

This document, together with the Virgin Islands Public Finance Authority Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2014A (Working Capital) Limited Offering Memorandum, dated August 27, 2014 (the “Series 2014A Bonds LOM”), which is hereby incorporated by reference, is collectively defined herein as the “Series 2014C Bonds Limited Offering Memorandum.” The Series 2014A Bonds LOM is available for review on or download from the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board (“EMMA”) and can be found at <http://emma.msrb.org/EA639506-EA499996-EA896363.pdf>.

All references in the Series 2014A Bonds LOM to the Series 2014A Bonds shall be deemed, for purposes of the Series 2014C Bonds Limited Offering Memorandum, to also refer to the \$247,050,000 Virgin Islands Public Finance Authority Revenue and Revenue Refunding Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2014C (Tax-Exempt) (the “Series 2014C Bonds”), except as otherwise indicated herein. Capitalized terms used in the Series 2014C Bonds Limited Offering Memorandum, to the extent not otherwise defined herein, shall have the meanings provided in the Series 2014A Bonds LOM.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2014C Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Series 2014C Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2014C Bonds is exempt from personal income tax imposed by the United States Virgin Islands or by any state, territory, or possession or by any political subdivision thereof or by the District of Columbia. See “TAX MATTERS” herein regarding certain other tax considerations.



\$247,050,000
VIRGIN ISLANDS PUBLIC FINANCE AUTHORITY
Revenue and Revenue Refunding Bonds
(Virgin Islands Gross Receipts Taxes Loan Note),
Series 2014C
(Tax-Exempt)



Dated: Date of Delivery

Due: October 1, as shown on the inside cover page

The Series 2014C Bonds are being issued pursuant to (i) the Act (as defined herein), (ii) Resolution No. 012-015, adopted by the Virgin Islands Public Finance Authority (the “Authority”) on December 13, 2012, and Resolution No. 014-013, adopted by the Authority on October 15, 2014, and (iii) the Indenture of Trust, dated as of November 1, 1999 (the “Original Indenture”), as previously amended and supplemented, and as further supplemented by the Nineteenth Supplemental Indenture of Trust, dated as of November 1, 2014 (the “Nineteenth Supplemental Indenture,” collectively, the “Indenture”), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

The Series 2014C Bonds will be secured by a pledge of the Trust Estate and the general obligation Series 2014C Gross Receipts Taxes Loan Note (the “Series 2014C Loan Note”) issued by the Government of the United States Virgin Islands (the “Government”) pursuant to the Loan Agreement, dated as of November 1, 2014, by and among the Authority, the Trustee and the Government (the “Series 2014C Loan Agreement”). The Series 2014C Bonds are being issued by the Authority to (i) refund the Prior Bonds (as defined herein), (ii) finance all or a portion of the costs of certain capital projects, and (iii) pay the costs of issuance related to the Series 2014C Bonds.

The Series 2014C Bonds will be subject to redemption prior to maturity as described herein. Interest on the Series 2014C Bonds will be payable semiannually on April 1 and October 1, commencing April 1, 2015.

The Series 2014C Bonds are being offered to purchasers through a limited offering. Each purchaser, by placing an order for the purchase of the Series 2014C Bonds, will be deemed to have acknowledged that Jefferies, Bostonia, and the Authority are relying on the representations and warranties made by purchasers of the Series 2014C Bonds so that the offering may qualify for the limited offering exemption set forth in Section (d)(1) of Rule 15c2-12. Each purchaser will be deemed to have made to Jefferies, Bostonia, and the Authority the representations and warranties set forth under the caption “PLAN OF DISTRIBUTION – Purchaser Representations” and the sale of the Series 2014C Bonds to each purchaser is made in reliance on such representations and warranties.

The Series 2014C Bonds are offered subject to prior sale, when, as and if issued by the Authority and accepted by Jefferies and Bostonia, subject to the approval of legality by Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its counsel, Birch, deJongh & Hindels PLLC, St. Thomas, Virgin Islands. Certain legal matters will be passed upon for the Government by the Office of the Attorney General of the Government. Hawkins Delafield & Wood LLP, Disclosure Counsel to the Authority, will deliver an opinion regarding certain matters to the Authority, the Government, Jefferies, and Bostonia. Certain legal matters will be passed upon for Jefferies and Bostonia by their counsel, Ballard Spahr LLP, Washington, D.C. Jefferies and Bostonia have agreed to use their best efforts to solicit offers to purchase the Series 2014C Bonds from one or more purchasers, as described herein. It is expected that the Series 2014C Bonds will be available for delivery through the facilities of DTC in New York, New York on or about November 14, 2014.

Jefferies

Bostonia Global Securities LLC

November 3, 2014

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, AND PRICES

\$247,050,000
VIRGIN ISLANDS PUBLIC FINANCE AUTHORITY
Revenue and Revenue Refunding Bonds
(Virgin Islands Gross Receipts Taxes Loan Note),
Series 2014C
(Tax-Exempt)

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> ⁽¹⁾
2015	\$4,555,000	5.00%	1.04%	\$103.460	927676TD8
2016	\$4,995,000	5.00%	1.38%	\$106.695	927676TE6
2017	\$5,240,000	5.00%	1.72%	\$109.177	927676TG1
2018	\$5,510,000	5.00%	2.08%	\$110.829	927676TH9
2019	\$5,790,000	5.00%	2.44%	\$111.709	927676TJ5
2020	\$6,065,000	5.00%	2.76%	\$112.079	927676TK2
2021	\$6,385,000	5.00%	3.07%	\$111.885	927676TL0

\$21,135,000 5.00% Term Bonds due October 1, 2024, yield 3.60%, price \$111.549, CUSIP⁽¹⁾ 927676TF3

\$62,200,000 5.00% Term Bonds due October 1, 2030, yield 4.13%*, price \$106.995*, CUSIP⁽¹⁾ 927676TP1

\$113,380,000 5.00% Term Bonds due October 1, 2039, yield 4.54%*, price \$103.624*, CUSIP⁽¹⁾ 927676TM8

\$11,795,000 4.50% Term Bonds due October 1, 2044, yield 4.85%, price \$94.502, CUSIP⁽¹⁾ 927676TN6

1. The CUSIP numbers for the Series 2014C Bonds are provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw-Hill Companies, Inc., and are set forth herein for convenience of reference only. The Authority assumes no responsibility for the accuracy of such numbers, nor is any representation made as to their correctness on the Series 2014C Bonds or as indicated above.

* Yield and price to the first par call date of October 1, 2024.

Table of Contents

INTRODUCTION	1
GENERAL DESCRIPTION OF THE BONDS	2
Authorization	2
Purpose of the Issue	2
Plan of Refunding	2
PLAN OF DISTRIBUTION	3
Purchaser Representations	3
Other Limited Offering Information	4
Elimination of Transfer and Resale Restrictions	5
THE SERIES 2014C BONDS	7
Redemption	7
Other Redemption	8
Redemption Selection Procedures	9
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014C BONDS	10
SOURCES AND USES OF FUNDS	10
DEBT SERVICE REQUIREMENTS	11
UPDATE REGARDING INTERNAL REVENUE SERVICE AUDIT	12
SERIES 2014B NOTE	12
HOVENSA	13
FISCAL YEAR 2015 BUDGET	13
HOSPITAL DECERTIFICATION	14
TAX MATTERS	15
VERIFICATION OF MATHEMATICAL COMPUTATIONS	18
LEGAL OPINIONS	18
CONTINUING DISCLOSURE	18
Prior Continuing Disclosure Non-Compliance	18
Continuing Disclosure Agreement	18
RATINGS	19
BOND PURCHASE AGREEMENT	19
UPDATES TO THE SERIES 2014A BONDS LOM	20
Main Body	20
Appendix D	21
CHANGES FROM THE PRELIMINARY LIMITED OFFERING MEMORANDUM	26
MISCELLANEOUS	27

APPENDICES

APPENDIX A: Glossary of Certain Defined Terms and Summaries of Certain Provisions of the Nineteenth Supplemental Indenture and the Series 2014C Loan Agreement	A-1
APPENDIX B: Form of Opinion of Bond Counsel	B-1
APPENDIX C: Prior Bonds	C-1
APPENDIX D: Form of Continuing Disclosure Agreement	D-1

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LIMITED OFFERING MEMORANDUM

\$247,050,000

VIRGIN ISLANDS PUBLIC FINANCE AUTHORITY
Revenue and Revenue Refunding Bonds
(Virgin Islands Gross Receipts Taxes Loan Note),
Series 2014C
(Tax-Exempt)

INTRODUCTION

This document, together with the Virgin Islands Public Finance Authority Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2014A (Working Capital) Limited Offering Memorandum, dated August 27, 2014 (the “Series 2014A Bonds LOM”), which is hereby incorporated by reference, is collectively defined herein as the “Series 2014C Bonds Limited Offering Memorandum.”

The Authority has prepared the Series 2014C Bonds Limited Offering Memorandum in connection with the sale of the \$247,050,000 Virgin Islands Public Finance Authority Revenue and Revenue Refunding Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2014C (Tax-Exempt) (the “Series 2014C Bonds”). The Series 2014C Bonds Limited Offering Memorandum is dated as of the date set forth on the cover page.

The Series 2014C Bonds may not be suitable for all investors. Prospective purchasers of the Series 2014C Bonds should read the Series 2014C Bonds Limited Offering Memorandum in its entirety. The descriptions and summaries of the various documents referred to in the Series 2014C Bonds Limited Offering Memorandum do not purport to be comprehensive or definitive, and all such descriptions or summaries are qualified in their entirety by reference to the complete documents. Copies of the referenced documents are available at the offices of (i) The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) at 10161 Centurion Parkway, Jacksonville, Florida 32256 (904-645-1912) and (ii) the Virgin Islands Public Finance Authority (the “Authority”) at 32-33 Kongens Gade, Charlotte Amalie, St. Thomas, United States Virgin Islands 00802 (340-714-1635).

GENERAL DESCRIPTION OF THE BONDS

Authorization

The Series 2014C Bonds are being issued pursuant to (i) the Virgin Islands Revised Organic Act, 48 U.S.C. 1574, et seq. (West 1987) (the “Revised Organic Act”), the laws of the Virgin Islands including Title 29, Chapter 15 of the Virgin Islands Code, as amended, 1988 V.I Act 5365, 2002 V.I. Act 6514, as amended by 2002 V.I. Act 6533, 2003 V.I. Act 6587, as amended by 2003 V.I. Act 6591 and 2003 V.I. Act 6593, 2012 V.I. Act 7453, as amended by 2014 V.I. Act 7699, and other applicable law, as the same may be amended from time to time (collectively, with the Revised Organic Act, the “Act”), (ii) Resolution No. 012-015, adopted by the Authority on December 13, 2012, and Resolution No. 014-013, adopted by the Authority on October 15, 2014, and (iii) the Indenture of Trust, dated as of November 1, 1999 (the “Original Indenture”), as previously amended and supplemented, and as further supplemented by the Nineteenth Supplemental Indenture of Trust, dated as of November 1, 2014 (the “Nineteenth Supplemental Indenture,” collectively, the “Indenture”), each by and between the Authority and the Trustee. The Trustee also will act as Registrar and Paying Agent with respect to the Series 2014C Bonds, as well as the Escrow Agent as described in “– Plan of Refunding.”

Purpose of the Issue

The Series 2014C Bonds are being issued by the Authority to (i) refund the Authority’s outstanding Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2003A (the “Prior Bonds”), (ii) finance all or a portion of the costs of certain capital projects, including the Paul E. Joseph Stadium Project and certain projects at the Governor Juan F. Luis Hospital & Medical Center (“JFL Hospital”) and Roy Lester Schneider Regional Medical Center, and (iii) pay the costs of issuance related to the Series 2014C Bonds. The Prior Bonds to be refunded are set forth in APPENDIX C.

Plan of Refunding

The portion of the proceeds of the Series 2014C Bonds to be used to refund the Prior Bonds will be held and disbursed pursuant to an Escrow Trust Agreement between the Authority and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, dated as of November 1, 2014 (the “Escrow Trust Agreement”). Pursuant to the Escrow Trust Agreement, such funds, together with the investment earnings thereon, will be used to pay principal and interest on the Prior Bonds on the date set for the refunding of such bonds.

PLAN OF DISTRIBUTION

Purchaser Representations

Each purchaser, by placing an order for the purchase of the Series 2014C Bonds, will be deemed to have made the following representations to Jefferies (as defined below) and Bostonia (as defined below) and the Authority, and the sale of the Series 2014C Bonds to each purchaser is made in reliance thereon:

(i) Each purchaser of the Series 2014C Bonds has confirmed that the Series 2014C Bonds will be acquired for investment for such purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such purchaser has no present intention of selling, granting any participation in, or otherwise distributing the Series 2014C Bonds. By purchasing the Series 2014C Bonds, each purchaser has further represented that such purchaser does not currently have any contract, undertaking, agreement, or arrangement with any person to sell, transfer, or grant participations to such person or to any third-party, with respect to any of the Series 2014C Bonds.

(ii) Each purchaser of the Series 2014C Bonds has confirmed its understanding that the offering of the Series 2014C Bonds is being made (a) in reliance on the limited offering exemption of Section (d)(1) of Rule 15c2-12 ("Rule 15c2-12") of the Securities Exchange Act of 1934 (the "Exchange Act"), (b) without registration under, and in reliance upon an exemption from, the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") and (c) only to institutional investors under applicable state "blue sky" securities laws that are Qualified Buyers. A "Qualified Buyer," for purposes of the Series 2014C Bonds Limited Offering Memorandum, means a Qualified Institutional Buyer within the meaning of Rule 144A under the Securities Act (17 C.F.R. § 230.144A) ("Rule 144A"); provided, however, that, in the case of a family of investment companies as defined in Rule 144A that have the same investment adviser and own in the aggregate at least \$100 million in securities other than the Series 2014C Bonds, each investment company member shall be considered a Qualified Buyer; and provided further, however, that a purchaser who, in the opinion of Jefferies and Bostonia, otherwise satisfies the requirements of Section (d)(1)(i) of Rule 15c2-12 without regard to their status as "qualified institutional buyer" also shall (upon consent of the Authority) be considered a Qualified Buyer. Section (d)(1)(i) of Rule 15c2-12 provides that such rule will not apply to a primary offering of municipal securities in authorized denominations of \$100,000 or more, if such securities are sold to no more than thirty-five (35) persons each of whom the participating underwriter (or, with respect to the Series 2014C Bonds, Jefferies and Bostonia) reasonably believes (1) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment and (2) is not purchasing for more than one account or with a view to distributing the securities.

