DIVI CARINA BAY CASINO
ST. CROIX, USVI

TRAXCO, Inc.

August 18, 2026

The Honorable Milton E. Potter
President of the Legislature
Legislature of the Virgin Islands
Capitol Building
Charlotte Amalie, St. Thomas, VI 00802
Via email: mpotter@legvi.org

RE: Proposed Bill #36-0313

Dear Senate President Potter and Members of the Legislature,

On behalf of Treasure Bay, V.I. LLC ("TBVI"), d/b/a Divi Carina Bay Casino, Traxco, LLC, and our landlord, Grapetree Shores, Inc., d/b/a Carina Bay Beach Resort, thank you for the opportunity to comment on the proposed legislation, Bill #36-0313, concerning the Randall Doc James Racetrack and the introduction of Video Lottery Terminals ("VLTs") to St. Croix. I apologize that I am unavailable to testify in person but ask that this letter be read into and made part of the record.

Having played an active role in the development and support of racino legislation in the Virgin Islands, we recognize the importance of policies which support horse racing on St. Croix. We recognize horse racing's cultural value to the People of the V.I. and share the Legislature's desire to see the successful return and long-term sustainability of the sport. However, we **strongly object** to proposed Bill #36-0313 and are concerned that the legislation currently under consideration departs from longstanding public policy objectives, creates significant competitive imbalances and is inconsistent with both existing law and commitments previously made by the Government of the Virgin Islands.

For decades, the Virgin Islands has maintained a carefully constructed gaming framework. VLTs have been permitted on St. Thomas, while casino gaming with slot machines has been limited to licensed casino resorts on St. Croix that satisfy hotel and other statutory requirements. This distinction was not accidental. It was designed to encourage substantial private investment in hotel development, tourism infrastructure and employment opportunities on St. Croix.

The Casino Resort Control Act ("CRCA") specifically recognized the need to stimulate economic development, attract tourism and reduce unemployment on St. Croix. To achieve those objectives, casino licenses were tied to meaningful investment in hotel accommodations and resort facilities. Businesses such as Divi Carina Bay relied upon this framework when making significant long-term capital investments on St. Croix.

Over the years, Divi has invested substantial sums in the development, operation and renovation of its resort and casino facilities, including extensive reconstruction efforts following Hurricanes Irma and Maria. These investments have generated employment, supported local businesses and attracted visitors to St. Croix. They were made in reliance upon a statutory framework that encouraged investment through carefully balanced gaming regulations.

Similarly, Act No. 7169, enacted in 2010, required that a racino operator on St. Croix must hold a valid casino license and satisfy the hotel requirements associated with that license. The Act further provided that slot machines on St. Croix and VLTs on St. Thomas could be located only on racetrack property or contiguous land. These provisions reflected a deliberate legislative balance between supporting horse racing and protecting the broader economic development objectives underlying gaming regulation in the Territory.

Because the proposed legislation would substantially alter that balance, we respectfully submit that it should not be considered in isolation. To understand its full impact, the Legislature should review not only the proposed bill but also the related Lease, Franchise Agreement and Video Lottery Services Agreement that collectively define the rights and obligations being granted to Southland Gaming.

The proposed legislation recognizes Southland Gaming's efforts in promoting races at the Clinton E. Phipps Racetrack beginning in 2024 and appropriates $5 million for completion of the Randall "Doc" James Racetrack. We do not question the importance of restoring horse racing on St. Croix. However, it is important to consider these proposals in historical context.

From 2004 to 2016, TBVI and Traxco operated the Randall "Doc" James Racetrack and invested over $17 million in racetrack operations/capital improvements, providing over $5 million in purses. Racino legislation was not enacted until 2011, after years of investment and support for the horse racing industry by TBVI and the racetrack operator, Traxco, at their own expense. These investments were made without direct government appropriations, construction subsidies or broad exemptions from excise, trade and gross receipts taxes.

The proposed agreements would provide benefits and protections to Southland that were not available to Traxco. For example, the proposed Lease places responsibility for structural repairs on the Government, a significant obligation that historically was not offered to Traxco.

Additionally, the Franchise Agreement would permit Southland to operate a temporary VLT gaming facility during construction of the Racetrack. The documents allow Southland in excess of three years to complete construction. Historically, racino gaming has been linked to the operation of live horse racing. Authorizing gaming activity before the return of live racing raises important policy questions as to whether horse owners, industry participants and racing fans will receive the benefits that racino legislation was originally intended to provide.

Equally concerning are provisions contained in the Third Amendment to the Video Lottery Services Agreement. That agreement appears to provide Southland with extensive exclusive rights relating to electronic gaming devices on St. Thomas and St. John. It further contemplates that, should casino gaming be authorized on those islands, electronic gaming devices in those facilities must be supplied through Southland. Those provisions would grant substantial competitive advantages to a single operator, warrant careful legislative review and could serve as a serious disincentive to casino investment on St. Thomas/St. John.

When considered together with the proposed authorization of VLTs on St. Croix, these arrangements raise significant concerns regarding market competition and the long-term effect on existing casino resort operations that have invested heavily in the Territory. Before providing such advantages to a single operator, the Legislature should carefully consider the impact on existing businesses, future investment, tourism development and employment.

Beyond those policy concerns, the Legislature should also consider the Government's existing legal obligations relating to the Randall "Doc" James Racetrack.

Following Traxco and TBVI's sudden and wrongful removal from racetrack and racino operations in 2016, Traxco and TBVI entered into a Settlement Agreement with the Government of the Virgin Islands and the Virgin Islands Horse Racing Commission (attached). As detailed in my March 20, 2026 correspondence to the Governor and Legislature (attached), the Agreement contains representations, warranties and covenants regarding gaming activity at the Randall "Doc" James Racetrack and protections designed to preserve the economic interests associated with the racino operations.

