



ECONOMIC DEVELOPMENT COMMISSION

INDUSTRIAL PARK DEVELOPMENT CORPORATION

January 31, 2013

Erika Kellerhals, Esq.
Kellerhals Ferguson, LLP
9100 Havensight
Port of Sale, Suite 15-16
St. Thomas, U.S. Virgin Islands 00802

RE: **Southern Trust Company, Inc. –**
Recommendation for Economic Development Benefits

Dear Attorney Kellerhals:

This serves as a formal notification of actions taken by the Governing Board of the Economic Development Commission ("EDC") regarding the Southern Trust Company, Inc., application for Economic Development Benefits.

The Governing Board of the EDC considered the application of Southern Trust Company, Inc. (the "Applicant") during its Decision Meeting on January 23, 2013. The "grant of benefits", as described in Item A of Attachment No. 1, is being recommended to the Governor. The "grant of benefits" will require the Applicant to employ a minimum of five (5) full-time employees within one year from the date the Chairman signs its Certificate, and an additional five (5) full-time employees by the end of the sixth (6th) year of operation. The Applicant was granted a 50% resident employment waiver for the first five (5) years of operation and to require the following: The Applicant will contribute Two Thousand Five Hundred U.S. Dollars (\$2,500) annually to the Territorial Scholarship Fund, administered by the Board of Education, for each non-resident that causes it not to meet the 80% requirement. The Applicant will also exhaust all requirement options available but not limited to the University of the Virgin Islands and the Department of Labor. The Applicant will invest at least Four Hundred Thousand U.S. Dollars (\$400,000) in the benefited business upon commencement of benefits and completing one (1) year thereafter. The Applicant will, of course, be required to comply with the Provisions of Title 29, Chapter 12, V.I. Code; Section 934 of the U.S. Internal Revenue Code; the EDC Rules & Regulations; and such special conditions as specified in Item C of Attachment No. 1.

Upon your review of the Board's recommendation, it is requested that you sign below indicating whether or not you accept said recommendations, and return to the EDC by February 15, 2013 for further processing.

A DIVISION OF THE ECONOMIC DEVELOPMENT AUTHORITY

P.O. BOX 305038 • ST. THOMAS, U.S. VIRGIN ISLANDS 00803 • Fax [REDACTED]
#116 KINGSTREET • ST. CROIX, U.S. VIRGIN ISLANDS 00840 • Fax [REDACTED]
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Should you not agree with the terms of the grant of benefits, you may request that the Commission vote to reconsider its action. In accordance with VIRR §717-402, the Applicant is required to submit its petition to the Commission to vote to reconsider its action within thirty (30) calendar days from the date a report is sent to the applicant or a decision is served upon the Beneficiary.

If you have any questions or concerns regarding this matter, please do not hesitate to contact Mrs. Margarita Greenidge-Benjamin, Director of Applications at [REDACTED] or [REDACTED]

Sincerely,

Jennifer Nugent-Hill
Assistant Chief Executive Officer

/lmd

Enclosure

cc: Percival Clouden, Chief Executive Officer
Margarita Greenidge-Benjamin, Director of Applications

ACCEPT

Southern Trust Company, Inc.

***DECLINE:**

Southern Trust Company, Inc.

Signature Date

Signature Date

*Explanation




Attachment No. 1 Notice of Recommendation for Economic Development Benefits

Item A: <u>Tax Benefits</u>	<u>Description</u>
1. Income Taxes.....	90% Exemption
2. Real Property Taxes	100% Exemption
3. Gross Receipt taxes	100% Exemption
4. Excise Taxes	100% Exemption
5. Custom Duties	1% Not Applicable
6. Interest & Dividends Taxes	Exemption and partial exemption as provided in 713d

The business operation is located in St. Thomas and the benefits enumerated above are for ten (10) years. (Restrictions apply as delineated in the law and Rules and Regulations).

Item B: The Type of Business Granted Benefits:

The Applicant will conduct the operation of a Category IIA designated service business providing extensive DNA database and develops a data-mining platform for the database to be available through the Internet. All of the Applicant's clients will be located outside the U.S. Virgin Islands.

Item C: Special Conditions:

1. The Applicant will make a minimum charitable contribution of Fifty Thousand U.S. Dollars (\$50,000), annually. The Applicant will donate Three Thousand U.S. Dollars (\$3,000) annually to the Territorial Scholarship Fund pursuant to Act No. 6842. Additionally, the Applicant will donate fifty percent (50%) of its annual charitable contribution to public school programs and initiatives pursuant to Title 29 §708(m).
2. The Applicant will contribute Two Thousand Five Hundred U.S. (\$2,500) annually to the Department of Labor, to be managed in collaboration with the EDA, for the creation, development, management, and maintenance of a database designed to recruit Virgin Islanders living abroad who desire to move back to the U.S. Virgin Islands, pursuant to Section 5 of Act No. 7301, as applicable.





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3. The Applicant will contribute Two Thousand Five Hundred U.S. Dollars (\$2,500) annually to the Territorial Scholarship Fund, administered by the Board of Education, for each non-resident that causes it not to meet the 80% requirement. The Applicant will also exhaust all requirement options available but not limited to the University of the Virgin Islands and the Department of Labor.
4. The Applicant will provide its full-time employees and dependents with one hundred percent (100%) employer paid medical and dental insurance coverage.
5. The Applicant will provide each eligible full-time employee with a minimum of Fifty Thousand U.S. Dollars (\$50,000) employer paid term life insurance.
6. The Applicant will provide its employees with a Simple IRA or similar retirement plan. The employee participant may make monthly salary deferrals. The Applicant will make a matching contribution equal to 100% of the employee's elective deferral up to a limit of 3% of annual compensation.
7. The Applicant will provide its employees with a minimum of two (2) weeks paid vacation during the first year of employment, three (3) weeks paid vacation up to five (5) years of employment and four (4) weeks paid vacation after five (5) years of employment. The Applicant will also provide its employees with two (2) paid personal days and fifteen (15) paid holidays annually. The Applicant will provide up to five (5) personal emergency days and five (5) days bereavement leave. Under the medical leave policy, full-time employees may have the financial protection of full pay for up to 26 weeks. The Applicant will offer fully paid and unpaid medical leave dependent upon a number of factors.
8. The Applicant will comply with the management training program as approved by the EDC Commission.
9. The Applicant will provide its employees tuition reimbursement, employee training and continuing professional education courses for programs related to an employee's job function and approved by management. The maximum assistance to be provided to an eligible employee during a calendar year is \$5000 depending on the grade achieved with 100% for an "A"; 75% for a "B"; and 50% for a "C".
10. The Applicant will provide its employees with additional leave from work, other than time applied to their annual leave, to participate and represent the Virgin Islands in athletic and sporting events in accordance with Title 29 §708(p).
11. The Applicant will establish and maintain a Donated Leave Program similar to the program established under Title 3, Chapter 25, Section 583b, Virgin Islands Code, in accordance with Title 29 §708(s).





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12. The Applicant will require all contractors to purchase insurance from resident insurance companies, agents, or brokers licensed to operate in the territory in accordance with Title 29, Virgin Islands Code 708(r).
13. In accordance with and subject to Virgin Islands law, Title 29 Virgin Islands Code Chapter 12, Section 708(h) and applicable rules and regulations of the Economic Development Commission, with regard to the Eligible Supplier Program, the Applicant will purchase all goods and services from U.S. Virgin Islands entities duly licensed and in good standing under the laws of the Virgin Islands, as available, to the greatest extent possible.

Item D: Specifically Excluded Trade or Business:

U.S. Virgin Islands clients are specifically excluded from the tax benefits.