(iii) Each purchaser also has confirmed its understanding that any transfer or resale of the Series 2014C Bonds will be restricted to a Qualified Buyer until such time as the transfer and resale restrictions described herein are eliminated. See "- Elimination of Transfer and Resale Restrictions."

(iv) Each purchaser of the Series 2014C Bonds has confirmed its understanding that no public market currently exists for the Series 2014C Bonds and that the Authority makes no assurances that any such public market for the Series 2014C Bonds will exist in the future.

(v) Each purchaser of the Series 2014C Bonds has confirmed that at the time such purchaser was offered the Series 2014C Bonds, it was, and on the date it purchases the Series 2014C Bonds it is, a Qualified Buyer. Each purchaser has confirmed that it is not a broker-dealer registered under Section 15(a) of the Exchange Act or an entity engaged in the business of being a broker-dealer.

(vi) Each purchaser of the Series 2014C Bonds, either alone or together with its representatives, has represented that it has such knowledge, sophistication, and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Series 2014C Bonds and has so evaluated the merits and risks of such investment. Each purchaser understands that it may be required to bear the economic risk of this investment in the Series 2014C Bonds indefinitely. Each purchaser has represented that it is able to bear such economic risk and would be able to afford a complete loss of its investment in the Series 2014C Bonds.

(vii) Each purchaser has acknowledged that Jefferies and Bostonia are relying on the representations and warranties made by such purchaser to qualify for the limited offering exemption set forth in Section (d)(1)(i) of Rule 15c2-12.

Other Limited Offering Information

It is expected that delivery of the Series 2014C Bonds will be made only in book-entry form through the same day funds settlement system of the Depository Trust Company (“DTC”) on or about November 14, 2014. See “THE SERIES 2014A BONDS – Book-Entry-Only System” in the Series 2014A Bonds LOM.

There can be no assurance that a secondary market for the Series 2014C Bonds will develop or, if it does develop, that it will continue or that the prices at which the Series 2014C Bonds will sell in the market after this offering will not be lower or higher than the initial offering price.

Jefferies LLC (“Jefferies”) and Bostonia Global Securities LLC (“Bostonia”) may be contacted at their respective principal offices as follows: (i) Jefferies LLC, 520 Madison Avenue, 8th Floor, New York, NY 10022, telephone: (212) 336-7022 and (ii) Bostonia Global Securities LLC, One Exeter Plaza, 699 Boylston Street, 7th Floor, Boston, MA 02116, telephone: (617) 437-0150.

Elimination of Transfer and Resale Restrictions

Pursuant to the Bond Purchase Agreement (as defined herein), the Authority and the Government will advise in writing Jefferies, or another qualified broker-dealer, when they determine that they are in compliance with their existing continuing disclosure agreements under Rule 15c2-12. Upon such determination, the Authority, at its own cost and expense, will engage the services of an independent third party, mutually agreeable to the Authority and Jefferies (or another qualified broker-dealer) to prepare a report as to whether the Authority and the Government are in compliance with their existing continuing disclosure agreements. If the report concludes that such compliance has been achieved, the Authority will prepare a notice that the requirements of Rule 15c2-12 have been satisfied (such notice to be posted on EMMA). Upon (i) the receipt of the independent third party report that the Authority and the Government are in compliance with their respective continuing disclosure agreements, (ii) the posting of the notice described above, and (iii) the posting on EMMA of the Series 2014C Bonds Limited Offering Memorandum (as the same may be amended or supplemented) plus any more recent disclosure documents prepared by the Authority or the Government relating to securities that are payable (on a senior or subordinate basis) from Gross Receipts Taxes, the transfer and resale restrictions on the Series 2014C Bonds will cease. There can be no guarantees that the events described in this paragraph will transpire or that the transfer and resale restrictions for the Series 2014C Bonds will be eliminated.

The Authority and the Government have entered into a number of continuing disclosure agreements in connection with bonds issued by the Authority. During the last five years, the Government and Authority have not satisfied the provisions of their continuing disclosure agreements, principally due to the failure to provide audited financial statements by the stated deadline in such agreements. For more information on the filing dates of the audited financial statements of the Government and Authority for fiscal years 2009-2013, see Table 1.

The Series 2014C Bonds are subject to transfer and resale restrictions until such time as the Authority and the Government are in compliance with their continuing disclosure agreements and meet all of the requirements set forth in the second preceding paragraph. There can be no assurances that the Government and Authority will achieve compliance with their continuing disclosure agreements or that the transfer and resale restrictions on the Series 2014C Bonds will be eliminated.

For more information on the continuing disclosure obligations of the Authority and Government, see "CONTINUING DISCLOSURE" in the Series 2014A Bonds LOM.

Table 1. Audited Financial Statements – Continuing Disclosure Filings

GOVERNMENT			
Fiscal Year Ended Sept. 30,	Filing Deadline (270 days)	Date Filed	Period after Filing Deadline
2009	June 27, 2010	July 28, 2011	13 months
2010	June 27, 2011	November 30, 2012	17 months
2011	June 26, 2012	July 16, 2013	13 months
2012	June 27, 2013	February 14, 2014	8 months
2013	June 27, 2014	June 30, 2014	3 days
AUTHORITY			
Fiscal Year Ended Sept. 30,	Filing Deadline (270 days)	Date Filed	Period after Filing Deadline
2009	June 27, 2010	June 25, 2010	N/A
2010	June 27, 2011	October 4, 2011	3 months
2011	June 26, 2012	June 3, 2013	11 months
2012	June 27, 2013	May 14, 2014	11 months
2013	June 27, 2014	August 20, 2014	2 months

THE SERIES 2014C BONDS

For purposes of the Series 2014C Bonds, the information in the Series 2014A Bonds LOM under the heading “THE SERIES 2014A BONDS” is supplemented by the following paragraphs.

Redemption

Optional Redemption. The Series 2014C Bonds maturing on October 1, 2030, October 1, 2039, and October 1, 2044, are subject to optional redemption by the Authority on or after October 1, 2024, in whole or in part at any time, from such maturities as directed by the Authority, from any moneys that may be available for such purpose, at a Redemption Price of 100% of the principal amount thereof plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2014C Bonds maturing on October 1, 2024, are required to be redeemed prior to maturity on October 1, in the years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2022	\$6,705,000
2023	\$7,045,000
2024 [†]	\$7,385,000

[†]Final maturity.

The Series 2014C Bonds maturing on October 1, 2030, are required to be redeemed prior to maturity on October 1, in the years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2025	\$6,595,000
2026	\$6,920,000
2027	\$7,270,000
2028	\$7,630,000
2029	\$8,015,000
2030 [†]	\$25,770,000

[†]Final maturity.

The Series 2014C Bonds maturing on October 1, 2039, are required to be redeemed prior to maturity on October 1, in the years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2030	\$5,000,000
2031	\$32,310,000
2032	\$33,920,000
2033	\$35,615,000
2035	\$1,180,000
2036	\$1,240,000
2037	\$1,305,000
2038	\$1,370,000
2039 [†]	\$1,440,000

[†]Final maturity.

The Series 2014C Bonds maturing on October 1, 2044, are required to be redeemed prior to maturity on October 1, in the years and amounts upon payment of 100% of the principal amount thereof plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2040	\$1,510,000
2041	\$1,580,000
2042	\$1,655,000
2043	\$3,445,000
2044 [†]	\$3,605,000

[†]Final maturity.

Other Redemption

Pursuant to the Series 2014C Loan Agreement, the Government has agreed, for the benefit of the Authority and the Owners of the Series 2014C Bonds, to deliver or cause to be delivered to the Trustee no later than each December 31 occurring on and after December 31, 2015, a written certification of the Director of OMB or the Commissioner of Finance containing a computation of the Surplus Available Revenues of the Government, if any, as of the immediately preceding October 1. From October 1, 2015, until all Series 2014C Bonds, which are allocable to working capital purposes as described in the Arbitrage and Use of Proceeds Certificate executed with respect to such Series 2014C Bonds, are retired, in the event the Government has any Surplus Available Revenues as of any October 1 (as set forth in such certificate described in the preceding sentence), the Government is required to either (i) purchase Non-AMT Tax-Exempt investments in the principal amount of such Cumulative Available Revenues, or (ii) within ninety (90) days thereafter, apply or cause to be applied an amount equal to the Cumulative Available Revenues as of such October 1, to redeem or purchase and retire the Series 2014C Bonds in accordance with the terms of the Arbitrage and Use of Proceeds Certificate executed with respect to such Series 2014C Bonds.

To the extent moneys on deposit in the Series 2014C Restricted Moneys Subaccount are applied to pay any redemption or purchase price, in accordance with the terms of the Arbitrage and Use of Proceeds Certificate pursuant to the Series 2014C Loan Agreement, the Government's obligations will be deemed satisfied to the same extent. In the event that any portion of such Surplus Available Revenues cannot be applied to purchase and retire a portion of the Series 2014C Bonds because insufficient Series 2014C Bonds are tendered for purchase by the holders thereof, the Government is required to deliver to the Trustee for deposit into the Series 2014C Restricted Moneys Subaccounts of the Series 2014C Redemption Subaccount, any unexpended Surplus Available Revenues.

In the event there are any Cumulative Available Revenues or any Surplus Available Revenues and so long as any Series 2014C Bonds remain outstanding, the Government may apply such Cumulative Available Revenues or Surplus Available Revenues, as the case may be, to redeem or purchase and retire any other tax-exempt Bonds of the Government in accordance with the Nineteenth Supplemental Indenture and the terms of the Arbitrage and Use of Proceeds Certificate.

Notwithstanding the three preceding paragraphs, the Government is not required to redeem or purchase and retire any Series 2014C Bonds if, on or before the December 1 immediately following the applicable October 1, the Government delivers or causes to be delivered to the Authority and the Trustee, an opinion of Bond Counsel to the effect that purchase or redemption is not required under the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Series 2014C Bonds.

Redemption Selection Procedures

Pursuant to the Indenture, the Series 2014C Bonds are required to be redeemed pro-rata following the procedures of DTC as a pro-rata pass-through distribution of principal (as described below), or if DTC procedures do not allow for pro-rata pass-through distribution of principal, the Series 2014C Bonds to be redeemed are required to be selected on a pro-rata basis; provided that, so long as such Series 2014C Bonds are registered in the book-entry-only system, the selection for redemption of such Series 2014C Bonds will be made in accordance with the operational arrangements of DTC then in effect. In connection with any repayment of principal of the Series 2014C Bonds, including payments of scheduled mandatory sinking fund redemptions, the Bond Registrar will direct DTC to make a pass-through distribution of principal to the holders of the Series 2014C Bonds.

For purposes of calculation of the "*pro-rata pass-through distribution of principal*," "*pro-rata*" means, for any amount of principal to be paid, the application of a fraction to such amounts where the numerator is equal to the amount due to the respective registered owners on a payment date, and the denominator is equal to the total original par amount of the Series 2014C Bonds of the maturity to be redeemed.

If less than all of the Series 2014C Bonds of a given maturity are called for prior redemption, the Trustee is required, pursuant to the Indenture, to select on a pro-rata basis among the holders of the outstanding Series 2014C Bonds of such maturity by application of a fraction where the numerator is the principal amount of the Series 2014C Bonds of such maturity held by the holder and the denominator is the principal amount of all the Series 2014C Bonds of such maturity then outstanding; provided, however, that if for a holder of Series 2014C Bonds of such maturity the pro-rata redemption will not result in a minimum denomination of \$100,000 or an integral multiple of \$5,000 in excess thereof (the "Uneven Amount"), then the amount to be redeemed allocable to such Uneven Amount will be as determined by the Authority by direction to the Bond Registrar in any commercially reasonable manner, which may include allocating such additional redemptions by rounding to the nearest denomination of \$100,000 or an integral multiple of \$5,000 in excess thereof, or by lot, or both.

Whenever a Series 2014C Bond is redeemed prior to maturity or purchased and cancelled by the Authority, the Trustee is required, pursuant to the Indenture, to cancel the principal amount of such Series 2014C Bond redeemed and shall credit pro-rata against the unsatisfied balance of future sinking fund installments and final maturity amount established with respect to such Series 2014C Bond.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014C BONDS

The security and sources of payment for the Series 2014C Bonds are the same as those described for the Series 2014A Bonds in the Series 2014A Bonds LOM under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” provided that (i) the definition of “Series 2014A Loan Note” should be read to also include the Series 2014C Loan Note, and (ii) there is a separate Series 2014C Loan Agreement. The Series 2014C Loan Agreement is summarized in APPENDIX A.

SOURCES AND USES OF FUNDS

The sources and uses of the proceeds of the Series 2014C Bonds are set forth below:

SOURCES OF FUNDS

Par Amount	\$247,050,000.00
Net Original Issue Premium	13,991,143.90
Funds on Deposit under the Indenture related to the Series 2003A Bonds	5,370,827.91
Total Sources	<u>\$266,411,971.81</u>

USES OF FUNDS

Deposit to the Series 2014C Escrow Account	\$235,249,195.83
Deposit to the Series 2014C Project Subaccount	25,500,000.00
Costs of Issuance ⁽¹⁾	5,662,775.98
Total Uses	<u>\$266,411,971.81</u>

1. The Costs of Issuance of the Series 2014C Bonds include legal fees, Trustee fees, financial advisor fees, fees for Jefferies and Bostonia, and other costs incurred in connection with the issuance of the Series 2014C Bonds, as well as other rounding amounts.

DEBT SERVICE REQUIREMENTS

The table below sets forth the debt service on all Outstanding Bonds, including the Series 2014C Bonds, but excluding the Prior Bonds. The amounts in the table below may not sum due to rounding.

