VI UPDATE · INVESTIGATIVE REPORT · v4.17 · NOVEMBER 2026

Ninety-Nine Years

A History and Analysis of Water Island, U.S. Virgin Islands, Drawn from the Digitally Accessible Public Record, Occasioned by the 2026 Lease

Seven times since 1972, some arm of government was ordered to work out what should happen to Water Island. In 2026 the Legislature leased most of it for ninety-nine years without the answers — and the official record now carries two different versions of the instrument.

7
formal examinations or study mandates since 1972

60 → 0.35
acres of housing land, replaced by acres of living space

2
different versions of the lease instrument in the official record

0 of 70
appraisals bought by the government, FY2023–FY2026, that name Water Island

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AI coding agents (Anthropic's Claude), working on Brian Louden's computer under his direction, built and ran the research tools for this report. See "How this report was made."

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This report is assembled from primary documents: three Acts of Congress; the 1996 federal environmental assessment and Finding of No Significant Impact that shaped the transfer; the federal quitclaim deeds conveying Water Island to the territory, read in full; the 1996 House disposition hearing record; enrolled acts of the Legislature of the Virgin Islands; both versions of the lease instrument in the official record, including the Attorney General's transmittal package captured at native resolution; the Department of Property and Procurement's own lease register and sworn testimony; the Governor's transmittal letters; the territory's vendor-payment checkbook; the Lieutenant Governor's public parcel database; a 213-page federally funded study prepared in 1980 for the Virgin Islands Department of Commerce; the U.S. Army Corps of Engineers administrative record for Fort Segarra; and the archived project record of a 2006 University of the Virgin Islands study. Sources are given at the point of use. Section 23 lists both the documents relied on and the documents that were sought, should have existed in an identified place, and could not be found in the digital record. Section 24 records any corrections made after publication. The public records relied on — everything that may lawfully be rehosted — are archived at USVIPublicRecords.com, in The Document Vault.

What this report establishes

Water Island is the fourth U.S. Virgin Island. The United States took it by condemnation in 1944 for ten thousand dollars, built a coastal fort on it, tested poison gas there, and then spent seventy years trying to get somebody to build a hotel. In 2026 the Legislature approved a ninety-nine year lease over most of the government's land on the island.

The record behind that decision is unusually complete, and unusually unused. Since 1972, seven separate examinations or study mandates have addressed what should happen to Water Island — two territorial Comptroller reports, a legislative commission, a federally funded study, a federal audit by the Interior Department's Inspector General, an Act of Congress directing the Secretary of the Interior to report, and a territorial statute commissioning a land use plan. One of those deliverables is held in full — the 1980 study, in two volumes. Six have not been located in the digital record.

The principal findings

1. **Two different versions of the lease instrument appear in the official record.** The version the Attorney General transmitted to the Governor on 19 May 2026 ends its amendment text at Section 9.11.4 and contains no housing provision. The version in the Legislature's committee record adds Section 9.20 — the twenty-apartment housing substitution — carries a different premises exhibit, and bears a different signature title for the same signatory. The enrolled Act, Act No. 9118, approves "the revised" instrument but does not attach it; a certified copy of that instrument has not been obtained. Section 13 sets out the differences line by line.
2. **Two standing laws directed sixty acres (24 ha) of Water Island to public housing; the lease replaces them with twenty apartments.** Act 6751 (2005) required the Governor to transfer "30 percent of the two hundred acres" to the Virgin Islands Housing Finance Authority. Act 7321 (2011) reserved fifteen percent of that land for veterans. Section 9.20 of the revised instrument substitutes twenty condominium units of roughly 768 square feet (71 m^2) each, and declares the obligations under both acts "deemed fully satisfied and cured."
3. **The parcel those apartments are to be built on cannot be located in the public record.** Section 9.20 names it Tract K. Neither "Tract K" nor "Area K" appears in the Lieutenant Governor's parcel database, which listed 65,587 parcels territory-wide when queried on 8 August 2026, in a catalog entry published in August 2024. Residents told senators the same ground — Area K — is where employee housing for more than three hundred people would be built before the hotel itself.
4. **The apartments can disappear two further ways** — if federal deed restrictions are not removed after "reasonable efforts," or if the units do not sell within two years.
5. **The federal deed is a bargain, not a gift.** It conveys the island "in consideration of the following obligations to be assumed by the Grantee" — among them a deep-water dock, a public ferry, fire

protection and public beaches. Several of the facilities residents told senators the lease would privatize are facilities the deed requires the Government to maintain.

6. **The deed's own schedule places Fort Segarra, Sprat Point, Area J, Lot 112, every salt pond and the Marina Basin in Permanent Nondevelopment** — the most protected category available, tied to an Endangered Species Act "no jeopardy" opinion and the National Historic Preservation Act. The restrictions originate, lot by lot, in the 1996 federal environmental assessment that shaped the transfer.
7. **If land on Water Island is sold, the proceeds go to the United States** unless a written agreement between the Governor and the Secretary of the Interior was already in effect before the sale. The 2026 lease contemplates selling roughly fifty-five acres (22 ha) in fee simple. Whether such an agreement exists is not established.
8. **No appraisal of the leased land appears anywhere in the record — and the absence is now evidenced, not merely asserted.** The territory's own checkbook, as queried on 8 August 2026, shows seventy appraisal purchases totaling $239,648.50 across nine firms from FY2023 through FY2026, eighteen of them in the twelve months before the vote: sixteen by Property and Procurement and Public Works, two by Planning and Natural Resources. Where a payment line names its subject, it is another parcel. None names Water Island. The lease contains its own valuation formula — a five percent capitalization rate — and applies it only to a St. Thomas barge parcel that does not yet exist. Run backward on the actual premises, that formula implies roughly $13,300 an acre.
9. **This is the FY2026 register's only ninety-nine-year term, and its only recorded expiration after the year 2100.** The next-longest terms run fifty years; the next-latest recorded expiration is 2083. The FY2027 register adds a second ninety-nine-year instrument — BCT 471, the Virgin Islands Museum of Art lease at Norre Gade ratified in April 2025, at $1,200 a year on a portion of a single lot — which leaves BCT-383 the only ninety-nine-year lease of land at this scale.
10. **Congress took the Water Island lease out of Interior's hands, and the 1996 disposal was priced.** Public Law 96-205 provided that no extension, renewal or renegotiation of the lease could be entered into before 1992 unless Congress specifically approved it by Act; the master lessee then terminated the lease himself, five days early, after declining Interior's offer to sell; the United States paid him $7.5 million for his possessory interest; and Interior's 1996 asking price for sublessees' improved residential lots was $17,500 an acre. Congress also ordered a Water Island options report in 1986, and whether one was ever delivered is not established.
11. **The 2006 land use study the government cites in support of this lease cannot be produced.** Its own published purpose was to recommend *which* sixty acres could be appropriately developed. Its final report was due 4 May 2007.
12. **The Government's own filings give two different dates for the rescission that kept this lease alive.** The Department's May 2026 memo says the April 2025 termination was rescinded on 24 November 2025 — outside the lease's 180-day cure window. A letter the Commissioner signed on 24 June 2026 says the rescission occurred by communication on 10 July 2025 — inside it. The July 2025 communication itself has not been produced.

WHAT THE DEED SAYS THAT CUTS AGAINST THE CRITICS

The clearest objection raised against this lease is that Water Island was conveyed to the territory "for public purposes only," and that a luxury resort is not a public purpose.

The deed answers that objection itself. Covenant 5(a) continues: **"For purposes of this provision, the operation of a hotel or tourist resort on the property shall be deemed a public purpose."** Any account of this dispute that quotes the first half of that covenant without the second is incomplete. What the deeming sentence does *not* on its face cover is subdividing and selling land in fee simple to private buyers — which is the narrower and more durable question.

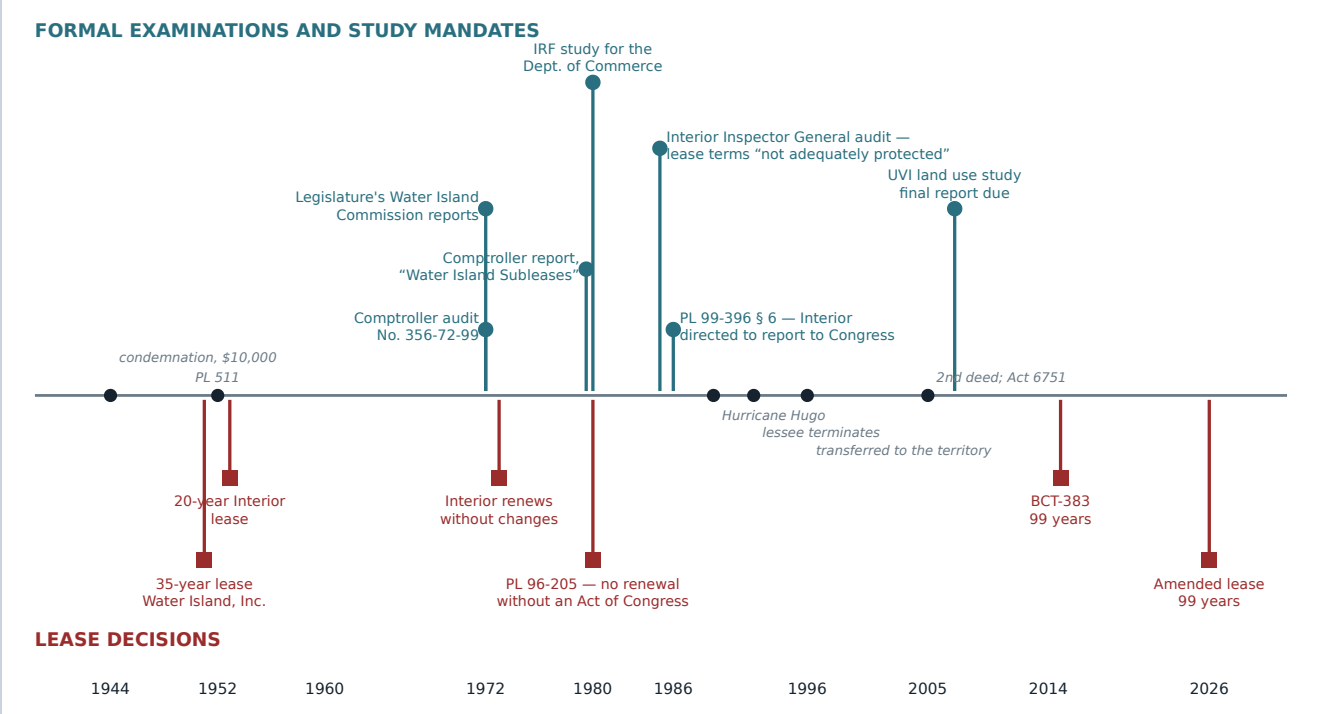


Figure 1. Formal examinations and study mandates concerning Water Island, set against the lease decisions taken around them. Sources: Island Resources Foundation, *Water Island: Case History in Virgin Island Development* (March 1980), chronology pp. 35–37; Public Law 511, 66 Stat. 588 (11 July 1952); Public Law 96-205, 94 Stat. 84, 89 (12 March 1980); Public Law 99-396 § 6, 100 Stat. 837 (27 August 1986); the 1996 Bureau of Reclamation environmental assessment; the Interior Inspector General's written answers in House Serial No. 104-94 recording its September 1985 audit; enrolled Acts 6751 and 7321; Lease BCT-383 and its 2026 amendment; the archived project record of the 2006 University of the Virgin Islands land use study.

How to read this report

CONFIRMED Established by a primary instrument, an enrolled statute, or an official record. ATTRIBUTED A named person or entity said it; the saying is established, the substance is not. UNRESOLVED Sources conflict, or the record is silent. A document existing in the record is CONFIRMED; what that document

asserts may only be ATTRIBUTED. Analytical steps performed by this report on confirmed texts are labeled ANALYSIS at the point of use.

Throughout this report, a document described as not found or not located means not found in the digitally accessible public record — the method the subtitle states. Paper originals may exist with the custodians named in each entry; where a records request has been prepared, the entry says so.

Where two records disagree, a box sets out both and says what turns on it; the report chooses neither.

SECTION 1

The island, and how the United States got it

Water Island lies just off the south coast of St. Thomas, inside the greater harbor. It is the fourth largest of the U.S. Virgin Islands — 491.5 acres (198.9 ha) — with a ridge running north to south two hundred to two hundred ninety feet (61 to 88 m) above the sea, shallow Cramer gravelly clay loam soils, about ten sand or sand-and-gravel beaches, and four salt ponds with associated mangrove systems.

Island Resources Foundation, *Water Island: Case History in Virgin Island Development*, Occasional Paper #39 (March 1980), p. 1. Hereafter **IRF Case History**.

Its wildlife was distinctive enough to be noted in 1980: a colony of Bahama pin-tail ducks in the Limestone Bay salt pond, twenty to thirty red-billed tropicbird nests on the south shore cliffs, imported bob-white quail, and green iguana in abundance. The study observed that "because of the absence of the mongoose, it is possible that many species rendered extinct by that predator on the other main islands may survive on Water Island."

IRF Case History, p. 1. The same ecological value would later be written into the federal deed as the reason for its most restrictive covenants; see Section 7.

People have lived on it for roughly two thousand years. Archaeologists have identified five Indian sites, all at sheltered bays along the western coastline. None has been nominated to the National Register of Historic Places. The Elephant Bay site was flagged as potentially significant because of early Saladoid pottery recovered there. A footnote to that passage records that the federal cultural resource statutes which would apply had never been enforced on Water Island.

IRF Case History, p. 2 and footnote 3, citing the V.I. Department of Conservation and Cultural Affairs, Office of Archaeological Services.

By the end of the eighteenth century the island held two plantations: Carolina's Lyst in the north and Providence in the south. Deed records at the St. Thomas Recorder of Deeds show that in 1806 Carolina's Lyst was owned by **Peter Tamaryn**, a free Black man, son of Mingo Tamaryn, commander of the Free Negro Corps formed by the Danes in 1721. Danish tax records indicate Tamaryn also owned Providence — meaning, as the study puts it, "he may have owned both estates, and, thus, the whole of Water Island." The estates were consolidated under the merchant Joseph Daniel in the 1860s, sold to agents of the East Asiatic Company in 1905, and held by that Danish company until 1944.

IRF Case History, pp. 5–8 and Table I, compiled from the St. Thomas Matriculs (tax lists) 1787–1900 and the "Water Island" file at the Recorder of Deeds Office, St. Thomas.

> On 19 June 1944 the U.S. Department of Defense acquires Water Island from the East Asiatic Company / West Indian Company for $10,000 through condemnation.

IRF Case History, chronology, p. 35, quoted as printed. The chronology's attribution is anachronistic — the Department of Defense was created in 1947; in 1944 the acquiring authority was the War Department. The study's own narrative says "the U.S. Government acquired it."

The Army built Fort Segarra on the southern end: fifty-three structures, gun emplacements, watch towers, underground bunkers, docks, roads, water, sewage and power systems. The official cost was $1,583,000. When the war ended construction stopped and the Army's Chemical Warfare Division moved in.

IRF Case History, p. 9, citing U.S. Comptroller of the Virgin Islands, Audit Report No. 356-72-99 (1972), p. 8.

The chemical record, and its closeout

The chemical warfare history of Water Island belongs on the record at its real weight — with the federal closeout beside it. Under the **San Jose Project**, which ran to March 1950, the Army established eight test sites on the island and conducted munitions testing at four of them: static firing of bombs filled with **distilled mustard** at test areas 4, 5 and 6, smoke pots filled with the nerve agent **tabun** at test area 4, and two surveillance tests of how agents behave in a tropical environment at the chemical munitions storage area, test area 8. The agents documented on the island in the Army's own archives search include distilled mustard (HD), tabun (GA), sesqui-mustard (HQ) and cyanogen chloride (CK). In 1966, two military bombs were discovered during mucking operations by the master lessee; the area was assigned the highest risk code in a 1991 consultant review and fenced. The chemical unit left the island in 1950, and the Army passed Water Island to the Interior Department by revocable permit.

Bureau of Reclamation, *Final Environmental Assessment, Transfer of Water Island* (May 1996), Chapter 3; U.S. Army Corps of Engineers, Archives Search Report, Fort Segarra (2002), agent inventory and San Jose Project records; IRF Case History, p. 9.

The other half travels with it — with its precise shape. The Corps did act before it closed. Its 2006 action memorandum ordered a removal at the Flamingo Bay Landfill Area — an empty, vented one-ton chemical agent shipping container and a concrete-filled M78 500-pound chemical bomb casing — together with site-wide institutional controls consisting of warning signs and informational brochures. The removal was completed and two signs describing the island's chemical testing history were installed by 2009; the munitions response site was redefined in 2013 as 17.1 acres (6.9 ha) taking in the landfill and Test Areas 4, 5 and 8; the signs were replaced in 2016. What the U.S. Army Corps of Engineers signed on **28 September 2021** was a Decision Document selecting No Action — a determination that the completed removal and the standing controls left no further action warranted, not a finding that nothing had ever required one. The Virgin Islands Department of Planning and Natural Resources concurred by letter of **10 December 2020**, and the Corps published its closeout fact sheet in 2022.

One overlap belongs beside the closeout, because the Corps' own record states it: the Proposed Plan it released for public comment in May 2020 records that the 2014 lease for the hotel development covers the

former hotel location "and in other areas of Water Island, including Test Areas 4 and 5 and the Flamingo Bay Landfill Area." The chemical test ground and the closed landfill sit inside today's leasehold — under a deed condition, set out at Section 7, that bars excavation below one foot (0.3 m) at that landfill without prior written federal approval. Both halves of this record belong together; this report carries neither without the other.

USACE, Engineering Evaluation/Cost Analysis Action Memorandum (2006), removal and institutional-control selections; Site Specific Final Reports (2009, 2016); Revised Inventory Project Report (2013); Decision Document, signed 28 September 2021, project history; Proposed Plan, released 28 May 2020; closeout fact sheet, 2022; DPNR concurrence letter, 10 December 2020. Administrative record held for this report.

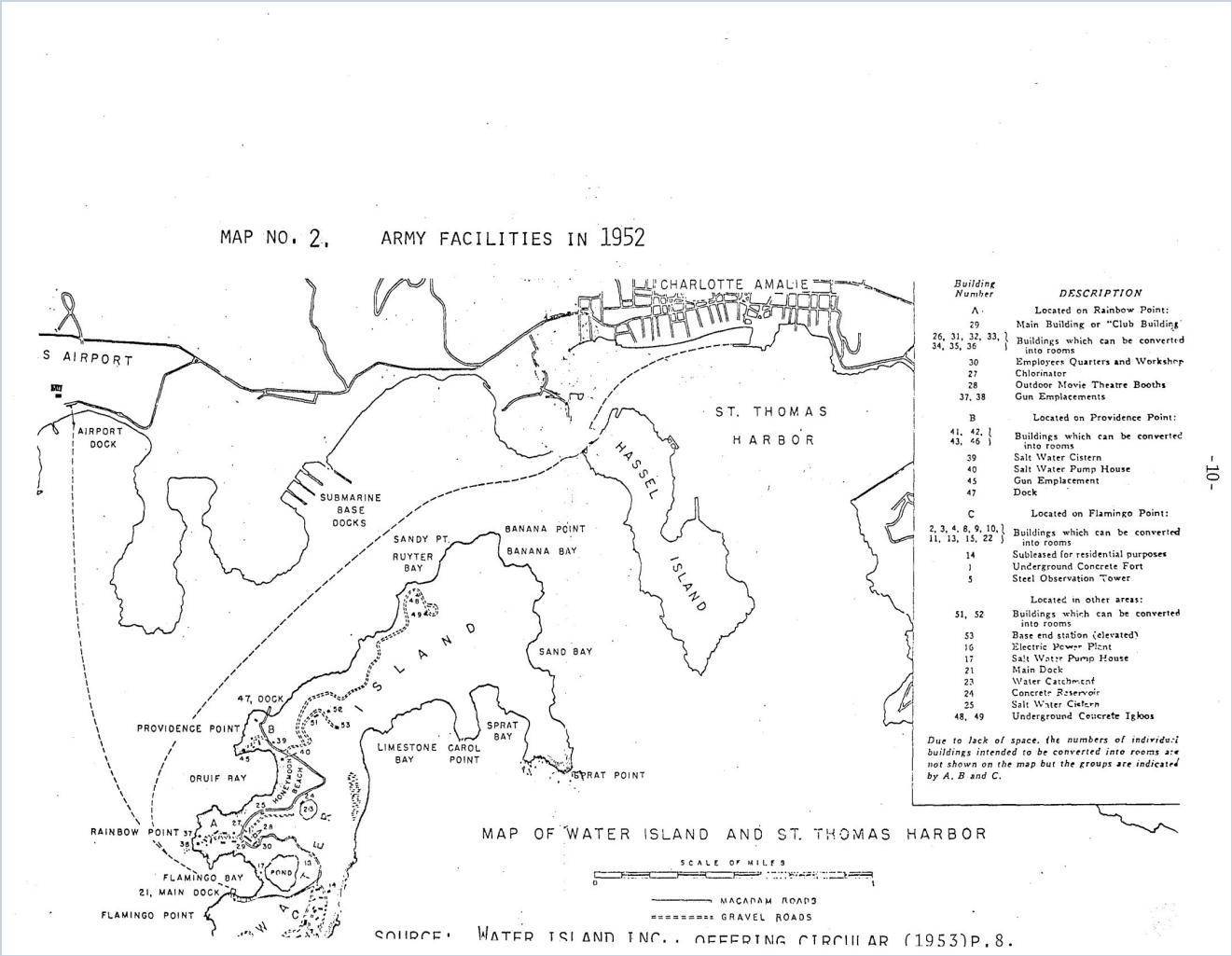


Figure 2. Army facilities on Water Island, 1952 — the infrastructure every subsequent developer inherited, and the infrastructure the 2005 deed would later require the Government to maintain. Source: IRF Case History, Map No. 2, reproducing Water Island, Inc., Offering Circular (1953), p. 8.

