

**Virgin Islands Economic Development Commission**  
**Decision Meeting of Tuesday, December 17, 2024**  
**Summary Report**

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Tuesday, December 17, 2024, the Governing Board heard recommendations from the VIEDC Team regarding three (3) application matters and voted as follows:

**Regular Session:**

➤ **Action Items:**

**A. Application:**

**1. First Antilles Capital, LLP – New Application**

*First Antilles Capital, LLP (“First Antilles”) seeks Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits to own and operate a Category IV – Designated Services Business providing management consulting services including financial consulting, technical support services, operations and administrative support services, venture capital investment and family office services. All of FAC’s clients will be located outside the U.S. Virgin Islands (“USVI”). FAC’s services may be provided through one (1) or more wholly owned, disregarded subsidiaries. First Antilles is located on the island of St. Thomas.*

*First Antilles commits to employ a minimum of five (5) full-time employees, including one (1) owner, within one (1) year from the date the Chairman signs the VIEDC Certificate, or within one (1) year of commencement of tax incentives, whichever is later. First Antilles also commits to making a minimum capital investment of \$100,000.00 in the benefitted business commencing no earlier than twelve months prior to the date the application is deemed completed by the VIEDC and ending one (1) year from the date the Chairman signs its Certificate, or within one (1) year from commencement of tax incentives, whichever is later. First Antilles further agrees to meet all statutory and special conditions, and other applicable requirements for the grant of tax incentive benefits.*

The Governing Board voted (4 – 0) to:

1. Find First Antilles Capital, LLP is deserving of a grant of tax incentives.
2. Grant First Antilles Capital, LLP 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. Require services provided by First Antilles Capital, LLP to U.S. Virgin Islands clients and family office clients who are not permissible “family clients” in accordance with U.S. Securities and Exchange Commission Family Office Rules to be specifically excluded from the tax incentives.

**2. Historic Area Revitalization Project Joint Venture – New Application**

*Historic Area Revitalization Project Joint Venture (“HARP Joint Venture”) seeks Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits to engage in the revitalization and restoration of over 185,000 square feet of commercial and residential space in downtown Charlotte Amalie through the inclusion of multiple entities in a Certificate of Incentives; hence, the HARP entities have entered into a joint venture agreement relative to the obligations imposed by the VIEDC. The activities are being undertaken by a*

*series of nine (9) affiliated entities and 13 wholly owned subsidiaries created to segregate assets, minimize potential liability, accommodate financing, and tax and regulatory compliance. HARP Joint Venture is located on the island of St. Thomas.*

*HARP Joint Venture commits to employ a minimum of 12 full-time employees. HARP Joint Venture also commits to making a minimum capital investment of \$12,000,000.00 in the benefited businesses commencing January 1, 2024 through December 31, 2026. Harp Joint Venture further agrees to meet all statutory and special conditions, and other applicable requirements for the grant of tax incentive benefits.*

The Governing Board voted (4 – 0) to:

1. Find that while there will likely be a positive fiscal impact (direct, indirect and induced) from the Historic Area Revitalization Project Joint Venture’s (“HARP JV” or “Applicant”) renovation and operations, VIEDC finds that HARP JV is not deserving of a grant of tax incentives based on its business model which includes retail activities and other undefined business activities currently operated by existing affiliated entities on the U.S. Virgin Islands tax roll.
2. Deny said grant of incentives to HARP JV through its partners **Plaza QOF EDCPT, LLC**, Cowell BQX Holdings, LLC, **Plaza QOZBP, LLC**, Bankhaus Hill Holdings, LLC, Crown House Holdings, 6-7 Dronningens Gade, LLC, **Curacao QOZBP, LLC**, 18 Dronningens Gade, LLC, 48 Norre Gade, LLC, **21 Dron Gade LLC**, **Hendrik PQA Partners, LLC**, Hull BQX Holdings, LLC, Hull PQX Ventures, LLC, **Hendrik PNA Partners, LLC**, Harwood BNX Holdings, LLC, Harwood PNX Ventures, LLC, 24 Dronningens Gade, LLC, 34-35 Dronningens Gade, LLC, and **Crystal Blue Operations, LLC**.
3. Set forth reasons for denial of incentives pursuant to V.I. CODE ANN. tit. 29, § 717(b), as follows:
  - a. HARP JV properties will be primarily mixed-use and engage in several business activities (e.g., residential housing, private house, parking lots, retail, services to U.S.V.I. clients, and archival space) that are not specifically defined as eligible for tax incentives under the established industries and business categories set forth under 29 V.I.C. § 708(a).
  - b. Find activities described in the Historic Area Revitalization Project Joint Venture’s application continues to be a large part of the U.S. Virgin Islands economy; and further, as a tourist destination retail is a primary driver of said economy.
  - c. Acknowledge that providing tax incentives to Historic Area Revitalization Project Joint Venture can create an unfair competitive advantage over existing businesses in the USVI marketplace.
  - d. Acknowledge that the Historic Area Revitalization Project Joint Venture likened its model to that of a shopping center/mall, VIEDC has previously taken the position that over time the entry of shopping centers or malls in the Territory has sufficiently been developed in the marketplace. As such, previous requests for extensions were not approved for existing entities on the Economic Development Program.

