



Virgin Islands Economic Development Authority



FY2018 ANNUAL REPORT

"After the Storms: A Year of Recovery & Resilience"

OCTOBER 1, 2017 - SEPTEMBER 30, 2018



MESSAGE FROM THE GOVERNOR

The United States Virgin Islands remains committed to robust economic development despite the challenges of the most recent hurricane season. Throughout FY 2018, we strategically executed plans that promoted the growth and diversification of our economy and revitalized distressed communities. We also strengthened our external marketing and communication initiatives to attract key investors to our Territory and to encourage and support local business.

The Virgin Islands is able to provide competitive tax and other benefits not available elsewhere, making us one of the most business friendly jurisdictions under the U.S. flag. We also remain one of the most desirable and beautiful places in the world to live, visit and conduct business. We enjoy balmy weather year round, crystal blue waters, beautiful vistas, first class accommodations and welcoming populace.

We continue to partner with the United States Treasury and Internal Revenue Service to enhance our economic development incentives and we enjoy all of the protections and regulations afforded by the U.S. Government. Although the Territory is primed for business activity, we have yet to meet our full potential. Extraordinary opportunities exist here in the finance, light manufacturing, marine, tourism, technology, construction and other sectors.

As our recovery moves into full swing, we stand ready to welcome new business and new investment to our shores. We encourage you to be a part of this new wave of opportunities and remain determined to be the premiere destination for all who wish to flourish under favorable circumstances only the United States Virgin Islands can offer. We look forward to doing business with you!


Kenneth E. Mapp



MESSAGE FROM THE LIEUTENANT GOVERNOR

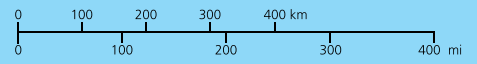
I am pleased to join the Virgin Islands Economic Development Authority (EDA) in presenting its Fiscal Year (FY) 2018 Annual Report. The 2018 Annual Report comprehensively dissects many facets of the Virgin Islands economy, and outlines the efforts that the EDA implements to reach its goals. I applaud the Governing Board and the entire team at the Economic Development Authority for producing this exceptional source for data and analysis of the Virgin Islands economy.

As the U.S. Virgin Islands continues the quest for economic growth and development, this report will provide an overview of the Virgin Islands' economy as we continue in the recovery period in the aftermaths of Hurricane Irma and Hurricane Maria of September 2017. Despite those and other challenges, the Fiscal Year 2018 Annual Report highlights favorable outcomes in economic growth, capital improvement projects, and tax incentive programs, which translate into job creation. I am pleased to invite current and prospective stakeholders to utilize this Annual Report as an important guide for continued investments in the Virgin Islands economy within various and diverse industries.

In the current climate of rebuilding, we recognize the enormous potential that exist between public and private sectors. Therefore, we continue to welcome all opportunities for investment and development in the Territory.

Through the leadership expertise of the Economic Development Authority, we will continue to explore innovative ways to make the Virgin Islands a competitive market for potential investors and economic growth.

Osbert E. Potter



VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

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Cover Photos: (Clockwise): Enterprise Zone Commission Open House, St. Thomas; VIEDC Beneficiary United Electronic Industries Services, LLC, St. Thomas; Business2Business Event, St. Thomas; and the Wilfred "Bomba" Allick Port and Transshipment Center located in Krause Lagoon on St. Croix, is locally known as "The Containerport". –"The Containerport" image by Photographer Don Hebert & provided courtesy of the Virgin Islands Port Authority; all other images by Semele A. C. George/VIEDA



MESSAGE FROM THE CHAIRMAN OF THE BOARD

For the 2018 Fiscal Year, October 1, 2017 to September 30, 2018, the United States Virgin Islands Economic Development Authority (VIEDA) has, with the local government, the federal government, its customers, partners, and the people of the Virgin Islands, participated in the Territory's recovery from the devastating impact of the two Category 5 Hurricanes Irma and Maria in September 2017. I continue to be proud of the Authority's management and staff, and the Governing Board's efforts to meet its legislated mandate to improve our quality of life in collaboration with all stakeholders of the Territory. Strengthened relationships with local and federal partners in the aftermath of the hurricanes are proving to be the foundation for the comprehensive strategic planning necessary for economic development to truly improve our quality of life as we continue our recovery.

The VIEDA has hired a Chief Executive Officer, who is an experienced economic developer, nationally and internationally. He is tasked with leading the Authority's efforts in administering the Territory's Economic Development Program to improve our economic wellbeing by helping to create an economic environment that uses the recovery from the hurricanes as an opportunity to truly improve our quality of life by addressing our workforce, educational, environmental, social, and healthcare issues strategically, and comprehensively, while creating resilience.

José A. Penn

José A. Penn

Chairman



MESSAGE FROM THE ASSISTANT CHIEF EXECUTIVE OFFICER

As I reflect upon FY 2018, I am reminded of the phrase from a quote by poet Maya Angelou, “...realize who you are, that you tower over your circumstances”. Throughout FY 2018, our residents and business community have risen to the occasion of towering over their circumstances. Together, we continued to make strides to rebuild our Territory’s infrastructure and economy following the merciless, devastating impact of Hurricanes Irma and Maria upon our shores.

As we work together through our recovery, the U.S. Virgin Islands remains competitive for business investment opportunities, particularly through its economic development incentive program. This attraction has led to applications from businesses for USVI investment that will encourage a potential future economic impact of more than \$200 million to be made in capital investments and the creation and retaining of a minimum of 575 jobs.

We continue to also support our local small businesses through the federal program, the State Small Business Credit Initiative (SSBCI), offered by the U.S. Department of the Treasury and administered locally by the Economic Development Bank. And just as our small-business community is vital foundation for our economic recovery, revitalizing our neighborhoods still remains to be a significant part of economic development.

Our enterprise zones – which were once vibrant neighborhoods - remained top of mind following the storms through the conducting a Rapid Infrastructure Assessment Survey of buildings within the enterprise zones through the work of the Enterprise Zone Commission.

In the midst of rebounding economically from the storms, the U.S. Virgin Islands is still a destination that possesses a warm and welcoming populace surrounded by balmy weather; incomparable picturesque skies; and inviting, crystal clear blue waters.

As we continue to work with our public and private sector partners to move our Territory forward, we continue to partner with the U.S. Department of the Treasury and the Internal Revenue Service as we enjoy the protections and regulations afforded by the U.S. Government.

We encourage you to consider the U.S. Virgin Islands and be part of our continuous strides for future business investments that can make our infrastructure stronger and our economy more robust than ever.

Wayne L. Biggs, Jr.

Wayne L. Biggs, Jr.

Assistant Chief Executive Officer

VIEDA 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, Secretary¹

Elementary School Teacher, Ulla F. Muller Elementary School

(St. Thomas Representative)



Catherine Hendry, Esq., Board Member

Commissioner of the Virgin Islands Department of Labor

(Representative of the Governor's 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

Eugene D. Farrell

Chief of Staff

Governor Kenneth E. Mapp

Governor's staff representative

¹ Resigned on June 5, 2019

MANAGEMENT TEAM

Kamal I. Latham²
Chief Executive Officer

Wayne L. Biggs, Jr.³
Assistant Chief Executive Officer
Chief Operating Officer

Tracy Lynch Bhola, Esq.
General Counsel

Humberto O'neal
Project Coordinator

Ernest Halliday
Director of Administration & Finance

Margarita A. Benjamin
Director of Applications
Economic Development Commission

Claude S. M. Gerard
Director of Compliance
Economic Development Commission

Monique T. Samuel⁴
Acting Director of Lending
Economic Development Bank

Nadine T. Marchena Kean
Director
Enterprise Zone Commission

Mark Finch
Park Superintendent

Shanell Petersen⁵
Marketing Director

² Served as Chief Executive Officer as of August 1, 2018.

³ Served as Acting Chief Executive Officer May 8, 2015 to July 31, 2018. Mr. Biggs reverted back to his prior position as Assistant Chief Executive Officer/Chief Operating Officer of the VIEDA on August 1, 2018.

⁴ Sharmane Brookes, Director of Economic Development Bank, resigned as EDB Director of Lending on January 25, 2018. Monique T. Samuel is serving as Acting Director of Lending effective January 29, 2018.

⁵ Served as Marketing Director as of June 11, 2018

MISSION STATEMENT

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

OVERVIEW

OF THE VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY



Kamal I. Latham introduces himself to the VIEDA team members on August 3, 2018 during his first week as the new VIEDA CEO during a welcome gathering social event at the VIEDA office on St. Thomas.

– Photo by Semele A.C. George/VIEDA

The Virgin Islands Economic Development Authority (VIEDA) was created to “aid the Government in the performance of its duties to develop the economy of the Virgin Islands 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). Legislation also included a commercial zone to be under the Enterprise Zone Commission.

The Authority accomplishes its mission by 1) attracting multi-national investors to establish or relocate their businesses to the United States Virgin Islands, 2) providing financial assistance through its lending arm, namely the Economic Development Bank, to emerging and established small to medium-sized businesses in the Territory, 3) offering space for lease to businesses at the economic development parks through the Virgin Islands Economic Development Park Corporation, 4) assisting Virgin Islands residents and business owners with rehabilitating their properties located in blighted and distressed areas that were once vibrant economic centers of activity in the Territory. The Authority is funded by the general fund based on a budget request from the Governor and the VIEDA 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.

VI ECONOMIC DEVELOPMENT COMMISSION APPLICATIONS REPORT

APPLICATIONS RECEIVED

During fiscal year (FY) 2018, the Virgin Islands Economic Development Commission (“VIEDC”) received a total of seven new applications; two extension applications; and three (3) extension/modification applications. A total of 13 applications were received during the fiscal year including one application under the Sustainable Tourism through Arts-based Revenue Stream Act, or S.T.A.R.S. Act Program.

The statistics show that 12 VIEDC applications received for VIEDC tax incentives represent a potential future economic impact of a minimum of 575 jobs to be created/retained, \$20,873,701 to be paid in wages and approximately \$222,405,105 to be made in capital investments. These Applicants also represent the potential for the U.S. Virgin Islands to realize approximately \$10.6 million in taxes over a five-year period.

TABLE 1: VIEDC Applications Received

NO.	COMPANY NAME	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS AS OF 09/30/2018
1.	Cinnamon Bay Resort, LLC d/b/a Cinnamon Bay Resort & Campground	New	III	Campground/ Recreational	Approved
2.	Tree Limin’ Extreme, LLC	New	III	Tourist Attraction	Approved
3.	Spartan Products, LLC	Extension / Modification	II	Manufacturer	Withdrew
4.	DiamondRock Frenchman’s Owner, Inc.	Extension / Modification	III	Hotel	Incomplete
5.	Plessen Healthcare, LLC	New	III	Healthcare Facility	Incomplete
6.	Tropico Management, LP	Extension	IV	Business Management	Incomplete
7.	Yusuf Drinking Water, Inc.	New	II	Manufacturer	Incomplete
8.	Rock City Brewing Company, LLC	New	II	Manufacturer	Incomplete
9.	Carambola Golf Club, LLC	Extension ^{6*}	III	Recreational Facility	Incomplete
10.	Island Roads Corporation	Extension/ Modification	II	Manufacturer	Incomplete
11.	YHG Hotel, LLC	New	III	Hotel	Incomplete
12.	Thriving Charities	New	IV	Financial Management, Consulting & Compliance	Incomplete

The seven new applicants represent approximately 95 jobs, more than \$3.8 million in wages, approximately \$44.3 million in investments and \$197K in charitable contributions. Projected total taxes over a five-year period is approximately \$1.8 million.

⁶ Application filed as "New" but applicant is actually an extension application pursuant to the Virgin Islands Rules and Regulations.

S.T.A.R.S. Act Application Received

	COMPANY NAME	NAME OF PRODUCTION	STATUS AS OF 09/30/2018
13.	Silver Line Films, Inc.	Dead Water	Incomplete

The one application received represents approximately eight jobs for residents, and more than \$258K of expenditures in the Territory.

Jeff Finkle, CEcD, President and CEO
International Economic Development Council,
at the post Hurricanes Irma and Maria meeting with representatives
from the VI Economic Development Authority, IEDC, Virgin Islands
Senate and the St. Croix Chamber of Commerce in February 2018.
- Photo by Semele A.C.George/VIEDA



APPLICATIONS PROCESSED

VIEDC PUBLIC HEARING:

During FY 2018, VIEDC application matters were held at six public hearings of which presentations were made by 11 applicants as follows:

TABLE 2: VIEDC Public Hearings

NO.	NAME OF APPLICANT	PUBLIC HEARING	Description	Island
1.	Evolve USVI, LLC d/b/a The Fred	12/19/2017	Hotel	St. Croix
2.	Generation International Asset Management Company, LLC "GIAMCO")	02/22/2018	International Financial Services	St. Croix
3.	Heavy Materials, LLC	02/22/2018	Manufacturer	St. Thomas/ St. Croix
4.	Cinnamon Bay Resort, LLC d/b/a Cinnamon Bay Resort & Campground	04/10/2018	Campground/Recreational	St. John
5.	Leatherback Brewing Company, LLC	04/10/2018	Brewery/Manufacturer	St. Croix
6.	Tree Limin' Extreme, LLC	06/05/2018	Tourist Attraction	St. Thomas
7.	IGY/AYH St. Thomas Holdings d/b/a American Yacht Harbor	06/05/2018	Marina	St. Thomas
8.	DiamondRock Frenchman's Owner, Inc.	08/07/2018	Hotel	St. Thomas
9.	Plessen Healthcare, LLC	08/07/2018	Healthcare Facility	St. Croix
10.	Yusuf Drinking Water, Inc.	08/07/2018	Manufacturer	St. Croix
11.	Alpine Group USVI, LLC	07/12/2018	Designated Services Business	St. Thomas

During FY 2018, six decision meetings were held of which a total of 14 applications were presented to the VIEDC Governing Board for consideration. Thirteen applicants were approved of which four (4) were final and nine (9) were transmitted to the Governor for his consideration. One (1) application was denied.

