The Virgin Islands Consortium

In Response To Governor de Jongh, Valdamier Collens Provides Proof That $800 Million Was Borrowed Under Former Administration

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To the editor:

Without a doubt, former Governor John P. de Jongh, Jr. experienced serious challenges during his administration and I profoundly respect the efforts he made to mitigate the impact the Great Recession and the loss of Hovensa had on the Virgin Islands economy.

Nevertheless, as we are now seriously trying to stabilize the Territory's economy and restore it to fiscal health, it becomes more important than ever to deal with facts. That said, sincere gratitude is expressed for this opportunity to clarify my statement surrounding the “$800 million in working capital” issued between Fiscal Years 2009 – 2014. (See here.)

To quote from his letter, "The amount of working capital financing, or borrowing to "...close the gap", was not, as stated, $800 million, but approximately twenty-five percent, or about $200 million, less." However, from the vantage point of the audited financial statements of the V.I. Public Finance Authority and the Government of the Virgin Islands, excerpts of which have been dutifully enclosed, the aforesaid quote is not entirely accurate.

As outlined in the report entitled “Analysis of Working Capital Issuances”, the Government of the Virgin Islands issued $832 million in working capital (or four percent more than $800 million) between Fiscal Years 2009 – 2014. These working capital issuances are summarized as follows:

1) $587 million in Revenue Bonds – This includes $206 million in Bond Anticipation Notes borrowed for working capital covering September 2009 – June 2010;

2) $131 million in Bond Anticipation Notes;

3) $100 million in Revenue Anticipation Notes; and,

4) $14 million in Revenue Notes.

With the financial challenges now confronting us, it is important that we focus on Governor Kenneth E. Mapp's Five-Year Plan to keep our financial house in order and make the necessary changes that will provide us with the stability to grow our economy, eliminate the longstanding structural deficit and ensure future prosperity for the U.S. Virgin Islands.

Thank you for your time and consideration.

Yours truly,

Valdamier O.Collens

Commissioner of Finance, Executive Director of the Public Finance Authority