seven (7) are pending the Board's decision, and one (1) application was tabled for additional information. These applications that were presented before the Board reflected a potential of 60 full-time jobs, a payroll value of \$1,888,379, and \$10,393,300 in capital investments.

NEW POLICIES AND PROCEDURES

To streamline the application process, the strategic planning team has completed a comprehensive revision of the EDC application. The revised application reflects a significant policy change that will reduce the retroactive time-frame for applicants to receive economic development tax benefits from 18 months to 12 months commencing from the filing date of the completed application.

ONLINE APPLICATIONS

The strategic planning initiative to launch the EDC's online application in December 2010 is in progress. With this added feature to the website, applicants can submit their applications electronically, expediting the filing process of completed EDC applications.

QUANTITATIVE ANALYSIS

Table 1 represents the quantitative analysis of the fluctuations in the amount of new applications received by the EDC during the last six years. In FY 2009, 24 applications were filed compared to 11 applications submitted in FY 2010, a 45% decrease in applications received. There was also a 13.98% reduction in payroll and a 15% decrease in investments. When compared to the statistics of FY 2009, these reductions as depicted in Table 1 are a result of the global economic recession and the impact of the American Jobs Creation Act that was passed by Congress in 2004.



TABLE 1: Economic Development Commission–FY Historical Application Information

Table 1: Economic Development Commission - FY Historical Application Information						
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
# of Apps Received	26	28	24	26	24	11
# of Apps Approved	20	25	20	20	10	3
# of Apps Tabled or Denied	2	1	0	1	1	1
Apps Pending	4	2	4	6	13	7
Job Opportunities	798	743	1,218	213	282	60
Approx. Wages of New Apps	33,063,228	20,705,713	37,708,081	6,629,473	13,507,347	1,888,379
Minimum Potential Investment of New Apps	83,882,000	312,814,477	613,966,946	19,836,030	67,391,888	10,393,300

- No. of Apps Received
- No. of Apps Approved
- No. of Apps Tabled or Denied
- Apps Pending
- Job Opportunities
- Approximate Wages of New Apps
- Minimum Potential Investment of New Apps

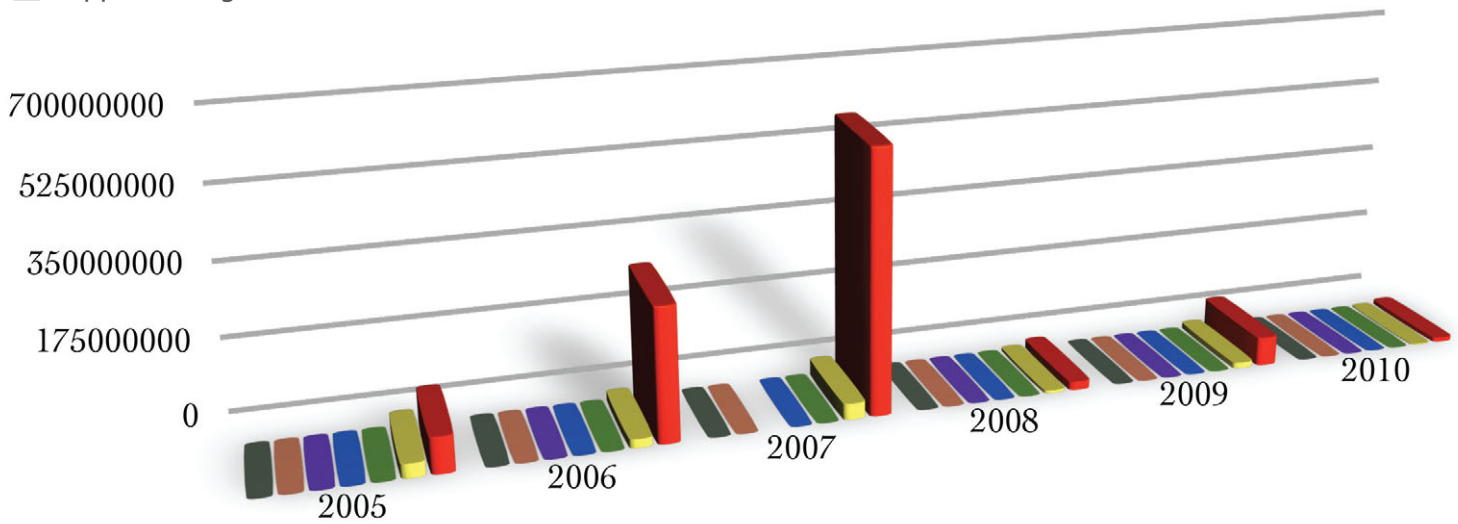
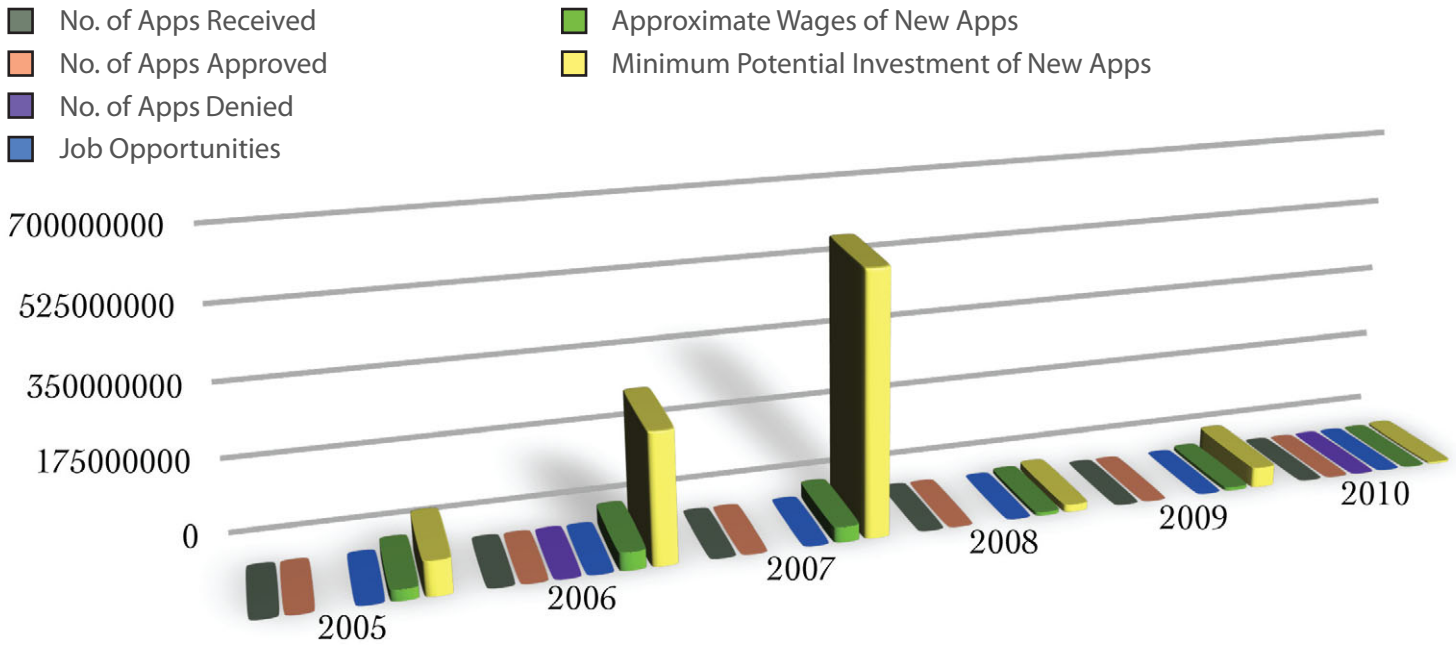


