

**Virgin Islands Economic Development Authority
Governing Board Meeting
Tuesday, Jul 22, 2021
Board Report Out**

During the Virgin Islands Economic Development Authority (“USVIEDA”) Governing Board Meeting on Thursday, July 22, 2021, the Governing Board was given a financial update by the CFO and CEO on USVIEDA’s operations through the end of June 30, 2021 (3rd Quarter of FY 2021) and heard from staff regarding two (2) STARS application matters in regular session and had discussion on one (1) legal matter and one (1) personnel matter in executive session and voted as follows

Regular Session

1. Discussion Item:

An update of the USVIEDA’s financial position through June 30, 2021 was provided by CFO and CEO.

2. Action Item:

Applications:

1. Deep Blue Productions, LLC – New STARS Act Application

Deep Blue Productions, LLC (“Deep Blue”) is a U.S. Virgin Islands foreign limited liability company licensed to do business in the U.S. Virgin Islands. On May 25, 2021, Deep Blue filed an application seeking tax incentives benefits (cash rebates and tax credits) afforded under the STARS Act. On June 9, 2021, VIEDC transferred the application to the Department of Tourism pursuant to V.I. Code ANN, tit. 29, Chapter 12 § 752(f). On June 29, 2021, VIEDC received correspondence from the Film Office of the Department of Tourism recommending the applicant for tax incentives and rebates under the STARS Program.

Deep Blue Productions, LLC is a production company that is eligible under the category of Television Series. The project titled, “Ghost of St. Croix”, a feature film is a fictional film set in the Caribbean. Ghost of St. Croix will be a six episode series and will take approximately 15 days to shoot. The Applicant represented in its application that producers will capture island scenery, USVI hotels, short term rentals, and car rentals. The Applicant is in the production phase of the project. The total overall budget is projected at \$3 Million of which the anticipated USVI spend is \$2,688,998.00. Total employment is anticipated to be 33 persons of which approximately 70% is anticipated to be U.S. Virgin Islands residents. The total number of U. S. Virgin Islands hires is anticipated to be 22 persons which includes 20 for talent, and 2 interns. The project will be produced entirely in the USVI, and is fully funded at the time of the application.

Motion 1 – STARS Tax Incentive Benefits

The Governing Board voted (5 – 0) to:

1. Find that Deep Productions, LLC is a foreign U.S. Virgin Islands entity that has obtained a license to do business in the U.S. Virgin Islands pursuant to V.I. CODE ANN. tit. 29, § 753(a)(1).

2. Grant Deep Productions, LLC tax incentives upon the Applicant/Beneficiary demonstrating it has met the applicable requirements of title 29, chapter 12, subchapter IV of the V.I. Code.
3. Require the qualified production to commence no later than 180 days after issuance of the Certificate; and expire 180 days thereafter, unless an extension is granted by USVIEDA.
4. Require Deep Productions, LLC to provide one (1) print copy of promotion materials, including at least one (1) poster, and a copy of the project in DVD or Blu-ray format with evidence of the Qualified Virgin Islands Promotion to USVIEDA and the Virgin Islands Department of Tourism (“VIDOT”) within 30 days of completion of post-production or the first exhibition of the project at no charge.
5. Require Deep Productions, LLC to allow USVIEDA and VIDOT access to the sets for photographing the production for promotional purposes under a collaborative effort and subject to reasonable controls or conditions.
6. Require Deep Productions, LLC to provide production schedules, daily call sheets and crew lists to the USVIEDA and VIDOT.
7. Require Deep Productions, LLC, pursuant to 29 V.I.C. § 753(a)(5), to have a member of the executive production crew, including but not limited to the director, producer, production supervisor, writer and department heads make themselves available to USVIEDA to speak to local school and university students about music/film/entertainment topics pertinent to the film or video industry applicable to the applicant, where practicable.
8. Require Deep Productions, LLC, pursuant to STARS Rules & Regulations 753a-2(b), to submit a best practices review of Qualified Production Expenditures prepared by a Certified Public Accountant licensed in the U.S. Virgin Islands, on the Qualified Expenditures Report Form, within 90 days after the end of production.

