

Atlantic Palace Condominium Association Board Meeting

Wednesday, September 17, 2025

4:00 PM

AGENDA

- 1) Approval of the Board Meeting Minutes from June 11, 2025**
- 2) Treasurer Report
 - a. **Approval of 2026 Budget**
- 3) Security Report
- 4) Maintenance and/or Design Report
 - a. **Boiler Burner Replacement**
- 5) Old Business
- 6) New Business
 - a. Potential HVAC in Unit C12
- 7) Legal Report
- 8) Adjournment**

ATLANTIC PLACE CONDOMINIUM ASSOCIATION
BOARD MEETING MINUTES
WEDNESDAY June 11th, 2025
4:00 P.M.

ROLL CALL - BOARD MEMBERS:

Chris Ibone, President	by zoom
Nicholas Rudolph, Vice President	by zoom
Dina Berrios, Treasurer	by zoom
Roxanne Passarella, Trustee	by zoom
Douglas Carr, Trustee	Absent
Charles Nugent, Counsel to Assoc.	Absent

ROLL CALL - MANAGEMENT:

Melissa Cossio, Club Boardwalk Resort GM - Present
Jim Pullan, Security Director - Present
Marco Oliveira – Director of Facilities/New GM- Present

CALL TO ORDER:

The President, Mr. Chris Ibone, called the meeting to order at 4:01 p.m. in accordance with the Open Meetings Act.

ADOPTION OF MINUTES:

Mr. Ibone stated that the first item to discuss is to approve the March 12, 2025 meeting minutes.
Mr. Rudolph made the motion
Ms. Passarella second, accepting all I's no Nays

TREASURER'S REPORT:

Mr. Ibone presented the Report as of March 31st, 2025

Profit and Loss Statement year to date

Condominium Fees net of allowance is \$998,187 versus a budget \$971,895 surplus balance of \$26,292.
Other revenues \$41,437 compared to budget \$90,125 deficit balance of \$48,688.
Expenses fees and all departments \$866,304 versus the budget of \$802,537 deficit variance of \$63,767.
Reserve Expenditures to date were \$0 vs a Budget of \$238,500 a surplus balance of \$238,500.
Year to date September actual surplus \$173,320 versus a budget of \$20,983 we are favorable to budget \$152,337.

Balance Sheet as of December 31st:

Assets -Operating/Reserve cash and cash equivalents about \$368,881; receivables net of allowance for doubtful accounts is \$125,879; due to from affiliates \$1,030,828; prepaid expenses \$253,132; fix PP&E net \$229,823. Total assets \$2,090,037.

Liabilities – Accounts Payable and Accrued expenses \$256,318; Due to Affiliate entities \$81,494; Other Liabilities \$1,452,736 that consists of the remaining Constellation loan payable & Johnson Control loan payable. Total Liabilities \$2,090,037, inclusive of fund balances.

Cash Summary as of **04/30/25**:

General Business Account – TD Bank \$135,555
Minus Accounts Payable Trade (\$293,897) payable posted not yet paid
Available Operating Balance (Hypo) (\$158,342)
Capital Reserve – TD Bank \$80,978
Capital Reserve-Morgan Stanley, Smith Barney \$258,140
Total Reserve Funds \$339,118
Total of all current Funds \$180,776

Reserve standing as of **04/30/25**:

Reserve funds Balance \$339,118 leave us with a reserve balance of \$339,118.
Constellation loan payment balance May thru December \$102,960; Johnson Control May thru December \$261,134;
pending reserve deposit \$903,083 from 2024, Anticipated Reserve deposit additional \$954,000 for 2025 anticipated Reserve Balance at 04/30/2025 \$1,832,107.

SECURITY REPORT:

Mr. Pullan gave the report stating:

FIRE SYSTEM: So far the new fire system is working as intended and has cut down on unnecessary alarms and maintenance issues . Since the completion of the new fire system we have had 27 smoke alarms and 0 common alarms with Fire Department response.

ELEVATOR ISSUES: So far in 2025 security has handled 11 elevator related issues and 5 elevator entrapments .

REPORTED INCIDENTS: So far in 2025 security has handled 242 total incidents. This includes noise complaints, domestics, trespassers, theft report, vehicle damage complaints, guest medical issues, elevator issues, assisting guests etc... AC Police responded 14 times so far this year. Many are repeat offenders, there has been increases in theft from vehicles parked in the lot next door. We had a trio of guests, getting in mainly from Boardwalk, looking for units to stay in (doors open). They have been given trespasser warnings.

RISK MANAGEMENT RELATED ISSUES: So far in 2025 we forwarded 1 incident report to Condo's insurance carriers Global Risk Management, slip in front area. One still pending from 2024 (slip & pool area)

PARKING PASSES: Security has issued approximately 6900 passes since the beginning of the year. Avg. 300 per week due to short term rentals.

