

The Virgin Islands Consortium

Mapp Says He Will Appear Before Judge On Dec. 17 In Delaware; Landmark HOVENSA Agreement To Be Announced Next Week

Business / **Published On November 25, 2015 10:52 AM /**

Ernice Gilbert **November 25, 2015**



THOMAS -- Governor Kenneth Mapp said on Tuesday that he is willing to be deposed by the Delaware judge who subpoenaed him to appear at a hearing on December 17 in relation to the HOVENSA bankruptcy proceedings, stating that he has asked his legal team to make available all documents and emails that have been subpoenaed, in what has evolved into a clash of titans, as ArcLight Partners, LLC, Buckeye and now Monarch Energy Partners, battle for what's left of the now-shuttered oil refinery on the south shore of St. Croix.

"I'm not only willing to be deposed, I have said to everyone in private -- meaning attorneys, consultants and government officials who are part of the transaction team -- to make every document and email that have been subpoenaed available, and I have made myself available to even appear at the hearing December 17 in Wilmington, Delaware for the court to ask me whatever question they wish to ask me," Mr. Mapp said on AM 1000 radio here, with talk show host Liston Davis on Tuesday.

The territory's leader said the media had construed the judge's subpoenas and talk of collusion as being between the government, HOVENSA and PDVSA. However, according to Mr. Mapp, HOVENSA's creditors, who he said has aligned themselves with Buckeye, accused only HOVENSA and PDVSA of colluding to select Arclight as the winning bidder, and therefore had nothing to with him.

"The issue of collusion has nothing to do with the VI Government. I know when you say the word collusion or corruption, the first thing you think is, 'well, it got to be the black people at the table,' and I'm just going to say that whether people like the term or not. And so, the first thing that the press is interested in is the VI Government is colluding," Mr. Mapp said.

The governor painted the relationship between the government, HOVENSA and PDVSA as one that remains contentious -- highlighting the many complications that endure among the parties -- even as he said an agreement had been reached.

"I have nothing to sell," Mr. Mapp said, "I can't collude with a company. Remember, I'm in the bankruptcy as the VI Government because I am a secured creditor and that I have significant litigation against the owners of the property, and the Government of the Virgin Islands has a tax lien and an environmental lien on the asset.

"So if you don't want to talk to me and you don't want to involve me in your transaction," he added, speaking of HOVENSA and PDVSA, "you can go sell to who you want to sell to, but you will still have significant issues that will bar the completion of a sales transactions."

Even with all the tension, HOVENSA, PDVSA and the VI Government's winning bidder is Arclight, as made known by Mr. Mapp last week. He said while Buckeye is bigger than Arclight, and while the government was first leaning in Buckeye's favor, "when both of them made their bids to the court, and the process of bidding took place, both of them came back to the government and asserted a plan, and it's really very clear that when we discussed with Buckeye what we saw at the facility and what we thought was important for the territory, and we had the very same conversation with Arclight, when Arclight came to its second meeting, clearly they had been listening," the governor said. "Because they brought to the table significant partners -- for which we'll announce later on -- that demonstrated not only an increase of cash for the facility, but how we could go in a business arrangement."

The impression that Mr. Mapp gave in relation to having extensive discussions with Buckeye, stands in contrast to Buckeye's own testimony during the November 19 hearing, where its attorneys said that they had not been in communication with the government at all, and was forced out of negotiations soon after placing a bid. In fact, attorneys for Buckeye said, Joel Holt, who represents the government in the bankruptcy

case, told them that the VI government would not do business with Buckeye; because an agreement was already in the making with ArcLight -- even if the government had not spoken with Buckeye to examine its offer.

And the governor did not acknowledge Monarch Energy Partners in yesterday's interview, stating that while he keeps hearing of three or four companies, only two were involved in the bid. Indeed, Monarch Energy, a company that has been seeking to be part of the deal for over a year, did not follow bidding rules and its offer of \$40 million in cash and over \$800 million for environmental damage was rejected. But at the November 19 hearing, the company got an opportunity to present its case after Mr. Holt brought Monarch into the conversation, arguing that it was a firm that did not have the wherewithal to purchase the facility.

The charge backfired, however, as Monarch Energy's attorney, Dan McCann, was given a chance to speak. Mr. McCann said just like Buckeye, they have been trying to meet with the governor but have been either ignored or discredited. As stated earlier, he said Monarch Energy placed a bid on the table worth over \$1 billion, to include \$40 million in cash and over \$800 million to cover the cost of the extensive environmental damage the refinery has caused over the years. Mr. McCann also said that Monarch had assembled a team with multiple decades of experience in the refining business; a claim it would have to prove when the case is heard in December.

The governor, undeterred by the latest development, said an announcement between the GVI, HOVENSA and PDVSA would be made next week, one that he believes the territory's residents will appreciate.

"ArcLight is the government's choice of who we believe [have] the best interest of the territory," he said. "For our future, for jobs, for revenues, for asset transfer, for, really, work."