

**Virgin Islands Economic Development Commission**  
**Decision Meeting of Tuesday, August 29, 2023**  
**Summary Report Out**

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting started on Tuesday, August 29, 2023 and continued on Thursday, August 30, 2023, the Governing Board heard recommendations from VIEDC Team regarding five (5) application and two (2) compliance matters in Regular Session and voted as follows:

**Regular Session:**

**Action Items:**

**Application:**

**1. Coconut Grove, LLC – New Application**

*Coconut Grove, LLC (“Coconut Grove”) seeks VIEDC tax incentive benefits as a Category III – Agricultural Guesthouse (agro-tourism) and Recreation Entity as a small business pursuant to V.I. CODE ANN. tit. 29, § 708b.*

*On June 29, 2022, Coconut Grove filed an application for VIEDC tax incentive benefits. Mangrove Properties shall own and operate a Category III - Hotel/Guesthouse (agro-tourism) and Recreation Entity on the island of St. Thomas. Coconut Grove has completed initial reconstruction and repair of the existing structures and infrastructure at the five-acre property known as The Hideaway at Hull Bay (“The Hideaway”) that includes a farm (licensed by the Virgin Islands Department of Agriculture), a restaurant serving produce grown onsite, and the guest houses. The Hideaway will allow residents and non-residents to experience a working farm and enjoy agricultural products grown in the USVI. Coconut Grove has established two (2) wholly owned disregarded subsidiaries through which it may carry out the above business activities. Coconut Grove is committed to employing a minimum of seven (7) full-time employees to run the operations at The Hideaway, including the guesthouse, farm, and food and beverage operations. Coconut Grove (and its subsidiaries) will invest at least \$100,000.00 no earlier than August 4, 2022, and to be completed by August 30, 2023. Coconut Grove further agrees to meet all statutory, and special conditions, and other applicable requirements for the grant of tax incentive benefits. Coconut Grove is located on the island of St. Thomas*

The Governing Board voted (5 – 0)<sup>1</sup> to:

1. Find Coconut Grove, LLC with its wholly owned disregarded subsidiaries, Magen’s Bay Management, LLC and HBH Management, LLC, is deserving of a grant of tax incentives;
2. Grant Coconut Grove, LLC be tax exemptions at one hundred percent (100%) of the incentives authorized by law under the VIEDC Small Business Program for a period of 10 years in accordance with the provisions of V.I. CODE ANN. Title 29, Chapter 12.
3. Require that concessions, retail sales, and rental activities not owned and operated by Coconut Grove, LLC specifically excluded from tax incentives.

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<sup>1</sup> Member Pilip Payne was in attendance at the meeting for all of the case discussions, but was excused from the meeting before the case votes were taken.

## 2. CREF3 USVI Hotel Owner, Inc. – Name Change

*CREF3 USVI Hotel Holdings Limited, an affiliate of Fortress Investment Group LLC, purchased the shares of DiamondRock Cayman Islands, Inc. ("DCI"), which is the sole shareholder of DiamondRock Frenchman's Owner, Inc. ("DRFO"). After the acquisition, the name of the Owner was changed to CREF3 USVI Hotel Owner, Inc. ("CREF3"), and the name of DCI was changed to CREF3 USVI Hotel Member Limited. In its HDA Application, CREF3 requested the USVIEDA approval pursuant to the Hotel Development Act to secure 50% of Designated Hotel Occupancy Tax ("DHOT") and the right to charge an Economic Recovery Fee ("ERF") of 2.5%. Thereafter, CREF3 applied for a formal transfer of the USVIEDA and HDA Benefits from DRFO. CREF3 is located on St. Thomas.*

*On December 16, 2022, CREF3 notified VIEDC of a trade name change.*

The Governing Board voted (5 – 0) to:

1. Acknowledge the tradename change from The Seaborne at Frenchman's Reef to Morningstar Buoy Haus Beach Resort, an Autograph Collection hotel, effective December 2, 2022.
2. Reissue the Third Modified and Fourth Extended Certificate of Tax incentives to CREF3 USVI Hotel Owner, Inc. with the name change, "CREF3 USVI Hotel Owner, Inc. d/b/a The Westin Beach Resort & Spa at Frenchman's Reef and Morningstar Buoy Haus Beach Resort, an Autograph Collection, where applicable.
3. Require all other provisions of the grant of tax incentives to remain in full force and effect.

