

An aerial photograph of a coastal town, likely in the Virgin Islands, featuring a large cruise ship docked in a harbor, surrounded by lush green hills and buildings. The image is used as a background for the presentation slide.

# VIRGIN ISLANDS OPPORTUNITY ZONE INVESTMENT PRIORITIES

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NAI CONFERENCE

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# THE U.S. VIRGIN ISLANDS

The USVI is located at the center of the Caribbean archipelago and about 1,200 miles southeast of Miami, FL.

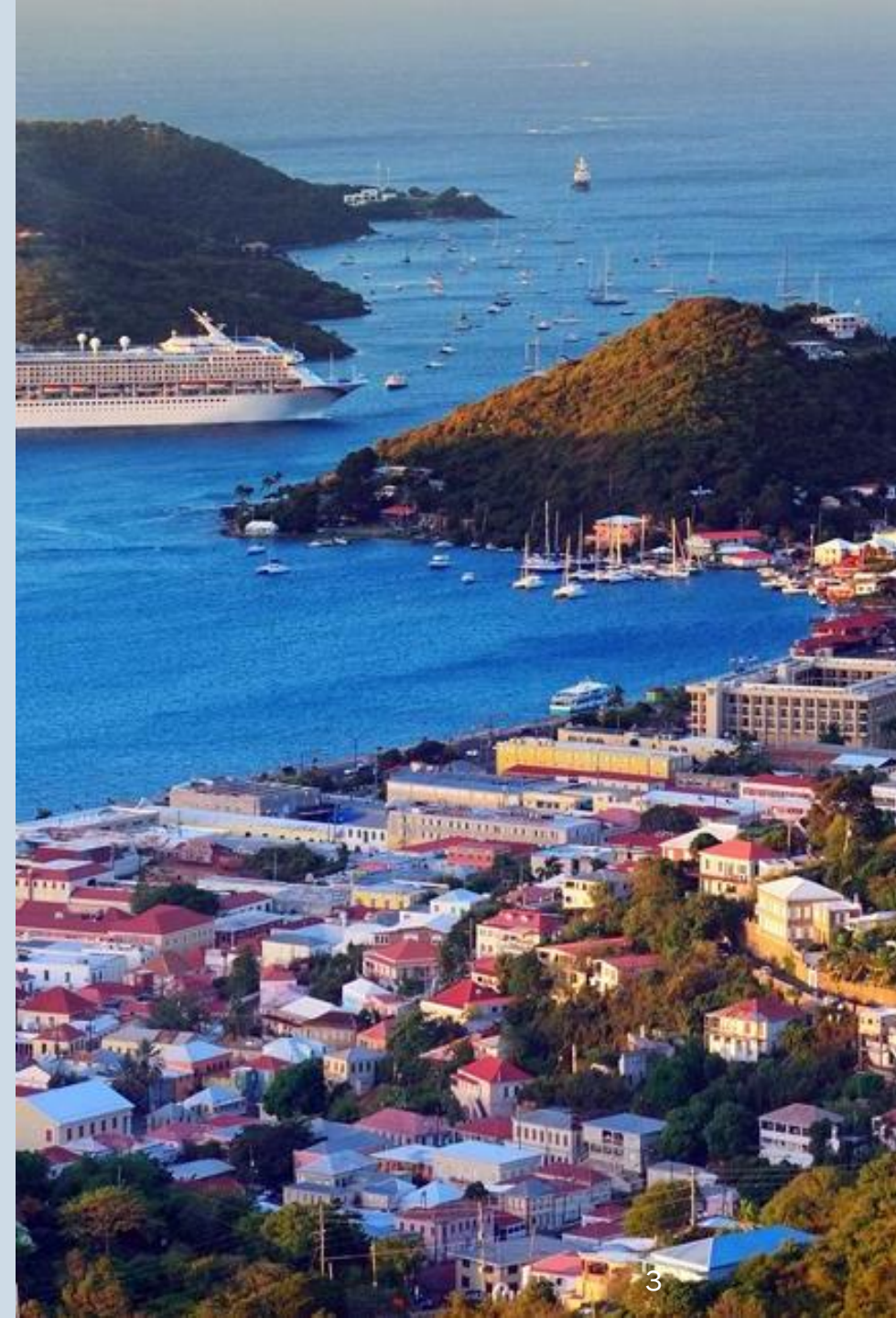
- Three main islands:
  - St. Croix, St. Thomas, and St. John
- United States Territory:
  - U.S. Law, U.S. Currency, U.S. Postal Service
- Population: 110,000
- Workforce: 52,000+
- Total Area: 219 sq. miles
- Access to key markets:
  - 87 million Caribbean basin consumers
  - 419 million South American consumers
  - 478 million North American consumers





