

**Virgin Islands Economic Development Commission
Decision Meeting of Thursday, October 19, 2023
Summary Report Out**

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting started on Thursday, October 19, 2023, the Governing Board heard recommendations from VIEDC Team regarding three (3) 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”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits as a Category III – Agricultural Guesthouse (agro-tourism) and Recreation Entity as a small business. Coconut Grove is located on the island of St. Thomas.

On September 26, 2023, Coconut Grove requested amended language to the grant of incentives.

The Governing Board voted (5 – 0) to:

1. Approve an Amended Grant of Tax Incentives to Coconut Grove, which shall now state, in relevant part, as follows:

Applicant/Beneficiary shall also provide its full-time employees with school age children two (2) hours leave monthly to attend school related events, including parent-teacher conferences in accordance with Act No. 6124, Oct. 3, 1996, § 1(g), V.I. Sess. Laws (1996), p. 122, amended by Act No. 6246, Jul. 30, 1998, § 8, V.I. Sess. Laws (1998), p. ---.

Applicant/Beneficiary shall provide one hundred percent (100%) employer-paid health insurance to its full-time salaried employees.

2. Require all other provisions of the grant of tax incentives approved on August 31, 2023, to remain in fullforce and effect.

2. DIAM Management, Inc. – Modification Application

DIAM Management, Inc. (“DIAM”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits as a Category IV (formerly Category IIA) - Designated Service Business providing financial and management consulting and advisory services primarily within the wholesale produce industry and its spin-off markets, and a family office. DIAM established a wholly owned, disregarded subsidiary, Asset Recovery Management, Inc., through which it carries out its family office activities. All of DIAM’s clients will be located outside the U.S. Virgin Islands (“USVI”). DIAM is located on St. Croix.

Removed from agenda at the request of the Beneficiary.

3. H4 Ventures, LLC – New Application

On July 5, 2023, H4 Ventures, LLC (“H4 Ventures”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits to own and operate a Category IV Designated Service Business as a small business providing management, consulting, training, and product development services. All H4 Ventures’ clients shall be located outside the USVI. H4 Ventures’ services may be provided through one or more wholly owned subsidiaries. H4 is located on St. Thomas.

H4 Ventures commits to employ a minimum of two (2) full-time employees, within one (1) year from the date the VIEDC Chairman signs the Certificate or within one (1) year of commencement of tax incentives, whichever is later. H4 Ventures also commits to invest a minimum of \$20,000.00 in the benefited business commencing no earlier than 12 months prior to the date the application is deemed completed and completed within one (1) year from commencement of tax incentives or one (1) year from the date the VIEDC Chairman signs its Certificate, whichever is later. Further, H4 commits to meet all statutory requirements and other applicable requirements.

The Governing Board voted (5 – 0) to:

1. Find H4 Ventures, LLC is deserving of a grant of tax incentives.
2. Grant H4 Ventures, LLC tax exemptions at one hundred percent (100%) of the incentives authorized under the VIEDC Small Business Program for a period of 10 years in accordance with the provisions of V.I. CODE ANN., tit 29, chapter 12.
3. Require services provided to U.S. Virgin Islands clients to be specifically excluded from the tax incentives.

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.

Compliance

1. Secret Harbour Beach Association, LLLP – Resolution of Non-Compliance

Secret Harbour Beach Association, LLP (“Secret Harbour”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentives to own and operate a Category III - Condominium/Hotel and other ancillary

activities normally associated with a full-service hotel. Secret Harbour for a period of 20 years (Original Certificate and Modification/Extension Certificate). Secret Harbour is located on St. Thomas

Secret Harbour's Compliance Review for the period January 1, 2012 to December 31, 2020 was completed on December 21, 2022. Secret Harbour's Counsel responded on behalf of Secret Harbour to each instance of non-compliance on March 31, 2023.

The Governing Board voted (5 – 0) to:

1. Acknowledge that Secret Harbour Beach Associates, LLLP failed to meet the employment requirement during in 2015 by one (1), 2016 by three (3), and 2017 by one (1), based on employment classification within the Affidavit of EDC Beneficiary reports; and require Secret Harbour to substantiate, within 30 days of receipt of this notice, that employees reported as seasonal or part-time were actually employed as full-time employees pursuant to VI Rules and Regulations Section 708-602 and received the applicable employee benefits.
2. Acknowledge that Secret Harbour Beach Associates LLLP was not required to comply with Standard Condition No. 17 since no new partners took benefits under the VIEDC program.
3. Acknowledge that Secret Harbour Beach Associates LLLP failed to meet the requirements of Standard Condition No. 20 by hiring two (2) individuals from the Department of Human Services (“DHS”) Jobs Financial Program, however, hired at least one (1) individual from the DHS Vocational Rehabilitation Program, and require Secret Harbour to submit evidence, within 30 days of receipt of this notice, that they requested individuals for employment from the DHS Jobs Financial Program.
4. Acknowledge that Secret Harbour Beach Associates LLLP failed to substantiate compliance with Special Condition No. 4 (Life Insurance) at a minimum of \$15,000.00 prior to 2019. Secret Harbour shall provide VIEDC, within 30 days of receipt of this notice, a copy of documentation to substantiate compliance with life insurance provision from 2012 to 2019.
5. Acknowledge that Secret Harbour Beach Associates LLLP failed to substantiate compliance with Special Condition No. 10 (Bureau of Economic Research reports) for the period the hotel was operational in 2018. Secret Harbour shall provide VIEDC, within 30 days of receipt of this notice, with a copy of the 2018 Hotel Occupancy Report filed with the Bureau of Economic Research.
6. Acknowledge that Secret Harbour Beach Associates LLLP complied with the requirements of Special Condition No. 2 (Internship).
7. Acknowledge that Secret Harbour Beach Associates LLLP failed to follow procurement procedures for purchases made in response to Hurricanes Irma and Maria and grant Secret Harbour a reprieve from the procurement process based on Rules and Regulations Section 708-706(a)(5).
8. Acknowledge that Secret Harbour Beach Associates LLLP complied with the requirements of Special Condition No. 2 (Retirement Plan).

