

U. S. Virgin Islands Economic
Development Authority

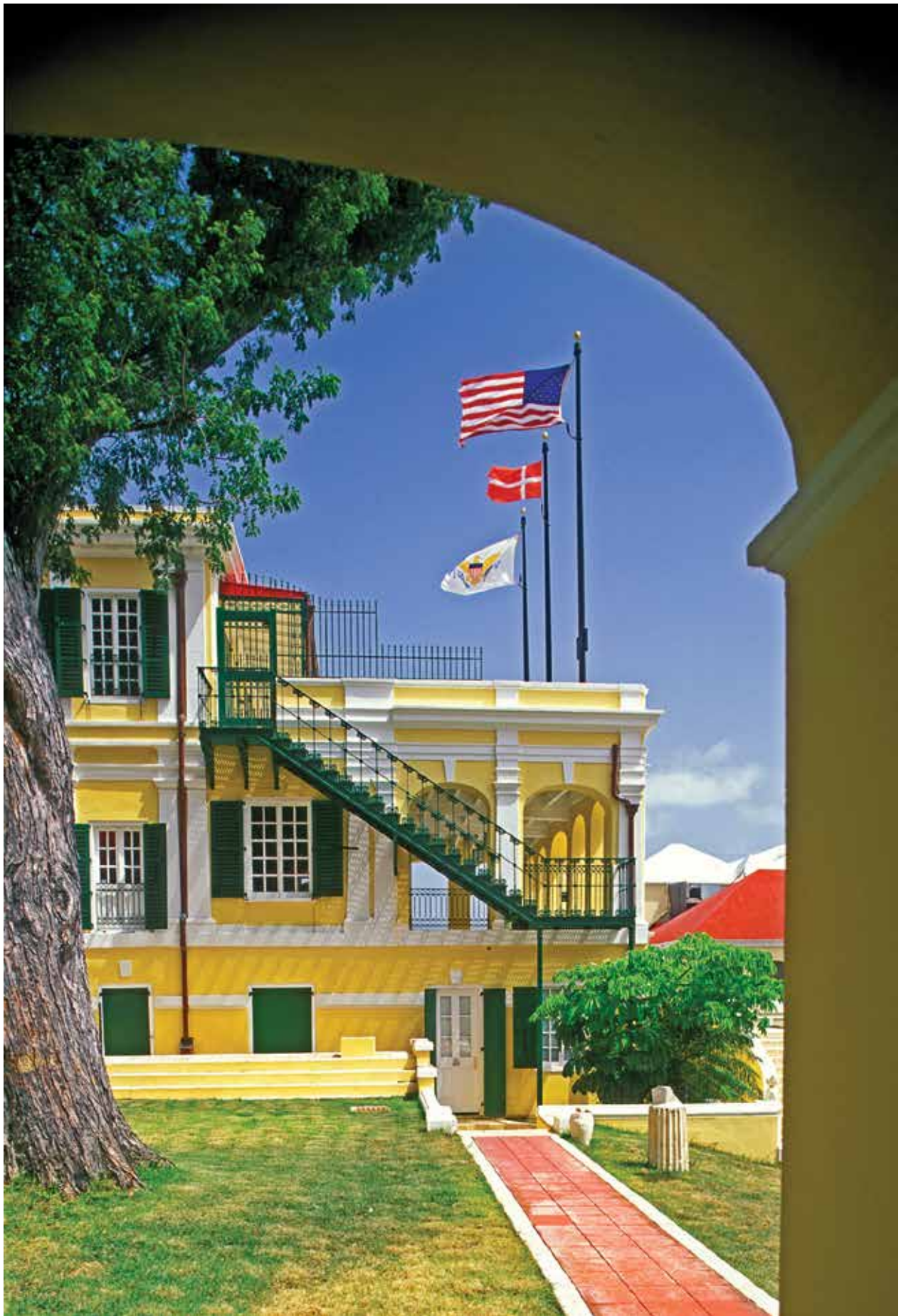
ANNUAL REPORT



A Year in Review:
In the Spirit of Entrepreneurship



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Government House in Christiansted, St. Croix, U.S. Virgin Islands, courtesy of the U.S. Virgin Islands Department of Tourism



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802
340-774-0001

MESSAGE FROM THE GOVERNOR

The United States Virgin Islands has worked diligently to create one of the most business friendly locations under the U.S. flag. We continue to invest in energy and communications technologies, as well as other infrastructure essential to conducting business in an increasingly competitive global environment. The benefits and tax incentives available through the Economic Development Authority are important components of a strategy to attract an already impressive assortment of industries and its programs continue to encourage exploration of the opportunities for starting, expanding, or relocating business operations to this U.S. territory.

The Economic Development Authority is at the heart of our comprehensive approach to growing an economy which can support all sectors of the community - public and private. The financial investment incentives available through the EDA have been designed to attract and sustain the strong business foundation upon which a more prosperous community can grow. Our policies will continue to encourage and reward investment and entrepreneurship.

While expanding opportunities for the people of our territory, we have also stepped up compliance efforts to ensure that the U.S. Virgin Islands is maximizing the potential benefits from all our EDA programs for our clients and community.

As we continue to refine our strategic plan for economic development, we are pleased with the business successes now evident, and the accompanying improvements in the overall quality of life in the U.S. Virgin Islands. We invite you to explore and seize the many opportunities available through the Virgin Islands Economic Development Authority. You will find that our doors are always open for business.

A handwritten signature in blue ink, reading "K. Mapp".

Kenneth E. Mapp
Governor



The United States Virgin Islands
OFFICE OF THE LIEUTENANT GOVERNOR

CHARLOTTE AMALIE, ST. THOMAS, VIRGIN ISLANDS 00802

MESSAGE FROM THE LIEUTENANT GOVERNOR

I am pleased to join the Virgin Islands Economic Development Authority (EDA) in presenting its Fiscal Year (FY) 2015 Annual Report.

This professional, comprehensive analysis, accurately depicts the status of the United States Virgin Islands from an economical perspective. It is an invaluable resource that is instrumental in providing critical data to stakeholders, both current and prospective. It is our hope that with this tool, investors will be able to make prudent decisions that would encourage and attract further development in the territory, where there is a plethora of potential for growth.

We continue to welcome public-private partnerships for development of our diverse economic generating products in the territory. I applaud the Governing Board and the entire team at the Economic Development Authority for the exceptional manner in exhibiting the economic arm of the Virgin Islands Government. The FY 2015 Annual Report is an ideal representation of the consistent and high quality work that is produced by the EDC. I am confident that the EDC will continue to explore innovative ways to make the Virgin Islands a competitive market for potential investors and economic growth.



Osbert E. Potter



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MESSAGE FROM THE CHAIRMAN

Fiscal Year 2015, October 1, 2014 to September 30, 2015, was a year of many transitions in the Territory. Most notable was the swearing in of a new Governor and Lieutenant Governor and all the management changes that come with a new administration, especially after having previously served under a two-term Governor. For the United States Virgin Islands Economic Development Authority (“Authority” or “USVIEDA”), the change in administration territorially has meant four new governing board members, as well as the departure of the Chief Executive Officer, the Assistant Chief Executive Officer/Chief Operating Officer, and two Special Assistants. However, it is my opinion that the management and staff of the Authority, under the leadership of the new Assistant CEO, who currently serves as the Acting CEO, have continued to advance and improve the USVIEDA’s efforts to meet its mandate of spurring economic development in the United States Virgin Islands.

On January 30, 2015, the United States Virgin Islands Office of the Inspector General (“IG”) issued Audit Report AR-01-EDA-14, on the USVIEDA’s Economic Development Commission (“EDC”) program, covering the period October 1, 2009 through September 30, 2011, Fiscal Years 2009, 2010, and 2011. Audit Report AR-01-EDA-14 concluded that “although the EDC had a positive impact in promoting the growth, development, and diversification of the Territory’s economy, there was need for improvement in its administration of the Economic Development Program.” The Management of the Authority, with the blessing of the Governing Board, has committed to addressing the concerns raised by the audit report and resulting recommendations of the IG.

The Authority is implementing Act 7651 for the Economic Development Commission program, which was enacted in October of 2014. The Act provides a more realistic foundation for the Virgin Islands economic development programs to better address the needs of the Territory. Revised rules and regulations are being developed as part of Act 7651’s implementation.

It is essential that all the stakeholders of the Territory work together if the territory’s economic development program is to succeed. Education, workforce, infrastructure, and a culture for economic success require all of us to engage collaboratively for our economic development program to improve our quality of life and fund the local treasury by creating a stable tax base.

José A. Penn
Chairman

U.S. Virgin Islands Economic Development Authority



MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER

Economic development is the heartbeat of a community. And, in the U.S. Virgin Islands it is especially so. In fiscal year 2015, we continued to focus on the importance of attracting investment to the Territory, securing financial and technical assistance for our small businesses, community development activities, and the cultivation of an entrepreneurial mindset for our young people to become innovative leaders, business owners and future economic developers.

Aside from the challenges entrepreneurs face, their desire to be a business owner or a manufacturer of unique products continues to be the driving force of a vibrant, entrepreneurial community within our Territory. Historically, the U.S. Virgin Islands is enriched with stories of entrepreneurship. As such, it is our responsibility to continue supporting our local small to medium-size businesses while we continue to seek and retain investors for business development to increase tax revenues and job opportunities through our tax incentive and benefits program.

In fiscal year 2015, through the assistance of the State Small Business Credit Initiative (SSBCI) Program, more than \$19 million in loans were approved for local small businesses through participating banks and the Economic Development Bank.

In addition to securing financing for these businesses, we invested in the aspirations of new start-ups with Small Business Camp Weekends and in the dreams of our young people with the Young CEO Camp. These activities were held by the Disaster Small-Mid-size Enterprises Incubation Program (DSMEIP) in partnership with Andrew Morrison, president of Small Business Camp. With other partnering consultants, the DSMEIP also hosted informative seminars on disaster preparedness and opportunities for small businesses to secure federal contracts.

For our local businesses to connect, network and potentially increase their profits, 22 manufacturers met with local business owners at the USVIEDA's first Business2Business event hosted by the Enterprise Zone Commission (EZC). However, in addition to fostering business relationships, community development is extremely important for economic development to fully thrive.

Community town plans for Garden Street and Upstreet on St. Thomas, and Frederiksted and Christiansted on St. Croix brought forth by the EZC are completed and are poised for approval by our Board of Directors. The revitalization of our distressed neighborhoods helps ensure that our Territory is attractive, safe and significantly viable for new and existing investors as well as our residents. Through the EZC Plan Program, investors can prosper from their business growth while they improve the conditions of these neighborhoods through business development so that these areas can be uplifted to the once thriving centers of economic activity in the U.S. Virgin Islands.

In the midst of serving the people of this Territory and our global investors, the USVIEDA received the 2015 Best of the VI Award by the Virgin Islands Daily News Readers Poll as the Best Government Agency in the Territory. We thank those individuals who voted for our team and recognized our efforts to serve our community while entrusting us to continue the same.

As we move forward into fiscal year 2016, I thank the Honorable Kenneth E. Mapp, Governor of the U.S. Virgin Islands, the USVIEDA Board of Directors, management and staff for their continuous dedication and tireless efforts in working together in the best interest of the people of this Territory.

USVIEDA BOARD of DIRECTORS



Jose A. Penn

Interim Chairman of the Board

Chief Financial Officer of Penn's Apartment Rentals, Inc.
(St. John representative)



Philip Payne

Interim Vice Chairman

Owner and CEO of Dyer & Payne, Inc.
(St. Croix Representative)



Avery Lewis

Interim Secretary

Elementary School Teacher, Ulla F Muller School
(St. Thomas Representative)



Simon Jones-Hendrickson, Ph.D.

Board Member

Chief Economic and Fiscal Advisor
to the Governor of the Virgin Islands
(Representative of the Governor's Executive Staff)



Catherine Hendry, Esq.

Board Member

Commissioner of the Virgin Islands Department of Labor
(Representative of the Governor's Cabinet)



Haldane Davies, Ph.D.

Board Member

Vice President for Business Development and Innovation at the
University of the Virgin Islands
(Representative from the University of Virgin Islands)



Juan Figueroa, Sr.

Board Member

Executive Director Designee for the Virgin Islands Lottery
(Representative of Governor's Cabinet)

Notations regarding changes of USVIEDA Board members during FY 2015: As of FY 2015, Albert Bryan, Jr., former chairman of the board; Nathan Simmonds, former vice-chairman of the board; and Lynn Millin-Maduro, Esq., former board secretary, served in their respective positions until January 5, 2015. Henry Smith, Ph.D., interim board secretary, served in this capacity until his retirement on March 31, 2015.



MANAGEMENT TEAM

USVIEDA MANAGEMENT TEAM

Wayne L. Biggs, Jr.

Acting Chief Executive Officer

Tracy Lynch Bhola, Esq.

General Counsel

Ernest Halliday

Director Of Administration & Finance

Margarita A. Benjamin

Director Of Applications

Economic Development Commission

Claude S. M. Gerard

Director Of Compliance

Economic Development Commission

Sharmane A. Brookes

Director

Economic Development Bank

Nadine T. Marchena Kean

Director

Enterprise Zone Commission

Mark Finch

Park Superintendent

Humberto O'Neal

Project Coordinator

Notations regarding changes in leadership that occurred during FY 2015: Stephanie J. Berry, former EDC director of Compliance, served in this position until January 9, 2015. Jennifer Nugent-Hill, former assistant chief executive officer/chief operating officer; Frederick Handleman, former legislative, programs and policy advisor; Paul J. Arnold, Sr., former, special projects coordinator; and George St. Rose, former park superintendent, served in their respective positions until February 3, 2015. Percival E. Clouden, former USVIEDA chief executive officer, served in this position until May 8, 2015. Telsalda Josiah, former interim EDC director of compliance, served in this position until June 19, 2015. Edward Berry served as interim park superintendent until September 3, 2015.



In the Spirit of Entrepreneurship

MISSION STATEMENT

The U.S. Virgin Islands Economic Development Authority (USVIEDA) 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.



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Overview of the U.S. Virgin Islands Economic Development Authority

The U.S. Virgin Islands Economic Development Authority (USVIEDA) was created as a semi-autonomous government instrumentality 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.

In fiscal year 2014 through Virgin Islands legislation, the GDB and the SBDA were merged to create the Economic Development Bank (EDB) in which the SBDA exists under the EDB. The IPDC was also changed to the Virgin Islands Economic Development Park Corporation (EDPC).

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 Economic Development Bank, 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 USVIEDA Board of Directors 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 consists 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.

ECONOMIC DEVELOPMENT COMMISSION (EDC)

The 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 also oversees the EDC Small Business Program and the EDC Eligible Supplier Program. 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.



Margarita A. Benjamin, director of Applications for the Economic Development Commission (EDC), explains the EDC Tax Incentive Program and its benefits to potential investors at the EDC Breakfast Presentation Meeting following the Caribbean Clean Energy Technology Symposium (CCETS) on St. Thomas. The CCETS was held in March 2015 at Frenchman's Reef and Morning Star Marriott Beach Resort on St. Thomas, USVI.

-Photo by Semele A.C. George/USVIEDA

Applications Received in Fiscal Year 2015

During FY 2015, the Economic Development Commission (EDC) received a total of 23 applications as follows: 15 new, 5 for modification to the EDC certificate and 3 extensions of tax benefits.

The statistics show that the 23 applications received represent a potential future economic impact of a minimum of 132 new jobs to be created, approximately \$8,645,450 to be paid in wages and \$18,223,600 to be made in capital investments. These Applicants also represent the potential for the U.S. Virgin Islands to realize approximately \$1,820,000 in direct taxes over a five-year period.

TABLE 1: EDC Applications Received in Fiscal Year 2015

NO.	COMPANY NAME	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS AS OF 9/30/15
1.	Hidalgo, LLC	New	IV	Small Business (Internet Sales/ Online Marketing)	Transfer to the RT Park ¹
2.	Daily News Publishing Co., Inc.	New	III	Newspaper	Denied
3.	DiamondRock Frenchman's Owner, Inc.	Modification	II	Hotel	Approved
4.	Impact Technologies VI, Inc.	New	IV	Financial Services	Approved
5.	Leeward Capital Corporation	New	IV	Financial Services	Approved
6.	Amalie Global, Inc.	New	IV	Financial Services	Approved
7.	Tree Limin' Extreme, LLC	New	III	Recreation Facility	Approved
8.	Island Roads Corporation	Modification	II	Manufacturer	Incomplete
9.	Legacy VI Development Consulting, LLLP d/b/a Red Legacy VI	New	IV	Financial Services	Approved
10.	Alpha Mortgage Advisors, Inc.	New	IV	Financial Services	Pending Decision Meeting
11.	Perpetual Motion Management, LLC	New	IV	Business Management	Approved
12.	West Indies Bay Company, Inc.	Extension	II	Small Manufacturing	Incomplete
13.	CD Paradise Holdings, LLLP	New	IV	Financial Services	Pending Decision Meeting
14.	CDM Investment Management, LLLP	New	IV	Financial Services	Pending Decision Meeting
15.	Spectrum Engineering Inc.	New	II	Manufacturing	Approved
16.	Tutu Park Limited	Extension	III	Shopping Center	Incomplete
17.	Castle Medical Holding, Inc.	New	IV	Business Management	Pending Decision Meeting
18.	Concordia Campgrounds, Inc.	Modification	III	Eco-Resort	Incomplete
19.	Ay Ay Holdings, Inc.	New	III & IV	Resort /Business Management	Pending Decision Meeting
20.	Lawrence Moskowitz, CLU Ltd.	New	IV	Financial Services	Incomplete
21.	B.D. Specialties, Inc. d/b/a Billy D's Special Tees	Extension/ Resubmission	II	Small Manufacturing	Incomplete
22.	Greenleaf VI II, Inc.	Modification	IV	Business Management	Incomplete
23.	Territory East Asset Management, LLC	Modification	IV	Business Management	Incomplete

¹ Research and Technology Park

EDC APPLICATIONS DIVISION

Applications Processed in Fiscal Year 2015

EDC PUBLIC HEARING:

During FY2015, the EDC held 10 public hearings of which presentations were made by 29 applicants as follows:

TABLE 2: EDC Public Hearing

NO.	NAME OF APPLICANT	PUBLIC HEARING	DESCRIPTION	ISLAND
1.	Flying Fish Group, LLC (New)	10-08-14	Category IV – DSB ² Financial Services	St. Croix
2.	Discover Fund Management, LLLP (New)	10-08-14	Category IV – DSB Financial Services	St. Thomas
3.	Sugar Bay Club & Resort Corp. (Extension)	10-08-14	Category III - Hotel	St. Thomas
4.	The Windward Company (Extension)	10-08-14	Category III - Hotel	St. Thomas
5.	Plessen Healthcare, LLC (New)	10-08-14	Category III Healthcare facility	St. Croix
6.	Real Impact Corporation (New)	11-07-14	Category IV – DSB Financial Services	St. Thomas
7.	Tropico Management, LP (Extension)	11-07-14	Category IV – DSB Business Management	St. Croix
8.	CIFER, Inc. (New)	12-05-14	Category IV DSB Category II - Manufacturing	St. Thomas
9.	Valance Company (Extension)	12-05-14	Category IIA – DSB Financial Services	St. Croix
10.	International Capital & Management Company, LLC (Extension)	12-05-14	Category IV – DSB Business Management	St. Thomas
11.	GCI Management, LLC (Modification)	12-19-14	Category IIA – DSB Financial Services	St. Thomas & St. Croix
12.	Daily News Publishing Co., Inc. (New)	02-03-15	Category III - Publisher	St. Thomas / St. Croix
13.	DiamondRock Frenchman's Owner, Inc. (Extension)	02-03-15	Category III - Hotel	St. Thomas
14.	Professional Holding Co., LLC (Modification)	02-03-15	Category IV – DSB Business Management	St. Croix
15.	Amalie Global, Inc. (New)	02-03-15	Category IV – DSB Financial Services	Water Island / Hassel Island
16.	Secret Harbour Beach Resort Associates, LLLP (Extension)	02-03-15	Category III - Resort	St. Thomas
17.	St. Thomas Nursing Home Prime, LP d/b/a Sea View Nursing Home (Extension)	02-03-15	Category III - Health Care	St. Thomas
18.	Carambola Northwest, LLC, (New)	04-07-15	Category III – Resort	St. Croix
19.	Legacy VI Development LLLP d/b/a Red Legacy VI, (New)	04-07-15	Category IV – DSB Financial Services	St. Thomas
20.	Tree Limin' Extreme, LLC, (New)	04-07-15	Category III – Recreation	St. Thomas
21.	Alpha Mortgage Advisors, Inc., (New)	05-07-15	Category IV – DSB Financial Services	St. Thomas
22.	CD Paradise Holding, LLLP, (New)	05-07-15	Category IV – DSB Financial Services	St. Thomas
23.	CDM Investment Management, LLLP, (New)	05-07-15	Category IV – DSB Financial Services	St. Thomas

² Designated Service Business

NO.	NAME OF APPLICANT	PUBLIC HEARING	DESCRIPTION	ISLAND
24.	Impact Technologies VI, Inc., (New)	05-07-15	Category IV – DSB Financial Services	St. Thomas
25.	Leeward Capital Corporation, (New)	05-07-15	Category IV – DSB Financial Services	St. Thomas
26.	Perpetual Motion Management, LLC, (New)	05-28-15	Category IV – DSB Business Management	St. Thomas
27.	Castle Medical Holding, Inc., (New)	06-04-15	Category IV – DSB Business Management	St. Thomas
28.	Spectrum Engineering, Inc., (New)	06-04-15	Category II – Manufacturing	St. Croix
29.	Ay Ay Holdings, Inc., (New)	09-24-15	Category III - Resort Category IV – DSB Business Management	St. Croix

EDC DECISION MEETINGS:

During FY2015, 10 decision meetings were held of which a total of 23 applications were presented to the EDC Governing Board for consideration. Of the 23 applications, 22 were approved with a favorable recommendation to the Governor and one (1) was denied.

