

Virgin Islands Economic Development Commission
Public Hearing of Thursday, October 27, 2022
Summary Read Out

During the Virgin Islands Economic Development Commission (“VIEDC”) Public Hearing on Thursday, October 27, 2022, the VIEDC Governing Board heard one (1) application presentation and two (2) compliance matters as follows:

Applications

❖ **Hibiscus Beach, LLC – New Application**

[Categories III – Hotel/Guesthouse, boutique hotel and amenities normally associated with a hotel; Investment: \$4,510,000.00; Jobs: 20; Location: St. Croix, VI]

Hibiscus Beach, LLC d/b/a Hibiscus Beach Hotel (“Hibiscus Beach”) seeks VIEDC tax incentive benefits as a Category III – Hotel/Guesthouse, boutique hotel and amenities normally associated with a hotel.

On August 4, 2022, Hibiscus Beach filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. . Hibiscus Beach shall own and operate a Category III hotel/guesthouse boutique hotel and amenities normally associated with a hotel on the island of St. Croix. Hibiscus Beach may establish one or more wholly owned disregarded subsidiaries through which it may carry out the above business activities. 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 operations, whichever is later. Applicant will employ an additional ten (10) full-time employees within one (1) year of completion of Phase III. Hibiscus Beach also commits to make a minimum capital investment of \$4,510,000.00 commencing June 1, 2021 and completed by June 30, 2029. Hibiscus Beach further agrees to meet all statutory, and special conditions, and other applicable requirements for the grant of tax incentive benefits. Hibiscus Beach is located on the island of St. Croix.

Compliance

1. CREF3 USVI Hotel Owner, Inc. – Extension of Waiver of Full-Time Employment Requirement

CREF3 USVI Hotel Owner, Inc. (“CREF3”) is the owner of Westin Beach & Spa at Frenchman's Reef and the Autograph Collection Resort at Frenchman's Reef located in Frenchman's Bay, St. Thomas. These properties were formerly known as the Frenchman's Reef Marriott and Morningstar Beach Resort. CREF3 was granted tax exemption incentives as a Category III - Hotel/Guesthouse Business to include ancillary activities normally associated with a full service hotel.

On September 27, 2022, a petition was filed with the VIEDC by CREF3’s counsel on behalf of CREF3 requesting an extension of CREF3’s current employment waiver to December 31, 2023.

2. Salt Pond Holdings, LLC – Waiver of Full-Time Employment Requirement

Salt Pond Holdings, LLC (“Salt Pond”) was granted tax incentives to conduct the ownership and operation of a Category IIA - Designated Services Business (Financial), providing private merchant banking services and family office services, which encompasses trading in stocks or securities and possible financing operations for businesses located outside the USVI. Salt Pond’s activities include identifying, analyzing, and purchasing various securities and financial investments. All of its clients are located outside the U.S. Virgin Islands.

On September 15, 2022, a petition was filed with the VIEDC by the President and Chief Executive Officer of Salt Pond requesting a temporary employment waiver from five (5) full-time employees to two (2) full-time employees for the period beginning January 1, 2023 through December 31, 2024.