TABLE 3: VIEDC Decision Meeting Cases

NO.	NAME OF APPLICANT	DECISION MEETING	TYPE OF APPLICATION	STATUS As of 09/18/2018
1.	Greenleaf VI II, Inc.	11/16/2017	Modification	Approved
2.	Sugar Bay Club's Resort Corp.	11/16/2017	Extension / Modification	Approved
3.	White Bay Global, Inc. f/k/a White Bay Group USVI, LLLP	11/16/2017	Extension / Modification	Approved
4.	St. Croix Renaissance Group, LLLP	11/30/2017	Extension	Denied
5.	Coral World (VI), Inc.	12/19/2017	Extension	Approved
6.	Tramway Properties, Inc.	12/19/2017 05/15/2018	Extension / Modification	Approved Poll Vote Ratification
7.	Cinnamon Bay Resort, LLC d/b/a Cinnamon Bay Resort & Campground*	05/15/2018	New	Approved
8.	Evolve USVI, LLC*	05/15/2018	New	Approved
9.	Heavy Materials, LLC*	05/15/2018	Extension / Modification	Approved
10.	Leatherback Brewing Company, LLC*	05/15/2018	New	Approved
11.	IGY/AYH St. Thomas Holdings, LLC*	07/05/2018	Modification/ Extension	Approved/ Denied
12.	Tree Limin Extreme, LLC*	07/05/2018	New	Approved
13.	Alpine Group USVI, LLC*	09/20/2018	Modification	Approved
14.	Generation International Asset Management*	09/20/2018	New (IFSE)	Approved

*No Governor Approval Required.⁸

⁷ International Financial Services Entity

⁸ Act No. 8017 on the approval of VIEDC decisions by the Governor of the U.S. Virgin Islands was vetoed and subsequently overridden on December 21, 2017. This legislation repealed Section § 717a. Action by the Governor and the Commission, by removing the Governor's consideration on "New" applicants. Subsequently, Act No. 8056 was overridden on June 14, 2018 which no longer requires the Governor's approval on "ALL" VIEDC applications.



(Left to right): Mitchell Neaves, UVI vice president of Institutional Advancement; VIEDA Chairman José A. Penn; Jason Charles, chief of External Affairs at Alpine Securities; University of the Virgin Islands' President David Hall and Ernest Halliday, VIEDA director of Administration and Finance, gather for a check presentation at the VIEDA office on St. Thomas. Check presentation made by Mr. Charles on behalf of Alpine Securities to University of the Virgin Islands President Hall on February 12, 2018. This check represented scholarships to benefit three University of the Virgin Islands students. Alpine Securities is a Beneficiary of the VIEDC Tax Incentive Program.

- Photo by Dale Morton/University of the Virgin Islands

APPLICATIONS APPROVED BY THE GOVERNOR

During FY 2018, 12 applications - of which three applications were filed in the previous fiscal year - were submitted to the Governor of the USVI (hereafter referred to as “the Governor”) for consideration. Eleven applications were approved by the Governor and one application was returned by the Governor for the Board’s reconsideration of language in a special provision relating to collective bargaining agreement.

TABLE 4: VIEDC Applications Approved by the Governor

NO.	COMPANY NAME	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS AS OF 09/30/2018
1.	Secret Harbour Beach Associates, LLLP	Modification	III	Hotel	Approved 06/08/2018
2.	Carambola ZipLine, LLC	New	III	Recreational Facility	Approved 05/02/2018
3.	St. Croix Financial Center, Inc.	Modification	III	Hotel / Marina	Approved 02/07/2018
4.	Gold Coast Yachts, Inc.	Modification	II	Manufacturer of Yachts	Approved 02/14/2018
5.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort	Modification	III	Hotel	Returned 03/19/2018
6.	Greenleaf VI II, Inc.	Modification	IV	Business Management	Approved 05/02/2018
7.	Air Ambulance Caribbean, Inc. d/b/a Aero MD	New	III	Healthcare	Approved 05/23/2018
8.	Sugar Bay Club & Resort	Extension / Modification	II	Hotel / Guesthouse	Approved 06/13/2018
9.	White Bay Global, Inc.	Modification	IV	Business Management	Approved 06/06/2018
10.	Tramway Properties, Inc.	Modification	III	Recreational Facility	Approved 05/25/2018
11.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort	Modification	III	Hotel	Approved 06/06/2018
12.	Coral World (V.I.), Inc.	Extension	III	Recreational Facility	Approved 06/06/2018

PETITIONS

During FY 2018, a total of nine petitions were presented to the Board for consideration. The VIEDC voted favorably to 1) amend the commencement date in its grant of benefits recommended to Aero MD and Evolve USVI, LLC; 2) reconsider Tramway Properties and approve the grant of a one-time 10-year extension and the additional five years for capital investments made; 3) notify GIAMCO of its interpretation of the term of tax incentive benefits under the IFSE Program, specifically that GIAMCO is eligible for 10 years pursuant to Title 9 and not 30 years pursuant to Title 29 VIEDC Program; 4) reconsider Grapetree Shores, Inc.'s application; and 5) amend Leatherback Brewery's charitable contribution. The VIEDC Board denied three petitions for reconsideration.

TABLE 5: FY 2018 Petitions Received

NO.	NAME OF APPLICANT	DECISION MEETING DATES	TYPE OF PETITION	STATUS as of 9/30/2018
1.	Air Ambulance Caribbean, Inc. d/b/a Aero MD	11/30/2017	Reconsideration of Commencement Date	Approved
2.	Tramway Properties	12/19/2017	Reconsideration	Approved
3.	Generation International Asset Management Company, LLC "GIAMCO"	03/08/2018	Eligibility of term of tax incentive benefits	Approve notice to Applicant re: interpretation
4.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort	05/15/2018	Reconsideration	Approved
5.	St. Croix Renaissance Group, LLLP	05/15/2018	Reconsideration	Denied
6.	Sugar Bay Club & Resort, Corp.	05/15/2018	Reconsideration	Denied
7.	Tutu Park Mall, Ltd.	05/15/2018	Reconsideration	Denied
8.	Leatherback Brewing Company, LLC	07/05/2018	Reconsideration of charitable contribution	Approved
9.	Evolve USVI, LLC	09/20/2018	Capital investment extension	Approved



(Left to right): Wayne L. Biggs, Jr., VIEDA Assistant Chief Executive Officer; Jeff Finkle, President & CEO, International Economic Development Council; and José A. Penn, VIEDA Board Chairman, gather following a post Hurricanes Irma and Maria meeting with representatives from the VI Economic Development Authority, IEDC, Virgin Islands Senate and the St. Croix Chamber of Commerce on February 8, 2018. Hurricanes Irma and Maria devastated the U.S. Virgin Islands, and other locations, in September 2017.

- Photo by Semele A. C. George/VIEDA

CERTIFICATES

During FY 2018, a total of 19 certificates were drafted of which ten were executed (five (5) – new; one (1) – transfer; one (1) – extension; three (3) – modification) and nine (9) – extensions/modifications) were in process at the end of the fiscal year.

Based upon the commitments made by Beneficiaries, of the 19 certificates processed to date, the Territory will realize new and continued employment at a minimum of 905 full-time employees, and approximately \$99,861,036 in capital investments, and \$750,000 in charitable contributions annually. It is also estimated that the Territory will potentially generate direct taxes over a five-year period of more than \$16.3 million should the business operations materialize as projected.

TABLE 6: VIEDC Certificates of Benefits

NO.	COMPANY NAME	TYPE OF APPLICATION	STATUS As of 9/30/2018
1.	Goddard Catering Group St. Thomas, Inc.	Extension	12/12/2017
2.	Westin St. John Hotel Company, Inc. and its wholly owned subsidiaries WVC St. John and Westin Vacation Management Company	Extension / Modification	08/31/2018
3.	OSON VI, LLC	Modification	03/09/2018
4.	White Bay Group USVI, LLLP	Transfer	01/16/2018
5.	Global Medchoices Group, LLC	New	In Process
6.	Castle Medical Holding, Inc.	New	In Process
7.	Margaritaville Vacation Club by Wyndham	Extension / Modification	In Process
8.	CBI Acquisitions, LLC d/b/a Caneel Bay Resort	Extension / Modification	09/04/2018
9.	ProTouch Communications, LLC	New	02/21/2018
10.	Greenleaf VI II, Inc.	Modification	06/26/2018
11.	St. Croix Financial Center, Inc.	Extension / Modification	08/01/2018
12.	Cinnamon Bay Resort	New	In Process
13.	Leatherback Brewing Company, LLC	New	In Process
14.	Gold Coast Yachts, Inc.	Modification	05/25/2018
15.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort	Extension/Modification	In Process
16.	Tramway Properties, Inc.	Extension/Modification	In Process
17.	Coral World (V.I.), Inc.	Extension/Modification	In Process
18.	Secret Harbour Beach Associates, LLLP	Extension/Modification	In Process
19.	AEROMD	New	09/26/2018

FISCAL YEARS HISTORICAL DATA

Table 7: Economic Development Commission – FY Historical Application Information

	FY 2016	FY 2017	FY 2018 ⁹
No. of Apps Received	18	13	12
No. of Apps Approved	3	2	2
No. of Apps Tabled or Denied	0	1	0
No. of Apps Transfer to RT Park	0	0	0
No. of Apps Pending	15	10	8
No. of Apps Withdrew	0	0	1
Job Opportunities	807	571	575
Approx. Wages of Apps	\$29,664,420.66	\$20,425,708	\$20,873,701
Minimum Potential of Apps	\$109,205,777	\$24,689,910	\$222,405,105

PENDING APPLICATIONS	2017	2018
No. of Prior Applications Pending Beginning Fiscal Year	27	19
Current Year Applications Received	13	13
Applications Withdrawn	0	-1
TOTAL APPLICATIONS PENDING	40	30
No. of Prior Applications Processed (Approved-12; Denied-1; Tabled-0)	17	13
No. of Current Year Applications Processed (2-Approved; 0- Denied)	4	2
Balance at End of Year	19	15

9 Seven - New Applicants; three - extensions/modifications, one - extension, 0 - transfer of tax incentive benefits

INQUIRIES FROM POTENTIAL INVESTORS

During FY 2018, the Application Division responded to 21 inquiries for general information and/or request for information on the VIEDC Program. Meetings were held with six potential investors with strong interest in doing business within the Territory.

TABLE 8: VIEDC Business Inquiries

NO.	TYPE OF BUSINESS	LOCATION
1.	Palm Tree Grower & Specialist	Texas
2.	General Inquiry	Boston
3.	Marketing/Advertisement	St. Croix
4.	General Inquiry	Spain
5.	Watch Industry	Florida
6.	Manufacturing Housing Development	United States
7.	Pharmacy Compounding Manufacturing	Virginia
8.	Environmental Remediation	New Jersey
9.	Water Transportation	California
10.	Real Estate Investment	Georgia
11.	Elemental Architecture	California
12.	Manufacturer	Virginia
13.	Accounting & Tax Services	Florida
14.	Manufacturer	St. Thomas
15.	Jeweler	St. Thomas
16.	ThunderBall Films	Florida
17.	Hotel Resort Development	U.S. Virgin Islands
18.	Online Job Seeking	Puerto Rico
19.	Software Business	Ohio
20.	Small Business	U.S. Virgin Islands
21.	International Consulting and Management Business	U.S. Virgin Islands

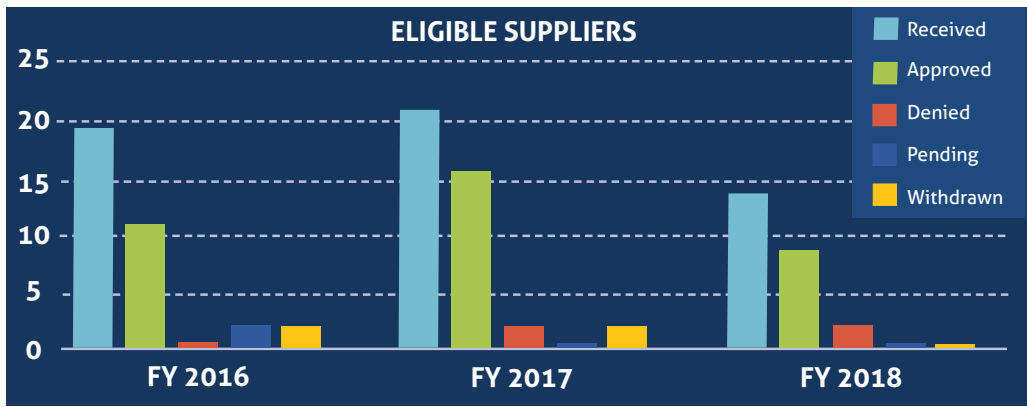
ELIGIBLE VIRGIN ISLANDS SUPPLIER PROGRAM

During FY 2018, a total of 14 Eligible VI Supplier applications were processed. Of the 14, nine were approved; three were denied; and one was closed. One applicant remained pending at the end of the fiscal year.

