

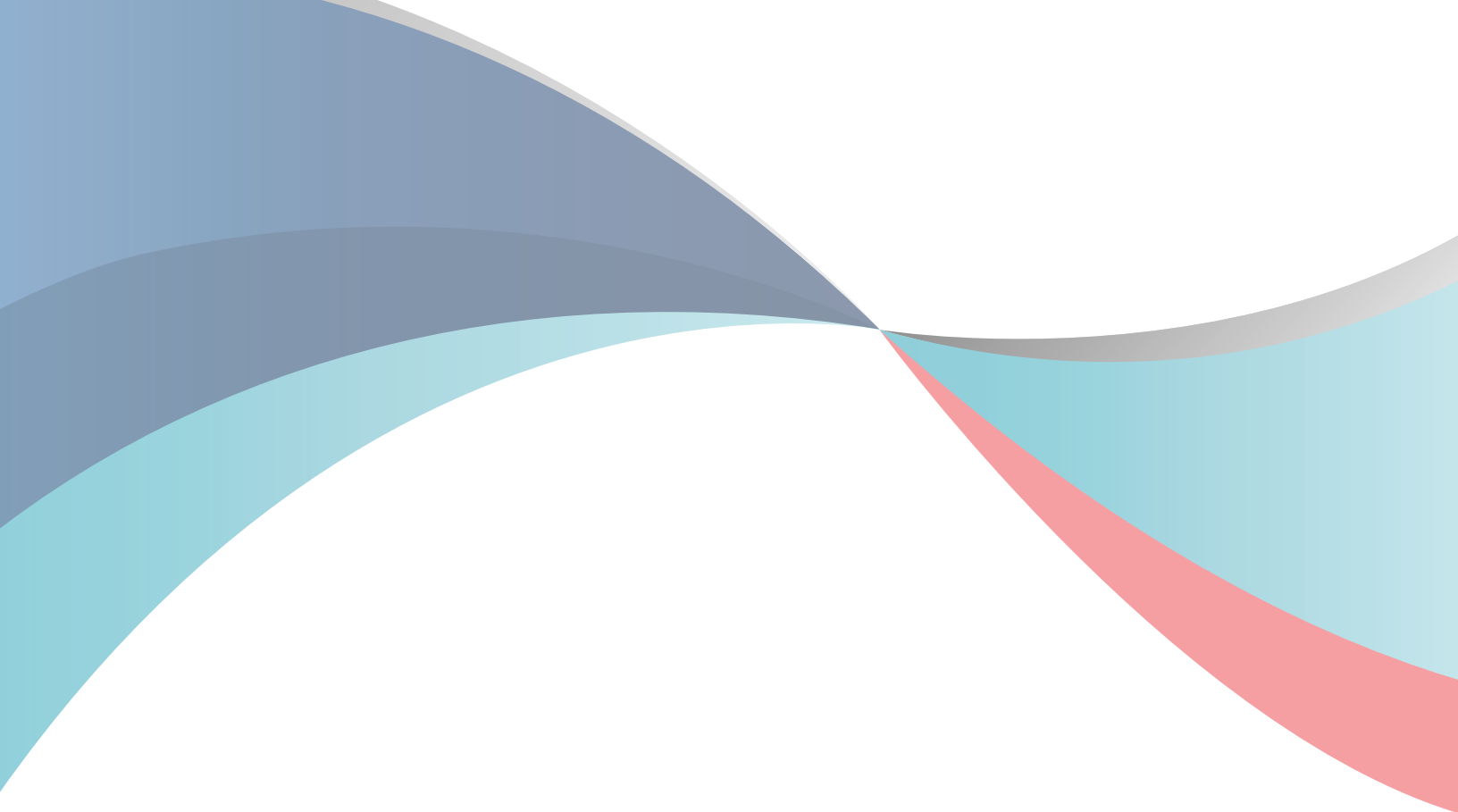


# 2016 ANNUAL REPORT

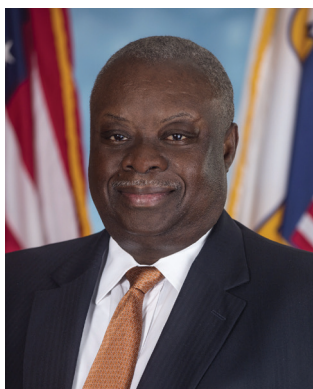
"Connecting Locally and Abroad to Shape  
Our Economic Future."

October 1, 2015 to September 30, 2016





UNITED STATES VIRGIN ISLANDS  
**Economic Development Authority**



## 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 continues to pursue strategies to enhance the territory's appeal as a business friendly jurisdiction. Sustained economic development is essential to our growth and security. To encourage such development, we continue to upgrade critical infrastructure and to expand our communications technologies to meet the demands of both the public and private sectors. New strategies are being explored constantly.

Having benefitted greatly from existing programs to provide financial investment incentives through the Economic Development Authority, the current Administration has authored legislation to establish a corporate and regulatory framework that competes with the most favorable state and off-shore jurisdictions now enabling large and sophisticated financial transactions. The proposed "Virgin Islands Financial Services Improvement and Corporate Modernization Act of 2017" will modernize our laws governing corporations to accommodate creation of new statutory trusts, while providing competitive tax and other benefits not available in other jurisdictions.

As we continue to develop the full potential of our unique status as a United States Territory in partnership with the United States Treasury and Internal Revenue Service, we remained focused on quality of life improvements throughout our community. Our capital projects are planned to support education, travel and transportation, public safety, and environmental protection. We are determined to be the premiere destination for all who wish to flourish under the U.S. flag, and under the favorable circumstances only the U.S. Virgin Islands can offer. It will be our pleasure to do business with you.

A blue ink signature of Kenneth E. Mapp, written in a cursive style.

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

The Virgin Islands Economic Development Authority (EDA) is the arm of economic growth and sustainability in the United States Virgin Islands. This Fiscal Year (FY) 2016 Annual Report depicts a favorable representation of economic development in our territory. We are pleased to invite all stakeholders to review this product and use it as an essential source for data and analysis of the Virgin Islands economy.

Recently, several executive and legislative measures have been put in place to stimulate our Virgin Islands economy. Although some measures are still works in progress, we are optimistic of the long-term impact and benefits that will derive from these strategic approaches. The Virgin Islands has the distinction of being a unique destination for offering many cultural products, services, and experiences. The expansion of our economy through the influx of industries ranging from, but not limited to, health, tourism, construction, hospitality, retail/restaurant, environmental, technology and aviation, demonstrates that we are open for business. We are very fortunate to have the Virgin Islands Economic Development Authority to provide the necessary guidance and resources to assist businesses in becoming established or sustained.

I commend the Governing Board of Directors and the dynamic team at the Economic Development Authority for the professional services that they provide to our economic beneficiaries, and for producing this FY 2016 Annual Report. This report is at a standard that represents the high quality of work derived from the EDA. We are confident that this report will be a useful resource for all stakeholders and will continue to demonstrate why the Virgin Islands is a viable market for potential investors and economic growth.

A handwritten signature in blue ink, appearing to read "Osbert E. Potter".

Osbert E. Potter



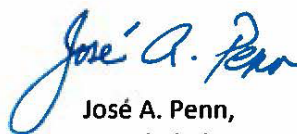
## MESSAGE FROM CHAIRMAN OF THE BOARD

For the 2016 Fiscal Year, October 1, 2015 to September 30, 2016, the United States Virgin Islands Economic Development Authority continued its efforts to meet its mandate of performing the economic development function for the United States Virgin Islands. A key component of the Authority to meet its mandate is its continued commitment to address the concerns and recommendations of the IG Audit Report AR-01-EDA-14, with the goal being effective and productive administration of the Territory's Economic Development Program.

To that end, during the 2016 Fiscal Year, the Authority by the collaboration of the Governing Board and its management, the Territory's Economic Development Program was advanced by increased engagement with the stakeholders of the territory. That engagement included informational sessions with the 31<sup>st</sup> Legislature of the Virgin Islands, the Governor of the Virgin Islands Financial Team, Virgin Islands Advocacy Day in Washington, DC with the VI Delegate to Congress, discussions with the US Department of Energy and US Department of Interior on energy saving initiatives. In addition, the Authority conducted its Task Force meetings with government agency stakeholders to improve the overall program by addressing their concerns. The Authority partnered and worked with other local entities to promote the territory. Resolutions amending bylaws were adopted, funds were created, town plans were approved, conferences and seminars were attended by the Governing Board and Executive Staff to create an environment for effective performance and best practices in the field of economic development. Also, the Authority submitted proposed amendments to Act No. 7651 for the Economic Development Commission program to the Office of the Governor.

I am personally proud of the Authority's investment in its human resources by offering online training; University of the Virgin Islands provided accounting and financial management training for management and staff. The engagement of the management and staff with the Authority training initiative has enhanced and will continue to create a workplace culture for high performance.

The Authority's 2017 Fiscal Budget, themed "Helping To Spur an Economic Revolution" builds on its 2016 efforts. The intent is to continue to improve our quality of life with collaboration among all stakeholders of the territory key for our economic Development Program to succeed.



José A. Penn,  
Board Chairman  
USVI Economic Development Authority



## MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER



It was in the spirit of collaboration that the U.S. Virgin Islands Economic Development Authority (“USVIEDA”) partnered with our internal and external stakeholders to craft and execute a strategy that would drive activity and spur investment in the Territory’s economy during Fiscal Year (“FY”) 2016.

This approach allowed the USVIEDA to carry out the mandates of each of its four pillars by venturing into new industries, attracting new businesses to our shores, supporting the small-business community through our lending arm, revitalizing the designated enterprise zones, and offering attractive commercial rental space at our industrial parks. All of these combined activities create an environment that can nurture economic prosperity.

For the Territory to succeed, it is critical that we all work together as a cohesive team. To that end, the USVIEDA strengthened relationships with our sister government agencies. The USVIEDA reached out to our executive and legislative branches to discuss ways in which our programs and services can continue to help our local economy thrive and contribute to the Territory’s quality of life. Agencies such as the Virgin Islands Bureau of Internal Revenue and the Virgin Islands Department of Tourism partnered with us on conferences like the “Institute for Professionals in Taxation Credits and Incentives Symposium” and the “South by Southwest (“SXSW”) Music, Film, and Interactive Festival”, where we promoted our programs to a number of prospective investors and their advisors. At the same time, we recognized the importance of fostering a positive attitude toward entrepreneurship and investment in the Territory’s residents, particularly within the youngest people among us.

The USVIEDA held informational workshops at local, public high schools to educate students about the programs we offer, encourage them to seriously consider the idea of one day owning and operating their own businesses, and explain how entrepreneurship plays a role in economic development. Additionally, the USVIEDA, through its Enterprise Zone Commission, collaborated with the Office of the Public Defender and the local non-profit organization Youth Arise, Inc. to host EntrepreNow, a six-week pilot summer program for young men. Through this program, the participants were exposed to a number of the Territory’s entrepreneurs and government officials and were encouraged to turn their dreams of owning a business into reality.

Supporting our small business community is vital to the Territory’s economy. In FY 2016, our Economic Development Bank provided over \$10 million in guarantee support for small-business loans through the State Small Business Credit Initiative (“SSBCI”) program, which had the potential to create 198 jobs and retain 444 jobs.

Providing state-of-the-art facilities for potential businesses to operate is also crucial. During FY 2016, the USVIEDA continued its collaboration with the U.S. Department of Energy (“DOE”), which sprung from an energy-efficiency and micro-grid infrastructure assessment conducted by the DOE at the William D. Roebuck Industrial Park (“Park”) on St. Croix. An investment grade audit of the Park is required for the next phase. With the occupancy of the Park on St. Croix steadily growing, and the occupancy on St. Thomas at 100%, designing cost-effective, energy-efficient facilities would help to attract and retain tenants.

In FY 2016, we finalized the rules and regulations for the Sustainable Tourism through Arts-Based Revenue Streams (“STARS”) Act, which will help to place the Territory in a more competitive position in the world of entertainment. To increase our exposure within that industry, the Authority not only participated in the SXSW Festival but also the Association of Film Commissioners International Cinemposium 2016.

As a testament to the hard work and commitment of our entire team, the USVIEDA earned, for the second consecutive year, the Best of the VI Award by the Virgin Islands Daily News Readers Poll as the Best Government Agency in the Territory in 2016. The contributions of all team members are deeply appreciated.

I would also like to thank our Honorable Governor Kenneth E. Mapp, the Honorable Lieutenant Governor Osbert E. Potter, the USVIEDA Board of Directors, management and staff. Your support is valuable as we work together to create and sustain an economically vibrant community for this and future generations living in the U.S. Virgin Islands.

Wayne L. Biggs, Jr.  
Acting Chief Executive Officer  
U.S. Virgin Islands Economic Development Authority

# USVIEDA BOARD of DIRECTORS



**José A. Penn, *Chairman***

Chief Financial Officer of Penns' Apartment Rental, Inc.; Penns' Jeep Rental, Inc. and Penns' Trucking Services, Inc.  
(St. John Representative)



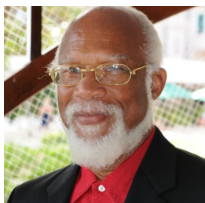
**Philip Payne, *Vice Chairman***

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



**Avery L. Lewis, *Secretary***

President, American Federation of Teachers  
(St. Thomas Representative)



**Simon B. Jones-Hendrickson, Ph.D., *Board Member*<sup>1</sup>**

Chief Economic and Fiscal Policy 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 Governors' Cabinet)



**Juan Figueroa, Sr., *Board Member***

Executive Director for the Virgin Islands Lottery  
(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 the Virgin Islands)



**Eugene Farrell, *Board Member*<sup>2</sup>**

Policy Advisor to the Governor

<sup>1</sup> Served in this respective capacity  
until July 6, 2016.

<sup>2</sup> Serving in this respective capacity  
as of July 6, 2016.

## USVIEDA MANAGEMENT TEAM

**Wayne L. Biggs, Jr.**  
Acting Chief Executive Officer

**Tracy Lynch Bhola, Esq.**  
General Counsel

**Humberto O'Neal**  
Project Coordinator

**Ernest Halliday, CPA, CGMA**  
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  
Economic Development Park Corporation

*as of FY 2016*

## MISSION STATEMENT



Connecting Locally and Abroad  
to Shape Our Economic Future.

*The U.S. Virgin Islands Economic Development Authority (USVIEDA) strives to be a customer focused 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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# USVI ECONOMIC DEVELOPMENT AUTHORITY

## 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.

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EDC Applications Received

# EDC APPLICATIONS DIVISION

## Applications Received in Fiscal Year 2016

During the FY 2016, the Economic Development Commission received 18 applications, which represent potential future economic impact of a minimum of 807 jobs to be created, over \$29,664,420.66 to be paid out in wages and over \$109,205,777 to be made in capital investments. These Applicants also represent the potential for the U.S. Virgin Islands to realize approximately \$1,800,000 in taxes over a five-year period.

**TABLE 1: EDC Applications Received in Fiscal Year 2016**

NO.	COMPANY NAME	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS AS OF 9/30/16
1	St. Croix Financial Center Inc.	Extension/Modification	III	Hotel/Marina	Incomplete
2.	IGY-AYH St. Thomas Holdings, LLC d/b/a American Yacht Harbor	Modification	II	Marina	Incomplete
3.	Grapetree Shores Inc. d/b/a Divi Carina Bay Resort	Extension/Modification	III	Hotel	Incomplete
4.	Atrium VI, LLC	New	IV	Business Management	Approved
5.	AAC – Air Ambulance Caribbean Inc. d/b/a Aero MD	New	III	Healthcare/ Transportation	Pending Decision Meeting
6.	Margaritaville Vacation Club by Wyndham	Extension	III	Timeshare Resort	Incomplete
7.	St. Croix Renaissance Group, LLLP	Extension	III	Eco-park	Incomplete
8.	Perpetual Motion Management, LLC	Resubmission/ New	IV	Business Management	Approved
9.	Liberty Medical Development, LLC	New	III	Healthcare/ Transportation	Approved
10.	Spartan Products, LLC	Transfer	I	Manufacturer	Pending Decision Meeting
11.	RC Hotels (Virgin Islands) Inc. d/b/a The Ritz-Carlton St. Thomas	Extension/Modification	III	Hotel	Pending Public Hearing
12.	CBI Acquisition, LLC d/b/a Caneel Bay Resort	Modification	III	Hotel	Incomplete
13.	Fintrac, Inc.	Modification	IV	Business Management	Incomplete
14.	Gold Coast Yachts, Inc.	Extension	II	Manufacturer	Incomplete
15.	Carambola Zip Line, LLC	New	III	Tourist Attraction	Incomplete
16.	Legacy VI Development Consulting, LLLP	Resubmission	IV	Financial Services	Pending Public Hearing
17.	Sterisil International, LLC	New	II & III	Manufacturer	Pending Public Hearing
18.	Harborside Corporation	Modification	III	Hotel	Incomplete

# EDC APPLICATIONS DIVISION



*(L to R) VIEDC Tax Incentive Program applicant Christopher Bennett, president of Alpha Mortgage Advisors, Inc., with his counsels Renee Andre, Esq., and Marjorie Roberts, Esq., at a VIEDC Public Hearing on May 7, 2015. This hearing was held at the Virgin Islands Small Business Development Center on St. Thomas, USVI.*  
*– Photo by Semele A.C. George/USVIEDA*

## Applications Processed In Fiscal Year 2016

The VIEDC Board and staff heard presentations made by twelve (12) applicants at public hearings as follows:

**TABLE 2: VIEDC Public Hearings**

NO.	NAME OF APPLICANT	PUBLIC HEARING	DESCRIPTION	ISLAND
1.	B.D. Specialties, Inc. d/b/a Billy D's Special Tees	10-15-15	Small Manufacturer	St. Thomas
2.	Island Roads Corporation	10-15-15	Manufacturer	St. Thomas
3.	Goddard Catering Group St. Thomas Corporation	12-10-15	Airline Catering Service	St. Thomas
4.	Atrium VI, LLC	02-11-16	Business Management	St. Thomas/ St. John
5.	Plessen Healthcare, LLC	02-11-16	Health Facility	St. Croix
6.	Carambola Golf Club, LLC	02-11-16	Golf Course	St. Croix
7.	Perpetual Motion Management, LLC	04-14-16	Business Management	St. Thomas
8.	Liberty Medical Development, LLC	05-12-16	Healthcare / Transportation Services	St. Croix
9.	Territory East Asset Management, LLC	06-09-16	Business Management	St. Croix
10.	Spartan Products, LLC	07-14-16	Manufacturer	St. Croix
11.	AAC – Air Ambulance Caribbean, Inc. d/b/a AeroMD	07-14-16	Health care / Transportation Services	St. Thomas
12.	Ay Ay Holdings, Inc.	08-11-16	Resort / Business Management	St. Croix

## EDC Decision Meetings

A total of eighteen (18) applications were presented to the VIEDC Governing Board for consideration of which fifteen (15) applications were approved with a favorable recommendation to the Governor of the U.S. Virgin Islands, two (2) applications were denied, and one (1) application was tabled.

