Testimony of Chuck Nestrud, President
Water Island Civic Association
Before the U.S. Virgin Islands Senate Committee of the Whole
August 4, 2026

Good morning, Honorable Senate President Potter and Senators. My name is Chuck Nestrud, President of the Water Island Civic Association, a volunteer organization representing the overwhelming majority of Water Island's property owners and residents. Thank you for inviting me and my colleagues to address you this morning.

Since the June 24 hearing, many of you have visited Water Island, and the question you asked most often was: "What can Water Island accept as a development project?" We have given that careful consideration, because we understand your responsibilities include both promoting economic development and protecting our natural resources. We have identified many problems with the proposed lease, which are part of the public record. My testimony today focuses on a path forward.

Water Island is tiny — only 491 acres. GVI owns approximately 200 of them. This Amended Lease will turn 180 of those 200 acres over to these new investors for the next 99 years, and contemplates giving them operating control over the rest. To say this lease will fundamentally alter Water Island forever is not an exaggeration. We ask only that you evaluate it as thoroughly as we have, and strike the appropriate balance between development and resource protection. We believe that balance can be struck through a lease which is based on three essential elements.

First, the economic development piece. We support redevelopment of the hotel and marina on Flamingo Bay as provided for in the Transfer Deed. Our preference is that DPP request additional proposals before selecting a developer, but in the interest of compromise we can accept WIDC as the developer for a replacement hotel and marina on the designated 35-acre parcel — if WIDC can accept our compromise proposal for the remaining 144 acres of GVI lands, which is the focus of the rest of my remarks.

One point on project feasibility. The REVPAR study supporting the 2014 lease — the same study WIDC's new investors present today — concluded that a stand-alone boutique hotel and marina is feasible without any residential development. Three developers agreed and submitted stand-alone proposals in 2014. So do not be persuaded that this project must include a massive luxury residential component to be feasible. That is simply not true, and there are developers waiting in the wings if WIDC is unwilling to scale back.

The second and third parts of our proposal address resource protection. The transfer of Water Island to GVI came with restrictions:

- Federal: all transferred lands must be used for "public purposes only," and certain tracts are designated "permanent non-development."
- Territorial: Act 6751 (2005) requires 60 of GVI's acres on Water Island to be transferred to the VI Housing Finance Authority, and Act 7321 (2011) reserves 15% of those lands exclusively for veterans.

Second, the Affordable Housing-Veterans Piece. The second part of our proposal addresses the 60 acres set aside by Act 6751 for affordable housing. Act 6751 funded a Land Use Plan for all 200 GVI acres, developed with the participation of the Governor, Lieutenant Governor, DPP, DPNR, and many Water Island residents. The broad-based buy-in for that Plan cannot be overemphasized.

U.S. Virgin Islands Governor

Honorable John P. de Jongh

Participating Executive Branch Staff

Barbara A. Petersen, St. Thomas/Water Island Administrator

Jerry Johns	Department of Public Works	Halvor Hart III	Property and Procurement
Bill Rohring	Department Planning & Natural Resources	Lynn Millin	Property and Procurement
David Brewer	Department Planning & Natural Resources	Shanika Garnett	Property and Procurement
Efrain Hatchette	Department Planning & Natural Resources	D. Charles Sr.	V.I. Fire Service
Marjorie Emanuel	Department Planning & Natural Resources	Alan Flemins	VI Housing Finance Authority
Newton Peters	Department Planning & Natural Resources	Sonya Nelthrop	VI Waste Management Authority
Victor Somme	Department Planning & Natural Resources	Charles Bornman	VI Waste Management Authority
Ira M. Hobson	Housing Parks and Recreation	W. Chapman	VI Waste Management Authority
Roy Martin	Office of Lieutenant Governor	James O'Bryan, Jr.,	Former St. Thomas/Water Island Administrator

