

The Virgin Islands Consortium

PFA Board Amends Contract of Government's Lobbying Firm in Washington as Congress Activity Becomes 'Dormant'

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On Thursday, the V.I. Public Finance Authority board approved a resolution to enter into a new contractual arrangement with lobbying firm Squire Patton Boggs on an “as needed basis,” a move that has reduced the firm's payment from the V.I. government to reflect decreased activity in Washington.

Squire Patton provides the government with lobbying services that span legal, government relations and other professional services.

Over the past year Squire Patton has been paid roughly \$60,000 monthly in government relations services alone. When asked whether there was anything to show for it, PFA legal counsel Kye Walker responded in the affirmative, noting, "they've been very helpful to us."

According to the board, Squire Patton has been working successfully on issues related to the Virgin Islands Next Generation Network. As such, a number of grants for funding for broadband projects across the territory will be rolling out soon. The firm is also working to get several bills in Congress passed in the lame-duck session including the extension of rum cover-over remittance payments at 13.25 per proof gallon, [which expired in Dec. 2021](#), causing payments to revert to \$10.50 per proof gallon.

Regarding the contractual change, representatives attributed the cutback to Congress being "dormant over the last four months," notably between May and August. As a result, several of the initiatives Squire Patton would typically be working on had come to a halt.

After that approval, the board also approved the issuance of Hotel Occupancy Tax revenue bonds for the Frenchman's Reef Hotel Development Project (Series 2022A), economic recovery fee revenue bonds for the Frenchman's Reef Hotel Development Project (Series 2022B), and a Developer Note.

It was stated by Eric Taylor, PFA bond counsel and partner at Hawkin Delafield & Wood, that the Developer Note is "to be delivered in an amount not to exceed \$244,940,000, less than the amount of any bond proceeds paid to the developer." The Developer Note will mature no later than 30 years after its date of issuance.

In August, [all 15 senators in the Committee on Whole voted to ratify](#) The Frenchman's Reef Redevelopment Agreement. The agreement is supported by the Hotel Development Act (HDA), which underwent changes in 2019 to include an amendment that allows existing hotels to receive up to 50 percent of the revenue generated from its hotel room occupancy tax for development, construction, reconstruction and renovation of facilities. The Act is administered by the EDA. The agreement will continue for thirty years after it has been made official or until the developers are reimbursed \$244.9 million.

On Thursday, bonds were issued in accordance HDA, which permits hotels that were significantly damaged by hurricanes to apply for hotel development and use parts of the hotel occupancy tax and the economic recovery fee levied on hotel guests to support rehabilitation expenditures.

The revenue generated from the Hotel Occupancy Tax from the Frenchman's Reef Project will be used to fund the debt service on the bonds.

Frenchman's Reef is expected to have a soft opening in early December. The entire hotel will not open until 2023, somewhere between April and August. The Hilltop will be the first to open, though just partially. There are reportedly already some bookings for stays at the hotel, which has been "sorely missed during the last 5 years," according to at least one board member.

At Thursday's meeting the PFA board also approved the re-appropriation of \$60,000 in unused funds from a 2015 contract with coastal systems. These funds will now be diverted to the Department of Sports, Parks and Recreation for the completion of repairs

to existing parks.

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