

CROSSBOW POINT CONDOMINIUM

February, 2014

Memorandum to Owners
Crossbow Point Condominium

CROSSBOW POINT UPDATE: LOG PROJECT 2012 and beyond

The purpose of this memorandum to owners is to provide details about legal considerations relating to Log Project.

PRIOR COMMUNICATIONS and MEETINGS

Owners may wish to review this Update with reference to prior communications and meetings that were either fully dedicated to the project or contained mention of project details. We note as follows:

| Date | Communication |
|--------------|---------------------------|
| July 2012 | Memorandum to Owners |
| Aug 15 2012 | Manager's Report |
| Sept 17 2012 | Special Assessment Report |
| Oct 20 2012 | Special meeting of Owners |
| Fall 2012 | Newsletter |
| Jan 5 2013 | Annual Committee Meeting |
| Summer 2013 | Newsletter |
| Aug 6 2013 | Manager's Report |
| Sept 18 2013 | Memorandum to Owners |
| Jan 4 2014 | Annual Committee Meeting |

LEGAL CONSIDERATIONS

Background

In February 2013 the Board of Directors decided to investigate whether there was sufficient evidence to show that there was a breach of contract or negligence by one or more parties involved in the construction of the Crossbow Point buildings. During March 2013 a Legal Committee was struck by the Board of Directors, with the Vice-President of the Board acting as the Committee Chair. A group of three other owners were recruited based on their skill sets and backgrounds. The Board President also sat on the Committee. Included in the Committee's mandate was to determine if there was a valid argument to support a detailed review of potential legal action.

The committee gathered and reviewed the blueprints for 155 and 175 to determine if there were any discrepancies between the plans and how the buildings were constructed. Research was conducted into the 1997 Alberta building code to determine if the builders followed code. Town of Canmore approvals and sign offs through various stages of construction were also reviewed and a photo library was created of all relevant pictures related to the defects in the structural logs.

Committee Findings

Compiled information was analyzed and led to the Log Committee's assessment that there was likely enough evidence to move forward with pursuing a legal opinion. In June 2013, the

Crossbow Point Board of Directors agreed and passed a motion to proceed with hiring a law firm to complete an initial legal evaluation.

Selecting a law firm

The committee identified assessment criteria for potential legal partners and researched law firms with construction experience. Seven firms meeting the criteria were then researched. In August 2013, the Committee met with three large law firms from Calgary to see how they would address a case such as ours. Cost estimates were requested from each firm. The law firms were carefully rated using a spreadsheet and the results discussed and accepted by the Committee. The Board approved the committee's top recommendation and selected Gowlings law firm.

Meeting with Gowlings

On September 13, 2013 committee representatives met with Gowlings to outline Crossbow's expectations and to clarify what the deliverables would be. Gowlings committed to conducting a legal review of all the information the committee gathered. They were given full access to our information and files, all of which were in electronic format. An independent engineering firm was retained to review the 1997 Alberta Building code, along with the blueprints, to aid in determining the strength of our legal position.

Board reviews

The Board met twice in January 2014 to specifically review legal matters. On January 13, 2014 the Board received a written assessment and met with Gowlings.

At a January 26, 2014 meeting the Board decided to proceed with filing a claim against a primary and solvent party to the construction. This action was taken to ensure that the Board retains certain legal options over the next year.

Next actions

The Board will make a decision over the next few months regarding whether or not to embark on the next stage of legal action.

CONSIDERATIONS

Financial

The Board will continue placing acute focus on the budget for Crossbow Point and endeavor to minimize financial impacts on owners. The Board plans to utilize operating funds whenever possible for any legal work, and spread out costs over consecutive fiscal years where possible.

Resourcing

The Board is prepared to contribute additional personal voluntary time to work on behalf of the Condominium Corporation if the Board eventually decides to actively pursue future stages of legal action.

YOUR INPUT

As always, the Board welcomes your comments which can be provided through Gibson Rencz at PEKA (contact details toward the end of this memorandum).

FUTURE COMMUNICATIONS UPDATES

Newsletters will continue to contain any brief updates. Special memorandums will continue to be issued when determined to be appropriate. The annual AGM/ACM meeting of owners will also provide opportunities for further updates and permit discussion

If you have any questions, comments or concerns regarding this project, kindly contact PEKA, Gibson Rencz (phone: 403-678-6162, ext. 223; email: gibson@peka.ca).

We hope that you found this memorandum informative, and thank you again for your support during the course of the Log Project.

Your Board of Directors
Crossbow Point Condominium

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