

The Virgin Islands Consortium

Island Crossing Development In Trouble As Mapp Balks At Request For Additional Funding From Government

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ST. CROIX -- Governor Kenneth Mapp, Chairman of the Public Finance Authority (P.F.A.) Board of Directors, pushed back strongly today at a P.F.A. board meeting against Caribbean Development Partners, LLC (C.D.P.) a firm that was given \$15 million under the Governor de Jongh administration to build what is now known as the Island Crossing Shopping Center, after two of the firm's representatives came seeking not only to refinance the current loan balance of \$11.5 million, secured by the government through Firstbank and set to reach maturity in September, but also for additional funding, which C.D.P. said it desperately needs if the project is to succeed.

C.D.P. envisioned Island Crossing, located on the Melvin Evans Highway with Home Depot as its anchor tenant, as an area bustling with commerce. The government's \$15 million committed was based on projected economic growth for St. Croix, which would see additional tax revenues once Island Crossing development matured.

C.D.P. promised to develop the area with a mixture of affordable housing, retail stores, restaurants, medical office buildings and other establishments. [In August of 2014](#), Josh Tate, vice president and managing partner of C.D.P., who was present at today's P.F.A. meeting, said Burger King and Save-A-Lot were to start operations at the then-budding shopping and affordable housing development.

Mr. Tate had promised some 150 to 200 construction jobs during the process of development for Burger King and Save-A-Lot, as well as 30 to 40 permanent jobs. He also said financing for the projects had been secured.

Since then, however, C.D.P. has failed to deliver. Island Crossing only has some affordable housing that sees tenants paying rent for 15 years, after which they have the option to purchase. Meanwhile, C.D.P.'s anchor tenant, Home Depot, whose monthly rent is a mere \$8,000, has filed suit against its landlord. Asked about the reasons for the suit, Attorney Kevin Rames, who is representing C.D.P. and was also present at today's board meeting, said he would produce the case number that would allow this reporter to seek out the details, instead of telling the reporter directly. But he did refer to the Home Depot case as having no merit.

Mr. Tate said at today's P.F.A. meeting that the company's finances are upside down, and that if the government decided not to provide additional funding above the \$15 million commitment, C.D.P. would be forced to cease development. It said the cost of operation, including maintaining the grounds, cutting tenants' grass as well as paying employees, far outweighs the funds it currently generates from the operation. But Mr. Mapp struggled to understand why the government should invest further in C.D.P., when the government -- even though it's paying the \$15 million loan -- has no say in how C.D.P. manages its property.

"I want the record to reflect that the people of the Virgin Islands has made a substantial contribution to this project, and the question is should the people of the Virgin Islands make more [or] can they afford to make more under the current circumstance," Mr. Mapp said.

The board moved to executive session to discuss matters it deemed unsuitable for public consumption, while making a decision on whether to put up additional funds over the \$15 million commitment. In the end, the board decided to give C.D.P. 60 days to resolve all its issues and disputes -- including the lawsuit with Home Depot -- before the government could make a decision on refinancing or putting up additional funds for the project.

The governor, however, hinted that the board may choose not to provide additional funding, stating that the board was wary of putting up more money for a project it has little to no say over -- and at a time when the territory continues to struggle financially, with many of its critical public service are in dire need of funding.

"I should say to you C.D.P. and to you Attorney Rames, that the board has very little appetite for expanding this note and this loan to provide additional proceeds to C.D.P.,"

Mr. Mapp said. "And so your resolution of issues under section 4.03, shouldn't have any base expectation that if you resolve them that somehow the Public Finance Authority will accept any responsibility to fund them."

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