

**Virgin Islands Economic Development Commission
Decision Meeting of Tuesday, December 22, 2020
Summary Report Out**

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Tuesday, December 22, 2020, the Governing Board heard recommendations from the CEO regarding one (1) policy matter in regular session and from staff regarding four (4) application matters, one (1) compliance matters and discussed one (1) legal matter in Executive Session and voted as follows:

I. 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 second 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 January 1, 2021 and terminating June 30, 2021 for VIEDC Beneficiaries that file petitions based upon the negative impacted of COVID-19;
2. Require the term of any employment waiver, other employment-related special condition, or voluntary suspension of tax incentive benefits granted by the CEO hereunder shall not extend beyond December 31, 2021;
3. Require the CEO to periodically report actions taken hereunder to the VIEDC Governing Board; and
4. Reserve the right of the VIEDC Governing Board to extend or amend this Resolution at any time based on changing COVID-19 circumstances.

II. Executive Session:

A. Action Items:

Applications:

1. Flat Cay Management, LLC – Reconsideration

[Flat Cay Management, LLC was approved for Virgin Islands Economic Development Commission tax incentive benefits as a Category III - Hotel/Guesthouse facility, as well as, the ancillary activities normally associated with a hotel on the island of St. Thomas. Flat Cay owns and operates a quaint airport hotel offering quality accommodations and amenities to the business traveler. Flat Cay hotel currently offers 59 rooms with several room types all built with private balconies overlooking Lindberg Bay.]

MOTION #1 – Reconsideration

The Governing Board voted (5 - 0) to:

1. Find there are sufficient grounds upon which to waive the 30-day filing deadline set forth in V.I.R.R. 717-402(a) and hear Flat Cay Management, LLC's petition for reconsideration;
2. Find there has been a change in material fact which occurred after the public hearing; and
3. Require VIEDC to 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 – Change in Beneficiary/Establishment of Disregarded Entity

The Governing Board voted (5 - 0) to:

1. Approved a change in Applicant/Beneficiary from Flat Cay Management, LLC to Caribbean Associates, Inc., a U.S. Virgin Islands S-corporation incorporated on November 21, 1955 pursuant to V.I. CODE ANN. tit. 29, § 714(b);
2. Acknowledge the establishment of Flat Cay Management, LLC as a wholly-owned disregarded entity of Caribbean Associates, Inc. pursuant to 29 V.I.C. § 714(c);
3. Require Flat Cay Management, LLC to file a IRS Form 8832 (Entity Classification Election) with the Virgin Islands Bureau of Internal Revenue ("VIBIR") as an affirmative election of the default classification and submit a stamped copy to the VIEDC within 10 days of its filing with the VIBIR; and
4. Require all other terms and provisions of the grant of approval delineated in its VIEDC approval letter of February 28, 2020 shall remain in full force and effect.

2. The Buccaneer, Inc. – Extension/Modification

[The Buccaneer, Inc. was approved for Virgin Islands Economic Development Commission tax incentive benefits as a Category III - Hotel/Guesthouse facility, as well as, the ancillary activities normally associated with a resort on the island of St. Croix. The Buccaneer shall continue to own and operate a resort located in Christiansted. The Buccaneer is a premier destination resort for golf, tennis, water sports, spa, weddings, honeymoons, family vacations, meetings/conventions, eco-tourism, culture and historic tourism and more, offering a selection of 147 rooms for both the leisure and business traveler.]

The Governing Board voted (5 - 0) to:

1. Find The Buccaneer, Inc. is deserving of an extension and modification of its tax incentives;
2. Find The Buccaneer, Inc. is of particular importance to the economy of the U.S. Virgin Islands and shall continue to promote the economic development of the U.S. Virgin Islands;
3. Grant The Buccaneer, Inc. a modification of tax incentives to take advantage of the longer benefit period at one hundred percent (100%) authorized by law for a period of five (5) years in accordance with the provisions of V.I. CODE ANN., tit. 29, § 713a(d)2;
4. Grant The Buccaneer, Inc. a one-time extension and modification of tax incentives at one hundred percent (100%) authorized by law for a period of 10 years in accordance with the provisions of 29 V.I.C. §§ 713a(b)(5)3 and 715;
5. Grant The Buccaneer, Inc. an additional period of 10 years at one hundred percent (100%) of tax incentives authorized by law for additional investment made in excess of Ten Million Dollars (\$10,000,000.00) pursuant to 29 V.I.C., § 713a(b)(3)4;
6. Require Appendix B of The Buccaneer, Inc.'s existing certificate to be amended to reflect Real Property Tax Exemptions at one hundred percent (100%) of tax incentives commencing January 1, 2020;
7. Require The Buccaneer, Inc.'s category designation to be modified from Category II hotel/guesthouse to a Category III - Hotel/Guesthouse in accordance with 29 V.I.C. § 708(a); and
8. Require the tax incentives to commence consecutively from the expiration of its prior tax incentive period.

3. Twin City Islands Spirits, Inc. d/b/a Sion Farm Distillery – Recondiseration

[Twin City Islands Spirits, Inc. d/b/a Sion Farm Distillery and its wholly owned subsidiary, MUTINY Island Vodka, LLC was approved for Virgin Islands Economic Development Commission tax

incentive benefits as a Category II – Manufacturing, Bottling, Packing Product Assembly, and Distributing business for its ownership and operation of a distillery on St. Croix. Tax incentives, specifically exclude concessions, rental activities, and retail operations not operated Twin City Island Spirits, Inc. d/b/a Sion Farm Distillery.]