SECTION 2

The root of title: Public Law 511, 1952

Everything that follows — every restriction, every deed, every dispute about what may be built — runs from a one-page Act of Congress signed on 11 July 1952.

> AN ACT Authorizing and directing the Secretary of the Army to transfer certain property located in Saint Thomas, Virgin Islands, to the control and administrative supervision of the Department of the Interior.
>
> …the Secretary of the Army is hereby authorized and directed to transfer, **subject to valid existing rights**, the following-described property to the control and administrative supervision of the Department of the Interior, **without reimbursement**:
>
> (1) The Department of the Army installation known as Fort Segarra on Water Island which consists of approximately five hundred acres … including all of the improvements located thereon.

Public Law 511, 82nd Congress, 66 Stat. 588, approved 11 July 1952. A work of the United States Government under 17 U.S.C. § 105. The Act also transferred the Crown Mountain air warning site, approximately twenty-seven acres.

Two phrases matter. **"Subject to valid existing rights"** carried forward the sublease and possessory interests already sold on the island, which would remain unresolved for more than forty years — and which the 2005 deed would finally extinguish by requiring the territory to release all claims founded on the 1952 master lease. And **"without reimbursement"** establishes that Water Island moved between federal departments as a transfer of custody, not a sale.

On 3 November 1952 the General Services Administration delegated leasing authority to Interior, and on 10 December 1952 Interior executed a new twenty-year lease, with a twenty-year renewal option, with Water Island, Inc.

IRF Case History, chronology p. 35.

SECTION 3

Seventy-five years of the same arrangement

Interior assigned its permit to the St. Thomas Development Authority, a territorial body, in the hope it could find a developer. On 1 August 1951 it leased Water Island for thirty-five years to Water Island, Inc. — a corporation formed by Walter and Floride Phillips, a New York couple looking for a retirement home, together with two brothers from New York.

IRF Case History, pp. 9–11 and chronology p. 35.

The first missed deadline

The one hard obligation was a hotel: fifty rooms, operational by 1 January 1958. The Water Island Hotel opened on 1 January 1954. In 1958 it had **thirty-one rooms and two guest cottages**. Between 1956 and 1965 about four thousand dollars was spent on building remodeling, against $121,035 in the years before.

IRF Case History, pp. 14–16, citing the Travel Agents Handbook (V.I. Department of Tourism and Trade, 1958) and the annual reports of Water Island, Inc.

What the company did instead was sell subleases. Between 1952 and 1966 it sold 121 of them covering 298.02 acres (120.60 ha) for $403,835 and a total annual rent of $3,075. By 1972, sixty-two of those 121 parcels were still vacant and only twenty-five sublessees were permanent residents. The largest single sublease — 156.5 acres (63.3 ha) in the north, executed with Clarence Doheny on 1 July 1956 — passed to Warren H. Corning in 1958 and to the Sprat Bay Club in 1960.

IRF Case History, pp. 17–19 and Table II, citing U.S. Comptroller of the Virgin Islands, Audit Report No. 356-72-99 (1972), Exhibit B.

The second developer, and the collapse

In December 1965 the master lease was sold to the Water Isle Hotel and Beach Club, headed by Edward J. McCardle, an Illinois developer. His plan called for two million dollars, three hotels housing eight hundred guests, three hundred villas, a shopping center, yacht and tennis clubs and a marina. "We are planning a riviera on the Caribbean," he told an Illinois newspaper. The first phase alone cost approximately $2.6 million by 1970; thereafter investment fell off markedly and no new facilities were added.

IRF Case History, pp. 23–24. The study spells the developer's name McCardle; later accounts, including the family history carried by the St. Thomas Source in 2002 and the Civic Association's own history, spell it McArdle. The study's spelling is retained here.



Figure 3. The Water Isle Hotel and Beach Club, 1966–1978. Gross receipts peaked in 1968 at $1,313,190 and fell to $170,721 by 1977 — the operating company's last reported year in the study's table, and the year its hotel operation ended. A hotel continued on the site under later operators, the Sea Cliff and then the Sugar Bird, until Hurricane Hugo destroyed it in September 1989 (Section 6). The operation shown returned a net profit in three of thirteen years. Sources: IRF Case History, Table IV, from Water Isle Hotel and Beach Club, Inc. annual reports (1972 figures were not available); St. Thomas Source (2002), carrying the family history of the later operations.

THE RECURRING MECHANISM

In May 1978 the next leaseholder, Beach Management Corporation, asked Interior to extend the master lease by twenty years — a request later changed to forty years, "to facilitate financing."

The 1980 study recorded the underlying problem in its own words: "The major impediment to development at this time is the short term and uncertain final disposition of the Water Island lease. Without a long term lease, or clear title to Water Island property, it is almost impossible to secure financing for any development, including home construction." That is the argument made for the ninety-nine year term and the fee-simple acquisition option in the 2026 instrument, forty-six years later.

SECTION 4

What the territory learned, and wrote down

1972: two examinations in one year

In April 1972 the U.S. Comptroller of the Virgin Islands issued Audit Report No. 356-72-99, "Report of Lessees' Compliance with the Provisions of Lease for Water Island," questioning whether the island was being developed in the best interests of the federal and territorial governments and whether the lease had been complied with at all.

Cited throughout IRF Case History; see footnotes 13, 21 and 26, and Table II.

That same year the Legislature established a Water Island Commission to investigate the lease "so that the people of the Virgin Islands, through duly elected representatives, may have available factual information for the formulation of policy and an official position with regard to the renewal of the Water Island lease and other matters pertaining to the future use and development of Water Island." It reported on 22 September 1972. It found the lease valid. The 1980 study's own summary of what else it found has become the standard account — the sentence below is the study's characterization, not the Commission's words:

> [The Commission] lamented the highly favorable terms of the lease, and questioned whether by granting exclusive and poorly defined developmental rights to a solitary developer, the federal government had acted in the best interests of the people of the Virgin Islands.

IRF Case History, p. 27 — the study's own sentence, quoted as its summary of the Commission's report of 22 September 1972 (footnote 31); the bracketed subject is an editorial insertion into the study's wording

The Commission also concluded "that the impact which the Department of the Interior expected would be made on the economy of the Virgin Islands has not in fact been realized." Interior renewed the master lease on 1 January 1973 without any changes, for twenty more years.

IRF Case History, p. 30, quoting the Commission report at p. 7; chronology p. 37.

It is worth recording what Virgin Islanders were asking for at the time. On 10 June 1972 a citizens committee petitioned President Nixon to turn Water Island over to the territory for living and recreational space. Others, the study notes, "suggested locating low income housing projects there." That was thirty-three years before Act 6751.

IRF Case History, pp. 29–30 and footnote 32, citing records of the Water Island Commission then in the possession of Alton Adams, Jr., Chairman.

1979: another audit, and a survey

In July 1979 the U.S. Comptroller of the Virgin Islands produced a further report, "Water Island Subleases" — cited by that exact title and date in the 1980 Options Study's own statement of sources, which synthesized its property-ownership data from it. A cadastral survey of the island was signed on 29 January 1979 by Bernard W. Hostrop of the Bureau of Land Management. Neither document has been located in full

— but the BLM survey matters beyond its own contents: the federal deeds identify every parcel they convey by reference to that 1979 map, as revised in July 1996.

Quitclaim deeds, property descriptions. See Sections 7 and 16.

1980: Congress freezes the lease

The 1978 extension request did not go smoothly. The General Services Administration declined to approve the proposed lease on the grounds that a higher rent was called for and that the question of compensation for possessory interests should first be resolved. The Virgin Islands Government asked to be party to the renegotiation. Through Rep. Phillip Burton, Congress became involved — and then Congress acted directly. Section 402 of **Public Law 96-205 of 12 March 1980**, the Omnibus Territories Act, provided that "[n]o extension, renewal, or renegotiation of the lease of real property on Water Island in the Virgin Islands to which the United States is a party may be entered into before 1992 unless such extension, renewal, or renegotiation is specifically approved by Act of Congress."

Public Law 96-205, § 402, 94 Stat. 84, 89, approved 12 March 1980, quoted as reproduced in the Interior Department Inspector General's written answers in the 1996 hearing record, Serial No. 104-94 (printed p. 349), which also record the Inspector General's 1985 audit recommendation that Interior decide whether to retain the island or declare it excess. A work of the United States Government under 17 U.S.C. § 105. The 1996 EA's one-line paraphrase of the provision omits the congressional-approval clause; the statute is quoted here in full.

The point deserves emphasis because it changes the character of everything that followed: the statute did not forbid a renewal — it reserved the decision to Congress. Interior could no longer extend, renew or renegotiate on its own authority. Congress took the lease's future to itself, twelve years in advance, in the same month the study below was delivered. The federal government asked the Government of the Virgin Islands to carry out a study of the legal and economic issues involved in transferring ownership to the territory, and deferred further federal action until the results were known.

IRF Case History, pp. 28–29.

1980: the study the federal government waited for

ISLAND RESOURCES FOUNDATION

WATER ISLAND

CASE HISTORY IN VIRGIN ISLAND DEVELOPMENT

Excerpted From:

STUDY OF WATER ISLAND
ECONOMIC DEVELOPMENT OPTIONS

Prepared By
Island Resources Foundation

For
Virgin Islands Department of Commerce

March 1980

Occasional Paper #39

RED HOOK CENTER BOX 33 • ST. THOMAS, U.S. VIRGIN ISLANDS 00802 • (809) 775-3225

Figure 4. Title page of the case-history volume. Source: Island Resources Foundation, Occasional Paper #39, March 1980.

The study was delivered in March 1980 in two volumes totaling 213 pages. Its sponsorship is stated in Island Resources Foundation's own annual report for that year:

> STUDY OF WATER ISLAND: ECONOMIC DEVELOPMENT OPTIONS was prepared for the V.I. Department of Commerce under a grant from the U.S. Economic Development Administration. … directed for IRF by Bruce Potter, assisted by George Tyson, Clarence Cuthbertson and Mary Moorhead.

Island Resources Foundation, Annual Report 1980, from the copy held for this report. The Annual Report is not online; the Foundation's institutional records rest at the Rockefeller Archive Center, and this passage awaits verification there (Section 23C)

This was federally funded work, commissioned by a territorial agency, produced by named authors. Its recommendations were not restrictive. The authors set out four development guidelines and said explicitly that they were "'pro' development … predicated on the assumption that major development in the Virgin Islands should take place."

On handing the island to one developer

> The local government could also attempt to duplicate the federal government's experiment, and convey Water Island in toto to a single private developer. It is not unreasonable to assume that this model could work to achieve real progress and local benefits, especially with the advantages of local accountability and continuous performance monitoring that were lacking in the original Department of Interior lease. Nevertheless, control of the lease holder will be a problem.

Island Resources Foundation, *Study of Water Island Economic Development Options* (March 1980), management options. Hereafter **IRF Options Study**.

The same section considered and set aside the alternative of administering the island through the Department of Property and Procurement, observing that this would be "well beyond the usual property management issues handled by this agency." Property and Procurement is the agency that administers the lease today.

IRF Options Study, management options section.

On the length and shape of development

The study's fourth guideline held that development should be "self-contained, modular and time-phased to permit re-evaluation and adjustment based on changing conditions and new information," and under conditions of uncertainty should be structured "to permit reassessment, redirection or termination at specific points in the development process." Its third guideline required that proposals "specifically contemplate the potential effects of catastrophe." That was written nine years before Hurricane Hugo destroyed the hotel.

IRF Options Study, development guidelines.

On housing

> With construction costs on Water Island over $65 per square foot, as compared with $50 on St. Thomas, it would require an extraordinary amount of subsidy to make housing on Water Island available to middle income people.

IRF Options Study

The study also observed that "forcing developers to bear these infrastructure costs only increases the basic cost to the consumer, and has little long term effect on the operating and maintenance costs of service delivery that government must bear." Twenty-five years before the Legislature set aside sixty acres of Water Island for moderate-income housing, a study the territory commissioned concluded that housing there would be very hard to make affordable.

The valuation nobody has repeated

	ACRES	VALUE ($000)	AVERAGE $/ACRE	PARCELS
Water Island total	418	19,515	46.7	147
Improved	137.9	13,563	98.4	77
Unimproved	280.1	5,952	21.2	70

IRF Options Study, land inventory, broken out across four "micro planning districts" (A–D). The inventory counts undeveloped Sprat Bay Corporation lots as a single parcel. It records 220 dwelling units on the island — among them 99 occupiable hotel rooms, 23 condominiums or villas, and 13 residences.

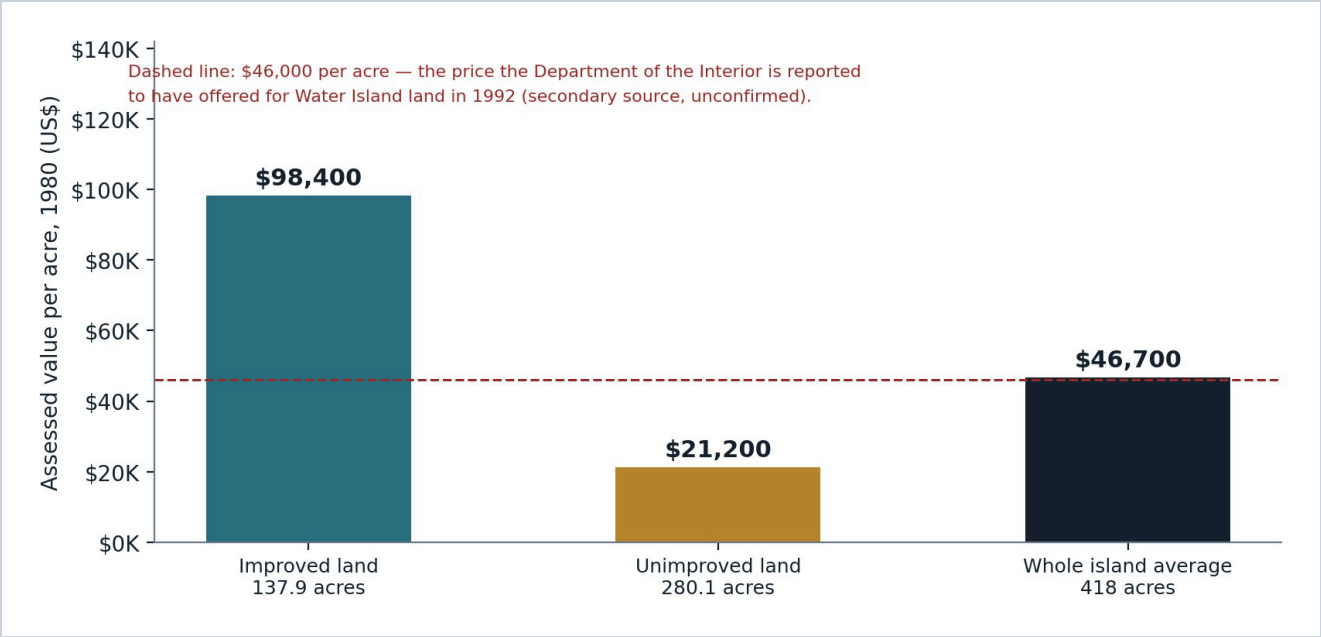


Figure 5. The last published valuation of Water Island, 1980. Source: IRF Options Study, land inventory. The dashed comparison line is a secondary-source figure and is not confirmed.

What the residents said in 1980

The study surveyed residents and recorded 122 distinct obstacles to development from 67 respondents. Three-quarters cited lack of clear title and inability to obtain financing under a short lease — counted together because respondents linked them. The study's own marginal note reads: "*no title, no mortgage*." Access and cost followed at 37 percent and 35 percent. Respondents assigned Interior responsibility for negotiating a termination of the leasehold including fee simple title to their landholdings at minimal cost, and named the Water Island Civic Association, formed in 1962, as the vehicle representing them.

IRF Options Study, resident survey. The survey figures and the marginal note are read from the questionnaire chapter's tabular pages, whose OCR text layer does not reproduce them; the full study is held in the USVI Public Records archive (LF-f3519bbbd764) for page-level verification (Section 23C). Civic Association founding date from IRF Case History, chronology p. 36, which gives 1962; the association's own published history states it was officially founded in 1971. The conflict is recorded and not resolved here.

SECTION 5

1985 and 1986: a federal audit, then an order

Congress did not act in a vacuum. The Interior Department's Office of Inspector General audited the Water Island lease in September 1985 and concluded — in its own later words to the House subcommittee — that federal interests were "not adequately protected by the terms and conditions established in the lease": Section 10 let the lessee occupy the island indefinitely after expiry until a successor was found and possessory interests were paid for. The Inspector General recommended that Interior decide whether to retain the island or declare it excess. The same audit found that from 1972 through 1981 "documentation was not available to verify either that rent was actually paid or received or to substantiate the Lessee's gross

receipts"; a second audit, of March 1988, found no material discrepancies in the rent computed for 1985 and 1986. The next year, Congress ordered the options report.

U.S. Department of the Interior, Office of Inspector General, written answers to the Subcommittee's Water Island questions, signed by Richard N. Reback, Chief of Staff and General Counsel, 9 July 1996, for the record of the 26 June 1996 hearing (the Inspector General was recused on Water Island), Serial No. 104-94, printed pp. 346–349, read on the page images. They recount the audits "Lease to Water Island, U.S. Virgin Islands" (September 1985) and "Water Island Rental Payments" (March 1988). Neither audit report has been located in the digital record; see Section 23. CONFIRMED

> SEC. 6. The Secretary of the Interior is authorized and directed to develop, in consultation with the Governor of the Virgin Islands, options for the future use or disposition of Water Island which would contribute to economic growth in and make the island an integral part of the Virgin Islands community. The Secretary shall submit such options to the Committee on Interior and Insular Affairs of the House of Representatives and the Committee on Energy and Natural Resources of the Senate within 10 days after the convening of the 100th Congress.

Public Law 99-396, § 6, 100 Stat. 837, approved 27 August 1986. A work of the United States Government under 17 U.S.C. § 105.

The 100th Congress convened in January 1987. **Whether the Secretary of the Interior ever delivered those options is not established.** No such submission has been located.

Section 4 of the same Act authorized the appropriation of "$1,200,000 for grants to the College of the Virgin Islands for projects related to the Eastern Caribbean Center, to remain available until expended." Twenty years later the Eastern Caribbean Center would carry out the land use study required by Act 6751. The connection is noted; no causal relationship is asserted.

Public Law 99-396, § 4.

SECTION 6

1992 to 1996: the endgame of the master lease

The master lease Interior renewed in 1973 ran to the end of 1992. In September 1989 **Hurricane Hugo** destroyed the hotel. It did not reopen. Then the lease did not simply expire: **the master lessee terminated it himself**, electing an effective date of 27 December 1992 — five days before it would have run out — after declining Interior's offer to sell. The distinction matters to how the ending is told. The last private holder of the island-wide lease walked away from it early.

Bureau of Reclamation, *Final Environmental Assessment, Transfer of Water Island* (May 1996), Chapters 1 and 3: "the lessee elected to terminate the lease effective December 27, 1992 (i.e., 5 days before the lease would have expired)." Hereafter **1996 EA**.

In September 1995 **Hurricane Marilyn** struck the territory directly on the fifteenth and sixteenth — the most destructive hurricane to hit the U.S. Virgin Islands until Irma and Maria in 2017. FEMA's own account records that Marilyn "was responsible for eight deaths and the loss or damage of 21,000 homes, including 75% of the residences on St. Thomas," and puts damage across the territory at roughly $2.1 billion.

FEMA, "How Building Codes Have Changed the Lives of U.S. Virgin Island Residents" (quotation and damage figure); U.S. Geological Survey Open-File Report 96-440 (1996) for the storm record. Other official estimates of Marilyn's damage ranged from $1.5 billion to $3 billion.

The disposition, priced and phased

On 24 July 1996 the House Subcommittee on Native American and Insular Affairs took up the disposition of Water Island — the subject line of that day's sitting within the printed hearing volume *Virgin Islands, Guam, and Northern Mariana Islands Issues*, which also covers Resolution 433 of the Guam Legislature and provisions of H.R. 3721. **H.R. 3721 did not become law**; its congressional record ends in committee. The hearing record, however, preserves the terms of the disposal in the words of the official who ran it — Allen Stayman, the Interior official responsible for insular affairs — under questioning by Delegate Victor Frazer of the Virgin Islands.

U.S. House, *Virgin Islands, Guam, and Northern Mariana Islands Issues*, Serial No. 104-94, 104th Congress (GovInfo: CHRG-104hhrg27245), sitting of 24 July 1996; Congress.gov bill record, H.R. 3721 (104th Congress).