VISITORS/DELIVERIES: Since the beginning of this year Security has dealt with approximately 95 visitors going up to guest rooms and approximately 384 contractors, deliveries and other non-guests coming into the building. (Housekeepers and subs for AirBNB units, and rise in occupancy)

LOST AND FOUND: So far in 2025 security has taken in 156 lost and found items. Returned 30.

MIWA LOCK SYSTEM: The Miwa lock system is working well so far. We have decreased the number of lock related incidents so far this year.

DESIGN AND MAINTENANCE REPORT:

Mr. Oliveira gave the maintenance report:

Marco reported on the update of the fire system. He discussed maintenance issues, particular HVAC and elevators in specific areas of the building. The Board moved to approve the \$30,000 (\$25k + tax/contingency) sealant repair on the roof to be done by Valcourt. Damage to certain walls on the higher floors discussed. The Board moved to approve the front exterior LED lighting for \$7,000 contingent upon acceptance of the warranty.

Other:

- Elevators and their Age/Future
- RSIOA Intercompany – payment monthly occurs
- Reserve funding and expenditure discussion
- Bylaw changing for delinquent, the 3 month rule unacceptable
- 90k unit owed. Discussion on this.
- Unit Owners are responsible for the interiors of their units. Marco can suggest contractors
- 3106 Leak Investigation. (Valcourt to address) & Boiler Room “noise”
- Explained RSIOA as an affiliated entity, bound to pay

LEGAL REPORT:

Mr. Ibone – No Pending Claims or Litigation, that he is aware of. Mr. Nugent was absent.

ADJOURNMENT:

Ms. Passarella made a motion to adjourn
Mr. Rudolph second, motion carries.

Meeting adjourn 5:40pm

Atlantic Palace Condominium Owners Association
Profit and Loss Statement

For the Seven Months Ending July 31, 2025

	Actual	July Budget	Variance	Actual	YTD Budget	Variance
Maintenance Fees						
Condominium fees	321,949	321,948	1	2,253,641	2,253,636	5
Allowance for uncollectible fees	(19,300)	(19,317)	17	(135,100)	(135,219)	119
Inter-entity COA fees	20,781	21,334	(553)	145,465	149,338	(3,873)
Maintenance Fees net	323,430	323,965	(535)	2,264,006	2,267,755	(3,749)
Other Revenues						
Phone cable fees	11,727	11,621	106	82,089	81,347	742
Late fee income	0	200	(200)	0	1,400	(1,400)
Other income	1,392	2,851	(1,459)	19,611	15,954	3,657
Total Revenues	336,549	338,637	(1,459)	2,365,706	2,366,456	(750)
Expenses						
Management fees	9,367	9,367	0	65,569	65,569	0
Administration	33,557	74,541	40,984	556,157	522,237	(33,920)
Security	60,506	60,735	229	387,157	425,145	37,988
Pool	10,203	18,579	8,376	25,543	43,582	18,039
Housekeeping	31,610	26,401	(5,209)	152,136	172,321	20,185
Guest Relations	11,228	14,990	3,762	100,060	104,930	4,870
Maintenance	55,095	39,619	(15,476)	385,233	277,933	(107,300)
Utilities	59,073	40,417	(18,656)	381,132	286,919	(94,213)
Total Expenses	270,639	284,649	14,010	2,052,987	1,898,636	(154,351)
Income from operations	65,910	53,988	11,922	312,719	467,820	(155,101)
Reserve	4,584	79,500	74,916	4,584	556,500	551,916
Net Income / (Loss)	61,326	(25,512)	86,838	308,135	(88,680)	396,815
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Atlantic Palace Condominium Owners Association
Departmental Statement
General Administration
For the Seven Months Ending July 31, 2025

	Actual	July Budget	Variance	Actual	YTD Budget	Variance
Expenses						
Salaries	3,366	3,236	(\$130)	28,208	22,652	(\$5,556)
Payroll tax	307	1,000	693	2,683	7,000	4,317
Group insurance	13	200	187	125	1,400	1,275
Workers comp	1,357	1,583	226	8,771	11,081	2,310
Staffing Expenses	5,043	6,019	976	39,787	42,133	2,346
Cable Television	6,936	3,250	(3,686)	45,168	22,750	(22,418)
Computer Support	0	1,100	1,100	2,003	7,700	5,697
Computer Supplies	0	0	0	0	600	600
Bank and credit card fees	0	0	0	215	0	(215)
Dues and Subscriptions	23	0	(23)	82	0	(82)
Employee Relations	0	25	25	547	175	(372)
Internal Communications	0	79	79	0	553	553
Legal Fees	0	150	150	0	1,050	1,050
Licenses and Taxes	171	700	529	300	4,550	4,250
Owner Administration	0	0	0	0	200	200
Postage	0	50	50	0	350	350
Professional Fees	0	50	50	5,300	350	(4,950)
Equipment Rental	654	0	(654)	3,046	0	(3,046)
Office Supplies	0	125	125	29	875	846
Telephone	1,178	3,083	1,905	28,418	21,581	(6,837)
Accounting/Audit Fees	1,000	1,000	0	7,000	7,000	0
Service Contracts	0	1,415	1,415	0	9,905	9,905
Depreciation	2,875	0	(2,875)	20,125	0	(20,125)
Federal Income Taxes	0	0	0	2,748	0	(2,748)
Property Tax	0	2,875	2,875	11,204	20,125	8,921
General Liability Insurance	15,677	54,620	38,943	390,185	382,340	(7,845)
Total Expenses	33,557	74,541	40,984	556,157	522,237	(33,920)