Among other provisions, the Settlement Agreement states, "**. . . the only gaming allowed on the island of St. Croix will be that gaming authorized to take place in a licensed casino"** and gaming authorized at the Randall "Doc" James Racetrack and specifically references a prohibition on VLTs and other electronic gaming devices outside those authorized operations. The Agreement further provides protections intended to address any future governmental action that would impair the net revenues of TBVI associated with racino operations. It is important to note that Traxco and TBVI agreed to voluntarily dismiss the lawsuit against the Government for wrongfully evicting Traxco and TBVI solely because the Government made written commitments to protect our interests in the future.

The legislation currently under consideration is inconsistent with commitments previously made by the Government under the Settlement Agreement and raises substantial questions concerning the Government's ability to satisfy those obligations. At a minimum, these issues warrant careful consideration before additional agreements are approved or new statutory commitments are made.

Accordingly, we respectfully request that the Legislature:

1. Disregard the proposed legislation;
2. Evaluate the potential impact of the proposal on existing hotel and casino investments on St. Croix;
3. Evaluate the potential impact of the proposal on any future casino investment on St. Thomas;
4. Consider the Government's obligations under the 2016 Settlement Agreement; and

5. Ensure that any future expansion of gaming opportunities is implemented in a manner that preserves fair competition, supports horse racing, and protects the economic development objectives that have long guided gaming policy in the Virgin Islands.

We fully support the revitalization of horse racing on St. Croix. However, that objective should be pursued in a manner that honors existing commitments, promotes fair competition, protects prior investments, and preserves the legislative framework that has encouraged tourism development and job creation throughout the Territory.

Thank you again for your time, consideration, and the opportunity to provide these comments.

Respectfully Submitted,

Susan Varnes
President
Treasure Bay V.I., LLC
Traxco, LLC

SETTLEMENT AGREEMENT

Agreement made this 27th day of October, 2016, by and among **TRAXCO, Inc.,** a U.S. Virgin Islands corporation (herein "TRAXCO"), the **Virgin Islands Horse Racing Commission,** acting by and through the Chairman of the St. Croix Racing Commission (herein "VIHRC"), the **Virgin Islands Department of Sports, Parks and Recreation**, formerly known as the Department of Housing, Parks and Recreation (herein "SPR"), and the **Government of the Virgin Islands** (herein "Government").

WHEREAS, TRAXCO asserts it is the holder of a valid Horseracing License granted by the VIHRC, pursuant to Chapter 11 of Title 32 of the Virgin Islands Code (herein the "Horseracing License");

WHEREAS, TRAXCO asserts it is the holder of a "Lease-Franchise Agreement" issued pursuant to 32 Virgin Islands Code Section 209 (the "Lease-Franchise");

WHEREAS, TRAXCO entered into a "Live Racing Agreement" on or about September 24, 2004 with the predecessor in interest to **Flamboyant Park Horsemen Association, Inc.** ("FPHAI") ("Live Racing Agreement");

WHEREAS, pursuant to that certain Lease Agreement for the Sub-Lease of the Randall "Doc" James Racetrack (approved by the President of the Virgin Islands Legislature on December 15, 2004) (the "HPR Lease", together with the Live Racing Agreement and the Lease-Franchise, the "Track Documents"), TRAXCO asserts it has the right to occupy that certain real estate and improvements (herein the "Real Estate") thereon known as:

> "Section No. 5, Henry E. Rohlsen Airfield (formerly Alexander Hamilton Field, St. Croix, Virgin Islands, consisting of 65.1470 acres commonly known as Manning Bay)," as more particularly described in the HPR Lease;

WHEREAS, the HPR Lease is a Sub-Lease, and the Real Estate is subject to a Master Lease ("the Master Lease") between the Virgin Islands Port Authority ('VIPA") and the Government of the Virgin Islands through its Departments of Conservation and Cultural Affairs and Property and Procurement (now known as Department of Sports, Parks and Recreation);

WHEREAS, pursuant to the aforementioned Track Documents, until very recently, TRAXCO operated the Randall "Doc" James Racetrack (the "Racetrack") located on the Real Estate;

WHEREAS, Treasure Bay V.I. Corp. ("TBVI") is the holder of a Casino License issued pursuant to Chapter 21 of Title 32 of the Virgin Islands Code;

WHEREAS, TRAXCO has identified certain portions of the improvements located at the Racetrack for current and future use as a Racetrack Casino ("Racino"), and TBVI and TRAXCO have previously entered into a certain "License Agreement" pursuant to 32 V.I.C. Section 434(d)(2)(A), whereby a Racetrack Casino has, until very recently, operated at the Racetrack (the "Racino License Agreement");

WHEREAS, the Department of Justice of the Government of the U.S. Virgin Islands (herein the "DOJ") has asserted that TRAXCO is not entitled to the rights TRAXCO asserts as set forth above;

WHEREAS, the DOJ filed an eviction action in the Superior Court of the U.S. Virgin islands, St. Croix Division, Civil No. SX-16-CV-296;

WHEREAS, by letter dated May 2, 2016, the Attorney General of the U.S. Virgin Islands insisted that TRAXCO vacate the Racetrack on May 6, 2016;

WHEREAS, pursuant to the demands of the Attorney General, TRAXCO and TBVI vacated the Racetrack on or about May 6, 2016, under protest;

WHEREAS, on February 3, 2016, TRAXCO had filed in the Superior Court of the U.S. Virgin Islands, St. Croix Division, a Declaratory Judgment action (Civil No. SX-16-CV-45), seeking a Declaration from the Court that TRAXCO continues to hold all of the rights as asserted above (herein the "Declaratory Judgment Action");