**TABLE 3: VIEDC Decision Meeting Cases**

NO.	NAME OF APPLICANT	DECISION MEETING	TYPE OF APPLICATION	STATUS
1.	Carambola Northwest, LLC	10-15-15	New	Approved
2.	Alpha Mortgage Advisors, Inc.	11-12-15	New	Approved
3.	Castle Medical Holdings, Inc.	11-12-15	New	Approved
4.	CD Paradise Holding, LLLP	11-12-15	New	Approved
5.	CDM Investment Management, LLLP n/k/a Prosperitas Investment Management, LLLP	11-12-15	New	Approved
6.	Goddard Catering Group (St. Thomas) Inc.	12-17-15	Extension	Approved
7.	B.D. Specialties, Inc. d/b/a Billy D's Special Tees	12-17-15	Extension/Modification	Denied
8.	Island Roads Corporation	12-17-15	Extension/Modification	Approved
9.	Atrium VI, LLC	04-14-16 04-26-16	New	Approved
10.	Carambola Golf Club, LLC	04-14-16 04-26-16	Extension / Resubmission	Approved
11.	Plessen Healthcare, LLC	04-14-16 04-26-16	New / Resubmission	Approved
12.	Perpetual Motion Management, LLC	04-26-16	New / Resubmission	Approved
13.	Amalie Global, Inc.	05-26-16	New / Reconsideration	Approved
14.	Impact Technologies VI, Inc.	06-23-16	New / Reconsideration	Approved
15.	Liberty Medical Development, LLC	06-23-16	New	Denied
16.	Valance Co. Inc.	06-23-16	Extension / Reconsideration	Approved
17.	Liberty Medical Development, LLC	08-25-16	New	Approved
18.	Territory East Asset Management, LLC	08-25-16	Extension / Modification	Tabled

Note: April 14, 2016 Decision Meeting was continued to April 26, 2016

# EDC APPLICATIONS DIVISION

## Applications Approved By The Governor

During FY 2016, 25 applications were submitted to the Governor for consideration of which five (5) were filed in a previous fiscal year. Twelve (12) applications were approved, five (5) were denied, and four (4) were returned from the Governor for reconsideration by the VIEDC Governing Board. At the end of the fiscal year, four (4) applications are pending consideration by the Governor.

**TABLE 4: VIEDC Applications Approved by the Governor**

NO.	COMPANY NAME	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS Aas of 09/30/16
1.	Westin St. John Hotel Co., Inc.	Extension / Modification	III	Hotel	Approved 11-16-15
2.	Perpetual Motion Management, LLC	New	IV	Business Management	Denied 11-25-15
3.	Spectrum Engineering, Inc.	New	II	Manufacturer	Approved 11-24-15
4.	DiamondRock Frenchman's Owner, Inc.	Modification	III	Hotel	Approved 10-05-15
5.	Leeward Capital Corporation	New	IV	Financial Services	Denied 11-25-15
6.	Amalie Global, Inc.	New	IV	Financial Services	Reconsideration 02-11-16
7.	Valance Co., Inc.	Extension	IV	Business Management	Reconsideration 02-11-16
8.	Carambola Northwest, LLC	New	III	Hotel	Approved 02-16-16
9.	Impact Technologies VI, Inc.	New	IV	Financial Services	Reconsideration 03-10-16
10.	Secret Harbour Beach Associates LLLP	Extension	III	Hotel	Reconsideration 03-07-16
11.	Tree Limin' Extreme, LLC	New	III	Tourist Attraction	Denied 03-10-16
12.	CD Paradise Holdings, LLLP	New	IV	Financial Services	Approved 3-29-16
13.	Prosperitas Investment Management, LLLP	New	IV	Financial Services	Approved 03-30-16
14.	Alpha Mortgage Advisors, Inc.	New	IV	Financial Services	Approved 04-02-16
15.	Castle Medical Holding, Inc.	New	IV	Business Management	Approved 04-02-16
16.	Goddard Catering Group (St. Thomas), Inc.	Extension	II	Airline Catering	Approved 04-26-16
17.	Island Roads Corporation	Extension	II	Manufacturer	Denied 05-09-16
18.	Legacy VI Development Consulting, LLLP d/b/a Legacy VI	New	IV	Financial Services	Denied 04-26-16

NO.	COMPANY NAME	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS AS OF 09/30/16
19.	Perpetual Motion Management, LLC	New / Resubmission	IV	Business Management	Approved 07-19-16
20.	Atrium VI, LLC	New	IV	Business Management	Approved 09-14-16
21.	Amalie Global, Inc.	New	IV	Financial Services	Approved 09-14-16
22.	Carambola Golf Club, LLC	Extension/Modification	III	Golf Course	Pending
23.	Impact Technologies VI, Inc.	New	IV	Financial Services	Pending
24.	Plessen Healthcare, LLC	New	III	Health Facility	Pending
25.	Valance Co., Inc.	Extension	IV	Business Management	Pending

## Petitions

A total of eleven (11) petitions/administrative actions were presented to the VIEDC Governing Board for consideration. Applicants/Beneficiaries and staff petitioned the board for reconsideration of board actions, change in ownership, admission of disregarded entity, extended time to commence benefits, and administrative corrections or amendments to agreements.

**TABLE 5: Petitions/Administrative Actions Received**

NO.	NAME OF APPLICANT	DECISION MEETING	TYPE OF PETITION	STATUS
1.	DiamondRock Frenchman's Owners, Inc. d/b/a Frenchman's Reef & Morning Star Marriott Beach Resort	12-17-15	Amendment	Approved
2.	B.D. Specialties, Inc. d/b/a Billy D's Special Tees	03-10-16	Reconsideration	Denied
3.	Global MedChoices Group, LLC	03-10-16	Extension of Time to Commence Benefits	Approved
4.	Heavy Materials, LLC	03-10-16	Change in Ownership	Approved
5.	RC Hotels (Virgin Islands), Inc. d/b/a The Ritz-Carlton St. Thomas	03-10-16	Change in Ownership	Approved
6.	Caribbean Cinemas of St. Croix, Inc.	04-14-16	Staggered Benefit dates	Approved
7.	Discover Fund Management, LLLP	04-14-16	Disregarded Entity	Approved
8.	Subbase Drydock, Inc.	04-14-16	Property Tax Exemption	Denied
9.	Carambola Golf Club	05-12-16	% Income Tax Exemption correction	Approved
10.	Global MedChoices Group, LLC	08-25-16 09-08-16	Extension of Time to Commence Benefits	Approved
11.	Atrium VI, LLC	09-08-16	Capital Investment Correction	Approved

# EDC APPLICATIONS DIVISION

## VIEDC Certificates Of Benefits

Sixteen (16) certificates of benefits were drafted of which nine (9) were executed. Four (4) of these Beneficiaries' certificates were new; four (4) were extensions/modifications; and one (1) was a re-activation.

Of the 16 certificates, based upon the commitments made, the Territory will realize new and continued employment at a minimum of 753 full-time employees, approximately \$38,802,505 in capital investments, and annual charitable contributions of approximately \$1,026,626. It is also estimated that the Territory will potentially generate direct taxes over a five-year period of more than \$47,611,500 should the business operations materialize as projected.

**TABLE 6: VIEDC Certificates of Benefits**

NO.	COMPANY NAME	TYPE	EXECUTED
1.	Subbase Drydock Inc.	New	05-10-16
2.	Sunshine Shopping Center	Extension	05-17-16
3.	PBG Corporation dba Phantasea Tropical Botanical Garden	New	Processed 03-04-16 Awaiting Clients Review & Acceptance
4.	Tropico Management, LP	Re-activation	05-17-16
5.	Real Impact Corporation	New	01-13-16
6.	Flying Fish Group, LLC	New	12-04-15
7.	Denali Asset Management, LLLP	Extension	02-02-16
8.	International Capital and Management Company, LLC	Extension/ Modification	03-01-16
9.	DiamondRock Frenchman's Owner, Inc. d/b/a Frenchman's Reef and Morning Star Marriott Beach Resort	Extension/ Modification	04-01-16
10.	Carambola Northwest, LLC	New	07-12-16
11.	Goddard Catering Group St. Thomas, Inc.	Extension	In Process
12.	Prosperitas Investment Management, LLLP	New	Requested Information 09-6-16, Awaiting Response from Client
13.	CD Paradise Holdings, LLLP	New	Requested Information on 09-6-16, Awaiting Response from Client
14.	Alpha Mortgage Advisors, Inc.	New	In Process
15.	Perpetual Motion Management, LLC	New	Processed 09-12-16 Pending Clients Review & Acceptance
16.	Caribbean Cinemas of St. Croix, Inc.	New	Processed 09-12-16 Pending Clients Review & Acceptance

## Inquiries From Potential Investors

The Application Unit responded to 43 inquiries for general information on the EDC Program. Meetings were held with six (6) potential investors who expressed strong interest in doing business within the territory of which two (2) have since submitted an application for benefits.

Twenty-four (24) of the potential investors were from businesses within the U.S. Virgin Islands, and nineteen (19) were from the United States, Canada, or other Caribbean islands.

**TABLE 7: EDC Business Inquiries**

NO.	TYPE OF BUSINESS	LOCATION
1.	Hotel Resort	St. Thomas
2.	Healthcare	St. Thomas
3.	Individual Park Light Manufacturing	St. Croix
4.	Boutique Hotel	St. John
5.	Beauty Supplies	St. Croix
6.	Back Office Services	St. Thomas
7.	Designated Service Business	Illinois
8.	Solar Panel Manufacturing & Distribution	Maryland
9.	Small Business	USVI
10.	Designated Service Business	St. Thomas
11.	Television Station	St. Croix
12.	Boutique Hotel	St. Croix
13.	Managing Editor	New York
14.	Warranty Insurance Program	Canada
15.	Music Production	California
16.	Submarine Business	Florida
17.	Medical Facility	St. Croix
18.	Social Media	St. John
19.	Real Estate /Financial Service	Puerto Rico
20.	Bakery	Florida
21.	Hedge Fund Co.	St. Croix
22.	Bank	St. Croix
23.	TIF Program	St. Croix
24.	Trading Company	St. Croix
25.	Surgical center for foot care	St. Croix
26.	Consulting Service	St. Thomas
27.	Data Transfer	St. Croix
28.	Pharmacy Facility	Florida/Georgia/Puerto Rico
29.	Produce	St. Thomas

# EDC APPLICATIONS DIVISION

**TABLE 7: EDC Business Inquiries Received, cont.**

NO.	TYPE OF BUSINESS	LOCATION
30.	E-Commerce	St. Thomas
31.	Casino / Hotel	St. Croix
32.	Software Consulting	Connecticut
33.	Destination Sap	Florida
34.	Energy Renewal	Puerto Rico
35.	Cannabis Manufacturer	Colorado
36.	Software & Internet Company	Hawaii
37.	Consulting Service	Puerto Rico
38.	Real Estate	Florida
39.	Green House Operation	Indianapolis, IN
40.	Call Center	Las Vegas, NV
41.	Outstaffing	Virginia
42.	Consulting Services	St. Croix
43.	Food Service	St. Croix

## Eligible Virgin Islands Supplier Program

A total of 19 Eligible Supplier applications were processed in FY 2016. Of that number, twelve (12) were approved, four (4) were closed, one (1) was denied and two (2) are pending.

**TABLE 8: EDC Eligible Suppliers Applications**

NO.	DATE RECEIVED	NAME OF COMPANY	BUSINESS LOCATION	STATUS
1.	10/1/2015	Caribbean A/V Solutions, LLC	St. Thomas	Approved
2.	11/23/2015	Emmanuel O'Neal dba J & D Cleaning Services	St. Thomas	Closed
3.	12/30/2015	Business Basics VI, LLC	St. Thomas	Approved
4.	1/19/2016	Natalie Warde Angelo Bridgewater dba I-Shine Janitorial Services	St. Thomas	Closed
5.	2/4/2016	Island Media Systems, LLC	St. Thomas	Approved
6.	2/9/2016	Home Sweet Home Cleaning Services	St. Croix	Denied
7.	2/9/2016	Yara Stinson dba VI Accounting Group	St. Croix	Closed
8.	3/1/2016	Lagnappe, LLC	St. Thomas	Approved
9.	3/2/2016	George Ashley Architect & Associates, P.C.	St. Croix	Approved
10.	4/26/2016	RKM Management, LLC d/b/a Atlanta Refrigeration Service VI	St. Thomas	Approved
11.	5/16/2016	Roosevelt S. Joseph d/b/a Joe's Carpentry	St. Croix	Approved
12.	6/1/2016	Elevation VI, LLC d/b/a IBCVI & Co.	St. Croix	Closed

NO.	DATE RECEIVED	NAME OF COMPANY	BUSINESS LOCATION	STATUS
13.	6/2/2016	Danny Edwards, Natalie Joseph d/b/a Safe Watch Security Systems	St. Thomas	Approved
14.	6/9/2016	Stronghouse Construction, LLC	St. John	Approved
15.	7/29/2016	Darwin Dowling dba Tri-Delta Services	St. Croix	Approved
16.	8/18/2016	Inter Island Boat Services, Inc.	St. Thomas	Approved
17.	8/29/2016	Ostrander Insurance, LLC	St. Thomas	Approved
18.	9/19/2016	Olympic Rent-A-Car	St. Croix	Pending
19.	9/21/2016	Keirsten Peterson dba Sampson House	St. Croix	Pending

ELIGIBLE SUPPLIERS	FY2013	FY2014	FY 2015	FY 2016
Received	46	36	19	20
Approved	38	22	12	12
Denied	6	7	1	1
Pending	9	12	2	2
Withdrawn/Closed	3	3	4	5

## Ongoing FY 2016 Projects

- **Create a VIEDC online public access portal on the USVIEDA's website to provide information on job and internship opportunities, VIEDC Beneficiary Certificates, Eligible Supplier Beneficiary products and services:** Working with the website administrator to build out an additional section of the websites following launch of new website.
- **Establish an VIEDC e-Hotline that provides an interactive link between the VIEDC, its stakeholders and the general public.** Working with the website administrator to build out an additional section of websites following launch of new website. The website's Contact Page was updated to individualized inquiry types so that specific inquires based upon USVIEDA programs will be delivered to respective departments within the USVIEDA.
- **Re-implement Online Application:** Identified service provider and obtained approval to proceed. The USVIEDC is in the process of obtaining an agreement for review and execution of contract.

# EDC APPLICATIONS DIVISION

## Marketing Initiatives

The Applications Division participated in the following marketing activities during FY 2016.

- **20th Annual North American Shared Services & Outsourcing Week** – Orlando, FL, March 7-10, 2016
- **Hannover Messe** – Germany, April 24-29, 2016
- **Select USA Investment Summit** – Washington, DC, June 19, 2016
- **International Economic Development Council (IEDC) Conference:** The Annual IEDC Conference took place in Cleveland, OH on September 25-28, 2016. The conference's main focus was to study a method to complement current neighborhood development theory. The conference also provided ways to identify the major neighborhood sectors, their objectives, and strategies for redevelopment, in addition to understanding the process for creating a strategic economic development plan to meet the neighborhood development goals. USVIEDA Board Members; Margarita Benjamin, director of Applications; Wayne L. Biggs, acting USVIEDC CEO and Andrew Clutz, USVIEDC Marketing Representative, attended general and workshop sessions and participated in Tours of the Cleveland Clinic and Little Italy in Cleveland Ohio.



Andrew Clutz, USVIEDA marketing consultant, center, and Wayne L. Biggs, Jr., USVIEDA Acting Chief Executive Officer, left, explain the VIEDC Tax Incentive Program and investment opportunities in the USVI to a USVIEDA exhibit booth visitor at the Select USA Investment Summit. This summit was held on June 19, 2016 in Washington, DC.

—Photo by Margarita A. Benjamin/USVIEDA



USVIEDA Board Members and members of the USVIEDA management team participate in the annual International Economic Development Council (IEDC) Conference in Cleveland, Ohio, from September 25-28, 2016.

—Photo by USVIEDA representative

15

Board-Approved Applications

12

Governor-Approved Applications



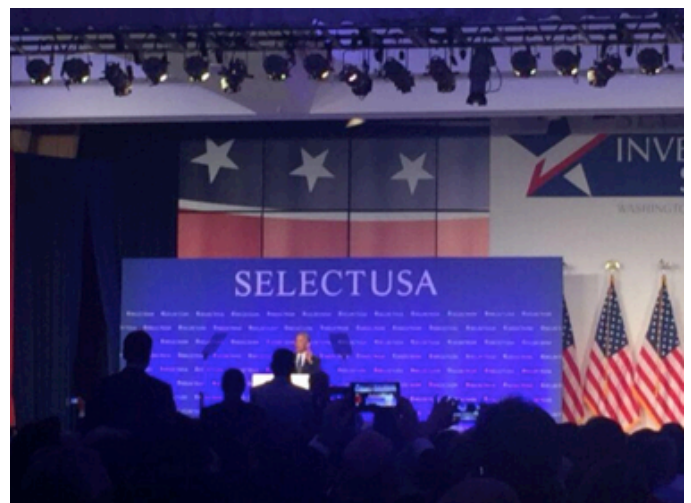
*Members of the USVIEDA Board attend a city planning briefing in Cleveland, OH at the International Economic Development Council Annual Meeting in Cleveland, OH in September 2016.*



*Margarita Benjamin, VIEDC Director of Applications and Wayne L. Biggs, USVIEDA Acting Chief Executive Officer hosted the USVIEDA's booth presence at the Hannover Trade Fair in Hannover, Germany in April 2016.*



*The USVIEDA maintained a small booth to sell the advantages of locating a business in the USVI during the SelectUSA Summit in Washington, DC in June 2016.*



*President Barack Obama was the keynote speaker at the SelectUSA Summit in Washington, DC. The President highlighted the numerous advantages of locating in the United States and its Territories.*

**807**

Potential Jobs to be Created

**\$109.2**  
million

Potential Capital Investments

# EDC APPLICATIONS DIVISION

## FY 2016 Accomplishments

### U.S. VIRGIN ISLANDS LOCAL MARKETING AND COMMUNITY INITIATIVES

**VEDC Eligible VI Suppliers Open House:** As part of our ongoing initiative to promote local purchases and the opportunity for US Virgin Islands Suppliers to participate in the procurement activities of Beneficiaries, the VIEDC hosted an Open House for current Eligible Suppliers certified under the VIEDC Program, as well as to other local businesses interested in becoming certified providers of goods and services to companies receiving VIEDC tax exemptions. The Open House was held on November 17 and 19, 2015 at the training facilities of the V.I. Small Business Development Center (VI SBDC) on St. Thomas and St. Croix. The general public was also invited to attend and learn more about the VIEDA programs and services.



