

Virgin Islands Economic Development Commission
Decision Meeting of Thursday, April 10, 2025
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 two (2) application matters and one (1) compliance matter, and voted as follows:

Regular Session:

➤ **Action Items:**

A. Application:

1. Historic Area Revitalization Project Joint Venture – New Application

Historic Area Revitalization Project Joint Venture (“HARP JV”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits on December 17, 2024 to engage in the revitalization and restoration of commercial and residential space in downtown Charlotte Amalie through the inclusion of multiple entities in a Certificate of Incentives. Several of HARP JV’s properties and activities included in its application for VIEDC tax incentive benefits were simultaneously denied. HARP JV is located on the island of St. Thomas.

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

On February 14, 2025, HARP JV submitted two (2) petitions for reconsideration. The first petition is a request to reconsider the Board Approval, and the second petition is to reconsider the Board Denial.

RECOMMENDATION 1 – RECONSIDERATION

The Governing Board voted (5 – 0) to:

1. Find that Historic Area Revitalization Project Joint Venture has sufficiently established grounds for reconsideration of VIEDC’s December 17, 2024 decision pursuant to V.I.R.R. 717-403 which states that “[t]here has been a change in material fact or in applicable law which change occurred after the public hearing”; and
2. Require VIEDC to proceed to a decision on the merits of the petition and take appropriate action as authorized by law and rules and regulations to decide this matter within the applicable timeframe set forth in V.I.R.R. 717-404.

RECOMMENDATION 2 – APPROVAL

The Governing Board voted (5 – 0) to:

1. Vacate the December 17, 2024 grant of incentives to ROYAL QOZBP, LLC (Royal Dane Mall), BERNE PQ, LLC (Berne’s Alley), and 29-30 DRONNINGENS GADE, LLC (Creque’s Alley) on procedural grounds and reinstate to include additional entities.

2. Find Historic Area Revitalization Project Joint Venture has sufficiently demonstrated the need for affordable workforce housing and parking to reinvigorate and revitalize Charlotte Amalie town.
3. Find that seven (7) joint venturers under Historic Area Revitalization Project Joint Venture, specifically (1) ROYAL QOZBP, LLC (Royal Dane Mall), (2) BERNE PQ, LLC (Berne's Alley), (3) 29-30 DRONNINGENS GADE, LLC (Creque's Alley), (4) Plaza QOZBP, LLC (International Plaza), (5) 21 Dron Gade, LLC (C&M Caron Building), (6) Curacao QOZBP, LLC (Curacao Gade) and (7) Crystal Blue Operations, LLC, are deserving of a grant of tax incentives.
4. Grant Historic Area Revitalization Project 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.
5. Require retail businesses, including but not limited to restaurants and shops, shall be specifically excluded from the tax incentives.
6. Require Historic Area Revitalization Project Joint Venture to record all line-item income on financial reporting and pay all applicable taxes on specifically excluded businesses and/or activities.
7. Require Historic Area Revitalization Project Joint Venture to submit a signed copy of the Crystal Blue Operations, LLC Management Agreement within 30 days of an executed VIEDA Certificate of Tax Incentives.
8. Require Historic Area Revitalization Project Joint Venture to provide clearance from the Historic Preservation regarding the properties approved but still awaiting clearance. Applicant/Beneficiary shall be required to provide updates every 60 days regarding applications, hearings and outcome of said hearing to the VIEDC.
9. Require Historic Area Revitalization Project Joint Venture to provide a minimum of 8 residential units in Berne's Alley and 8 residential units in Creque's Alley for the purpose of affordable workforce rentals. Rentals amount charged shall not exceed The US Department of Housing and Urban Development's Fair Market Rent Documentation System annual rental amounts for St. Thomas. Preference shall be given to persons satisfying moderate income housing guidelines.
10. Require Historic Area Revitalization Project Joint Venture to not seek reimbursement from the tenants for their allocable share of the property taxes.
11. Require Historic Area Revitalization Project Joint Venture to submit a revised joint venture agreement within 30 days of receipt of a signed Certificate of Tax Incentives.
12. Require Historic Area Revitalization Project Joint Venture to submit a schedule of parking rates and number of paid parking spaces within 30 days of the commencement of paid parking lots. Historic Area Revitalization Project Joint Venture shall have rates visibly published for the general public. Historic Area Revitalization Project Joint Venture shall submit parking rates annually.

RECOMMENDATION 3 – DENIAL

The Governing Board voted (5 – 0) to:

1. Deny the reconsideration petition request to grant tax incentives to Historic Area Revitalization Project Joint Venture through its joint venturers Hull BQX Holdings, LLC, Hendrik PQA Partners, LLC and Hendrik PNA Partners, LLC.
2. Find pursuant to V.I. CODE ANN. tit. 29, § 717(b), the denial of incentives to the joint venture partners delineated herein is based on the following reasons:
 - a. Historic Area Revitalization Project Joint Venture properties being denied are the entities that hold the Qualified Opportunity Fund operating businesses that conduct retail activities.
 - b. Retail is not defined as eligible for tax incentives under the established industries and business categories set forth under 29 V.I.C. § 708(a). More specifically, pursuant to 29 V.I.C. § 708(a)(1) VIEDC does not find that retail businesses are appropriate for tax incentives because these activities continue 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. Providing tax incentives to Historic Area Revitalization Project Joint Venture retail businesses can create an unfair competitive advantage over existing retail businesses in the same area and USVI marketplace.
 - d. There is no precedent under this Economic Development Program for a tenant or owner-run retail or service business operating in a shopping center or shopping mall to receive tax exemptions.
 - e. Historic Area Revitalization Project Joint Venture indicates 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 manner in which hotels operate restaurants, bars and other concessions within the footprint of the hotel. However, these operations are only attributed to hotels as ancillary services for the hotel guest experience.