Three facts come out of that record. **First, the disposal was priced.** In letters of 23 May 1996 to Governor Roy L. Schneider, the Water Island sublessees and other interested parties, Interior set out its plan: each sublessee would have the opportunity to purchase fee simple title to the subleased land under his or her residence at **$17,500 an acre**. Frazer pressed the point directly — would the land be open to anyone at that price? Stayman: "The offer will only be extended to the sublessees." The caveat travels with the figure everywhere this report uses it: $17,500 was the asking price for small, improved residential lots, offered to sitting sublessees only, in 1996 dollars.

Second, the possessory interest was paid for. In resolution of the master lessee's suit against the Department before Judge Roger Andewelt of the United States Court of Federal Claims, the parties submitted a formal settlement by which the Department would pay the master lessee **$7.5 million** for the lessee's possessory interest, entered effective 2 August 1996.

Third, the transfer was phased, and conditioned. Stayman described a three-phase disposal: fee offers to sublessees once the court acted; a transfer of roughly fifty acres (20 ha) to the Government of the Virgin Islands for public use in the September 1996 timeframe; and residual lands — conservation parcels, and lots sublessees declined to buy — early the following year. His written statement put the condition plainly: the territory would receive fee simple title to the non-subleased portions "in exchange for the assumption of certain responsibilities … including the provision of public municipal services, cleanup from storm damage, and dock and ferry services."

Testimony and prepared statement of Allen Stayman, and questioning by Delegate Victor Frazer, Serial No. 104-94, 24 July 1996.

The transfer, in two deeds

The transfer proceeded administratively, in stages. In 1996 the United States and the territory executed a **Contract of Sale**, and the first conveyance — the roughly fifty acres of public-use parcels, including all

public roads on Water Island outside the Sprat Bay properties, identified on the 1979 Bureau of Land Management map as revised in July 1996 — followed. Nine years later, on **29 March 2005**, the Department of the Interior executed the quitclaim deed conveying the residual property. Both deeds appear in the Legislature's 2026 committee filing. The Water Island Civic Association dates the transfer to the territory 12 December 1996.

Quitclaim deeds within the committee filing; the ~50-acre conveyance's own property description (1979 BLM map, revised July 1996; "All public roads on Water Island, excluding those on the Sprat Bay properties, are also included"); Quitclaim Deed of 29 March 2005; Water Island Civic Association (wica.vi), transfer date.

> **THIS RESOLVES A CONFUSION IN THE PUBLIC RECORD**
>
> Sources have variously described a 1996 deed, a 1998 deed and a 2005 deed, implying competing conveyances. They are stages of one transaction, exactly as Stayman described it to Congress in advance: the 1996 Contract of Sale set the terms, the public-use parcels moved first, the territorial cadastral registration followed in 1998 — which is why 1998 is the single largest registration year on the Water Island cadastre — and the 2005 quitclaim deed conveyed the residue. The 2026 lease recites approximately 197.82 acres (80.05 ha) deeded by Interior in total — a figure the Virgin Islands Daily News independently carries for the 2005 conveyance.

Under section 2B of the contract, Interior agreed to spend **up to $3,325,000** on demolition, hazardous-materials removal, catchment basin remediation and deep-water dock repair before handing the island over.

1996 Contract of Sale, § 2B, as quoted in the Governor's 2014 letter to the Secretary of the Interior, held within the 2026 lease transmittal package.

The trust fund the record contemplated

> The net proceeds, less hotel cleanup costs, resulting from any subsequent sale or lease of these hotel-related or non-subleased properties by the Virgin Islands would be placed in a trust fund to provide services to Water Island, including ferry service. If such a fund is adequately capitalized, then any additional net proceeds would be returned to the Federal treasury.

1996 EA and Finding of No Significant Impact, description of the disposal

Whether that trust fund was ever established, capitalized, or credited with a dollar is not established by anything in the record. It is listed in Section 23 as a records-request target, because the 2026 lease is precisely "a subsequent … lease of these hotel-related … properties by the Virgin Islands." UNRESOLVED

THE TWENTY-FIVE MILLION DOLLAR FIGURE IS WRONG

Popular accounts state that the Virgin Islands purchased Water Island from the United States for $25 million. That figure belongs to a different transaction: the United States purchased the entire Danish West Indies for $25 million in 1917. The 2005 quitclaim deed states the consideration on its face — **ten dollars**, the nominal sum customary in a government conveyance of this kind. What the United States actually received is set out in Section 7: the covenants.

SECTION 7

The deed, read in full

The instrument that governs what may be built on Water Island is a twenty-one page quitclaim deed executed on 29 March 2005. The grantor is **the United States of America, by and through its Department of the Interior, Office of Insular Affairs**. The grantee is **the Government of the U.S. Virgin Islands, through the Governor**. The consideration is ten dollars. The habendum runs "to have and to hold … in fee simple forever," subject to covenants that **"run with the land and be binding upon the owners of all lots on Water Island."**

Quitclaim Deed, 29 March 2005, held within the committee filing transmitted to the 36th Legislature (pp. 79–99 of the revised filing; see Section 13 for the filing versions). Property conveyed comprises Areas I through Y, Plots D and E, Tracts A, D and F, the Flamingo Bay Villas, and Lot 279 (Sprat Point), each identified by reference to the 1979 Bureau of Land Management map as revised in July 1996.

A bargain, not a gift

> The Grantee agrees to buy and the Grantor agrees to sell the property **in consideration of the following obligations to be assumed by the Grantee.**

Quitclaim Deed, Covenant 5, opening language

The ten-dollar consideration is nominal; the real consideration is Covenant 5 itself. The United States sold Water Island for a promise — the public-purpose limitation and the service obligations that follow. Stayman told Congress the same thing in 1996: title would pass "in exchange for assumption of certain responsibilities." That framing makes the fairest question in this entire file a simple one: **has the Government of the Virgin Islands kept its side of the bargain for thirty years?** The Government's own account of its compliance appears below; the residents' account appears in Section 20; and this report takes no position beyond placing the two side by side.

What the covenants are for

The deed states its own purpose. The restrictions exist to maintain a **U.S. Fish and Wildlife Service "no jeopardy" opinion under the Endangered Species Act** and to satisfy the **National Historic Preservation**

Act. Permanent nondevelopment means no development and no vegetation removal without the approval of the Fish and Wildlife Service and the V.I. Division of Fish and Wildlife — and, for parcels carrying a cultural restriction, the State Historic Preservation Officer as well.

Quitclaim Deed, Exhibit 2 (definitions), p. 88.

Where the restrictions come from

The restrictions did not originate in 2005. They originate, lot by lot, in the 1996 federal environmental assessment that shaped the transfer, whose Attachment C carries a schedule of mandatory property restrictions — the marina basin and every salt pond with a thirteen-foot (4.0 m) nondevelopment buffer, Tract D and Tract F in public ownership under permanent nondevelopment easements, Lot 112 recommended for public ownership with cultural resources that "MUST BE protected," and the Defense waste dump in public ownership "for the foreseeable future." One line in that 1996 schedule reads differently from what followed: **"Tract B—nondevelopment easement or protective covenant (to be kept in public domain)."** Tract B is 32.335 acres (13.086 ha) and the first parcel named in the 2026 lease. The 1996 schedule was a recommendation; the operative question is what the 2005 deed actually did with it — and the deed, as executed, placed Tract B in Restricted Development and expressly permits its previously developed portions to be redeveloped for a hotel or tourist resort. The recommendation and the deed differ on Tract B, and the deed controls.

1996 EA, Attachment C, "Properties with specific restrictions" ("The following property restrictions are MANDATORY"); Quitclaim Deed, covenant schedule. CONFIRMED as to both texts; the difference between them is stated, not characterized.

Covenant 5(a): public purposes, and what that means

> The Grantee agrees to use all property for public purposes only… including the residents of Water Island. **For purposes of this provision, the operation of a hotel or tourist resort on the property shall be deemed a public purpose.**

Quitclaim Deed, Covenant 5(a)

This is the single most consequential sentence in the instrument, and it is routinely quoted only in its first half. The deed does not merely permit a resort; it defines one as a public purpose. An objection to this lease framed on "public purposes only" is answered by the covenant that contains the phrase. Its substance reached the Senate floor in the Legislature's own voice: counsel Nandi Sékou put both halves of the covenant to senators on 4 August (Section 8).

What the deeming sentence addresses is *the operation of a hotel or tourist resort*. It does not on its face address subdividing land and conveying it in fee simple to private buyers. The distinction is not academic: the Governor's own 2014 letter to the Secretary of the Interior states that "the Government as a general policy only leases land for business and commercial activity and not for private residential development."

Governor of the Virgin Islands to the Secretary of the Interior, 19 November 2014, held within the 2026 lease transmittal package at pp. 145–147.

Covenant 5(c): seven services the Government must provide

> (1) A public dock, with regular scheduled public ferry service, **and a deep-water dock** · (2) Maintenance of roads and docks · (3) Establishment and maintenance of public recreation areas, **including the public beaches** · (4) **Fire protection** · (5) Public safety officers · (6) Inspection and licensing of motor vehicles · (7) Regular trash removal

Quitclaim Deed, Covenant 5(c) — obligations of the Grantee as a condition of holding the land

THIS INVERTS ONE OF THE HEARING'S OBJECTIONS

At the June 2026 hearing, Water Island Civic Association treasurer Rachael Ackley told senators the project would privatize the deep-water dock and the fire and emergency station. The deed places both on the list of services the Government is *obliged* to provide. Whatever the lease does with those facilities, the underlying duty to supply them is federal, it runs with the land, and it does not lapse. The lease's own text, for its part, reserves designated space for the Water Island Administrator, the Virgin Islands Police Department and Virgin Islands Fire and Emergency Medical Services on the GVI Tract, to be built at the lessee's cost, and adds private security, fire response and medical transport as a supplement to — not a replacement of — public services.

Reinstatement & Amendment, § 6.2. The reservation of public-service space is the instrument's own language; whether it is honored is a performance question for the decades ahead.

The Government has asserted its own compliance. Writing to Interior in 2014, the Governor stated that since the 1992 lease expiry and the 1996 transfer, the territory had "constructed a public ferry dock, constructed a deep water industrial dock, undertaken significant road resurfacing, established a basic level of fire service, developed a process for public safety response, and provided regular trash removal."

Governor of the Virgin Islands to the Secretary of the Interior, 19 November 2014.

The covenant schedule

CATEGORY	PARCELS
Permanent Nondevelopment	Tract A (Fort Segarra) · Tract D · Tract F* · Area J* · Lot 279 (Sprat Point)* · Lot 112* (Water Island Civic Association area) · **all salt ponds**, with a thirteen-foot buffer · the **Marina Basin off Flamingo Bay**
Restricted Development	Tract B — **previously developed portions may be redeveloped for a hotel or tourist resort** · Lots 48–60 · Tract C including **Honeymoon Beach**, subject to sea-turtle lighting restrictions and vegetation setbacks

Quitclaim Deed, covenant schedule. An asterisk denotes a cultural restriction requiring a signed Preservation Covenant and State Historic Preservation Officer approval. The schedule has not been mapped against the metes and bounds of the parcels named in the 2026 lease; no claim is made here about any individual leased parcel.

Two entries deserve particular note. **Lot 112** — the parcel Sprat Bay homeowners' president Isaac Northup flagged at the June hearing for its archaeological remains — carries Permanent Nondevelopment status with a cultural restriction. So does **Area J**, which Northup also raised. The deed's own schedule corroborates both objections. Equally, **Tract B expressly may be redeveloped for a hotel or tourist resort**. That is the site of the hotel Hurricane Hugo destroyed, and the deed anticipates its rebuilding.

Environmental conditions running with the land

Asbestos-containing material is recorded on the property. The checkable basis is in the 1996 EA: the water catchment east of Druif Bay is a 90,000-square-foot (8,361 m^2) corrugated transite surface containing an estimated 20 to 40 percent asbestos by volume, its panels broken in many locations after Hurricane Marilyn, with pieces found along and on the roads. A tonnage figure sometimes attached to this material is unverified against the deed page image and is not used here.

The United States **reserves a perpetual easement and right of access** for environmental response action, binding on successors and assigns.

At the closed **Flamingo Bay Landfill**, no excavation below one foot without prior written U.S. approval.

At Fort Segarra, "a vertical [shaft] used to access the underground bunker and a hole approximately 4 feet deep in a poorly lit area."

At Sprat Point, the beached ship **"Amatie Queen"** — the name as the deed renders it, found in no other located source — hull breached, with a sheen observed.

Quitclaim Deed, environmental conditions; 1996 EA, Chapter 3 (catchment description). The 2021–2022 federal closeout of the chemical record is at Section 1.

Other covenants

The deed prohibits the introduction of non-native animals, and the Grantee agrees not to use, as a matter of course, off-road vehicles or heavy-duty mechanical beach-cleaning equipment on any beach — the covenant's own qualifier, carried here exactly. It requires that Water Island residents receive public health, education and municipal services on the same basis as other Virgin Islanders. It provides that no member of or delegate to Congress may share in the deed. And it requires the Grantee to release all claims founded on the 1952 master lease — closing, at last, the "valid existing rights" that Public Law 511 had carried forward fifty-three years earlier.

The deed carries its own certification of exemption from stamp tax under 33 V.I.C. § 128(1) — in its words, "as it is a transfer from the Government of the United States" — and the V.I. Treasury certified no outstanding property taxes as at 3 August 2004.

SECTION 8

The proceeds clause

> 2C. The Buyer agrees that if the transferred property or any portion thereof is sold, **the proceeds shall be paid to the United States unless there is a written agreement between the Governor of the Virgin Islands and the Secretary in effect prior to the sale providing for a different disposition.**

1996 Contract of Sale, § 2C, as quoted in the Governor's letter to the Secretary of the Interior, 19 November 2014, and again in the Department of Property and Procurement's 2014 memorandum within the transmittal package

The 2026 lease grants an option to acquire approximately fifty-five acres in fee simple, conveyed incrementally as residential units sell, and authorizes the Commissioner of Property and Procurement to execute and record those deeds without any further act of the Legislature.

Read together, three things follow. Proceeds from any such sale are payable to the United States by default. The exception requires a written agreement between the Governor and the Secretary. And that agreement must be **in effect prior to the sale** — it cannot be obtained afterwards to cure a conveyance already made.

The Department's 2026 position, stated to senators, is narrower than the clause. Assistant Commissioner Vincent Richards testified that "the amendment does not require approval by the U.S. Department of the Interior in order to be enacted," that Interior approval "applies only to the future conveyance of certain residential lots," and that it is "expressly addressed in the Amendment as a condition precedent to any such conveyance." The lease's own text agrees: a previously waived Interior-approval contingency is reinstated and extended to the entire premises. That answers the question of *whether a lot may be conveyed without Interior*. It does not answer the question § 2C asks — *where the money goes when it is*. Approval of a conveyance and a written agreement redirecting sale proceeds are two different instruments, and only the second is addressed by § 2C.

Testimony of Vincent Richards, Assistant Commissioner, DPP, 26 June 2026, pp. 4–5; Reinstatement & Amendment, §§ 1.3, 2.1. The distinction drawn in the final two sentences is ANALYSIS from the two confirmed texts.

The clause followed the bill to the floor. At the 4 August session, legislative counsel Nandi Sékou put both halves of Covenant 5(a) to senators — public purposes only, with a hotel or tourist resort expressly deemed one — and reminded them that proceeds from the sale of certain parcels are payable to Interior absent a different written agreement between the Governor and the Secretary. Developer attorney George Dudley told senators the hotel could proceed under the existing deeds. Richards repeated that the Government had contacted Interior about the amended lease and had not received a response.

St. Thomas Source / St. John Source, 4 August 2026. ATTRIBUTED — and consistent, on each point, with the instruments read directly in Sections 7 and 8.

THE SHARPEST UNANSWERED QUESTION IN THIS FILE

Whether any written agreement under § 2C exists is not established by anything in the record. The Governor wrote to Interior about the sale of Water Island properties in November 2014. In 2026 the Department told senators it had again contacted Interior about the amended lease and had not received a response. No agreement under § 2C has been produced.

A separate federal designation

Two stretches of Water Island shoreline also carry federal Coastal Barrier Resources System designations. Under the controlling U.S. Fish and Wildlife Service map, **Sprat Point is Unit VI-26** and **Limestone Bay is Unit VI-27**. The territory's 2000 flood mitigation plan, which used an earlier numbering (VI-25 and VI-26), describes the Sprat Point unit as "a shallow bay on Water Island … with moderate coral development and sea grass cover" and the Limestone Bay unit as protecting "a small salt pond on Water Island" in a "mostly undeveloped" watershed, and puts them at 0.40 miles (0.64 km) of shoreline over 22 acres (8.9 ha) and 0.15 miles (0.24 km) over 8 acres (3.2 ha) — the plan's figures, not yet read against the controlling map.

U.S. Fish and Wildlife Service, John H. Chafee Coastal Barrier Resources System, controlling map 78-001A ("Sprat Point Unit VI-26, Limestone Bay Unit VI-27 …"), published 15 November 2016; Virgin Islands Flood Hazard Mitigation Plan, VITEMA, 28 July 2000, prepared by Island Resources Foundation (descriptions, mileage, acreage, and the earlier unit numbering). A different instrument under a different federal program from the deed covenants; the two should not be conflated. Both instruments cover Sprat Point.

SECTION 9

The promise: Acts 6751 and 7321

Act 6751 (2005)

Bill No. 26-0033, 26th Legislature. Passed 12 July 2005. Approved by Governor Charles W. Turnbull, 11 August 2005. Signed for the Legislature by President Lorraine L. Berry.

Section 1 directs the Governor to transfer to the Virgin Islands Housing Finance Authority "30 percent of the two hundred acres of real property on Water Island granted to the Government of the Virgin Islands by the Government of the United States Department of Interior" — subject to Interior's covenants and conditions. Thirty percent of two hundred acres (81 ha) is sixty acres.

Section 2 requires the Governor to conduct a land use study and develop a land use plan for the full two hundred acres, and to submit it "to the Legislature's Committee on Housing, Sports and Veterans' Affairs no later than one hundred eighty days after the effective date of this Act." One hundred eighty days from 11 August 2005 is early February 2006.

Section 3 appropriates $75,000 to conduct that study. "The sum remains available until expended."

Act No. 6751, enrolled text.

THE CONDITIONAL CLAUSE WAS NOT BOILERPLATE

Act 6751 was approved on 11 August 2005 — four and a half months after the federal quitclaim deed was executed on 29 March 2005. When the Legislature made the transfer duty "subject to any restrictive covenants, easements, servitudes or conditions imposed by … the Department of Interior," those covenants already existed and were recorded. Any account of the sixty acres that omits this is incomplete.

Act 7321 (2011)

Bill No. 29-0030, 29th Legislature. Passed 27 October 2011. Approved by Governor John P. de Jongh Jr., November 2011. Signed for the Legislature by President Ronald E. Russell.

> No less than fifteen percent of the government-owned real property on Water Island which the Governor *was required to transfer* to the Virgin Islands Housing Finance Authority under Act No. 6751 must be reserved exclusively for sale to veterans of the United States Armed Services for a period of two years from the Authority's initial offering of lots for sale.

Act No. 7321, Section 1, in full

Fifteen percent of sixty acres is nine acres (3.6 ha), and the Act says "no less than" fifteen percent, so nine acres is a floor. Two points follow from the text. The reservation is a two-year exclusive sale window, not permanent veterans-only ownership — the same device Section 9.20 of the 2026 lease uses. And the Legislature, writing six years after Act 6751, described the transfer in the past tense as something the Governor "was required to" do.

Fifteen percent of what?

The Act applies the reservation to the property "which the Governor was required to transfer" under Act 6751 — the sixty acres. The bill that became it carries a Bill Summary that reads differently: it "seeks to amend Act 6751 to reserve 30 acres of real property on Water Island currently owned by the V.I. Department of Finance … for sale to veterans." Thirty acres (12 ha) is fifteen percent of two hundred, not of sixty, and the summary names a different holder. The Legislature's bill-tracking record titles the same bill "reserve fifty percent," and the bill was amended in committee before it reached the floor.

What turns on it: whether the veterans' reservation is nine acres or thirty, set against the twenty apartments Section 9.20 offers for the whole set-aside (Figures 7 and 8 use nine). **The record does not settle which base the fifteen percent applies to, and this report does not choose.**

Act No. 7321, Section 1, enrolled text; Bill No. 29-0030 as introduced 11 March 2011, Bill Summary, and its committee history ("10/13/11-AMENDED AND REPORTED OUT TO THE FLOOR"); the bill-tracking title as carried in the archive record. CONFIRMED as to each text; "fifteen percent of two hundred" is ANALYSIS.

Neither act has been repealed or amended in the statute archive as swept for this report: forty-eight acts of the Legislature mention Water Island, twenty-nine of them passed after 2011, and none touches either. The August 2026 debate treated both as binding law — Bill No. 36-0340 substitutes performance for them rather than repealing them. A technical amendment outside the archive cannot be positively excluded.

Full-text sweep of the territorial statute archive, 1998–2026, conducted for this report; Section 9.20's "deemed fully satisfied and cured" language; the 4 August floor debate.

SECTION 10

The study that cannot be produced

In the filing supporting the 2026 lease, the government wrote that the study required by Act 6751 was completed:

> In the Water Island Use Plan Study completed by the University of the Virgin Islands in 2006, properties for potential residential locations were earmarked for moderate income residential housing under the Virgin Islands Housing Finance Authority.