Atlantic Palace Condominium Owners Association
Departmental Statement
Security

For the Seven Months Ending July 31, 2025

	Actual	July Budget	Variance	Actual	YTD Budget	Variance
Expenses						
Salaries	\$51,565	\$53,209	\$1,644	\$330,742	372,463	\$41,721
Payroll tax	4,649	5,217	568	30,956	36,519	5,563
Group insurance	2,432	1,317	(1,115)	15,324	9,219	(6,105)
Staffing Expenses	58,646	59,743	1,097	377,022	418,201	41,179
Computer supplies	0	100	100	0	700	700
Employee relations	0	50	50	2,407	350	(2,057)
Internal communications	0	167	167	0	1,169	1,169
Printing	0	0	0	1,883	0	(1,883)
Security expense	1,279	375	(904)	3,972	2,625	(1,347)
Supplies office	457	100	(357)	1,749	700	(1,049)
Supplies office	124	0	(124)	124	0	(124)
Uniforms	0	200	200	0	1,400	1,400
Total Expenses	60,506	60,735	229	387,157	425,145	37,988

Atlantic Palace Condominium Owners Association
Departmental Statement
Safety / Pool

For the Seven Months Ending July 31, 2025

	Actual	July Budget	Variance	Actual	YTD Budget	Variance
Expenses						
Salaries	\$9,228	\$15,729	\$6,501	\$17,709	32,427	\$14,718
Payroll tax	900	1,500	600	1,728	3,055	1,327
Staffing Expenses	10,128	17,229	7,101	19,437	35,482	16,045
Hospitality	125	0	(125)	125	0	(125)
Uniforms	0	150	150	407	450	43
Swimming pool	(50)	1,200	1,250	5,574	7,650	2,076
Total Expenses	10,203	18,579	8,376	25,543	43,582	18,039
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Atlantic Palace Condominium Owners Association
Departmental Statement
Housekeeping

For the Seven Months Ending July 31, 2025

	Actual	July Budget	Variance	Actual	YTD Budget	Variance
Expenses						
Salaries	\$19,793	\$20,194	\$401	\$108,167	128,872	\$20,705
Payroll tax	1,835	1,917	82	10,296	13,419	3,123
Group insurance	24	1,833	1,809	15,426	12,831	(2,595)
Other benefits	0	67	67	0	469	469
Staffing Expenses	21,652	24,011	2,359	133,889	155,591	21,702
Employee relations	0	250	250	0	1,750	1,750
Internal communications	0	50	50	0	350	350
Supplies operating	9,958	1,915	(8,043)	14,672	13,405	(1,267)
Uniforms	0	50	50	2,694	350	(2,344)
Appliance repair	0	125	125	0	875	875
Service contracts	0	0	0	881	0	(881)
Total Expenses	31,610	26,401	(5,209)	152,136	172,321	20,185
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Atlantic Palace Condominium Owners Association
Departmental Statement
Guest Services

For the Seven Months Ending July 31, 2025

	Actual	July Budget	Variance	Actual	YTD Budget	Variance
Expenses						
Salaries	\$10,040	\$9,768	(\$272)	\$58,988	68,376	\$9,388
Payroll tax	927	938	11	5,607	6,566	959
Group insurance	0	3,517	3,517	29,943	24,619	(5,324)
Staffing Expenses	10,967	14,223	3,256	94,538	99,561	5,023
Employee relations	0	250	250	0	1,750	1,750
Internal communications	0	50	50	0	350	350
Equipment rental	158	0	(158)	2,024	0	(2,024)
Supplies office	0	0	0	213	0	(213)
Supplies operating	0	400	400	2,563	2,800	237
Uniforms	0	67	67	0	469	469
Service contracts	103	0	(103)	722	0	(722)
Total Expenses	11,228	14,990	3,762	100,060	104,930	4,870

Atlantic Palace Condominium Owners Association
Departmental Statement
Maintenance

