

The Virgin Islands Consortium

Limetree Bay Willing To Provide \$10 Million To Help Add Life to a Dying G.E.R.S.

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A top executive of the Limetree Bay oil storage and refining company said that the firm would consider using a \$10 million payment owed to the territory to help prop up the failing V.I. Government Employees Retirement Systems (GERS) -- the beleaguered pension system that its own proprietors said will collapse before Governor Albert Bryan completes his first term in office.

"I think we'd be open to any discussions along those lines," Brian K. Lever, president and chief executive officer of Limetree Ventures LLC, said under questioning by Senator Allison DeGazon, during a Wednesday hearing of the Senate Committee on Government Operations, Consumer Affairs, Energy, Environment and Planning.

Mr. Lever submitted to the committee, chaired by Sen. Alicia V. Barnes, that Limetree Bay is willing to sit down with government officials to discuss how such an arrangement might come to fruition. However, he said, "I can't promise what the resolution would be."

The prospective GERS payment was a sidebar discussion to hours of inquiry from committee lawmakers largely focused on the Limetree Bay Terminal and Limetree Bay Refinery efforts to live up to local hiring mandates, and whether a host of environmental and financial reporting requirements are being met.

"We want to be able to drill down on specific issues and concerns," said Sen. Barnes, chairwoman of the Government Operations committee. The panel took testimony Wednesday from Mr. Lever and officials from the Public Finance Authority, the departments of Labor, Planning and Natural Resources and other agencies. The hearing took place at the St. Croix campus of the University of the Virgin Islands.

Limetree Bay acquired the former Hovensa refinery on St. Croix and reopened the storage and terminal facility – which is critical in providing fuel to the territory – in 2016. The company has spent \$1.1 billion to date on the final preparations to restart the oil refining process. When up and running, the refinery should employ 360-380 full-time employees and another 100 contractors. Eighty percent of the workers are required to be Virgin Islands residents, as defined by company's various Operating Agreements with the territory, Mr. Lever said.

It was evident from testimony that the governmental agencies are unprepared to regulate the financial and environmental impacts of a multi-billion dollar oil refining and storage industry in the territory.

"Where are you, realistically, in ensuring that the government is poised to appropriately regulate the operations of Limetree Bay terminal and refinery? ... Do you think you are 50 percent poised and ready to go? Eighty percent? Where are you, percentage-wise," Sen. Barnes asked V.I. Director of the Public Finance Authority Kirk Callwood.

Not close, said Mr. Callwood. "I would say around the area of 25 percent."

An example of this, it was revealed that Limetree Bay had five unlicensed contractors performing work at the sprawling south shore facility, which Mr. Lever said he was aware of, though he could not clearly explain why.

The Public Finance Authority is tasked with monitoring Limetree Bay's compliance with two Operating Agreements entered between the territory and the company in 2015. Those agreements convey contractual, environmental and financial protections to the government, including tax payments based on Limetree revenues and profits.

Sen. Kurt Vialet pressed agency heads to step up its capacity to regulate Limetree Bay and other major industries in the territory. "It's the job of the government to make sure that we develop a mechanism to determine what is coming in and coming out (financially)," he said. "I expect the Government of the Virgin Islands to put something in place that will effectively monitor all of the entities, to include Diageo, Cruzan Rum and Limetree Bay. It's our job to make sure they are reporting the right things"

Ms. DeGazon wanted to ensure that financial reporting from Limetree is accurate and correct. “Businesses as a whole have a way of reporting what they want to report and how they want to report. I just don’t want that we leave any money on the table when there so many obligations to fill.”

“We should know the types of questions to ask Limetree Bay to appropriately monitor or evaluate the information that we receive (PFA). DPNR should be poised with an air pollution control program with a program that has the appropriate engineers to write permits to review reports, to do site inspections,” Ms. Barnes said.

Mr. Lever of Limetree Bay said the operating agreement has a multitude of commitments, all of which he said are being met. “I am pleased to say that each one of those commitments to the people of the Virgin Islands and the Legislature have not only been kept, but exceeded.”

At the end of the third quarter of 2019, Limetree employed 91 full-time employees and 60 contractors at the terminal, Mr. Lever said. He said 91 percent of full-time employees and 50 percent of senior management are US Virgin islands residents as defined in the terminal agreement.

On the other hand, the roughly 60 Limetree contracting companies actually employ upwards of 4,000 workers. Only six of those contractor companies are Virgin Islands firms. It was unclear what percentage of those employees are Virgin Islanders.