The Virgin Islands Consortium

Promised $70 Million Upon Closing Of Refinery Deal Has Not Been Received By Government

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One of the main points made by the Mapp administration during Senate hearings attempting to convince senators that ratifying the oil refining agreement between Limetree Bay Terminals, owned by ArcLight Partners, LLC, and the Government of the Virgin Islands, was that upon ratification, $70 million -- $40 million of which is a loan to the government -- would be paid to the G.V.I.

But during a Senate hearing on Tuesday where lawmakers heard testimony from Governor Kenneth Mapp's financial team, it was revealed that the promised $70 million was contingent on ArcLight Partners reaching an agreement with an operator.

The testifiers, among them Office of Management and Budget Director Julio Rhymer, Finance Commissioner Valdamier Collens, and Bureau of Internal Revenue Director Marvin Pickering, were unable to give a date as to when the funds would be provided.

“The funds haven’t moved yet, that has been pushed back toward the beginning of October or something like that,” said Mr. Rhymer, responding to a question from Senator Novelle Francis that sought clarification on the release of the money. Asked why the funds were not yet made available to the government, Mr. Rhymer pointed to a few reasons, the primary being that ArcLight had yet to secure an agreement with the firm that will be operating the refinery, which The Consortium has reported will be British Petroleum.

During the announcement of the agreement between ArcLight and the G.V.I., there was no mention of an operator. Asked by The Consortium about BP's involvement, the governor didn’t dispute BP’s participation, but refused to give out details as to the extent of the firm’s role.

“This is an agreement that provides for the owners of the refinery to invest the capital to turn the refinery around and turn it on,” Mr. Mapp said. “Now, the industry is changing so that some of the entities are saying to their shareholders, ‘I don’t want to acquire refineries anymore, I don’t want to operate refineries anymore, I want to be on the downstream side of the business. So I want to get involved with someone who has refineries, whose producing product, I want to be able to provide stock or buy finished product from this entity. And so ArcLight has positioned itself to be just that. And if the receiver of the product is the downstream, I have to make the presumption that the guys are providing the upstream side of it.”

He added, “And so ArcLight will continue to work that through, and at an appropriate time when those issues are resolved to the government, to the Legislature, we will make those appropriate announcements. But we have to leave ArcLight to do its business transactions with whomever they feel that they’re doing them with, that they’re assured it’s going to happen because they’re beginning to spend their $1.4 billion.”

Pressed on giving a direct answer on BP’s involvement, the governor said with a smile, “And that’s the second time you mention them but I’m not going to mention them.”

On Tuesday, Mr. Collens told Senator Tregenza Roach that he did not have a date as to when an agreement between ArcLight and the operator would be finalized. Mr. Collens was pressed by the senator, reminding him that during the hearing and subsequent session to ratify the agreement, lawmakers were given the impression that the $70 million would be furnished upon ratification.

Mr. Collens said he always represented that the funds would be contingent upon ArcLight securing an operator, but Mr. Roach disagreed: “I am surprised to hear that we haven’t gotten the $70 million because it was represented as being an immediate upfront payment and that it could possibly occur in October or some other time, because there is no set date for closing on this agreement that we were rushed to ratify before the primary election," the senator, who is running as a lieutenant governor candidate with Albert Bryan, said.

Mr. Mapp detailed during the Limetree Bay press conference that the $70 million would be used in the following areas:

AMOUNT **Dedicated to:**

$25 million - GERS Solvency (distributed by the Public Finance Authority)

$10 million - Investment/Partnership for New,Upscale Hotel at Yacht Haven Grande

$10 million - Income Tax Refunds

$3 million - Judicial Branch Operations for Upcoming Fiscal Year

$2 million - Relocation/Development of Legislative Complex on St. Croix

$7 million - Payment for Outstanding Obligations to Waste Management Authority Vendors

$3 million - St. Croix Capital Improvement Fund

$4 million - Paul E. Joseph Stadium

$6 million - Construction of a Bitumen Storage Tank (outlined in original Limetree Bay operating agreement)

$2 million - St. John Capital Improvement Fund

$1 million - Reconstruction of the St. John Battery Destroyed during Hurricane Irma

But with the moneys not yet furnished, the government does not have a way to fund these initiatives.