# Why Invest in the USVI?

- A United States Territory with **U.S. Law, Currency, Banking, Postal Service, Security, Language**
- One of the most robust suites of **Economic Development Programs & Incentives**
- U.S. Virgin Islands **Tax Incentives**
- Home to the only **Research and Technology Park** in the Caribbean
- **\$1.8 Billion-dollar** federal investment for island's resiliency
- Home to **Tier 1 Connectivity** – one of the fastest broadband connections in the Western Hemisphere
- **Gateway** to the U.S. and Latin America
- Major Transportation Hubs – **Airports, Shipping Ports, Cruise Ports**







# USVI BUSINESS HIGHLIGHTS





# U.S. Virgin Islands Tax System

- Unincorporated territory of United States
- Not covered by U.S. Tax Treaties
- Covered by U.S. Treaties of Friendship, Commerce & Navigation, and Bilateral Investment Treaties
- Special competent authority procedure for Territorial - IRS Disputes
- Tax Implementation Agreement (Feb. 24, 1987) governs exchange of information between USVI and U.S.



# USVI Economic Development Authority

C Corporation	US Code	USVI Mirror Code
Taxable Income	\$100 Million	\$100 Million
Corporate Tax Rate (Max.)	21%	2.3%
Corporate Tax Liability	\$21 Million	\$2.3 Million

Pass Through Entity (US Citizen/VI Resident Owners)	US Code	USVI Mirror Code
Taxable Income	\$10 Million	\$10 Million
Individual Tax Rate (Max.)	37%	3.7%
Individual Tax Liability	\$3.7 Million	\$370,000

- Economic Development Commission Program – Title 29, Chapter 12, Virgin Islands Code
- Provides benefits for initial benefit period of:
  - 20 years in St. Thomas and St. John
  - 30 years in St. Croix
- Benefit extension available including:
  - 10-year extension
  - 5 to 10-year extensions for capital investment meeting certain criteria
- Exemptions from gross receipts tax, certain excise taxes, property taxes
- Income tax rate equal to effective 10 percent of statutory rate
- Local employment, procurement, and investment requirements

# UVI RESEARCH & TECHNOLOGY PARK

Established in 2002, The University of the Virgin Islands Research and Technology Park (RTPark) is a rapidly growing economic development program specializing in technology and knowledge-based business attraction in the USVI.

It is a partnership between the private sector, the government of the US Virgin Islands and the University of the Virgin Islands (UVI).

## Tax Benefits Granted to RTPark Businesses:

- Income Tax Benefit
- Withholding Tax Benefit
- Gross Receipts Tax Benefit
- Excise Tax Benefit
- Property Tax Benefit
- Customs Duties Benefit



# Other Economic Development Programs

- **Sustainable Tourism through Art-based Revenue Stream Act** – Provides tax incentives for music and film businesses operating in the USVI
- **Enterprise Zone Tax Incentives** – Provides tax benefits for businesses located in historic USVI towns
- **Tax Incremental Financing**
- **Hotel Development Act**
- **Exempt Insurers and Exempt Companies**
- **Benefits for Farmers and Fishermen**
- **Benefits for Renewable Energy in Act 7075**
- **Qualified Opportunity Zones**





## ADDITIONAL FINANCING & TECHNICAL ASSISTANCE RESOURCES

# \$1.8 Billion Federal Investment for Island's Resiliency

## Sample funding sources:

- Federal Emergency Management Agency (FEMA)
- Community Development Block Grant Disaster Recovery (CDBG-DR)
- In addition to federal funding, resources have been made available from other private and philanthropic sources

