**Virgin Islands Economic Development Commission**

**Decision Meeting of Tuessday, December 13, 2022**

**Summary Report Out**

During the Virgin Islands Economic Development Commission (“VIEDC”) Decision Meeting on Tuesday, December 13, 2022, the Governing Board heard recommendations from VIEDC Team regarding five (5) application matters and one (1) compliance matter in Regular Session and voted as follows:

**Regular Session:**

**Action Items:**

**Application:**

1. **Morabeza Capital Management, LLC – Change in Ownership Structure Application**

*Morabeza Capital Management, LLC (“Morabeza”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits as a Category IV – Designated Service Financial Business engaging in a diversified array of financial analysis, advisory, consulting and family office support services for high-net-worth families located outside the U.S. Virgin Islands. All of Morabeza’s clients are located outside the USVI. Morabeza is located on the island of St. Croix.*

*On November 2, 2021, Morabeza submitted a petition to request a change in its ownership structure. Morabeza amended its operating agreement to include additional classes of membership, as well as two (2) new owners.*

The Governing Board voted (5 – 0) to:

* Table the petition for the change in ownership structure of Morabeza Capital Management, LLC pending additional information regarding the LLCs, namely MCM, LLC; BHB, LLC; NWHS, LLC; and AWC VI, LLC.

1. **Tycheros Capital Management VI, LLC f/k/a Tycheros Capital Management VI, Inc. – Transfer and Petition for Reconsideration**

*Tycheros Capital Management VI, Inc. (“Tycheros”) was granted Virgin Islands Economic Development Commission (“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 on the island of St. Croix.*

*On June 1, 2022, Tycheros Capital Management VI, Inc. submitted a petition to transfer its approval of tax incentives to Tycheros Capital Management VI, LLC, a U.S. Virgin Islands limited liability company formed on June 11, 2021. On August 24, 2022, Tycheros submitted supplemental and updated information and excluded PRD 20 VI, LLC and SAD 20 VI, LLC from the organizational chart and from consideration as additional named beneficiaries of Tycheros. Tycheros provided an updated organizational chart and revised joint venture agreement reflecting only the inclusion of Liquid Capital LP and Illiquid Capital LP and Tycheros Capital Management VI, LLC as a joint venture.*

**MOTION 1 - RECONSIDERATION**

The Governing Board voted (5 – 0) to:

1. Find Tycheros Capital Management VI, Inc. sufficiently establish grounds for reconsideration of VIEDC’s July 22, 2021 decision pursuant to V.I.R.R. 717-403(1) on grounds that “[t]here has been a change in material fact or in applicable law which change occurred after the public hearing”.
2. Proceed to a decision on the merits of the petition and take such 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.

**MOTION 2 - TRANSFER**

The Governing Board voted (5 – 0) to:

1. Acknowledge and approve the transfer of tax incentives from Tycheros Capital Management VI, Inc. to Tycheros Capital Management VI, LLC pursuant to the provisions of V.I. CODE ANN. tit. 29, § 719.
2. Require the transfer to become effective August 24, 2022.

**MOTION 3 – AMENDED GRANT OF INCENTIVES**

The Governing Board voted (5 – 0) to:

1. Require the grant of tax incentives to include Liquid Capital, LP, a U.S. Virgin Islands limited partnership and Illiquid Capital, LP, a U.S. Virgin Islands limited partnership as special purpose investment entities.
2. Modify the grant of tax incentives to allow Tycheros Capital Management VI Group Joint Venture inclusive of Tycheros Capital Management VI, LLC, a U.S. Virgin Islands limited liability company, Liquid Capital, LP, and Illiquid Capital, LP as joint ventures pursuant to the Joint Venture Agreement effective August 24, 2022.
3. Require all entities in the joint venture to be jointly and severally liable for compliance with the terms and provisions of the VIEDC Certificate of tax incentives and for any fees, penalties, and/or fines assessed for failure to comply with the terms and provisions of the grant of tax incentives.
4. **Northside Ventures, LLC – Sua Spuante Reconsideration**

*Northside Ventures, LLC (“Northside”) was denied Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits as a Categories IV – Designated Services Business (Financial)* *as a small business. As a Category IV designated service business under 29 V.I.C., §§ 703(g), 708(a), Northside would have provided a full range of management and consulting, fundraising and advisory services to clients, with a focus on venture capital funds that specialize in Late-Stage and Growth Equity investments in high-tech companies.. All of Northside’s clients would have been be located outside the U.S. Virgin Islands. Northside is located on the island of St. Thomas.*

