CRITICAL REGULATORY MATTER – WATER APPROPRIATION PERMIT & OWNER OCCUPANCY DATA

The Association continues to work with Ben Keularts Tysam Tech and DPNR regarding the 2026 water appropriation permit and the requested increase in permitted water yield.

A significant issue remains the lack of complete occupancy data for all units. This information is necessary to accurately demonstrate the Association's actual water demand and support the request for an increased water allocation.

An attached letter provides the Board and owners with the full details of this matter, including the impact on the Association's water supply, RO system, future projects, and potential funding opportunities.

Owners are asked to review the attached letter and provide the requested occupancy information as soon as possible. The Association must resubmit the 2026 data package by the end of August, making timely owner participation extremely important.

Complete and accurate occupancy information is essential to supporting CBA's request and avoiding a renewal based only on the current water limitation.

Retaining Walls – Trash Areas

Work has begun on the retaining walls at the F Building and G Building trash areas. Loose soil and excess material were removed from the areas and relocated to a more useful location on the property.

The retaining walls are currently being constructed along the back walls of both the F and G trash sites. This work will improve the stability and appearance of these areas while helping to better contain the surrounding soil.

Wastewater System – Emergency Water Replenishment

On Sunday, CBA experienced a failure in the piping that transfers water to the holding tanks above F Building. The pipe came out of position due to pump vibration, and the tanks were already at low levels due to recent irrigation use.

According to Kaleef, this same issue occurred several months ago and was repaired using the same temporary method. Inspection now indicates that the underlying installation needs to be properly corrected.

The piping at this location is not appropriate for the pump's force and vibration. Schedule 80 pipe and proper bracing should have been used. The existing pipe was positioned at an awkward angle and was being held in place with rope and twine, which is not an acceptable method of pipe support.

To maintain reliable greywater service, CBA immediately arranged for approximately 3,500 gallons of water to be delivered by truck.

M.G. Wastewater Services will provide CBA with a quotation to properly replace, position, and support the affected piping.

As a precaution, irrigation will remain suspended until the wastewater holding tanks have been fully replenished and adequate emergency reserves are restored.

I believe in fixing problems correctly the first time, even when doing so may cost a little more upfront. In the long run, we often pay twice—or more—when we continue putting temporary “band-aids” on problems that need to be properly repaired. Our goal is to correct the underlying issue and prevent unnecessary repeat costs and emergency repairs. Photo of the pipe attached.

Electrical Upgrades – R2 and R3

The electrical upgrades in R2 and R3 have been completed.

Burnt and damaged wiring discovered within the electrical systems was replaced, and the electrical boxes in both units were upgraded to bring them into compliance with current requirements.

R2 Windows and Door

In addition to the electrical work, the pool-facing windows and door in R2 were replaced. This work has secured the unit against water intrusion and provides an important improvement to the condition and protection of the unit.

Window Replacement Progress

The window replacement project is continuing throughout the property. The windows for the first unit are slated to be completed, with J12 next in line for its window replacement.

The Association will continue coordinating the work to ensure the units are completed in an orderly manner while minimizing disruption to owners and residents.

J1 Plumbing Repair – Copper to PVC Conversion

A plumbing leak in J1 was repaired this week. During the repair, it was determined that the leak occurred at the connection where the existing copper piping transitioned into PVC piping.

The affected copper piping was removed and replaced with PVC, eliminating the source of the leak. The damage was minor, and the repair was completed successfully with minimal disruption.

The owner has expressed that she is very pleased with the completed repair and the condition of the work.

Car Stops and Parking Compliance

The Association has begun priming and painting the car stops throughout the property.

During this work, several vehicles have been found parked in areas that are not designated for long-term parking. In some cases, vehicles have also been left without providing the office the ability to have them moved when necessary to complete scheduled maintenance or improvement projects.

This is a violation of the Association’s rules and regulations and creates significant operational and safety concerns.

When vehicles cannot be moved, projects that could otherwise be completed while the property is at approximately half capacity may have to be postponed until periods of higher occupancy and traffic. This creates additional challenges for our maintenance staff and contractors and can negatively affect the safety of employees, owners, guests, and contractors.

Owners are reminded that vehicles must be parked only in designated areas and that the Association must be able to access areas when maintenance, repairs, or property improvement projects are scheduled.

Dying Palms and Plants – Landscaping Conditions

Although CBA has been utilizing the irrigation system, we continue to see some palms and plants struggling due to the extreme heat and current environmental conditions.

