

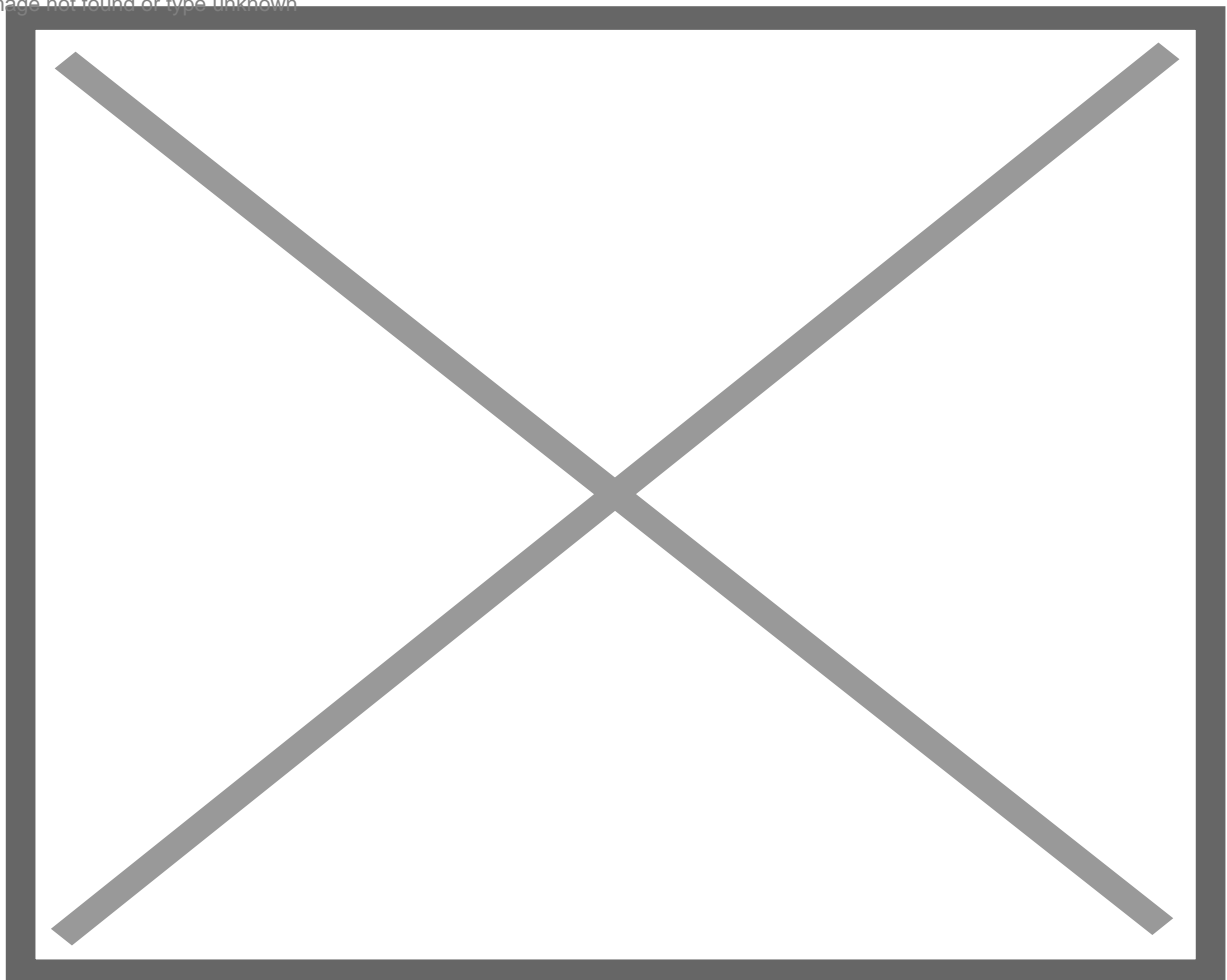
Image not found or type unknown

Bids for Proposal for 'Premier' Hotel on the Cay Development to Go Out as Soon as March, Governor Bryan Says

Tourism / **Published On February 29, 2020 05:09 AM /**

Ernice Gilbert **February 29, 2020**

Image not found or type unknown



Hotel on the Cay

ST. CROIX — The days of the current Hotel on the Cay — the 5-acre government property sitting by itself with beautiful oceanfront views of Christiansted — will soon see its curtain close to make room for a new, attractive facility: a premier hotel that compliments the town of Christiansted.

That's according to Governor Albert Bryan, who said in passing during his speech at the St. Croix Chamber of Commerce Annual Meeting at the Buccaneer Hotel on Friday, that a request for proposal would soon be out to potential developers. Following his speech, the Consortium sought answers.