*VIEDC Document Specialist LaShanna McBean deChabert, right, explains the VIEDC Tax Incentive Program to an attendee of the VIEDC Eligible VI. Suppliers Program Open House on November 19, 2015. This Open House was held at the V.I. Small Business Development Center's Training Facility on St. Croix in the Sion Farm Shopping Center.*

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



*Attendees of the Eligible VI. Suppliers Program Open House listen to a presentation about this program by VIEDC Director of Applications Margarita A. Benjamin on November 19, 2015. This Open House was held at the V.I. Small Business Development Center's Training Facility on St. Croix in the Sion Farm Shopping Center.*

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

12

### Approved EDC Eligible Suppliers Applications

**DLCA Town Hall:** Director of Applications Margarita A Benjamin and Staff Member, Sasha Garnett attended the Virgin Islands Department of Licensing and Consumer Affairs, Town Hall meeting that was held on April 11, 2016 at the University of the Virgin Islands on St. Thomas. The purpose of the meeting was to inform the general public of agency initiatives and to provide the public a forum through which they can air concerns or have questions answered regarding licensing matters.



*USVIEDA Acting CEO Wayne L. Biggs, Jr., left, alongside the USVIEDC Director of Applications Margarita A. Benjamin, explains the U.S. Virgin Islands VIEDC Tax Incentive Program to attendees of the VIEDC Town Hall Meeting on September 15, 2016. This meeting was held at the VI. Small Business Development Center's Training Facility in the Nisky Shopping Center on St. Thomas.*

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

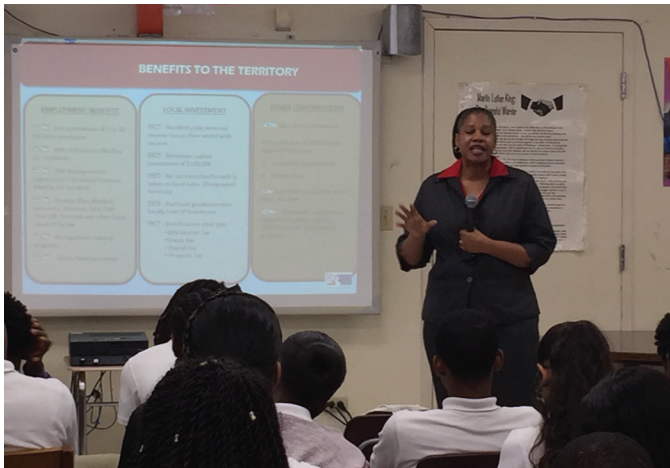


*Community members gather at an information display table for the USVIEDC Town Hall Meeting on St. Thomas on September 15, 2016. Attendees learned, and offered suggestions, about the VIEDC Tax Incentive Program and other programs and services offered by the U.S. Virgin Islands Economic Development Authority (USVIEDA). This meeting was held at the VI. Small Business Development Center's Training Facility in the Nisky Shopping Center. A VIEDC Town Hall Meeting was also held on St. Croix on September 13, 2016.*

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

**VIEDC Educational Initiatives:** The USVIEDA staff made presentations to students at the Ivanna Eudora Kean High School Career and Technical Education Program, the Charlotte Amalie High School and the St. Croix Central High School. These presentations were part of the VIEDC's 2016 Community Education Initiative on April 5, April 8 and April 18, respectively. The goal of this initiative was to educate students on USVIEDA programs and their impact on the Territory, the opportunities that exist for educational assistance, and options for careers through entrepreneurship and/or employment.

# EDC APPLICATIONS DIVISION



*Margarita A. Benjamin, VIEDC director of applications, explains the USVIEDA's role in the USVI and the impact of economic development programs on young people in the Territory during USVIEDA presentations on April 18, 2016 for the 2016 Community Education Initiative.*

*- Photo by USVIEDA staff*



*Students at St. Croix Central High School learn about the USVIEDA's role in the USVI and the impact of economic development programs on young people in the Territory during the USVIEDA presentation on April 18, 2016 for the 2016 Community Education Initiative.*

*-Photo by Margarita A. Benjamin/USVIEDA*

**EZC Open House:** The Enterprise Zone Commission hosted its annual Open House on April 27, 2016. The event provided motivation and support to the business community by informing them about tools available through the USVIEDA programs.

**Women's Empowerment Conference:** The USVIEDA sponsored the Women Striving for Success Conference, which was held at the Frenchman's Reef and Morningstar Marriott Beach Resort on July 22, 2016. At the USVIEDA display table, pamphlets, brochures and other documents provided information on the agency's programs to conference attendees. USVIEDA representatives also had the opportunity to network and exchange business ideas.

**Property Procurement Economic Development Seminar:** VIEDC staff promoted the Small Business and Eligible Suppliers Programs at the Department of Property and Procurement's Economic Development Seminar on May 6 and May 7, 2016 at the Frenchman's Reef and Morningstar Marriott Beach Resort.



*USVIEDA Acting Chief Executive Officer, Wayne L. Biggs, Jr. makes a presentation during the VIEDC Town Hall Meeting held on September 15, 2016, in St. Thomas.*

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



*Attendees of the VIEDC Town Hall Meeting ask questions of USVIEDA representatives on September 15, 2016.*

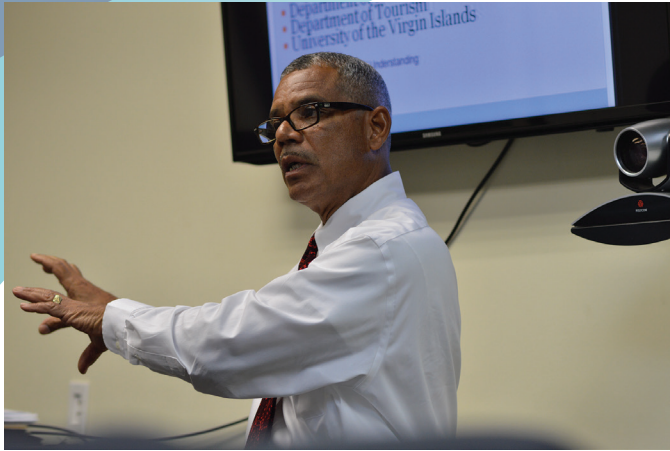
*— Photo by Semele A.C. George/USVIEDA*

**Virgin Islands Economic Development Commission Town Hall Meeting:** The VIEDC Application Unit hosted a Town Hall Meeting at the V.I. Small Business Development Center Training Facilities. Residents, including business owners and government officials, attended to learn about the VIEDC Tax Incentive Program and its impact on the USVI economy. More than 65 individuals attended the VIEDC Town Hall Meetings that were held on September 13 and 15, 2016 on St. Croix and St. Thomas, respectively.

## Intergovernmental Presentations

On October 19, 2015, the USVIEDA hosted an informational session for members of the 31st Legislature of the Virgin Islands. Later in the fiscal year, on August 18, 2016, a presentation was made regarding the impact of the VIEDC Program to the Financial Team of the Government of the Virgin Islands.

# EDC COMPLIANCE DIVISION



*Claude S.M. Gerard, VIEDC director of compliance, explains the requirements of businesses that receive tax exemptions through the VIEDC Tax Incentive Program at the 2015 USVIEDA Informational Session held for senators of the 31st Legislature of the Virgin Islands. This session was held at the William D. Roebuck Industrial Park conference room on October 19, 2015 on St. Croix. —Photo by Semele A.C. George/USVIEDA*



*Jose A. Penn, chairman of the USVIEDA Board, left, alongside Philip Payne, board member; and Wayne L. Biggs, Jr., USVIEDA acting chief executive officer; hears presentations of beneficiaries of the VIEDC Tax Incentive Program during a Show Cause Hearing at a USVIEDA Board meeting on July 14, 2016. This meeting was held via videoconference feed between the William D. Roebuck Industrial Park conference room and the USVIEDA Board room on St. Thomas in the Nisky Shopping Center. —Photos by Semele A.C. George/USVIEDA*

This report is based on 82 active Beneficiaries receiving Virgin Islands Economic Development Commission Benefits.

## Compliance Reviews

The Division of Compliance completed 22 compliance reports within fiscal year (FY) 2016, twelve (12) in the St. Thomas/St. John (STTJ) District and ten (10) in the St. Croix (STX) District.

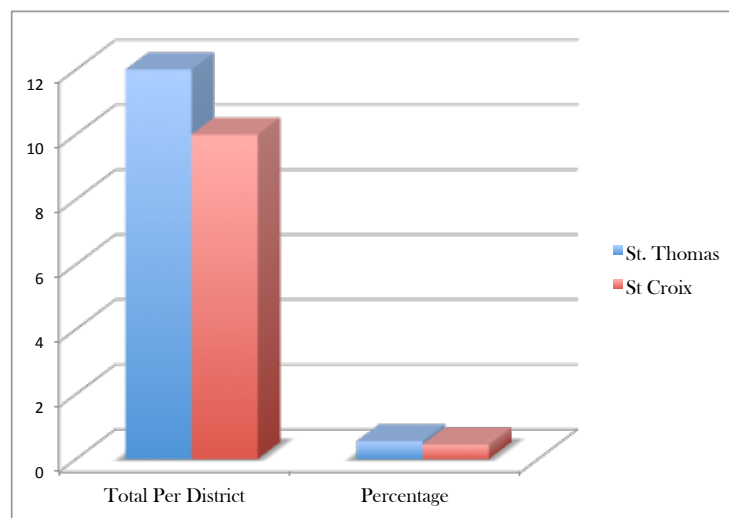
**TABLE 1: Compliance Reviews**

NO.	BENEFICIARY	DISTRICT
1.	American Management Solutions, LLC	STX
2.	AUVEN Therapeutics Management, LLLP	STT
3.	Azimuth Alternative Asset Management, LLP	STX
4.	Bridge Capital (USVI), LLC	STX
5.	CI (USVI), LLC	STT
6.	Dowson Holding Company, Inc.	STT
7.	Golden Eagle Management, LLLP	STT
8.	Hampden Watch Company, Inc.	STX
9.	HealthQuest, LLC	STX

NO.	BENEFICIARY	DISTRICT
10.	Lexington Management, LLLP (I)	STT
11.	Lexington Management, LLLP (II)	STT
12.	Magic Ice (St. Thomas), Inc.	STT
13.	OSON VI, LLC	STT
14.	St. Croix Renaissance Group, LLLP (I)	STX
15.	St. Croix Renaissance Group, LLLP (II)	STX
16.	St. Thomas Tramway, a V.I. Joint Venture	STT
17.	STR Management, LLC	STT
18.	Territory East Asset Management, LLC	STX
19.	The Buccaneer, Inc.	STX
20.	Tutu Park, Ltd.	STT
21.	VI Asphalt Products Corporation	STX
22.	Yacht Haven (USVI), LLC	STT

STT = St. Thomas STX = St. Croix

## Compliance Reviews



	Total Per District	Percentage
■ St. Thomas	12	55%
■ St. Croix	10	45%

# EDC COMPLIANCE DIVISION

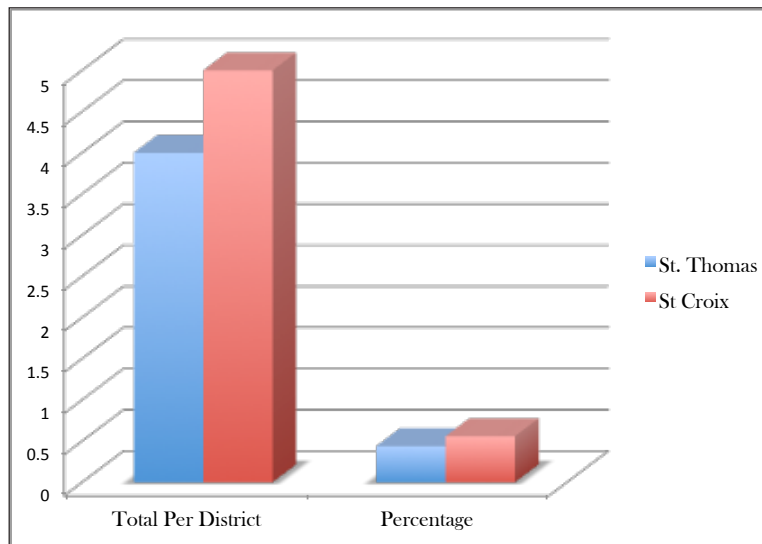
## Certificates Issued/ Orientations

During FY 2016, nine (9) certificates were received, processed and executed. Four (4) certificates were executed in the STTJ District, and five (5) in the STX District.

**TABLE 2: Certificates Issued/Orientations**

NO.	BENEFICIARY	DISTRICT	DATE
1.	Carambola Northwest, LLC	STX	8-29-2016
2.	Diamond Rock Frenchman's Owner, Inc.	STT	5-9-2016
3.	Denali Asset Management, LLLP	STX	5-10-2016
4.	Flying Fish, LLC	STX	2-19-2016
5.	Real Impact Corporation	STT	3-16-2016
6.	RPP Advisors, LLC	STT	11-4-2015
7.	Subbase Drydock, Inc.	STT	7-29-2016
8.	Sunshine Shopping Center, Inc.	STX	9-13-2016
9.	Tuthill Corporation	STX	10-20-2015

## Certificates Issued/Orientations



	Total Per District	Percentage
St. Thomas	4	44%
St. Croix	5	56%

## Site Visits

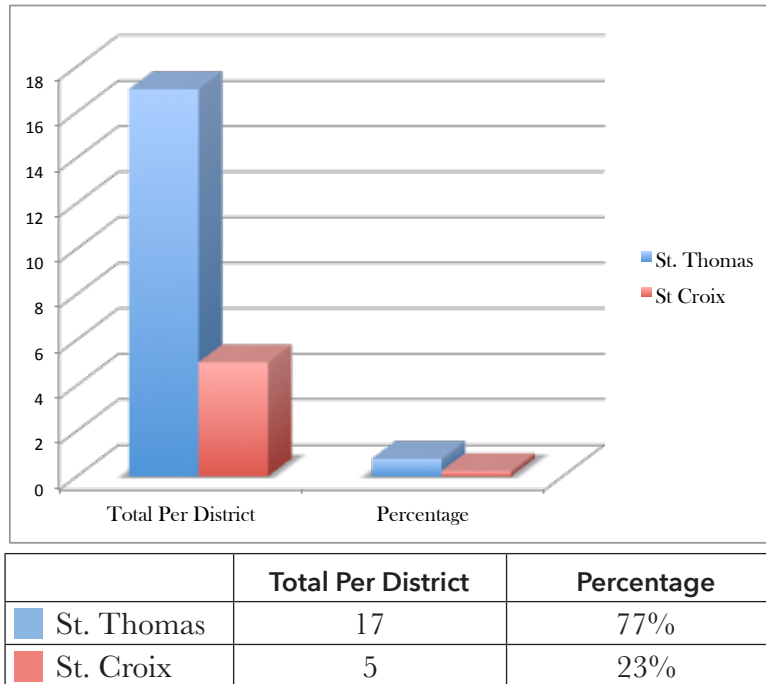
During FY 2016, 22 site visits were conducted; 17 in the STTJ District, and 5 in the STX District.

**TABLE 3: Site Visits**

NO.	BENEFICIARY	DISTRICT	DATE
1.	AUVEN Therapeutics Management, LLP	STTJ	9-6-2016
2.	Black Diamond Advisors, LLLP	STTJ	8-31-2016
3.	Black Diamond Holding, LLLP	STTJ	8-31-2016
4.	Concordia Campgrounds, Inc.	STTJ	3-9-2016
5.	Discover Fund Management, LLLP	STTJ	8-31-2016
6.	Dun Run Holdings, LLC d/b/a Mahogany Run Golf Course	STTJ	12-4-2015
7.	Ferrer, LLC	STTJ	1-15-2016
8.	HealthQuest, LLC	STX	7-20-2016
9.	Heavy Materials, LLC	STTJ	9-26-2015
10.	International Capital & Management Company, LLC	STTJ	11-25-2015, 12-4-2015
11.	JH Capital (VI), Inc.	STTJ	8-31-2016
12.	Neltjeberg Bay Enterprises, LLC	STTJ	6-24-2016
13.	OSON VI, LLC	STTJ	7-28-2016
14.	Real Impact Corporation	STTJ	3-16-2016
15.	St. Thomas Tramway, a VI Joint Venture	STTJ	10-23-2015, 1-21-2016
16.	STR Management, LLC	STTJ	2-9-2016, 3-11-2016
17.	Sunshine Shopping Center	STX	9-13-2016
18.	Tecoma Asset Management, LLC	STTJ	8-31-2016
19.	Territory East Asset Management, LLC	STX	12-8-2015
20.	The Buccaneer, Inc.	STX	12-15-2015
21.	VI Asphalt Products Corp	STX	1-25-2016
22.	White Bay Group, USVI, LLP	STTJ	10-23-2015, 8-16-2016, 8-17-2016 8-18-2016

# EDC COMPLIANCE DIVISION

**Site Visits**



## Petitions for Board Actions

During FY 2016, 27 petitions were prepared for presentation to the EDC Governing Board for deliberation; 20 in the STTJ District and seven (7) in the STX District.