For the Seven Months Ending July 31, 2025

	Actual	July Budget	Variance	Actual	YTD Budget	Variance
Expenses						
Salaries	\$19,748	\$17,806	(\$1,942)	\$127,586	124,642	(\$2,944)
Payroll tax	1,765	1,833	68	11,905	12,831	926
Group insurance	(62)	1,702	1,764	34,885	11,914	(22,971)
Other benefits	1,103	55	(1,048)	3,529	385	(3,144)
Employee meals	935	0	(935)	1,785	0	(1,785)
Staffing Expenses	23,489	21,396	(2,093)	179,690	149,772	(29,918)
Dues and Subscriptions	0	0	0	916	0	(916)
Employee Relations	0	375	375	0	2,625	2,625
Hospitality	275	0	(275)	275	0	(275)
Internal Communications	0	100	100	357	700	343
Licenses and Taxes	0	0	0	510	0	(510)
Repairs and Maintenance	0	87	87	0	609	609
Supplies	589	1,100	511	7,721	7,700	(21)
Training and Education	0	50	50	0	350	350
Uniforms	0	45	45	219	315	96
Building	5,466	2,333	(3,133)	37,197	16,331	(20,866)
Curtains and draperies	0	83	83	0	581	581
Electrical Equipment	0	0	0	127	600	473
Elevators	8,442	833	(7,609)	32,877	5,831	(27,046)
Engineering Supplies	0	200	200	0	1,400	1,400
Flooring	0	50	50	0	350	350
Furniture	0	0	0	1,844	0	(1,844)
Grounds and landscaping	0	100	100	3,093	700	(2,393)
HVAC Equipment	0	1,417	1,417	17,105	9,919	(7,186)
Light bulbs	0	100	100	0	700	700
Major Maintenance	0	2,083	2,083	25,001	14,581	(10,420)
Mechanical Equipment	0	500	500	1,576	3,500	1,924
Painting and Decorating	(133)	167	300	(134)	1,169	1,303
Plumbing	6,936	2,500	(4,436)	22,097	17,500	(4,597)
Service Contracts	5,154	4,750	(404)	38,078	33,250	(4,828)
Signs	0	100	100	0	700	700
Swimming Pool	2,118	0	(2,118)	2,118	0	(2,118)
Telephone Repairs	0	0	0	80	0	(80)
Waste Removal	1,426	1,250	(176)	6,777	8,750	1,973
Water	1,333	0	(1,333)	7,709	0	(7,709)
Total Expenses	55,095	39,619	(15,476)	385,233	277,933	(107,300)

Atlantic Palace Condominium Owners Association
Departmental Statement
Utilities

For the Seven Months Ending July 31, 2025

	Actual	July Budget	Variance	Actual	YTD Budget	Variance
Expenses						
Power	\$40,995	\$17,000	(\$23,995)	\$166,320	98,000	(\$68,320)
Gas	3,868	3,000	(868)	67,764	46,000	(21,764)
Sewer	14,210	13,750	(460)	99,468	96,250	(3,218)
Water	0	6,667	6,667	47,580	46,669	(911)
Total Expenses	59,073	40,417	(18,656)	381,132	286,919	(94,213)
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Atlantic Palace Condominium Association, Inc.

Balance Sheet

July 31, 2025

-INTERNALLY PREPARED-

ASSETS

Cash and Cash Equivalents	\$75,097
Money Market / CD	257,997
Assessments Receivable - Net of Allowances for Doubtful Accounts of \$448,921	118,316
Due from Affiliated Entities	1,012,276
Prepaid Expenses	220,196
Property, Equipment, Furnishings, net	218,323

TOTAL ASSETS	\$1,902,205
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LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts Payable and Accrued Expenses	\$50,522
Due to Affiliated Entities	133,820
Other Liabilities	1,283,559

TOTAL LIABILITIES	1,467,901
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FUND BALANCES	434,304
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TOTAL LIABILITIES AND FUND BALANCES	\$1,902,205
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Atlantic Palace Condo Association, Inc.

CASH SUMMARY

As of 07/31/2025

TD Bank Operating Account:	\$41,019
Total Operating Funds:	41,019
Less A/P Trade:	(70,892)
Available Operating Balance (Hypo):	(39,283)
TD Bank Capital Reserve:	38,052
Morgan Stanley Reserve:	257,997
Total Reserve Funds:	296,049
Grand Total Funds (All):	256,766

*Note: Balances vary on timing

APCOA RESERVE STANDING

as of 07/31/2025

Balance Morgan Stanley Capital	\$257,997.00
Balance TD Reserve Fund	\$38,052.00

TOTAL RESERVE FUNDS BALANCE **\$296,049.00**

APPROVED FUND EXPENSE 2024/25:

Pending Projects:	(\$7,000.00)
Approved but not complete	

RESERVE BALANCE THRU 3/03/2025 **\$289,049.00**

CONSTELLATION - MECHANICAL PROJECTED LOAN PAYMENT thru Dec	(\$64,350.00)
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Johnson Control - fire system loan thru Dec	(\$163,208.75)
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Pending reserve deposits 2024 Owed	\$903,083.00
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Pending reserve deposits 2025 Owed	\$954,000.00
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ANTICIPATED DEPOSITS thru DECEMBER 25'	\$0.00
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POTENTIAL RESERVE BALANCE at 12/31/2025 **\$1,918,573.25**

Security department report September 17,2025

1. Fire system The new Johnson Control fire system is working as intended and is cutting down on the amount of smoke alarms and common alarms that we have . The primary reason for the decrease is the adjusting of the sensitivity of the detectors. To date we have had a total of seventy three fire system related issues smoke alarms . We still have occasional issues with new abnormalities or troubles that come on the system. We work with Johnson control to get a handle on what these issues are when they occur .

