

COURT FILE NUMBER 643 of 2016
COURT QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE SASKATOON
APPLICANTS 101133330 SASKATCHEWAN LTD. and
101149825 SASKATCHEWAN LTD.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
RSC 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 101133330 SASKATCHEWAN LTD. and 101149825 SASKATCHEWAN LTD.

THIRD SUPPLEMENTARY AFFIDAVIT OF DAVID CALYNIUK

I, DAVID CALYNIUK, of the City of Saskatoon, in the Province of Saskatchewan, businessman, MAKE OATH AND SAY THAT:

1. I am the Chief Executive Officer of Land and Commercial Development for North Ridge Development Corporation ("**North Ridge**"), consultant to 825 and 33330, such that I have personal knowledge of the facts and matters hereinafter deposed, except where stated to be on information and belief and, where so stated, I believe the same to be true.

2. Unless otherwise defined, capitalized terms in this affidavit will have the meanings given to them in my Affidavits sworn August 12, 2016, December 16th, 2016, and May 23, 2017 (the "**Third Calyniuk Affidavit**"), as well as the affidavits sworn by John Orr in these proceedings.

I. INTRODUCTION

3. North Ridge has two roles in these proceedings:

- (a) as the Owner's Consultant for the 825 Land, North Ridge primarily acts as the owner's liaison with Dream, providing advice, direction, and work in relation to the inclusion of the 825 Land into the Willows community by way of Dream's Amended Willows Concept Plan submission to the City; and
- (b) as the Orr Centre Owner's Consultant, North Ridge's work has evolved from a general mandate to provide advice and analysis in relation to improving the Orr Centre and Campus to more specifically include:
 - (i) recommending and engaging consultants to complete the supporting materials for 33330's rezoning application for the Campus;
 - (ii) completing the rezoning application itself;
 - (iii) acting as the primary representative and point of contact for the City of Regina and public in the rezoning process; and
 - (iv) giving ongoing advice to 33330 and its property manager, Colliers, in their efforts to address deficiencies in a cost-effective manner, and improve the Orr Centre facilities and cash flows.

4. A discussion of the work completed in each of these roles since the swearing of the Third Calyniuk Affidavit, and the anticipated next steps with respect to the 825 Land, Campus, and Orr Centre follows.

II. 825 LAND UPDATE

A. Overview

5. The most significant achievement since the swearing of the Third Calyniuk Affidavit is Dream's completion and submission of the sanitary study for the existing Willows development.

6. As will be discussed in more detail below:

- (a) the importance of this milestone cannot be understated, as the sanitary study's positive results and City's willingness to consider the same

moving forward has removed what would have otherwise been a significant obstacle to the future servicing and developing the 825 Land; and

- (b) in terms of the other outstanding matters referenced in the Third Calyniuk Affidavit, the Remaining Studies are complete, and although there is general work to be completed in the interim, the parties still anticipate having the matter before City council in the first or second quarter of 2018.

B. The Sanitary Study – Background and Update

7. Perhaps the biggest benefit of partnering with Dream to bring the 825 Land within the ambit of the Willows development was the opportunity to eventually access the existing sewer (the “**Sanitary System**”), water, and storm infrastructure. In order to facilitate the proposed tie-in, however, it was necessary to first determine whether there was capacity, or alternatively the extent of the upgrade that would be required, to accommodate the additional development.

8. My previous affidavits have therefore stressed the importance of having reliable data demonstrating the servicing capacity of the Sanitary System based on the actual flows from the existing Willows development, as opposed to the typical approach involving calculating flow projections based on the City-approved theoretical models contained in the *City of Saskatoon Design and Development Standards Manual*. The purpose of having credible data evidencing the actual flow rates was to, among other things, avoid any artificial limitations on the permissible densities of future development on the 825 Land, or unnecessary costs associated with the design and construction of a Sanitary System upgrade beyond that required to meet the actual demand.

9. With this in mind, Dream initiated the sanitary study in 2016, the purpose of which was to record the actual flow rates from the existing Willows development through the winter months, spring runoff, and initial summer rainfall events of 2017. In order to bolster the results obtained and ensure that the sanitary study was as persuasive as possible, Dream ultimately decided to continue the study through the summer before

presenting the same to the City in the fall for consideration.

10. The sanitary study was completed by the end of the summer as planned, and the results are extremely positive from both Dream and 825's perspective:

- (a) subject to the caveats noted in paragraphs 11 and 12 below, the data demonstrates there is indeed capacity in the Sanitary System to support additional development without the immediate need for an upgrade; and
- (b) the City has agreed to forego the model approach and instead rely on the results of Dream's study to determine the permissible density levels for the various parcels comprising the next phase of the Willows development, which is to include the 825 Lands.

11. While the sanitary study has quantified the Sanitary System's present capacity, it remains to be seen how the same will be allocated as between the additional parcels Dream intends to develop and the 825 Land. Dream is still working to finalize its proposed parcel density for its multi-family sites, which in turn will determine the extent of the remaining sanitary capacity for the 825 Land; consequently, it is possible that an upgrade may still be required depending on Dream's final proposed allocation and the outcome of any subsequent negotiations between the parties.

12. There is also a possibility that there may be a business case for upgrading the sanitary system regardless of whether there is remaining capacity for 825, if the same would allow for a more saleable end product, and thus justify the additional front-end investment. In the event of any upgrade, whether out of necessity or as the result of a careful cost-benefit analysis, having access to the results of the sanitary study will ensure that any additions to the Sanitary System are not overdesigned, thereby avoiding unnecessary costs and delays.

