

## Puerto Rico tourism enters new luxury era

Five-star St. Regis Hotel in Río Grande marks start of more upscale resort development



By Elsa Fernández Miralles  
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## Bahía Beach Resort complex puts Puerto Rico on the world's five-star hotel and residential map

**Green resort vying for prestigious Silver Audubon International Signature Sanctuary certification; 139-unit St. Regis hotel scheduled to open in 2010**



*Spectacular rendering of what the St. Regis Resort Bahía Beach beachfront pool esplanade will look like when constructed.*

BY ELSA FERNÁNDEZ MIRALLES  
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**N**estled in a luscious seaside tropical forest enclave, tourism and hospitality complex Bahía Beach Resort & Golf Club in Río Grande will soon become a favorite destination for the world's most demanding tourists.

An initial \$360 million investment helped fund the development of six mixed-use projects including Puerto Rico's first five-star hotel, the St. Regis Resort Bahía Beach, the world-class Trent Jones Jr. Golf Course and several residential complexes, some of which are already up and running. Once complete, industry experts estimate the total investment in the project could exceed \$500 million.

While the St. Regis hotel—whose groundbreaking ceremony was slated for today—is expected to open November 2010, developers of the ambitious multiphase project estimate completion of the entire resort area at five years and say its completion will help generate more than 3,000 new, direct and indirect jobs.

The Bahía Beach Resort complex sits on a 483-acre expanse of land just 16 miles away from Luis Muñoz Marín International Airport. A two-mile stretch of sandy beach and 70 acres of interconnected lakes are protected by the region's immaculately conserved green areas, which include more than 3,500 transplanted trees. Contrary to other large-scale developments, Bahía Beach Resort's master plan was conceived around the area's natural setting. The result of that design

vision is the conservation of 65% of the property's green areas.

Today's historic groundbreaking ceremony also marks the birth of Puerto Rico's five-star luxury hospitality industry. The prestigious St. Regis hotel will be a boutique hotel that will add 139 units to the island's room inventory with a sophisticated South Pacific tropical flair. But the hotel will anchor a much larger resort, whose developers assure will position Puerto Rico among the best five-star destinations in the world such as Aspen, Bora Bora, San Francisco, Rome, Beijing, Shanghai and Singapore.

Remarkably, this initiative was conceived by a young Puerto Rican entrepreneur, Federico Sánchez-Ortiz, president and CEO of Interlink

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Group, who shared his five-star vision with another Puerto Rican entrepreneur and developer, Antonio Muñoz Bermúdez, president and CEO of Muñoz Holdings Inc. Together they formed BBP Partners LLC to make the Bahía Beach Resort complex the first five-star, world-class development by Puerto Ricans for Puerto Rico.

After five years of working on the project, BBP Partners are convinced that the opening of the new five-star St. Regis hotel at Bahía Beach will usher in a new era in Puerto Rico's hospitality industry. "Visitors always marvel when they visit the Bahía Beach property, and our answer is always that the property itself demonstrates the potential we have to turn Puerto Rico into a world-class destination," said Sánchez-Ortiz, whose company, Interlink, is also the general contractor partner of Bahía Beach.

"We are honored to develop a project that can represent a whole new niche for our tourism industry," said Antonio Muñoz Bermúdez, president and CEO of Muñoz Holdings Inc., also a principal of BBP Partners. "To have such prestigious brands as the St. Regis Hotel or the Trent Jones Golf Course involved in the project guarantees the sustainability of our vision for Puerto Rico as a world-class destination. Up until now, film, sports and other wealthy business customers never considered Puerto Rico as a tourist or residential destination. The Bahía Beach Resort and residential experience will put our island on the map not only as a five-star destination but a world-class residential community. This is yet another way to promote Puerto Rico as an investment destination," said Muñoz Bermúdez.

"The arrival of the St. Regis brand comes at a significant time for Puerto Rico. Not only does it validate our island's potential for hotel development, but it also exemplifies the transformation of our local tourism industry and its contribution to our economy," said Gov. Aníbal Acevedo Vilá.

According to Acevedo Vilá, the St. Regis will be the first of several new five-star hotels being developed in Puerto Rico. "This amazing achievement leaves us with a unique opportunity to position our island as the leading five-star resort destination of the Caribbean. It will also generate much-needed jobs, promote satellite industries, ignite commercial and economic activity and pave the way for a large array of service providers. We're certain the St. Regis brand, a pioneer in this type of development, will serve as a gateway to attract the high-end tourist that can positively impact our economy."

