UNITED STATES VIRGIN ISLANDS
Economic Development Authority

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

TESTIMONY BY DWAYNE A. BENJAMIN, SR.

COMMITTEE OF THE WHOLE

36th LEGISLATURE OF THE VIRGIN ISLANDS

ST. THOMAS, VIRGIN ISLANDS

Good morning, Senate President Milton E. Potter, members of the Committee of the Whole of the 36th Legislature of the Virgin Islands, Legislative staff, the Virgin Islands Economic Development Authority ("USVIEDA" or "the Authority") team, and the viewing and listening audience. I am Dwayne A. Benjamin, Sr., Assistant Chief Executive Officer of the Virgin Islands Economic Development Authority. I appear before you on behalf of Wayne L. Biggs, Jr., Chief Executive Officer of the Virgin Islands Economic Development Authority, who is unable to attend today. Accompanying me in the well are members of the USVIEDA team: Tracy Lynch Bhola, Esquire, General Counsel, and Margarita Benjamin, Managing Director, Economic Development. Also in attendance are Kelly Thompson-Webbe, Chief Financial Officer, and Celina Morris, Director, Marketing. It is my honor to provide testimony in support of ratification of the Hotel Development Agreement between the Government of the Virgin Islands and Haven Development, LLC ("Haven Development" or the "Developer").

The Virgin Islands Hotel Development Program is administered by the Virgin Islands Economic Development Commission, a subsidiary of the Authority. It was established under the Hotel Development and Finance Program Act (HDA) of 2011, to encourage investment in the development, reconstruction, and renovation of hotels, resorts, and related facilities in the U.S.

Virgin Islands. The HDA program's primary goal is to stimulate tourism-based economic growth while creating employment opportunities for Virgin Islands residents, particularly those who are unemployed or underemployed in communities where hotel investments are made.

HDA was subsequently amended in 2018 through Act 8030, and again in 2019 through Act 8056 to strengthen the program and introduce provisions such as the Economic Recovery Fee ("ERF") Incentives. The program allows for the use of future revenues from hotel room occupancy taxes and casino taxes to support hotel development projects that would not likely occur solely through private investment in the reasonably foreseeable future. Monies generated through the HDA Program are deposited into separate hotel development trust funds established for each approved project. Funds allocated and deposited into each trust fund are sourced from the hotel and casino taxes generated by that specific project.

Developers may receive incentives as follows:

(1) For new hotel projects, 100% of the revenues generated from the Designated Hotel Room Occupancy Tax ("Hotel Occupancy Tax"), Designated Casino Tax on Gross Revenue ("Casino Tax"), and the ERF, if applicable, shall be allocated to and deposited into the Project's Fund.

(2) For hotel projects where 70% or more of the units have remained unoccupied due to natural disasters or related impacts, 50% of the revenues generated from the Hotel Occupancy Tax and Casino Tax, as well as 100% of the revenues generated from the ERF, if applicable, shall be allocated to and deposited into the Project's Fund; and

(3) For reconstruction and renovation of existing hotel sites where less than 70% of the units have been unoccupied due to natural disasters or related impacts, 100% of the revenues generated from the ERF shall be allocated to and deposited into the Project's Fund. This project would not be entitled to revenues generated from the Hotel Occupancy and Casino taxes.

The Hotel Occupancy Tax and Economic Recovery Fee are granted for a period of 30 years, or until such time the direct investment is liquidated, whichever is earlier. The amount of the Economic Recovery Fee for any approved ERF project shall not exceed 7.5% of the hotel room charge.

Prior to Haven Development, USVIEDA approved two (2) HDA applications: RC Hotels (Virgin Islands), Inc. d/b/a The Ritz Carlton St. Thomas, and CREF3 USVI Hotel Owner, Inc. d/b/a The Westin St. Thomas Beach Resort & Spa and Bouy Haus Beach Resort St. Thomas, Autograph Collection. As a result of the Hotel Occupancy Tax and/or Economic Recovery Fee, these Developers were able to reinvest and upgrade their existing properties which were shuttered due to Hurricanes Irma and Maria resulting in direct, indirect, and induced activities spurring economic growth in the Territory.

On March 6, 2024, Haven Development, the third applicant filed an application with the Authority. Haven Development requested approval to impose a seven and one-half percent (7.5%) ERF in addition to the dedication of the hotel occupancy tax revenues of twelve and one-half percent (12.5%) to support payment of the debt obligation to be incurred in connection with the development. Haven Development entered into a management agreement with Equities Hotel Group, LLC to manage and operate the hotel as a Hilton Worldwide Hotel. Notably, Haven Development, LLC was granted a limited, non-exclusive license to use the name Hampton by Hilton St. Thomas, the first newly constructed hotel in over 30 years in the U.S. Virgin Islands, adding 126 rooms to the hotel inventory.

At its decision meeting on December 12, 2024, the USVIEDA Governing Board approved Haven Development for the full 12.5% Hotel Occupancy Tax on room revenues to reimburse a portion of the hotel construction costs, along with a 7.5% ERF in accordance with 29 V.I.C. § 1312(c)(2).

These incentives were granted for a period of 30 years, or until the direct investment of $34.8 million is liquidated, whichever comes first.

On April 10, 2025, Haven Development submitted a request to increase its direct investment over the initial budget to incorporate additional costs. Based on the USVIEDA's October 3, 2024 independent financial analysis prepared by CBRE, Inc., the Developer's debt of $44,105,254.61 will be liquidated in less than the 30-year period authorized by law, resulting in the USVI recapturing the Hotel Occupancy Tax within approximately 18 years. It was determined that the project is still feasible at the increased cost.

On July 15, 2025, USVIEDA approved the increase in the direct investment to be made by Haven Development, LLC, along with the Development Agreement establishing the obligations of the Government of the U.S. Virgin Islands and Haven Development, LLC.

On July 30, 2025, the Development Agreement was transmitted to the Honorable Albert Bryan Jr., Governor of the U.S. Virgin Islands for consideration. Thereafter, following Governor Bryan's approval, the Development Agreement was submitted to the 36th Legislature for ratification pursuant to 29 V.I.C.§ 1307(c).

Hence, I am here today on behalf of USVIEDA to respectfully support ratification of the Development Agreement. We believe that Haven Development's project is in the best interest of the Government and residents of the United States Virgin Islands, and we look forward to this body's favorable consideration. My team and I are available for any questions that you may have. Thank you.