I want to reassure owners that this is not an issue unique to Coakley Bay. I contacted The Reef, which has a significant water supply and is able to irrigate its landscaping daily, and they are also experiencing the loss of plants and trees despite their regular watering.

We are also seeing similar conditions at Carden Beach, located next door, where palms have been lost, as well as at The Buccaneer, which has also experienced the loss of palms and other landscaping.

These examples reinforce that the current conditions are affecting landscaping throughout the area and are not isolated to CBA.

Our landscaping team is monitoring the affected areas and doing what we can to protect and preserve the plants and palms. Unfortunately, the current heat and environmental conditions are affecting landscaping throughout the island, and additional plant loss may occur despite our irrigation efforts.

We will continue to replace and replant where necessary as conditions improve and will focus on selecting plants that are better suited to the current conditions.

F Building Exterior Painting – Target Start Date

The official target date provided by the vendor for the start of the F Building exterior painting project is Monday, August 31, 2026.

Owners are asked to begin preparing their units and galleries in advance of the project.

Owner and Guest Preparation

Owners are asked to:

Remove all personal belongings and other items from galleries, walkways, and landings.
Secure or relocate any items that could be exposed to paint, cement, dust, or construction materials.
Notify guests and tenants of the upcoming work.
Exercise caution when walking between the building and parking areas.
Exercise additional caution when driving around F Building during construction.
Follow all temporary directions provided by the Association and contractor for the safety of everyone on the property.

Owners should make every effort to have their galleries and surrounding areas prepared before the contractor begins work.

The Association and the vendor will not be responsible for personal belongings or other items left outside units, on galleries, walkways, or landings that may be exposed to paint, cement, dust, debris, or other construction materials.

This notice is being provided in advance so owners have adequate time to secure their belongings and allow the contractor to perform the work safely and efficiently.

F Building Gallery Inspection

Home Inspector Jack Soto was asked to examine the galleries at F Building to evaluate their condition, necessary repairs, and structural stability.

During the preliminary inspection, several areas of concern were identified, including the exterior cistern wall for F Building. A detailed report is expected during the coming week.

Once the report is received and reviewed, the Association will determine the appropriate next steps and communicate additional information to the Board and owners as appropriate.

Structural Engineering Review

Mr. Steven Samuel, Structural Engineer, has also been contacted regarding a structural report that must be provided to Coakley Bay Association in connection with upcoming regulatory requirements.

The Association is currently gathering the necessary information and documentation. As additional information becomes available and requirements are clarified, owners will be notified of any matters that directly affect the property or individual units.

Fire Inspection – Common Areas and Office

The Association’s fire inspection of all common areas and the management office has been completed. All areas were found to be in full compliance with applicable fire safety requirements, and no deficiencies were noted at the time of inspection.

The Fire Department recommended that the Association establish a designated meeting and accountability location outside the buildings in the event of an emergency so that occupants can be accounted for safely. I believe the trash can site would be an appropriate designated meeting location, and we will work toward establishing this as part of our emergency procedures.

The Fire Department also recommended that owners who do not rent their units and have not had recent fire inspections ensure that their units have the appropriate fire extinguishers and that they are properly maintained and accessible.

Priorities for the Coming Week

Continue construction of the retaining walls at the F and G trash areas.
Work on the landscaping and grey water pipe behind LM&N Building
Keep irrigation suspended until sufficient emergency water reserves are restored.
Obtain the M.G. Wastewater Services quotation for the permanent piping repair.

Continue priming and painting the car stops.
Continue coordinating window replacements, with J12 next in line.
Prepare F Building for the scheduled August 31 exterior painting start.
Receive and review the F Building gallery inspection report.
Continue coordination with the structural engineer regarding upcoming compliance requirements.
Follow up with owners regarding the occupancy information needed for the DPNR water permit submission.

Thank you,

Kyshama Montes

Office Manager

Coakley Bay Association

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August 19, 2026

Coakley Bay Association
Board of Directors and Unit Owners
c/o Ms. Kyshama Montes, Office Manager
5000 Estate Coakley Bay
Christiansted, St. Croix, VI 00820

Subject: Request for Complete Unit Occupancy Records in Support of the Groundwater Appropriation Permit Modification for Wells #1 and #3, Coakley Bay Association

Dear Members of the Board and Unit Owners:

Tysam Tech, LLC is retained by Coakley Bay Association to prepare and pursue the renewal and modification of the Association's Groundwater Appropriation Permits for Wells #1 and #3 before the Department of Planning and Natural Resources, Division of Environmental Protection. The purpose of this letter is to explain, in plain terms, why complete occupancy information from every unit is essential to that application, what the missing information is costing the Association, and what we are asking each owner to provide.

