| Committee on Budget, Appropriations and Finance

Legislature USVI

April 16, 2024 · 3.1 hours · gov

0:00:00 We'll be right back. Thank you. Thank you. We'll be right back. Thank you. We'll be right back. Thank you. Thank you. We'll be right back. Thank you. We'll be right back. We'll be right back. We'll be right back. We'll be right back. Thank you. Thank you. Thank you. Let's go. We'll be right back. Thank you. Yo Banda

0:10:30 Thank you. Let's go. Thank you. Thank you. I love you. Thank you. Let's get started. Let's go. We'll be right back. Thank you. I need this I need this I need this Oh, oh, oh. We'll be right back. Thank you. Let's go Thank you. Thank you. Thank you. Thank you. Let's get started.

0:20:26 We'll be right back. Let's get started.

0:21:26 We'll be right back. We'll be right back. We'll be right back.

0:22:56 Thank you. Let's go We'll be right back. Let's go. Let's go. We'll be right back. We'll be right back. Let's go. We'll be right back. We'll be right back. Thank you.

0:28:26 We'll be right back. Thank you.

0:29:26 Thank you. Let's go. Thank you. Let's go. Let's go. We'll be right back. I love you Let's go. Let's go Let's go Let's go. I love you I'll see you next time. Thank you. Thank you. Thank you. G6 Polar Channel

0:37:56 We'll be right back. Thank you. Thank you. We'll be right back. Good afternoon.

0:40:16 The Committee on Budget Appropriations and Finance meeting of April 6, 2024 is hereby call to order before I call the roll call I know that we still have some of my colleagues that are making their way to the chambers because we attended the the naming of the Sierra Le King Airport Transportation Center after engineer Dale A Gregory who spent 37 years of his career working as a engineer at the Virgin Islands Port Authority, as a chief engineer. So I know folks are working their way from that.

0:40:59 So I want to take this opportunity to congratulate Dale A. Gregory on the naming of the Cyril E. King Airport Transportation Center in his honour, well-deserving honour. Madam Clerk, I'm going to ask you if, let me see if there's anyone on the same crew. I think we have a quorum, so we're gonna move forward with the roll call. May I have the roll call, please? Senator Marvin A. Blyden? Present. Senator Blyden? Present. Senator Samuel Carrion? Senator Samuel Carrion?

0:41:39 Absent. Senator Samuel Carrion? Present. Senator Dwayne M. DeGraff? Senator Dwayne M. DeGraff? Senator Dwayne M. DeGraff? Present. Senator Ray Fonseca? Senator Fonseca? Present. Senator Noble E. Francis, Jr.? Senator Francis, Jr.? Absent. Senator Donna A. Fred Gregory? Here.

0:42:12 Senator Fred Gregory? Present. Senator Javon E. James, Sr.? Senator James Sr. absent. Madam Chair, five present, two absent at a roll call. Thank you, Madam Clerk. Can you please read today's agenda into the record? Committee on Budget Appropriations and Finance.

0:42:40 The 35th Legislature's Committee on Budget Appropriations and Finance Finance will meet on Tuesday, April 16, 2024, at 12.30 p.m. in the Earl Beattley Legislative Chambers on St. Thomas, U.S. Virgin Islands. Block 1. The committee will receive a financial overview from the Virgin Islands Next Generation Network, VINGN, a public corporation, a wholly owned subsidiary of the Virgin Islands Public Finance Authority. Invited testifier, Mr. Stephan Adams, President and CEO of Virgin Islands Next Generation Network.

0:43:22 Block 2, Bill No. 350204, an act appropriating $3 million from the general fund of the government of the Virgin Islands to the Virgin Islands Police Department for the purchase and installation of cameras throughout the territory. Invited testifiers are Ms. Jennifer O'Neill, Director, Office of Management and Budget, Mr. Ray Martinez, Commissioner, Virgin Islands Police Department. That's in the agenda for today, Madam Chair. Thank you, Madam Clerk, and as the Clerk shared with us, we will hear from the leadership of the Virgin Islands Next Generation Network on their financial and operating status, and we are poised to consider Bill Number 35.024. However, I believe that we have some concerns with that measure, so we may be moving to remove that measure from today's agenda, but as we contemplate that, we will move forward with the discussion today with the Virgin Islands Next Generation Next Network. This afternoon we have before us Mr. Steven Adams, President and CEO, and I note that he also has with him i'm not certain of her title but i know that her name is miss elisa hodge and i believe she is the ceo cfo or the controller controller for the uh virgin house next generation network so we're going to ask them to put their names and titles on the record and then we'll proceed with the testimony we're going to start with mr adams you may proceed good afternoon Thank you, Chairwoman. Steven Adams, President and CEO of BINGN.

0:45:26 Good afternoon, Elisa Hodge, Controller. All right, Mr. Adams, are you prepared to move forward with your testimony? Yes, ma'am. You may proceed. Thank you. Good afternoon, Honorable Donna Freck Gregory, Chairman of the Committee on the Budget, Appropriation and Finance, Honorable Senators, and the listening and viewing audience. I am Steven Adams, president and CEO of VINGN Inc. With me today is Ms. Elisa Hodge, our controller. Thank you for the invitation. I am honored to present to you today. I would like to begin with an overview of VINGN. VINGN is a public corporation that is wholly owned subsidiary of the Virgin Islands Public Finance Authority, PFA. It was established on October 8th, 2010, and funded by a $67.5 million federal grant and a $36.8 million bond approved by the 29th legislature. Our founding mission is to provide wholesale open access middle mile broadband services to internet service providers, ISPs, over pure fiber network. V-I-N-G-N is governed by Articles of Incorporation.

0:46:46 We are governed by an independent board of directors comprised of the Honorable Governor Albert Bryan Jr. as Chairman, Keith O'Neill as Secretary, and members John Clendenin, Gordon Ackley, Andy Smith, President and CEO of WAPA, and me, Steven Adams. Although WAPA has poll-right equity and a seat on our board, We pay market rates for electricity bill and water bill. Only the three private sector board members receive $350 per meeting. The board meets quarterly, four times a year, to receive operational and financial updates and approve any policy changes or expenditures over $250,000. The company's daily operations are managed by 26 highly credentialed and skilled employees at two locations, one in St. Thomas and at our headquarters in St. Croix. We now own our headquarter building, which we have occupied since inception.

0:47:51 The INGN's ISP partners include Viya, Broadband VI Liberty, Alliance Data Systems, ADM Wireless, Land Communications, First Stop Communications, Omni Systems, High Tide Solution, Reach Communications, and BIT, UVI, WTJAX. The company was also a recipient of several grants. The major ones are from FEMA and the American Rescue Plan Act, ARPA, administered by the Office of Management and Budget, OMB. Other grants are National General Communications and Information Administration, NTIA, and the Federal Communications Commission, FCC. A schedule of our grant activities is provided. The INGN does not receive any funding from the central government or the legislature.

0:48:48 The FEMA and ARPA grants form the basis of the company's three-year capital program. The FEMA portfolio is permanent work and resiliency related to damage caused to our infrastructure and buildings after Hurricanes Irma and Maria. The $10.8 million ARPA Community Wi-Fi Grant Award funds Wi-Fi hotspots in public spaces. 95 have been installed thus far and counting. Senior centers are prioritized. Funds are also being used for core network upgrades from 10 gigabytes per second to 100 gigabytes per second. This will significantly increase our network bandwidth capacity. To date, we have received and expended $5.4 million in grant. We are awaiting final determination of ARPA disbursement for fiscal year 2024.

0:49:48 VINJAM was also awarded a $150,000 digital equity and inclusion grant from NTIA to develop the territory's digital equity plan. This involved extensive community engagement. The DE plan complements the $27 million broadband equity access and deployment BEAD program administered by OMB. Its focus is to ensure Virgin Islanders have access to affordable high-speed internet. DE's focus is on promoting digital resiliency and digital skills in the territory to bridge the digital divide. A draft of the DE plan was published on March 28, 2024 and is available for public comment through April 28, 2024.

0:50:42 Anyone can download the plan from VINGN's website, www.vingn.com, which I encourage you all to do. VINGN has received a follow-up Notice of Funding Opportunity, NOFO, for the $2.1 million DE Capacity Grant. We will apply by July 31, 2024 deadline. One key strategic VINGN imperative is diasporalink. This is our long-term initiative to run undersea cables from the U.S. mainland to the continent of Africa via the U.S. Virgin Islands. This is a matter of national security. The Asperlink Bill H.R. 3385 passed the U.S. House of Representatives on March 5, 2024. It now goes to the U.S. Senate for a vote and then to President Biden for signature. This bill will authorize NTIA to conduct a feasibility study on the construction of this critical infrastructure. I will now provide a brief financial overview. Fiscal year key accounting policies and audits. VINGN fiscal year is October 1st to September 30th. This is consistent with the government of the Virgin Islands and the PFA fiscal year. Grant revenues is recorded as non-operating revenue because it is not generated directly from broadband operations capital expenditures are recorded as fixed assets on the balance sheet while repairs maintenance and records are recorded as operational expenses on our income statement our financial statements include a statement of revenue and expenses which is the income statement

0:52:35 and a statement of net position which is the balance sheet the the statement of revenue and expenses includes a calculation of earnings before interest taxes depreciation and amortization ebitda which measures corporate profitability vingn is audited by bdo the last audit completed was for fiscal year 2021 the ingn's audits can be found publicly at the via at the pfa website the fiscal year 2022 audit is in progress and is scheduled to be completed by may 31st 2024 preparation has begun on fiscal 2023 audit with our cpa consultants benjamin hodge revenue in 2023 operating revenue was 5 million dollars and are projected to be 4.9 million dollars in 2024. in 2023 certain isps discontinued service while others acquired new services resulting in a net revenue decline other revenue opportunities include cloud services and monetization of wi-fi after the grant period of performance cloud services generated 119 000 in 2023 and 98 000 this far in 2024. the ingn's core pricing structure has not changed since it's been established since its establishment consequently we are in the process of conducting a comprehensive pricing review our goal is to be able to offer more competitive pricing for our isp partners expenses bi engines operating expenses consist primarily of salaries and benefits you to utilities insurance building rent legal fees operating maintenance depreciation and amortization total operating expenses for 2023 were 10.2 million dollars and projected to be

0:54:40 be 10.6 million dollars in 2024 the increase is attributed to the annualized impact of salary increases awarded in fiscal year 2023 salary increases were awarded to employees based on merit industry standards and retention of talent the previous salary increases was 2000 was in 2016 at 3%. The CEO's compensation is determined by the Board of Directors and is governed by a non-disclosure agreement. Key areas of concern. The existence of VINGN, the existence of VINGN as an ongoing concern is not currently in question. However, a key area of concern is this $36.8 million bond. By PFA resolution, this bond is to be treated as a loan that can be converted to equity at pfa's election this matter has been discussed at several pfa and vingn board readings to date interest rate to date the interest rate has not been determined and amortization schedule has not been established based on our current fiscal standing vingn does not does not have and does not foresee the ability to repay the 36.8 million dollar loan um without assistance vi engine has made a case for the bond to be forgiven pfa has directed us to seek federal grant opportunities to cover this debt another concern is the impact of the 84 84.5 million dollar usbi connect grant that was awarded to broadband vi liberty to connect every home and business to the internet this award prevents any other public or private entity from obtaining

0:56:34 federal grants for uh infrastructure projects due to federal duplication rules consequently millions of infrastructure broadband dollars are not available available to vingn until 2030 which is the end of the usbi connect performance period this concludes my opening remarks thank you for for your attention to my testimony. Ms. Hodge, and I look forward to addressing any questions you have.