To bring their vision to life, BBP Partners tapped a five-star caliber financing team that made the \$360 million overall investment needed possible in order to develop the St. Regis Hotel, golf course, club house, Phase I of Las Verandas Villas and Las Olas Townhomes and several of the St. Regis Residences, Las Estancias, that already exist.

The five-star financing team behind the ultraluxury complex includes Banco Popular, FirstBank, R-G Premier Bank and the Hotel Development



*Antonio Muñoz Bermúdez, one of the two partner-developers of the Bahía Beach Resort*



*Terestella González Denton, executive director of the Puerto Rico Tourism Co.*



*Federico Sánchez-Ortiz, the other developer-partner and also the general contractor of Bahía Beach*



*One of 26 luxurious St. Regis branded residences, Las Estancias. In this case the model is called Carmen.*



*Rotunda entrance to what eventually will be the St. Regis hotel*

Corp. of the Government Development Bank (GDB). The initial \$40 million loan to acquire the site for the Bahía Beach development was granted by Banco Popular.

Separately, the \$172 million in financing for the St. Regis hotel was provided by the GDB and equity from the project's partners. The board of directors of the GDB and its Tourism Development

Fund (TDF) approved the direct financing of the \$120 million construction loan for the 139-room St. Regis, which will later become a permanent loan provided by FirstBank.

"The GDB has the responsibility and the financial capacity to assume its fiscal-agent role when the private sector is limited by present economic

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*World-class Trent Jones Jr. Golf Course, currently operated by Troon Golf*



*One of Las Verandas buildings, a collection of one-, two- and three-bedrooms units, whose first units were already delivered.*



*Model unit for the Las Verandas Villas apartments*



*The communion with the environment is total: a wood bridge connects the different areas of the golf course over the lakes.*

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conditions. We will take this role without necessarily competing with private-sector banks. The St. Regis represents an important development in the high-end tourism industry, which only serves to demonstrate Puerto Rico's potential as a high-end tourist destination, so we must ensure its viability through the TDF," added Irizarry.

"We look forward to working with the Bahía Resort and St. Regis on the permanent financing of this project, which is already approved," confirmed Luis M. Beauchamp, chairman and CEO of First-Bank, which has been collaborating with Interlink and Muñoz Holdings since the Bahía Beach Resort project was first conceived.

An enthusiastic Terestella González Denton, executive director of the Puerto Rico Tourism Company (PRTC), views the groundbreaking of the St. Regis as a pivotal step in Puerto Rico's global tourism efforts. "We have achieved a lot over the past four years in meeting our 5,000 new-room goal. However, we were still missing this type of high-end distribution channel, which is rapidly growing around the world. In fact, this is the fastest-growing segment in global tourism. Moreover, this type of property tends to have a significant following and brings about an important multiplier effect that elevates the overall standing of our tourism industry. Most significantly, it will stand as testimony of how development and nature conservation cannot only coexist but thrive while contributing to our local economy," said González Denton.

The multiphase construction began with the total redesign of the golf course (already finished), the landscape of the whole property and the construction of Phase I of the Las Verandas residential project and the first St. Regis Residences, Las Estancias. Already, renowned New York Mets

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## Bahía Beach Resort Complex at a glance

**St. Regis Resort investment to date:** \$170 million

**Bahía Beach Resort & Golf Club infrastructure, landscaping and project development to date:** \$190 million

**Phase-one sales:** \$140 million (includes the residence project as well as the condo-hotel units)

**Direct and indirect jobs created:** 3,000

**Property conserved as green area:** 65%

**Interconnected lakes:** approximately 70 acres

**Transplanted trees:** approximately 3,500

\*Source: BBP Partners LLC



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slugger Carlos Beltrán and entrepreneur couple Mari Helen and David Morrow call Las Estancias home.

"I've been blessed with a great major league baseball career and with the opportunity to travel around the world. I'm also humbled by the opportunity to represent Puerto Rico wherever I go. It is the thrill of a lifetime to be able to live in Puerto Rico and call it home," Beltrán told CARIBBEAN BUSINESS during an exclusive interview regarding his residence at the St. Regis Las Estancias.

Construction of the Golf Club and the adjoining Las Olas Townhomes and Las Ventanas Villas is well advanced. Now comes the construction of the St. Regis hotel and subsequent phases of various residential projects, which will be delivered as they finish completion over the next few months.