C. Final Steps and Anticipated Timeline

13. Dream has advanced the previously submitted drafts of the Remaining Studies to completion based on the comments and feedback received from the City, and in addition

to the work already noted in paragraph 11 above, Dream is drafting the “Planning Report” for the Amended Willows Concept Plan, as well as finalizing any potential modifications to the existing golf facilities.

14. The purpose of the Planning Report is to summarize the salient details of, among other things, the new community’s:

- (a) location, ownership, existing and adjacent land uses, and physical characteristics;
- (b) Neighbourhood Concept Plan (i.e., the proposed layout, land uses, and characteristics); and
- (c) infrastructure requirements.

15. The modifications to the existing golf facilities, on the other hand, are part of the broader evolution of Dream’s golf course and Willows community concepts, and therefore constitute confidential business information to which North Ridge is not privy, but that will become public in the ordinary course of the development process.

16. The work described in the preceding paragraphs is proceeding in the ordinary course and is typical of what North Ridge would expect to be occurring at this stage of the development process. Absent any unforeseen developments, Dream is still aiming to have the final Amended Willows Concept Plan before City council for consideration in the first or second quarter of 2018.

III. ORR CENTRE UPDATE

A. Overview

17. Since its retainer as the Orr Centre Owner’s Consultant, North Ridge has approached the Campus and Orr Centre from the perspective of a potential purchaser looking to drive down the proposed sale price for these assets based on the perceived risk

factors associated with the same. The purpose of the exercise has been to attempt to eliminate these risks in a cost-effective manner to the extent permitted by the existing cash flows and financing, and in turn increase the value of the property for the benefit of all stakeholders.

18. The primary concerns identified in the course of this exercise were:

- (a) the Campus' "institutional" zoning designation, which places significant restrictions on the types of land uses that are permitted as of right and, in turn, redevelopment options for the property;
- (b) the Orr Centre's overall lack of maintenance and repair; and
- (c) the Dorms, which for a variety of reasons more particularly described below are unlikely to form part of any realistic future development options for the Campus.

19. The following narrative constitutes a comprehensive update of North Ridge's work performed on each of these fronts (in consultation with its consultants, contractors, the owner, and Colliers) since the swearing of the Third Calyniuk Affidavit.

20. As before, there are references below to the work product of North Ridge and its consultants that are both technical and economic in nature and would not ordinarily be disclosed, except as required by the City of Regina in the course of the development process or, alternatively, in the context of a sales process where the parties have an opportunity to review the same on the condition they agree to be bound by a confidentiality agreement. Copies of any materials referenced below that are not appended to this affidavit can be made available for this Honourable Court's review upon request.

B. The Campus

(i) Submission of the Rezoning Application

21. For ease of reference, the flow chart retrieved from the City of Regina' online Zoning Bylaw Amendment Application (the "**Rezoning Flow Chart**") from the Third Calyniuk Affidavit is again attached as **Exhibit "A."** As stated therein, the first step in the rezoning process is the proponent's application submission. The application itself is just a form; however, there are a number of supporting materials that must be submitted along with the application, some of which North Ridge had already obtained as of the swearing of the Third Calyniuk Affidavit. These materials included:

- (a) the Catterall & Wright Report, which demonstrates that the existing City of Regina infrastructure has the capacity to support additional residential and commercial development on the Campus;
- (b) the Real Property Report and accompanying Map, which detail the location of the buildings and easements on the Campus and all natural and man-made features of the Campus, respectively; and
- (c) North Ridge's site plans, which depict additional development (i.e., building footprints) based on actual site conditions disclosed in the Real Property Report and Map, and demonstrate both subdivision and future development possibilities for the Campus.

22. The most significant outstanding item was the Traffic Impact Study (the "**TIS**"), which as of the swearing of the Third Calyniuk Affidavit had been initiated by Catterall & Wright but not completed.

23. By way of update, the technical aspects of the TIS were carried out by a subconsultant of Catterall & Wright over the course of May, June, and July, 2017, and a preliminary draft of the TIS was submitted to the City of Regina for review and comment in the usual course on or about July 17, 2017. Once the comments were received, the TIS was then revised and finalized in accordance with the same, and the complete rezoning application package was submitted by North Ridge to the City of Regina on September 5,

2017.

(ii) *Project Circulated and Public Notice Initiated*

24. As noted in the second step of the Rezoning Flow Chart, the next step in the rezoning process involved the City of Regina circulating the application internally and notifying the public of the same.

25. The manner in which public feedback is garnered as part of this step can vary. In this instance, the City of Regina suggested 33330 host a come-and-go open house (the “**Open House**”) at the Orr Centre auditorium on October 26, 2017. The purpose of this type of procedure generally is to allow the public (and, in particular, the local residents and businesses which will be most affected by the proposed zoning change) to attend the property, review the proponent’s proposal, and provide feedback directly to the proponent and City of Regina Planning Department staff in attendance.

26. The Open House proceeded as planned on October 26 and was well attended. From the discussions that took place with the attendees, the key issues raised included:

- (a) the generally poor condition of the property, with the perception being that the Dorms in particular attract a criminal element and/or squatters;
- (b) the owner’s implementation of paid parking on the Orr Centre property, which resulted in a significant number of the U of S nursing students and other Orr Centre invitees parking on the surrounding residential streets;
- (c) the perceived negative traffic implications of the proposed zoning; and
- (d) concerns about the permissible types of commercial establishments (e.g., a night club or bar) under the proposed rezoning.