0:57:09 Thank you, Mr. Adams. Colleagues, we're gonna go to a five minute, a five minute round, but of course, I have to ask a very quick question before we start. So you speak, you spoke specifically to the $36.8 million bond that was issued. When was that bond issued? The bond was 2011. 2011.

0:57:37 Yes, ma'am. And it's currently being paid how? Currently, we don't have insight into the bond. Currently, we do not have insight into the bond. It's a PFA, it was a PFA, it's a PFA bond and it's, we've been notified that has been converted into a loan to the INGN. We have no insight into the $36.8 million. What was the purpose of the $36.8 million? It was part of the match for the building of the INGN to begin with. So it was a combination of three. The INGN was established with three components. One was the federal grant, one was the bond, and then there was $25 million in in-kind contribution from WAPA, which is why they have a board seat equity position in the company okay so um this 36 million dollars was used to build out the divergent next generation network that's a matching requirement and currently that bond was led by the virginals public finance authority that's correct i have to look back at that i don't i'm trying to figure out how that bond is being paid um so you are not utilizing any of your current operating revenues to hit this no early in my tenure I was I'm sorry okay early early in my tenure I asked about this bond and was was notified that there was not an interest there was no interest a cure accrued or an amortization schedule for this bond and that it would just be it's been held on our books. I've raised this issue numerous times at PFA and the ING and board meetings. As you know I report into the PFA and we don't have clarity about our... So it sits on your books? It sits on our books as a loan. As a loan. As a loan from the PFA. And it's also on their books as well. Miss Hodge do you

0:59:40 Do you have any information? I just need to get some clear clarification on this. Because it was used to bill out the Next Generation Network as a match. They had to come to the legislature. Well, yeah, that was 2011. To get the bonds lit. So I don't know. That sounds like it's part of a larger bond that's tied to our gross receipts. But we would have to check. So I asked a question. You know I ask the question, I ask the question because many of our semi-autonomous, autonomous type entities, they 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, okay? And in order for this to be paid, when we work on our budgets and our appropriations the respective fiscal years we have to shave off that debt to make sure that that debt is covered so it seems as if this bond was let if i'm if i'm not mistaken under the john de young administration yes so that was tied to grocery seats that was a part of a whole a bunch of projects and this was peace so we'll look closely at this but um i just wish to remind you that if we are I don't know what the debt is so we're going to find that out we're going to ask our post auditor to please find out from our from the PFA before we leave today what is the debt the annual debt associated with that and how it's paid naturally it has to I'm making an assumption but we need to get clarification as to what the source is that covers this so um you said that the government has asked you the pfa has said so it's now sitting sitting on as a as a as a um

1:01:42 as a loan on your books yes so you're carrying that loan as a loan that you're not paying correct and we're not incurring incurring any interest on it either because we haven't been given an interest rate okay so it's sitting on your books as a liability but you um sitting as a liability for how long how long did it convert to a loan in 2012 also it converted immediately after i'm not the same administration and and the governor of the virgin island still still serve on the virginals next generation network he's on board he's a chair right yes okay and he's also the chair chair of the pfa of the pfe so we need to get our house in order we do um we're going to get the information and then we will get back because it's important for us to have a clear understanding of this as well because it means that when we shave off the funding to pay our bonds for that particular year for our operating operating bonds that were floated in 2011. So we are we are contributing to the Public Finance Authority, the Virgin Islands Next Generation Network. Okay so we're gonna move to the Senators, Senator Fonseca. You're recognized for your point of information and then we're gonna go directly to Senator DeGraff for his five minutes. You may proceed, Senator Fonseca. Thank you Madam Chair. Real quickly um that 36.8 million dollar bond you know first I have to congratulate you on the full disclosure that's very good information but you were instructed to pursue federal opportunities and you also have discussed forgiving forgiveness so are there any formal correspondence where you're asking for forgiveness and what federal opportunities have you pursued thank Thank you for the question. Last year we approached the USDA for a particular type of grant that

1:03:55 they had that we could have used for paying down this loan. It was a national, I do not recall the name of the particular grant, but there was 15 million dollars that were available, but it was nationwide, I was introduced to the secretary, and they inquired on our behalf, and they said that the funds had already been allocated, so that was the only avenue that we found where we could get federal help with this grant, with this bond.

1:04:33 Thank you, Madam Chair, for the time. Thank you Senator Fonseca. We're now going to go to Senator DeGraw for your five minutes. Thank you Madam Chair. Good afternoon colleagues, good afternoon test affairs, all of you in this and present. All these numbers had me a little confused and the 36.8 don't clear up anything for me. We got $67.5 million of federal loan. How was that money used? All the monies that were used once the ING was established in 2010 was all used to be able to dig trenches and put fiber into the ground, build these 24 access points as you see on the side of the roads is where our communication equipment is, and to be able to hang fiber on WAPA poles. Since Hurricanes Irma and Maria, all the infrastructure that was on WAPA poles was destroyed. We rebuilt that, and we sustained damage to some of our facilities, and we're in the process of repairing those damaged points that are in our grants report.

1:05:49 So the total aggregate of 67.5 and 36.8 is what was used to complete all of that? In addition to that, there was a match of $25 million from WAPA, which was for the poll rights. So, yes, sir, that's correct. Okay, so then if you're not paying back a loan, your revenues for $23 million are $5 million and projected $4.9 million in 24. But your expenses are $10 million plus. How do you cover paying for your employees and your gain salary? How do you cover that?

1:06:22 What needs to be understood here is that the way we have reimbursements from FEMA for grants and then how we calculate our expenditures for grants. So our calculations on grants is in that number, but from an operating standpoint, we are on the edge. Right. So your calculation is grants does not go as revenue. I think that's what you had stated. So, that doesn't go as revenue?

1:06:54 Okay. I think one of the metrics that we use at VINJN, which is different than, I believe, the other entities use, is that we use EBITDA. Use what? We use a metric called EBITDA to be able to say how the company is actually doing. Which is basically from an operating standpoint. And from an operating standpoint, VINGEN has never been in the black. You know, just in full disclosure, VINGEN has always been in the red from its inception and it remains in the red. However, under my administration and leadership, what we have been doing is working diligently to be able to run the company like a corporation, which is why we changed to EBITDA to be able to see operationally outside of grants. If you take grants out of the equation of our expenses, how are we doing on broadband selling, and then the expenses to deliver that service? And in that, if you look at fiscal year 2024, our projection is that we will be negative $1.4 million. The reason we've been able to stay afloat this long is because we've been able to manage our cash flow very well from grants and other sources to be able to negate what might otherwise be a nasty situation for our company. then you're commingling monies we're not commingling monies we we would that'd be illegal for us to commingle our monies okay but from a cash flow standpoint how we manage cash is what's important here so we do not every grant has its own bank account it has its own accounting so we do not commingle funds but when you have cash how you manage that cash is what's important and what and i'm very blessed to have uh a very good controller to help one minute cash so for projecting at least the hot controller wait just to wrap up because i got one minute and then you go add in sorry about that um so to cover where you gave wage increases to your employees yes and your your projections for 2024 are less in revenues how do what kind of miracle we work in

1:09:13 there that's not a miracle it's a a situation 30 seconds during the time at the time of the at the time of the increases of wages to the employees we had secured a we had secured a grant that had an administration fee on it that would allow us to be able to pay for these increases okay that grant was then taken away from the ingn unexpectedly and re and given to a different agency then the ing time had these grant they had these obligations since they were salaries and not bonuses um so we now work for diversifying our revenue streams to be able to pay for that and we've nearly captured all that revenue back through our diversification of revenue strategies okay um madam chair could you just wrap up with um if you don't mind thank you yes i wanted to clarify that in the 10.2 million dollars of expenses were some non-cash expenses such as depreciation and amortization.

1:10:29 Thank you for that, Ms. Hadjah. I was just about to share that. So your 1.2 red loss, if you want to call it, what was the depreciation amount that's impacting that? that? Depreciation amount projected for 2024 is 4.3 million. So that's why you're saying 1.2? That is correct. Because of the depreciation. But your cash, let's talk cash. So your cash flow, what is your monthly expenses versus your monthly or your, let's just say quarterly for the sake of this discussion. What is, give it to me the best way you can based on how you have it, your revenues versus your expenses okay quarterly revenues are about one point two 1.4 and expenses less the depreciation. No, give it to me without depreciation. Yes, okay.

1:12:01 Yes, approximately two. You don't have to be like stuff. 1.2. 1.2? So are you breaking even? That's what you're saying? The annual expenses were 10.6 if I do...

1:12:34 10.6 annual. If I reduce it by the depreciation of 4.3, excuse me, That gives me 7.3 divided by 4, 1.9, about 2 million. 2 million per quarter. Quarter, right? And you, so you are able to cover your expenses. You are not struggling to cover your expenses. Yes, we're able to cover our expenses. Of course, we can always do it excess, but we're able to manage our expenses.