Program allocations from Tranche 1 CDBG-DR funds \$ millions				
Program		Funds allocated: Tranche 1	Projected low- and moderate-income benefit	
			\$	%
Housing	Homeowner rehabilitation and reconstruction program	10.0	8.0	80%
	New construction for homeownership opportunity and first time homebuyer assistance	10.0	9.0	90%
	Rental rehabilitation and reconstruction	5.0	4.0	80%
	Public and affordable housing development	32.0	28.8	90%
	Supportive housing and sheltering programs	15.0	15.0	100%
Infrastructure	Local match for federal disaster recovery	50.6	32.9	65%
	Infrastructure repair and resilience	30.0	19.5	65%
	Electrical power systems enhancement and improvement	45.0	36.0	80%
Economic revitalization	Ports and airports enhancement	23.0	4.6	20%
	Tourism industry support program	5.0	1.0	20%
	Workforce development	5.0	4.5	100%
	Neighbourhood revitalization	0.0	0.0	
	Small business and entrepreneurship technical assistance	0.0	0.0	
	Planning	0.0		
	<b>Total programs</b>	<b>230.6</b>	<b>163.3</b>	<b>70.8%</b>
	Administration	12.1		N/A
	<b>Total</b>	<b>242.7</b>		

Note that amounts represented in this funding graphic are expected or anticipated funds; these estimates represent a mixture of funds already committed, reasonable estimates, and realistic expectations.



# Expanding the USVI Toolkit via Partnerships



## NDC Economic Development Financing Tools:

- New Markets Tax Credits (NMTC)
- Community Development Financial Institutions (CDFI)
- Opportunity Zones (OZ)
- HUD Section 108 Loan Guarantee Program



## Brinc Accelerator Cross-Promotion Partnership:

- Leading international accelerator program
- Hardware IoT, Drones and Robotics, Food Technology, and Energy & Industrial IoT
- Based in Hong Kong, with other locations in Poland, Bahrain, India, and Guangzhou, China

# Accelerate VI

The Territory's first Accelerator Program for early-stage tech firms.



**GRIND**



**SHOREiQ™**



**FARMP****OD**





# OPPORTUNITY ZONE PRIORITIES & SAMPLE PROJECTS

# OPPORTUNITY ZONE INVESTMENT PRIORITIES



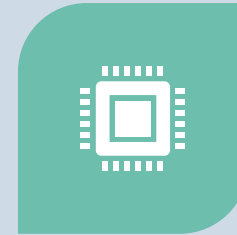
TOURISM &  
HOSPITALITY



SUSTAINABLE  
DEVELOPMENT



MARKET RATE  
HOUSING



TECHNOLOGY &  
KNOWLEDGE-BASED  
SECTOR



HISTORIC  
PRESERVATION



# WATER ISLAND PROJECT



- **Scope:** A five-star luxury resort development on approximately 100 acres of Water Island including: 125 key super luxury boutique hotel, resort residences, mixed use village, marina, cultural institute
- **Developers/Sponsors:** Water Island Development Company Partners
- **Estimated Cost:** \$422,035,889
- **Financing Committed to Date:**
  - \$300 million of revenue-backed financing by the USVI Public Finance Authority
  - Backed by the Hotel Act and TIF Incentive
  - \$120 million of Opportunity Zone equity placed by Jefferies and Co., investment bankers to the project
  - The opportunity exists for up to +/- \$10 million in pre-development funding as a co-G.P or partner with more advantageous terms, also qualifying for OZ benefits