Governor de Jongh to the Secretary of the Interior, 19 November 2014, within the 2026 transmittal package

What the study said it was for

> The purpose of this study is to inventory and assess the resources of Water Island. Based on this assessment, **30% (60 acres) of the 200 acres will be recommended to be developed appropriately** — i.e. without adverse environmental or economic impact.

UVI Eastern Caribbean Center / Conservation Data Center, Water Island Land Use Study project site, "Background," recovered from the Internet Archive capture of 1 August 2007

That fixes the arithmetic and establishes what the missing report was meant to contain. The study's task was to identify *which* sixty acres could be developed without adverse environmental or economic impact — precisely the question the 2026 lease answers by a different route.

Its stated method was specific. Environmental impact would be assessed by each lot's physical capacity to carry low, medium or high density development. Economic impact would be assessed by the cost of community services ratio, which "compares the cost of government services demanded for each dollar collected from a development." The methodology page notes that "most COCS studies have found that services demanded by residential development range from $1.15 to $1.50" per dollar collected.

Same source, "Methodology" page.

The team and the schedule

TEAM MEMBER	ROLE
Dr. Frank Mills	Director, UVI Eastern Caribbean Center
Dr. Barry Devine	Chief Scientist
Grisha Fleming	Administrative Assistant
Pedro Nieves	GIS Specialist
Stevie Henry	Project Coordinator
Claudette Young-Hinds	Facilitator
Lloyd Gardner	Plan Reviewer
Dr. Richard Moore	Economist

DATE	MILESTONE FROM THE PROJECT'S PUBLISHED SCHEDULE
August – September 2006	Collect inventory maps
5 September 2006	Field trip
10 October – 3 November 2006	Interview government agencies
14 October 2006	Community meeting, Honeymoon Beach Pavilion, 10:00–11:30 a.m.
27 October 2006	Project website launched
11 December 2006	**Team draft reports due**
4 May 2007	**Submission of final report to the Office of the St. Thomas / Water Island Administrator**

Same source, "Project Team" and "Timeline" pages.

Three observations

First, "completed in 2006" describes drafts at most. Draft reports were due 11 December 2006; the final report was due 4 May 2007. **Second**, the schedule begins after the statutory deadline had already passed — Act 6751 required submission by early February 2006, and fieldwork began in August 2006. **Third**, the

study's timeline routes the final report to the Office of the St. Thomas / Water Island Administrator, while Act 6751 names the Legislature's Committee on Housing, Sports and Veterans' Affairs. Whether it also reached that committee is not established.

> **WHY NO COPY CAN BE FOUND**
>
> The study lived on a separate University host, absent from the main university sitemap. This is why keyword searching for it fails.
>
> That host is defunct. Its domain name no longer resolves.
>
> The Internet Archive holds exactly twelve objects from the project, all from a single crawl on 1 August 2007 — three months after the final report was due.
>
> The site's navigation links to a page listing the project's outputs. That page was never captured.
>
> A full enumeration of the University's public site — 10,330 addresses, 3,156 documents — contains no copy.
>
> **The finding, precisely stated:** the study was commissioned, staffed, scheduled and publicly announced. As of the date of this report, no copy of the final report is publicly retrievable. Eight of its authors are named above.

One detail cuts in the study team's favor and belongs on the record. On 14 October 2006 the team held a public meeting on Water Island itself, at the Honeymoon Beach Pavilion.

SECTION 11

2007 to 2014: the search for a developer

No record locates a transfer of the sixty acres, and none has been found showing that the Housing Finance Authority ever received, requested, or accounted for the land. The 2026 amendment itself treats the obligation as unperformed — Section 9.20 exists to substitute for it, and senators debated it in 2026 as a duty still standing.

No VIHFA annual report, board minute, or audit referencing the Water Island parcel has been located. UNRESOLVED — see Section 23.

In September 2013 the Department of Property and Procurement advertised to gauge interest in a Water Island resort and a long-term lease. More than ten firms participated and eight hotel brands expressed interest. The de Jongh administration made its selection with the assistance of REVPAR International. In July 2014 the Water Island Development Company was chosen. Its managing member was Stephen Evans-Freke; the team included Bob Jackson, Peter Briggs, Timothy Barber, and Michael Graves, credited in the 2014 announcements through the Michael Graves Foundation.

St. Thomas Source, 16 July 2014; Caribbean Journal, 21 July 2014.

The corporate vehicle came first. Water Island Development, LLC was organized in the territory with articles filed at the Office of the Lieutenant Governor on 11 February 2014; that December, Stephen Evans-Freke, signing as Sole Member, amended the articles to rename it **Water Island Development Company, LLC** — the entity that holds the lease today.

Articles of Amendment, December 2014, within the 2026 transmittal package, pp. 88–93.

Lease BCT-383 followed at the close of the year. The instrument is dated 19 November 2014; the Legislature ratified it on 22 December 2014; it was executed on 23 December 2014 and took effect 1 January 2015. The premises were Tract B and Tract C — 2,090,880 square feet (194,249 m^2), or 48.00 acres (19.42 ha). The term was ninety-nine years. The rent was one thousand dollars a month, twelve thousand dollars a year. The committed investment was $140 million. Nothing was built.

Instrument date: Original Lease recital within the 2026 amendment. Ratification date: Attorney General's transmittal, 19 May 2026, and DPP justification memo, 15 May 2026. Execution and effective dates: DPP testimony, 26 June 2026. The three dates describe one instrument at three procedural stages and are carried together here; earlier versions of this report printed only the execution date. A contemporaneous Civic Association notice records a Government House signing ceremony on 19 November 2014 — external corroboration for the instrument date.

SECTION 12

2025 to 2026: termination, rescission, and the sale of the company

On 11 April 2025 the Department of Property and Procurement served Water Island Development Company with a Notice of Termination for non-performance. What happened next is documented in the Government's own filings — and the filings do not agree with each other.

Two official dates for one rescission

The Department's justification memo of 15 May 2026 states that the Government "subsequently rescinded" the termination **on 24 November 2025**. A letter Commissioner Lisa M. Alejandro signed on **24 June 2026** states the opposite sequence: that by letter dated 20 November 2025 the Department "formally rescinded" the termination, and that *prior* to that letter, "the Government, acting through the Governor, confirmed to Water Island Development Company, LLC, within the cure period of 180 days outlined in the Lease, that the Government rescinded its termination via communication on **July 10, 2025**." The letter closes: "This letter confirms that the Government rescinded its termination during the cure period." Stephen Evans-Freke — "President" in the letter's address block, Class B Managing Member in the corporate resolution — signed the acknowledgment on 26 June 2026, the day of the hearing itself.

DPP justification memo, 15 May 2026, p. 1; Commissioner Alejandro to Stephen Evans-Freke, 24 June 2026, "Statement of Confirmation on the Rescission of Termination," with signed acknowledgment dated 26 June 2026, held within the revised committee filing. CONFIRMED as to both documents; the conflict between them is the finding.

The stakes of the date are not clerical. One hundred eighty days from 11 April 2025 is approximately **8 October 2025**. A rescission on 10 July 2025 falls inside the cure window; a rescission on 20 or 24 November 2025 falls outside it. The letter establishing the earlier date is dated 24 June 2026; the sequence table below sets it beside the termination notice, the November letter and the hearing. No instrument dated 10 July 2025 — the communication itself — appears anywhere in the record, and it is listed in Section 23 as a records-request target. The June letter also records the original leasehold as it stood at termination: portions of Tract B, approximately 33.1 acres (13.4 ha); Tract C, approximately 11.9; and the Catchment Area, approximately 3 — the forty-eight acres of the 2014 lease.

The company changes hands

While the lease was being revived, the company that held it was being sold. A resolution of WIDC's Class B Managing Members — **Stephen Evans-Freke and Tim Barber**, acting jointly — records that the company "contracted to sell all of the membership interest in the Company" to **Bluewater Global Advisors, LLC, a Florida limited liability company**, as Buyer, "pursuant to that certain Membership Interest Purchase Agreement dated on or about April 20, 2026," with an Outside Closing Date of 1 June 2026. The same resolution records that the purchase agreement "requires, as an express pre-closing condition, that the Company enter into" the Reinstatement and Amendment to Lease: the lease amendment was a condition of the company's sale, and who owned the company on 4 August is not established by the record. The purchase agreement itself is referenced as an exhibit to the resolution and is not in the record. Bluewater Global Advisors is not a vehicle created for this deal: Florida's corporate registry shows it incorporated on 11 June 2007 — Steven Miller's standing company, nearly nineteen years old at the purchase agreement — with Steven W. Miller among its listed persons. The registry's name carries no hyphen; the hyphenated "Bluewater-Global" in the transmittal package and the Legislature's notice is the principal's own stylization, retained here only inside quotations.

Resolution of the Class B Managing Members, Water Island Development Company, LLC, within the 2026 transmittal package, pp. 82–85. CONFIRMED . Florida Division of Corporations registry, No. L07000061509 (incorporated 11 June 2007). The Department's testimony describes the counterparties as "Bluewater Global Advisors, LLC and Innovative Architecture" and the lessee as "a restructured Water Island Development Company, LLC team" — the firm the Department renders "Innovative Architecture" is Innovation Architecture of Coral Gables.

The same resolution appointed **Steven Miller** — "solely as an accommodation and pre-closing concession to Buyer" — as the company's limited authorized agent "for the single, exclusive, and non-delegable purpose of executing and delivering the Reinstatement and Amendment to Lease … in the form approved by the Managing Members and attached hereto as Exhibit A, and for absolutely no other purpose whatsoever." The resolution states four limits in terms: the authority is strictly confined to that execution; it is personal to Miller and non-delegable; it "is not to be construed as a grant of any ownership interest, membership interest, management authority, voting rights, economic interest, or any other right or interest in the Company"; and it terminates automatically upon execution of the amendment, termination of the purchase agreement, or 1 June 2026, whichever occurs first.

Miller's position on the other side of the transaction is established by the Government's own package and by the Legislature. The transmittal package's plan pages identify him as "Steven Miller, FAIA, RIBA, Principal, Bluewater-Global Advisors, LLC" and as principal of Innovation Architecture LLC of Coral Gables, Florida; the hotel brands' expressions of interest are addressed to him in those capacities; and the Legislature's own notice for the 26 June hearing lists among invited testifiers "Steven Miller, FAIA, RIBA, Principal, Bluewater-Global Advisors, LLC." The seller's signing agent for the instrument and the buyer's principal are the same person. The documents establish the fact; they do not establish anything improper about it, and this report asserts nothing beyond what they say.

Transmittal package, plan and correspondence pages (pp. 67–68 and 82–85); Legislature of the Virgin Islands, Committee of the Whole notice, Bill Request No. 26-1154, invited testifiers. CONFIRMED .

How the year looked from outside is part of the record too. The Daily News reported that the Department, assisted by lawyers from the firm of Duane Morris, spent the year after termination quietly negotiating the new deal with Bluewater Global Advisors, and that residents learned of the negotiations only when Lieutenant Governor Tregenza Roach, then acting governor, announced the project at a 1 June 2026 press conference.

Virgin Islands Daily News, 4 August 2026 report of the vote. ATTRIBUTED .

The Legislature's own counsel

The cure-window question in this section did not originate with this report. At the June hearing, the Legislature's chief legal counsel, Amos Carty, read a note into the record raising several concerns — among them that no evidence had been presented to the Legislature that the developer cured the breach that triggered the 2025 termination. He also said the amended lease, dated 1 May 2026, effectively extends the original 2014 agreement to closer to 113 years, and he flagged as legally unsupported — recommending removal or rewriting — the provisions allowing the Commissioner to execute additional site leases and convey residential lots without further legislative approval: the conveyance authority set out in Section 14. Senator Carla Joseph told the same hearing she would not delegate her vote and her authority to the executive branch "to pre-authorize the approval of any subsequent leases"; she ultimately voted to approve on 4 August. Senate President Milton Potter closed that hearing saying the Legislature would gather more information before acting: "Whatever decision we make will certainly outlive all of us in this body."

Virgin Islands Daily News, report of the 26 June 2026 hearing. ATTRIBUTED to the contemporaneous account; the note itself is printed in the bill, below. The Legislature's counsel and this report reach the same open question from the same record.

The note did not stay in the hearing room. The Office of Legislative Legal Counsel's Drafter's Note is printed inside Bill No. 36-0340 in the form reported to the floor on 31 July — the text in front of members when they voted on 4 August. It says the amendment would "add an additional 12 years to the initial term of lease agreement, with a conditional extension for an additional two years, for an aggregate of 113 years, not 101 years as stated in the amendment"; that "there is no evidence presented in the Governor's transmittal to the Legislature, or in subsequent documentation received by the Office of Legislative Legal Counsel from the Department of Property and Procurement, that WIDC cured the underlying breach"; and, of the delegation

in Sections 2.3 and 9.2, that counsel "has not found any legal support or precedent for such a delegation" and "recommends that the referenced sections either be entirely removed from the amendment to the lease agreement or amended by the parties." It also records that four parcels in Exhibit B — Area V-1, Area V-2, Area A and Tract G — "are not identified in either of the two deeds provided in the package," and that the Department "has agreed to submit an amended exhibit … removing the referenced parcels."

The note's own conclusion belongs beside its criticism. Counsel wrote that "even though the legislative record should include evidence that WIDC cured its breach of the lease agreement, the reinstatment [sic] and amendment to the lease agreement is properly before the Legislature for consideration." The bill passed 11–3. The enrolled Act, as drafters' notes are, is printed without it.

Bill No. 36-0340, Committee of the Whole/Floor version of 31 July 2026, Drafter's Note (native text). CONFIRMED. On what became of the four parcels, see Section 13.

The sequence, assembled

DATE	ACTION
11 April 2025	DPP serves Notice of Termination on WIDC for non-performance
10 July 2025	Rescission "via communication," per the Commissioner's June 2026 letter — inside the 180-day cure window. The communication itself has not been produced
~8 October 2025	The 180-day cure window from the termination notice closes
20 / 24 November 2025	DPP letter rescinding the termination (20 November per the June 2026 letter; "rescinded on November 24" per DPP's May 2026 memo)
~20 April 2026	Membership Interest Purchase Agreement: WIDC's membership interest contracted for sale to Bluewater Global Advisors, LLC (Florida)
15 / 19 May 2026	DPP justification memo; Attorney General transmits the amendment to the Governor for signature. This version contains no Section 9.20
1 June 2026	Outside Closing Date under the purchase agreement; Miller's signing authority expires by its own terms no later than this date
24 June 2026	Commissioner Alejandro signs the rescission-confirmation letter
26 June 2026	Committee of the Whole hearing; Evans-Freke signs the rescission acknowledgment the same day. The Legislature's own release states members cannot vote in Committee of the Whole

DATE	ACTION
8 July 2026	The Department presents revisions to the Committee
10 July 2026	Governor Bryan transmits the "REVISED Reinstatement & Amendment" to Senate President Potter for ratification, hand-delivered, stamped 4:02 p.m. — approximately 180 acres; Catchment Area and Tract C removed
4 August 2026	The Legislature approves the amended lease as Bill No. 36-0340, 11–3 — Senators Ray Fonseca, Alma Francis Heyliger and Kenneth L. Gittens opposed; Senator Marise C. James absent — on a day the body convened in both Committee of the Whole and Legislative Session (see Section 13). The measure went to Governor Bryan on 5 August; he enacted it on 7 August 2026 as **Act No. 9118**
7 August 2026	Governor Bryan signs the bill: Act No. 9118, Governor's No. G36-072. The enrolled Act approves "the revised Reinstatement and Amendment"
12 August 2026	Government House announces the signing, in a release covering three bills that names Bill No. 36-0340 and the Water Island Hotel and Marina; it does not state the term, the acreage or the rent

Sources at the point of each entry above; Governor Bryan to Senate President Potter, 10 July 2026 (archive copy, usvipublicrecords.com/doc?id=LF-0db322d9fc4f); Legislature of the Virgin Islands, June 2026 and 4 August 2026 press releases. The 4 August tally, bill number and dissenters are carried consistently by four contemporaneous accounts — the Virgin Islands Daily News, St. Thomas Source, St. John Source and St. John Tradewinds — and the Legislature's own release confirms the approval of Bill No. 36-0340. The Legislature's bill-tracking record adds an official chronology of the bill file itself in motion: received 3 June, "UPDATED INFORMATION" 23 June, "EDITS" 16 July, a "SIGNED BLUE" version 27 July and again 31 July, "REVISED BLUE" and "REVISED I BLUE" versions to senators on the same two dates, and "ADD'L INFO" on 4 August. The record then runs: adopted on the floor 4 August, transmitted to the Governor 5 August, enacted 7 August as Act No. 9118, and to the Lieutenant Governor 14 August — fifteen recorded stages, every one marked "No documents." The tracker thus documents, in the Legislature's own system, that the bill file was revised between introduction and the vote — without publishing a version at any stage. The page header does link the bill in its 31 July floor form and, since some time after 11 August, the enrolled Act. The certified session record and roll call remain outstanding as official records; see Section 23. One measure carries two identifiers in this record: Bill Request No. 26-1154, the Governor's request number used at the June hearing, became Bill No. 36-0340 on introduction in the 36th Legislature.

The full roll call is on the record. Voting to approve: Senators Marvin Blyden, Angel Bolques Jr., Dwayne DeGraff, Novelle Francis Jr., Hubert Frederick, Franklin Johnson, Carla Joseph, Clifford Joseph, Avery Lewis, Milton Potter and Kurt Vialet. Opposed: Senators Ray Fonseca, Alma Francis Heyliger and Kenneth Gittens. Senator Marise James was excused — fourteen of fifteen members voting.

Virgin Islands Daily News, 4 August 2026; arithmetic consistent with the fourteen-member senators-present list in the Legislature's own release.

One exchange from the 4 August floor belongs in this section because it fixes the scope of what was approved. Asked by Senator Gittens whether any major piece of public infrastructure on Water Island is *not* included in the lease, Assistant Commissioner Richards answered: "The answer is no, senator." He confirmed the fire station, the dump and historic Fort Segarra are all within the leasehold — the fire station the deed obliges the Government to staff (Section 7), the closed landfill the Corps' record places under a no-

excavation condition, and the fort the deed holds in Permanent Nondevelopment (Sections 1 and 7). Of Fort Segarra's inclusion, Richards told senators "it was requested and we acquiesced."

Virgin Islands Daily News, 4 August 2026. ATTRIBUTED ; the premises exhibit's inclusion of Tract A and the landfill area is CONFIRMED against the instrument.

SECTION 13

Two versions of the instrument

The official record of this lease contains two different versions of the amendment. Both have been read in full for this report. They differ in their premises exhibit, in the presence of the housing provision, and in the signature block of the same signatory.

The May instrument

The version the Attorney General transmitted to Governor Bryan on 19 May 2026 — captured at native resolution from the Government's own transmittal package, and matched by one of the two committee captures — recites a premises of Tract B (32.335 acres), Lots 24 and 25 (1.492 acres), and additional acreage in Areas V, Y, **V-1, V-2**, Tract E, Areas W, X, I, L, N, M, M- 1, K, O and P, Tracts A and D, **Area A**, Areas R, S, T, **Tract F & G** and Plot D, "consisting of approximately **146.3793** U.S. acres" — a total itemized by the Department at **180.2063 acres (72.9269 ha)**. Its amendment text runs from Section 1 through Section 9.11.4 and proceeds directly to signatures. **It contains no Section 9.20 and no housing provision** — the word "veteran" does not appear in the instrument. Steven Miller signs for the lessee as **"Authorized Agent,"** the title his resolution grants.

Attorney General's transmittal, 19 May 2026, A.G. File No. K-26-0175, and enclosed instrument, OLC No. 0173-2026, native-resolution capture, 169 pp.; matched by committee capture LF-a42f7e8d16d7 (160 pp.), Exhibit B section total 146.3793. CONFIRMED .

The revised instrument

The second version sits in the Legislature's committee record. Its amendment text is the same through Section 9.11.4 — and then continues. Between the dispute-resolution provisions and the signature page it adds **Section 9.20**, the twenty-apartment housing substitution set out in Section 15 of this report, numbered with no Sections 9.12 through 9.19 before it. Its Exhibit B is a different parcel table: Tract B itemized lot by lot; Lots 24 and 25; the ten Flamingo Bay Villas lots at 1.194 acres (0.483 ha); and an additional-acreage schedule totaling **144.167 acres (58.342 ha)** that carries Tract F alone — matching, line for line, the premises the Department described to senators on 26 June. The instrument is executed on the Government side: Commissioner Alejandro's signature, the Attorney General's legal-sufficiency approval, and Governor Bryan's approval all appear, with only Senate President Potter's ratification block blank. Steven Miller signs for the lessee — this time as **"Member."**

Committee filing, usvipublicrecords.com/doc?id=LF-16ffcf8c0b0d, 156 pp., containing the revised amendment, Exhibit B parcel table, both quitclaim deeds, the 2014 Original Lease, and the June 2026 rescission-confirmation letter. The section totals printed on the table (144.167; Tract B 32.4; Flamingo 1.194; Lots 24–25 1.492) are the figures relied on; the additional-acreage rows have since been read on the page image (see below). CONFIRMED as to the instrument's contents.