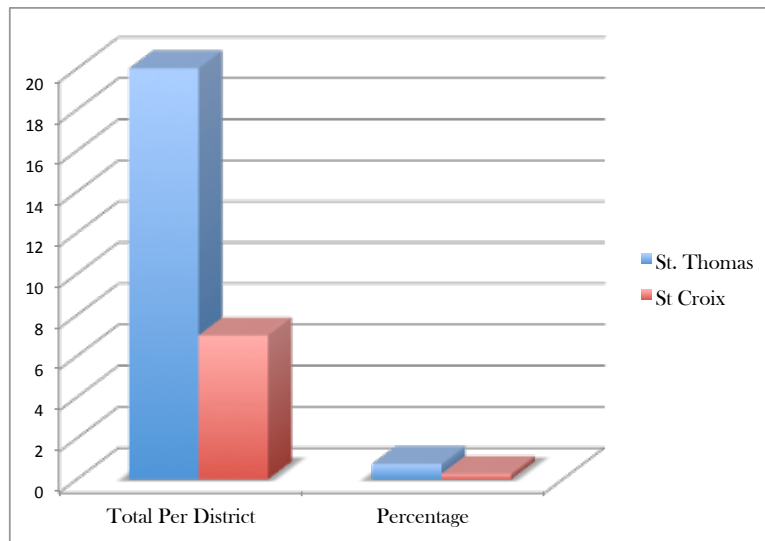
**TABLE 4: Petitions for Board Actions**

NO.	BENEFICIARY	DISTRICT	PETITION
1.	OSON VI, LLC	STTJ	Resolution of Non-Compliance
2.	Intrepid Investment, LLC	STTJ	Order to Show Cause
3.	QT Investment Managers, LLLP	STTJ	Order to Show Cause
4.	Flying Fish Group, LLC	STX	Extension of Deadline
5.	Caribbean Reservations, Inc.	STX	Vacation of Order to Show Cause
6.	Dowson Holding Company, Inc.	STTJ	Resolution of Non-Compliance
7.	Golden Eagle Financial, LLLP	STTJ	Termination of Benefits
8.	JH Capital (VI), Inc.	STTJ	Extend Deadline to meet Capital Investment
9.	Lexington Management, LLC	STTJ	Resolution of Non-Compliance
10.	St. Thomas Tramway, a VI Joint Venture	STTJ	Waivers of Non-Compliance
11.	AUVEN Therapeutics Management, LLLP	STTJ	Employment Waiver
12.	Yacht Haven USVI, LLC	STTJ	Resolution of Non-Compliance
13.	American Management Solutions, LLC	STX	Order to Show Cause
14.	Lexington Management, LLC	STTJ	Order to Show Cause

**TABLE 4: Petitions for Board Actions, cont.**

NO.	BENEFICIARY	DISTRICT	PETITION
15.	VI Analytics, LLC	STTJ	Order to Show Cause
16.	Azimuth Alternative Asset Management, LLLP	STX	Administrative Closure
17.	Bridge Capital, LLC	STX	Administrative Closure
18.	Lexington Management, LLC	STTJ	Termination of Benefits
19.	VI Analytics, LLC	STTJ	Termination of Benefits
20.	Clearwater Consulting Concepts, LLLP	STTJ	Charge Beneficiary off active USVIEDA Active Books
21.	Dowson Holding Co.	STTJ	Resolution of Non-Compliance
22.	Flying Fish Group, LLC	STX	Suspension of Benefits
23.	St. Thomas Tramway, a VI Joint Venture	STTJ	Reconsideration of Board Decision
24.	Virgin Islands Asphalt Products Corporation	STX	Resolution of Non-Compliance
25.	Yacht Haven USVI, LLC	STTJ	Resolution of Non-Compliance
26.	Harborside Corporation d/b/a Bolongo Bay Resort	STTJ	Temporary Employment Waiver
27.	STR Management, LLC	STTJ	Temporary Employment Waiver

**Petitions for Board Actions**



	Total Per District	Percentage
St. Thomas	20	74%
St. Croix	7	26%

# EDC COMPLIANCE DIVISION

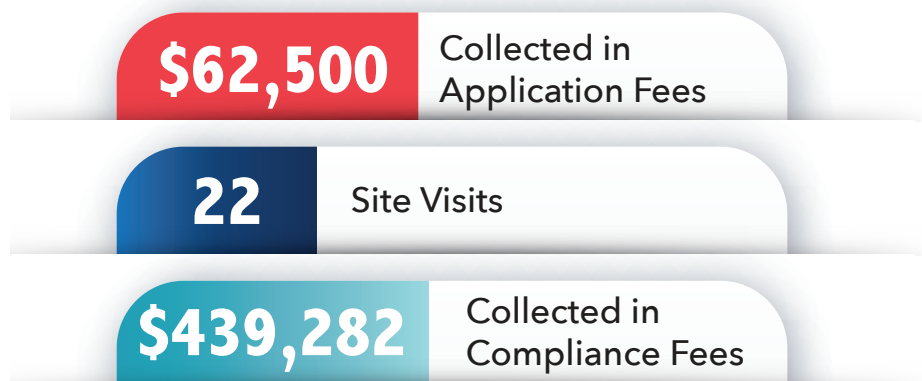
## Summary of Fee Collections

**TABLE 5: Summary of Fee Collections**

FEE	NUMBER OF COMPANIES	AMOUNT
Late Reporting Fees	7	\$27,548.68
Activation Fees	10	\$26,000
Compliance Fees	79	\$439,282.74
Non-Compliance Fees	12	\$52,900
Settlement Agreement Fees	4	\$136,282.87
Application Fees	15	\$62,500.00
<b>Total</b>		<b>\$744,514.29</b>

## Other Activities

- October 2015:** Informational Session with the 31st Legislature of the U.S. Virgin Islands
- December 2015:** Participated in the USVI Industrial Park Micro-Grid Infrastructure meetings with the U.S. Department of Energy.
- January 2016:** Division of Compliance participated in Botany Bay meeting and tour with Ferrer, LLC regarding the proposed Botany Bay Development Project.
- March 2016:** EDC Division of Compliance prepared preliminary statistical report for the USVI Bureau of Economic Research for presentation to the USVI Legislature.
- April 2016:** The VIEDC hosted a “VIEDC Task Force” meeting, which was held via video-conference between St. Thomas and St. Croix



- July 2016:** Request for Proposals developed and successfully executed for 60-day compliance review for RC Hotel. (Adams Lee Smith Consulting Group, LLC)
- August 2016:** Multiple presentations made at the St. Croix Foundation regarding the “Non-Profit Consortium.”
- USVIEDA Presentation delivered to the Governor’s Financial Team.
- Division of Compliance participated in presentation regarding “Trusts” presented by the USVI Bureau of Internal Revenue hosted by the USVIEDA.
- September 2016:** Division of Compliance participated in VIEDC Town Hall meetings in both districts.

# VIRGIN ISLANDS ECONOMIC DEVELOPMENT PARK CORPORATION

The Virgin Islands Economic Development Park Corporation (EDPC), formerly known as the Industrial Park Development Corporation (IDPC), 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 U.S. Virgin Islands Economic Development Authority.

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

The **WILLIAM D. ROEBUCK INDUSTRIAL PARK**, located on St. Croix between the historic towns of Christiansted and Frederiksted, is the larger of the two individual parks. Situated on approximately 24 acres of property owned by the Virgin Islands Port Authority, this park consists of four adjacent buildings totaling 158,000 square feet.

As of the end of fiscal year FY 2016, 49 percent of the industrial park is occupied by a variety of public and private entities, two tenants of which are beneficiaries of the U.S. Virgin Islands Economic Development Program that is administered in the U.S. Virgin Islands by the Economic Development Commission: Ocwen Mortgage Servicing Co. and Gold Coast Yachts. Four Virgin Islands government agencies are also occupying space at this park: Virgin Islands Next Generation Network (viNGN), the V.I. Economic Development Park Corporation (EDPC), the Virgin Islands Bureau of Corrections and the V.I. Department of Sports Parks and Recreation.

We are excited about the interest shown by many

different companies who are considering moving into the park.

We are also excited about upcoming capital improvement projects for the park such as the Energy Retrofit Project, the Micro-grid Project, the Building No.1 Parking Lot Paving Project and the Park Entrance Renovation Project.

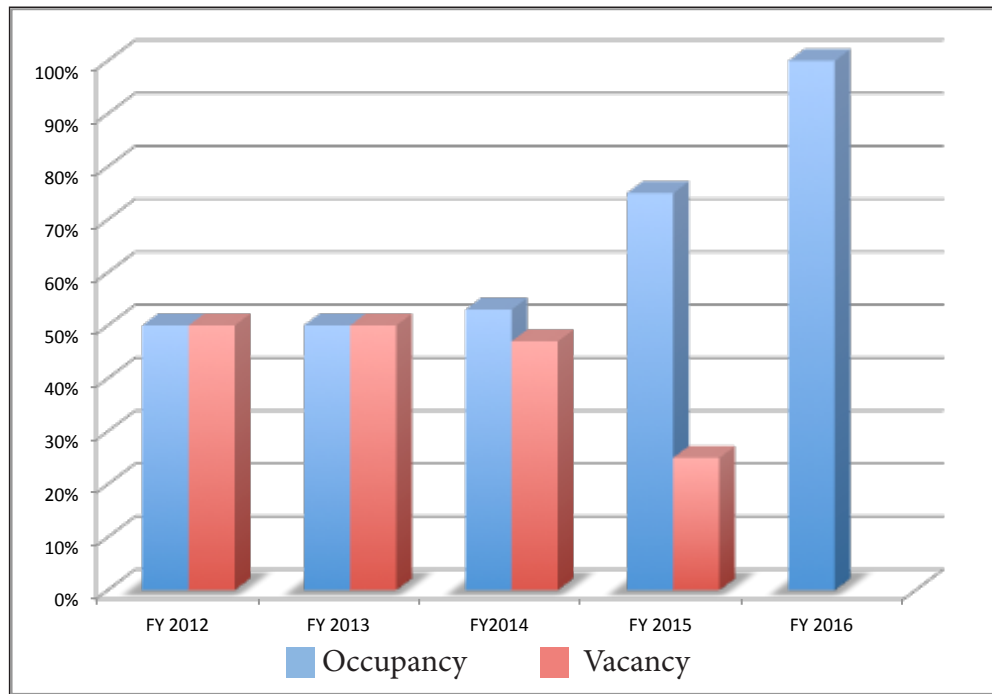
## UPCOMING PROJECTS

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 FY 2016, 100 percent of the total commercial space at the park was occupied by four businesses: United Electronics Industrial Services, LLC (UEIS); Billy D's Tees; Ergenics, Inc. and Alliance Data Services.

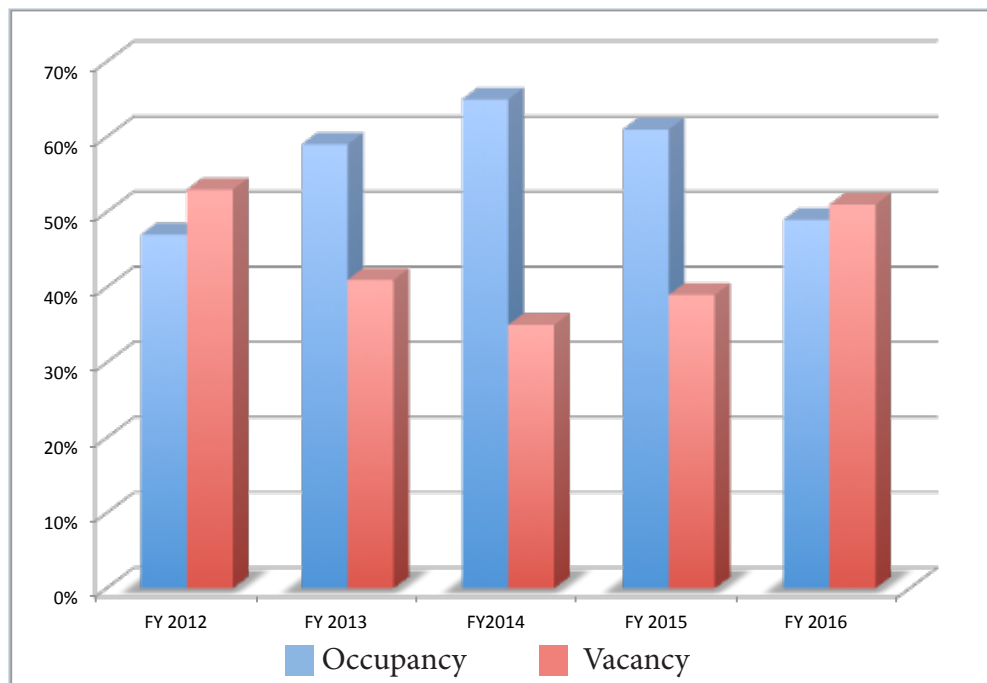
We are also excited about upcoming capital improvement projects for the park on St. Thomas such as the Landscaping & Front Beautification Project and the Park Entrance Renovation Project.

In addition to the aforementioned properties, the EDPC also owns the building that houses the US-VIEDA's headquarters on St. Croix, which is located at No. 4 King Street in Frederiksted. The building is known as the Old Flemming Building that was purchased in 2002. We have begun working on beautification projects on our Frederiksted offices which we expect to have completed by end of the first half of the fiscal year. This will include, but will not be limited to, repainting the building's exterior.

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)

## Accomplishments: State Small Business Credit Initiative (SSBCI) Program

- EDB Board approved a total of \$5,544,572 in SSBCI guarantee support to local banks in FY 2016.
- Total SSBCI guarantee support: \$10,464,492; bank loans: \$25,750,540; potential jobs to be created: 198; potential new jobs to be retained: 444
- EDB's SSBCI loan guarantee recipient, Plessen Eye, LLC, was featured in the U.S. Department of the Treasury's quarterly report as one of USVI's success stories.
- EDB was successful in procuring the second and third tranches (\$4,345,555.00 and \$4,477,239 respectfully). Total funding received: \$13,168,350
- EDB successfully received approval to transfer \$2,000,000 between SSBCI loan programs to meet demand
- Staff attended working group sessions with other nationwide SSBCI recipients in May and October 2016, in Washington, DC and Orlando, Florida respectively.

**The SSBCI program's success since inception in October 2011 is detailed below.**

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	\$712,325	22	25
Banco Popular de Puerto Rico - STX	4	\$1,012,500	\$160,000	23	87
Bank of Nova Scotia – STT	4	\$646,390	\$181,000	4	18
Bank of Nova Scotia - STX	1	\$100,000	\$50,000	4	2
First Bank de Puerto Rico - STT	11	\$11,725,650	\$4,411,367	93	243
First Bank de Puerto Rico - STX	3	\$1,287,000	\$583,500	21	16
Merchants Commercial Bank - STT	8	\$8,286,000	\$4,366,300	31	53
<b>Total</b>	<b>36</b>	<b>\$25,750,540</b>	<b>\$10,464,492</b>	<b>198</b>	<b>444</b>

**\$25.8M**

In SSBCI Bank Loans

**Total loans approved to date – SSBCI loan program:**

PROGRAM TYPE	TOTAL NO. OF LOANS	TOTAL AMOUNT OF BANK LOANS	TOTAL SSBCI SUPPORT	TOTAL NEW JOBS CREATED	TOTAL JOBS RETAINED
Collateral Support Program (CSP)	15	\$3,583,890	\$1,358,500	69	197
Credit Guarantee Program (CGP)	20	\$ 21,904,000	\$9,027,197	129	237
Payment, Surety, and Performance Bond Program	1	\$262,650	\$78,795	0	10
<b>Total</b>	<b>36</b>	<b>\$25,750,540</b>	<b>\$10,464,492</b>	<b>198</b>	<b>444</b>

**Total Loans Approved to Date – By District**

**St. Thomas/St. John District**

INDUSTRY TYPE	BANK LOAN AMOUNT	SSBCI SUPPORT AMOUNT	JOBS CREATED	JOBS RETAINED
Health	\$6,005,000	\$2,103,325	44	62
Tourism	\$3,165,000	\$1,166,000	8	15
Construction	\$312,650	\$83,795	0	19
Social Services	\$20,000	\$2,000	0	26
Hospitality	\$1,096,390	\$164,000	3	13
Retail/Supermarket	\$7,452,000	\$3,024,372	82	204
Aviation	\$4,450,000	\$2,447,500	3	0
<b>Total</b>	<b>\$22,501,040</b>	<b>\$8,990,992</b>	<b>140</b>	<b>339</b>

**St. Croix District**

INDUSTRY TYPE	BANK LOAN AMOUNT	SSBCI SUPPORT AMOUNT	JOBS CREATED	JOBS RETAINED
Health	\$1,476,000	\$740,000	16	75
Environmental	\$150,000	\$15,000	0	16
Technology	\$126,500	\$54,000	3	2
Food	\$200,000	\$20,000	10	10
Retail/Restaurant	\$160,000	\$76,000	8	2
Tourism	\$867,000	\$433,500	17	0
Laundromat	\$270,000	\$135,000	4	0
<b>Total</b>	<b>\$3,249,500</b>	<b>\$1,473,500</b>	<b>58</b>	<b>105</b>

# ECONOMIC DEVELOPMENT BANK

## Accomplishments: Other Loan Programs Excluding SSBCI

- USVIEDA Board approved a total of \$1,625,762 in new loans
- Full debt collection on an expired loan: \$74,100.79
- Small claims action: \$11,355.00
- Deed-in-lieu of foreclosure on real estate (land and residence)
- Foreclosure on real estate (land only)
- Consent Judgments: 5
- Launch of the Loan Amnesty Program
- Refinance on loan with VI Housing Finance Authority

### Loans Approved:

USVI	2012	2013	2014	2015	2016
Dollar Amount	\$1,244,824	\$717,606	\$1,788,609	\$1,440,470	\$1,625,762

### Loans Declined:

USVI	2012	2013	2014	2015	2016
Dollar Amount	\$272,000	\$337,000	0	0	0

## EDB Loans in Pipeline/Statistics:

There are six loans in the pipeline totaling \$1,066,775. If approved, it is anticipated that 17 jobs would be created and 15 jobs retained throughout the territory. We remain focused on our mission to support small businesses within our communities.

