

I hope you've all had a great spring and summer. The last few months have been exciting at the Grunau Company. On April 3, 2006 we announced that we'd been acquired by and are now part of the APi Group. APi Group is based in St. Paul, MN, and is a collection of 27 best-in-class specialty contractors from across the nation.

When the acquisition was announced I received numerous questions (as you might expect) from our colleagues and customers. The most common questions were "Why did you choose to sell the company at this time" and "What will change?"

First, the "why now." Our industry is ever changing, and we must change with it. Our principal objective is to provide a customer experience that's better than our competition. We do this through the people in our organization, some of the best people in our industry. We create an environment that encourages them to strive for excellence and continually expand their capabilities. From an intellectual standpoint, being part of APi Group provides us with a broader intellectual platform from which to learn and grow.

In addition, APi Group provides a financial platform unparalleled in this industry both from a "cost of doing business" standpoint as well as a financial leverage standpoint. The endgame, as always, is to enable our team to provide a differentiating customer experience.

Regarding, "what will change." On an operational level, nothing will change. Our brand name and reputation are, along with our team, our most valuable assets.

APi Group understands that to continue our successful track record we must be able to retain our independence in strategy and operations. They support us 100 percent. Recently a customer inquired about how things were going and commented he's seen no difference in our business philosophy, approach, and level of service.

Ultimately, if we can continue to provide a differentiating customer experience while broadening our intellectual and financial platform, we can gain significant leverage in the marketplace. To me, that's what it's all about; putting the company and our team in a position to succeed.

Thanks, as always, for your trust and confidence. We will continue to work diligently to find new and better ways to help you succeed.



Paul Grunau
President, Grunau Company



MECHANICAL

GRUNAU TRANSFORMS UWM WAREHOUSE INTO STUDENT HOUSING, ARTS SCHOOL

Grunau recently helped the University of Wisconsin – Milwaukee (UWM) meet growing student needs by transforming a half-million square-foot warehouse into top-end student housing and an arts school. For years, the building, located between Farwell and Prospect avenues in downtown Milwaukee, had been used for storage by the university's facilities group. Construction teams drastically remodeled the warehouse, creating two new buildings out of the existing one.

First, the outdated electrical, mechanical, HVAC, plumbing and fire protection systems needed to be completely gutted. Then the original, single building was literally cut in half. This separation produced an eastern building with a basement and six floors, which will be the location for the Peck School of Arts, and a western building for student apartments. UWM also created a corridor of open space known as "Green Street" between the two buildings.

Grunau technicians designed, engineered and installed 100 percent of the new HVAC systems for both buildings. Since the project was so large in scale and work in the buildings needed to be done simultaneously, Grunau had two crews on site and ran each building's installation as a separate project.



▲ Grunau's HVAC system installation will keep students comfortable in the University of Wisconsin – Milwaukee's new Kenilworth Square apartments.

The main concern for the student apartment complex, known as Kenilworth Square, was installing a reliable HVAC system that would keep the building and its student residents at a comfortable temperature throughout the year. Grunau designed a four-pipe heating/cooling fan coil system. Grunau also installed boilers, chillers and pumping systems. All of the equipment was housed in a central mechanical area on the sixth floor of the Peck school.

The Kenilworth Square apartments also have unique architectural decorations that Grunau was careful to work around when installing the mechanical systems. The lobby features exposed concrete column capitals that are colorfully painted and accented with cloud-like soffits and lights.

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▲ Grunau worked with a sound consultant to maintain acoustic quality during installations at the Peck School of Arts.





MECHANICAL

GRUNAU METALS AND MECHANICAL DIVISIONS TEAM UP TO PROVIDE NEW TEST LINE FOR BADGER METER

Grunau Recommends System Recommissioning as Valuable Alternative to New Installation

Over time, a building's HVAC system can stop working the way it was originally designed to. In situations like this, Grunau encourages companies to consider a system recommissioning, which returns existing system equipment to its intended function, instead of purchasing expensive new equipment that may or may not offer an adequate solution.

Companies often change the layout of a building's space by putting up or tearing down walls without thinking of adjusting the heating and cooling system to reflect the new set-up. The HVAC system then is no longer able to operate at an optimal level for the building, leading to uncomfortable working conditions and temperature fluctuation. A system in this situation also uses more energy than it should, since it is constantly trying to make up for its own poor regulation.

This is where Grunau steps in with an answer. Buying new equipment presents some risk since it might not fully correct the problem. Most people don't recognize that installing one new piece of equipment isn't addressing the larger HVAC issues in the building. Recommissioning is a better alternative.