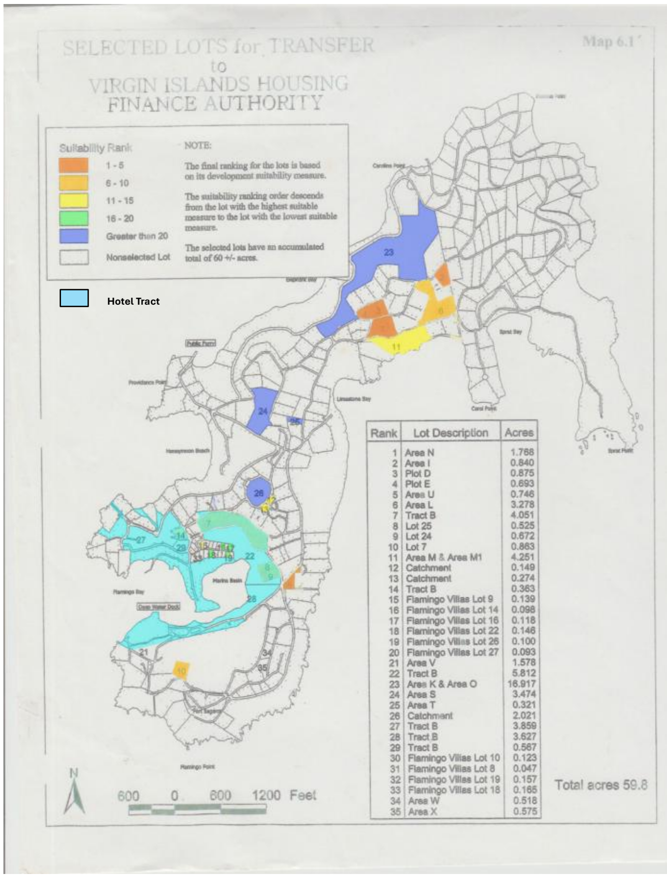
Project Team

Dr. Frank Mills, Director UVI-ECC	Stevie Henry, Project Coordinator UVI-ECC/CDC
Dr. Barry Devine, Chief Scientist UVI-ECC/CDC	Claudette Young-Hinds, Facilitator
Grisha Fleming, Administrative Assistant UVI-ECC	Lloyd Gardner, Environmental Planner
Pedro Nieves, GIS Specialist UVI-ECC/CDC	Dr. Richard Moore, Economist

Water Island Resident Participants

Joan and Bob Bohr	Helena Sudek	Wendy Noble
Chuck and Linda Gidley	Jackie Exton	Will Himeebaugh
Alex Randall	George Striker	Fidouglas Ackley
Tom Shaffer	Barry Wherren	Rober Molard
Xavier	Jane Wherren	Pamela Pandella
Greg Stolmar	Tom Archibald	Jon
Brad Monroe	Barbabra Archibald	John Hoepfner
Carol Richardson	Kathleen Stuart Butler	Sandy Christenser
Sam Talarica	Jeamine Mydlenski	Randy Coe
Robyn Bitterwolf	Matt Edkstein	Mary Coe
Susan Miller	Gunter Hoepfner	Bill Shea
Susan Rampino	Lisa Nigamatov	Joanne Dresslar
Lubos Sudek	Larry Stein	

The Plan evaluated all 58 GVI-owned parcels and selected the top-ranking 35 parcels — the best homesites — to be set aside for moderate-income Virgin Islanders and veterans. Map 6.1 from the Plan, reproduced below, identifies those parcels; WIDC's designated 35-acre Hotel Tract surrounding Flamingo Bay and Pond has been added. This Amended Lease, if approved, eliminates the tracts designated for moderate income housing and veterans. Why? So these prime housing lots can be sold to the ultra-wealthy.



The July 8 Amended Lease offers a substitute: the sale of 20 townhomes to moderate-income households and veterans. Evaluate that trade. Twenty 763-square-foot units squeezed onto Tract K, roughly 10 acres, alongside a 300-worker construction camp, a retail mall including offices for police, fire and medical services, and a barge unloading and storage complex — priced at approximately $325 per square foot plus undisclosed condo fees and unregulated utility charges. Eligibility is decided by WIDC alone, with no governmental oversight and none of the federal and territorial assistance programs available under VIHFA's program. And the offer lasts only two years, while construction is ongoing.

The Legislature should not permanently exchange sixty acres of publicly owned land — reserved by statute for affordable housing — for a two-year window to purchase one of twenty privately constructed condominiums in a construction camp. Once those sixty acres are absorbed into a 99-year private lease, the Legislature will never again be able to use that land to meet the housing needs of future generations of Virgin Islanders.