27. With respect to:

- 26(a) North Ridge’s information is that the Campus’ general grounds-keeping and maintenance has improved significantly since the retention of Colliers

and a dedicated 33330 employee whose scope of work includes these items, while North Ridge's recommendation remains that the Dorms should be demolished entirely;

- 26(b) as a result of the concerns raised with respect to parking, 33330 now allows free onsite parking, which should largely alleviate the issue;
- 26(c) any future redevelopment would be required to meet all of the City of Regina's technical requirements, including all traffic and engineering requirements, prior to the issuance of a building permit; and
- 26(d) in response to this item specifically, the attendees were encouraged to submit any comments or concerns regarding specific uses for the City of Regina's consideration.

28. North Ridge's instructions moving forward are to continue to be as proactive as possible in the circumstances, and address any additional public concerns that are revealed as the process moves forward.

(iii) Next Steps and Anticipated Timeline

29. As detailed in step three of the Rezoning Flow Chart, the City of Regina's Planning Department is preparing a report for the Regina Planning Commission's consideration (the "RPC"), which will be followed by the RPC's recommendation and final submission to the City of Regina council and further public advertising. Absent any unforeseen developments, North Ridge anticipates the matter will come before the City of Regina council for final consideration in February or March of 2018.

C. The Orr Centre

(i) Summary of 33330's Remedial Efforts

30. The Third Calyniuk Affidavit provided an overview of North Ridge's preliminary investigations and recommendations based on its walkthroughs of the Orr Centre facilities, which ultimately resulted in 33330's retention of:

- (a) Wright Construction to estimate and complete remedial work in the SALPN and daycare units, as well as provide an estimate for the demolition of the Dorms; and
- (b) Welldone Mechanical to perform a preliminary HVAC assessment of the units and related control systems for the U of S, SALPN, and daycare units.

31. The remedial work for the SALPN and daycare units has been completed, as has the HVAC assessment and extensive repairs recommended by the same. A copy of the final Welldone Mechanical HVAC Assessment issued to 33330 is attached as **Exhibit "B."**

32. In addition, the following initiatives have been undertaken in a full-scale effort to improve the Orr Centre facilities and/or cash flows:

- (a) 33330's non-essential personal property was inventoried and auctioned through McDougall Auctioneers Ltd.;
- (b) Webb Surveys professionally measured the Orr Centre's interior spaces, determined the actual square footage, and provided an interior sketch plan detailing the same;
- (c) in response to repeated instances of significant water infiltration in the auditorium area rendering the same unsuitable for public events, 33330 retained RMIS Engineering to perform a roof assessment designed to:
 - (i) quantify the future capital investment that would be required to remediate the existing issues;
 - (ii) identify and suggest remedial work aimed at minimizing further water infiltration and overall risk going forward; and
 - (iii) assist with 33330's cash flow contingencies;
- (d) Western Urethane Ltd. was retained to complete certain scopes of work recommended by RMIS Engineering, as well as further localized repairs to the auditorium and surrounding area in an effort to:
 - (i) prevent further water damage to the auditorium roof and interior; and

- (ii) limit the mounting costs of having a Colliers' building operator continually onsite managing the water; and
- (e) finally, a significant investment has been made to address a number of the outstanding fire safety issues identified as a result of inspections performed by the Regina Fire & Protective Services, while the parties continue to work towards a resolution of the remaining items.

33. Given the issues experienced to date, as well as the age and condition of the Orr Centre and HVAC equipment, it is recommended that 33330 continue to carry a budget for unanticipated repairs and ongoing maintenance while the parties await the outcome of the rezoning application. The only large expenditure currently contemplated at this time is the demolition of the Dorms more particularly described below.

(ii) *The Demolition of the Dorms*

34. At the Companies' request, North Ridge created a Demolition Pro Forma, a copy of which is attached as **Exhibit "C,"** detailing the projected costs of maintaining the Dorms as is versus incurring the costs of demolishing the same and realizing the eventual savings. The actual costs could not be estimated with exactitude, as:

- (a) the owner instructs that the Dorms are all insured under the same policy as the Orr Centre itself; consequently, North Ridge estimated the annual insurance attributable to the Dorms using the percentage of the 2016 property tax attributed to the residential portions of the overall property (i.e., 32%), and applying it to the total annual premiums paid by the owner that year (\$50,400.00);
- (b) annual maintenance records specific to the Dorms were not available and the costs had to be estimated; and
- (c) the Companies' legal counsel advised that the rent collections from the occupied Dorms is inconsistent, but nevertheless provided an annual rental income figure based on the average monthly rent actually received by the owner to date in these proceedings.

35. As summarized therein, the projected net cost of maintaining the Dorms on a yearly basis is approximately \$148,975.00; conversely, the estimates received from

Wright Construction indicate 33330 would incur costs of approximately \$387,857.00 to demolish the dorms (assuming the additional landscaping costs were not incurred).