2. Elevator issues : So far in 2025 security has handled 25 elevator related issues . and 9 elevator entrapments .

3. Reported incidents : So far in 2025 security has handled 644 total incidents . This includes noise complaints, domestics, evictions, trespassers, theft reports , assisting guests , , elevator issues , vehicle damage complaints , guest medical issues , maintenance related issues and other issues. **Atlantic City Police department has responded to the building twenty seven times times so far this year regarding incidents** . We have had an increased number of trespassers in the building with forty so far this year . Many are repeat offenders who despite defiant trespass warnings continue to try to access the building . We have also had an increased number of thefts from vehicles in the flat lot this year .

We had a trio of street people that were entering the building mainly thru the boardwalk doors . Once in the building they would go thru the tower and look for unlocked doors and than occupy the room until they were located. With cooperation from housekeeping and security patrols to close and lock unsecured doors this behavior has stopped for the time being . These people have been given defiant trespass warnings and will be charged if caught again on the property . Their photos were also sent to Flagship where they were also caught and given defiant trespass warnings . We have not seen this group of trespassers in more two months .

4. Risk management related issues : . We have two pending lawsuit files one for a slip and fall at the pool last year and one for a guest being hit by a rope from a window washer.

5 Parking passes.: Security has issued approximately 11,000 passes since the beginning of the year . Average for the year is approximately 300 passes per week issued . The number has increased due to the large amount of private owners renting their units .

6. Visitors / deliveries : Since the beginning of this year Security has dealt with approximately 133 visitors going up to guest rooms and approximately 532 contractors , deliveries and other non- guests coming into the building . That number has increased due to the increased occupancy in the building .

7.Lost and found : so far in 2025 security has taken in 416 lost and found items. Security has also returned approximately 30 items to the owners either directly or via UPS . Two lost and found give backs to housekeepers have been done so far this year .Another one will be done in the next few weeks .

8 . MIWA lock system . The MIWA lock system is working well so far .We have a decreased number of lock related incidents so far this year . We have had an increased number of lost/missing staff keys from housekeeping . Housekeeping management is working on that issue .

9. Staffing ; We are still having issues retaining quality employees , we also recently lost two long time employees who passed away Ashraf Elsayed and Ronnie Hunt. They both had been here several years and were reliable and knowledgeable employees .



868 Sussex Boulevard
Broomall, PA 19008
Phone: (610) 825-5040
Fax: (610) 825-5080

Website: www.merionpump.com

2/11/2025

Marco Olivera
Nicole Crawford
60 North-Atlantic Palace

RE: Replacement Burner
Quote #M210252

Marco and Nicole,

During the course of a recent service call, our technician found that the B-2 Camus boiler ran too long with the Siemens modulating gas valve causing a malfunction and burnt a hole in the screen. This caused intermittent backfiring of the boiler and we recommend replacing the burner.

Below is our proposal to replace the burner on the B-2 Camus boiler.

EQUIPMENT SCHEDULE

Camus Boiler (B-2)

SCOPE OF WORK-

- Lock Out, Tag Out
- Remove top cover.
- Disconnect gas supply connection to fan inlet.
- Disconnect fan motor power wires at harness.
- Remove hot surface igniter and flame sensor.
- Remove sensing tubes from air ratio gas valve to combustion air fan.
- Remove nuts holding the fan assembly to heat exchanger and remove fan assembly.
- Lift burner out of the heat exchanger cavity.
- Install new gaskets
- Reinstall fan assembly
- Reinstall sensing tubes from air ratio gas valve to combustion air fan.

- Install hot surface ignitor and flame sensor
- Reconnect fan motor power wiring
- Reconnect gas supply connection to the fan inlet.
- Turn on gas and power to boiler
- Check for gas leaks
- Cycle unit and check for proper operation.

PRICING

Our price for the work, as listed above, is Thirteen Thousand Six Hundred and Twenty dollars (**\$ 13,620.00**). It will be held firm for 30 days.

EXCLUSIONS

- Any applicable Federal, State or Local taxes are not included.

Thank you for the opportunity to be of service.

Sincerely,

Todd Smith
Service Manager

Accepted: _____

Date: _____

P.O. # _____

Merion Pump & Equipment Terms and Conditions (Service)

The following "Terms and Conditions" are attached to and made a part of the Service Agreement ("Agreement") between the named Customer and Merion Pump & Equipment.

Merion Pump & Equipment's Services are furnished pursuant to and subject to the following terms and conditions, except for any Services that are the subject of a pre-existing valid written agreement currently in effect between Merion Pump & Equipment and Customer, in which case such

written agreement shall apply.