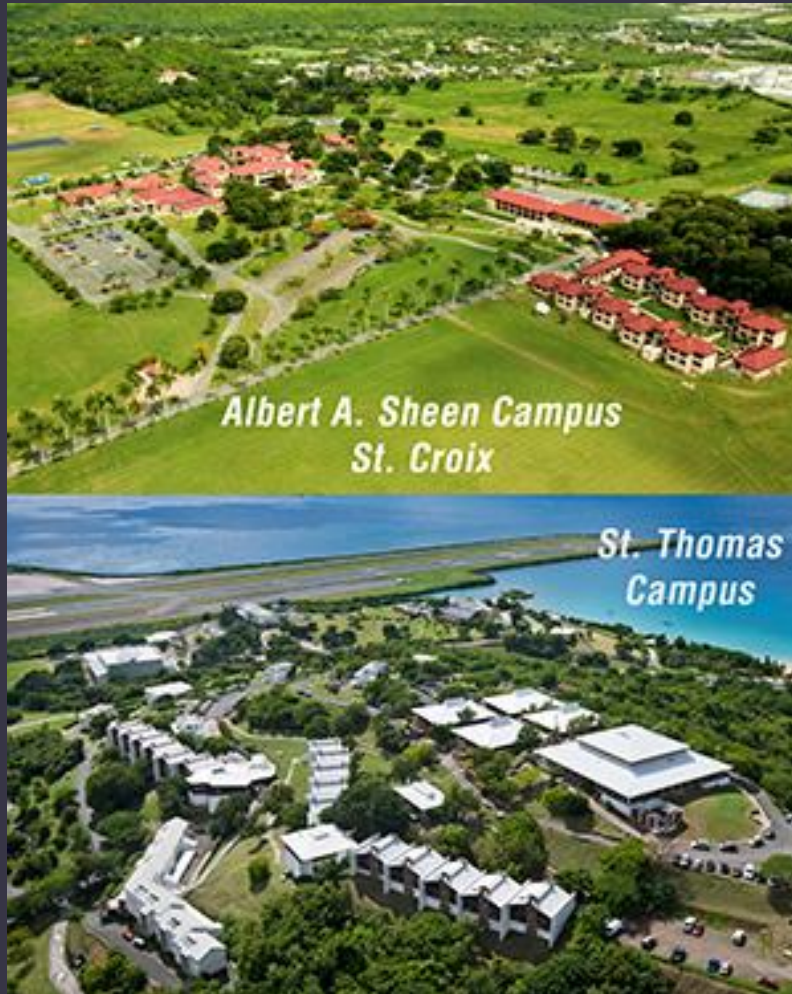
# HEMP FARM PROJECT



- **Scope:** The establishment of a new company for the purpose of repositioning agricultural lands to produce Hemp and Hemp products on the Island of St. Croix. Offices, laboratory, and processing facility to be constructed.
- **Developers/Sponsors:**
  - Jack Thomas
  - Atlantic Caribbean Consultants
  - Javelin Securities, LLC
  - Future Farm Technologies
- **Estimated Cost:** \$12,000,000
- **Financing Committed to Date:** \$2,000,000



# RENAISSANCE EQUITY PARTNERS' HBCU INVESTMENT PLAN



- **Scope:**
  - A mixed-use project on the campus adjacent to the University's Research and Technological Park that will bring much needed workforce housing and provide office space for tech businesses
  - A 79 key Fairfield Inn & Suites by Marriott serving as a HBCU Teaching Hotel adjacent to RTPark on St. Croix
  - A 120 key, 75,000 sq. ft., AC by Marriott Hotel on St. Thomas that will serve as a "hands-on" teaching venue for university students studying Business Administration.
- **Developers/Sponsors:** The University of the Virgin Islands; The National Development Council
- **Estimated Cost:** \$50,000,000
- **Financing Committed to Date:** N/A



# THE NATURE CONSERVANCY'S CORAL RESTORATION CENTER

- **Scope:** Redevelop 200-acre historic campus into a new Coral and Coastal Resilience Center, creating a local community space linked to a regional and global network for developing, implementing, and disseminating advanced coral and coastal conservation and restoration solutions.
- **Developers/Sponsors:** The Nature Conservancy (TNC)
- **Estimated Cost:** \$6,052,000
- **Financing Committed to Date:** \$750,000



# MY BROTHER'S WORKSHOP (MBW) B&B AND JOB TRAINING CENTER



- **Scope:** MBW proposes to acquire Smith's Fancy, a unique apartment complex consisting of nineteen (19) units in six (6) buildings located on historic Synagogue Hill in Charlotte Amalie. The goal is to operate as a bed and breakfast which also serves as a tourism and hospitality industry vocational training center with classrooms providing students with hands-on experience and training and housing for at-risk and high-risk Virgin Islands youth.
- **Developers/Sponsors:** My Brother's Workshop
- **Estimated Cost:** \$3,595,600 which includes three years of start-up operational costs
- **Financing Committed to Date:** \$750,000