1:13:12 But you're not-for-profit, right? No. So is it that you need excess dollars for the purposes of maintenance? What's the purpose? Because if you have 1.2, you have an additional million dollars available every month, every quarter. Well... Yeah, because you have revenues of two. I'm about two. right that's what you said is that correct no that's not correct what did i miss then i need to understand what i missed okay let me work on that analysis and mr adams wanted to say what we would do with excess okay so one of the one of the challenges in looking at our financials is the type of business that vi engine is in our our businesses is extremely expensive on the capital side we and we have a lot of unknown expenses that come up all the time right a fiber break just recently we did a just just give an example we had on the South South Shore of St. Croix we did a five mile cable run somebody shot it the cable with the bullet I mean with a gun bullet went through the cable miles had to be replaced didn't expect it that's something that we have to come out of every month we have things like that on top of that we're being pressured to be able to drive down our pricing but we have the same capital costs as a small city but we have the population of a community. So our capital costs is constantly straining the company and the

1:15:00 inflows are ours. We have recurring revenue that's pretty steady but now we're in a competitive situation with would-be customers that are now also putting more strain on our network because we don't have enough monies left over to continue to do upgrades to the network. Okay I'm gonna move to the next senator but do you have a annual capital budget what do you have a five year capital budget we we don't look out we cannot we're look out five years we basically go out 12 months okay annual capital budget we do not have a capital budget per se our capital program is really dictated by our FEMA projects and those have a period of performance of about three years so so are we saying that if we did not experience the hurricanes of 2017 we would have the Virgin Islands next-generation network would be in dire straits because that's what we're saying so yes there's actually yes this is what I need to understand so help me to understand this. So an organization such as yours should have a capital budget and then your revenues or whatever you're charging for your middle mile that should be backfilling your capital budget. Yes we may fall short but there must be a capital budget because these FEMA dollars are not going to be available to the territory infinitum and our expectation is that the virgin else next generation network is available to the virgin islands infinitum

1:16:53 so how do we balance this a capital budget is a must even if you're utilizing federal funds now there must be some capital um projections at um the virgin's next generation network You have to go to the next senator though. Go ahead to it. May I adjust that? Yes, you're hitting the nail on the head When I came aboard the INGN Our accounting was a mess We had no back-end systems. We had no budgets The only reason that the company existed was because it had four million dollars dollars from fema in cash and they used it for operating rather than putting it into the use that it was supposed to be used for the other thing that has ham hampered us from day one was that when vingn was built the federal government gave vingn eight million dollars in operating cash that cash should still be available to the company to this day given the burn rate of the company however a decision was made by the executive team at the time to build uh undersea cables between st croire and st thomas before the feds gave a green light to do so that cost eight million dollars okay the feds did not reimburse the company for that money so from day one the company's been in the red and we are still trying to overcome that which is one of the reasons why we also that the bond is like when the bond first came up when i first looked at our books i said what's this bond i mean this loan no one could explain it pfa couldn't explain it bi and jan couldn't explain it we dug deeper and deeper and then found that we have a loan on the books and it wasn't even recorded on the books so a lot of what you're I think that's a good question. I think that's what we're talking about, Senator, about fiscal discipline. We are still trying to catch up.

1:18:58 So we do not have these budgets that we should have. We've been spending two years just have a back-end system that we now have, a NetSuite implementation warehouse management systems that we're trying to install. We're trying to do a lot of back-end office automation to be able to bring down our cost of the company so that we can then start bringing down pricing for the betterment of the people of the virgin islands so we're we're still cleaning up a mess that's existed for 10 years i'm gonna go to the next senator but i am very interested in discussing pricing uh senator funcica you're recognized for your five minutes yes thank you uh madam chair and pleasant good morning good Good afternoon to the listening audience.

1:19:49 We give thanks and praises to the most high blessings. Blessings. Mr. Stephen Adams and Mrs. Hodge, welcome. I really appreciate your testimony. I think you are doing excellent. I have read through your testimony, and even though it seems like the questions are difficult, it's because the level of information that you have provided to the legislature It's very, very, very good. As a matter of fact, I love the way this corporation is being run. So your mission is to provide wholesale open access middle line bandwidth, middle line bandwidth to the ISPS providers over pure fiber network, pure fiber network. So that's the segment of the telecommunications where you connect basically to the modem. In other words, you go from the modem back to the major service provider more or less. That's how it is almost We we provide We do not provide to the modem. That's the last mile the is the internet service providers known as ISPs provide that They are our customers the engine has 11 customers and they're all ISPs in the territory Some of them were where we provide 100% of their service capacity and others. We it's in spots Okay, so the last mile is like VI Liberty and that group? Yes. Okay, good. I got a question here that I want you to answer, but I'm going to ask Madam Chair's indulgence to answer it on the Chair's time because it's going to take a long time and I only have a few minutes. So that question is, I want you to discuss in the Virgin Islands, are there any cases to your knowledge the middle line access what you do is being bought or competition by the local access providers and those those in the last mile because you mentioned the 84.5 million dollar with usvi connect grant so i want to ask you indulgence to explain that under madam chair's time okay i want to question you now since your mission is to provide a pure fiber network what is the percentage of homes right now that are still on a coaxial system that are not on the five true fabric fabric optic

1:22:13 infrastructure um i don't have i do not have that answer but i can give you some flavor for it um vi engine doesn't keep track of we don't since we just sell bandwidth or we call light we don't track every single instance of it okay so you don't you don't know we don't know but there are a lot of homes that all of the custom all of the customers that are of the uh via are on a hybrid network okay so there's a lot of people still not on the pure fiber optic system in the virgin ounce yes yes and that's why you have the fcc had the competition to be able to get everybody onto pure fiber okay so now i want to ask you now are there any local controversies with the national rural electric cooperative a position to pull attachments tariff changes etc do we have any of those issues in the virgin island oh yes we have issues around that okay and what are you doing to resolve those issues those aren't vingn's issues those are the issues between the internet service provider and wapa so you're not involved with we're not involved okay good so or influence and i must say that part we are not influencing those issues either okay so do you have open access initiatives such as dock sharing utility pole sharing fiber unbundling and all of those have you one minute we there's there's a lot to impact there but in in general uh WAPA's conduit is, VINGN and WAPA have entered into an MOU, and in that MOU, VINGN has the right to run fiber in any other communications conduit and on most of their, on all of their poles. When our fiber is anywhere on the islands, it's available to any ISP at the same price of every other ISP. So anytime VINGN's network is mingled with WAPA, it's available to every single ISP. We cannot deny service to any ISP.

1:24:28 Okay, so now the costs have gone down radically in your industry. How about the pricing reviews? How are you, where are we with that? Are there any price reductions you foresee? We must bring price reduction to the territory. VINGN, and this is a total candle time is that part of the reason why we have high internet pricing in the virgin islands is because we have not been able to bring down wholesale pricing bottom line we are working diligently on that by diversity by two ways one diversifying our revenue streams so that we can subsidize bringing down prices and secondly we're actually right now we're we've hired an economist to help us look at our pricing schedule so that we can offer relief to so we can have pricing comparable to the mainland but it's going to be extremely difficult okay thank you and mr adams miss hodge i have the utmost confidence in you and madam chair if i may if you can access answer that question now with the 84.5 million usvi connect grant and the main you know how you this how the how you're being affected okay thank you madam chair for the time thank you for the insightful questions because all of those are are core to what we are grappling with as we're trying to modernize our company that's actually trying to make sure that we're relevant in providing value to the isps so that we are here for the next 20 years so there was a competition that was uh two years ago is called usvi connect there was there was two competitions one was in uh here in the virgin islands and the other was in puerto rico so they have uh puerto rico connect these were specialized grants that the fcc had a competition the competition was won in the u.s virgin islands by broadband bi broadband bi was is was is still

1:26:25 vingn's largest customer broadband bi was purchased by liberty bi so now liberty is our biggest customer um however the liberty's usbi connect grant requires them to be able to run pure fiber to every single home and business in the territory that is both a middle mile which which V-I-N-G-N does, and Elasma, which is the current business.

1:26:57 We are in support of this award. We are in support of Liberty, and we are doing everything we can to help them be successful. However, there is a challenge with this grant, and the challenge with this grant is that since it's 86 86 point 84.5 billion dollars it is a capital grant that does not allow for any other infrastructure grants while this grant is in is active to be awarded to any other entity in the in the territory and i'd like to give a clear example of how this grant that liberty had won it has nothing to do with liberty i'm just using their name because they're the ones that have received the grant. But the impact has been dire for BINGN. Last year Miss Hodge and I spent an exorbitant amount of time on a USDA reconnect grant. It was a grant that was for the Virgin Islands for the territories and our share would have been 24 million dollars no match 24 million dollars we worked on this grant for quite a while the week that the grant was being awarded uh usda contractors told us the award was coming checking bank accounts blah blah next thing you know we got a letter that says we had been disqualified from 24 million dollars and the reason we were disqualified was because of this duplication rule has nothing to do with liberty liberty it's not their fault they won fair and square this grant but what was put into place is that no other infrastructure grants can be used no other grants in the broadband um set-asides can be used for infrastructure in the u.s virgin

1:28:53 islands that also extends to another grant that's in the territory right now it's a grant called the bead grant i mentioned it in my testimony it's a 27 million dollar grant that was awarded that's that's available to the to the territory bay angn initially was the broadband office for that grant and that's how the management fees off that grant is what we use to be able to increase the pay to be able to retain our talent at the time ntia at the time felt that there was a conflict with vi ngin not only managing that grant but also being a potential recipient and then also using that for infrastructure so now you have over 50 million dollars that would have went to vi ngn to upgrade the network and none of the monies can be used for that so the grant was re um allocated to omb which is why omb is the broadband office and they're doing the best that they can with that grant but of the 27 million dollars not a dime of that money can be used for infrastructure so now we have over 50 million dollars that could have been to elevate the virgin islands and we have no access to that so you put that on top of the mismanagement of our company you can see why we're struggling and then our population size is not large enough for the for the expense of our company we buy pizza it's not like we buy um a forklift from time to time which would be a big expense for some companies we buy we buy machines that cost ten hundred

1:30:40 matter of fact we've got as these things called asr's hundred thousand dollar machines we need three of them you know we we buy stuff like that we have parts of our network that if something falls off the pole in saint croix all of saint thomas is down the entire island down so so when we look at capital projects and we look at budgets it's very hard for us to budget because we have this infrastructure that's with a shrinking population where we cannot amortize out our network costs and then the government not allowing us to use the funds that are available to every other territory every other state except for in the United States Virginia So, that one has me sitting up straight in my chair. I have to go to the next senator because that was a long explanation, but a very necessary and needed explanation. But the question that I always would beg when I hear of these types of challenges, how do we mitigate these challenges while you are aware of all that you shared today that is a big issue for the wider population we continue to hear about the need for our internet services to be cheaper based on what you just said that will never happen we have been applying the skydream and if it does happen it's not gonna happen no time soon we're not looking forward to something that is realistic unless there is an opportunity because I don't know

1:32:46 because this is not my area is unless there's an opportunity for us to put our collective heads together to figure out how to mitigate all that you've shared because you shared with us that all of the other outlying areas of the u.s territories the insular areas they are not impacted in the way that we are no correct that's correct so who's fighting for us who is fighting for us on the ground here in the virgin islands i just came from a event at the Virgin Islands Port Authority and I ran into one of my classmates and she was talking about the cost of living in the Virgin Islands. And who's fighting for us? If we have a situation like this, how are we going to mitigate the cost of living? We have to have internet service. We have this in our homes. Those of us that can truly in fact afford it and it's almost really unaffordable, to tell you the truth. What is the conversation around mitigating this issue? Because I started to ask you about subsidies earlier. But before Senator Fonseca spoke, when you talked about lowering costs, when I said we're going to get back to that, I was coming to you with subsidies. But based on what you just said, we have a bigger issue.

