

Virgin Islands Economic Development Commission
Decision Meeting of Thursday, July 22, 2021
Summary Report Out

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Thursday, July 22, 2021, the Governing Board heard recommendations from staff regarding five (5) application matters and voted as follows:

Regular Session:

Action Items:

Applications:

1. By The Sea Resort Properties – Extension of Time to Commence Incentives

By-the-Sea Resort Properties, LLC (“BTS”) was granted tax incentive benefits on May 7, 2020 to operate a Category III Hotel/Resort for its ownership, construction and development of a high-end boutique hotel and amenities normally associated with a full service resort/hotel to be located in Botany Bay, St. Thomas, USVI.

By letter dated April 29, 2021, BTS initially requested, “EDC approve an extension of time to May 7, 2022 for BTS to commence its benefits under the EDC Program”. Subsequently, on June 30, 2021, BTS filed an amended request for an extension of time to commence tax incentives to January 1, 2022.

The Governing Board voted (4 – 0) to:

1. Find that By The Sea Resort Properties has shown good cause for the grant of additional time to commence its tax incentive benefits due to initial delay in receiving its building permit;
2. Grant By The Sea Resort Properties an extension of time to commence its tax incentives to January 1, 2022;
3. Require By The Sea Resort Properties’ tax incentives to be null and void should said incentives not commence on or before January 1, 2022;
4. Require all other terms and provisions of the amended grant of incentives delineated in the VIEDC approval letter of September 28, 2020 to remain in full force and effect.

2. Prosperitas Investment Management, LLLP – Admission of Disregarded Entity

Prosperitas Investment Management, LLLP f/n/a CDM Investment Management, LLLP (“Prosperitas”) was granted tax incentive benefits on March 30, 2016 as a Category IV Designated Services Business providing investment management and consulting services, wealth management, private merchant banking services and family office services. All of Prosperitas’ clients are located outside the U.S. Virgin Islands.

On December 2, 2020, Prosperitas notified VIEDC of the addition of a wholly-owned disregarded subsidiary entity that will be providing services in line with the approved business activities under Prosperitas’ VIEDC Certificate.. Prosperitas intends to carry out one or more of its approved business activities through Great Caribbean Treasure, LLC, a single-member disregarded entity that is wholly owned by Prosperitas, effective on January 1, 2020.

The Governing Board voted (4 – 0) to:

1. Acknowledge and approve the establishment of **Great Caribbean Treasure, LLC** as a wholly-owned disregarded entity of Prosperitas Investment Management, LLLP pursuant to 29 V.I.C. § 714(c).
2. Require the admission of the disregarded entity indicated above to be effective January 1, 2020.
3. Require all other terms and provisions of the grant of tax incentives delineated in the VIEDC Certificate dated February 10, 2017 to remain in full force and effect.

3. Royalton USVI, LLC – New Application

On May 10, 2021, Royalton USVI, LLC (“Royalton”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. Royalton seeks VIEDC tax incentive benefits as a Category IV - Designated Services Business providing financial services, venture capital and investment management services, property management, and business management and consulting services to clients located outside the U.S. Virgin Islands.

Royalton commits to employ a minimum of five (5) full-time employees. Royalton will invest a minimum of \$100,000.00 in the benefitted business. Royalton will be located on the island of St. Thomas.

The Governing Board voted (4 – 0) to:

1. Find that Royalton USVI, LLC is deserving of a grant of tax incentive benefits.
2. Grant Royalton USVI, 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.
3. Grant Royalton USVI, LLC an extension of time to satisfy the minimum full-time employment requirement as follows:

Applicant/Beneficiary shall employ a minimum of three (3) full-time employees within the first year. Applicant/Beneficiary shall employ an additional two (2) employees within two (2) years from the date its Certificate is signed by the VIEDC Chairman, or two (2) years from commencement of benefits, whichever is later, for a total of five (5) employees after two (2) years.

4. Morabeza Capital Management, LLC – New Application

On May 10, 2021, Morabeza Capital Management, LLC (“Morabeza”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. Morabeza seeks VIEDC tax incentive benefits as a Category IV - Designated Services Business engaging in a diversified array of financial analysis, advisory, consulting, and family office support services for high-net-worth families.

Morabeza commits to employ a minimum of five (5) full time employees. Morabeza will invest a minimum capital investment of \$100,000 in the benefitted business. Morabeza will be located on the island of St. Thomas.

The Governing Board voted (4 – 0) to:

1. Find that Morabeza Capital Management, LLC is deserving of a grant of tax incentive benefits.

2. Grant Morabeza Capital Management, 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.
3. Grant Morabeza Capital Management, LLC an extension of time to satisfy the minimum full-time employment requirement as follows:

Applicant/Beneficiary shall employ a minimum of five (5) full-time employees, excluding owners, within two (2) years of the date that its Certificate is signed by the VIEDC Chairman.

5. Tycheros Capital Management VI Group – New Application

On March 15, 2021, Tycheros Capital Management VI Group (“Tycheros”) filed an application with the Virgin Islands Economic Development Commission (“VIEDC”) for tax incentive benefits. Tycheros seeks VIEDC tax incentive benefits as a Category IV - Designated Services Business for its provision of Family Office Financial Service 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) 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.

Tycheros commits to employ a minimum of five (5) full time. Tycheros will invest a minimum capital investment of \$475,000 in the benefitted business. Tycheros will be located on the island of St. Croix.

Motion 1 – VIEDC Tax Incentive Benefits

The Governing Board voted (4 – 0) to:

1. Find that Tycheros Capital Management VI, Inc. is deserving of a grant of tax incentive benefits.
2. Grant Tycheros Capital Management VI, Inc. 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.

Motion 2 – Inclusion of Other Entities on VIEDC Certificate:

The Governing Board voted (4 – 0) to:

1. Deny the inclusion of the four (4) entities - PRD 20 VI, LLC, SAD 20VI, LLC, Liquid Capital, LP and Illiquid Capital, LP, under the grant of tax incentives based on the following:
 - a. The four (4) entities, PRD 20 VI, LLC, SAD 20 VI, LLC, Liquid Capital, LP and Illiquid Capital, LP, are not disregarded to Tycheros Capital Management VI, Inc., in accordance with 29 V.I. C. §. 714(c) and are not subsidiaries of the corporation.
 - b. PRD 20 VI, LLC and, SAD 20 VI, LLC serves as “temporary holding companies”, and currently "hold a significant investment in a

corporation". The limited liability companies will have no employees and conduct no business in the U.S. Virgin Islands.

- c. Liquid Capital, LP and Illiquid Capital, LP are currently not registered with the Virgin Islands Office of Lieutenant Governor, Division of Corporations and Trademark, and it is not clear how the limited partnerships would generate income which would be sourced in or effectively connected with the conduct of a trade or business within the U.S. Virgin Islands under the sourcing rules in sections 861 through 865 of the Internal Revenue Code to be eligible for incentives. Applicant/Beneficiary represented that the limited partnerships will be holding companies, do not intend to have any employees and will not conduct any business in the U.S. Virgin Islands.
2. Notify Tycheros Capital Management VI, Inc. that the VIEDC decision to not include PRD 20 VI, LLC, SAD 20 VI, LLC, Liquid Capital, LP and Illiquid Capital, LP as a Beneficiary on Tycheros Capital Management VI, Inc.'s VIEDC Certificate does not preclude Tycheros Capital Management VI, Inc. from providing services to or managing the funds of these businesses or their owners as part of its Family Office operations.