TABLE 2: Economic Development Commission–6 months FY Historical Application Information

Table 2: Economic Development Commission - 6 Months FY Historical						
	2005 as of March 31st	2006 as of March 31st	2007 as of March 31st	2008 as of March 31st	2009 as of March 31st	2010 as of March 31st
# of Apps Received	19	22	20	17	11	5
# of Apps Approved	12	14	9	13	3	0
# of Apps Denied	0	6	0	0	0	1
Job Opportunities	605	1,608	1,144	141	169	16
Approx. Wages of New Apps	25,806,712	42,089,782	35,264,559	7,996,700	8,163,875	576,980
Minimum Potential Investment	79,827,000	304,924,477	612,871,942	17,286,031	47,685,000	4,500,000



CONCLUSION

The information provided in this report reflects the impact of the economic downturn on the global economy. The effects of the recession on our efforts to attract potential investors were evident. Although the number of inquiries increased, there was a decrease in the amount of applications filed. To some extent, our strategic approach was to focus on business retention and expansion. This will sustain the Virgin Islands economy and encourage further economic growth that will continue to enhance the quality life in our Territory.

To achieve these objectives and assist in addressing the challenges of our local economy, monthly site visits with beneficiaries will continue as we work collaboratively with these businesses of our EDC program.



The main function of the Compliance Unit is to ensure the integrity of the Economic Development Program and assist the beneficiaries in meeting the requirements outlined in their certificates. The Compliance Unit reports its findings to the EDC Commission, which has the legal authority to assess fines for non-compliance. Funds derived from such penalties are used to support education, workforce development and training programs within the Territory.

ACCOMPLISHMENTS

ORIENTATIONS

During FY 2010, 14 beneficiary certificates were executed, and 17 orientations were performed which included three contracts executed in the prior fiscal year. Of these contracts, 14 were new beneficiaries from these industries: three (3) Manufacturers; eight (8) Designated Service Businesses; and three (3) Hotels/Guesthouses. There were also three extensions/renewals of benefits for businesses in the following industries: two (2) manufacturers and one (1) recreation facility. Of the 17 beneficiaries, four (4) businesses under the EDC Small Business Program were granted these benefits: three (3) new and one (1) extension.

The certificates issued to beneficiaries during FY 2010 contributed to the employment of 243 full-time employees, annual wages of approximately \$8,023,191, investments of approximately \$8,387,740, annual contributions of \$402,455, and annual scholarships of \$39,000:

TABLE 1: Certificates of Benefits Issued in FY 2010

BENEFICIARIES		INDUSTRY
567 SGB	(New)	Hotel
Alpine Securities USVI, LLC	(New)	DSB - Investment Management
AVisco, L.P.	(New)	DSB - Technical Financial Management, etc.
B&B Manufacturing, Inc.	(Ext./SBP)	Manufacturer - Roofing & Accessories
Celtic Therapeutic Management, LLLP	(New)	DSB - Investment Management & Advisory Services
Columbus Landing, LLC	(New)	DSB - Investment Management
Contractors Concrete & Building Supplies, Inc.	(New)**	Manufacturer - Aggregates & Sand Mix Concrete
Fedderson Design, LLC	(New/SBP)	DSB - Design & Consulting Services Marine Industry
Glacial Energy VI, LLC	(New)	DSB - Management & Financial Services
Inner Circle Logistics, Inc.	(New)**	DSB - Management Advisory
Intrepid Investments	(New)	DSB - Management & Financial Services
Kiskidee, LLC d/b/a Hibiscus Beach Resort	(New)	Hotel
St. Croix One, LLC	(New)**	Guest House Resort
St. Thomas Tramway Joint Venture 2	(Ext. & Renewal)	Recreation Facility
VI Asphalt Products Corporation	(Ext.)	Manufacturer - Asphalt Products
Virgin Beverages, Inc.	(New/SBP)	Manufacturer - Bottling & Distributing Premium Beverages
West Indies Bay Company, Inc.	(New/SBP)	Manufacturer & Distributor - Fragrances and toiletries

** Certificate of benefits executed in the Fiscal Year 2009

As of September 30, 2010, there were 93 active companies on the EDC Program.

PETITIONS TO THE BOARD

In FY 2010, 23 petitions submitted by beneficiaries were presented before the Board for deliberation. Four (4) beneficiaries requested extensions or employment waivers; one (1) petitioned for a procurement waiver; seven (7) requested suspension of benefits - two (2) of which were related to the American Jobs Creation Act; nine (9) petitioned for termination of benefits - five (5) of these cases being related to the Jobs Act; and three (2) requested changes to the terms of their certificates.

TABLE 2: Beneficiaries and Petitions in FY 2010

BENEFICIARY	PETITION
American Management Solutions*	Suspension
Alpha Value Worldwide, Inc.	Suspension
Atlantic Industries	Extension Deadline
Global Financial Strategies, LLC	Termination
Goddard Catering Group St. Thomas Corp	Employment Waiver
Golden Eagle Financial, LLLP	Employment Waiver
Grapetree Shores, Inc.	Procurement Waiver
HAI II, LLC*	Termination
Horizon Fuel & Financial Management, LLC	Suspension
Madison Associates, LP*	Termination
Marmarus Management Company	Termination
Masters Capital Management, LLC	Termination
Paradise Sodas, Inc.	Suspension
Paradise Sodas, Inc.	Extension of Suspension
Redhead Management, Inc.	Suspension
Secret Harbour Beach Resorts Associates	Ratify Hotel Management Agreement
Shoreline, Inc.	Termination
South Bay Partners, LLLP*	Termination
Sparco Management, LLLP*	Termination
St. Albans Global Management, LLLP*	Suspension
Territory East Asset Management, LLC	Extension of Time to Employ Ten Employees
The Link Group, LLLP*	Termination
Tutu Park, Ltd.	Ratify Certificate Addendum

COMPLIANCE REVIEWS

As of September 30, 2010, eleven (11) compliance reports were completed. Additionally, five (5) reviews were being finalized and draft reports were submitted for the Directors' review. Of the completed reports, it was determined that four (4) beneficiaries were in full compliance with their requirements.

