The Virgin Islands Consortium

HOVENSA And Its Subcontractors Give Employees 90-Day Notice

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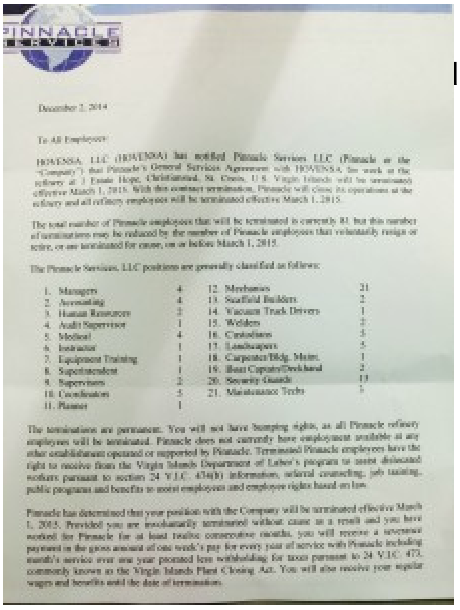
As HOVENSA makes preparation to shut down the facility that it has used as an oil storage terminal since announcing it would cease oil refining operations in 2012, the company on Tuesday gave its remaining employees, approximately 100 workers, a 90-day notice letter, informing them that come March 1, their services will no longer be needed, sources close to the *VI Consortium*, who requested anonymity because they were not authorized speak on the matter, have revealed.

Subcontractors have also given notice to its employees and the *VI Consortium* has obtained a copy of the letter issued by Pinnacle Services, LLC, which can be viewed below. As of press time, it was unknown the total number of subcontractor employees



PINNACLE SERVICES

December 2, 2014

To All Employees:

HOVENSA, LLC (HOVENSA) has notified Pinnacle Services LLC (Pinnacle or the "Company") that Pinnacle's General Services Agreement with HOVENSA for work at the refinery at 1 Estate Hope, Christiansted, St. Croix, U.S. Virgin Islands will be terminated effective March 1, 2015. With this contract termination, Pinnacle will close its operations at the refinery and all refinery employees will be terminated effective March 1, 2015.

The total number of Pinnacle employees that will be terminated is currently 81 but this number of terminations may be reduced by the number of Pinnacle employees that voluntarily resign or retire, or are terminated for cause, on or before March 1, 2015.

The Pinnacle Services, LLC positions are generally classified as follows:

1. Managers	4	12. Mechanics	21
2. Accounting	4	13. Scaffold Builders	2
3. Human Resources	2	14. Vacuum Truck Drivers	1
4. Audit Supervisor	1	15. Welders	2
5. Medical	4	16. Custodians	5
6. Instructor	1	17. Landscapers	5
7. Equipment Training	1	18. Carpenter/Bldg. Maint.	1
8. Superintendent	1	19. Boat Captain/Deckhand	2
9. Supervisors	2	20. Security Guards	13
10. Coordinators	5	21. Maintenance Techs	5
11. Planner	1		

The terminations are permanent. You will not have bumping rights, as all Pinnacle refinery employees will be terminated. Pinnacle does not currently have employment available at any other establishment operated or supported by Pinnacle. Terminated Pinnacle employees have the right to receive from the Virgin Islands Department of Labor's program to assist dislocated workers pursuant to section 24 V.I.C. 474(b) information, referral counseling, job training, public programs and benefits to assist employees and employee rights based on law.

Pinnacle has determined that your position with the Company will be terminated effective March 1, 2015. Provided you are involuntarily terminated without cause as a result and you have worked for Pinnacle for at least twelve consecutive months, you will receive a severance payment in the gross amount of one week's pay for every year of service with Pinnacle including month's service over one year prorated less withholding for taxes pursuant to 24 V.I.C. 472, commonly known as the Virgin Islands Plant Closing Act. You will also receive your regular wages and benefits until the date of termination.

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A 90-day notice letter from Pinnacle Services, a HOVENSA subcontractor, to its employees. Click image for wider view.