- e. Shopping centers or malls were previously granted tax incentives to develop the market strategically in areas where retail activities were limited, to diversify the economy, and to ensure national retail anchors could be established in the U.S. Virgin Islands. It is noted that only the commercial rental income was exempted. No tenant or owner-run retail or service business operating in the shopping center or mall received tax exemptions.
- f. Acknowledge that Historic Area Revitalization Project Joint Venture indicated that it envisions developing and operating a few restaurants or retail shops within buildings to jump start interest and get the community back into these spaces, similarly to the way hotels operate restaurants, bars and other concessions within the footprint of the hotel. However, these operations are only attributed to hotels as being ancillary services for the hotel guest experience.
- g. Acknowledge that only five (5) of the Historic Area Revitalization Project Joint Venture 's existing properties were not in operation at the time of application and/or had no tenants; and only two (2) properties, Royal Dane Mall and Curacao Gade, reported anticipated income in the five-year projection. Should tax incentives be granted to these entities, the Government of the U.S. Virgin Islands is anticipated to lose direct taxes in the initial 5-year period of approximately Two Million Eight Hundred Thirty Thousand Dollars (\$2,830,000.00) (Real Property Tax \$1,360,000 and Gross Receipt Tax \$1,470,000),
- h. Should HARP JV receive grant funds for rehabilitation or enhancement of its historic properties, it will result in the use of those funds toward capital investments, thereby reducing its direct investment in these properties.
- i. The following six (6) properties with proposed investments and revenues reported in the five-year projections did not receive approval from the Department of Planning and Natural Resources, State Historic Preservation Office, Historic Preservation Committee (“Historic Preservation Committee”) to rehabilitate the structures:
  - 1) 21 & 21-W Dronningens Gade, Queens Quarter held by **21 Dron Gade, LLC**;
  - 2) 6 & 7B Dronningens Gade & 14 Wimmelskafts Gade, Queens Quarter held by **Plaza QOZBP, LLC**;
  - 3) 18 Dronningens Gade, Queens Quarter held by **Curacao QOZBP LLC**;
  - 4) 30 Dronningens Gade, Queens Quarter (Creque’s Alley) held by **Plaza QOZBP, LLC**;
  - 5) 34A, 34 Rem, 35A & 35 Rem Dronningens Gade, Queens Quarter (Hibiscus Alley) held by **Hendrik PNA Partners, LLC**; and
  - 6) 48 Norre Gade, Kings Quarter (The Continental Building) held by **Curacao QOZBP, LLC**.

4. 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 to the following entities:

ROYAL QOZBP, LLC  
(Royal Dane Mall)  
Dronningens 26A, 27B & 28A  
Queens Quarter  
Parcel ID: 1-05401-4307-00, 1-05401-4308-00, 1-05401-4309-00

BERNE PQ, LLC  
(Berne's Alley)  
Kronprindsens Gade 69 & 69A  
Crown Prince Quarter  
Parcel ID: 1-05304-0406-00, 1-05304-0426-00

29-30 DRONNINGENS GADE, LLC  
(Creque's Alley)  
Dronningens Gade 29&30  
Queens Quarter  
Parcel ID: 1-05401-4304-00

5. Exclude residential, retail (including but not limited to restaurants and shops) and parking from the grant of incentives.
6. Find that the following changes in the application may lead to more favorable consideration:
  - a) The Applicant may resubmit an application as a Category III Shopping Mall for vacant properties not currently on the tax roll with a formal business plan to include a commitment to a national anchor tenant, explanation on synergy between multiple properties, justification regarding the need for the operation of a mall for rental of commercial space that is diverse from other similar businesses in the historic district, and a detailed financial projection listing each line of income;
  - b) The Applicant may submit a separate application under Category III Hotel/Guest House for Plaza QOZBP, LLC (International Plaza), Dronningens Gade 22;
  - c) The Applicant must be a registered entity in the Office of the Lieutenant Governor, Division of Corporations and Trademarks; and
  - d) All properties to be considered for tax incentives shall submit approval from the Historic Preservation Committee.

### **3. SK Venture Group, LLC – New Application**

*SK Venture Group, LLC (“SK Venture”) seeks Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits to own and operate a Category IV – Designated Services Business providing business management and consulting services including operational and strategic consulting services, accounting and finance services, administrative and back-office services, and property management services; investment management, venture capital and family office services. SK Venture shall also reinvest for its own account. SK Venture’s clients shall be located outside the U.S. Virgin Islands (“USVI”). SK Venture’s services may be provided through one (1) or more wholly owned, disregarded subsidiaries. First Antilles is located on the island of St. Thomas.*

*SK Venture commits to employ a minimum of five (5) full-time employees, including one (1) owner, within one (1) year from the date the Chairman signs the VIEDC Certificate, or within one (1) year of commencement of tax incentives, whichever is later. SK Venture also commits to making a minimum capital investment of \$100,000.00 in the benefitted business commencing no earlier than twelve months prior to the date the application is deemed completed by the VIEDC and ending one (1) year from the date the Chairman signs its Certificate, or within one (1) year from commencement of tax incentives, whichever is later. SK Venture further agrees to meet all statutory and special conditions, and other applicable requirements for the grant of tax incentive benefits.*

The Governing Board voted (3 - 1) that SK Venture Group, LLC is not deserving of a grant of tax incentives.