36. The projected timing of recouping those costs varies from dorm to dorm; however, this analysis aside, there are less tangible but nevertheless compelling reasons to proceed with the demolition. In addition to the reasons detailed above and in paragraph 43 of the Third Calyniuk Affidavit, demolishing the Dorms will not only clean up the site in both a practical and aesthetic sense, but it is also anticipated that the demolition would:

- (a) garner at least some community support for the rezoning by eliminating one of the concerns raised at the Open House;
- (b) improve perceived security for the tenants and community;
- (c) allow for additional parking onsite; and
- (d) reduce uncertainty for a potential investor or purchaser of the Campus, as such an individual would likely attribute a certain level of cost and risk to the demolition, and encourage more favourable terms on that basis.

37. Perhaps most importantly, it remains North Ridge's opinion that there is a low likelihood that the Dorms could realistically continue as part of any future redevelopment simply due to their age and condition. For these reasons, North Ridge is of the opinion that the demolition of the Dorms would be beneficial to all stakeholders.

IV. CONCLUSION OF THE OWNER'S CONSULTANT

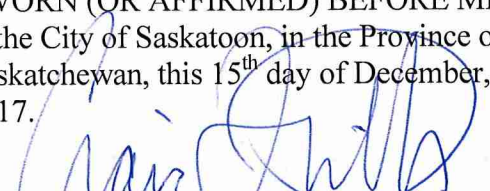
38. Significant progress has been made with respect to both the 825 Land's inclusion within the Willows development by way of the Amended Willows Concept Plan and 33330's rezoning application; however, as previously indicated in the Third Calyniuk Affidavit, the estimated timeframes for moving these parallel processes forward to the approval stage were (and remain) beyond the deadline of the present stay period. More

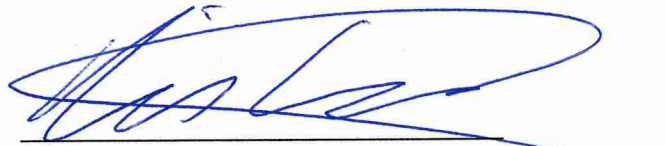
time is therefore required to allow the high level plans for each property to be brought to fruition in 2018.

39. Since the last extension application, the majority of the work in relation to the Amended Willows Concept Plan has continued to be handled by the lead developer, Dream, which has allowed North Ridge to focus on the rezoning application for the Campus, and working with the owner in an intensive effort to improve the Orr Centre facilities and cash flows. The rezoning application has been submitted and North Ridge continues to work with the City of Regina to address public concerns as the matter progresses to the anticipated February or March, 2018 council date. In the meantime, the parties continue to work towards improving the Orr Centre as an income-producing asset for the benefit of all stakeholders.

40. I therefore swear this affidavit in support of the application that is presently before this Honourable Court.

SWORN (OR AFFIRMED) BEFORE ME)
at the City of Saskatoon, in the Province of)
Saskatchewan, this 15th day of December,)
2017.)