Debt Service on the Series 2014C Bonds					
Fiscal Year (September 30)	Outstanding Debt Service ⁽¹⁾	Principal	Interest	Total	Total Debt Service
2015	\$48,610,899	-	\$4,678,369	\$4,678,369	\$53,289,269
2016	41,518,850	\$4,555,000	12,179,650	16,734,650	58,253,500
2017	41,529,200	4,995,000	11,940,900	16,935,900	58,465,100
2018	41,526,825	5,240,000	11,685,025	16,925,025	58,451,850
2019	41,244,381	5,510,000	11,416,275	16,926,275	58,170,656
2020	41,262,194	5,790,000	11,133,775	16,923,775	58,185,969
2021	41,261,269	6,065,000	10,837,400	16,902,400	58,163,669
2022	41,268,244	6,385,000	10,526,150	16,911,150	58,179,394
2023	41,272,013	6,705,000	10,198,900	16,903,900	58,175,913
2024	44,602,781	7,045,000	9,855,150	16,900,150	61,502,931
2025	44,625,706	7,385,000	9,494,400	16,879,400	61,505,106
2026	44,625,175	6,595,000	9,144,900	15,739,900	60,365,075
2027	44,632,544	6,920,000	8,807,025	15,727,025	60,359,569
2028	44,643,288	7,270,000	8,452,275	15,722,275	60,365,563
2029	44,656,813	7,630,000	8,079,775	15,709,775	60,366,588
2030	44,662,719	8,015,000	7,688,650	15,703,650	60,366,369
2031	22,872,125	30,770,000	6,719,025	37,489,025	60,361,150
2032	23,211,500	32,310,000	5,142,025	37,452,025	60,663,525
2033	23,245,250	33,920,000	3,486,275	37,406,275	60,651,525
2034	5,606,250	35,615,000	1,747,900	37,362,900	42,969,150
2035	5,600,875	-	857,525	857,525	6,458,400
2036	1,674,000	1,180,000	828,025	2,008,025	3,682,025
2037	1,675,000	1,240,000	767,525	2,007,525	3,682,525
2038	1,677,875	1,305,000	703,900	2,008,900	3,686,775
2039	1,677,500	1,370,000	637,025	2,007,025	3,684,525
2040	1,678,750	1,440,000	566,775	2,006,775	3,685,525
2041	1,676,500	1,510,000	496,800	2,006,800	3,683,300
2042	1,675,625	1,580,000	427,275	2,007,275	3,682,900
2043	1,675,875	1,655,000	354,488	2,009,488	3,685,363
2044	-	3,445,000	239,738	3,684,738	3,684,738
2045	-	3,605,000	81,113	3,686,113	3,686,113
Total	<u>\$785,890,024</u>	<u>\$247,050,000</u>	<u>\$179,174,032</u>	<u>\$426,224,032</u>	<u>\$1,212,114,056</u>

1. Excludes debt service associated with the Prior Bonds.

UPDATE REGARDING INTERNAL REVENUE SERVICE AUDIT

As described in the Series 2014A Bonds LOM, the Authority was the subject of an audit by the Internal Revenue Service (“IRS”) in connection with the Authority’s \$219,490,000 Virgin Islands Public Finance Authority Revenue Bonds (Gross Receipts Taxes Loan Note), Series 2006, issued on September 28, 2006 (the “Series 2006 Bonds”). Following the audit of the Series 2006 Bonds, the IRS concluded that a portion of such bonds (\$80 million) should not have been issued as tax-exempt bonds. The Authority, Government and IRS entered into a settlement agreement on August 27, 2013, pursuant to which the Authority agreed to pay \$13,635,104 (the “Settlement Amount”) to the IRS to resolve the matter, allowing the Series 2006 Bonds to remain outstanding and retain their tax exemption.

In 2013, the Settlement Amount was paid from a portion of the proceeds of the \$40,000,000 Subordinate Lien Revenue Anticipation Note (Virgin Islands Gross Receipts Taxes Loan Note), Series 2013B (the “Series 2013B RAN”). The Series 2013B RAN was a short-term taxable note that matured on September 30, 2014. On September 12, 2014, the Authority issued its \$14,000,000 Virgin Islands Public Finance Authority Subordinate Lien Revenue Note (Virgin Islands Gross Receipts Taxes Loan Note – IRS Settlement Financing), Series 2014B (the “Series 2014B Note”). The Series 2014B Note was issued as a taxable note by the Authority to (i) provide for the long-term financing of the Settlement Amount and (ii) finance certain costs incidental to the issuance of the Series 2014B Note. A portion of the proceeds of the Series 2014B Note were used to reimburse the General Fund of the Government for the Settlement Amount paid to the IRS.

On October 20, 2014, the Government and the Authority filed a lawsuit against their former bond counsel and financial advisor, among other defendants, in connection with the issuance of the Series 2006 Bonds and the subsequent IRS audit. In this lawsuit, the Government and the Authority are seeking to recover the Settlement Amount, among other amounts.

SERIES 2014B NOTE

As described above, the Authority issued the Series 2014B Note to provide for long-term financing of the Settlement Amount. Notwithstanding the designation of “Series 2014B,” the Series 2014B Note is in all respects subordinate and junior to the right, lien and preference of any Bonds issued pursuant to the Indenture, including the Series 2014A Bonds and the Series 2014C Bonds. The holders of the Series 2014B Note, or any other subordinate notes issued under the Indenture, do not have a claim on the Debt Service Reserve Account established under the Indenture.

HOVENSA

Atlantic Basin Refining Inc. (“ABR”) has reached an agreement in principle to acquire Hovensa LLC (“Hovensa”), inclusive of the St. Croix refinery and all related contracts and assets, from affiliates of Hess Corporation and Petroleos de Venezuela (collectively, the “Plant Owners”). ABR was formed by energy industry executives for the specific purpose of acquiring Hovensa, which under ABR’s ownership is expected to reconfigure the St. Croix refinery to process light sweet crude. Such reconfiguration is expected to take approximately two years.

ABR is scheduled to meet with the Legislature to discuss an operating agreement with the Government regarding the terms and conditions of rebuilding and restarting the now-closed St. Croix refinery (the “Operating Agreement”). The Operating Agreement is subject to a vote by the Legislature. The completion of ABR’s acquisition of Hovensa is subject to various conditions, including receiving Legislative approval of the Operating Agreement.

FISCAL YEAR 2015 BUDGET

The Governor submitted a proposed fiscal year 2015 budget (the “Proposed Fiscal Year 2015 Budget”) to the Legislature for its review and approval on June 16, 2014. In the Proposed Fiscal Year 2015 Budget, the requested General Fund appropriation level was \$709.5 million, which included funding for the projected operating costs of all branches of the Government.

On September 30, 2014, the Legislature adopted its fiscal year 2015 budget (the “Adopted Fiscal Year 2015 Budget”), which set the General Fund appropriation level at \$711.0 million. Upon adoption, the Adopted Fiscal Year 2015 Budget was then transmitted to the Governor for approval. On October 13, 2014, the Governor, who has the authority to eliminate any item of a budget by a line-item veto or to veto a budget in its entirety, approved portions of the Adopted Fiscal Year 2015 Budget and vetoed certain other aspects thereof.

It is expected that the Legislature will review the Governor’s version of the Adopted Fiscal Year 2015 Budget during its November legislative sessions and finalize the budget at such time. The Legislature may override any veto by the Governor (including any line-item veto) by a vote of two-thirds of its members.

HOSPITAL DECERTIFICATION

JFL Hospital, a semiautonomous component unit of the Government, was informed on September 17, 2014, of the decision of the U.S. Centers for Medicare and Medicaid Services (“CMS”) to decertify JFL Hospital, effective October 9, 2014 (the “Termination Date”). This decision was based on several deficiencies that CMS inspectors found during surveys conducted at JFL Hospital between July 28th and August 1st of this year. JFL Hospital hired outside legal counsel who worked with JFL Hospital to submit a plan of correction to CMS (the “Plan of Correction”) alleging substantial compliance with the Medicare Conditions of Participation. On October 1, 2014, the Legislature approved \$2.5 million in additional funding for JFL Hospital. JFL Hospital and its legal counsel met with CMS on October 3, 2014, to request an extension of the Termination Date to allow JFL Hospital time to demonstrate to CMS that it was in substantial compliance with the Medicare Conditions of Participation and that it could sustain such compliance. On October 6, 2014, CMS advised JFL Hospital would be granted a six-week extension of the Termination Date to allow JFL Hospital to consider whether it wanted to enter into a Systems Improvement Agreement with CMS (the “Systems Improvement Agreement”). CMS also stated that a Systems Improvement Agreement with JFL Hospital must have the support of the Governor and Legislature as evidenced by a letter of support accompanying such agreement. JFL Hospital has expressed to CMS its intention to enter into the Systems Improvement Agreement and is currently working on the terms of such agreement. Once the Systems Improvement Agreement is executed, JFL Hospital will have nine months from the effective date of such agreement to implement its Plan of Correction and demonstrate to CMS that it is in substantial compliance with the Medicare Conditions of Participation.

Medicare decertification would disqualify JFL Hospital from participating in both Medicare and Medicaid, federal healthcare programs established to provide health care coverage to the elderly, disabled, and those whose income falls below certain thresholds. The financial impact of the loss of Medicare and Medicaid revenues would be a reduction in cash of approximately \$13 million over six months. The impact could be even greater since payment by commercial payors is linked to Medicare certification. JFL Hospital estimates that it could lose an additional 20% of its monthly revenues through the loss of such commercial payor payments. The long term financial impact of Medicare decertification would be much greater.

As a semiautonomous component unit of the Government, JFL Hospital is dependent on financial support from the Government. If decertified, JFL Hospital could request additional financial support from the Government. Any decision to provide additional financial support to JFL Hospital would be at the sole discretion of the Government.

TAX MATTERS

In the opinion of Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2014C Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2014C Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2014C Bonds, and Bond Counsel has assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2014C Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2014C Bonds is exempt, under existing statutes, from personal income tax imposed by the United States Virgin Islands or by any state, territory, or possession or by any political subdivision thereof or by the District of Columbia.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series 2014C Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2014C Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants. The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2014C Bonds in order that interest on the Series 2014C Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2014C Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2014C Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2014C Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2014C Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2014C Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2014C Bonds.

Prospective owners of the Series 2014C Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property

and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2014C Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount. “Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2014C Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2014C Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2014C Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Series 2014C Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2014C Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2014C Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium. In general, if an owner acquires a Series 2014C Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2014C Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Series 2014C Bond (a “Tax-Exempt Premium Bond”). In general, under Section 171 of the Code, an owner of a Tax-Exempt Premium Bond must amortize the bond premium over the remaining term of the Tax-Exempt Premium Bond, based on the owner’s yield over the remaining term of the Tax-Exempt Premium Bond determined based on constant yield principles (in certain cases involving a Tax-Exempt Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Tax-Exempt Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a Tax-Exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Tax-Exempt Premium Bond may realize a taxable gain upon disposition of the Tax-Exempt Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Tax-Exempt Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating

thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Tax-Exempt Premium Bonds.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2014C Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2014C Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2014C Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2014C Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2014C Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2014C Bonds. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Dave Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their "modified adjusted gross income," defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

Prospective purchasers of the Series 2014C Bonds should consult their own tax advisors regarding the foregoing matters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by Jefferies and Bostonia, on behalf of the Authority, to compute (i) the anticipated payments of principal and interest to redeem the Prior Bonds, and (ii) the yields on the portion of the Series 2014C Bonds to be used to refund the Prior Bonds was verified by The Arbitrage Group (the “Verification Agent”). Such computations were based solely upon information supplied by Jefferies and Bostonia, on behalf of the Authority. The Verification Agent has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions reflected in its report, or the achievability of future events.

LEGAL OPINIONS

The validity of the Series 2014C Bonds and certain other legal matters are subject to the approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority. The proposed form of Bond Counsel opinion is set forth as APPENDIX B hereto.

Certain legal matters will be passed on for the Authority by its counsel, Birch, deJongh & Hindels PLLC, St. Thomas, Virgin Islands. Certain legal matters will be passed upon for the Government by the Office of the Attorney General of the Government. Hawkins Delafield & Wood LLP, Disclosure Counsel to the Authority, will deliver an opinion regarding certain matters to the Authority, the Government, Jefferies and Bostonia. Certain legal matters will be passed upon for Jefferies and Bostonia by their counsel, Ballard Spahr LLP, Washington, D.C.

CONTINUING DISCLOSURE

Prior Continuing Disclosure Non-Compliance

The Authority and the Government have entered into a number of continuing disclosure agreements in connection with bonds previously issued by the Authority. During the past five years, the Authority and the Government have not complied with the majority of their obligations under such continuing disclosure undertakings. Specifically, the Authority and the Government consistently have provided incomplete annual continuing disclosure filings and have failed to provide disclosure on a timely basis. For more information on the failure of the Authority and Government to provide continuing disclosure on a timely basis, see “PLAN OF DISTRIBUTION – Elimination of Transfer and Resale Restrictions.”

Continuing Disclosure Agreement

The Authority has entered into a continuing disclosure agreement with respect to the Series 2014C Bonds that meets the requirements of Rule 15c2-12. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

RATINGS

Standard & Poor's Ratings Service and Fitch Ratings Inc. have assigned the Series 2014A Bonds a rating of "BBB+" (with a stable outlook) and "BBB" (with a negative outlook), respectively.

A rating, including any related outlook with respect to potential changes in such rating, reflects only the view of the Rating Agency giving such rating and is not a recommendation to buy, sell or hold the Series 2014C Bonds. An explanation of the procedure and methodology used by each Rating Agency and the significance of the above ratings may be obtained from the Rating Agencies. The ratings may be changed at any time and there is no assurance that either rating will continue for any given period of time or that either rating will not be revised downward or withdrawn entirely by the Rating Agency furnishing the same, if in the judgment of such Rating Agency, circumstances so warrant. Any such downward revision or withdrawal of either rating is likely to have an adverse effect on the market price of the Series 2014C Bonds.

The Authority did not request a rating from Moody's Investors Service ("Moody's") on the Series 2014C Bonds and Moody's has not rated such bonds. On February 12, 2013, Moody's withdrew its ratings on the Authority's outstanding indebtedness secured by Gross Receipts Taxes due to the lack of sufficient current financial and operating information.