#### HOW PUERTO RICO'S FIRST FIVE-STAR DEVELOPMENT WAS BORN

It all began back in 2004 when Federico Sánchez-Ortiz, son of Interlink Group Chairman Federico Sánchez, enrolled in the Harvard Graduate School of Design's AMBP program. To meet the program's requirement, Sánchez-Ortiz chose as his main project the creation of what later became the master plan for the entire Bahía Beach Resort site. He worked with classmates to develop a project that was both feasible and environmentally correct.

"When I came back to Puerto Rico, I was very excited to share the development vision for Bahía Beach Resort with my colleagues at Interlink and told them I felt it was a concept that we could take to the bank. And we did. I also learned about interest from several groups in buying and developing the Bahía Beach Plantation Golf Club," continued Sánchez-Ortiz.

"Later, we got together with the folks at Muñoz Holdings who had expressed interest in the property. Immediately, we decided to join forces and bring our shared vision to life. That same afternoon we went to Banco Popular, another important partner in this endeavor, and got the financing for the \$40 million initial purchase of the venue, and that's how our journey began," said Sánchez-Ortiz.

Bahía Beach's five-star team has more than 60 years in combined development experience. Interlink has worked for more than three decades in development including hospitality, retail, residential, office and parking. Muñoz Holdings is a multidisciplinary organization specializing in office and commercial developments in the real-estate industry with extensive experience in planning, construction, management and financing.

The development team is composed of four teams: Hill Glazier Architects and CMA Architects & Engineers, design consultants; EDSA, site planner; David Easton, interior design consultant; and Pietrantonio, Méndez & Alvarez LLP (PMA), legal advisors.

The construction team is anchored by Interlink



*A spectacular boat house is already constructed and will be used by residents and guests to practice all kinds of aquatic sports.*

Construction, Caribbean Industrial Contractors, and Bermúdez, Longo, Díaz & Massó as main subcontractors. The investors' team is headed by the Hotel Tourism Corp., Interlink Group and Muñoz Holdings.

#### PUERTO RICO'S FIRST FIVE-STAR GREEN DEVELOPMENT

From the moment you enter the main gate on Road 187 in Río Grande, you see the Bahía Beach property flanked by three uniquely conserved sanctuaries weaved with lakes and streams, designated green areas, a bird-watching area, paved and natural walking trails, connecting wood passages and bridges over the lakes. Standing to the east of the property is the tranquil Espíritu Santo River that flows into the Atlantic Ocean, and El Yunque National Rainforest sits as the property's natural backdrop.

Common areas maintain a nature-based design created by Florida-based EDSA and Sandy Babcock. Their vision was to create an upscale and exotic resort using the area's nature as the main attraction. The end result transports visitors into a one-of-a-kind secluded natural paradise that many associate with the South Pacific. The tropical plantation style of the architecture and the well-manicured but lush and exuberant foliage makes the experience truly exciting and one in communion with nature.

Despite the island's urban sprawl, Bahía Beach is a masterfully conceived community with low housing density—only 800 units, including the 139-unit hotel—providing the path for higher quality of life and amenities.

"The environment is the leading lady of this

concept. So, when we began working on the golf course, we went to Audubon International, a nonprofit organization that offers counseling on protecting and sustaining the environment, to make the property not only world-class but a truly environmentally friendly one. We told them we wanted to irrigate the course with waters within our boundaries and use organic fertilizers. We also wanted to grow grass and additional plant life consistent with the existing habitat," explained Sánchez-Ortiz.

"Today's jetsetters are also environmentally conscious travelers. They are educated on environmental issues and gravitate toward so-called green developments. Bahía Beach's environmentally anchored design is a sure fit for today's environmentally conscious tourist and for global citizens who choose to live in a destination where the environment is respected," said Jaime Fortuño, Interlink's vice president of sales and marketing.

"The number of upscale global travelers has been on the rise in the past years. In fact, it is the fastest-growing segment in global tourism. From that viewpoint, Bahía Beach also delivers exceptional world-class value within a unique resort destination that is luxurious and highly discreet as many of these upscale customers prefer," added Fortuño.

#### THE ST. REGIS LIFESTYLE

Anchored by the area's natural beauty, the new St. Regis Resort Bahía Beach will offer a one-of-a-kind experience. Site developers are taking painstaking steps to protect the environment as the hotel

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is being built. For example, instead of extracting a tree during construction, they'll work around it as the design originally conceived. If necessary, extracted trees will be sent to one of the area's nurseries and replanted as soon as possible near its original location.