WHEREAS, the Government of the Virgin Islands has indicated that it desires to negotiate a new Franchise Agreement with VIGL Operations, LLC ("VIGL"), which must be approved by the Virgin Islands Legislature that would require VIGL to:

1. Refurbish the Racetrack;
2. Construct a new Racetrack Casino ("the New Racetrack Casino"); and
3. Operate the Refurbished Racetrack and a new Racetrack Casino (collectively, the "New Track Relationship"); and

WHEREAS, the parties hereto desire to enter into a settlement agreement ("Settlement Agreement") to provide for (a) the settlement of the Declaratory Judgment Action to allow for the commencement of activity on the New Track Relationship and (b) the operation of a Racino by TBVI at the Racetrack which will, in turn, generate Racino tax and, pursuant to Virgin Islands law, generate funds that will be used to benefit horseracing in St Croix (herein the "Benefits"), such as for horseracing purses, track improvements, and operation of the VIHRC.

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The parties have executed and agreed to be bound by all of the terms of the Stipulated Judgment dated as of the date hereof and attached hereto as Exhibit 1, which shall become effective upon satisfaction of all contingencies set forth in sections 2, 3 and 4 below. Upon satisfaction of all of the contingencies set forth in sections 2, 3, and 4, the parties will file the Stipulated Judgment in the Superior Court. In the event that the Superior Court does not sign the Stipulated Judgment, then:

(a) The Stipulated Judgment remains binding on all of the parties; and
(b) The parties shall jointly file such pleadings in the Declaratory Judgment Action as shall affect a dismissal of the Declaratory Judgment Action with prejudice, each party to bear their owns costs and attorney's fees.

2. This Settlement Agreement is contingent on VIGL executing a Transition Agreement with TBVI as set forth in Exhibit 2.

3. This Settlement Agreement is contingent on the Legislature passing appropriate legislation that (1) allows the VIGL transaction to go forward and (2) provides for an immediate reduction in the Tax on Gross Revenue, as currently set forth in 32 VIC Section 515, for TBVI as it applies to its Gross Revenue to 8% for two years, then 10% for the next two years, before returning to the current 12% rate.

4. This Settlement Agreement is contingent on the Casino Control Commission approving this settlement, the terms of Exhibits 1 and 2, and such other related matters as may require its approval under applicable law and regulation.

5. TRAXCO affirmatively states that neither it nor its parent company, TBVI, is interested in pursuing a new Franchise Agreement to design, construct and operate a Racetrack on either St. Croix or St. Thomas. TRAXCO further waives any objection to VIGL negotiating or entering into such an agreement with the Government.

6. TRAXCO agrees that neither its employees, nor those of its parent, TBVI, will testify on behalf of TRAXCO or TBVI in any manner relating to any application for licenses or permits by VIGL for the operation of the Racetrack or the racino at the Racetrack so long as such applications are consistent with the terms of this Agreement, the Transition Agreement, and the Stipulated Judgment, other than pursuant to a properly issued subpoena.

7. The parties agree not to disparage one another with respect to the matters set forth in the Declaratory Judgment Action. Moreover, the parties agree that they will fully cooperate in the implementation of the terms of this Settlement Agreement.

8. The Parties anticipate, and are entering into this Agreement based on the assumption that, during the two-year period that TBVI possesses the Premises and the Temporary Racino, as set forth in section 4 of the Transition Agreement, the only gaming allowed on the island of St. Croix will be that gaming that is authorized to take place in a licensed casino and that gaming which is authorized to take place in a racino at the Randall "Doc" James Racetrack. The prohibition on gaming as set forth in the

preceding sentence includes a prohibition on video lottery terminals and other electronic gaming devices. The Parties each further agree and acknowledge that it is not possible to predict, consider or provide for all future changes, circumstances or contingencies affecting the performance or implementation of this Settlement Agreement and the Stipulated Judgment. Therefore, the Government represents, warrants and covenants to TRAXCO and TBVI that in the event of a change in law, or any other act, event or circumstance, the result of which would be to diminish, impede, or impair the net revenues of TBVI from the Temporary Racino, as contemplated by Exhibit 2 hereto, the Government shall exercise its best efforts to, and to the extent permitted by law shall, provide TRAXCO and TBVI, either with an exemption from the law as so changed or otherwise with another obligation or commitment reasonably acceptable to TRAXCO and TBVI and having economic effect equivalent to the impairment to TRAXCO and TBVI.

9. The Parties agree to use reasonable efforts to strenuously oppose any proposed legislation, initiative, act, event, plan or proposal which would otherwise have the effect of impairing the net revenues of TBVI from the racino as set forth in Exhibit 2. To the extent an initiative would negatively impact the net revenues of TBVI from the racino, the Parties shall take all legally appropriate steps to preserve TBVI's net racino revenue for the two-year time period set forth in Exhibit 2, including but not limited to helping to secure the bond payment set forth in paragraph 4 of the Stipulated Judgment.

10. Provided that TBVI operates the racino at the Racetrack as set forth herein, the other parties hereto agree that no assertion of default with regard to the Track Documents (as defined above) will be made against TRAXCO or TBVI by the Government, the Virgin Islands Horse Racing Commission or the Virgin Islands Department of Sports, Parks and Recreation.

11. Upon entry of the Stipulated Judgment or the Dismissal as described in section 1, the Parties agree that all claims that arose in that lawsuit for breach of any agreements between them and their respective representatives are deemed satisfied and discharged except as set forth in the Stipulated Judgment.