COMPLIANCE REPORTS COMPLETED AS OF SEPTEMBER 30, 2010	
Americas Management Services, LLLP	Non-Compliance Internship
Caribbean Reservations	Non-Compliance Requirement
Emerald Beach Corp.	Compliance
Globalvest Management Co.	Non-Compliance Internship
Kenzie Financial Management, LLC	Compliance
Mario Virgin Crystal, LLC	Non-Compliance Charitable Contribution
Masters Capital Management, LLC	Compliance
MIFR (Virgin Islands), Inc.	Non-Compliance Procurement
Seabourne Virgin Islands, Inc.	Non-Compliance Charitable Contribution
The Buccaneer	Compliance
Territory East Asset Management, LLC	Non-Compliance Internship Requirement

COMPLIANCE REPORTS DRAFTS AS OF SEPTEMBER 30, 2010	
Bates Trucking & Trash Removal	Pending Site Visit
Drury Capital, Inc.	Final Draft Pending 2007 Financials
GeoNet BioFuels, Inc.	Pending 2009 Financials & Review
Lizard Management, VI LLLP	Resubmitted for changes
US Viking, LLC	Pending 2009 Financials & Review

The following are nineteen (19) reviews actively in progress at the end of the period:

COMPLIANCE REPORTS IN PROGRESS AS OF SEPTEMBER 30, 2010	
Americas Management Services, LLLP	QT Investments Managers, LLP
Bellavista Properties, Inc.	Sparco Management, LLLP
CBI Acquisitions, LLC	Smooth Kreationz
Clearwater Consulting Concept, LLLP	St. Thomas Plastic Bottle Manufacturer, Inc.
Communications Technologies, Inc.	The Link Group
Four Winds Plaza Corp.	Tut Park Limited
Heavy Materials, LLC	Virgin Islands Telephone Corporation
Inner Circle Logistics	Windward Capital, LLC
Odyssey VI, LLLP	Yacht Haven USVI, LLC
Professional Holding Company, LLC	

A total of seven (7) compliance cases were presented to the Board for deliberation on non-compliance matters which included one (1) for **reconsideration of penalties, and one (1) for the ratification of a management agreement. The Board assessed penalties totaling \$25,196.

COMPLIANCE REPORTS RESOLUTIONS AS OF SEPTEMBER 30, 2010		
Americas Management Services, LLLP	Charitable Contribution	Resolution Approved
Seabourne Virgin Islands, Inc.	Charitable Contribution	Reprieved Granted
St. Croix Renaissance Group, LLC	Charitable Contribution	Resolution Approved
Derivative Consulting Group, LLC	Residency Requirement**	\$5,000
Wyndham Sugar Bay Beach Resort	Procurement Violations	\$10,396
Bridge Capital USVI, LLC	Residency Requirement*	\$5,000
Territory East Asset Management, LLC	Internship	\$4,800

ELIGIBLE SUPPLIERS

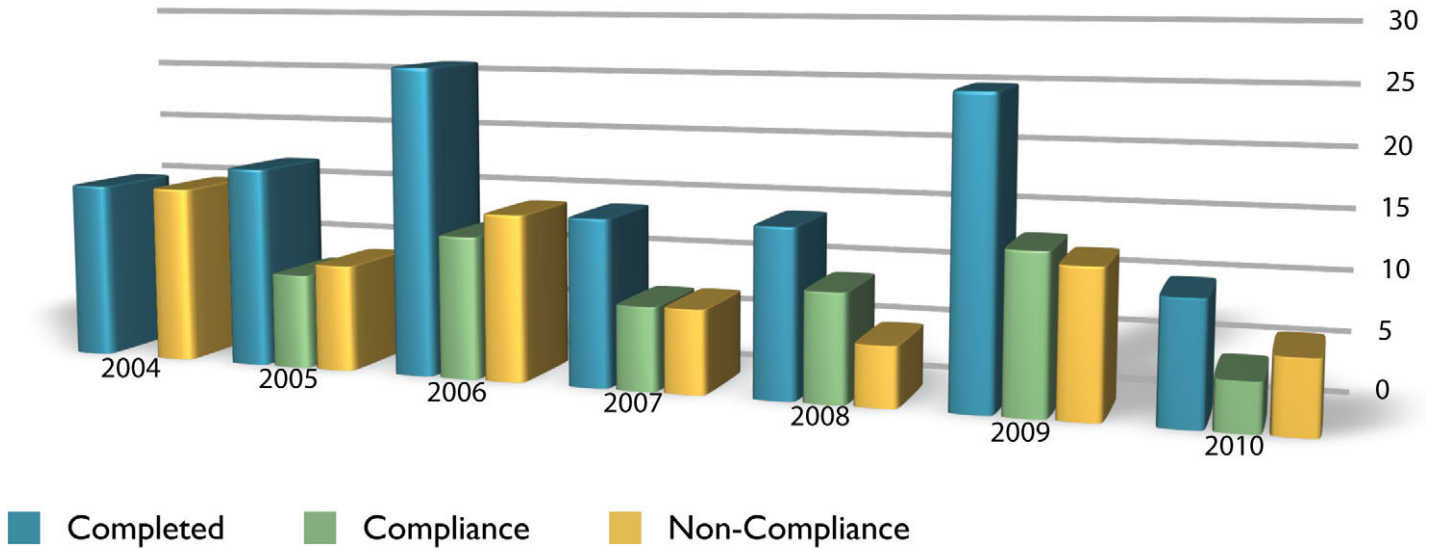
Forty-two (42) applications were filed. Thirty (30) applications were approved and four (4) were denied. At the end of the fiscal year, eight (8) incomplete applications are pending additional information to be processed.

ELIGIBLE VIRGIN ISLANDS SUPPLIERS CERTIFIED AS OF SEPTEMBER 30, 2010	
APPLICANTS	TYPE OF BUSINESS
Aggregate, Inc.	Processed construction (sand & gravel)
Blue Sky Real Estate, LLC	Real Estate
BluFin Home Builders	Construction Contractors
Bluestone Services, LLC	Construction Contractor
Bryant Barnes Beckstedt & Blair, LLP	Legal Services
Calabash Real Estate	Real Estate Agent
Caribbean Island Education Foundation, Inc.	Arts & Craft School
Charles Dowdy d/b/a Cd Services & Installations	Fire & Burglar Alarm Installer
Fusion Solution, LLC	IT Consulting
Great House Reproductions d/b/a Quinn House Galleries of St. Croix	Furniture & House Décor
Jackson Cleaning Services	Cleaning Services
James C. Deitrich d/b/a James Deitrich Real Estate	Real Estate
KB Landscaping	Landscaping Services
Kern Construction	Construction Contractor
Magic Moments	Luxury Yachts & Sailing
Mark Henson Designs Inc.	Windows Installations
Martin Emanuel d/b/a Martin Emanuel	Book Keeping
MLC Holding, LLC d/b/a Import Supply	Generators & Repair Services
Nielin Group, LLC	Management & Consulting Services
PR Construction & Heavy Equipment LLC	Construction Contractors
Rastafari Landscaping & Maintenance Services	Landscaping
Ratio Design Lab, Inc.	IT Systems & Designs
Spencer Ocean Services, LLC	Industrial & Freight Services
Springboard, LLC	Construction
Steve Schuler & Son Construction	Construction Contractors
The Greathouse d/b/a Quinn House Galleries	Furnishings
VI Technical Services, LLC	IT Services
Victorious Cleaning Services	Cleaning Services
Wheel Coach Services	Transportation Services
XTR Construction, Inc.	Construction Contractor

As of September 30, 2010, a total of 418 businesses are certified as Eligible Virgin Islands Suppliers.

