

The Virgin Islands Consortium

Territory Foregoes \$40 Million Loan From Limetree Bay As Company Invests Additional \$400 Million In Refinery

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The territory was to receive \$70 million upon closing of the oil refining deal between British Petroleum and Limetree Bay Refining, as per the government's contract with Arc Light Partners, LLC, which owns both Limetree Bay Terminals and Lime Tree Bay Refining. Forty million dollars of the \$70 million was a loan from Limetree Bay Refining to the Government of the Virgin Islands.

On Friday, however, during an interview with The Consortium's Ernice Gilbert, Mr. Mapp said the government would no longer take the \$40 million loan. Instead, it will receive \$30

million, which is for the sale of property that came as part of the deal.

"I am not taking the loan," Mr. Mapp said. "Because the investment requirement in terms of the additional dollars needed for the rebuild of the refinery, ArcLight had asked me not to execute, or to pull the trigger on the loan side, because in addition to borrowing more money, they had to put more equity capital on the table. And so I did not have a problem giving up a \$40 million loan to get a \$400 million additional investment in the St. Croix economy."

The news will be welcomed by many who saw the \$40 million loan as a bad deal. The government would find itself repaying Limetree Bay from funds it would have collected from the firm, and many contended that there was no immediate need for the debt.

During the interview, the governor said officials of ArcLight had informed him that investment in the refinery had risen to \$1.679 billion, hence the additional \$400 million investment on St. Croix (Limetree Bay had originally projected an investment of \$1.5 billion). He said the additional investment would add roughly \$25 million to the Treasury, and that's before accounting for payroll taxes.

Mr. Mapp said all final closings were in the process, and that as funds are released to ArcLight Partners by BP, the company would pay the G.V.I. the \$30 million. "We expect to see those funds in the Treasury probably within the next 10 to 15 days," he said.

The agreement between Limetree Bay Refining and British Petroleum was announced on Friday. Refining restart is expected to bring an addition of 700 permanent jobs to the already 750 employees currently working at Limetree Bay. Under the new agreement, 200,000 barrels of crude oil will be produced daily, a number that pales in comparison to HOVENSA's heyday output of 700,000 barrels per day, but one that is significant nonetheless.

"This agreement is great news for the people of the Virgin Islands as we continue to grow and expand our economy," the governor proclaimed in July. "The restart of the refinery will inject hundreds of millions of dollars into our economy, generate new tax revenues to our government, and create hundreds of non-refinery jobs in addition to those created at the refinery itself."

The foregoing of the \$40 million loan means Mr. Mapp will have to revise the planned use of the funds, which was [detailed](#) during the July 2 announcement of the return of oil refining on St. Croix.