



PROGRAMMED MAINTENANCE - PLUS
Planned Maintenance Program

Proposal Number: H-5-EXCA PMP

Prepared for:

Excalibur Manufacturing
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Pikeville, KY 44017

Prepared by:

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EXECUTIVE SUMMARY

Star Mechanical Services, Inc. would like to thank Excalibur Manufacturing for this opportunity to propose the following custom tailored mechanical maintenance solution for your heating, ventilation and air conditioning (HVAC) equipment. We wish to thank Sam Miller for assistance in getting the needed information to make this proposal possible.

In today's economy, companies like Excalibur Manufacturing are charged with finding ways to continually improve upon quality service while containing or reducing costs. During this time, effective strategic decision making is crucial to meeting these higher standards. Star Mechanical Services, Inc. is a resource that offers turnkey integrated mechanical maintenance solutions designed to help meet these goals. Star Mechanical Services, Inc. is dedicated to identifying, developing, and implementing strategies that will reduce your cost structure through the implementation of optimally designed mechanical maintenance programs and innovative procurement strategies.

Star Mechanical Services, Inc. is not only the best, but also one of the largest service organizations in the Ohio, Kentucky & Indiana area with the most sophisticated computerized dispatch and maintenance management system available. Our purchasing power of HVAC equipment and maintenance materials through our subscription in the Contractor Support System is second to none in the industry. Our purchasing power keep our costs lower which in turn benefits you directly in all categories of HVAC work we perform on your behalf. We have, for more than 15 years, been able to provide our customers with the best value for their investment dollar.

Star Mechanical Services, Inc. has considerable experience in servicing other similar HVAC mechanical systems as Excalibur Manufacturing's at the following client facilities:

Proctor & Gamble and
Avon Products

Additional information on the above clients can be furnished upon request.

BENEFITS OF PLANNED MAINTENANCE

The Planned Maintenance Agreement you are about to review is the optimum choice for Excalibur Manufacturing to maintain its HVAC equipment operation at peak efficiency. This program is customized to meet all of the unique requirements of your specific HVAC equipment. Excalibur Manufacturing will experience many benefits from a well-designed and implemented programmed maintenance program such as the one we are offering here.

Star Mechanical Services, Inc.'s maintenance program is designed to help you reduce the cost of operating and maintaining your HVAC systems. Studies have shown that our type of maintenance program can help you:

- Avoid expensive downtime, employee productivity losses, or tenant turnover
- Avoid utility waste costs by up to 5-20%
- Extending the useful life of your equipment by 20% or more
- Reduce administrative costs associated managing HVAC services

Our goal is to help you control your overall maintenance costs via an optimum blend of predictive, diagnostic, and scheduled maintenance tasking services. With this Planned Maintenance Agreement, Excalibur Manufacturing will receive the following benefits:

1.1. Energy Dollar Savings

Planned maintenance keeps Excalibur Manufacturing's equipment in peak operating condition, thereby reducing energy consumption. Our program will provide the proper maintenance tasking procedures that will include cleaning all heat transfer surfaces and calibrating your equipment to operate at peak performance.

1.2. Operating Cost Saving

Our program will save you money in two ways. Since Star Mechanical Services, Inc. is part of the Contractor Support System network, you benefit from our ever-growing economies of scale, which attracts huge purchasing discounts from major equipment manufacturers and support material vendors. This aggregated buying power allows us to give you the lowest possible price while still providing the highest quality and most efficient services and support systems available.

As we implement this Planned Maintenance Program, system efficiency is returned to an optimum level, and operating costs and productivity losses are reduced to a minimum.

1.3. Elimination of Expensive Down Time

Proper functioning equipment means money in your pocket. This Planned Maintenance Program provides the manufacturers recommended maintenance tasking procedures for your equipment on a predetermined schedule. Our program reduces equipment failures, and costly equipment downtime while increasing employee productivity.

1.4. Extending Equipment Life

Star Mechanical Services, Inc.'s Planned Maintenance Program keeps your equipment in optimum condition. This maintenance program is custom tailored to increase the life expectancy of your equipment over that of improperly maintained equipment. This results in the deferral of costly replacement expenditures.

1.5. Improved Indoor Air Quality

This program is designed to allow your equipment to operate within the original design environmental specifications they were engineered to provide. The first line of defense against possible perceived or real environmental complaints is proof of a verifiable maintenance program that provides for proper ventilation, filter changes, and comfort control. Our program will help you meet these challenges while providing an environment that is healthy for your tenants.

1.6. Increased Comfort Control

Consistent comfort control keeps your tenants happy which studies have shown increases productivity levels to peak performance.