MOTION #1 – Reconsideration

The Governing Board voted (5 - 0) to:

1. Find there are sufficient grounds upon which to waive V.I.R.R. 717-402(a)2 and 717-4033 and rehear Twin City Island Spirits, Inc.’s petition for reconsideration;
2. Find sufficient grounds for reconsideration have been established pursuant to V.I.R.R. 717-403, namely that there has been a change in material fact which occurred after the public hearing; and
3. Require VIEDC to 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 – Change in Beneficiary/Establishment of Disregarded Entity

The Governing Board voted (5 - 0) to:

1. Approved a correction to the Capital Investment provision of the grant of incentives approved on July 9, 2020 to Twin City Island Spirits, Inc. d/b/a Sion Farm Distillery to reflect the amount of \$350,000.00, Said provision shall now state as follows:

Applicant/Beneficiary shall make a minimum capital investment of at least Three Hundred Fifty Thousand Dollars (\$350,000.00) commencing no earlier than April 8, 2019 and ending within one year from the date the Chairman signs the Certificate or one year from the commencement of operations, whichever is later.

2. Require all other terms and provisions of the grant of incentives delineated in the July 24, 2020 VIEDC approval letter to remain in full force and effect.

4. Yusuf Drinking Water, Inc. – Extension of Time to Commence Incentives

[Yusuf Drinking Water, Inc. was approved for Virgin Islands Economic Development Commission tax incentive benefits as a Category II - Manufacturer on the island of St. Croix. Yusuf Drinking Water, Inc. will own and operate a water and ice manufacturing plant to serve the U.S. Virgin Islands and nearby islands. Yusuf Drinking Water, Inc. will manufacture and produce plastic bottles, especially the 16.9oz bottle, to serve the emergency needs throughout the Caribbean and beyond. All retail activities including but not limited to water and ice manufacturing and wholesale of bottled water in the U.S. Virgin Islands, other than the 16.9 oz. size, shall be specifically excluded under the grant of tax incentives.]

The Governing Board voted (5 - 0) to:

1. Find Yusuf Drinking Water, Inc. has shown good cause for the grant of additional time to commence its tax incentive benefits due to the global pandemic caused by the COVID-19 virus;
2. Grant Yusuf Drinking Water, Inc. an extension of time to January 1, 2022 to commence its tax incentives;
3. Require Yusuf Drinking Water, Inc.'s tax incentives shall be null and void should said incentives not commence on or before January 1, 2022;
4. Grant Yusuf Drinking Water, Inc. a one-year extension of the capital investment deadline from December 31, 2020 to December 31, 2021; and
5. Require all other terms and provisions of the grant of incentives delineated in its VIEDC approval letter of December 3, 2018 shall remain in full force and effect.

Compliance:

❖ Tramway Properties, Inc. – Extension To Comply With Special Conditions

[Tramway Properties, Inc. was approved for Virgin Islands Economic Development Commission tax incentive benefits as a Category III - Tourism Recreational Business consisting of an aerial tramway system that transports passengers from the base of Flag Hill to Paradise Point, located 700 feet above sea level on St. Thomas. Beneficiary also operates related activities that include a restaurant and bar, nature trail, observation deck, concessions and retail sales.]

The Governing Board voted (5 - 0) to:

1. Grant Tramway Properties, Inc. an extension to October 31, 2021 to comply with the following Certificate requirements for fiscal year 2019 (December 1, 2019 to November 30, 2020):
 - a. Special Condition No. 1- Charitable Contributions:
 - i. \$5,000.00- to broad-based community and charitable organization,
 - ii. \$2,500.00- in-kind donations, and
 - iii. Significant discounts to U.S. Virgin Islands residents and free day for locals annually.
 - b. Special Condition No. 2. - Charitable Contribution-\$1,000.00 to Public School Programs & Initiatives.
2. Require Tramway Properties, Inc. to provide proof, within 30 days of receiving the notice of the Governing Board Decision, of compliance with the following Certificate requirements from fiscal year 2015 to fiscal year 2018:
 - a. Standard Condition No. 1- \$10,000.00- to the VI Department of Labor.

- b. Standard Condition No. 2- \$3,000.00- to the VI Board of Education- Territorial Scholarship Fund.
 - c. Special Condition No. 1- Charitable Contributions:
 - I. \$25,000.00- to broad-based community and charitable organization,
 - II. \$12,500.00- in-kind donations, and
 - III. Significant discounts to U.S. Virgin Islands residents and free day for locals annually.
 - d. Special Condition No. 2- Charitable Contribution - \$5,000.00 to Public School Programs & Initiatives.
3. Require Tramway Properties, Inc. to adhere to all other standards and special provisions/conditions of its Certificate of Tax Incentives.

B. Discussion Item:

❖ Excise Tax Exemptions – Impact on Economic Development Program

Discussion was held on the enforcement of Excise Tax provisions on local manufactured goods, and its potential impact on the EDC program.

No Board vote was taken.