

# EDA board OKs partnerships with Puerto Rico group; SBA

**TOM LEADER**  
Bureau Chief

ST. CROIX — The governing board of the VI Economic Development Authority unanimously approved partnerships with the U.S. Small Business Administration and a Puerto Rico-based nonprofit organization during a meeting on Thursday.

The board, at the meeting held via video-conference at its offices on St. Croix and St. Thomas, also authorized the EDA to create a 501(c)(3) nonprofit organization under its umbrella that would be eligible to apply for funding from public and private sources that is restricted to nonprofit organizations.

The board also discussed the need for the EDA to establish a credit card policy and acquire a credit card for the agency.

The board tabled the matter until its next meeting scheduled for Dec. 4.

## **SBA partnership:**

Kamal Latham, EDA chief executive officer, who participated in the meeting on St. Thomas, said the partnership with the SBA would be the first step to a more robust and strategic engagement with the organization in the territory.

The partnership fits into the EDA's 20-year vision, Latham said, noting that it includes collaboration and resources.

He added that when it comes to resources being made available through a partnership with the SBA, the federal agency has a multitude of programs and grants that could bring more financial resources into the territory to assist the EDA with the work it does.

Wayne Biggs Jr., EDA assistant chief executive officer and chief operating officer, said the SBA and EDA both have lending programs, but they are different types of programs so he doesn't expect any overlap when it comes to competition for the loans.

Jose Penn, board chair, said the EDA probably needs to partner with even more entities other than the SBA to ensure collaboration in the future.

**EDA:**

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"I think this formal relationship is helpful moving forward," he said.

The board approved the EDA to enter into a Strategic Alliance Memorandum with the SBA.

**PR-based nonprofit partnership:**

The board authorized the EDA to enter into a partnership agreement with the Corporation for the Entrepreneurship Financing of Commerce and Communities, which does business under the name Lendreams.

Latham said Lendreams is a nonprofit organization that helps promote business development and economic growth on Puerto Rico through its programs. He said the nonprofit even offers lending programs and technical assistance programs, noting he reviewed them with Biggs.

"We believe that this will be useful and helpful for the territory," Latham said about the partnership.

Latham said Lendreams and the EDA both offer a micro-loan program that might create the potential for competition. He said, however, the EDA can manage it so he doesn't anticipate that being a problem. The nonprofit organization has a funding stream from federal grants, so bringing the program to the territory by creating the partnership could provide more resources to the Virgin Islands, according to Latham.

"We would look to cooperate to be able to bring their program and bring some of their financing here," Latham said.

Eugene Farrell, a board member, raised concerns that entering into a partnership with the Puerto Rico-based entity is a "lop-sided deal" that benefits the nonprofit organization more than the EDA. Latham, in response, said the partnership would just be one part of a strategic plan to improve how the EDA interacts with local businesses.

"This is one part of a very large puzzle," Latham said.

He noted that from an entrepreneurial standpoint, Lendreams has an innovative program that caters to female entrepreneurs that could be beneficial to Virgin Islanders. He pointed out the timeliness of the program given the fact some employees in the hospitality industry like housekeeping staff, which primarily include women, remain out of work as the territory's major resorts continue coming back online to full capacity following damages in September 2017 from Hurricanes Irma and Maria.

Penn said he sees the partner-



Wayne Biggs Jr., VI Economic Development Authority assistant chief executive, speaking Thursday on St. Croix that was held via videoconference with the St. Thom



Tom Eader

Philip Payne, VI Economic Development Authority board vice chair, speaks during an EDA board meeting Thursday on St. Croix that was held via videoconference with the St. Thomas office.

ship as an opportunity for the EDA.

"We need to do something different and take advantage of the opportunity that we have at this moment," he said.

**EDA nonprofit:**

Latham said funding is available from public and private sources for nonprofit organizations. Since the EDA doesn't have a nonprofit under its umbrella, he said creating a nonprofit entity would allow the agency to apply for the restricted funding.

"This is really to set up a capacity for us to be able to pull in some more funds to be able to help our economic development objectives here in the territory," he said.