BOND PURCHASE AGREEMENT

The Authority, Jefferies and Bostonia have entered into a bond purchase agreement, dated November 3, 2014 (the "Bond Purchase Agreement"). Subject to the terms and conditions set forth therein, Jefferies and Bostonia have agreed to use their best efforts to solicit offers to purchase the Series 2014C Bonds from certain institutional investors.

Pursuant to the Bond Purchase Agreement, Jefferies and Bostonia have agreed to pay to the Authority the aggregate purchase price of the Series 2014C Bonds of \$259,810,832.03 (representing the \$247,050,000.00 par amount of the Series 2014C Bonds, plus net original issue premium of \$13,991,143.90, less a fee of \$1,111,725.00, and less expenses of Jefferies and Bostonia in the amount of \$118,586.87).

The obligation of Jefferies and Bostonia to pay for and accept delivery of any Series 2014C Bonds is subject to, among other things, the sale of those Series 2014C Bonds to institutional investors, the receipt of certain legal opinions and the satisfaction of other conditions set forth in the Bond Purchase Agreement. Pursuant to the Bond Purchase Agreement, Jefferies and Bostonia have agreed, as representatives of the Authority, to use their best efforts to solicit offers to purchase the Series 2014C Bonds from one or more Qualified Buyers, subject to the understanding that Jefferies' and Bostonia's roles shall be only that of a riskless principal and they have no obligation to transfer funds to the Authority except to the extent they have firm orders from Qualified Buyers. The Bond Purchase Agreement also provides that the Authority, under certain circumstances, will indemnify Jefferies and Bostonia and that Jefferies and Bostonia, under certain circumstances, will indemnify the Authority against certain civil liabilities under federal or state securities laws.

UPDATES TO THE SERIES 2014A BONDS LOM

Certain information, sections and tables from the Series 2014A Bonds LOM are updated as follows (for purposes of the incorporation by reference into the Series 2014C Bonds Limited Offering Memorandum):

Main Body

Outstanding Indebtedness of the Authority and the Government. Table 3 in the main body of the Series 2014A Bonds LOM is replaced in its entirety by the following revised table that lists the outstanding indebtedness of the Authority and the Government as of October 15, 2014.

Table 3. Outstanding Indebtedness of the Authority and Government

Bonds / Notes	Original Principal Amount	Outstanding Balance
Gross Receipts Taxes Bonds: Senior Lien		
Series 2003A	\$268,020,000	\$233,290,000
Series 2006	219,490,000	202,955,000
Series 2012A (Working Capital)	197,065,000	178,095,000
Series 2012B (Broadband Project)	31,740,000	28,805,000
Series 2012C (Capital Projects)	35,115,000	33,445,000
Series 2014A (Working Capital)	49,640,000	<u>49,640,000</u>
Subtotal		<u>\$726,230,000</u>
Gross Receipts Taxes Notes: Subordinate Lien		
Series 2009 (911 Loan)	\$8,000,000	\$ 899,262
Series 2011 (Property Tax Revenue Anticipation Note) ⁽¹⁾	13,000,000	6,937,017
Series 2013A (Police Fleet Financing)	2,660,000	4,173,889
Series 2014B (IRS Settlement Financing)	14,000,000	<u>14,000,000</u>
Subtotal		<u>\$26,010,168</u>
Other Indebtedness		
Virgin Islands Water and Power Authority ("WAPA") Loan Guaranty (2008) ⁽²⁾	\$10,317,103	\$ 6,082,999
Series 2012A (Island Crossings Tax Increment Term Loan) ⁽³⁾	15,700,000	<u>13,218,151</u>
Subtotal		<u>\$19,301,150</u>
Matching Fund Revenue Bonds⁽⁴⁾		
Series 2009A-C	\$458,840,000	\$ 344,770,000
Series 2009A (DIAGEO) ⁽⁵⁾	250,000,000	241,760,000
Series 2009A (CRUZAN) ⁽⁵⁾	39,190,000	36,245,000
Series 2010A-B (Working Capital)	399,050,000	392,840,000
Series 2012A (Working Capital)	142,640,000	141,840,000
Series 2013A	36,000,000	36,000,000
Series 2013B	51,365,000	<u>51,365,000</u>
Subtotal		<u>\$1,244,820,000</u>
TOTAL		<u>\$2,016,361,318</u>

1. Total debt service and principal amounts are updated monthly. In the event that principal is not paid on December 1, 2016, the note converts to a term loan maturing on December 1, 2018.
2. A guaranty of the debt of WAPA and not a current liability of the Government.
3. Converted to a term loan during the first quarter of fiscal year 2013.
4. The Matching Fund Revenue Bonds listed below are not all secured on a parity basis.
5. Not obligations of the Government or the Authority.

Appendix D

Economic and Demographic Information – Population. Table D-1 in Appendix D of the Series 2014A Bonds LOM is replaced in its entirety by the following table. The data for the Virgin Islands for calendar year 2013 has been recently updated by the United States Virgin Islands Bureau of Economic Research.

**Table D-1. Virgin Islands Population
Calendar Years 2004-2013**

Year	Population	Percentage Increase (Decrease)
2004	111,459	–
2005	111,470	0.6%
2006	113,689	2.0%
2007	114,743	0.9%
2008	115,852	1.0%
2009	107,343	(7.3%)
2010	106,405	(0.9%)
2011	105,743	(0.6%)
2012	105,080	(0.6%)
2013 ⁽¹⁾	104,563	(0.5%)

Sources: United States Census Bureau and the United States Virgin Islands Bureau of Economic Research.

1. The Virgin Islands population data for calendar year 2013 is estimated and is subject to revision.

Per Capita Income. Table D-9 in Appendix D of the Series 2014A Bonds LOM is replaced in its entirety by the following table. The data for the Virgin Islands for calendar years 2010 through 2013 has been recently updated by the United States Virgin Islands Bureau of Economic Research.

**Table D-9. Comparative Per Capita Income United States Virgin Islands and United States
Calendar Years 2004-2013
(current dollars)**

Year	United States Virgin Islands	Annual Percentage Increase (Decrease)	United States	Annual Percent Increase (Decrease)
2004	19,045	5.2	33,909	5.0
2005	20,620	8.3	35,452	4.6
2006	21,711	5.3	37,725	6.4
2007	22,658	4.4	39,506	4.7
2008	22,947	1.3	40,947	3.6
2009	23,931	4.3	39,357	(3.9)
2010	25,603	7.0	40,163	2.0
2011	25,084	(2.0)	42,298	5.3
2012	23,388	(6.8)	43,735	3.4
2013	21,353	(8.7)	44,543	1.8

Sources: U.S. Bureau of Economic Analysis and United States Virgin Islands Bureau of Economic Research.

Revenues of the Government – General. The following column for fiscal year 2014 is added to Table D-12 in Appendix D of the Series 2014A Bonds LOM. The following figures are preliminary and subject to change. Dollar figures are in thousands. The data below is derived using the cash basis of accounting.

	2014
Income Taxes	\$423,970
Gross Receipts Taxes ⁽¹⁾	155,149
Real Property Taxes	34,547 ⁽⁴⁾
Excise Taxes	23,373
Other Taxes ⁽²⁾	10,610
Total Taxes	\$647,649
Other Sources of Revenue ⁽³⁾	15,026
Total Revenue (Operating)	\$662,675

1. Does not include Required Annual Moderate Income Housing Fund Deposit.
2. Other Taxes include stamp taxes, foreign sales corporation franchise taxes, inheritance taxes and corporate franchise taxes.
3. Other Sources of Revenue include, among other things, license fees and permits fines, forfeitures, penalties, rents and concessions, customs dues, bank fees and charges, and franchise fees.
4. From 2003 until January 2011, the Government was unable to issue real property tax bills as a result of litigation challenging the real property tax system. Following the resolution of such matter, the Government obtained approval from the Legislature to issue tax bills for 2006 and later years. In fiscal years 2011-2013, multiple property tax bills were issued. However, for fiscal year 2014, only one real property tax bill was sent to taxpayers. This explains the variance between the real property tax figures for fiscal year 2014 and fiscal years 2011-2013. The real property tax system and the aforementioned litigation are described in more detail in Appendix D to the Series 2014A Bonds LOM under the heading “Revenues of the Government – Real Property Taxes.”

Revenues of the Government – Income Taxes. The following column for fiscal year 2014 is added to Table D-13 in Appendix D of the Series 2014A Bonds LOM. The following figures are preliminary and subject to change. Dollar figures are in thousands. The data below is derived using the cash basis of accounting.

	2014
Income Taxes Collected	\$423,970
Percentage of General Fund Revenues	64.0%

Revenues of the Government – Excise Taxes. The following column for fiscal year 2014 is added to Table D-17 in Appendix D of the Series 2014A Bonds LOM. The following figures are preliminary and subject to change. Dollar figures are in millions. The data below is derived using the cash basis of accounting.

	2014
Excise Taxes Collected	\$23.4
Percentage of General Fund Revenues	3.5%

Additional Revenues of the Government – Matching Fund Revenues – Cover Over Rate. The penultimate sentence in the first full paragraph under the heading “Additional Revenues of the Government – Matching Fund Revenues – Cover Over Rate” in Appendix D of the Series 2014A Bonds LOM is replaced in its entirety by the following sentence.

- For fiscal year 2014, the Government received an advance payment of Matching Fund Revenues of \$242.0 million. For fiscal year 2015, the Government received an advance payment of Matching Fund Revenues of \$165.2 million, which was calculated at the \$10.50 Cover Over Rate.

Financial Position of the Government. The following sentence is added to the second paragraph under the heading “Financial Position of the Government” in Appendix D of the Series 2014A Bonds LOM.

- For the fiscal year ending September 30, 2014, the Government projects an estimated General Fund budgetary shortfall of revenues over expenditures of approximately \$74,015,000.

Federal Oversight of Certain Government Programs. The section entitled “Federal Oversight of Certain Government Programs” in Appendix D of the Series 2014A Bonds LOM is updated as follows:

The paragraph entitled “Landfills” is replaced in its entirety by the following paragraph.

- *Landfills.* The United States Environmental Protection Agency (the “EPA”) filed a complaint alleging that the Government and Virgin Islands Waste Management Authority (the “WMA”) violated Sections 111(d), 112, 114 and 503 of the Clean Air Act, 42 U.S.C. § 7401, et seq. (the “CAA”) and Section 7003(a) of the Solid Waste Disposal Act, as amended, 42 U.S.C. § 6901, et seq. (the “RCRA”) at the Bovoni Municipal Solid Waste Landfill (“Bovoni”) on St. Thomas and that the Government, WMA and the Virgin Islands Port Authority (the “VIPA”) violated Sections 111(d), 112, 114 and 503 of the CAA and Section 7003(a) of RCRA at the Anguilla Municipal Solid Waste Landfill (“Anguilla”) on St. Croix. The EPA later filed an amended complaint adding a claim regarding the removal of scrap tires at Bovoni. The Government and WMA entered into two partial consent decrees with the United States in 2011 and 2012, each of which requires the Government to provide capital financing to implement certain landfill closure work and significant groundwater corrective action and WMA to carry out the compliance actions in this matter. Both parties are jointly responsible for the implementation of solid waste fees to support capital financing by the end of December 2014. Tolling agreements are in place to allow the RCRA compliance deadlines to be modified in the event that capital funds are not available. No such tolling is applied to the CAA compliance deadlines. Accrued penalties as of September 2014 exceed \$5 million and potentially could average \$13 million per year, if compliance deadlines are not met. Federal and local funds, including grants from the Department of the Interior, proceeds of bonds issued by the Authority, and the general operating funds of the WMA have been expended for landfill closure work projects and engineering services. These projects include (i) the St. Croix Bale and Wrap Transfer Station design-build and bale production services, (ii) the Anguilla Landfill final closure bale placement services, and (iii) the Bovoni Landfill west berm design and construction services. The Government submitted a Landfill Bond Financing bill requesting authorization to issue \$28.4 million in bonds for future closure work, but such legislation was not enacted by the Legislature.

The paragraph entitled “Tutu Wellfield Superfund Site” is replaced in its entirety by the following paragraph.

- *Tutu Wellfield Superfund Site.* In the matter of United States of America v. Government of the Virgin Islands, Civil Action No. 09-122, the EPA filed a claim against the Government of the Virgin Islands pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 seeking reimbursement of response costs the United States Government had incurred as a result of efforts to eliminate the hazardous substances that were dumped or had escaped into the ground at the Tutu Wellfield (the “Site”). The Government entered into a consent decree with the United States, which requires the Government to take over the operation and maintenance of the remediation operations. Pursuant to such requirement, in 2013, the EPA transferred and the Government assumed the operations and maintenance of the remedial action at the Site. Upon assuming such obligations, the Government, in June 2013, entered into an Operations and Maintenance Services Contract with Arrowhead Contracting, Inc. (the “Contract”), pursuant to which the Government delegated by contract the performance of the remedial action to be performed at the Site. The Contract commenced on April 16, 2013, with an initial term expiring August 15, 2014. The Government has the option to renew the Contract for four (4) successive twelve (12) month terms and is now in the process of renewing such Contract. Because of the nature of the Site, the cleaning process is difficult and will likely continue for many years. It is expected that the cost to the Government for operations and maintenance services at the Site may be in the hundreds of thousands of dollars annually. There is no timetable for when the cleaning process might be finished.

The paragraph entitled “Mental Health Class Action” is replaced in its entirety by the following paragraph.

- *Mental Health Class Action.* A class action suit was brought on behalf of persons who have been certified as individuals in need of mental health services. The complaint alleges that the Government violated the constitutional rights of the mentally ill by failing to provide adequate mental health care to the class members and instituting discriminatory practices and policies that infringed on the rights of the mentally ill. In July 2009, the parties entered into a consent decree that requires the establishment of a Consent Decree Commission Force to explore and recommend appropriate measures to remedy the alleged violations and prepare a five-year strategic plan for the care of patients with mental illness in the Virgin Islands. Monies were appropriated and allocated to the Department of Health, Division of Mental Health to retain a consultant to assist with the preparation of the five-year strategic plan. An interim draft of a five-year strategic plan was submitted by the consultant to the Consent Decree Commission (the “Commission”) in October 2013. Following such submission, there were continued discussions on a final draft of such plan. The chairman of the Commission set a deadline of August 1, 2014, to complete the five-year strategic plan, which deadline was extended pursuant to the oversight powers of the District Court of the Virgin Islands (the “District Court”). On September 2, 2014, the District Court entered an order, which stated that “the matter is closed administratively and the Court further orders that the parties file a stipulation of dismissal within thirty (30) days.”