Acceptance. A Proposal or Agreement made upon these terms is subject to Customer acceptance in writing delivered to Merion Pump & Equipment within thirty (30) days from the date hereof. If your order is an acceptance of a written Proposal on a form provided by Merion Pump & Equipment, without the addition of any other terms and conditions of sale or any other modification, this document shall be treated solely as an acknowledgment of such order, subject to credit approval. If your order is not such an acceptance, then this document is Merion Pump & Equipment's offer, subject to credit approval, to provide the services solely in accordance with the following terms and conditions of sale. If we do not hear from you within two weeks from the date hereof, Merion Pump & Equipment shall rely upon your silence as an acceptance of these terms and conditions and any performance will be pursuant hereto. Customer's acceptance of services by Merion Pump & Equipment will in any event constitute an acceptance by Customer of these terms and conditions.

Term and Pricing. The Term of this Agreement shall be as stated in the "Pricing & Acceptance" section hereof. This Agreement may be canceled upon the written notice of either party to the other (for any reason or no reason) no later than thirty (30) days prior to the scheduled expiration date; provided, however, that, in the event of a cancellation by Customer, Customer shall pay to Merion Pump & Equipment the balance of the stated price applicable to the then current 12 month period of the Term. The Service Fee is based on performance during regular business hours.

Payment and Taxes. Payment is due on date of Merion Pump & Equipment's invoice. Except as may otherwise be provided in the "Pricing & Acceptance" section, annual Service Fee amounts shall be paid in advance of performance of the Services. A service charge of 1½% on unpaid balances may be charged by Merion Pump & Equipment. Without liability to Customer, Merion Pump & Equipment may discontinue services whenever payment is overdue. In addition to the stated Price, Customer shall pay all taxes not legally required to be paid by Merion Pump & Equipment or, alternatively, shall provide Merion Pump & Equipment with acceptable tax exemption certificates. Customer shall pay all costs (including attorneys' fees) incurred by Merion Pump & Equipment in attempting to collect amounts due.

Termination. This Agreement may be terminated by either party upon a material breach by the other party of its obligations hereunder upon fourteen (14) calendar days prior written notice to the breaching party and the failure of the breaching party to cure the breach within such fourteen (14) day period. Notwithstanding any termination, Customer shall remain liable to Merion Pump & Equipment for any amounts for services provided by Trane and not then paid.

h. The normal function of starting and stopping the Equipment or the opening and closing of valves, dampers or regulators normally installed to protect the Equipment against damage;

i. Any responsibility for design or redesign of the system or the Equipment, obsolescence, safety tests, or removal or reinstallation of valve bodies and dampers;

j. Any services, claims, or damages arising out of Customer's failure to comply with its obligations under this Agreement;

k. Any claims, damages, losses, or expenses, arising from or related to conditions that existed in, on, or upon the premises before the effective date of this Agreement ("Pre-Existing Conditions"), including, without limitation, damages, losses, or expenses involving pre-existing building envelope issues, mechanical issues, plumbing issues, and/or indoor air quality issues involving mold/mould and/or fungi; and

l. Any claims, damages, losses, or expenses, arising from or related to work done by or services provided by individuals or entities that are not employed by or hired by

Merion Pump & Equipment.

Warranties. (a) Labor is warranted (to have been properly performed) for a period of 90 days from completion and Merion Pump & Equipment's obligation under this warranty is limited to correcting any improperly performed labor and (b) equipment and/or parts are not warranted by Merion Pump & Equipment, but shall have such warranties as are extended to Merion Pump & Equipment by the respective manufacturer. **THE WARRANTY AND LIABILITY SET FORTH IN THIS SECTION ARE IN LIEU OF ALL OTHER WARRANTIES AND LIABILITIES, WHETHER IN CONTRACT OR IN NEGLIGENCE, EXPRESS OR IMPLIED, IN LAW OR IN FACT, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL Merion Pump & Equipment BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL (INCLUDING WITHOUT LIMITATION LOST REVENUE OR PROFITS), OR PUNITIVE DAMAGES. NO REPRESENTATION OR WARRANTY OF MERCHANTABILITY OR FITNESS OF PURPOSE IS MADE REGARDING PREVENTION BY THE SCOPE OF SERVICES, OR ANY COMPONENT THEREOF, OF MOLD, FUNGUS, BACTERIA, MICROBIAL GROWTH, OR ANY OTHER CONTAMINATES. Merion Pump & Equipment SPECIFICALLY DISCLAIMS ANY LIABILITY IF THE SCOPE OF SERVICES OR ANY COMPONENT THEREOF IS USED TO PREVENT OR INHIBIT THE GROWTH**

OF SUCH MATERIALS.