1:34:09 yes I'd like to as you know me I'm I'm very blunt but a very thoughtful man this is um let me address it let me address this from honesty right off the bat what you're what you're discussing is unacceptable the pricing in the territory is purely unacceptable it's unacceptable the pricing that v-i-n-g-n charges its internet service provider customers so we will take blame for that we are doing our darndest to be able to figure out we cannot mitigate this is not a mitigation issue because there's not enough population size to mitigate right if we're on the state side and we're in the prairies of Kansas that was a booming suburb that's growing you can be able to grow that community you can take this infrastructure and grow with the population we have a population on a good census day of 87,000 people and you have three network providers who have middle-mile networks via has a middle-mile network that's pure fiber the Liberty bought one from AT&T on the backs of VINGN and VINGN has one we do not since we're a nonprofit and a government entity we do not have the deep pockets to be able to compete. I assure you that VINJN will be uncompetitive in the next five years. However, this is not all doom and gloom. There's tremendous opportunity here. The opportunity that we see is to do two things. One is to figure out how do we leverage the network that was invested by the federal government and the people of the Virgin Islands. In my testimony there is a significant small little paragraph but it's a very significant to this issue and it's this initiative that i that is called diaspora link and i'd like to if now i can maybe would

1:36:11 i can talk about that or i can wait because that's how we mitigate if because there's a full strategy behind that small paragraph you can proceed and then we're gonna after you're done we're going to go to i think it's very important information so after that we're going to go to senator belated thank you i'll be brief with this diaspora link was a is a initiative that i came to with my executive team after looking at the realities of what we're discussing today about our very viability and our purpose and looking at trying to figure out how we can mitigate and be able to bring the cost structure in place shy of cutting our staff in half which is a mitigation option but an unrealistic option there is no other way that operationally we can get the pricing structure down to be acceptable the only way we can do it is we have to find a new revenue stream altogether diaspora link is an opportunity to do that diaspora link basically is running internet new internet undersea cables from the cities of Virginia Beach and New York and connect those two cities they come to st. Croix they connect the Virgin Islands and then they go off to Ghana and they go off to nigeria now on the surface they may not seem like it's very important but if you look at the national if you look at go back and look at china and this belt and road initiative that they have in china and the american uh complex not being in in africa and there's no direct link to the continent of africa to the united states we provide a way station that provides an opportunity for us to have new cables not only new cables but new revenue opportunities coming from having

1:38:13 those data centers that would be here to relay data between here and africa that's new revenue those new cables also presents an opportunity for on the back of government of federal priorities for vi and jan to be able to provide new value to the territory that doesn't exist today that we did not have to pay for that's critical shy of something and the significance of it is that and and you look at diaspora link was unanimously approved by the commerce uh the uh committee of commerce in the house of representatives and then two weeks or a month ago was approved on the floor of congress by our delegate who's been villainized and got that through a congress that does nothing at the point right now it shows how significant diastralink is to national security and makes us relevant to the united states of america that's new opportunity that's new revenue that's new prosperity for us that's where we're going the broadband market is a race to the bottom and we can't keep pace so once liberty is done with their bill that will be they and and bio will not will fight it out there will be always niches for the small isps they will continue to thrive but our value proposition in this fight is minimal so we have to find a new battlefield and that is diaspora link for our future for the territory not just

1:40:00 vi and jan for the territory that's my complete answer thank you for your response and i recalled in about 2010 2011 that was a conversation in the virgin islands that from a economic development perspective from a revenue stream perspective that's was that was the intent when the whole next generation network came to the virgin islands when the federal government said these are the dollars that will be made available to you there was lots of conversation about exactly what you just said so i'm not sure when we fell off the wagon but obviously at some point we did fall off the wagon but i'm very happy to hear that you know we are there is some level of movement because that was the original intent it wasn't for this entity to just be out there floating yes and that's what i inherited we did not have an intent all right so i i recall that very well uh senator blighton you're recognized for your five minutes thank you so much manager good afternoon to my colleagues you and listening audiences staff central south of South Africa afternoon, CEO and President Adams, and your supporting team there, Unithart, and thank you so much for your testimony.

1:41:19 Interesting conversation. So, you are basically saying that the last stance is the diaspora link. Yes. know you stated um when did you come on board i came on board october uh 2019 2019 okay and you spoke to the some eight million in cash that you didn't know um was there but at the same time that that has basically given you some challenges and with your operations uh you also spoke to some of the challenges when it comes to the duplication rule the federal rule of duplication funds that have affected your operation also because you have a large capital budget is stated and in respect to to the day-to-day operation uh you said in terms of the ingn and your longevity say you really don't have any concerns um as of now but based on what you have stated and based on the little due diligence i did in terms of revenues and staying afloat i know you're not there to make revenues but in terms of the cash at hand and also the operation because i know between 2019 and 21 the cash and cash evaluations decreased from 1.48 million to roughly about 550 thousand um and also uh i saw uh losses about a possibility five million dollars during this

1:43:13 period so i'm seeing a steady annual decrease in our losses so that's a little concern in that respect but let me ask you in respect to the diaspora link do you know um if the feasibility study on the construction of the infrastructure do you know when do you have an idea when that will be done or is there any plan yeah in that respect the the the bill passed the republican congress which is remarkable it's now in a democratic senate we expect the passage in the senate within the next two months at the latest and then off to president biden for signature Upon signature, that bill will then authorize NTIA to be able to do a 12-month study on the viability of DiasporaLink. But inside the DiasporaLink, I want to point out something that's not clear on the surface of this bill, but it's tucked into the bill when you read it carefully. DiasporaLink has three components.

1:44:31 DiasporaLink has fiber running from coast to coast. But it also has an independent power plant and it also has a data center built into the bill. Don't need to talk much more about the significance of both of those things, the diversion items. Very well. And you also spoke in terms of your goals and being able to offer more competitive pricing for your ISP partners. But how would you go about doing that, though, within the space?

1:45:06 minute the way we the way we plan to go at that is that we're conducting a study now i'm i stand by the statement that i made that vi engine is is not in any danger today i'm talking about danger three four or five years from now and my job is to be able to make sure that my predecessors actually have a thriving business that is serving the people of the virgin islands so that's an important statement the way we plan to be able to deal with the pricing is we plan to offer new products that we don't today right now we sell broadband services which is basically lit services which is the broadband itself but we are now looking at licensing our network to the isps to give them more independence from us and but at a greater value to the virgin islands so for instance the we have one of our isp partners um we sold them we leased them basically this time fiber between st corey and st thomas under undersea cable because they didn't have it and they wanted that we charged um millions of dollars for that that was valuable we plan to be able to do that again but on the terrestrial network we believe that that will give us the room to build the lower prices for everybody because the new product that we don't offer today so we're looking at all of what we have and say well we've only been selling one of five things that we have to sell let's sell everything everything's for sale sorry so and if you want to buy my car you can buy that too so everything is for sale to be able to figure out how to buy us time for diaspora link or some other type of leverage of our network okay very well it's a start anyway but thank you so much for your response to thank you so much Madam Chair for the time.

1:47:02 Thank you, Senator Belayden. So let's go back to the ask for link. So basically the ask for link is to allow NTIA, right, to conduct a feasibility study on the construction of this infrastructure, correct? Yes. So are there timelines around this? Are we, what are we looking forward to?

1:47:39 So you do a study, how long is the study anticipated to take? Is there funding attached to this? Once the study's completed, is it that we have to go back and fight again for another HR for the funding to become available so we could move this along? Help me to understand how well we have thought this out. Okay, we thought it out pretty well. OK, the way that the way the fantasy, right, idea world, if it all works out, we believe that the Senate, we have friends in the Senate who like this bill.

1:48:25 We are encouraged that the Senate will pass this bill. We have early indication also that President Biden likes this bill, that it will also be signed. Those are big gifts. So if they do get signed, then the next thing that happens is that immediately NTIA has 12 months to be able to do a feasibility study on the whole bill. The whole. Just for the sake of the community. Excuse me. Please just share with us what NTIA means. National Technology Information Administration, I believe. National. Did I get it right? National Telecoms on Information Administration. Okay. That's important. that soup okay so they're um they're controlled by the commerce committee um and the commerce committee um is where nta rests and that's also one of the reasons why diaspora is interesting because it provides two things for the the relationship between the united states mainland and africa which is not only economic but also also from a national security standpoint there is no direct links so every every communication whether it be military whether it be commerce goes through communication cables that could possibly be compromised end to end from the mainland to the continent through the virgin islands the u.s government stays in control of that link we do not anticipate that once these bills are passed and this the study is completed we believe the study will come back affirmative and then once it comes back affirmative then uh it's up to congress to figure out how to fund the results of the study we do

1:50:19 not anticipate that the virgin islands will have to be the contributor to this because it's a federal issue but at the same time they need a custodian here in the virgin islands I wrote the white paper for this initiative, and I believe I will carry it all the way through. All right. So we need to stay on top of this and make sure that this is shepherded true. And pray that the feasibility study comes back feasible.

1:50:58 Yes. and then we get to the funding conversation yes so I don't know what kind of time that is I know everything takes time and sometimes I feel like time is forever so you talked about five areas to some possible areas to support lowering the cost of services but lowering the cost of the middle mile getting to the last mile do you have an action plan around any of those or all of those as to how we can how reachable are these goals yes one of them we're actually already finding some early success with and that was a diversification in our diversification strategy one of the things that we're trying to do is figure out how we can leverage not only our network but our people domain expertise right you know we have a particular knowledge in our house that is very unique in the virgin islands which is one of the reasons why we also did these salary increases to retain the valuable talent of our staff um one of the things that we've done is we're looking at cloud services those are things like uh you know hosting of servers and have data backup the hospital is one of our customers both hospitals are actually customers of the ingn and buying licenses microsoft licenses as well as data backup services we plan to get further into that business because all it is is leveraging existing network capabilities and domain expertise that our staff happens to have that's one area we have spent arpa funds to be able to deploy wi-fi extensively throughout the territory and we're not done yet once that's deployed there represents revenue opportunities to advertise we plan to monetize

1:52:54 a web our our wi-fi network in that manner a third one is i already spoke about is a licensing dark fiber which is basically getting fiber strands to our isp partners and letting them be independent of vingn with that also comes number four which is using our fiber access points which are these little huts that you see on the side of the roads we have 24 of them that all's our infrastructure and those become opportunities for our isp partners to be able to host their service and then lastly what we plan to do and this is a one that's very dear to the whole company i talked about the digital equity grant which is a very important grant to the company because it's something that we have uh interest in um to do good for the virgin islands but that also resents represents revenue opportunities to make the virgin islands partially a destination place in for cruise ship passengers and people who come here to be able to learn and we have this idea called digiplex which is a similar to a model that they have in san francisco where you have a center where people go to be able to learn get hands-on experience with technology that also be not only is that something important to our children but it's also something that's important to people who are coming off cruise ships and need something to do for their children right so those are the five things that we're exploring as revenue opportunities to bridge the gap until we have something significant to do a pivot could you give me the first one again oh i knew you were going to do that yeah i'm sorry cloud services cloud services what was it again uh um hospitals like the cloud services is like when you uh back up your servers and your data and that goes into the cloud like um um like if you're using google uh or sharepoint or any of those types of things those are cloud services that's that's okay just wanted to be clear on that all right thank you uh Senator, let me first take this opportunity as well to recognize the presence of Senator Giovanni James,