The differences, side by side

	MAY INSTRUMENT	REVISED INSTRUMENT
Additional acreage	146.3793 acres — includes Areas V-1, V-2, Area A, and Tract F & G	144.167 acres — V-1, V-2, Area A and the "& G" designation absent as names; their acreage is carried in Area V, Tract A and Tract F (see below)
Flamingo Bay Villas lots	In the Exhibit B table; absent from the premises recital	In both the table and the premises as described to senators — 1.194 acres across ten lots
Approximate total premises	180.2063 acres (Department's itemization)	≈179.3 acres by the exhibit's own arithmetic; "approximately 180 acres" per the Governor's transmittal
Housing provision	None	Section 9.20 — twenty condominium units; Acts 6751 and 7321 "deemed fully satisfied and cured"
Lessee signature	Steven Miller, "Authorized Agent"	Steven Miller, "Member"
Government execution	Unexecuted by GVI in the transmittal capture	Commissioner, Attorney General's office, and Governor all signed; Senate President's block blank

Read on the page images, the two exhibits show what happened to the four parcels the Legislature's counsel could not trace to a deed. Their acreage was not removed. It moved into neighboring rows: the revised schedule's Area V is 21.345 acres (8.638 ha) — the May schedule's Area V (20), V-1 (0.283) and V-2 (1.062) together; its Tract A is 36.493 acres (14.768 ha) — the May Tract A (33.793) and Area A ("Ft Segara," 2.7) together; and "Tract F & G," 10.562 acres (4.274 ha), became "Tract F" at the same 10.562. Only the names left the schedule, and the enrolled Act's parcel list omits them the same way. The difference between the two printed totals has another source. The revised rows sum exactly to 144.167. The May rows sum to the same 144.167 without a 3.003-acre (1.215 ha) line labeled "Carolina Pt," and to 147.170 with it, so the May schedule's printed total of 146.3793 matches neither — and the 2.2123-acre (0.8953 ha) gap between the two printed totals is not the four parcels.

Exhibit B as printed: committee filing LF-a42f7e8d16d7, PDF p. 63 (May); revised instrument LF-16ffcf8c0b0d, PDF p. 46 (revised); both read on the page image. Bill No. 36-0340, Drafter's Note; Act No. 9118, Section 1. CONFIRMED as to each row; the sums are ANALYSIS.

A note on the number in public circulation. The contemporaneous accounts of the vote describe the lease as covering "about 144 acres of government-owned land," and a Daily News opinion column puts it as a roughly 35-acre (14 ha) hotel tract plus "144 additional acres." Both usages track the revised exhibit's additional-acreage schedule of 144.167 acres; the instrument's total premises — that schedule plus the itemized hotel tract and lots — is approximately 180 acres (73 ha), the figure this report uses and the figure the Governor's own transmittal uses. The two numbers describe parts and whole of the same premises, not a conflict. The final approved footprint, subject to the certified-text caveat below, is the instrument's total premises — approximately 180 acres.

> **TWO QUESTIONS THE RECORD DOES NOT ANSWER**
>
> **One — which text was ratified.** The Governor's 10 July transmittal describes the "REVISED Reinstatement & Amendment" at approximately 180 acres with the Catchment Area and Tract C removed, which matches the revised instrument. The enrolled Act now answers which: Act No. 9118, signed by Senate President Potter on 5 August and by Governor Bryan on 7 August, "approves the revised Reinstatement and Amendment to Lease Agreement No. BCT-383" — the word "revised" does not appear in the bill as reported to the floor on 31 July. The Act does not attach the instrument; it approves it "as described in the Amended Exhibit B." A certified copy of the instrument and that exhibit has not been obtained, so section numbers quoted from the lease — including Section 9.20 — are those of the revised instrument in the committee record, pending that copy.
>
> Act No. 9118, enrolled text, 3 pp., served by the Legislature's bill-tracking system (bill_detail 38302) and retrieved 6 November 2026; the same page carried no Act link when captured on 11 August. Read on the page images. Archive copy: LF-eb3f40aa2296. CONFIRMED
>
> **Two — who authorized the revised execution.** The only signing authority in the record is the resolution appointing Miller to execute the amendment "in the form approved by the Managing Members and attached hereto" — the May form — with authority that expired automatically upon execution or on 1 June 2026, and that expressly conferred no membership interest. The revised instrument bears his signature under the title "Member." Whether a further authorization exists — from the sellers, or from Bluewater Global Advisors after closing — is not in the record, and no claim is made here that one does not; it is listed in Section 23 as a records-request target.

One procedural point opens rather than resolves. The Legislature's own June release states that "lawmakers cannot vote on items in the Committee of the Whole, and action will be taken at the next scheduled Legislative Session." All four contemporaneous accounts of 4 August say senators approved Bill No. 36-0340 "meeting as a Committee of the Whole." The Legislature's own release for that day describes the body meeting in Committee of the Whole to hear testimony on the bill, then convening into Legislative Session — where two other bills were added to the session agenda — and approving all three. Whether the Water Island vote was taken in Session, consistent with the Legislature's stated rule, or in Committee of the Whole, against it, is a question the press accounts and the releases leave genuinely open. It is answerable only from the certified session record, and it is carried in Sections 22 and 23 as unresolved. The June sentence is accurate as to the June hearing itself, where no vote was taken; the open question concerns 4 August alone.

Legislature of the Virgin Islands, June 2026 release ("Lawmakers Vet Easement, Rezonings, Hotel and Marina Development") and 4 August 2026 release ("Lawmakers Consider Bill on Major Hotel Development Project on Water Island"); the four news accounts cited at Section 12. UNRESOLVED .

SECTION 14

The 2026 lease

TERM	PROVISION
Instrument	Reinstatement and amendment of Lease BCT-383, OLC No. 0173-2026. Governor's approval under 31 V.I.C. § 205(b); legislative ratification under 31 V.I.C. § 205(c)
Lessee	Water Island Development Company LLC. Class B Managing Members: Stephen Evans-Freke and Tim Barber, acting jointly; membership interest contracted for sale to Bluewater Global Advisors, LLC (Florida), outside closing date 1 June 2026
Term	99 years from 1 May 2026, extendable by up to two years on conditions precedent — among them Interior approval of the residential-land sale
Premises	Approximately 180 acres: Tract B (~32.3), Lots 24–25 (1.492), Flamingo Bay Villas lots (1.194), and additional lettered areas (~144.2–146.4 by instrument version; see Section 13). Catchment Area (~3) and Tract C at Honeymoon Beach (~11.9) removed and reverted to the Government

TERM	PROVISION
Rent	$120,000 per year after construction; $240,000 from the tenth anniversary of the Effective Date (the twentieth in the May instrument); plus 5% every five years from the twenty-fifth. During construction, $1,000 per month — until completion, or until the 60-month construction period that begins only once permits are obtained and construction financing closes has run out (§ 3.2; 2014 lease § 4.04). The 2014 lease's outside date of 31 December 2024 is not carried forward
Investment	Minimum $300,000,000, including approximately $40 million of infrastructure — raised from the $140,000,000 contemplated under the original lease
Performance bond	$3,000,000, due 60 days after legislative approval; reducible to $2 million at construction commencement and $1 million at substantial completion, as milestones are met
Government share	6% of the gross purchase price of each residential unit sold, plus transfer and stamp taxes
Acquisition option	Approximately 55 acres in fee simple, conveyed incrementally as residential units sell, by special warranty deed through escrow
Conveyance authority	Upon the Approving Act, the Commissioner executes and records those deeds with the Governor's written approval and **without any further legislative act**; the recorded deed is "conclusive evidence" for bona fide purchasers that conditions were met

TERM	PROVISION
Contingencies	The previously waived Interior-approval contingency is reinstated and extended to the entire premises, together with DPNR submerged-lands approval and the lessee "obtaining the benefit of, and receiving certification for," the territory's EDC, tax-increment and hotel-development programs, "in form and substance to Lessee's reasonable satisfaction"
Program	88-key hotel — reduced from the original program's 157 keys, which comprised 122 guest rooms and suites plus 35 hotel-serviced villas — marina at Flamingo Bay, approximately 90–92 branded residences, workforce and employee housing, retail village, public-service facilities
Reinstatement and Amendment to Lease No. BCT-383, §§ 1.1.1, 1.3, 1.5, 2.2–2.5, 3.1, 3.3, 6.5–6.6, 7, 9.2; DPP justification memo, 15 May 2026; DPP testimony, 26 June 2026. "Reduced from 157 hotel keys to 88 hotel keys" is the Department's own written phrasing; the composition of the 157 — 122 guest rooms and suites plus 35 hotel-serviced villas — is from the developer's Executive Summary of 18 November 2014. The previous leasehold was 48.00 acres by the 2014 lease's own description; the enacting bill puts it at approximately 68.848 acres (see the box below). The amended premises are approximately 180 acres — an increase of about 3.75 times on 48 acres, or 2.6 times on 68.848. Against the island's total area of 491.5 acres, the leased premises represent roughly **36.6 percent of Water Island**. The conveyance-authority row above drew the sharpest institutional objection in the record: the Legislature's own chief counsel flagged it as legally unsupported, and a senator who ultimately voted to approve refused on the record to pre-authorize subsequent leases. Both are carried at Section 12.	

The 2014 premises: 48 acres or 68.848

Four sources put the 2014 leasehold at about 48 acres: the description printed at the head of every page of the 2014 lease ("Tract B consisting of approximately 33.1 U.S. Acres and Tract C consisting of approximately 11.9 U.S. Acres, and the Catchment Area consisting of approximately 3 U.S. Acres"); the Department's asset record (2,090,880 square feet, which is 48.0 acres); the developer's own 20 April 2026 resolution, describing the same three parcels at the same sizes; and the original-lease block of Exhibit B. The bill the Legislature passed, and the enrolled Act, say otherwise: Water Island Development Company "was leasing Tract B, Lots 24 & 25, Flamingo, Tract C and Catchment Area totaling approximately 68.848 U.S. acres."

What turns on it: whether the amendment nearly quadruples the land under lease (3.75 times, on 48) or a little more than doubles it (2.6 times, on 68.848). Both are given wherever the figure is used. **The recorded survey would settle it; this report does not choose.**

2014 Original Lease, page heading, as bound into the revised instrument LF-16ffcf8c0b0d (read on the page image); DPP FY 2026 Post Audit Analysis, lease register row for BCT-383; Resolution of the Class B Managing Members, 20 April 2026, in committee filing LF-a42f7e8d16d7 (read on the page image); Bill No. 36-0340, second WHEREAS clause; Act No. 9118, the same clause.

WHAT THE ATTORNEY GENERAL'S OFFICE FLAGGED, WHILE APPROVING

The transmittal that carried this instrument to the Governor approved it for legal sufficiency — and footnoted its own cautions. Four are worth the record. **Section 6.1** permits the lessee to construct a power plant, wastewater treatment plant, reverse osmosis plant and solid waste facilities on portions of the GVI Tract *not* covered by the lease, on free non-exclusive easements, "at no additional fee." The **term extension** of "up to" two years "does not identify who determines by how much of the two years the term is extended or the basis for that determination." **Sections 2.3 and 9.2** "purport to summarize 31 V.I.C. § 205(c)," a paraphrase that "may invite unintended consequences in the subsequent interpretation of that statute." And the **dispute-resolution chain** — a 60- day discussion period, an open-ended mediation, and a 15-day good-faith window with "no clear demarcation" of its end — "could frustrate efficient resolution," while the venue clause's "any other applicable court" language "could impede efforts to have the matter tried before a Virgin Islands court."

These are not this report's characterizations. They are the Government's own lawyers, writing to the Governor, in the transmittal that asked him to sign.

Attorney General's transmittal, 19 May 2026, A.G. File No. K-26-0175, footnotes 1–4 and accompanying text. CONFIRMED .

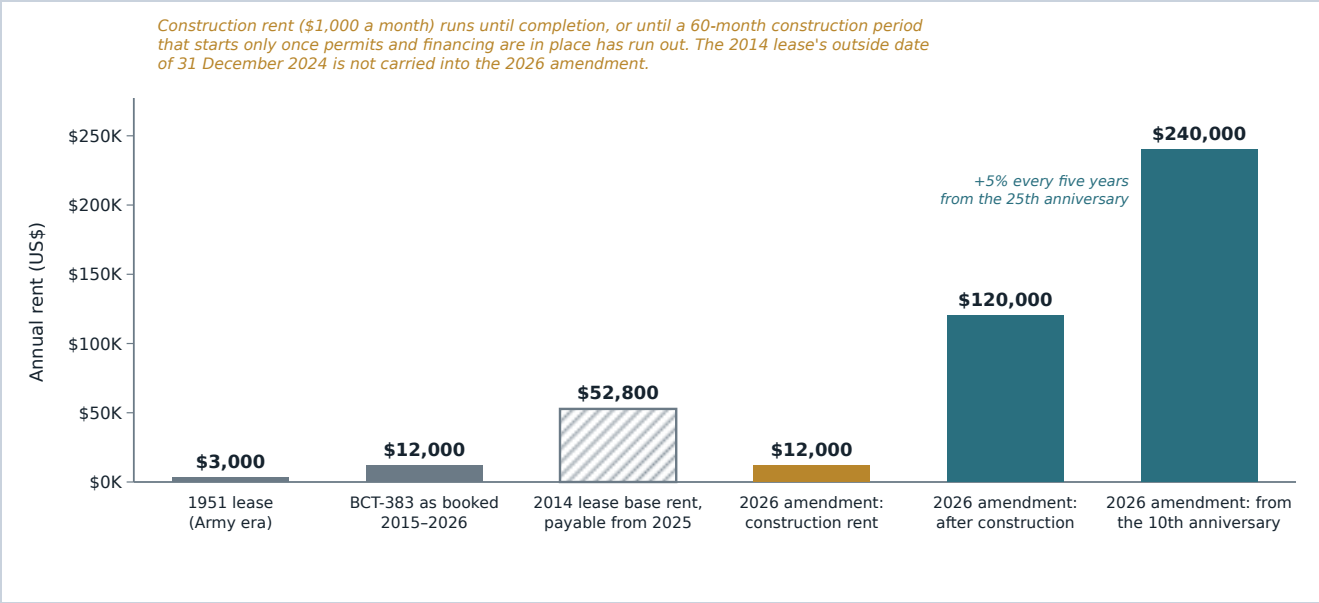


Figure 6. Annual rent for Water Island across seventy-five years. The 1951 figure is Walter Phillips' 1956 account of the original Army-era lease, recorded in IRF Case History p. 12. BCT-383's $12,000 is the construction-period rent the Department's register carries; the 2014 lease's base rent of $52,800 was payable once construction ended or on 31 December 2024; the 2026 figures are the revised instrument's § 1.1.1, which steps to $240,000 on the tenth anniversary of an Effective Date the instrument leaves blank (the May instrument said the twentieth).

SECTION 15

Section 9.20: sixty acres becomes twenty apartments

Rather than transferring land to the Housing Finance Authority, the revised instrument requires the developer to build twenty condominium units on a parcel identified as **Tract K**. Each is two bedrooms, one bathroom, approximately 768 square feet of living space. Ten are offered to eligible veterans and ten to eligible middle-income Virgin Islanders, at $250,000 each. Eligibility is determined solely by the government. The exclusive offer runs two years from the certificate of occupancy. Upon performance, the lease provides that the obligations under Acts 6751 and 7321 "shall be deemed fully satisfied and cured."

Revised instrument, Section 9.20, read in full within committee filing LF-16ffcf8c0b0d. The provision appears only in the revised instrument, not in the May instrument the Attorney General transmitted; see Section 13. Act No. 9118 approves the revised instrument; the section number is that instrument's, pending a certified copy.



Figure 7. The substitution, drawn to scale by area. Sources: Act 6751 § 1; Act 7321 § 1; Section 9.20 of the revised instrument. Arithmetic: 20 × 768 sq ft = 15,360 sq ft = 0.3526 acres; 30% of 200 acres = 60 acres = 2,613,600 sq ft; ratio 170.16 : 1.

THREE WAYS THE OBLIGATION CAN EVAPORATE

One. If the federal deed restrictions that would allow the units to be sold outright are not removed after "reasonable efforts," the developer's obligation to sell them becomes null and void — while the same instrument has already declared the statutory obligations satisfied.

Two. After the two-year exclusive window, units that remain unsold may be placed on the open market, or absorbed into the developer's own employee housing program.

Three. Tract K, the parcel on which they are to be built, cannot be located in the public record. See Section 16.

Veterans and everyone else

The comparison is not one-directional. Under the statutes, veterans were entitled to fifteen percent of the set-aside. Under the lease they receive half the units. Their proportional share rises. Their absolute share collapses — and the moderate-income share collapses further.

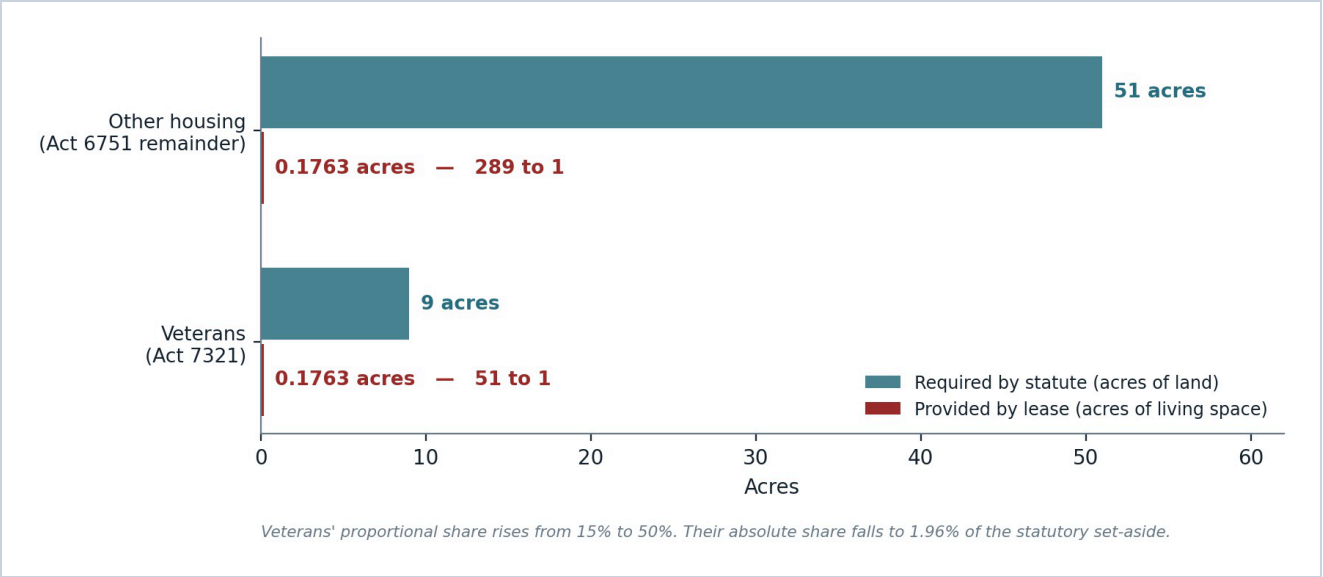


Figure 8. The statutory set-aside compared with what Section 9.20 provides, separated by beneficiary. The statutes obligate *land*; Section 9.20 obligates *structures*. See the caveat below.

AN IMPORTANT LIMIT ON THIS COMPARISON

Acts 6751 and 7321 obligate **land**. Section 9.20 obligates **buildings**, and 768 square feet is interior living space — not building footprint, not lot, not parcel. The land beneath and around the twenty units is certainly larger than 0.35 acres (0.14 ha). The lease does not state the acreage of Tract K, and this report does not estimate it.

The honest comparison is therefore of the *substitution*: an obligation measured in acres of land was replaced by an obligation measured in units of housing. How much land actually changes hands is a question the lease leaves open.

Two further figures follow from the lease's own terms. At $250,000 for 768 square feet, the units are priced at $325.52 per square foot. Twenty units at $250,000 total $5 million, which is 1.67 percent of the $300 million minimum investment.

SECTION 16

Where is Area K?

The Office of the Lieutenant Governor's Geospatial Information Systems Division publishes a parcel database for the whole territory. It carried **65,587 parcels** when queried on 8 August 2026 — a total confirmed by direct query of the service — was published on **21 August 2024** — the item's creation and modification stamps fall six minutes apart that day, and the catalog entry had not been modified when read on 8 August 2026 — and is a public feature service. For each parcel it records a tax parcel number, a parcel name, acreage, zoning, and the number of the registered cadastral map on which that parcel appears.

"Parcels of the Virgin Islands of the United States," item fe8753dec2c14a39adec5e6df2353cac, owner OLG.GIS, public feature service. 364 Water Island parcels — the rows of the island's 507 and 509 parcel-number series, a records-based definition; envelope-based counts vary from 332 to 407 with the geometry drawn, and the series definition is used throughout. Zoning across the island's rows: 261 W-1, 96 R-1 and 6 road parcels — the R-1 block being the Sprat Bay third, consistent with the 1996 EA. Counts and identifiers in this section were confirmed by direct query of the feature service on 8 August 2026; re-read on 9 November 2026, the layer held 65,657 parcels, and no Water Island row was named Area K, Tract K or Area J; the basis for each figure is stated where it is used, with limits at Section 23C.

Neither "Area K" nor "Tract K" appears in it. Both were tested directly against the parcel name field. The lease's own premises exhibit names Area K in a combined line — **"Area K & O 16.157"** acres — so the instrument prices K jointly with its neighbor and never states its acreage alone. Section 9.20 calls the housing parcel "Tract K." The two labels are treated here as the same ground unless the certified map shows otherwise, and neither can be found in the public parcel record.