Indemnity and Liability. Merion Pump & Equipment and Customer shall indemnify, defend and hold each other harmless from any and all claims, actions, costs, expenses, damages and liabilities, including reasonable attorneys' fees, resulting from death or bodily injury or damage to real or personal property, to the extent caused by the negligence or misconduct of the indemnifying party, and/or its respective employees or agents. If the parties are both at fault, the obligation to indemnify shall be proportional to their relative fault. The duty to indemnify will continue in full force and effect, notwithstanding the expiration or early termination hereof, with respect to any claims based on facts or conditions that occurred prior to expiration or termination. **NOTWITHSTANDING ANY CONTRARY PROVISION, NEITHER PARTY SHALL BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE (INCLUDING WITHOUT LIMITATION LOST REVENUE OR PROFITS), WHETHER CLAIMED UNDER CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER**

LEGAL THEORY OR FACTS, OR PUNITIVE DAMAGES.

Asbestos and Hazardous Materials. Merion Pump & Equipment's services expressly exclude any identification, abatement, cleanup, control, disposal, removal or other work connected with asbestos or other hazardous materials (collectively, "Hazardous

Performance. Merion Pump & Equipment shall perform the services described in this Agreement with respect to the listed Equipment with reasonable promptness in a workmanlike manner in accordance with industry standards generally applicable in the area. Except as otherwise provided in writing in "Scope of Services," Services will be performed during Merion Pump & Equipment's normal

business hours and any after-hours services shall be billed separately according to then prevailing overtime or emergency labor rates. Merion Pump & Equipment's duty to perform under this Agreement are subject to the approval of Merion Pump & Equipment's credit department, are subject to Events of Force Majeure, and contingent upon the ability to procure materials from the usual sources of supply. Upon disapproval of the credit department or upon the occurrence of any such event as aforesaid, Merion Pump & Equipment may delay or suspend performance or, at its option, renegotiate the Price, and/or terms and conditions with the Customer. If Merion Pump & Equipment and Customer are unable to agree on such revisions, this Agreement shall be canceled without any liability, other than Customer's obligation to pay for services rendered by Merion Pump & Equipment to the date of cancellation. This Agreement presupposes that all major pieces of equipment are in proper operating condition as of the date hereof. Services furnished are premised on the Equipment being in a maintainable condition. In no event shall Merion Pump & Equipment have any obligation to replace Equipment that is no longer maintainable. If initial or seasonal start-up is included in the services, or an inspection by Merion Pump & Equipment prior to commencement of the services, indicates repairs are required, Merion Pump & Equipment will provide a quotation for such repairs. If Customer does not authorize such repairs, Merion Pump & Equipment may remove the unacceptable Equipment from the "Equipment Coverage" or "Scope of Services" sections of this Agreement and adjust the Price accordingly, or at Merion Pump & Equipment's option, cancel this Agreement. During the Term, Merion Pump & Equipment may elect to install/attach to Customer equipment or provide portable devices (hardware and/or software) for execution of control or diagnostic procedures. Such devices shall remain the personal proprietary property of Merion Pump & Equipment and in no event shall become a fixture of customer locations. Customer shall not acquire any interest, title or equity in any hardware, software, processes, and other intellectual or proprietary rights to devices used in connection with providing service on Customer equipment. Merion Pump & Equipment reserves the right to remove such items at its discretion.

Customer Obligations. Customer shall:

- a. Provide Merion Pump & Equipment reasonable and safe access to all Equipment;
- b. Reimburse Merion Pump & Equipment for services, repairs, and/or replacements performed by Merion Pump & Equipment beyond the "Scope of Services" or otherwise excluded hereunder. Such reimbursement shall be at the then prevailing overtime/holiday rates for labor and prices for materials and may at Merion Pump & Equipment's option be subject to a separate written agreement prior to its undertaking such work; and
- c. Unless water treatment is expressly included in Merion Pump & Equipment's Scope of Services, provide professional cooling tower water treatment in accordance with any reasonable recommendations provided by Merion Pump & Equipment.

Exclusions. Unless expressly included in "Scope of Services" or "Equipment Coverage," the services to be provided by Merion Pump & Equipment do not include, and Merion Pump & Equipment shall not be liable for, any of the following:

- a. Any guarantee of room conditions or system performance;
- b. Inspection, maintenance, repair, replacement of or services for: chilled water and condenser water pumps and piping; electrical disconnect switches or circuit breakers; motor starting equipment and interconnecting power wiring; recording or portable instruments, gauges or thermometers; any pipe covering or insulation containing asbestos, or non-maintainable parts of the system, including, but not limited to, unit cabinets, shells, ductwork, electrical wiring, hydronic piping, structural supports, boiler refractory material and shells, storage tanks and similar items; the appearance of decorative casing Materials"). Should Merion Pump & Equipment become aware of or suspect the presence of Hazardous Materials, Merion Pump & Equipment may immediately stop work in the affected area and shall notify Customer. Customer will be responsible for taking any and all action necessary to correct the condition in accordance with all applicable laws and regulations. Customer shall be exclusively responsible for any claims, liability, fees and penalties, and the payment thereof, arising out of or relating to any Hazardous Materials on or about the premises, not brought onto the premises by Merion Pump & Equipment. Merion Pump & Equipment shall be required to resume performance of the services only when the affected area has been rendered

harmless.

