The Virgin Islands Consortium

Monarch Showed Local Officials $350 Million; Has Yet To Get An Audience With Mapp Even After Many Requests

Exclusive / **Published On October 04, 2015 11:02 AM /**

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ST. CROIX -- Monarch Energy Partners told The Consortium in an exclusive interview on Saturday that although it has requested on numerous occasions an audience with the territory's governor to show the administration that it is well capable to acquire, repair and run the HOVENSA refinery -- both its oil story storage and refining capabilities -- the firm has yet to get a response; and company officials say they don't understand why.

"If you have a house for sale, and someone shows interest in buying the house, would you turn them down?" asked Robert Shrader, CEO of Woodstown, New Jersey-based

Monarch Environmental, Inc., parent company of Monarch Energy Partners. Shrader said talk making the rounds that the company does not have the wherewithal to purchase and run the facility is ludicrous, as it has shown, in the past, to some local officials and Lazard Asset Management, the brokerage firm that was hired to facilitate the sale of HOVENSA, some $350 million at it's disposal, and more through its partners, if necessary.

But Shrader said the cost of the facility should not be the topic of discussion right now; the people of this island, and getting them back to work is the conversation that should keep local lawmakers up at nights.

"The most important thing is to get the refinery back up and running, because the people of St. Croix are hurting," Shrader said. "It's the most important thing for the people of the Virgin Islands."

The executive also recounted the back-and-forth with Lazard while trying to get into the sales process last year. After showing the asset management firm that it had $350 million, which Lazard said was not enough but went on to sign an operating agreement with ABR VI, a firm that said it was "thinly capitalized," the Monarch partners became suspicious.

“When you said it’s not enough, and you look at the deal on the table, then you have to wonder, ‘Well, how is that not enough if [ABR VI] doesn’t really have anything and we showed $350 million just to put the key in the door. So, you look at that and have to wonder if something is afoul,” Shrader told The Consortium last November.

Fast forward to September 14, 2015, the day Governor Kenneth Mapp announced that HOVENSA had reached an agreement with ArcLight Capital Partners, LLC, a firm that has only agreed to purchase HOVENSA's oil storage terminal, looking to initially hire 70 workers, and want no part of the environmental liabilities that HOVENSA has garnered over the years, the question remains, why hasn't Monarch been given a chance.

"As an environmental company, we know that it would take hundreds of millions of dollars for remediation of the HOVENSA refinery, and Monarch Energy has the knowledge and capability to do so, and has committed to take up the challenge. Furthermore, no other company has agreed to buy both the storage facility and refining capabilities. Only Monarch is offering that; and without HOVENSA refining, there is not much of an economy on St. Croix," said Darryl J. Hardy, an official at Monarch Energy Partners.

He said the company also plans on subsidizing energy costs for the Juan F. Luis Hospital and the Henry E. Rohlsen Airport to help the struggling facilities' bottom line. These are just two of many initiatives Mr. Hardy said Monarch has planned.

"We are hearing talk that Monarch wants a subsidy from the government, but that is the furthest thing from the truth," Hardy went on. "It's actually the opposite -- we want to help the islands succeed again."

As for financial backers, Shrader said the $350 million that the company showed Lazard and some local officials was not Monarch's total sum; but just proof that it has the capability to run the shuttered facility on the south shore of this island. He said Monarch has partners spread about the world who are eager to get the process rolling, including multi-billion dollar firms in Nigeria and elsewhere.

And Monarch plans on running a clean facility that's in compliance with new EPA standards, and said it has partners ready to do business because of relationships forged for more than two decades, even in a market that is currently saturated with supply, and while demand remains at historic lows.

Feature Image: HOVENSA refinery, St. Croix.

Image Credit: VIC.