The Virgin Islands Consortium

Monarch Energy Partners: We Expect To Employ Upwards of 1,500-1,600 People Total (Part 2)

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Monarch Energy Partners side-by-side with the HOVENSA Refinery.

> The integrity behind it is we're doing this for the people of the island; we're going to restore St. Croix to better than it was before. -- Darryl Hardy, Monarch Energy Partners

Monarch Energy Partners, a company that says it has a better deal to offer the Virgin Islands Government, and the people of St. Croix, than the one Atlantic Basin Refining (ABR VI) currently has on the table, is still fighting for a chance to win the bid to purchase the defunct HOVENSA refinery. As part of its plan, the group says it is prepared to bring the refinery back to its full operating capacity, which includes the hiring of up to 1,600 local workers.

Robert Shrader, CEO of Woodstown, New Jersey-based Monarch Environmental, Inc., parent company of Monarch Energy Partners, said when he was first made aware of the shuttered HOVENSA refinery through a conversation several months ago, and fully understood the significant impact its closing had on the island's economy—about 4-6 percent of the island was employed by HOVENSA—he decided to get involved. In doing so, Shrader said his number one priority was to focus on the local economy, “the jobs, the other things that come along with that, such as high gas prices on the island and the high electric cost.”

The conversation was the catalyst for forming Monarch Energy Partners.

“With my experience within the industry for the last 30 years, we were able to put a group together that has the same common goal, and the goal was to use our relationships and experiences to enhance the lifestyle of the people on the island,” Shrader said. “This is


Robert Shrader, CEO of Monarch Environmental, Inc.

The Jobs

When asked about the specific number of full-time employees the company expects to bring on, Shrader said, "At 550 barrels per day, we can employ 1,100 refinery staff," noting that the number does not include contractors, storage terminal staff or port staff. "We're upwards of fifteen hundred to sixteen hundred people, total," he added.

Darryl Hardy, a member of the Monarch Energy team as well as PMG Venture, a company that has partnered with Monarch to secure the $1.5 billion to purchase HOVENSA, noted the difference between Monarch's employment numbers and ABR VI's.

“The [ABR VI] plan that’s in place right now is to open HOVENSA as a storage facility, in a usage, distribution terminal,” he explained. “That’s what that 500 jobs that they’re talking about, but how many of them are permanent jobs? How many of them are longstanding jobs, not just construction jobs? That’s the question that needs to be asked to that group.”

Hardy went on to say that ABR VI could only bring on a marginal number of employees because of the plant's use as a storage facility.

"That's all they could possibly do and we don't know if they can get the insurance to [purchase HOVENSA] because they're not operators," Hardy explained. "If there was a spill, how can they handle that? There are so many holes in their documents and in their proposal. The insurance business doesn't work like this; it just doesn't work like this. There has to be checks and balances."

As part of its Operating Agreement, in Section 8.1 Minimum Commitment, ABR VI states it would hire no less than "600 full-time equivalent employees" and that at least 500 of them "shall be full-time employees."

"ABR VI acknowledges that the commitment to increased long-term employment at the Refinery is a material goal of the Government's entry into this agreement, and accordingly for the period from the Restart Date through the remainder of the Term of this Agreement. The Oil Refinery and related facilities shall employ not fewer than 600 full-time equivalent employees (including contractors), of whom not fewer than 500 individuals shall be Full-Time Employees.

However, Hardy said Monarch can bring on a larger number of employees because of its business model. He pointed out that Monarch has chosen to employ workers during the clean-up and conversion of the plant to clean energy, a more costly option to remaining closed until the conversion is complete.

"For us," Hardy continued, "we want to open it as a full refinery. So, we know that a lot of

we're trying to re-employ those that worked there. Re-
to re-employ. That is our number one mission."

Gov. de Jongh and ABR VI executive sign Operating Agreement for HOVENSA sale.

Who will be hired?

Hardy said Monarch plans to hire locally and "not fly anyone in." In addition, another Monarch team member said the company will ask former workers to return.

"We are asking all the original employees to return to jobs and [we will] start going through what folks are left on the island because we know some of them have moved off to other areas," he said. "And then the second part of the plan [is] the follow-up in the job fair would be an open-applicant situation for new people coming to work."

He continued: "We don't want to have to bring people in; we'd rather work with the people who were formerly employed there and then look at where the openings are, and see if we can't fill those with the island first, as well. That would be the way that we're approaching it. We want everybody back to work that was originally there."

The executive went on to say that it was important for Monarch to capitalize on the strengths of those who had worked at the plant and are familiar with the operations of a refinery, adding that there will be some training for the new operation.

"You already have a force that worked there before, they were already trained, they've already worked in the refinery," he said. "Now, granted, there's probably going to be some light training, that's absolutely a piece of the plan, as well, but we would prefer to employ people that were already there previously and look to see what openings are left; and look to see if there are qualified people on the islands that can fill those positions before you start going to other areas."

Shrader agreed, stating that, as far as the operations versus executive team members go, "A hundred percent of the operations would come from local inhabitants of the island, preferably people who worked there before." He pointed out that the company may hire "a handful of executives that would lead the direction of the operation," about 10 people he said, "so it would be a substantial amount [of locals hired]."

"We're doing this for the people of the island"

Hardy recalled a conversation he had a year-and-a-half ago--around the time when Island Dairies closed its doors--when he met with “one of the island’s biggest people” in Orlando “and watched the pain on his face, when he said, ‘How do we save this? How do we help this? My people are going to suffer through this process, we’ve got to find the best thing for the island’.”

Hardy said a number of groups, at the time, had been "coming to the table and leaving" without purchasing the refinery.

"We looked at the plant and looked at the process and said, 'Ok, maybe some groups don’t have the money, some groups don’t have the capability to operate it, so we put everything together and said, 'We’re going to do this and we came back to the table'."

And Hardy was clear in his group's intentions for acquiring HOVENSA.

"The integrity behind it is we’re doing this for the people of the island; we’re going to restore St. Croix to better than it was before," he said. "If you want us to guarantee a number of 1,000 people that we’re going to rehire, Bob is on the phone; if he says yes to it, it’s going to happen."

In Part 1 of this story, Monarch Energy Partners told the *VI Consortium* the company was shut out of the bidding process after complying with the requests of Lazard Asset Management, the brokerage firm hired to facilitate the sale of HOVENSA. The *VI Consortium* has reached out to Lazard for comment.

ABR VI's Operating Agreement is currently before the Senate for ratification, and Governor de Jongh, Jr. has expressed his desire for the lawmakers to come to a decision on the matter before the end of November. If the Senate rejects the 98-page document, it opens the way for other interested buyers to bid on the refinery.

Shrader and Hardy will testify before the Senate at a Committee of the Whole meeting on Monday, Nov. 10 at 4 p.m. on St. Croix. The public is invited to attend.

Monarch Energy Partners gave the *VI Consortium* permission to reprint its business plan. To view its full contents, go here. To view the Operating Agreement between the Virgin Islands Government and ABR VI, go here.

Feature Image: Monarch Environmental, Inc. (left); HOVENSA (right)