The Virgin Islands Consortium

Monarch Energy Partners: We're 'Fighting For Families'

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

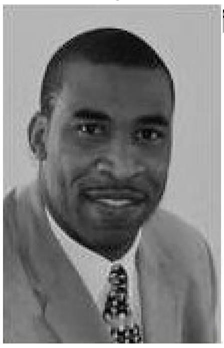
Today marks exactly three weeks since Monarch Energy Partners testified at a November 10 Committee of the Whole Senate hearing related to the sale of the defunct HOVENSA refinery. Last week, company representatives were back on St. Croix to drum up support for their mission to become HOVENSA's new buyers.

When asked what brought them back to St. Croix so soon after the hearing, Darryl Hardy, one of five Monarch Energy partners, said, "The most important part is that we didn't want to leave. In all honesty, I didn't realize that it was such a socially engaging conflict almost; it's not a normal business transaction."

He explained.

"It's not just a business transaction," he said. "If you look at this as a business transaction, then you're not looking at the total picture because you can't do this without thinking about what the people have been through in the last two-and-a-half years."

And what St. Croix residents have been through since the shuttering of the refinery in February 2012 can be summed up as large-scale unemployment, failed businesses, f residents to off-island locations, and the tanking of the local economy.


Darryl Hardy, Monarch Energy Partners

Hardy continued, "This is the last substantial resource on the island that can fund over a thousand employees at one time and that's what we're fighting for."

In fact, Hardy went on to say that he and other Monarch Energy representatives, including Robert Shrader, CEO of Woodstown, New Jersey-based Monarch Environmental, Inc., the parent company of Monarch Energy Partners, who accompanied him on the return trip to St. Croix, were "fighting for families."

"We're fighting for families," Hardy said. "This is a generational fight. And when we looked at what was at the table, it upset us from a business sense, but it also caused us to step up to the plate fully and make a stand for the people."

Hardy said since testifying at the Senate hearing, there has been an upswing in support for what Monarch Energy says it can bring to the table, including $1.5 billion to purchase the refinery right away and the restoration of up to 1,600 jobs.

"That was so well-received," he said. "The people have gotten behind us and they're excited about, not just the fact that 'OK, yes, we're here to buy the refinery', but the fact that we care about them."

When asked about the availability of a more detailed plan than the six-page business plan presented to the Senate on their first trip, Shrader said Monarch's first order of business has been to be heard.

"The thing what we're trying to do is to actually get into the right ears, the right people to make this decision," he said. "It appears that the Senate has a huge stake in this and that was very transparent to us when we were testifying."

He continued: "Apparently, this group needed the Senate to ratify a deal that may or may not have even been there, so it seems that the Senate is a lot smarter than people think and they're going to do the right thing. And that's why, again, we were asked to come back and further demonstrate our motives."

ry will see ripple effects throughout St. Croix.

Robert Shrader, CEO, Monarch Environmental, Inc.

"Opening the refinery will be the first stone in the water that's going to cause the ripples to go out," he said. "Not only for the employees of the refinery, but people who work there have to eat. They're going to have more money to by cars, to buy goods and services, which cause other businesses [to flourish]."

Shrader went on to say that one of Monarch's main priorities as the plant's owner is to clean up the hazardous environmental issues plaguing the site over the years. The Environmental Protection Agency (EPA) describes HOVENSA's threats and contaminants as such: "As a result of relatively slow leaks from process and storage areas, as well as from the underground “oily-water” sewer system , extensive phase separated petroleum hydrocarbon plumes (also known as "oil") are present floating on top of the groundwater underlying the facility, and dissolved phase hydrocarbon constituent plumes are present within the groundwater itself." An extensive description of HOVENSA's environmental risks can be found on the EPA website here.

"We have some other ideas at the facility to bring other jobs, number one, the most important is environmental," Shrader said. "So, right off the bat, besides refinery employees, we're going to have environmental people cleaning up, doing what we can to mitigate the contamination that's been caused for twenty years, thirty years."

Shrader added, "We have people providing marine services for the terminal. So, there's a lot more to the actual plan besides that."

"We don't want to give all of our details. We've been thinking about this for a long time. In twenty-five years in the business, we've developed relationships all over the world that will be able to help this, all bring it together," he concluded.

The men say they plan to return to St. Croix as many times as is necessary to successfully see the HOVENSA sale through.

"The fight is bigger than us," Hardy said, "if we're fighting for the people then we can't abandon the people. Wherever the voice is needed to make sure that nothing is being done behind the scenes to get by the people, we will be here."

Monarch expects to be back on island in the early part of December when the 30th Legislature convenes another session about the HOVENSA deal.

The Back Story

When the *VI Consortium* first spoke with Monarch Energy representatives in early November, the company said it was entering its third month of trying to present its offer to purchase HOVENSA, but had been shut out of the bidding process by Lazard Freres & Co. LLC, the firm HOVENSA hired to facilitate the sale of the refinery. However, HOVENSA has maintained that of the 142 parties Lazard contacted about the sale, only Atlantic Basin Refining (ABR) saw the process through to the end.

While declining to be interviewed in person, a HOVENSA representative wrote in an emailed statement to the *VI Consortium*: "ABR submitted a binding bid, subject to negotiations of final contract with the seller and the Government. Monarch Environmental, Inc. did not express any interest in purchasing the refinery until September of this year after ABR submitted its bid."

In late October, the Operating Agreement entered into between ABR VI and the Virgin Islands Government had been sent to the 30th Legislature, from Gov. John P. de Jongh, Jr., for ratification. The Governor expressed his desire to have the document approved by the Senate by the end of November. However, after the November 10 Senate hearing on St. Croix, where testimony was received from both ABR VI and Monarch Energy Partners, Senators questioned much of the information presented in ABR's plan, including where the company would get the money to purchase the refinery. While ABR, organized a year ago with the express purpose of purchasing HOVENSA, has said it is in talks with lenders who are ready to supply financing for the deal, representatives admitted they do not have the capital readily available to foot the $200 million HOVENSA price tag, referring to their company as "thinly capitalized."

Subsequently, the Operating Agreement was placed on hold during a November 12 continuation of the November 10 Committee of the Whole hearing, this time on St. Thomas, and was sent to the Senate's legal counsel and the Finance Committee for further review.

The *VI Consortium* has reached out to ABR VI on two separate occasions requesting an interview, but has not received a response from the company to date.