The St. Regis hotel will be operated by Starwood Hotels & Resorts Worldwide, one of the leading leisure companies in the world with approximately 900 properties in operation in more than 100 countries and 155,000 employees. With approximately 266,000 rooms in its portfolio, Starwood has more than 50 hotels named by the Condé Nast Traveler Gold List and 22 hotels named as World Best by Travel & Leisure magazine readers.

"We should commend Starwood Hotels for betting on Puerto Rico's economic potential, and especially on this administration's strategic plan to develop tourism in all regions of the island," said the Governor's Chief of Staff Jorge Silva Puras. "This is the reason why we are seeing more and more developments from responsible and dependable companies, like Interlink, taking a chance on our island's tourism, an industry with a proven record of consistency and benefits, beyond the social and economic contributions they represent," said Silva Puras.

The Starwood St. Regis brand is known for its perfect combination of sophistication with modern luxury. Founded by John Jacob Astor, the landmark St. Regis Hotel New York, conceived more than a century ago by John Jacob Astor, established a new dimension in luxury, service and refined elegance for world travelers. St. Regis properties currently have 2,384 rooms worldwide in 13 hotels.

Throughout the complex, building structures will not be allowed to exceed four-stories. The St. Regis Resort Bahía Beach itself will not be



*Rendering of an aerial view of what the environmentally friendly St. Regis Resort will look like when complete.*



*Pool and other amenities building for the residents of Las Verandas.*

## St. Regis Amenities

**Robert Trent Jones Jr. - 18-hole Golf Course**  
**Remède Spa & Fitness Center**  
**Seaside shopping, restaurant and lodging villa**  
**Beach clubhouse** - two oceanfront swimming pools, including an interactive children's pool  
**Sports center** - tennis, basketball, racquetball, croquet  
**Gymnasium**  
**Sailing and windsurfing**  
**Canoeing and kayaking** - 80 acres of lakes on the property or the Espíritu Santo River  
**Hiking nature trails**  
**Kids Center**  
**Teen Center**  
**Boat Club**  
**Bahía Beach Golf Clubhouse**

\*Source: BBP Partners LLC

an exception. The plantation-themed hotel welcomes guests through its main lobby and reception area on the main floor overlooking the ocean. On the second level, the renowned Jean-Georges signature restaurant will have a seating capacity for 120. The hotel's 139 suites are distributed along 12 buildings, all facing the Atlantic oceanfront. Of these, 98 units will be condo-hotel suites. A group of additional structures will house the 10,000-square-foot Rémede Spa, featuring eight private treatment rooms and one room for couples.

The St. Regis hotel will also have more than 5,000 square feet of ballroom and meeting space, ideal for weddings, corporate retreats and receptions. Beachfront pool facilities for adults and kids will be built at an adjacent facility. Structurally, the hotel's exclusive amenities will be offered at the St. Regis Village featuring a 90-seat St. Regis restaurant, international eateries, outdoor cafes, bistros and delis as well as guest room service and delivery to the private St. Regis Residences.

Like high-profile properties of this kind, the St. Regis will also offer a unique retail mix to cater to the needs of both guests and residents. "The St. Regis Village concept was designed with the main goal of providing visitors and residents a social gathering place within a relaxed and fun

atmosphere," said Fortuño, adding that from the Village guests will also have an opportunity to participate in activities like canoeing, kayaking and snorkeling, among other water sports.

### WORLD-CLASS GROUNDS

As part of the area's development, the former Bahía Plantation Golf Course, acquired by BBP Partners in November 2003 for \$40 million, was upgraded in keeping with the area's new five-star quality. While it kept its original layout, the grounds were redesigned by world-renowned golf architect Robert Trent Jones Jr.

The new course, which opened last November, is both challenging and inspiring, according to Trent Jones. The 18-hole championship site is already included on the Robb Report's 2008 Best of the Best list. Troon Golf, the world's leading luxury-brand golf management and marketing company, manages the course's day-to-day operations.

The Bahía Beach Resort & Golf Club is a registered member of the Audubon International Silver Signature Program working toward its designation as a Certified Silver Audubon International Signature Sanctuary. ■

*Editor's note: CARIBBEAN BUSINESS Editor Frances Ryan contributed to this story.*



# Río Grande's Bahía Beach Resort opens up a whole new world in upscale living

**Residential developments at Bahía Beach include St. Regis Residences, Las Estancias; Las Verandas, Las Olas, Las Ventanas, starting at \$650,000; Phase I sales, \$140 million**

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**R**ío Grande's Bahía Beach Resort complex not only marks the beginning of Puerto Rico's five-star hospitality industry, but it also opens up a whole new world in upscale living.

