

Virgin Islands Economic Development Commission
Decision Meeting of Tuesday, December 14, 2021
Summary Report Out

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Tuesday, December 14, 2021, the Governing Board heard recommendations from staff regarding three (3) application matters and one (1) compliance matter, and voted as follows:

Regular Session:

Action Items:

Application:

1. Tycheros Capital Management VI, Inc. – Petition of Reconsideration

Tycheros Capital Management VI, Inc. (“Tycheros”) was granted tax incentive benefits on July 22, 2021 for a 20-year term of tax incentive benefits to operate a Category IV – Family Office Financial Service Platform, that will leverage Tycheros experience in direct investing, mergers, and acquisitions, financial structuring, technology and data systems development, implementation, licensing and other areas to (i) provide its portfolio companies access to private equity and debt capital, financial, technology and management consulting; (ii) provide its clients with discretionary investment advice, full range of management and reporting; (iii) to liaise with a broad range of third party service providers and professional services, commercial leasing and lending services; and (iv) offer investment services, administrative business, asset and wealth management as well as concierge and other personal services amongst other activities. to clients outside the USVI. The Governing Board also denied the inclusion of the four (4) entities – PRD 20 VI, LLC, SAD 20 VI, LLC, Liquid Capital, LP, and Illiquid Capital, LP under the grant of tax incentives based on the following:

- *The four (4) entities, PRD 20, LLC, SAD 20 VI, LLC, Liquid Capital, LP, and Illiquid Capital, LP, are not disregarded to Tycheros in accordance with 29 V.I.C. §714(c) and are not subsidiaries of the corporation.*

On October 21, 2021, Tycheros submitted a petition to reconsider the VIEDC Governing Board’s decision to include PRD 20 VI, LLC, SAD 20 VI, LLC, Liquid Capital, LP and Illiquid Capital, LP in the Certificate to granted tax incentives to Tycheros in accordance with VIRR 717-403 based on the following grounds:

1. *VIEDC’s action was based on a finding, conclusion, or other matter upon which the Tycheros has not previously had the opportunity to comment; and*
2. *VIEDC’s action was based on a substantive error in material fact or law.*

MOTION 1 – Reconsideration; VIEDC Waiver of Rules

The Governing Board voted (5 – 0) to:

- Waive its rules and regulations to rehear Tycheros Capital Management VI, Inc.’s petition for reconsideration at its July 22, 2021 decision meeting pursuant to V.I.R.R. 701-5 and 717-402.

MOTION 2 – Reconsideration; New Tax Incentives

The Governing Board voted (5 – 0) to:

- Table its decision on the matter regarding inclusion of the four (4) entities – PRD 20 VI, LLC, SAD 20 VI, LLC, Liquid Capital, LP and Illiquid Capital, LP under the grant of tax incentives to Tycheros Capital Management VI, Inc.

2. Barrier Holdings, LLC – New Application

On July 12, 2021, Barrier Holdings, LLC (“Barrier”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. Barrier seeks VIEDC tax incentive benefits as a Category II – Manufacturing Company and also to own and operate a Category IV – Designated Service Business providing consulting, technology, venture capital and investment management services to clients located outside the U.S. Virgin Islands. Barrier will provide an array of financial and business management services to include accounting, financial data analytics, finance, compliance, customer service, marketing risk management, and vendor management. Barrier established two (2) wholly owned, disregarded subsidiaries, Seaward Servicing, Inc. and Vessup Capital, Inc. through which it will carry out its business activities.

Barrier commits to employ a minimum of five (5) full-time employees within one (1) year from the date the Chairman signs the Certificate or within one (1) year of commencement of tax incentives, whichever is later. Barrier states it will invest a minimum of One Hundred Thousand Dollars (\$100,000.00) in the benefited business commencing no earlier than 12 months prior to the date the application was deemed complete and completed within one (1) year from the date of commencement of tax incentives or one (1) year from the date the Chairman signs the Certificate, whichever is later. Barrier will be located on the island of St. Thomas.

