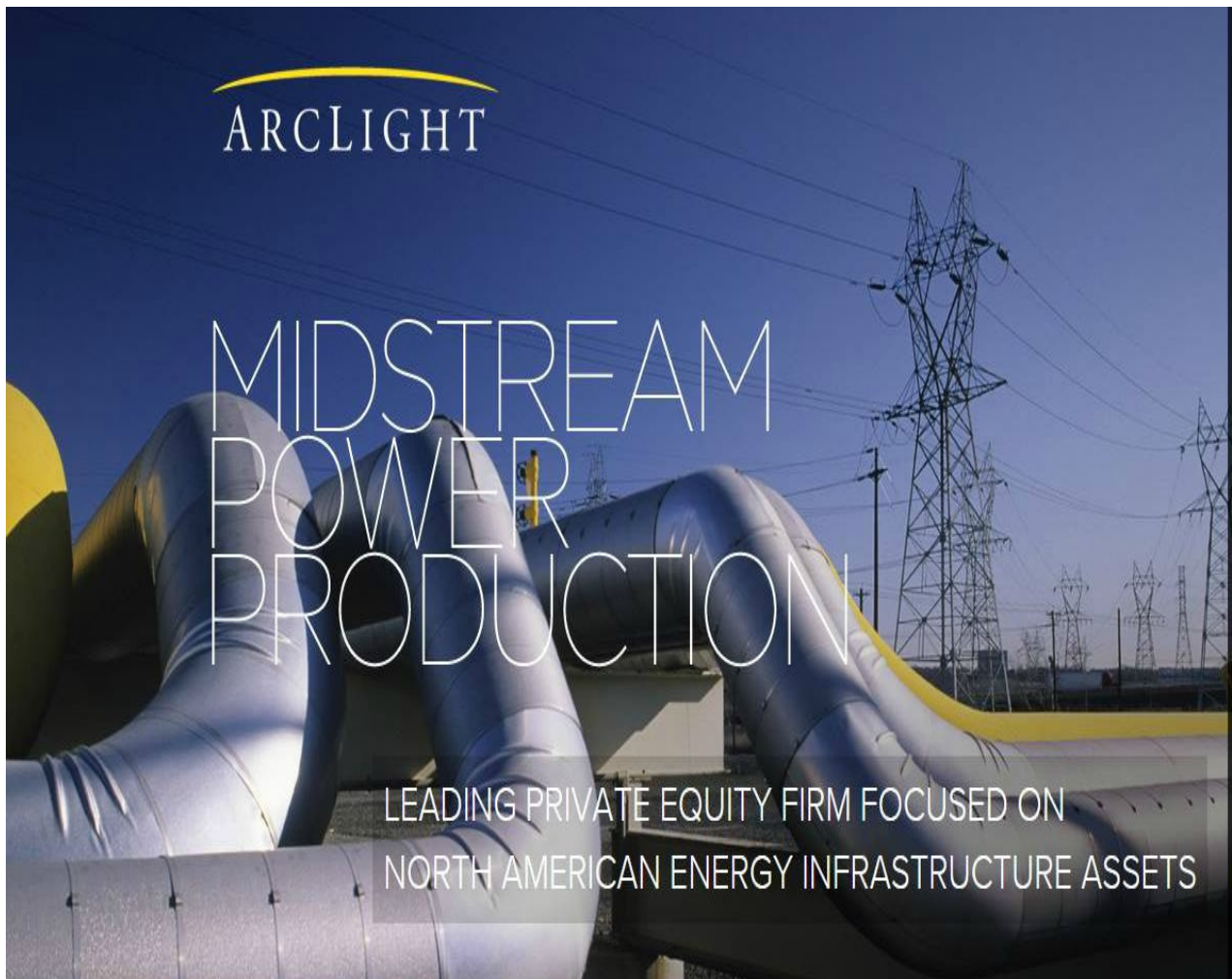


The Virgin Islands Consortium

ArcLight Operating Agreement Revealed

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ST. THOMAS -- Today, Governor Kenneth Mapp [unveiled a landmark operating agreement](#) with ArcLight Partners, LLC, bringing a long-running process to transfer ownership of the HOVENSA refinery from one firm to another to a near end, with the final hurdle being Senate ratification.

While the parties involved in today's press conference -- the Government of the Virgin Islands, ArcLight, Sinopec and Freepoint Commodities -- presented a deal that they contend will be beneficial to all parties involved, residents have always been interested in seeing the fine print -- the small details of an agreement that some would rather not talk about. VI Consortium has obtained a copy of the agreement, courtesy the Mapp administration, the complete reading of which can be seen [here](#).

The Deal

ArcLight, through its newly-created subsidiary, Limetree Bay Holdings, has partnered with the China Petroleum and Chemical Corporation (Sinopec), a leading AA-rated Chinese state oil company traded in Hong Kong, Shanghai and New York, as a major tenant that has committed to a ten-year contract to purchase 75 percent of crude oil stored at the facility.

Aside from the \$220 million in cash upon sale to the GVI, Limetree Bay Holdings has committed to “hundreds of millions” more in taxes over the duration of the 25-year contract, which includes an option to extend by 15 years.

Limetree is expected to hire 80 employees initially, with 80 percent of the workforce being residents of St. Croix. According to Mr. Mapp, the requirements to be considered a resident of the territory has been altered from three months to 1 year, assuring that those who receive employment are actually from the islands, or have lived here long enough to be called residents. The firm also said employment would arrive to around 200 in two years, and expected growth as it continues to expand.

The company expects to operate the oil storage terminal at full capacity — 32 million barrels of storage — by late 2016. Currently, only 13 million barrels are stored there, with Sinopec and Freepoint Commodities, another ArcLight partner, purchasing most of what was available.

Limetree Bay has committed through contract to \$125 million of capital spending, which will go toward tank, pump, duck and fuel rack inspections and restart; rebuilding of power generation units; construction of marine facility to accommodate very large crude carriers (VLCCs), and construction of an asphalt storage facility dedicated to the GVI.

Limetree Bay's transaction results in conveyance of approximately 330 acres and 122 housing units to GVI (yellow parcels). The firm will acquire the above-ground refinery assets and will lead evaluation of restart potential. If not feasible, Limetree Bay will decommission the refinery at its own cost pursuant to environmental law, and after making profits of \$5 million on the scrap metal, Limetree Bay will share all further profits of such material 50-50 with the GVI.

The company will provide up to \$30 million of funding and \$15 million of free power to manage the final environmental remediation and wind-down of the St. Croix site. Together with \$36 million of existing Resource Conservation and Recovery Act (RCRA) trusts, this will bring total resources available for the aforementioned purposes to \$81 million.

Total consideration to the GVI and bankruptcy estate: Up to \$370 million, including the above \$220 million to the GVI, plus \$135 million to the estate in the form of \$90 million in cash at closing.

Carried Interest for GVI: Ten percent of the total profit realized upon a change-of-control transaction, aligning the interests of Limetree Bay and the GVI to maximize the long-term value of the facility.

Ongoing payments to GVI: Tax payments of 9-10 percent of the terminal revenue; and minimum annual payment of \$7 million.

Refinery: Limetree Bay will purchase substantially all of the above-ground refinery assets at closing. The firm will take 18 months to evaluate the potential restart of certain refinery units.

Charitable and Educational Commitments: \$500,000 per year in funding for the University of the Virgin Islands and certain local charities.

Additional investments include up to 15 mmbbls of additional crude tankage to meet future needs of Sinopec and other customers; tank heating and in-tank jet circulation (specialty services); expansion of power generation and transmission to serve St. Croix; cargo transloading and small-scale LNG import.