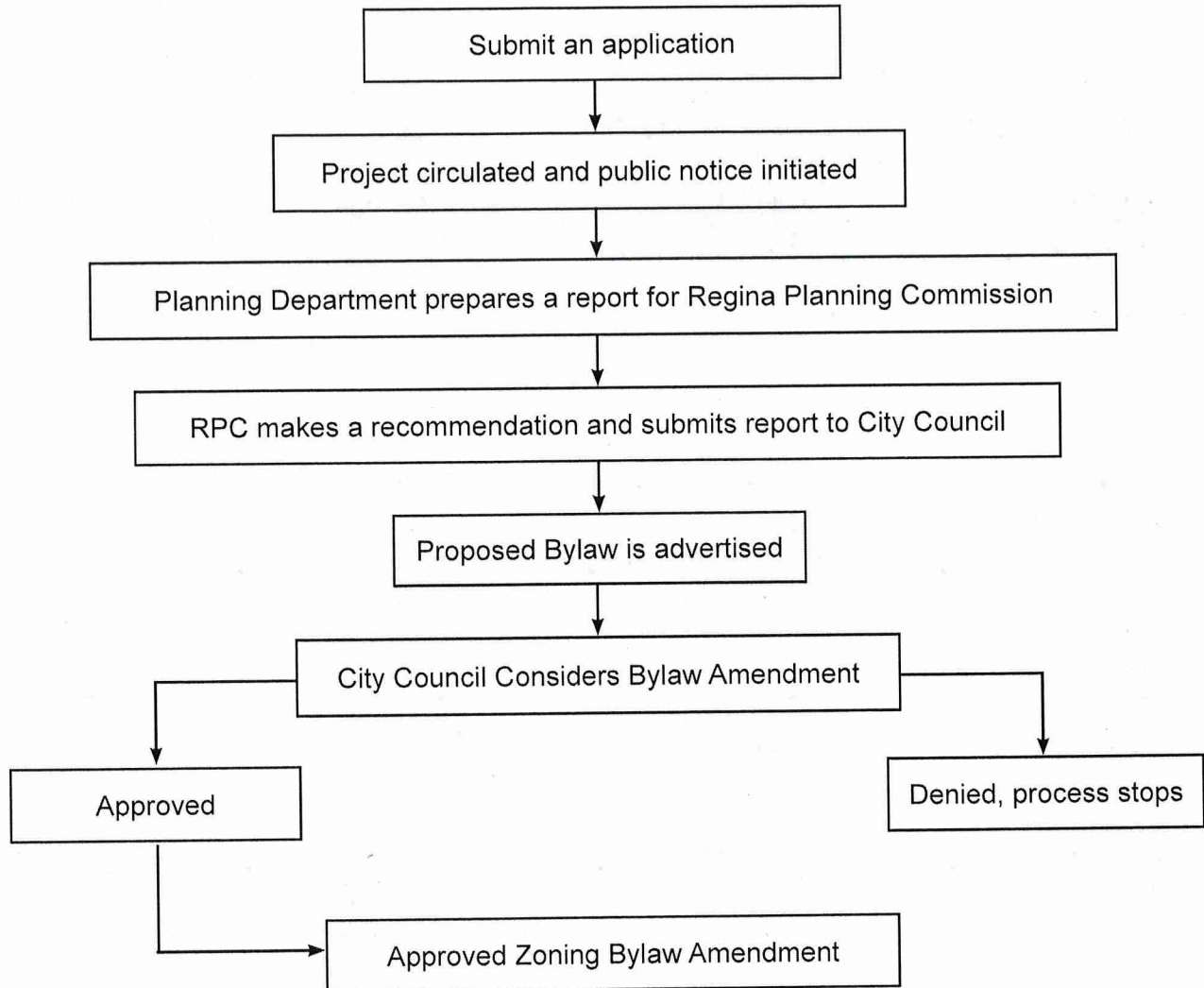

A COMMISSIONER FOR OATHS for
Saskatchewan - Being a Solicitor.


DAVID CALYNIUK

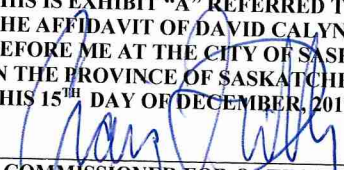
CONTACT INFORMATION AND ADDRESS FOR SERVICE:

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Zoning Bylaw Amendment Procedure



THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF DAVID CALYNIUK SWORN
BEFORE ME AT THE CITY OF SASKATOON,
IN THE PROVINCE OF SASKATCHEWAN
THIS 15TH DAY OF DECEMBER, 2017.


A COMMISSIONER FOR OATHS
FOR THE PROVINCE OF SASKATCHEWAN
BEING A SOLICITOR

June 1, 2017

Orr Centre: HVAC Assessment

1. U of S (Classrooms and Library)
2. SALPN
3. Daycare
4. Controls
5. Remaining tenant areas
6. Auditorium Area

1. U of S Area

Heating and cooling provided by 3 RTUs (1970s-Lennox DMS4 and 2006-Lennox LGC and 2012-Aaon) and receive supplementary heat from 2 boilers (2016 and 2017 Navien). The U of S is also partially operated off of the Building Management System (BMS).

Lennox DMS4: Serves the South East side of U of S and Lecture Theatre

Unit runs off of thermostats located throughout area. Extensive repairs were made to this unit while the assessment was taking place. Please refer to the "DMS4 Repair History" document for additional information.

The remaining repairs required on the DMS4 are:

- Replace failed zone dampers and modules (x2)
- Replace and install missing/failed Thermostats (x3)
- Replace leaking King Valve (**temporary** repair was performed during assessment, will confirm if further repairs are required)

Lennox LGC: Serves North West side of U of S

Unit is currently working, readings in proper operating ranges, unit runs off of Building Management System (BMS). No obvious concerns other than:

- Requires full clean and service (belts, filters, pressure washing)
- Bypass damper has failed, resulting in excessive static pressure
 - Requires replacement

Aaon RTU (with remote Condenser: Serves Library and Lab in basement)

Unit is currently working, readings in proper operating ranges. Unit runs off of BMS, as well as a set point adjustment control in the library main floor (West Side). No obvious concerns other than:

- Requires full clean and service (belts, filters, pressure washing)

THIS IS EXHIBIT "B" REFERRED TO IN
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BEFORE ME AT THE CITY OF SASKATOON,
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THIS 15TH DAY OF DECEMBER, 2017.


A COMMISSIONER FOR OATHS
FOR THE PROVINCE OF SASKATCHEWAN
BEING A SOLICITOR

Navien Boilers

Both boilers are currently working and provide supplemental heating for Library and Laboratory in basement, as well as domestic hot water for the lab. Water samples were taken and indicate there are no major concerns with the water quality.

- Requires clean service and safety
- Both boilers require at a minimum an annual flushing on water side to prevent premature heat exchanger failure, as seen with failed boilers (installed in 2012) in adjacent room

Wall Hung Boiler located in Laars Boiler Room

Unit appears to be relatively new and provides domestic hot water for bathrooms near the boardroom, SALPN, basement tenants, main floor tenants and the U of S washrooms

- Requires annual maintenance and flushing

2. SALPN

Heating is provided by RBI boiler (2004) that also serves the Daycare and is connected to 1 Air Handler (2004) with a heating coil, as well as several perimeter radiators. Cooling is provided by the same McQuay Air Handler with a remote Aeon condenser (2004).