The paragraph entitled “Golden Grove Correctional Adult Facility Consent Decree” is replaced in its entirety by the following paragraph.

- *Golden Grove Correctional Adult Facility Consent Decree.* In 1986, the United States brought an action in the District Court of the Virgin Islands, Division of St. Croix, against both certain Government officials in their official capacity and the Virgin Islands in connection with alleged unconstitutional conditions at the Golden Grove Adult Correctional Facility and Detention Center (“Golden Grove”) on St. Croix. The parties entered into a consent decree in 1986, which became an order of the Court. The Court entered several subsequent orders over the years, including one appointing a Special Master in 2006. On October 27, 2011, all orders except for the one appointing the Special Master were stayed. In February 2012, the Court determined that all of the stayed orders could not be enforced due to their failure to comply with the Prison Litigation Reform Act (the “PLRA”). The Special Master was active from 2006 through February 2012, when the Court issued an Order to Stay the Operations of the Special Master. On August 31, 2012, the parties filed a Joint Motion to Enter Consent Judgment, by which the parties sought the Court’s approval of a settlement agreement that provided for the appointment of a monitor to oversee the implementation of the settlement agreement between the parties as an order of the Court. On May 14, 2013, the Court entered the parties’ settlement agreement as an Order of the Court. On June 19, 2013, Kenneth A. Ray was appointed by the Court as the monitor. Since his appointment, he has issued three Compliance Monitoring Reports. During the Court’s most recent status conference on September 25, 2014, the Government and U.S. Department of Justice reached a stipulated agreement on the continuing remedial efforts at Golden Grove.

Labor Relations and Back Wages. The section entitled “Labor Relations and Back Wages” in Appendix D of the Series 2014 A Bonds LOM is replaced in its entirety by the following paragraphs:

Labor Relations and Back Wages

Government employees currently are eligible to be members of 14 distinct labor organizations subject to approximately 37 collective bargaining agreements. Approximately six bargaining units are without collective bargaining agreements. As specific disciplines are not grouped under a single pay plan, it is common to have clerical and nonprofessional workers in different departments throughout the Government represented by different unions. Of the approximately 6,574 government workers, approximately 5,271 belong to unions. The present collective bargaining statute requires binding arbitration for certain classified employees in the event of an impasse during salary negotiations between the Government and any union. Under this process, each side chooses an arbitrator and a third impartial arbitrator is selected by the chosen arbitrators. The arbitration panel investigates and reviews the issues in dispute and renders a final and binding decision. For other classified employees, the Government must decide to go to impasse or to enjoin any strike.

As of September 30, 2013, the Government had contractual liabilities for retroactive salary increases resulting from union arbitrations estimated at \$195.3 million accruing from fiscal years 1993 through 2013, as established by the Virgin Islands Retroactive Wage Commission.

Under Title 24, Section 374(h) of the Virgin Islands Code, the Government may not make any payments of retroactive salaries until there is an appropriation of funds by the Legislature. The Legislature, from time to time, has appropriated funds for partial payment of such retroactive wages and related payroll costs. Until additional appropriations are made by the Legislature, the retroactive salary liability is recorded as a non-current liability in the Government statement of net assets (deficit).

CHANGES FROM THE PRELIMINARY LIMITED OFFERING MEMORANDUM

The Preliminary Limited Offering Memorandum for the Series 2014C Bonds and the Series 2014D Bonds was dated October 27, 2014 (the “PLOM”). The PLOM was prepared on the understanding that both the Series 2014C Bonds and the Series 2014D Bonds would be sold at or around the same time. During the marketing period for the Series 2014C Bonds and the Series 2014D Bonds, the Authority determined that the sale of the Series 2014D Bonds would not take place at this time. As a result, all references to the Series 2014D Bonds, other than in this section, have been deleted from this Series 2014C Bonds Limited Offering Memorandum.

As described in the PLOM, the Series 2014D Bonds were expected to be sold as federally taxable bonds. Accordingly, the references to federally taxable bonds in the “TAX MATTERS” section have been deleted from this Series 2014C Bonds Limited Offering Memorandum.

Also, since the date of the PLOM, certain information regarding the proposed sale of Hovensa to ABR has been released and the section entitled “HOVENSA” has been added to this Series 2014C Bonds Limited Offering Memorandum. Such proposed sale and the ongoing discussions between ABR and the Legislature are briefly described in such section.

MISCELLANEOUS

In the Series 2014C Bonds Limited Offering Memorandum, any summaries or descriptions of provisions in any transaction-related documents and all references to other materials not purported to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions. Reference is hereby made to the complete documents relating to such matters for further information, copies of which may be obtained from the principal corporate trust office of the Trustee.

Any statements in the Series 2014C Bonds Limited Offering Memorandum involving matters of estimates or opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The Series 2014C Bonds Limited Offering Memorandum is not to be construed as a contract or agreement between the Authority and the owners or holders of, or of interests in, any of the Series 2014C Bonds.

Financial and statistical information in the Series 2014C Bonds Limited Offering Memorandum has been provided by the Authority and the Government, certain of its agencies and instrumentalities and other sources deemed reliable by the Authority and the Government. Jefferies and Bostonia are not responsible for any of such information nor have Jefferies and Bostonia independently verified such information.

The Series 2014C Bonds Limited Offering Memorandum is submitted in connection with the sale of the Series 2014C Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. The execution and delivery of the Series 2014C Bonds Limited Offering Memorandum has been duly authorized by the Authority.

VIRGIN ISLANDS PUBLIC FINANCE AUTHORITY

By: /s/ John P. deJongh, Jr.
The Honorable John P. deJongh, Jr.
Chairman

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APPENDIX A

GLOSSARY OF CERTAIN DEFINED TERMS AND SUMMARIES OF CERTAIN PROVISIONS OF THE NINETEENTH SUPPLEMENTAL INDENTURE AND THE SERIES 2014C LOAN AGREEMENT

GLOSSARY OF CERTAIN DEFINED TERMS

Certain terms used in the Original Indenture, the Nineteenth Supplemental Indenture and the Series 2014C Loan Agreement are defined below unless otherwise defined herein or the context clearly indicates otherwise. When and if such terms are used in the Series 2014C Bonds Limited Offering Memorandum they shall have the meanings set forth below. Any capitalized term used in the Series 2014C Bonds Limited Offering Memorandum regarding the Indenture and the Series 2014C Loan Agreement and not defined herein shall have the meaning given such term by the Indenture and the Series 2014C Loan Agreement.

Arbitrage and Use of Proceeds Certificate means the Arbitrage and Use of Proceeds Certificate dated November 14, 2014, of the Authority and the Government, relating to the requirements of Sections 148 and 103 of the Code relating to exemption of interest on the Series 2014C Bonds from Federal income tax.

Continuing Disclosure Agreement means the Continuing Disclosure Agreement, dated as of November 1, 2012, as supplemented as of November 1, 2014, between the Authority and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, acknowledged and accepted by the Government.

Cumulative Available Revenues means, as of any October 1, commencing with October 1, 2015, the sum of (i) the Surplus Available Revenues as of such October 1 and (ii) the balance on deposit as of such October 1 in the Series 2014C Restricted Moneys Subaccount of the Series 2014C Redemption Subaccount.

Escrow Trust Agreement means the Escrow Trust Agreement between the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow agent, dated as of November 1, 2014.

Indenture means the Original Indenture, as supplemented by Supplemental Indentures, including the Nineteenth Supplemental Indenture of Trust, each by and between the Authority and the Trustee and each of which may from time to time be amended or supplemented in accordance with the terms thereof.

Nineteenth Supplemental Indenture means the Nineteenth Supplemental Indenture of Trust, dated as of November 1, 2014, between the Authority and the Trustee, which supplements and amends the Indenture.

Prior Bonds means the outstanding Series 2003A Bonds.

Series 2003A Bonds means the Authority's original aggregate principal amount of \$268,020,000 Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2003A, issued pursuant to the Fourth Supplemental Indenture of Trust, dated as of December 1, 2003, by and between the Authority and The Bank of New York Trust Company of Florida (predecessor to the Trustee), as trustee.

Series 2014C Bonds means the Virgin Islands Public Finance Authority Revenue and Revenue Refunding Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2014C (Tax-Exempt) in the principal amount of \$247,050,000.

Series 2014C Cost of Issuance Subaccount means the Series 2014C Cost of Issuance Subaccount of the Cost of Issuance Account established pursuant to the Nineteenth Supplemental Indenture.

Series 2014C Expense Subaccount means the Series 2014C Expense Subaccount established pursuant to the Nineteenth Supplemental Indenture.

Series 2014C Gross Receipts Taxes Loan Note means the Government's \$247,050,000 principal amount 2014C Gross Receipts Taxes Loan Note executed and delivered to the Authority pursuant to the Series 2014C Loan Agreement.

Series 2014C Interest Subaccount means the Series 2014C Interest Subaccount of the Interest Subaccount established pursuant to the Nineteenth Supplemental Indenture.

Series 2014C Loan Agreement means the Loan Agreement, dated as of November 1, 2014, by and among the Government, the Authority and the Trustee, entered into in connection with the issuance of the Series 2014C Bonds.

Series 2014C Principal Subaccount means the Series 2014C Principal Subaccount of the Principal Subaccount established pursuant to the Nineteenth Supplemental Indenture.

Series 2014C Project Subaccount means the Series 2014C Project Subaccount of the Project Account established pursuant to the Nineteenth Supplemental Indenture.

Series 2014C Rebate Subaccount means the Series 2014C Rebate Subaccount established pursuant to the Nineteenth Supplemental Indenture.

Series 2014C Redemption Subaccount means the Series 2014C Redemption Subaccount of the Debt Service Account established pursuant to the Nineteenth Supplemental Indenture.

Series 2014C Restricted Moneys Subaccount means the Series 2014C Restricted Moneys Subaccount of the Series 2014C Redemption Subaccount established pursuant to the Nineteenth Supplemental Indenture.

Surplus Available Revenues means, as of any October 1, commencing with October 1, 2015, the "available amounts" of the Government within the meaning of Treasury Regulations Section 1.148-6(d)(3)(iii) (including specifically all amounts available to the Government to expend for payment of working capital expenditures, including cash or investments and other amounts held in accounts or otherwise by the Government or any related party as defined in Section 1.150-1(b) of the Treasury Regulations if those amounts may be used for working capital expenditures without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed). Surplus Available Revenues shall not include an amount equal to 5% of the reasonable capital reserve expenditures paid by the Government from current revenues for the prior fiscal year of the Government.

SUMMARY OF CERTAIN PROVISIONS OF THE NINETEENTH SUPPLEMENTAL INDENTURE

The following is a summary of certain provisions of the Nineteenth Supplemental Indenture. Such summary does not purport to be complete or definitive and reference is made to the Nineteenth Supplemental Indenture for a full and complete statement of the terms and provisions and for the definition of capitalized terms used in this summary and not otherwise defined under “– GLOSSARY OF CERTAIN DEFINED TERMS.”

Authorization and Details of Series 2014C Bonds. The Nineteenth Supplemental Indenture authorizes the issuance of the Series 2014C Bonds. The Series 2014C Bonds are designated as Tax-Exempt Bonds.

Bonds Equally and Ratably Secured. Except as provided in the Nineteenth Supplemental Indenture, the Series 2014C Bonds shall in all respects be equally and ratably secured.

Details of the Series 2014C Bonds. The Series 2014C Bonds shall be dated the date of delivery, shall be issuable as fully registered bonds in the minimum denomination of one hundred thousand dollars (\$100,000) and any multiples of \$5,000 in excess thereof, and shall bear interest paid semiannually on each April 1 and October 1 in the years and amounts specified in the Nineteenth Supplemental Indenture.

Securities Depository Provisions. Initially, one certificate for each maturity of each of the Series 2014C Bonds will be issued and registered to the Securities Depository, or its nominee, in a book-entry system.

Application of Proceeds of Series 2014C Bonds; Application of Related Amounts. The Nineteenth Supplemental Indenture provides for the deposit and application of the Series 2014C Bond Proceeds and the deposit of certain other funds related to the Prior Bonds.

Funds and Accounts. The Nineteenth Supplemental Indenture establishes within the Debt Service Account, the Series 2014C Interest Subaccount, the Series 2014C Principal Subaccount, and the Series 2014C Redemption Subaccount; and within the Series 2014C Redemption Subaccount, the Series 2014C Restricted Moneys Subaccount. Moneys in such subaccounts will be used in accordance with the Indenture.

The Nineteenth Supplemental Indenture further establishes within the Cost of Issuance Account the Series 2014C Cost of Issuance Subaccount; within the Project Subaccount, the Series 2014C Project Subaccount; and within the Debt Service Account, the Series 2014C Expense Subaccount. Moneys in such subaccounts will be used in accordance with the provisions of the Indenture.

The Nineteenth Supplemental Indenture establishes the Series 2014C Rebate Subaccount to be held by the Authority to receive from legally available moneys for payment of the rebate obligations under the Code (the “Rebate Amount”).

Security for Series 2014C Bonds. The Series 2014C Bonds shall be equally and ratably secured under the Indenture with any other Outstanding Bonds issued pursuant to the Indenture.

SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 2014C LOAN AGREEMENT

The following is a summary of certain provisions of the Series 2014C Loan Agreement. Such summary does not purport to be complete or definitive, and reference is made to the Series 2014C Loan Agreement for a full and complete statement of its terms and provisions and for the definition of capitalized terms used in this summary and not otherwise defined under “– GLOSSARY OF CERTAIN DEFINED TERMS.”

The Loan. The Authority, on the terms and conditions set forth in the Series 2014C Loan Agreement, shall lend the proceeds of the Series 2014C Bonds to the Government.

