

PRESIDENT'S REPORT

2010 has been a challenging year for us on council. Many issues came before us, but the main ongoing challenge is our window replacement program. I wish to summarize what has taken place and where I see us going this year.

Significant Events in 2010

At our AGM on January 16, the owners voted to retain an engineering firm to carry out the tasks needed to perform the window replacement program recommended by RDH Building Engineering, voted to petition the City to authorize replacement of our windows with tinted glass, and voted to proceed with the window replacement. However, the owners failed to approve financing for the repairs for this project. The general consensus from those opposed to the financing resolution was that they wanted to see the results of competitive bidding for the work. In order to obtain competitive pricing, we need the bid documentation to be complete. We could not proceed with the engineering work to get bids without spending approval for retaining the engineers. As a result, on April first, we held a Special General Meeting and the owners voted to approve spending from the Contingency Reserve Fund to instruct the engineers at RDH to prepare bid documentation.

At our September council meeting, RDH reported that progress on the bid documents was delayed, because no mechanical drawings were available to complete the mechanical work necessary to specify the windows for the bid documents. (Apparently, after Wall Financial made the compromise with the City for tinted glass for the hotel and clear glass for the residences, no new mechanical drawings were made for the residences. This omission might explain why the suites on the south side of the building were not built with sufficient HVAC systems.) However, our mechanical repairer Latham's was helping with information obtained while doing repair work in the building. RDH is working under instructions to take the steps necessary to petition the City for tinted glass and prepare bid documents.

On December 9, Kevin Ganzert of RDH proposed that we replace the windows using the construction management method, rather than the traditional, general contractor method, which could reduce the cost by \$2.5 million and reduce the time involved to 6-7 months. Kevin's proposal is attached to the AGM materials, and Kevin will be at this year's AGM to discuss this option.

Following our council meeting on November 29, a three person committee appointed by council consisting of Philip Jhin, Yousef Rastar and me, met with Bruno Wall to discuss the window replacement program and several other issues irritating our ongoing relationship with the hotel. Mr. Wall expressed great interest in our plans to replace the windows and our petition to the City. He offered to assist us make our petition to the City and has introduced RDH to an architectural firm which has good relations with the planning department at City Hall. Mr. Wall also warned that the application to the City could be slow moving and may not succeed. He also took note of our other issues with the conduct of the hotel and indicated he would assist.

On the legal front, our lawyer Tim Peters has reported that our Claim has been served and Replies have been received from all, but one, of the defendants. Tim has asked for and council has given him instructions to move forward with mediation of our claim.

Where Do We Go From Here?

I think our best interests will be served if we press forward as soon as we reasonably can to make our petition to the City for tinted windows and then replace our windows. Progress on this project has been very slow for the reasons set out above, and I would like them to move forward more quickly. Many of us would like to have our property values return to normal so that we can sell our units if we wish. I think we should also use good advice from and work with Mr. Wall, when it seems appropriate. He is very knowledgeable and experienced in construction matters and has numerous helpful contacts in the industry.

Also, when we are ready to solicit bids, we should obviously consider construction management, if it can save time and money. Right now, our focus is on preparing detailed specifications and the petition to the City for tinted glass. Once these steps are nearing completion, our next focus should be on how to get the best price and shortest time to replace our windows.

On the legal front, we should continue our efforts to resolve our claim as soon as possible using the mediation process. I think the mediation process is preferred over a full trial because of the cost and time involved in taking a construction matter like this to trial. Success at mediation is not certain because all parties must be prepared to compromise their positions and they cannot be forced to do so. However, almost all of these kinds of construction cases are resolved at mediation. We have asked Mr. Wall to help us accelerate this process.

I would have preferred to make this report in person, but the cost of traveling from California is too high this year.

I am prepared to continue to serve on council, if the owners wish it. My goal is to bring a successful conclusion to our window replacement program.

Best regards, Bruce Gleig (Suite 4502)