TABLE 9: VIEDC Eligible VI Suppliers

NO.	DATE RECEIVED	COMPANY	BUSINESS LOCATION	STATUS
1.	10/26/2017	Elan Solutions, Inc.	St. Thomas	Denied 11/22/2017
2.	12/6/2017	Housekeeper Pro, LLC	St. Thomas	Approved 12/19/2017
3.	12/14/2017	Atlantic Supply, LLC	St. Thomas	Approved 1/18/2018
4.	1/12/2018	M. Kogan Consulting, Inc.	St. Thomas	Denied 1/12/2018
5.	1/23/2018	Soul Creations	St. Thomas	Approved 04/30/2018
6.	1/23/2018	Design Lab Architects, LLC	St. Thomas	Approved 1/26/2018
7.	2/8/2018	Dennis R. Sheraw & Associates, Inc.	St. Croix	Approved 3/2/2018
8.	2/16/2018	Dudley, Topper & Feuerzeig, LLP	St. Thomas	Closed/Ineligible
9.	4/9/2018	In House Maintenance & Management Service	St. Thomas	Approved 4/30/2018
10.	4/20/2018	Save On Islands, LLC	St. Thomas	Approved 6/11/2018
11.	5/22/2018	Caribbean Risk Group, LLC	St. Thomas	Approved 7/27/2018
12.	6/22/2018	Falken USVI, LLC	St. Thomas	Denied 7/27/2018
13.	6/29/2018	AK Chandling & Supplies, LLC	St. Croix	Approved 7/27/2018
14.	8/27/2018	Foltyn Carpentry, LLC	St. Croix	Pending

ELIGIBLE SUPPLIERS	FY 2016	FY 2017	FY 2018
Received	19	22	14
Approved	12	17	9
Denied	1	3	3
Pending	3	0	1
Withdrawn/Closed	3	2	1



COMMUNITY OUTREACH PROGRAMS, INFORMATIONAL AND OTHER MARKETING INITIATIVES:

During the fiscal year, VIEDC participated at the following four (4) events:

- The VIEDA, in collaboration with the Federal Emergency Management Agency (FEMA), U.S. Small Business Administration (U.S. SBA), Virgin Islands Small Business Development Center (VI SBDC) and the St. Croix Chamber of Commerce hosted an information session of federal and disaster contracting procedures to assist our small-business community in hopes of securing contracts. VIEDC Director Margarita A. Benjamin delivered a presentation on Eligible Virgin Islands Supplier Program the conference on November 20, 2017 at the VI Cardiac Center on St. Croix.
- VIEDC application staff assisted and provided information on VIEDC Small Business and Eligible VI Supplier programs at the Enterprise Zone Commission 4th Annual Business-to-Business event held on March 20, 2018.
- Application staff participated on April 25, 2018 at the VIEDA, EZC Open House to share tax incentive program information with enterprise zone residents, local businesses; and U.S. Virgin Islands Community
- Director Benjamin presented on changes in the Economic Development Program Law and online application initiative on the approval of VIEDC decisions by the Governor of the U.S. Virgin Islands at the VIEDC 2018 Practitioners' Forum and Beneficiary Summit on August 14, 2018 at The Ritz-Carlton St. Thomas and August 16, 2018 at The Palms at Pelican Cove on St. Croix, USVI.



VIEDA CEO Kamal I. Latham (far right) leads the Economic Strategic Planning Meeting discussion at the VIEDA office with community stakeholders on St. Thomas, USVI on September 17, 2018.
– Photo by Semele A. C. George/VIEDA



VIEDA CEO Kamal I. Latham leads the Economic Strategic Planning Meeting discussion at the VIEDA office with community stakeholders on St. Croix, USVI on September 19, 2018.
– Photo by Shanell Petersen/VIEDA

VIEDC ONLINE ELECTRONIC APPLICATION PROGRAM

Staff members continued to work on the development of the VIEDC Online Electronic Application for the VIEDC Tax Incentive Program with representatives from WizeHive and other stakeholders. Due to delays caused by Hurricanes Irma and Maria, the timeline was extended for completion by the end of FY 2019.

VI ECONOMIC DEVELOPMENT COMMISSION COMPLIANCE REPORT

This report reflects the activities of the Virgin Islands Economic Development Commission's Compliance Division during fiscal year 2018. During this period, there were 66 beneficiaries of which 59 were actively conducting business and seven (7) tax incentive certificate were on suspension.

Compliance Reviews:

The Division of Compliance completed 19 compliance reports within fiscal year (FY) 2018; 12 in the St. Thomas-St. John District, and seven (7) in the St. Croix District.

NO.	BENEFICIARY	COMPLIANCE PERIOD	FINDINGS	DATE COMPLETED	ISLAND
1.	Westin St. John Hotel Company, Inc.	1/1/2012-12/31/2013	Non-Compliance	11/7/2017	St. Thomas
2.	MCS, LLLP	1/1/2016-10/31/2016	Full Compliance	11/7/2017	St. Thomas
3.	Westin St. John Hotel Company, Inc	1/1/2014-12/31/2015	Non-Compliance	11/9/2017	St. Thomas
4.	Atlantic Industries, Inc.	01/01/2015-12/31/2016	Non Compliance	11/30/2017	St. Croix
5.	Tecoma Asset Management, LLC	01/01/2016-12/31/2016	Full-Compliance	12/12/2017	St. Thomas
6.	Tropico Management, LP	01/01/2013-12/31/2015	Full Compliance	2/26/2018	St. Croix
7.	Roncan, Inc. dba Sand Castle on the Beach	01/01/2007-12/31/2015	Non-Compliance	1/8/2018	St. Croix
8.	Spartan Products, LLC	12/01/2006-12/31/2016	Non-Compliance	3/26/2018	St. Croix
9.	DIAM Management, Inc.	01/01/2013-12/31/2015	Non-Compliance	4/17/2018	St. Croix
10.	DiamondRock Frenchman's Owner, Inc.	01/01/2013-12/31/2014	Non-Compliance	4/20/2018	St. Thomas
11.	DiamondRock Frenchman's Owner, Inc.	01/01/2015-12/31/2016	Non-Compliance	4/26/2018	St. Thomas
12.	Alpine Group USVI, LLC	03/02/2008-12/31/2015	Non-Compliance	5/16/2018	St. Thomas
13.	GCI Management, LLC	01/01/2011-12/31/2016	Unable to Determine Full Compliance	6/8/2018	St. Croix

NO.	BENEFICIARY	COMPLIANCE PERIOD	FINDINGS	DATE COMPLETED	ISLAND
14.	Heavy Materials, LLC	01/01/2016-05/31/2017	Non-Compliance	6/25/2018	St. Thomas
15.	MORI Ownership Resorts (St. Thomas), Inc.	01/01/2003-12/31/2013	Non-Compliance	6/28/2018	St. Thomas
16.	Salt Pond Holdings, LLC	12/01/2012-12/31/2016	Non-Compliance	7/13/2018	St. Croix
17.	Galtere, Inc.	01/01/2014-12/31/2016	Unable to Determine Full Compliance	8/3/2018	St. Thomas
18.	Harborside Corporation dba Bolongo Bay Beach Resort	06/01/2013-12/31/2015	Non-Compliance	8/24/2018	St. Thomas
19.	Dun-Run Holdings, LLC aka Mahogany Run Golf Course	04/14/2011-11/6/2014	Non-Compliance	9/12/2018	St. Thomas

Certificates Executed:

During FY 2018, 11 executed Certificates were transmitted to the Compliance Unit. Seven (7) Certificates were executed for Beneficiaries located in the St. Thomas-St. John District, and four (4) in the St. Croix District.

NO.	BENEFICIARY	TYPE OF CERTIFICATE	CERTIFICATE EXECUTION DATE	ISLAND
1.	Goddard Catering Group (St. Thomas), Inc.	2 nd Modification/ 2 nd Extension	12/12/2017	St. Thomas
2.	White Bay Global, Inc.	Transfer	1/16/2018	St. Thomas
3.	ProTouch Communications, LLC	New	2/21/2018	St. Croix
4.	OSON VI, LLC	Modification	3/9/2018	St. Thomas
5.	Gold Coast Yachts, Inc.	Modification	5/25/2018	St. Croix
6.	Greenleaf VI II, Inc.	Modification	6/26/2018	St. Croix
7.	St. Croix Financial Center, Inc.	Extension/Modification	8/1/2018	St. Croix
8.	Westin St. John Hotel Company, Inc. and its wholly-owned Subsidiaries WVC St. John and Westin Vacation Management Company	3 rd Extended/2 nd Modified	8/31/2018	St. John
9.	Westin St. John Hotel Company, Inc. and its Wholly owned Subsidiaries WVC St. John and Westin Vacation Management Company	4 th Extended/ 3 rd Modified	8/31/2018	St. John
10.	CBI Acquisitions, LLC d/b/a Caneel Bay Resort	Extension/Modification	9/4/2018	St. John
11.	Air Ambulance Caribbean, Inc. d/b/a AeroMD	New	9/26/2018	St. Thomas



VIEDC Director of Compliance Claude S. M. Gerard welcomes attendees of the 2018 VIEDC Practitioners' Forum and Beneficiary Summit held on St. Thomas, USVI, on August 14, 2018. VIEDA Assistant CEO Wayne L. Biggs, Jr. in the background.
 - Photo by Semele A.C. George/VIEDA

Certificate Orientations:

During FY 2018, six (6) Compliance Orientations were conducted: two (2) orientations were conducted in the St. Thomas-St. John District, and four (4) in the St. Croix District.

NO.	BENEFICIARY	ORIENTATION DATE	ISLAND
1.	Sterisil International, LLC	12/14/2017	St. Croix
2.	Fintrac, Inc.	2/20/2018	St. Thomas
3.	Goddard Catering Group (St. Thomas), Inc.	2/27/2018	St. Thomas
4.	ProTouch Communications, LLC	5/2/2018	St. Croix
5.	Gold Coast Yachts, Inc.	9/7/2018	St. Croix
6.	St. Croix Financial Center, Inc.	9/11/2018	St. Croix

Site Visits:

During FY 2018, 25 site visits were conducted: 18 site visits were conducted in the St. Thomas-St. John District, and seven (7) in the St. Croix District.

NO.	BENEFICIARY	SITE VISIT DATE	ISLAND
1.	STR Management, LLC	10/12/2017	St. Thomas
2.	Emerald Beach Corporation (Attorney's Office)	10/12/2017	St. Thomas
3.	Perpetual Motion Management, LLC	10/12/2017	St. Thomas
4.	CBI Acquisitions, LLC d/b/a Caneel Bay Resort(Attorney's Office)	10/12/2017	St. John
5.	Fintrac, Inc.	10/12/2017	St. Thomas
6.	International Capital & Management Company, LLC	10/12/2017	St. Thomas
7.	Alpha Mortgage Advisors, Inc.	10/12/2017	St. Thomas
8.	Real Impact Corporation	10/12/2017	St. Thomas
9.	White Bay Management, LLLP	10/26/2017	St. Thomas
10.	Alpine Group USVI, LLC	10/26/2017	St. Thomas
11.	Harborside Corporation d/b/a Bolongo Bay Beach Resort	10/26/2017	St. Thomas
12.	Auven Therapeutics Management, LLLP	10/26/2017	St. Thomas
13.	OSON VI, LLC	10/26/2017	St. Thomas
14.	CBI Acquisitions, LLC d/b/a Caneel Bay Resort	11/13/2017	St. John
15.	RPP Advisors, LLC	11/13/2017	St. John
16.	Sterisil International, LLC	12/14/2017	St. Croix
17.	Tropico Management, LP	1/18/2018	St. Croix
18.	Carambola Northwest, LLC	2/6/2018	St. Croix
19.	DIAM Management, LLC	3/21/2018	St. Croix
20.	GCI Management, LLC	6/1/2018	St. Croix
21.	Salt Pond Holdings, LLC	6/13/2018	St. Croix
22.	CD Paradise Holdings, LLC	8/22/2018	St. Thomas
23.	Prosperitas Management, LLLP	8/22/2018	St. Thomas
24.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort	8/26/2018	St. Croix
25.	Southern Trust Company, Inc.	9/28/2018	St. Thomas

Board Actions- Public Hearing:

During FY 2018, 20 petitions were heard at public hearing to the VIEDC Governing Board for deliberation: 14 in the St. Thomas-St. John District, and six (6) in the St. Croix District.