1:55:08 senior member of the committee. Please mark Senator James as present, as well as Senator Novali Francis, Mr. President, as present. Senator Carrion, okay, he probably left the room for a second, so we're gonna go directly to Senator Giovanni James. Okay, my apologies. Senator Novel-Francis. Thank you very much, Madam Chair. Good afternoon to you. My colleagues, good afternoon to the testifiers from VINGN, CEOs Adams and Controller. I just thank you for your testimony today. And you said a mouthful, and you talk about being in the perfect world but the reality is that and you also talk extensively about the costs of internet service here in the Virgin Islands but you know what it wouldn't be so difficult for us to pay for the damn thing if it worked right I think the problem that we find ourselves in a lot of times is the fact that you know there's this cost however the service is not matching up to the cost of it I have three I juggle three service providers at my home just to be able to make it work I have a responsibility you know you do your businesses you want surveillance I have to be accessible and available not that I could afford it it hurt to me but I need to be available I need to be accessible. So I have to make the sacrifice to make that happen and if we don't get it right, people will continue to come and eat our lunch. Elon Musk is out there and Starlink is the latest thing and now that they're saying

1:57:07 it's somewhat of a savior for what we're experiencing. So we truly have to put our heads together you know because while we're fighting here among ourselves between the VIA, the Liberty, the VIGN and all of these entities, others are now able to infiltrate and be able to get the services here. So at some point I know that there have been some collaboration, some synergy and you talk about your partners and I'm hoping that at some point we could really start to hunker down and make this thing work. I wanted to ask you, I know that there was an initiative by the governor to make sure there's wi-fi accessibility throughout the territory where are we with that so um thank you senator um that's probably that's one of our brightest points is uh governor brian's initiative for ubiquitous wi-fi in the territory that is a program that's been funded under the arpa program and that was a 10.8 million dollar um grant that we was awarded to us and we have expended uh was a 5.4 million dollars of that we have this point we have deployed 95 hot spots throughout the territory um the latest one that we've completed has been the the airport both airports are now complete most public spaces are complete now we're actually going into small little places to fill in the gaps and i would say we're 80 complete with that project of deploying wi-fi throughout my time we're done we should have well over a hundred spots that will be free for residents in the Virgin Islands so again I believe that there's some opportunity for us to market this and be able to advise the public but to to ensure that it works I was at the airport this morning and had to turn off my Wi-Fi in order to be able to to to get my emails and check even

1:59:06 P-I-N-G-N's Wi-Fi? I had to turn off whatever is at the airport. It's the public access Wi-Fi there. And I had to actually turn off my Wi-Fi on my phone and being able to access. I went to LTE, I went to 5G, I went to all kind of things. Eventually, there's for me to be able to get my emails and be able to send emails. So I think that it's important that we market these areas because it is important. don't have a lot of people that's able to afford all of this um internet service and it's unfortunate and i think that it's important that we're able to maximize the 95 hot spots one minute but we need to know where theirs are real quickly um i i'm happy that you spoke about the diaspora link i think that that is something that i've read up on and i think that there's some opportunities there i fully support that if we get it working if we could really get it put in place and get get it functional in respect to you talk about the eighty seven I mean sixty seven point five million dollars and that was our money at the time the sixty seven million dollars thirty seconds was federal monies that was on the hour that was under yes every investment was in there back then yes was there a requirement for much how did the thirty six million dollars come involved in at this there was a require a match requirement under thirty six million dollars was the much for the sixty seven that and then also part I don't have all the inside center on that particular one I know part of that was for the match and then part of it it was also part of the build requirements I don't have all the insight on that one okay I'll move on from that time quickly in terms of the revenues that you spoke about and your average between four point nine and five

2:00:52 million dollars and revenues is that solely from collection of the middle mine or there's other initiative via NGN has undertaken to be able to be creative and innovative with more revenue collection uh 90 of that 95 of that is broadband so middle mile however um our goal as a company is to be able to increase revenue with diversification strategies uh in the coming months and years okay and finally in respect to what we're encountering here um in the versions with liberty i heard that you mentioned that you certainly embrace and support the Liberty initiatives but you know that this body just recently asked for the FCC to conduct an investigation and an analysis of what's transpiring here with our Liberty concerns and issues with the fallouts and the outages and different things that we're having what is your professional if you have one opinion about this and how can we really step up our game because Liberty is really presented some challenges for this community how do you believe or you will be your recommendation that we expedition is expeditiously address the Liberty issue well I want to be clear that VI engine 100% supports Liberty we support via we support all of our ISP partners Liberty's challenge is is a unique one to the territory however I would caution the territory to be a little bit more patient because what they have undertaken is is more than a mouthful and it's taking them a little bit more time to digest the good news about liberty and the and the performance that we're witnessing in the territory is that it can all be solved through technology this is they have not done any technology misstep it's just taking them time and i would urge us to be patient and another reason why i'm urging us to be patient is because the federal government has invested 86 million dollars into this once they're done with it that's what we've got that's what we're going to have for a generation so we

2:02:59 can beat them up on the front end and have high expectations and we should have expectations and hold their feet to the fire but at the same time that is for the next generation liberty is it from fiber to the home now mobile is a totally different thing and what i've heard i've been in uh senate hearings um next to my counterparts with liberty and via and they're taking it on the chin on the mobile side as they should right they need to improve customer service as a customer service issue but fiber to the home is a different animal altogether and i believe that they're on the right track to making that happen very well thank you for responses um my time i've been called but life is at stake um when we're dealing with with connectivity and um and not having connectivity becomes an issue for us thank you madam chair for the time thank you senator francis so i heard your plea with regards to the asking the community to be um patient, however, I think our primary concern in the territory is on the mobile side. See, I have a mother that is 91 years old, and I need to reach her, and I can't. So that might sound good, but that's a very tough pill for us to swallow. So we know that they took over the AT&T network, but it just seems that we have other challenges with software. Something is going on there and i'm not an i.t person but sometimes i spend time thinking about what this could possibly be and it seemed like they have some software challenges because we worked very well with the at&t network so if we work um very well with the at&t network then it means that the

2:04:52 the infrastructure isn't the issue there is something else so it seems like they have a software challenge you actually hit it right on the head listen i've been staying up at night thinking about this thing so so do i but it is it is it is software you know they're they're they're challenged and software migrations in any corporation is extremely challenging and it's even more challenging when you put tens of thousands of people in a network and try to keep them up while you're doing a software upgrade and migration migrations are even harder than an upgrade so So they, you know, I'm a customer too, right?

2:05:28 I have two phones, right? I have an AT&T phone and I have a Viya phone. And I curse them both all the time. They might go home to Oakland and say, oh gosh, Nirvana. So I'm also becoming a little concerned because you know, we have a lot of our, a lot of Virgin Islanders now moving over to, we have a new, what's the other one? T-T-Mobile. T-Mobile. T-Mobile, that's here in the territory. I pray that T-Mobile can, as people move over, that in fact T-Mobile is preparing themselves to withstand the load, do they have the capacity?

2:06:08 There's a lot of things we have to think about. So as those transitions take place, we have to think about, I hope these companies are thinking about exactly what's happening here in the territory. But there's one thing that T-Mobile has the other two don't that we that we have legacy issues with the the and this is very important with t-mobile and sprint is that both of those companies come in here and they only have one product to sell it's mobile cellular service when you look at bio when you look at liberty they have the dual service of the same network to manage both mobile and land communications and that inherently is a big challenge and that's where they're getting tripped up both of them right um so you know both both companies have tremendous issues with this vingn's role at this tower level is like at some towers we support we support bit at the tower level but beyond that we do not support um liberty or actually no we i take that back we do provide some tower support but not thoroughly throughout the net throughout the territory okay so um just going back quickly to senator francis mr president's question with regards to the hot spots how many hot spots did you say you have territory right we have about 95 hot spots but we have um probably close to 200 excess points okay so and the difference between those is like at kramers park is one act kramers park is one um hot spot but there's five antennas there each one of them to make the whole park available or access points so even though kramers park on our map shows us one hot spot there's five

2:07:56 access points inside kramers park there's a lot of places like them all of the public housing facilities are counted each housing facility is counted as one spot but there's multiple antennas throughout the housing facilities once we get done with our initial deployment we will come back to public housing and put even more antennas in public housing and are we collecting any data yes we're we're collecting a lot of data what type of data um things like at the airport on any one day we'll have 2 000 people on our network on wi-fi um we have um i think the peak i saw was like maybe 18 000 people a day on our wi-fi network that's something we didn't didn't exist this time last year yeah but when i say data i mean like so are we are you partnering with the government to like as you sign on to the network there are certain things that we need to know we plan to do we plan you know what you know what i mean right yes i do and we we plan to do that next i think what it came home to me when i was sitting at the seaplane a couple of weeks ago and a young man from the housing facility close by walked over put his boom box down opened up his laptop and started doing schoolwork at a chair at the seaborne airlines which tells me he doesn't have it at home that's the value of this wi-fi network and why we're going to expand it even further to be able to help young men like that but more importantly the young man should not be able to leave his home he should have it in his home and that's what we're working on as well so as vi engine transitions over time the one thing that we will always do is to make sure that the

2:09:50 vulnerable community of the virgin islands has internet access we don't know about those of us who can pay for it we may moan and complain about this this or that but if if the if we can only do one thing and make sure that the vulnerable community has access as close to free as possible we will have done our job we will have created value for i believe for the version of us and how is that being subsidized that that is being something like for instance like our wi-fi so when you when we run wi-fi into a public housing for when we so every single when vigm was built there is these things called cais community anchor institutions right every single government entity this building is a is a cai so our fiber comes here your service is all dependent on the last mile whoever provides you service right we are providing service it'd be lightning fast but we don't but at public housing we said okay our fiber is there what can we do with it let's put wi-fi on top of it that's the first thing once it's there now we can come back later and say can we run fiber to every unit in public housing and we're actually doing a test like that right now at marley homes in st corey where we've run fiber to we run fiber there we already have hot spots there we're working with one of the smaller isps to do a pilot project to run fiber into every unit and then charge thirty dollars for a hundred megs that doesn't exist in the territory if that project proves well we will open that up to the other isps and that's how we'll make sure that part of our vulnerable community has access at an affordable rate that's what we're doing and that doesn't kind of we're not looking for a new grant for that we're paying for that out of so

2:11:47 that particular one the marley homes in particular it's like okay we paid for that out of operating cash so i went to elisa i said please give me this money she said okay she gave me money i said okay we invested in this equipment we're doing this deployment there we're testing not only the technology but also upskilling our workforce to be able to support that type of technology if it works in v-hop in one behind solution it'll work in all of the high in solution installations and then once we go to more be high installations and put wi-fi i mean put fiber to the home there and it's thirty dollars what do you think is going to happen to the marketplace when people in public housing are getting internet services at 100 megs up and down for thirty dollars yet you live up in the hills and you're paying two hundred dollars for the same service that's market competition and it's going to drive the prices down we hope that's one of the that's how we leverage our network to help influence pricing where we can't on a cost basis okay okay so um so how when how what was we're doing that now yeah what's how long is the study how How long is the pilot?