# UVI BUSINESS INNOVATION CENTER

- **Scope:** Convert St. Thomas property into a Research and Technology Business Innovation Center. The Center will house existing and new UVI research and service projects and programs that generate at least \$500,000 in indirect cost within a 3-year grant period.
- **Developers/Sponsors:** The University of the Virgin Islands
- **Estimated Cost:** \$10,000,000
- **Financing Committed to Date:** N/A





# HISTORIC HOTEL RENOVATION (FEATHER LEAF INN)

- **Scope:** Restoration and expansion of boutique hotel/bed and breakfast to add 22 new hotel rooms as well as bathrooms for special events.
- **Developers/Sponsors:** Thriving Islands, LLC
- **Estimated Cost:** \$5,500,000
- **Financing Committed to Date:** \$3,500,000

# ACCELERATE VI BUSINESS PROJECTS

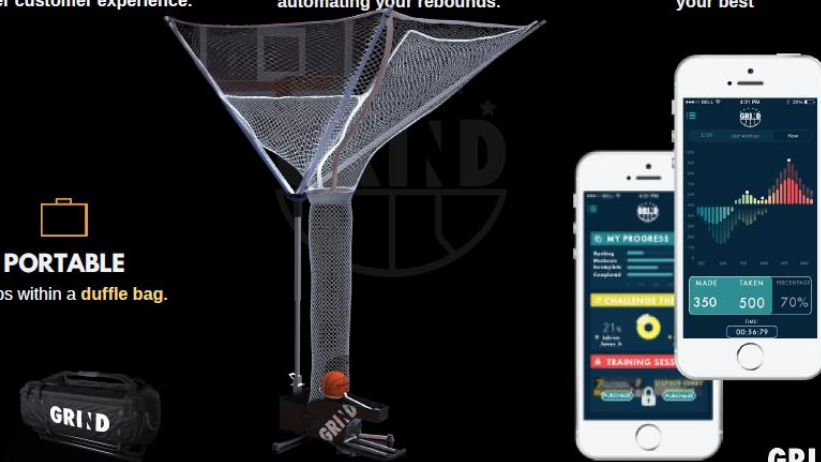
**SOLUTION**  
PORTABILITY

**MORE AFFORDABLE**  
1/4 of the current cost with a better customer experience.

**EFFICIENT PRACTICING**  
Take 1,200 shots per hour by automating your rebounds.

**USEFUL ANALYTICS**  
Track data in real-time & be your best

**PORTABLE**  
50 lbs within a duffle bag.



GRIND

- GRIND Basketball - The shooting machine in a duffle bag and mobile app.
  - Fundraising Goal: \$500,000
  - Financing Committed To Date: \$135,000
- OFT Labs - patented equipment and procedures to analyze the blood plasma found in oral fluid samples for Lead (Pb), Mercury (Hg), Cadmium (Cd), and/or Arsenic (As).
  - Fundraising Goal: \$7,000,000
  - Financing Committed to Date: N/A
- PromoSuite - An end-to-end Software as a Service solution that provides fee-free ticketing for events as well as highly targeted and personalized marketing to drive ticket sales.
  - Fundraising Goal: \$1,250,000
  - Financing Committed to Date: \$276,000

**CORE PRODUCT FEATURES**

**BIG DATA INSIGHTS**  
PromoJuice Charges for Providing Insights And Marketing Outreach Through Big-Data Analytics

**MERCHANDISE SALES**  
PromoJuice Makes a Percentage Of All Merchandise Sold

**TARGETED AUDIENCES**  
PromoJuice Creates New Targeted Audiences for Event Organizers to Sell Tickets To

**TICKETING**  
PromoTix Basic May Be Fee-Free, But We Still Make Money From Affiliate Sales & Security Features

**PAYMENT PROCESSING**  
PromoJuice Offers Its Own Credit Card Processing At Industry Standard Rates

**MARKETING CAMPAIGNS**  
PromoJuice Sends Targeted Emails, Text Messages, and Creates Facebook and Instagram Ads



REVENUE STREAMS

21% 79%

Direct Sales: 79.6%  
Affiliate Sales: 21.2%

My Street Team (82 Members)

11/11/2017  
Qwika Bass sold 1 ticket for Backwoods at Muberry Mountain  
Income: \$185.96  
Cost: \$213

PromoJuice



An aerial photograph of a cable car (gondola) suspended over a harbor. In the background, a large cruise ship is docked at a pier. The harbor is filled with smaller boats, and the surrounding area includes a city with buildings and a large mountain range under a blue sky with some clouds. The image is framed by a dark blue L-shaped graphic on the left and bottom right.

