

L.S.J., LLC
6100 Red Hook Quarter
Suite B-3
St. Thomas, USVI 00802
340-775-8100

FOR SETTLEMENT PURPOSES ONLY

January 11 2012

Mr. Rex Wolterman
Mr. Bart Wolterman
Virgin Islands Gunitite Pools
25 America-Anchorage Condos
St. Thomas, USVI 00802

Dear Mr. Wolterman

This is to confirm and constitute the agreement by and between Virgin Islands Gunitite Pools ("VIGP") and L.S.J., LLC ("LSJ") regarding the installation of tile and related work to resolve issues between the parties about the existing pool on the main compound at Little St. James Island (the "Main Pool"), the completion of work to resolve issues between the parties about the pool at the Flagpole area located on Little St. James Island (the "Flagpole Pool"), both of which have been constructed by VIGP, the completion of work to address issues between the parties relating to the operation and improper location of the heaters for the Main Pool and the Flagpole Pool, and the completion of work to correct of any currently known warranty items in respect of the Main Pool and/or the Flagpole Pool (collectively, the "Work"). With respect to the Work, VIGP and LSJ have agreed as follows:

1. VIGP will perform the Work, details of which are provided in the Scope of Work attached as Scheduled A hereto and made apart of this letter agreement (the "Scope of Work"), including, without limitation, by providing all labor, equipment and tools necessary to perform and complete the Work in accordance with the provisions contained in this letter agreement.
2. VIGP will supply all materials necessary to perform and complete the Work in accordance with the provisions contained in this letter agreement, except that LSJ shall provide at its cost the following materials to enable VIGP to perform and complete the tiling of the Main Pool:
 - 100sq. ft. Waterline tile
 - 3000 sq. ft. interior tile

- 90 bags thin set (gray)
- 10 gallons bonder
- 5 bags lime
- 12 bags common cement
- 30 bags sanded grout
- Sand

In addition, LSJ will provide at its cost the additional items which it is expressly stated to provide on the Scope of Work.

3. VIGP shall perform the Work generally in accordance the schedule specified on the Scope of Work.

4. LSJ shall pay VIGP a total sum of \$60,000 to perform the Work in accordance with the provisions contained in this Agreement (the "Resolution Payment"). LSJ shall pay VIGP the Resolution Payment in 4 equal installments of \$15,000, as and when provided below:

- \$15,000 shall be paid upon execution of this letter agreement by both VIGP and LSJ and prior to the commencement by VIGP of any Work under this letter agreement.
- \$15,000 shall be paid upon the completion of: (1) items 1 through 10 ~~120~~ relating to the Flagpole Pool in the Scope of Work, and (2) items 1 through 4 relating to the Main Pool in the Scope of Work.
- \$15,000 shall be paid upon completion of items 5 and 6 relating to the Main Pool in the Scope of Work.
- \$15,000 shall be paid within thirty (30) days after completion of all items contained in the Scope of Work

It is agreed that payment of the Resolution Payment in accordance with the above schedule is in satisfaction of any outstanding balances claimed to be due and payable by LSJ to VIGP under any and all prior agreements between them in respect of the Main Pool or the Flagpole Pool (the "Pool Agreements"). It is further agreed that the provisions of this letter agreement are intended to resolve all current outstanding disputes between VIGP and LSJ with respect to the Work and all outstanding balances claimed to be due from LSJ on the Main Pool and the Flagpole Pool.

5. All work performed in connection with this Agreement shall be performed and completed in a professional and workmanlike manner in accordance applicable industry standards. In addition, re-plastering work on the Flagpole Pool will conform to Southern Grouts and Mortars specifications on color variations. In the event of any disagreement as to whether any item on the Scope of Work has been completed, such disagreement shall be resolved by reference to the foregoing standards and specifications.

6. The parties agree that completion of the items contained in the Scope of Work will resolve all currently known warranty items under the Pool Agreements. Subject to the previous sentence, and except as otherwise modified by the express provisions contained in this letter agreement, the provisions of the Pool Agreements, including, but not limited to, the warranty provisions contained in paragraph 4 of the Pool Agreements, shall remain in full force and effect.

7. This Agreement may only be changed, modified or amended by an agreement in writing, signed by the parties hereto.

8. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

9. This Agreement shall be governed by, and construed in accordance with, the laws of the United States Virgin Islands, applicable to contracts executed and to be fully performed therein, without giving effect to its principles of conflicts of law.

If the foregoing correctly sets forth our mutual understanding and agreement with respect to the Work, please so signify by signing this letter in the space provided below, whereupon this letter shall become a valid and binding agreement between us.

Sincerely,

L.S.J., L

By: _____

representative

AGREED AND ACCEPTED BY:

VIRGIN ISLANDS GUNITE POOLS

By: _____

Bart Wolterman

Bart Wolterman

SCHEDULE A

SCOPE OF WORK

FLAGPOLE POOL

1. The plaster pumping operation shall be performed from road south side of pool over a protected surface.
2. All walls, tile, deck and finish surfaces at the pool area shall be covered and protected during construction.
3. Pool is to be drained by 1/16
4. Complete all pool preparation to enable pool to receive new plaster. This is to include all necessary chipping, grinding, cutting and patching, replacement of damaged water line tile (LSJ shall provide replacement tiles currently on site, if necessary), cleaning, priming, etc. Work anticipated to take place 1/17 - 1/25
5. Properly adjust light fixtures in the pool.
6. Plaster delivery anticipated approx 1/24
7. Repair scupper support plate including cope stone tile replacement above scupper support plate, if necessary.
8. Relocation of heat pumps to outside slab beginning 1/17 This shall include saw cutting of existing slab, demolition, installation of new water supply and return lines, electric rough-in and service to new location on new slab. New concrete slab to be provided by LSJ
9. Re-plaster pool. Anticipated to take place 1/26 - 1/28
10. Refill pool. Water to be supplied by LSJ. Anticipated to take place 1/29
11. Chemical balancing for 15 days after filling pool.
12. Clean up of work areas to dumpster

MAIN POOL

1. Drain pool by 1/27
2. All walls, tile, deck and finish surfaces at the pool area shall be covered and protected during construction.
3. Relocation of heat pumps to outside slab beginning 1/27 This shall include saw cutting of existing slab, demolition, installation of new water supply and return lines, electric rough-in and service to new location on new slab. New concrete slab to be provided by LSJ
4. Remove waterline tile, prep pool to receive new tile, which includes all necessary chipping, grinding, cutting and patching, cleaning, priming, etc.
5. Install new waterline tile (approx delivery 1/27)
6. Install new pool tile (approx delivery date 2/6)
7. Grout all tile
8. Detail all interior pool work prior to filling

9. Refill pool. Water to be supplied by LSJ. Anticipated to occur approximately 2/27
10. Chemical balancing for 2 wks after filling.
11. Clean up to island dumpster

As part of the Scope of Work, VIGP must submit to LSJ two copies of as-built drawings for each of the Flagpole Pool and the Main Pool and warranties with respect to the equipment and materials previously or hereby to be supplied by VIGP in connection with the Flagpole Pool and the Main Pool. VIGP shall also submit properly executed lien releases covering all subcontractors, suppliers, laborers and other persons or entities who on behalf of VIGP performed work or services or who furnished materials for the Flagpole Pool and/or the Main Pool.

For both of the above projects, LSJ will provide port-o-let, equipment assistance with unloading plaster, dumpster at hill top , and 1 1/2 " pump and hose to empty pools.