TABLE 3: EDC Decision Meeting Cases

NO.	NAME OF APPLICANT	DECISION MEETING	TYPE OF APPLICATION	STATUS
1.	Discover Fund Management, LLLP	10-24-14	New	Approved
2.	JH Capital (V.I.), Inc.	10-24-14	New	Approved
3.	Flying Fish Group, LLC	10-24-14 12-19-14	New	Tabled Approved
4.	The Windward Company, Inc.	12-05-14	Extension	Approved
5.	Sugar Bay Club & Resort Corp.	12-05-14	Extension	Approved
6.	Plessen Healthcare, LLC	12-19-14	New	Approved
7.	CBI Acquisition d/b/a Caneel Bay	12-19-14	Extension	Approved
8.	Denali Asset Management, LLLP	12-19-14	Extension	Approved
9.	Real Impact Corporation	12-19-14	New	Approved
10.	Tropico Management LP	12-19-14	Extension	Approved
11.	International Capital and Management Company, LLC	12-19-14 12-22-14	Extension	Approved
12.	Valance Co., Inc.	01-30-15 09-01-15	Extension	Approved
13.	Professional Holding Co., LLC	04-07-15	Modification/Extension	Approved as a waiver
14.	Amalie Global, Inc.	06-04-15	New	Approved
15.	Daily News Publishing Co., Inc.	06-04-15	New	Denied
16.	DiamondRock Frenchman's Owner, Inc. d/b/a Frenchman's Reef & Morning Star Marriott Beach Resort	06-04-15 07-09-15	Extension/Modification	Approved

EDC APPLICATIONS DIVISION

NO.	NAME OF APPLICANT	DECISION MEETING	TYPE OF APPLICATION	STATUS
17.	Leeward Capital Corporation	07-09-15	New	Approved
18.	Perpetual Motion Management, LLC	07-09-15	New	Approved
19.	Spectrum Engineering Inc.	07-09-15	New	Approved
20.	Tree Limin' Extreme, LLC	09-24-15	New – Resubmission	Approved
21.	Legacy VI Development, LLLP d/b/a Legacy VI	09-24-15	New	Approved
22.	Impact Technologies VI, Inc.	09-24-15	New	Approved
23.	Secret Harbour Beach Resort Associates, LLLP	09-24-15	Modification	Approved

PETITIONS

A total of 14 petitions were presented to the EDC Governing Board for reconsideration to include requests for extended benefits pursuant to Act No. 7651. The EDC approved 12 petitions of which seven (7) were reconsideration of benefits relating to Act No. 7651, one (1) was a reconsideration of a denial, three (3) were requests for partner admittance and one (1) was an acknowledgement of a disregarded entity. A decision on one (1) application was denied and one (1) was tabled pending additional information.

TABLE 4: Petitions Received in Fiscal Year 2015

NO.	NAME OF APPLICANT	DECISION MEETING	TYPE OF PETITION	STATUS
1.	RPP Advisors, LLC	11-24-14	Reconsideration Act No. 7651	Approved
2.	Global MedChoices Group LLC	11-24-14	Reconsideration Act No. 7651	Approved
3.	Gateway Global Management LLC	11-24-14	Reconsideration Act No.7651	Approved
4.	InTrust Managed Solution LLLP	11-24-14	Reconsideration Act No. 7651	Approved
5.	Caribbean Leasing & Eco Transportation d/b/a Drive Green	12-19-14 04-28-15	Reconsideration	Postponed Denied
6.	B&B Manufacturing Inc.	12-19-14	Reconsideration	Tabled
7.	Harborside Corporation	12-19-14	Reconsideration	Approved
8.	Sunshine Shopping Center, Inc.	12-19-14	Reconsideration Act No. 7651	Approved
9.	Carambola Golf Club, LLC	12-19-14	Reconsideration Act No. 7651	Approved
10.	Westin St. John Hotel Co., Inc.	12-19-14	Reconsideration Act No. 7651	Approved
11.	RPP Advisors, LLC	04-07-15	Partner admittance	Approved
12.	Territory East Asset Management	04-07-15	Partner admittance	Approved
13.	Discover Fund Management, LLLP	04-28-15	Partner admittance	Approved
14.	Ocwen Mortgage Servicing, Inc.	09-01-15	Disregarded Entity	Approved

Applications Approved by the Governor

During Fiscal Year 2015, 21 applications were submitted to the Governor for consideration of which 12 were approved, four (4) were denied, and five (5) were pending at the close of the fiscal year.

TABLE 5: EDC Applications Approved by the Governor

NO.	COMPANY NAME	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS AS OF 09/30/15
1.	Harborside Corporation d/b/a Bolongo Bay Beach Resort	New	II	Hotel	Approved 12-31-14
2.	RPP Advisors, LLC	New	IV	Financial Services	Approved 12-02-14
3.	Discover Fund Management, LLLP	New	IV	Financial Services	Approved 12-02-14
4.	Gateway Global Management, LLC	New	IV	Business Management	Approved 12-23-14
5.	Global MedChoices Group, LLC	New	IV	Financial Services	Approved 12-29-14
6.	InTrust Managed Solutions, LLLP	New	IV	IT Support	Approved 12-12-14
7.	International Capital and Management Company	Extension	IV	Business Management	Approved 12-31-14
8.	Sunshine Shopping Center Inc.	Extension	III	Shopping Center	Approved 01-03-15
9.	JH Capital (V.I.), Inc.	New	IV	Business Management	Approved 05-05-15
10.	Sugar Bay Club & Resort Corp.	Extension	III	Hotel	Denied 05-05-15
11.	The Windward Company	Extension	III	Hotel	Denied 05-05-15
12.	Flying Fish Group, LLC	New	IV	Business Management	Approved 06-18-15
13.	Plessen Healthcare, LLC	New	III	Health Facility	Denied 06-16-15
14.	Real Impact Corporation	New	IV	Financial Services	Approved 05-28-15
15.	Carambola Golf Club	Extension	III	Golf course	Denied 06-30-15
16.	Denali Asset Management, LLLP	Extension	IV	Business Management	Approved 07-24-15
17.	Westin St. John Hotel Co., Inc.	Extension / Modification	III	Hotel	Pending
18.	Perpetual Motion Management, LLC	New	IV	Business Management	Pending
19.	Spectrum Engineering, Inc.	New	II	Manufacturer	Pending
20.	DiamondRock Frenchman's Owner, Inc.	Modification	III	Hotel	Pending
21.	Leeward Capital Corporation	New	IV	Financial Services	Pending

EDC APPLICATIONS DIVISION

EDC CERTIFICATES OF BENEFITS

Sixteen (16) Beneficiaries requested the activation of their certificates of benefits during this period. Nine (9) Beneficiaries' certificates of benefits were executed of which seven (7) were new, one (1) was an extension and one (1) was a modification. Three (3) were in process at the end of the fiscal year.

Based upon the commitments made by these 16 Beneficiaries, the Territory will realize new and continued employment at a minimum of 287 full-time employees, approximately \$18,719,168 in capital investment, and annual charitable contribution of approximately \$522,500. It is also estimated that the Territory will potentially generate direct taxes over a five-year period of more than \$45,700,000 should the business operations materialize as projected.

TABLE 6: EDC Certificates of Benefits for Fiscal Year 2015

NO.	COMPANY NAME	TYPE	EXECUTED
1.	Ocwen Mortgage Servicing, Inc.	Modification	02/3/15
2.	Tuthill Corporation	New	04/10/15
3.	Discover Fund Management LLLP	New	01/21/15
4.	International Capital and Management Company, LLC	Extension	07/02/15
5.	Harborside Corporation d/b/a Bolongo Bay Beach Resort	New	4/10/15
6.	Subbase Drydock Inc.	New	In Process
7.	Sunshine Shopping Center	Extension	In Process
8.	Ferrer, LLC	New	06/15/15
9.	Gateway Global Management, LLC	New	6/26/15
10.	PBG Corporation dba Phantasea Tropical Botanical Garden	New	In Process
11.	RPP Advisors, LLC	New	07/28/15
12.	JH Capital (V.I.), Inc.	New	09/23/15
13.	Tropico Management, LP	Re-activation	In Process
14.	Real Impact Corporation	New	In Process
15.	Flying Fish Group, LLC	New	In Process
16.	Denali Asset Management, LLLP	Extension	In Process

INQUIRIES FROM POTENTIAL INVESTORS

The Application Unit responded to 31 telephone inquiries for general information and/or requests for information on the EDC Program. Meetings were held with five (5) potential investors with strong interest in doing business within the Territory as follows:

Fifteen (15) of the potential investors were from local businesses within the U.S. Virgin Islands, and sixteen (16) were from the United States and other Caribbean islands. Types of industries represented are manufacturing, gaming, resort developers, construction, management consulting, financial services, energy, and alternative energy.

TABLE 7: EDC Business Inquiries Received in Fiscal Year 2015

NO.	TYPE OF BUSINESS	Location
1.	Small Batch Distillers	Massachusetts
2.	Electricity Generation & Thermal Cooling Systems	Connecticut
3.	Manufacturing	Connecticut
4.	Computer gaming	New Jersey
5.	Coffee Manufacturer	St. Thomas
6.	Financial Services	St. Thomas
7.	Recycling Plastic to furniture	St. Thomas
8.	Natural Gas Refinery	Pennsylvania
9.	Financial Service Business	Maryland
10.	Charter Services	St. Thomas
11.	Processing biodiesel	St. Croix
12.	Resort Construction	St. Croix
13.	Hotel Casino	St. Croix
14.	Security and logistics	Texas
15.	Recreational Facility	St. Croix
16.	Management Consultants	St. Thomas
17.	Sales Outsourcing Company	Maryland
18.	Fiber Optic Test System	Minnesota
19.	Air Ambulance	St. Thomas
20.	Building Contractor	St. Thomas
21.	Manufacturing & Assembly Communication	Virginia
22.	Financial Service	New York
23.	Rum Manufacturing	St. Thomas
24.	Financial & Mortgage Services	Oregon
25.	Production & Distributor of Rum	Cayman Islands
26.	Financial Services	St. John
27.	Charter Services	St. Thomas
28.	Skincare Products	Florida
29.	Energy	Pennsylvania
30.	Debt Recovery & Collection	New Jersey
31.	Solar Panel	Georgia

EDC APPLICATIONS DIVISION

ELIGIBLE VIRGIN ISLANDS SUPPLIER PROGRAM

A total of 44 applications were processed for certification as an Eligible Virgin Islands Supplier of which eight (8) of these applications were pending from the prior fiscal year. A total of 36 new applications were received, of which 16 were approved, 12 were pending additional information from the applicant, seven (7) were denied and one (1) was closed due to failure to provide documents. Of the eight (8) applications from the prior fiscal year, six (6) were approved and two (2) were closed.

TABLE 8: EDC Eligible Suppliers Applications Received in Fiscal Year 2015

No.	Date Received	Name of Company	Type of Business	Status
1.	3/13/2014	Antilles Power Virgin Islands, LLC	Provide Service, Maintenance, Sales of parts and diesel power plants. Any related service	Approved
2.	4/23/2014	Pastory Refrigeration & Appliances	Services on Air Conditioning Units	Closed
3.	6/9/2014	Shadows A.S., LLC	New Sails, Sail Repairs, Custom Awnings, Marie Canvas	Closed
4.	7/8/2014	Rock Master Paving & Excavating, LLC	Heavy equipment rental, masonry and general construction	Approved
5.	8/13/2014	Island Services Group, LLC	Electrical Services	Approved
6.	8/13/2014	Jonetta Darden	Notary Public & Business & Management Consulting Services	Approved
7.	8/15/2014	Personal Touch Insurance Services, LLC	Marketing & Selling Supplemental Health Insurance, Life Insurance and Medical Air Services	Approved
8.	8/26/2014	Charles Electrical Services, LLC	Electrical Contracting Services	Approved
9.	10/7/2014	PR Construction & Heavy Equipment	Rental Equipment, Carpentry and Masonry Services	Approved
10.	10/10/2014	The CORE Foundation, Inc.	Inspires the community to be better stewards of the environment	Denied
11.	10/31/2014	Surreal VI	Advertising and Marketing	Closed
12.	11/7/2014	FC Bookkeeping Services	Bookkeeping, tax consultant and secretarial services	Approved
13.	11/12/2014	Electric World, Inc.	Electrical and Plumbing Supplies	Approved
14.	11/24/2014	TK Sailing d/b/a New Horizon Charters	Boat Charters Services	Approved
15.	11/24/2014	Virgin Islands Yacht Brokerage d/b/a Maritime Yachts Sales	Boat Brokerage, sale of Sailing & Power Boats and Yacht Manager	Denied
16.	12/15/2014	Ericson Revan d/b/a Labour Construction	Construction Service	Approved
17.	1/7/2015	Art Haven, LLC	Sales of Fine Art	Approved
18.	1/7/2015	LCD Caribbean Corporation	Landscape Construction, Maintenance Services, Irrigation & Lighting Works	Pending

No.	Date Received	Name of Company	Type of Business	Status
19.	1/9/2015	Parson's Landscaping & Lawn Care	Landscaping, Painting, Carpentry and Janitorial Services	Approved
20.	1/9/2015	RCH Technologies, LLC	Communication Equipment Installation and Technology Support	Approved
21.	1/15/2015	V.I. ATM	ATM Services for Hotels/Retail Locations	Approved
22.	1/16/2015	Mad Max Signs	Sign Design & Production	Approved
23.	1/21/2015	VI Coffee Company, LLC d/b/a VI Coffee Roaster	Wholesale of Coffee and Coffee Equipment	Approved
24.	1/27/2015	Orbital Access	Internet Services and Manage Network Solutions	Denied
25.	2/5/2015	JNM Enterprises, LLC	Repair & Maintenance Wholesale of Commercial Laundry & Liquid Detergent	Approved
26.	2/24/2015	Donald Pogue d/b/a Island Mechanical Service	Air Conditioning & Refrigeration Installation, Repairs and Service	Pending
27.	3/11/2015	Events by Nichole, LLC	Design & Create Professional Events	Denied
28.	4/1/2015	C.A. Ferreyra & Associates, Inc.	Architects & Planners	Approved
29.	4/14/2015	Pistarckle Theatre	Theatrical Arts	Denied
30.	7/20/2015	K.A. Rames, P.C.	Legal Services	Approved
31.	7/20/2015	Pro Solar Systems, LLC	Installation of Solar Systems	Pending
32.	7/21/2015	THAW, LLC dba #1 Gopher	Messenger & Delivery Services	Pending
33.	7/27/2015	Blue One, LLC	Marine Services, Engineering & Maintenance Consulting	Denied
34.	7/28/2015	Synergy Fitness & Wellness Center	Fitness & Wellness Services	Pending
35.	7/30/2015	Walter W. Tomin	Engineering Services	Pending
36.	8/4/2015	Bonneville Group Virgin Islands, Inc.	Communications, Security and Electric Services, Installation and Maintenance and Supplies	Pending
37.	08/5/2015	Darwin Dowling	Courier Services	Denied
38.	8/7/2015	Julio Gonzales dba Gondwanaland	Landscaping & Maintenance Services	Pending
39.	8/24/2015	Elevation VI, LLC dba IBCVI & Co.	Business & Management Consulting	Pending
40.	8/24/2015	Barefoot Design Group, LLC	Architectural & Engineering Services	Pending
41.	9/2/2015	One Stop Wireless	Wireless & Fiber Optic Services	Approved
42.	9/9/2015	Tammie L. Matthew dba Matthew's Commercial Enterprises	Janitorial Services & Supplies	Approved
43.	9/24/2015	Netwave Unlimited Services, LLC	Communication, Equipment & Installation Contractor Services	Pending
44.	9/28/2015	Antillean Engineers Corporation	Engineering Services	Pending

EDC APPLICATIONS DIVISION

Fiscal Years Historical Data

Table 6: Economic Development Commission – Fiscal Year Historical Application Information

	FY 2013	FY 2014	FY 2015
No. of Apps Received	20	34	23
No. of Apps Approved	8	9	8
No. of Apps Tabled or Denied	2	2	1
No. of Apps Transferred to RT Park ¹	0	0	1
No. of Apps Pending	10	23	13
Job Opportunities	329	307	132
Approx. Wages of Apps	\$23,044,827	\$15,265,490	\$8,645,450
Minimum Potential Investment of Apps	\$89,870,777	\$63,865,315	\$18,223,600

ELIGIBLE SUPPLIERS	FY2013	FY2014 ²	FY 2015
Received	41	46	36
Approved	21	38	22
Denied	9	6	7
Pending	10	9	12
Withdrawn/Closed	2	3	3

¹ Research and Technology Park ² FY 2014 Chart Corrected



USVIEDA Acting CEO Wayne L. Biggs, Jr. describes the various infrastructural assets in the U.S. Virgin Islands at the EDC Breakfast Meeting in March 2015 following the Caribbean Clean Energy Technology Symposium (CCETS) on St. Thomas, USVI at Frenchman's Reef and Morning Star Marriott Beach Resort. At the time this photo was taken, Mr. Biggs was the USVIEDA assistant chief executive officer.

—Photo taken by Semele A.C. George/USVIEDA

The mission of the EDC Compliance Unit is to promote compliance with the Economic Development Program Law, Rules and Regulations and the beneficiary's certificate of benefits. We provide services in two distinct yet related disciplines — audit (assurances services) and compliance (ethics) in support of our vision of making EDC compliance commonplace and establishing a culture that promotes going beyond compliance through collaboration, innovation, and partnership. We value teamwork, open communication, professionalism, integrity, retivity, and fairness.