Revised instrument, Exhibit B additional-acreage schedule; Section 9.20. The K/Tract-K identity is ANALYSIS , stated as such.

The residents put a use to the name. The community petition submitted for the June hearing states that housing for more than three hundred employees is "to be initially located on Area K," built before the resort itself, and the Catron submission from Sprat Bay makes the same sequencing point. If that is the construction order, the first ground broken under this lease would be broken on a parcel the public record cannot locate.

Community petition and Catron submission, June 2026 hearing record; see Section 20. ATTRIBUTED as to the construction sequence.

> **THE FINDING, PRECISELY STATED**
>
> The twenty apartments that the lease says will satisfy two housing statutes are to be built on a parcel called Tract K — and the first structures residents expect under this lease, employee housing for more than three hundred people, are described to the same ground. That parcel cannot be located in the territory's public parcel database.
>
> **This is not a claim that Area K does not exist.** The lettered Areas on Water Island are labels on a cadastral map sheet, not tax parcels — four of them, Areas L, M1, N and REM M, share the single tax parcel 507104010100. The database carries whichever labels were entered in its attribute table; it was never a complete index of the sheet's designations. Direct query makes the pattern definitive: across the island's 364 rows, only ten lettered designations exist at all — Areas L, M1, N, R, REM M and S, and Tracts A, B, C and E. Of the twenty-odd lettered areas and tracts the lease names, most have no database row of their own. Areas J and K are absent together, each tested under four spellings, each returning zero. The absence is systemic to the attribute table, not particular to Area K. Area K's land is therefore almost certainly inside one of the existing parcels. What is absent is any public record naming it. The map sheet is what names it, and the map sheet is not in the database.

The same is true of **Area J** — the parcel the deed places under Permanent Nondevelopment with a cultural restriction, and which Isaac Northup raised at the June hearing. It also does not appear in the parcel

database.

The registered maps, and where they are

Sixty-one Water Island rows cite the two 1998-registered cadastral maps, by direct tally of the map field — forty-eight cite the first, twelve the second, and one row cites both:

MAP	REGISTERED	PARCELS	COVERS
A9-508-T98	1998	48	Tract A · Tract B · Areas A, D, E, L, O, P, S, T, Y
A9-508B-T98	1998	12	Tract E · Areas M1, N, R, REM M · lots 73A, 96, 97, 115
A9-801-T014	2014	1	Tract C — Honeymoon Beach
A9-806-T014	2014	12	Sub-parcels within Tract B
D9-8947-T014	2014	1	Lot 112 — 2.88 acres

Registered map numbers follow the convention [letter]9-[sequence]-T[year of registration], with two-digit year suffixes through 1999 (T52 through T98) and zero-padded three-digit suffixes from 2000 (T003 through T023); registrations in the dataset as extracted span 1952 to 2023. 1998 remains the largest registration year on Water Island in the extracted set — consistent with the 1996 conveyances being registered locally two years later.

The database *cites* these maps; it does not contain them. The parcel layer carries no attachments, none of the seventy-two datasets published by the GIS Division is a map-sheet library, and the territory's own land administration server does not resolve from outside the government network. The sheets are registered instruments held at the Cadastral Division of the Office of the Lieutenant Governor.

Two things the cadastre does establish

Tract B was subdivided in 2014. The tax parcel containing Tract B carries a second registered map, A9-806-T014, with sub-parcels B-12 (7.3 acres), B-14 (6.578), B-15 (0.99), B-16 (0.21), B-17 (0.38), B-18 (0.04), B-19 (1.01, a road) and a right of way B-5 (0.19) — roughly 16.7 acres (6.8 ha) of surveyed sub-parcels. That map was registered in 2014. Lease BCT-383 was executed in December 2014. The revised instrument's Exhibit B itemizes Tract B in exactly this lot-by-lot form. The correlation is noted; no causal relationship is asserted.

There are two parcels named "112." One is tax parcel 507104010700, on map D9-7250-T003, of 1.111 acres (0.450 ha). The other is tax parcel 507201010200, on map D9-8947-T014, of 2.88 acres (1.17 ha). Which of the two is the Lot 112 the deed places under Permanent Nondevelopment is not established by the database. **This report therefore names Lot 112 without stating its acreage.**

Both rows are confirmed by direct query of the parcel database, which also returns a third, duplicate row of the 2.88-acre parcel carrying null map and acreage values.

UNRESOLVED as to which parcel the deed restricts.

A note on Tract C. The cadastre lists Tract C at 6.7 acres, against the lease's approximately 11.9. The adjoining parcel C-1, on the same tax parcel and the same registered map, adds 4.46 acres, for 11.16. The difference is one of definition rather than a contradiction, and this report does not treat it as one.

SECTION 17

What the government's own lease register shows

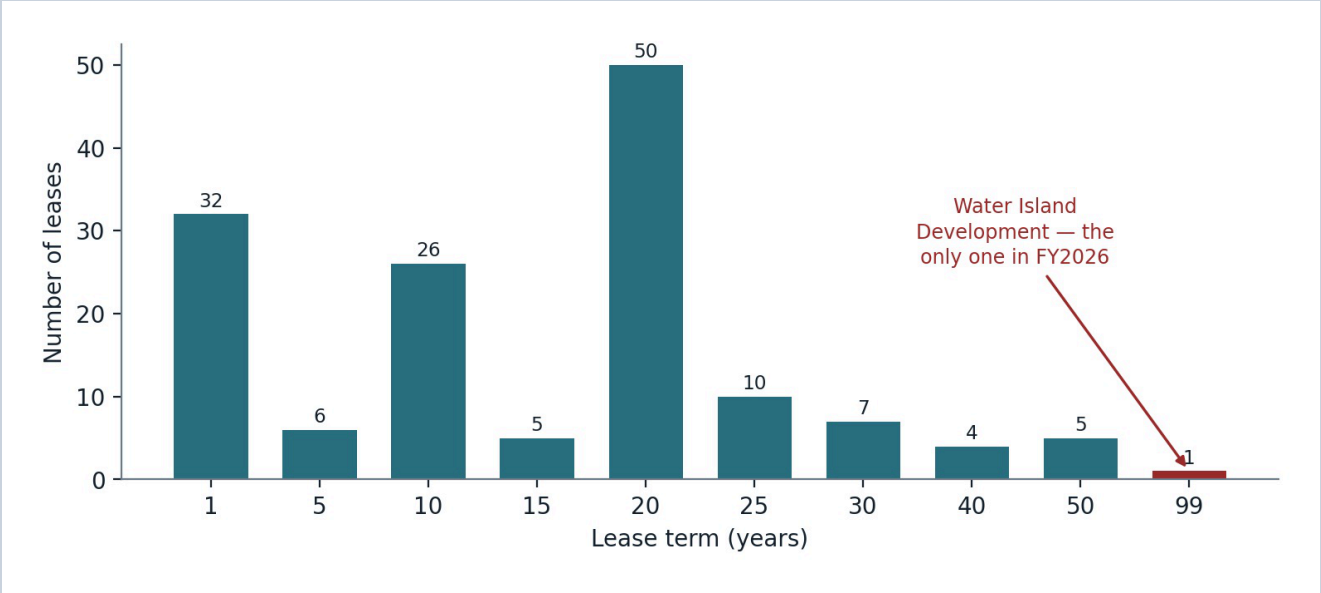


Figure 9. Lease term lengths in the Department of Property and Procurement's register, FY2026 — in which Water Island Development holds that register's only ninety-nine-year term. The FY2027 register adds a second, BCT 471 (Virgin Islands Museum of Art); see the finding table.

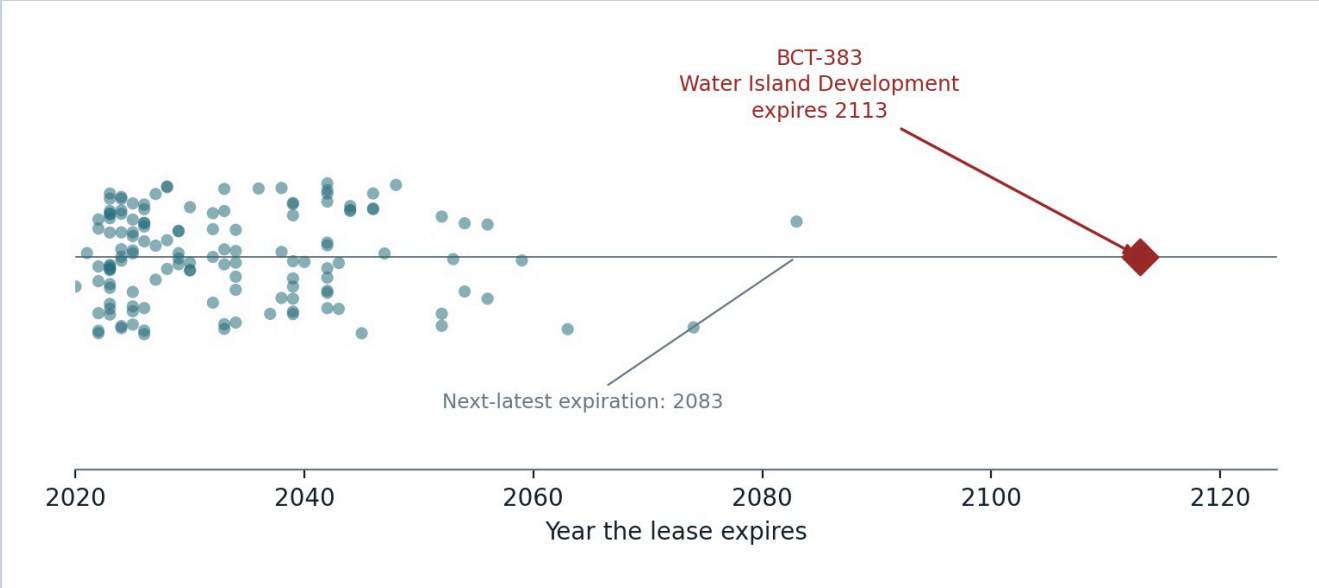


Figure 10. Expiration years in the same register. BCT-383 carries that register's only recorded expiration after the year 2100. The register's 2113 expiration predates the amendment: the amended term runs ninety-nine years from 1 May 2026 — to 2125, with an option of up to two further years — and the Legislature's chief legal counsel put the effective span of the 2014-to-2026 arrangement at closer to 113 years (Section 12). The FY2027 register's second ninety-nine-year lease, BCT 471, carries no recorded expiration.

MEASURE	FINDING	
99-year terms	FY2026 register: one — BCT-383. FY2027 register: two — BCT-383 and BCT 471, the Virgin Islands Museum of Art lease ratified April 2025, recorded at $1,200 a year with its expiration left blank	
Next-longest term	50 years (five leases)	
Recorded expirations after 2100	One — BCT-383 (2113). BCT 471's ninety-nine years from 2025 would run to roughly 2124, an expiration the register does not compute	
Next-latest expiration		2083
BCT-383 rent as recorded	$1,000 per month — one of sixteen leases at that figure	
Leases at exactly $10,000 per month	Two, out of 179 carrying a monthly figure	
Median annual rent in the register		$12,000

Department of Property and Procurement lease register, FY2026, as filed with the Legislature in the Department's budget submission. Figures independently recomputed for this report after de-duplication by lessee; register-derived totals and per-square-foot rankings that could not be reproduced from the underlying data are excluded entirely. Two denominators appear in

this section because the register carries two fields unevenly: 146 rows state a parseable term length — the base of Figure 9 — and 179 rows state a monthly rent figure; the counts describe fields, not different registers. The register covers leases administered by the Department of Property and Procurement; leases held by semi-autonomous instrumentalities — the Port Authority among them — sit outside it, and every superlative in this section is scoped to the Department's register as filed, by register year where the years differ. Basis note: an independent parse of a single register capture, restricted to BCT-numbered instruments, returns 86 rows with a median of $11,072 and a maximum of $144,000 — consistent with this section wherever the two overlap: BCT-383 at $12,000 and ninety-nine years, and the two $144,000 leases matching this dataset's two $12,000-a-month rows. The differing medians and row counts are artifacts of basis — one register year versus several, BCT instruments versus all, de-duplicated versus raw — and in that BCT re-parse the amended rent of $120,000 would rank third among annual rents, exceeded only by the two $144,000 leases, with the tenth-anniversary rent of $240,000 ranking first. The $12,000 is BCT-383's construction-period rate; whether the register's other rows report base rent or amounts billed is not established, so this comparison is provisional.

SECTION 18

What the land is worth

No appraisal of the leased premises appears anywhere in the record — not in the lease, not in the transmittal, not in the register. Version 3 of this report could state only that absence. The absence can now be evidenced.

The government buys appraisals. It did not buy this one.

The territory's own vendor-payment checkbook records **seventy appraisal purchases totaling $239,648.50 across nine appraisal firms from FY2023 through FY2026**. Eighteen of those purchases fall in the twelve months before the 4 August vote: sixteen by the Department of Property and Procurement and the Department of Public Works, two by the Department of Planning and Natural Resources. Where a payment line names its subject, it is another parcel: lots in Estate Paradise and Estate St. Peter, on King Street and Hospital Street, road plots. **Not one names Water Island.**

Government of the Virgin Islands vendor-payment data, FY2023–FY2026, appraisal-classified payments, compiled for this report. Departments as the checkbook's organization field records them (its department field is empty on 13 of the 18); counts as the checkbook stood when queried on 8 August 2026. Limits: the figures are drawn from the four fiscal years queried, FY2023 through FY2026 — the years surrounding this transaction. The territory's Open Finance checkbook has published payment data since roughly 2016, but the investigative warehouse behind this report begins at fiscal 2023 — its earliest row is 3 October 2022 — so extending the query to earlier years requires the Department of Finance archives or a records request. An appraisal commissioned in the 2014 lease cycle predates the portal's coverage entirely. The payment-record queries were run twice, independently, with identical results — seventy payments, $239,648.50, none naming Water Island — distributed thirty-six in FY2023, four in FY2024, eighteen in FY2025 and twelve in FY2026. An appraisal paid for by the lessee, or performed in-house, would not appear in any year. The finding is that no *government-purchased* appraisal of Water Island appears in the payment record for the four fiscal years queried.

The lease contains a valuation formula. It is not applied to Water Island.

The instrument's only appraisal language is prospective, and applies to ancillary parcels on St. Thomas — a barge terminal parcel to be valued, when acquired, at fair market value using a **five percent capitalization**

rate. The lease therefore states, on its own face, the arithmetic relationship the Government accepts between rent and land value: annual rent equals five percent of value.

Run that formula backward on the actual premises. The rent is $120,000 a year. At the lease's own five percent rate, $120,000 capitalizes a value of **$2.4 million**. Across approximately 180.2 acres (72.9 ha), that is roughly **$13,300 an acre** — for as long as the $120,000 base rent applies, before it doubles on the tenth anniversary of the Effective Date.

Reinstatement & Amendment, ancillary-parcel appraisal provision; arithmetic: $120,000 ÷ 0.05 = $2,400,000; ÷ 180.2063 acres = $13,318. ANALYSIS — the lease does not perform this calculation; this report performs it using the lease's own rate, and labels it an implied figure, not an appraisal.

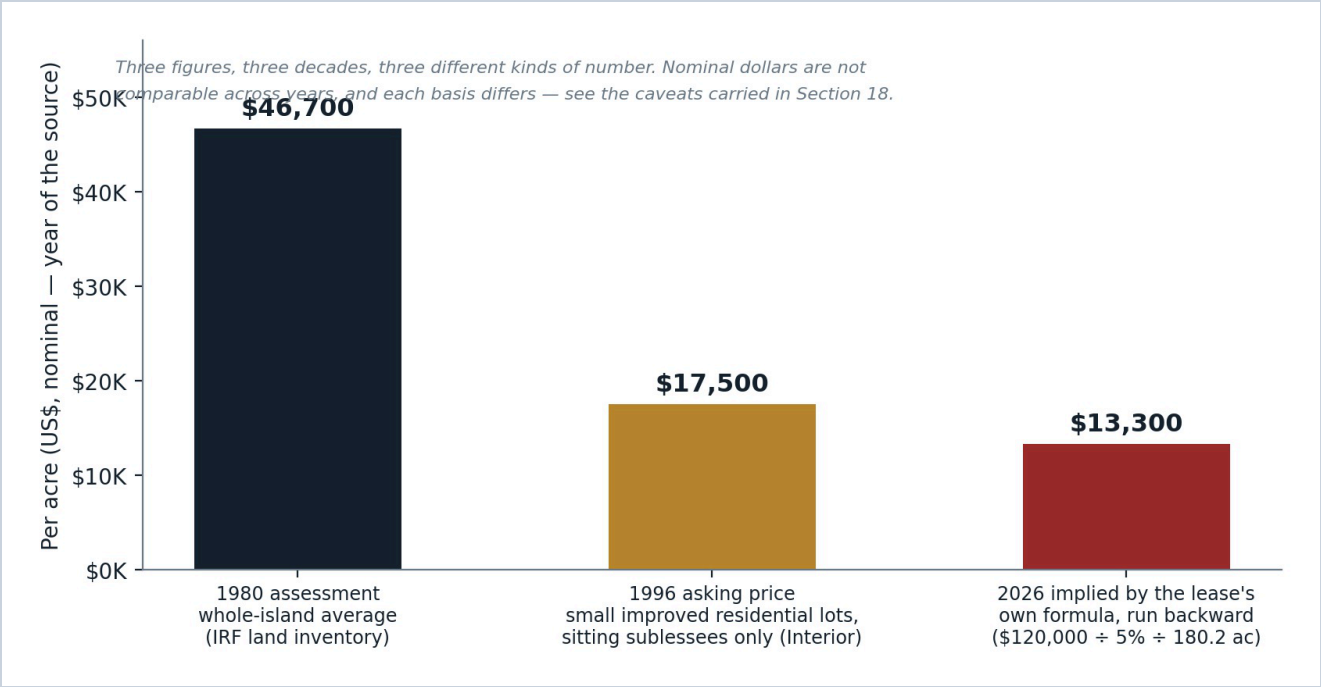


Figure 11. Three per-acre figures from three decades. 1980: the IRF land inventory's whole-island assessed average (Section 4). 1996: Interior's asking price for small improved residential lots, offered to sitting sublessees only (Section 6). 2026: the value implied by running the lease's own five percent capitalization rate backward over the premises. Nominal dollars; the bases differ; no inflation adjustment is applied because the comparison of unlike instruments is the point being illustrated, not concealed.

Each figure carries its caveat. The 1980 average includes improved sublease land the 2026 lease does not cover. The 1996 price was for small improved lots, restricted to sitting sublessees, in 1996 dollars. The 2026 figure is implied, not appraised, and values the leasehold's rent stream rather than the fee. What the three figures establish together is not a valuation. It is that **nobody in this record has produced one** — across forty-six years, for the largest land transaction in the territory's current lease register.

> **THE DEPARTMENT'S ANSWER, IN FAIRNESS**
>
> Asked how the Government valued the land, the Department did not claim an appraisal. In its written testimony for the June hearing, the Department stated that it evaluated the amendment "based on the total economic package and long-term public benefits" rather than "the standalone value of the unimproved land" — pointing to the $300 million committed investment, the six percent participation in residential sales, taxes, and the infrastructure the lessee assumes. That is a coherent position, and Section 21 carries it in full. It is an argument about why an appraisal was unnecessary. It is not an appraisal.

DPP written testimony, 26 June 2026, quoted at its wording — which is why the phrase does not appear in news accounts of the hearing. ATTRIBUTED as to the Department's valuation rationale; the closing two sentences are ANALYSIS .

SECTION 19

The custodian question

The recorded deeds and the registered cadastral maps are held by the same office: the Office of the Lieutenant Governor, which houses both the Recorder of Deeds and the Cadastral Division. Four facts about that office belong in this record.

The 1980 study drew its entire ownership table from a "Water Island" file at the St. Thomas Recorder of Deeds. The file exists and has been used by researchers before.

The parcel database that office publishes cites registered cadastral maps it does not contain, and its own land administration server is unreachable from outside the government network.

The territory's Public Surveyor, Wayne Callwood, retired in February 2026 during a second misconduct investigation — the Lieutenant Governor's office had opened its own inquiry — after the Board of Architects, Engineers, and Land Surveyors barred him from using his license for six months, with a year's probation and an ethics course, for using another surveyor's seal — engineer Francisco Nadal's — on private surveys. Assistant Attorney General Daniel Morris argued that professional seals "are invested with a public trust"; the Superior Court, Judge Denise Francois presiding, affirmed the Board's decisions.

Title 33 of the Virgin Islands Code, section 2362, requires that office to assess the territory's cadastral and land records consistent with the 1916 Convention with Denmark, produce a strategic plan, and publish findings every five years. (The codified text is held for this report; re-verification against the enrolled statute is pending — Section 23C.)

The treaty reference is not incidental. Water Island's chain of title runs directly through Danish colonial ownership — Tamaryn, the Daniel family, the East Asiatic Company, and the 1917 transfer of the Danish West Indies. Section 2362 names the instrument that governs exactly that kind of chain.

WHAT THIS REPORT DOES AND DOES NOT SAY

This report makes **no claim** that the Water Island title is defective. The 2005 quitclaim deed has been read in full and its property descriptions, covenants and schedule are internally coherent. What this section records is narrower: the recorded instruments are held by an office operating under the circumstances above, and no part of the public record shows that anyone asked whether those circumstances touch these parcels.

