

ST. GEORGE TOWER AND GRILL OWNERS CORP.

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June 19, 2009

Re: PTAC Units

Dear Fellow Shareholder,

As the summer months are upon us, many of you have asked the building management what the situation is for those who would like to replace their Package Through-wall Air Conditioning units (abbreviated as PTAC units). Although seemingly simple, the solution to this problem is more complicated than it would first appear.

Sleeve Replacement

The responsibility of the maintenance of the PTAC units fall in between the individual shareholder and the co-op. The unit itself is the shareholder's responsibility. The PTAC is slid into a metal sleeve, which is partially the responsibility of the coop as it is installed into the exterior wall and affects waterproofing and the building's exterior envelope. Many of these sleeves have been found to be badly rusted and in need of replacement. As a result, any PTAC or Air Conditioning unit replaced will need to have the sleeve inspected by the superintendent and, if rusty or improperly sloped, replaced. The Coop will pay for 50% of the sleeve replacement work. It is important to have this work properly performed as damage to apartments can result from improperly-sloped AC sleeves. In addition, leaking, rusted sleeves compromise the integrity of the brick façade of the building, contribute to water damage of the apartment, and increase costs for exterior envelope maintenance ultimately borne by the all shareholders.

Replacing the PTAC

Our solution is to determine how many apartments are interested in replacing their PTAC units and bidding this to three AC contractors that specialize in this form of Heating Ventilation and Air Conditioning system. If you are interested in having your system replaced, please call or e-mail Patty Marcus at (718) 802-1976 / pmarcus@akam.com and have your name put on a list. If we can get 50 to 100 units replaced, which represents some twenty to fifty apartments, we will bid the project out to contractors who will have these units manufactured and installed with proper control systems. Please understand that if you proceed in this manner, the units will not likely be installed before August or September.

Many shareholders have received direct mail advertising by companies who perform AC unit replacement. Please be aware that you may choose to hire these companies, but their pricing has been found to be high and many shareholders have found their workmanship and attention to detail to be unsatisfactory. The co-op therefore cannot recommend that you use these suppliers, but will accept them for work in the co-op if the individual shareholder desires to hire them in spite of the previous bad experience of other shareholders.

Another Option: Installing an AC Unit Instead of a PTAC

If your PTAC units are not functioning and you elect to purchase a new AC unit, there are units that will fit the sleeve opening that are manufactured by Freidrich. These cannot be retrofitted to function as heating units in the winter however, and are therefore only a partial solution. If you elect to install an Air Conditioning unit, the sleeve will need to be inspected by the building superintendant and replaced if necessary as outlined above.

Thermostatic Controls

As part of our general energy and cost-saving strategy, the co-op retained Arup Engineers to create an energy master plan due to our rapidly aging heating and cooling infrastructure. They have recommended that in order for us to regulate heating far better throughout the building, a thermostatically-controlled heating system should be installed in each apartment. Originally each apartment had a thermostatic control, but most are broken and cannot be repaired; rather, they must be replaced.

Please note that the co-op will pay for the replacement of the thermostatic control units on existing PTACs and on new units. If your current PTAC units are working, the co-op will arrange to have the thermostats replaced to the current specifications, which will be performed as part of the building maintenance of your PTAC unit.

We appreciate the patience and unfortunate frustration of the shareholders affected by the need to replace or upgrade their systems. The Board has been endeavoring to find a satisfactory solution that will meet the many different conditions present in the building. We will continue to find solutions for individual apartments on a case-by-case basis and will work with you to find a solution that meets your particular situation.

Sincerely,

Charles Calcagni
On Behalf of the Board of Directors and Management
St. George Tower and Grill Owners Corp.