

GATEWAY SOUTH CENTRE

**Condominium Corporation 0614475
Annual General Meeting
February 21, 2013**

**Location:
Owners Lounge
Gateway South Centre
11811 Lake Fraser Drive SE
Calgary Alberta
Time: 7:00pm**

Call to Order

The meeting was called to order at 7:02 pm

Introduction of Head Table

Candace Mehls introduced herself, welcomed everyone to the meeting and advised she was prepared to chair the meeting.

The Head Table was introduced:

Board Members

Patricia Cyr
Leanna Chan
Andy Gregory
Selena Houben
Ryan Locking
Nathan Wong

Absent:

Wayne Wasko

Other Representatives

McLean Ruff LLP Barristers & Solicitors
Fiona McLean, Legal Counsel for the Corporation

Mechwave Engineering
Alan Williams, Engineering Counsel for the Corporation

Concept Group
Adrian Everett

GATEWAY SOUTH CENTRE

C-Era Property Management & Realty

Candace Mehls	CEO of C-Era Property Management & Property Manager for the Corporation
Jenna Smith	Executive Assistant
Kari Johnson	Property Assistant

Verification of Proper Notice

Notice of the Calling of the Meeting was referred to and the Chairperson advised it had been mailed to all Owners.

Verification of Quorum, Certifying of Proxies

The number of Unit Owners in attendance was considered quorum as this was the second calling of the Annual General Meeting.

- a) 82 Units were represented by personal appearance of the Owners thereof:
- b) 14 Units were represented by proxy.

A total of 96 units were represented at the meeting for voting purposes

Approval and Adoption of 2011 Annual General Meeting Minutes

Candace Mehls requested a motion from the floor to adopt the previous Annual General Meeting Minutes of 2011

Motion: Unit 4608

Second: Unit 5314

Legal Presentation

Fiona McLean of McLean Legal presented an update on the legal standing of the Statement of Claim:

- A flow chart was presented to review where the Corporation is in the Statement of Claim (first action) and to give an indication of the 'life' of a lawsuit. The flow charts were distributed at the first calling of the AGM; additional copies can be obtained from C-Era Property Management by request.
- A flow chart was presented to review the second action, which is a lawsuit filed by GC Capital that alleges the geo system was fully operational when turned

GATEWAY SOUTH CENTRE

over and any current problems are a result of failure to live up to the maintenance requirements outlined in the lease.

- The second lawsuit should be a counter claim to the first action not a separate lawsuit. I have raised this issue that the two actions should be consolidated.
- **Owner Question, Unit 2505:** The Corporation has to pay an amount each month to GC Capital, can we stop paying them each month in the interim so they don't have funds to pay for their legal fees?

Fiona McLean: One of the 50% shareholders in GC Capital is North East Auto and they have advised they have adequate funds to pay lawyers. This would also position the Corporation in a negative light in court. GC Capital could also remove some of the equipment associated with the Geo System for failing to honour the lease. GC Capital was a company created for the sole reason of holding the lease for this building.

- **Owner Question, Unit 1107:** How long do these type of actions take historically?
- **Fiona McLean:** It takes years to go through a Statement like this, taking into account that lawyers have to juggle their clients and work with many schedules as it involves several players. Small Claims court may be a little quicker.
- **Owner Question, Unit 2405:** Can you give some insight into why this hasn't come together yet?

Fiona McLean: There are more and more lawyers involved as there are more and more parties (parties brought in via the third party). The plaintiff and defendant don't rule proceedings of the Statement.

- **Owner Question, Unit 2405:** What is the breaking point to filing the motion if the statements have so much in common?

Fiona McLean: I see the defenses on both statements essentially being the same documentation filed twice. I have written the other lawyers with regards to this but haven't received a response in regards to consolidating the actions.

- **Owner Question, Unit 2617:** Is GC Capital doing this to slow us down?

Fiona McLean: The initial response received was that they didn't expect the same issues to be addressed. I cannot speak to the motivations of why it was filed.

- **Owner Question, Unit 2617:** Is it slowing down the first action?

Fiona McLean: No, they are running parallel.

- **Owner Question, Unit 2505:** Usually a lawyer can give an indication of what the 'chances' are of winning.

GATEWAY SOUTH CENTRE

Fiona McLean: We cannot give a guarantee of any kind but based on the documentation we have being included as part of the Statement, we are confident.

- **Owner Question, Unit 2505:** When commencing legal action did we calculate our chances?

Fiona McLean: To use a football analogy we started with one game play but then subsequent game plays come into play. We did take into account the cost of the geo lease being 2 million if we are successful.