As this week's CARIBBEAN BUSINESS front-page story details, a series of residential complexes ranging from stand-alone mansions to town homes and apartments is positioned to become a world-class destination for lifestyles of the rich and famous. Starting at \$650,000, St. Regis' condo-hotel units blend sophistication and luxury living while the stand-alone mansions, ranging from \$3 million to \$7 million, create a whole new residential category in Puerto Rico.

## THE RESIDENCES

The St. Regis Residences, Las Estancias, are introducing a new dimension of refined style in Puerto Rico. Designed in a tropical plantation architectural style on spacious lots ranging in size from more than one-half acre to one and a half acres, these spectacular homes offer views of the ocean, lakes and the golf course. The homes are available in six different models with sizes ranging from 6,000 to more than 10,000 square feet. The already built residences include large verandas, three-car garages, separate maid's quarters, infinity pools and kitchens with top-of-the-line Wolf and Sub-Zero appliances. Residents of Las Estancias will enjoy full access to the St. Regis

Resort amenities and services. Homes have been delivered since October 2007, and delivery dates are ongoing.

"This is a win-win situation for Puerto Rico," remarked Antonio Muñoz Bermúdez, one of the principals of BBP Bahía Beach LLC, the project's developer. "And I can say, without a doubt, that this might not be the biggest five-star resort I have seen, but it is certainly the most refined by far. And I have traveled a lot, especially during these last five years, so I could compare notes. What we are doing is truly impressive because we are not only maintaining the environment, but we are improving its quality, which is remarkable. I truly think St. Regis Bahía Beach Resort will be the turning point not only on habitat conservation, but on its improvement as well."

## ON THE PATH OF LUXURY

Already under construction, the other residential projects that complement the Bahía Beach Resort & Golf Course include a new phase of Las Verandas, Las Olas and Las Ventanas at an estimated total cost of \$200 million.

A collection of 90 exclusive residential villas designed by SB Architects of Miami, Las Verandas development is a perfect second home for local as well as international personalities. The tropical plantation architecture perfectly complements the breathtaking views of El Yunque rainforest, the Robert Trent Jones Jr. Golf Course and the calm lakes. The villas are available in one-, two- or three-bedroom models ranging from 1,500 square feet to the 3,500-square-foot

penthouse. All buildings share a centrally located recreational area featuring a lawn for outdoor activities and a geometrically styled swimming pool surrounded by well-appointed gazebos with BBQs and kitchenette facilities. The first units were delivered in April, and prices range from \$722,250 to \$1.926 million.

Ten luxurious two-story beachfront townhomes designed by SB Architects of Miami form Las Olas. These residences are being built directly along the beach with stunning views of the ocean and just a short stroll from the Golf Clubhouse and Bahía Village. These town houses will be approximately 4,232 square feet in size on lots averaging 500 square meters, featuring three bedrooms plus a guest room, a private plunge pool, two-car enclosed garage and top-of-the-line finishes and appliances. Construction has already started with a September 2009 delivery date. Prices begin around \$4.173 million

Also under construction are Las Ventanas at the Village, 24 villas within walking distance of the beach ranging in size from 1,680-square-foot (one bedroom + den/two bathrooms) units to more than 3,300 square feet (three bedrooms + family room/four bathrooms) for the ocean-view penthouses. All villas feature stone, tile and hardwood design throughout. The two structures feature tropical plantation architecture and were designed by SB Architects of Miami. The delivery date is August 2008, and prices range from \$1.177 million to \$2.924 million for the penthouses, according to Federico Sánchez-Ortiz, also a principal of BBP Bahía Beach and general contractor of the project.

Finally there are the St. Regis Resort & Residences of the St. Regis hotel. Of these 139 five-star hotel boutique suites, 98 units will be available for sale as condo-hotel units. Each one is a luxurious junior suite or a one-bedroom resort unit with private oceanfront terraces. These units are all clustered in 12 low-rise, plantation-style buildings to ensure that each guest enjoys the tranquil nature that is the hallmark of the Bahía Beach lifestyle. It's the centerpiece of Bahía Beach projects. St. Regis Resort & Residences are expected to be delivered by spring 2010 with prices ranging from \$650,000 to \$1.8 million depending on the size and the location. These units come completely furnished. ■

*A view of the St. Regis Residences, Las Estancias, from the golf course side.*



*Editor's Note: CARIBBEAN BUSINESS  
Editor Frances Ryan contributed to this story.*