NO.	BENEFICIARY	TYPE OF PETITION	BOARD MEETING DATE	ISLAND
1.	Gateway Global Management, LLC	Temporary Employment Waiver	12/19/2017	St. Thomas
2.	Tecoma Asset Management, LLC	Employment Waiver	1/25/2018	St. Thomas
3.	Professional Holding Company VI, LLC	Employment/Charitable Contribution Waiver	1/25/2018	St. Croix
4.	183 Media, LLC	Employment Waiver	2/22/2018	St. Thomas
5.	DiamondRock Frenchman's Owner d/b/a Frenchman's Reef and Morning Star	Employment/Standard Condition Waiver	2/22/2018	St. Thomas
6.	STR Management, LLC	Employment Waiver	2/22/2018	St. Thomas
7.	Emerald Beach Corporation	Employment Waiver	2/22/2018	St. Thomas
8.	Margaritaville Vacation Club by Wyndham, Inc.	Full-Time Employment Waiver	3/8/2018	St. Thomas
9.	Harborside Corporation d/b/a Bolongo Bay Resort	Full-Time Employment Waiver	4/10/2018	St. Thomas
10.	RC Hotels (Virgin Islands), Inc.	Full-Time Employment Waiver	4/10/2018	St. Thomas
11.	Carambola Northwest, LLC	Employment Waiver	6/5/2018	St. Croix
12.	Kazi Management St. Croix, LLC	Employment Waiver	6/5/2018	St. Croix
13.	Sterisil International, LLC	Waiver of Cash Charitable Contribution to In-Kind	6/5/2018	St. Croix
14.	Tuthill Corporation	Employment Waiver	6/5/2018	St. Croix
15.	International Capital Management Company	Employment Waiver	6/5/2018	St. Thomas
16.	183 Media, LLC	Employment Waiver	7/12/2018	St. Thomas
17.	Grapetree Shores, Inc. d/b/a Divi Carina Bay Resort	Employment Waiver	7/12/2018	St. Croix
18.	JH Capital (VI), Inc.	Temporary Suspension of Benefits	7/12/2018	St. Thomas
19.	Impact Technologies VI, Inc	Employment and Special Condition Waiver	7/12/2018	St. Thomas
20.	Tecoma Asset Management, LLC	Suspension of Benefits	8/7/2018	St. Thomas

Board Actions- Decision Meeting:

During FY 2018, 40 petitions/reports were prepared for presentation to the VIEDC Governing Board for deliberation: 31 in the St. Thomas-St. John District, and nine (9) in the St. Croix District.

NO.	BENEFICIARY	TYPE OF PETITION/ ACTION	BOARD MEETING DATE	BOARD DECISION	ISLAND
1.	Dowson Holdings Company, Inc. d/b/a Carib Beach Resort	Close File	11/16/2017	Approved	St. Thomas
2.	Heavy Materials, LLC	Resolution of Non-Compliance	11/16/2017	Approved	St. Thomas
3.	IGY-AYH ST. Thomas Holdings, LLC	Reconsideration	11/16/2017	Denied	St. Thomas
4.	Liberty Medical Development, LLC	Extension of Capital Investment, Employment & Tax Incentives	11/16/2017	Approved	St. Croix
5.	Magic Ice (St. Thomas), Inc.	Resolution of Non-Compliance/ Termination of Benefits	11/16/2017	Motion withdrawn/ Tabled	St. Thomas
6.	SubBase DryDock, Inc.	Suspension of Benefits	11/16/2017	Approved	St. Thomas
7.	Yacht Haven USVI, LLC	Resolution of Non- Compliance	11/16/2017	Approved	St. Thomas
8.	Alpha Mortgage Advisors, Inc.	Extension to meet Full-Time Employment and Capital Investment	11/30/2017	Approved	St. Thomas
9.	Amalie Global, Inc.	Extension of Retro Active Reports, Charitable Contribution, Training Program, Capital Investment, and Employment	11/30/2017	Approved	St. Thomas
10.	MCS, LLP	Close File	11/30/2017	Approved	St. Thomas
11.	183 Media, LLC	Full-Time Employment waiver	11/30/2017	Approved	St. Thomas
12.	CI USVI, LLC	Vacate Show Cause Order	12/19/2017	Approved	St. Thomas
13.	Gateway Global Management, LLC	Temporary Employment Waiver	12/19/2017	Approved	St. Thomas

NO.	BENEFICIARY	TYPE OF PETITION/ ACTION	BOARD MEETING DATE	BOARD DECISION	ISLAND
14.	Impact Technologies VI, Inc.	Charitable Contribution Extension	2/22/2018	Approved	St. Thomas
15.	Professional Holding Company VI, LLC	Employment/ Charitable Contribution Waiver	2/22/2018	Denied	St. Croix
16.	St. Thomas Healthcare Management, Inc.	Resolution of Non- Compliance	2/22/2018	Approved	St. Thomas
17.	Tecoma Asset Management, LLC	Employment Waiver	2/22/2018	Approved	St. Thomas
18.	Concordia Campgrounds, Inc.	Administrative Action Report	2/22/2018	Approved	St. John
19.	Yacht Haven USVI, LLC	Administrative Action Report	2/22/2018	Approved	St. Thomas
20.	183 Media, LLC	Employment Waiver	2/22/2018	Approved	St. Thomas
21.	DiamondRock Frenchman's Owner d/b/a Frenchman's Reef and Morning Star Marriot Beach Resort	Employment and Standard Condition Waiver	2/22/2018	Approved	St. Thomas
22.	STR Management, LLC	Employment Waiver	2/22/2018	Approved	St Thomas
23.	Emerald Beach Corporation	Employment Waiver	2/22/2018	Approved	St. Thomas
24.	Margaritaville Vacation Club by Wyndham, Inc.	Full-Time Employment Waiver	3/8/2018	Approved	St. Thomas
25.	Pelican Cove Investments, LLC	Resolution of Non- Compliance	3/8/2018	Approved	St. Croix
26.	St. Croix Renaissance Group, LLP	Resolution of Non- Compliance	3/8/2018	Approved	St. Croix
27.	Harborside Corporation d/b/a Bolong Bay Resort	Full-Time Employment Waiver	5/15/2018	Approved	St. Thomas
28.	Pelican Cove Investments, LLC	Reconsideration	5/15/2018	Denied	St. Thomas
29.	RC Hotels (Virgin Islands), Inc.	Full-Time Employment Waiver	5/15/2018	Approved	St. Thomas

NO.	BENEFICIARY	TYPE OF PETITION/ ACTION	BOARD MEETING DATE	BOARD DECISION	ISLAND
30.	Yacht Haven USVI, LLC	Reconsideration	5/15/2018	Approved	St. Thomas
31.	Alpha Mortgage Advisors, Inc.	Redirect Capital Investment	6/21/2018	Approved	St. Thomas
32.	Carambola Northwest, LLC	Employment Waiver	6/21/2018	Approved	St. Thomas
33.	International Capital Management Company	Employment Waiver	6/21/2018	Approved	St. Thomas
34.	Kazi Management St. Croix, LLC	Employment Waiver	6/21/2018	Approved	St. Croix
35.	Sterisil International, LLC	Waiver of Cash Charitable Contribution in Kind	6/21/2018	Approved	St. Croix
36.	Tuthill Corporation	Employment Waiver	6/21/2018	Approved	St. Croix
37.	Westin St. John Hotel Company, Inc.	Resolution of Non- Compliance	7/5/2018	Tabled	St. John
38.	Alpine Group USVI, LLC	Resolution of Non- Compliance	7/5/2018	Approved	St. Thomas
39.	Westin St. John Hotel Company, Inc.	Resolution of Non- Compliance	7/5/2018	Motion Amended & Approved	St. John
40.	DiamondRock Frenchman's Owner, Inc.	Resolution of Non- Compliance	8/7/2018	Approved	St. Thomas

VIEDC Division of Compliance Collections:

In FY 2018, a total of \$735,295.00 in fees and fines was invoiced to VIEDC Beneficiaries, and the Division of Compliance collected fees and fines in the total amount of \$755,526.97.

No.	ACCOUNTS	FEES INVOICED/FEES	COLLECTION
1.	Activation Fees	\$ 11,500.00	\$ 9,000.00
2.	Annual Compliance Fees	\$ 414,500.00	\$ 397,500.00
3.	Non Compliance Fees	\$ 309,295.00	\$ 347,795.97
4.	Late Reporting Fees	\$ 0.00	\$ 1,231.00
	TOTALS	\$ 735,295.00	\$ 755,526.97



VIEDA CEO Kamal I. Latham and the VIEDC team congratulate VIEDC Beneficiary Sterisil International, Inc., on their recognition as an ambassador of the VIEDC Economic Development Tax Incentive Program at the 2018 Economic Development Practitioners Forum on St. Croix, USVI. Forum held on August 16, 2018.

-Photo by Shanell Petersen/VIEDA

V.I. ECONOMIC DEVELOPMENT PARK CORPORATION

“Providing Affordable Workspaces”

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 generated from the tenants of the industrial parks.



William D. Roebuck Industrial Park on St. Croix, USVI
-Photo by Lee Lashley

WILLIAM D. ROEBUCK INDUSTRIAL PARK

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 approximately 158,000 square feet of commercial space. As of the end of fiscal year 2018, 100 percent of the industrial park

was occupied by a variety of public and private entities. Three tenants are beneficiaries of the U.S. Virgin Islands Economic Development Program that is administered in the Territory by the Virgin Islands Economic Development Commission (“VIEDC”): Gold Coast Yachts Inc., Leatherback Brewing Company LLC, and Ocwen Mortgage Servicing Inc. Other entities, which are a combination of local and federal government agencies and private businesses, also occupying space at this park include: the Virgin Islands Bureau of Corrections (BOC), the Economic Development Bank Business Incubator (EDB), the Virgin Islands Department of Sports Parks and Recreation (SP&R), the Virgin Islands Next Generation Network (ViNGN), the Federal Emergency Management Administration (FEMA), AECOM Caribe LLC, and FarmPod LLC.

We are excited about the interest shown by many different companies who are looking into moving into this park.

Upcoming Projects:

We are also excited about upcoming capital improvement projects for the park such as Reconstruction/ Renovation of all Hurricane Damaged Structures, the Energy Retrofit Project, the Micro-grid Project, the Building No.1 Parking Lot Paving the Landscaping, Signage & Beautification Project, Project, and the Park Entrance Renovation Project.



VIEDA CEO Kamal I. Latham discussed the VIEDA programs and services in an interview on September 22, 2018 on the USVI radio program, "Just Us", on 90.0FM Caribbean Superstation. Interview conducted by Atanya Springette and Dr. Leonard Richardson on St. Thomas, USVI. -Photos by Semele A.C. George/VIEDA



Virgin Islands Industrial Park on St. Thomas, USVI
-Photo by Lee Lashley

VIRGIN ISLANDS INDUSTRIAL PARK

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. Currently, only 15,000 square feet of commercial space is available for lease. The remaining 5,000 square feet of commercial space needs to be reconstructed from Hurricane Irma-related damage. At the end of fiscal year 2018, 67 percent of the total available commercial space at the park remained occupied by four businesses: Alliance Data Services LLC, B.D. Specialty Inc. d/b/a Billy D's Special Tees, Glass 2000 Inc., and United Electronics Industrial Services LLC ("UEIS"). UEIS is currently the only tenant that is a beneficiary of the U.S. Virgin Islands Economic Development Program that is administered in the Territory by the VIEDC.

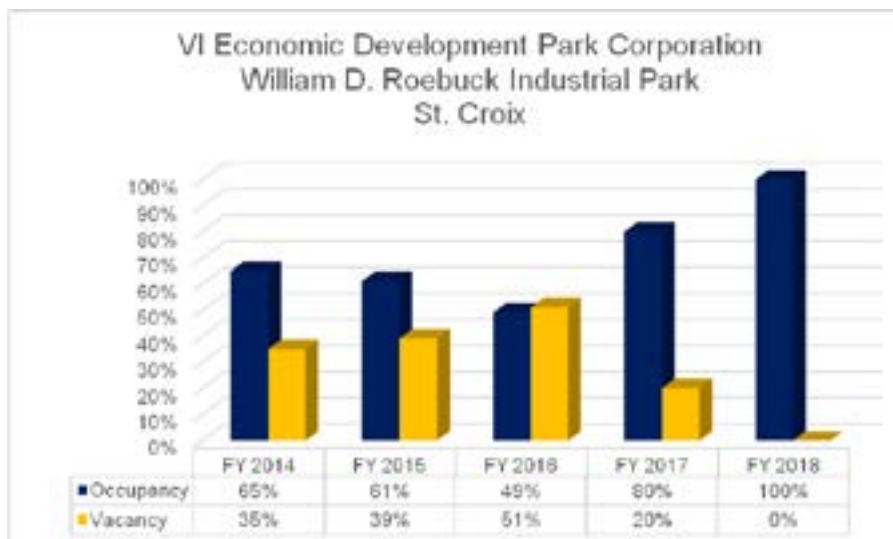
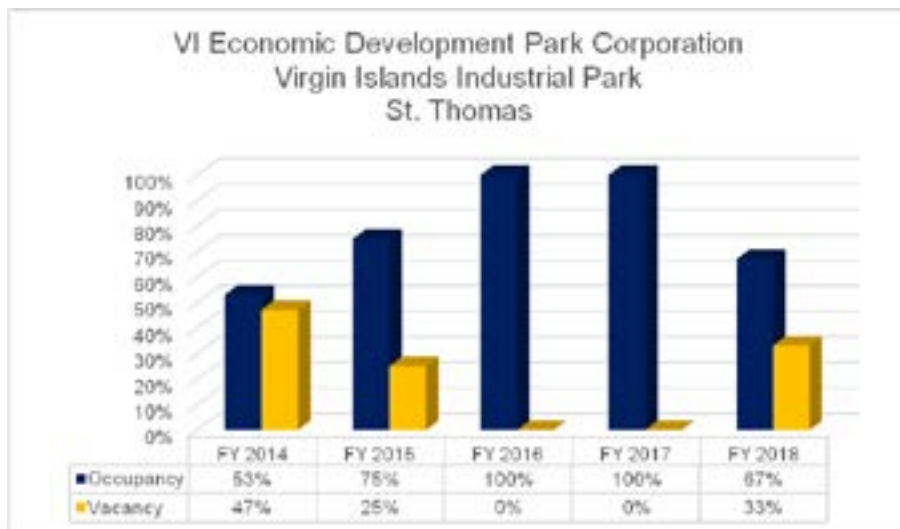
Upcoming Projects:

We are also looking forward to upcoming capital improvement projects for the park on St. Thomas such as Reconstruction/Renovation of all Hurricane-Damaged Structures, the Landscaping & Front Beautification Project, the Micro-grid project and the Park Entrance Renovation Project.

