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EDA board approves hotel development deal worth \$136.3M

By SUZANNE CARLSON Daily News Staff
Nov 23, 2020



A finished room at the Noni Beach Resort — formerly the Morning Star Beach Resort.

Daily News photo by A. J. Rao

The V.I. Economic Development Authority voted unanimously Friday to approve up to \$136.3 million in tax breaks to Frenchman's Reef resort on St. Thomas.

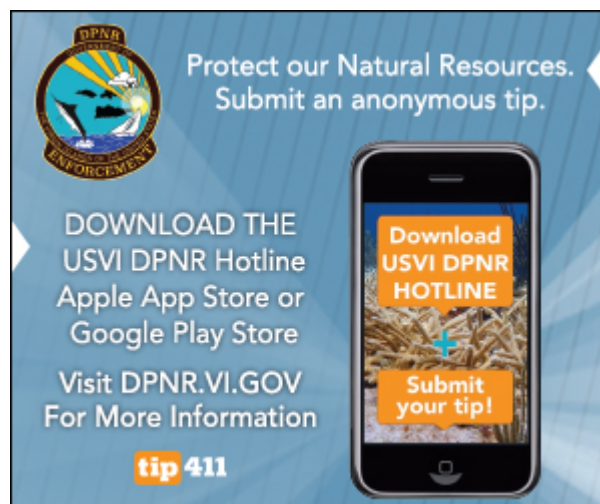
Conducted with less than 24 hours notice, board members met exclusively in an executive session, excluding the public from the five board members' discussion and vote.

EDA CEO Wayne Biggs Jr. said in an email to The Daily News on Friday that DiamondRock's application for benefits under the Hotel Development Act is protected from public scrutiny by territorial law.

Board members voted unanimously to approve the application by DiamondRock Frenchman's Owner, Inc., which does business as Frenchman's Reef Marriott Resort and Spa and Noni Beach, a St. Thomas Resort, Autograph Collection.

"The use of the Designated Hotel Room Occupancy tax at 50% or 6.25% of room revenues to be used to reimburse a portion of the costs of the reconstruction and upgrade of said resort for a period of 30 years or until such time the direct investment" of \$136.3 million "is liquidated, whichever is earlier," according to a summary provided by the board.

The board also voted to authorize its staff and contractor to negotiate terms of the agreement with DiamondRock. The final agreement will require approval by the authority, governor and Legislature.



The agreement requires the resort company to pay the EDA an annual fee of either “1.5% of the projected debt service payable that year, or \$100,000 per project whichever is less ... and before reopening they must “include, as part of its self-funded marketing plan, a component to market the territory,” which must be approved by the Tourism Commissioner.

After voting, board members said the tax benefit agreement is necessary.

“We want to make sure that this territory remains viable and resilient into the future and we want to make sure that DiamondRock Frenchman’s Owner continue this project expeditiously because that is of extreme importance to us and to the territory,” said board member Haldane Davies.

Biggs thanked EDA staff for “really moving this application forward quickly,” and said board members’ supported them “as we made some recommendations that were not necessarily the most popular, but making sure that we follow the law. So, thanks again for having our backs and supporting us throughout the process.”

“We’re professional enough to have that discussion,” said chairman Kevin Rodriguez. “This is now going to be our benchmark to move forward with additional hotel development applications.”

EDA spokeswoman Semele George said in an email Friday that officials would respond further to other questions from The Daily News, including whether the approval will affect the resort’s anticipated reopening in the summer of 2022.

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