"What we're doing is we're going to go ahead and issue the RFP for the hotel," Mr. Bryan said. The governor said the lease, which is currently held by a group called Hotel on the Cay Time-Sharing Association, Inc., allows for a renewal, but the government was not interested in renewing. "They've been in noncompliance for a number of years so we're not very interested in renewing that lease at this time," Mr. Bryan said.

He added, "We want to make sure that somebody is going to put something of real value there. It's an opportunity for the government to also make a little bit more money on the lease, but most importantly to have something premier in the harbor of Christiansted."

Mr. Bryan said a lot of people have expressed interest in developing the property, however, he said, "We don't think it's fair that we don't share the opportunity with the world. God knows who we're going to get coming in on that. We will review the proposal and see what's feasible, who has money, and then we'll pick someone and get going."

The lease is not up until December, "but we want to be ahead of the eight ball," Mr. Bryan said. He said the last email he saw on the matter said the request for proposal was ready to go out in the next month or two, but it was being reviewed.

[In September](#), Dept. of Property and Procurement officials said during a Senate hearing that Hotel on the Cay's current lease holder was paying only \$3,500 a month for the 5-acre property.

The P&P officials also said that the lessee owed \$350,000 and that the government had decided not to renew the lease which is set to expire in December 2020.

At \$3,500 a month, being behind by \$350,000 translates to exactly 100 months. Divide that by 12 and the result is 8 years and three months in past due lease payments owed to the government.

Property and Procurement Commissioner, Anthony Thomas, told lawmakers that while the government had taken the lessee to court in the past, the Bryan administration sees opportunity through another route: forgoing a court battle to instead open the property to potential investors in 2021 — right after the lease expires in December 2020.

"That's one of the most lucrative properties on St. Croix," said Senator Kurt Vialet, chairman of the Finance Committee who during the hearing encouraged P&P to take action. "...They owe us more than \$300,000 and they charge substantial monies for their timeshare units."

The government's plan "is to seek more lucrative opportunities for the property for the people of the Virgin Islands," Mr. Thomas said. He clarified that the property, once the lease expires, will be back out in the market.

"There's a lot of interest in that property and we need to lease that property to somebody that's going to develop it," Mr. Vialet added. "Redevelop the hotel, add rooms, etc. It's prime property. We have to make sure that come December (2020), we're very aggressive in putting that property out and making sure that we're able to develop Hotel on the Cay the way that it should be developed."

Current lessee putting up fight

In a statement provided to the Consortium following the publishing of the Sept. 8, 2019 article, attorney Edward L. Barry, who represents Hotel on the Cay Time-Sharing Association, pushed back against the government's stance that funds were owed, and said the agreement gives the

current lessee an option to renew, but the government had yet to engage Hotel on the Cay Time-Sharing Association on a possible renewal.

A portion of the statement is reproduced below:

"The Resort is operated by a nonprofit association of timeshare owners, Hotel on the Cay Time-Sharing Association, Inc. The Association has nothing whatsoever to do with the former commercial developer, Legend Resorts, LP--an unscrupulous Rhode Island outfit that was behind in its rent to the Government and was facing eviction in the Superior (then "Territorial") Court. That was over 20 years ago. Soon thereafter, the U.S. Small Business Association took over the assets of Legend Resorts (and affiliated companies) nearly 20 years ago due to its illegal financial practices and dissolved all of those disreputable businesses.

"The Association, like the Government, was a victim of the former developer's unlawful dealings—its members stood to lose their investments in their timeshare interests due to the default of Legend Resorts. For that reason, the Government in 1998 gave the Association a separate lease for a portion of Protestant Cay—agreeing that the Association would not be responsible for obligations and defaults of the commercial developer—in a court document entitled "[Stipulated Settlement](#)." (See Paragraph 3(a).)

"As the Stipulated Settlement states in Paragraph 3(b), the Association's rent is set at \$3,500 per month "until such time as the Government enters into a new lease with the Association for the premises ... from the date of the new lease to December 31, 2039." No such new lease has been negotiated or even attempted by the Government. Not yet anyway.

"At one point, the Government began informally the Association charging more rent. When we pointed out that the legally effective rate was \$3,500 per month, the Commissioner of Property & Procurement (then Lynn Millin Maduro) in 2013 admitted that the Government had overcharged the Association. ([See Letter](#), November 15, 2013.) At that time, the Government reverted to the correct charge of \$3,500 per month, and rent has remained at that level. The Association has paid its lawful rent. Religiously.

The Association stands by its commitment to renegotiate the rent upon an extension of the lease to 2039, in accordance with the Stipulated Settlement. The Association is ready, willing and able to pay the full fair market value, as determined by good faith negotiations with the Government."