THE FLEMING BUILDING

In addition to the aforementioned properties, the EDPC also owns the historical building that houses the VIEDA’s headquarters on St. Croix which is located at No. 4 King Street in Frederiksted. The building is known as the Fleming Building that was purchased in 2002. The building sustained some cosmetic damages as a result of Hurricane Maria, and we look forward to repairing the building to its historical glory with the assistance of insurance proceeds and FEMA funds during the coming year.

With the destruction caused by two Category 5 hurricanes to the Territory in the latter half of the fiscal year 2017, the EDPC is faced with many challenges after sustaining damages to the park’s facilities in September 2017. Despite some setbacks and with the assistance of our insurance partners and FEMA, the EDPC is looking forward to making necessary repairs as well as making the facilities more hurricane resistant.



ECONOMIC DEVELOPMENT BANK

The Economic Development Bank (EDB) serves to provide loans, and offer technical and managerial assistance to small and medium-sized local businesses to enhance employment opportunities and economic growth. The assistance provided to small-business owners is in conjunction with the Virgin Islands Small Business Development Center (VI SBDC), which provides business counseling, coaching, and instructions on how to prepare business plans.

Loan Payments

In fiscal year (FY) 2018, loan payments totaled \$550,086.82. Thus far in FY 2019, the EDB has collected loan payments totaling \$304,719.22. The FY 2019 payment trajectory is anticipated to show a 22.72 percent increase or \$125,000.00 over FY 2018. The improvement in collections is due to increased collection efforts and utilizing innovative methods such as loan restructuring, loan modifications, and loan deferments to make it easier for borrowers to meet their loan obligations and at the same time help to reduce the delinquency rate.

Loan Delinquencies

The delinquency rate is 1.4 percent. During FY 2018, the EDB staff concentrated their efforts on loan restructuring, modifications, and reclassifications which contributed to the significant reduction in delinquency rate when compared 24.5 percent in 2018. The EDB staff continues to aggressively collect on delinquent loans with the strong support of external legal counsel and collection agencies. The EDB staff continues to realize on real estate collateral and exercised its first priority position over business assets in support of delinquent debt.

Loan Transactions

As of March 31, 2019, loan transactions total \$927,307 compared to nil in FY 2018 while over 75 inquiries were received from potential and existing business owners regarding financing. To date the EDB's focus in 2019 is on managing the delinquencies with good results thus far.

State Small Business Credit Initiative (SSBCI) Guarantee Program

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

Based on the allocation agreement dated October 4, 2011, the U.S. Virgin Islands was awarded \$13,168,350, as a participating state, administered by the Economic Development Bank (EDB) a component of the Virgin Islands Economic Development Authority (VIEDA). These funds were disbursed in three (3) increments as follows: \$4,345,556 (33 percent); \$4,345,555 (33 percent); and \$4,477,239 (34 percent). Based on the

economic needs of the Territory, three (3) specific loan programs were selected: Collateral Support Program; Credit Guarantee Program; and the Payment, Surety, and Performance Bond Program. A fourth disbursement of \$59,561 was received in January 2017. This amount represented the U.S. Virgin Islands' apportioned allotment of residual funds from states and/or territories. This was a result of timely reporting and usage of funds by the EDB. Participating banks include Merchants Commercial Bank, First Bank Puerto Rico, Bank of Nova Scotia, and Banco Popular de Puerto Rico.

As of September 30, 2018, the Virgin Islands Economic Development Authority has approved 38 loans to the participating banks for a total SSBCI guarantee support of \$11,100,292 of which a total amount of \$10,226,697 has been committed and/or expended. The difference of \$873,595 represents requests which were withdrawn after approval.

The financing using the committed and/or expended funds \$10,226,697 has the potential to create 203 jobs and retain 462 jobs. The jobs that represent a broad cross-sector of industry types, and the core of the U.S. Virgin Islands economy, to include, health, tourism, hospitality, construction, and retail. Participating banks in turn approved approximately \$27,040,539.75 to businesses in the Territory. This program has been successful to date as it allows for increased revenues to the Territory's local treasury from taxes and increased economic activity.

An amount of \$2,605,414 remains available for the participating lenders to use. Currently, there are four requests in the pipeline totaling \$1,057,500.



Accomplishments: State Small Business Credit Initiative (SSBCI) Program

- The EDB Board approved a total of \$325,000 in SSBCI guarantee support for the first quarter of FY2019
- Total SSBCI guarantee support \$11,425,292; bank loans \$27,690,540; jobs created 209; jobs retained 469
- Pending SSBCI guarantee request in the pipeline for \$37,500 for a loan of \$75,000 which will retain five (5) jobs

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	12	\$12,175,650	\$4,636,367	97	250
First Bank de Puerto Rico - STX	5	\$1,587,000	\$724,300	23	19
Merchants Commercial Bank - STT	8	\$8,626,000	\$4,281,300	26	68
Merchants Commercial Bank - STX	1	\$850,000	\$680,000	10	0
TOTAL	40	\$27,690,540	\$11,425,292	209	469

Key: STT – St. Thomas STX – St. Croix

Total loans approved to date – SSBCI loan program:

PROGRAM TYPE	TOTAL NUMBER OF LOANS	TOTAL AMT. OF BANK LOANS	TOTAL SSBCI SUPPORT	TOTAL NEW JOBS CREATED	TOTAL JOBS RETAINED
Collateral Support Program (CSP)	17	\$3,883,890	\$1,499,300	71	200
Credit Guarantee Program (CGP)	22	\$23,544,000	\$9,847,197	138	259
Payment, Surety, and Performance Bond Program	1	\$262,650	\$78,795	0	10
TOTAL	40	\$27,690,540	\$11,425,292	209	469

Sun Power Energy Loan Program Phase II – Virgin Islands Energy Office, as partner

Discussions are well underway to implement the second phase of this program. Memorandum of understanding, processes, procedures are being finalized. Implementation of phase II is anticipated by the third quarter of fiscal year 2019.

There are 384 of loans remaining (out of 818) with a combined balance of \$122,861 to be paid off from Phase I.

Other Activities during FY 2018

- Staff training in customer service; and Portfol
- Ongoing visits to small businesses within the community (St. Croix/St. Thomas/St. John)
- Participation in the St. Croix Agricultural Fair
- Conducted presentations with VI SBDC, U.S. Small Business Administration (U.S. SBA), and Minority Business Development Agency (MBDA) in an effort to maintain and increase public awareness of EDB's products and services
- Attended presentations held by VI SBDC, U.S. SBA, or other private organizations within the community



USVI attendees gather for the Minority Business Development Agency's Small Business Recovery & Growth Event on May 3, 2018 at the University of the Virgin Islands' Administration and Conference Center on St. Thomas, USVI.

– Photo by Semele A. C. George/VIEDA

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
Freight	\$1,190,000	\$595,000	5	15
Marine	\$450,000	\$225,000	4	7
TOTAL	\$24,141,040	\$9,810,992	149	361

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
Jewelry	\$100,000	\$40,800	0	3
Grocery	\$200,000	\$100,000	2	0
TOTAL	\$3,549,500	\$1,614,300	60	108

An amount of \$2,605,414 remains available for the participating lenders to use as guarantees. Currently, there are three (3) requests in the pipeline totaling \$882,500. There are other deals in participating banks pipelines that are under review, which should reduce the remaining amount significantly. We hope to receive a request for support from Banco Popular for an Enterprise Zone Commission client for \$175,000.



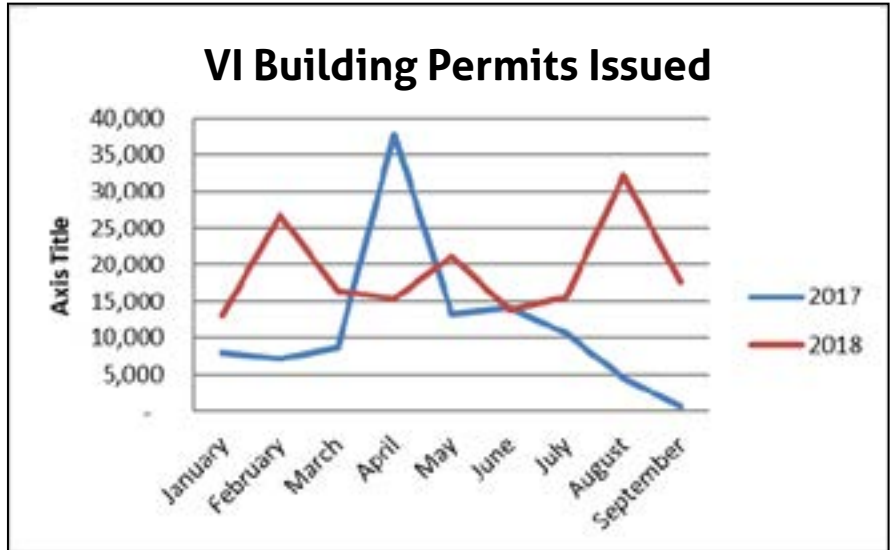
The Emancipation Park (Buddhoe Park) on St. Croix

ENTERPRISE ZONE COMMISSION

Sowing the seeds for economic prosperity

Having worked for the last five years with 1) preparing the enterprise zones for sustained revitalization and growth through town and neighborhood plan creation, 2) training staff and community members, 3) developing programming and strengthening of collaborative partnerships with public, private and nonprofit stakeholders, the Enterprise Zone Commission (EZC) was charged with the FY 2018 mandate of sowing the seeds for economic prosperity in the U.S. Virgin Islands.

Poised to implement the approved town and neighborhood plans, this fiscal year began during the aftermath of the worst natural disasters that affected the Territory perhaps since 1867. In that year, the Territory experienced a hurricane, an earthquake and a tsunami within 20 days of each other. The 2017 hurricanes caused significant delays in construction and renovation projects due to the initial slow pace of insurance pay outs, limited amount of contractors to meet consumer demand, and ultimately the extremely clogged supply chain of the much needed construction materials and tools to the Territory to complete jobs.



The graph illustrates the major decline of VI Building permits issued during the months. As a standard rule construction permits are usually followed by an occupancy permit within seven months. It is to be noted that this graph not only includes private but public sector projects.

Even with these challenges, there were successes in implementing activities within the EZC Five-Year Strategic Plan, which include the following plan pillars for USVI neighborhood revitalization:



Offerings and Opportunities. This pillar seeks to identify, and assist in improving USVI community assets. These assets include the Stakeholder nonprofit organizations, the built infrastructure and the people that live, work and play in that community. In fiscal year 2018, the EZC focused on stakeholders and the infrastructure.

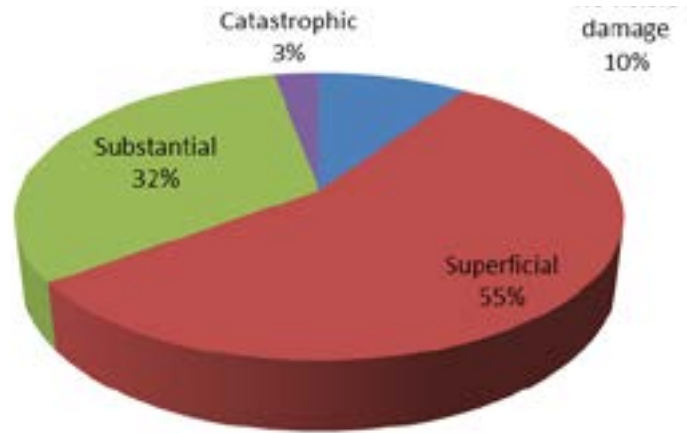
- Understanding the community's needs, the EZC held its annual stakeholder conference in collaboration with the U.S. Small Business Administration and the Federal Emergency

Management Agency in the first quarter of FY 2018. The goal was to provide resources directly to our stakeholders, along with immediate, accurate answers to critical issues for residents of their communities during the aftermath of the hurricanes. This clarity strengthened the stakeholder organizations' ability to assist their community.

- In order to remain current with the status of properties located in the enterprise zones, the EZC surveyed over 1,020 properties in the zone.

One of the fiscal year 2018 survey findings was that even though there was significant hurricane damaged in the enterprise zones, by the summer 2018, six percent of the buildings within these towns and neighborhoods had the potential to be fully occupied/operational with assistance from the EZC Rejuvenation Program (formerly known as the Scrape, Paint & Rejuvenate Program). Additionally, for every rejuvenated building that was completed, there was a positive multiplier effect on other nearby buildings. The EZC completed two rejuvenation projects scheduled prior to the hurricane. In attempts to receive bids for eight additional buildings, contractors were not available due to the amount of hurricane reconstruction work being completed.

