

Virgin Islands Economic Development Commission
Decision Meeting of Tuesday, July 9, 2020
Board Report Out

During the Virgin Islands Economic Development Commission’s Governing Board Decision Meeting on Tuesday, July 9, 2020, the VIEDC Governing Board heard recommendations from staff regarding six (6) application matters and one (1) compliance matter in executive session and informational updates/discussions regarding three (3) administrative matters and one (1) resolution in regular session and voted as follows:

Executive Session:

Applications:

1. AAC-Air Ambulance Caribbean, Inc. d/b/a AeroMD – Petition for Reconsideration

Reconsideration (Motion #1):

The Board voted (5 - 0) to:

- Reconsider AeroMD’s charitable contribution provision of the modified tax incentives granted on May 7, 2020.

Charitable Contribution (Motion #2):

The Board voted (5 - 0) to:

1. Deny Air Ambulance Caribbean, Inc. (“AeroMD”) request to permanently reduce the total charitable contribution requirement from \$37,000 to \$20,000 effective January 1, 2020.
2. Find that Air Ambulance Caribbean, Inc. has not satisfactorily demonstrated a need to reduce its charitable contribution amount. By VIEDC’s May 7, 2020 decision requiring that no more than fifty percent (50%) of AeroMD’s charitable contribution requirement be in-kind, VIEDC reduced its cash requirement. AeroMD anticipates profits over the next five (5) years. AeroMD is anticipated to still be profitable when the current cash requirement is factored in and, therefore, should sustain the amount of cash contribution. In the future, should AeroMD encounter difficulty in fulfilling its charitable contribution requirement, it may request a waiver or an extension to comply with said requirement.

Residency Requirement & Training Income (Motion #3):

The Board voted (5 - 0) to:

1. Require Air Ambulance Caribbean, Inc. to submit a subsequent request for a residency waiver to include justification and information pertaining to its efforts made to fulfill said requirement if AeroMD is unable to recruit and train qualified medical personnel within the three-year waiver period.

2. Require Air Ambulance Caribbean, Inc. to request the addition of training income under Category IV – Designated Services Businesses and provide information on the related revenues and expenses in its 5-year projections or for periods thereafter, which was not previously reported as part of its modification application.

Membership Fee, Training Income, & Residency Requirement (Motion #4):

The Board voted (5 - 0) to:

1. Deny AeroMD's petition for reconsideration; and
2. Affirm its May 7, 2020 grant of tax incentives to AeroMD.

2. By-the-Sea Resort Properties, LLC – Petition for Reconsideration

Capital Investment (Motion #1):

The Board voted (5 - 0) to:

- Reconsider By-the-Sea Resort Properties, LLC capital investment provision of the tax incentives granted to on May 7, 2020.

Capital Investment (Motion #2):

The Board voted (5 - 0) to:

1. Approve an administrative correction to the By-the-Sea Resort Properties, LLC capital investment commencement date to accurately reflect the change in the year from May 5, 2020 to May 5, 2019; and
2. Table By-the-Sea Resort Properties, LLC's request to adjust the year of completion from three (3) years to seven (7) years to correspond with the anticipated timeline for completion of the third and final phase of development pending submission to and approval by of the VIEDC Governing Board of a projected expense report based on the three (3) construction phases of the project.

3. International Private Bank, LLC – Reconsideration of Tax Incentives

Reconsideration (Motion #1):

The Board voted (5 - 0) to:

1. Find sufficient grounds for reconsideration have been established pursuant to V.I.R.R. 717-403, namely that there has been a change in intervening law which occurred after the public hearing; and
2. Proceed to a decision on the merits of the petition and take such appropriate action as authorized by law, rules and regulations to decide this matter within the applicable timeframe set forth in V.I.R.R. 717-404.

Employment Provision (Motion #2):

The Board voted (5 - 0) to:

1. Approve an amendment to the full-time employment provision of the grant of tax incentives to International Private Bank, LLC dated March 28, 2019, which currently states as follows:

Employment Requirement: Applicant/Beneficiary shall employ a minimum of 13 full-time employees, excluding owners, within one year from the date the Chairman signs the Certificate. *See also* 9 V.I.C. § 738(b)(3) (providing that Applicant/Beneficiary shall employ at least three full time persons; however, Applicant/Beneficiary shall hire one (1) additional employee, for every \$1,000,000 of net income prior to salaries pursuant to 9 V.I.C. § 738(b)(3).)

The Amended Grant of Incentives to International Private Bank LLC, shall now state as follows:

Employment Requirement: Applicant/Beneficiary shall employ a minimum of five (5) full-time employees, excluding owners, within one (1) year from the date the Chairman signs the Certificate.

2. Require all other terms and provisions of the grant of tax incentives approved by VIEDC at its September 20, 2018 Decision Meeting and amended at its March 28, 2019 Decision Meeting shall remain in full force and effect.