SECTION 20

The case against approval

The 2020 Census counted 164 people in the Water Island subdistrict of the St. Thomas Island district — a count that also takes in Hassel Island. The petition submitted to the Legislature for the June hearing carries **162 signatures**. Whatever else is contested about this lease, the breadth of the community's formal objection is not: the signatories approach the entire resident population, drawing in off-island owners and family. The Department's own testimony used the same census figure.

Community petition, June 2026 hearing record; U.S. Census Bureau, 2020 Island Areas release (Water Island subdistrict, down 18 people to 164); DPP testimony, 26 June 2026 ("Water Island has a population of approximately 164 residents"). The petition's header misprints the hearing year; its addressee and subject are the 26 June 2026 hearing.

Assembled from the record, the case against approval runs in five registers. Legal authority: the Legislature's own chief counsel called the additional-site-lease and residential-conveyance provisions legally unsupported, and a senator who ultimately voted yes refused on the record to pre-authorize subsequent leases (Sections 12 and 14). Valuation: no appraisal of the premises appears in the instrument, in the Department's testimony, or in four fiscal years of the government's own payment record (Section 18). The housing substitution: twenty condominium units offered in satisfaction of a sixty-acre statutory set-aside (Section 15). Developer diligence: residents asked the Legislature to evaluate the leaseholders themselves before acting — a question this report holds under continuing review. Process: residents describe the review as rushed and opaque, in the testimony below. This section carries the objectors in their own words; Section 21 carries the deal's makers in theirs. The report argues neither.

The petition's grounds are procedural and specific rather than rhetorical. It asks the Legislature not to ratify until the community is "meaningfully engaged," describes the process to date as the cart before the horse, and states the sequencing concern carried in Section 16: employee housing for more than three hundred workers, initially located on Area K, built ahead of the resort. It asks who bears the cost when leased facilities overlap with services the deed obliges the Government to provide, and it asks for transparency about any effort to alter the federal deed restrictions.

Dr. Stephan Bitterwolf, a Water Island resident and marine scientist, submitted testimony that credits before it criticizes — he calls the pyrolysis waste plan, the employee village and the LEED commitments

genuine improvements — and then makes four checkable claims. The original developers, he writes, had more than eight years, free of COVID restrictions, to initiate construction "but did nothing besides collect rent"; the amendment triples the land area slated for development; the bond is about one percent of the committed investment; and the Government's six percent participation keys to gross sale price, not appraised value. The instrument bears him out where it can be tested, and in one place exceeds him: the premises rise about 3.75 times on the lease's own 48 acres — more than his triple; 2.6 times on the bill's 68.848 (Section 14) — three million is one percent of three hundred million, and Section 2.5 fixes the participation to "gross purchase price." His remaining claim — that Section 5.2's mooring fields at Druif and Flamingo Bays would put roughly thirty vessels over the pond ecosystems he studies — is half instrument and half projection: Section 5.2 does authorize mooring fields in both bays; the vessel count is his estimate. His characterization of the prior period is his own; what the record establishes is that nothing was built. In oral testimony as reported, he went further, calling the housing substitution a trade of prime public land for "20 shipping-container condos."

Testimony of Dr. Stephan Bitterwolf, 26 June 2026, quoted at his wording; oral-testimony characterizations as carried by the Virgin Islands Daily News and St. Thomas Source; Reinstatement & Amendment §§ 2.5, 5.2. Instrument checks CONFIRMED ; the rent characterization and vessel count ATTRIBUTED .

Mike and Karen Catron, Water Island homeowners, asked the Committee of the Whole to remove the lease from consideration at the 26 June meeting, pending "a thorough evaluation of both the lease terms and the leaseholders themselves." Their letter raises the developer-diligence question this report holds separately: the background of the restructured lessee team is under continuing review and is not treated in this report.

Catron submission, June 2026 hearing record, signed "Mike and Karen Catron." ATTRIBUTED .

The Legislature's own witness list for 26 June frames the two sides as the institutions saw them: for the Government, Commissioner Lisa Alejandro's office, appearing through Assistant Commissioner Vincent Richards; for the lessee, Steven Miller of Bluewater-Global Advisors and counsel Alex Moskowitz of Dudley Newman Feuerzeig; for the community, Chuck Nestrud, Rachael Ackley and Isaac Northup of the Water Island Civic Association and Sprat Bay, and Dr. Bitterwolf. Nestrud's summary line to senators — the lease "extends from one end of the island to another" — is literally accurate against the premises exhibit.

Committee of the Whole notice, Bill Request No. 26-1154; hearing testimony. The Department's outreach account is at Section 21.

SECTION 21

The case for approval

What follows is the deal's case as its makers put it on the record, in their words and figures — the mirror of Section 20.

The government's position is that the amended lease is materially better than the agreement it replaces, and that what it proposes is what the deed contemplates. Much of that is correct on the face of the instruments — and the deed's deeming sentence belongs at the front of it: **"the operation of a hotel or**

tourist resort on the property shall be deemed a public purpose." The resort is not a departure from the deed. It is the use the deed anticipated, on the tract the deed anticipated it on.

Base rent rises to $120,000 a year after construction. The Department's register has carried the lease at $12,000 a year, the 2014 lease's construction-period rent of $1,000 a month; that lease set its base rent at $52,800, payable once construction ended or on 31 December 2024, whichever came first. Under the 2026 amendment, base rent rises to $240,000 on the tenth anniversary of the amendment's Effective Date — a date the executed instrument leaves blank — with 5 percent increases every five years from the twenty-fifth. Both May packages said the twentieth anniversary; the July revision moved it to the tenth, worth up to about $1.2 million to the Government. The same revision deleted Section 1.4.3, which would have pre-authorized site leases of up to two St. Thomas parcels, for barging and a heliport, without a further act of the Legislature. Section 1.4.1, which lets such a parcel be added to the premises when the parties agree, remains, and the Legislature's counsel noted that similar language remained in Sections 2.3 and 9.2.

Revised instrument LF-16ffcf8c0b0d, § 1.1.1, printed p. 2 ("tenth (10th) anniversary"); committee filing LF-a42f7e8d16d7 and the Attorney General's transmittal package, § 1.1.1, printed p. 2 ("twentieth (20th) anniversary"); § 1.4.3 in the May text and its absence in July; 2014 Original Lease §§ 3.01–3.02 as bound into the revised instrument — each read on the page image. Bill No. 36-0340, Drafter's Note. The enrolled Act recites the tenth-anniversary terms as those the Governor approved on 28 May 2026; the instrument he signed that day says the twentieth. CONFIRMED as to each text; the $1.2 million is ANALYSIS: ten years at $120,000, in nominal dollars, realized only if the construction rent period ends before the tenth anniversary.

Honeymoon Beach and the catchment area return to government control. Under the 2014 lease, Tract C was inside the leasehold. It is now out — roughly fifteen acres (6.1 ha) reverted.

A $3 million performance bond is due within sixty days of approval. The 2014 lease carried no comparable trigger, which is part of why nothing was built for eleven years without consequence.

$300 million in committed private investment — a contractual minimum floor, more than double the $140 million under the original lease, with the developers putting the project total between $400 million and $440 million — including approximately $40 million of infrastructure. The deed obliges the Government to maintain much of that infrastructure; the lease shifts a substantial part of the cost to a private party, and reserves built space for the Water Island Administrator, police and fire services at the lessee's expense.

The hotel is smaller than first proposed. Between transmittal and hearing the program was rebalanced from 157 hotel keys to 88, with the difference moved toward residences — a change the Department presented as responsive to review.

The revenue projections are stated, and checkable. The Department projects roughly $4.9 million a year in hotel occupancy tax on the 88 keys at 65 percent occupancy and a $1,900 average daily rate; approximately $16.56 million in six-percent participation if ninety-two residences sell at an average $3 million; about $8.28 million in transfer stamps on the same sales; and approximately $25 million in payments to the Government across the initial period. These are the Department's projections, stated in its May justification memo — the memo's own term for the $16.56 million is "direct participation revenue."

Developer counsel Alex Moskowitz presented matching figures at the June hearing, styling the participation as residential sales commissions, and added counsel's own projections of roughly $2 million a year in property taxes and two hundred jobs averaging $75,000 in salary.

Three global hotel brands put interest in writing. Non-binding expressions of interest from Hilton (Louis Journel, 6 February 2026), Hyatt for the Park Hyatt brand (Camilo Bolaños, 9 February 2026) and Marriott for St. Regis (Paula Cerrillo, 20 February 2026) are in the transmittal package — evidence, as far as it goes, that the program is bankable interest rather than rendering.

Public access is written into the plan the Department presented — the Landing parcel with the post office becomes a non-exclusive part of the premises with paved public parking and public restrooms built at the lessee's cost, and the Department told senators no beach access is lost.

The outreach record is not empty. The Department documents a virtual town hall made available to approximately two hundred interested residents and stakeholders — notice run through the Governor's office and Water Island Administrator Colette Monroe — with roughly seventy attending, and it answered senators' pre-hearing questions in eighteen pages of writing.

The sixty acres were never transferred anyway. Twenty-one years, four governors, and Act 6751 made that duty expressly subject to federal conditions the territory did not control — conditions that, per the deed's own schedule, place substantial parcels beyond development altogether.

The hotel site has been rubble since 1989 — thirty-seven years — and no other party has come forward with three hundred million dollars.

DPP justification memo, 15 May 2026; DPP testimony, 26 June 2026; transmittal package (EOI letters and plan pages); Reinstatement & Amendment §§ 2.2, 3.1, 3.3, 6.2, 7. Projection arithmetic recomputed and consistent with the Department's figures.

Assistant Commissioner Vincent Richards described the amended agreement as "a substantially stronger agreement for the territory than the original agreement." Against that, the Water Island Civic Association's president, Chuck Nestrud, told senators the lease "extends from one end of the island to another." Both statements can be true at once. That is the difficulty the Legislature was asked to resolve, and it resolved it eleven votes to three.

SECTION 22

What remains unanswered

1. **Does a written agreement under § 2C of the 1996 Contract of Sale exist?** Without one in effect before any sale, proceeds from selling Water Island land are payable to the United States. The Department's condition-precedent answer addresses conveyance approval, not proceeds. This remains the single most consequential unanswered question in the file.

2. **Does the instrument the Act approves match the revised instrument in the committee record — and was the Amended Exhibit B filed?** The Legislature's bill-tracking record shows the measure transmitted to Governor Bryan on 5 August 2026 and **enacted on 7 August 2026 as Act No. 9118**, under Governor's No. G36-072, and it now serves the enrolled Act, which approves "the revised Reinstatement and Amendment" for 180.21 acres (72.93 ha) "as described in the Amended Exhibit B." The Act attaches neither, and no stage of the bill's tracking history, now fifteen, publishes a document.
3. **Who authorized execution of the revised instrument for the lessee**, given that the only signing authority in the record is confined to the May form and expired no later than 1 June 2026?
4. **Does the 10 July 2025 rescission communication exist**, and in what form? The cure-window question turns on it — and the Legislature's own chief counsel told senators no evidence of cure had been presented.
5. **In which forum was the 4 August vote taken?** The Legislature's June release says members cannot vote in Committee of the Whole; the contemporaneous accounts say the approval was taken meeting as one. The session record answers this.
6. **Where is Area K, and what is its acreage?** The Cadastral Division can answer this from the registered map sheet.
7. **Has the Department of the Interior responded** to the territory on the amended lease and the fee-simple option?
8. **Was the trust fund contemplated by the 1996 transfer ever established** — and if so, will this lease's proceeds be credited to it?
9. **Did the Secretary of the Interior ever deliver the options report Congress ordered in 1986?**
10. **Was any fair market appraisal of the roughly 180 acres ever performed?** None was purchased in the territory's own payment record, FY2023–FY2026.
11. **Where is the 2006 final report, and did it ever reach the Committee on Housing, Sports and Veterans' Affairs?** Eight authors are named in Section 10.
12. **Did the Housing Finance Authority ever receive, request or account for the sixty acres?**
13. **Which of the two parcels named "112" is the Lot 112 the deed restricts?**
14. **Was the 2014 subdivision of Tract B carried out for the lease?**
15. **Has the assessment required by 33 V.I.C. § 2362 ever been performed?**

THE RECORD

What it took to read the record

One more finding belongs to this report, and it is about the report itself.

The tax roll that names Peter Tamaryn — the free Black man who in 1806 may have owned the whole of Water Island — can be read tonight, free, from a phone. The Danish National Archives digitized roughly five million image files of the colonial record of these islands and put them online for the 1917 transfer centennial. Since 2023, two retired Danish archivists — former National Archivist Asbjørn Hellum and former city archivist Ruth Hedegaard — have been working on St. Thomas and St. Croix as volunteers, scanning the records Denmark left behind and delivering copies to the territorial government and to Copenhagen. The federal half of this story is online as well: the 1952 Act of Congress, the 1996 hearing transcript, the environmental assessment, the Army Corps' entire Fort Segarra administrative record.

The territorial half is the gap. Assembling this report required working around, in order: a land-records portal that answers 410 Gone, and a successor behind a login; a land administration server that does not resolve from outside the government network; a public parcel database that cites the registered maps naming the lettered Areas and does not contain them; a 2006 study surviving as twelve objects in a single archive crawl of a dead university host; a legislative caption archive that ends on 2 August; and, for the decision itself, no certified roll call posted and, until some time after 11 August, no enrolled text posted. Government House has posted the May version, with the Governor's 19 May transmittal letter, on vi.gov since 2 June 2026 (byte-identical to the archive's LF-bae4d4555208); the revised version the Act approves survives in public only as a capture in a citizen-built document archive — vi.gov's media library, searched 6 November 2026, holds no copy of it. Disclosure: that archive is maintained by the author. The captures are cited because they are the only public copies, and each carries its source address so any reader can pull the same pages.

What the territory does publish deserves its credit: the parcel feature service, the lease register filed with the budget, the vendor-payment checkbook, the statute archive, the Legislature's press releases. Those datasets did real work in this report. The asymmetry stands anyway, and it is not an accident of age. Records are online when an institution decides they should be. Denmark decided in 2017. Congress decided decades ago. For the largest commitment in its own lease register — approximately 180 acres of public land, for ninety-nine years — the operating government has enacted the lease — Act No. 9118, 7 August 2026 — in a three-page Act that approves an instrument it does not attach. The Act itself appeared on the Legislature's bill-tracking page some time after 11 August; the instrument it approves, and the Amended Exhibit B that defines the land, are not attached to it, and the bill's tracking history publishes no document at any of its fifteen recorded stages. A resident with a phone can verify the 1806 chain of title on Water Island more easily than the 2026 one.

Nothing in this report required extraordinary access. Everything in it is public. Almost none of it is published.

The public records this report relies on — all of them that may lawfully be rehosted — are archived at **USVIPublicRecords.com**, in **The Document Vault**. The Vault's rule is strict by design: it holds public records and nothing else, so copyrighted works among the sources — press coverage among them — are cited to their publishers and remain at their own homes. The archive is the author's own, maintained for exactly this purpose, and the distinction it carries matters: the Vault is access, not authority. Citations in this report run to the originating custodians — the National Archives, GovInfo, the Corps' digital collection, the Island Resources Foundation's legacy site, the Legislature's files — and the archive exists so a reader can check them without repeating the collection work.

Rigsarkivet (Danish National Archives), Danish West Indies digitized collections, online since 2017 (~5 million image files); Digitizing Danish West Indian Archives project, 2023– present (dwiarchives.com); the territorial access findings above are each documented, with method, at Sections 10, 12, 13, 16, 19 and 23 of this report.

SECTION 23

Sources, and documents not found in the digital record

How claims are classified

CONFIRMED Established by a primary instrument, an enrolled statute, or an official record. ATTRIBUTED A named person or entity said it; the saying is established, the substance is not. UNRESOLVED Sources conflict, or the record is silent. A document existing in the record is CONFIRMED; what that document asserts may only be ATTRIBUTED. Analytical steps performed by this report on confirmed texts are labeled ANALYSIS at the point of use.

Throughout this report, a document described as not found or not located means not found in the digitally accessible public record — the method the subtitle states. Paper originals may exist with the custodians named in each entry; where a records request has been prepared, the entry says so.

Held documents in the tables below are archived at USVIPublicRecords.com, in The Document Vault, with document identifiers linking to the archive where one exists; citations run to the originating custodians. Every negative in these tables was re-tested on 10 August 2026 across the full held corpus — the published archive of 13,465 documents, the staged text store, the federal-record extractions, and the native-resolution package scans — with every candidate hit opened before classification. Twenty of the report's negative claims were re-tested on 29 August 2026 against 83,809 indexed documents; no document listed below as not located was found.

A. Primary documents relied on

SOURCE	USED FOR
Attorney General's transmittal package, 19 May 2026 (A.G. File K-26-0175; OLC No. 0173-2026), 169 pp. at native resolution: the May instrument, DPP justification memo of 15 May 2026, Class B Managing Members resolution, Articles of Amendment (2014), Governor de Jongh's 2014 letter to Interior, hotel-brand expressions of interest, plan pages	Sections 8, 11–14, 21: the May instrument's terms and premises; the corporate sale and Miller's signing authority; the AG's flagged concerns; the EOI letters; the 2014 correspondence
The revised instrument and committee filing, 156 pp. (usvipublicrecords.com/doc?id=LF-16ffcf8c0b0d): revised amendment with Section 9.20 and executed signatures, revised Exhibit B, both quitclaim deeds, the 2014 Original Lease, the rescission-confirmation letter of 24 June 2026	Sections 7, 12, 13, 15, 16: the deed read in full; Section 9.20; the revised premises; the two rescission dates; the two-instrument comparison

SOURCE	USED FOR
Committee capture of the May instrument, 160 pp. (LF-a42f7e8d16d7)	Section 13: confirmation that the May text also entered the committee record
Governor Bryan to Senate President Potter, 10 July 2026 (LF-0db322d9fc4f)	Section 12: transmittal of the revised instrument for ratification; "approximately 180 acres"; removal of the Catchment Area and Tract C
DPP testimony, 26 June 2026 (Assistant Commissioner Vincent Richards), with the Department's premises recital and written answers	Sections 8, 12, 14, 18, 20, 21: the Department's positions, projections, outreach record, and valuation rationale
Legislature of the Virgin Islands: Committee of the Whole notice and witness list (Bill Request No. 26-1154); June 2026 press release on the Committee of the Whole	Sections 12, 13, 20: the hearing record; the no-vote-in-Committee rule
Community petition (162 signatures); testimony of Dr. Stephan Bitterwolf; Catron submission, June 2026 hearing record	Sections 16 and 20
Quitclaim Deed, 29 March 2005, United States (Interior, Office of Insular Affairs) to the Government of the U.S. Virgin Islands; and the ~50-acre public-use quitclaim deed (1979 BLM map rev. July 1996)	Sections 6 and 7 entire: parties, consideration, the covenant bargain, Covenants 5(a) and 5(c), covenant schedule, environmental conditions, recording
1996 Contract of Sale, §§ 2B and 2C, as quoted in the Governor's letter to the Secretary of the Interior, 19 November 2014, and in DPP's 2014 memorandum	The proceeds clause; the $3.325 million federal remediation commitment
Bureau of Reclamation, Final Environmental Assessment and FONSI, Transfer of Water Island (May 1996)	Sections 1, 4, 6, 7: the San Jose Project record; PL 96-205; the lessee's self-termination; the trust-fund passage; Attachment C restrictions; the transite catchment

SOURCE	USED FOR
U.S. Army Corps of Engineers, Fort Segarra administrative record: 2002 Archives Search Report; 2006 EE/CA Action Memorandum and 2020 Proposed Plan (both publicly available in the Corps' digital collection); Decision Document signed 28 September 2021; 2022 closeout fact sheet; DPNR concurrence 10 December 2020	Section 1: the chemical record and its closeout
U.S. House, *Virgin Islands, Guam, and Northern Mariana Islands Issues* , Serial No. 104-94, sitting of 24 July 1996 — testimony and prepared statement of Allen Stayman; questioning by Delegate Victor Frazer; the Interior Inspector General's written answers of 9 July 1996, reproducing PL 96-205 § 402; Congress.gov bill record, H.R. 3721 (104th Cong.)	Sections 4 and 6: the § 402 text; the $17,500 asking price; the $7.5 million settlement; the three-phase disposal; the fate of H.R. 3721
Contemporaneous accounts of the 4 August 2026 vote: Virgin Islands Daily News; St. Thomas Source; St. John Source; St. John Tradewinds; and the Legislature's 4 August release, "Lawmakers Consider Bill on Major Hotel Development Project on Water Island"	Sections 8, 12, 13, 22: Bill No. 36-0340; the 11–3 tally; the named dissenters and absence; the forum question; the Sékou, Dudley, Gittens–Richards and Carty material; referral to the Governor
Public Law 511, 82nd Cong., 66 Stat. 588 (11 July 1952); **Public Law 96-205, 94 Stat. 84, 89 (12 March 1980)**; Public Law 99-396, §§ 4 and 6, 100 Stat. 837 (27 August 1986)	The root of title; the congressional bar on renewal; the 1986 directive
Act No. 6751 (Bill 26-0033) and Act No. 7321 (Bill 29-0030), enrolled texts	The sixty-acre transfer duty; the study requirement; the veterans' reservation
Act No. 9118 (Bill No. 36-0340), enrolled text, signed 7 August 2026 (LF-eb3f40aa2296; also served by the Legislature's bill-tracking system)	Sections 12–15, 21, 22: what the Legislature approved ("the revised" instrument, 180.21 acres, the Amended Exhibit B); the 68.848-acre recital; the tenth-anniversary terms as recited
DPP lease register, FY2026 and FY2027, as filed with the Legislature	Comparative lease terms, rents, expirations
Government of the Virgin Islands vendor-payment (checkbook) data, FY2023–FY2026, appraisal-classified payments	Section 18: the seventy appraisal purchases and the absence of any naming Water Island

SOURCE	USED FOR
"Parcels of the Virgin Islands of the United States," Office of the Lieutenant Governor GIS Division, public feature service, published 21 August 2024 and unmodified when read for this report	Section 16 entire: registered map numbers, parcel names, acreages, the absence of Area K, Tract K and Area J
Island Resources Foundation, *Study of Water Island Economic Development Options* and *Water Island: Case History in Virgin Island Development* (both March 1980) — both volumes held in full in the USVI Public Records archive (LF-f3519bbbd764, LF-9eb4c4edc27a); the Foundation's legacy site, surviving its 2016 dissolution, still serves both over http, though its https certificate does not match the host (checked 6 November 2026) — and IRF Annual Report 1980 (held copy)	Development guidelines; management options; land inventory and valuation; resident survey; ownership history; lease chronology; hotel financial data; Maps 1 and 2
Virgin Islands Flood Hazard Mitigation Plan, VITEMA, 28 July 2000	Coastal barrier units VI-25 and VI-26
Archived project record of the 2006 UVI ECC/CDC land use study (Internet Archive, 1 August 2007)	The study's purpose, methodology, team and schedule
FEMA; U.S. Geological Survey Open-File Report 96-440	Hurricane Marilyn damage

B. Documents sought and not found in the digital record

The following were identified as existing, or as required to exist, and could not be obtained. Each is listed with the custodian in whose holdings it should be found, what was searched, and the result. A negative finding is a finding, and is recorded here as one.