RAPID INFRASTRUCTURE ASSESSMENT after Hurricanes Irma & Maria



Over the last five years, the EZC surveyed each zone 2-3 times averaging 950 properties each time, met annually and accomplished common goals on a continuous basis. The EZC also completed the town and neighborhood plans and completed six buildings with complete rejuvenations. The EZC met, or exceeded, the benchmarks 50 percent of the time with the balance of benchmarks not being complete due to the lack of funding.



Pillar I: Benchmarks

2014-2018

<ul style="list-style-type: none"> • Complete surveys in each zone and continue to update surveys data every 3 years. • Utilize GIS based data base system which is the government standard for data collection and utilization. • Complete town plans for each zone. • Through the use of Rejuvenation and streetscape grants, improved and or maintained 5 buildings per zone per year. 	<ul style="list-style-type: none"> Exceeded Benchmark Failed to continue to fully utilize GIS database system due to lack of funding. Met Benchmark. Did not receive enough funding to accomplish benchmark.
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Enterprise Zone Specialist Raheem Smith describes a dis-repaired structure on Bunker Hill in Savanne on St. Thomas, USVI, to EYC summer interns on July 24, 2018. Savanne is an enterprise zone. -Photo by Shanell Petersen/VIEDA

Readiness & Resilience. This pillar seeks to prepare the residents of the enterprise zones to be prepared for man-made and natural disasters. This would include a personal disaster like the death of a family member to a community-wide event like an earthquake. In fiscal year 2018, the EZC focused on writing and implementing grants in the Resilience program and implementing the EntrepreNow program.

- **Within the first quarter of the fiscal year, identified and applied for \$5 million in**

grants. Received and started the implementation of a technical assistant grant from the U.S. Department of the Interior to determine the feasibility of a food-processing plant in the Territory. The EZC entered in a contract with the University of the Virgin Islands to complete the study.

- **Graduated six and continue to track 30 Gentlemen of EntrepreNow.** This program, a collaboration between the Office of the Public Defender, the non-profit organization Youth Arise, and the EZC seeks to guide young men (ages 15-19) in writing a business plan and improving on their life skills. Thus far, the success rate is over 93 percent with Gentlemen of EntrepreNow continuing and excelling in school, and then going on to colleges or entering the workforce with solid job opportunities.



Over the last five years, the EZC held eight estate planning conferences, filling the room to capacity in both districts; applied for \$5 million grants; boarded up 10 buildings. The EZC team met and exceeded all the benchmarks in this pillar.



Innovation & Enterprise. The goal of this pillar is to surround the businesses of the enterprise zone with every possible tool to create opportunities for these businesses to be multi-generational businesses thereby increasing the stability of the communities they serve. In fiscal year 2018, the EZC focused on the incentive and VI 12 programs.

- Started marketing the program through public speaking engagements at organizations such as Rotary Club, radio interviews, and during open house events. Met with small groups of families for each neighborhood to explain how the benefits worked. Processed applications for tax benefits which represented over \$3.68 million in direct investment.
- Worked with over 40 companies to assist them in expanding their exporting capabilities. Twelve manufacturers participated in the NY Now tradeshow, the largest wholesale retail/gift tradeshow in the U.S. This initiative was accomplished through the State Trade Expansion Program (STEP) grant from the U.S. Small Business Administration.
- In the first quarter of fiscal year 2018, the EZC already applied for \$5.1 million in grants from federal and local government agencies.



A Savanne rejuvenation project on St. Thomas, USVI, completed right after the impact of Hurricanes Irma & Maria on the Territory.
- Photo submitted by the Enterprise Zone Commission.



Enterprise Zone Specialist Raheem Smith (right) describes the VIEDA programs and services to an Open House attendee at the Enterprise Zone Commission's Open House on April 25, 2018. This annual Open House was held at E's Garden Teahouse & Things, a small business in the enterprise zone of Garden Street on St. Thomas, USVI.
- Photo by Semele A. C. George/VIEDA



USVI small-manufacturing entrepreneurs gather with VIEDA staff members to prepare for another day of networking and showcasing their USVI-made products at NY NOW Summer 2018 trade show in New York City. This trade show was held from August 12-15, 2018 in New York City.
- Photo by Shanell Petersen/VIEDA

Over the last five years, the EZC approved 20 applications for tax benefits which represent \$14,500,000 in direct, indirect and induced investment in the USVI economy. The EZC also provided export assistance to over 60 companies and created the “Made In the USVI” brand.



Pillar III: Benchmarks

2013-2018

VI 12

- Utilizing every economic development tool available inside and outside the Territory to assist 40 businesses per year.

Exceeded Benchmark

Incentive Programs

- Successfully create, retain or expand of least 30% of the businesses approached within the zones.

Met Benchmark

MARKETING AND PUBLIC RELATIONS INITIATIVES

External Marketing and Public Relations

OVERVIEW

During FY 2018, the marketing team focused on delivering a full program of local and external marketing programs. In addition, a new marketing director position was developed and approved by the VIEDA Board of Directors. The new Director of Marketing was hired during the spring and on boarded during the summer of 2018 adding a critical asset to the marketing function within the VIEDA.

EXTERNAL MARKETING ACTIVITIES (INVESTMENT PROMOTION)

Based on existing sector and market targets, we planned and implemented a mix of marketing activities for the year to raise awareness of the U.S. Virgin Islands and the EDC program with target investors and drive contact and relationship building with an aim to qualify as many corporate investment prospects as possible.

Marketing Mix



Product Development

The VIEDA has been working on new sector initiatives with other public and private sector partners over the last few years. Below is a short summary of the key projects with suggested next steps.

Financial Services

Build a complete financial services strategy around the related programs and legislation.

- Review Captive Insurance and International Financial Services Entities opportunities and update regulatory and marketing strategy accordingly
- Develop a marketing strategy to plug into each segment and sell the advantages of the USVI as a hybrid offshore/onshore

Maritime Initiative

There is an opportunity to attract more maritime-related investment into the Territory

- The VIEDA currently has 4-5 maritime related projects that require expertise in this area

Free Trade Zone

Legislation is currently being introduced to create a Free Trade Zone (FTZ) on St Croix as a division of the VIEDA

- The assets of the Renaissance Park, Airport, Industrial Park and Container Port offer an exceptional multi-model location for manufacturing and transshipment
- The introduction of a free trade zone status will add exceptional value to this cluster

Film – Sustainable Tourism Through Arts-Based Revenue Stream (S.T.A.R.S.) Act

Progress was made on this initiative - VIEDA and Tourism attended the SXSW Conference in together to promote the USVI

- Develop a communications piece on the offering that will be a brochure as well as inserted onto web site and in communications
- Additional events were identified – Cineposium and AFCI Locations
- Working with Tourism on a marketing plan going forward

Hotel Development Act

Awaiting rules & regulations to develop new marketing collateral and targeting.

- There is an opportunity to push for new development in the wake of the storms
- Agree on strategy with Tourism

VIEDC Investment Lead Generation

Investment lead generation remained a top priority for attracting corporate investment into the USVI through participation in the Economic Development Commission Tax Incentive Program. Investment lead generation encompasses a series of activities which included: research, identifying companies, qualifying companies, and contacting and building relationships with companies that have the potential to expand or relocate to the U.S. Virgin Islands.

Based on the agreed target sectors, Marketing leverages a portfolio of corporate databases and information services to identify and track the right companies for the USVI. In addition, a network of business analysts in the Americas and Europe qualify and contact the companies.

Investment leads are delivered to the VIEDA marketing team for follow-up.

ANNUAL STATISTICS



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

Each year, we also respond to several hundred inbound inquiries via the website and telephone. These queries yield approximately 10 investment opportunities during the period.

Marketing Events/Meetings

Marketing events and business-to-business meetings provide an excellent opportunity for the VIEDA to showcase and sell the advantages of the Territory directly to our target sectors, companies and business advisors. The VIEDA organizes and attends a mix of events and conferences focused on the target industry sectors, tax and site selection advisors, and the Caribbean trade and investment market.

In addition to the external events listed below, Marketing assisted in organizing two VIEDC local meeting events during the year.

VIEDC Beneficiary Summit– St. Thomas & St. Croix – August 2018

Two local events were organized for VIEDC investors and their service provider partners to update them on the VIEDC program as well as VIEDA activities.

External Events Promoting the VIEDC Program

Industry events are an important part of our marketing mix. Each year, the VIEDA attends various industry and inward investment events to promote the VI as an attractive investment location. VIEDA events provide an opportunity to tailor the event to promote the VI and own the day.

Ft. Lauderdale International Boat Show - Ft. Lauderdale, FL – October 2017

High net-worth business owners

Economix – New Orleans – December 2017

Site selectors

American Bar Association May Tax Meeting – Washington DC – May 2018

Tax advisors

SelectUSA Summit - Washington DC – June 2018

US and International companies, site selection advisors, government officials and Foreign Commercial Services

American Bar Association Latin America Tax Planning Strategies – Miami, FL – June 2018

Tax advisors

Communications

Marketing worked to expand its communications approach by expanding activities in advertising, social media and public relations. Below is a summary of the key marketing communications programs for the year.

Advertising

Marketing continued to leverage its existing print advertising creative and developed new digital ad content. Placements were made in the following channels.

- **Multiview Digital** – one-year multi publication digital campaign with event geo placement for four events
- **Money Matters Radio** – three-month New England advertising and interview campaign on the Money Matters radio program hosted by Barry Armstrong
- **Site Selection Magazine** – two placements – July and September – publication targeting global corporate executives involved in site selection decisions as well as key advisory groups
- **Event Programs** – placement in event programs such as American Bar Association and SelectUSA

Digital Media Creative Content

90% TAX EXEMPTION
Must be paradise!

The U.S. Virgin Islands offers a skilled workforce, state-of-the-art infrastructure and so much more!

CONSIDER A BUSINESS MOVE

LOOKING FOR A BUSINESS SITE?
Consider Paradise

90% REDUCTION
Corporate & Personal Income Tax

LEARN MORE

U.S. Virgin Islands

90% REDUCTION CORPORATE & PERSONAL INCOME TAX

Paradise makes sense for you, but does it make sense for your business?

CONTACT US, WE CAN HELP

U.S. VIRGIN ISLANDS
Economic Development Authority

U.S. Virgin Islands

AMERICA'S BUSINESS PARADISE

- Skilled labor force
- Incredible quality of life
- State-of-the-art infrastructure

VISIT BOOTH #123 TO LEARN MORE

U.S. VIRGIN ISLANDS
Economic Development Authority

Media Relations

External marketing communications continued to ramp up during the year with a variety of placements across sectors. The focus is to place more positive stories about the USVI and its solutions for businesses. Below is a summary of the activities for the year.

Secured over \$276,614.23+ in estimated editorial impact across 34 media placements. These include three tier one publication such as NPR, 23 local and regional publications, such as the Miami Herald, and eight (8) trade outlets, such as fDi Magazine.

- 34 media placements in 3 tier one outlets—NPR, MSN Money, and International Business Times 3
- 23 local and regional publications including Sun-Sentinel, St. Augustine Record, McClatchy DC, and the Miami Herald.
- 38 national and international trade outlets including fDi Magazine, Trade and Industry Development, and Petroleum Review UK
- Pitched media attending the following trade shows:
 - Private Wealth Latam & Caribbean – October 17-18, 2018
 - Ft. Lauderdale Boat Show – November 4-5, 2017
 - Economix 2017 – December 5-6, 2017
 - Network 2018 – January 22-24, 2018
 - American Bar Association May Meeting – May 10-12, 2018
 - American Bar Association Tax Planning Latin America – June 13-15, 2018
 - SelectUSA Summit – June 20-22, 2018

Garnered interview opportunities with journalists from publications including:

- The Wall Street Journal
- Sun-Sentinel
- NPR
- fDi Magazine
- Bloomberg News
- Miami Herald



Wayne L. Biggs, Jr., VIEDA CEO, (right) is interviewed on Money Matters Radio by host Barry Armstrong. - Submitted Photo

Marketing Materials & Digital

Current and fresh marketing materials remain an important element of our work. We continued to update and develop new marketing materials for print and digital distribution. Below is a summary of the key items developed during the year:

- **2017 Annual Report** – coordinated, wrote, edited and published content for the annual reports
- **Twitter** – delivered periodic Twitter posts (24) about business initiatives in the USVI and worked to secure additional followers
- **Website** - produced updates to the website with a focus on more current material with pictures, graphics and video
- **Promotional Videos** - A second series of promotional videos were produced for both the local and external

PROMOTIONAL VIDEOS EXAMPLES



Ambassadors

The Ambassadors Program continued to make strides. This is based on strong support from long-existing ambassadors and the continued recruiting of new partners whether they are VIEDC 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 VIEDA in identifying new prospects and selling the USVI either directly or at events. Ambassadors were deployed for media interviews, and speaking engagements at marketing events. In addition, they supported prospect investor visits to the Territory by meeting with them and providing beneficiary perspective of the USVI.