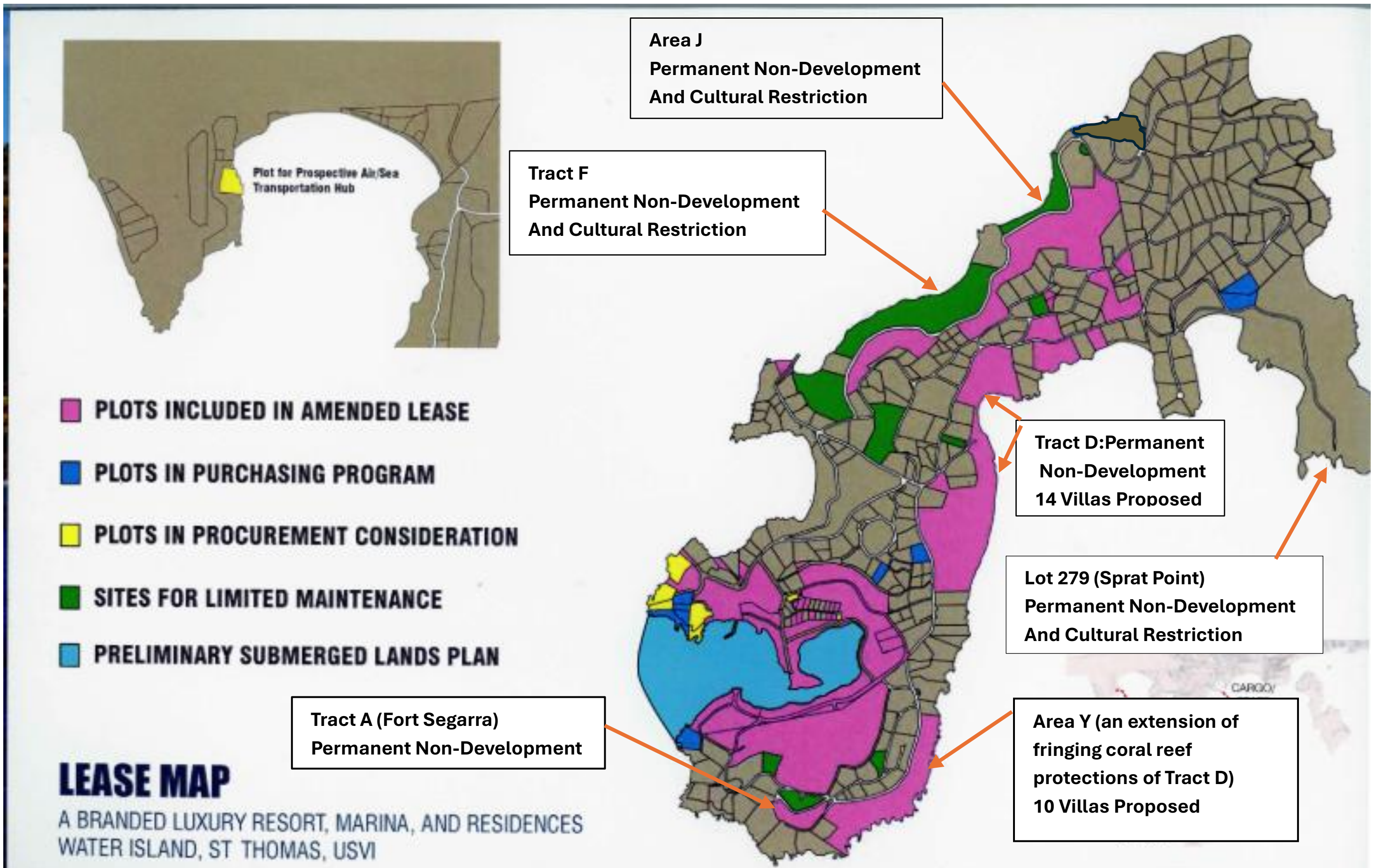
The second part of our proposal is nothing more than implementing existing law: remove 60 acres designated for moderate income housing and veterans from the lease and transfer them to the VI Housing Finance Authority, as Acts 6751 and 7321 require, provided that the reservation in the Transfer Deed that the "Tract B previously developed portions may be redeveloped for a hotel or tourist resort" must be preserved for the hotel redevelopment. The Tract B hotel site is represented by the 35 acres WIDC designated for the hotel and marina in the Amended Lease, which is also shown on Map 6.1.