Motion 2 – Waiver of 20% Residency Requirement

The Governing Board voted (4 – 1) to:

1. Find it may not be practicable or feasible for Deep Blue Productions, LLC to employ the prerequisite number of residents of the U.S. Virgin Islands due to a lack of available and/or experienced workforce in the film production industry.
2. Approve a waiver of the minimum employment requirement of 20% USV residents.
3. Require Deep Blue Productions, LLC to endeavor to employ/hire Virgin Islands residents in its production to the greatest extent possible and shall provide the USVIEDA with proof of its solicitation and/or posting for workforce with the Virgin Islands Department of Labor, as applicable or in newspaper of general circulation in the US. Virgin Islands.

2. Silent Drift, LLC – New STARS Act Application

Silent Drift, LLC (“Silent Drift”) is a U.S. Virgin Islands limited liability company licensed to do business in the U.S. Virgin Islands. On June 8, 2021, Silent Drift filed an application seeking tax incentives benefits (cash rebates and tax credits) afforded under the STARS Act. On June 30, 2021, VIEDC transferred the application to the Department of Tourism pursuant to V.I. Code ANN, tit. 29, Chapter 12 § 752(f). On July 14, 2021, VIEDC received correspondence from the Film Office of the Department of Tourism recommending the applicant for tax incentives and rebates under the STARS Program.

Silent Drift, LLC is a production company that is eligible under the category of feature film. The project also titled, Silent Drift, a feature film is a fictional film set in the Caribbean. Silent Drift is slated to be shot in 90 days plus 30 days of principal photography on the island of St. Croix. The Applicant represented in its application that producers will capture island scenery and the culture characteristic of the movie’s expression, USVI apparel, body care and cosmetics, beverages, spirits, and other product. The Applicant is in the production phase of the project. The total overall budget is projected at \$3,000,000.00 of which the anticipated USVI spend is \$2,690,579.50. Total employment is anticipated to be 568 persons of which approximately 88% is anticipated to be U.S. Virgin Islands residents. The total number of U. S. Virgin Islands hires is anticipated to be 500 persons which includes 100 extras, 222 crew, 169 miscellaneous talents, and 9 interns. The project will be produced entirely in the USVI, and is fully funded at the time of the application.

The Governing Board voted (5 – 0) to:

1. Find that Silent Drift, LLC is a U.S. Virgin Islands entity that has obtained a license to do business in the U.S. Virgin Islands pursuant to V.I. CODE ANN. tit. 29, § 753(a)(1).
2. Grant Silent Drift, LLC tax incentives upon the Applicant/Beneficiary demonstrating it has met the applicable requirements of title 29, chapter 12, subchapter IV of the V.I. Code.
3. Require the qualified production to commence no later than 180 days after issuance of the Certificate; and expire 180 days thereafter, unless an extension is granted by USVIEDA.
4. Require Silent Drift, LLC to provide one (1) print copy of promotion materials, including at least one (1) poster, and a copy of the project in DVD or Blu-ray format with evidence of the Qualified Virgin Islands Promotion to USVIEDA and the Virgin Islands Department of Tourism (“VIDOT”) within 30 days of completion of post-production or the first exhibition of the project at no charge.
5. Require Silent Drift, LLC to allow USVIEDA and VIDOT access to the sets for photographing the production for promotional purposes under a collaborative effort and subject to reasonable controls or conditions.
6. Silent Drift, LLC shall provide production schedules, daily call sheets and crew lists to the USVIEDA and VIDOT.
7. Require Silent Drift, LLC, pursuant to 29 V.I.C. § 753(a)(5), to have a member of the executive production crew, including but not limited to the director, producer, production

supervisor, writer and department heads make themselves available to USVIEDA to speak to local school and university students about music/film/entertainment topics pertinent to the film or video industry applicable to the applicant, where practicable.

8. Require Silent Drift, LLC, pursuant to STARS Rules & Regulations 753a-2(b), to submit a best practices review of Qualified Production Expenditures prepared by a Certified Public Accountant licensed in the U.S. Virgin Islands, on the Qualified Expenditures Report Form, within 90 days after the end of production.

Executive Session

A. Legal Matter:

An update was provided on a legal matter. No Board vote was taken.

B. Application Matters:

Discussion was held on the five (5) application action items. No Board vote was taken.

C. Personnel Matter:

Discussion was held on the upcoming expiration of Collective Bargaining Agreement (“CBA”) with the USVIEDA’s bargaining unit employees.

The Board voted (5 - 0) to:

- Authorize the Chief Executive Officer and/or his designee(s) to bargain on behalf of the USVIEDA with the Union, to reach a tentative agreement on the terms and conditions for a CBA between the parties, and to submit the same to the Board of Directors for final acceptance and approval.