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PFA Sends \$1.5 Million to VIPA After Agreement to Avoid Reprogramming Hotel Bond Fees

PFA approved \$1.5 million to VIPA after talks with Senator Kurt Vialet and the governor's office, replacing a bill that would have redirected over \$4 million in Frenchman's Reef bond fees and helping resolve a VIWMA fine tied to the St. Croix landfill.

Government / **Published On June 29, 2026 05:31 AM /**

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The V.I. Public Finance Authority board on Thursday approved a \$1.5 million payment to the V.I. Port Authority, following discussions between the executive and legislative branches that will avoid moving forward with a bill to reprogram more than \$4 million in administrative fees collected by a PFA subsidiary.

The payment is also intended to help resolve a fine owed to VIPA by the V.I. Waste Management Authority, while directing the Port Authority to use the money for St. Croix airlift subsidies.

At issue was Bill 36-0258, which was passed in the Senate Committee on Rules and Judiciary in late April. The measure would have redirected more than \$4 million in fees collected by the Virgin Islands Hotel Development Financing Corporation from the Frenchman's Reef bond deal.

Under the bill, the funds would have been allocated among VIPA, the Department of Tourism and the Budget Stabilization Fund. VIPA would have received \$1 million for airline subsidies for St. Croix. The Department of Tourism would have received \$500,000 for hotel development incentives on St. Croix, and \$2.7 million would have gone to the Budget Stabilization Fund.

PFA officials were uncomfortable with the proposal.

“While the Authority supports the projects identified for funding under this bill, we respectfully submit that the Authority’s own needs must also be taken into consideration,” said PFA Director of Finance Administration Nathan Simmonds. “As our staff and portfolio continue to expand, so too does our obligation to ensure that the public finance mechanism of the Virgin Islands remains stable, transparent, and capable of supporting long-term government initiatives as well as the Authority’s own operations,” he declared.

Mr. Simmonds said that after discussions between the Office of the Governor and bill sponsor Senator Kurt Vialet, it was agreed that the bill would be withdrawn in exchange for PFA allocating \$1.5 million for airlift subsidies and tourism incentives for St. Croix.

“We thought it was inappropriate for the legislature to be appropriating our administrative fees, and we did not want that precedent to be set,” Mr. Simmonds explained.

Board member Keith O’Neale questioned the additional funding for VIPA, noting that PFA has already allocated approximately \$25 million to the Port Authority to support its Charlotte Amalie harbor dredging project. He also pointed to VIPA’s relationship with the West Indian Company, a PFA-owned entity.

“I understand the necessity for this airlift coming into St. Croix...it’s to our overall benefit, I get it,” Mr. O’Neale stated.

However, he said that “if you put it in a schoolyard type of complex, Port Authority was the bully, WICO was being beat up by the big bully all the time, and it seems like we are giving the bully a little bit more lunch money to beat up our little cousin.”

PFA Chair Governor Albert Bryan Jr. then proposed a different structure. Rather than splitting the funds between VIPA and the Department of Tourism, he suggested allocating the full \$1.5 million to VIPA as cover for a fine owed by VIWMA.

“This is what we call a peace offering with the legislature,” Governor Bryan declared. “The Port Authority is harassing the Waste Management Authority for a \$1.5 million fine that the FAA is harassing them to pay, because the landfill on St. Croix is where it is,” he explained.

Governor Bryan said that while the fine would be cleared, the funds would still have to be used by VIPA for “airport purposes.”

Mr. O’Neale appeared satisfied with the mechanism.

“That way we make sure that the landfill obligation to the FAA...is clear, and the Port Authority doesn’t put that money into their own coffers for it to disappear and go do something else with.”

The approved motion specifically directs VIPA to use the \$1.5 million “to subsidize airline flights between the mainland and other destinations on St. Croix,” according to Governor Bryan.

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