Sunil Mohanani, (right), owner of Get Charmed Chalet D'or Sandals For Your Neck, describes his jewelry creations to Denise C. Donadelle, VIEDA Economic Development Bank loan officer, at the Enterprise Zone Commissions' 2018 Business2Business Event on St. Thomas, USVI. This event was held at the VIEDA office on March 20, 2018. *—Photo by Semele A. C. George/VIEDA*

Internal Marketing And Public Relations Report

MARKETING:

Advertising

Radio:

To promote VIEDA outreach activities and programs, local radio ads were broadcasted on local radio stations including WSTA 1340AM; WVWI AM 1000; WDLV 107.9FM; WSTX 97.0AM; WJKC Isle 95, WDHP 1620AM:

- Live broadcast on WSTA 1340AM of the VIEDA Open House at Agrifest 2018 on St. Croix
- Live remote and paid broadcast on WSTA 1340AM of the 2018 VIEDA Open House at E's Garden Teahouse and Things during Virgin Islands Carnival Food Fair on St. Thomas

Marketing Materials & Digital

Digital Media Creative Content: Airport Advertisements:

The VIEDA continued its desire to promote the VI Economic Development Commission's Tax Incentive Programs for businesses to attract business development for the U.S. Virgin Islands. However, due to the impact of Hurricanes Irma and Maria on the airport's infrastructure, these advertisements were temporarily on pause until the further instructions for the VIEDA to resume this promotion at the airports.

Other internal marketing initiatives are reflected in the FY 2018 External Marketing Report.

PUBLIC RELATIONS:

Media Relations:

- 29 News Releases
- Eight calendar event announcements
- 17 media placements (locally and regionally) — *St. Croix Avis*, *Virgin Islands Daily News*, and *The Source*; and regional online publication *Caribbean News Now*

Highlighted News Stories:

- "F'sted boutique hotel seeks EDC tax breaks" – *St. Croix Avis* - December 20, 2017
- "EDA receives funding for study on food processing plant" – *The Source* - January 30, 2018
- "EDC Extends Benefits for Gold Coast Yachts", *Virgin Islands Daily News*, Monday, February 26, 2018
- "Three UVI Students to Benefit from Alpine Securities Scholarships", *VI Source*, Tuesday, February 13, 2018
- "Three UVI students to Benefit from Alpine Securities Scholarships", *VI Consortium*, February 13, 2018

- “Alpine Securities Sponsors 15000 in Scholarships at UVI”, Virgin Islands Daily News, February 12, 2018
- “EDA sees decrease in delinquent business loans” - St. Croix Avis - March 2, 2018
- “Economic Development Bank Has 30 percent Reduction in Business Loan Delinquency Rate for 2017” , March 1, 2018
- “VIEDA approves over \$11 million in loan guarantees to help local small businesses”, VI Source, March 8, 2018
- “USVI Economic Development Bank reports 30 percent reduction in business loan delinquency”, Caribbean News Now!, March 6, 2018
- “Open House Opens Enterprise Zones to Community”, VI Source, June 7, 2018
- “EDC beneficiaries ask for waivers in wake of hurricanes”, Virgin Islands Daily News - June 6, 2018
- “Carambola, ICMC Ask for Reduced EDC Employment Quota”, The Source, June 5, 2018
- “Companies for bottled water, health services seek EDC tax breaks”, The St. Croix Avis, August 8, 2018
- “Marriott seeks greater tax benefits”. August 8, 2018
- “Plessen Healthcare gets full support from Luis CEO” - August 8, 2018
- “Yusuf Drinking Water Requests EDC Benefits to Manufacture Bottled Water on St. Croix”, VI Consortium, August 8, 2018



Janice Marie Penn, owner of JMarie Artistry, describes her products to fellow entrepreneur Sunil Mohanani of Get Charmed Chalet D’or Sandals For Your Neck at the at the Enterprise Zone Commissions’ 2018 Business2Business Event on St. Thomas, USVI at the VIEDA office on March 20, 2018 –Photo by Semele A. C. George/VIEDA

Radio Interviews Secured:

Nielsen has released its Total Audience Report for Q2 2017. The analysis included a spotlight on AM/FM radio consumption. Most of radio's consumption happens out of the home while listeners are working or shopping. Nielsen found that listeners with full-time employment are heavier radio users than unemployed listeners, tuning in for an average of 2.5 hours more each week. As a result, VIEDA continued to secure radio interviews on local radio programs for VIEDA representatives to inform the general public or targeted audiences about their respective local initiatives:

- "The Morning Show with Addie Ottley" radio show on WSTA 1340AM
- "The Community Digest with Abdul Ali" radio show on WSTX 97.0AM
- "VI in the Morning with St. Clair Williams" radio show on 1620AM WDHP
- "In Da Morning with Sheldon Turnbull" radio show on WDLV 107.9FM
- "The Morning Mix with Liston Davis" radio show on WVWI AM 1000

SPONSORSHIPS:

Radio Feature on WSTA 1340AM: "Why Didn't I Think of That". This radio feature highlights entrepreneur stories that inform the general public about the innovative minds that pursued patents for inventions that proved to be everyday lucrative solutions.

Crucian Christmas Festival on St. Croix, Virgin Islands Carnival on St. Thomas, and St. John Festival (Fourth of July Celebration) through WTJX Channel 12

A Taste of St. Croix

2018 Women's Empowerment Conference hosted by Women Striving For Success, Inc.



Attendees of the 2018 Women's Empowerment Conference gather at the VIEDA's booth to learn about VIEDA programs and services on July 28, 2018. The VIEDA was also a sponsor of this event hosted by the Women Striving for Success, Inc.

—Photo by Semele A. C. George/VIEDA

FINANCIALS

*Virgin Islands Economic Development Authority
Consolidated Financial Statements
Fiscal Year Ended September 30, 2018*



VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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Kinghill, VI 00851
111 South Calvert St
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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 Economic Development Park Corporation, a component unit of the Government of the U.S. Virgin Islands, as of and for the year ended September 30, 2018 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 for the Financial Statements

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 audit 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 depend 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 on 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.

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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2018, 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, 2018 and changes in the financial position of the Government of the U.S. Virgin Islands for the year 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, 2017 consolidated financial statements, and our report dated, March 27, 2018, expressed an unmodified opinion thereon. In our opinion, the comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis information on pages 4 through 9 and the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Schedule of Proportionate Share of Net OPEB Liability on pages 28 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental 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 31 and 32 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.

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 October 28, 2019 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 solely 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 the effectiveness of the 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
October 28, 2019

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, 2018

INTRODUCTION

The Virgin Islands Economic Development Authority (the "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 Zone Commission ("EZC").

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 through the Office of Management and Budget via the Department of Finance based on an approved budget authorized by the Legislature of the Virgin Islands.

ECONOMIC FACTORS 2018

The Authority's primary source of revenue is derived from allotments received from the Government of the Virgin Islands.

Two weeks before the start of Fiscal Year 2018, the U.S. Virgin Islands experienced two major category 5 hurricanes (Irma and Maria), two of the most powerful and destructive hurricanes in the Atlantic's recorded history. In the aftermath of storms, the Government of the Virgin Islands (GVI) faced the significant challenge of maintaining the Government's fiscal sustainability, while attempting to rebuild the Territory's infrastructure. To achieve this, the Office of Management and Budget reduced all Government and semi-autonomous agencies allotments, to include the Authority's, by 12.5% and eliminated all supplemental funding received in the prior fiscal year for the marketing of the Authority's tax-incentive and Incubator programs.

These reductions in revenues, coupled with an increase in spending to repair the Authority's buildings and surrounding infrastructure directly following the storms, contributed to the Authority's weakened financial position at the end of the fiscal year. Although these events had a negative impact on the Authority's net financial position in fiscal year 2018, management is optimistic that as hurricane recovery efforts progress, allotments should normalize, which in turn will improve the Authority's overall financial position in future years.

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, 2018. 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.

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, 2018

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. **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.

2018 FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by \$3,207,000 or 65.98% compared to fiscal year 2017.
- The Authority's total assets and deferred outflow of resources decreased by \$1,376,395 or 3.59%.
- Total liabilities and deferred inflows of resources increased by \$1,830,605 or 4.24% compared to fiscal year 2017.
- The Authority's operating revenues increased by \$261,891 or 15.11% and operating expenses increased by \$1,301,181 or 15.26% compared to fiscal year 2017 principally due to losses with non-operating loans and receivables.
- Government appropriations decreased by \$657,656 or 12.06% compared to fiscal year 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, 2018

Condensed Consolidated Statements of Net Position as of September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>% Variance</u>
Assets				
Current Assets	\$11,412,366	\$11,276,290	\$ 136,076	1.21%
Noncurrent Assets	17,775,033	17,598,808	176,225	1.00%
Capital Assets, net	1,242,328	1,480,227	(237,899)	-16.07%
Total Assets	<u>30,429,727</u>	<u>30,355,325</u>	<u>74,402</u>	<u>0.25%</u>
Deferred Outflows of Resources	<u>6,554,797</u>	<u>8,005,594</u>	<u>1,450,797</u>	<u>-18.12%</u>
Total Assets and Deferred Outflows of Resources	<u>\$36,984,524</u>	<u>\$38,360,919</u>	<u>\$ 1,376,395</u>	<u>-3.59%</u>
Liabilities				
Current Liabilities	\$14,589,169	\$13,979,376	\$ 609,793	4.36%
Noncurrent Liabilities	28,113,554	28,611,714	498,160	-1.74%
Total Liabilities	<u>42,702,723</u>	<u>42,591,090</u>	<u>111,633</u>	<u>0.26%</u>
Deferred Inflows of Resources	<u>2,349,697</u>	<u>630,725</u>	<u>1,718,972</u>	<u>272.54%</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$45,052,420</u>	<u>\$43,221,815</u>	<u>\$ 1,830,605</u>	<u>4.24%</u>
Net Position				
Net Investment in Capital Assets	\$ 1,242,328	\$ 1,480,227	\$ (237,899)	-16.07%
Restricted	16,570,721	16,722,958	(152,237)	-0.91%
Unrestricted	(25,880,945)	(23,064,081)	(2,816,864)	12.21%
Total Net Position	<u>\$ (8,067,896)</u>	<u>\$ (4,860,896)</u>	<u>\$ (3,207,000)</u>	<u>65.98%</u>

Current Assets

- Current assets increased by \$136,076 or 1.21% compared to last fiscal year. This is primarily due to an increase in cash and cash equivalents of \$777,438 or 8.56%, which resulted from the Authority receiving its last month allotment in the amount of \$443,196 for Fiscal Year 2017 in the first quarter of Fiscal Year 2018 and the sale of vehicles in the amount of \$14,481. There was also an increase in prepaid and other assets of \$10,384 or 16.91% due to increases in the premium amounts for the Authority's vehicle and Directors and Officers liability insurances. The total of these increases was offset by a decrease in account receivables as the Authority increased the allowance for doubtful accounts by \$412,646 for a non-performing loan and \$117,936 for fees and fines imposed on beneficiaries in the Economic Development Commission program that are deemed uncollectible.

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, 2018

Noncurrent Restricted Assets

- Noncurrent assets increased by \$176,225 or 1% compared to last fiscal year. This was due mainly to an increase in restricted cash and cash equivalents of \$729,100 or 8.23%. The cash increase was due in part to the number of borrowers that paid off their loans before the maturity date and the sale of properties used as collateral by borrowers that have defaulted on their loans. There was also an increase in restricted investments of \$30,976 or 0.58%, which represents interest earned on long-term investments held at local banking institutions in the form of Certificate of Deposits.
- Restricted loan receivables, net allowance for doubtful accounts, decreased by \$583,851 or 17.08%. This was due to both EDB borrowers and borrowers in the State Small Business Credit Initiative (SSBCI) program paying down their loan balances.

Capital Assets

- Capital assets, net of accumulated depreciation, decreased by \$237,899 or 16.07% compared to last fiscal year. The overall reduction in capital assets is due to the net effect of capital additions totaling \$151,804 and the reduction of \$389,704 in capital asset values for the year due to depreciation.

Current Liabilities

- Current liabilities increased by \$609,793 or 4.36% compared to last fiscal year. Contributing to this was an increase of \$511,499 or 71.18% in accounts payable. This increase includes obligations for hurricane-related expenses and other vendor payments and payroll liabilities that were not paid by the end of the fiscal year. There was an increase in deferred revenues of \$95,455 or 0.74% which also represents grant funding received and not expended by the end of the fiscal year.

Noncurrent Liabilities

- Noncurrent liabilities decreased by \$498,160 or 1.74% compared to last fiscal year. This decrease was due to the cumulative effect of:
 - A reduction in the net pension liability in the amount of \$890,847 or 3.28%. This represents the Authority's share of the Government Employees' Retirement System (GERS) unfunded liability obligation for Fiscal Year 2018.
 - A reduction in compensated absences of \$4,825 or 2.28% as management continues to enforce the Authority's compensated absence policy.
 - A reduction of \$27,489 or 10.32% in long term debt that represents this year's payment of principal on a revolving loan.
 - An increase in security deposits of \$25,001 or 52.68% for new tenants at the Economic Development Park Corporation.
 - An increase of \$400,000 as the local match of a federal grant no longer required by Authority was reclassified.

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, 2018

Net Position

- Net position represents a residual interest in the Authority's assets and deferred outflows of resources after all liabilities and deferred inflows 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 \$3,207,000 or 65.98% compared to last year. This increase includes a reduction in the unrestricted net position as total expenses for the fiscal year exceeded total revenues by \$2,816,864 or 12.21%. Additionally, capital assets, net of related depreciation decreased by \$237,899 or 16.07%, and is the net effect of assets acquired, totaling \$151,237, and depreciation expense of \$389,702 for the fiscal year.

