The Virgin Islands Consortium

Monarch Energy Partners Returning To St. Croix in Early February

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

It's been a while since the U.S. Virgin Islands, more specifically, St. Croix, has heard news about Monarch Energy Partners, the New Jersey-based company that seemed resolute in its quest to purchase the defunct HOVENSA oil refinery on the South Shore of St. Croix.

In fact, the last time *VI Consortium* spoke to the group was late November, when Darryl Hardy, one of the company's partners, said the company's efforts weren't only based on acquiring HOVENSA from a business standpoint, but also "fighting for families [of St. Croix]."

"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," Hardy said, speaking of the refinery. "We're fighting for families. 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."

So, where is Monarch Energy Partners today?

VI Consortium wanted to know if the company was still interested in doing business in the Virgin Islands and whether it had made any inroads in its efforts to do so.

We reached out to the firm, speaking to company CEO Robert Shrader along with Hardy, and while the company said it could not reveal intimate details about the steps it has taken since coming on the scene last September, the men wanted to inform St. Croix residents they have been "working behind the scenes to purchase the refinery."

That's what Shrader told *VI Consortium*, adding that while the process is a long one, they are still very much engaged in it.

He said Monarch Energy Partners was "absolutely still interested" and "[we are] doing all we can to be successful in the acquisition of the refinery."

Shrader, revealing he had visited the Virgin Islands during the inaugural ceremonies, said he came because he wanted to witness "the transition of the government."

"We [also] established some relationships with some government people and we wanted to see how it goes," he added. "I was on St. Thomas for the actual inauguration, and happened to be staying at the same hotel with one of the balls."

VI Consortium asked Hardy whether the company was discouraged by the length and arduous nature of the process.

"No," Hardy countered. "In fact, we are more interested than we've ever been. We are fully engaged in this process, and we're looking forward to acquiring the refinery -- we're not discouraged at all."

The principals also made known that they would be back on St. Croix early February, and said they were hoping to have some positive news to share. However, because the process continues, the behind-the-scenes conversations must remain, for the moment, private.

This follows the 30th Legislature's move, on Dec. 19, 2014, to reject the Atlantic Basin Refining (ABR) Operating Agreement signed between it and the de Jongh administration, as a majority of senators pointed out reasons behind their decision to kill the measure that sought to have ABR purchase the refinery from HOVENSA.

Senators who voted for and against the ABR Operating Agreement were:

1. Senator Craig Barshinger — No
2. Senator Judi Buckley — Yes
3. Senator Diane Capehart — No
4. Senator Donald G. Cole — No
5. Senator Kenneth Gittens — No
6. Senator Clifford Graham — No
7. Senator Alicia “Chucky” Hansen — No
8. Senator Myron Jackson — No
9. Senator Shawn-Michael Malone — No
10. Senator Terrence “Positive” Nelson — No
11. Senator Nellie Rivera-O’Reilly — No
12. Senator Clarence Payne — No
13. Senator Tregenza A. Roach — No
14. Senator Sammuel Sanes — Yes
15. Senator Janette Millin Young — No

In December session, senators were given five minutes of debate time to voice their opinions on the matter. St. Croix lawmaker, Sen. Terrence “Positive” Nelson pleaded with St. Thomas senators to side with his argument.

"Why would we lock ourselves into this agreement with some individuals who seem least capable of carrying out what the proposal [says] and what they’re saying on record? Because when you compare what they are saying on record, to what the agreement actually says, I do not believe that it is in our best interest and the best interest of St. Croix or the entire Virgin Islands to pass this ABR agreement," Nelson said.

St. Croix Sen. Nereida "Nellie" Rivera-O'Reilly spoke about the $200 million in taxes the government has said HOVENSA owes it, and said if the ABR deal went through, HOVENSA would be released of the obligation.

"This is a bad deal," Rivera-O'Reilly said bluntly.

St. Thomas Sen. Tregenza A. Roach, who, at one point became tearful while making known he would not be supporting the ABR agreement, said his biggest problem with the proposed deal, "is when there is a closing on the purchase agreement, we will release HOVENSA from every responsibility to the government and people of the Virgin Islands. And we will still give ABR fifteen months to secure this $1.1 billion in financing, to discharge its obligations to the parent company and HOVENSA and to us, the Government of the Virgin Islands."

"In fact," Roach continued, "we're not even going to get our $50 million until well into the fourth year of this agreement," Roach said.

At-Large Sen. Craig W. Barshinger said that while he bought the vision and narrative of ABR, he did not buy into how the agreement was drafted.

"It was horrible," he said.

Barshinger, who did not seek another term, said a significant reason why the 30th Legislature could not vote in favor of the agreement was that "ABR, the V.I. Government and HOVENSA could not agree on what that agreement meant now. They haven’t even signed it."

Many other senators, 13 in all, expressed similar sentiments as they commented on the proposed ABR deal.

Senate Vice President Sammuel Sanes, who, along with one-term St. Croix Sen. Judi Buckley, voted in favor of the agreement, said he hoped his colleagues in the incoming 31st Legislature had another plan to save the refinery and provide jobs for the people of St. Croix. Sanes said the senators don't feel the pain because, "every two weeks, they get a paycheck."

The veteran senator went on to say that he surveyed St. Croix residents before voting in favor of the agreement, while adding that "the document is probably not the best for us."

"I went and I walked the streets of St. Croix. I went and I talked to the business people of St. Croix. I went and I talked to the families whose main breadwinners are no longer in St. Croix–who had to go to Canada, who had to go to Tennessee, who had to go to Texas, who had to go to Saudi Arabia to provide for their families. And I spoke to them. And yes, the document is probably not the best for us, but it’s a glimmer of hope, because what do we have?" Sanes said.

Outgoing Senate President Shawn-Michael Malone, who agreed with Sanes' point that St. Croix is in need of economic recovery, contended that the ABR agreement was not the path through which the help should come.

"Leaders who are coming into the Legislature, the next governor who is coming in, must diversify the economy," Malone said.

The senator had previously lamented the idea of St. Croix's entire economy being built around one industry.

"Not just bringing in business to get jobs; we're talking about creating a complete economy [and] training people," he said.

Malone continued, "We don't plan around here, so when you don’t plan, you’re going to fail. So what happens a lot of times in this situation, there comes an opportunity for a proposal to come in [and] because of the circumstances, 'Oh, if they don't do this then we're going to fail', forcing leaders to make bad decisions. Not this time. Absolutely not this time.

"Sometimes when you’re coming up you don’t have much and your parents will tell you, 'learn to do without'. [Well], we will have to learn to do without for a little while and it is not a very nice thing to say, but you don't put something before me and force me to vote for it because there are no other alternatives.

"What’s very insulting about this whole thing is that those are sales prices that we voted for. You mean to tell me you couldn't find a company with experience, who had the experience of operating an oil refinery, buying and selling an oil refinery? And you all know that there were companies with that experience that came to Lazard."