The Virgin Islands Consortium

Contract Between V.I. Government And HOVENSA Buyer Revealed

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On Friday, the *VI Consortium* obtained a copy of the contract entered into between the Virgin Islands Government and ABR VI, revealing the terms and conditions under which the new owners of St. Croix's refinery will operate.

While an important milestone has been reached between the VI government and ABR VI, the deal now has to be ratified by the Senate. Governor John de Jongh submitted the contract to the Senate on Thursday and the *VI Consortium* has received strong reaction from some lawmakers in opposition to many of the terms outlined in the 98-page document.

Section 6.2 of the contract, titled "Refinery Start," reveals that ABR VI has up to 24 months before "Operations Deadline," meaning it could be two years before work commences at the refinery. Upon that, if ABR VI makes "an election under Section 4.1 (C) or Section 4.2 (B), the deadline commencing Refining Operations shall be extended by a period commensurate to the extensions obtained by such election." This means if ABR VI can give valid reasons for an extension past the 24 months deadline outlined in the Agreement, it will be granted.

According to the contract, for the first six months after the Refining Operations deadline, ABR VI must have in operation 60 percent of the refinery's "Baseline Operation" followed by 75 percent after the second six months. The company must sustain "not less than the approximate Operational Baseline," the contract reads, "for all subsequent periods," meaning that after a year, ABR VI is obligated to make operational 100 percent of the "Operational Baseline." It is not known what exactly constitutes the "Operational Baseline," as it could represent a small, mid-range or large percent of the refinery.

Later, in Article 8, which includes employment agreements, the contract states that ABR VI should employ no less than 600 full-time employees -- including contractors.

In Section 8.1 of Article 8, the contract states that 75 percent of ABR VI's employees must be Virgin Islanders. According to the Agreement, "Virgin Islanders" are described as "individuals formerly employed by HOVENSA or Hovic for work at or regarding the Refinery in the U.S. Virgin Islands in five years preceding the Effective Date."

The *VI Consortium* will continue to parse the contract and reveal important details. For those who wish to read the Operating Agreement in its entirety, find it here.