

The Virgin Islands Consortium

Mapp's Horse Racing Plan Receives Nod From Senate President; Deal Could Be Vetted In Under Two Months

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Ernice Gilbert **October 31, 2016**



ST. CROIX -- Senate President Neville James said in a press release issued on Sunday that he was impressed and "pleasantly surprised" with Governor Kenneth Mapp's [sweeping proposal](#) to transform the horse racing industry in the territory.

The proposal sees VIGL, a Virgin Islands firm that operates the Caravelle Hotel, and whose parent company runs multiple assets on the mainland in the betting business, spending no less than \$27 million to rebuild the St. Croix and St. Thomas racing facilities, while providing more game days, bigger purses and more financial incentives for the Government of the Virgin Islands than the current deal with Traxco.

"As a lifelong horse racing fan, it was a pleasure to hear Governor Mapp cover all of the aspects of the industry when making details of the agreement available for public consideration. People tend to focus on the dollars associated with horse racing, but the governor's desire to implement anti-doping mandates is what makes this initiative attractive to me," Mr. James said. "Drug-free and sound horses are important variables that allow for any horse racing circuit with designs on promoting a fan desirable product, to be attractive."

The Senate president said he believes hearings to vet all documents could be completed between 30-40 days.

"Knowing the members and their appreciation for proper due diligence, I think it's safe to say that by the time we are ready to take up what has been submitted for action, the 31st Legislature will be informed to the best of their respective abilities to cast a vote, whether Yea or Nay," Mr. James said. "The deal appears to cover all of the bases where horse racing is concerned and I am extremely happy for the horsemen and horse owners, territory-wide, who stand to reap the financial and animal-health benefits that they deserve, given the major commitments they've made over years waiting for this industry with tremendous potential to be pointed in a comprehensive genuine direction. At first blush, I give high marks to the governor and all interested parties involved."

The Deal (See full franchise agreement [here](#), and transmittal letter to Senate President Neville James [here](#))

The agreement sees VIGL leasing both racetracks for a period of 20 years.

It requires a large upfront investment of not less than \$27 million, of which \$14 million will be used to rebuild the St. Croix facility, and \$12 million for the St. Thomas race track.

While VIGL will be responsible for purchasing an additional 12 acres of land (costing \$2 million) in St. Thomas, the government, once the lease is up, retains the property. Another \$1 million will be held in a reserve fund.

Taxes, Fees and Payments

VIGL must pay full taxes and all permits and other fees. VIGL is also obligated to pay statutory casino fees, which will be increased under the amended legislation that Mr. Mapp will present to the 31st Legislature.

VIGL must also make a variety of payments for the duration of its 20-year lease, to include an annual license fee of \$20,000, franchise fees that begin at \$10,000 for the first three years and increase to \$25,000 for the fifth and sixth years, and to \$50,000 annually thereafter. The firm will also pay maintenance fees of 4 percent of annual racino gross revenues, and under separate lease agreements, rents of \$108,000 annually for the St. Croix race track, and \$24,000 annual for the St. Thomas race track.

Racing and Purse Requirements

For the first three years, VIGL must host a minimum of 18 live races, and a minimum of a combined 24 live races thereafter between the St. Thomas and St. Croix facilities.

The purse for each race day at each track will be at least \$100,000, making for a combined minimum of \$200,000 each race day, which totals to a minimum of \$2 million annually for years 1-3; \$2.5 million annually for years 4-6; and \$3 million annually thereafter. Additionally, whenever the purse exceeds the minimum amount, VIGL must increase the following year's purse by the excess. For example, the minimum purse amount for years 1-3 is \$2 million. If the purse reaches \$2.6 million, the following year's purse must be increased by \$600,000.

Charitable Donations

VIGL must make three \$1,000 donations for the first three years on each race day to select charitable organizations; an annual total of \$54,000. The total increases to \$74,000 in the fourth year. Thereafter, the minimum charitable donations will rise by 10 percent, and will be capped at \$150,000 annually.

Termination of Traxco Lease

Traxco, [currently enthralled in litigation with the government](#), has arrived to an agreement with the government and VIGL, which will see Traxco renouncing any claim to operate the St. Croix racetrack, in exchange for the right, through its parent company Treasure Bay VI Corp., to operate a racino on the St. Croix premises until VIGL executes its agreement with the government. The agreement also sees a reduction in Traxco's gross receipt taxes from 12 percent to 8 percent, and Traxco will receive what the agreement describes as "certain payments" from VIGL.