During the recommissioning process, Grunau tests all existing equipment against a baseline that has been established for the system. Then Grunau technicians rebalance and repair the existing pieces of equipment to ensure that they function properly. If, for example, a unit is not delivering the 250 cubic feet of air per minute that it should, Grunau will tweak the control system so that it does what it was intended to do. The recommissioning process takes into account all of a facility's thermostats, VAVs, dampers and rooftop units – everything in the HVAC system.

As a result of Grunau's recommissioning, equipment stops and starts when it should, temperature levels return to normal and the updated system saves energy. The equipment's lifespan also is revitalized to last substantially longer. Compared with the installation of a new system, recommissioning is more affordable and results in less downtime because the system continues to run while it is being rebalanced.

"Not many people even know that recommissioning is an option," said Chuck Neumeyer, vice president of service at Grunau. "The impact of turning a building's conditions around through recommissioning is a substantial benefit."

Grunau customers often hear about the advantages that come from the close collaboration of Grunau divisions. On a recent project for Badger Meter, Grunau Mechanical and Grunau Metals capitalized on that unique relationship to install a new flow meter test line.

Badger Meter manufactures flow meters for liquid flow measurement in a wide range of applications. As a part of that manufacturing process, the meters are put through a variety of tests to determine performance accuracy of the meters and do any required calibration. Grunau has added test lines for Badger Meter in the past with the goal of providing state-of-the-art technology for these test functions.

The latest test line that Grunau installed consists of a reservoir tank and several smaller tanks. These tanks control the baseline water flow so that the meters can be measured against that baseline. The tanks are positioned on a platform with stairway access and include a piping system that connects them with the meter test benches and pumps. Grunau Metals built the tanks for the line, while Grunau Mechanical fitted the piping.

To complicate matters, the tanks were placed on load cells that measure their specific weights. This calculation is an important part of the testing process and required that the connective piping had to be isolated from the tanks, ensuring that the weight measurement accounted for the tanks only.

Cooperation between Grunau Metals and Grunau Mechanical resulted in a great solution. Grunau Metals fabricated a series of steel supports that hold the mechanical team's piping independently from the tanks. This allows the load cells to take accurate weight measurements for the tanks without interference from the weight of the piping.

Grunau's depth of resources made the company a single source for nearly all aspects of the test line project. Grunau technicians did everything from pouring a concrete pad to house the exterior mechanical units to putting the finishing paint touches on the line's exposed steel.

Grunau steam fitter Maria Dorshak ran the project from shop to field, adding technician continuity that helped complete the job more efficiently. Dorshak and other Grunau technicians also were on site for the final test of the meter line to make any adjustments and to assist with the start-up of the new equipment.

Badger Meter noted Grunau's excellent quality of work and that they were able to install and troubleshoot the new equipment without interrupting production in the rest of Badger's facility.

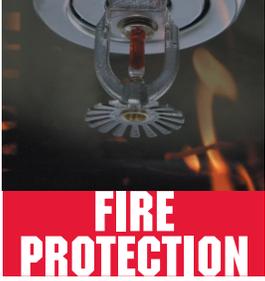
"Grunau provided skills above and beyond what we expected," said Tim St. Peter, project manager for Badger Meter.

Grunau installed a new flow meter test line for Badger Meter in Milwaukee.



Grunau Metals installed tanks for Badger Meter's new test line, while Grunau Mechanical fitted the piping.

GRUNAU METALS



FIRE PROTECTION

GRUNAU FUELS GOOD CHEMISTRY WITH NOVA CHEMICAL

Grunau Company's Pittsburgh office recently completed the installation of fire protection systems in several reactor modules at Nova Chemical.

Thirteen modules containing four chemical reactors were transported to Nova by barge from South Carolina. The modules already were outfitted with complete mechanical and electrical systems. However, the fire protection system still needed to be added from scratch. This meant Grunau had much more work than other system contractors on-site, but the same deadline. Grunau technicians designed and installed deluge systems, wet-pipe and dry-pipe systems and foam protection systems. They worked under an aggressive timetable to stay on track with other contractors.

In addition to the tight schedule, Grunau technicians had to ensure that every piece of fire

protection equipment was in place and working properly prior to the reactors' activation. Once activated, no adjustments could be made inside the modules, and if the fire protection systems were impaired in any way, the reactors wouldn't be allowed to run. If the reactors couldn't produce, it would have been extremely costly for Nova, so Grunau's systems needed to be perfect.

Due to the potentially hazardous working conditions, Nova and the project manager on site took special precautions to prevent injury. Grunau was the only contractor on-site that did not have any accidents or safety violations occur during the project.

"I work all around the country and it's nice to run across a contractor with Grunau's high standards of safety," said project superintendent Charlie Davis, of Jacob's Engineering Group.