## 3. Harborside Corporation d/b/a Bolongo Bay Beach Resort – Change in Ownership Structure

*Harborside Corporation d/b/a Bolongo Bay Beach Resort ("Harborside") was granted Virgin Islands Economic Development Commission ("VIEDC") tax incentive benefits as a Category III – Hotel/Guesthouse to conduct the operation of a full-service hotel/guesthouse and other ancillary activities normally associated with a full-service hotel/guesthouse. Harborside is located at Estate Bolongo Bay on St. Thomas.*

*On January 31, 2023 Harborside submitted a petition for a change in ownership.*

The Governing Board voted (5 – 0) to:

1. Acknowledge and approve the change in ownership structure and interest of Harborside Corporation d/b/a Bolongo Bay Beach Resort pursuant to 29 V.I.C. § 714(b), with the acquisition of shares from former shareholders, Paul Doumeng and Colleen Doumeng, to reflect new ownership percentages as follows:

<u>MEMBER</u>	<u>ADDRESS</u>	<u>OWNERSHIP PERCENTAGE</u>
Scott Nieboer	7150 Bolongo Bay, St. Thomas, VI 00802	49.0%
Richard Doumeng	7150 Bolongo Bay, St. Thomas, VI 00802	25.5%
Katarina Doumeng	7150 Bolongo Bay, St. Thomas, VI 00802	25.5%

2. Amend the Certificate of Tax Incentives to reflect the herein-referenced changes effective November 29, 2022.
3. Require all other terms and provisions of the First Extended and First Modified Certificate to remain in full force and effect.

#### **4. Lovango Island Holdings, LLP – Retroactive Real Property Exemptions and Waiver of Certificate Provisions**

*Lovango Island Holdings, LLP (“Lovango Island”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits as a Category III – Hotel/Guesthouse for the construction and management of a full-service resort with ancillary activities normally associated with a resort, to include a restaurant, beach club, pool, fitness club, vacation rentals, ferry and concierge services on Lovango Cay, St. John. Lovango Island also stated it will establish one (1) or more wholly-owned, disregarded subsidiaries through which it will hold title to the real property for the resort, and to carry out the above activities. Lovango Island is located on Lovango Cay, St. John.*

*On August 24, 2023 Lovango Island submitted a petition requesting the issuance of its VIEDC Certificate with its property tax exemptions commencing as of January 1, 2020 and all other benefits commencing as of January 1, 2023, a waiver of all standard and special conditions under the VIEDC Certificate with the exception of the annual contributions to the Territorial Scholarship Fund and the Department of Labor Fund, and a waiver of the procurement requirements..*

The Governing Board voted (5 – 0) to:

- Table the petition for retroactive real property exemptions and waiver of certificate provisions pending additional information requested by the Governing Board and pending the site visit to be conducted on September 8, 2023.

#### **5. Sunshine Shopping Center, Inc. – Admission of Disregarded Entities**

*Sunshine Shopping Center, Inc. (“Sunshine”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits to conduct the operation of a Category III - Shopping Center located in Estate Cane on St. Croix. On December 22, 2014, the Governing Board approved Sunshine’s application by extending its tax incentives from 15 to 30 years, an additional 15 years, at 100% tax incentive benefits. Sunshine is located on St. Croix.*

*By letter dated January 27, 2022, Sunshine submitted a petition to request a change in its ownership structure.*

No Governing Board action taken. (Held pending due diligence of additional information Sunshine Shopping Center, Inc. presented to the Governing Board during the Executive Session).

