

**Virgin Islands Economic Development Commission
Decision Meeting of Thursday, March 10, 2022
Summary Report Out**

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Thursday, March 10, 2022, the Governing Board heard recommendations from staff regarding four (4) application matters, and voted as follows:

Regular Session:

Action Items:

Applications:

1. 2400 Services, LLC – New Applicant

On October 25, 2021, 2400 Services, LLC (“2400 Services”) filed an application with the V.I. Economic Development Commission (“VIEDC”) for tax incentive benefits. 2400 Services seeks VIEDC tax incentive benefits to own and operate a Category IV - Designated Service Business (Financial) providing financial, management, and consulting services to clients primarily focused in the lending business. All of 2400 Services’ clients will be located outside the U.S. Virgin Islands.

2400 Services commits to employ a minimum of 10 full-time employees - six (6) full-time employees within one (1) year from the date the Chairman signs the Certificate and 10 full-time employees by the third year with the exception of the one (1) owner. 2400 Services commits to invest a minimum of One Hundred Thousand Dollars (\$100,000.00) in the benefited business commencing September 1, 2021 and completed within one (1) year from the date the Chairman signs the Certificate. 2400 Services will be located on the island of St. Croix.

The Governing Board voted (5 – 0) to:

1. Find 2400 Services, LLC is deserving of a grant of tax incentives.
2. Grant 2400 Services, LLC 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 2400 Services, LLC an extension of time to satisfy the minimum 10 full-time employment requirement as follows:

Applicant/Beneficiary shall employ a minimum of six (6) full-time employees within one (1) year from the date the Chairman signs the Certificate and an additional four (4) full-time employees by the third year, for a total of 10 full-time non- owner employees in the third year of incentives.

4. Require 2400 Services, LLC to also provide dental and vision insurance for dependents and pay eighty percent (80%) of premiums.

2. United Electronics Industries Services, LLC – Modification Application

On March 27, 2012, United Electronic Industries Services, LLC (“UEIS”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits to conduct the operation of a Category II Manufacturing and Assembly Business. UEIS manufactures and tests electronic assemblies tailored to the automotive, aerospace, military, medical, and semiconductor industries. Additionally, UEIS provides sales, marketing, support and product servicing component for itself and its clients. The VIEDC Certificate was granted for a period of 10 years commencing January 1, 2012 and terminating December 31, 2021. UEIS is located on the island of St. Thomas.

On March 15, 2021, UEIS filed a modification application with the VIEDC to take advantage of a longer benefit period as provided by Act No. 7651. UEIS also requested that its eligible revenue streams include income derived from the design and development of intellectual property that is installed in its products for sale to third parties. UEIS commits to continue developing the skills of Virgin Islands residents by employing 10 full-time employees, and investing One Hundred Thousand Dollars (\$100,000.00) in the benefited business.

On January 10, 2022, the VIEDC Governing Board voted to approve UEIS’s modification application in regards to the longer benefit period provided by Act No. 7651, but tabled its decision on UEIS’s request that its eligible revenue streams include income derived from the design and development of intellectual property pending receipt of additional information.

The Governing Board voted (5 – 0) to:

1. Deny United Electronics Industries Services, LLC an amendment of its approved business activities to include the design, development, and sale of intellectual property not installed in its products for sale to third parties. In accordance with V.I. CODE ANN. tit. 29, § 716(b) and Economic Development Program Rules and Regulations (V.I.R.R.) 717-302(b) and (c), VIEDC finds the following bases for the denial of incentives:
 - a. While the intellectual property is incorporated into the finished products as a component and deemed manufactured in the US. Virgin Islands, the intellectual property by itself was not designed or developed in the USVI by employees of UEIS.
 - b. The inclusion of licensing income or capital gains related to intellectual property, whether made or not made in the U.S. Virgin Islands and which may be sourced in the U.S.V.I. for income tax purposes, will, based on UEIS’s projections, result in reduced economic and fiscal impact to the Territory.
2. Affirm the grant of incentives approved on February 24, 2022 specifically excluding the sale of intellectual property not installed in UEIS’ products to third parties.