*Northside commits to make a minimum capital investment of at least Twenty Thousand Dollars ($20,000.00), and employ a minimum of two (2) full-time employees, excluding the owner.*

**MOTION 1 - RECONSIDERATION**

The Governing Board voted (5 – 0) to:

1. Reconsider its May 12, 2022 decision sua sponte, having found a sufficient ground for reconsideration, namely, a substantive error in material fact or applicable law.
2. Find that Northside Ventures, LLC has satisfied the applicable Small Business Program requirements of V.I. CODE ANN. tit. 29, chapter 12 and reverse its May 12, 2022 decision.
3. Proceed to a decision and take such 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.

**MOTION 2 – TAX INCENTIVE BENEFITS**

The Governing Board voted (5 – 0) to:

1. Find Northside Ventures, LLC is deserving of a grant of tax incentives under the VIEDC’s Small Business Program.
2. Grant Northside Ventures, LLC tax exemptions at one hundred percent (100%) of the incentives authorized by law for a period of 10 years in accordance with the provisions of V.I. CODE ANN. tit. 29, chapter 12, §§ 713a(b)(1) and 708b.
3. Grant Northside Ventures, LLC an extension of time to satisfy the minimum full-time employment requirement as follows:

Applicant/Beneficiary shall employ a minimum of one (1) full-time non-owner employee, within one year from the date the VIEDC Chairman signs the Certificate or within one year of commencement of incentives, whichever is later. Thereafter, an additional one (1) full-time employee in the second year, for a total of two (2) full-time, non-owner employees by the end of year two.

1. **Systilogic, LLC – Admission of Disregarded Entity and Real Property Tax Exemptions**

*Systilogic, LLC (“Systilogic”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentive benefits as a Categories IV – Designated Services Business (Financial). Systilogic provides business management and consulting services, business operations software and support services to clients, and ecommerce services, including without limitation clients within the ecommerce sector located outside the USVI. In addition, Systilogic will also engage in family office services. All of Systilogic’s clients will be located outside the USVI. Systilogic’s services may be provided through one or more wholly owned, disregarded subsidiaries.*

*On February 14, 2021, Systilogic submitted a petition to request an admission of a disregarded entity and an extension of its VIEDC Certificate of Tax incentives based on investment made.*

**MOTION 1 – DISREGARED ENTITY & REAL PROPERTY TAX**

The Governing Board voted (5 – 0) to:

1. Acknowledge and approve the establishment of 56 King Street, LLCas a wholly-owned disregarded entity of Systilogic, LLC, pursuant to V.I. CODE ANN. tit. 29 § 714(c).
2. Require the admission of 56 King Street, LLC to be effective February 14, 2022.
3. Require the grant of tax incentives to be amended to reflect the admission of wholly-owned disregarded entity, 56 King Street, LLC.
4. Require the real property tax exemption shall be applicable for real property located at 56 & 56-A King Street in Christiansted used only for business management and consulting services, business operations software, and support services to clients including without limitation clients within the ecommerce sector, and ecommerce services, and family office services.
5. Require all other terms and provisions of the initial grant of tax incentives approved on November 16, 2021 to remain in full force and effect.

**MOTION 2 – INVESTMENT EXTENSION (Additional Five (5) Years)**

The Governing Board voted (5 – 0) to:

* Find an investment-related extension is prematurely filed insofar as the prerequisites for the grant of an additional five (5) years have not been met pursuant to 29 V.I.C. § 713a(b)(4). Section 713a(b)(4) requires the following: 1) an additional investment in the beneficiary business; 2) expiration of the current certificate; 3) that the beneficiary remain in compliance; and 4) a VIEDC finding of good cause. Accordingly, the motion for a five-year extension shall be denied without prejudice.