BACKGROUND: THE ASSOCIATION'S WELLS, AND WHY THEY REQUIRE A PERMIT

The wells. Coakley Bay Association draws its water from wells on the property. The Association's well log sheets record several wells over the years, of which Well #2 was taken out of service in 2010 and Well #4 in 2008. That leaves two active wells, Well #1 and Well #3, which together supply the entire property. Well #1 carries the majority of the load; Well #3 is the lower-yield well and is operated intermittently.

Why they are essential. There is no public water service to the property, so these two wells are the Association's only source of water. Rainwater collected into the cisterns supplements the supply but cannot come close to meeting the property's needs on its own. The groundwater at this location is brackish to saline, meaning it is too salty to use as drawn, so all of it must pass through the Association's reverse osmosis treatment system to become potable water. That treatment process recovers only about half of what is withdrawn, so roughly two gallons must come out of the ground for every gallon of usable water delivered to the units. When the wells and the cisterns together fall short, the only remaining option is to buy water and have it trucked in, which is what the Association has been doing.

What the permit is. Groundwater in the Virgin Islands is a regulated public resource. An owner cannot simply pump as much as it wishes; it must hold a Groundwater Appropriation Permit issued by the Department of Planning and Natural Resources, Division of Environmental Protection, for each well, and that permit sets a maximum volume that may be withdrawn each day. The Association's current permits for Wells #1 and #3 were issued in 2021 and each allows up to 10,000 gallons per day. Permits are issued for a fixed term and must be renewed, and any change to the permitted volume requires the Department's approval through the same process.

Renewal, and the request to increase the permitted volume. Tysam Tech submitted a renewal application for both wells on the Association's behalf in July 2025. Because the property's water demand exceeds what the current permits allow, that application does two things at once: it renews the permits, and it asks the Department to increase the permitted daily withdrawal. The requested increase was set to match

the results of recent well yield testing, so that the additional draw remains within what the wells and the surrounding aquifer can sustain rather than simply asking for a larger number.

How the Department decides. A groundwater appropriation permit is not granted on the basis of need that is asserted; it is granted on the basis of need that is documented. The Department calculates a property's water demand by multiplying the number of people resident there by an accepted per-capita consumption rate, which for residential units without water conservation fixtures is on the order of 100 gallons per person per day. It then compares that demand against what the wells produce and against what the permit already allows. Occupancy records are therefore not administrative paperwork. ***They are the direct evidentiary basis on which the Department decides how much water the Association may lawfully withdraw.***

Where the application stands today. After reviewing the request for an increase for appropriation of groundwater, Director George Patrick asked for two things in order to move the application forward: copies of the last issued permits for both wells, and a minimum of one year of groundwater extraction logs for Wells #1 and #3. The permits were provided to him the same day, and the extraction logs have since been compiled and analyzed. The Director has indicated that he understands the property has no public water service and that rainwater cannot make up the difference, and that an increase is likely to be approved, but he requires justification in the file establishing that the additional water is actually needed. That justification is the one piece still outstanding, and it is the reason for this letter. Demonstrating need requires showing how many people are living at Coakley Bay, and the Association's occupancy records are incomplete on precisely that point.

WHAT THE ASSOCIATION'S RECORDS CURRENTLY SHOW

We have compiled the well extraction logs, the trucked-water purchase history and the occupancy records into a single analysis. The picture it presents is as follows.

Metric	Figure from the Association's own records
Currently permitted withdrawal	10,000 gallons per day from each well, 20,000 gallons per day combined, though the majority from one well.
Potable water this yields	10,000 gallons per day maximum, because the reverse osmosis process recovers approximately 50 percent of the brackish water drawn
Documented demand, 2024	Approximately 14,300 gallons per day
Documented demand, 2025	Approximately 11,700 gallons per day
Resulting shortfall	1,700 to 4,300 gallons per day, which is 612,000 to 1,562,000 gallons per year
Months the wells could not meet demand	6 of 10 months with readings in 2024, 9 of 11 in 2025, and all 7 in 2026 to date
Water purchased and trucked in	$87,700 across 228 truckloads since January 2024, an expense carried by the Association and its owners

These figures establish that the currently permitted withdrawal cannot meet the property's demand even if both wells were pumped to the full permitted limit every day of the year. That is the substance of the case for an increase.

