**Virgin Islands Economic Development Commission**

**Decision Meeting of Thursday, December 8, 2022**

**Summary Report Out**

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Thursday, December 8, 2022, the Governing Board heard recommendations from VIEDC Team regarding seven (7) application matters and one (1) compliance matter in Regular Session and voted as follows:

**Regular Session:**

**Action Items:**

**Application:**

1. **Conlon & Co. USVI, LLP – New Application**

*Conlon & Co. USVI, LLP (“Conlon”) seeks VIEDC tax incentive benefits as a Categories IV – Designated Services Business (Financial). Conlon will provide business management and consulting services, investment management and advisory services, and investment banking and financial services to clients located outside the USVI. Conlon has established three (3) wholly owned disregarded subsidiaries, Conlon USVI Advisors, LLP; Conlon USVI Investment Management, LLP; and SJC Holdings, LLC through which it will carry out its business activities.*

*Conlon commits to employ a minimum of four (4) full-time employees within one (1) year from the date the VIEDC Chairman signs the Certificate or within one (1) year of commencement of tax incentives, whichever is later; and an additional three (3) full-time employees during the second year thereafter , for a total of seven (7) full-time employees. Conlon also commits to make a minimum capital investment of One Hundred Thousand Dollars ($100,000.00) in the benefited business commencing July 8, 2021 and completed within one (1) year from commencement of tax incentives or one (1) year from the date the VIEDC Chairman signs the Certificate, whichever is later. Further, Conlon has agreed to meet all statutory requirements and other applicable requirements for grant of benefits. Conlon is located on the island of St. Croix.*

 The Governing Board voted (5 – 0) to:

1. Find Conlon & Co. USVI, LLP is deserving of a grant of tax incentives.
2. Grant Conlon & Co. USVI, LLP tax exemptions 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, chapter 12.
3. Grant Conlon & Co. USVI, LLP an extension of time to satisfy the minimum full-time employment requirement as follows:

Applicant/Beneficiary shall employ a minimum of four (4) full-time employees within one (1) year from the date the VIEDC Chairman signs the Certificate or within one year of commencement of tax incentives, whichever is later; and an additional three (3) full-time employees within two (2) years of commencement of tax incentives , for a total of seven (7) full-time employment.

1. Require the following to be specifically excluded:

Services provided to U.S. Virgin Islands clients shall be specifically excluded from the tax incentives.

1. **Hibiscus Beach, LLC – New Application**

*Hibiscus Beach, LLC d/b/a Hibiscus Beach Hotel (“Hibiscus Beach”) seeks VIEDC tax incentive benefits as a Category III - Hotel/Guesthouse to own and operate a boutique hotel with all amenities normally associated with a hotel. Hibiscus Beach may establish one or more wholly owned disregarded subsidiaries through which it may carry out the above business activities. Hibiscus Beach is located on the island of St. Croix.*

*Hibiscus Beach commits to employ a minimum of ten (10) full-time employees within one (1) year from the date the VIEDC Chairman signs the Certificate or within one (1) year of commencement of hotel operation, whichever is later. Hibiscus Beach shall employ an additional ten (10) full-time employees within one (1) year of completion of Phase III. Hibiscus Beach also commits to invest a minimum of Four Million Five Hundred Ten Thousand Dollars ($4,510,000.00) in the benefited business commencing September 8, 2021 and completed within one (1) year from commencement of tax incentives or one (1) year from the date the VIEDC Chairman signs the Certificate, whichever is later. Hibiscus Beach further agrees to meet all statutory, and special conditions, and other applicable requirements for the grant of tax incentive benefits.*

 The Governing Board voted (5 – 0) to:

* Table Hibiscus Beach, LLC’s application for tax incentives pending receipt of additional information.
1. **Maritain, LLC – New Application**

*Maritain, LLC (“Maritain”) seeks VIEDC tax incentive benefits as a Categories IV – Designated Services Business (Financial). Maritain will provide financial management and consulting services, risk management, data management, claims processing and management, general administrative services, and family office services. All of Maritain’s clients will be located outside the U.S. Virgin Islands. Maritain has established one disregarded entity, BaseLayer Marketing, Inc., through which it will provide services.*

*Maritain commits to employ a minimum of five (5) full-time employees, including the owner, within one (1) year from the date the Chairman signs the VIEDC Certificate or within one (1) year of commencement of tax incentives, whichever is later. Maritain also commits to make a minimum capital investment of $100,000.00 in the benefited business commencing June 1, 2021 and completed by June 1, 2023. Maritain further agrees to meet all statutory, and special conditions, and other applicable requirements for the grant of tax incentive benefits. Maritain is located on the island of St. Thomas.*

 The Governing Board voted (5 – 0) to:

* Table Maritain, LLC’s application for tax incentives pending receipt of additional information.
1. **Celebrity Financial, Inc. – Petition for Admission of New Shareholder**