2:13:02 The pilot is ongoing. We've started the design works is in the works. All the equipment's been ordered. All the equipment is on island. We've been working with VEHA. We've been working with the ISP partner on this. We hope to have the deployment by June. Okay. So, and then there's a testing period to. No, it's either going to work. It's not. Yeah, that's what I mean. Right out the bat. And just, let me just ask you, just for that community alone, What was the associated cost?

2:13:32 The associated cost, as I recall, was something like $50,000 there, dare take $50,000 for that community. And how large is that community? Do you know? That has 90, I think altogether about 90 units. Okay. So that's a small, but it, but it's actually, it's small, but it's actually the hardest of all of them because they have these independent units, right? When you go into the larger the facility, the easier it is. So the ones where there's big blocks, those ones are very easy because you're not running fiber to every single building. Right. So I asked the question, and I'm going to move on to the next senator. The next senator is Senator. Oh, no, I think Senator Biden has a point, but I asked that question. So I'll go to the point. But I asked that question because, you know, as you do your work in the Virgin Islands Next Generation Network organization, I know that you're of the belief that you're funded 100% by your revenues and support from the public finance authority.

2:14:39 But if a matter of this magnitude impacts our community, as a legislature, we have a responsibility to figure out how we can provide support. So please remember that the legislature is here. the legislature tell you no if there is a need that would mitigate what we are experiencing right now as you do this testing and as you do this work. I mean, we give each year in our budget, we give nonprofit organizations millions of dollars as we add it up. So if this is something that's going to drive down the cost of internet service in our housing communities we have a responsibility to buy into this i thank you and i appreciate that um next time i appear for you we will have something okay but i'm just saying but i'm saying that this is critical and important to our community i hear we have to look at all of the available funding we have cdbg dollars we have all kind of money in this territory and if we're talking about reducing the uh our our inflation and making services available to our people then we have to fight we have to fight we we have to be the voice to say this is what we want to see we have to beat the drum that's our responsibility in this institution so i just want to make sure i put that out there understood okay i'm all i understood understood senator blighton you recognize your point of inquiry information thank you thank you madam chair um CEO Adams I'm glad you went there because um my interpretation was that all of the housing communities did have

2:16:35 um connectivity and knowing that you are coming here today my team went out again Fiber, that's what I'm talking about, and the speed, and knowing that you're coming here today, my team went out and did some testing out of the different housing communities and most of them didn't have any connectivity at all, and we found in some cases that the speed of the anchor communities was 10 megabytes, and I know in 2015 the FCC standard was 25 believe at a time can you speak to that yes I can it's important to do to to truly understand what the middle mile is because I think that's the the part that trips a lot of people up so the middle mile is like is that big pipe like you know if it was a pipe it's a big pipe like this every housing community has a big pipe it can take ten thousand gallons of water just an analogy so every every housing community has 10 000 gallons of water that can be delivered to it per second but then when the isp depending on the price that they pay for broadband they'll give you a straw and give you 10 gallons of water through that straw but the capability is 10 000 this building is a classic example of that this building doesn't have full every single building that ving every cai that has ving and fiber has the capability of one gig every single one but if you're not getting one gig is because the service contract that you have and the service contract is driven by cost and now it comes back to ving and say okay i want to buy a gig circuit or it costs that much i can't afford that i'll buy a hundred gigs and then 100 megs and then i'll split it with the building next door and then they're only getting 10.

2:18:33 that's how the end mile works so we have to fix that we meaning v-i-n-g-n right thank you for that senator thank you senator bladen senator james senior you recognize for your five minutes greetings to the people of the u.s virgin islands thank you madam chair for the time on page five of your of your testimony you mentioned that you had several pfa and vangn board meetings discussing the interest rate and other things pertaining to the 36.8 million ban when was the last meeting with pfa and vangn regarding this discussion this discussion or my presence at both those meetings because there's a PFA meeting separate it hold on if you want to follow along with a conversation page five key areas of concern you said this matter has been discussed at several PFA and via NGM board meetings regarding the 36.8 million dollar bond so my question to you and last was this discuss okay it doesn't be the reason I ask for a delineation or distinctions because I had a PFA meeting yesterday but it was not discussed at that meeting. The last time I recall it was discussed is most likely December of last year in a VINGN meeting and it's just noted. Most meetings I bring it up. Stop right there if I ask you for extra information. I just want to know when last it was discussed. Thank you. And then you said this matter up to this date no interest rate has not been determined and an amortization schedule has not been established so in december was that discussed or were those two things discussed the interest rate when last you had that discussion at a pfa and vihn board meeting it it has not directly been discussed the interest or or amortization miss hodge speaks about it at

2:20:49 the at the audit level because you said today the interest rate has not been determined yes so i'm assuming and it's not good to assume but i'm assuming that it was discussed but you're You're saying, go ahead, Ms. Hadjie, you want to say something? Go ahead. Yeah. Hello. Yes, I just wanted to mention, in addition to mentioning the issue at board meetings, I also communicate directly with the PFA staff, the comptroller there, and follow up periodically regarding this particular matter about the interest rate and the amortization schedule, and it was to be discussed at a PFA meeting, necessarily the ones that we attend but they meet outside of the subsidiaries and so i keep you know i follow up periodically about that what i'm looking at is this the sense of urgency knowing that the governor is among the conversation that's what i'm looking at the sense of urgency hold on if i didn't ask anything don't respond i'm i'm talking you're going to talk one minute the reason why i'm asking these questions is because i just need to know how important it is or how urgent it is when it comes to these stakeholders but i will let you proceed go ahead it's important to governor brian um governor brian has raised the issue he's the one that set the priority i don't have insight into the pfa meetings and executive session about what they plan to do with it uh miss hodge and i do keep it on the plate as something that needs to be addressed so my question to you you said the pfa 30 seconds directed you all to explore federal grant opportunities when they directed you all to do so when when that conversation took

2:22:37 place uh senator i don't recall but it was last year earlier in the year when we had conversations with uh usda because we followed up on the on what we were directed to do okay understood and as far as this whole 36.8 million dollar one minute i was able to look at page 9, which is the statement of net position. I saw where you have $18 million invested in capital assets, $1 million, $1 million unrestricted, and then the $36 million for the PFA. Can you just go into a little details about the $18 million invested in capital assets and what are the return of investment what are the return of investments for those okay the investment in capital assets would be the comparison of our capital assets on the asset portion let's take let me make it easier through the chair I'd like to request those documents we have 18 million dollars invested in capital assets that's right there in the statement of net position time I would just like to have an idea of those capital assets and if you could just because I was trying to beat time it's not a matter of being rude but as far as the returning investment can you speak on the return investment madam chair please I'm not able to speak on the return of investments because I don't have that ratio calculated but that particular amount is the difference between our capital assets, meaning our fixed assets, and our loan to the PFA, our long-term debt. Yes, and in the essence

2:24:37 of time, Madam Chair, I'd also like to request documentation of them, breaking down 18 million dollars in invested capital assets, and for them to show us our returning investments when it comes to those capital assets. Thank Madam Chair for the time. So your capital assets is basically the infrastructure that's out? That is correct it consists of our fiber our FAPS facility access points and so forth. Okay so I found um did some we weren't able to get a PFA but I looked we found a article actually I don't see the date on it if this in Thomas saw the source it's not dated but it's somewhere about 2010 2011 2011 that speaks to the fact that the government has pulled in nearly 70 million in federal economic stimulus grant funding to it says despite senators lingering objections over the government's broadband financing bill it appears the two sides might still be able to come to our middle ground on the $170 million middle mile project.

2:25:51 The government has pulled in nearly $70 million in federal economic stimulus grant funding to pay the various components of the project, which has twice failed to pass muster. So we're the only ones that have voted stuff down, okay? Has twice failed to pass muster with the Senate, which authorizes the issuance of up to $42.5 million in gross receipt tax bonds to cover the required local match. So that amount is a local match. So there is some interest associated with it because now, what was that number that you gave us earlier? 70, how much million?

2:26:27 67.5. 67.5. Right? In the federal grants. But then it went, no, for the amounts that's on the books. 36.8. Oh, it's 36. For the PFA loan. Okay. So it's only, it's 36.8. So it's going down. That's what it is. um yeah so the grant or the bond rather that was issued was somewhere about 42.5 million dollars okay so we found looked through it so there's a lot of different favor variables at the time um this was what legislature That's when Senator Sean Malone, and it said it spoke to Senator Dell, who sponsored the amendment. So that's, it's grocery seed bonds. So we actually, every year, like I said earlier, when we move our budget, we have to set up before we do anything we have to make sure that those bond debt dollars are shaved off and I think that particular bond debt is like 3.5 million dollars 3.5 million per year or I think that based on what it says here so we have to do a little more research on it but we're gonna get to the bottom of it but you're saying that out the gate that you are unable to pay this debt but I'll tell you, what is the VINGN considered a what organization?

2:28:14 Of the PFA or subsidiary of the PFA? A subsidiary of the Virgin Islands Public Finance Authority. And I know that it was never the intent. That happened in what, 2011? We are in 2023? How much years there is? 13, 40, 13 years? So it was never the intent for this debt to still be sitting on the responsibility of the legislature to appropriate. Because what's happening is as we build those debts and then we're unable to balance them out, then we have to cut our budgets to accommodate those debts. So we have to have a, I mean, you've laid out for us today and the purpose of this meeting, you know, we have other committees that will discuss all of the other great things that you all are doing.

2:29:02 But for me, I'm looking at the financials, so you've laid out five potential revenue-generating ideas for the Public Finance Authority. And if we are serious about standing up the organization, absent of the diaspora link, link, absent of the diaspora link because that's going to take time for this study to be conducted, then we have to get ourselves involved. So I don't want you to be a stranger to, I don't want you to make us a stranger to the work that you're doing because we have to also provide assistance to make sure that we are balancing our budget and being able to provide provide the resources or the services to our community and if we are able to shave off that 3.5 million dollars, it says that we have 3.5 million dollars more that we can put towards our hospitals, our education, our infrastructure, our roads. So these are things that we have to really contemplate. So I think what happens to us a lot of times is we operate in silos because we are siloing, we're not aware that this is something that's potentially very possible, available to us if we put our collective heads together and work on it. Then to assist you, we're getting more revenue so you can stand up your organization so you won't have to be so reliant on us paying that debt every year.

2:30:40 Yeah, if we didn't have that debt. Yeah. Had that in operating cash every year? So I'm just saying, these are things that we, We have to marry these things so we could understand how we're going to lay them out and make it make sense for us so we could provide services. We struggle here on this side of the aisle. So I don't know if... Okay, there's a point of information from Senator Novel Francis, Jr., and then one from Senator James. Senator Francis, you're recognized for your point of information.