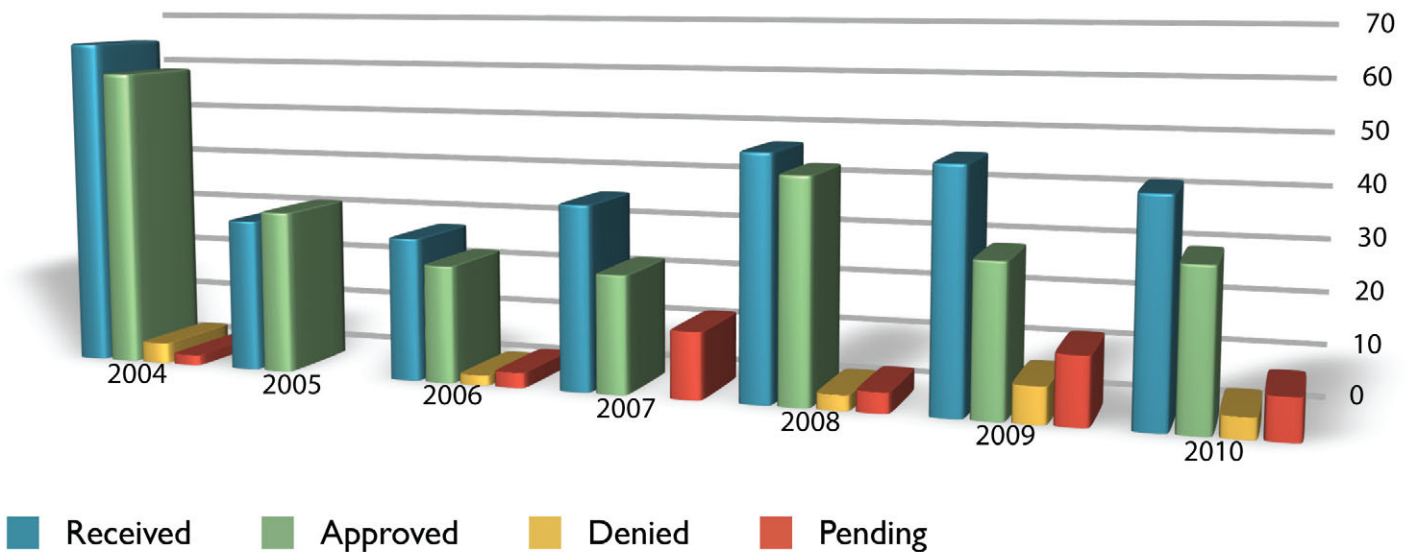
COMPLIANCE REPORTS

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Completed	15	17	26	14	14	25	10
Compliance	0	8	12	7	9	13	4
Non-Compliance	15	9	14	7	5	12	6



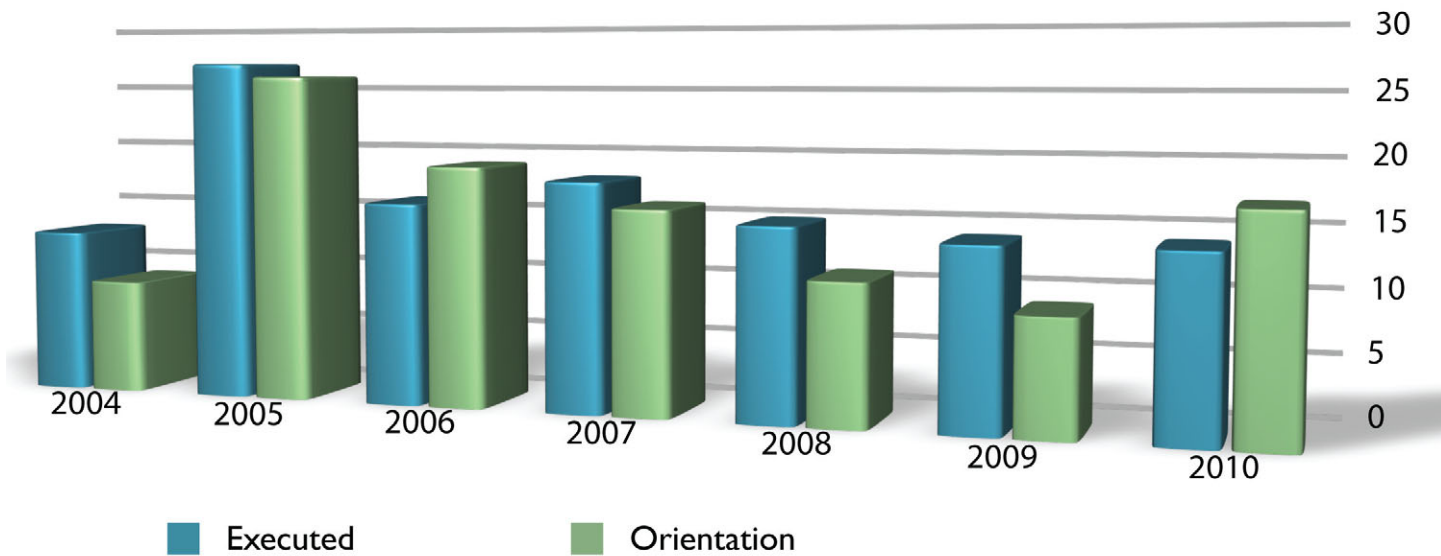
ELIGIBLE SUPPLIERS

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Received	65	30	28	36	47	46	42
Approved	59	32	23	23	43	29	30
Denied	4		2	0	3	7	4
Pending	2		3	13	4	13	8



CERTIFICATES

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Executed	13	27	16	18	15	14	14
Orientation	9	26	19	16	11	9	17





INDUSTRIAL PARK DEVELOPMENT CORPORATION

The Industrial Park Development Corporation (IPDC) is chartered as a public corporation to acquire and operate industrial parks in the U.S. Virgin Islands and to complement activities of the Economic Development Commission. At present, there are two (2) industrial parks that fall under the auspices of the IPDC, the William D. Roebuck Industrial Park and St. Thomas Industrial Park.

On the island of St. Croix, the **William D. Roebuck Industrial Park** is situated between Frederiksted and Christiansted, two beautiful and historic towns that are economic centers both primed for dynamic growth and investment. This park is housed within four adjoining buildings which provide commercial space of 148,160 square feet. Currently, four (4) companies are located within the park. At the end of FY 2010, 45 percent (45%) of the space has been occupied resulting in a significant amount of rental space that is available at very competitive prices.

Located on a lush hillside just outside of the Virgin Islands' capitol, the bustling town of Charlotte Amalie, the St. Thomas Industrial Park, which is located in the area of Contant, overlooks the Cyril E. King Airport. This site is a prime, central location in this active metropolitan area.

The **St. Thomas Industrial Park** is 20,000 square feet of commercial space as compared to the size of its counterpart on St. Croix. At the end of FY 2010, 75 percent (75%) of this park's total commercial space was occupied by a total of four (4) companies.

To maximize the occupancy levels of both parks, the IPDC has requested permission from the U.S. Department of Commerce to lease the park's vacant spaces to non-EDC companies. The IPDC will be used as the location for the VIEDA's anticipated Business Incubator Program.

