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viNGN Unable to Pay \$36 Million Loan, Battling Mounting Financial Challenges, CEO Says

Discussions reveal no clear path for repayment as the network seeks legislative and federal solutions

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viNGN CEO Stephan Adams. By. V.I. LEGISLATURE

The management of the Virgin Islands Next Generation Network does not believe they will be able to repay a loan worth some \$36.8 million to the Public Finance Authority. The sum, once a bond used to match funds needed to establish viNGN over a decade ago, was converted into a loan after one year, in 2012.

Details of the loan, however, were apparently not transmitted to Stephan Adams, the agency's CEO. The PFA, which also retains the option to convert the sum into equity, has reportedly not

supplied the recipient of the funds with repayment details.

Despite several meetings between the two parties, Mr. Adams reported to the Committee on Budget Appropriations and Finance on Tuesday that “to date, the interest rate has not been determined and [an] amortization schedule has not been established.” In any case, he lamented that “based on our current fiscal standing, viNGN does not does not have, and does not perceive the ability to repay the \$36.8 million loan without assistance,” much to the dismay of committee members.

Despite their best efforts to seek loan forgiveness from the PFA, Mr. Adams reported that viNGN has instead been directed to “seek federal grant opportunities to cover this debt.” Since Mr. Adams began his tenure as viNGN CEO in 2019, he says the loan has accrued no interest, and has no schedule detailing required monthly repayments. Instead, he was notified that the loan has “been held on our books.” Noting that he continues to raise that issue at meetings with the PFA to no avail, Mr. Adams complained that “we don't have clarity.”

Attempts to secure funding to pay off the loan — despite the lack of a repayment schedule from the PFA — have failed. Senator Ray Fonseca wondered whether they had explored any federal opportunities. Mr. Adams explained that while a USDA grant worth \$15 million was identified, the nationally-available funds had already been allocated. “That was the only avenue that we found where we could get federal help,” he explained.

Nonetheless, committee chair Senator Donna Frett-Gregory was not amenable to viNGN’s request for local assistance to pay off the loan. “Many of our semi-autonomous [or] autonomous-type entities come before the Legislature and they say that they don't receive funding from the Legislature. But you do because this \$36.8 million is being paid by the people,” she said. She, however, promised to investigate the actual debt amount and how it will be paid.

Compounding this impending financial burden, the viNGN anticipates lower revenues in the current financial year. Mr. Adams admitted to Senator Dwayne DeGrass that “viNGN has always been in the red from its inception, and remains in the red.” Nevertheless, he affirmed that his administration is “working diligently to run the company like a corporation.” Their ability to manage cash flow “very well” has saved viNGN from “what might otherwise be a nasty situation.”

Lower revenues mean that viNGN cannot undertake necessary upgrades to boost its competitiveness. Referencing regular unpredictable expenses that eat into their capital budget, Mr. Adams complained that “on top of that, we’re being pressured to drive down our pricing.” Mr. Adams said they continue to work toward lowering operational costs as a precursor to “bringing down pricing for the betterment of the people of the Virgin Islands. We're still cleaning up a mess that's existed for 10 years.”