#### **6. Tysam Tech, LLC – Admission of Disregarded Entities**

*Tysam Tech, LLC (“Tysam”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits to conduct the operation of a Category IV – Designated Service Business for its provision of engineering and environmental services that meet the unique needs of island-based businesses, government agencies, and industrial facilities pursuant to V.I. CODE ANN. tit. 29, § 708(a), and as a small business pursuant to V.I. CODE ANN. tit. 29, § 708b. Tysam is located on St. Croix.*

*On June 16, 2023, Tysam filed a petition requesting amended language to its grant of incentives.*

**RECOMMEDATION 1:**

The Governing Board voted (5 – 0) to:

1. Reconsider this matter sua sponte due to a change in material fact or in applicable law, which change occurred after the public hearing.
2. Find that sufficient grounds exist for reconsideration of its decision on May 12, 2022 pursuant to VIEDC Rules and Regulations (“V.I.R.R.”) 717-403a(1).
3. 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.

**RECOMMEDATION 2:**

The Governing Board voted (5 – 0) to:

1. Reconsider and approved business activities to read as follows:

Tysam Tech, LLC shall own and operate a Category IV designated services business for its provision of engineering and environmental consulting services, and waste minimization and management services **to include waste to landfill minimization utilizing a gasification unit or through alternative means of sustainable material recovery** that meet the unique needs of island-based businesses, government agencies and industrial facilities pursuant to 29 V.I.C. § 708(a), and as a small business pursuant to 29 V.I.C. § 708b. Tysam’s clients include but are not limited to the U.S. Virgin Islands.

2. Require all other provisions of the grant of tax incentives approved on January 26, 2023 to remain in full force and effect.

**Compliance**

**1. DIAM Management, Inc. – Resolution of Non-Compliance**

*DIAM Management, Inc. (“DIAM”) was granted tax incentives as a Category IIA – Designated Services Business providing financial and management consulting and advisory services primarily within the wholesale produce industry and its spin-off markets. All of DIAM’s clients are located outside the U.S. Virgin Islands.*

*DIAM’s Compliance Review for the period January 1, 2016 to December 31, 2020 was completed on May 11, 2023. On June 12, 2023 DIAM’s Legal Counsel responded to the areas of non-compliance on DIAM’s behalf. On April 11, 2023.*

The Governing Board voted (5 – 0) to:

1. Accept DIAM Management, Inc.’s documentation provided for Procurement request for quote, and acknowledge compliance for the period January 1, 2016 to December 31, 2020.
2. Accept DIAM Management, Inc.’s correspondence provided for the non-compliance of the minimum employment requirement due to the devastation caused by Hurricane Irma

and Maria, and acknowledge compliance for the period January 1, 2016 to December 31, 2020.

3. Acknowledge that DIAM Management, Inc. is in compliance with Special Condition No. 13 – Contractors Insurance from resident insurance companies but failed to engage with a license contractor in 2016 and that VIEDC shall not assess a fine for this violation pursuant to 29 V.I.C. Section 723(c), as amended.
4. Acknowledge that Asset Recovery Management, Inc. was a disregarded subsidiary of DIAM Management, Inc. pursuant to Title 29 Section 714 (c), and deemed eligible to receive exemptions on contributions or income received from Asset Recovery Management, Inc.’s financial and management consulting and advisory services.

## **2. Lovango Island Holdings, LLP – Permanent Waiver of the Procurement Requirement**

*Lovango Island Holdings, LLP (“Lovango Island”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits as a Category III – Hotel/Guesthouse for the construction and management of a full-service resort with ancillary activities normally associated with a resort, to include a restaurant, beach club, pool, fitness club, vacation rentals, ferry and concierge services on Lovango Cay, St. John. Lovango Island also stated it will establish one (1) or more wholly-owned, disregarded subsidiaries through which it will hold title to the real property for the resort, and to carry out the above activities. Lovango Island is located on Lovango Cay, St. John.*

*On May 19, 2023 Lovango’s Legal Counsel file a petition on Lovango’s behalf requesting a permanent waiver of the VIEDC procurement requirements.*

The Governing Board voted (5 – 0) to:

1. Deny Lovango Island Holdings, LLP’s request for a permanent waiver of the VIEDC procurement requirement.
2. Require all other provisions of the grant of tax incentives to remain in full force and effect.