RBI Boiler

RBI boiler is located in mechanical room adjacent to Daycare. Unit is operational; however several major concerns were noted

- Full maintenance is required
 - Disassembling entire unit and cleaning heat exchanger and burners
 - Cleaning air intake
- Temperature sensor has failed causing inaccurate heating supply temperatures
 - Requires replacement
- Glycol feed tank repairs
 - Glycol feed tank was running, but tank was empty and in an alarm
 - Requires cleaning and re-filling of glycol
 - At that time it will be determined if any further repairs are required
- All the pumps run continuously regardless of thermostat settings causing over heating throughout SALPN and surrounding area, as well as a significant increase in gas and electrical consumption
 - Requires disconnecting control wiring to 12-15 pumps and zone valves. All wiring would require being traced out and re-wired correctly
 - Re-configure all pumps, zone valves and thermostats correctly

- Pump 4 has failed
 - Requires repair
- 1 of 7 pumps leaking
 - Replace bearing assembly and gaskets

McQuay Air Handler #1

The Air Handler that serves SALPN is located in the mechanical room adjacent to the Daycare and provides heating and cooling for SALPN, the Daycare and areas outside SALPN (testing centre, union office). The Air Handler and dampers are currently functioning, but require:

- Major clean and service (Belts, filters and coil cleaning)
 - Evaporator and heating coils excessively dirty, restricting air flow, causing cooling to short cycle, increased energy consumption potential for premature compressor failure as well as comfort issues
 - Special order “Final Filters” were completely plugged and appear to have never been changed
 - Require replacement
- 3 Way Valve is allowing hot water to leak by, causing over heating, cooling inefficiencies and comfort issues
 - Further diagnostics are required

Remote Aeon Condenser (interlocked with McQuay Air Handler)

Condenser has 2 stage cooling and both were operating during the assessment, but require the following:

- Major clean and service required on condensers (coil cleaning)
- While on site, condenser was short cycling and cutting out on low limit, causing cooling to shut down prematurely and potentially causing motor and compressor damage
 - Short cycling most likely caused by plugged filters and evaporator coils restricting airflow
- Condenser fan cycling switches bypassed due to failure
 - Require replacement

NOTE: Although major components (motors and compressors) are currently working, the conditions upon which they were operating have most likely decreased their life expectancy

3. Daycare

The Daycare is heated by the same 2004 RBI boiler that connects to 1 Air Handler (2004) with a heating coil. Cooling is provided by the same McQuay Air Handler with a remote Aaon condenser (2004).

NOTE: The issues with the RBI boiler listed under "SALPN" (see above) also affect the Daycare

McQuay Air Handler #2

The McQuay Air Handler #2 provides heating and cooling for the Daycare and is located in the mechanical room adjacent to the Daycare. The Air Handler and dampers are currently functioning, but require:

- Major clean and service (Belts, filters and coil cleaning)
 - Evaporator and heating coils excessively dirty, restricting air flow, causing cooling to short cycle, increased energy consumption potential for premature compressor failure as well as comfort issues
 - Special order "Final Filters" were completely plugged and appear to have never been changed
 - Require replacement
- 3 Way Valve is allowing hot water to leak by, causing over heating, cooling inefficiencies and comfort issues
 - Further diagnostics are required

Remote Aaon Condenser (interlocked with McQuay Air Handler)

Condenser has 2 stage cooling and both were operating during the assessment, but require the following:

- Major clean and service required on condensers (coil cleaning)
- While on site, condenser was short cycling and cutting out on low limit, causing cooling to shut down prematurely and potentially causing motor and compressor damage
 - Short cycling most likely caused by plugged filters and evaporator coils restricting airflow
- Condenser fan cycling switches bypassed due to failure
 - Require replacement

NOTE: Although major components (motors and compressors) are currently working, the conditions upon which they were operating have most likely decreased their life expectancy

Ductless Split

The ductless split supplies cooling to the office in the Daycare. As it was not part of the assessment no time was spent on it, however it was noticed that although the unit is running, it is not cooling. The issue is most likely due to the unit being low on refrigerant.

- Further diagnostics and repairs would be required

4. Controls

There are 2 types of controls being used to operate the HVAC in the Orr centre:

- 1) BMS (Computer operated)
- 2) Pneumatic Controls (Air operated)

1. BMS Controls

The BMS controls were installed within the last 10 years and operate the NW side of the U of S, the U of S library and laboratory, SALPN, the Daycare and the lower auditorium RTU.

U of S NW Side

Is served by the Lennox LGC and corresponding zone controls. The assessment did not uncover any obvious concerns, other than the failed bypass damper indicated previously

U of S Library and Laboratory

Is served by the Aeon RTU, 2 Navien boilers and corresponding zone controls. The assessment uncovered the following issues:

- The library RTU was not “communicating” with the control system
 - Switched the address so the control system and unit were now communicating
- Found women’s library washroom temperature sensor not working
 - Found loose connection and repaired wire
- Found men’s library washroom temperature sensor not working
 - Found loose connection and repaired wire
- Temperature set points were incorrect
 - Adjusted set points to proper settings
- 21 Spartan zone actuators sticking closed or open preventing proper heating and cooling. These zone valves are known for having issues and was indicated as a major issue as per Lenny
 - Strongly recommend replacing all zone valves with a more reliable valve

Note: The library does not have any actual zone dampers to reduce or increase air flow to the particular zones, the heating of the zones is only affected by the reheat coils in the duct work; which is why it is necessary to have properly functioning zone valves

Second floor of the library was noted to be warmer than set points despite proper operation of HVAC equipment and zone valves. There may be more significant issues related to the air distribution system in this area that will require further investigation.

SALPN

SALPN is served by 1 McQuay Air Handler, the RBI and corresponding controls.