- **Owner Question, Unit 2505:** Will our legal expenses be covered if we win the Statement?

Fiona McLean: No because each party selects their lawyer at that lawyer's rate and the rates can differ. If you are successful you get court costs to reimburse you for a portion of what you paid in legal fees.

- **Owner Question, Unit 5614:** What is a realistic idea of what this is costing the Corporation?

Fiona McLean: Your Board Treasurer, Nathan Wong, will have to address that question as I can only speak to legal fees. I won't be privy to that kind of information until we enter court.

Geo Thermal Report

Alan Williams of Mechwave Engineering presented an update on the status of the Geo Thermal System. The following points were highlighted:

- At the previous AGM we talked about the collaborative effort to work with GC Capital's engineer to determine how to flush the system. Unfortunately, this collaborative effort was unsuccessful.
- With the amount of methanol in the system we cannot dump it to drain the system in accordance with the City. We also cannot dilute it down in order to dump it and hauling it offsite is going to be too expensive. We have determined a filtration system with Concept and plan to implement this in one of the systems to track how successful it is.
- There are some failed solar panels in the building so we have created a scope of work to be approved by GC Capital, since they own the 'system'. GC Capital has approved repairs and Rheinbold Engineering has been commissioned to undertake the repairs and commission the system once complete.
- **Owner Question, Unit 3617:** It is my understanding that we have a sister building in the Marda Loop area?

GATEWAY SOUTH CENTRE

Candace Mehls Property Manager: There is a sister building, Gateway Garrison Woods, but it is not a geo building.

- **Owner Question, Unit 5314:** If we don't have a solar system and the geo isn't working properly, then how are we heating?

Alan Williams: The geo system is running for cooling and heating and the solar system works to make it more energy efficient. The larger concern is the debris in the system that can cause heat pump failures along with other commissioning issues.

- **Owner Question, Unit 2609:** The geo system should be almost 50% cheaper than a regular system but we are paying more. From the beginning something is wrong with this building.

Alan Williams: The energy savings is that the system is more efficient than gas. There is electricity going through the system that moves heating and cooling in from the ground; however in Alberta the cost of gas is much cheaper than the cost of electricity. So the system requires less energy but doesn't work out to be more cost efficient.

Board Member, Nathan Wong: We need to power the system with electricity, which is much more expensive than gas which is why our geo thermal system is costing the Corporation more money. Additionally, the lack of efficiency of the geo system is costing additional money, as it was never turned over working correctly. A geo system is advertised as a 'green' building as a sales pitch. This system cannot be compared to other buildings in the city, as there are no other similar geo buildings in the city. As much as you want to compare the system to other buildings, it is like comparing apples to oranges.

- **Owner Question, Unit 2609:** The lease is like buying a car but renting the tires.

Fiona McLean: If you are asking why we are renting the system as opposed to owning it, the developer has advised that if they included the cost of the geo system with the cost of the Unit it would have made the sale prices too high to be competitive with other buildings. So they separated the geo system out to be paid out over time via the lease. You are stuck with what you've got and you have to work with what is in place.

Candace Mehls, Property Manager: Part of the argument of the Statement is that this isn't correct.

- **Owner Question, Unit 2505:** Can we shut the system down?

Alan Williams: There would still be a cost to change the system.

- **Owner Question, Unit 3204:** You mentioned there is sediment in the system, are we looking at putting filters at the major heads so its collected?

GATEWAY SOUTH CENTRE

Alan Williams: There are filters in the system but they are small side stream filters that fill up often. We are looking at installing main filters into the system on the test side. The flow increases in summer months so we would like to install the filters in time for the summer season. The ideal solution was the flush. This solution is a more time intensive with no guarantee.

- **Owner Question, Unit 4001:** When the system was built there should be a pre start up schedule, a start up schedule and a performance schedule. The owners should then have someone qualified to sign off and ensure it has met all performance schedules. The deposits could come from corrosion or sludge and other chemical compositions. Are we heading in a direction with the system from facts?

Alan Williams: Part of the reason the lawsuit started is because the developer did not finish the building and did not follow through on contract documents. There were commissioning specifications but I'm pretty sure the engineers and contractors did not get paid so they didn't finish the work, which is where it all started. You are correct in the process that should have been done; we have evaluated this and are trying to move forward.

- **Owner Question, Unit 4001:** Are we further ahead than we were a year ago with the deposits in the system?

Alan Williams: Yes, we are further ahead.

