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April 4, 2018

VIA ELECTRONIC MAIL AND POSTAL SERVICE

Erika Kellerhals, Esq.
Kellerhals, Ferguson, Kroblin PLLC
9100 Port of Sale Mall, Suite 15
St. Thomas, Virgin Islands 00802-3602

RE: IGY-AYH St. Thomas Holdings, LLC d/b/a American Yacht Harbor

Dear Attorney Kellerhals:

On October 30, 2015, the Virgin Islands Economic Development Commission ("VIEDC") received a modification application on behalf of your client, IGY-AYH St. Thomas Holdings, LLC d/b/a American Yacht Harbor ("IGY-AYH") for consideration of Economic Development Tax Incentive Benefits. On December 23, 2015, the VIEDC sent a request for missing information in order to deem the application complete. Having not received a response, VIEDC submitted a follow up letter to IGY-AYH on November 2, 2017. The original Certification of Truth and Release Authorization for IGY-AYH was received on January 30, 2018. On February 16, 2018, the items that remained outstanding was communicated via email by VIEDC staff.

On March 5, 2018, you submitted an updated modification application for IGY-AYH and indicated in your cover letter that due to the amount of information needed to be updated you determined it would be easier to submit as one package. You further stated that "all materials referenced in the application to be submitted under separate cover" will be delivered to our attention the next week.

Subsequently on March 23, 2018, the VIEDC received the most recent payroll and IGY-AYH's tax returns for years 2013-2015. However, this submission did not include proof of filing which is required. Please advise if an extension was filed for the entity's 2016 tax return and submit proof of filing for the aforementioned tax filings.

Further, a detailed review of the updated modification application revealed that additional information is needed to complete the application as follows:

1. Job descriptions for positions listed in Appendix 21;
2. Response to VIEDC Application Question No. 7 of Section 3. Employment: Has the applicant, parent, affiliate or subsidiary entities had any unresolved labor problems during the past two (2) years? If "yes" attach a statement as to the nature of the problem. *The payroll for the period ending January 24, 2018 was submitted in Appendix 26 instead of Appendix 25 and as such, the application is devoid in regards to this question;*



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3. Tax Returns for Mr. Jeffrey Epstein for 2014- 2016. If 2016 tax return is on extension, please submit proof of extension and the 2013 tax return. Kindly note that in Appendix 44 of the application you indicated that VIEDC currently possesses Jeffrey Epstein's tax returns for the relevant years. However, the VIEDC records do not reflect tax returns on file for Jeffrey Epstein for the past three years;
4. Responses to background information questions B-E for the applicant and all owners that have 5% or more equitable interest (see attached). On page 10 of the application, it states that the responses to background questions are for all stakeholders. However, only supplemental information was provided for Mr. Jeffrey Epstein. VIEDC should be in receipt of separate responses for IGY-AYH, Island Global Yachting Facilities, LTD and Jeffrey Epstein;
5. Release Authorization for Island Global Yachting Facilities, LTD;
6. Revised Five Year Projections signed by the principal(s) to include payroll taxes not reported in the initial submission and subtotals for each section. In addition, provide notes/assumptions to the projections to include clarification for the following expenses: Security is first listed at \$237 and then again along with Prop Fees for \$190,484. Donations are listed at \$39,485 for the next five years while the commitment on page 15 of the updated application states \$30,000 with an annual increase of \$2,500; and
7. If IGY-AYH made capital investment in new construction, infrastructure or refurbishment, totaling in excess of \$1 million from October 31, 2014 to December 31, 2017, please provide documentation to support that investment was made pursuant to V.I. Code Ann. tit. 29, § 713a(b)(4) to include the capital investment breakdown by local vs. non-local.

The VIEDC continues to be challenged in completing its analysis when information is received in a piecemeal fashion. Please be reminded that an application cannot be deemed complete until all information required in the application is received and reviewed for accuracy. Moreover, the application process is delayed when applications are received with these standard information missing. We are respectfully requesting that the information is completely submitted so that expectations of expediency can be met.





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Please respond within 10 working days of the receipt of this correspondence to aid in the further processing of IYG-AYH's modification application. Upon further review, staff may request additional information to clarify or justify statements and/or findings and to ascertain the validity of documents filed with the VIEDC.

Should you have any questions, do not hesitate to contact me or Ms. Sasha Garnett, Application Analyst II of the VIEDC's Application Unit.

Sincerely,

Margarita A. Greenidge-Benjamin
Director, Applications

- c: Thomas Mukamai, IGY-AYH St. Thomas Holdings, LLC
Greg J Ferguson, Esq., Kellerhaults, Ferguson, Kroblin PLLC
Wayne L. Biggs, Jr., Acting Chief Executive Officer, USVIEDA
Sasha Garnett, Application Analyst II, VIEDC



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