Planned Maintenance Performed Around Your Schedule

We have incorporated your business and technical requirements into this maintenance program. Our call center automatically dispatches the manufacturers recommended maintenance tasking procedures for your equipment on a predetermined schedule that best meets both your business and your equipment requirements.

1.7. Guaranteed Priority Emergency Service Response

Our Planned Maintenance Program has continuously proven to reduce emergency or trouble calls. However, when one does occur, you will receive our highest priority response. Star Mechanical Services, Inc. responds to emergency service or trouble calls even during peak periods within four (4) hours or less of your call.

2. PROGRAM IMPLEMENTATION TEAM

Star Mechanical Services, Inc. has assembled a specialized equipment maintenance team dedicated to insure a smooth integration of this maintenance program with Excalibur Manufacturing's normal business activities. This team will ensure consistency in the delivery of your maintenance program, provide for effective lines of communication, and to avoid escorting unfamiliar people throughout your facility.

Your Account Manager will continue to work closely with you along with the Implementation Team to preserve the integrity of your equipment, reduce your energy and operating costs and to maintain tenant comfort. The Implementation Team will be made up of the following service professionals:

- **Mark Roberts**, Phone # (513) 726-0168 will continue to be your Account Manager. The primary responsibility of the account manager is to ensure proper coordination of the execution of this maintenance program.
- **Harold Simmons** is the Primary Service Technician. Harold Simmons will be performing the service and repair functions on all of your HVAC equipment whenever possible. In the event that Harold Simmons is not available, we will then assign the secondary technician.
- **Gary Burbank** is the Secondary Service Technician. Gary Burbank will serve as backup whenever the Primary Service Technician is not available.
- **Jennifer Maupin** is the Service Coordinator. Jennifer Maupin is responsible for scheduling all maintenance program services, as well as being your direct contact for technical support. Jennifer Maupin and the call center team can be reached at (513) 726-0168 for emergency service or normal service requests.
- **Rob Herd** is the Service Operations Manager. Rob Herd has complete authority for controlling and directing the field personnel, support personnel, and resources to ensure the smooth and efficient delivery of this Planned Maintenance Program. You can reach Rob Herd at (513) 726-0168.
- **Lois Roberts** is the Billing Coordinator. Lois Roberts is responsible to handling all invoicing per the terms and conditions of this agreement. You can reach Lois Roberts at (513) 726-0168.

3. PROGRAM FEATURES

The implementation plan of your Planned Maintenance Program will include the following scope of service to be provided on the equipment described in the "List of Maintained Equipment" located in the Appendix A section of this agreement.

Scheduled Inspections: Star Mechanical Services, Inc. will provide one (1) Annual and three (3) Operational inspections per year in accordance per the "Equipment Tasking Procedures" located in Appendix B section of this agreement. The manufacturer's recommendations, equipment application and our extensive experience determine the maintenance tasking procedures, which our technicians precisely follow.

Our program includes all maintenance materials, gaskets, oils, and lubricants required to perform these inspections tasking procedures. Also included is belt replacement if they are found worn or broken.

Air Filter Maintenance: Included in your program are four (4) air filter changes per year. Star Mechanical Services, Inc. will provide the labor, materials, and disposal of the used filters.

Corrective Maintenance and Component Replacement Coverage: The main objective of this Planned Maintenance Agreement is to maintain your equipment at optimum peak efficiency. During the course of executing the maintenance tasking procedures, our technicians are trained to identify impending problems and repair them before they cause unplanned downtime. Component repair labor and material costs are included within the costs of this program.

Emergency and Trouble Call Coverage: Even with the comprehensive care provided in this program, occasional failures can occur. Under this agreement, we will provide emergency response between scheduled visits, Monday through Sunday, including holidays, 24 hours per day to minimize downtime. Even during peak heating or cooling periods, we will be on-site within 4 hours from receipt of your request. The cost of emergency service labor and materials is included.

Refrigerant Containment Service: We will leak test and report needed repairs on any equipment found low of refrigerant. We will use recovery, recycling and reclamation of your refrigerant as appropriate to minimize costs of replacement refrigerant. Such work will be done per all federal, state and local regulatory guidelines.

Service Documentation: We will document all scheduled and unscheduled service work showing the time, date, name of service technician, equipment identification and brief description of work. This documentation will be made available upon request.

Customer Assurance Review Evaluation (C.A.R.E.) Program: We will meet with you annually or more frequently upon request to evaluate and make modifications, if necessary, to this maintenance program to assure that it continue to meet both your business and technical requirements.