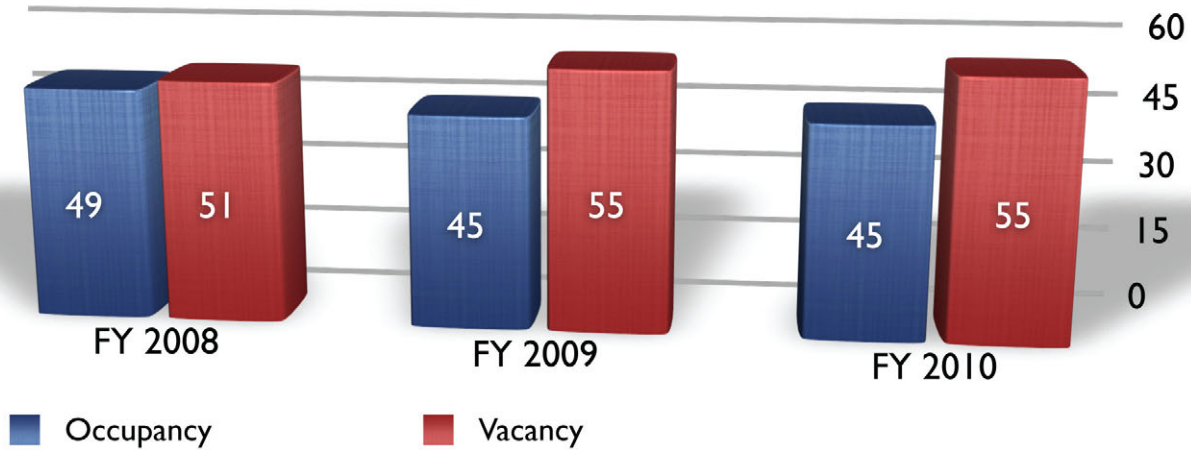
The IPDC is also the owner of the building at No. 4 King Street in Frederiksted which was purchased in 2002 and houses the VIEDA offices on St. Croix.

FY 2011 OUTLOOK

- Promote and increase parks' level of occupancy
- Update procedures for the maintenance of buildings, vehicles and equipment
- Reduce energy consumption through an integrated VIEDA program

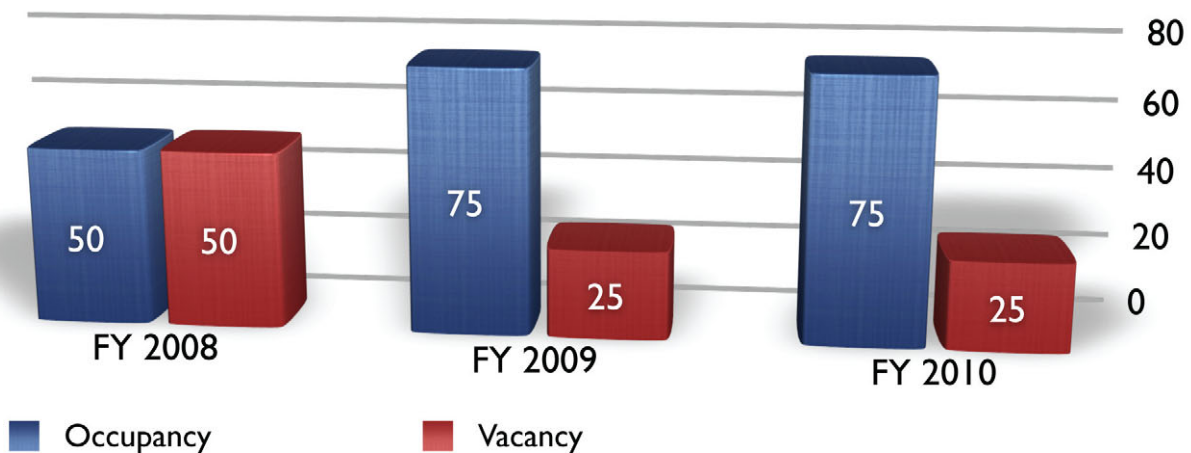
VI INDUSTRIAL PARK DEVELOPMENT CORPORATION - OCCUPANCY / VACANCY (%)

ST. CROIX



VI INDUSTRIAL PARK DEVELOPMENT CORPORATION - OCCUPANCY / VACANCY (%)

ST. THOMAS





EDA LENDING DIVISION (GOVERNMENT DEVELOPMENT BANK)

The Government Development Bank (GDB) of the U.S. Virgin Islands was created by legislation in 1978 “to aid the insular government in the performance of its duties to develop the economies of the United States Virgin Islands,” but it was not until 1997 that the GDB was actually funded, staffed, and began its operation. Since that year, the GDB has provided access to capital for small and medium-sized businesses in the Territory.

During FY 2010, although the lending arm of the VIEDA experienced a significant increase in the dollar value of loan approvals, there was a decline in the number of loans that were approved, and a decrease in collections (see “Lending Unit (GDB/SBDA) Comparative Statistics” chart in this report). Thus far this fiscal year, although indications show a slight decrease in the number of loans approved, the indicators reflect a significant growth in the dollar value of loan approvals while collections remain steady.

LOAN FINANCING

Through the end of the 4th quarter of FY 2010, we received and reviewed 28 loan packages for financing under the GDB/SBDA loan programs. Of the 28 loan packages received and reviewed, 26 were approved and two (2) were declined. The total dollar value of approved loans for FY 2010 as of Sept 30th was \$1,329,500 which consists of \$409,000 in financing in the District of St. Croix and \$920,500 in the District of St. Thomas/St. John.

The Government Development Bank continues to administer and monitor the Intermediary Relending Program (IRP Loan), a component of the United States Department of Agriculture, and the Micro-Credit Loan Program (MICRO Loan). The current IRP loan portfolio consists of 12 loans valued at approximately \$595,795. The current Micro-Credit loan portfolio, valued at approximately \$2,820,010, consists of 161 loans. Our new Economic Development Loan Program, which was funded by Legislative Act 7081, consists of three (3) loans valued at \$395,140.

NEW LOAN PROGRAMS

In FY 2010, we created the “Tour Bus Leasing Program” on St. Croix to assist in establishing St. Croix as a cruise destination, and the “Surety Bonding Program” which assisted small and medium-sized contractors in obtaining bid, performance and payment bonds. Both of these programs are part of the Governor’s economic development initiative for the Territory. To date, we have approved four (4) bonds valued at \$2,605,993.

We also entered into a partnership with the Virgin Islands Energy Office and the Water and Power Authority to finance a Loan/Rebate Program for home owners and small businesses to purchase and install solar water heaters. To date, we have closed 177 loans at a value of \$411,812 and issued 129 rebate checks totaling \$228,365. This Loan/Rebate program will operate for two years and will expend a total of \$3.5 million when fully drawn in loans and rebates.

FOCUS ON ECONOMIC DEVELOPMENT

We remain committed to the GDB’s mission of accelerating the economic development of the Territory through our small to medium-sized businesses.



EDA LENDING DIVISION (SMALL BUSINESS DEVELOPMENT AGENCY)

The Small Business Development Agency (SBDA) was originally created by legislation in 1969. Since its inception, the SBDA has been one of the catalysts in developing the economy of the U.S. Virgin Islands through its lending programs. This agency currently has the following six (6) loan programs in its lending portfolio: the Small Business Development Agency Direct Loan Program; the Farmers and Fishermen Loan Program, the Frederiksted Loan Program; the Economic Development Administration Loan Programs 3801 and 3804, which are components of the U.S. Economic Development Administration; and the Transportation Loan Program which was introduced earlier this fiscal year.

LOAN PORTFOLIO VALUATIONS

Presently, the entire SBDA loan portfolio has a total of 281 loans valued at approximately \$6,712,884. The SBDA Direct Loan portfolio consists of 181 loans valued at approximately \$5,322,621. Sixty-nine loans valued at approximately \$244,085 are included in the portfolio of the Farmers & Fishermen Loan Program, and the Frederiksted Loan portfolio consists of eight (8) loans that are valued at approximately \$117,311. The EDA 3801 loan portfolio is valued at approximately \$563,391 with 14 loans, and seven (7) loans in the EDA3804 loan portfolio valued at approximately \$375,104. The most recently established loan program, the Transportation Loan portfolio, consists of two (2) loans valued at approximately \$90,372.