The Governing Board voted (5 – 0) to:

1. Find that Barrier Holdings, LLC is deserving of a grant of tax incentives;
2. Grant Barrier Holdings, LLC grant 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. Red Bay Holdings, LLC – New Application

On July 30, 2021, Red Bay Holdings, LLC (“Red Bay”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. Red Bay seeks VIEDC tax incentive benefits as a Category IV – Designated Service Business providing consulting, technology, venture capital and investment management services to clients located outside the USVI. Red Bay will provide an array of financial and business management services, to include accounting, financial data analytics, finance, compliance, customer service, marketing risk management, and vendor management as needed by its clients, and as directed by management. Red Bay has established two (2) wholly owned, disregarded subsidiaries, St. Thomas Servicing, Inc. and Ocean Capital, Inc., through which it will carry out its business activities.

Red Bay commits to employ a minimum of five (5) full-time employees within one (1) year of the date that its Certificate is signed by the Chairman, or within one (1) year of commencement of benefits, whichever is later. Red Bay commits to investing One Hundred Thousand U.S. Dollars (\$100,000) in the benefited business 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. Red Bay will be located on the island of St. Thomas.

The Governing Board voted (5 – 0) to:

1. Find that Red Bay Holdings, LLC is deserving of a grant of tax incentives;
2. Grant Red Bay Holdings, 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.

Compliance:

1. 183 Media, LLC – Waiver of Full-time Employment Requirement

Removed from the agenda at the request of the 183 Media, LLC’s Counsel.

2. PBG Corporation d/b/a Phantasea Tropical Botanical Garden – Termination of Certificate of Tax Incentives

PBG Corporation d/b/a Phantasea Tropical Botanical Garden (“Phantasea”) was granted tax incentives under the Small Business Program to own and operate a Category III – Small Business, providing recreational activities as a botanical garden open to visitors from around the world, as well as local residents of St. Thomas.

On June 1, 2021, Phantasea filed a petition requesting a termination of its benefit period effective January 1, 2017. According to the petition, PBG opened in February 2015. “Participation with the cruise ship industry tours was anticipated, but was far more difficult to work with than planned, and never manifested.” In September 2017, hurricanes Irma and Maria struck St. Thomas which caused no damage to the structures, but extensive damage to the gardens, so Phantasea was forced to close the business for a period of time as the gardens were cleaned. The hurricanes also prevented visitors from coming to St. Thomas for the next several months as the island cleaned up and rebuilt, then in early 2020 the COVID-19 pandemic overtook the entire world, causing a lack of visitors to St. Thomas. “As the island went into lockdown we were closed for one month (two times), then slowly reopened on Saturdays and Sundays only, and now added Thursdays and Friday back to our schedule as the island visitors have slowly began to return. Due to all the unanticipated events during the past few years, we have never been able to fully staff the garden as anticipated, nor have we generated anywhere near the revenues that we had originally anticipated.”

The Governing Board voted (5 – 0) to:

- Acknowledge that VIEDC grant PBG Corporation d/b/a Phantasea Tropical Botanical Garden a voluntary termination of its Certificate of Tax Incentive effective January 1, 2017, conditional on the following:
 - PBG Corporation d/b/a Phantasea Tropical Botanical Garden shall repay any applicable taxes taken in incentives under its Certificate of Tax Incentives to the respective agencies including, but not limited to, the Virgin Islands Bureau of Internal Revenues, provide copies of income tax returns and gross receipts returns (Form 720B) for 2017 to 2021, and tax clearance letters and/or proof of payments within 10 days of receipt of the VIEDC Governing Board decision.

3. Tree Limin’ Extreme, LLC – Extension of Suspension of Certificate of Tax Incentives

Removed from the agenda pending administrative action on Beneficiary’s request.