Additional Services:

4. YOUR PROGRAM INVESTMENT

This Planned Maintenance Program will be for an original term of 5 years, beginning on 8/1/2007. At the end of the original term of this agreement, the program will automatically renew from year to year unless either party gives written notice to the other with intent not to renew thirty (30) days prior to the anniversary date. Excalibur Manufacturing annual investment in this program is shown below:

TERM	PRICE	% ADJUSTMENTS
8/1/2007 - 7/31/2008	\$17,100.00	
8/1/2008 - 7/31/2009	\$17,448.00	2.00%
8/1/2009 - 7/31/2010	\$17,796.00	2.00%
8/1/2010 - 7/31/2011	\$18,156.00	2.00%
8/1/2011 - 7/31/2012	\$18,516.00	2.00%

The annual agreement prices shown above can only be adjusted if equipment is added or deleted from the original agreement. Price adjustments after the term of this agreement expires are discussed in the terms and conditions of this agreement.

Payments in the amount of **\$4,275.00** will be made on a **Quarterly** basis for the first year and in advance of any scheduled service. Recurring payments will be based on the annual amounts listed above. Payment terms will be thirty (30) days after date of invoice. Star Mechanical Services, Inc. reserves the right to discontinue its service anytime payments have not been made as agreed. Failure to make payments when due or impairment of customer's credit shall relieve Star Mechanical Services, Inc. of any and all obligations pertaining to work or performance of work.

We would appreciate your signature in the space provided below as your acceptance of this Agreement.

PROPOSAL OFFERED BY: **Jamie Brown**
Representative

DATE: OCTOBER 10, 2008

Excalibur Manufacturing

Star Mechanical Services, Inc.

ACCEPTED BY: _____

ACCEPTED BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

5. TERMS AND CONDITIONS

- A. Planned and or routine maintenance services provided under this agreement will be performed during normal working hours.
- B. The guarantees and services provided under the scope of this agreement are conditioned upon Excalibur Manufacturing operating and maintaining systems/equipment. Excalibur Manufacturing will do so in according to industry accepted practices and in consideration of our recommendations.
- C. Excalibur Manufacturing will provide and permit reasonable access to all covered equipment. Star Mechanical Services, Inc. will be allowed to start and stop equipment as necessary to perform its services and be permitted use of existing facilities and building services.
- D. This proposal assumes that all pieces of equipment are in proper operating condition. Star Mechanical Services, Inc. shall inspect and report to the Excalibur Manufacturing any malfunctions and defects within thirty (30) days after commencement of the contract. If the equipment cannot be operated within the thirty (30) day period due to seasonal conditions or other factors beyond our control the period for initial inspection will be extended for a mutually agreed upon period. Upon completion of the inspection, it shall be the responsibility of Star Mechanical Services, Inc. to make recommendations and to assist the Excalibur Manufacturing in restoring the equipment to proper operating condition. However, all of the restoration costs shall be borne by the Excalibur Manufacturing unless otherwise stated in this proposal. Any piece of covered equipment will be excluded from liability if the reported recommendations from the inspection are not accepted and repair work performed.
- E. It is agreed that the repair, replacement, and emergency service provisions apply only to the functional internal components and parts of equipment listed in Appendix A. Repair and replacement of unserviceable portions, such as duct work, furnace heat exchangers, shell and tube heat exchangers, all diffusers, cabinetry, inter-connecting piping, main power service and electrical distribution system, valve bodies, coils, pipe insulation, glycol, storage tanks, piping systems, structural supports, etc. are excluded. In the case of refrigeration system such as walk-in boxes, reach-in boxes, etc., this agreement does not include the repair or replacement of hardware such as door handles closing mechanisms or related parts. In no case shall Star Mechanical Services, Inc. include repair or replacement of door, cabinet or door/cabinet gaskets.
- F. Any repairs or services resulting from power failures, freezing, roof leaks through curbs or equipment, or air side corrosion will be paid for by the Excalibur Manufacturing in accordance with Star Mechanical Services, Inc.'s currently established rates.
- G. In the unlikely event of failure to perform its obligations, Star Mechanical Services, Inc.'s liability is limited to repair or replacement at it option, and such shall be Excalibur Manufacturing's sole remedy. Under no circumstances will Star Mechanical Services, Inc. be responsible for loss of use, loss of profits, increased operating or maintenance expense, claims of Excalibur Manufacturing's tenants or clients, or any special, indirect or consequential damages.
- H. The agreement does not include responsibility for system design deficiencies, such as, but not limited to poor air distribution, water flow imbalances, etc. It does not include responsibility for system, equipment and component obsolescence, electrical failures, unserviceable equipment, and operating the system(s).
- I. Star Mechanical Services, Inc. will not be liable for delays or failure to obligate due to fire, flood, strike, lockout, freezing, unavailability of material, riots, acts of god, or any cause beyond reasonable control.
- J. Star Mechanical Services, Inc. is not responsible for the removal or disposal of any hazardous materials or any cost associated with these materials unless otherwise noted in this Agreement.

