



SECURITY OF THE USVI COMMUNITY DISASTER LOAN AGREEMENT WITH FEMA

(December 7, 2017) ST. CROIX, U.S. VIRGIN ISLANDS – The approval by the USVI Legislature authorizing the USVI government to enter into an agreement with the federal government that would facilitate a \$300 million loan to the Territory represents parity debt under the existing Gross Receipts Tax and Rum Matching Fund Revenue bonds issued by the Virgin Islands Public Finance Authority and outstanding in the principal amount of approximately \$1.2 billion.

U.S. Virgin Islands Governor Kenneth E. Mapp said, “Our Community Disaster Loans with FEMA will be secured in the same manner as our Gross Receipts Tax and Rum Matching Fund Bonds”

The arrangements with the federal government with respect to the FEMA Community Disaster Loan will include the issuance of new senior lien bonds under either the Gross Receipts Tax Indenture or the Matching Fund Revenue Indenture in an aggregate principal amount equal to such loans. The agreement will be secured by a senior lien on those bonds, and will not supersede any payments to our existing senior lien bondholders. The Bonds will constitute parity debt with other senior lien bonds consistent with the requirements for issuance of additional bonds under each of the respective Indentures pursuant to which such bonds may be issued.

The funds will be used to finance existing essential functions of the Government’s operations, including, but not limited to, the operations of the Juan F. Luis Hospital and Medical Center, the Roy Lester Schneider Regional Medical Center, the Virgin Islands Waste Management Authority, and The University of the Virgin Islands.