The SALPN area has a lack of proper temperature control and we would **highly recommend** a zoning system. Currently, SALPN has no zoning other than 3 south perimeter radiators that are currently not functioning properly. A space such as this requires zoning because there are significantly different heating and cooling demands in this area based on the orientation of the building (ie. One area receives far more heat from the sun than other areas). The following are concerns that were noted:

- Control algorithm on Mcquay Air Handler not set optimally
 - Adjusted for faster temperature response for increased comfort
- A number of perimeter radiators can only be operated manually by closing and opening hand valves versus having automatic controls
 - Installation of automatic controls would be required to solve this issue
- 3 south perimeter radiators are not functioning properly
 - Requires re-wiring and tracing of controls (see “SALPN” assessment notes)
- Set point control algorithms require simplification for easier adjustments
 - Need to re-write programming
- No way to control temperature in the several areas this system serves. Due to the design of this area, even when the HVAC equipment is working properly, there will be no ability to address temperature concerns amongst the individual occupants
 - Requires installation of zoning system

Note: The installation of a zoning system would also assist tenants that are currently experiencing significant comfort issues who are served by the same HVAC equipment

The Daycare

Is served by Air Handler #2, the RBI boiler and corresponding controls. There are no major temperature concerns within this space.

Lower Auditorium

Is connected to the BMS system, but can be locally controlled via an existing thermostat.

- Found U of S floor plan incorrectly tied to this graphic
 - Removed floor plan
 - Re-labelled a number of graphics more accurately

2. Pneumatic Controls

The pneumatic compressor is used to operate the pneumatic controls system, which is responsible for opening and closing dampers and zone valves on approximately 60% of the HVAC equipment throughout the building.

Upon first inspection the compressor was found to be off and we were informed by Lenny that this was due to multiple problems. The unit was turned back on and would trip regularly, along with displaying signs of mechanical failure. To further complicate matters this type of compressor is not designed for this application and is most likely the cause of the current problems.

Without a properly functioning compressor, all pneumatic controls throughout the building (approximately 60%) will not function at all. When the compressor stops working, all pneumatic controls will revert to their “normally open/closed” state and there will be no ability to control temperatures or condition the spaces properly.

The only options to resolve this issue is to either install a proper pneumatic compressor or upgrade current existing pneumatic controls to the electronic BMS.

Air Drier

The air drier is required for removing moisture from the pneumatic control system. Failure to do so will result in corrosion and failure of pneumatic components. Currently, the air drier is not functioning and due to the age and disrepair we recommend complete replacement. If the decision to go with upgraded BMS controls is approved, it would render the air drier unnecessary.

5. Remaining Tenant Areas

Surrounding the U of S, SALPN and the Daycare are a number of other tenants that are either directly or indirectly affected by the equipment listed above. There are also a few pieces of equipment that were not covered under the initial assessment that we felt were important to address as we have had trouble calls arise from these smaller tenants due to comfort issues.

Some of these tenants are the Day Spa, the Art Studio, the Test Centre, Trent Witherspoon and others.

There are several pieces of equipment located in the “Laars Boiler Room” that affect the above tenants as well as the main 3.

Laars Boiler Room

The Laars boiler room is located in the centre of the building in the basement and consists of:

- 2 Laars Boilers (1970s),
- 1 Pneumatic air compressor which operates the remaining pneumatic controls in the building,
- 1 Air drier,
- 1 large Lennox Air Handler (1970s) complete with a heating coil, economizer and multi-zone conditioning and
- 1 wall hung Navien boiler

Laars Boilers #1 and #2

Both boilers are tied together and serve many different areas and pieces of equipment such as the multiple Lennox Air Handlers around the building, as well as perimeter heat. Water samples indicated the pH value was slightly elevated. If the pH continues to rise, flushing the system may be required.

Laars Boiler #1

Laars boiler #1 was shut down for unknown reasons. During assessment found unit partially disassembled with gas valve shut off and signs of flame roll out. As per discussions with Craig, we removed and used the firing rate valve from this boiler to temporarily repair Laars boiler #2.

If the boiler is deemed necessary and recommissioned the unit will at a minimum require to be completely dismantled to clean and service the heat exchanger and burners, as well as install a new firing rate valve. Once these repairs have been made, further diagnostics will be required

Laars Boiler #2

Laars boiler #2 was found operational along with both circulating pumps tied into system. Boiler #2 also has evidence of flame roll out and appears to require a full clean and service to clean the heat exchanger and burners.

Boiler header is also leaking and showing signs of extensive corrosion. Header gaskets are likely no longer available and if that is found to be the case we recommend replacing boiler.

Also, found that a portion of the gas valve was faulty and while still operational is leaking gas out of the relief port constantly, even with the boiler not running. Piping was temporarily re-routed to discharge gas into burner section.

Pneumatic Air Compressor

See "Pneumatic Air Compressor" under "Controls" section

Lennox Air Handler

Serves basement tenants, as well as tenants above basement area. No time was spent assessing this unit, as it provides heat to only a small number of tenants. General observations indicate extensive maintenance would be required on this unit, as well as repairs on zone dampers that appear to have failed.

Wall Hung Navien

See above notes under "U of S" Section

6. Auditorium Area

There are 5 RTUs that serve the auditorium area; this includes the auditorium, the auditorium balcony, the hallways and perimeter rooms. If it is decided that this area will continue to be used, all units will require significant maintenance/repairs to work properly and efficiently.