1. **WVJD, LLC – Amended Grant of Incentives[[1]](#footnote-1)**

*WVJD, LLC (“WVJD”) a was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentives as a Categories III – Boutique hotel and amenities normally associated with a full-service hotel/resort. WVJD may establish one or more wholly-owned disregarded subsidiaries through which it will carry out the business activities. WVJD committed to employing a minimum of seven (7) full-time employees, excluding the owner and make a capital investment of Three Million Dollars ($3,000,000) in the benefited business. WVJD also agreed to meet all statutory, and special conditions, and other applicable requirements for the grant of tax incentive benefits. WVJD is located on the island of St. John.*

The Governing Board voted (4 – 0) to:

1. Amend the charitable contribution and internship commitment language in WVJD, LLC’s grant of tax incentives to now read as follows:

Charitable Contribution: Applicant/Beneficiary shall contribute a minimum of Twenty Thousand Dollars ($20,000.00) to charitable causes in the USVI through cash and in-kind contributions, commencing in the first full calendar year following the commencement of tax incentives. Commencing in the second full calendar year following the commencement of tax incentives, Applicant/Beneficiary shall contribute a minimum of Twenty-Five Thousand Dollars ($25,000.00) annually to charitable causes in the USVI through cash and in-kind contributions. Pursuant to 29 V.I.C. §708(m), Applicant/Beneficiary shall provide educational assistance to residents of the USVI and fifty-five percent (55%) of its annual educational assistance shall be made to the Department of Education for public school programs and initiatives. The remaining contribution amount shall be directed toward broad-based charitable contributions of the USVI. No more than 50% of charitable contributions shall be provided as in-kind. The valuation of the in-kind contribution shall be based on fair market value in accordance with Internal Revenue Service’s guidelines.

Internship: Applicant/Beneficiary shall provide at least one (1) internship annually, to include ferry costs as appropriate, to a USVI high school student or high school graduate, a student at the University of the Virgin Islands (“UVI”), or a USVI resident attending school outside the USVI, commencing in the third year of tax incentives. In the event, Applicant/Beneficiary is unable to meet the annual internship requirement, Applicant/Beneficiary shall contribute a minimum of Five Thousand Dollars ($5,000.00) to be increased by the U.S. Bureau of Labor Statistics Consumer Price Index (“CPI”) every five (5) years after commencement of tax incentives, to the UVI Hospitality Program, the Community Foundation of the Virgin Islands for an internship program, or toward the cost of an educational summer or other training program for a USVI high school student or high school graduate, USVI student, or a USVI resident attending school outside the USVI.

1. That all other provisions of the grant of tax incentives approved on October 11, 2022 shall remain in full force and effect.

**Compliance:**

* **Alpine Group USVI, LLC – Waiver of Full-Time Employment Requirement**

*Alpine Securities USVI, LLC (“Alpine”) was granted Virgin Islands Economic Development Commission (“VIEDC”) tax incentives benefits to own and operate a Category IV – Designated Services Business providing investment management, advisory and equity trading services to its clients, all of whom are located outside the U.S. Virgin Islands. Beneficiary established Alpine Securities USVI, LLC, Alpine Trading USVI, LLC, Alpine Partners USVI, LLC, Alpine Financial USVI, LLC, Alpine Capital, USVI, LLC, and Alpine Associates USVI, LLC as wholly owned, disregarded subsidiaries to carry out the activities of the business. Alpine is located on the island of St. Thomas.*

*On November 4, 2022, Alpine filed a petition with the VIEDC requesting a temporary waiver of Alpine’s minimum full-time employment requirement from 10 to five (5) full-time employees for the period commencing January 1, 2023 to December 31, 2023, or to the date that the VIEDC approves a permanent modification of Alpine’s full-time requirement; whichever is earlier.*

The Governing Board voted (4 – 0) to:

1. Find that the employment requirement of 10 full-time employees would not be economically feasible or practical, and that the desirability of Alpine Group USVI, LLC’s enterprise outweighs the fact that it is not labor intensive.
2. Grant Alpine Group USVI, LLC a temporary employment waiver from 10 full-time employees to five (5) full-time employees commencing January 1, 2023 through December 31, 2023.
3. Require Alpine Group USVI, LLC to maintain employees unless by attrition or in compliance with labor laws relating to grounds for discharge of employees for the period January 1, 2023 through December 31, 2023.
4. Require Alpine Group USVI, LLC to adhere to all other standards and special provisions/conditions of its Certificate of Tax Incentives.

1. Governing Board member Positive Nelson left the meeting prior to the vote on this item. [↑](#footnote-ref-1)