### New loan requests in the pipeline - St. Thomas/St. John District

INDUSTRY TYPE	LOAN AMOUNT	TOTAL NEW JOBS TO BE CREATED	TOTAL JOBS TO BE RETAINED
Fitness and wellness center	\$266,850.00	10	0
T-shirt and other specialty printing items	\$184,924.60	0	3
Psychology & behavioral health care practice	\$50,000.00	0	4
<b>TOTAL: (3-STT/0-STJ):</b>	<b>\$501,774.60</b>	<b>10</b>	<b>7</b>

### New loan requests in the pipeline - St. Croix District

INDUSTRY TYPE	LOAN AMOUNT	TOTAL NEW JOBS TO BE CREATED	TOTAL JOBS TO BE RETAINED
Guest House	\$50,000 .00	2	2
Hardware Store	\$500,000.00	4	6
Taxi Operator	\$15,000.00	1	0
<b>TOTAL: (3-STX):</b>	<b>\$565,000.00</b>	<b>7</b>	<b>8</b>

**11.85%** Increase in  
Loan Collections

**6.14%** Reduction in  
Loan Delinquencies

**\$1.6M** In New Loans

**\$975,816** In Loan Collections

# ECONOMIC DEVELOPMENT BANK

## Loan Restructure/Modification/Offer-in-Compromise/ Charge-off/Consolidation in process:

### St. Thomas/St. John District

INDUSTRY	LOAN AMOUNT	TOTAL JOBS TO BE RETAINED
Taxi Operator (Business closed)	\$7,650.16	0
Restaurant (Operating)	\$19,831.81	2
Preschool (Operating)	\$18,800.00	1
Restaurant (Operating)	\$146,604.14 (amount combined)	2
Restaurant (Operating)	\$70,971.58	1
Retail Specialty gifts, perfumes, toiletries, and ladies apparel (Business closed)	\$32,485.53	0
Retail Clothing (Business closed)	\$19,980.20	0
<b>TOTAL: (6-STT/1-STJ):</b>	<b>\$316,323.42</b>	<b>6</b>

### St. Croix District

INDUSTRY	LOAN AMOUNT	TOTAL JOBS TO BE RETAINED
Restaurant (Business closed)	\$14,866.45	0
Graphics Company (Operating)	\$12,127.97	2
<b>TOTAL: (2-STX):</b>	<b>\$26,994.42</b>	<b>2</b>

## Accomplishments: Other Loan Programs

- Continued reduction in delinquency from 52.84% to 46.70% - 6.14% reduction year over year
- Continued increase in collections from \$872,406.09 to \$975,816.31 – 11.85% increase year after year

### Delinquency (STT/STJ & STX)

2012	2013	2014	2015	2016
77.11%	76.74%	54.53%	52.84%	46.70%
\$9,721,140	\$7,367,933	\$2,666,990	\$2,657,860	\$2,006,210

## OUTSTANDING LOAN AMOUNTS AND DELINQUENCY

September 2016

LOAN FUND	NUMBER OF LOANS	PRINCIPAL BALANCE	NUMBER OF LOANS DELINQUENT	DELINQUENT AMOUNT	DELINQUENCY %
IRP Loan Fund	1	\$20,410.00	1	\$20,910.00	102.45%
Farmers & Fishermen Loan Fund	0	-	0	-	0
SBDA Loan Fund	14	746,149.00	6	370,248.00	49.62%
GDB Micro Loan Fund	13	272,507.00	7	134,432.00	49.33%
GDB Micro - PFA Loan Fund	48	598,441.00	42	477,156.00	79.73%
SBDA I 3801 Loan Fund	4	125,778.00	1	92,681.00	73.69%
SBDA II 3804 Loan Fund	8	143,697.00	5	63,323.00	44.07%
SBDA Post Disaster Loan Fund	0	-	0	-	0
ED7081 Loan Fund	16	2,389,234.00	7	847,460.00	35.47%
Frederiksted Loan Fund	0	-	0	-	0
<b>TOTAL</b>	<b>104</b>	<b>\$4,296,216.00</b>	<b>69</b>	<b>\$2,006,210.00</b>	<b>46.70%</b>

6% of Principal Amount

Delinquent

47% of Loans Delinquent

Sun Power Energy Loan Fund	606	\$412,290.00	1	\$3,500.00	0.85%
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As of September 30, 2016, the EDB portfolio is comprised of 104 loans with a principal balance of \$4,296,216. The current loan portfolio is assigned to the 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 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, consent judgment, etc.

The delinquency rate has improved by 6.14% to 46.70%. This is a result of consistent follow-up, weekly review and monitoring of the portfolio at risk reports, timely processing and mailing of the billing statements, site visits to new and existing businesses, increased payment and the charging off of loans.

# ECONOMIC DEVELOPMENT BANK

## Collections

DISTRICT	2012	2013	2014	2015	2016
STT/STJ	\$531,387.15	\$688,392.22	\$398,796.17	\$560,460.09	\$381,055.71
STX	491,217.85	412,836.06	375,996.97	311,946.00	594,760.60
<b>TOTAL:</b>	<b>\$1,022,605</b>	<b>\$1,101,228.28</b>	<b>\$774,793.14</b>	<b>\$872,406.09</b>	<b>\$975,816.31</b>

## Cash Balance as of September 30, 2016

Checking/Savings – Restricted	\$ 13,801,254.97
Total Certificate of Deposit	<u>\$ 166,272.84</u>
<b>Total value of loan funds</b>	<b>\$ 13,967,527.81</b>

Energy Loan Program/Rebate	\$ 2,667,898.99
<b>Total</b>	<b><u>\$ 16,635,426.80</u></b>
SSBCI	\$ 3,224,214.24



At the end of the fiscal year, the EDB and accounting staff completed the full conversion of all accounts and reports.

On March 2nd and 3rd, four (4) members from the lending and accounting units attended and participated in the 2016 Portfol Users Conference in Santa Fe, New Mexico. The conference highlighted the software's features and reporting through a variety of topics such as learning how to enter new clients, projects, payment importing, loan servicing, loans and their terms including a discussion on phases, advanced loan restructuring, accounting, and amortization methods. The training sessions were geared towards both new and advanced track users, as well as new feature topics including emailing invoices and revised process for entering leads and deals.

## Partnership With The Virgin Islands Energy Office

### Sun Power Loan Program

Through partnership with the Virgin Islands Energy Office (VIEO), our office currently manages 606 loans under the Sun Power Loan Program for a value of \$412,290 as of September 30, 2016. The delinquency rate stands at .85 percent compared to 92.79 percent in the prior fiscal year. The delinquency rate then was primarily due to unanticipated length of time to install the panels after clients received funding, and the delay in receiving payments for loan processing from VI Water and Power Authority (WAPA). The delay in receiving late payments was an inconvenience to customers, which resulted not only in delinquent loans, but

increased interest charges. VIEO, USVIEDA, and WAPA have discussed ways to resolve the level of delinquency and have extended all next loan payments that are due to December 2016, with the exception of one loan due to non-payment. Payments are being processed as normal.

We are currently reviewing the draft Memorandum of Agreement for Phase II, which is expected to be finalized in by the second quarter of fiscal year 2017.

For this fiscal year, \$335,170.99 in payments were received from WAPA.

LOAN FUND	NUMBER OF LOANS	PRINCIPAL BALANCE	NUMBER OF LOANS DELINQUENT	DELINQUENT AMOUNT	DELINQUENCY %
Sun Power Energy Loan Fund	606	\$412,290.00	1	\$3,500.00	0.85%

## Post-Disaster Relief Revolving Loan Fund

Staff continues to market the Post-Disaster Relief Revolving Loan Fund. To date we have only received two inquiries from Theresa Collingwood, CPA (STX) and Lawrence Boschulte dba Shades of Gray (STT). Due to the program's eligibility requirements and the specific industry targeted by this program, we have not identified any businesses - start-ups or existing businesses - that have met the criteria for the basis of this program. The Lending and Incubator teams continue with efforts to reach program specific clients.

## Partnership with The Virgin Islands Housing Finance Authority

To date two homes have been sold. We have received and processed two checks for the sum of \$228,287.25, which increased the fund availability for the remaining four homes. The third home is completed and pending sale. The fourth home is near completion and the contractor has started the construction of the fifth and sixth home, which are expected to be completed at the end of the first quarter of FY 2017. We remain in communication with both VIHFA and the contractor (Samuel Holdings LLC).

# ECONOMIC DEVELOPMENT BANK

## EDB's Staff Activities

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

- Ongoing visits to clients in the territory to learn about their challenges, hear their successes, determine their needs, and discuss possible re-structure of delinquent loans or loans that are in default
- State Small Business Credit Initiative Webinars
- Presentations at the Virgin Islands Small Business Development Center on loan programs to include Micro-Credit and Farmers and Fishermen Loan Program
- Presentations - 2016 Community Education Initiative at our public high schools
- 2016 Portfol Users Conference in Santa Fe, New Mexico, and webinar training
- Participated in discussions on Downtown Revitalization Inc.'s Working Group on Revitalizing the Business Model for Downtown, St. Thomas
- Lunch & Learn hosted by the Enterprise Zone Commission
- State Small Business Credit Initiative regional conferences, and webinars
- Attended Farmers Market – to promote community awareness of services offered by EDB
- Ongoing collaborative efforts with the U.S. Department of Agriculture (USDA) and U.S. Virgin Islands Department of Agriculture & Fisheries regarding the farmers & fishermen

- Participation in and presentation at the Small Business Week (Small Business Administration) in conjunction with Virgin Islands Small Business Development Center
- Attended Chamber of Commerce events
- Attended Women Striving for Success Annual Conference
- EDC Eligible Supplier Open House
- Bonding 101/102

## Upcoming conferences/ presentations/initiatives

- Banking and Insurance Small Business forum
- SSBCI Fee and Term Structure to the Lenders
- CDEA National Development Finance Summit November 2-4, 2016; New Orleans, Louisiana
- Monthly presentations at the VI SBDC to the community on the EDB loan programs and functions
- Continued promotion of Post Disaster Relief loan program and SSBCI loan guarantee support program
- Continued engagement of the USVIEDA as a Neighborhood Champion of the Small Business Saturday (Shop Small) Initiative in the U.S. Virgin Islands in collaboration with SBS founder American Express
- Continued public education
- Marketing and Advertising
- Continue ongoing visits to clients

## USVIEDA Disaster Small-Midsized Enterprises Incubator Program

The Disaster Small-Midsized Enterprises Incubator Program (hereafter the “Incubator Program”), which is administered by the Economic Development Bank - an entity under the U.S. Virgin Islands Economic Development Authority (USVIEDA) - continues to be a driving force in the small-business community of St. Croix. Through the Incubator Program, the USVIEDA has been able to develop and execute several programs to benefit entrepreneurs who were either starting their first business or expanding their existing business. 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 in several other divisions of the USVIEDA such as the Economic Development Bank, Virgin Islands Economic Development Park and the Economic Development Commission. The Incubator Program also promotes resource collaborations between our local government agencies and community-based organizations. Incubator clients have also been referred to other agencies such as the University of the Virgin Islands-Small Business Development Center (UVI-SBDC), USDA-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 or upgrade their businesses to better serve the community. In an effort to engage our young people to consider entrepreneurship as a career path, we continue to visit and make presentations to our public and parochial high school students.



*Cusa Holloway, manager of the Disaster Small-Mid-size Enterprises Incubation Program (DSMEIP), delivers a presentation about the DSMEIP and updates of DSMEIP clients at the 2015 USVIEDA Informational Session for senators of the 31st Legislature of the Virgin Islands. This session was held at the William D. Roebuck Industrial Park conference room on October 19, 2015 on St. Croix.*

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

**3000 hrs**

**Direct/Indirect Services Assistance  
to Incubator Clients & Community**

# ECONOMIC DEVELOPMENT BANK

## Entrepreneurs Incubator Institute (EII)

The Entrepreneurs Incubator Institute (EII) has continued to be a great addition to our program. The initial class started in October 2014 with 30 students; the year-long course provides new and established entrepreneurs with monthly four-hour sessions on various topics, reading assignments and online assessments. On February 9, 2016, we were pleased to congratulate 11 participants who successfully completed the required coursework.

## Achievements Of Incubator Program Participants

As the participants continue to receive invaluable support services through the Incubator Program, we are seeing their progress. Some of the achievements of our clients are as follows:



Kimberly McCollum  
ISG



- **Island Services Group** (Kimberly McCollum): This business has numerous ongoing projects throughout the territory to include providing solar installation services to the new hotel/resort on St. Thomas, Margaritaville. It is building a name for itself in the solar power industry. Owner Kimberly McCollum was recently elected as the new President of the St. Croix Chamber of Commerce.



- **Netwave Unlimited Services** (Ana Foster): This business has been able to create a partnership with the Virgin Islands Department of Labor-Workforce Development Board to continue its fiber optics training classes within the territory. The company was also nominated as the 2015 Business of the Year by the St. Croix Chamber of Commerce.



*Ana G. Foster, owner and founder of Netwave Unlimited Services, and a participant of the Disaster Small-Mid-size Enterprises Incubation Program (DSMEIP), gives a testimonial about the assistance her business received from the DSMEIP at the 2015 USVIEDA Informational Session. This session, for senators of the 31st Legislature of the Virgin Islands, was held at the William D. Roebuck Industrial Park conference room on October 15, 2015 on St. Croix.*

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



Leon Hughes  
NEARiX

## NEARiX

- **Nearix, LLC** (Leon Hughes): This business continues to provide internships and sponsor the UVI Hackathon for the University of the Virgin Islands. Founder Leon Hughes has also added new international clients to his client base and continues to expand his business. Mr. Hughes was nominated and won the 2015 Business of the Year Award by the St. Croix Chamber of Commerce.



- **Neighborhood Pharmacy** (Kisha Christian): This pharmacy continues to thrive and has expanded its operations to include delivery service. It has been a great corporate citizen by making many charitable donations to the community. Ms. Christian won the award for the 2015 Small Business of the Year by the St. Croix Chamber of Commerce.



Kisha Christian  
Neighborhood Pharmacy

As of September 30, 2016, the Incubator Program has executed over 3000 hours of direct/indirect support service 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 the number of hours with a comparison of previous years and cumulative totals of consulting hours:

AREAS OF CONSULTING	FY 2014	FY 2015	FY 2016	TOTALS AS OF 9/30/2016
Direct Consulting	1,007.75	841.65	1,029.45	2,878.85
Legal Services	198.5	331.95	87.85	618.30
Accounting Services	75.75	134.75	85.85	296.35
Outreach Services (VI SBDC, EDB, etc.)	75.00	80.00	110.00	265.00
Seminars/Workshops	31.00	107.00	0.00	138.00
<b>TOTAL</b>	<b>1,388.00</b>	<b>1,495.35</b>	<b>1,313.15</b>	<b>4,196.50</b>

**1029.5 hrs** Direct Consulting

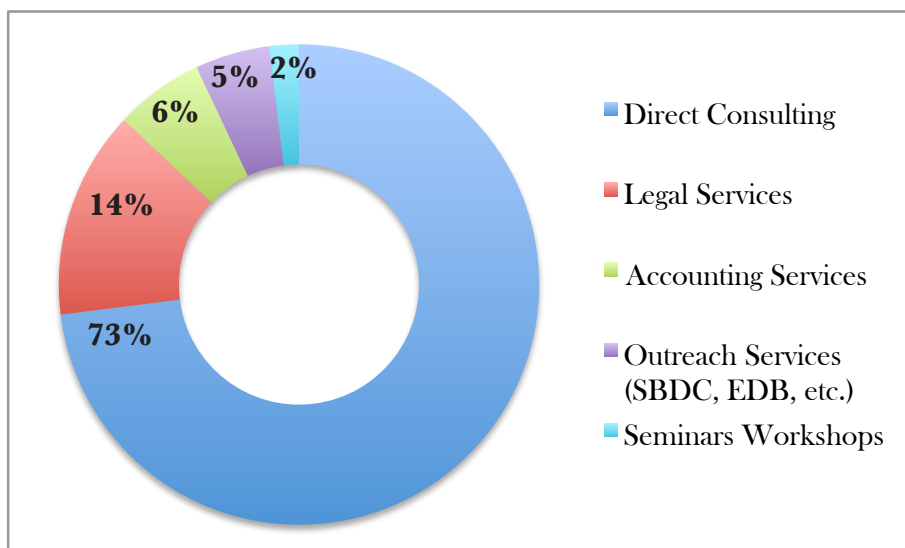
# ECONOMIC DEVELOPMENT BANK



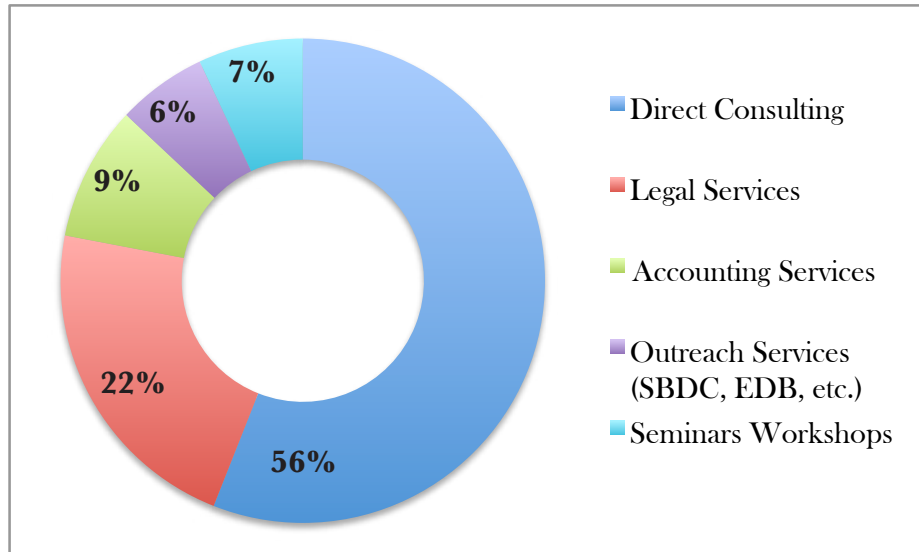
*(seated on the right) EDB staff members Shatima Charleswell (top) and Denise Donadelle (bottom), greet a visitor at their display table during the VI. Department of Agriculture Open House on June 28, 2016. This Open House was held at the University of the Virgin Islands (St. Thomas campus)*