Insurance. Merion Pump & Equipment agrees to maintain insurance in the following minimum amounts during the Term: Commercial General Liability -- \$1,000,000 per occurrence; Automobile Liability -- \$1,000,000 CSL; Workers Compensation -- Statutory Limits. If Customer has requested to be named as an additional insured under Merion Pump & Equipment's insurance policy, Merion Pump & Equipment will do so but only to the extent of Merion Pump & Equipment's indemnity assumed under the indemnity provision contained herein. Merion Pump & Equipment does not waive any rights of subrogation.

Force Majeure. Merion Pump & Equipment shall not be considered to be in default hereunder when a failure of performance is due to an Event of Force Majeure. An "Event of Force Majeure" shall mean any cause beyond the control of Merion Pump & Equipment and which by the exercise of due diligence Merion Pump & Equipment could not reasonably have been expected to avoid and which it has been unable to overcome. Without limiting the foregoing, "Event of Force Majeure" includes: acts of God and the public enemy; flood, earthquake, tornado, storm, fire; civil disobedience, labor disputes, labor or material shortages, or sabotage; restraint by court order or public authority (whether valid or invalid), and action or non-action by or inability to obtain or keep in force the necessary governmental authorizations, permits, licenses, certificates or approvals if not caused by the fault of Merion Pump & Equipment. If Merion Pump & Equipment is rendered unable to fulfill any of its obligations under this Agreement by reason of an Event of Force Majeure it shall give prompt written notice of such fact to Customer and Merion Pump & Equipment's obligations shall be suspended until removal of the Event of Force Majeure.

Services Other Than Solely Scheduled Service. If Merion Pump & Equipment's services hereunder are not limited solely to Scheduled Service, the following provisions shall also apply: (a) Required restoration shall be performed by Customer at its cost prior to Merion Pump & Equipment being obligated to perform hereunder; (b) any changes, adjustments, service or repairs made to the Equipment by any party other than Merion Pump & Equipment, unless approved by Merion Pump & Equipment in writing, may, at Merion Pump & Equipment's option, terminate Merion Pump & Equipment's obligation to render further service to the Equipment so affected; in such case no refund of any portion of the agreement Price shall be made; and (c) Customer shall (i) promptly notify Merion Pump & Equipment of any unusual performance of Equipment; (ii) permit only Merion Pump & Equipment personnel to repair or adjust Equipment and/or controls during the Term; and (iii) utilize qualified personnel to properly operate the Equipment in accordance with the applicable operating manuals and recommended procedures.

General. To the maximum extent provided by law, this Agreement is made and shall be interpreted and enforced in accordance with the laws of the state or province in which work is performed. This Agreement contains all of the agreements, representations and understandings of the parties and supersedes all previous understandings, commitments or agreements, oral or written, related to the subject matter hereof. If any part of this Agreement is deemed to be unlawful, invalid, void or otherwise unenforceable, the rights and obligations of the parties shall be reduced only to the extent required to remove the invalidity or unenforceability. Customer may not assign, transfer, or convey this Agreement, or any part hereof, without the written consent of Merion Pump & Equipment. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the parties hereto and their permitted successors and assigns. Except as provided no modifications, additions or changes may be made to this Agreement except in writing signed by both parties. This Agreement may be executed in several counterparts, each of which when executed shall be deemed to be an original, but all together shall constitute but one and the same Agreement. A fully executed facsimile copy hereof or the several counterparts shall suffice as an original.

or cabinets; damage sustained by other equipment or systems; and/or any failure, misadjustment or design deficiencies in other equipment or systems;

c. Repairs or replacement of parts made necessary as a result of electrical power failure, low voltage, burned out main or branch fuses, low water pressure, vandalism, misuse or abuse, improper operation, unauthorized alteration of Equipment, accident, negligence of Customer or others, damage due to freezing weather, calamity or malicious act;

d. Any damage or malfunction resulting from freezing, contamination, corrosion or erosion on the water side of the equipment or caused by scale or sludge on

internal tubes except where water treatment protection services are provided by Merion Pump & Equipment as part of this agreement;

- e. Furnishing any items of equipment, material, or labor/labour, or performing special tests recommended or required by insurance companies or federal, state, or local governments;

- f. Failure or inadequacy of any structure or foundation supporting or surrounding the Equipment or any portion thereof;

- g. Building access or alterations that might be necessary to repair or replace Customer's existing equipment;

Equal Employment Opportunity/Affirmative Action Clause. Merion Pump & Equipment is a federal contractor which complies fully with Executive Order 11246, as amended, and the applicable regulations contained in 41 C.F.R. Parts 60-1 through 60-60, 29 U.S.C. Section 793 and the applicable regulations contained in 41 C.F.R. Part 60-741; and 38 U.S.C. Section 4212 and the applicable regulations contained in 41 C.F.R. Part 60-250 in the United States and with Canadian Charter of Rights and Freedoms Schedule B to the Canada Act 1982 (U.K.) 1982, c. 11 and applicable Provincial Human Rights Codes and employment law in Canada.