Introduction

Good morning, Chairman Vialet, members of the Committee on Finance, other members of the 32nd Legislature, the U.S. Virgin Islands Economic Development Authority team, ladies and gentlemen in the Chamber, and the viewing and listening audience. I am Wayne Biggs, Jr., Acting Chief Executive Officer. With me today are Ernest Halliday, Director of Administration and Finance and Tracy Lynch Bhola, Esquire, General Counsel. Other members of the Authority’s management and staff are also here in the Chamber with me today. These team members include: Monique Samuel, Acting Director of Lending; Margarita Greenidge-Benjamin, Director of Applications; Nadine Marchena Kean, Director of the Enterprise Zone Commission; Mark Finch, Industrial Park Superintendent; Shanell Petersen, Director of Marketing; Wendy Wheeler, Human Resources Manager; Cusa Holloway, Incubator Program Manager; Kelly Thompson-Webbe, Budget and Financial Analyst; Celina Morris, Executive Assistant; and Semele George, Marketing/PR Specialist. Not present with us today is Claude Gerard, Director of Compliance. If necessary, they are available to respond to any inquiries you may have.
**USVIEDA Organizational Structure**

The U.S. Virgin Islands Economic Development Authority (“USVIEDA” or the “Authority”) is an umbrella entity created to assume, integrate, and unify the functions of the U.S. Virgin Islands Economic Development Bank (EDB), the Virgin Islands Economic Development Commission (EDC), the Virgin Islands Enterprise Zone Commission (EZC), and the Virgin Islands Economic Development Park Corporation (EDPC). The Authority is governed under one executive board comprised of seven (7) members to achieve maximum efficiency of operations, avoid duplication of services, reduce cost of operations, and implement comprehensive programs for the economic development of the Territory. The entities maintain distinct identities and functions independently of one another, only to the extent necessary to execute their specific mandates, but in all other respects operate in an integrated fashion.

The administrative departments within the USVIEDA provide support to the four (4) main pillars on which the Authority is built. The administrative departments include: accounting and finance, legal, human resources, marketing and the executive offices of the Chief Executive Officer and the Assistant Chief Executive Officer.

**Selected Accomplishments by Departments and Divisions-Fiscal Year 2018**

Despite having a 12.5 percent reduction this fiscal year and the devastation caused by two (2) Category 5 Hurricanes, the USVIEDA was able to accomplish a
significant number of its planned objectives within each department and division during the first nine (9) months of this fiscal year (October 1, 2017 – June 30, 2018).

Selected Accomplishments of the Administrative Departments

- Completed Fiscal Year 2017 independent financial audit, which resulted in an unqualified audit opinion;
- Completed the initial draft of rules and regulations for the Hotel Development Act, with additional drafting now underway after the passage of Act Nos. 8030 and 8056 by this Legislative body on April 4, 2018 and June 14, 2018, respectively;
- Reviewed and proposed statutory amendments to accomplish the mandates of the Authority;
- Completed twelve (12) background investigations of EDC Beneficiaries;
- Provided general and specialized training to all staff members on-site and online; and
- Featured the USVIEDA in numerous national and industry publications.

Selected Accomplishments of the Four (4) Pillars

Economic Development Bank

- Reduced the total loan portfolio delinquency rate from 47% to 33%;
- Surveyed the small business community in both districts to determine their pre and post disaster needs;
- Collaborated with the VI Energy Office to commence Phase II of the Sun Power Loan Program;
- Repossessed three (3) properties used as collateral for delinquent loans and sold two (2) of those properties;
- Referred ten (10) incubator clients to the Economic Development Bank to secure financing for their businesses;

Economic Development Commission
- Reviewed and analyzed seven (7) cases for public hearing including five (5) new applications for economic development benefits;
- Reviewed and presented eighteen (18) applications/petitions to the EDC Governing Board in consideration of granting tax incentives and other amendments to beneficiary certificates;
- Presented nineteen (19) Beneficiary Petitions to the EDC Governing Board for decisions;
- Completed eighteen (18) beneficiary compliance reviews;
- Performed nineteen (19) site visits to companies receiving EDC benefits;
- Conducted damaged assessments of all major hotels in the EDC Program;

