

Virgin Islands Economic Development Commission
Decision Meeting of Tuesday, November 16, 2021
Summary Report Out

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Tuesday, November 16, 2021, the Governing Board heard recommendations from staff regarding five (5) application matters and two (2) compliance matters, and voted as follows:

Regular Session:

Action Items:

Application:

1. Black Diamond Advisors, LLC – Extension Modifications

Black Diamonds Advisors, LLC (“BDA”) was granted tax incentive benefits on October 17, 2012 for a 10-year term of tax incentive benefits which commenced on October 1, 2012 and terminates on September 30, 2022 to operate a Category IIA - Designated Service Business providing asset and business management and consulting services and investment management and advisory services to clients outside the USVI.

On December 29, 2020, BDA filed a modification application to its current VIEDC Certificate for tax incentive benefits. In its modification application, BDA commits to continue to employ a minimum of 10 full-time employees for the duration of the tax incentive benefit period. BDA commits its employees with on-the-job training by members of BDA’s management team and general and job specific training courses and seminars offered by third party organizations.

In its modification application BDA is requesting the following modification:

- *An additional 10 years at 100% of tax incentive benefits to take advantage of the longer initial benefit period in accordance with 29 V.I. C. § 713a(b)(2).*
- *A modification of its category designation from a Category IIA to a Category IV designated service business in accordance with 29 V.I.C. § 708(a),(f)(2).*
- *All other terms and conditions of BDA’s VIEDC Certificate shall remain the same.*

The Governing Board voted (4 – 0) to:

1. Find that Black Diamond Advisors, LLC is deserving of a grant of modification of its tax exemption incentives.
2. Find that Black Diamond Advisors, LLC 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 Black Diamond Advisors, LLC a modification of tax exemptions to take advantage of the longer benefit period at one hundred percent (100%) authorized by law for an additional period of 10 years in accordance with the provisions of V.I. CODE ANN., tit. 29, §§ 713a(b)(1), (d) and 715.

4. Modify Black Diamond Advisors, LLC's category designation from Category IIA – Designated Service Business to a Category IV – Designated Service Business in accordance with. 29 V.I.C. § 708(a), (f)(2).
5. Require Black Diamond Advisors, LLC's VIEDC Certificate shall commence consecutively from the expiration of its prior tax incentive period.

2. Black Diamond Holdings, LLC – Extension Modifications

Black Diamonds Holdings, LLC ("BDH") was granted tax incentive benefits on October 17, 2012 for a 10-year term of tax incentive benefits which commenced on October 1, 2012 and terminates on September 30, 2022 to conduct the operation of a Category IIA - Designated Service Business conducting an alternative asset management business and taking over a significant portion of the operations of its stateside counterpart and subsidiaries.

On December 29, 2020, BDH filed a modification application to its current VIEDC Certificate for tax incentive benefits. In its modification application, BDH commits to continue to employ a minimum of 10 full-time employees for the duration of the tax incentive benefit period. BDA commits its employees with on-the-job training by members of BDH's management team and general and job specific training courses and seminars offered by third party organizations.

In its modification application BDH is requesting the following modification:

- *An additional 10 years at 100% of tax incentive benefits to take advantage of the longer initial benefit period in accordance with 29 V.I. C. § 713a(b)(2).*
- *A modification of its category designation from a Category IIA to a Category IV designated service business in accordance with 29 V.I.C. § 708(a),(f)(2).*
- *All other terms and conditions of BDH's VIEDC Certificate shall remain the same.*

The Governing Board voted (4 – 0) to:

1. Find that Black Diamonds Holdings, LLC is deserving of a grant of modification of its tax exemption incentives.
2. Find that Black Diamonds Holdings, LLC 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 Black Diamonds Holdings, LLC a modification of tax incentives to take advantage of the longer benefit period at one hundred percent (100%) authorized by law for an additional period of 10 years in accordance with the provisions of V.I. CODE ANN., tit. 29, §§ 713a(b)(1), (d) and 715.
4. Modify Black Diamonds Holdings, LLC's category designation from Category IIA – Designated Service Business to a Category IV – Designated Service Business in accordance with. 29 V.I.C. § 708(a), (f)(2).
5. Require Black Diamonds Holdings, LLC's VIEDC Certificate shall commence consecutively from the expiration of its prior tax incentive period.