1. Serves perimeter: Gas and electrical was completely disconnected and unit was being prepared for replacement due to a cracked heat exchanger. Ben was able to reconnect power. Signs of electrical damage and wires cut. Ben re-wired unit and was able to get 1 of 2 compressors working (Now cooling at 50%).
 - a. Due to the age and disrepair of this unit, recommendation is to replace if the auditorium will be continued to be used
2. Serves Perimeter: Cooling completely (100%) after repairs were made
3. Serves auditorium: 2 compressors, 1 of which has failed (mentioned in previous e-mail). Other compressor running. Unit cooling at 50%
4. Serves Auditorium Balcony: After maintenance and repairs made unit is cooling at 100%
5. Serves outer office area: No work was performed on this unit as it did not seem critical to the Mosaic area

Notes:

1. Each one of these units required significant coil cleaning. Coils were plugged completely, which was restricting air flow (see attached pictures). This is also most likely the reason for so many failed compressors throughout the cooling units.

2. Thermostats had to be borrowed from non-critical areas to temporarily cool the Mosaic area. They will need to be relocated back to their original spots later
3. A couple of the units have had critical internal wires cut, which was preventing the units from operating (we don't know why they were cut).
4. Due to the lack of thermostats and wiring issues, some of the units are not being controlled by the thermostats down below and are "jumpered" up at the unit. Meaning the unit is simply cooling all the time and won't shut off based on thermostat setting like typical units.
5. When we say working at "100%" that does not mean the unit is fully functioning or that it is cooling 100%. It is just indicating how many compressors are working on the unit. We were only able to perform superficial cleaning to make cooling available. The units still require significant maintenance and repairs if they are expected to work properly.

Recommendations

1. A major clean and service is required on all equipment servicing critical areas. This includes replacement of belts, filters, cleaning coils with cleaner and pressure washing. Cleaning blowers, drain pans, heat exchangers, intakes and lubricating motors and bearings
2. Install a zoning system in the SALPN area to accurately control temperature and tenant comfort
3. Replace failed air compressor with proper Duplex pneumatic control air compressor and/or upgrade system to BMS controls
4. Replace all Spartan zone valves in the U of S area with new zone valves
5. Re-wire RBI zone controls and pumps
6. All minor repairs highlighted previously in yellow

Further recommendations will be made after walk through is completed and a better understanding of the building's future is decided

Orr Center - Demolition Proforma

	Front		Middle		Total
	Connaught	Lewvan	Rear Wood (small)	Rear Wood (small)	
Power - annual	\$ 5,000	\$ 5,000	\$ 1,000	\$ 1,000	\$ 13,000
Gas - annual	\$ 5,000	\$ 5,000	\$ 1,000	\$ 1,000	\$ 13,000
Insurance - annual	\$ 3,225	\$ 3,225	\$ 3,225	\$ 3,225	\$ 16,125
Maintenance	\$ 1,000	\$ 1,000	\$ 3,000	\$ 3,000	\$ 11,000
Fire Panel monitoring (annual)		\$ 600	\$ 600	\$ 600	\$ 1,800
Property Taxes - annual	\$ 23,000	\$ 23,000	\$ 22,000	\$ 22,000	\$ 112,000
Est. Annual Costs	\$ 37,225	\$ 37,225	\$ 30,825	\$ 30,825	\$ 166,925
Less Annual Income offset (if any)	\$ -	\$ -	\$ 25,600	\$ -	\$ -
Est Annual Costs (net)	\$ 37,225	\$ 37,225	\$ 5,225	\$ 30,825	\$ 141,325
Estimated Repairs - Fire/Insurance Compliance (one time)	\$ -	\$ -	\$ 2,550	\$ 2,550	\$ 7,650
Total Projected Cost (net)	\$ 37,225	\$ 37,225	\$ 7,775	\$ 33,375	\$ 148,975

Demolition Option:	Rear Wood (small)		Rear Wood (large)		Total
	Connaught	Lewvan	(small)	(large)	
Disconnects	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 13,750
Demo	\$ 63,000	\$ 50,000	\$ 36,960	\$ 68,200	\$ 255,120
Regular Backfill	\$ 14,000	\$ 10,000	\$ -	\$ -	\$ 24,000
WINTER BACKFILL EXTRA	\$ 30,000	\$ 16,100	\$ -	\$ -	\$ 46,100
GC's, Insurance, Markup, Cont., etc	\$ 109,750	\$ 78,850	\$ 39,710	\$ 70,950	\$ 338,970
Total (prior to Landscaping)	\$ 6,575	\$ 5,275	\$ 10,971	\$ 15,095	\$ 48,887
Landscaping (optional)	\$ 116,325	\$ 84,125	\$ 50,681	\$ 86,045	\$ 387,857
	\$ 12,500	\$ 10,000	\$ 10,000	\$ 15,000	\$ 57,500
	\$ 128,825	\$ 94,125	\$ 60,681	\$ 101,045	\$ 445,357

Projected Payback (years):	3	3	12	2	3
Based on Annual (net of rent offset)					
Based on Total (net of rent offset)					
If no Landscape:					
Based on Annual (net of rent offset)					
Based on Total (net of rent offset)					

NOTE: Could use landscaping money to create gravelled parking for tenants, with potential to generate additional income or provide the parking as an incentive to remain at the center.

THIS IS EXHIBIT "C" REFERRED TO IN THE AFFIDAVIT OF DAVID CALYNIUK SWORN BEFORE ME AT THE CITY OF SASKATOON, IN THE PROVINCE OF SASKATCHEWAN THIS 15TH DAY OF DECEMBER, 2017.

[Signature]

A COMMISSIONER FOR OATHS
FOR THE PROVINCE OF SASKATCHEWAN
BEING A SOLICITOR