

The Virgin Islands Consortium

Deals To Fund GERS And New Hotel Development On St. Thomas Stripped From Oil Refining Agreement To Be Dealt With Separately

Business / **Published On July 26, 2018 11:01 AM /**

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ST. THOMAS -- Senators late Wednesday removed deals Governor Kenneth Mapp and his team had forged relative to a hotel development on St. Thomas and some \$300 million for the Government Employees' Retirement System (G.E.R.S.) -- both of which were tied to the original oil refining agreement at Limetree Bay Terminals.

According to Senate President Myron Jackson, who spoke with The Consortium Thursday morning, the hotel development and G.E.R.S. agreements will be made into separate bills, and there may be two other measures to appropriate funding for various

government arms such as the Departments of Planning and Natural Resources and and Labor, to help with environmental enforcement and job protection. He said the measures will most likely be sent to the Committee on Finance, and will be immediately placed on the legislative calendar as the matters are urgent.

G.E.R.S.

Mr. Mapp's deal would give 50 percent of the annual revenues from refining operations directly to G.E.R.S. According to Governor Mapp, this should turn out to be about \$300 million during the first 10 years – if all goes as planned.

The governor also proposed the purchase of Havensight Mall and the ground lease for a Port of Sale property – both of which are currently owned by G.E.R.S. According to the original deal, a successful purchase would see the Public Finance Authority (P.F.A.) taking ownership and the West Indian Company (W.I.C.O.), P.F.A.'s subsidiary, would manage the properties.

Senators asked why, if the Havensight Mall was still making a profit, should G.E.R.S. sell it. W.I.C.O. head Clifford Graham said while the mall was still in the black, its profitability dropped dramatically once the Crown Bay Marine Facility opened roughly 10 years ago.

Breakdown of What GERS is Slated to Receive from the Deal

- 50 percent of annual revenues from refining operations
- \$25 million down-payment from PFA (comes out of the [\\$70 million down payment from ArcLight](#))
- 50 percent of Havensight Mall revenues
- Mortgage payments from PFA at 8 percent interest rate annually

Over the next 10 years, the Mapp administration projects that this will give the system a \$380 million injection in total.

The First, New Hotel Built in More Than 38 Years

Out of [the \\$70 million from the closing payment](#), the deal says that \$10 million should be used as an equity investment for a new 110-room hotel at Yacht Haven Grande in St. Thomas, but senators will now have the opportunity to deliberate on the matter separately. If they approve the measure, it will represent a private-public partnership between the government and the developers of Yacht Haven Grande – Island Global Yachting (IGY).

One of the requirements of the deal is that the hotel would be branded as a Hilton, Hyatt, or Intercontinental. The governor said the idea behind this was to diversify the types of loyalty programs represented in the territory, attracting new visitors loyal to certain brands.

In exchange for investing in the hotel, the government will receive a number of benefits including the following:

- A security interest in the hotel and land underneath it
- Interest payments for 10 years

- Five percent of the hotel's cash flow
- Seven percent carrying interest in the net proceeds if the hotel is ever sold

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