

# VIRGIN ISLANDS PAVING, INC.

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February 4, 2010  
Honorable Senate President Louis Patrick Hill  
V. I. Legislature  
P. O. Box 1690  
St. Thomas, V. I. 00804

RE: Committee of the Whole Hearing held on February 3<sup>rd</sup> 2010

Dear Senator Hill,

We are contacting you to correct a misconception that was created on the above referenced hearing held on February 3<sup>rd</sup> 2010. We believe that the following statement made by Commissioner Smalls is incorrect, and through the conveyance of this misinformation, it elicited your response as stated in the Daily News below.

**For example, Smalls said there are only two paving contractors in the territory, and they do not have enough equipment to do all the jobs at once. He said he talked to the contractors about leasing equipment to expand their work capacity, but that's ultimately a business decision the companies have to make themselves. "So the companies are holding us hostage" Senate President Louis Hill said.**

The corrections are as follows;

- There are four asphalt producing contractors in the US Virgin Islands with five asphalt facilities.
  1. Virgin Islands Asphalt Products Corp. ( VIAPCO ) – St. Croix
  2. Virgin Islands Paving Inc. – St. Thomas and St. Croix
  3. Betterroads Asphalt Corp. – St. Thomas
  4. Islands Roads Corp. – St. Thomas

Three of these companies receive EDA benefits with one being a large business concern outside of the US Virgin Islands.

- For over a year the Commissioner has been talking about his concerns with the Local Paving Contractors inability to handle the upcoming work without this work forthcoming, and now, with all this work coming at one time it has created a problem. However, Virgin

Islands Paving Inc. did acquire an equipment loan from Banco Popular in the amount of \$960,000.00 and we proceeded with the purchase of the additional road construction equipment needed for this upcoming work. **We have enclosed documentation confirming our equipment loan and the purchase of over One Million Dollars in equipment in the past five months.** Along with the purchase of the equipment to complete this work we have also invested in a testing laboratory to provide the quality control needed for these projects. Our laboratory is now certified compliant with the specification requirements of ASTM E 329 and ASTM D 3666 and is the only certified testing laboratory for road construction in the Virgin Islands. Virgin Islands Paving Inc. has been assisting the Department of Public Works with road construction projects for 28 years and we believe that we are upholding our commitment to our community to try and meet the demands placed upon us.

We hope this provides you with a better understanding of the situation and if we can provide you with any other information, we would be pleased to do so.

Sincerely,



Robert Schierloh  
President

Cc: Honorable Governor John P. DeJongh, Jr.



September 8, 2009

Robert Schierloh, President  
Virgin Islands Paving, Inc  
P.O. Box 1158  
Christiansted, VI 00821

Dear Mr. Schierloh:

**RE: COMMERCIAL TERM LOAN - \$960,000 (COUNTEROFFER)**

We are pleased to advise you that Banco Popular de Puerto Rico (the Bank) has approved the request for financing to Virgin Islands Paving, Inc (the Borrower) in the maximum principal aggregate amount of \$960,000 (counteroffer). *It must be understood, however, that this commitment is for a limited duration and even if the Bank's commitment is timely accepted by the Borrower as provided for herein, should a closing not occur on or before October 8, 2009, unless extended in writing by the Bank, TIME BEING OF THE ESSENCE, the Bank thereafter shall have no obligation to provide the financing outlined herein.*

1. **FACILITY:**

Commercial Term Loan - \$960,000 (Counteroffer)

2. **PURPOSE:**

Proceeds of this term loan will be utilized to assist the company in the acquisition of additional construction equipments for upcoming construction projects that have recently been awarded. These projects are the Rehabilitation & Reconstruction of the East End Scenic Road, St. Croix (\$2,865,000), Island Wide Pavement Rehabilitation Phase VI, St. Thomas (\$3,416,154), Route 104 Phase 2, St. John (\$3,597,068), and the Cyril E. King Airport Rehabilitation (\$14,876,376). Total cost of the machinery and equipment to be acquired is \$1,200,000. Customer will contribute 20% (240,000) and the Bank will contribute 80% (\$960,000).

3. **TERM:**

Ten (10) years

4. **REPAYMENT SCHEDULE:**

One Hundred Twenty (120) monthly principal payments of \$8,000 plus interest

5. **INTEREST RATE:**

The outstanding principal balance of the Facility shall bear interest at one and three-quarter percent (1.75%) above the Wall Street Journal floating prime rate, as it varies with a five percent (5.00%) floor. The term Prime Rate as used herein, means that rate (which is not necessarily the lowest rate charged by the Bank) so designated and established by the Bank from time to time (The Prime Rate). Interest will be calculated on a 360-day basis. In the event of a default, the outstanding principal balance of the Facility shall bear interest at two and three-quarter percent (2.75%) above the Wall Street Journal floating prime rate, as it varies.

6. **EVENTS OF DEFAULT:**

The Borrower will be in default of its obligation under the Loan Agreement, Note, and Mortgage (the "Loan Documents") including but not limited to its failure to:

- a. Provide the Bank with a current personal financial statement within ninety (90) days of the end of the fiscal year;

Virgin Islands Paving, Inc.  
 Schedule of Purchases

Qty	Equipment	amount
1	Trailer	\$ 57,635.60
2	Water Trucks	\$ 61,000.00
3	Backhoes	\$ 127,130.00
2	Dynapac rollers	\$ 116,377.00
2	Tractor Brooms	\$ 49,522.00
1	Emulsion Tank w/ spray bar	\$ 11,340.00
1	Leeboy Paver	\$ 64,500.00
1	Blaw Know Paver	\$ 125,000.00
1	CAT Portable Generator	\$ 59,775.00
1	Sterling/Elgin Sweeper	\$ 44,475.00
1	CAT Skidsteer w/ bucket	\$ 25,200.00
1	International Fuel Truck	\$ 20,000.00
1	International Mechanic Tk	\$ 20,000.00
1	Ingersoll Rand Roller	\$ 65,000.00
1	Office Trailer - Job site	\$ 11,750.00
1	Office Trailer - Lab	\$ 12,000.00
1	Broom Attachment	\$ 5,409.80
1	Tank Truck	\$ 1,000.00
1	AC Tank	\$ 10,000.00
	Lab Equipment	\$ 37,450.08
	Vehicles	
1	Ford Escape	\$ 12,690.00
1	GMC Canon Truck	\$ 16,690.00
1	Ford Explorer SUV	\$ 10,190.00
1	Dodge D25 Truck	\$ 3,000.00
1	Toyota Tundra	\$ 46,498.00
1	Ford Ranger	\$ 21,000.00
1	Toyota Tacoma	\$ 36,493.00
1	Dodge Dakota	\$ 11,000.00
1	Ford Escape	\$ 5,000.00
	<b>Total Purchases</b>	<b>\$ <u>1,087,125.48</u></b>