12. This agreement sets forth the entire agreement between the parties. It is void if all of the contingencies in sections 2, 3 and 4 hereof are not met.

13. The parties agree that this agreement shall be construed pursuant to the laws of the Virgin Islands, with the Superior Court of the Virgin Islands having jurisdiction over any disputes that may arise hereunder.

IN WITNESS WHEREOF, this Settlement Agreement has been executed by the parties as of the date first above written.

TRAXCO, Inc.
A U.S. Virgin Islands Corporation

By: ____________________

____
Witness #1

____
Witness #2

Virgin Islands Horse Racing Commission

By: ____________________

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Witness #1

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Witness #2

Virgin Islands Department of Sports, Parks and Recreation

By: __________________________________

____
Witness #1

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Witness #2

APPROVED AS TO LEGAL SUFFICIENCY:

By: __________________________________
Claude Earl Walker, Esquire
Attorney General
Department of Justice

Date: October 27, 2016

APPROVED:

____
Kenneth E. Mapp
Governor of the Virgin Islands

Date: October 27, 2016

IN THE SUPERIOR COURT OF THE VIRGIN ISLANDS
DIVISION OF ST. CROIX

TRAXCO, INC., Plaintiff, v. THE GOVERNMENT OF THE U.S. VIRGIN ISLANDS, and THE VIRGIN ISLANDS HORSE RACING COMMISSION, Defendants.	CASE NO. SX-2016-CV-45 ACTION FOR BREACH OF CONTRACT AND DECLARATORY JUDGMENT PURSUANT TO TITLE 5 V.I.C. §1261

STIPULATED JUDGMENT

COMES NOW the Plaintiff, **TRAXCO, Inc.**, a U.S. Virgin Islands corporation (herein "TRAXCO"), and the Defendants, the **Government of the Virgin Islands** (herein "Government") and the **Virgin Islands Horse Racing Commission** (herein "Commission") and hereby stipulate and agree to the following, which may be entered as a Judgment in this case:

1. The parties agree that TRAXCO's affiliate, Treasure Bay V.I. Corp. ("TBVI"), is duly authorized to reopen a racino at the Randall "Doc" James Racetrack ("Racetrack") and occupy and operate a temporary racino constructed by VIGL Operations, LLC (or an affiliate thereof) ("VIGL") and approved by the Casino Control Commission ("CCC") (the "Temporary Racino") pursuant to the Transition Agreement entered into with VIGL, attached hereto as Exhibit A, for two years from the CCC's authorization for TBVI to begin gaming operations in the Temporary Racino, unless terminated earlier as set forth herein or in Exhibit A. TBVI's operation of a racino at the Racetrack as provided for herein shall be to the exclusion of all others. TBVI's right of occupancy and possession of the Temporary Racino is agreed to by the Government pursuant to this Agreement and shall be an exception to any rights of possession granted to VIGL with respect to any other portion of the Racetrack, subject to the final approval of the Casino Control Commission of the use of the temporary or final new racino facilities, as TBVI is now deemed to be fully licensed to operate a Racetrack Casino as issued by the Casino Control Commission.

2. The parties agree that TRAXCO is no longer authorized, permitted or required to operate the Racetrack or any Racetrack related facilities, and all of its obligations related to the operations of such track and facilities are hereby terminated,

EXHIBIT
1

as well as its leasehold rights. Notwithstanding any other agreement between the parties, TRAXCO and TBVI expressly acknowledge and agree that TBVI's right to occupy and operate the Temporary Racino expires two years from the date the CCC approves TBVI's commencement of gaming at the Temporary Racino (the "Commencement Date"), unless terminated earlier as set forth in the Transition Agreement. If no such early termination occurs, TBVI agrees to vacate the Temporary Racino and Premises (as described in the Transition Agreement) on the date the two year period ends or ~~earlier,~~ at its option.

3. It is expressly understood that the Government, in conjunction with the Commission, has entered into a new Franchise Agreement to design and construct a new horseracing track and racino at the Randall "Doc" James Racetrack. Upon the effectiveness of the VIGL Franchise Agreement, the Government and TRAXCO agree that the status of TRAXCO and TBVI shall be as follows:

(a) TRAXCO shall cease to be the holder of a valid "Lease-Franchise Agreement" issued pursuant to 32 Virgin Islands Code Section 209, and VIGL shall be the new holder of a valid "Lease-Franchise Agreement" issued pursuant to 32 Virgin Islands Code Section 209 (or other appropriate section allowing for racino operations); and

(b) TBVI and VIGL, by virtue of the Transition Agreement, shall be parties to an agreement which qualifies TBVI to maintain its racetrack casino license for the Temporary Racino under 32 Virgin Islands Code Section 434(d)(2) because VIGL is the holder of a valid "Lease-Franchise Agreement."

4. The Government warrants that the VIGL Franchise Agreement requires VIGL to post a performance bond or letter of credit (the "Bond") to insure the performance by VIGL to complete the St. Croix Track and Racino in a timely fashion. Should TBVI be required to vacate the Temporary Racino prior to two years from the Commencement Date pursuant to Section 5 of the Transition Agreement, and if VIGL does not perform as required in the Transition Agreement or the original VIGL Franchise Agreement (without giving effect to any reductions in obligations therein by way of any waivers, amendments or otherwise), regardless of whether or not such non-performance triggers a default on the part of VIGL, then any amounts owed by VIGL to TBVI under Section 5 of the Transition Agreement (up to but not exceeding $1,750,000) shall be secured by the Bond (the "Secured Amount"). The Secured Amount shall be reduced by any funds received by TBVI from VIGL in partial satisfaction of amounts owed under Section 5 of the Transition Agreement prior to the non-performance or default. The Government further warrants that it shall arrange for the terms of the Bond to allow for a claim to be made directly against the Bond by TBVI as provided in this paragraph, and shall submit the Bond to TBVI for its approval, such approval not to unreasonably withheld.