- K.** The agreement does not include repairing any damage resulting from improper/inadequate water treatment or filter service not supplied by Star Mechanical Services, Inc.
- L.** This agreement does not include any services occasioned by improper operation, negligence, vandalism, or alterations, modifications, abuse, or misuse, or repairs to equipment not performed Star Mechanical Services, Inc.. Also excluded is the furnishing of materials and supplies for painting or refurbishing equipment.
- M.** Star Mechanical Services, Inc. shall not be required to furnish any items of equipment, labor, or make special tests recommended or required by insurance companies, Federal State Municipal or other authorities except as otherwise included in this Agreement.
- N.** This agreement does not include the cleaning of any air passages, grilles, or air balancing of systems.
- O.** In the event either party must commence a legal action in order to enforce any rights under this contract, the successful party shall be entitled to all court costs and reasonable attorney's fees as determined by the court for prosecuting and defending the claim, as the case may be.
- P.** Star Mechanical Services, Inc. shall not be liable for the operation of the equipment nor for injuries to persons or damage to property, except those directly due to the negligent acts or omissions of its employees and in no event shall it be liable for consequential or speculative damages. It shall not be liable for expense incurred in removing, replacing or refinishing any part of the building structure necessary to the execution of this Agreement. It shall not be held liable for any loss by reason of strikes or labor troubles affecting its employees who perform the service called for herein. Delays in transportation, delays caused by priority or preference rating, or orders or regulations established by any government, authority, or by unusual delays in procuring supplies or for any other cause beyond its reasonable control.
- Q.** Only Star Mechanical Services, Inc.'s personnel or agent are authorized to perform the work included in the scope of this Agreement. Star Mechanical Services, Inc. may, at its option, cancel or waive its obligations under this Agreement should non-authorized individuals perform such work.
- R.** This Agreement and all rights hereunder shall not be assignable unless approved by Star Mechanical Services, Inc..
- S.** In the event of additional freight, labor, or material costs resulting from a Excalibur Manufacturing's request to avoid delays with respect to equipment warranties, or accelerated delivery of parts and supplies, Excalibur Manufacturing agrees to pay these additional costs at Star Mechanical Services, Inc.'s currently established rates.
- T.** Star Mechanical Services, Inc.'s scope of work shall not include the identification, detection, abatement, encapsulation or removal of asbestos or products or materials containing asbestos or similar hazardous substances. In the event Star Mechanical Services, Inc. encounters such material in performing its work, Star Mechanical Services, Inc. will have the right to discontinue work and remove its employees until the hazard is corrected or its determined no hazard exists.
- U.** This Agreement contains the entire Contract and the parties hereby agree that this Agreement has been agreed to and the entire Agreement is then accepted and approved by an authorized person for both parties. No statement remarks agreement or, understanding, oral or written, not contained herein, will be recognized or enforced.
- V.** This agreement does not include the disposal of hazardous waste; any charges incurred for their proper disposal will be born by Excalibur Manufacturing as an extra to the contract price.
- W.** Excalibur Manufacturing agrees that in the event that there shall have been passed a federal and/or state law which shall compel Star Mechanical Services, Inc. to contribute to a federal and/or state health plan for its employees, then the terms of this Agreement shall be subject to adjustment.

Contract adjustment would reflect the cost of such mandated contributions and offset Star Mechanical Services, Inc.'s cost of performing this contract.

- X. Excalibur Manufacturing acknowledges and agrees that any purchase order issued by Excalibur Manufacturing, in accordance with this Agreement, is intended only to establish payment authority for Excalibur Manufacturing's internal accounting purposes. No purchase order shall be considered to be a counteroffer, amendment, modification, or other revision to the terms of this agreement. No term or condition included in Excalibur Manufacturing's purchase order will have any force or effect.
- Y. Should the contract be canceled without due cause, Excalibur Manufacturing shall pay Star Mechanical Services, Inc. 25% of the annual price in addition to any previous amount paid.

6. APPENDIX A - LIST OF MAINTAINED EQUIPMENT

The following HVAC equipment was identified during our survey and will be covered as a part of Excalibur Manufacturing's Planned Maintenance Agreement.

The covered equipment is located at:

Excalibur Plant #5
7465 Creek Bank Rd.
Pikeville, KY 44017