3. Centripetal VI, LLLP – New Application

On August 4, 2021, Centripetal VI, LLLP (“Centripetal”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. Centripetal seeks VIEDC tax incentive benefits as a Category II – Manufacturing Company and also to own and operate a Category IV – Designated Service Business developing, manufacturing and offering technical support for state-of-the-art cyber security solutions for customers across the globe.

Centripetal commits to employ a minimum of five (5) full time employees within one (1) year from the date the Chairman signs the Certificate; eight (8) full time employees by the end of the 2nd year; and 10 full time employees by the end of the 3rd year of tax incentives with the exception of the two (2) principals. Centripetal states it will invest a minimum capital investment of Three Hundred Seventy Thousand Dollars (\$370,000.00) in the benefitted business commencing within the first year of tax incentives and completed one (1) year thereafter. Centripetal will be located on the island of St. Croix.

The Governing Board voted (4 – 0) to:

1. Find that Centripetal VI, LLLP is deserving of a grant of tax exemption incentives.
2. Grant Centripetal VI, LLLP be granted 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 Centripetal VI, LLLP an extension of time to satisfy the minimum full-time employment requirement as follows:

Applicant/Beneficiary shall employ a minimum of five (5) full-time employees within one (1) year from the date the Chairman signs the Certificate; an additional three (3) full-time employees by the end of the second year from the date the Chairman signs the Certificate; and an additional two (2) full-time employees by the end of the third year from the date the Chairman signs the Certificate, for a total of 10 full-time employees, excluding owners.

4. GGM Group, LLC – New Application

Removed from agenda pending receipt of documents from applicant.

5. Systilogic, LLC – New Application

On July 12, 2021, the Systilogic, LLC (“Systilogic”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. Systilogic seeks VIEDC tax incentive benefits as a Category IV – Designated Service Business for business management and consulting services, business operations software and support services to clients, and its provision of ecommerce services, including without limitation clients within the ecommerce sector. In addition, Systilogic will engage in family office services. All of Systilogic’s clients will be located outside the USVI. Systilogic’s services may be provided through one or more wholly owned, disregarded subsidiaries.

Systilogic will employ a minimum of 10 full-time employees within three (3) years of the date that its Certificate is signed by the VIEDC Chairman, or within three (3) years of commencement of benefits, whichever is later. More specifically, Systilogic commits to employ a minimum of five (5) full-time employees, inclusive of two (2) owners within one (1) year of the date that its Certificate is signed by the VIEDC Chairman, or within one (1) year of commencement of benefits, whichever is later. Systilogic will employ an additional three (3) full-time, non-owner employees within two (2) years of the date that its Certificate is signed by the VIEDC Chairman, or within two (2

years of commencement of benefits, whichever is later. Lastly, Systilogic will employ an additional two (2) full-time, non-owner employees within three (3) years of the date that its Certificate is signed by the VIEDC Chairman, or within three (3) years of commencement of benefits, whichever is later. Systilogic also commits to make a minimum capital investment of One Hundred Thousand U.S. Dollars (\$100,000) in capital investment in the benefited business ending within one (1) year from the date of commencement of benefits or one (1) year from the date the Chairman signs the Certificate, whichever is later. Systilogic will be located on the island of St. Croix.

The Governing Board voted (4 – 0) to:

1. Find that Systilogic, LLC is deserving of a grant of tax exemption incentives.
2. Grant Systilogic, LLC tax exemption incentives 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 Systilogic, LLC an extension of time to satisfy the minimum full-time employment requirement due to the progression of the COVID-19 pandemic and the need to adhere to safe practices and physical distancing protocols throughout the process of interviewing, hiring and training employees as follows:

Applicant/Beneficiary shall employ a minimum of four (4) full-time, non-owner employees within one year of commencement of benefits or one (1) year from the date the Chairman signs the Certificate, whichever is later; an additional three (3) full-time, non-owner employees shall be hired within two (2) years, with the remaining three (3) full-time employees to be employed within three (3) years, for a total of 10 full-time employees.

Compliance:

1. CBI Acquisitions, LLC d/b/a Caneel Bay Resort – Extension of Suspension of Certificate of Tax Incentives

On July 24, 2017 CBI Acquisitions, LLC d/b/a Caneel Bay Resort (“CBI”) was granted an extension/modification of its Virgin Islands Economic Development Authority (“VIEDC”) tax incentive benefits. CBI was granted VIEDC tax incentives to conduct the business of operating a Category III - World Class Hotel/Resort on the island of St. John.