WHY THE MISSING OWNER OCCUPANCY DATA PUTS THE APPLICATION AT RISK

The difficulty is that the occupancy records the Association maintains capture rental and short-term stays only. Owner-occupied units are largely absent from them, in 2024, in 2025 and again in the 2026 records. To produce the demand figures above, we have had to assume that the logged rental occupancy represents approximately half of the total number of people present at the property, an estimate drawn from the Association's own internal analysis of renter and non-renter water use.

That assumption is the weakest element of the application, and it is the element the Department will question. The consequence is if the Department declines to accept the estimate and relies only on the occupancy that is actually documented, the calculated demand falls to approximately 7,100 gallons per day for 2024 and 5,800 gallons per day for 2025. Both figures sit below the 10,000 gallons per day the current permit already supports. On the documented record alone, the Association would appear to be using less water than is presently allowed, and the application for an increase could not be sustained on its face.

Complete occupancy data converts an assumption that can be rejected into a record that makes clear the need for CBA residents.

WHAT IS AT STAKE FOR THE ASSOCIATION AND FOR INDIVIDUAL OWNERS

- **The new reverse osmosis system may not be usable at its intended capacity.** The Association has invested in a new RO system, but an RO unit can only treat the water that is lawfully available to feed it. Because roughly two gallons must be withdrawn for every gallon of potable water produced, the existing 20,000 gallon per day permit limits potable production to approximately 10,000 gallons per day no matter how the new system is rated. Without an increase in the permitted withdrawal, a substantial portion of that investment cannot be put to work.
- **Continued expenditure on trucked water.** The Association has spent $87,700 on purchased water since January 2024. That cost is borne by the owners through assessments, and it continues for as long as the permitted supply falls short of demand.
- **Further delay in the permit determination.** Each incomplete submission invites another round of agency questions. The Director's request should be addressed with complete data. Submitting an application built on an assumption rather than a record is the most likely way to add several more months to that timeline.
- **Reduced standing for future projects and funding.** Any future work on the Association's water infrastructure, and any application for territorial or federal grant or disaster resiliency funding, will be sized and evaluated on documented demand. Agencies fund demonstrated need. An Association that cannot document how much water its residents actually use is poorly positioned to justify system upgrades or to compete for outside funding, and it risks having any award sized to the demand it can prove rather than the demand it has.
- **Exposure on the Association's own compliance.** Operating a water system without a defensible record of demand and withdrawal leaves the Association less able to demonstrate that it is operating within its permit, which is a matter of interest to the Department in its own right.

WHAT WE ARE ASKING EACH OWNER TO PROVIDE

The request is modest in effort and specific in form. For each unit, we ask for a daily count of the number of persons occupying the unit, including the owner, family members and guests, recorded in the same simple daily format the Association already uses for its rental units. Specifically:

- Occupancy for calendar years 2024 and 2025, and 2026 to date, to the extent owners are able to reconstruct it from their own records, calendars or travel history. An honest approximation, identified as such, is materially more useful to this application than a blank.
- Occupancy going forward, reported to the Office Manager on a monthly basis, so that the record is complete for the term of the new permit and for any future application.
- Notification of extended vacancies as well, since periods of non-occupancy are equally part of an accurate record and lend it credibility.

Reporting occupancy to the Association for this purpose is a routine element of operating a private water system, and the information is used solely to establish the property's aggregate water demand for the permit application.

SUMMARY

The Association's need for additional water is real, and the extraction logs and purchase records substantiate the shortfall. What is missing is the occupancy documentation that ties that shortfall to the number of people actually living at Coakley Bay. Without it, the application rests on an estimate that the Department can decline to accept, in which case the record will show the property using less water than it is already permitted to withdraw, and the requested increase is unlikely to be granted. With it, the case is straightforward and well supported.

We would ask that owners provide this information to Ms. Montes at the earliest opportunity so that the application can be completed and submitted without further delay. I am available to speak with the Board, with any committee, or with individual owners who have questions about how the information is used, and I am glad to walk through the underlying analysis in detail.

Respectfully submitted,



Benjamin Keularts
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A Building Painted Parking Lot



A Parking Lot



F Building Trash Site



Back of G 2nd trash site



G 2nd trash site



Grey Water Pipe