

## Testimony of Alan C Gravel

I am Alan Gravel, Chairman of the Board of Willow Construction, Inc. Willow is a small heavy civil contractor based in the Atlanta area. We work principally in North Georgia. We build and repair earthen dams, build water & sewer pump stations and treatment plants, and complete other heavy civil projects such as sinkhole repair and similar work.

I grew up in Louisiana, earned a BS in Civil Engineering at Louisiana Tech, and an MS in Environmental Health Engineering at the University of Texas. I then joined the Air Force and flew C-7 Caribous and then KC-135 tankers in Vietnam. In 1974 I left the Air Force and moved to Atlanta to work for a Civil Engineering consulting firm. In 1981, I left that firm to go to work for a utility contractor. When that company went out of business in 1992, I started Willow with employees who had worked for me. Of the 28 or so employees we have now, at least six have been with me over 35 years. Willow itself just celebrated our 30<sup>th</sup> anniversary.

In the beginning we were, like many start-ups, under-capitalized but we established modest banking and bonding relationships and steadily built our business. In 1997 we bought a tract of Heavy Industrial property, built our office & shop facilities, and moved from the office we had been renting. By 2000 we had reached our target volume of work and were on reasonably sound footing. In these early days, almost all of our work was public bid work that required Payment and Performance Bonds.

Between 2000 and 2008 we gradually picked up some private and subcontract work which did not require bonding but were still actively bidding bonded work. Our bonding agent at the time was an experienced professional who recognized us as a minimal risk to the bonding company. Because we brought financial systems with us from the previous company, we had always been able to provide financial documentation that met the bonding underwriters needs.

The financial crisis of 2008 – 2012 ended our steady progress toward financial security. My late wife, Sheri, said to me “So let me understand. We are giving up our retirement savings to ensure that Willow employees have a steady paycheck through the recession, right?” My answer was, yes, that is exactly what we are doing but if Willow survives then all problems can eventually be solved.

Around this time, due to my health status and my exposure to Agent Orange in Vietnam, we were verified by the Veterans Administration as a Service-Disabled Veteran Owned Small Business. We made a significant effort to pursue work set aside for SDVOSB’s but did not find that to be a fruitful market, due mostly to the large size of the jobs and the relatively specialized nature of our capabilities.

Willow lost significant amounts of money in 2009 – 2012 and essentially broke even in 2013. I depleted most of my retirement savings and in 2011 we had to sell some of our construction equipment. All salaried employees took pay cuts, and we did not have raises for about 7 years. We survived and throughout this time, our experienced bond agent who knew us well was able to provide bonds for the reduced level of business that we were able to maintain.

Things improved starting in 2014 but we had dug a pretty deep hole for ourselves. Our private and subcontract work picked up significantly but when public bid opportunities came along, we had to do some serious negotiation to obtain our bid bonds. Then our long-term, professional bond agent fell ill and had to retire. His company replaced him with a young man with no experience and things quickly went downhill.

Howard Cowan and I were friends in college. We had maintained that friendship through all of the years since. When he left the Air Force, he became a Surety Underwriter and then eventually a Surety Agent. When I left the Air Force, I worked for a consulting engineering company and then a utility contractor. We have always found it amusing that I studied Civil Engineering and he studied Philosophy and somehow, we ended up involved in the same business. Particularly since starting Willow I had relied on Howard's advice about bonding and many other things.

When bonding became very difficult for Willow, I called Howard. After some discussion he said, "I have resisted doing this for 30 years, but I think it might be time for me to become your Bonding Agent." He recognized that Willow had a proven track record but for circumstances that were somewhat beyond our control, we did not meet the normal commercial standards for bonding.

Howard had a long-term relationship with the Underwriters at Suretec. They studied our situation and concluded Willow was a good candidate for SBA's Preferred Surety Bond Program. Early in the relationship, Howard and the Suretec Underwriters visited our office in Atlanta to meet our key people and get a better understanding of our capabilities. Through Suretec's comprehensive understanding of Willow's operations and their strong partnership with the SBA, we were able to continue bidding bonded work.

Through lots of hard work, some good luck, and the SBA-backed bonding program, Willow has recovered our financial stability and in 2020 were able to re-enter the commercial bond market. Since then, we have had the 3<sup>rd</sup> and 4<sup>th</sup> best years in our 30-year history and are steadily reducing our debt, upgrading our equipment fleet, and hiring young employees who will carry the Company into the future.

In those dark days in 2010 and 2011, we could have chosen to declare bankruptcy. Instead, we chose to never give up. Had the SBA bond program not been available, we might have eventually recovered but it would have taken much longer. With it, we returned to financial health, providing good incomes to our employees, paying taxes, and completing quality projects for our community and the environment.