Repayment of the Loan. The Government promises to repay the Loan and observe the terms and provisions of the Series 2014C Loan Agreement. The Loan will be evidenced by the Government's Series 2014C Gross Receipts Taxes Loan Note in the principal amount of \$247,050,000. The Government will repay the Series 2014C Gross Receipts Taxes Loan Note in installments of principal not later than the second Business Day preceding October 1 in each year in amounts equal to the amounts due for principal or Redemption Price of, and interest on, the Series 2014C Bonds. The Series 2014C Gross Receipts Taxes Loan Note will accrue interest at rates equal to the rates of interest accruing on the Series 2014C Bonds, payable semiannually not later than the second Business Day preceding each April 1 and October 1, commencing April 1, 2015 and ending on the second Business Day preceding the final maturity thereof. Interest on the Series 2014C Gross Receipts Taxes Loan Note shall be computed on the basis of a 360-day year composed of twelve (12) thirty (30) day months.

Redemption of the Series 2014C Gross Receipts Taxes Loan Note. The Series 2014C Gross Receipts Taxes Loan Note may, at the option of the Government, be redeemed, in whole or in part, prior to their maturity at the times, in the manner of and on the same maturities as an optional redemption of the Authority's Series 2014C Bonds and at a Redemption Price equal to the principal amount of, plus accrued interest thereon to the date of redemption and any premium required to provide for the payment of the optional redemption of the Series 2014C Bonds. In addition, in the event any of the Series 2014C Bonds are subject to mandatory redemption in whole or in part or in the event any of the Series 2014C Bonds are tendered by the holders thereof for purchase and are purchased by the Authority for retirement and cancellation then, upon payment of the Redemption Price or purchase price of such Bonds, the Government shall be deemed to have made a prepayment on the Series 2014C Gross Receipts Taxes Loan Note, in accordance with the terms of the Series 2014C Loan Agreement, in a principal amount equal to the aggregate principal amount of the Series 2014C Bonds so redeemed or purchased.

Application of Proceeds. The Authority shall deposit all proceeds of the Series 2014C Bonds into the Accounts and Subaccounts in accordance with the Series 2014C Loan Agreement.

Security. The Series 2014C Gross Receipts Taxes Loan Note is a general obligation of the Government and is secured by its full faith and credit and taxing power. As further security for the payment of the Series 2014C Gross Receipts Taxes Loan Note, the Government grants and pledges to the Trustee a lien and security interest in the Gross Receipts Taxes (with the exception of the Required Annual Moderate Income Housing Fund Deposit), on a parity with the Outstanding Bonds, and any other additional parity indebtedness to the extent provided in the Series 2014C Loan Agreement, and the Government consents to the deposit of the Gross Receipts Taxes into the Special Escrow Account, as provided for in the Special Escrow Agreement and the Collecting Agent Agreement.

Affirmative Covenants of the Government. The Government covenants and agrees that so long as the Series 2014C Gross Receipts Taxes Loan Note shall remain outstanding and the principal thereof, interest thereon, and all other amounts payable thereunder shall be unpaid or unprovided for, the Government shall, unless the Authority and the Trustee shall otherwise consent in writing:

(a) Observe and comply with the terms and conditions of and perform all of its obligations under the Series 2014C Loan Agreement, under the Series 2014C Gross Receipts Taxes Loan Note, the Special Escrow Agreement and the Collecting Agent Agreement, and pay all amounts payable by it thereunder according to the respective terms thereof.

(b) Promptly notify the Authority and the Trustee in writing of the occurrence of (i) any Event of Default under the Series 2014C Loan Agreement and (ii) any default under documents governing any debt of the Government.

(c) In furtherance of the pledge of Gross Receipts Taxes set forth in the Series 2014C Loan Agreement, to ensure (1) the receipt of and the maximization of Gross Receipts Taxes and, if applicable, the Substitute Revenues, and (2) the deposit of all Gross Receipts Taxes, and, if applicable, the Substitute Revenues, in the Special Escrow Account of the Government maintained by the Collecting Agent, as agent for the Special Escrow Agent, pursuant to the Special Escrow Agreement and the Collecting Agent Agreement, or such other place as the Government, with the consent of the Authority and the Trustee, may designate in writing.

(d) Observe and comply with the terms and conditions of and perform all of its obligations under the Special Escrow Agreement and the Collecting Agent Agreement.

(e) At all times while the Series 2014C Gross Receipts Taxes Loan Note is outstanding, to the extent permitted by law, defend, preserve and protect the pledge of the Gross Receipts Taxes and, if applicable, the Substitute Revenues, under the Series 2014C Loan Agreement and the security interest under the Special Escrow Agreement in all amounts on deposit or required to be deposited in the Special Escrow Account and all rights of the holders of the Series 2014C Gross Receipts Taxes Loan Note against all claims and demands of all third parties.

(f) Consent to the assignment, pursuant to the Indenture, of all right, title and interest of the Authority therein, and all amendments, modifications and renewals thereof, to the Trustee, reserving to the Authority, however, the rights providing that notices and other communications be given to the Authority.

(g) Provide to the Authority and the Trustee within 180 calendar days of the end of each Fiscal Year a financial report summarizing annual receipts of Gross Receipts Taxes and, if applicable the Substitute Revenues.

(h) In the event that the Government discontinues the imposition of the Gross Receipts Taxes and the Government substitutes another stream of revenues in lieu thereof (the "Substitute Revenues"), the Government shall pledge such Substitute Revenues to repayment of the Series 2014C Gross Receipts Taxes Loan Note.

(i) The Government shall deliver or cause to be delivered to the Trustee no later than each December 31 occurring on and after December 31, 2015, a written certification of the Director of the Office of Management and Budget or of the Commissioner of Finance of the Government containing a computation of the Surplus Available Revenues of the Government, if any, as of the immediately preceding October 1.

(j) From October 1, 2015 until all Series 2014C Bonds are retired, in the event the Government has any Surplus Available Revenues as of any October 1, as set forth in the certificate delivered to the Trustee pursuant to subparagraph (a) above, the Government shall either (i) purchase Non-AMT Tax-Exempt investments in the principal amount of such Cumulative Available Revenues, or (ii) within ninety (90) days thereafter, apply or cause to be applied an amount equal to the Cumulative Available Revenues as of such October 1, to redeem or purchase and retire the Series 2014C Bonds in accordance with the terms of the Arbitrage and Use of Proceeds Certificate executed with respect to such Series 2014C Bonds; provided, however, that any redemption is only required to be conducted in accordance with the optional redemption provisions of the Indenture. To the extent moneys on deposit in the Series 2014C Restricted Moneys Subaccount are applied to pay any redemption or purchase price, in accordance with the terms of the Arbitrage and Use of Proceeds Certificate pursuant to this subparagraph (j), the Government's obligations will be deemed satisfied to the same extent. In the event that any portion of such Surplus Available Revenues cannot be applied to purchase and retire a portion of the Series 2014C Bonds because insufficient Series 2014C Bonds are tendered for purchase by the holders thereof, the Government shall deliver to the Trustee for deposit into the Series 2014C Restricted Moneys Subaccount of the Series 2014C Bonds Redemption Subaccount, any unexpended Surplus Available Revenues.

(k) In the event there are any Cumulative Available Revenues or any Surplus Available Revenues, so long as there are any Series 2014C Bonds Outstanding, the Government may apply such Cumulative Available Revenues or Surplus Available Revenues, as the case may be, to redeem or purchase and retire any other tax-exempt Bonds of the Government in accordance with the Nineteenth Supplemental Indenture and the terms of the Arbitrage and Use of Proceeds Certificate.

(l) Notwithstanding the foregoing provisions, the Government shall not be required to purchase and retire any Series 2014C Bonds (pursuant to subparagraph (j) above), or to cause a redemption of such Series 2014C Bonds (pursuant to subparagraph (k) above) if, on or before the December 1 immediately following the applicable October 1, the Government delivers or causes to be delivered to the Authority and the Trustee, an opinion of Bond Counsel to the effect that purchase or redemption is not required under the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Series 2014C Bonds.

Negative Covenants of the Government. The Government covenants and agrees that so long as the Series 2014C Gross Receipts Taxes Loan Note shall remain outstanding and the principal thereof or interest thereon shall be unpaid or unprovided for, the Government shall not:

- (a) Revoke or terminate the Special Escrow Agreement or the Collecting Agent Agreement.
- (b) Cause or permit the Authority to issue any Additional Bonds under the Indenture other than in conformance with the terms thereof.
- (c) Take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest payable by the Series 2014C Bonds, under Section 103 of the Code. The Government will not directly or indirectly use or permit the use of any proceeds of the Series 2014C Bonds or take or omit to take any action that would cause the Series 2014C Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or private activity bonds with the meaning of Section 141 of the Code. To that end, the Government will comply with all requirements of Section 148 of the Code and Section 141 of the Code to the extent applicable to the Series 2014C Bonds.

(e) Take any actions that would, directly or indirectly result in (1) the repeal, rescission or other termination of the effectiveness of Title 33, Section 43 of the Virgin Islands Code (the “Gross Receipts Taxes Act”), (2) a reduction in the rate or rates at which the Gross Receipts Taxes are imposed or levied, or (3) a restriction or reduction in the application of the Gross Receipts Taxes; provided, however, that the covenants contained in this subparagraph (e) shall not restrict the Government's right to provide exemptions to any eligible businesses which apply for new or renewal benefits pursuant to Title 29, Chapters 12 and 13 of the Virgin Islands Code, pertaining to the industrial development program or any similar incentive program determined by the Government to be in the best economic interest of the Government, so long as the grant of any such exemptions do not cause the aggregate Gross Receipts Taxes estimated to be collected thereafter in any fiscal year of the Government to be less than 150% of the maximum Adjusted Debt Service Requirement on Outstanding Bonds and all outstanding parity indebtedness, for the current and any subsequent Bond Year, such determination to be made only as of the date of the grant of any such exemptions.

(f) Take any actions or fail to take any actions which will limit, restrict, or in any way impair the collection, transfer, deposit, or disbursement of the Gross Receipts Taxes in accordance with the terms of the Series 2014C Loan Agreement, the Special Escrow Agreement and the Collecting Agent Agreement.

Affirmative Covenants of the Authority. If the Authority shall pay or cause to be paid, or there shall otherwise be deemed to be paid to the Owners of all the Series 2014C Bonds the principal, Redemption Price, if applicable, and interest due or to become due thereon and such other amounts as are set forth therein, at the times and in the manner stipulated in the Series 2014C Bonds and in the Indenture, and the Trustee and Paying Agent shall pay over or deliver to the Authority all moneys or securities held by them upon defeasance pursuant to the Indenture, then the Authority shall credit ratably (or otherwise as directed in writing by the Government) against amounts due under the Series 2014C Gross Receipts Taxes Loan Note any moneys and securities thereupon remaining and held under the Indenture, including amounts, if any, on deposit in the Debt Service Reserve Subaccounts, and transfer such remaining money and securities to, at the direction of, or on behalf of the Government.

The Authority shall use its best efforts to cause the Government to comply with the covenants set forth in the Series 2014C Loan Agreement.

Event of Default. The occurrence of any of the following events shall be an “Event of Default” under the Series 2014C Loan Agreement:

(a) The Government shall fail to pay when due any amount payable on the Series 2014C Gross Receipts Taxes Loan Note; or

(b) The Government shall fail to deposit or cause to be deposited into the Special Escrow Account, within one Business Day after the date required under the Special Escrow Agreement, any Gross Receipts Taxes collected by the Government or, in the event such failure is caused by reason of “*force majeure*” (as defined in the Series 2014C Loan Agreement), on the first Business Day on which, in the reasonable judgment of the Government, the condition which gave rise to such *force majeure* no longer prevents the Government from making such deposit. The determination of whether a failure to make a deposit of Gross Receipts Taxes as required by the Special Escrow Agreement is due to *force majeure* shall be made in the reasonable judgment of the Government, upon telephonic written notice to the Trustee, if possible; or

(c) The Government shall fail to perform or observe any term, covenant or agreement contained in the Series 2014C Loan Agreement, the Special Escrow Agreement or the Collecting Agent

Agreement on its part to be performed or observed and any such failure shall remain unremedied for thirty (30) days after written notice thereof shall have been given to the Government by the Authority or the Trustee, provided, however, that if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Government within the applicable period and diligently pursued until the default is corrected; or

(d) An “Event of Default” under the Indenture; or

(e) The taking of any action that would directly or indirectly result in the repeal, rescission, amendment or other termination of the effectiveness of the Government’s pledge of its security interest in the Gross Receipts Taxes and, if applicable, any Substitute Revenues.

Rights on Default. If an Event of Default shall occur and shall not have been remedied, then, and in every such case, past due principal and interest will continue to accrue under the Series 2014C Gross Receipts Taxes Loan Note after such default and the holders of the Series 2014C Gross Receipts Taxes Loan Note may do one or more of the following: (i) sue to collect sums due under such Series 2014C Gross Receipts Taxes Loan Note, (ii) compel to the extent permitted by law, by mandamus or otherwise, the performance by the Government of any covenant made in the Series 2014C Loan Agreement or the Series 2014C Gross Receipts Taxes Loan Note, and (iii) examine the books and records of the Government to account for all moneys and securities constituting the Gross Receipts Taxes and all other revenues of the Government.

Continuing Obligation. Until the date on which all amounts due and owing to the Authority from the Government pursuant to the Series 2014C Gross Receipts Taxes Loan Note shall have been paid in full or otherwise provided for, the Series 2014C Loan Agreement is a continuing obligation of the Government and shall (i) be binding upon the Government, its successors and assigns and (ii) inure to the benefit of and be enforceable by the Authority and the Trustee and their respective successors, transferees and assigns.