DOCUMENT	WHERE IT SHOULD BE	SEARCHED, AND RESULT
A certified copy of the instrument Act No. 9118 approves, with its Amended Exhibit B	Office of the Legislative Secretary; Office of the Lieutenant Governor upon enrollment	The bill-tracking record now serves the enrolled Act No. 9118 (Governor's No. G36-072, signed 7 August 2026), which approves "the revised Reinstatement and Amendment" "as described in the Amended Exhibit B" but attaches neither; every stage row still reads "No documents." Section numbers here are those of the revised instrument in the committee record, pending a certified copy. **Outstanding; records request drafted, now citing Act No. 9118**

DOCUMENT	WHERE IT SHOULD BE	SEARCHED, AND RESULT
The 10 July 2025 rescission communication	Government House; Department of Property and Procurement	Referenced in the Commissioner's 24 June 2026 letter; not present in either filing version. **Not found; records request drafted**
The Membership Interest Purchase Agreement, ~20 April 2026, and any post-closing authorization for execution of the revised instrument	WIDC / Bluewater Global Advisors; referenced as an exhibit to the Managing Members' resolution	The resolution is in the record; its exhibit is not. **Not in the record**
Addendum I to the Governor's 2014 letter (the property list accompanying the de Jongh correspondence)	Government House; Department of the Interior, Office of Insular Affairs	The letter is in the package; its addendum is not. **Not found**
The 2006 UVI land use study — final report Due 4 May 2007	The Office of the St. Thomas / Water Island Administrator, named as recipient in the study's own timeline; the Legislature's Committee on Housing, Sports and Veterans' Affairs, named as recipient by Act 6751 § 2; the UVI Eastern Caribbean Center, which produced it	The University's public web estate enumerated in full — 10,330 addresses, 3,156 documents. The Internet Archive holds twelve objects from the project, from a single crawl three months after the report was due; the page listing outputs was never captured and the host is defunct. A 13,386-document territorial corpus contains the phrase "Water Island Use Plan" in exactly one place — the Government's own 2014 letter. **Not found.** Not sought directly from the three custodians named at left; that is the next step
Interior's options report to Congress PL 99-396 § 6, due within ten days of the 100th Congress convening (January 1987)	House Committee on Interior and Insular Affairs; Senate Committee on Energy and Natural Resources; Department of the Interior	**Not searched.** Recorded here as an outstanding statutory duty whose performance is unverified, rather than as a failure to locate
Any written agreement under § 2C permitting a different disposition of sale proceeds	Government House; Department of the Interior, Office of Insular Affairs	Not present in either filing version, which contain the Governor's 2014 correspondence on the subject. **Not found.** Not sought from either custodian

DOCUMENT	WHERE IT SHOULD BE	SEARCHED, AND RESULT
The complete 1996 Contract of Sale	Recorder of Deeds, St. Thomas; Department of the Interior	Only §§ 2B and 2C are held, quoted secondhand in 2014 documents. The full instrument has not been seen. **Not obtained**
Records of the 1996 trust fund contemplated by the transfer	V.I. Department of Finance; Office of Management and Budget; Interior, Office of Insular Affairs	Identified in the 1996 EA/FONSI in the course of this version. **Not searched; records request drafted**
Any fair market appraisal of the leased premises	Department of Property and Procurement	Absent from the lease, the transmittal and the register; no appraisal naming Water Island in seventy government appraisal purchases FY2023–FY2026. **Not present in any document transmitted to the Legislature**
Registered cadastral maps A9-508-T98 and A9-508B-T98 The sheets that name the lettered Areas	Cadastral Division, Office of the Lieutenant Governor	All seventy-two datasets published by the GIS Division enumerated; the parcel layer carries no attachments; no map-sheet library exists among them. The territory's land administration server does not resolve from outside the government network. The database cites these maps and does not contain them. **Not retrievable online**
1979 BLM cadastral survey Signed 29 January 1979 by Bernard W. Hostrop; the map by which the federal deeds identify every parcel	Bureau of Land Management, Eastern States; also attached to the recorded deeds as an exhibit	Not in the General Land Office records system — the Virgin Islands is not a public land survey state. **Not found online.** A territorially registered successor exists and is cited daily by sixty-one live parcels
April 1972 Comptroller audit No. 356-72-99	U.S. Comptroller of the Virgin Islands successor records; Legislature archive	Known through the 1980 study, which cites it repeatedly and reproduces one exhibit, and independently through the 2002 Archives Search Report, which also cites it — two locators for the same request. **Not located**
Report of the Water Island Commission, 22 September 1972	Legislature of the Virgin Islands archive. The 1980 study records that the Commission's own records were then held by its chairman, Alton Adams, Jr.	Known through the 1980 study, which quotes it at pages 27 and 30. **Not located**

DOCUMENT	WHERE IT SHOULD BE	SEARCHED, AND RESULT
July 1979 Comptroller report, "Water Island Subleases"	As above	Cited by exact title and date in the 1980 Options Study's statement of sources, which synthesized its property-ownership data from it. The document itself remains **not located**
The Interior Inspector General's audits of the Water Island lease: "Lease to Water Island, U.S. Virgin Islands" (September 1985) and "Water Island Rental Payments" (March 1988)	U.S. Department of the Interior, Office of Inspector General	Known through the Inspector General's written answers of 9 July 1996 in Serial No. 104-94: the 1985 audit concluded federal interests were "not adequately protected" by the lease terms. **Not located; to be requested from the Inspector General**
House Interior Committee publication, "U.S. Department of the Interior's Management of Water Island, Virgin Islands"	House Committee on Interior and Insular Affairs records; a library catalog record exists	Identified through a book-catalog record; date and contents not established. **Not obtained**
VIHFA records on the sixty acres Annual reports, board minutes, land inventory, 2005 forward	Virgin Islands Housing Finance Authority	No record referencing the Water Island parcel located. **Not found.** Not sought directly from the Authority
Certified session record of the 4 August 2026 vote on Bill No. 36-0340	Legislature of the Virgin Islands — Office of the Legislative Secretary; session journal and roll call	The tally, bill number, dissenters and absence are now carried consistently by four news accounts and the Legislature's own release. The certified journal — which alone resolves the forum question and the roll call as an official record — remains outstanding, together with the Governor's action on the bill. **Certified record not obtained**

DOCUMENT	WHERE IT SHOULD BE	SEARCHED, AND RESULT
Deed records via the territorial land records portal	Formerly LANDATA; now operated by Kofile, the Recorder of Deeds' current contractor	When tested for this report, the former portal returned HTTP 410 Gone and the successor required a login; the successor identified itself as "CountyFusion," a product name carried as observed and pending confirmation. **Access-restricted; not attempted further.** Deeds are recorded as physical originals at the Recorder's Office, with imaged copies in the successor system
Helen Auble Collection material on Water Island Cited in the 1980 study's footnotes	Island Resources Foundation library	The file bearing that title in the Foundation's own media library contains an unrelated newsletter article. **The material is not in the accessible holdings**

C. Limits of this report

Acreage figures for the leased premises vary by instrument version and source: approximately 144 acres (58 ha) of additional lettered areas plus itemized tracts in the revised exhibit (≈179.3 total); 146.3793 plus itemized tracts in the May instrument (180.2063 total by the Department's itemization); "approximately 180 acres" per the Governor. This report uses "approximately 180 acres" and states the derivation wherever a dependent figure is computed. Earlier versions used 182.92, derived from the lease's recitals; the instrument's own exhibits supersede that derivation.

The revised instrument is a capture of the Legislature's committee record, published in a public archive with a title line misdated to 2014. Its contents have been read in full and are internally consistent with the Governor's transmittal and the Department's testimony, but it is a capture, not a certified copy. Act No. 9118 approves "the revised" instrument, consistent with it; a certified copy of that instrument remains outstanding and controls in any conflict.

Exhibit B line items: the additional-acreage rows of both exhibits were read on the page images; Tract B's individual lot rows were not, and are not quoted.

The asbestos discussion uses the 1996 EA's checkable basis (a 90,000-square-foot transite catchment at 20–40 percent asbestos by volume); a tonnage figure from an earlier version remains unverified against the deed page image and is not repeated.

The deed's covenant schedule has not been mapped to the specific parcels named in the 2026 lease. Doing so requires the registered map sheet listed above. No claim is made here about any individual leased parcel.

The absence of Area K, Tract K and Area J from the parcel database is a finding about the public record, not about the land. See the qualification at Section 16.

Enrolled-act quotations and bill data for Acts 6751 and 7321 — including the 2005 committee name, the $75,000 appropriation, the 180-day deadline, and Bill Nos. 26-0033 and 29-0030 — are drawn from the territorial statute archive's text corpus held for this report; legvi.org blocks automated retrieval, so external re-verification awaits the page-image pass.

Certain material rests solely on held documents pending the exact-match pass: the instrument and file identifiers (OLC No. 0173-2026; A.G. File K-26-0175; BCT-383); the Attorney General's four footnoted cautions; the "deemed fully satisfied and cured" language; the approximately 55-acre acquisition option, the performance bond's step-down schedule, and the "conclusive evidence" conveyance clause; the barge-parcel five-percent appraisal language and the statement that it is the instrument's only appraisal provision; the Figure 6 rent series including Walter Phillips' 1956 account; the historical per-acre series (the 1980 inventory average, the 1996 asking price, and the flagged 1992 figure); and the expression-of-interest signatories. Hilton's and Hyatt's signatories are externally corroborated in their stated roles; the Marriott letter's signatory is carried as the letter states, pending external confirmation.

Feature-service and payment-record figures were confirmed by direct query on 8 August 2026. Confirmed: the 65,587-parcel service total; the absence of Areas J and K under four spellings each; the two Lot 112 rows; the registered-map citations, forty-eight and twelve plus one dual-citation row; the seventy appraisal payments at $239,648.50 with none naming Water Island; and BCT-383's recorded terms. The island parcel count uses the 507/509 series definition (364 rows); envelope-based counts vary from 332 to 407 with the geometry drawn. The register is parsed on two stated bases (Section 17), and the FY2026 de-duplicated tallies rest on the parse whose basis that section states beside the independent 86-row BCT parse. The catalog's own metadata reads: published 21 August 2024, unmodified since; 72 published items, roughly two dozen of them data services.

The 1996 hearing volume is image-only in the public digital record — GovInfo returns "TEXT NOT AVAILABLE" for it.

Quotations from Stayman were matched against the OCR text of the printed volume held for this report; the residual risk is at the level of individual OCR characters, and the page images remain the final check. The Inspector General's written answers were read on the page images (printed pp. 346–349).

The deed and EA quotations were matched against the held text captures — including Covenant 5(c)'s ferry-and-dock enumeration, the ten-dollar consideration, the no-member-of-Congress clause, the beach-equipment covenant with its "as a matter of course" qualifier, the deed's own § 128(1) exemption certification, the EA's termination and trust-fund passages, and Attachment C. The vessel name "Amatie Queen" is as the deed renders it and appears in no other located source. Page images remain the final check for OCR-doubtful characters, including the Exhibit B numerals already flagged above.

Three Options Study figures live on tabular pages whose OCR text layer does not reproduce them — the resident-survey counts and the "no title, no mortgage" marginal note, and the land-inventory dwelling breakdown beyond the three categories quoted. The full study is held in the archive (LF-f3519bbbd764); those pages await a page-level read, and the 220-unit total is independently confirmed by the study's executive summary.

Reported 1990s land prices derive from secondary sources and are not confirmed; Interior's 1996 $17,500 asking price is confirmed to the hearing record, with its restrictions stated wherever it appears.

Certain figures circulating from the lease register — including a total rent roll and per-square-foot rankings — could not be reproduced from the underlying data and are excluded entirely.

The checkbook finding in Section 18 covers FY2023–FY2026 only, and government-purchased appraisals only; its limits are stated in the section.

Claims made in hearing testimony about the developer's track record are not repeated here. The background of the restructured lessee and its principals is under continuing review and is held for a subsequent version.

A "$56 million in July revisions" figure carried in version 3's investment line has been removed; no documentary source for it exists in the record as assembled.

SECTION 24

Corrections

Corrections to this report after publication will be recorded here — what changed, the corrected value, and the date — rather than absorbed silently. The report's pre-publication fact-checking history is maintained in the project's working notes and is not part of the report.

DATE	WHAT CHANGED	NOW READS
9 November 2026	Version 4.17. Added the standing back matter of the VI Update report standard (How to cite, with this report's DOI and the reference set's; Built on USVI Public Records; How this report was made; the back-page colophon), a "How to read this report" key copied from Section 23, page footers and contents page numbers; metric equivalents beside measurements in the text; the enrolled Act No. 9118 cited to its archive copy and added to the sources table; alt text for the figures; one date ("November 24, 2025") and one spelling ("enrolment") brought to house style. In Section 12 and the summary, two sentences now give the June 2026 letter's date without setting it against the hearing; the sequence table carries the order. The cover's note on the basis of the report moved to the contents page so the cover fits one page, and the cover's "All dates Atlantic Standard Time" became the back page's "All times Atlantic Standard Time (UTC-4) unless marked."	The main findings stand; the corrections are listed below.
9 November 2026	Section 18: the value implied by the lease's own capitalization rate held "for the whole first nineteen years, before the rent doubles." The rent doubles on the tenth anniversary.	"for as long as the $120,000 base rent applies, before it doubles on the tenth anniversary of the Effective Date."
9 November 2026	The note on the basis of the report and "What it took to read the record" said the report is published in The Document Vault at USVIPublicRecords.com. It is not.	"...are archived at USVIPublicRecords.com, in The Document Vault."
9 November 2026	Section 23A said both 1980 Island Resources Foundation volumes are held "in the reference set." The reference set does not hold them; the USVI Public Records archive does.	"both volumes held in full in the USVI Public Records archive (LF-f3519bbbd764, LF-9eb4c4edc27a)"
9 November 2026	Section 12 called Bluewater Global Advisors "nineteen years old at the purchase agreement." Incorporated 11 June 2007, it was eighteen years and ten months old on 20 April 2026.	"nearly nineteen years old at the purchase agreement"
9 November 2026	Section 23B: the 1998 registered maps are cited by "sixty-two live parcels." Sixty-one rows cite them, one row citing both, as Section 16 says.	"sixty-one live parcels"

DATE	WHAT CHANGED	NOW READS
9 November 2026	Summary finding 3 and Section 16 described the parcel database as holding 65,587 parcels and "not modified since" August 2024, without a date. On 9 November 2026 it held 65,657.	Both dated to the query of 8 August 2026; Section 16's source note adds the re-read of 9 November 2026, in which no Water Island row is named Area K, Tract K or Area J.
9 November 2026	Summary finding 8 and Section 18 said the eighteen appraisal purchases of the year before the vote were made by Property and Procurement and Public Works and each named its parcel, and gave Estate Thomas, Estate Catherine's Rest and Estate Bethlehem as examples. By the checkbook's organization field, two were Planning and Natural Resources'; four lines name no parcel; the three estates appear in none of the seventy lines.	"sixteen by Property and Procurement and Public Works, two by Planning and Natural Resources"; examples as the payment lines name them; counts dated to the query of 8 August 2026.
9 November 2026	Section 23B: the Water Island Commission's 1972 report was "Known only through the 1980 study." A later search found other accounts.	"Known through the 1980 study"
9 November 2026	Back page: "Every document cited is public and permanently addressed" in the archive. The report also cites news accounts and documents held elsewhere.	"Every archive document cited..."

How to cite this report

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The reference set behind this report:

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USVI Public Records is the public archive of U.S. Virgin Islands government records where VI Update's research begins. Brian Louden built it and runs it. Every document it holds is kept with its original source and its SHA-256, so a reader can open the record a report rests on.

Archive records this report cites (16):

- Act No. 6751 (2005) · LF-c4a62de51482
- Act No. 7321 (2011) · LF-db87166338e5
- Act No. 9118, enrolled text (7 August 2026) · LF-eb3f40aa2296
- Attorney General's transmittal package, OLC No. 0173-2026, 169 pp. · LF-bae4d4555208
- Bill No. 29-0030 (2011) · LF-e66b821c627f
- Bill No. 36-0340, Committee of the Whole/Floor version of 31 July 2026 · LF-1f07ddedad14
- Bureau of Reclamation, Final Environmental Assessment and FONSI, Transfer of Water Island (May 1996) · LF-0d6d0ea31e39
- Committee capture of the May instrument, 160 pp. · LF-a42f7e8d16d7
- DPP written testimony, 26 June 2026 (Assistant Commissioner Vincent Richards) · LF-5d7298cdb4dd
- Division of Post Audit, DPP FY 2026 Post Audit Analysis (the lease register) · LF-0e99c4f6d463
- Governor Bryan to Senate President Potter, 10 July 2026 · LF-0db322d9fc4f
- Island Resources Foundation, Study of Water Island Economic Development Options (March 1980) · LF-f3519bbbd764
- Island Resources Foundation, Water Island: Case History in Virgin Island Development (March 1980) · LF-9eb4c4edc27a
- Public Law 99-396 (27 August 1986) · LF-7c2012668a8a
- The revised instrument and committee filing, 156 pp. · LF-16ffcf8c0b0d
- U.S. House, Virgin Islands, Guam, and Northern Mariana Islands Issues, Serial No. 104-94 (1996) · LF-7a117604b65e

Search the archive: usvipublicrecords.com.

How this report was made

AI coding agents (Anthropic's Claude), working on Brian Louden's own computer, built and ran the research tools behind this report: programs that collect the public records, apply the written matching rules and recompute the figures. They worked under Brian's direction and to rules he wrote. He chose the questions and the sources, made every editorial decision and approved the report. The agents also drafted the text

under his direction; he reviewed and approved it. The data package holds the records and tables behind the figures, and a script that checks a selected set of them.

What the research tools did

- Collected and processed the territory's vendor-payment checkbook, the Department of Property and Procurement's lease register and the Lieutenant Governor's parcel database into tables, kept in the data package.
- Applied the written matching rules to payment, lease-register and parcel records (which appraisal payments name a Water Island parcel, and which parcel rows carry the lettered Areas and Tracts), recording the basis of each match so it can be checked.
- Recomputed the report's figures from the data by a second path; the data package's reproduce script lets any reader rerun a selected set of those checks, and its README lists the figures it cannot check.
- Checked each quotation against the document it comes from.
- Ran adversarial reviews: separate AI reviewers read the draft against its sources, looking for errors, gaps and unfair implications, and each finding was answered on the record.
- Built the tables, charts and this document from the data.

What Brian Louden did

- Directed the work: set every rule the tools follow and every source they may use.
- Made every editorial decision: what the report says, how it says it, and what it leaves out.
- Decided whether and when the report is published.

The tools set no rules and made no editorial or publication decision. Tools used: Anthropic's Claude, as AI coding agents that built and ran the research tools and built this document.

The figures the data package checks can be rerun by any reader, its README names those it cannot check, and every archive document cited links to its copy and its SHA-256. Brian Louden is responsible for the report; please report an error to tips@viupdate.com.

Ninety-Nine Years · A VI Update report by Brian Louden · v4.17 · 9 November 2026.

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Published by Brian Louden from St. Croix, U.S. Virgin Islands.

This report organizes public records; it does not include interviews or comment.

This report carries no home addresses, household P.O. boxes, personal phone numbers or e-mail addresses, or dates of birth.

All times Atlantic Standard Time (UTC-4) unless marked.

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Corrections: tips@viupdate.com. A correction made after publication is listed in the Corrections section of the next version, with what changed, the corrected value and the date; nothing is changed silently.

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Standing wording from the VI Update report kit 1.2.

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