The EDC Compliance Unit ensures the integrity of the Economic Development Commission Program through a compliance review process and reports its findings to the EDC Board, which has the legal authority to resolve non-compliance matters. The funds derived from penalties assessed for non-compliance may be used to support education, workforce development, and training programs within the Territory.

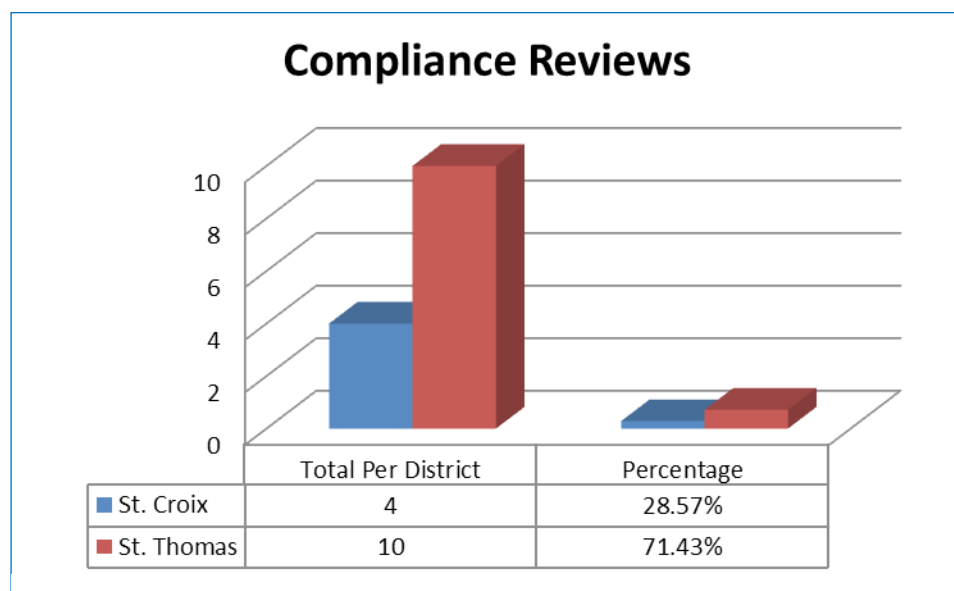
EDC COMPLIANCE DIVISION

COMPLIANCE REVIEWS:

The Division of Compliance completed fourteen (14) compliance reports within fiscal year 2015. Ten (10) in the STTJ District, and four (4) in the STX District.

Beneficiary		District
1.	Auven Therapeutics Management, LLP	STT
2.	Black Diamond Advisors, LLLP	STT
3.	Black Diamond Holdings, LLLP	STT
4.	Goddard Catering Group, St. Thomas Corp.	STT
5.	International Capital and Management Company, LLC	STT
6.	International Capital and Management Company. LLLP	STT
7.	Island Roads Corporation	STT
8.	Oson VI, LLC	STT
9.	St. Thomas Nursing Home Prime, LP	STT
10.	United Electronic Services, LLC	STT
11.	American Management Solutions, LLC	STX
12.	Blair Quartz, Inc.	STX
13.	Professional Holding Company VI, LLC	STX
14.	Southern Hills Financial LLLP f/k/a The March Group	STX

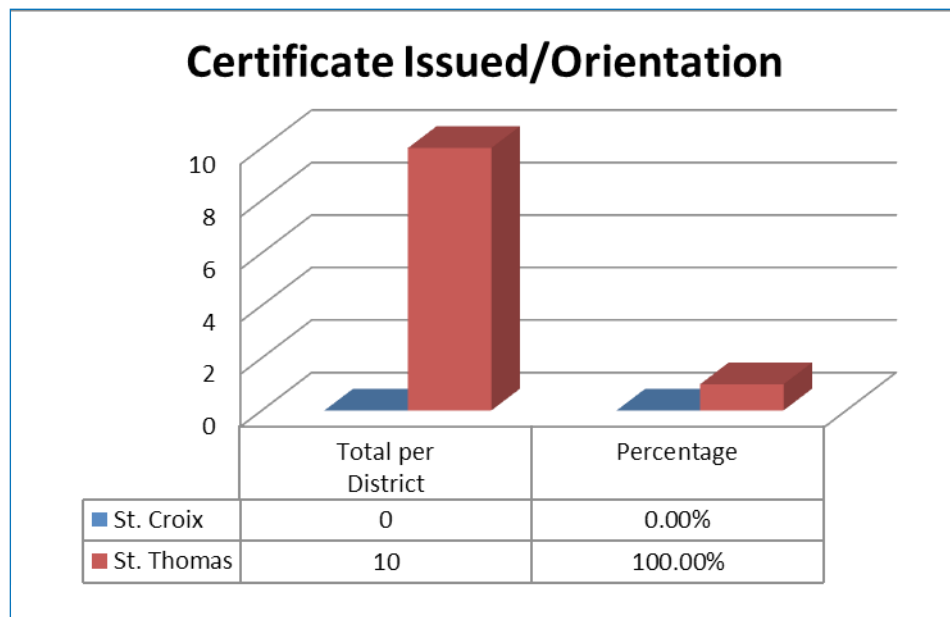
STTJ - St. Thomas-St. John, STT - St. Thomas, STX - St. Croix



CERTIFICATES ISSUED/ORIENTATIONS:

During fiscal year 2015 five (5) certificates were received, processed, and executed. The five (5) certificates were executed in the STT District.

	Beneficiary	District / Date
1.	Discover Fund Management, LLLP	STT / (2/10/2015)
2.	Harborside Corporation d/b/a/ Bolongo Bay Beach Resort	STT / (5/19/2015)
3.	Ferrer, LLC	STT / (7/24/2015)
4.	Gateway Global Management, LLC	STT / (8/5/2015)
5.	International Capital Management Company, LLC	STT / (9/15/2015)

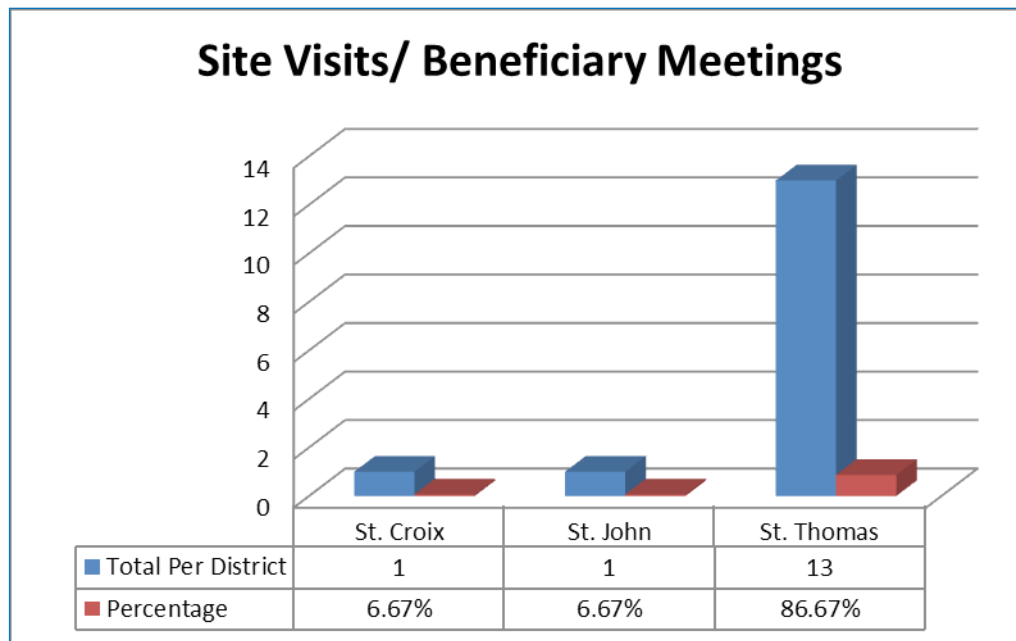


During fiscal year 2015, sixteen (16) site visits were conducted, fifteen (15) in the STTJ District, and one (1) in the STX District.

	Beneficiary	District / Date
1.	Emerald Beach Corporation	STT / (3/10/2015)
2.	Dowson Holding Company, Inc. d/b/a Carib Beach Resort	STJ / (3/17/2015)
3.	Fintrac, Inc.	STT / (3/20/2015)
4.	Westin St. John Hotel Company, Inc.	STT / (4/14/2015)
5.	Margaritaville Vacation Club by Wyndham, Inc.	STT / (4/14/2015)

EDC COMPLIANCE DIVISION

Beneficiary		District
6.	Yacht Haven USVI, LLC	STT / (5/12/2015)
7.	Margaritaville Vacation Club by Wyndham, Inc.	STT / (6/23/2015)
8.	Island Roads Corporation	STT / (7/16/2015)
9.	Dowson Holding Company, Inc. d/b/a Carib Beach Resort	STT / (8/25/2015)
10.	Margaritaville Vacation Club by Wyndham, Inc	STT / (9/2/2015)
11.	St. Thomas Tramway, a V.I. Joint Venture	STT / (7/17/2015)
12.	183 Media, LLC	STT / (9/17/2015)
13.	STR Management, LLC	STT / (9/17/2015)
14.	The Windward Company	STT / (9/17/2015)
15.	United Electronic Industries Services, LLC	STT / (9/17/2015)
16.	Caribbean Reservations, Inc.	STX / (4/27/2015)



FY15 EDC ACTIVATION OF CERTIFICATES WILL REALIZE

- a minimum of 287 full-time employees,
- approximately \$18.7 million in capital investment, and
- annual charitable contribution of approximately \$522,500

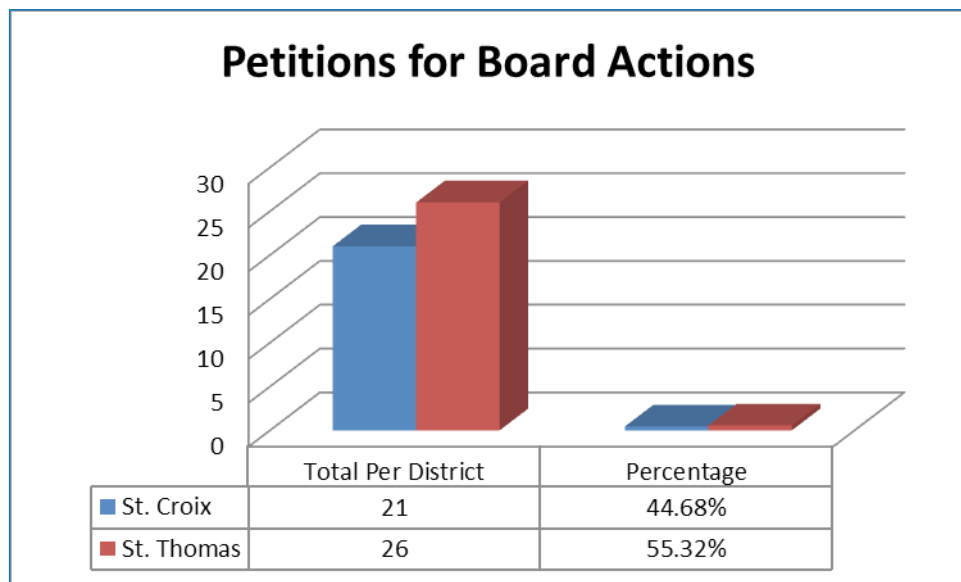
PETITIONS FOR BOARD ACTIONS:

During fiscal year 2015, 47 petitions were prepared for presentation to the EDC Governing Board for deliberation; 26 in the STTJ District and 21 in the STX District.

	Beneficiary	District
1.	TAG Virgin Islands, LLC	STT / Non-Compliance (Revocation of Benefits)
2.	Secret Harbour Beach Resorts Associates	STT / Non-Compliance
3.	Lizard Management VI, LLLP	STT / Non-Compliance
4.	Black Diamond Holdings, LLLP & Black Diamond Advisors, LLP	STT / Non-Compliance
5.	Odyssey VI, LLLP	STT / Non-Compliance
6.	QT Investment Managers, LLLP	STT / Non-Compliance
7.	QT Investment Managers, LLLP	STT / Show Cause
8.	OSON VI, LLC	STT / Non-Compliance
9.	VRBO International, LLC	STT / Non-Compliance
10.	St. Thomas Nursing Home Prime, LP	STT / Non-Compliance
11.	International Capital and Management Company, LLC	STT / Non-Compliance
12.	International Capital and Management Co., LLLP	STT / Non-Compliance
13.	VI Analytics, LLC	STT / Non-Compliance
14.	Bellicose VI, LLC	STT / Non-Compliance
15.	Goddard Catering Group, St. Thomas Corp.	STT / Non-Compliance
16.	Black Diamond Holdings, LLC	STT / Non-Compliance
17.	United Electronic Services, LLC	STT / Non-Compliance
18.	Intrepid Investments, LLC	STT / Non-Compliance
19.	Margaritaville Vacation Club by Wyndham, Inc.	STT / Extension (Employment)
20.	OSON VI, LLC	STT / Extension (To meet Board Decision)
21.	Galtère, Inc.	STT / Extension (Capital Expenditures)
22.	Margaritaville Vacation Club by Wyndham, Inc.	STT / Extension (Employment)
23.	Intrepid Investments, LLC	STT / Termination of Benefits
24.	Margaritaville Vacation Club by Wyndham, Inc.	STT / Waiver (Procurement)
25.	St. Thomas Tramway, a V.I. Joint Venture	STT / Reconsideration of Board Decision (Non-Compliance Settlement)
26.	Smooth Kreationz, LLC	STT / Non-Compliance
27.	Tropico Management, LP	STX / Non-Compliance
28.	Global Capital Advisors, LLC	STX / Non-Compliance
29.	Cane Bay Partners VI, LLLP	STX / Non-Compliance
30.	Altisource Asset Management Corporations	STX / Non-Compliance
31.	Professional Holding Company VI, LLC	STX / Non-Compliance
32.	Belair Quartz, Inc.	STX / Non-Compliance

EDC COMPLIANCE DIVISION

	Beneficiary (continued)	District/Petition
33.	Seaborne Virgin Islands, Inc., d/b/a Seaborne Airlines	STX / Non-Compliance
34.	Tropical Plastics Corporation	STX / Non-Compliance
35.	Shoreline, Inc.	STX / Non-Compliance
36.	Virgin Islands Paving Inc.	STX / Non-Compliance
37.	Contractors Concrete & Building Supplies, Inc.	STX / Non-Compliance
38.	Alpha Broadcasting Corporation	STX / Non-Compliance
39.	Seaborne Virgin Islands, Inc., d/b/a Seaborne Airlines	STX / Non-Compliance
40.	Southern Hills Financials, LLLP	STX / Non-Compliance
41.	Aggregate Inc.	STX / Show Cause
42.	Caribbean Reservations Inc.	STX / Show Cause
43.	Asset Recovery Management, Inc.	STX / Termination of Benefits
44.	Belair Quartz, Inc	STX / Waiver
45.	GCI Management, LLC	STX / Waiver
46.	Virgin Islands Paving Inc.	STX/ Reduction of Full-Time Employees
47.	Belair Quartz, Inc.	STX / Waiver



FEES & FINES:

Ferrer, LLC	Activation: \$2,500	Annual Fee: \$7,500
International Capital Management Company, LLC	Activation: \$2,500	Annual Fee: \$15,000
Gateway Global Management, LLC	Activation: \$2,500	Annual Fee: \$7,500
Aggregate, Inc.	Fines: \$15,167.08	
Caribbean Reservations, Inc.	Fines: \$ 21,138.26	
Intrepid Investments, LLC	Fines: \$ 3,000.00	
Oson VI, LLC	Fines: \$64,542.00	

OTHER:

Developed Inter-Division Policy with the Division of Administration and Finance regarding the collection of fees and fines.

Collaborated with the Human Resources Manager in the development of new job descriptions for the Division of Compliance.

Oversaw training of two (2) new Compliance Officers in the STX District offices.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT PARK CORPORATION (VIEDPC)



Gold Coast Yachts' vessel, Sea Dreamer, is constructed at its manufacturing site at the William D. Roebuck Industrial Park on St. Croix before its launch to set sail. Gold Coast Yachts, an international multihull yacht designer and custom catamaran builder, is a tenant at this industrial park and a beneficiary of the EDC Tax Incentive Program.

—Photo courtesy of Gold Coast Yachts



Gold Coast Yachts' vessel, Sea Dreamer, sets sail after it is manufactured at the William D. Roebuck Industrial Park on St. Croix. Gold Coast Yachts, an international, multi-hull yacht designer and custom catamaran builder, is a tenant at this industrial park and a beneficiary of the EDC Tax Incentive Program.

—Photo courtesy of Gold Coast Yachts

The Virgin Islands Economic Development Park Corporation (EDPC), formerly known as 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 the activities of the V.I. Economic Development Authority.

Presently, there are two industrial parks that fall under the auspices of the EDPC, the William D. Roebuck Industrial Park and the Virgin Islands Industrial Park on St. Thomas. The EDPC is solely funded by rental income.

The **WILLIAM D. ROEBUCK INDUSTRIAL PARK** located between the historic towns of Christiansted and Frederiksted on the island of St. Croix, is the largest of the two individual parks. Situated on 24 acres of property, this park consists of four adjacent buildings totaling 158,000 square feet. As of the end of fiscal year 2015, 61percent of the park's 158,000 square feet are occupied by three tenants who are also beneficiaries of the Virgin Islands economic development program that is administered by the Economic Development Commission: Ocwen Mortgage Servicing Co., Patriot Lift, Inc. and Gold Coast Yachts; and three Virgin Islands government agencies: Virgin Islands Next Generation Network (viNGN), the V.I. Economic Development Park Corporation (EDPC), and the V.I. Department of Sports Parks and Recreation.

The **VIRGIN ISLANDS INDUSTRIAL PARK** on St. Thomas, which consists of 20,000 square feet of commercial space, is located on a lush hillside just outside the bustling town of Charlotte Amalie and in the vicinity towards the Cyril E. King Airport. At the end of fiscal year 2015, 75 percent of the total commercial space at the park was occupied by three businesses: United Electronics Industrial Services, LLC (UEIS); Billy D's Tees, and Alliance Data Services.

In addition to the aforementioned properties, the EDPC also owns the building that houses the USVIEDA's headquarters on St. Croix, which is located at No. 4 King Street, Frederiksted. The building is known as the Old Flemming Building that was purchased in 2002.

FY15 VI Economic Development Park Corp.

