

Economic Development Bank of the U.S. Virgin Islands
Public Hearing of Tuesday May 28, 2024
Summary

During the Economic Development Bank for the U.S. Virgin Islands (“EDB”) Public Hearing on Tuesday, May 24, 2028, the Governing Board heard from staff regarding two (2) loan applications, and voted as follows:

Regular Session:

Action Item:

1. Idachris Enterprises, LLC – New Application

Idachris Enterprises, LLC (“Idachris”) is located on the island of St. Croix. Idachris is seeking \$500,000 in financing to renovate a two-story building at 51A King Street, Frederiksted St. Croix. Idachris indicates that the financing will assist with refurbishing and outfitting of both the grocery store on the first floor and four (4) short-term rental units on the second floor. The plan is that the grocery store will be operated and managed by Ms. Veronica Joseph and the top floor will house two (2) two-bedroom apartments and two (2) one-bedroom apartments to be rented as Airbnb units to persons seeking short term accommodations. The target market will be professionals, stayover visitors to the Territory, or others attending events in the Frederiksted area which is poised to become a major commercial hub as plans are ongoing for the erection of a major stadium at the outskirts of the town. During the construction this project is expected to provide employment for five (5) individuals. Following the renovations it is projected to create five (5) new full-time jobs.

The Board voted (5 – 0) to:

- Approve a \$500,000.00 term loan for the term of 10-years at an interest rate of WSJ Prime plus one and one-half percent (1.5%) to Idachris Enterprises, LLC from the Development Loan Fund to assist with costs related to renovating and outfitting both grocery store downstairs and four (4) short-term residential units (Airbnb) upstairs located at #51-A King Street, Frederiksted, St. Croix, subject to the following conditions:
 - Commercial lease term which coincides with the term of the loan for a minimum of ten (10) years;
 - Satisfactory background check from the USVIEDA Legal Department;
 - Comprehensive insurance coverage over all assets pledged as collateral including without limitation, windstorm, flood, earthquake, as well as liability and workman’s compensation coverage with the Authority’s interest noted; and
 - All vacancies for Idachris Enterprises, LLC must be listed with the Virgin Islands Department of Labor.

2. By-The-Sea Resort Properties, LLC – New Application

By-The-Sea Resort Properties, LLC (“By-The-Sea”) is located on the island of St. Thomas. By-The-Sea seeks to open The Botany Hotel, a boutique hotel, on St. Thomas, VI. On December 15, 2015, By-The-Sea purchased 40.607 acres of land of which 38.26 acres is being used to build a luxury boutique hotel at the Preserve at Botany Bay, St. Thomas. According to Lender, By-The-Sea plans to further develop the property to accommodate a total 68 keys of mostly individual ocean view villas, and public areas to include a spa, fitness center, tennis court, two pools, two restaurants,

beach bar, and separate lobby and lounge areas. Mr. Ferrer's current focus is the completion of 21 (Phase 1) of the 68 keys along with the necessary infrastructure, back of house/amenities, and furniture, fixtures, and equipment.

By-The-Sea has invested approximately \$22,883,618 to prepare the infrastructure and erect 18 buildings with a total of 21 rooms/keys. This development sits on approximately 38.26 acres of land and is approximately 75-80% completed. It is anticipated that Phase I will cost approximately \$35,000,000 and will create up to 40 new full-time. By-The-Sea is requesting \$12,000,000 in financing from Lender to assist with costs associated with the completion of Phase I of the hotel. According to Lender, loan proceeds will be used specifically to assist with the purchase of furniture, fixtures, and equipment for the public areas, to include, but not limited to the pools, the spa, reception area, the rooms, laundry, and to complete infrastructure. The Lender is seeking VIEDA's SSBCI 2.0 guaranty under the Loan Guaranty Program in the amount of \$5,000,000 to support its financing.

The Board voted (5 – 0) to:

- Approve up to \$5,000,000 or up to 41.67% Loan Guarantee Program support from the State Small Business Credit Initiative 2.0 Program (SSBCI) to FirstBank on behalf of Jesse Ferrer and By-The-Sea Resort Properties, LLC, subject to the following conditions:
 - Tradename Certificate.
 - Satisfactory background checks from the VIEDA legal department.
 - Evidence of satisfactory insurance coverage over the collateral properties and other business assets in amounts and with companies acceptable to the Lender, naming the Lender as mortgagee/loss payee. Acceptable insurance companies must be rated by AM Best at least "B+", with stable or positive outlook. Acceptance of insurance from companies rated less than "A-" must be pre-approved by the Lender's Insurance Agency General Manager.
 - Environmental Phase I report in form and substance satisfactory to the Lender and conducted by a company acceptable to the Lender covering the development.
 - Updated appraisal to reflect market value as is, and upon completion of the 21 keys/rooms and amenities.
 - Credit reporting information on Jesse Ferrer.
 - All vacancies must be listed with the Virgin Islands Department of Labor.