

The Virgin Islands Consortium

Carambola Sale To Davis Bay Closes Today; EDA CEO Says Sale Will Help Grow Economy

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ST. CROIX -- The Virgin Islands Economic Development Authority (E.D.A.) held its public hearing and governing board decision meeting Thursday for the E.D.A.'s Economic Development Commission (E.D.C.), Economic Development Bank (E.D.B.) and Enterprise Zone Commission (E.Z.C.) to vote on several important measures, the sale of Carambola being one of the most important among them.

The closing for Carambola's sale from the Government Employees' Retirement System (G.E.R.S.) to Davis Bay, LLC is scheduled to be completed today. On Thursday, the request on the floor to transfer 100 percent of Carambola's full existing benefits to go along with the sale of the property to Davis Bay, LLC passed unanimously. Several board

members expressed that it was a pleasure to serve and great to see the E.D.A. effectively work to ensure that the entities, Carambola and Davis Bay, are positioned for the closing to take place without delay.

Wayne Biggs, E.D.A.'s assistant chief executive officer, reported that during the executive session Thursday, the E.D.A. board voted unanimously on two major applications, including the transfer of tax incentives and modification of benefits.

The board also voted to find that Davis Bay is of particular importance to the economy of the Virgin Islands and will continue to promote its economic development. The transfer becomes effective the date of the sale of the resort's assets from Carambola to Davis Bay.

Several modifications were made to the certificate: Carambola will be allowed to reduce the number of full-time employees from 147 to a minimum of 100 employees effective February 28, 2020; and Davis Bay is required to invest a minimum of \$10 million in the resort effective July 1, 2019. All other terms of the transfer will remain in full effect.

[Earlier this month](#), Tom Bolt, Carambola Northwest, LLC's legal representative, shared that G.E.R.S. extended a \$15 million loan to Carambola in 2010 when the owner faced financial difficulty, at which point the resort was turned over to G.E.R.S. Mr. Bolt explained that once G.E.R.S. had control of the property, it realized that the troubled resort was losing money and experiencing financial and managerial difficulty, and the pension system found itself strapped with a failing resort that would prove difficult to sell. "G.E.R.S. is not only the sole lender of Carambola Northwest, LLC, but also the sole member," he said. The resort is a G.E.R.S. asset and is run by their board." Once the sale is complete, G.E.R.S. will no longer own Carambola.

In 2016, The Consortium reported on an Office of the Inspector General (O.I.G.) audit of G.E.R.S. that revealed that the pension system had expended more than \$27 million for Carambola (a \$15 million loan and \$12 million in additional funding), as of June 2015.

G.E.R.S. is now not only positioned to complete the sale but also to benefit financially from the insurance proceeds Carambola will receive from the resort's storm damage. Davis Bay executive, Mark Gordon, said that G.E.R.S. will be allowed to keep all of the insurance proceeds (a figure was not given) and Davis Bay will be responsible for renovations and upkeep.

There will be no change in management. Rick Carrington II, Carambola's current manager, will remain in his position. Mr. Gordon said that Marriot International was still on board and would allow the rebranding of Carambola as the "Renaissance", with a stipulation that the hotel must be brought up to the higher-end level before approval of the label.

There are specific milestones in two phases that must be reached before the "Renaissance" label is reinstated. Phase one involves repairs to get the resort ready before high season, which runs from mid-December to mid-April, and phase two involves working with Renaissance to rebrand the resort (phase one must be completed before the rebranding effort). Until then the resort will continue to operate as Carambola. The expected completion date for phase two is June 2020. At that time, the "Renaissance"

brand will be used again.

The [E.D.A. plays a major role](#) in the territory's economic development and describes itself as a government vehicle that promotes economic growth, job creation, and wealth generation in the U.S. Virgin Islands. It aims to accomplish this mission by attracting investors to establish or relocate their businesses to the territory. The E.D.A. also provides financial assistance for new and existing small to medium-sized businesses and assists V.I. residents and business owners alike with rehabilitating their properties located in distressed areas that were once vibrant economic centers of activity.

In closing, Mr. Biggs thanked Margarita A. Benjamin, managing director of the E.D.C., Nadine T. Marchena Kean, managing director of the E.Z.C. and the legal team who completed the review. "We are a business-friendly territory," he said. Mr. Latham remarked, "I want to thank the board for the time, dedication, and commitment to these matters. It helps to grow the economy when we can move these cases forward. I want to thank the executive management team, Mr. Biggs, Lisa Lynch Bhola, Esq., general counsel, E.D.A., Ernest Halliday, chief financial officer, E.D.A., for the joint leadership effort to move this organization forward." He shared that he was excited to see Davis Bay matter move forward.