9. Release Secret Harbour Beach Associates LLLP from penalties and fines normally assessed for failure to comply with its certificate requirements for the period January 1, 2012 through December 31, 2020 pursuant to 29 VIC Section 723(c).
10. Require an Order to Show Cause why its benefits should not be revoked for non-compliance with the terms and conditions of its VIEDC Certificate to be issued pursuant to 29 V.I.C. §722 should Secret Harbour Beach Associates LLLP not comply with the aforementioned recommendations within the period required by the VIEDC Governing Board.

2. VI Paving, Inc – Resolution of Non-Compliance

VI Paving, Inc. (“VI Paving”) Virgin Islands Economic Development Commission (“VIEDC”) tax incentives to conduct the operation of a Category II - Manufacturing Business. VI Paving manufactures, produces, and installs asphalt concrete and related products on St. Croix, St. Thomas, St. John and other Caribbean islands, for a period of 15 years commencing on August 1, 2005 and terminating on December 31, 2020. VI Paving has two (2) operating asphalt plants, one (1) on the island of St. Croix and the other on St. Thomas.

VI Paving’s Compliance Review for the period January 1, 2015 to December 31, 2020 was completed on June 7, 2023. VI Paving’s Counsel responded on behalf of VI Paving to each instance of non-compliance on October 2, 2023.

The Governing Board voted (5 – 0) to:

1. Acknowledge that VI Paving, Inc. failed to meet Special Condition No. 1 (Charitable Contributions) with a shortfall of \$43,735 in cash and in-kind contributions and a shortfall of 226 tons of asphalt donation for the entire certificate period, August 1, 2005 to July 31, 2020.
2. Require VI Paving to make up the shortfall of charitable contributions (Cash and In-kind) to include asphalt donation by December 31, 2023 and provide proof of contributions to the VIEDC within 30 days of satisfying this requirement. Asphalt donations shall be provided to the Department of Public Works or other Virgin Islands government agencies.
3. Acknowledge that VI Paving, Inc. complied with the requirements of Special Condition No. 2 (Health Insurance) for the period January 1, 2015 through July 31, 2020.
4. Acknowledge that VI Paving, Inc. failed to provide each eligible employee with employer-paid life insurance of \$25,000 in accordance with Special Condition No. 3 (Life Insurance). VI Paving shall pay the life insurance premium for the periods 2015 to 2020, plus nine percent (9%) interest to the Industrial Promotion Fund within 30 days of receipt of notice for each eligible employee not covered.
5. Require VI Paving, Inc. to provide proof, within 30 days after closing of the current open enrollment period that all eligible employees are provided with employer-paid life insurance.
6. Acknowledge that VI Paving, Inc. failed to substantiate compliance with the requirements of Special Condition No. 4 (SEP-IRA Retirement Plan) and require VI Paving to submit within 30 days of receipt of notice of the board action, W2 wages or other documentation that reflects the wages used to determine the 3% of each eligible employee’s

compensation. For employees who did not receive the minimum employer contribution, VI Paving shall make employer contribution to each employee SEP IRA Employee Retirement Plan. Employees who are no longer employed shall be issued a bonus check equal to the employer contribution amount.

7. Acknowledge that VI Paving, Inc. failed to provide documentation substantiating compliance with the VIEDC's procurement procedures for the period January 1, 2015 to July 31, 2020 by failing to provide proof of solicitation for bids.
8. Acknowledge that VI Paving, Inc. met the VIEDC's reporting requirements for the period January 1, 2015 to July 31, 2020.
9. Release VI Paving, Inc. from the penalty and fines normally assessed for failure to comply with its certificate requirements for the period January 1, 2015 through July 31, 2020 pursuant to 29 VIC Section 723(c).
10. Require an Order to Show Cause why its benefits should not be revoked for non-compliance with the terms and conditions of its VIEDC Certificate may be issued pursuant to 29 V.I.C. §722 should VI Paving, Inc. not comply with the afore mentioned recommendation within the period required by the VIEDC Board.