SMALL BUSINESS INCUBATOR PROGRAM

The results of the feasibility study for the Small Business Incubation Program as mandated in Act No. 6753 - the Small Business Incubators Enterprise Act. - will be submitted to the Legislature in the near future for implementation of the recommendations indicated therein.

OUTLOOK FOR CONSOLIDATION OF LENDING ENTITIES

We remain committed to SBDA's mission of promoting, creating, and expanding small businesses throughout the Territory. However, it is anticipated that by the end of FY 2011, we will be proposing legislation to eliminate the SBDA by merging its programs into the Government Development Bank (GDB) thereby deleting the duplication of services and creating a single comprehensive lending entity under the EDA. This will allow us to better serve the small business community by pooling some of our loan funds, modifying or eliminating obsolete loan programs, and creating new products tailored to identified markets. It is anticipated that after the consolidation of the GDB and SBDA's loan programs, the new GDB - with its increased lending limits, reduced interest rates, new products, new programs and targeted marketing initiatives - will generate increased lending activity in the amount and dollar value of loans. The VIEDA's lending arm will be in a better position to serve the needs of all small businesses in the U.S. Virgin Islands.

COLLECTIONS

An aggressive and intensive collection program has been implemented. There has been an increase in the total amount of collections on loans for the fifth consecutive year. In FY 2010, collections totaled \$793,763, and although we did not achieve our goal of collecting \$1,000,000.00 on delinquent loans, we continue to make every effort to improve our collections. The Lending staff is working continuously to reduce its delinquency rate through consistent collection efforts via telephone calls, distribution of collection letters, and regular site visits. With the assistance of our Legal Division, we have begun to take legal action against delinquent borrowers by filing "Actions for Debt" and "Actions for Debt & Foreclosure." We have identified two private collection agencies, one on St Croix and the other on St. Thomas. For accounts that are delinquent 120 days or more, these agencies will assist us in our collection efforts. During FY 2011, SBDA will continue to aggressively pursue our delinquent borrowers in an effort to reduce our delinquent portfolio by at least 35 percent (35%) reducing each portfolio delinquency rate by at least 25 percent (25%), and increasing collections by at least 20 percent (20%). We hope to introduce and implement various new loan repayment options such as automatic debit accounts; payments by credit, debit and ATM cards; and e-payments during FY 2011.

FY 2011 OUTLOOK

- Increased Funding through various sources:

Government Development Bank

- » U.S. Treasury – Application for up to \$13,000,000.00 for relending purposes

Small Business Development Agency

- » U.S. Department of Agriculture – Application for \$750,000.00 for the GDB's IRP Loan Program
- » U.S. Small Business Administration – Application for funds allocated in blocks of \$750,000.00
- » U.S. Department of Commerce – Application for additional U.S. Economic Development Administration funds in the form of a matching grant

- Increase awareness of loan programs through different workshops in collaboration with the Small Business Development Center(s)
- Reach out more to entrepreneurs in an effort to satisfy their lending and counseling needs
- Reduce delinquencies for SBDA and GDB. The VIEDA has signed contracts with two independent agencies to assist with the collection of delinquent accounts in an effort to reduce the delinquency rate.

1. This chart compares the total loan applications processed, approved, and declined, by number and dollar value, for each District and each EDA lending entity in FY06, FY07, FY08, FY09 and FY10 and indicates growth trends as a percentage of change.

LENDING UNIT (GDB/SBDA) COMPARATIVE STATISTICS						
APPLICATIONS	2006	2007	2008	2009	2010	% CHANGE
BOTH DISTRICTS						
Processed	47	37	30	31	28	-16.1%
Approved	39	28	27	24	26	-8.3%
Dollar Amount	\$1,005.9	\$694.0	\$1,152.3	\$1,047.5	\$1,329.5	-8.69%
Declined	6	2	3	6	2	-66.7%
Dollar Amount	\$200.0	\$30.0	\$110.0	\$300.0	\$158.3	-47.2%
- STX						
Approved	27	17	13	11	7	-54.5%
Dollar Amount	\$644.0	\$435.0	\$484.3	\$535.0	\$409.0	-69.2%
- STT/STJ						
Approved	10	11	14	13	19	46.15%
Dollar Amount	\$361.0	\$259.0	\$668.0	\$512.5	\$920.5	88.39%
COLLECTIONS	\$458.9	\$603.3	\$635.1	\$734.8	\$793.8	8.03%
GDB						
BOTH DISTRICTS						
Approved	37	28	23	17	23	35.3%
Dollar Amount	\$930.0	\$694.0	\$837.3	\$555.0	\$1,128.5	103.3%
- STX						
Approved	29	17	12	7	7	0%
Dollar Amount	\$644.0	\$435.0	\$384.3	\$210.0	\$382.0	-81.9%
- STT/STJ						
Approved	8	11	11	10	16	60%
Dollar Amount	\$286.0	\$259.0	\$453.0	\$345.0	\$746.5	116.38%
SBDA						
BOTH DISTRICTS						
Approved	2	0	4	7	5	28.6%
Dollar Amount	\$75	\$0.0	\$315.0	\$492.5	\$201.0	-59.2%
- STX						
Approved	0	0	1	4	2	-75.0%
Dollar Amount	\$0.0	\$0.0	\$100.0	\$325.0	\$27.0	-96.9%
- STT/STJ						
Approved	2	0	3	3	5	66.7%
Dollar Amount	\$75.0	\$0.0	\$215.0	\$167.5	\$174.0	3.88%

* As of September 30, 2010

2. This chart indicates the type (new and existing) and number of business served by both the GDB and SBDA by fiscal year.

JOBS (CREATED/SERVED)						
	2006	2007	2008	2009	2010	
BOTH DISTRICTS						
Created	44	44	37	41	129	-214.6%
Saved	43	32	45	31	54	74.2%
- STX						
Created	30	26	24	21	111	428.6%
Saved	33	19	22	20	16	-20.0%
- STT/STJ						
Created	14	18	13	20	18	-10.0%
Saved	10	13	23	11	38	245.5%

* As of September 30, 2010

3. This chart indicates the jobs created and saved as a result of financing from both the GDB and SBDA by fiscal year.

JOBS (CREATED/SERVED)						
	2006	2007	2008	2009	2010	
BOTH DISTRICTS						
Created	44	44	37	41	129	-214.6%
Saved	43	32	45	31	54	74.2%
- STX						
Created	30	26	24	21	111	428.6%
Saved	33	19	22	20	16	-20.0%
- STT/STJ						
Created	14	18	13	20	18	-10.0%
Saved	10	13	23	11	38	245.5%

* As of September 30, 2010

4. This chart indicates the total collections received in each office on a monthly basis for all the GDB and SBDA loan programs by District.

LENDING UNIT COLLECTION REPORT		FISCAL YEAR 2010		
MONTH	STX	STT/STJ	TOTAL	
October	\$38,891.18	\$49,442.49	\$88,333.67	
November	\$25,116.49	\$45,103.70	\$70,220.29	
December	\$30,644.26	\$35,775.17	\$66,419.43	
January	\$34,786.40	\$33,472.03	\$68,258.43	
February	\$35,223.76	\$31,009.50	\$66,233.26	
March	\$31,222.07	\$33,021.13	\$64,243.20	
April	\$27,944.53	\$40,770.38	\$68,714.91	
May	\$23,311.14	\$28,598.13	\$51,909.27	
June	\$17,532.78	\$41,067.50	\$58,600.28	
July	\$25,186.74	\$44,036.72	\$69,223.46	
August	\$24,382.21	\$27,067.75	\$51,449.96	
September	\$26,260.60	\$43,896.17	\$70,156.77	
TOTAL	\$340,502.16	\$453,260.67	\$793,762.83	

*As of September 30, 2010

5. This chart compares the total collections received for all the GDB and SBDA loan programs by Fiscal Years (2007–2010).