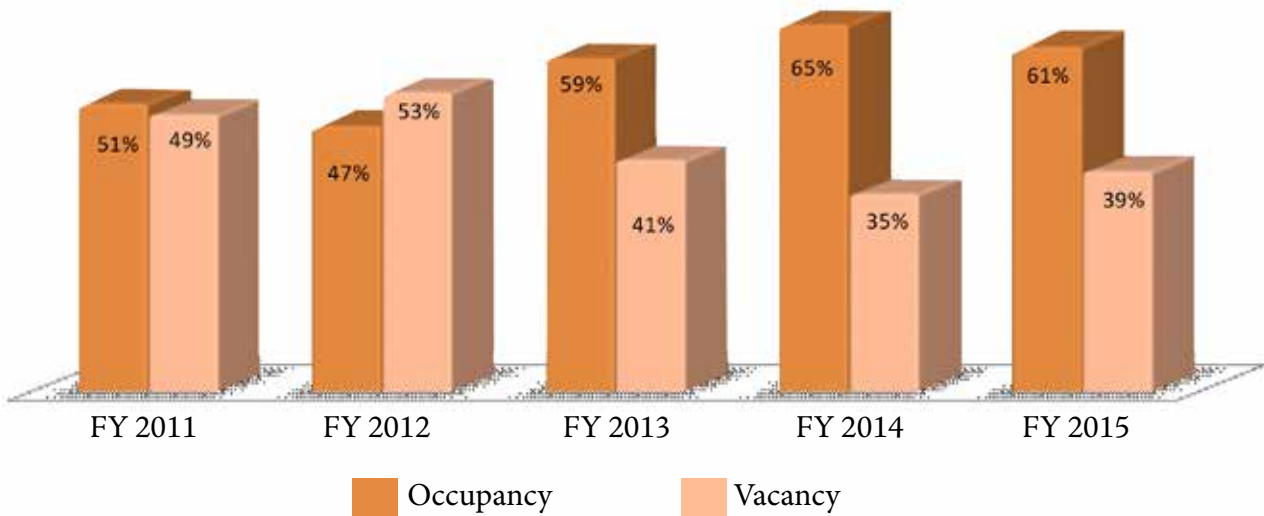
61% occupancy: William D. Roebuck Industrial Park

75% occupancy: V.I. Economic Development Park

VI Economic Development Park Corp.
Virgin Islands Industrial Park
St. Thomas



VI Economic Development Park Corp.
William D. Roebuck Industrial Park
St. Croix



ECONOMIC DEVELOPMENT BANK (EDB)

State Small Business Credit Initiative (SSBCI) Program

On September 27, 2010, President Barack Obama signed into law the Small Business Jobs Act of 2010 to help increase the availability of credit for small businesses. This Act created the State Small Business Credit Initiative (SSBCI) and appropriated \$1.5 billion to be used by the U.S. Department of the Treasury ("The Treasury") to provide direct support to states for use in programs designed to increase access to credit for small businesses and small manufacturers. Pursuant to the Act, the Treasury allocated funds to 47 states along with its territories and the District of Columbia.

Based on the allocation agreement, the U.S. Virgin Islands was awarded \$13,168,350 on October 4, 2011, as a participating state, administered by the Economic Development Bank (EDB) a component of the U.S. Virgin Islands Economic Development Authority (USVIEDA). These funds are disbursed in three (3) increments as follows: \$4,345,556 (33%); \$4,345,555 (33%); and \$4,477,239 (34%). Based on the economic needs of the territory, three (3) specific loan programs were selected: Collateral Support Program (\$3,770,386.50); Credit Guarantee Program (\$6,925,551); and the Payment, Surety, and Performance Bond Program (\$2,472,412.50).

As of May 2015, the EDB obligated 80 percent of the first tranche which qualified the territory to request the second tranche. The Treasury has since conducted an audit, which resulted in EDB receiving clearance to receive funding for the second tranche, which was credited to USVIEDA's account on October 30, 2015. You will note from our pipeline (\$4,597,500 in SSBCI support) that the third tranche will be requested by December 31, 2015.

As of September 30, 2015, the EDB has approved 31 loan requests from local lenders for a total SSBCI support of \$7,222,492 and \$19,653,683.75 in lenders loans; 168 new jobs are anticipated and 422 jobs retained throughout the territory. The creation and retention of jobs allow for increased revenues for the local government, and increased economic activity. This program's success is detailed below.

There are currently five banks in the territory: Banco Popular de Puerto Rico, Bank of Nova Scotia, Bank of St. Croix, First Bank de Puerto Rico, and Merchants Commercial Bank. All of the banks, with the exception of Bank of St. Croix, participate in the SSBCI program.

Of the five (5) banks in the territory, the following four (4) banks are active participants in the program:

Bank	Total Number of Loans	Total Amount of Bank Loans	Total SSBCI Support	Total New Jobs Created	Total Jobs Retained
Banco Popular de Puerto Rico - STT	5	\$2,693,000.00	\$ 712,325	22	25
Banco Popular de Puerto Rico - STX	3	952,500.00	134,000	19	87
Bank of Nova Scotia – STT	4	646,390.00	181,000	4	18
Bank of Nova Scotia - STX	1	100,000.00	50,000	4	2
First Bank de Puerto Rico - STT	10	11,275,793.75	4,211,367	91	221
First Bank de Puerto Rico - STX	1	150,000.00	15,000	0	16
Merchants Commercial Bank - STT	7	3,836,000.00	1,918,800	28	53
TOTAL	31	\$19,653,683.75	\$7,222,492	168	422

STT - St. Thomas, STX - St. Croix

Total loans approved to date by SSBCI loan and bonding programs:

Program Type	Total Number of Loans	Total Amount of Bank Loans	Total SSBCI Support	Total New Jobs Created	Total Jobs Retained
Collateral Support Program (CSP)	12	\$ 2,386,890.00	\$ 764,000	44	197
Credit Guarantee Program (CGP)	18	17,004,144.00	6,379,697	124	215
Payment, Surety, and Performance Bond Program	1	262,649.75	78,795	0	10
TOTAL	31	\$19,653,683.75	\$7,222,492	168	422

The various industries which fall within the SSBCI support and bank loans are: health, tourism; construction, social services, hospitality, retail, environmental, electronics/appliances; and restaurant.

SSBCI - ST. THOMAS/ST. JOHN

Industry Type	Bank Loan Amount	SSBCI Support Amount
Health	\$ 6,005,000	\$2,103,325
Tourism	3,165,000	1,166,000
Construction	312,650	83,795
Social Services	20,000	2,000
Hospitality	1,096,390	164,000
Retail	7,002,144	\$2,824,372
TOTAL	\$17,601,184	\$6,343,492

SSBCI - ST. CROIX

Industry Type	Bank Loan Amount	SSBCI Support Amount
Health	\$1,476,000	\$740,000
Environmental	150,000	15,000
Technology	126,500	54,000
Food	200,000	20,000
Retail	100,000	50,000
TOTAL	\$2,052,500	\$ 879,000

ECONOMIC DEVELOPMENT BANK

As of September 30, 2015, lenders loans in the pipeline totaled \$8,645,000 with an anticipated \$4,597,500 in SSBCI support. These loans, when approved, would generate 28 jobs and retain 16 jobs throughout the territory.

SSBCI Loans in the pipeline:

Program Type	Industry Type	Total Amount of Bank Loans	Total SSBCI Support	Total New Jobs To Be Created	Total Jobs to be Retained
Credit Guarantee Program (CGP)	Aviation	\$5,500,000	\$3,025,000	3	0
Credit Guarantee Program (CGP)	Retail	340,000	170,000	2	0
Credit Guarantee Program (CGP)	Environmental	40,000	20,000	0	16
Credit Guarantee Program (CGP)	Entertainment	1,965,000	982,500	20	0
Collateral Support Program (CSP)	Tourism	800,000	400,000	5	0
TOTAL		\$ 8,645,000	\$ 4,597,500	28	16

The various industries which fall within the SSBCI support and bank loans are as follows: health, tourism, garbage removal, waste disposal, tourism, and supermarket.

SSBCI - ST. THOMAS/ST. JOHN

Industry Type	Bank Loan Amount	SSBCI Support Amount
Aviation	\$5,500,000	\$3,025,000
Retail	340,000	170,000
TOTAL	\$5,840,000	\$3,195,000

SSBCI - ST. CROIX

Industry Type	Bank Loan Amount	SSBCI Support Amount
Waste Disposal	\$ 40,000	\$ 20,000
Tourism	800,000	400,000
Entertainment	1,965,000	982,500
TOTAL	\$ 2,805,000	\$ 1,402,500

The EDB team communicates bi-weekly with its SSBCI coordinator of the U.S. Department of the Treasury to review the territory's progress with the SSBCI program which includes loans in the pipeline, any challenges, successes, and best practices. In addition to the bi-weekly meetings, staff participates in webinars which cover federal program updates, general guidance, review of reports (quarterly and annually), and marketing ideas to promote the programs. A Working Group Conference was held with the heads of key states in Orlando Florida, in April 2015, and this year's annual national conference was held in Washington, DC, in May 2015. The conferences covered topics such as program specifics, federal and program updates, compliance 101 & 102, lending and equity investing trends, venture capital support, maximizing the impact of credit support, industry perspectives, and audit discussions with the U.S. Department of the Treasury for SSBCI - Inspector General.

Furthermore, the EDB team meets periodically with the local lenders. The EDB has hosted two conferences with these lenders and SSBCI Treasury officials in April and October 2015. In-depth reviews of the programs were provided along with program updates and best practices. Lenders who were present were able to provide feedback and discuss loans in the pipeline. Items included on the agendas were: increase commercial loan growth, improve credit quality, cash secure credits with collateral shortfalls, program sustainability, and leverage ratio compliance requirements.

As a practice, the EDB staff consistently meets as a group in an effort to continually maximize and promote the SSBCI program to assist small businesses with an emphasis on economic stimulation, job creation and retention.

EDB Loans in pipeline/statistics:

There are 22 loans in the pipeline totaling \$2,247,075. These loans are currently under review and if approved would generate 70 jobs and retain 102 jobs throughout the territory. This increase over prior years is a result of our enhanced presence in the community, and our focus on our continued mission to support small businesses and to create and retain jobs.

Loans in the Pipeline - ST. THOMAS/ST. JOHN

Industry Type	Loan Amount	Total New Jobs to be Created	Total Jobs to be Retained
Restaurant/Retail	\$153,957	1	2
Service	25,000	2	1
Beauty Salon	91,500	3	3
Retail	12,000	1	0
Telecommunication	220,000	6	5
Car Rental	107,170	0	2
TOTAL: (6-STT/1-STJ):	\$609,627	13	13

Loans in the Pipeline - ST. CROIX

Industry Type	Loan Amount	Total New Jobs to be Created	Total Jobs to be Retained
Restaurant	\$637,448	30	24
Service	25,000	1	2
Trucking	20,000	1	0
Water Distribution	75,000	5	0
IT Services	25,000	1	0
Retail	615,000	10	11
Security Services	50,000	3	50
Heavy Equipment Operator	70,000	1	0
Farmer	120,000	5	2
TOTAL: (15 - STX):	\$1,637,448	57	89

ECONOMIC DEVELOPMENT BANK

Statistics - Other Loan Programs:

Seventeen (17) loans were approved in FY 2015. This represents a 55 percent increase over the prior year's 11 loans. This is a result of our continued efforts to penetrate the market in order to assist businesses such as start-up businesses which could not receive financing elsewhere. Loans declined remained constant at zero year after year.

LOANS APPROVED:

District (STT/STJ)	2012	2013	2014	2015
No. of loans	17	5	8	7
Dollar Amount	\$588,424	\$258,106	\$537,574	\$372,683.45

District (STX)	2012	2013	2014	2015
No. of loans	6	6	3	10
Dollar Amount	\$656,400	\$459,500	\$1,251,035	\$1,067,787

Loans Declined:

District (STT/STJ)	2012	2013	2014	2015
No. of loans	0	0	0	0
Dollar Amount	0	0	0	0

District (STX)	2012	2013	2014	2015
No. of loans	3	7	0	0
Dollar Amount	\$272,000	\$337,000	0	0

Portfolio – Other Loan Programs

As of September 30, 2015, the EDB portfolio consists of 126 loans with a principal balance of \$5,030,025. The current loan portfolio is assigned to the EDB loan officers. The collection officer works in tandem with our collection agencies who administer our delinquent loans that are over 150 days. Once the collection agencies have exhausted all possible collection efforts without much success, the accounts are then referred to outside counsel to pursue legal action. The collection officer is also responsible for maintaining contact with delinquent borrowers in an effort to bring the account back to a performing status. This is achieved via restructure, loan modification, salary assignment, etc.

The statistics below show a decrease in delinquency of approximately two percent to 52.84 percent in 2015. Actual dollar amount collected in 2015 increased by 12.59 percent to \$872,406.09. This amount surpassed the goal of \$865,000. Again, this is a clear indication of EDB's ongoing pursuit of delinquent clients to collect on monies owed to the EDB.

OUTSTANDING LOAN AMOUNTS AND DELINQUENCY September 2015

LOAN FUND	NUMBER OF LOANS	PRINCIPAL BALANCE	NUMBER OF LOAN DELINQUENT	DELINQUENT AMOUNT	DELINQUENCY %
Intermediary Loan Fund	4	\$134,423	4	\$61,686	45.89%
Farmers & Fishermen Loan Fund	0	-	0	-	0.0%
SBDA Loan Fund	16	790,187	10	437,806	55.41%
GDB Micro Loan Fund	26	525,378	19	371,577	70.73%
GDB Micro (PFA) Loan Fund	45	574,571	40	504,348	87.78%
SBDA I 3801 Loan Fund	7	266,146	3	133,116	50.02%
SBDA II 3804 Loan Fund	8	171,777	6	89,533	52.12%
SBDA Post-Disaster Loan Fund	0	-	0	-	0.0%
Development Loan Fund	20	2,567,543	10	1,059,794	41.28%
Frederiksted Loan Fund	0	-	0	-	0.0%
TOTAL	126	\$5,030,025	92	\$2,657,860	52.84%

DELINQUENCY (STT/STJ & STX)

2012	2013	2014	2015
77.11%	76.74%	54.53%	52.84%
\$9,721,140	\$7,367,933	\$2,666,990	\$2,657,860

COLLECTIONS

District	2012	2013	2014	2015
STT/STJ	\$531,387.15	\$688,392.22	\$398,796.17	\$560,460.09
STX	\$491,836.06	\$412,836.06	\$375,996.97	\$311,946.00
TOTAL	\$1,022,605.00	\$1,101,228.28	\$774,793.14	\$872,406.09

COLLECTIONS:

Collection Accounts as of September 30, 2015

Agency	No. of Accounts	Value
Arm Professional Services	132 (STT/STJ/STX)	\$2,122,662.78
Caribbean Credit Collection Group	41 (STT/STJ)	\$1,168,942.97
Law Offices of Smock & Moorehead	96 (STT/STJ/STX)	\$1,569,144.00
Totaling:	269	\$4,860,749.75

CASH BALANCES as of September 30, 2015

Checking/Savings – Restricted	\$ 6,110,968.80
Total Certificate of Deposit	<u>645,560.29</u>
Total value of loan funds	<u>\$ 6,756,529.09</u>
SSBCI	\$ 199,598.83

ECONOMIC DEVELOPMENT BANK



During FY 2015, the EDB converted to a new loan software system, Portfol. The old Loan Ledger system is archaic, and effective November 2015, Load Ledger would only be used to house the Sun Power loans. Portfol, a more efficient system than Loan Ledger, is multi-user lending software, which is designed to track and

streamline lending activities from the initial call and deal structuring through the lending approval process and the servicing of the loan. It provides data to aid in the management, administration, analysis, decision making of the loan portfolio, which results in enhanced customer service.

Here are a few highlights:

- Portfol lets you track all activities and everything that is done for each client.
- Reports include economic development data for job tracking; collateral, financial statement and insurance monitoring; delinquency; and trial balance.
- Portfol allows you to manage and service loans more efficiently, generate invoices, generates follow-up letters to clients.

PARTNERSHIP WITH THE VIRGIN ISLANDS ENERGY OFFICE

Sun Power Loan Program

Through partnership with the Virgin Islands Energy Office (VIEO), our office currently manages 737 loans under the Sun Power Loan Program for a value of \$738,540 as of September 30, 2015. The purpose of this program was to provide funding to U.S. Virgin Islands residents to assist in reducing their energy consumption by providing low-interest loans to purchase and install solar water heater systems.

In Phase I of the program, over 800 residential homeowners and small-business customers on St. Croix, St. John, St. Thomas, and Water Island were able to obtain systems with funds provided by the U.S. Department of Energy – State Energy Program-ARRA 2009 grant. Plans are still in place to launch Phase II of this program, and we continue to follow with the U.S. Virgin Islands Energy Office for the implementation of same.

The delinquency is primarily due to an unanticipated length of time to install the panels after clients received funding and the delay in receiving and processing payments from VI Water and Power Authority (WAPA). The delay in receiving late payments is an inconvenience to customers, which results in delinquent loans and increased interest charges. The VIEO, USVIEDA, and WAPA are discussing ways to resolve the level of delinquency. One option is to move forward the due date which would improve the level of delinquency. We continue to follow with VIEO for instructions to move forward. Further, we continue to process payments and provide the required reports to the various agencies.

LOAN FUND	NUMBER OF LOANS	PRINCIPAL BALANCE	NUMBER OF DELINQUENT LOANS	DELINQUENT AMOUNT	DELINQUENCY %
Sun Power Energy Loan Fund	737	\$738,540	637	\$680,243	92.11%

Post-Disaster Relief Revolving Loan Fund

Initially in May 2013, the USVIEDA was awarded \$2 million by the U.S. Department of Commerce - Economic Development Administration (USEDA) to support the USVIEDA Post-Disaster Relief Revolving Loan Fund. This program is designed to provide assistance to small and midsize businesses territory-wide which were affected by the two tropical storms of 2010 and to act as ancillary support to local contractors, and dislocated workers intending to re-establish or expand businesses of their own as a means of retaining skilled workers in the territory, and to provide an alternate source of financing (in conjunction with other financing institutions) after the closure of Hovensa. This fund is designed for small businesses offering maximum job opportunities to local residents at a maximum loan amount of \$75,000.

Based on our understanding of the program until recently, and the fact that the deadline is fast approaching to utilize the funds under the program, five (5) loans were approved by EDA's internal credit committee and its governing Board.

The first two of the five approved loans under this program were submitted to the USED A, and the funding/disbursement was authorized by USED A. Before the EDB could submit the remaining three loans to USED A for funding, USED A rescinded its initial authorization citing that the existing plan was inadequate and that the plan should be revised. This was the first time since the plan's inception that the EDB was informed that the plan was inadequate. Many discussions took place since, and the EDB is now preparing a revised plan. In the meantime, the five loans which were approved under the Post-Disaster Relief Revolving Loan Fund Program must be closed using another funding source. The Board will be notified accordingly. Notwithstanding, there are 22 loans in the pipeline, and we believe that more than half would be funded under the Post-Disaster Relief Revolving Loan Fund Program once the plan has been revised.

The initial five loans are separated into the following categories:

Industry Type	Loan Amount	District
Medical Supply and Equipment	\$ 20,000	STT/STJ
Retail	90,000	STX
Trucking	20,000	STX
TOTAL:	\$130,000	

STTJ - St .Thomas-St. John, STX - St. Croix

PARTNERSHIP WITH THE VIRGIN ISLANDS HOUSING FINANCE AUTHORITY

The USVIEDA and the Virgin Islands Housing Finance Authority (VIHFA) entered into a Memorandum of Agreement (MOA) on February 29, 2012 to provide financing for the provision of loans to contractors who participate in the VIHFA Small Contractors Program. This financing provides for the VIHFA, through the contractor, to construct low and moderate income affordable housing by providing a line-of-credit in an amount not to exceed \$500,000 per contractor based upon the eligibility and qualification requirements. In 2014, a local contractor on the island of St. Croix was approved to construct six single-family homes at Estate Bonne Esperance residential development. To date, two homes are completed and pending their closing. Construction of the third home started in July. The third home is anticipated to be completed by February 2016, and the construction of the fourth home will begin in January 2016. This project is scheduled to be completed before FY 2016.

ECONOMIC DEVELOPMENT BANK



(L to R) EZC Programs & Grants Compliance Officer Tamra B. James, Loan/Collection Officer Denise D. Donadelle, EZC Director Nadine T. Marchena Kean and Director of Lending Sharmane Brookes. They are at the USVIEDA display table during the 2015 Virgin Islands Small Business Week activities hosted by the V.I. Small Business Development Center in June 2015 at the University of the Virgin Islands Sports & Fitness Center on St. Thomas.