Penn, who pointed out the EDA

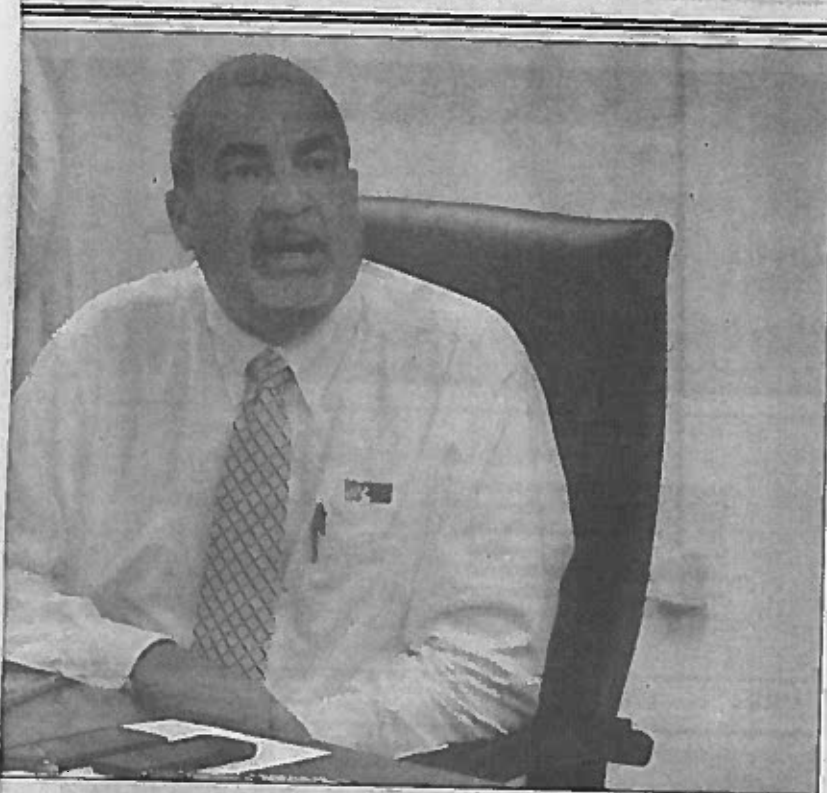
is a government agency and not a nonprofit organization, asked how the latter would be structured.

Attorney Tracy Lynch Bhola, EDA legal counsel, said the nonprofit organization would be required to have its own separate board. There has to be a separation, she said, between the EDA and the nonprofit.

"There are some structural adjustments," Bhola said.

Penn supported the concept as a means to help the economy noting, "I see it as an opportunity to get more funding in the territory."

Philip Payne, board vice chair, asked how the EDA would use the funding that is restricted to nonprofits. Latham said it would diversify the agency's resources by making it possible to receive



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Executive officer and chief operating officer, right, speaks during an EDA board meeting in Thomas office. Philip Payne, EDA board vice chair, also is pictured.

more funding. As an example, he said the SBA offers a grant that provides funding to VI-based nonprofits to open a business center that caters to women.

"That's just one specific, illustrative purpose," he said, adding there also are private entities that fund different programs and initiatives to facilitate economic development. Those funds, however, are restricted to nonprofits.

"This would just open up our opportunity to be able to receive more funds," he said.

#### Credit card:

The EDA is seeking board approval to establish a credit card policy so it can acquire a credit card for the agency.

"In looking at our procurement of goods and services and what we are paying, it is clear to me that we can be more efficient and achieve some cost savings by being able to use a credit card," Latham said.

He said for example that the EDA books all its flights through a travel agent so fees get assessed. He said having a credit card would allow the agency to book flights directly from the airlines and avoid paying the travel agency fees.

Latham said it would allow the EDA more flexibility in general when it comes to procurement, noting the EDA had to get creative to pay for him to attend a conference in New York because the agency didn't have a credit card to pay the participation fee.

Penn suggested a need to designate EDA staff who would be

responsible for the credit card.

"I want to ensure we're clear whoever is responsible for getting the bill paid, that process is worked out," he said.

Latham suggested the board could hold off on voting on the matter until a future meeting to give members a chance to review the credit card policy. Penn agreed that the issue was serious enough to bring it back to the board for consideration at the next meeting on Dec. 4.

At Thursday's meeting, the VI Economic Development Commission, a division of the EDA, was scheduled to hold a decision meeting to consider application matters for five businesses and a compliance matter for a St. John hotel. The EDC convened and went into executive session, but had to recess the meeting after losing quorum.

The pending application matters that will be considered at the Dec. 4 meeting include a resubmission of application from Plessen Healthcare LLC, a new application from Yusuf Drinking Water Inc., a modification application from Diamond Rock Frenchman's Owner Inc., admittance of members from Liberty Medical Development LLC and an extension to commence tax incentives from Global MedChoices Group LLC.

The pending compliance matter that will be considered by the EDC at its next meeting relates to full-time staff and special conditions for Westin St. John Hotel Company.