

SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release (the "Agreement") is entered into as of October 23, 2012 (the "Effective Date"), by and among the City of Philadelphia acting through its Procurement Department (the "Procurement Department"), its Office of Economic Opportunity ("OEO") and its Office of Inspector General ("OIG"), and William Betz Jr., Inc. ("Betz"), and Rudolph W. Betz ("Rudolph Betz;" together with the Procurement Department, OEO, OIG, Rudolph Betz and Betz, the "Parties").

WHEREAS, OIG is an office created by the Mayor of the City of Philadelphia to enhance public confidence in the integrity of City government by investigating corruption, fraud, misconduct, waste and mismanagement of City employees and those doing business with the City or City-related agencies. Upon referral by the OEO, the OIG conducted an investigation into allegations that Betz, UGI HVAC Enterprises, Inc., and JHS & Sons Supply Company attempted to circumvent the City's antidiscrimination policies for the promotion of contracting opportunities for minority, women, and disabled business enterprises, as contained in Executive Order 02-05 and successive orders relating to the City's antidiscrimination policies;

WHEREAS, OIG concluded that Betz and Rudolph Betz had acted to circumvent the City's anti-discrimination policies;

WHEREAS, the Procurement Department issued a Notice of Intent to Debar Betz and Rudolph Betz on January 20, 2012 (the "Notice") based on OIG's findings in the "Executive Summary of OIG Investigation of UGI, Betz, and JHS" attached to the Notice;

WHEREAS, Betz and Rudolph Betz filed a Notice of Opposition to Debarment with the Department on January 25, 2012; and

WHEREAS, the Parties have agreed to resolve the Notice on the terms set forth below;

NOW THEREFORE, for good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. This Agreement is not a concession by the City that its claims are not well founded. The execution of this Agreement is solely for the purpose of settlement and is not to be construed or interpreted as an admission of liability or wrongdoing of any nature whatsoever by any Party, which liability and wrongdoing are expressly denied. Neither the existence of this Agreement nor any of its provisions shall be offered or received into evidence in any other action or proceeding as an admission or concession of liability or wrongdoing of any nature

on the part of any Party, or as an admission or concession by any of them concerning the merits of any claim or defense asserted or which could have been asserted in a hearing regarding the Notice. Nothing in this paragraph, however, shall be construed to prevent any Party (or his/its counsel) from offering or using this Agreement in any other proceeding for the purpose of enforcing the terms of this Agreement.

2. The Procurement Department agrees to withdraw the Notice in writing conditioned upon the following covenants and satisfaction of the consideration:

- a. Betz shall pay to the City of Philadelphia the sum of \$128,000. to be paid by or on behalf of Betz by a cashier's check made payable to the City of Philadelphia within ninety (90) days of the Effective Date. The cashier's check shall be remitted to 1401 J.F.K. Boulevard, Room 120 Municipal Services Building, Philadelphia, PA 19103, Attention: Hugh Ortman, Procurement Commissioner.
- b. Betz, its affiliates, successors, and assigns, and Rudolph Betz voluntarily agree to refrain from performing or seeking to perform as a contractor for any existing or future contracts awarded, administered and funded in whole or in part by the City, whether competitively bid or negotiated ("City Contracts") until October 23, 2014 (*i.e.*, twenty-four months after the Effective Date).
- c. Betz, its affiliates, successors, and assigns, and Rudolph Betz voluntarily agree to refrain from performing or seeking to perform as a subcontracting supplier on City Contracts until October 23, 2014 (*i.e.*, twenty-four months after the Effective Date). Betz shall comply with this provision if it uses reasonable good faith efforts not to sell goods to a customer purchasing goods from Betz for the purpose of performing on a City Contract. Without intending to limit the conduct that may constitute such reasonable good faith efforts, the Parties agree that the following conduct, taken together, is among the conduct that is sufficient to constitute reasonable good faith efforts for purposes of the preceding sentence:
 - i. The posting of a notice in a prominent location at all Betz storefronts stating that Betz is temporarily unable to sell supplies to customers intending to use

those supplies to perform on a contract with the City of Philadelphia; and

ii. The inclusion of a term of sale on all Betz Cash Sale Receipts, Sales Orders, and Picking Tickets stating “Buyer agrees, as a condition of the sale, that it is not purchasing goods from BETZ PLUMBING & HEATING for the purpose of performing on a contract with the City of Philadelphia.”

d. Betz shall, contemporaneous with the execution of this Agreement, enter into the Equal Opportunity Procedures Policy with the City in the form attached as Exhibit A to this Agreement.