2. 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.

RECOMMENDATION 1 – RECONSIDERATION

The Governing Board voted (5 – 0) to:

1. Find that SK Venture sufficiently established grounds for reconsideration of VIEDC’s December 17, 2024 and January 28, 2025 decision pursuant to V.I.R.R. 717-(403)(2)(3); on grounds that the Commission’s action was based on a finding conclusion, or other matter upon which the petitioner has not previously had the opportunity to comment; and
2. Require VIEDC to proceed to a decision on the merits of the petition and take 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.

RECOMMENDATION 2 – APPROVAL

The Governing Board voted (5 – 0) to:

1. Find SK Venture Group, LLC is deserving of a grant of tax incentives to own and operate a management and consulting business to include operational and strategic consulting services, accounting services, and property management, and a family office for the wealth management of its owner.
2. Find SK Venture Group LLC did not demonstrate its experience, financial capacity and technical ability to provide finance advisory, investment management and venture capital services to third party clients.
3. Grant SK Venture Group, 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.
4. Require services provided to U.S. Virgin Islands clients; finance advisory, investment management, private merchant banking and venture capital services to third party clients; and family offices clients who are not permissible “family clients” in accordance with the U.S. Securities and Exchange Commission’s Family Office Rules, 17 C.F.R. Part 275,5 as may be amended from time to time, shall be specifically excluded from tax incentives.

B. Compliance:

❖ Margaritaville Vacation Club by Wyndham, Inc. – Resolution of Non-Compliance

Wyndham St. Thomas Development Company, LLC dba Margaritaville Vacation Club by Wyndham, Inc. (“MVCW”) was originally granted Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits on March 12, 2023 to own and operate a Category III - Timeshare Resort. MVCW’s extension/modification for a modified term totaling 20 years was approved on July 24, 2017 for a modified term totaling 20 years. MVCW is located on the island of St. Thomas.

A compliance review for the period January 1, 2022 to December 31, 2022 was completed on July 31, 2024 and transmitted to the Beneficiary on August 5, 2024.

The Governing Board voted (5 – 0) to:

1. Forgive Margaritaville Vacation Club by Wyndham Inc. for failure to comply with Standard Provision No. 10 (local payroll account), due to Margaritaville Vacation Club by Wyndham Inc. providing several different payment options to employees, including the option to have checks drawn on a local payroll account.
2. Find Margaritaville Vacation Club by Wyndham Inc. failed to comply with registration of vacancies with the Virgin Islands Department of Labor (VIDOL) and require Margaritaville Vacation Club by Wyndham Inc. to provide compliance clearance from VIDOL within 10 days of receipt of clearance.
3. Find Margaritaville Vacation Club by Wyndham Inc. failed to substantiate compliance with Standard Provision No. 14 (Compliance with Law) due to its pending response from DPNR and require clearance within 10 days of receipt.
4. Find Margaritaville Vacation Club by Wyndham Inc. failed to substantiate compliance with Standard Provision Nos. 5 (Additional Leave – Athletic & Sporting Events), 8 (Purchase of Insurance), and 9 (Local Procurement) and require Margaritaville Vacation Club by Wyndham to provide proof of compliance with these requirements within 30 days of the Board’s decision or alternatively, contribute Fifteen Thousand Dollars (\$15,000.00) to the Industrial Promotion Fund.
5. Find Margaritaville Vacation Club by Wyndham Inc. complied with Special Provision Nos. 5 (Retirement), 9 (Paid Internship Program), 12 (EDB Approved Business Right-of-First-Refusal), and 17 (New Shareholders, Partners, Owners, Members or Beneficiaries).
6. Find Margaritaville Vacation Club by Wyndham Inc. failed to meet the requirements of Special Provision No 13 (Bureau of Economic Research Monthly Hotel Occupancy Report) and require Margaritaville Vacation Club by Wyndham, Inc. to provide proof of filing Bureau of Economic Research Monthly Hotel Occupancy Reports within 30 days of the Board’s decision.
7. Find Margaritaville Vacation Club by Wyndham Inc. failed to provide sufficient documentation to substantiate compliance with the requirements of Special Provision Nos. 3 (Health Insurance), 4 (Life Insurance), 6 (Vacation & Sick Leave), and 7 (Paid Holidays) and require Margaritaville Vacation Club by Wyndham Inc. to provide proof of compliance within 30 days of the Board’s decision or contribute Twenty Thousand Dollars (\$20,000.00) to the Industrial Promotion Fund within 30 days of the Board’s decision.
8. Find Margaritaville Vacation Club by Wyndham Inc. provided sufficient documentation to determine compliance with the following Provision: Specifically Excluded Trade or Business No. 1.
9. Margaritaville Vacation Club by Wyndham Inc. failed to timely file the following reports with the VIEDC: Lieutenant Governor’s Annual Report, Report of Stockholders on Tax Exempted Entities, and Certificate of Good Standing and assess a fine of Two Thousand Seven Hundred Twenty Dollars and Forty cents (\$2,720.40) for failure to file timely.

10. Require an Order to Show Cause pursuant to 29 V.I.C. § 722 why its benefits should not be revoked, suspended or modified to be issued should Margaritaville Vacation Club by Wyndham Inc. not comply with recommendation Nos. 2, 3, 4, 6, 7, and 9 above.