4. St. Croix Renaissance Group, LLLP – Petition for Reconsideration

The Board voted (5 - 0) to:

1. Find that St. Croix Renaissance Group, LLLP is deserving of a one-time extension and modification of its tax incentives;
2. Find that St. Croix Renaissance Group, LLLP shall continue to promote the economic development of the U.S. Virgin Islands;
3. Grant St. Croix Renaissance Group, LLLP a one-time extension and modification of tax incentives at one hundred percent (100%) of the incentives authorized by law for a period of 10 years in accordance with the provisions of V.I. CODE ANN. tit. 29, chapter 12. Tax incentives shall commence no earlier than January 1, 2020; and
4. Find that St. Croix Renaissance Group, LLLP was not an existing beneficiary pursuant to 29 V.I.C. § 713(d) to qualify for a modification to take advantage of a longer benefit period

and has not satisfied the capital investment requirement to qualify for additional years of tax incentives.

5. Twin City Islands Spirits, Inc. d/b/a Sion Farm Distillery – New Application

The Board voted (5 - 0) to:

1. Find that Twin City Island Spirits, Inc. d/b/a Sion Farm Distillery and its wholly owned subsidiary, MUTINY Island Vodka, LLC, is deserving of a grant of tax exemption incentives;
2. Grant Twin City Island Spirits, Inc. d/b/a Sion Farm Distillery tax incentives at one hundred percent (100%) of the incentives authorized by law for a period of 30 years in accordance with the provisions of V.I. CODE ANN. tit. 29, § 713a(b)(2); and
3. Require Twin City Island Spirits, Inc. d/b/a Sion Farm Distillery tax incentives to specifically exclude revenues from the retail sale of products manufactured and not distributed or wholesaled by Beneficiary; and the importation, distribution, and/or sale of distilled spirits not manufactured by Beneficiary from its headquarters on St. Croix.

6. YHG Hotel, LLC – Request for Extension of Time to Commence Tax Incentives

The Board voted (5 - 0) to:

1. Find that YHG Hotel, LLC has shown good cause for the grant of additional time to commence its operations in the U.S. Virgin Islands due to the impact of the COVID-19 pandemic;
2. Grant an extension of time to YHG Hotel, LLC to commence its tax incentives no later than December 31, 2021; and
3. Require YHG Hotel, LLC to commence its tax incentives by December 31, 2021. If YHG Hotel, LLC does not commence its tax incentives by the specified date; (a) YHG Hotel, LLC's existing tax incentives will be nullified and (b) YHG Hotel, LLC will be required to file a new application for tax incentive benefits.

Compliance:

1. Tramway Properties, Inc. – Waiver of Full-Time Employment Requirement

The Board voted (5 - 0) to:

1. Find that it is not practical at this time for Tramway Properties, Inc. to effectively maintain the full-time employment requirement and conduct its business operations set forth in its Certificate;
2. Deny Tramway Properties, Inc. a waiver of its minimum full-time employment requirement from fourteen (14) full-time employees to eleven (11) full-time employees commencing January 1, 2019 to December 31, 2019;

3. Grant Tramway Properties, Inc. a waiver of its minimum full-time employment requirement from fourteen (14) full-time employees to eleven (11) full-time employees commencing January 1, 2020 to March 31, 2020;
4. Grant Tramway Properties, Inc. a waiver of its minimum full-time employment requirement from fourteen (14) full-time employees to eight (8) full-time employees commencing April 1, 2020 to March 31, 2021;
5. Require Tramway Properties, Inc. to notify the VIEDC, 30 days prior to termination of the employment waiver, of any change in its business operations; and
6. Require Tramway Properties, Inc. to adhere to all other standards and special provisions/conditions of its Certificate of tax incentives.

Regular Session:

General Matters:

Compliance:

1. Resolution – Waiver of Employment/Other Employment Related Special Conditions or Voluntary Suspension

The Governing Board voted (5 – 0) to:

1. Approve its first extended grant of authority to the VIEDA CEO to approve an administrative waiver for employment, other employment-related special conditions, or voluntary suspension of tax incentive benefits for the period extending from July 1, 2020 and terminating December 31, 2020, applicable only to VIEDC Beneficiaries impacted by the COVID-19 State of Emergency that file petitions with VIEDC; and
2. Reserve the right of the VIEDC Governing Board to amend the period of the administrative waiver based on changing circumstances.

2. Petitions for COVID-19 Administrative Waivers - Update

Staff provided an update to the Board on petitions for COVID-19 Administrative Waivers received from VIEDC beneficiaries. To date the VIEDC has received 14 petitions, processed 8, two (2) have been withdrawn, and four (4) are pending as they were outside the June 30, 2020 deadline date (but are within the approved first extended deadline date of December 31, 2020).

Applications:

1. Seven Seas Corporation – Change in Shareholders

Staff advised the Board of the change in Seven Seas Corporation’s shareholders. No Board action was required.

2. GCI Corporation – Amended Appendix B – Real Property Tax

Staff advised the Board of the change in GCI Corporation's Certificate Appendix B – Real Property Tax. No Board action was required.