# THANK YOU

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# Appendix



# PRIORITY ECONOMIC DEVELOPMENT CLUSTERS

- **Information Technology** (esp. specialized software development, telecommunications infrastructure, e-commerce)
- **Sustainable development** (esp. renewable energy solutions)
- **Financial technology** (esp. blockchain, mobile tech, biometric tech)
- **Medical/health** (esp. medical informatics, medical device technology)
- **Business process outsourcing**
- **Advanced Manufacturing**
- **Tourism**

# Recent investment into the USVI – BMR Energy

## BMR Energy Purchases USVI 4-Megawatt Solar Plant

“BMR Energy, a developer, owner and operator of clean energy projects in the Caribbean and Latin America, announced today its acquisition of a 4-megawatt, fixed ground-mount solar facility from NRG Energy, Inc. in St. Croix that was damaged during Hurricane Maria in September 2017. The company will take over the power purchase agreement and restoration efforts of the St. Croix solar farm, which sustained significant damage during last year’s hurricane.” – [Business Wire](#)

**BMR Energy**





# Recent Investment – Clinton Global Initiative Solarization Project

## Clinton, Bloomberg, Expedia Announce Solar Projects on St. Thomas, St. John

According to the Clinton Foundation, the solar panels, batteries and cost of installation are funded by the Expedia Group in partnership with Bloomberg Philanthropies, Construction for Change and the Sextant Foundation.

“These critical sites will now be more prepared to handle the aftermath of future storms, while making their long-term power sources more resilient, more sustainable, and lower cost,” [Clinton] said. - [St. Thomas Source](https://stthomassource.com/content/2018/08/10/clinton-bloomberg-expedia-announce-solar-projects-on-st-thomas-st-john/)”



# OTHER NOTEWORTHY BUSINESSES: VIYA



[WWW.VIYAVI.COM](http://WWW.VIYAVI.COM)



Viya is the market leader in the U.S. Virgin Islands (USVI), providing a broad range of telecommunications and cable TV services. Their family of residential and business services includes local telephone, long-distance, Internet, cable TV, wireless and business phone systems.

**Capital investment:** \$12.4 mn (2011-2015), excluding territory-wide broadband rollout

**Network subscribers:** 28,500 Broadband speeds: up to 50Mbps (business) and 100Mbps (residential)

Viya's contribution to workforce development in the Virgin Islands includes a monetary contribution to local entrepreneurship programs.

Their investment in the Virgin Islands also includes sponsorship of the St. Croix Dolphins Swim Team and contributions to the Boys and Girls Clubs.





# OTHER NOTEWORTHY BUSINESSES: EXIGO



[WWW.EXIGO.COM](http://WWW.EXIGO.COM)



The types of people employed or contracted by Exigo VI have a background in computer science, applied mathematics, data science, machine learning or other relevant technical field.

Exigo was started by a team of experts that shared a single vision: to overturn the archaic, restrictive model of housing data, and create an entirely new kind of platform from the ground up. A flexible, scalable data infrastructure designed to be completely customized by clients, on an open platform that can easily integrate to other systems.

With an office located in the heart of Christiansted, St. Croix, the Exigo team has been fully-committed to training, teaching and employing young, ambitious residents of the USVI that are passionate about learning about online commerce.



# Fiber optic network

- The USVI is home to the 2nd largest concentration of bandwidth in the western hemisphere
- World class broadband for voice and data; up to 100Mbps with seamless connectivity for your business
- Unlimited bandwidth due to quantity of fibers on and between the islands
- Core networks point of presence in Miami and New York; tier one peering points

By connecting to the state-of-the-art infrastructure, USVI businesses access affordable, sophisticated and reliable highspeed fiber optic network internet connections.



# Transportation Hubs

- Two (2) international airports
  - 497,676 air visitor arrivals (YTD - September 2019)
- 14 total seaports and marine facilities, including cargo and shipping ports
- Three (3) cruise ports
  - 974,700 cruise passenger arrivals (YTD – September 2019)