—Photo by Semele A.C. George/USVIEDA

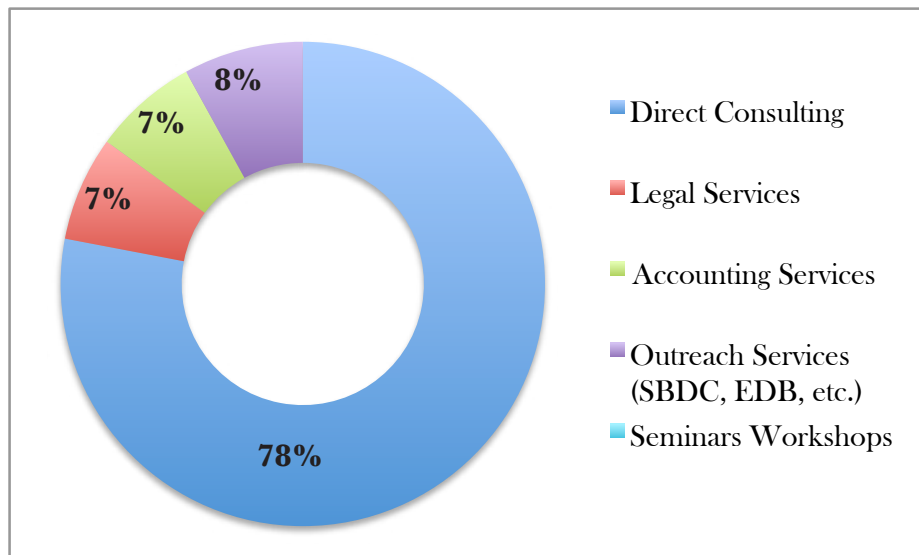
## 2014 Consulting and Support Services



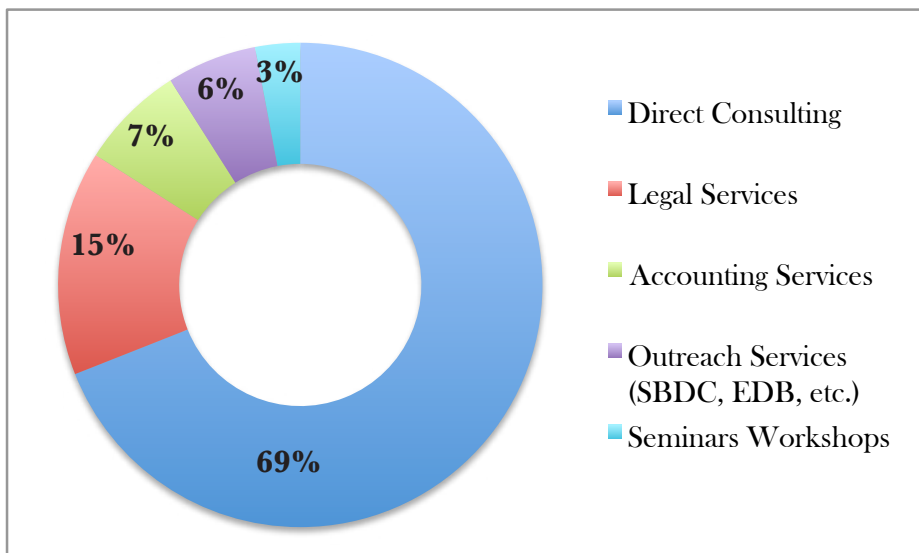
### 2015 Consulting and Support Services



### 2016 Consulting and Support Services



### 2014-2016 Cumulative Consulting and Support Services



# ENTERPRISE ZONE COMMISSION (EZC)

## “Building an Economy that Drives Economic Growth and Prosperity”

With the Enterprise Zone Commission’s fiscal year 2016 theme, “Building an Economy that Drives Economic Growth and Prosperity,” the Enterprise Zone Commission (EZC) focused on the first of the three-pillar Enterprise Zone Commission Five-Year Strategic Plan.

The goal of the pillar called, “Offerings & Opportunities”, is to identify the strengths and needs of each enterprise zone and assist in identifying the best opportunities to use those strengths and fulfill the needs of each enterprise zone. We seek to heighten the offerings and create the best, most probable outcomes and opportunities utilizing our unique cultural currency. In this light, every component of the first pillar was touched.

- **Enterprise Zone Surveys.** The EZC utilized six Summer interns from across the Territory from the VI. Department of Labor to conduct approximately 950 surveys in the enterprise zones of Christiansted and Garden Street-Upstreet.
- **Stakeholder’s Program.** The EZC held its third annual Stakeholder Conference in both districts with guest speakers that included Senate President Neville James, Bureau of Internal Revenue Legal Counsel Tamarah Smalls, Chief Tax Assessor Ira Mills and reporters from The Virgin Islands Source and the St. John Tradewinds. It was well-attended with report cards for compliance being released to all beneficiaries.
- **Town Planning.** The EZC worked with the American Institute of Architects (AIA), received a draft of the Upstreet Community Plan and finalized the competition for the Savanne-Downstreet Plan. The EZC also



*Irene Hansen, a student from the Aarhus School of Architecture in Copenhagen, Denmark, takes photographs on March 3, 2016 at the site of the Old Barracks Yard on St. Croix. The measurements will help students create potential design plans for the rehabilitation of this location as part of the Centennial Project titled, “In Search of Identity”.*

—Photo by Semele A.C. George/USVIEDA



*Diya R. Boasdottir, a student from the Aarhus School of Architecture in Copenhagen, Denmark, draws potential design plans to be considered for the rehabilitation of the Old Barracks Yard on St. Croix on March 3, 2016 as part of the Centennial Project titled, “In Search of Identity”.*

—Photo by Semele A.C. George/USVIEDA

950

Surveys Conducted in  
C'sted & on Garden St.



*Ruben Kramer, a student from the Aarhus School of Architecture in Copenhagen, Denmark, draws potential design plans to be considered for the rehabilitation of the Old Barracks Yard on March 3, 2016 on St. Croix as part of the Centennial Project titled, "In Search of Identity".*

—Photo by Semele A.C. George/USVIEDA



*Amal Ashur, a student from the Aarhus School of Architecture in Copenhagen, Denmark, draws potential design plans to be considered for the rehabilitation of the Old Barracks Yard on March 3, 2016 on St. Croix as part of the Centennial Project titled, "In Search of Identity".*

—Photo by Semele A.C. George/USVIEDA

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Graduates of  
EntrepreNow

co-hosted with Virgin Islands Senator Myron D. Jackson, Upstreet Stakeholders We From Upstreet, Inc. and Christiansted Stakeholders Christiansted Community Alliance, activities surrounding the arrival of architectural students from the Royal Academy of the Fine Arts School of Architecture in Copenhagen, Denmark and the Aarhus School of Architecture (Studio Transformation & Architectural Heritage) to work on the measure briefs for the redevelopment and reuse of two anchor buildings in the zones. These buildings are prominently identified in the Christiansted and Upstreet plans as being one of the catalysts to spur redevelopment and growth in those communities.

- **Scrape, Paint & Rejuvenate.** The EZC Board approved four Scrape, Paint & Rejuvenate applications for buildings in the enterprise zones of Christiansted, Frederiksted and Garden Street-Upstreet. The EZC staff gained approval from the Historic Preservation Committee and issued Requests for Proposals in order to start the actual painting of the buildings. The EZC continues to partner with stakeholders Our Town Frederiksted and other stakeholders, Downstreet People and the Department of Planning and Natural Resources State Historic Preservation Office in order to accomplish revitalization goals.
- **Streetscape.** The EZC received approval for historic signage throughout the St. Thomas district from the Historic Preservation Committee and prepared an application for the Virgin Islands Department of Public Works for review and approval.
- **Social/Human Capital Building.** The EZC joined with the Office of the Virgin Islands Public Defender and the non-profit organization Youth Arise, Inc. to collaborate on creating EntrepreNow, a youth entrepreneur pilot program in the USVI. After six weeks, 12

# ENTERPRISE ZONE COMMISSION (EZC)

students graduated from the program which had 16 donors and contributors, 21 speakers, and 7 entrepreneurs that offered the students internships. EntrepreNow was deemed a success by parents of these young men, and an independent evaluator. The EZC continues to follow the students throughout their school year.

Although much emphasis was placed this year on improving existing resources, the EZC also had success in the other areas of the five-year strategic plan.

In the pillar of “Readiness & Resilience” where the emphasis is on strengthening readiness for social and economic challenges and natural and man-made disasters; and ensure the community’s ability to rebound quickly, the EZC focused its efforts on two programs: the Board-Up Program and the Estate Planning conferences. The agency has begun the tedious work to assist in resolving the multiple ownership issues that are pervasive in the Territory. This is necessary to accomplish the boarding up of buildings.

This work is done in collaboration with the St. Thomas/Water Island Administrator and the Administrator’s taskforce group. In an effort to avoid the problem of multiple ownership, EZC held its 7th Annual Estate Planning Conferences. It was met with standing room only at the events in both districts.

Finally, the last pillar, “Innovation & Enterprise” tasks the EZC with encouraging, motivating and incentivizing business activity through the utilization of every economic development tool that is available to assist in the development, growth and support of entrepreneurial and enterprising efforts. The USVIEDA Board has approved the Frederiksted Collaborative, Christiansted Community, Garden Street Community and Upstreet Community plans.

It is clear that all of the fiscal year 2016 activities have sought to build an economy that drives economic growth and prosperity.



*EZC Specialist Joel Walker (right) shares samples of locally-made products on St. Croix with students from the Aarhus School of Architecture in Copenhagen, Denmark. The students from this university were on St. Croix to measure and evaluate various aspects of the Old Barracks Yards structure to prepare designs - upon their return to Denmark - that can facilitate plans to repair, redevelop and reuse the Old Barracks Yard as part of the Centennial Project titled, “In Search of Identity Project”. Students from the Royal School of Architecture in Denmark were on St. Thomas to do the same for the former facility of the J. Antonio Jarvis Elementary School.*

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



*Benjamin Erben, a student from the Aarhus School of Architecture in Copenhagen, Denmark, takes measurements on March 3, 2016 at the site of the Old Barracks Yard on St. Croix. The measurements will help students prepare potential design plans for the rehabilitation of this location as part of the Centennial Project titled, “In Search of Identity”.*

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



Acting CEO Wayne L. Biggs, Jr., top row, first from the far right, and staff members of the Enterprise Zone Commission gather on St. Croix with students from the Aarhus School of Architecture in Copenhagen, Denmark, on March 4, 2016. These students were on St. Croix to take measurements and prepare to develop potential design plans at the site of the Old Barracks Yard for the rehabilitation of this site on St. Croix.

—Photo by Semele A.C. George/USVIEDA



On St. Thomas, Sofie Maj Soerensen, a student of the Royal School of Architecture in Denmark, works at the former facility of the J. Antonio Jarvis Elementary School on March 8, 2016 on her part of the design project for the rehabilitation of this former school's structure. The students measured and evaluated various aspects of this school's structure to prepare designs - upon their return to Denmark - that can facilitate plans to repair, redevelop and reuse the structure as part of the Centennial Project titled, "In Search of Identity Project". The facility is located on St. Thomas.

—Photo by Semele A.C. George/USVIEDA



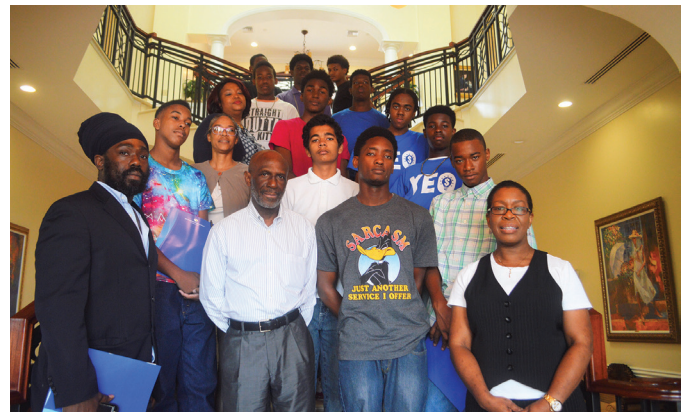
Nadine Marchena Kean (left), director of the Enterprise Zone Commission, leads a discussion on professionalism in the workplace and goal setting with students of EntrepreNow on St. Thomas alongside Dr. Arlene Smith Christopher of Youth Arise on July 18, 2016.

—Photo by Semele A.C. George/USVIEDA



Students, also known as the "Gentlemen of EntrepreNow", assemble after their graduation ceremony of the pilot program EntrepreNow along with representatives of the Office of the Territorial Public Defender, Enterprise Zone Commission and the USVIEDA, and the non-profit organization Youth Arise, Inc. This ceremony was held at Frenchman's Reef and Morning Star Marriott Beach Resort on St. Thomas on August 19, 2016.

—Photo by Adrian Kean



Students of EntrepreNow; along with representatives of the Office of the Territorial Public Defender, Enterprise Zone Commission, and the non-profit organization Youth Arise, Inc.; meet with Cornell Williams, president of International & Capital Management Co. (ICMC) (second from the left in the bottom row), on August 8, 2016 at the ICMC office on St. Thomas.

—Photo by Semele A.C. George/USVIEDA

# INTERNAL MARKETING AND PUBLIC RELATIONS

## INTERNAL MARKETING & PUBLIC RELATIONS ACTIVITIES

The promotion of programs and services offered by the U.S. Virgin Islands Economic Development Authority (USVIEDA) through local outreach activities continued to be a focus in fiscal year 2016. Such activities remain to be key methods of helping to create awareness about the USVIEDA's programs and services within the local community.

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.

### Accomplishments

FY 2016 USVIEDA internal marketing and public relations initiatives and activities for the fiscal year ending September 30, 2016 based on the marketing budget for local promotion of the USVIEDA programs and services included the following:

### Marketing

- **USVIEDA Airport Advertisements:** Securing the advertisement contract with Clear Channel Airports to promote the VIEDC Tax Incentive Program at the Cyril E. King Airport and the Henry E. Rohlsen Airport baggage claim areas. 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 executives and corporate decision makers for these companies that can become beneficiaries of the VIEDC Tax Incentive Program.
- **USVIEDA Website:** According to Google Analytics Reports for the period of January 2016 to September 2016, 19,525 new users visited the USVIEDA website from across a maximum of 100 countries during said period.
- **Local display advertisements:** Display ads were placed in local newspapers for the EZC Estate Planning Conference, the VIEDC Town Hall Meeting, congratulations ads to DSEIMP clients on their selection by St. Croix Chamber of Commerce as Business of the Year and Small Business of the Year and a Business Person of the Year nominee; *EntrepreNow* including the *Virgin Islands Daily News*, *St. Croix Avis*, and the *VI Source* to promote USVIEDA outreach activities.
- **Radio Announcements:** Radio advertisements on Loan Amnesty Program and EZC Estate Planning Conferences, and live radio show announcements about the VIEDC Town Hall Meeting.
- **Email marketing:** This initiative assisted in the targeted promotion of USVIEDA activities held in fiscal year 2016.

## Public Relations

- **News releases to the media:** A total of 29 news releases and media advisories from the USVIEDA were distributed to the media from October 1, 2015 - September 30, 2016. These news releases were also posted onto the USVIEDA's website.
- **News stories and announcements:** A total of 33 media mentions through publications or electronic media as a result of USVIEDA news releases or media advisories. Fiscal year 2016 stories were published in local newspapers such as the *Virgin Islands Daily News*, *St. Croix Avis*, *VI 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.

## News stories and pre-event announcements made:

- **USVIEDA Informational Session with the 31st Legislature of the Virgin Islands** – William D. Roebuck Industrial Park - St. Croix, U.S. Virgin Islands –October 2015
- **VI. Economic Development Commission Eligible VI. Suppliers Open House** – at V.I. Small Business Development Center (VI SBDC) St. Thomas and St. Croix, U.S. Virgin Islands – October 2015
- **2016 Community Education Initiative** hosted by the Economic Development Commission (EDC) Applications Division at the Ivanna Eudora Kean High School and Charlotte Amalie High School on St. Thomas; and the St. Croix Central High School on St. Croix – April 2016
- **USVIEDA Open House** hosted by the Enterprise Zone Commission at E's Garden Teahouse and Things – St. Thomas, USVI - April 2016
- **Enterprise Zone Commission Community Open House** held in collaboration with U.S. Virgin Islands Senator Myron D. Jackson and community members of Upstreet at the J. Antonio Jarvis Facility - St. Thomas, USVI – April 2016
- **Feature story on NEARiX, LLC**, a Nearshore-Based Software Development & Consulting Company and client of the Disaster Small-Midsize Enterprises Incubation Program (DSEIMP), reported by Carol Buchanan for the @Work column published in the *VI Source* – April 2016
- **USVIEDA Delegation for USA Select Summit** in Washington, D.C. – June 2016
- **Estate Planning Conference** hosted by the Enterprise Zone Commission - St. Croix and St. Thomas – July 2016
- **EntrepreNow**, a six-week summer program designed to encourage the spirit of entrepreneurship among the Territory's youth, hosted by the Enterprise Zone Commission in partnership with the Office of the Territorial Public Defender of the U.S. Virgin Islands and the local non-profit organization Youth Arise, Inc. for young men between ages 15-19 years old. St. Thomas – July 2016

# INTERNAL MARKETING AND PUBLIC RELATIONS

- **Town Hall Meeting** hosted by the V.I. Economic Development Commission for individuals who are interested in learning about the requirements for participating in the VIEDC Tax Incentive Program, how this program is administered and the economic impact on the U.S. Virgin Islands economy. – St. Croix and St. Thomas - September 2016
- **Announcement of SSBCI** Award following the allocation of the third disbursement of more than \$4.4 million from \$13.1 million that has been approved for the Territory by the U.S. Department of the Treasury under the State Small Business Credit Initiative (SSBCI) Program. – September 2016

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

**Radio Interviews:** 20 radio station interviews were secured in FY 2016. 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 1340AM

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 issues, the internal and external activities of 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.

- **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](http://www.wsta1340.com).
- **Commercial Sponsorship:** "Why Didn't I Think of That?" – WSTA 1340AM 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); representatives from the Virgin Islands Small Business Development Center (VI SBDC) and Safety In Paradise Program under the USVI.
- **Topics:** Disaster Small-Midsized Enterprises Incubation Program's Small Business Camps and the Young CEO Camp, enterprise zone tax credits program and town plan programs, services offered by the VI Small Business Development Center, 2015 Investors Forum hosted by Virgin Islands Senator Janette Millin-Young, SSBCI Loan Guarantee Programs, EDC Small Business Program, and interviews with local small businesses assisted by the USVIEDA and more.



