Statement by Ariel Investment Management, LLC (Delaware)
From David Sweet, CEO
Submission for the record of the Congressional Growth Task Force
September 2, 2016

Mr. Chairman and Members of the Growth Task Force:

Thank you for the opportunity to share our recommendations to the Task Force. I am David Sweet, CEO of Ariel Investment Management, LLC (Delaware), which entered into an Exclusive Negotiating Agreement with the Local Redevelopment Authority (LRA) to serve as the Master Developer of the Former Naval Station Roosevelt Roads (Roosevelt Roads) in February, 2016.

Our submission and proposal to the Task Force has a direct impact on the 81,000 citizens of the communities surrounding Roosevelt Roads who have never recovered from the loss of local jobs and local economic activity directly fostered by the Navy's significant historical role going back prior to WWII. In fact, this proposal, when properly executed, will likely be the largest privately funded development project in the history of Puerto Rico.

RECOMMENDATION: We recommend that the redevelopment of the former Roosevelt Roads property become a priority for action by Congress and the Administration. We believe timely implementation of a Master Development Plan is key to regional regeneration and growth.

The loss of direct and indirect employment has been devastating to the local economy in the region surrounding the former naval facility which was closed by Congress in 2003. This closing has contributed to the significant overall contraction of the economy of Puerto Rico over the past 12 years. Today, the region suffers a poverty level of almost 46% and an unemployment rate of over 17%.

In 2013, the Navy finalized transfer of over 3,400 acres of property including 1,600 facilities to the Local Redevelopment Authority operated by the government of the Commonwealth of Puerto Rico. The LRA continues to lead redevelopment efforts for the Government.

The combination of both a Federal as well as a local commitment by the government of the Commonwealth of Puerto Rico is critical to moving forward on this stalled effort to redevelop and reuse this strategically located property. It has been projected under the LRA's 2014 Master Plan that 22,000 jobs will be created by attracting over $2.2 Billion in new investment.

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BACKGROUND:

During the final years of the Clinton Administration, a decision was made to cease the use of Vieques Island for live fire training exercises. This was following the decision by Congress and the Bush Administration to close the Roosevelt Roads facility in 2003. Roosevelt Roads had operated in Puerto Rico since it was established by the order of Franklin Delano Roosevelt in 1942 at the beginning of WWII.

Local communities knew immediately what this meant for the thousands of families impacted by the loss of 6,000 civilian jobs as well as the service related businesses supporting the facility. Economists credited the naval facility with injecting $300 million annually into the local economy with almost 6,000 jobs at stake. Unfortunately, their worst fears came true.

