

The Virgin Islands Consortium

Opinion: Next Steps For GVI/ArcLight Agreement

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Below reads Senator Neville James' official opinion regarding the 31st Legislature's consideration of the GVI/Limetree Bay agreement for the purchase and operation of the St. Croix oil storage and refining facility, as presented, and recorded, during Wednesday's Committee of the Whole hearing.

Good afternoon again to all testifiers, senators and to the people of the Virgin Islands. I am sure that by this point in the proceedings, you've heard many perspectives as to how one should view the operating agreement currently before the Virgin Islands legislature, specifically Bill No. 31- 0283, an Act ratifying the operating agreement between the Government of the United States Virgin Islands and Limetree Bay Terminals LLC. Rarely do I go the written text route, but special occasions like this one require me to do so.

The Government of the Virgin Islands (GVI) and Limetree Bay Terminals LLC have entered into what is being characterized as a concession agreement, but in reality, it's more like a minimum guarantee revenue sharing agreement. In length, 25 years to 40 years is the commitment to operate an oil storage facility. Eighty jobs of which 80 percent must be long term USVI residents (definition required). A \$125 million 2-year capital investment commitment, a gross revenue annual payment, 10 percent commission on potential sale and the biggest carrot of them all, a \$220 million upfront payment at a time when the local treasury is in need of cash, given the economic challenges for the better part of the last seven years.

The obvious question before the territory is, who turns down a deal during a depressed economy? The salient question before this body is whether or not THIS DEAL, not A DEAL, but THIS DEAL is in the best interest of the people of the Virgin Islands. And from a job and environmental perspective, is it good for the people of St. Croix? Make no mistake about it, the big Island is in bad shape at its worst, and suspect shape at its best. No matter how you slice it, in short, NOT GOOD.

As I've stated on many times over the last two weeks, the governor negotiates and proposes, while the legislature scrutinizes and disposes. Having been through this process with Senator Terrence "Positive" Nelson during the 27th Legislature, when the controversial DIAGEO deal was before this institution's membership, I understand the ramifications of rushing to judgment faced with up or down options. Regret typically gets the better of beget.

I want to make my position crystal clear during these middle days of December 2015. There should be no vote on this agreement until the legislature has exercised comprehensive collective analysis on this document, and as a pre-condition to that position, the residents of St. Croix must be afforded the benefit of public hearings to voice their concerns and opinions on what is being hailed as a landmark deal. I have no desire to be redundant as many of the members have shared similar sentiments. I am well aware of the fact that Governor Mapp wants this deal approved sooner, rather than later. I am also aware of the fact that Governor Mapp knows of the Senate's multiple options at this juncture. Why? Because he told me so. The governor was well within his authority to call us into special session, and this body, is well within our right to act when we are ready, without abusing the powers vested in us.

Today's hearing will hopefully serve as the foundation for our ultimate decision. From numerous inquiries fielded since December 1st, we have heard and will hear from various players in the oil refining and oil storage industry, rank and file residents, financial folk, legal professionals and much more. I'm confident that my colleagues, majority and non-majority, have the best interest of the masses. Now is the time to exude the attributes our employers expect of us. Not everybody that comes before us means the best for us. Some are genuine and some are not. Ladies and gentlemen, fellow senators, take nothing for granted, and let's get the most that we can get for the people of the Virgin Islands.

Submitted by:

Office of Senate President Neville James, on the senator's behalf.