5. TBVI agrees that upon entry of this Stipulated Judgment, or filing of the dismissal pleadings described in section 1 of the Settlement Agreement executed as of

the date hereof by the parties, it will direct Six Hundred Thousand Dollars ($600,000.00) (herein the "Funds") from the Alternative Investment Tax creditable to TBVI to a fund designated by the Government (including designating the Virgin Islands Department of Sports, Parks and Recreation to hold the Funds, determine how they are to be spent and then administer the payments), in order that the invested Six Hundred Thousand Dollars ($600,000.00) may be used for capital improvements at the Racetrack, including but not limited to upgrading the condition of the track as needed from these Funds.

6. The parties hereto all acknowledge that the possession of the Temporary Racino by TBVI as set forth herein is to the benefit of all parties. The parties acknowledge and agree that they have entered into this Stipulated Judgment in material reliance on each and all of the obligations and commitments set forth herein, as a package and without exception, and that all will conduct themselves in order that the Temporary Racino may open and generate racino tax revenues in order that the benefits may be realized.

7. Upon the entry of this Stipulated Judgment, this action shall be dismissed with prejudice.

8. Each side shall bear their own fees and costs as a result of this litigation.

Dated: October 27, 2016

Counsel for **TRAXCO, Inc.**
and TREASURE BAY V.I. CORP.

Claude Earl Walker

Dated: October 27, 2016

Counsel for the **Government of the Virgin Islands**
and the **Virgin Islands Horse Racing Commission**

So Ordered this ___ day of _____________, 2016. Judgment shall be and hereby is entered accordingly.

____
Judge, Superior Court

ATTEST:
ESTRELLA GEORGE
Clerk of Court

By: ___________________________
Deputy Clerk

CEW

TRANSITION AGREEMENT

This Transition Agreement is entered into by and between VIGL Operations, LLC ("VIGL") and Treasure Bay V.I. Corp. ("TBVI"), wherein the parties agree as follows:

1. VIGL shall negotiate a Franchise Agreement with the Government of the Virgin Islands (the "Government") to design and construct a new Track and Racino at the Randall "Doc" James Racetrack on St. Croix at a projected cost in excess of $14 million (the "New Track Relationship") to take effect as to operations on St. Croix upon the occurrence of all of the following events (hereinafter referred to as the "Effective Date"):

   (a) Approval of the new Franchise Agreement by the Legislature and the Governor;

   (b) Execution of a new lease agreement for the Randall "Doc" James Racetrack on St. Croix with the Virgin Islands Department of Sports, Park and Recreation;

   (c) Execution of an Agreement with the St. Croix Horsemen's Association recognized by the Virgin Islands Horse Racing Commission;

   (d) Approval of a Racino Gaming License by the Casino Control Commission (subject to ultimate expiration of TBVI's rights to operate the racino as more specifically described herein); and

   (e) Approval of all necessary licenses and permits for the construction and operation of the new Randall "Doc" James Racetrack and Racino.

2. In settlement of TRAXCO's dispute with the Government filed on February 3, 2016 in the Superior Court of the U.S. Virgin Islands, St. Croix Division (Civil No. SX-16-CV-45) (herein the "Declaratory Judgment Action"), TBVI will be granted the right to resume operation of a racino at the Randall "Doc" James Racetrack subject to the time frame set forth herein.

3. VIGL agrees that, in consideration for, among other things, TRAXCO and TBVI's cooperation with VIGL to allow VIGL to begin demolition and construction on the grandstands at the racetrack where TBVI's racino would otherwise be located, VIGL shall promptly commence

EXHIBIT 2

construction of a temporary racino as described on the attached Exhibit 1A (the "Temporary Racino") upon approval of the new Franchise Agreement by the Legislature. Upon completion of the Temporary Racino in accordance with Exhibit 1A and final approval by the Casino Control Commission that the facility is regulatorily compliant for racino operations, VIGL shall turn over possession thereof and the associated real property (as shown on Exhibit 1A, collectively, the "Premises") to TBVI for allowance of final installation of TBVI's equipment. TBVI's possession of the Temporary Racino and Premises shall be subject to the terms set forth herein. TBVI shall keep a public liability policy in place at all times, naming VIGL as an additional insured, for not less than $1,000,000.

4. The parties agree that TBVI's possession of the Premises (and Temporary Racino) shall commence and extend for two years from the date that the Casino Control Commission approves TBVI's use of the Temporary Racino and authorizes commencement of gaming (the "Commencement Date"), unless terminated earlier pursuant to this Agreement. The parties agree and acknowledge that TBVI cannot seek such approval, until VIGL has constructed the Temporary Racino and TBVI has completed its installation of all gaming systems. Both parties shall use reasonable diligence in completing such requirements, but neither party shall be required to undertake extraordinary efforts.

5. In the event that VIGL achieves all of the items set forth in paragraph 1 above, so that the Effective Date occurs prior to two years from the Commencement Date, but after one year from the Commencement Date, TBVI will vacate the Temporary Racino within fourteen (14) days of receipt from VIGL of written notice ("the Notice") in exchange for VIGL paying TBVI a fee (the "Fee") in an amount determined as six percent (6%) of net revenues (Gross Revenues, as defined in 32 VIC 402 as said statute reads on the date hereof, less the gaming taxes on Gross Revenues) from VIGL's Racino at the Randall "Doc" James Racetrack (and any replacement racetrack on St. Croix), for up to 6 years. Payments will be made directly to TBVI monthly after VIGL's Racino opens, not to exceed $1,750,000. In the event TBVI operates the Temporary Casino some portion of the second year, the $1,750,000 fee will be prorated for any days during the second year that TBVI did not operate the Temporary Racino. (For example, if the Notice is received one year and one hundred (100) days from the commencement of TBVI's operation of the Temporary Racino, then the Fee will be determined as 265 divided by 365 x $1,750,000).