LENDING UNIT COLLECTION COMPARISON REPORT		FISCAL YEARS 2007-2010		
QUARTER	FY2007	FY2008	FY2009	FY2010
1ST	\$158,529.47	\$225,565.47	\$200,014.97	\$224,973.29
2ND	\$244,006.44	\$193,192.68	\$297,661.84	\$198,734.89
3RD	\$200,746.64	\$216,299.43	\$237,082.37	\$179,224.46
4TH	\$241,135.75	\$224,058.61	\$193,525.23	\$190,830.19
TOTAL	\$844,418.30	\$859,116.19	\$928,284.41	\$793,762.83



ENTERPRISE ZONE COMMISSION

Four years ago the Governing Board of Directors of the Economic Development Authority in its wisdom adopted the Enterprise Zone Commission’s Five-Year Strategic Plan. Although the Board was aware that the goals were somewhat lofty for a relatively new agency, its members were convinced that the plan would provide guidance on how to proceed in a specialized area of economic development -- that of community economic development. In the U.S. Virgin Islands, the three designated enterprise zones are Christiansted and Frederiksted on St. Croix and Savanne on St. Thomas.

COMMUNITY AESTHETICS

The Commission has forged partnerships with government agencies such as the Housing Finance Authority’s Community Development Block Grant program and with nonprofit agencies to enhance the general appearance of designated zones. The Scrape, Paint and Rejuvenate Program for the zones of Frederiksted and Savanne utilizes private contractors that will make visible changes in the zones. The Virgin Islands Department of Public Works and the State Historic Preservation Office have offered their technical expertise for these projects. Enterprise Zone stakeholder, the St. Croix Foundation, has initiated the same program in Christiansted.

TABLE 1: SCRAPE, PAINT and REJUVENATE PROGRAM BENEFICIARIES

EZC SCRAPE, PAINT and REJUVENATE PROGRAM BENEFICIARIES		
BENEFICIARY	BUILDING LOCATION	ZONE
Ann Alicia Garcia	#4A Regjerings Gade	S
Clevia Robles	#50 Vester Gade	S
Delois Abraham	#10A Pile Strade	S
Donald Stephens	#11CC General Gade	S
Dora Martin	#30 Queen Street	F
Frederica Charles	#19A & 20 King Street	F
Hyacinth Nesbitt	#45-46 King Street	F
Lutheran Social Services	#62 Prince Street	F
Maud Roberts	#43 Prince Street	F
Pier 69	#69 King Street	F
Rochelle Smith	#39 Queen Street	F
Rosemary Sheppard	#13A & B Gamle Gade	S
Theresita Frazier	#48 Vester Gade	S

BUSINESS DEVELOPMENT

In FY 2010, the Enterprise Zone Commission's (EZC) tax credit program expanded by 64 percent (64%) representing a commitment of more than \$1.8 million in investments, a value that has resulted mostly from the Christiansted zone. Professional services and residential rentals are the types of businesses primarily responsible for this expansion. In many cases, these businesses are new or have expanded as a result of the rehabilitation of the property. The Commission's partnerships with the beneficiaries have served to meet its goal of developing, recruiting, retaining and/or expanding businesses that create jobs with livable wages in the enterprise zones.

TABLE 2: EZC BENEFICIARIES (TAX CREDITS)

ENTERPRISE ZONE COMMISSION BENEFICIARIES (TAX CREDIT)				
BENEFICIARY	BUILDING LOCATION	ZONE	ACTIVITY	INVESTMENT
Andrew Simpson, P.C.	#14-AB Church Street	C	Office	\$430,000
A&N Holdings II, LLC	#13 Strand Street	F	Office	\$100,000
Bhagwandeem Persad, Inc.	#22 Gamle Gade	S	Mix Use	\$250,000
BLBJ Property Management LLC	#10A East Street	C	Residential	\$110,000
Bryan's Marine Service, LLC	#5AB Hospital Street	C	Services	\$120,000
Chelsnia Rental, LLP	#20-20A Market Street	C	Residential	\$55,000
Chelsnia Rental, LLP	#21B Queen Street	C	Residential	\$30,000
Flower Dan, Inc.	#33 King Street	C	Bakery	\$100,000
Joseph Baker	#42AB Company Street	C	Services	\$14,150
Kalima Center, Inc.	#54 King Street	C	Health Center	\$390,000
Larry R. Witkop	#21 Regierings Gade	S	Mix Use	\$100,000
Laundry Time, LLC	#1AB & 1BB Estate Mount Welcome	C	Services	\$600,000
Michael & Kim Sanford	#14ABA Church Street	C	Office	\$149,000
Morymac, LLC	#9B Prince Street	C	Office	\$149,000
Olivia H. Henry	#23B Hospital Street	F	Services	\$354,000
Orneth LaCorbiniere	#16 & 17 Kings Street	C	Mix Use	\$600,000
Samual T. & Rosemary Grey	#19A East Street	C	Residential	\$31,000
USVI Management Corp.	#44A Queen Cross Street	C	Hotel	\$310,000

EDUCATION & ENTREPRENUERSHIP

With the assistance of the Department of Property and Procurement, a site has been identified and the nonprofit, HYPE, has prepared young people who will be part of the program. The garden and the training are set to begin in FY 2011.

INFRASTRUCTURE, HOUSING & NEIGHBOURHOOD DEVELOPMENT

Infrastructural development within the zones has been stymied by the issues of multiple-ownership of the properties that exist in these communities. Due to the length of time it takes to resolve ownership issues of these properties, the buildings have fallen into disrepair, and some have been abandoned. In order to meet its goals, the Commission joined with private attorneys to hold Estate Planning Conferences on both islands. Many residents have taken the information and moved forward to resolve their estate issues. Several others have requested that more estate planning conferences be held.



PUBLIC SAFETY & CRIME PREVENTION

The goal of the strategic plan is to create a safe environment for businesses and residents to work and play. Another public sector partnership established by the Commission is with the Law Enforcement Planning Commission, or LEPC, which has provided funding to secure buildings in the Savanne community to prevent theft, vagrancy, storage of drug paraphernalia, health and safety hazards and crimes of opportunity. In order to accomplish this goal, the Enterprise Zone Commission worked closely with the Virgin Islands Fire and Police Departments, the Department of Health, and the Department of Public Works to identify and work on the buildings and resolve various safety problems. Enterprise Zone stakeholder, Our Town Frederiksted, has led the way in operating a similar program in Frederiksted.