3. For and in consideration of the covenants and consideration herein contained, the City of Philadelphia agrees to release, acquit, and forever discharge Betz and each of its directors, officers, employees, attorneys, parents, subsidiaries, affiliates, divisions, related entities, predecessors, successors, heirs, executors, administrators, and assigns, including, but not limited to, Rudolph Betz, from any and all claims, actions, Notices of Suspension and/or Debarment, demands, judgments, damages, liabilities, or obligations, whether statutory or at common law, and whether presently known or unknown, arising from and/or in any way related to the allegations in the Notice or the “Executive Summary of OIG Investigation of UGI, Betz, and JHS” attached to the Notice.

4. For and in consideration of the covenants and consideration herein contained, Betz and its attorneys, subsidiaries, affiliates, predecessors, successors, divisions, related entities, employees, directors, officers, and assigns, including, but not limited to, Rudolph Betz, release, acquit, and forever discharge the City of Philadelphia from any and all claims (including attorney’s fees, costs and expense of every kind and however denominated), actions, causes of action, demands, judgments, damages, liabilities, or obligations, whether statutory or at common law, and whether presently known or unknown, arising from and/or in any way related to the Notice or the “Executive Summary of OIG Investigation of UGI, Betz, and JHS” attached to the Notice.

5. This Agreement is the entire agreement among the Parties relative to the claims released herein and there are no written or oral understandings, promises, agreements, statements or representations among the parties directly or indirectly related to this Agreement that are not incorporated herein. Betz and Rudolph Betz consent to disclosure to the public by the City of Philadelphia of this Agreement on and after the Effective Date.

6. If any one or more of the provisions of this Agreement shall, for any reason, be held invalid, illegal, or unenforceable in any respect, it shall not affect any other provision of this Agreement.

7. This Agreement, and the terms contained herein, shall be governed by the laws of the Commonwealth of Pennsylvania.

8. This Agreement may be executed in any number of counterparts each of which, when so executed, shall be deemed an original, but all such counterparts together shall constitute one and the same instrument.

9. This Agreement cannot be modified except in a writing signed by all Parties or their respective counsel.

10. A photocopy of the fully executed original of this Agreement shall be deemed to be an original for any and all purposes.

11. Each party to this Agreement shall bear its, his or her own costs in connection with the Notice including, but not limited to, attorneys' fees and costs.

IN WITNESS WHEREOF, the Parties, each intending to be legally bound, have caused this Agreement to be executed as of the Effective Date.

WILLIAM BETZ JR., INC.



By: Rudolph W. Betz
President

RUDOLPH W. BETZ

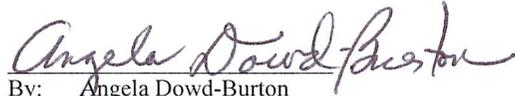


CITY OF PHILADELPHIA PROCUREMENT
DEPARTMENT



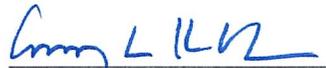
By: Hugh Ortman
Procurement Commissioner

CITY OF PHILADELPHIA
OFFICE OF ECONOMIC OPPORTUNITY



By: Angela Dowd-Burton
Executive Director

CITY OF PHILADELPHIA
OFFICE OF THE INSPECTOR GENERAL



By: Amy Kurland
Inspector General

Approved As To Legal Form:



SHELLEY R. SMITH, City Solicitor
BY: Daniel W. Cantú-Hertzler, Chair, Corporate and Tax Group
City of Philadelphia Law Department

Exhibit A:
Equal Opportunity Procedures Policy