

The Virgin Islands Consortium

ABR VI Not Paying Taxes Is A "Slap In The Face" To VI Residents, Monarch Energy Partners Say (Part 3)

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Monarch Energy Partners, a company that says it has the money to purchase the HOVENSA refinery and [wants to employ](#) 1,500 to 1,600 workers in an effort to "restore St. Croix to better than it was before," but was [not allowed in the bidding process](#), told the *VI Consortium* that Atlantic Basin Refining's (ABR VI) Operating Agreement with the Virgin Islands Government, which precludes the company from paying little to no taxes to the government, is a "slap in the face" to the territory's people and that it's "the most disrespectful aspect of [ABR VI's] document."

That's according to Darryl Hardy, a partner with Monarch Energy Partners, who said a simple comparison of his company's business plan and that of ABR VI's Operating

Agreement with the VI Government reveals stark differences in relation to refining-- Monarch Energy says it wants to refine 550,000 to 700,000 barrels per day, it wants to hire 1,500 to 1,600 workers and, among other things, it wants to pay taxes to the VI Government.

"This is [part] of what we bring to the island. I'm going to speak to their plan, just so the people read the part about the taxes. Now, [ABR VI] don't want to pay any taxes, not on barrels going out, not on property taxes, not on anything," Hardy said. "That's a slap in the face; that's the most disrespectful aspect of [ABR VI's] document that I've read because how would the rest of the island survive without those taxes?"

But Monarch Energy Partners says it understands its need to pay its fair share of taxes, and it is in the spirit of Leon Hess, the late founder of Hess Corporation, the company says the Monarch Foundation will be established to uplift the St. Croix community.

"Our plan, in addition to subsidizing gas for the island, we are also bringing the Monarch Foundation," Hardy explained. "[We] will put 1 percent of our net profit back to the foundation for the island. This will help subsidize health care, this will help subsidize the parks, the schools--the little things on the island that the VI tax plan can't restore."

Hardy went on to say that Monarch Energy Partners will bring back the days when HOVENSA would invest in the community, and the refinery's mark was evident around the island.

"Those are coming back," Hardy said, "the integrity behind this is what you need to look at."

ABR VI's Operating Agreement shows the company gets a free pass on almost all taxes, as described in Article 12, Section 12.2 of the Agreement titled, "Tax and Fee Exemptions." It reads:

For the purpose of this Agreement, "Exempted Payments" shall include all taxes, fees, excises, duties, imposts and exactions imposed by or with the consent of the Government, or any subdivision, agency, or instrumentality thereof; on rehabilitation, ownership, operation, maintenance, expansion or other activity in respect of the Oil Refinery and Related Facilities, or any portion thereof and materials, work in process and products thereof (including importing, exporting, loading, unloading, storing, processing, blending, manufacturing, producing, and sale of oil, oil products or by-products -- including petrochemicals, or any other raw material or products, or any equipment or machinery imported for use at the Oil Refinery and Related Facilities or any portion thereof). The foregoing exemption shall include specifically exemption from all (i) corporate income taxes, (ii) excise taxes, (iii) customs duties, (iv) fuel taxes, (v) gross receipt taxes, (vi) highway users taxes, (vii) productions taxes, (viii) property taxes, (ix) franchise taxes, (x) license fees and (xi) withholding taxes on any distributions to preferred or common Equity Holders made by ABR VI or any of its affiliates.

After final negotiations for the acquisition of HOVENSA, Monarch Energy Partners says it would also like to enter into discussions with WAPA regarding the "availability to provide

power to the island and converting LNG, with a combined heat and power system." The company's partners pointed out that if the agreement is reached, "the discounted electricity provided to the grid could be a significant cost-saving that can hopefully be passed along to the residents."

The principals of Monarch Energy Partners include Robert Shrader, CEO of Monarch Environmental Services, Inc., parent company of Monarch Energy Partners, in addition to Jack Galloway, Daniel Dempster, Albert Armstrong and Darryl Hardy. Shrader and Hardy will be on St. Croix on Monday, attending a Committee of the Whole meeting on HOVENSA, where they will testify. The meeting commences at 4 p.m. and is open to the public.

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. In [Part 2](#), the company told *VI Consortium* that it planned on employing 1,500 to 1,600 people, if it's able to get the contract with the Virgin Islands Government. *VI Consortium* has also reached out to Lazard Asset Management for comment.

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