Third, the Restricted Development Piece. The third part of our proposal concerns legally imposed restrictions on the development proposed in this Amended Lease for the "Additional Resort Lands." The 2014 lease did not lease any of the Additional Resort Lands. It gave WIDC four years to obtain DOI approval to sell them for residential housing. That approval never came — WIDC has now been seeking it, unsuccessfully, for 12 years. Those lands were never developed, never sold, and never leased.

This Amended Lease expands the Additional Resort Lands from 55 to 144 acres and, for the first time, encumbers all 144 acres in the lease for 99 years — even though those lands cannot legally be developed. Why would this administration transfer 144 acres of public land to a private developer for 99 years with no legal authority in place to allow development? I have no answer.

Through the Transfer Deed, the United States imposed **permanent non-development** deed restrictions on selected, environmentally significant parcels precisely because for these tracts environmental protection outweighs development. No development or removal of vegetation may occur without the approval of the U.S. Fish and Wildlife Service and the VI Division of Fish and Wildlife; three tracts containing cultural artifacts require an additional signed Preservation Agreement.

The Water Island Land Use Plan recommended that the non-development parcels be transferred for permanent protection: Tracts D and F, Areas J and Y, and Lot 279 to the VI Territorial Park System, and Fort Segarra to the Historic Preservation Office. These non-development parcels are identified on the map below:



WATER ISLAND LAND USE PLAN: Areas J and Y, Tracts D and F, and Lot 279 should be transferred to Territorial Parks System
Tract A should be transferred to Historic Preservation Office

These five tracts are not legally eligible or appropriate for development. They should remain in public ownership, managed through the Territorial Parks System and the Historic Preservation Office — never leased to a private developer on the whim of any particular administration. This Amended Lease is exactly what the United States feared when it transferred Water Island: that GVI might, some day, favor development over environmental protection for these most significant and fragile lands.

Finally, all lands transferred to GVI are designated for "public purposes," and to date DOI has not authorized the sale of a single parcel for private residences. Following the format of the 2014 lease, these lands should not be included in the Amended Lease at all. Should DOI ever approve any parcel for private sale, that parcel can be sold directly to the purchaser, preserving the public-purpose requirement of the 1996 and 2005 Transfer Deeds until DOI approval actually exists.

The third part of our proposal simply asks that the Transfer Deed "public purpose" requirement be implemented, and that the "permanent non-development" restrictions be enforced, in the manner recommended by the Water Island Land Use Plan.

In closing, several issues raised by Senators on June 24 remain unresolved in the July 8 revised Amended Lease:

- **Waiver of Senate authority — no change.** The lease still seeks approval for future leases and sales of public lands without Senate review and approval (See, final Whereas clause, p. 2; Section 2.3, p. 5; Section 9.2, p. 21).
- **Improper reinstatement of the terminated 2014 lease — no change.** The breaches cited in the termination letter continue to this day, and nothing has been done to cure them.
- **Inadequate bond — no change.** The $3 million bond drops to $1 million at construction start, can be reduced further when all plans are approved, and its 24-month deadline for obtaining approvals extends automatically whenever an approval is delayed — including the DOI approval WIDC has pursued for 12 years.
- **No performance or restoration bond — no change.** WIDC is admittedly a shell company with no assets. If WIDC abandons the project, it has no assets to complete it or restore the damage. A legal remedy against an entity with no assets is no remedy at all. A bond should be required to protect GVI from the substantial financial liability it will incur in the event of a default.
- **No proper town hall — no change.** The town hall promised on June 24 never occurred. A TEAMS call was held July 8 on two days' notice over a holiday weekend — and the lease attached to the notice was inaccurate, as it was being amended and signed while the meeting took place.
- **Negotiations — one-sided.** On June 24 I committed to negotiating with WIDC. On July 21 I sent WIDC the compromise proposal I have presented today. There has been no response. Good faith negotiation requires both parties to participate.

Thank you for your time and attention to this matter. I look forward to your questions.