—Photo by USVIEDA staff

COMMUNITY OUTREACH

Following is a list of EDB's staff involvement in and attendance at seminars, community activities, and relationship-building meetings to be more present within in the community, encourage community revitalization, share our continued mission to stimulate economic growth, support small businesses with the purpose of creating and retaining jobs, and to collect on EDB's delinquent loans.

The Lending team has participated in the following seminars, community events, activities and relationship-building meetings to date:

- Ongoing visits to clients in the territory to learn about their challenges, hear their successes, determine their needs, and discuss possible restructure of delinquent loans or loans that are in default. Our plan is to visit St. John more regularly to reinstitute a bi-weekly visits to St. John.
- Working Group of Downtown Revitalization Inc. on revitalizing the business model for the downtown area of St. Thomas
- SSBCI Webinars
- SSBCI Loan Guarantee Working Group Conferences
- SSBCI Annual National Conference
- Portfol trainings
- Economic Development Conference
- Staff visits to Bank of Nova Scotia, Banco Popular de Puerto Rico, First Bank and Merchants Commercial Bank to promote the State Small Business Credit Initiative Program
- Appearance on the radio program of the USVIEDA, "Focus on the Marketplace", to promote all loan programs
- Sun Power meetings with WAPA and VIEO
- Sun Power meeting with WAPA internal auditors

- Farmers Market – to promote community awareness of services offered by the EDB
- Collections and Real Estate Collateral trainings held by the Law Offices of Smock and Moorehead
- Internal staff refresher training on the loan application process beginning with the checklist, the five C's of credit, the calculation of equity in real estate, and telephone etiquette
- Host bankers' and contractors' reception and share information on State Small Business Credit Initiative- presentation by James Clarke/Jeff Stout and the Treasury
- Ongoing collaborative efforts with the Department of Agriculture & Fisheries regarding the farmers and fishermen
- Meeting with farmers at the Bordeaux facility on St. Thomas, USVI
- Participation in Virgin Islands Small Business Week in conjunction with the V.I. Small Business Development Center (VI SBDC)
- Meetings with USDA regarding their electronic reporting system
- Chamber of Commerce events

FY 2015 PLANS & ACCOMPLISHMENTS

The EDB's focus for fiscal year 2015 is primarily centered on

- Enhancing the efficiency of our credit administration through the utilization of Portfol, our new loan administration system. Accomplished as noted above.
- Job creation and retention and portfolio growth. This is being accomplished through the SSBCI program and by providing guarantee support, booking new loans, and restructuring loans within our portfolio. Accomplished as noted above.
- Continued collaboration with independent counsel, collection agencies, and other units within the USVIEDA in an effort to collect on bad debts via restructure or through the legal system. Accomplished as noted above.
- Staff's continued participation in community activities. Accomplished as noted above.
- In this specialized industry, training is a key component to the overall success of the EDB. Training as it relates to loan collections process, financial statement analysis, economic development, and business development is critical to staff's effectiveness, and it should be ongoing. As a result, the EDB staff participated in in-house training sessions related to industry standards and best practices, that were conducted and included topics such as, the five C's of credit, real property valuation, equipment valuation, client review and checklist, and a review of loans offered by EDB. Training is ongoing. Accomplished as noted above.

USVIEDA Disaster Small-Midsized Enterprises Incubator Program

The USVIEDA Disaster Small-Midsized Enterprises Incubator Program (“Incubator Program”) continues to be a driving force in the small-business community of St. Croix. We have been able to develop and execute several programs to benefit entrepreneurs who were either starting their first business or expanding their existing business.



Alessandra Evangelista works on her project during Young CEO Camp in July 2015. This camp was held in partnership with the DSEIMP and Andrew Morrison, president of Small Business Camp. This camp was held at the Gov. Juan F. Luis Hospital and Medical Center on St. Croix, USVI



Vincent Von Schilling (on the left in the front row) works on his project during Young CEO Camp in July 2015. This camp was held in partnership with the DSEIMP and Andrew Morrison, president of Small Business Camp. This camp was held at the Gov. Juan F. Luis Hospital and Medical Center on St. Croix, USVI



All Photos courtesy of TM

Being a strategic resource for our small business community has also helped to achieve the integration of other USVIEDA products and services into the community. The continued visibility of the Incubator has brought a renewed interest from several other entities of the USVIEDA such as the Economic Development Bank, Virgin Islands Economic Development Park Corporation and the Economic Development Commission. The Incubator Program promotes resource collaborations between our local government agencies and community-based organizations. This incubator will serve as an informal business university mentoring entrepreneurs through the process of launching a new business or growing their existing business. The Incubator Program will provide seminars and specialized technical assistance. By presenting the entrepreneurs with readily available services and programs, they will be able to produce sustainable businesses. Support services such as legal, bookkeeping, marketing, etc. are available to the clients of the program at no cost.

Our commitment to the integration of small-business resources does not end with our product and services. The Incubator Program has sparked interest with, and created referrals to, other community organizations such as the University of the Virgin Islands Small Business Development Center (UVI-SBDC), U.S. Department of Agriculture-Rural Development, Virgin Islands Department of Labor (VIDOL) and many others. The inclusion of these community partners has assisted the Incubator Program in reaching more participants and encouraging small-business owners to expand their business or upgrade their business to better serve the community.

In addition to the community partnerships we have formed, our seminars and workshops are still in demand as individuals within the community are seeking information about business start-ups and expansion. As of June 30, 2015, we have been able to execute over 2000 hours of direct and indirect assistance to our incubator clients and the community. The clients are currently receiving one-on-one consulting sessions, legal advice, bookkeeping and marketing assistance.

(Front row, seated left to right) Entrepreneurs Andrew Morrison, president of Small Business Camp and instructor of Young CEO Camp; Kamal Russell of KDM Productions; Joanna Samuel of Add A' Touch Boutique; Jahnesta Ritter, owner of Savor St. Croix; and Lucien Downes of Lucien Downes Art; and (First row standing second from the right) Cusa Holloway, VIEDA incubator program manager, take a break from sessions with some of the 60 young, aspiring chief executive officers at the Young CEO Camp held on St. Croix. This camp was held from July 6-10, 2015 in the V.I. Cardiac Center conference room at the Gov. Juan F. Luis Hospital and Medical Center. Camp participants learned how to design websites, create advertisements, market products and much more along with lessons from the St. Croix entrepreneurs who shared their experiences as business owners.

Small-Business Camp

The Incubator Program has held several community outreach efforts to include two (2) Small Business Camps. The first camp held from October 17-19, 2014 had 35 participants and the second camp held from March 6-8, 2015 had over 80 participants in attendance. The Small-Business Camp is an intensive three-day program (held over a weekend from Friday through Sunday) that allows the participants to walk in with a business idea and leave with a website, press release, comprehensive marketing plan and 16 weeks of follow-up coaching.

The Small-Business Camp was held in partnership with Andrew Morrison, president of Small-Business Camp.

Young CEO Camp

In an effort to jump-start youth entrepreneurship, we launched the Young CEO Camp. This camp brought young people from the community together to provide them with the necessary tools to begin a business and become young entrepreneurs. These individuals, ages 13-22, were taught how to effectively utilize social media to launch or expand their business ventures and that you do not have to wait until you are an adult to own your own business. There were over 80 students who participated in the weeklong event. The event was held July 6-10, 2015. The Young CEO Camp was held in partnership with Andrew Morrison, president of Small-Business Camp.

Entrepreneurs Incubator Institute

The Entrepreneurs Incubator Institute has continued to be a great addition to our program. The initial class started October 2014 with 30 students; the year-long course provides new and established entrepreneurs with monthly four (4) hour sessions on various topics, reading assignments and online assessments. This course was conducted and held in partnership with by Devin Robinson, president of the Entrepreneurs Incubator Institute.



Marisha Butcher (center) received her Certificate of Completion as a participant of the Young CEO Camp alongside Cusa Holloway, manager of the DSEIMP; and Andrew Morrison, president of Small Business Camp.



David Conhoff (center) receives his Certificate of Completion as a participant of the Young CEO Camp alongside Cusa Holloway, manager of the DSEIMP; and Andrew Morrison, president of Small Business Camp.



Terrion Owens (center) receives his Certificate of Completion as a participant of the Young CEO Camp alongside Cusa Holloway, manager of the DSEIMP; and Andrew Morrison, president of Small Business Camp.



Tyron Orendain (center) receives his Certificate of Completion as a participant of the Young CEO Camp alongside Cusa Holloway, manager of the DSEIMP; and Andrew Morrison, president of Small Business Camp.

All Photos courtesy of TM

FY15 DISASTER SMALL-MIDSIZE ENTERPRISES INCUBATION PROGRAM

- Nearly 3000 hours of direct/indirect support services assistance to incubator clients & community.
- More than 115 Small Business Camp participants
- More than 80 students between ages 13-22 participated in Young CEO Camp

ECONOMIC DEVELOPMENT BANK

PRE/POST DISASTER SMALL-BUSINESS PLANNING SEMINAR

In January 2015, we hosted our first Pre/Post Disaster Small Business Planning Seminar hosted by consultant George Navarro, owner/founder of the Navarro Consulting Group. This seminar was held to assist small-business owners with creating disaster and business resiliency plans to deter business closings after a natural disaster.

Small-Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) Programs

Other seminars we brought to the community were the Small-Business Innovative Research (SBIR) and Small-Business Technology Transfer (STTR) Programs. These programs provide funding to small-business owners to create and develop products that can be used by the federal government such as the Department of Defense, National Institute of Health and Department of Health, etc.

Success Stories

Currently, the program is assisting nine (9) participants to include one (1) in-house participant and eight (8) outreach participants. As the participants continue to receive invaluable support services through the program, we are seeing their progression.

Some of the achievements of the following clients are described below:



- **NEARix, LLC**, a Nearshore Software Development and Knowledge-Based company, has entered into a Memorandum of Understanding (MOU) with the University of the Virgin Islands to provide internships and also to produce the first UVI student Hackathon, which was held in February 2015.



- **Island Services Group, LLC** completed the Spanish Town Solar Farm project, a 4-mega watt solar farm on St. Croix and is currently working on a solar project at the new Margaritaville Hotel on St. Thomas. ISG, LLC is a multi-level resource provider serving needs specific to the commercial and industrial client with a primary focus on energy services, project services and business development services.



- **Neighborhood Pharmacy, LLC**, is a new pharmacy in Frederiksted that opened in August 2015. This business was also successful in securing a small-business loan from the Economic Development Bank to assist with the start-up cost. Neighborhood Pharmacy, LLC has hired four (4) full-time employees and one (1) part-time employee.

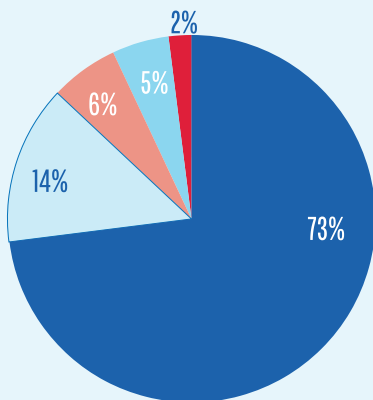


- **Netwave Unlimited Services** is a Fiber Optic Technician/Installer Training Program provider. Due to overwhelming success of the program on St. Croix and also the success rate of job placement after graduation, this business is now offering classes in St. Thomas after their first graduation of five (5) participants with two (2) graduates being offered employment with a local fiber-optic installation. Netwave Unlimited Services currently employs six (6) temporary Assistant Instructors, two (2) part-time Instructor/ Directors and one (1) full-time Master Instructor/Director of Operations. This business has been approached to bring their training program to the state of Massachusetts and also the country of Dubai.

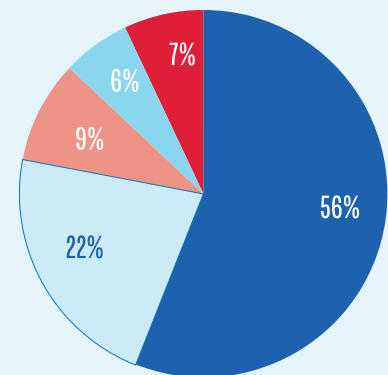
As of September 30, 2015, the Incubator Program has executed almost 3000 hours of direct and indirect support services assistance to our incubator clients and the community. The clients are currently receiving one-on-one consulting sessions, legal advice, bookkeeping and marketing assistance. The chart below provides a breakdown of hours, comparison of previous years and cumulative totals of consulting hours:

Areas of Consulting	2014	2015	Totals as of September 30, 2015
Direct Consulting	1007.75	841.65	1849.4
Legal Services	198.5	331.95	530.45
Accounting Services	75.75	134.75	210.5
Outreach Services (SBDC, EDB, etc.)	75	80	155
Seminars and Workshops	31	107	138
TOTAL	1388	1495.35	2883.35

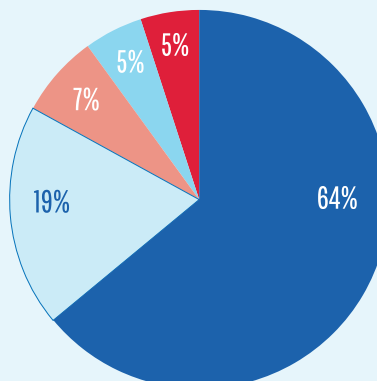
2014
CONSULTING SUPPORT SERVICES



2015
CONSULTING SUPPORT SERVICES



2014 & 2015 CONSULTING SUPPORT SERVICES



ENTERPRISE ZONE COMMISSION (EZC)

“We should remember that good fortune often happens when opportunity meets with preparation.” -Thomas A. Edison

The EZC has for the last two fiscal years been in the preparation, prevention and planning mode. This entity has been gathering information through surveys, focusing on the most urgent matters that the entity's financial constraints could afford through the Scrape, Paint, Rejuvenate Programs but has been working with the community to create a strategy – a plan – for community growth and development through charrettes. This report is written in fulfillment of Title 29 VIC, Chapter 19 §1008. Furthermore, it will highlight fiscal years 2014 and 2015 illustrating the agency's efforts to prepare for the opportunity to complete full revitalizations of the Territory's beautiful towns and neighborhoods.

Through the guidance of the Five-Year Strategic Plan of the Enterprise Zone Commission adopted by the board of directors of the U.S. Virgin Islands Economic Development Authority, this entity has been able to successfully move forward programming that has clearly benefited the community.



(L to R): Buyer Pamela Richards of The Owl and the Seahorse and The Happy Booker; and small manufacturer Lucia Henley of Lucia Henley's Native Delicacies, review information about Ms. Henley's products at the USVIEDA's Business-to-Business event on St. Thomas. This event was hosted by the Enterprise Zone Commission in July 2015.

– Photo by Semele A.C. George/USVIEDA

The EZC has identified the strengths and needs of the community through surveys which focused on the Frederiksted and Savanne-Downstreet Zones in fiscal year 2015. A total of 940 properties were surveyed and with Frederiksted and Christiansted plans already complete, the remaining enterprise zones of Garden Street-Upstreet and Savanne-Downstreet have either been completed or are near completion. Each plan has received overwhelming community support.

The goal of the Christiansted Town Plan is to increase the population to 5,000 individuals residing in the town. During fiscal year 2015, the EZC engaged the University of the Virgin Islands in this process. To accomplish this, this plan recommends that there be an extension of the University of the Virgin Islands offering architecture and cultural studies. The old Barracks Yard was identified as the location for the extension. As it is anticipated that the students will reside in the upstairs portion of the buildings within the town of Christiansted, dorms will not be built within this zone. At this time, two schools are interested in collocating and moving forward with the Christiansted Town Plan.

The EZC has also sought to strengthen the community and its stakeholders to be ready for and be able to rebound from any disaster. To this end, this entity has continued to host its Estate Planning Conference each year.

In fiscal year 2015, over 100 persons attended the conference which provided information on how to plan for the distribution of their estate. The EZC and the enterprise zone stakeholders have developed a solution to alleviate the challenges of abandoned buildings that exist within the zones.

Multiple-owner issues or the cost of revitalizing buildings within the historic district has led to several buildings being abandoned. As a result, the EZC has created the Save-A-Building Program to assist families with creating a family-owned corporation and by providing a revolving loan fund with monies to repair the buildings.



This rendering was designed by Gerville Larsen, architect for the Christiansted Town Plan. Larsen, a native of St. Croix, secured the position of architect for this plan after winning the Christiansted Charrette competition in 2013.

—Courtesy of Gerville Larsen

ENTERPRISE ZONE COMMISSION



LaToya Freeman (far right), owner of Virgin Spice, gives Ja'Nelle Forbes, administrative assistant for the Economic Development Commission and the Enterprise Zone Commission (second from the left), a sample of her tea sweetener at the Business2Business event on St. Thomas. This event was held in July 2015 by videoconference feed between the USVIEDA office on St. Thomas and the William D. Roebuck Industrial Park on St. Croix.

– Photo by Semele A.C. George/USVIEDA




(L to R) – Nadine T. Marchena Kean, Enterprise Zone Commission director; Linda Bailey, the 2015 Virgin Islands Small Business Person of the Year, president of Soul Creations, Inc., and client of the U.S. Small Business Administration's State Trade & Export Promotion (STEP) Program in the USVI; and Denise C. Donadelle, Economic Development Bank loan/collection officer, attend the V.I. Small Business Week Award Ceremony in June 2015 at the University of the Virgin Islands Sports & Fitness Center on St. Thomas. A similar award ceremony was also held for business owners on St. Croix.

–Photo by Semele A.C. George/USVIEDA



Taj Siwatu (left), owner of Buddha Sushi, St. Thomas, shares a sample of his sauce with Kyle Thomas (center), a compliance officer for the Economic Development Commission; and Celina Morris, executive assistant to the USVIEDA Acting CEO, at the Business2Business event on St. Thomas. This event was held in July 2015 by videoconference feed between the USVIEDA office on St. Thomas and the William D. Roebuck Industrial Park on St. Croix.

–Photo by Semele A.C. George/USVIEDA



Finally, the EZC has been tasked with encouraging, motivating and incentivizing business activity through the zones. The agency has sought to utilize every economic development tool available to assist in development, growth and support of entrepreneurial and enterprising efforts. In fiscal year 2015, the EZC introduced a business-to-business event, in which wholesale buyers of Virgin Islands-made products had the opportunity to assemble in the same room and network with the manufacturers of these products. This event was held at the office of the USVIEDA on St. Thomas and via video conference feed at the William D. Roebuck Industrial Park for local manufacturers from St. Croix. The goal was to get these products into local stores across the Territory. There have been many requests for this event to be held on a bi-annual basis.

For those who have the funds to revitalize buildings, this entity offers tax benefits. In fiscal year 2015, the EZC received nine (9) applications for tax credits which represents a total of \$11.2 million in direct, indirect and induced investments and 91 direct, indirect and induced jobs in our community.

Through the careful preparation, prevention and planning there are changes starting to occur in the zones. As a community we have embarked on the journey, but we still have a long way to go to reach that “good fortune” – that vibrant community – we are all working towards.