Amendments, Changes and Modifications. The Governor, on behalf of the Government, with the consent of the Authority or the Authority, with the consent of the Government and the Trustee, may cause to be executed a supplement to the Series 2014C Loan Agreement curing any ambiguity or curing, correcting or supplementing any defect or inconsistent provision contained in the Series 2014C Loan Agreement or making such provisions in regard to matters or questions arising in the Series 2014C Loan Agreement as may be necessary or desirable and as shall not materially adversely affect the interests of the holders of the Series 2014C Gross Receipts Taxes Loan Note. Such supplement shall become effective upon the filing with the Government an instrument of the holders of the Series 2014C Gross Receipts Taxes Loan Note approving such supplement. In addition, the Government may cause to be executed a supplement to the Series 2014C Loan Agreement at any time and from time to time modifying any provision of the Series 2014C Loan Agreement with the consent of the holders of the Series 2014C Gross Receipts Taxes Loan Note, except as provided in the Indenture.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

November 14, 2014

Virgin Islands Public Finance Authority
St. Thomas, Virgin Islands

The Bank of New York Mellon Trust Company, N.A.
Jacksonville, Florida

Ladies and Gentlemen:

We have examined a Record of Proceedings relating to the issuance of \$247,050,000 Revenue and Revenue Refunding Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2014C (Tax Exempt) (the “Series 2014C Bonds”) of the United States Virgin Islands Public Finance Authority (herein called the “Authority”), a body corporate and politic, constituting a public corporation and autonomous governmental instrumentality of the Government of the United States Virgin Islands (the “Government”), organized and existing under and pursuant to the Revised Organic Act of 1954, as amended (48 U.S.C. Section 1574 et seq.) (the “Revised Organic Act”), and the Virgin Islands Public Finance Authority Act (Title 29, Chapter 15, of the Virgin Islands Code), as amended, 1988 V.I Act 5365, 2002 V.I. Act 6514, as amended by 2002 V.I. Act 6533, 2003 V.I. Act 6587 as amended by 2003 V.I. Act 6591 and 2003 V.I. Act 6593, 2012 V.I. Act 7453, as amended by 2014 V.I. Act 7699 and other applicable law, as the same may be amended from time to time (collectively, the “Act”), and Resolution No. 012-015 dated December 13, 2012, and Resolution No. 014-013, dated October 15, 2014 (collectively, the “Bond Resolution”).

The Series 2014C Bonds are issued under and pursuant to the Revised Organic Act, the Act, the Bond Resolution, an Indenture of Trust, dated as of November 1, 1999 (the “Indenture of Trust”), as previously supplemented and amended, including as supplemented by the Nineteenth Supplemental Indenture of Trust, dated as of November 1, 2014 (the “Nineteenth Supplemental Indenture” and, together with the Indenture of Trust, the “Indenture”), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as successor trustee (the “Trustee”). All terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Series 2014C Bonds shall be secured by the Indenture, which pledges and assigns to the Trustee a lien on and a security interest in the Trust Estate, subject to the provisions of the Indenture.

The proceeds of the Series 2014C Bonds are being loaned by the Authority to the Government pursuant to a Loan Agreement, dated as of November 1, 2014, by and among the Authority, the Government and the Trustee (the “Series 2014C Loan Agreement”), against delivery by the Government of its \$247,050,000 principal amount Series 2014C Gross Receipts Taxes Loan Note (the “Series 2014C Loan Note”).

The Series 2014C Bonds shall be dated, shall mature, shall be subject to redemption prior to maturity and shall have such other terms as set forth in the Indenture.

The proceeds of the Series 2014C Bonds will be used to (i) refund all of the outstanding Series 2003A Bonds, (ii) finance certain capital improvements to the Governor Juan F. Luis Hospital and Roy Lester Schneider Regional Medical Center, (iii) finance the demolition, acquisition and construction of the Paul E. Joseph Stadium Project, and (iv) pay certain costs of issuing the Series 2014C Bonds.

Pursuant to the Indenture, the Authority is authorized to issue Additional Bonds from time to time upon the terms and conditions set forth therein.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2014C Bonds in order that interest on the Series 2014C Bonds will be and remain excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the Series 2014C Bonds, yield and other restrictions on investments of gross proceeds, and the Arbitrage Rebate Requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2014C Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2014C Bonds from gross income under Section 103 of the Code. In rendering the opinion in paragraph four hereof, we have assumed that the Authority and the Government will comply with the provisions and procedures set forth in the Arbitrage and Use of Proceeds Certificate.

We are of the opinion that:

1. The Authority is duly created and validly existing under the provisions of the Act and the Revised Organic Act.

2. The Indenture has been duly authorized, executed and delivered by the Authority and, assuming the due authorization, execution and delivery thereof by the Trustee, is valid and binding upon the Authority and enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create of the Trust Estate, moneys, securities and funds held or set aside under the Indenture, subject only to the application thereof to the purposes and on the conditions permitted by the Indenture.

3. The Series 2014C Bonds are valid and binding special limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture and entitled to the benefits of the Indenture, the Revised Organic Act, and the Act, and the Series 2014C Bonds have been duly and validly authorized and issued in accordance with law (including the Act and the Revised Organic Act) and the Indenture.

4. Under existing statutes and court decisions, interest on the Series 2014C Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Series 2014C Bonds is not treated as a preference item in calculating the alternative minimum taxable income imposed on individuals and corporations under the Code, such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax. Under existing statutes, interest on the Series 2014C Bonds is exempt from any income tax imposed on individuals by the Government or any political subdivision thereof or by any state, territory or possession or by any political subdivisions thereof or by the District of Columbia.

This opinion is issued as of the date hereof, and we assume no obligation to (i) update, revise or supplement this opinion to reflect any actions hereafter taken or not taken, or any facts or circumstances, or any changes in law or interpretations thereof, that may hereafter occur, or for any other reason whatsoever, (ii) notify you or any other person if the conditions stated in paragraph four above have not been met, or (iii) review any legal matters incident to the authorization, issuance, validity and tax exemption of the Series 2014C Bonds, or the purposes to which the proceeds thereof are to be applied, after the date hereof.

Except as stated in paragraph 4, we express no opinion regarding any other federal, state, local or foreign tax consequences with respect to the Series 2014C Bonds. We express no opinion regarding the federal, state, local or foreign tax consequences of any action hereafter taken or not taken in reliance upon an opinion of other counsel with respect to the Series 2014C Bonds.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2014C Bonds.

This opinion letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. It is understood that the rights of the holders of the Series 2014C Bonds under the Indenture and the enforceability thereof under the same may be subject to the exercise of judicial discretion, the sovereign police powers of the Government and the constitutional powers of the United States of America, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined the Series 2014C Bonds as executed, and, in our opinion, the form of said Series 2014C Bonds and their execution is regular and proper.

Very truly yours,

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APPENDIX C

PRIOR BONDS

CUSIP NUMBER	Interest Rate	Due (October 1)	Redemption Price	Amount Outstanding	Amount Called
927676KK1	5.25%	2015	100%	\$4,420,000	\$4,420,000
927676KL9	5.25%	2016	100%	\$4,655,000	\$4,655,000
927676KM7	5.25%	2017	100%	\$4,895,000	\$4,895,000
927676KN5	5.25%	2018	100%	\$5,155,000	\$5,155,000
927676KP0	5.25%	2019	100%	\$5,425,000	\$5,425,000
927676KQ8	5.25%	2020	100%	\$5,710,000	\$5,710,000
927676KR6	5.25%	2021	100%	\$6,010,000	\$6,010,000
927676KS4	5.00%	2022	100%	\$6,325,000	\$6,325,000
927676KT2	5.00%	2024	100%	\$13,615,000	\$13,615,000
927676KU9	5.00%	2026	100%	\$15,005,000	\$15,005,000
927676KV7	5.00%	2031	100%	\$90,430,000	\$90,430,000
927676KW5	5.00%	2033	100%	\$71,645,000	\$71,645,000

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “**Disclosure Agreement**”), dated as of November 1, 2012, as supplemented as of November 1, 2014, is executed and delivered by the Virgin Islands Public Finance Authority (the “**Authority**”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “**Disclosure Dissemination Agent**” or “**DAC**”) for the benefit of the Holders and the Participating Underwriters of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“**Rule 15c2-12**”) and the laws of the United States Virgin Islands.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in Rule 15c2-12 or, to the extent not in conflict with Rule 15c2-12, in the Offering Document (hereinafter defined). The capitalized terms shall have the following meanings:

“**Additional Disclosure**” means the information provided to the Disclosure Dissemination Agent by the Authority pursuant to Sections 9(a) and 9(b).

“**Annual Filing Date**” means the date set forth in Sections 2(a) and 2(f) by which the Annual Report is to be filed with the Repository.

“**Annual Financial Information**” means annual financial information as such term is used in paragraph (b)(5)(i) of Rule 15c2-12 and specified in Section 3(a) of this Disclosure Agreement.

“**Annual Report**” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“**Audited Financial Statements**” means the financial statements (if any) of the Authority for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of Rule 15c2-12 and specified in Sections 3(b) and 3(c) of this Disclosure Agreement.

“**Bonds**” means the bonds, with the 9-digit CUSIP numbers relating thereto, listed on the attached **Exhibit A**.

“**Certification**” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Quarterly Report, Additional Disclosure, Voluntary Report or notice of an Event delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Quarterly Report, Additional Disclosure, Voluntary Report or notice of an Event required to be submitted to the Repository under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Authority and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“**Disclosure Dissemination Agent**” or “**DAC**” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Authority pursuant to Section 12.

“**Disclosure Representative**” means the Director of Finance and Administration of the Authority or his or her designee, or such other person as the Authority shall designate in writing to the

Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“**Event**” means an event listed in Section 7(a) of this Disclosure Agreement.

“**Holder**” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“**Information**” means the Annual Financial Information, the Audited Financial Statements (if any), the Quarterly Report, the Additional Disclosure, the Voluntary Report and the notice of an Event.

“**MSRB**” means the Municipal Securities Rulemaking Board established pursuant to Section 16B(b)(1) of the Securities Exchange Act of 1934.

“**Offering Document**” means that offering document prepared by the Authority in connection with the issuance of Bonds listed in Exhibit A.

“**Participating Underwriters**” means the Participating Underwriter(s) as defined by Rule 15c2-12 of the respective issue of Bonds listed in Exhibit A.

“**Quarterly Report**” means information required to be provided on a quarterly basis as specified in Section 5 of this Disclosure Agreement.

“**Quarterly Report Date**” shall mean within 45 days after of the end of each quarter of each Fiscal Year.

“**Repository**” means (i) MSRB or any other entity designated or authorized by the SEC to receive reports pursuant to Rule 15c2-12 and (ii) any State Depository. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“**SEC**” means the United States Securities and Exchange Commission.

“**State Depository**” means any public or private depository or entity designated by the Government of the Virgin Islands as a state information depository.

“**Trustee**” means the institution defined as such in the document under which the respective issue of Bonds was issued.

“**Voluntary Report**” means the information provided to the Disclosure Dissemination Agent by the Authority pursuant to Section 9.

SECTION 2. Provision of Annual Reports.

(a) The Authority shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the Repository not later than 270 days after the end of each fiscal year of the Authority, commencing with the fiscal year ending September 30, 2012. Such date and each anniversary thereof is the Annual Filing Date. The

Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 6 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Authority of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Authority will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such fiscal year will be provided and instruct the Disclosure Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as **Exhibit B**.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, the Authority irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as **Exhibit B**, without reference to the anticipated filing date for the Annual Report if one is not available, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in **Exhibit C-1**.

(d) If Audited Financial Statements of the Authority are prepared but not available prior to the Annual Filing Date, the Authority shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certificate, together with a copy for the Trustee, for filing with the Repository.

(e) The Disclosure Dissemination Agent shall:

- (i) determine the name and address of the Repository each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) with the Repository;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the Repository;
- (iv) upon receipt, promptly file the text of each disclosure to be made with the MSRB and a completed copy of the MSRB Material Event Notice Cover Sheet in the form attached as **Exhibit C**, describing the event by checking the appropriate box on the form attached as **Exhibit C** when filing pursuant to:
 1. Section 7(c) and the relevant subsection of Section 7(a) of this Disclosure Agreement; or
 2. Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement, together with a completed copy of **Exhibit B** to this Disclosure Agreement.
- (v) provide the Authority evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Authority may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the Repository, provided that the period between the existing Annual Filing Date and the new Annual Filing Date shall not exceed one year.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Authority, including (i) an update to the tabular information provided in the Offering Document under the headings “GROSS RECEIPTS TAXES” and “THE UNITED STATES VIRGIN ISLANDS”, if applicable, and in the Appendix to the Offering Document that contains economic and demographic information regarding the United States Virgin Islands, and (ii) updated information with respect to the percentage of Gross Receipts Tax collections from the top 5 and the top 10 taxpayers.

(b) Audited Financial Statements of the Authority prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Offering Document will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

(c) Audited Financial Statements of the Government prepared in accordance with GAAP as described in the Offering Document will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

(d) The information regarding amendments to this Disclosure Agreement pursuant to Section 15 of this Disclosure Agreement will be included in the Annual Report.

SECTION 4. Provision of Quarterly Reports.

(a) The Authority shall provide, quarterly, an electronic copy of the Quarterly Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Quarterly Filing Date. Promptly upon receipt of an electronic copy of the Quarterly Report and the Certification, the Disclosure Dissemination Agent shall provide a Quarterly Report to the Repository not later than 45 days after the end of each quarter of each fiscal year of the Authority, commencing with the quarter ending June 30 of fiscal year ending September 30, 2012. Such date and each 45 days after each quarter thereof is the Quarterly Filing Date. The Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 6 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Quarterly Filing Date, the Disclosure Dissemination Agent has not received a copy of the Quarterly Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Authority of its undertaking to provide the Quarterly Report pursuant to Section 4(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Quarterly Report and the Certification) no later than two (2) business days prior to the Quarterly Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Authority will not be able to file the Quarterly Report within the time required under this Disclosure Agreement, state the date by which the Quarterly Report for such quarter will be provided and instruct the Disclosure Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as **Exhibit B**.

(c) If the Disclosure Dissemination Agent has not received a Quarterly Report and Certification by 12:00 noon on the first business day following the Quarterly Filing Date for the Quarterly Report, the Authority shall irrevocably direct the Disclosure Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as **Exhibit B**.