*Samples of locally-made products from USVI small businesses that received assistance through the Enterprise Zone Commission were on display for senators of the 31st Legislature of the Virgin Islands during the 2015 USVIEDA Informational Session. This session was held on October 19, 2015 at the William D. Roebuck Industrial Park conference room.*

*—Photos by Semele A.C. George/USVIEDA*



*Dr. Haldane Davies, USVIEDA board member, left, talks with attendees of the 2015 USVIEDA Informational Session held for senators of the 31st Legislature of the Virgin Islands, alongside USVIEDA Board Chairman Jose' A. Penn. This session was held at the William D. Roebuck Industrial Park conference room on October 19, 2015 on St. Croix.*

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

# EXTERNAL MARKETING AND PUBLIC RELATIONS

## EXTERNAL MARKETING & PUBLIC RELATIONS ACTIVITIES

The Marketing and Public Relations unit is responsible for promoting the activities, programs and incentives delivered by the USVIEDA. Our role is to communicate the USVIEDA value proposition to our target audiences. The marketing initiatives focus on two distinct sets of audiences and programs:

1. **External Marketing** programs promote the Economic Development Commission program (EDC) to attract external (U.S. and international) corporate investment into the Territory.

2. **Internal Marketing** programs promote a wide range of services offered to Virgin Islands residents and businesses to support critical growth of local economy. The program also communicates the benefits and 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.



**Product Development** – Development of products and services to attract investment and create jobs.

**Lead Generation** – Proactively target companies in relevant industry sectors to introduce the USVI solution and secure investment into the Territory.

**Ambassadors** – Leverage the Territory’s key investors, business and government leaders to gain access to prospect investors to sell the USVI.

**Events** – Deploy a mix of industry and regional events to build awareness of the USVI offering and develop relationships with prospect companies and business advisors.

**Communications** – Creation of USVI sales messages that flow through a mix of media – brochures, website, publications, social media, advertising, events, newsletters etc.

**Client Care** – Provide first class business support for prospect investors and existing EDC Beneficiaries.

## External Marketing Activities

During Fiscal Year 2016, the Marketing unit focused on building and enhancing our marketing and communications portfolio to increase awareness about the U.S. Virgin Islands in key external target markets. This section provides highlights of the key external marketing initiatives and the results for Fiscal Year 2016. Collaboration with key partners in government and the private sector remained critical to the success of these efforts. Together, we promote Team VI and the efficiencies of doing business in America's Business Paradise.

### Product Development

The USVIEDA continued to work on development and enhancement of investment product offerings for the USVI. The primary objective is to develop products and services that will attract more corporate investment into the Territory. These included the following:

- St Croix Free Trade Zone
- Film Production – Sustainable Tourism and Arts-Based Revenue Stream (S.T.A.R.S.) Act rules and regulations in partnership with Tourism
- Hotel/Resort Development
- Maritime - maintenance, bunkering, yacht services

# EXTERNAL MARKETING AND PUBLIC RELATIONS

## Investment Lead Generation

Investment lead generation remained a top priority activity for Marketing and its service providers. This activity focuses on research, identifying, qualifying, contacting and building relationships with companies that have the potential to expand or relocate their businesses to the U.S. Virgin Islands through the EDC program.

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

### Professional & Financial Services

#### Asset Management

- Hedge Funds
- Private Equity
- Family Offices
- Captive Insurance
- Other

#### Back Office Processing

- Mortgage Services
- Consumer services including credit card and payment processing etc
- Maritime Data – booking, customs, harmonized codes
- Other

### Information Technology

- Internet-related services and fulfillment - eCommerce
- Software development
- Data-related activities – storage, servers etc
- Other

### High-Value Manufacturing

#### Electronics

- Controls, test & measurement
- Aerospace components
- Printing & displays

#### Medical Devices

- Diagnostic devices
- Advanced material implants
- Analytical equipment
- Other

## Cleantech equipment

### Renewable energy equipment

In Fiscal Year 2016, we communicated with and qualified more than 7,500 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.



## Investment Projects

### Annual Statistics

- 10,000 cos. reviewed
- 7,500 cos. emailed
- 2,000 cos. qualified
- 1,200 calls
- 200 prospects
- 30 project leads

The USVIEDA will in most cases respond to inward bound investment opportunities that arise in any sector where the USVI has an interest and a competitive chance. These projects come through a variety of channels including direct inquiries to the USVIEDA (telephone or web), and referrals from location advisors, local service providers, Virgin Islanders and others.

## **MARKETING EVENTS/ MEETINGS**

Marketing events and business-to-business meetings provide an excellent opportunity for the USVIEDA to showcase and sell the advantages of the Territory directly to our target 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.

### **Hedge Fund Americas –**

New York, NY – October 2015

A regional alternative management conference attended by 100 New York area asset managers, allocators and services providers. Attended the event and held meetings with hedge fund managers to introduce the USVI.

### **Shared Services – Planning & Launching –** Glasgow, Scotland – October 2015

A European shared services event for companies in the planning and launching stage of new operations around the globe. Attended the event and held meetings with European companies across multiple industry sectors to introduce the USVI.

### **Institute for Professionals in Taxation –**

Austin, TX – November 2015

The USVIEDA was a sponsor and program contributor at the Institute for Professionals in Taxation's Credits & Incentives Symposium for the second year, which brought together approximately

300 of the nation's leading tax advisors. A presentation was held on the EDC program and the benefits of operating in the USVI. Tamarah Parson- Smalls Chief Counsel at the Virgin Islands Bureau of Internal Revenue and Wayne Biggs Acting CEO of the USVIEDA were the keynote speakers during the event. In addition, the USVIEDA had a marketing presence at the opening cocktail reception.

### **Caribbean Travel Marketplace –**

The Bahamas – January 2016

The USVIEDA attended this key Caribbean tourism event in partnership with the Department of Tourism to raise awareness of hotel and resort development in the USVI. The event was attended by over 500 industry participants, and meetings were held with professionals in hotel development and travel services.

### **South by Southwest Film Festival –**

Austin, TX – March 2016

The USVIEDA attended this major international cultural event in partnership with the V.I. Department of Tourism to promote film production in the USVI and STARS program. A USVI marketing booth anchored the promotional activity where introductory discussions were held about film and music production in the Territory.

### **North American Shared Services & Outsourcing Week –**

Orlando, FL – March 2016

The USVIEDA sponsored and attended the largest shared services event in the world which attracted over 500 attendees for the second year. As part of the sponsorship, the USVIEDA hosted a luncheon for attendees to learn more about operating a share service activity in the USVI. Mr. Cornel Williams, President of International Capital and Management Company was the keynote speaker. Meetings were also held with companies interested in learning more about the USVI offering.

# EXTERNAL MARKETING AND PUBLIC RELATIONS

## **World Forum for Foreign Direct Investment – San Diego, CA – April 2016**

The USVIEDA sponsored this annual global foreign direct investment conference attended by over 300 corporate real estate professionals, location advisors, government officials and economic developers. As part of the sponsorship, a one page advertisement was placed in the conference program. Meetings were held with key contacts.



*Andrew Clutz, marketing consultant, Margarita Benjamin, VIEDC Director of Applications, and Wayne Biggs, USVIEDA acting chief executive attended the North American Shared Services & Outsourcing Week in Orlando, FL in March 2016.*

## **Hannover Fair – SelectUSA – Hannover, Germany – April 2016**

The USA was the partner country of the Hannover Fair in 2016. President Obama and several key officials were present to sell the benefits of investing in the USA. The USVIEDA attended as part of SelectUSA's pavilion of US investment locations. The USVIEDA targeted and met with global high value manufacturers at the world's largest industrial fair. Other marketing activities included business networking activities, a dedicated web page, two pages in the SelectUSA catalogue, and lead cultivation by the SelectUSA team.

## **SelectUSA Investment Summit –**

Washington, DC – June 2016

The USVIEDA participated for a second year in the SelectUSA Investment Summit which is attended

by over 2,000 international investors, and almost every state in the US. This is a key forum to meet with prospect investors and sell the advantages of the USVI.

## **International Economic Development**

**Council – Cleveland, OH – September 2016**

USVIEDA representatives attended the 2016 Annual International Economic Development Council



*Margarita Benjamin, VIEDC Director of Applications and Wayne L. Biggs, USVIEDA Acting Chief Executive Officer hosted the USVIEDA's booth presence at the Hannover Trade Fair in Hannover, Germany in April 2016.*

(IEDC) Conference and participated in a variety of conference sessions focused on various topics focused on developing new ideas for the promotion of the USVI. In addition to the training, there is always a lot of networking and benchmarking with other agencies as well as discussions with key location advisors and consulting firms.

## COMMUNICATIONS

During the year, Marketing worked on continuing to improve and expand its communications approach and completed a number of projects that

were started in 2015. Below is a summary of the key marketing communications programs.

- **USVIEDA Website** – A redesign of the site at [www.usvieda.org](http://www.usvieda.org) that communicates to internal as well as external audiences with more online content and links to key VI partners.
- **Marketing materials** – Printed marketing materials were updated and the design was refreshed. The materials included: the USVI Business Overview document and presentation, ten EDC-related fact sheets, and several program information documents. Development and design commenced on a USVI Fast Facts brochure to be launched in early FY 2017.

**Advertising** – Four print and digital advertisements were completed. The ads included one general EDC piece and three sector specific designs focusing on Advanced Manufacturing, Financial Services and Back Office to attract potential investors within these industries. Placements were made in a number of publications during the year.



*Examples of USVIEDA sector advertisements created and placed during the year to promote the EDC program.*

**Conference Signage** – Four new pop-up banners and larger posters were produced using the advertising design formats above

for use at the events and trade shows that we participate in during the year.

**Social Media/Communications** – Marketing launched a Twitter account during the year to promote the USVI to EDC prospects and communicate positive economic developments within the USVI. This is coordinated with traditional mediums such as news releases, web news, and email communications. The Twitter posts have also been added to the Home Page of the website.

### Ambassadors

Leveraging key stakeholders in the USVI community to assist with our marketing efforts has been key to the Ambassadors program. Ambassadors are EDC beneficiaries, government officials, VI service providers and key business people eligible to assist in promoting the USVI as a prime investment location. Ambassadors assist the USVIEDA in identifying new prospects, and selling the USVI either directly or in at events such as the North American Shared Services & Outsourcing Week or the Institute for Professionals in Taxation.

### Client Care

During the year client care for new prospects and existing investors was given a dedicated resource to serve and support all related inquiries. Steven Steele served as the Client Care Coordinator and Ombudsman, and was responsible for fielding inquiries and working with the Marketing team, other units of the USVIEDA, government agencies and private service providers to ensure that all client requirements and specific projects were fulfilled in a quality and timely manner.

# EXTERNAL MARKETING AND PUBLIC RELATIONS

## CRM

In 2016, the USVIEDA continued 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. This allows for Marketing to effectively manage hundreds of client contacts at many different stages of investment and ensure that clients are being served in a timely manner.

As we move forward into FY2017, we will implement additional metrics tracking to the CMS to allow for tracking of responses to specific marketing campaigns to better understand which programs are delivering higher return on investment. Our objective is to fine tune our program selection and maximize the return (investment into the Territory) for each marketing dollar spent.

## INVESTMENT SUCCESS

### Companies Receiving Certificates in FY 2016

NO.	COMPANY NAME	TYPE	EXECUTED
1.	Subbase Drydock Inc.	New	05-10-16
2.	Sunshine Shopping Center	Extension	05-17-16
3.	PBG Corporation dba Phantasea Tropical Botanical Garden	New	Processed 03-04-16 Awaiting Clients Review & Acceptance
4.	Tropico Management, LP	Re-activation	05-17-16
5.	Real Impact Corporation	New	01-13-16
6.	Flying Fish Group, LLC	New	12-04-15
7.	Denali Asset Management, LLLP	Extension	02-02-16
8.	International Capital and Management Company, LLC	Extension/ Modification	03-01-16
9.	DiamondRock Frenchman's Owner, Inc. d/b/a Frenchman's Reef and Morning Star Marriott Beach	Extension/ Modification	04-01-16
10.	Carambola Northwest, LLC	New	07-12-16
11.	Goddard Catering Group St. Thomas, Inc.	Extension	In Process
12.	Prosperitas Investment Management, LLLP	New	Requested Information 09-6-16, Awaiting Response from Client
13.	CD Paradise Holdings, LLLP	New	Requested Information on 09-6-16, Awaiting Response from Client
14.	Alpha Mortgage Advisors, Inc.	New	In Process
15.	Perpetual Motion Management, LLC	New	Processed 09-12-16 Pending Clients Review & Acceptance
16.	Caribbean Cinemas of St. Croix, Inc.	New	Processed 09-12-16 Pending Clients Review & Acceptance

## **FY 2017 PROJECTED EXTERNAL MARKETING EVENTS**

Marketing events planned for fiscal year 2017:

**Private Wealth-** Latin America & Caribbean – Miami, FL – October 2016

**CCAA Caribbean Finance** – Washington, DC – October 2016

**Puerto Rico Investment Summit** – San Juan PR – January 2017

**Network 2017** – Miami, FL – January 2017

**Cayman Alternative Investment Summit** – Cayman Islands – February 2017

**GAIM Ops Conference** – Cayman Islands – April 2017

**AFCI Locations** – Burbank, CA – April 2017

**World Forum for Foreign Direct Investment** – Shanghai, China – May 2017

**Select USA Summit** – Washington, DC – June 2017

**International Economic Development Council Annual Meeting** –  
Toronto, Ontario – September 2017

**Global Asset Management Conference** – Bermuda – September 2017

# STAFF OF THE U.S. VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

Period of October 1, 2015 – September 30, 2016

## ADMINISTRATION

### Executive

STX USVIEDA Acting Chief Executive Officer Wayne L. Biggs, Jr.  
STX USVIEDA Client Care Coordinator Steven P. Steele  
STX USVIEDA Project Coordinator Humberto O'Neal  
STT USVIEDA Executive Assistant to the CEO Celina D. Morris  
STT USVIEDA Marketing and Public Relations Specialist Semele A.C. George  
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 II Jana Cammie  
STT USVIEDA Accountant I (Temporary) Regina Powell  
STT USVIEDA Accountant I (Temporary) K'Nisha Gumbs  
STT USVIEDA Custodial Worker Francillia Williams  
STT USVIEDA Service Worker/Messenger Cuthbert Charlemagne

### Human Resources

STX USVIEDA Human Resources Manager Wendy Wheeler, MBA, CPM  
STT USVIEDA Human Resources Specialist Shirley J. Jones-Peters

### Legal

STX USVIEDA General Counsel Tracy Lynch Bhola, Esq.  
STX USVIEDA Paralegal/Investigative Analyst Tanya S. Hill,  
STX USVIEDA Paralegal/Investigative Analyst Lisa Mitchell-Harris

### USVIEDA Board

STT USVIEDA Board Liaison Carol V. Chapman

# STAFF OF THE U.S. VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY, cont.

## USVIEDA ENTITIES

### **Economic Development Commission - Applications**

STT EDC Director of Applications Margarita A. Benjamin

STX EDC Applications Analyst Esther M. Joseph

STT EDC Applications Analyst Shanika Garnett

STX EDC Document Specialist LaShanna McBean de Chabert

### **Economic Development Commission - Compliance**

STX EDC Director of Compliance Claude S.M. Gerard

STT EDC Senior Compliance Officer Joy Penn

STX EDC Lead Compliance Officer Ayanna T. Romney

STT EDC Compliance Officer Sandra Bess

STT EDC Compliance Officer Kyle C. Thomas

STX EDC Compliance Officer Jahnella Harvey

### **Enterprise Zone Commission**

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

STX EZC Enterprise Zone Specialist Joel Walker

STX EZC Enterprise Zone Programs & Grants Compliance Officer Krista Edwards

STT EZC Enterprise Zone Programs & Grants Compliance Officer Tamra B. James

# STAFF OF THE U.S. VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY, cont.

## **Economic Development Bank**

(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

STX EDB Loan Officer / SSBCI Coordinator Diane A. DaCosta

STX EDB Small Business Counseling Specialist Pablo R. Vega

STT EDB Loan Assistant Charlene Gerard-Joseph

STT EDB Loan Assistant Shatima Charleswell

STT EDB Receptionist Jeraldine Eason

STX EDB Receptionist Gloria Fredericks

## **EDB Disaster Small-Midsized Enterprises Incubation Program**

STX DSME Incubator Program Manager Cusa Holloway

STX DSME Administrative Assistant Lisa Ann C. James

## **Virgin Islands Economic Development Park Corporation**

(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 = United States Virgin Islands Economic Development Authority





# U.S. VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY FINANCIAL STATEMENT FY 2015

## VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY *(A Component Unit of the Virgin Islands Government)* CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2016 *Together With Independent Auditor's Report*

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## INDEPENDENT AUDITOR'S REPORT

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111 South Calvert St.  
Suite 2700  
Baltimore, MD 21202

Board of Directors  
Virgin Islands Economic Development Authority  
St. Thomas, U.S. Virgin Islands

### Report on the Financial Statements

We have audited the consolidated accompanying statement of net position of the Virgin Islands Economic Development Authority (the "Authority") and its wholly owned subsidiary Industrial Park Development Corporation, a component unit of the Government of the U.S. Virgin Islands, as of and for the year ended September 30, 2016 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended and the related notes to the consolidated financial statements.

### Management's Responsibility

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depends on the auditor's judgment, including, the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, based on our audit the consolidated financial statements referred to above presents fairly, in all material respects, the financial position of the Authority as of September 30, 2016, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the consolidated financial statements, the consolidated financial statements present only the Authority's financial position and the changes in financial position and cash flows and do not purport to, and do not, present fairly the financial position of the Government of the U.S. Virgin Islands as of September 30, 2016 and changes in the financial position of the Government of the U.S. Virgin Islands for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## *Report on Comparative Information*

We have previously audited the Authority's September 30, 2015 consolidated financial statements, and our report dated, March 28, 2016, expressed an unmodified opinion thereon. In our opinion, the comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 10 and the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions on pages 27 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic consolidated financial statement in an appropriate operational, economic or historic context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic consolidated financial statements. The other supplementary information listed in the accompanying table of contents on pages 29 and 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records to prepare the basic consolidated financial statements, such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bert Smith & Co

St. Croix, U.S. Virgin Islands  
April 13, 2017

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**  
***(A Component Unit of the Virgin Islands Government)***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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## **INTRODUCTION**

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

The Authority 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 Authority 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 consolidated financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's consolidated 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.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The consolidated financial 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 consolidated 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 Consolidated Statement of Net Position:*** This statement includes all of the Authority's assets, deferred outflows of resources and deferred inflows of resources, 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 Consolidated 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 Revenues, 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**  
**(A Component Unit of the Virgin Islands Government)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
(UNAUDITED)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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**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 consolidated 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 consolidated financial statements are presented as supplementary schedules. These schedules separate the consolidated financial statements and operations for each of the major funds.