On December 16, 2020, CBI filed a petition requesting an extension of the suspension of CBI’s benefits for a period of 18 months from December 31, 2020. CBI continues to work with the Department of the Interior for the negotiation of a new lease by which the company would continue to occupy the real estate. The parties recently announced that they have executed a letter of intent to move forward with negotiations “for a long-term lease for Caneel Bay, which is expected to be completed and executed sometime in 2021.” Upon the successful negotiation of the lease, CBI will begin its effort to rebuild the resort.

The Governing Board voted (4 – 0) to:

1. Grant and extension of CBI Acquisitions, LLC d/b/a Caneel Bay Resort’s suspension effective January 1, 2021 to June 30, 2022.
2. Require CBI Acquisitions, LLC d/b/a Caneel Bay Resort to provide the current status of its negotiations of the Department of Interior and National Park Services regarding the extension of the Retained Use Estate within 10 days of receipt of the Board’s decision;

3. Require CBI Acquisitions, LLC d/b/a Caneel Bay Resort to provide a status of its intention to re-open, continue its suspension, or terminate the Certificate of Tax Incentives within 30 days prior to expiration of the suspension of incentives.
4. Pursuant to V.I.R.R. 722-11, summarily revoke CBI Acquisitions, LLC d/b/a Caneel Bay Resort, Inc.'s VIEDC Certificate, should CBI Acquisitions, LLC d/b/a Caneel Bay Resort, Inc. not commence business operations on or before July 1, 2022.

2. Sugar Bay Club & Resort Corp. – Termination of Certificate of Tax Incentives

Sugar Bay Club & Resort Corp. ("Sugar Bay") was originally granted Virgin Islands Economic Development Authority ("VIEDC") tax incentive benefits on February 1, 2005. Sugar Bay was granted VIEDC tax incentives to own and operate a Category III – Hotel/Guesthouse Business and Other Ancillary Services connected to the hotel and resort. On May 11, 2006, Sugar Bay submitted an extension application which was approved on November 5, 2010. On November 20, 2013, Sugar Bay submitted a second extension application that was denied on May 5, 2015. Sugar Bay then reapplied for an extension of the grant of VIEDC tax incentives on December 27, 2016. On or about June 8, 2018, Sugar Bay was approved for VIEDC tax incentive benefits commencing no earlier than January 1, 2015

On May 21, 2021, Sugar Bay filed a petition requesting a termination of its benefit period effective December 31, 2017.

The Governing Board voted (4 – 0) to:

1. Acknowledge that Sugar Bay Club & Resort Corp.'s ability to comply with its VIEDC Certificate of Tax Incentives was impacted due to its cessation of business operations prior to the issuance of its First Modified and Second Extended Certificate following the adverse impacts of Hurricanes
 2. Irma and Maria in 2017.
3. Forgive Sugar Bay Club & Resort Corp. for its late reporting and waive the total assessment of \$6,392.32, due to a "force majeure," or the impact Sugar Bay Club & Resort Corp. sustained by 2017 hurricanes that destroyed its records.
4. Grant a voluntary termination of Sugar Bay Club & Resort Corp.'s VIEDC Certificate of Tax Incentives effective December 31, 2017, conditional on the following:
 - A. Require Sugar Bay Club & Resort Corp to satisfy its outstanding obligations with the respective government agencies including, but not limited to, the Virgin Islands Bureau of Internal Revenue, Office of the Lieutenant Governor - Division of Tax Assessor, Department of Labor Workman's Compensation Program, and Department of Planning and Natural Resources, and provide tax clearance letters and/or proof of payments within 10 days of the closing of the sale.
 - B. Require Sugar Bay Club & Resort Corp. to pay and provide proof of payment, within 10 days of the closing of the sale, totaling \$16,500.00 for the following requirements:
 - i. Standard Condition No. #1 - the Virgin Islands Board of Education Territorial Scholarship Fund - \$9,000.00; and

- ii. Standard Condition No. #2 - Virgin Islands Department of Labor - \$7,500.00.
 - C. Require Sugar Bay Club & Resort Corp. to pay to the Economic Development Commission, within 10 days of the closing of the sale, a total of \$225,000.00 to be directed to the Industrial Promotion Fund for Special Condition No. #1 - Charitable Contribution.
- 5. Issue an Order to Show Cause why Sugar Bay Club & Resort Corp.'s VIEDC Certificate of incentives should not be summarily revoked shall be issued pursuant to 29 V.I.C. § 722 should Sugar Bay Club & Resort Corp. not comply with its payment obligations within the time period required by the VIEDC Board.