2:31:09 Thank you very much, Madam Chair. Just real quickly, I know that you mentioned on page two of your testimony that you receive or you're the recipient of several grants. and I know some of that is accounted on your spreadsheet, the Excel spreadsheet here, but can you put on record those categories that you have mentioned, FEMA, ARPA, the National Telecommunication and Information Administration, as well as the Federal Communications Commission, the FCC, if you could just put on record how much each of those grants represent. Okay, in looking at the totals as far is uh obligated for fema as a category we have uh 20.7 million dollars have been obligated thus far under the arpa grant which has managed to now what's the if you could just speak to what's remaining from that as well while you you break them down oh okay and so what's remaining is that they're out of the 90 percent in until the cost share is still being negotiated with uh odr is uh 19 million 19.3 million we have expended and invoiced 3.3 million dollars and we have uh requested reimbursements of 2.7 million dollars uh one of the things with fema that's important to note is that our cash flow is determinant of how we address and when we address particular projects because all these projects are on reimbursement basis the next category of grants are the arpa grants managed out of omb we um we were awarded 10.7 million dollars uh 90 cat uh cost share which is 6.4 million dollars we've and we've been we've expended 5.7 million dollars and we've requested reimbursements of 5.7 million dollars basically half the grant the last two categories uh one

2:33:15 uh or direct with the um with federal partners first one with fcc is 250 000 we have about 34 000 left in that grant and then the digital equity planning grant is 150 000 and of that grant we we have about $96,000 left in that grant. Okay, and is there any other grant that you applied for and is pending at this time? That we've applied for? Yeah. We will be applying for the Digital Equity Capacity Grant, which is basically the execution of the plan that we had submitted to NTIA, and that's a $2.1 million grant. And at this time, all the grants that are available, we do not qualify because of duplication. Okay, very well.

2:34:07 Thank you very much. You said in testimony as well, that you have a separate account for each of these grants, correct? Yes. Okay, very well, thank you. Thank you, Madam Chair, for the time. Senator James, you recognize your point of information. Thank you, Madam Chair, as a point of inquiry, It's basically something I wanted to ask in my last line of questioning. Earlier the chair of this committee asked about the collecting of data. He never said yes or no, so I will ask the question again. Are you collecting data and what are you doing with this data and is there a monetary gain within VINGN by the entity collecting the data?

2:34:55 we collect the first the first the first question is a yes or no question are you collecting data yes sir yes what are you doing with the data and is there a monetary gain or profit from the collection of data we're doing nothing with the data so what's okay so when the chair asks a question you dodged it and I just want to make sure that we have it clear on a record that there isn't anything so the public will not be under the impression that data is being collected and things are being done with it. Hence why I'm asking this question. Thank you Madam Chair for the time. Thank you Senator James. So let's just go quickly. We're gonna do a rapid round. We're just allow all the senators to ask one question before we wrap up. But let ask you I note note that you um your audits are behind and I know that uh many of the entities their audits are behind because of COVID I'm not sure if that's why your audits are behind but your last audit was conducted or completed your last completed audit was in for fiscal year 2021 and you're currently in the middle of your 2022 audit so we really don't have a good picture of where you are now and then you are in the process of preparing for your 23 audit so when do you intend to complete your so you said May 31st so it's already ready to be completed yes we had our follow-up kickoff meeting and BDO has shared with us that they are aiming for May 31st but it's important to note that the audits are done in conjunction with the PFA and the other subsidiaries.

2:36:53 So even if the INGN, for example, in the fiscal year 2021, we were the first subsidiary to be issued, they have to wait for the others as well before they move on to the next fiscal year. Okay, so you're dealing with the whole overall central government audit program. So that's why you're behind, I get it. In part, yes. In part. Yes. I see. Okay. So... I did want to follow up on the question you asked me previously. Sure.

2:37:23 Yes. Thank you for the question and for the clarification. Just make sure you say what the question was. Yes. I misunderstood what you were asking. You have asked in terms of our quarterly revenues, the information I provided was annual, but you wanted to know on a quarterly basis what our revenues are projected to be and what our expenditures were projected to be and what was the deficit or the surplus. So I was able to calculate that and for our revenue projections, we have $1.3 million in revenues and for our expenses less depreciation expense, it was 1.6, a deficit of .3 or 300,000. I wanted to explain that in terms of with VINGN, we have other unrestricted cash, so to speak, that we receive that's not reflected in operating revenues like our reimbursements from FEMA. We've had some cash paid upfront for some of our ISP services that we will amortize over the life of those contracts. So it's a little bit nuanced to kind of explain, well, where's the cash coming from? But that's basically where it is coming from. So even though it may look like a deficit, there's other cash from different receivables. As you can see, we do have some grants receivables and we have some other grants that we would get reimbursements for some of our staff and things like that. So all those sit in your restricted, all of your reimbursements sit in your restricted until you're...

2:38:59 The reimbursements are unrestricted because we have expended our money 100% and so when it's reimbursed to us, then we can... So what is your restricted? What's restricted? Yeah, I saw on your statement of one of these accounts. The unrestricted is the calculation of the current assets and the current liabilities. So do you have a restricted cash account where you put re-needed funds or that there's a policy around that?

2:39:35 We would consider the grants as restricted. For example, we explained that each grant has its own bank account. For example, the digital equity has its own bank account and so on and so forth. So those funds are only used for the purpose of which they're intended. Okay, but you don't have any policy at VINGN where you set aside X number of dollars annually to address what Director Sue Adams shared about unexpected challenges with your equipment. No, we try to build up our cash reserves for those instances, but we don't have like a rainy day fund, so to speak, if that's what you're asking.

2:40:23 No, but we intend to establish that in the future. Okay. I see Senator Carrion. So, Senator Carrion, you're recognized for your five minutes. Good afternoon to all my colleagues, people who love parents, and to the testifiers that are being for us today. Quickly, I want to jump into some of the questions that I have. One of them, and please I do apologize if it was asked and answered as I was on an important meeting you did mention about the diaspora link with the US through us you know to Africa can you kindly share with us a little bit what would that mean for us as a territory of the benefits from it if it's passed and funding is done something is provided sorry the um thank you for the questions senator the the benefit to the virgin islands is quite simply that the virgin islands would be relevant to the to the mainland as a strategic location in the communications and infrastructure between the continent of Africa and the U.S. mainland that's the main benefit the secondary benefit to us from a broadband perspective is that you have modern equipment now being laid between the United States Virgin Islands and the mainland that the Virgin Islands did not have to pay for it so we basically run piggyback on this infrastructure that the feds had laid for us which then brings down our cost structure and then third and lastly is that the infrastructure

2:42:21 that would be placed in territory to support the connection between the two continents would be new job opportunities in the Virgin Islands and new revenue opportunities in the Virgin Islands thank you thank you for that and with regards to you presented the issue with 84.5 million the usvi connect grant that the NGN lost right so broadband VI Liberty was awarded do you foresee the broadband being able to fulfill their requirements under this grant compliance form or how you know what are you seeing in regards to this um i believe uh well first of all vingn um did not compete in that grant it was for the private sector so we could not compete for this grant opportunity however we supported broadband vi in the in their application process at the time um with once broadband vi won that grant vi-ngn would have built out the entire network on the back of our own network which would have benefited the territory in much lower prices liberty vi purchased broadband vi and once they purchased it they decided that they wanted to have a network that was independent of vi-ngn which basically cut us out of the loop that being said i have all i have confidence that liberty vi will deliver what they're supposed to deliver under the mandates of their grant i'm glad to hear that you have confidence so that really helps us here a little bit also to build some of that confidence um now let's go a little bit to your your structured you said

2:44:29 you have 26 highly credentialed skilled employees uh can you just provide a breakdown um per district one minute we have uh 13 employees in both st croix and st thomas district 13 13 in each district 1 3 13 district okay and i and i saw you gave your employees a maybe a much needed raise increase i know the last one uh vign provided was in 2016 and it was a three percent what percentage 30 seconds provided this time uh this time the average percent was around eight percent eight percent increase so what's your total uh personnel operating costs yeah just one moment senator in 2024 fiscal year it's projected to be 2.9 million and this includes payroll taxes okay 2.9 million very well um my time has been called thank you madam chair You have another question, Senator?

2:46:14 Yeah, with regards to the revenue projections, well, one, with regards to the audits, I had a question if there was any finding for the last audit that you had. Our audits had no findings. We had one recommendation in terms of the recognition of revenue for grants, and that That was a little bit before my tenure, but that was a matter in terms of when do you recognize grant revenues? And it was not when it's obligated, but it was actually when it's expended and reimbursed. So we found that correction on our own. However, the auditors made a note of it.

2:46:57 That was only findings. Yes. And it was more of a recommendation, not a finding, so to speak. Very well. Thank you, Madam Chair. So you're subject to the single audit? Yes. Okay. All right. And another single audit findings, they gave you one recommendation? Correct. Got it. Okay. So colleagues, we're going to go to a quick one question. We're going to keep this to one minute, please. We're going to start with Senator Fonseca.

2:47:36 Do you recognize the mic of Senator Fonseca, please? Yes, thank you, Madam Chair. Real quickly, Mr. Adams. Okay, so you mentioned that your cable is on the bottom of the ocean, basically. I want to ask you specifically, between St. Thomas and St. Croix, does your cable go to the bottom of the ocean? And then one other thing I wanted to do. after 2030 right the federal duplication rules expire so this should be some federal additional federal broadband dollars available to you so basically from now to 2030 is your bad time and after 2030 it'll be better for you is that is that what you're saying so can you just answer those two quick questions the cable depth and and 2030 okay the first one is really easy the The cable runs along the sea floor until it hits the trench between St.

2:48:38 Cory and St. Thomas and then it does a U because it's too deep to go all the way down and then come back up. It costs too much. For the second question, for 2030, we can't wait that long for the feds to then say, oh, you got a green light to get money again. By then we will be onto something else. By then, we will be looking at opportunities for whatever is available from the NTIA and FCC at that time. What is our business model then?