Condensed Consolidated Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 1,995,609	\$ 1,733,718	\$ 261,891	15.11%
Operating Expenses	(10,216,911)	(8,939,463)	1,277,448	14.29%
Operating Loss	(8,221,302)	(7,205,745)	(1,015,557)	14.09%
Net Non-operating Revenues	5,014,302	5,682,861	(668,559)	-11.76%
Changes in Net Position	(3,207,000)	(1,522,884)	(1,684,116)	110.59%
Net Position, Beginning of Year	(4,860,896)	(3,338,012)	(1,522,884)	45.62%
Net Position, End of Year	\$ (8,067,896)	\$ (4,860,896)	\$ (3,207,000)	65.98%

Operating Revenues

- Operating revenues increased by \$261,891 or 15.11% compared to last fiscal year. Included in this amount was an increase in rental income of \$144,852 or 32.91% due to improved tenant occupancy at the Economic Development Park Corporation. There was also an increase of \$37,019 or 25.77% in interest from loans due to the refinancing and/or modification of troubled loans making it easier for borrowers to make payments. Grant revenues increased by \$22,102 or 34.98% due to the receipt of a Technical Assistance Program (TAP) grant from the Office of Insular Affairs. Other operating income also increased by \$256,311 or 243.72% due to the sale of vehicles in the Authority's fleet, receipt of income from miscellaneous services and an increase in OPEB revenue. However, there was a decrease in application and processing fees as the number of applications received for EDB loans and EDC benefits declined.

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, 2018

Operating Expenses

- Operating expenses increased by \$1,277,448 or 14.29% compared to last fiscal year. This increase includes an increase of \$255,717 or 4.3% in personnel services costs due to the filling of vacant positions and the retirement expense amount recorded for Fiscal Year 2018 as a result of changes in the net pension liability. General and administrative expenses increased by \$390,980 or 49.77% as a result of hurricane-related expenses incurred to repair the St. Thomas Industrial Park and William D. Roebuck Industrial Park after the two (2) CAT5 hurricanes and an increase in OPEB expense. Additionally, grant expenditures increased by \$22,102 or 34.98% and included expenses for a TAP Grant administered by the Enterprise Zone Commission. Loan losses and uncollectible receivables increased by \$782,609 or 638.06% as the Authority is aggressively taking the necessary steps of removing from its portfolio those amounts deemed uncollectible in receivables for the EDC and EDB. Conversely, inter-island travel costs decreased by \$25,271 or 26.65% due to the Authority using video conferencing to conduct its meetings, and professional services decreased by \$139,927 or 15.26% due to the termination of a lead generation and marketing contract.

Non-operating Revenues and Expenses

- Non-operating revenues decreased by \$668,559 or 11.76% compared to last fiscal year. The change is due to a decrease of \$657,656 or 12.06% in the government appropriations. In the prior fiscal year, the Authority received line-item appropriations to conduct an Economic Impact Analysis Study, as well as support marketing initiatives that promote the territory as a premier business destination. These appropriations were not received in FY 2018.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, decreased by \$237,899 or 16.07% compared to last fiscal year. The overall reduction in capital assets is due to the net effect of capital additions totaling \$151,804 and the reduction of \$389,704 in capital asset values for the year due to depreciation.

	<u>2018</u>	<u>2017</u>
Building & Building Improvements	\$ 9,355,407	\$ 9,344,682
Leasehold Improvements	867,890	867,889
Equipment	1,328,616	1,239,937
Furniture & Fixture	372,273	370,393
Vehicles	469,145	418,625
Leasehold Equipment	20,585	20,585
Total Costs	<u>12,413,916</u>	<u>12,262,111</u>
Less: Accumulated Depreciation	<u>(11,171,588)</u>	<u>(10,781,884)</u>
Net Capital Assets	<u>\$ 1,242,328</u>	<u>\$ 1,480,227</u>

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, 8000 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, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents	\$ 9,854,539	\$ 9,077,101
Investments	935,389	928,886
Other Receivables, net	550,661	1,208,910
Prepaid and Other Assets	71,777	61,393
Total Current Assets	11,412,366	11,276,290
Noncurrent Restricted Assets:		
Restricted Cash and Cash Equivalents	9,587,525	8,858,425
Restricted Investments	5,352,065	5,321,089
Restricted Loans Receivable, net	2,835,443	3,419,294
Total Noncurrent Restricted Assets	17,775,033	17,598,808
Capital Assets, net	1,242,328	1,480,227
Total Assets	30,429,727	30,355,325
Deferred Outflows of Resources	6,554,797	8,005,594
Total Assets and Deferred Outflows of Resources	\$ 36,984,524	\$ 38,360,919
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Accounts Payable	\$ 1,230,057	\$ 718,558
Accrued Expenses	63,300	64,567
Compensated Absences	190,884	188,057
Interest Payable	20,790	20,116
Deferred Revenue	13,058,155	12,962,700
Loan Payable, current	25,983	25,378
Total Current Liabilities	14,589,169	13,979,376
Noncurrent Liabilities:		
Compensated Absences	206,406	211,231
Security Deposits	72,458	47,457
Deferred Revenue	939,405	939,405
Relief Revolving Funds	400,000	-
Loan Payable	238,924	266,413
Net Pension Liability	26,256,361	27,147,208
Total Noncurrent Liabilities	28,113,554	28,611,714
Total Liabilities	42,702,723	42,591,090
Deferred Inflows of Resources	2,349,697	630,725
Total Liabilities and Deferred Inflows of Resources	\$ 45,052,420	\$ 43,221,815
NET POSITION		
Net Position:		
Net Investment in Capital Assets	\$ 1,242,328	\$ 1,480,227
Restricted Net Position	16,570,721	16,722,958
Unrestricted Net Position	(25,880,945)	(23,064,081)
Total Net Position	\$ (8,067,896)	\$ (4,860,896)

The accompanying notes are an integral part of these consolidated 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, 2018
(With Comparative Totals for 2017)

	2018	2017
Operating Revenues:		
Allocation of Bond Proceeds	\$ -	\$ 5,165
Application and Processing Fees	490,650	655,308
Rental Income	584,982	440,130
Interest Income from Loans	180,650	143,631
Grant Revenue	85,282	63,180
Fees and Fines	292,568	321,138
Other Operating Revenue	361,477	105,166
Total Operating Revenues	1,995,609	1,733,718
Operating Expenses:		
Personnel Costs	6,202,940	5,947,223
General and Administrative	1,176,603	785,623
Occupancy	288,148	289,156
Advertising	322,565	306,586
Professional Services	776,849	916,776
Travel	69,559	94,830
Grant Expenditures	85,282	63,180
Loan Losses	672,807	71,726
Uncollectible Receivables	232,456	50,928
Total Operating Expenses	9,827,209	8,526,028
Operating Loss Before Depreciation	(7,831,600)	(6,792,310)
Depreciation	(389,702)	(413,435)
Operating Loss	(8,221,302)	(7,205,745)
Nonoperating Revenues (Expenses):		
Government Appropriations	4,797,507	5,455,163
Interest Income	77,279	65,075
Other Income	141,770	164,207
Interest Expenses and Finance Charges	(2,254)	(1,584)
Total Nonoperating Revenues	5,014,302	5,682,861
Changes in Net Position	(3,207,000)	(1,522,884)
Net Position, Beginning of the Year	(4,860,896)	(3,338,012)
Net Position, End of Year	\$ (8,067,896)	\$ (4,860,896)

The accompanying notes are an integral part of these consolidated 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, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash Flows from Operating Activities		
Cash Received from Application and Processing Fees	\$ 490,650	\$ 504,122
Cash Received from Tenants	581,218	414,883
Cash Received from Loan Repayments	445,961	921,475
Cash Received from Other Operating Income	690,852	561,478
Cash Received from Federal Government	85,282	94,230
Cash Paid for Grant Programs	(85,282)	(63,180)
Cash Paid for Goods and Services	(2,058,626)	(1,934,861)
Cash Paid to Employees for Services	(3,926,018)	(4,197,126)
Loan Disbursements	(29,158)	(937,735)
Net Cash (Used in) Provided by Operating Activities	(3,805,121)	(4,636,714)
Cash Flows from Noncapital Financing Activities		
Cash Received from Primary Government	4,840,735	4,980,786
Other Income	212,065	99,198
Interest Expense and Finance Charges	(2,254)	(1,584)
Net Cash Provided by Noncapital Financing Activities	5,050,546	5,078,400
Cash Flows from Capital and Related Financing Activities		
Note Principal Payments	(26,884)	(27,326)
Acquisition of Property and Equipment	(151,803)	(294,510)
Net Cash Used in Capital and Related Financing Activities	(178,687)	(321,836)
Cash Flows from Investing Activities		
Interest Income	77,279	61,364
Return of Relief Revolving Funds	400,000	(400,000)
Net Sale of Investments	(37,479)	844,230
Net Cash Provided by (Used in) Investing Activities	439,800	505,594
Net Increase in Cash and Cash Equivalents	1,506,538	625,444
Cash and Cash Equivalents, Beginning of Year	17,935,526	17,310,082
Cash and Cash Equivalents, End of Year	\$ 19,442,064	\$ 17,935,526
Operating Loss	\$ (8,221,302)	\$ (7,205,745)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in)</i>		
<i>Operating Activities:</i>		
Depreciation Expense	389,702	413,435
Bad Debt Expense	905,263	122,654
Decrease (Increase) in Deferred Outflows of Resources	1,450,797	(1,351,208)
(Decrease) Increase in Net Pension Liability	(890,847)	2,537,713
Decrease (Increase) in Accounts Receivable	659,927	(165,304)
(Increase) in Prepaid Expenses	(10,384)	(7,268)
Decrease (Increase) in Loans Receivable	583,851	(8,457)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(510,232)	448,658
(Decrease) Increase in Compensated Absences	(1,998)	76,854
Increase (Decrease) in Deferred Revenue	95,455	(31,050)
Increase in Security Deposit	25,001	16,274
Increase in Deferred Inflows of Resources	1,718,972	516,284
Increase in Interest Payable	674	446
Net Cash (Used in) Provided by Operating Activities	\$ (3,805,121)	\$ (4,636,714)

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

FY 2018 STAFF OF THE VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

Period of October 1, 2017 – September 30, 2018

ADMINISTRATION

Executive

STX VIEDA Chief Executive Officer Kamal I. Latham

STX VIEDA Assistant Chief Executive Officer/COO Wayne L. Biggs, Jr.

STX VIEDA Project Coordinator Humberto O'Neal

STT VIEDA Executive Assistant to the CEO Celina D. Morris

STT VIEDA Administrative Assistant Ja'Nelle Forbes

STX VIEDA Administrative Assistant Michelle Gaskin

Accounting

STT VIEDA Director of Administration & Finance Ernest Halliday, CPA, CGMA

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

STT VIEDA Senior Accountant Maritza E. Hernandez

STT VIEDA Accountant II Jana Cammie

STT VIEDA Accountant I Regina Powell

STT VIEDA Accountant II K'Nisha Gumbs

STT VIEDA Custodial Worker Francillia Williams

STT VIEDA Messenger/Service Worker Cuthbert Charlemagne

Human Resources

STX VIEDA Human Resources Manager Wendy Wheeler, MBA, CPM

STT VIEDA Human Resources Specialist Shirley J. Jones-Peters

Legal

STX VIEDA General Counsel Tracy Lynch Bhola, Esq.

STT VIEDA Paralegal/Investigative Analyst Tanya S. Hill, CP

STX VIEDA Paralegal/Investigative Analyst Lisa Mitchell-Harris

STX VIEDA Paralegal/Investigative Analyst Neisha Christopher-Christian

Marketing

STT VIEDA Director of Marketing Shanell Petersen

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

VIEDA Board

STT VIEDA Board Liaison Carol V. Chapman

VIEDA ENTITIES

Economic Development Commission - Applications

STT EDC Director of Applications Margarita A. Benjamin
STX EDC Applications Analyst II Esther M. Joseph
STT EDC Applications Analyst I Sasha 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 II Sandra Bess
STT EDC Compliance Officer II Kyle C. Thomas
STX EDC Compliance Officer I Jahnella Harvey¹⁰
STX EDC Compliance Officer I Latoya Martin

Enterprise Zone Commission

STT EZC Director of Enterprise Zone Commission Nadine T. Marchena Kean
STT EZC Enterprise Zone Specialist II Raheem Smith¹¹
STX EZC Enterprise Zone Specialist I Iyanna Jones, MBA
STT EZC Enterprise Zone Programs & Grants Compliance Officer I Shaylah Anthony

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 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

¹⁰ 2018 VIEDA Employee of the Year, St. Croix

¹¹ 2018 VIEDA Employee of the Year, St. Thomas

EDB Disaster Small-Mid-sized 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 II Athanasius Obieus

STX EDP Maintenance Worker I Ethelbert Lesmond

KEY

STT = St. Thomas

STX = St. Croix

VIEDA = Virgin Islands Economic Development Authority

Downtown Charlotte Amalie and overlook
of the waterfront on Veterans Drive on St.
Thomas, U. S. Virgin Islands.





VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

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