*Celebrity Financial, Inc. (“Celebrity Financial”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits on February 9, 2021 to own and operate a Category IV - Designated Services Business, conducting financial management and consulting services, risk management and insurance management, and compliance and related back office services to clients located outside the USVI. Celebrity Financial is located on the island of St. Thomas.*

*On April 13, 2022, Celebrity Financial filed a petition with the VIEDC requesting a change in its ownership structure.*

 The Governing Board voted (5 – 0) to:

1. Acknowledge and approve the change in ownership structure of Celebrity Financial, Inc. pursuant to V.I. CODE ANN. tit 29, § 714(b) with the admission of new shareholder John Matheson.
2. Require the admission of John Matheson shall be effective August 16, 2021.
3. Require the Certificate of Tax Incentives shall be amended to reflect the admission of new shareholder, John Matheson.
4. Require all other terms and provisions of the Certificate shall remain in full force and effect.
5. **Evolve USVI, LLC – Petition for Ownership Change**

 *Evolve USVI, LLC (“Evolve”) was granted tax incentive benefits to own and operate a Category III - Condominium/Hotel and other ancillary activities normally associated with a full-service hotel on January 22, 2020. Evolve carries out its approved business activities through two (2) wholly-owned disregarded subsidiaries: The Fred Hotel, LLC, which operates the boutique hotel, spa, and gift shop activities; and Eat with Fred, LLC, which operates the restaurant and bar activities. Evolve’s tax incentive benefits commenced on January 1, 2018 and terminates on December 31, 2047. Evolve is located on the island of St. Croix.*

*On May 23, 2022, Evolve filed a petition with the VIEDC requesting a change in its ownership structure.*

 The Governing Board voted (5 – 0) to:

1. Acknowledge the change in ownership and interest of Evolve USVI, LLC pursuant to V.I. CODE ANN. tit. 29, § 714(b) with the admission of new shareholder STX Fund, LLLP as follows:

 **Ownership**

**Member Address Percentage**

STX Fund, LLLP Physical: 605 Strand Street, 100.0%

Frederiksted, VI, 00840.

 Mailing: 190 Monroe NW, Third Floor

Grand Rapids, Michigan, 49503

**Partners**

STX Fund GP LLC 605 Strand Street 50.0%

John P. Job Frederiksted, VI 00840

100% Owner

**Non-USVI Grantor Trusts**

**(Tax Exemptions – N/A)**

Ronald L Weiser Trust 320 N Main Street Suite 200 25.0%

*Trustee:* Ronald Weiser Ann Arbor, MI 48104

Weiser Trust 2 320 N Main Street Suite 200 25.0%

Trustee: Marc Weiser Ann Arbor, MI 48104

1. Require Appendix A1 of the Certificate of Tax Incentives to be amended to reflect the change of shareholder and interests.
2. Require the change of ownership to STX Fund, LLLP is effective September 2, 2021.
3. Require all other terms and provisions of the Certificate to remain in full force and effect.
4. **KCV Associates, Inc. d/b/a St. John Brewers – Petition for Reconsideration of Eligible Activity**

*KCV Associates, Inc. d/b/a St. John Brewers (“KCV”) was granted tax incentives on September 8, 2022 to own and operate a Category II - Food Processing, Bottling, and Packing Company to brew, bottle, and package its line of beers, hard seltzers, and non-alcoholic beverages. Additionally, it will operate two (2) retail locations for promotion of its brand. KCV is located on the island of St. John.*

*On October 6, 2022, KCV filed a petition with the VIEDC requesting a reconsideration of its eligible activities.*

 **MOTION #1: RECONSIDERATION**

 The Governing Board voted (5 – 0) to:

1. Acknowledge that sufficient grounds have been established for reconsideration pursuant to V.I.R.R. 717-403 based on a finding, conclusion, or other matter upon which the petitioner has not previously had the opportunity to comment.
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.

 **MOTION #2: DECISION – ELIGIBLE ACTIVITIES**

 The Governing Board voted (3 – 1 – 1) to:

1. Affirm its September 8, 2022 decision to specifically exclude revenues derived from the retail sale of products manufactured and not distributed or wholesaled by KCV Associates, Inc. d/b/a St. John Brewers (“KCV Associates”); the importation, distribution, and/or sale of beer, non-alcoholic sodas, ready-to-drink canned cocktails, branded hot sauces, and other products not manufactured by KCV Associates; and the retail sale of merchandise including t-shirts, hats, and other souvenirs.
2. Find, in accordance with the provision of V.I. CODE ANN. tit. 29, § 716(b), the following bases for the denial of retail incentives:
	* + - KCV Associates’ business activities include the brewpub function and accessory sales. The retail operation is not an eligible business activity under this tax incentive program.
			- Granting KCV Associates incentives for retail activities will cause a competitive advantage over other such retailers (restaurant and bars).
			- The brewpub has been in operation since 2004. In fact, the removal of this activity from the tax roll will result in loss of tax revenues to the Territory.
3. **United Electronics Services Industries, Inc. – 3rd Petition for Reconsideration of Eligible Activity**