6. The parties hereto agree that at no time shall VIGL operate (or allow any other person or entity to operate) a racino on St. Croix while TBVI continues to operate the Temporary Racino or any other racino. Further, in the event that the improvements to the Racetrack which are part of the New Racetrack Relationship are completed prior to the date one (1) year from the Commencement Date, neither VIGL nor any other person or entity shall operate a racino at the racetrack while TBVI operates the Temporary Racino.

7. VIGL shall take all reasonable steps to prevent interference with TBVI's operation of the Temporary Racino and occupancy of the Premises and, without limiting the foregoing, shall at all times ensure that the Temporary Racino (a) has sufficient parking free from construction debris and dust, (b) has sufficient access to the public way, (c) is not shut off from power or water service due to construction activities, and (d) is not unreasonably disturbed by construction noise.

8. TBVI affirms that neither it nor its wholly owned company Traxco, Inc. is interested in pursuing a new Franchise Agreement to design, construct and operate a Racetrack on either St. Croix or St. Thomas. TBVI further waives any objection to VIGL negotiating such an agreement with the Government.

9. It is expressly understood that VIGL intends to seek a temporary license from the Casino Control Commission to begin gaming operations immediately after the first anniversary of the Commencement Date, with a minimum of 75 slot machines at VIGL's Racino. Payments as described above will begin on the date of the opening of such Racino if such a license is obtained. Otherwise, payments will begin when the permanent Racino is opened.

10. TBVI agrees that neither its representatives and employees, nor those of its wholly owned company Traxco, Inc. will testify on behalf of TBVI or TRAXCO in any manner relating to any application for licenses or permits by VIGL for the operation of the Racetrack or the Racino at the Racetrack so long as such applications are consistent with the terms of this Agreement, the Stipulated Judgment and the other agreements related thereto, other than pursuant to a properly issued subpoena.

11. The parties agree not to disparage one another with respect to the matters set forth in the Declaratory Judgment Action. Moreover, the

parties agree that they will fully cooperate in the implementation of the terms of this agreement as well as in the transition of the Premises to VIGL following the receipt of the Notice as agreed.

12. This agreement is expressly contingent on approval by the Virgin Islands Casino Control Commission.

Dated: October 27, 2016

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Treasure Bay V.I. Corp.

By:

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Witness #1

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Witness #2

Dated: October 27, 2016

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VIGL Operations, LLC

By:

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Witness #1

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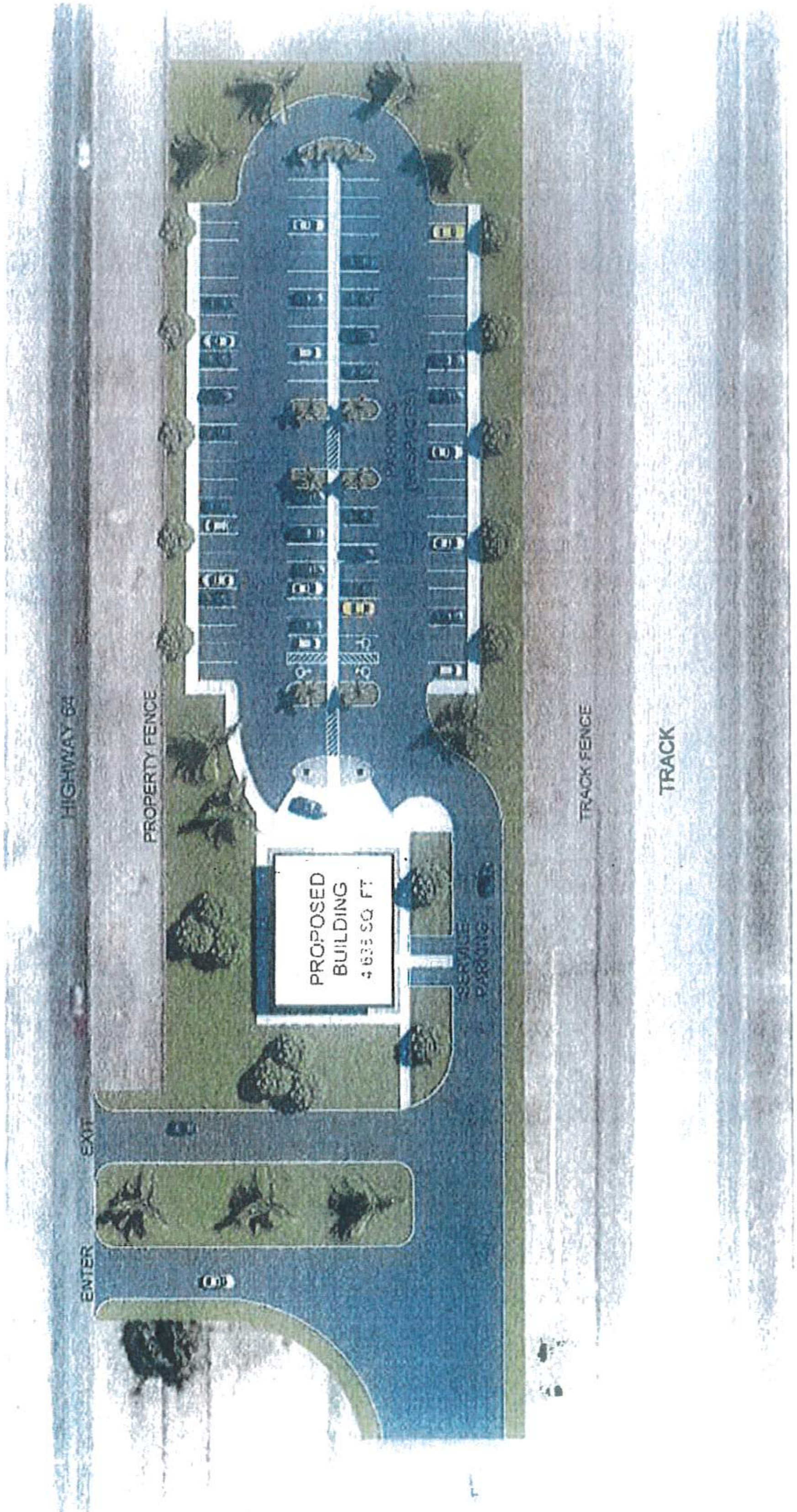
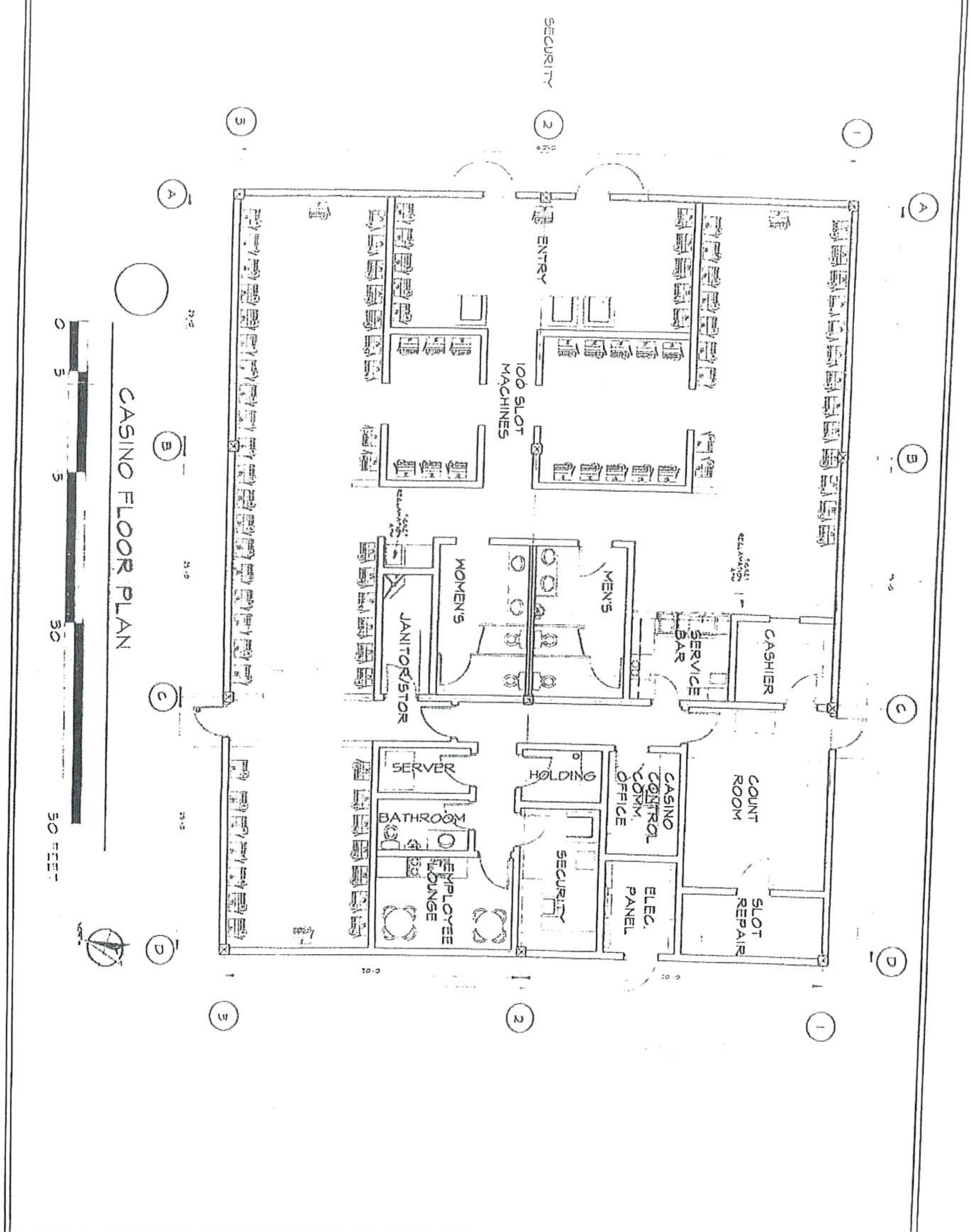
Witness #2



PROPOSED SITE PLAN

Exhibit 1A-1

Exhibit 1A-2



A-2

THE RACE TRACK CASINO

ST. CROIX, U.S.V.I.

MYRVANG ARCHITECTS, INC.