2:49:08 How do we fit into those business model opportunities? Thank you, Madam Chair, for the time. Senator Abelayton? You're recognized. Thank you, Madam Chair. The CEO, Adams, you spoke in a testimony to a follow-up notice of funding opportunity of $2.1 million, and you say you're going to apply for it by July 31st of this year. We're in the middle of April. What the timeframe you plan to apply for this grant, because it's important in terms of funding for okay the the digital equity grant or planning grant for the territory was published in March 28th and the comment period is now into the 28th of 30 seconds we plan to immediately apply for the capacity grant the states have until may 31st all the territories have until july 31st we intend to beat the states very well thank you for that thank you so much madam chair uh senator noel francis jr thank you very much madam chair just real quickly um ceo adams do you have a strategic plan um and if you could just speak to some of your goals objectives deliverables if you will in regards to what your your expectations are for 2024. for 2024 our strategic plan is available to realign the pricing of vingn's wholesale price for the for our for our um isp

2:50:59 partners from an infrastructure standpoint we are 30 seconds upgrading our ring from 10 gigs to 100 gigs to increase bandwidth in the territory to also provide resiliency and then our our last one is to be able to look at diversified revenue streams to be able to stave off what i have painted today as a challenging picture oh there's one more this has reminded me and because it's so funny that i forget this one because i i drone it into the executive team every every week is that to complete all of our fema work this year thank you uh senator francis jr well where there are challenges there are definitely blessings and opportunities yes I just see it over and over because as I sit here I just ask myself but for and I accident this is not the only instance I ask it in but for the hurricanes of 2017 and but for COVID-19 I'm not certain where we would be and let's just keep it to this particular conversation it seemed like absent of this dollars from our federal partners particularly the FEMA dollars you would be going south fast you would have already been south actually so I'm still of the same position we need to figure out exactly how do we I mean you said that it's one of your strategic goals to reduce the middle mile pricing pricing let me ask you I know that in entities of this nature when you when there's what are you you're the CEO right yes the ceo so when we hire a ceo of an organization their deliverables does your contract come with specific deliverables with regards to what we want to see for the virginals next generation

2:53:26 network in the future my contract does not provide specific milestones deliverables that are performance based what my contract calls for is to be able to deliver on the mission of the company would i bring to the table why i believe i'm the best ceo for this job then a question for me don't get it twisted that is not a question for me i i know that you're good that's not a question for me i just want to understand for me an entity of this nature if we have okay if we're signing on a contract for a ceo i'm sorry there must be deliverables so again we have a lot of missed opportunities in the virgin islands i mean you're working towards what you're working towards because you're passionate about this but we may have gotten somebody else who just feels like well this is a mission and a vision so that's it you see what i'm saying yes that is concerning that's concerning so I hope that the board members are listening that is an important component to a high-level agreement with a CEO for organization of this nature okay of course the government have to provide the necessary supports to make it happen so it'll make you come and say hey guys I need to get this you know because see what I'm saying yeah because I don't as long as I've sat here I don't recall you ever saying to the legislature look I need X or Y so I can get the Z done I don't recall because we haven't given it to you yeah all right Senator James you reckon oh before we move forward I see that we have noncommittee members and it's a college Joseph colleges if we've We've exhausted our round, so we are now at a rapid round for one minute.

2:55:24 Senator Javon, James, you're one minute. Thank you, Madam Chair, and I myself have been here for six years, approximately six years, and I don't recall our conversation as well. So we are very generous, sometimes too generous, and then we still get a kick in the butt. At the end of the day, my question to you is, on the topic of revenue, you said in 2023 certain ISPs discontinue services, hence why you are seeing a net revenue decline. Just for transparency and for us to understand. 30 seconds. Who are those ISPs who discontinue services? Our master service agreement doesn't allow us to say- Okay, okay. What? can i say no problem all right and then as far as the the cloud services i'm happy to see that you're you're finding alternative ways and i know you're working on your core pricing structure as far as who's going to be conducting this core structure can you place that on the record our cio daryl wade is the person leading that effort and is there a deadline or a timeline on when you plan to how that finished life could you be asked the question who will be conducting the comprehensive pricing oh I apologize I misunderstood your question that would be done across led by the finance team of massage and myself as well as our OSP which are outside plan and network operations which is our that manages the actual network itself and as far as when you're projected to get it finished and we're not rushing you but you just want to have an idea so because we don't bring you down here often so we just need to have asked as much questions as possible to finish the oh that pricing

2:57:27 we plan to do we plan to have a new pricing model in place by July 1st July 1st so between now and then is when we'll be doing this analysis thank you for placing that on the record and as far as your partners you mentioned a list of partners do you expect to have any new partners in the year 2024 are you currently negotiating with any new partners no okay I rest right there just want to have an idea of your financial projections and revenues thank you madam here for the time thank you senator James senator carry on you know you mentioned that and calling my my last colleagues question regards the comprehensive pricing review do you have a timeline by when you guys would complete that review and implementation of that new pricing we've we've retained We trained an outside economist to look at that's currently already doing the due diligence on our finances, our pricing structure and industry trends to then sit down with- 30 seconds. Ms. Hodge and myself to be able to lay out the framework and then do the analysis to come up with a new pricing model.

2:58:56 Timeline. The timeline is, it's already begun and we don't have deliverables yet, but our end goal is to have new pricing model in place by July 1st. July 1st, okay, very well. And then lastly, so you mentioned about the 95 Wi-Fi hotspots that have been placed, and the grant that has been used for that.

2:59:30 my question in regards so that the maintenance of those Wi-Fi hotspots because this grant is to be able to establish them what would be the cost now to be able to maintain and what percentage are they all up oh okay thank The maintenance is 1.2 million dollars per year that we use for maintaining the the the network pay for the bandwidth that is increased because of that of that network Yeah, it's part of our ARPA grant So after that ARPA grant is exhausted, then it's a matter of us out of operating or finding a new funding source to maintain the network.

3:00:38 Sorry, I didn't hear you clearly on this side. What I mentioned is upon the exhaustion of the ARPA grant going forward, maintaining the Wi-Fi network will either come out of operating or we will seek another grant opportunity to be able to maintain that network and hopefully expand it even further. And all 95 are up. I'm sorry, I missed the question.

3:01:08 All 95 have been installed. Oh yes. And counting. Yes. Thank you, Senator Carrion. One of the things that we didn't ask when you spoke about the opportunity to generate revenues from oh I use the wrong term boy did I put away the paper the project that you're looking that you're working on no I'll service say it again cloud services no the one monetization of the one in the life on community oh the one in the community oh the community Wi-Fi oh the community Wi-Fi or the one that you're working on right now in st. Croix oh Marley Marley Homes what's the name of that project Marley Homes there wasn't it not the project the name of your project But name of that's not the name of the community Oh, okay. It's it's a fiber to the home project Okay, just so it happens to be deployed at the Marley home. Okay good So the question that we didn't ask here today is how much revenues you do you envision generating from that that that initiative, okay the We, this particular project is a test, is a pilot project of both the business model and the technology. We don't have, we believe that it's $30 is what the pricing will be. So it's a matter of the penetration of the 90 homes is what we don't know what that number is going to be. That's part of the test to see what the uptick would be.

3:02:44 we do know that we uptake meaning interested how many of the 90 units will actually take the service for $30 got it and it's matched the reason we picked $30 is because it's the same price as the ACP program if it comes back got it so the question I'm asking that question because if this works then are you do you have folks that are you working with with the Housing Authority and Housing Finance Authority to determine what's the inventory of the communities? Yes, when we, when VEHA authorized the MOU, when we entered into the MOU with VEHA for this pilot project, the understanding is that If it goes well, we will roll it out to all of VEHA locations.

3:03:43 Okay, well, what we need from you is an actual financial analysis of the potential revenues that you can generate from this. Okay. So I am the chair, so I'm asking it through the chair that you guys take some time and look at the potential revenues that you could generate from this. We'll provide that. because we need to, as we learn some things today, there's some things we gotta balance out here. Okay? Understood.

3:04:16 All right, good. Fonseca, you're recognized for your one minute. You're good? Yeah, I'm fine, Madam Chair. Okay, great, thank you. So everybody went. So we have Senator Joseph that has joined us. So thank you for being here, Senator Joseph. going to be gracious to you and we're going to give you the five minutes you may proceed thank you so much madam chair a pleasant good afternoon to you madam chair our colleagues as well as mr adams and also miss hodge from vingn and of course the listening and viewing audience I ran upstairs because I do have some probing questions just to look at the vision and where we're going to be moving with VINGN. Given your testimony today, we have emerging markets in technology. I know that you're already aware of the importance that is being stated and flouted with artificial intelligence i don't know any of my colleagues may have asked any questions pertaining to that so if they did please beg my forgiveness i asked your forgiveness um so how does our spectrum as far as broadband spectrum look as far as to be able to accommodate that in the daily news yesterday i read with interest the amount of money that a territory in the caribbean is raking in because of some of the opportunities that are available because they are able to tap into certain markets where technology is concerned. What in your position and your prospect do we have for expanding what we have and the investment over 42 million that the United States government has given to us so that

3:06:26 we can also assure that we are producing some revenue generating mechanisms should a company want to move to the virgin islands to do those type of businesses here i love the question thank you very much um because it gets to the heart of one of the reasons why i came here to begin with um the but in the beginning my answer is not about the spectrum part because that's not really pertains to the AI and other types of technologies but what does the would be ING and the territory has in spades that would help is that with do our EDC program we have a tremendous opportunity on tax benefits that can be that are not offered anywhere else in the Caribbean and most importantly and this is a very important part about technology and our EDC program is that I use us u.s. Intellectual property protection prevails and that allows us to be able to do things that you can't do anywhere else on the mainland and nowhere else in the in the Caribbean. However, our impediment is how much we pay for for electricity. The massive data centers that are used for AI consume New York style amounts of energy and a data center in Washington D in in the state of Washington those data centers pay between four to six cents a kilowatt hour for electricity a data center is not feasible in the Virgin Islands unless it has an independent data power source hence why diaspora link has a data center and power plant built into it as a complete unit thank you so much because you see we want to

3:08:24 be also and I and I realize that there is that connection between AI and us progressing as a territory relative to technology which is tied critically to our source of power consistent source of power and how we are able to provide that for one minute

People named in this transcript

SUSPECTED, and a finding aid only. Names were matched by machine against the spellings used across all 426 of our transcripts, and the title is the one used in the room. Being named here is NOT evidence that a person attended or spoke · only that the name was said. Speech recognition mishears names, so a spelling may be wrong even where no alternative is offered.

9x **Senator Ray Fonseca**
heard in this transcript as: Fonseca

8x **Senator Samuel Carrion**
heard in this transcript as: Carrion

7x **Senator Marise C. James**

the surname alone also matches: Javan James; Giovanni James Sr
heard in this transcript as: James, James Sr

6x **Senator Novelle Francis**
heard in this transcript as: Francis, Francis Jr., Noble E. Francis Jr., Novali Francis, Novel Francis Jr.

5x **Senator Dwayne DeGraff**
heard in this transcript as: DeGraff, Dwayne M. DeGraff

3x **Senator Carla Joseph**
the surname alone also matches: Clifford Joseph; Karla J. Joseph
heard in this transcript as: Joseph

3x **Senator Giovanni James Sr**
the surname alone also matches: Javan James; Marise C. James; Neville James
heard in this transcript as: Giovanni James

3x **Senator Marvin Blyden**
heard in this transcript as: Blyden, Marvin A. Blyden

2x **Governor Albert Bryan Jr**

2x **Senator Fred Gregory**
the surname alone also matches: Donna A. Frett-Gregory; Donna Frett-Gregory

2x **Senator Javan James**
heard in this transcript as: Javon E. James Sr.

2x **Senator Shawn Michael Malone**
heard in this transcript as: Sean Malone

1x **Senator Donna A. Frett-Gregory**
heard in this transcript as: Donna A. Fred Gregory

1x **Senator Donna Frett-Gregory**
heard in this transcript as: Donna A. Frett-Gregory

Bills and acts referred to

Matched by number against our own acts corpus. The number is what the recognition heard, so it may be wrong; where it resolved, the title is the one the Legislature gave the act.

Referred to but not found in our acts corpus: Bill 35-0204