FY15 ENTERPRISE ZONE COMMISSION

\$11.2 million in direct, indirect and induced investments

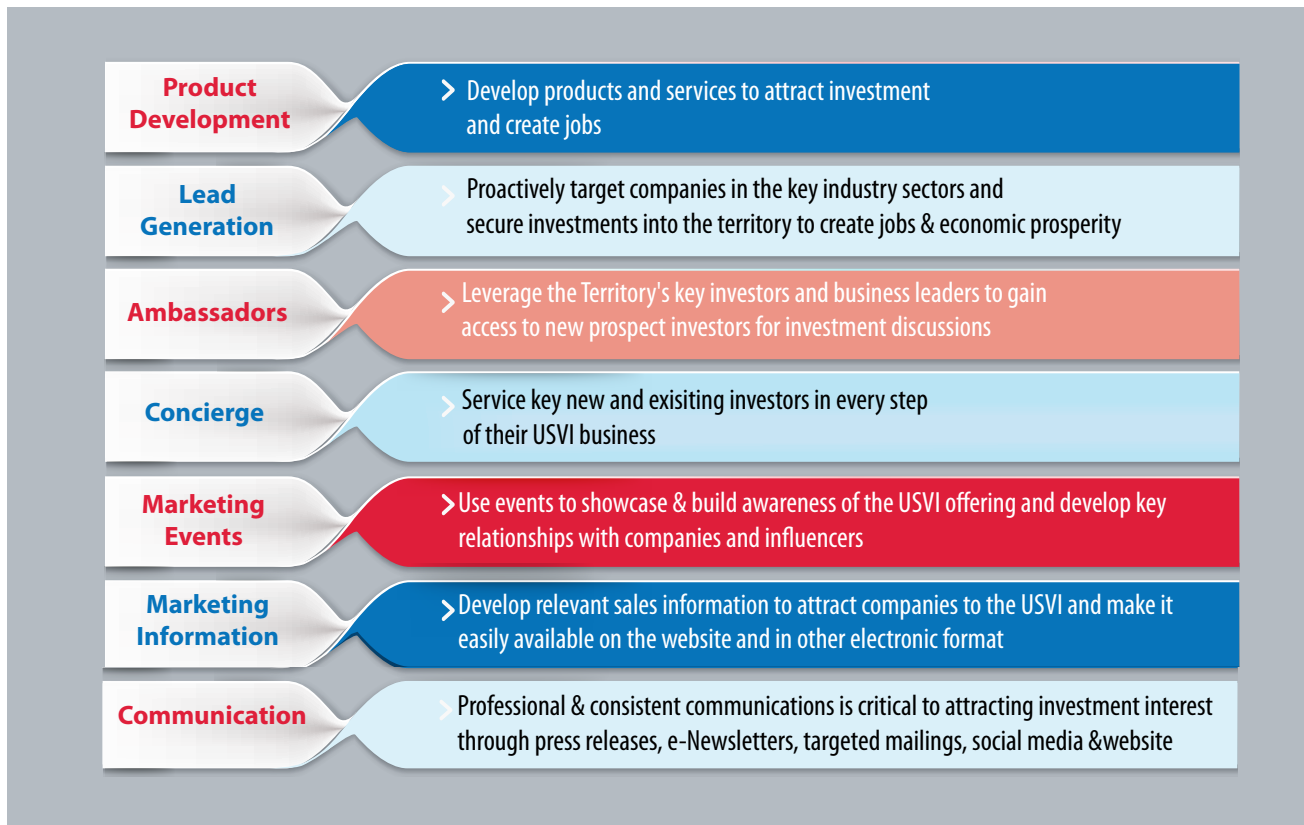
91 direct, indirect and induced jobs in the community

MARKETING AND PUBLIC RELATIONS

Marketing and Public Relations initiatives promote the divisions and programs of the U.S.V.I. Economic Development Authority (USVIEDA). The USVIEDA contributes to the enhancement of economic growth in the U.S. Virgin Islands. Our marketing initiatives focus on two distinct sets of audiences and programs:

1. External Marketing focuses on marketing the Economic Development Commission program (EDC) to attract external (U.S. and international) corporate investment into the Territory.
2. Internal Marketing focuses on marketing a wide range of USVIEDA programs offered to Virgin Islands residents and their businesses to grow a diversified base of local economic activity. The program also communicates the benefits and the positive impact of the EDC program to community stakeholders.

Our goal is to position the U.S. Virgin Islands as the best place for businesses to invest and grow, whether they are local, national or international businesses. We use a variety of activities to promote the U.S. Virgin Islands for business expansion as part of our marketing mix.



EXTERNAL MARKETING ACTIVITIES

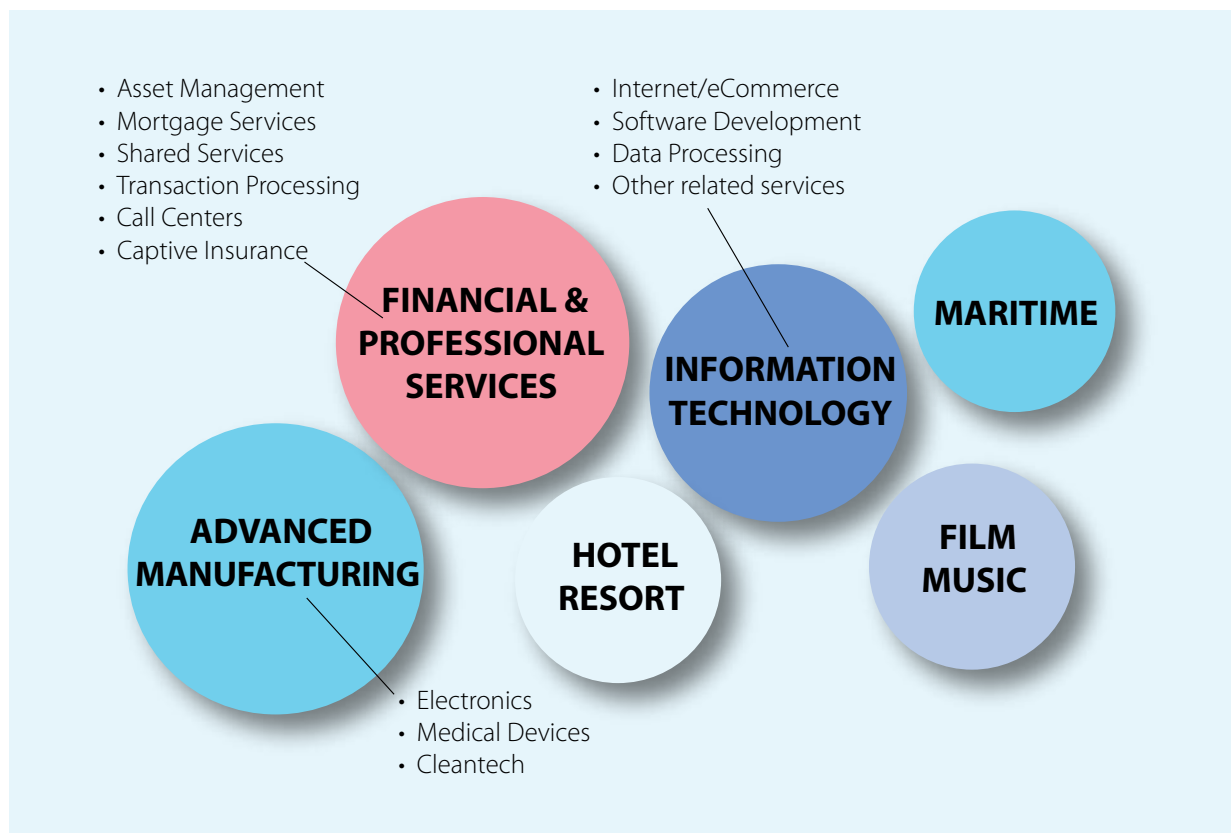
Fiscal Year 2015 was a year of transition for the Territory and the USVIEDA. The marketing team maintained and enhanced its efforts to raise awareness about the Territory as a world-class business location in the Caribbean for inward investment and the establishment of business operations. This section provides highlights of the key external marketing initiatives and the results for Fiscal Year 2015. The success of these efforts are a direct result of continued collaboration with our partners within other government agencies as well as the private sector. Together, we showcase Team VI and the efficiencies of doing business in the Territory.

INVESTMENT LEAD GENERATION

The primary focus of the external marketing activities of the USVIEDA is to promote the Territory to companies that are considering business expansion and convince them to consider the USVI. The USVIEDA markets to targeted companies a range of assets including geographic location, the U.S. brand, labor skills and training, available real estate, infrastructure and the U.S. Virgin Islands EDC program and its tax benefits. Together, these assets make a very attractive investment offering for the right company.

Investment lead generation continued to be a highly targeted activity during the fiscal year with a focus on the right business sectors and the appropriate types of companies within each sector. Given limited resources, we employed corporate tracking methods to become even more efficient in identifying and qualifying the right companies for investment potential.

Below is a summary of the key business sectors and sub-sectors that the USVIEDA targeted during the year.



MARKETING AND PUBLIC RELATIONS

INVESTMENT SUCCESS

TABLE 1: EDC Certificates of Benefits for Fiscal Year 2015

No.	COMPANY NAME	TYPE	EXECUTED
1.	Ocwen Mortgage Servicing, Inc.	Modification	02/3/15
2.	Tuthill Corporation	New	04/10/15
3.	Discover Fund Management LLLP	New	01/21/15
4.	International Capital and Management Company, LLC	Extension	07/02/15
5.	Harborside Corporation d/b/a Bolongo Bay Beach Resort	New	4/10/15
6.	Subbase Drydock Inc.	New	In Process
7.	Sunshine Shopping Center	Extension	In Process
8.	Ferrer, LLC	New	06/15/15
9.	Gateway Global Management, LLC	New	6/26/15
10.	PBG Corporation dba Phantasea Tropical Botanical Garden	New	In Process
11.	RPP Advisors, LLC	New	07/28/15
12.	JH Capital (V.I.), Inc.	New	09/23/15
13.	Tropico Management, LP	Re-activation	In Process
14.	Real Impact Corporation	New	In Process
15.	Flying Fish Group, LLC	New	In Process
16.	Denali Asset Management, LLLP	Extension	In Process

Hot Projects

Hot Projects are defined as companies that are active in the due diligence phase (project information exchange, site visits, and pre-application discussions) and a move to the applications phase is envisioned within six months. There are 26 companies moving towards the EDC applications phase. These companies are in the following business segments: back-office processing, advanced manufacturing, medical, financial services, maritime, and hotel development.

Pipeline Projects

Pipeline projects are defined as those prospects with an interest in expanding in the Caribbean region and are willing to look at the USVI. This is an active cultivation stage for the marketing team where we work to move the companies into the “Hot Projects” phase through direct meetings, telephone and email dialogue. There are more than 100 pipeline projects that are being cultivated by the USVIEDA.

Active Targeting

In Fiscal Year 2015, we communicated with and qualified more than 1,000 companies in our key target sectors. The communications outreach included introductions to the USVI and the EDC program as well as information about our presence at the events listed in the next section of this report. The objective of this activity is to qualify companies with an interest in the USVI economic development program and begin to build a relationship.



The site selectors, USVIEDA representatives and other government agency officials gather for dinner at a local restaurant at The Buccaneer resort on St. Croix during the Investment Advisor Forum (IAF) in October 2014. IAF site selectors toured key facilities during their visit to St. Croix such as William D. Roebuck Industrial Park, Wilfred “Bomba” Allick Port and Transshipment Center (The Containerport), University of the Virgin Islands Research and Technology Park, Hovenssa & drove by the UVI St. Croix Campus, Frederiksted historic town (Strand street)

-Photo by George Armstrong

MARKETING EVENTS/MEETINGS

Marketing events and business-to-business meetings continue to be a primary method for the USVIEDA to introduce and sell the advantages of the Territory directly to companies and business advisors. The USVIEDA organizes and attends a mix of events and conferences focused on target industry sectors, tax and site selection, and the Caribbean market.

In Fiscal Year 2015, the USVIEDA hosted two key events on St. Thomas and St. Croix, bringing key investors and investment advisors to the USVI to see first-hand what the Territory has to offer. The Investment Advisor Forum was held in October 2014, and the Caribbean Clean Energy Technology Symposium in March 2015. In addition to these events, the USVIEDA participated in many more business-to-business meetings with active investors and investment advisors throughout the year in the USVI and externally within the national and international markets. Below is a summary of some of the key events.

USVIEDA Investment Advisor Forum - St. Thomas & St. Croix - October 2014

The USVIEDA hosted global tax advisors and site selection professionals at its first Investment Advisor Forum in the Territory in October. Visiting site selectors also participated in economic ecosystem tours on St. Thomas and St. Croix that showcased logistics and seaport facilities, the University of the Virgin Islands, industrial parks and available commercial spaces. This has resulted in a number of investment visits and referrals from the investment advisors.

MARKETING AND PUBLIC RELATIONS

Site selectors view transshipment activity at the Wilfred "Bomba" Allick Port and



Transshipment Center (The Containerport) during a site visit at this facility in October 2014 during the USVIEDA Investment Advisor Forum.

—Photo by George Armstrong

Caribbean Central America Action Annual Meeting- Miami FL – December 2014

The USVIEDA sponsored and attended the annual Caribbean Basin Meeting where the USVI has played a key leadership role over the years. Key network and investment meetings were held during the event.

Shared Services Week –Orlando, FL - March 2015

The USVIEDA sponsored and attended the largest shared services event in the world which attracted over 500 attendees. Over 20 meetings were held during the event with three investment projects identified.

Caribbean Clean Energy Technology Symposium– St. Thomas – March 2015

The USVIEDA organized and hosted the Caribbean Clean Energy Symposium in collaboration with the U.S. Department of Energy, the Caribbean Central America Action, the Government of the Virgin Islands and the Inter-American Development Bank on St. Thomas. Over 250 delegates attended the conference.

Caribbean Hotel & Resort Investment Summit – Miami, FL – April 2015

The USVIEDA participated in this resort development conference and held over 15 investment meetings with key hotel brands, and investment and management companies.

Go Caribbean International Business & Investment Expo - New York, NY - September 2015

The USVIEDA sponsored and participated in this Caribbean-focused investment and trade conference. USVIEDA representatives also spoke on a panel at this conference.

Industrial Asset Management Council – Cleveland, OH – September 2015

The USVIEDA participated and networked with key corporate real estate and site selection professionals.



(L to R) Nadine Marchena Kean, director of the Enterprise Zone Commission, Jennifer Nugent-Hill, USVIEDA assistant chief executive officer/chief operating officer Andrew Clutz, USVIEDA marketing consultant; Semele A.C. George, USVIEDA marketing and public relations specialist; and Dorene Louis, USVIEDA board administrator gather at the USVIEDA Investment Advisors Forum at a local hotel on St. Thomas.

—Photo by Hilary Hodge

Shaun Miller, president of United Electronic Industries Services (UEIS), talks to site selection professionals about the benefits of doing business in the U.S. Virgin Islands at the USVIEDA Investment Advisor Forum at a local hotel on St. Thomas, USVI.

—Photo by Hilary Hodge





CLIENT MANAGEMENT SYSTEM

In 2015, the USVIEDA launched a Client Management System (CMS) for logging and tracking all of the marketing-related relationships within one centralized system. The CMS tracks company contacts at different stages of their relationship with the USVIEDA. CMS will also allow for a centralized view and real-time access to the status of each company contact. The CMS system is currently being considered for use by other divisions at the USVIEDA.

MARKETING COMMUNICATIONS

Fiscal Year 2015 was a year of review and redesign of marketing materials with an aim of building a consistent brand across all of the USVIEDA's materials and communication channels. While the project commenced in 2015, it will continue into early 2016. Below is a list of the key marketing items that are being redesigned.

- **USVIEDA Website** – one site at www.usvieda.org that communicates to internal as well as external audiences with more online content and links to key VI partners.
- **Marketing materials** – all materials are being reviewed and will have the same branding and layouts to create a consistent “house style”. This includes brochures for each division as well as all of the EDC-related fact sheets, presentations, folders, and brochure.
- **Advertising** – four print advertisement layouts are being developed for selected advertising opportunities. There will be one general EDC and three sector specific designs focusing on Advanced Manufacturing, Financial Services and Back Office to attract potential investors within these industries.
- **Conference Signage** – development of new pop-up banners and signage to reflect the branding and messaging developed in the materials above for all key conferences where the USVIEDA is an exhibitor or sponsor.
- **Social Media/Communications** – a strategy is being developed to expand USVIEDA marketing communications into new channels such as social media including Twitter and Linked-In. This will be coordinated with traditional mediums such as news releases, web news, and email communications.

PRODUCT DEVELOPMENT

Work continued during the year to develop marketing propositions around existing assets in the Territory that can offer real investment value to external investors. These included the following:

- Hotel/Resort Development inventory and documentation
- Updated Industrial Park materials
- Demographics information for Shared Services/Back Office
- Maritime - maintenance, bunkering, yacht services
- Advanced Manufacturing proposition
- Employment-Based Fifth Preference (EB-5) Regional Center development
- Film Production – Sustainable Tourism and Arts-Based Revenue Stream (S.T.A.R.S.) Act rules and regulations



MARKETING AND PUBLIC RELATIONS

2016 PROJECTED EXTERNAL MARKETING EVENTS

Below is a list of selected marketing events planned for fiscal year 2016.

- **Hedge Fund Americas** – New York, NY - October 2015
- **Shared Services** – Planning & Launching – Glasgow, Scotland – October 2015
- **Institute for Professionals in Taxation** - Austin, TX - November 2015
- **Network 2016** - Miami, FL – January 2016
- **Caribbean Travel Marketplace** – The Bahamas – January 2016
- **North American Shared Services & Outsourcing Week** – Orlando, FL – March 2016
- **World Forum for Investment** – San Diego, CA – April 2016
- **Hannover Fair** - SelectUSA– Hannover, Germany – April 2016
- **SelectUSA Investment Summit** – Washington, DC – June 2016
- Various Business Missions



INTERNAL MARKETING & PUBLIC RELATIONS ACTIVITIES

Fiscal Year 2015 continued to be a year of promoting the USVIEDA's programs and services along with local USVIEDA outreach activities. Promoting the USVIEDA through outreach activities is a key method of helping to create local awareness about the USVIEDA's programs and services. It is also a significant way to connect with the local community to emphasize the message that the USVIEDA is available to serve and assist local residents and business owners as well as potential investors from outside the U.S. Virgin Islands.

This fiscal year, promotion of the following initiatives by USVIEDA entities included

- ✦ **weekend trainings of local small to medium-sized businesses** on how to start or grow their business and cultivate the mindset of entrepreneurship
- ✦ **a summer camp for young people** ages 13-22 designed to inspire and encourage them to become entrepreneurs at an early age
- ✦ **natural disaster preparation workshops** for local small businesses to help them to prepare before natural disasters and operate in the midst of the aftermath.
- ✦ **estate planning conferences for local business owners and residents in blighted and distressed neighborhoods** that can provide information that can help assist the community in rehabilitating residential and business properties.
- ✦ **a business-to-business event** with local businesses and 22 local small manufacturers regarding the sale of their products to be sold by these local businesses
- ✦ **neighborhood clean-up initiatives** in partnership with enterprise zone stakeholders
- ✦ **the highlighting of successful business owners** that are participating in the USVIEDA's programs or receiving assistance from the USVIEDA
- ✦ **collaborative initiatives** between the USVIEDA and local partnering agencies and organizations
- ✦ **workshops on government contract opportunities** for small to medium-sized businesses
- ✦ **charrettes to encourage community stakeholder input** to initiate neighborhood town plans for the enterprise zones of Savanne-Downstreet and Upstreet on St. Thomas, USVI

ACCOMPLISHMENTS

FY 2015 USVIEDA internal marketing and public relations initiatives and activities for the fiscal year ending September 30, 2015



MARKETING AND PUBLIC RELATIONS

MARKETING

- ♦ **USVI Airport Advertisements:** Securing the advertisement contract with Clear Channel Airports to promote the USVI economic development program at the Cyril E. King Airport and the Henry E. Rohlsen Airport baggage claim. According to USVI Annual Tourism Indicators from the Bureau of Economic Research, more than 760,000 visitors travelled by air to the U.S. Virgin Islands in 2015. Several of these tourists work for major companies globally, some of which are decision makers for these companies that can become beneficiaries of the USVI's economic development program.
- ♦ **USVIEDA Website:** According Google Analytics reports for the period of October 2014 to April 2015, the USVIEDA website received a total of 15,229 new users from across a maximum of 100 countries.
- ♦ **Local display advertisements:** Display ads were placed in local newspapers including the Virgin Islands Daily News, St. Croix Avis, and the VI Source to promote USVIEDA outreach activities
- ♦ **Email marketing:** This initiative assisted in the targeted promotion of USVIEDA activities held in fiscal year 2015


PUBLIC RELATIONS

- ♦ **News releases to the media:** A total of 57 news releases and media advisories from the USVIEDA were distributed to the media from October 1, 2014 - September 30, 2015. These news releases were also posted onto the USVIEDA's website.