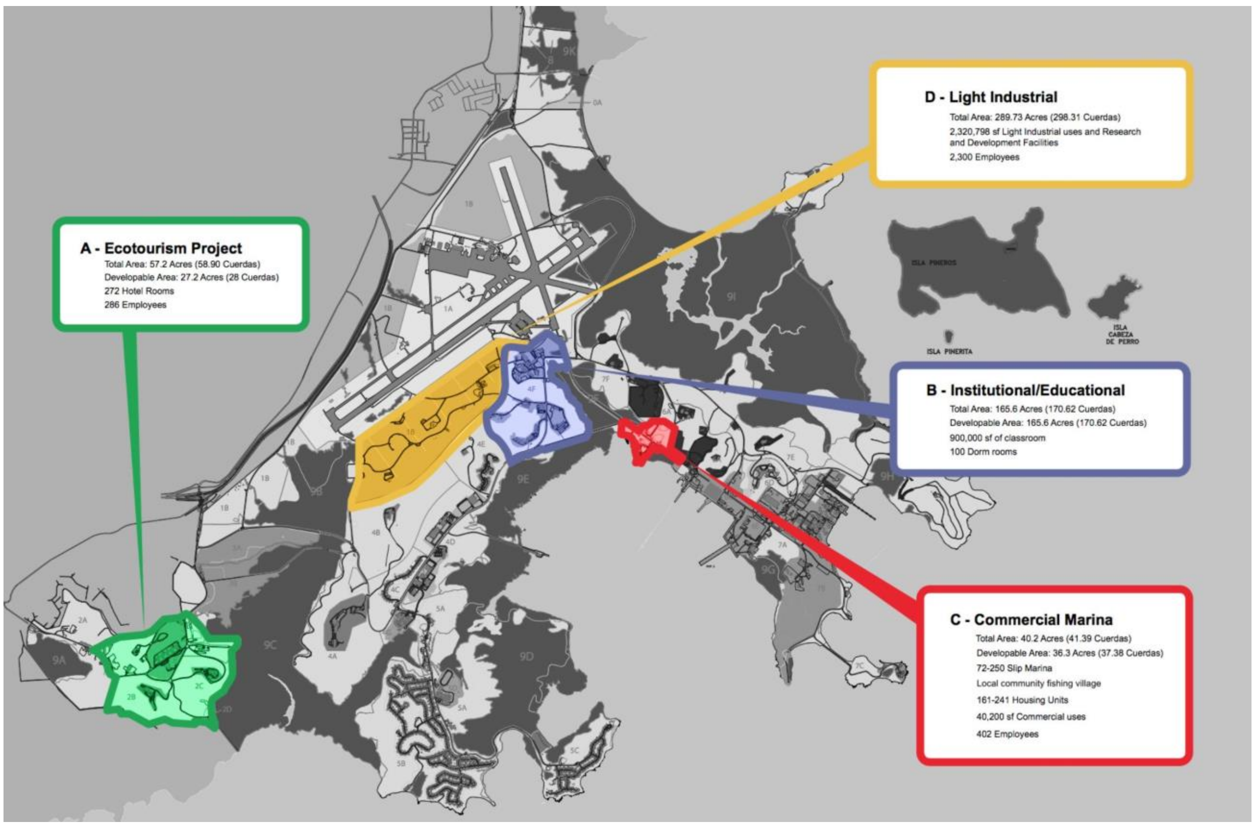
Puerto Rico has experienced the Administrations of four different Governors since the decision to reduce the area's Naval presence and eventually close Roosevelt Roads. All have stated a commitment to revitalizing the area through redevelopment of the property. However, as of this moment, the process is stalled and the project has moved slowly under the government's process.

Recently, the Obama Administration designated the region around Roosevelt Roads a "Promise Zone". While this designation does not guarantee any funding, it does provide, through a special process for Federal and local collaboration, for streamlining Federal resources to address high levels of poverty and revitalize blighted areas. This designation is one of 13 Promise Zones that have been created through this program.

We also note that the Puerto Rico Oversight, Management, and Economic Stability Act or PROMESA enacted by Congress this year designated much of Puerto Rico under the Historically Underutilized Business Zones (HUBZone) program which helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities. The region around Roosevelt Roads was included in the designated area.

Adjacent to the Roosevelt Roads site is an airport with an 11,000-foot runway. Furthermore, the property's waterfront harbor provides two-deep water ports, a 40 foot-deep and 1,000-foot-wide navigation channel, and also includes three piers. These transportation facilities can serve as a strategic and logistical hub for tourism and business between the United States and Latin America.

The Roosevelt Roads proposed master plan for redevelopment offers a mixed-use project that includes hotel developments, eco-tourism, housing, office buildings, commercial centers, shops, restaurants, light industrial areas, nautical facilities, schools, entertainment areas, golf courses, and other uses. In addition to promoting the economic evolution of Puerto Rico's eastern region, the renovation of Roosevelt Roads can also promote the establishment of affordable housing for people with average incomes in the region. The inclusion of local small businesses would also have a positive impact on the area. In order to accomplish this, the local workforce will have access to training and retraining programs.



In addition, the nearby El Yunque National Forest, home to the only tropical rainforest in the United States, already attracts more than 1 million visitors annually. Roosevelt Road's redevelopment, linked to the popularity of El Yunque, has the potential to draw more tourists. The property is also close to some of the world's most magnificent beaches, such as those at the neighboring islands of Vieques and Culebra, which could be accessible by maritime ferries based in Roosevelt Roads under our redevelopment plan.

In conclusion, we strongly believe that the redevelopment of Roosevelt Roads will be a major economic stimulus to both the region's local economy and that of the Commonwealth of Puerto Rico. We recognize your desire to create more jobs and generate more local tax revenue. Therefore, we strongly urge the Task Force to review this opportunity and include this project in its recommendations to the Congress for priority action.

Respectfully,
David M. Sweet
CEO
Ariel Investment Management, LLC (Delaware)