

Virgin Islands Economic Development Commission
Decision Meeting of Tuesday, May 23, 2023
Summary Report Out

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Tuesday, May 23, 2023, the Governing Board heard recommendations from VIEDC Team regarding three (3) application matters in Regular Session and voted as follows:

Regular Session:

Action Items:

Application:

1. Mangrove Eco Boutique Hotel Properties, LLC & Mildred A. Lang Trust u/a/d May 24, 2000 a Joint Venture – New Application

Mangrove Eco Boutique Hotel Properties, LLC and The Mildred A. Lang Trust u/a/d May 24, 2000, a joint venture, d/b/a The Mangrove Hotel (“Mangrove Properties”) seeks VIEDC tax incentive benefits as a Category III – Hotel/Guesthouse, Agro-tourism Entity.

On December 28, 2022, Mangrove Properties filed an application for VIEDC tax incentive benefits. Mangrove Properties shall own and operate a Category III - Hotel/Guesthouse & agro-tourism entity on the island of St. Thomas. Mangrove Properties may establish one or more wholly owned disregarded subsidiaries through which it may carry out the above business activities. Mangrove Properties commits to employ a minimum of 18 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 42 full-time employees within one (1) year of completion of Phase II. Mangrove Properties also commits to make a minimum capital investment of \$10,090,000.00, in the approved business commencing no later than 12 months prior to the date the application is deemed completed and completed within six (6) years from commencement of operations or six (6) years from the date the VIEDC Chairman signs the Certificate, whichever is later. Mangrove Properties further agrees to meet all statutory, and special conditions, and other applicable requirements for the grant of tax incentive benefits. Mangrove Properties is located on the island of St. Thomas

The Governing Board voted (5 – 0) to:

1. Find Mangrove Eco Boutique Hotel Properties, LLC & Mildred A. Lang Trust u/a/d May 24, 2000 a Joint Venture is deserving of a grant of tax incentives.
2. Grant Mangrove Eco Boutique Hotel Properties, LLC & Mildred A. Lang Trust u/a/d May 24, 2000 a Joint Venture 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. Require Mildred A. Lang Trust u/a/d May 24, 2000 to hold the real property and receive the real property tax exemptions up to the dissolution of the Trust on May 1, 2025. Applicant/Beneficiary shall provide VIEDC with documentation evidencing dissolution of the Trust within 30 calendar days of such action.

4. Require the following to be specifically excluded:

- The Mangrove Boutique Hotel and Training Institute Inc., retail sales, concessions, and rental activities not owned and operated by Applicant/Beneficiary to be specifically excluded from the tax incentives.

2. Tycheros Capital Management VI Group Joint Venture – Admission of Disregarded Entities

Tycheros Capital Management VI Group Joint Venture (“Tycheros”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits as a Category IV – Family Office Business. Tycheros is located on St. Croix.

On March 13, 2023 Tycheros requested changes in its Grant of Tax Incentives.

The Governing Board voted (5 – 0) to:

1. Amend the type of business granted tax incentives and the specifically excluded trade or business in the grant of tax incentives to now read as follows:

Applicant/Beneficiary shall own and operate a Category IV family office financial services 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) to 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. Applicant/Beneficiary, as a joint venture, is inclusive of Tycheros Capital Management VI, LLC as the operating entity and Liquid Capital LP and Illiquid Capital LP as special purpose investment entities.

Specifically excluded trade or business:

"Services provided to clients located in the U.S. Virgin Islands who are not permissible “family clients” in accordance with the U.S. Securities and Exchange Commission Family Office Rules shall be excluded from eligibility for incentives."

2. Require all other provisions of the grant of tax incentives approved on December 13, 2022, to remain in full force and effect.

Compliance

1. Digital Lending Innovation, Inc. – Extension of Time to Meet Charitable Contribution Requirement

Digital Lending Innovation, Inc. (“Digital Lending”) was granted tax incentives as a Category IV – Designated Financial Services Business providing financial consulting and technology consulting and development services to its clients, including clients serving the mortgage lending and financial industries. Digital Lending’s clients shall be located outside the U.S. Virgin Islands. Digital Lending’s services may be provided through one or more wholly-owned disregarded subsidiaries.

On April 11, 2023 Digital Lending filed a petition requesting an extension of time to December 31, 2023 to meet its minimum charitable contribution requirement for 2022.

The Governing Board voted (5 – 0) to:

1. Grant Digital Lending Innovation, Inc. an extension of time to December 31, 2023 to meet its 2022 minimum charitable contribution requirement of \$35,000.00.
2. Require Digital Lending Innovation, Inc. to adhere to all other standards and special provisions/conditions of its Certificate of Tax Incentives approved on May 12, 2022.
3. Require an order to show cause why its certificate should not be revoked, suspended, or modified may be issued pursuant to 29 V.I.C. § 722 should Digital Lending Innovation, Inc. not comply with the aforementioned,

2. Tropico Management, LP – Resolution of Non-Compliance of Full-time Employment Requirement

Removed from agenda, pending review and analysis of additional information received from Beneficiary.