Enterprise Zone Commission
- Conducted a rapid assessment survey of 250 hurricane damaged buildings within the Enterprise Zones;
- Held the 4th annual Business-to-Business event focusing on Bed and Breakfast entities within the Territory;
- Hosted the Enterprise Zone Commission Beneficiary and Stakeholder Seminars in collaboration with the U.S. Small Business Administration and the Federal Emergency Management Agency focusing on Client Disaster Recovery;
Economic Development Park Corporation

- Completed a micro-grid audit at the William D. Roebuck Industrial Park and obtained a proposal for a solar photovoltaic-based micro-grid facility;
- Increased tenant occupancy at both industrial parks from 75% to 89%;

Economic Development Authority

- Applied for $5M in grant funding for a variety of projects; and
- In addition to working with local agencies and stakeholders, we worked in collaboration with the International Economic Development Council (IEDC), the Minority Business Development Agency (MBDA), the Federal Emergency Management Agency (FEMA), the U.S. Economic Development Administration (USED), the U.S. Small Business Administration (SBA), the U.S. Department of Agriculture-Rural Development (USDOA), the U.S. Department of Health and Human Services (HHS), the U.S. Environmental Protection Agency (EPA), and the U.S. Department of Interior (DOI) for economic resilience.

Fiscal Year 2019 Budget Request

Based on information received from the Office of Management and Budget (OMB), the Authority is projected to receive only $4,797,507 of its $5,482,865 Fiscal Year 2018 appropriation, a shortfall of $685,358 or 12.5%.

The USVIEDA’s Fiscal Year 2019 budget request is $5,882,865, which is the same level of funding requested in Fiscal Year 2018.
The $5,882,865 request is comprised of the following amounts:

General Operations $5,482,865
Supplemental Marketing Funds $300,000
Supplemental Incubator Funds $100,000
Total $5,882,865

You may recall that in Fiscal Year 2017, an additional $500,000 was appropriated for marketing USVIEDA programs. Of that amount, the USVIEDA received $485,000 or 85% of the allotted amount. The Authority received no supplemental marketing funding in Fiscal Year 2018. Therefore, we are requesting $300,000 in supplemental marketing funds for Fiscal Year 2019, which is essential to continuing our marketing activities both locally and abroad.

You may also recall that in Fiscal Year 2017, an additional $150,000 was appropriated, but not allotted to support the Incubator Program and, as such, the services were drastically reduced. In Fiscal Year 2018, no funds were appropriated for the Incubator Program and services were further reduced. We fully understand that small businesses are the backbone of the economy, thus we are requesting $100,000 to partially restore the Incubator funding to build on past successes of the Program.

We understand that a budget is a plan, and we intend to use the funding that we are requesting to further the goals of the organization and accomplish meaningful objectives in this coming year.
Some of these objectives include:

1. In collaboration with public, private and non-profit organizations, work to develop a 20-year comprehensive economic development plan for the Territory;
2. Form public/private partnerships to attract new investments in the Territory using New Market Tax Credits, Opportunity Zones, and Tax Incremental Financing (TIF) funding mechanisms;
3. Begin the modernization of the economic development parks to attract a wide range of tenants;
4. Increase promotion of the USVIEDA’s performance bonding program to help small contractors compete for local and federal jobs;
5. Continue to work with the local banks by providing guaranty support for borrowers seeking business loans;
6. Continue to improve and update technology to be more efficient and effective in carrying out the mandates of the Authority; and
7. Increase external investment into the Territory to continue diversifying the economy.

The hurricanes that devastated our Territory just a couple of months ago have provided us with an opportunity to rebuild a better infrastructure and economy, and as we rebuild, residents must play a vital role in this effort. Our aim, therefore, is to help create an economic environment in which local businesses can develop and flourish, while at the same time attract new businesses to Territory with the goal of improving the standard of living for our residents. It is
our hope that the objectives outlined in this budget for FY 2019 will continue us on that path.

Thank you for your continuous support. We are available to answer your questions.