**2016 FINANCIAL HIGHLIGHTS**

- The Authority's net position (deficit) increased by \$1,107,939 or 50% compared to fiscal year 2015.
- The Authority's total assets and deferred outflow of resources increased by \$13,004,819 or 55% and total liabilities increased by \$13,998,317 or 54% compared to fiscal year 2015.
- The Authority's operating revenues decreased by \$175,505 or 9% and operating expenses decreased by \$1,852,805 or 19% compared to fiscal year 2015.
- Government appropriations increased by \$132,480 or 3% compared to fiscal year 2015.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**  
*(A Component Unit of the Virgin Islands Government)*

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*  
(UNAUDITED)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

**Condensed Consolidated Statements of Net Position as of September 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>	<u>Variance</u>	<u>% Variance</u>
<b>Assets</b>				
Current Assets	\$ 5,961,209	\$ 4,655,257	\$ 1,305,952	28%
Noncurrent Assets	22,529,698	14,953,767	7,575,931	51%
Capital Assets, net	1,599,152	1,874,918	(275,76)	-15%
<b>Total Assets</b>	<u>30,090,059</u>	<u>21,483,942</u>	<u>8,606,117</u>	<u>40%</u>
<b>Deferred Outflows of Resources</b>	<u>6,654,386</u>	<u>2,255,684</u>	<u>4,398,702</u>	<u>195%</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$36,744,445</u>	<u>\$23,739,626</u>	<u>\$13,004,819</u>	<u>55%</u>
<b>Liabilities</b>				
Current Liabilities	\$13,477,681	\$ 5,102,252	\$ 8,375,429	164%
Noncurrent Liabilities	<u>26,490,335</u>	<u>20,867,447</u>	<u>5,622,888</u>	<u>27%</u>
<b>Total Liabilities</b>	<u>\$39,968,016</u>	<u>\$25,969,699</u>	<u>\$13,998,317</u>	<u>54%</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 114,441</u>	<u>                    </u>	<u>\$ 114,441</u>	<u>100%</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>\$40,082,457</u>	<u>\$25,969,699</u>	<u>\$14,112,758</u>	<u>54%</u>
<b>Net Position</b>				
Net Investment in Capital				
Assets	\$ 1,599,152	\$1,874,918	\$ (275,766)	-15%
Restricted	21,210,583	12,914,073	8,296,510	64%
Unrestricted	<u>(26,147,747)</u>	<u>(17,019,064)</u>	<u>(9,128,683)</u>	<u>54%</u>
<b>Total Net Position</b>	<u>\$(3,338,012)</u>	<u>\$(2,230,073)</u>	<u>\$ (1,107,939)</u>	<u>50%</u>

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the Virgin Islands Government)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**(UNAUDITED)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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***Current Assets***

- Current assets increased by \$1,305,952 or 28% compared to last fiscal year. This total includes an increase in cash and cash equivalents of \$501,945 or 14% due to an increase in government allotments of \$132,750 or 28%; collections improved within the EDC program by \$92,949 or 19%. There was also an increase of \$129,000 or 14% in State Small Business Credit (SSBCI) funds, which are funds used as collateral to support business loans for bank customers. For the Intermediary Relending (IRP) program, \$217,769 that was recorded in the non-current section last fiscal year was re-classified to the current section of the balance sheet this fiscal year to reflect the short-term use of these funds. However, within the Industrial Park Development Corporation (IPDC), cash decreased by \$108,897 or 57%. These funds were used to repair the roofs for two of the buildings. The cash in the Small Business Development Agency (SBDA) decreased by \$126,477 or 90%. The reduction was due to the reimbursement made to the Economic Development Management (EDM) for expenses incurred on behalf of the Incubator program. The short-term investments increased by \$923,167 or 498% due to a reclassification of funds from non-current-restricted cash & cash equivalents to investments in the current section of the balance sheet.

***Noncurrent Assets***

- Noncurrent assets increased by \$7,575,931 or 51% compared to last fiscal year. This was due mainly to an increase of \$7,499,679 or 133% in restricted cash and cash equivalents. The cash increase was due to the final draw down of funds for the SSBCI program. These funds are used to provide collateral support for loans made to participating commercial bank customers. Similarly, restricted investments increased by \$229,811 or 4% due to SSBCI funds being used as collateral invested into certificate of deposits. Loan receivable, net of allowance for doubtful accounts, decreased by \$153,559 or 4% which is attributable to the net effect of increasing the number and the individual amounts of loans to businesses, payment received from borrowers and write off loans.

***Capital Assets***

- Capital assets, net of accumulated depreciation, decreased by \$275,766 or 15% compared to last fiscal year. Additions to capital assets include new vehicle purchases costing \$124,576 to replace an aging fleet already fully depreciated, and \$29,822 in computer and equipment, \$2,400 in furniture and fixtures, and \$1,868 in building improvements. On the other hand, the overall decrease in capital assets was due to this year's total depreciation of \$434,432 on these assets.

***Current Liabilities***

- Current liabilities increased by \$8,375,429 or 164% compared to last fiscal year. Deferred revenues increased by \$8,750,103 or 209 % of SSBCI funds. These funds are fully committed in support of approved bank loans that were not closed by the end of the fiscal year. Additionally, accrued expenses went up by \$3,436 or 7% due to increases in payroll liabilities, contractual, and other obligations. Accounts payable decreased by \$493,537 or 64% due to the close out of the Incubator program and an overall reduction in vendor obligations.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the Virgin Islands Government)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
(UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

**Noncurrent Liabilities**

- Noncurrent liabilities increased by \$5,622,888 or 27% compared to last fiscal year. The net pension liability increased by \$5,806,388 or 31%. This amount is recorded to recognize the Authority's share of the Government Employees' Retirement System's (GERS) total unfunded liability obligation for this fiscal year based on GASB 68. However, the amount for compensated absences decreased by \$144,786 or 48% as the Authority paid out lump-sum amounts owing to individuals no longer working for the Authority and the reclassification of \$114,481 as current obligation. The amount in security deposits was decreased by \$14,000 or 31% due to tenants' security deposit being applied against outstanding rent. The amount owing on the Intermediary Relending program (IRP) loan was reduced by \$24,714 or 8% as the Authority continues to pay down on this debt.

**Net Position**

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

The Authority's total net position deficit increased by \$1,107,939 or 50% compared to last year. This increase is mainly attributable to an increase in restricted net position of \$8,296,510 or 64% due to the SSBCI funds committed as collateral support. Capital assets, net of related depreciation, decreased by \$275,766 or 15% due to depreciation; and unrestricted net position deficit increased by \$9,128,683 or 54% due to the net effect of the restricted net position between FY 2016 and 2015.

**Condensed Consolidated Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended September 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>	<u>Variance</u>	<u>% Variance</u>
<b>Operating Revenues</b>	\$ 1,812,415	\$ 1,987,920	\$175,505	-9%
<b>Operating Expenses (including Depreciation)</b>	<u>(7,849,297)</u>	<u>(9,702,102)</u>	<u>1,852,805</u>	<u>19%</u>
<b>Operating Loss</b>	(6,036,882)	(7,714,182)	1,677,300	22%
<b>Net Nonoperating Revenues</b>	<u>4,928,943</u>	<u>4,897,356</u>	<u>31,587</u>	<u>1%</u>
<b>Changes in Net Position</b>	(1,107,939)	(2,816,826)	1,708,887	61%
<b>Net Position, Beginning of Year</b>	(2,230,073)	586,753	(2,816,826)	-480%
<b>Net Position, End of Year</b>	<u>\$(3,338,012)</u>	<u>\$(2,230,073)</u>	<u>\$(1,107,939)</u>	<u>50%</u>

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**

*(A Component Unit of the Virgin Islands Government)*

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**(UNAUDITED)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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***Revenues***

- Operating revenues decreased by \$175,505 or 9% compared to last fiscal year. This includes \$47,596 or 366% increase in revenues from the allocation of bond proceeds. Revenue also increased by \$58,347 or 84% in the other operating revenue due to payments received from borrowers whose loans were previously written off. Additionally, application and processing fees went up by \$92,949 or 19% due to both an increase in the payment of non-compliance fees and the number of EDB loans and EDC beneficiary applications received. However, rental income decreased by \$48,462 or 10% due to one tenant reducing its leased space and another tenant vacating the premises at the Industrial Park. Interest income from loans increased by \$10,748 or 8%. Grant revenues decreased by \$227,773 or 43% due mainly to the expiration of the incubator grant; and revenues from penalties declined by \$108,910 or 38% due to a decreased in the number of fines and the amount of assessments made against EDC beneficiaries.

***Operating Expenses***

- Operating expenses decreased by \$1,844,165 or 20% compared to last fiscal year. This reduction includes a decrease of \$211,393 or 4% in personnel service costs due to certain positions that were either partially filled or remained vacant during the year and decrease in retirement expense due to changes in net pension liability. General and administrative expenses decreased by \$320,250 or 31%; professional services decreased by \$605,392 or 52%; advertising decreased by \$10,389 or 4%. These decreases were due largely to reductions of incubator expenses and a lesser extent to the Authority's efforts in controlling costs and improving efficiency. Inter-island travel costs decreased by \$38,055 or 38% due to the Authority using video conferencing to conduct its meetings; grant expenditures decreased by \$227,773 or 43% due to the close out of STEP, EZC and Incubator grants; and bad debt decreased by \$436,603 or 74% due to the Authority taking steps in reducing the level of bad debt through restructuring and other flexible loan payment options.

***Nonoperating Revenues and Expenses***

- Nonoperating revenues increased by \$31,587 or 1% compared to last year. The change is due to increase in \$132,480 or 3% in government allotment offset by a decrease in borrowers paid on time not to paid penalties and NSF check fees during the year. Conversely, interest expense and finance charges increased by \$993 or 79% reflecting interest amounts and finance charges on the (IRP) loan from the U.S. Department of Agriculture.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**

*(A Component Unit of the Virgin Islands Government)*

**MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)***

**(UNAUDITED)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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**CAPITAL ASSETS**

The Authority's capital assets as of September 30, 2016 (net of accumulated depreciation) decreased by \$275,766 or 15% compared to last year. This difference is the cumulative effect of \$158,666. Though there were new acquisitions to the assets, the overall decrease was \$434,432 due to depreciation.

	<b>2016</b>	<b>2015</b>
Building & Building Improvements	\$ 9,160,848	\$ 9,158,980
Leasehold Improvements	867,889	867,889
Equipment	1,190,689	1,160,867
Furniture & Fixture	370,393	367,993
Vehicles	357,197	232,621
Leasehold Equipment	20,585	20,585
Total Costs	11,967,601	11,808,935
Less: Accumulated Depreciation	(10,368,449)	(9,934,017)
Net Capital Assets	\$ 1,599,152	\$ 1,874,918

**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**  
*(A Component Unit of the Virgin Islands Government)*

CONSOLIDATED STATEMENT OF NET POSITION  
AS OF SEPTEMBER 30, 2016  
*(With Comparative Totals for 2015)*

	<u>2016</u>	<u>2015</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 4,176,702	\$ 3,674,757
Investments	1,108,725	185,558
Other Receivables, net	621,657	748,550
Prepaid and Other Assets	54,125	46,392
Total Current Assets	<u>5,961,209</u>	<u>4,655,257</u>
<b>Noncurrent Restricted Assets:</b>		
Restricted Cash and Cash Equivalents	13,133,380	5,633,701
Restricted Investments	5,985,480	5,755,669
Restricted Loans Receivable, net	3,410,838	3,564,397
Total Noncurrent Restricted Assets	<u>22,529,698</u>	<u>14,953,767</u>
<b>Capital Assets, net</b>	1,599,152	1,874,918
<b>Total Assets</b>	<u>30,090,059</u>	<u>21,483,942</u>
<b>Deferred Outflows of Resources</b>	<u>6,654,386</u>	<u>2,255,684</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 36,744,445</u>	<u>\$ 23,739,626</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 279,128	\$ 772,665
Accrued Expenses	55,339	51,903
Compensated Absences	166,767	52,286
Interest Payable	19,670	19,280
Deferred Revenue	12,931,650	4,181,547
Loan Payable, current	25,127	24,571
Total Current Liabilities	<u>13,477,681</u>	<u>5,102,252</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	155,667	300,453
Security Deposits	31,183	45,183
Deferred Revenue	1,000,000	1,000,000
Relief Revolving Funds	400,000	400,000
Loan Payable	293,990	318,704
Net Pension Liability	24,609,495	18,803,107
Total Noncurrent Liabilities	<u>26,490,335</u>	<u>20,867,447</u>
<b>Total Liabilities</b>	<u>39,968,016</u>	<u>25,969,699</u>
<b>Deferred Inflows of Resources</b>	<u>114,441</u>	<u></u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>40,082,457</u>	<u>25,969,699</u>
<b>NET POSITION</b>		
<b>Net Position:</b>		
Net Investment in Capital Assets	1,599,152	1,874,918
Restricted Net Position	21,210,583	12,914,073
Unrestricted Net Position	(26,147,747)	(17,019,064)
<b>Total Net Position</b>	<u>\$ ( 3,338,012)</u>	<u>\$ (2,230,073)</u>

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

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**  
*(A Component Unit of the Virgin Islands Government)*

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2016  
*(With Comparative Totals for 2015)*

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues:</b>		
Allocation of Bond Proceeds	\$ 60,595	\$ 12,999
Application and Processing Fees	580,467	487,518
Rental Income	425,649	474,111
Interest Income from Loans	141,177	130,429
Grant Revenue	301,677	529,450
Penalties	175,381	284,291
Other Operating Revenue	127,469	69,122
Total Operating Revenues	<u>1,812,415</u>	<u>1,987,920</u>
<b>Operating Expenses:</b>		
Personnel Costs	5,106,732	5,318,125
General and Administrative	713,820	1,034,070
Occupancy	282,655	276,965
Advertising	221,627	232,016
Professional Services	570,114	1,175,506
Travel	63,280	101,335
Grant Expenditures	301,677	529,450
Bad Debt	154,960	591,563
Total Operating Expenses	<u>7,414,865</u>	<u>9,259,030</u>
Deficiency of Revenues from Operations Before Depreciation	(5,602,450)	(7,271,110)
Depreciation	<u>(434,432)</u>	<u>(443,072)</u>
<b>Operating Loss</b>	<u>(6,036,882)</u>	<u>(7,714,182)</u>
<b>Nonoperating Revenues:</b>		
Government Appropriation	4,800,000	4,667,520
Interest Income	65,696	51,384
Other Income	65,493	179,705
Interest Expenses and Finance Charges	<u>( 2,246)</u>	<u>( 1,253)</u>
Total Nonoperating Revenues	<u>4,928,943</u>	<u>4,897,356</u>
<b>Changes in Net Position</b>	(1,107,939)	(2,816,826)
<b>Net Position, Beginning of the Year (restated)</b>	(2,230,073)	586,753
<b>Net Position, End of Year</b>	<u>\$ (3,338,012)</u>	<u>\$ (2,230,073)</u>

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

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY**  
**(A Component Unit of the Virgin Islands Government)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
*(With Comparative Totals for 2015)*

	<u>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Allocation of Bond Proceeds	\$ 65,925	\$ 12,999
Cash Received from Application and Processing	470,452	1,013,778
Cash Received from Tenants	383,809	350,858
Cash Received from Loan Repayments	697,740	535,508
Cash Received from Other Operating Income	597,587	189,698
Cash Received from Federal Government	9,051,780	749,349
Cash Paid for Grant Program	( 301,677)	(529,450)
Cash Paid for Goods and Services	(2,362,940)	(2,667,629)
Cash Paid to Employee for Services	(3,614,911)	(3,504,406)
Loan Disbursements	<u>( 598,912)</u>	<u>(779,599)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>4,388,853</u>	<u>(4,628,894)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Cash Received from Primary Government	\$ 4,800,000	\$ 4,667,250
Other Income	78,922	179,705
Interest Expense and Finance Charges	<u>( 2,246)</u>	<u>( 1,253)</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>4,876,676</u>	<u>4,845,702</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Note Principal Payments	( 24,158)	(23,510)
Acquisition of Property and Equipment	<u>( 158,666)</u>	<u>(58,336)</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>( 182,824)</u>	<u>(81,846)</u>
<b>Cash Flows from Investing Activities</b>		
Interest Income	71,897	51,384
Net Sale of Investments	<u>(1,152,978)</u>	<u>(1,038,568)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(1,081,081)</u>	<u>(987,184)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	8,001,624	(852,222)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>9,308,458</u>	<u>10,160,680</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 17,310,082</u></u>	<u><u>\$ 9,308,458</u></u>
<b>Reconciliation of Loss to Net Cash Provided by (Used In)</b>		
<b>Operating Activities:</b>		
<b>Operating Loss</b>	\$ (6,036,882)	\$ (7,714,182)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in)</i>		
<i>Operating Activities:</i>		
Depreciation Expense	434,432	443,072
Bad Debt Expense	154,960	591,563
Increase in Deferred Outflows of Resources	(4,398,702)	(1,902,620)
Increase in Net Pension Liability	5,806,388	3,788,139
Decrease in Accounts Receivable	107,264	503,947
(Increase) Decrease in Prepaid Expenses	( 7,733)	15,434
(Increase) in Loans Receivable	( 1,401)	(411,866)
(Decrease) Increase in Accounts Payable and Accrued Expenses	( 490,101)	138,188
(Decrease) in Compensated Absences	( 30,305)	(71,800)
Increase (Decrease) in Deferred Revenue	8,750,103	(8,765)
(Decrease) Increase in Security Deposit	( 14,000)	1,084
Increase in Deferred Inflows of Resources	114,440	
Increase (Decrease) in Interest Payable	<u>390</u>	<u>(1,088)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 4,388,853</u>	<u>\$ (4,628,894)</u>

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





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