Presentation of Audit

Nathan Wong presented the Corporation's audited financial statement for the year ending December 31st 2011 that was distributed to all owners by mail. The following points were highlighted:

- On the statement we have a deficiency of expenses over revenues of \$141,000 but a majority of the expenses relate to special assessment type costs where the revenue was collected in 2010. Adjusting for the special assessment related expenses, it leaves us with a net revenue over expenses of \$16,000. From an operating perspective, we were within \$16,000 of what we budgeted vs actual expenses which is quite good with a budget that is over \$2 million.
- Utilities are the largest expense, particularly power. With waste removal included, we spent nearly \$1million on utilities.
- The Reserve Fund contributions were met with \$256,000 contributed, leaving the ending balance for 2011 close to \$600,000.
- Higher professional fees relate to ongoing litigation. At the end of 2011 the special assessment funds relating to legal and engineering fees was approximately \$136,000.

GATEWAY SOUTH CENTRE

- We have received the 2012 statements but haven't reviewed them yet. For 2012 we expect to end the year with excess revenue of \$30,000.
- Reserve Fund contributions continue to be strong with over \$800,000 in our Reserve Fund.
- Utilities are expected to be within \$2,000 of the budget.
- In 2012 we signed an agreement with Enmax to fix our electricity rate; this is the rate that is fixed there are still additional charges that we cannot fix.
- We signed a fixed rate agreement with direct energy for 5 years to provide cost certainty with the gas prices presently low. We are trying to find different ways to minimize the cost of utilities, as they comprise the majority of our budget.
- We signed a management agreement with C-Era Property Management for two years until the end of 2014.
- A new Reserve Fund Study is underway as they are redone every 5 years.
- We have continued to use Alan and his team at Mechwave to review geo and mechanical work in the building. This is to provide protection to ensure that required work is reasonable and that the prices are reasonable.
- Concept has designated a building operator at the building for 2 days a week; this person is designated to closely review the building so we can try and be proactive with required maintenance and repairs.
- For 2013 we struggled to find a way to avoid an increase in condo fees. We have looked to minimize costs and focus on building maintenance with a few small projects scheduled. The increase is approximately \$65,000 (2.58%). Of this \$60,000 is a mandated increase in Reserve Fund contributions as per the current study. The remaining \$5,000 was related to inflation adjustment on the geo thermal lease paid to GC Capital. All other operating costs were held constant to the previous budget year. The budget isn't built with a cushion; it is based on actual costs.
- Electricity continues to be high, demanding 20% of the 2013 budget.
- It is difficult to compare our fees to other buildings as it has a geo system and air conditioning in each unit.
- A thank you on behalf of the Board to Candace and her team at C-Era Property Management, Fiona McLean, Alan Williams and his team at Mechwave and Concept.
- There was a question about costs of legal action to date. \$200,000 was collected in the previous Special Assessment for legal action and those funds have been used to date. It cost approximately \$100,000 a year for legal, engineering, document reproduction, repairs and all associated costs with the

GATEWAY SOUTH CENTRE

Statement. Lawyer fees specific to this action have cost approximately \$20,000 - \$30,000 since we started. It is difficult to quantify the costs, as our system isn't running where it needs to be so we are spending additional funds on Mechwave to review all work that is done and for Concepts work. An owner asked how we plan to fund the action. We have used some excess funds in the operating account and will sit down with Fiona to review timing on the Statement and legal costs so we can look at how to factor it into future budgets and where funds can be diverted.

- **Owner Question, Unit 6406:** How much additional electricity is being consumed by Units that don't have their system running properly and have to use portable heaters?

Candace Mehls, Property Manager: That would be very minimal. There have been a few Units that may have run a portable heater but the additional electricity used wouldn't have an impact on the overall electric costs. In Unit electrical is included in the Corporation budget so the electrical consumption is huge. The geo pumps also use a substantial amount of electricity.

- **Owner Comment, Unit 2505:** Due to the nature of my business I have dealt with many managers and C-Era is by far a better than other management companies.
- **Owner Question, Unit 2307:** Can we make it mandatory to install compact fluorescent bulbs in light fixtures?

Board Member Nathan Wong: To make something mandatory it would need to be outlined in the Bylaws of the Corporation. To include an amendment in the Bylaws requires a special resolution of 75% of the Owners so that is something we cannot request.

- **Owner Question, Unit 4305:** Is there any intent of Special Assessment in the foreseeable future?

Board Member Nathan Wong: We are not planning to levy another Special Assessment. If circumstances change unforeseeably then we could have to look at that option but there is no present indication that a Special Assessment will be required.

- **Owner Question, Unit 4305:** Were transmission costs fixed as part of the electricity agreement?

Board Member Nathan Wong: The fixed rate is on the variable portion of electricity consumed not on transmission costs.

- **Owner Question, Unit 2609:** Is it possible to not have hallways lit at all times and other common areas to save on electricity?