TABLE 3: VACANT BUILDING BOARD-UP PROGRAM BENEFICIARIES (SAVANNE)

EZC VACANT BUILDING BOARD-UP PROGRAM BENEFICIARIES (SAVANNE)	
BUILDING LOCATION	SAFETY ISSUE
#2A Jegge Gut Gade	This house, located directly outside of the gate of an elementary school, was burnt. This property was a prime location for an after-school hide-and-seek game. There was also an open cistern located in a dark area of the house.
#12 Gamle Gade	This historic wooden long-row property was periodically checked by its owners who reside on the mainland. Every time they returned to the VI to visit, the owners would clean the property and re-board it. One day later, the squatter that occupied the premises would move back into the building leaving behind crack vials creating a fire hazard.
#7A Pile Strade	This concrete building was a crack house in previous years. An attempt was made to board it up; however, recent activities showed that there had been an illegal entry back into the building. This revealed that this building could be used to store drug paraphernalia and conduct drug activity.
#8B Pile Strade	This property is made of solid concrete, but it is an unfinished mixed-used building. Used as a hang out for vagrants and other loiterers, the owners noticed illicit activity by young people occurring around the building at night. The building is currently tagged with turf symbols.

FUNDING

The Strategic Plan requires that the Commission assists businesses and residents with capital to rehabilitate the zones. To accomplish this goal, the Commission is working with several public and private entities to focus its funding sources towards the Enterprise Zone communities. One funding vehicle is a revolving loan program that will be created specifically for businesses within the zones. This loan program is scheduled to commence in FY 2011.

TOWN PLAN CREATION & IMPLEMENTATION

In FY 2010, the Commission worked with all stakeholders to discuss the strategic plan for each of the zones. It was determined that a new town plan is needed for both Christiansted and Savanne. It was further determined that the zone of Frederiksted had at least three town plans worth reviewing, and the ideas needed to be compiled and implemented. Many private sector members - from planners to the retailers as well as the nonprofit, grassroots organizations and residents alike - have been working on the creation of the plan.

PARTNERSHIPS

This year more than ever, the Enterprise Zone Commission joined with private, public and the nonprofit community members to accomplish the projects that were mandated by the Strategic Plan. While seeking to improve the quality of life through creating business opportunities by rehabilitating distressed neighbourhoods, this agency continues to strive to be the best practice case study of community development for other small enterprise and empowerment communities.



MARKETING INITIATIVES

The purpose of the Marketing Unit is to promote the five (5) entities of the VIEDA and the activities and events that contribute to the enhancement of economic development in the U.S. Virgin Islands. The unit is also responsible for assisting the VIEDA in educating local residents and investors about the economic development programs available through the Authority to spur economic growth.

With the continued global economic challenges still present, the VIEDA continued to execute its three-year comprehensive marketing plan which showed some promising results. The VIEDA focused on the attraction of emerging and expanding businesses to the Territory, the creation of small businesses, and the implementation of a public awareness campaign.

EXTERNAL MARKETING

Building upon the strategies and synergies from the marketing campaign as developed by a local consulting firm, CIPA, Inc. (Council for Information and Planning Alternatives, Inc.), the Marketing Unit was able to successfully peak the interest of several national companies. This was accomplished by attending a number of targeted conferences, expos and trade shows as well as conducting a series of regional informational meetings. In addition, placement of advertisements in national and international trade publications were effective in highlighting the VIEDA's tax incentive program, the Economic Development Commission (EDC).

In the Authority's continued effort to increase global visibility, our focus was placed on increasing traffic to the website. A series of Search Engine Optimization (SEO) strategies were implemented as recommended by the technical consulting firm, BizVI. The results garnered an increase of hits to the VIEDA's website by 700 percent, and a positive decrease in our ALEXA rating to 1,048,792 which is a vast improvement from the VIEDA's prior ranking of 11 million in January 2010.

In FY 2010, a public relations campaign was launched highlighting the positive impact the Economic Development Commission's tax incentive program has on our territory. This campaign was directed towards both branches of local government, key service providers, beneficiaries and the local community. A series of advertisements were placed in local newspapers, press releases were distributed to key stakeholders, appearances were made on local television and radio shows, and an informational brochure was produced.

INTERNAL MARKETING

On the local level, the Marketing Unit assisted the various other units within the VIEDA with disseminating information to the public about their programs and services. A series of collateral materials, for example, were developed to assist the Lending Unit with promoting their initiatives.

CONCLUSION

In FY 2011, the Marketing Unit will continue to implement the strategic and marketing plans with strengthened outreach efforts to market the benefits of our programs both locally and abroad. There will be an increased emphasis on conducting more targeted marketing meetings with prospective national and international investors. We will continue to focus on promoting the competitive benefits of our tax incentive program. Locally, marketing strategies will be utilized to encourage small business development and maintenance and to increase the awareness of other vital functions and programs of the VIEDA.





SPECIAL PROJECTS

FY 2010 was a record year of major accomplishments for the Virgin Islands Economic Development Authority, as indicated by the following economic development projects that will have long-term positive effects on the economy of the Virgin Islands, specifically the island of St. Croix:

DIAGEO USVI: The rum distillery of Diageo USVI was commissioned on November 23, 2010 celebrating its grand opening as the V.I.'s newest distiller. More than eighty (80) percent of employees are local residents, some of which were hired for the senior and middle management positions.

CRUZAN RUM: Cruzan Rum has commenced the construction of its waste treatment plant. This will enable the company to be in compliance with EPA requirements, especially for the improvement of the air quality.

CARAMBOLA RESORT: This resort has recently been branded by Marriott Renaissance. In general, resort development in the territory continues to be a challenge. Currently, there are three properties with permits to proceed. Financing of these projects have been challenging; however the ACEO, our legal counsel and bond counsel have been considering various strategies to identify funding sources for development projects.

CRUISE SHIPS and TOURIST TRANSPORTATION: There has been a significant increase in cruise ship port calls in FY 2010 with more than 100 calls this season. This activity continues to rise particularly on St. Croix. Regarding transportation, the Tour Bus Leasing program has provided vehicles for potential operators that are required for this industry.

HOME DEPOT: Site preparation continues for this project with some delays due to the unusual amount of rainfall during the past season in our Territory.





PROJECT FINANCE

The V.I. Economic Development Authority (VIEDA) has worked to expand its offerings to stimulate the economy of the Virgin Islands and facilitate informational meetings and discussions with other agencies and developers to bring partnership for growth. In February 2009, the American Recovery Reinvestment Act (ARRA) was signed by President Barak Obama. Through the efforts of Governor John P. deJongh, Jr., Delegate Donna M. Christensen and others, the U.S. Virgin Islands was earmarked to potentially receive \$244 million in economic benefits over a two-year period. The VIEDA has worked with other Virgin Islands agencies to assist in realizing the maximum use of this funding such as the Public Finance Authority (PFA) to educate developers about the Build America Bonds, specifically the Recovery Zone Facility Bonds and the Recovery Zone Economic Development Bonds.

TAX INCREMENT FINANCING (TIF):

Presently, the VIEDA is working towards the opening of its first TIF project, the Island Crossing Shopping Center which is scheduled to open Home Depot, an anchor tenant, in the Fall of 2011. Island Crossings is financed through bond anticipation notes from First Bank valued at \$15.7 million. To date, approximately half of the approved bond anticipation note amount has been used to fund the development of the public infrastructure at Island Crossings.

Island Crossings is a popular development that has generated tremendous interest from additional tenants from new market national retailers to new and established local businesses. As site work progresses, and the construction project for Home Depot nears commencement, ground leases for the remainder of the site's retail component will be executed, and additional vertical construction will begin.

The VIEDA Board has developed a Tax Increment Finance Subcommittee Task Force that is charged with interfacing with other government agencies in the Virgin Islands to prepare for the approval of TIF designated areas by the Governor and the Legislature. This will be a tremendous proactive approach to incentivizing development in necessary areas of our territory.





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