HOVENSA recently issued a notice to its truck rack customers and haulers informing them of the plant's preparation for shutdown "given HOVENSA's deteriorating financial condition." To that end, HOVENSA said it will no longer purchase any more gasoline and that its current supply is expected to end on the following dates:

Regular- Jan. 5

Premium – Jan. 7

ULSD – Feb. 12

Effective immediately, HOVENSA said it will limit the fuel purchases of its customers.

The move comes as the Atlantic Basin Refining Operating Agreement signed by Governor de Jongh and is awaiting ratification in the 30th Legislature, has yet to come up for an up or down vote, something de Jongh said is now up to the Senate to decide.

"The Operating Agreement negotiated by my Administration and Atlantic Basin Refining remains before the 30th Legislature for whatever further analysis and deliberations are deemed required by the Senate Finance Committee," he said. "It also remains the decision of the 30th Legislature to determine whether any possible misgivings about the selected buyer, ABR, outweigh the risks that will come if there is no sale of the refinery, no prompt payment of the $45 million to be paid at the closing, and the failure of the Government to obtain a release of claims from the owners of HOVENSA, which would leave the Government without those releases standing between the Government and HOVENSA's claims that it is entitled to tax refunds totaling in the hundreds of millions of dollars."

Some senators have advocated for the decision to be left to the incoming 31st Legislature, but de Jongh countered, saying such a move amounts to the Senate "abdicating" its responsibility.

He added: "There’s enough that the 31st Legislature is going to have to deal with and the new Governor is going to have to deal with. Some issues that were not taken up by this Legislature, such as pension reform, workers compensation legislation, unemployment trust legislation–those are the issues that have to be addressed very clearly, and that’s well recognized, [so] why should we have to pile more on top of them?

"We have a responsibility [and] it’s very clear where we have to go in terms of at least let’s make a decision, and let’s make an informed decision, and the senators now have basically said we want to make an informed decision, and whatever that decision is, we will go forward."

After HOVENSA announced it would stop providing fuel to the Virgin Islands, some senators responded with their thoughts on the matter, including Senator Nereida "Nellie" Rivera-O'Reilly, who called on the de Jongh administration to take legal action against HOVENSA.

"There has to be national and international attention given to this latest threat by Hovensa, who I consider a corporate bully," Rivera-O’Reilly told the *VI Consortium*.

"The owners refuse to provide a copy of the sales agreement and the title commitment," the four-term senator said. "They refuse to provide financial statements evidencing the alleged losses from the storage terminals."

"Moreover,” Rivera-O’Reilly continued, "the Government refuses to address the more than $200 million in corporate taxes owed by the refinery, which was revealed from an audit conducted by the VIBR on the heels of Hovensa’s attempts to claim a tax refund of more than $200 million."

Freshman Sen. Judi Buckley, who did not seek a second term, also offered her thoughts on HOVENSA’s planned shutdown of gas.

“Having learned today that HOVENSA will not be purchasing any more fuels due to a cash shortage and our current supply will run out early next year, I’m very concerned about the situation given they have the only truck rack on St. Croix,” she said, adding, “A solution will have to be reached soon, whether it’s a court injunction forcing them to maintain the rack, or if it looks like ABR (the buyers) are going to be able to purchase the refinery, perhaps they’ll lease the rack. I don’t believe finding another storage facility is an option at this juncture, so the government is going to have to act quickly to find a solution with HOVENSA.”

Rivera-O’Reilly, who recently retained her seat in the 31st Legislature for a fourth term, said Governor de Jongh had made known last year that legal documents had been prepared in the event HOVENSA made good on its previous threats to stop providing St. Croix with gasoline.

“I call on the Administration to take the legal steps necessary to protect St. Croix residents from the callous actions contemplated by the refinery owners,” the four-term lawmaker said. “If the Operating Agreement is the only viable transaction and all parties–both buyers and sellers–are interested in its ratification, then instead of focusing energy on threats and bullying tactics, they should come to the table with clean hands.”