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In the Peck School of Arts, Grunau also faced added challenges. The school had stringent sound requirements to ensure that its performers had optimal acoustics. However, one of its recording studios was located directly below the mechanical systems' main mechanical room. Grunau worked closely with a sound consultant hired by the project's architect to manage noise and isolate vibration. Technicians also used fabric in between the steel wall studs to better seal the area from noise.

In addition to the sound requirements, Grunau collaborated with the school's instructors to design, manufacture and install hoods in rooms used for pottery or jewelry classes. Several rooms had

different kiln set-ups and needed a specific type of hood. Grunau technicians then helped link the new and existing painting stations, sanding benches and welding arms for some of the classrooms.

Overall, Grunau installed three, 275-ton air cooled chillers, six air handling units, four boilers, 200 fan coil units, 130 VAV units, and 10 pumps.

During the 20-month span of the project, Grunau collaborated with other crews on site at weekly design meetings. Grunau's coordination and design capabilities helped create two great new facilities for UWM students. The Kenilworth Square apartments recently opened for the fall semester, and the Peck School of the Arts is expected to open later this year.



◀ Grunau helped the University of Wisconsin – Milwaukee transform a warehouse into two new facilities – student housing in Kenilworth Square apartments and a re-located Peck School of Arts.

Grunau Celebrates Employee Loyalty

Grunau Company honored 33 employees for their outstanding service and commitment at the organization's annual picnic.



First row L-R: Mike Rotar (20 years), Mario Angiolo (15 years), John Bobinski (40 years), Rod Patzner (30 years); Second row L-R: Steve Garbarek (15 years), Alan Brinkman, Jr. (15 years), Dave Ragoschke (10 years), Tom Carroll (40 years); Third row L-R: Paul Grunau, Ron Kwiatkowski (30 years), Gary Grosskreuz (15 years), Joe Rice (10 years), Kurt Fies (20 years), Ken Baas (30 years)

Not Pictured: John Flick (10 years), Joel Matek (10 years), Cecelia Adams (Orl-10 years), Greg Trammel (Orl-10 years), Cheryl Clarke (PA-10 years), Tim Reaghard (PA-10 years), Bob Antczak (15 years), Chuck Ashley (15 years), Jim Cefalu (15 years), Gerry Leischer (15 years), Dean Reichert (15 years), Bill Schack (15 years), Neal Wallace (15 years), Brian Horn (Orl-15 years), Bob Simmons (Orl-15 years), Harry Heintl (PA-15 years), Rick Lando (20 years), Jim Flook (PA-20 years), Mark Peters (Orl-25 years), Art Sukowatey, (30 years)

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FIRE PROTECTION

GRUNAU A TRUSTED PARTNER FOR U.S. STEEL

Acting as a project partner, Grunau recently helped U.S. Steel develop concepts, scheduling and an execution strategy for fire protection upgrades in two of the company's powerhouses as well as two of its coal conveying units.

U.S. Steel is committed to loss prevention and wanted to upgrade fire protection systems at its coke works facility in Clairton, Pennsylvania. Grunau worked closely with U.S. Steel to control the project's timeline and budget, using Grunau's guaranteed maximum price plan.

Rick Gasior, Grunau's on-site project manager, had experience working closely with U.S. Steel and provided valuable insight on the project. He helped the Grunau team navigate through the ins and outs of the steel industry and connected U.S. Steel's needs with Grunau's capabilities.



Grunau installed a new fire pump house, complete with a fire pump, power house turbine protection, power house basement protection and dry stand-pipe systems for two coal conveyors. The conveyors were suspended 100 feet above the facility, so Grunau technicians used cranes to hoist the materials to the correct height. For added

◀ Grunau technicians used cranes to help install fire protection materials, including a fire pump house, at U.S. Steel in Clairton, Pennsylvania.

protection at the top of the conveyors, Grunau mounted a pre-action alarm system. They recommended this type of detection model because the coal dust is easily combustible and a pre-action system provides an early warning and quick response to potential fire danger.

Safety was the top concern at the job site. Grunau worked in challenging, hazardous conditions at the plant under the constant threat of dangerous coal dust inhalation. Technicians scheduled weekly safety meetings with U.S. Steel to discuss what precautions needed to be taken prior to starting any tasks. Grunau also coordinated with U.S. Steel to plan any shut-downs in the facility.

Grunau's strong project management skills helped guide U.S. Steel through all phases of the job. The end result was a high quality system design and installation that will better protect U.S. Steel against fire hazards.

Jim Giardina, project manager for U.S. Steel, stated "Grunau's work on this project was very professional, accomplished the goal of enhancing our loss-protection equipment and resulted in a first-class installation."



▲ The upgraded fire protection system that Grunau installed will help guard U.S. Steel against losses due to fire hazards.

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