News stories and announcements: A combined total of **at least 66 news stories and pre-event announcements** were published and televised as a result of USVIEDA news releases or media advisories. Fiscal year 2015 stories were published in local newspapers such as the Virgin Islands Daily News, St. Croix Avis, V.I. Consortium, the VI Source, and in regional publications that include The Reporter, the Caribbean Journal and Caribbean News Now! Media coverage televised on CBS TV2, WSVI TV Channel 8 and the VI Access Channel

News story topics or pre-event announcements:

- ♦ **Small Business Camp Weekend** hosted by the Disaster Small to Mid-sized Enterprises Incubation Program in partnership with Andrew Morrison, president of Small Business Camp – October 2014 – St. Croix, USVI
- ♦ **Entrepreneurs Incubator Institute (EII) Classes** hosted by the USVIEDA Disaster Small to Mid-sized Enterprises Incubation Program in partnership with Devin Robinson, chief executive officer of Entrepreneurs Incubator Institute – October 2014 to September 2015 – St. Croix, USVI
- ♦ **Investment Advisor Forum (IAF) hosted by the USVIEDA** – October 2014 – This forum provided 13 site selector professionals and consultants with an opportunity to be exposed first-hand to the attributes that make the U.S. Virgin Islands a prime location for companies to relocate or expand which can lead to the creation of jobs and further investment in the Territory.
- ♦ **Credits & Incentives Symposium** hosted by the Institute for Professionals in Taxation – October 2014 – Arlington, Virginia - This three-day symposium attended by USVIEDA representatives brought together economic development



practitioners from the United States and approximately 300 tax advisors from companies in various industries to discuss the issues related to credits and incentives for businesses.

- ♦ **Book launch of local entrepreneurs** on St. Croix by the Disaster Small to Mid-sized Enterprises Incubation Program in partnership with Andrew Morrison of Small Business Camp – December 2014 – St. Croix, USVI
- ♦ **Small Business Camp Weekend** hosted by the Disaster Small to Mid-sized Enterprises Incubation Program in partnership with Andrew Morrison, president of Small Business Camp - March 2015 – St. Croix, USVI.
- ♦ **Pre-Post Disaster Planning Seminar for Small Businesses** hosted by the Disaster Small to Mid-sized Enterprises Incubation Program in partnership with George Navarro, of the Navarro Consulting Group – March 2015 – St. Croix, USVI
- ♦ **USVIEDA Open House** hosted by the Enterprise Zone Commission at E's Garden Teahouse and Things – April 2015 – St. Thomas, USVI. This event was hosted at a local small business located within the enterprise zone of Garden Street to disseminate information about the EZC Tax Credits Program to the heirs of real estate located within designated enterprise zones. Information on other USVIEDA entity programs and services was also available to the attendees.
- ♦ **Young CEO Camp** hosted by the USVIEDA Disaster Small to Mid-sized Enterprises Incubation Program in partnership with Andrew Morrison, president of Small Business Camp – July 2015 – St. Croix, USVI
- ♦ **Announcement of third State Small Business Credit Initiative (SSBCI) Allotment** – August 2015 - received by the Economic Development Bank from the U.S. Department of Treasury to assist local small businesses
- ♦ **Caribbean Clean Energy Technology Symposium (CCETS)** – March 2015 – St. Thomas, USVI - held locally in collaboration with the U.S. Department of Energy, the Caribbean-Central America Action, the Government of the USVI and the inter-American Bank. A Breakfast Presentation by USVIEDA representatives on the economic development program was also held immediately following the CCETS.

VI Access Channel coverage of local USVIEDA outreach activities which were broadcasted on rotation by and through the VI Access Channel on channels 6 and 10

Radio Interviews: A series of local radio station interviews were secured with local radio stations. Interviews were also conducted on the USVIEDA's local weekly radio program, "USVIEDA: Focus on the Marketplace".

USVIEDA Radio Program: USVIEDA: Focus on the Marketplace on WSTA 140AM

USVIEDA's radio show titled, "USVIEDA: Focus on the VI Marketplace" was launched in March 2014. This radio show, broadcasted on Tuesdays at 6PM, is a platform to discuss economic development, the internal and external activities by the USVIEDA and its economic development partners to foster economic development, job growth and the enhancement of quality of life in the U.S. Virgin Islands.



MARKETING AND PUBLIC RELATIONS

- ♦ **Purpose:** To discuss USVIEDA's programs, local and global activities and initiatives by the USVIEDA, its economic development partners, and the subject of economic development. To grant radio program listeners the opportunity to call in to the show with questions, comments or suggestions. It continues to inform local residents and listeners abroad about the importance of the USVIEDA's tax incentives and other economic development programs. This show is also broadcasted on the live stream: www.wsta1340.com.
- ♦ **Commercial Sponsorship:** "Why Didn't I Think of That?" – WSTA 1340AM is a "fun and entertaining short-form radio feature showcasing the moment of inspiration to successful entrepreneurs". This feature highlights entrepreneur stories that inform the general public about the innovative minds that pursued patents for inventions that proved to be everyday, lucrative solutions.
- ♦ **Guests:** Representatives from the directors of USVIEDA entities; manager of the Disaster Small-Midsized Enterprises Incubation Program (DSMEIP); Virgin Islands Small Business Development Center (VI SBDC); representatives of the Caribbean-Central American Action (C-CAA) and facilitators of the Caribbean Clean Energy Technology Symposium; representatives from the Virgin Islands Department of Energy; clients of the DSMEIP, the Economic Development Bank and the USVI State Trade and Export Promotion Program; consultants of the DSMEIP; chief of staff of Virgin Islands Senator Janette Millin-Young; and the former chief executive officer of the USVIEDA.
- ♦ **Topics:** The EDC tax incentive and benefits program, Disaster Small-Midsized Enterprises Incubation Program's Small Business Camps and the Young CEO Camp, enterprise zone tax credits program and town plan charrettes, services offered by the VI Small Business Development Center, the Caribbean Clean Energy Technology Symposium, 2015 Investors Forum hosted by Virgin Islands Senator Janette Millin-Young, SSBCI Loan Guarantee Programs, EDC Small Business Program, EDC Eligible V.I. Suppliers Program, Young CEO Camp, Small Business Camp, and interviews with local small businesses assisted by the USVIEDA.



FY 2015 STAFF OF THE U.S. VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

Period of October 1, 2014 – September 30, 2015

ADMINISTRATION

USVIEDA Board

STT USVIEDA Board Liaison Carol V. Chapman

Executive

STX USVIEDA Acting Chief Executive Officer Wayne L. Biggs, Jr.

STT USVIEDA Executive Assistant to the CEO Celina D. Morris

STT USVIEDA Marketing and Public Relations Specialist Semele A.C. George

STX USVIEDA Client Care Coordinator Steven P. Steele

STX USVIEDA Project Coordinator Humberto O'Neal

STT USVIEDA Administrative Assistant Ja'Nelle Forbes

STX USVIEDA Administrative Assistant Michelle Gaskin

Accounting

STT USVIEDA Director of Administration & Finance Ernest Halliday

STT USVIEDA Senior Accountant Maritza E. Hernandez

STT USVIEDA Budget and Financial Analyst Kelly V. Thompson-Webbe

STT USVIEDA Accountant II Lovelle Industrious

STT USVIEDA Accountant I Jana Cammie

STT USVIEDA Custodial Worker Francillia Williams

STT USVIEDA Service Worker/Messenger Cuthbert Charlemagne

Legal

STX USVIEDA General Counsel Tracy Lynch Bhola, Esq.

STX USVIEDA Certified Paralegal/Investigative Analyst Tanya S. Hill, CP

STX USVIEDA Investigative Analyst Lisa Mitchell-Harris

Human Resources

STX USVIEDA Human Resources Manager Wendy Wheeler, MBA, CPM

STT USVIEDA Human Resources Specialist Shirley J. Jones-Peters



USVIEDA ENTITIES

Economic Development Commission (EDC)- Applications

STT EDC Director of Applications Margarita A. Benjamin
STX EDC Applications Analyst Esther M. Joseph
STX EDC Document Specialist LaShanna McBean deChabert

Economic Development Commission (EDC) - Compliance

STX EDC Director of Compliance Claude S.M. Gerard
STT EDC Senior Compliance Officer Joy Penn
STT EDC Compliance Officer Sandra Bess
STT EDC Compliance Officer Kyle C. Thomas
STX EDC Compliance Officer Ayanna T. Romney
STX EDC Compliance Officer Krista Edwards
STX EDC Compliance Officer Jahnella Harvey

Enterprise Zone Commission (EZC)

STT EZC Director of Enterprise Zone Commission Nadine T. Marchena Kean
STT EZC Enterprise Zone Specialist Raheem Smith
STX EZC Enterprise Zone Specialist Deray Calixte
STT EZC Enterprise Zone Programs & Grants Compliance Officer Tamra B. James

Economic Development Bank (EDB)

(formerly the Small Business Development Agency and the Government Development Bank)

STX EDB Director of Lending Sharmane A. Brookes
STX EDB Senior Loan Officer Monique T. Samuel
STT EDB Loan / Collection Officer Denise C. Donadelle
STT EDB Loan Assistant Charlene Gerard-Joseph
STT EDB Energy Project Assistant Shatima Charleswell
STX EDB Small Business Counseling Specialist Pablo R. Vega
STX EDB SSBCI Project Coordinator Diane A. DaCosta
STT EDB Receptionist Jeraldine Eason
STX EDB Receptionist Gloria Fredericks

EDB Disaster Small-Mid-sized Enterprises Incubation Program (DSME)

STX DSME Incubator Program Manager Cusa Holloway
STX DSME Administrative Assistant Lisa Ann C. James

Virgin Islands Economic Development Park Corporation (EDPC)

(formerly known as the Industrial Park Development Corporation)

STX EDP Park Superintendent Mark Finch
STX EDP Senior Maintenance Worker Edward Berry
STX EDP Maintenance Worker Athanasius Obieus
STX EDP Maintenance Worker Ethelbert Lesmond

KEY

STT = St. Thomas

STX = St. Croix

USVIEDA = U.S. Virgin Islands Economic Development Authority

U.S. VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY FINANCIAL STATEMENT FY 2014

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY FINANCIAL STATEMENTS SEPTEMBER 30, 2014 AND 2013

TABLE OF CONTENTS

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BERT SMITH
& Co.

Certified Public Accountants and Management Consultants

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)**

I. INTRODUCTION

The Virgin Islands Economic Development Authority ("VIEDA" or "Authority") is a semi-autonomous governmental instrumentality responsible for the development, promotion and enhancement of the economy of the U.S. Virgin Islands.

The VIEDA is the umbrella organization which assumes, integrates, and unifies the functions of the following subsidiary entities: the Economic Development Bank ("EDB"), the Economic Development Commission ("EDC"), the Economic Development Park Corporation ("EDPC"), and the Enterprise and Commercial Zone Commission ("ECZC").

The VIEDA operates under one Governing Board ("Board") in order to achieve maximum efficiency of operation to avoid duplication of services, positions, and responsibilities; to reduce expenses of personnel, physical plant and operations; and to develop comprehensive programs for the economic development of the U.S. Virgin Islands. The Authority is funded primarily by allotments from the Office of Management and Budget via the Department of Finance based on an approved budget authorized by the Legislature of the Virgin Islands.

As management of the Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended September 30, 2014 and September 30, 2013. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements. This overview and analysis is required by accounting principles generally accepted in the United States of America ("GAAP"), and the Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Government.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report and statements consist of four parts: management's discussion and analysis, the financial statements, notes to the financial statements, and supplementary schedules. The Authority is a component unit of the Government of the U.S. Virgin Islands, and follows enterprise fund reporting. The financial statements, therefore, are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

- ***The Statement of Net Position:*** This statement includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The assets and liabilities are presented in order of liquidity. The resulting net position presented in these statements is displayed as restricted or unrestricted.
- ***The Statement of Revenues, Expenses and Changes in Net Position:*** All of the current year's revenues and expenses are accounted for in the Statement of Revenue, Expenses and Changes in Net Position. This statement measures the activities of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through appropriations and the services it provided.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)**

- ***Statement of Cash Flows:*** The primary purpose of this statement is to provide information about the Authority's net cash used in operating activities, capital and related financing activities, and provide information regarding the sources and uses of cash and the changes in the cash balance during the reporting period. The notes to the financial statements provide additional information essential to the full understanding of the Authority's financial statements.
- ***Notes to the Financial Statements:*** The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements.
- ***Supplementary Schedules:*** The Authority's fund financial statements are presented as supplementary schedules. These schedules separate the financial statements and operations for each of the major funds.

III. FINANCIAL HIGHLIGHTS

2014

- The Authority's net position increased by \$364,914 or 2% compared to fiscal year 2013.
- The Authority's total assets increased by \$589,316 or 3% and total liabilities increased by \$224,402 or 3% compared to fiscal year 2013.
- The Authority's operating revenues increased by \$458,623 or 7% and operating expenses decreased by \$1,590,930 or 18% compared to fiscal year 2013.
- Government appropriations increased by \$374,175 or 8% compared to fiscal year 2013.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)

IV. CONDENSED FINANCIAL INFORMATION

Condensed Statements of Net Position as of September 30, 2014 and 2013

	2014	2013	Variances
Current Assets	\$ 4,183,785	\$ 5,081,511	\$ (897,726)
Noncurrent Assets	15,937,971	14,084,520	1,853,451
Capital Assets, net	2,259,654	2,626,063	(366,409)
Total Assets	<u>22,381,410</u>	<u>21,792,094</u>	<u>589,316</u>
Current Liabilities	5,057,022	5,416,235	(359,213)
Noncurrent Liabilities	2,075,731	1,492,116	583,615
Total Liabilities	<u>7,132,753</u>	<u>6,908,351</u>	<u>224,402</u>
Net Position			
Invested in Capital Assets, net of related debt	2,259,654	2,626,063	(366,409)
Restricted	13,553,923	13,647,640	(93,717)
Unrestricted	(564,920)	(1,389,960)	825,040
Total Net Position	<u>\$15,248,657</u>	<u>\$14,883,743</u>	<u>\$364,914</u>

Current Assets

- Current assets decreased by \$897,726 or 18% compared to last fiscal year. This was due mainly to the cumulative effect of a decrease in cash of \$60,875 or 2% and a decrease of \$562,243 or 73% in investments relating to the financial activities of the State Small Business Credit Initiative (SSBCI) program. Accounts receivables, net of allowance for doubtful accounts, decreased by \$254,134 or 16% due to the reimbursement of funds expended by the Authority on behalf of two federal programs. Prepaid and other assets decreased by \$20,474 or 25% which represents the portion used up during the period.

Noncurrent Assets

- Noncurrent assets increased by \$1,853,451 or 13% compared to last fiscal year. Loan receivable, net of allowance for doubtful accounts, increased by \$145,487 or 4% and is attributable to the Economic Development Bank (EDB) making more loans and thus increasing its loan portfolio. Restricted cash decreased by \$312,547 or 4% while restricted investments increased by \$2,020,511 or 76% due mainly to the use of SSBCI funds to provide the required collateral for business loans approved by local banks.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
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Capital Assets

- Capital assets, net of accumulated depreciation, decreased by \$366,409 or 14% compared to last fiscal year. This is due to the capitalization of the leasehold improvement, equipment and furniture and depreciation taken on the capital assets

Current Liabilities

- Current liabilities decreased by \$359,213 or 7% compared to last fiscal year. This decrease includes \$58,901 or 9% in accounts payable due to a reduction in vendor obligations. There was also a decrease of \$226,296 or 68% in accrued expenses due to reductions in payroll liabilities, contractual and other obligations. Additionally, compensated absences decreased by \$12,291 or 8% due to management enforcing its vacation policy. There was also a decrease in deferred revenues of \$62,620 or 1% representing the amount earned during the period.

Noncurrent Liabilities

- Noncurrent liabilities increased by \$583,615 or 39 % compared to last fiscal year. This net increase was due mainly to the \$400,000 received in matching funds from the local government as a required match for a federal grant to support the Authority Post-Disaster Relief Revolving Loan Fund. There is \$1,000,000 in deferred revenue that is restricted for loans within the lending program. Security deposits increased by \$4,234 or 11% due to new tenants moving into the Industrial Park. Long term debt decreased by \$25,614 or 7% as the Authority pay down its debt on its Intermediary Relending Program (IRP) loan.

Net Position

- Net position represents residual interest in the Authority's assets after all liabilities are deducted for reporting purposes and are divided into three major components:
 - Invested in Capital Assets
 - Restricted Net Position
 - Unrestricted Net Position

The increase in the Authority's total net position of \$364,914 or 2% was due to the excess of revenues over expenses in the reporting period.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Years Ended September 30, 2014 and 2013

	2014	2013	Variances
Operating Revenues	\$ 7,280,588	\$ 6,821,965	\$ 458,623
Operating Expenses	(7,181,283)	(8,772,213)	(1,590,930)
Operating Income	99,305	(1,950,248)	2,049,553
Net Non-operating Revenues	265,609	57,867	207,742
Change in Net Position	364,914	(1,892,381)	2,257,295
Net Position, Beginning of the Year	14,883,743	16,776,124	(1,892,381)
Net Position, End of the Year	\$ 15,248,657	\$ 14,883,743	\$ 364,914

Revenues

- Operating revenues increased by \$458,623 or 7% compared to last fiscal year. Included in this was an increase in government allotments of \$374,175 or 8% to restore employees' salaries at their full level after they were reduced due to the fiscal condition of the government. Other operating income includes \$214,568 that was earned in tour bus revenues when the Authority took control of the tour bus. Penalties in the amount \$88,607 were assessed on EDC beneficiaries that did not submit reports on time. There was an increase in rental income of \$62,150 or 15% due to an increase in occupancy at the Industrial Park continues. Application and processing fees decreased by \$296,412 or 31% due to the decrease in (EDC) beneficiary fines imposed. Interest on loans decreased by \$63,819 or 28% due to the increase in the number of loans that were written-off during within last two years. Grant revenue decreased by \$157,479 or 23% due to the expiration of a grant program.

Operating Expenses

- Operating expenses decreased by \$1,590,930 or 18% compared to last fiscal year. Included in this was a decrease of \$977,280 or 88% in bad debt due to the Authority writing off a large amount of its delinquent in the previous year. Grant expenditure by \$156,881 or 23% due to the close-out of one of the grant programs. Travel and per diem decreased by \$10,135 or 10% due to the Authority making better use video technology to reduce inter-island travel. Professional service costs decreased by \$382,873 or 32% due to a reduction in consulting expenses relative to the EDC program. Occupancy decreased by \$28,392 or 9% due to that in FY 2013 the Authority paid to months rent to Rebob Development Corp. after the Authority moved out based on the contract agreement. Advertising expense increased by \$43,827 or 22%, due to the designing and launching of the Authority's new website. Additionally, the Authority incurring expenses relative to captive insurance and the EB-5 program Personnel cost increased by \$59,709 or 2% due to the hiring of an employee to oversee the expansion of activities within the marketing area.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
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Non-operating Revenues and Expenses

- Non-operating revenues increased by \$207,742 or 359% compared to last year. This includes an increase of \$49,172 in interest income from deposit accounts and certificate of deposits and \$29,233 collected in bad debt recoveries. Additionally, \$55,238 was earned in indirect revenues from the administration of federal programs and \$71,900 was received from the sale of the tour buses.