GATEWAY SOUTH CENTRE

Candace Mehls, Property Manager: The hallways have to be kept properly lighted at all times as per safety requirements. Other common areas like the courtyard lights have sensors to ensure lights are off during daytime hours.

- **Owner Question, Unit 2609:** Can we reduce parking fees?

Candace Mehls, Property Manager: The parking stalls are titled so legally we have to allocate a portion of the budget to the Unit factors comprised by parking stalls.

- **Owner Question, Unit 2405:** There was discussion last year over energy consumption and the possibility of installing individual meters.

Board Member Ryan Locking: A few years ago we looked into this and will revisit it. However, it is potentially possible for this but the administration costs associated with this will be substantially expensive. It would be nice to pay for your own electrical but it likely will not be possible due to the cost to administrate the change.

Board Member Nathan Wong: There is no wiring in the building for this. We may be able to install the meters without the wiring but we would then still receive one bill which would need to be separated and charged back, which poses the question of who would complete this and at what cost.

- **Owner Question, Unit 2405:** With the new Reserve Fund Study, will there be one payout for the contributions?

Board Member Nathan Wong: We would like to look at keeping the contributions the same for each month but it will be a matter of what the study requires.

- **Owner Comment, Unit 3204:** In relation to the costs associated with your parking stall, there is a tax bill from the City and the invoice for condo fees.
- **Candace Mehls, Property Manager:** A thank you to Nathan Wong, chartered accountant, for doing such a diligent job with Corporations finances.

Presidents Report

Ryan Locking provided a Board report for the Corporation. The following points were highlighted:

- We are looking to update the courtyard, as it needs some serious attention. Once work is complete the area will stay looking good with dogs not permitted in the area.
- We have cleaned the bike area and fobbed the cage. The fee to register a bicycle is \$25 per year.

GATEWAY SOUTH CENTRE

- We received a report from Stantec Engineering with regards to the pond and the options available to address the area. This will be reviewed by the Board and a decision made on how best to proceed.
- We removed some handicapped spaces from the South visitor parking area as the amount in place were not being used. City requirements for mandatory handicapped spaces has still been met.
- Upgrades have been completed to the gym and further attempts made to try and sound proof the gym as best as possible though it is to be expected that some noise will be heard.
- A TV and DVD will be installed in the yoga room off the gym, which can be used for exercise programs.
- Security cameras were installed in the interior of each elevator. Going forward if damage is caused, the Unit responsible can be traced. New flooring will also be installed shortly and any scratches in the interior of the elevator will be buffed out.
- We now have HD cable in both lounges and dishes were recently purchased for the large owners lounge.

Resignation of Officers

The present Board of Directors put forth their resignation by way of calling the Annual General Meeting.

Election of Board of Directors

The Chairperson, Candace Mehls, asked the Ownership if anyone was interested in letting their name stand for election to the Board of Directors. The following Owners agreed to let their name stand:

Unit	Owner
1502	Patricia Cyr
6315	Leanna Chan
2614	Andy Gregory
2313	Selena Houben
1304	Ryan Locking
6311	Tyler Stapleton
2109	Nathan Wong

Candace Mehls asked for a motion that the nominations close and the above Owners be elected to the Board, with the Board to be comprised of 7 Owners.

GATEWAY SOUTH CENTRE

Motion: Unit 3009

Second: Unit 4608

Management Presentation

Candace Mehls distributed a Management report for the Corporation. The following points were highlighted:

- C-Era was sold last year to Associa based in Dallas Texas; Associa is the largest management company globally. The C-Era website outlines some exciting services that will be implemented in future as part of Associa being the parent company.
- We are looking to upgrade software on the Corporation website for booking of the lounge and suites.
- For such a large building, Gateway South Centre runs very well, better than many other buildings.

Old Business

A roof report was completed and we will look at phased repairs. This roof has foot traffic so upgrades will need to be completed over time to ensure it can handle the traffic.

New Business:

No present new business

- **Owner Question, Unit 1107:** Will the Owners that are on the North side of the building have a say in regards to what is decided for the pond?

Board Member Nathan Wong: I am one of the Unit Owners that can view the pond and we will take the aesthetics of the pond for Owners on the North end into consideration but the report needs to be reviewed before the Board can come up with a plan of action.

Candace Mehls, Property Manager: Regardless of the location, all Units own the pond area; therefore all Units are entitled to a say. The Board will make a decision that is in the best interest of all Owners.

Motion to adjourn

Unit: 4411

Second: 5304

GATEWAY SOUTH CENTRE

The meeting was adjourned at 8:39 pm

Chairperson

Secretary