*United Electronics Industries Services, LLC**(“UEIS)” was granted tax incentives to own and operate a Category II Manufacturing Business providing full service Surface Mount Technology and Through Hole Manufacturing and Rework & Engineering Change Order Implementation at its facility located at the Virgin Islands Industrial Park. Additionally, UEIS also operates a sales, marketing, and support and product servicing components for its clients. On January 10, 2022* *UEIS was granted a modification of tax incentives to take advantage of a longer benefit period at one hundred percent (100%) of the incentives authorized by law for a period of 10 years. The VIEDC Governing Board also tabled its consideration of UEIS’s petition to amend its approved business activities to include the design, development, and sale of intellectual property, regardless of whether that intellectual property is installed in its products for sale to third parties pending additional information. UEIS is located on the island of St. Thomas.*

*On January 25, 2022, the UEIS submitted a petition for reconsideration of the board’s action taken on January 10, 2022, and provided additional information to support their request. On March 10, 2022, VIEDC Governing Board reaffirmed its decision. On May 12, 2022 UEIS’s second petition for reconsideration, with additional information, and on June 7, 2022 the VIEDC Governing Board again reaffirmed its decision. On October 6, 2022, UEIS submitted a third petition for reconsideration, with additional information, of its eligible activities.*

 **MOTION #1: 3rd RECONSIDERATION**

 The Governing Board voted (5 – 0) to:

1. Acknowledge that although the timeframe to rehear this matter pursuant to V.I.R.R 717-402 has expired, VIEDC shall reconsider this matter sua sponte, having found sufficient grounds for reconsideration of its March 10, 2022 decision pursuant to V.I.R.R. 717-403a(1), namely, a change in material fact regarding its category for eligibility.
2. Proceed to a decision on the merits of the petition and take such appropriate action as authorized by law and rules and regulations to decide this matter within the applicable timeframe set forth in V.I.R.R. 717-404.

 **MOTION #2: DECISION – ELIGIBLE ACTIVITIES**

 The Governing Board voted (5 – 0) to:

1. Grant a modification to United Electronic Industries Services, LLC to include the activity of “Commercial Distribution and Trading Services” in accordance with 29 V.I.C. § 703(g)(1) – for the design, development and sale of intellectual property regardless of whether the intellectual property is installed in its products for sale to third parties.
2. Require all other provisions of the grant of incentives approved on February 24, 2022 shall remain in force and effect

**Compliance:**

* **Inner Circle Logistics, Inc. d/b/a ICGROUP AND ICLOGISTICS – Suspension of Tax Incentive Certificate, and an Extension of Time to Meet the Minimum Full-Time Employment and Minimum Capital Investment Requirements**

*Inner Circle Logistic, Inc. d/b/a ICGROUP AND ICLOGISTICS (“Inner Circle”) was granted tax incentives to own and operate a Category IV – Designated Services Business providing management  advisory services with respect to sales, advertising and marketing direction, supply chain and business processes, research and development, strategic planning, recruitment of management personnel, financial analysis, review and advisory services, and research and analysis of new business and investment opportunities and shall include mortgage placement and/or financing.  Beneficiary shall also provide accounting and information technology services and shall provide management and consulting services to business entities in industries including real estate and development companies. Inner Circle original tax incentives benefits commenced on January 1, 2009 and terminates on December 31, 2018. On March 28, 2019, the VIEDC Governing Board granted Inner Circle’s request for tax incentive benefits to commence on January 1, 2019 for a period of 10 years. Inner Circle is located on the island of St. Croix.*

*On November 21, 2022, Inner Circle filed a petition with the VIEDC requesting a suspension of its tax incentives and extension of time to meet minimum full-time and capital investment requirements.*

 The Governing Board voted (5 – 0) to:

1. Grant Inner Circle Logistics, Inc. d/b/a ICGROUP AND ICLOGISTICS a suspension of its Certificate of Tax Incentives effective September 1, 2019 to December 31, 2022
2. Grant Inner Circle Logistics, Inc. d/b/a ICGROUP AND ICLOGISTICS an extension to January 1, 2024 to comply with the following Certificate requirements:
3. The minimum Full-Time Employment Requirement of at least 10 full-time employees; and
4. The minimum capital investment of One Hundred Forty Thousand Dollars ($140,000.00), excluding inventory, in the benefited business.
5. Require Inner Circle Logistics, Inc. d/b/a ICGROUP AND ICLOGISTICS to be liable for the payment of the Certificate activation fee in the amount of $2,500.00.
6. Reverse Inner Circle Logistics, Inc. d/b/a ICGROUP AND ICLOGISTICS’ Annual Compliance fees in the amount of $30,000.00.
7. Should Inner Circle Logistics, Inc. d/b/a ICGROUP AND ICLOGISTICS not commence business operations on or before January 1, 2023, its VIEDC Certificate of incentives shall be summarily revoked pursuant to V.I.R.R. 722-11.
8. Require all other terms and provisions of the Certificate to remain in full force and effect.