3. Virgin Bay Capital, LLC – New Applicant

On December 17, 2021, Virgin Bay Capital, LLC (“Virgin Bay”) filed an application with the V.I. Economic Development Commission (“VIEDC”) for tax incentive benefits. Virgin Bay seeks VIEDC tax incentive benefits to own and operate Category IV Designated Service Business (Financial) providing financial management, consulting services, mortgage services, and investment to clients primarily within the residential and commercial loan sectors. Virgin Bay shall originate, broker, finance, purchase, manage, and sell residential and other loans and mortgages and shall offer consulting services to clients in the same space. All of its clients shall be located

outside the U.S. Virgin Islands. Virgin Bay's services may be provided through one or more wholly owned disregarded subsidiaries.

Virgin Bay commits to employ a minimum of nine (9) full-time employees - one (1) full-time employee in addition to the owner who will be employed by Virgin Bay as President but will not be counted towards the minimum full-time employment within one (1) year from commencement of tax incentives or one (1) year from the date the Chairman signs the Certificate. Virgin Bay shall employ one (1) additional full-time employee within two (2) years from commencement of tax incentives or two (2) years from the date the Chairman signs the Certificate, whichever is later and an additional three (3) full-time employees within three (3) years from commencement of tax incentives or three (3) years from the date the Chairman signs the Certificate, whichever is later. Finally, Virgin Bay shall employ an additional four (4) full-time employees within five (5) years from commencement of tax incentives or five (5) years from the date the Chairman signs the Certificate, whichever is later. Virgin Bay commits to invest a minimum of One Hundred Thousand Dollars (\$100,000.00) in the benefited business commencing December 10, 2021 and completed within one (1) year thereafter. Virgin Bay will be located on the island of St. Thomas.

The Governing Board voted (5 – 0) to:

1. Find Virgin Bay Capital, LLC is deserving of a grant of tax incentives.
2. Grant Virgin Bay Capital, LLC tax exemptions at one hundred percent (100%) of the incentives authorized by law for a period of 20 years in accordance with the provisions of V.I. CODE ANN., tit 29, chapter 12.
3. Grant Virgin Bay Capital, LLC an extension of time to satisfy the minimum nine (9) full-time employment requirement due to time required to obtain appropriate licensures as follows:

Applicant/Beneficiary shall employ a minimum of two (2) full-time employee, excluding the owner, within one (1) year from commencement of tax incentives or one (1) year from the date the Chairman signs the Certificate, whichever is later; thereafter starting the second year of incentives, an additional three (3) full-time employee; and starting the fifth year of incentives, an additional five (5) full-time employees, for a total of ten (10) full-time non-owner employees in the fifth year of incentives.

4. Yusuf Drinking Water, Inc. – Petition for 2nd Extension of Time to Commence Tax Incentives

On November 8, 2022, Yusuf Drinking Water, Inc. ("Yusuf") was granted Virgin Islands Economic Development Commission ("VIEDC") tax incentive benefits to conduct the operation of a Category III manufacturer to produce plastic bottles, especially the 16.9 oz bottle, to serve the emergency needs throughout the Caribbean and beyond. The Certificate was granted for a period of 30 years. Yusuf is located on the island of St. Croix.

The Governing Board voted (5 – 0) to:

1. Find Yusuf Drinking Water, Inc. has shown good cause for a grant of additional time to commence its tax incentives due to the global pandemic caused by the COVID-19 virus.
2. Grant Yusuf Drinking Water, Inc. an extension of time to January 1, 2023 to commence its tax incentives.

3. Yusuf Drinking Water, Inc.'s tax incentives shall be null and void should said incentives not commence on or before January 1, 2023.
4. Grant Yusuf Drinking Water, Inc. a one-year extension to its capital investment deadline from December 31, 2021 to December 31, 2022.
5. Require all other terms and provisions of the grant of incentives delineated in the VIEDC's approval letter of December 3, 2018 to remain in full force and effect.