V. CAPITAL ASSETS

The Authority's capital assets as of September 30, 2014 and 2013 were \$2,259,654 and \$2,626,063, respectively (net of accumulated depreciation). The net decrease in capital assets of \$366,409 results from the disposition of the tour buses and reduction in the value of the capital assets due to depreciation.

	2014	2013
Building & Building Improvements	\$ 9,149,776	\$ 9,149,776
Leasehold Improvements	858,894	836,124
Equipment	1,132,399	1,038,349
Furniture & Fixture	356,325	349,457
Vehicles	232,621	1,119,896
Leasehold Equipment	20,585	20,585
Total Costs	11,750,600	12,514,187
Less: Accumulated Depreciation	(9,490,946)	(9,888,124)
Net Capital Assets	<u>\$ 2,259,654</u>	<u>\$ 2,626,063</u>

VI. FINANCIAL HIGHLIGHTS

2013

- The Authority's net position was \$14,883,743 in fiscal year 2013, which represents a decrease of \$1,892,382 or 11% compared to fiscal year 2012.
- Total assets exceeded total liabilities by \$14,883,743 in fiscal year 2013 compared to fiscal year 2012.
- Operating revenues were \$6,821,965 in fiscal year 2013, which reflects an increase of \$653,003 or 11% compared to fiscal year 2012.
- Operating expenses were \$8,050,838 in fiscal year 2013, an increase of \$2,004,830 or 25% compared to fiscal year 2012.
- Appropriations totaling \$4,481,814 received from the Government of the Virgin Islands in fiscal year 2013 were \$204,321 or 4% lower than in fiscal year 2012.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
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(UNAUDITED)**

VII. CONDENSED FINANCIAL INFORMATION

Condensed Statements of Net Position as of September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>Variances</u>
Current Assets	\$ 5,081,511	\$ 5,527,254	\$ (445,743)
Noncurrent Assets	14,084,520	15,355,225	(1,270,705)
Capital Assets, net	2,626,063	2,422,132	203,931
Total Assets	<u>21,792,094</u>	<u>23,304,611</u>	<u>(1,512,517)</u>
Current Liabilities	5,416,235	4,887,887	528,348
Noncurrent Liabilities	1,492,116	1,640,600	(148,484)
Total Liabilities	<u>6,908,351</u>	<u>6,528,487</u>	<u>379,864</u>
Net Position			
Invested in Capital Assets, net of related debt	2,626,063	2,422,132	203,931
Restricted	13,647,640	14,524,049	(876,409)
Unrestricted	(1,389,960)	(170,057)	(1,219,903)
Total Net Position	<u>\$14,883,743</u>	<u>\$16,776,124</u>	<u>\$(1,892,381)</u>

Current Assets

- Current assets decreased by \$445,743 or 8% in fiscal year 2013 compared to fiscal year 2012. This includes a reduction in cash and cash equivalents of \$1,178,887 or 31% that was used for leasehold improvements and the purchase of furniture and fixtures at the new office on St. Thomas. Investments increased by \$417,003 or 118% compared to fiscal year 2012. This increase in investments is attributed to the State Small Business Credit Initiative (SSBCI) grant funds used as collateral in support of loans financed through the local banks. Accounts receivables, net increased by \$310,212 or 25% compared to fiscal year 2012 and, of this amount, \$158,160 or 51% is owed to the Authority in reimbursable expenses from the State Trade Export (STEP) and Incubator Federal programs. Additionally, the outstanding receivables from the Economic Development Commission (EDC) beneficiaries increased by \$194,233 or 162% due to a substantial fine assessed on one beneficiary. The increase in prepaid and other assets of \$5,929 or 8% was as a result of an advance payment made on the financial institutional bond insurance premium.

Noncurrent Assets

- Noncurrent assets decreased by \$1,270,705 or 8% which was due largely to the net write-off of \$1,246,504 between loan receivables and allowance for uncollectible that was written off in the lending unit. Restricted cash and cash equivalents increased by \$105,835 or 1% from the cumulative effect of changes in restricted cash and cash equivalent. There was an increase in restricted investments of \$33,738 or 1%, of which \$21,884 is sequestered in compliance with Federal restriction. The additional amount in restricted funds of \$11,854 constitutes interest income received on funds invested on restricted assets.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
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(UNAUDITED)**

Capital Assets

- There was a net increase of \$203,931 or 8% due to the capitalization of the leasehold improvements and purchase of furniture and fixtures for the new office and storage facility on St. Thomas and depreciation taken on the authority's capital assets.

Current Liabilities

- The Authority's current liabilities increased in fiscal year 2013 by \$528,348 or 11% compared to fiscal year 2012 and were due largely to the net effect of the following:
 - An increase in accounts payable of \$379,394 or 145%, that represents vendor payments and payroll liabilities that were not paid by the end of the fiscal year.
 - An increase in accrued expenses of \$174,774 or 112%, that consists of various obligations including contractual agreements and earned employee compensation absences.
 - A decrease in deferred revenues of \$57,951 or 1% as funds was transferred from the SSBCI account to provide collateral support to local banks.

Noncurrent Liabilities

- Noncurrent liabilities decreased by \$148,484 or 9% this fiscal year compared to the same period last year. This decrease was due to the cumulative effect of:
 - A reduction in compensated absences of \$141,737 or 66% as management strictly enforced the Authority's compensated absence policy.
 - A reduction of \$24,812 or 6% in long term debt that represents this year's payment of principal on a revolving loan.
 - An increase of \$9,937 or 1% in deferred revenue representing advance rent payment from a tenant in the Industrial Park.
 - An increase in security deposits of \$8,128 or 26% for a new tenant at the Industrial Park.

Net Position

- Net position represents residual interest in the Authority's assets after all liabilities are deducted for reporting purposes and are divided into three major components:
 - Invested in Capital Assets
 - Restricted Net Position
 - Unrestricted Net Position

The Authority's total net position at September 30, 2013 were reduced to \$14,883,743, which is a decrease of 11% compared to fiscal year 2012 as total expenses exceeded total revenues by \$1,892,381 or 28%.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>Variances</u>
Operating Revenues	\$ 6,821,965	\$ 6,168,962	\$ 653,003
Operating Expenses	<u>(8,775,997)</u>	<u>(6,582,952)</u>	<u>(2,193,045)</u>
Operating Income	(1,954,032)	(413,990)	(1,540,042)
Net Non-operating Revenues	<u>61,651</u>	<u>33,250</u>	<u>28,401</u>
Change in Net Position	(1,892,381)	(380,740)	(1,511,641)
Net Position, Beginning of the Year	<u>16,776,124</u>	<u>17,156,864</u>	<u>(380,740)</u>
Net Position, End of the Year	<u>\$ 14,883,743</u>	<u>\$ 16,776,124</u>	<u>\$ (1,892,381)</u>

Revenues

- Operating revenues increased by \$653,002 or 11% in fiscal year 2013 compared to the same period of the prior fiscal year. The net effect of this change includes:
 - An increase in (EDC) beneficiary billings of \$437,536 or 83% due to a substantial fine that was imposed on one beneficiary.
 - An increase in grant revenues of \$567,989 or 439% including \$547,070 received from the STEP program.
 - A decrease of \$34,463 or 13% in loan interest was due to the write-down of certain loans in the Government Development Bank (GDB) portfolio.
 - A decrease of \$74,806 or 95% in PFA funds. The \$4,184 drawdown this year was the final amount to be received from the appropriation.
 - A decrease in penalties of \$30,987 or 144% was due mainly to collaborative efforts with the EDC beneficiaries to ensure they comply with rules and regulations.
 - A decrease in other operating income of \$11,342 or 19%, which includes NSF and late fees, was due to management revising policies with respect to collections.
 - A decrease in government allotment of \$204,322 or 4%, which was a result of a reduction in government revenues.

Operating Expenses

- Operating expenses increased by \$2,193,045 or 33% in fiscal year 2013 compared to the previous year. The major changes were in the following areas:
 - Personnel costs were increased by \$285,008 or 9% due to the filling of vacancies, and the addition of part-time and temporary employees, to assist the Authority in meeting its mandate.
 - Advertising costs went up by \$111,725 or 130% as the Authority continues to aggressively market the EDC program within the United States and Europe.
 - Professional services increased by \$614,137 or 106% due to increased marketing and lead generation activities, legal and other consulting services in support of the EDC program, and the marine economic development initiative.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
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- Other administrative expenses increased by \$242,206 or 28%. This amount includes \$175,986 attributable to grant expenses. Within this expense category, funds were expended to do emergency repairs to the St. Croix office building.
- Grant expenditures were \$567,391 or 439% more than the previous year which include \$24,446 for the Scrape and Paint and Historical Walking Tour programs that are administered by the Enterprise Zone Commission. Additionally, \$56,533 and \$546,472 were expended for the SSBCI and STEP programs, respectively.
- Loss on asset termination was \$157,259, the amount written-off that represents the undepreciated costs of leasehold improvements when the Authority moved from its old location on St. Thomas to Nisky Center.
- Bad debt increased by \$246,653 or 29% as the Authority is aggressively taking the necessary steps of removing from its portfolio those loans that are determined to be uncollectible.
- Depreciation expenses increased by \$27,172 or 5% due to the acquisition of capital assets during the fiscal year.

Non-operating Revenues and Expenses

- Although total net non-operating revenues increased by \$21,857 or 55% in fiscal year 2013, interest income declined by \$8,755 or 30% due to the conversion of a certificate of deposit to cash which was used to pay for leasehold improvements and furniture and fixtures at the new office on St. Thomas. However, other income increased by \$30,612 or 287% due to the receipt of \$20,950 in bad debt recoveries and \$14,927 as a gain on the sale of an asset. There was also a reduction in interest expense and finance charges of \$2,760 or 42% as the Authority continues to pay down its outstanding debts.

VIII. CAPITAL ASSETS

The Authority's capital assets as of September 30, 2013 and 2012 were \$2,626,063 and \$2,422,132 (net of accumulated depreciation). The capital assets addition during the fiscal year included leasehold improvements, equipment and furniture.

	2013	2012
Building & Building Improvements	\$ 9,149,776	\$ 9,148,427
Leasehold Improvements	836,124	428,431
Equipment	1,038,349	960,530
Furniture & Fixture	349,457	220,326
Vehicles	1,119,896	1,112,518
Leasehold Equipment	20,585	20,585
Total Costs	12,514,187	11,890,817
Less: Accumulated Depreciation	(9,888,124)	(9,468,685)
Net Capital Assets	\$ 2,626,063	\$ 2,422,132

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
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PROGRAMS

Enterprise and Commercial Zone Program – This program offers incentives for businesses to invest in severely economically depressed areas on St. Thomas and St. Croix. It provides tax credits to businesses, which provide employment to residents of the designated areas. Additionally, it manages the Scrape and Paint and Historic Walk programs funded by sub-grants from federal grantor agencies.

Tax-Incentive Program – This program is aimed at local entrepreneurs who want to develop and expand their current businesses in exchange for various tax exemptions.

Micro Loan Program – This program is geared to current and potential business owners who meet certain eligibility criteria. The micro-loans range from \$1,000 to \$50,000, have an interest rate of 5% and a term of five (5) years. The Micro Loan program is administered by the Economic Development Bank (EDB).

Performance Bonding Program – This program allows local contractors to participate in capital development projects by providing payment and performance bonding.

Tour Bus Program – Financing was obtained in the amount of \$1,000,000 from the PFA to purchase twenty-six (26) tour buses to provide ground transportation for cruise passengers on the island of St. Croix. The buses were sold in August of 2014 and local taxi operators are now providing this service.

Energy Loan and Rebate Program – As a loan agent for this program, the Authority processes loan applications, issues loan and rebate checks, and maintains loan files and balances on behalf of the Virgin Islands Energy Office. These transactions are not reflected in the financial statements of the Authority.

Department of Agriculture Loan Program – As a loan agent for this program, the Authority processes loan applications, issues loan checks and maintains loan files and balances on behalf of the Department of Agriculture. These transactions are not reflected in the financial statements of the Authority.

State Small Business Credit Initiative (SSBCI) Program – The Authority was awarded a federal grant of \$13.1M to support loan enhancements and performance bonding for local businesses. Those businesses who otherwise qualify to receive a loan from local banks are eligible for this program.

State Trade Export Program (STEP) – This federal program was designed to promote trade and assist small local manufacturers to increase exports and promote trade.

Disaster Small-Midsize Enterprises Incubator Program – The Authority was awarded \$1.0M in federal funds matched with \$200,000 of local funding in the establishment of an incubator program on the island of St. Croix. It is a collaborative venture, involving the government and other community based institutions to create avenues for economic viability and sustainability.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
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Post-Disaster Relief Revolving Loan – The United States EDA awarded \$2,000,000 in federal grant matched with \$400,000 of local funding to support natural disaster resiliency and economic diversification in the territory.

Request for Information – This financial report is designed to provide a general overview of the Authority's finances for those with an interest in the Authority's operation. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Virgin Islands Economic Development Authority, Nisky Shopping Center, Suite 620, St. Thomas, VI 00802.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,608,485	\$ 2,669,360
Investments	206,848	769,091
Receivable, net	1,306,627	1,560,761
Prepaid and Other Assets	61,825	82,299
Total Current Assets	<u>4,183,785</u>	<u>5,081,511</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	7,552,195	7,864,742
Restricted Investments	4,695,812	2,675,301
Restricted Loans Receivable, net	3,689,964	3,544,477
Total Noncurrent Assets	<u>15,937,971</u>	<u>14,084,520</u>
Capital Assets, net	<u>2,259,654</u>	<u>2,626,063</u>
Total Assets	<u><u>\$ 22,381,410</u></u>	<u><u>\$ 21,792,094</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 581,700	\$ 640,601
Accrued Expenses	104,680	330,976
Compensated Absences, current	135,060	147,351
Interest Payable	20,638	19,987
Deferred Revenue	4,190,312	4,252,932
Loan Payable, current	24,632	24,388
Total Current Liabilities	<u>5,057,022</u>	<u>5,416,235</u>
Noncurrent Liabilities:		
Compensated Absences	289,479	74,547
Security Deposits	44,099	39,865
Deferred Revenue	1,000,000	1,009,937
Relief Revolving Funds	400,000	-
Loan Payable	342,153	367,767
Total Noncurrent Liabilities	<u>2,075,731</u>	<u>1,492,116</u>
Total Liabilities	<u><u>7,132,753</u></u>	<u><u>6,908,351</u></u>
Net Position:		
Invested in Capital Assets, net of related debt	2,259,654	2,626,063
Restricted Net Position	13,553,923	13,647,640
Unrestricted Net Position	(564,920)	(1,389,960)
Total Net Position	<u><u>\$ 15,248,657</u></u>	<u><u>\$ 14,883,743</u></u>

The accompanying notes are an integral part of these financial statements.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Government Appropriation	\$ 4,855,989	\$ 4,481,814
Allocation of Bond Proceeds	(1,945)	4,184
Application and Processing Fees	665,195	961,607
Rental Income	474,761	412,611
Interest Income from Loans	162,913	226,732
Grant Revenue	539,761	697,240
Penalties	88,607	-
Other Operating Revenue	495,307	37,777
Total Operating Revenues	<u>7,280,588</u>	<u>6,821,965</u>
Operating Expenses:		
Personnel Costs	3,386,931	3,327,222
General and Administrative	1,211,020	1,118,648
Occupancy	272,450	300,842
Advertising	241,350	197,523
Professional Services	810,529	1,193,402
Travel	95,280	105,415
Program Cost	539,761	696,642
Bad Debt	133,864	1,111,144
Total Operating Expenses	<u>6,691,186</u>	<u>8,050,838</u>
Excess (Deficiency) of Revenues from Operations		
Before Depreciation and Other Assets	589,402	(1,228,873)
Depreciation	490,097	564,116
Loss on Assets/Termination of Lease	-	157,259
Operating Income (Loss)	<u>99,305</u>	<u>(1,950,248)</u>
Non-operating Revenues (Expenses):		
Interest Income	69,536	20,364
Other Income	199,818	41,287
Interest Expenses and Finance Charges	(3,745)	(3,784)
Total Non-Operating Revenues	<u>265,609</u>	<u>57,867</u>
Change In Net Position	364,914	(1,892,381)
Net Position, Beginning of Year	<u>14,883,743</u>	<u>16,776,124</u>
Net Position, End of Year	<u>\$ 15,248,657</u>	<u>\$ 14,883,743</u>

The accompanying notes are an integral part of these financial statements.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities		
Cash Received from Primary Government and Allocation of Bond Proceeds	\$ 5,094,083	\$ 4,404,911
Cash Received from Application and Processing	509,240	767,374
Cash Received from Tenants	514,130	444,926
Cash Received from Loan Repayments	547,991	838,998
Cash Received from Other Operating Income	746,827	264,509
Cash Received from Federal Government	792,849	484,576
Cash Paid for Grant Program	(539,762)	(696,642)
Cash Paid for Goods and Services	(2,894,701)	(2,367,701)
Cash Paid to Employee for Services	(3,184,290)	(3,436,960)
Loan Disbursements	(618,072)	(434,291)
Net Cash Provided by Operating Activities	<u>968,295</u>	<u>269,700</u>
Cash Flows from Noncapital Financing Activities		
Other Income	194,778	41,287
Interest Expense and Finance Charges	1,295	(3,784)
Net Cash Provided by Noncapital Financing Activities	<u>196,073</u>	<u>37,503</u>
Cash Flows from Capital and Related Financing Activities		
Note Principal Payments	(25,370)	(24,572)
Acquisition of Property and Equipment	(123,688)	(925,306)
Net Cash (Used In) Capital and Related Financing Activities	<u>(149,058)</u>	<u>(949,878)</u>
Cash Flows from Investing Activities		
Interest Income	69,536	20,364
Net Purchase (Sale) of Investments	(1,458,268)	(450,741)
Net Cash (Used In) Investing Activities	<u>(1,388,732)</u>	<u>(430,377)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	(373,422)	(1,073,052)
Cash and Cash Equivalents, Beginning of Year	<u>10,534,102</u>	<u>11,607,154</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,160,680</u>	<u>\$ 10,534,102</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:		
Operating Income (Loss)	\$ 99,305	\$ (1,950,248)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	490,097	564,116
Bad Debt Expense	133,864	1,111,144
Loss on Assets/Termination of Lease	-	157,259
Decrease (Increase) in Accounts Receivable	120,270	(415,784)
Decrease (Increase) in Prepaid Expenses	20,474	(5,929)
(Increase) Decrease in Loans Receivable	(145,487)	404,706
(Decrease) Increase in Accounts Payable and Accrued Expenses	(285,198)	554,168
Increase (Decrease) in Compensated Absences	202,641	(109,738)
(Decrease) in Deferred Revenue	(72,557)	(48,014)
Increase in Security Deposit	4,234	8,128
Increase in Relief Revolving Funds	400,000	-
Increase (Decrease) in Interest Payable	651	(108)
Net Cash Provided by Operating Activities	<u>\$ 968,294</u>	<u>\$ 269,700</u>

The accompanying notes are an integral part of these financial statements.



*Veteran's Drive (Waterfront highway) in downtown Charlotte Amalie on St. Thomas, U.S. Virgin Islands
courtesy of the U.S. Virgin Islands Department of Tourism*



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