The Virgin Islands Consortium

V.I. Government Financing Authority Completes $448.6 Million Frenchman's Reef Bond Deal

A $448.6M Series 2025 bond financing issued by the V.I. Hotel Development Financing Corp. is supporting the acquisition of Westin and Morningstar Buoy Haus resorts at Frenchman's Reef, with bonds payable from project revenues rather than public funds.

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The Westin Beach Resort & Spa at Frenchman's Reef in St. Thomas, USVI. **By. V.I. CONSORTIUM.**

The V.I. Hotel Development Financing Corporation (VIHDFC) announced Tuesday that it has completed its Series 2025 hotel revenue bond financing in connection with the

Frenchman’s Reef Hotel Acquisition Project on St. Thomas, marking the latest use of the territory’s hotel-financing conduit structure to support large-scale resort ownership without placing operating risk on the Government of the Virgin Islands.

VIHDFC, which operates as a subsidiary conduit issuer under the V.I. Public Finance Authority, facilitated the transaction through a revenue-backed bond structure supporting the acquisition of The Westin Beach Resort and Spa at Frenchman’s Reef and Morningstar Buoy Haus Beach Resort at Frenchman’s Reef, Autograph Collection.

Offering documents associated with the transaction described a bond financing totaling approximately $448.6 million, issued across multiple tranches. Those tranches include senior-lien and subordinate-lien bonds, as well as a taxable series, reflecting a layered capital structure commonly used in hotel-revenue financings where repayment depends on project-specific revenue streams rather than government backing.

Under the structure presented publicly and in bond-related notices, VIHDFC loans the bond proceeds to the borrower, CFC-FR, LLC, whose sole member is Community Finance Corporation, a nonprofit organization recognized under Section 501(c)(3) of the Internal Revenue Code. The proceeds are designated to support the hotel acquisition and other permitted project costs, including required reserves, capitalized interest during the early stages of the financing, and issuance-related expenses.

As outlined in the bond documentation, the Series 2025 bonds are issued as special, limited obligations. They are payable solely from the sources identified in the bond proceedings and do not constitute a general obligation of the Government of the Virgin Islands. The bonds do not pledge the territory’s taxing power, nor do they draw upon general government revenues, a distinction that has been central to prior reporting on VIHDFC-backed transactions.

The financing structure also includes a long-term public ownership component. Under the framework described in the offering materials, once the bond debt is fully retired, ownership of the Frenchman’s Reef property would transfer to the people of the Virgin Islands. This approach is designed to give the government future flexibility to lease or sell the asset through established public processes, while avoiding direct involvement in hotel operations during the life of the bonds.

The Series 2025 financing followed the public approval requirements set out under Section 147(f) of the Internal Revenue Code, commonly referred to as the TEFRA process. A public hearing was held virtually on December 8, 2025, providing an opportunity for public comment before the bonds were issued.