P.O. BOX 1014, CHRISTIANSTED, V.I. 00821

PHONE: (340) 513-3514

TEMPORARY RACINO GENERAL SPECIFICATIONS

The building will be constructed in good, first class finishes to meet all applicable laws, regulations and codes and will include, but not be limited to, the following:

- Mutually agreeable finishes include:
    - Commercial grade carpeting
    - Paint or wall covering
    - Light fixtures
    - Millwork
- HVAC and insulation suitable to maintain a temperature of 68 degrees inclusive of electronic equipment within a 4,800 square foot building at maximum occupancy.
- 20 amp circuits for every 4 machines
- Home runs for every 8 games.
- Dedicated T1 line, cable or equivalent to provide for proper, secure communication to Casino.
- Installation of all cable for slots, count, cage, data communications, phone communications and surveillance cameras.
- Beverage refrigeration, hand sink, etc. as required by Health Department.
- Security doors where indicated and agreed upon.
- Wiring specifications subject to mutual agreement; i.e., Cat 6e shielded cable.
- Terminations to the server room for:
    - Data
    - Phone
    - Power
    - Slot
    - Surveillance

DIVI CARINA BAY CASINO
ST. CROIX, USVI

March 20, 2026

The Honorable Albert Bryan, Jr. (albert.bryan@vi.gov)
Senator Milton E. Potter (mpotter@legvi.org)
Senator Kenneth L. Gittens (senatorgittens@legvi.org)
Senator Avery L. Lewis (senatoraverylewis@legvi.org)
Senator Kurt A. Vialet (senatorkurtvialet@legvi.org)
Senator Marvin A. Blyden (mblyden@legvi.org)
Senator Angel L. Bolques, Jr. (senatorbolques@legvi.org)
Senator Dwayne M. DeGraff (ddegraff@legvi.org)
Senator Ray Fonseca (rfonseca@legvi.org)
Senator Novelle E. Francis, Jr. (nfrancis@legvi.org)
Senator Alma Francis Heyliger (senatorfrancisheyliger@legvi.org)
Senator Hubert L. Frederick (senatorhubertfrederick@legvi.org)
Senator Marise C. James (mcjames@legvi.org)
Senator Franklin D. Johnson (senatorjohnson@legvi.org)
Senator Carla J. Joseph (senatorjoseph@legvi.org)
Senator Clifford A. Joseph (senatorcliffordjoseph@legvi.org)

RE: Racetrack Legislation

Dear Governor Bryan and Senators:

I am writing on behalf of Treasure Bay V.I., L.L.C. d/b/a Divi Carina Bay Casino (TBVI). It has come to our attention through various sources that legislation is being discussed regarding the racetrack and racino operations.

While we understand there may be a desire to resume horseracing on St. Croix, it is important to make sure that all parties are aware of Treasure Bay's history at the Randall Doc James racetrack and that legal agreements with the government are in place and filed with the court.

HISTORY

1. TBVI's subsidiary, Traxco, began operating the track in 2004, while working towards legislation to operate a racino at the track.

2. It was not until 2011 that legislation was passed, and Traxco opened the racino operations.
3. During the time TBVI and Traxco operated the track and racino from 2004 to early 2016, over $15 million was invested into capital projects and operation of the track.
4. In early 2016, Traxco and TBVI were wrongfully ordered by a previous administration to vacate the track. This notice was a surprise as all bills and leases had been paid, the property was maintained, and horseracing agreements had been honored. We learned that the government was in negotiations with VIGL to operate the facility and build out both the St. Croix and St. Thomas racetracks.
5. After being forced from the track, Traxco filed a Declaratory Action against the U.S.V.I. government and V.I. Horse Racing Commission for this violation.
6. We were asked to enter into negotiations with the government, drop our Declaratory Action and allow VIGL to enter into agreements with the government to operate the track.
7. A portion of the takeover agreements were negotiated requiring VIGL to build a new racino with the provision that TBVI would have exclusive right to operate it for a period of two years. In no way did TBVI feel that this was fair compensation for all that had been invested through the years, but we felt it necessary to get something for our commitments and unwarranted removal.
8. TBVI had directed alternate investment taxes towards the racetrack development while under TBVI's control and agreed in the three-party negotiated agreements to allow the remaining funds to be paid to the Department of Sports, Parks and Recreation for further renovations to the track.
9. Meanwhile, VIGL had agreed to post a $1 million performance bond as added protection to TBVI. This bond was never posted.
10. In good faith, TBVI followed through honoring all of the commitments made in the three-party agreements.

We have been meeting with the Governor and more recently some Senators since 2023 asking for accountability for the three-party agreement and now consideration for a strategy post-VIGL.

Of concern is that when Traxco and TBVI were forced to vacate the track, it was an operational track, races were being held in compliance with agreements, purses paid, and stables were intact. We left the track not only fully operational but transferred an additional $600,000 intended for capital improvements to the track.

It is concerning that legislation is being considered without communication with TBVI as there are legal agreements in place. Had TBVI not been illegally removed from the track, horseracing would have continued, those employed at the track and racino would not have suffered termination, the

government would have had additional tax revenue, and TBVI would have had gaming revenue in addition to the opportunity to expand operations to the benefit of all.

It is our request that before any legislation is considered for horseracing and racino operations, TBVI has a seat at the table to discuss the legislation and path forward considering the legal agreements that are in place.

I would be remiss to not mention the enormous investment both Carina Bay Beach Resort and Divi Carina Bay Casino have made to St. Croix, both before and after Hurricane Maria, along with supporting hundreds of jobs, investing in the community and supporting local trades and businesses.

Despite the fact that TBVI has **not** been profitable since removal from the track, another significant investment is being made to construct a 90-person workforce housing project next to the casino, which benefits everyone on the island.

We will be reaching out to each of you in the next week or two to attempt to schedule meetings to understand and discuss the proposed legislative path forward.

We appreciate your time and consideration on a matter that will impact the future of Divi Carina Bay Beach Resort and Casino, its employees and guests.

Sincerely,

Susan Varnes
President

cc: Anton Kuipers, DCBC General Manager