(d) The Disclosure Dissemination Agent shall:

- (i) determine the name and address of the Repository prior to the Quarterly Filing Date;
- (ii) upon receipt, promptly file each Quarterly Report received under Section 4(a) with the Repository; and
- (iii) upon receipt, promptly file with the MSRB the text of each disclosure and a completed copy of the MSRB Material Event Notice Cover Sheet in the form attached as **Exhibit C**, describing the event by checking the appropriate box on the form attached as **Exhibit C** when filing pursuant to:
 1. Section 7(c) and the relevant subsection of Section 7(a) of this Disclosure Agreement; or
 2. Section 4(b)(ii) or Section 4(c) of this Disclosure Agreement, together with a completed copy of **Exhibit B** to this Disclosure Agreement; and
- (iv) provide the Authority evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

SECTION 5. Content of Quarterly Reports.

- (a) The Authority and the Government shall provide (i) quarterly summaries of the information provided by the Virgin Islands Bureau of Internal Revenue on Gross Receipts Taxes collected as reported by the Bureau of Internal Revenue and (ii) quarterly review of Gross Receipts Taxes transferred to the Collecting Agent for deposit into the Special Escrow Account by the certified public accounting firm in accordance with the terms of the Loan Agreement entered into by and among the Authority, the Government and the Trustee in connection with the issuance of the Bonds.

SECTION 6. Incorporation by Reference; Modified Data.

(a) Any or all of the items listed in Section 3 and Section 5 hereof may be included by specific reference from other documents, including offering documents of debt issues with respect to which the Authority is an “obligated person” (as defined by Rule 15c2-12), which have been previously filed with the Repository or the SEC. If the document incorporated by reference is a final offering document, it must be available from the MSRB. The Authority will clearly identify each such document so incorporated by reference.

(b) The requirements contained under Section 3 and Section 5 hereof are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 3 or Section 5 call for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

(c) Any annual or quarterly financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 7. Event Disclosure.

(a) The Authority will provide or cause to be provided to the MSRB a notice of the occurrence of any Event not later than ten (10) business days after the occurrence of an Event. Each notice of an Event shall be so captioned and shall prominently state the title, date and CUSIP number of the Bonds. "Event" means any one of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the IRS of proposed or final determination of taxability or of a Notice or Proposed Issue (IRS Form 5701 TEB);
6. Tender Offers;
7. Defeasances;
8. Rating Changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person;
10. Unless described in 7(a)(5), other material notices or determinations by the IRS with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
11. Modifications to rights of Bond Holders, if material;
12. Optional, unscheduled or contingent Bond calls, if material;
13. Release, substitution, or sale of property securing repayment of the Bonds, if material;
14. Non-payment related defaults, if material;
15. If material, consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligation person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relation to any such actions, other than pursuant to its terms; and
16. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Note: for the purposes of the Event identified in subparagraph 7(a)(9) above, the Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Whenever the Authority obtains knowledge of the occurrence of an Event described in Sections 7(a)(10)-(16), the Authority shall determine if such event would be material under applicable federal securities laws. Notwithstanding the foregoing, notice of the Event described in subparagraphs 7(a)(7) or 7(a)(12) need not be given any earlier than the notice (if any) of the underlying event is given to the Bondholders of affected Bonds pursuant to the applicable indenture of trust.

The Authority shall promptly notify the Disclosure Dissemination Agent in writing upon the occurrence of an Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall be accompanied with the text of the disclosure that the Authority desires to make, the written authorization of the Authority for the Disclosure Dissemination Agent to disseminate such information, and the date the Authority desires for the Disclosure Dissemination Agent to disseminate the information, provided that such disclosure must occur within 10 days of the occurrence of the Event.

(b) The Disclosure Dissemination Agent is under no obligation to notify the Authority or the Disclosure Representative of an event that may constitute an Event. If the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative shall within five (5) business days of receipt of such notice, instruct the Disclosure Dissemination Agent that (i) an Event has not occurred and no filing is to be made or (ii) an Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c), together with the text of the disclosure that the Authority desires to make, the written authorization of the Authority for the Disclosure Dissemination Agent to disseminate such information, and the date the Authority desires for the Disclosure Dissemination Agent to disseminate the information.

(c) If the Disclosure Dissemination Agent has been instructed by the Authority as prescribed in subsection (a) or (b)(ii) of this Section to report the occurrence of an Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the Repository.

SECTION 8. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Events, Quarterly Reports, Additional Disclosure and Voluntary Reports, the Authority shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 9. Voluntary Reports.

(a) The Authority may instruct the Disclosure Dissemination Agent to file information with the Repository, from time to time pursuant to a Certification of the Disclosure Representative accompanying such information.

(b) Upon receipt, the Disclosure Dissemination Agent shall promptly file the text of each Voluntary Report to be made with the MSRB and a completed copy of the MSRB Material Event Notice Cover Sheet in the form attached as Exhibit C, describing the event by checking the appropriate box on the form attached as Exhibit C together with the summary description provided by the Disclosure Representative.

(c) Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Quarterly Report, Additional Disclosure, Voluntary Report or notice

of an Event, in addition to that required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report, Annual Financial Statement, Quarterly Report, Voluntary Report or notice of an Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Quarterly Report, Voluntary Report or notice of an Event.

SECTION 10. Other State and Federal Law Obligations. The Authority acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Authority, and that the failure of the Disclosure Dissemination Agent to advise the Authority that state and federal laws, including securities laws and disclosure obligations thereunder, may apply to the Authority shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Authority acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 11. Termination of Reporting Obligation. The obligations of the Authority and the Disclosure Dissemination Agent under this Disclosure Agreement and the obligations of the Government pursuant to Sections 3(c) and 5(a) hereof shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Authority is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 12. Disclosure Dissemination Agent. The Authority has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Authority may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Authority or DAC, the Authority agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders and the Underwriters or the Placement Agents of the Bonds, as applicable. Notwithstanding any replacement or appointment of a successor, the Authority shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Authority.

SECTION 13. Remedies in Event of Default. In the event of a failure of the Authority or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement; provided that any Holder or Participating Underwriter seeking to require compliance with this Disclosure Agreement shall first provide to the Disclosure Representative at least 30 days' prior written notice of the Authority's failure, giving reasonable details of such failure, following which notice the Authority shall have 30 days to comply. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default with respect to the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default with respect to the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 14. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Authority has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Authority's failure to report to the Disclosure Dissemination Agent an Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Authority has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Authority at all times.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Authority. The obligations of the Authority under this Section 14(b) shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

SECTION 15. Amendment; Waiver.

(a) The Authority at any time and from time to time may waive any provision of this Disclosure Agreement or enter into any amendments to this Disclosure Agreement for any of the following purposes:

(i) to comply with or conform to Rule 15c2-12 or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional) which are applicable to the Disclosure Agreement;

(ii) to replace or appoint a successor to the Disclosure Dissemination Agent; or

(iii) for any other purpose as a result of a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority, or type of business conducted; provided that (a) the Disclosure Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of Rule 15c2-12, as well as any change in circumstances, (b) the amendment or change does not materially impair the interests of Holders, as determined by counsel expert in federal securities laws and (c) the Authority receives a written opinion of counsel expert in federal securities laws that such amendment is authorized or permitted by this Disclosure Agreement;

provided neither the Authority or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto; and further provided that, if an amendment of this Disclosure Agreement affects the respective obligations of the Government hereunder, the Authority and the Disclosure Dissemination Agent may not amend this Disclosure Agreement without obtaining prior written consent of the Government to such an amendment.

(b) Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of Rule 15c2-12 as announced by the SEC from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Authority. No such amendment shall become effective if the Authority shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 16. Beneficiaries; Applicability to Prior Bonds.

(a) This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Disclosure Dissemination Agent, the Underwriters, the Placement Agents and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

(b) This Disclosure Agreement is applicable to the Bonds set forth in Exhibit A, as such Exhibit A may be supplemented or amended from time to time.

SECTION 17. Governing Law. This Disclosure Agreement shall be governed by the laws of the United States Virgin Islands (other than with respect to conflicts of laws).

SECTION 18. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The Disclosure Dissemination Agent and the Authority have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By: _____
Paula Stuart
CEO

VIRGIN ISLANDS
PUBLIC FINANCE AUTHORITY

By: _____
Angel E. Dawson, Jr.
Executive Director

ACKNOWLEDGEMENT AND AGREEMENT:

The Government of the United States Virgin Islands hereby acknowledges the Authority's undertaking to provide information in accordance with Rule 15c2-12 as described herein and agrees to make available (i) within 270 days of the end of the Government's fiscal year, information set forth in Section 3(c) hereof, and (ii) within 45 days of the end of each quarter of the Government's fiscal year, information set forth in Section 5(a) hereof.

By: _____
Angel E. Dawson, Jr.
Commissioner of Finance

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Virgin Islands Public Finance Authority
Obligated Person(s):	Virgin Islands Public Finance Authority
Principal Amount & Name of Bond Issue:	\$299,880,000 Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 1999A
Date of Official Statement:	November 10, 1999
Date of Issuance:	November 16, 1999
Underwriter(s):	PaineWebber Incorporated, et al.
CUSIP Number(s):	927676JH0 927676JJ6

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Virgin Islands Public Finance Authority
Obligated Person(s):	Virgin Islands Public Finance Authority
Principal Amount & Name of Bond Issue:	\$268,020,000 Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2003A
Date of Official Statement:	December 5, 2003
Date of Issuance:	December 17, 2003
Underwriter:	UBS Financial Services Inc.
CUSIP Number(s):	927676KE5 927676KF2 927676KG0 927676KH8 927676KJ4 927676KK1 927676KL9 927676KM7 927676KN5 927676KP0 927676KQ8 927676KR6 927676KS4 927676KT2 927676KU9 927676KV7 927676KW5 927676LF1

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Virgin Islands Public Finance Authority
Obligated Person(s):	Virgin Islands Public Finance Authority
Principal Amount & Name of Bond Issue:	\$219,490,000 Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2006
Date of Official Statement:	September 19, 2006
Date of Issuance:	September 28, 2006
Underwriter:	UBS Investment Bank
CUSIP Number(s):	927676MF0 927676MG8 927676MH6 927676MJ2 927676MK9 927676ML7 927676MM5 927676MN3 927676MP8 927676MQ6 927676MR4 927676MS2 927676MT0 927676MU7 927676MV5 927676MW3 927676MX1 927676MY9 927676MZ6 927676NA0 927676NF9 927676NG7

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Virgin Islands Public Finance Authority	
Obligated Person(s):	Virgin Islands Public Finance Authority	
Principal Amount & Name of Bond Issue:	\$197,065,000 Revenue Refunding Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2012A (Working Capital Refinancing/Tax Exempt) \$31,740,000 Revenue Refunding Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2012B (Broadband Project Refinancing/Federally Taxable)	
Date of Private Placement Memorandum:	November 9, 2012	
Date of Issuance:	November 20, 2012	
Co-Placement Agents:	Jefferies; Bostonia Global Securities LLC	
CUSIP Number(s):	<u>Series 2012A</u> 927676RM0 927676RN8 927676RP3	<u>Series 2012B</u> 927676RQ1

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Virgin Islands Public Finance Authority
Obligated Person(s):	Virgin Islands Public Finance Authority
Principal Amount & Name of Bond Issue:	\$35,115,000 Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2012C (Capital Projects/Tax-Exempt)
Date of Private Placement Memorandum:	December 17, 2012
Date of Issuance:	December 19, 2012
Co-Placement Agents:	Jefferies; Bostonia Global Securities LLC
CUSIP Number(s):	927676RT5 927676RU2 927676RV0

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer:	Virgin Islands Public Finance Authority
Obligated Person(s):	Virgin Islands Public Finance Authority
Principal Amount & Name of Bond Issue:	\$49,640,000 Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2014A (Working Capital)
Date of Private Placement Memorandum:	August 27, 2014
Date of Issuance:	September 5, 2014
Co-Placement Agents:	Jefferies; Bostonia Global Securities LLC
CUSIP Number(s):	927676SV9 927676SW7 927676SX5 927676SY3 927676SZ0 927676TA4 927676TB2 927676TC0

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Virgin Islands Public Finance Authority
Obligated Person(s): Virgin Islands Public Finance Authority
Principal Amount & Name of Bond Issue: \$247,050,000 Revenue and Revenue Refunding Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2014C (Tax-Exempt)
Date of Private Placement Memorandum: November 3, 2014
Date of Issuance: November 14, 2014
Co-Placement Agents: Jefferies; Bostonia Global Securities LLC
CUSIP Number(s):

927676TD8
927676TE6
927676TG1
927676TH9
927676TJ5
927676TK2
927676TL0
927676TF3
927676TP1
927676TM8
927676TN6

EXHIBIT B

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL/QUARTERLY REPORT

Name of Issuer Virgin Islands Public Finance Authority

Name of Bond Issue: _____

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual/Quarterly Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of November 1, 2012, between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual/Quarterly Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Issuer

cc: Issuer
 Obligated Person(s)

EXHIBIT C

EVENT NOTICE COVER SHEET

This cover sheet and event notice will be sent to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D) and the State Depository, if any, pursuant to the laws of the United States Virgin Islands.

Issuer's and/or Other Obligated Person's Name: _____

Issuer's Six-Digit CUSIP Number: _____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates (the "Bonds"): _____

Number of pages of attached event notice: _____

____ Description of Event Notice (Check One):

- 1. Principal and interest payment delinquencies
- 2. Unscheduled draws on debt service reserves reflecting financial difficulties
- 3. Unscheduled draws on credit enhancements reflecting financial difficulties
- 4. Substitution of credit or liquidity providers, or their failure to perform
- 5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB)
- 6. Tender Offers
- 7. Defeasances
- 8. Rating changes
- 9. Bankruptcy, insolvency, receivership or similar event of the obligated person
- 10. Other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds
- 11. Modifications to rights of Bond holders, if material
- 12. Optional, unscheduled or contingent Bond calls, if material
- 13. Release, substitution, or sale of property securing repayment of the Bonds, if material
- 14. Non-payment related defaults, if material
- 15. If material, consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms
- 16. Appointment of a successor or additional trustee or the change of name of a trustee, if material
- 17. Other event notice (specify) _____

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: Digital Assurance Certification, L.L.C.

Address: _____

City, State, Zip Code: _____

Telephone Number: _____



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