Agenda - Executive Policy Committee – March 19, 2009

Report - Standing Policy Committee on Property and Development- March 3, 2009

Item No. 2 The Historical Buildings By-law No. 1474/77 - Kelly House - 88 Adelaide Street (Point Douglas Ward) File G-3.1.1

STANDING COMMITTEE RECOMMENDATION:

On March 3, 2009, the Standing Policy Committee on Property and Development concurred in the recommendation of the Historical Buildings Committee, as amended, and submits the following to Council:

1. That the Kelly House, 88 Adelaide Street not be delisted and not be demolished due to its special architectural and historical significance.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee – March 19, 2009

Report - Standing Policy Committee on Property and Development – March 3, 2009

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On March 3, 2009, the Standing Policy Committee on Property and Development concurred in the recommendation of the Historical Buildings Committee with the following amendments, namely:

- Delete recommendations 2. and 3,

and submitted the matter to the Executive Policy Committee and Council.

Further on March 3, 2009, the Standing Policy Committee on Property and Development received from Ross McGowan, President and Chief Executive Officer, CentreVenture Development Corporation, a proposed Memorandum of Understanding between Adelaide Investments Limited, CentreVenture Development Corporation and the City of Winnipeg dated February 27, 2009, which has been placed on file in the City Clerks Department.

On February 2, 2009, the Standing Policy Committee on Property and Development laid the matter over to its meeting on March 3, 2009. Further on February 2, 2009, the Standing Policy Committee received from Loretta Martin, Director of Development, CentreVenture Development Corporation, a communication dated January 28, 2009, requesting that the matter be laid over.

On November 25, 2008, the Standing Policy Committee on Property and Development laid the matter for ninety (90) days to allow the building owner to meet with CentreVenture Development Corporation, Heritage Winnipeg and such other interests as may be deemed necessary, in order to arrive at an amicable solution with respect to the status of 88 Adelaide Street.

Further, on November 25, 2008, the Standing Policy Committee on Property and Development received submissions on the request to remove 88 Adelaide Street from the Historic Buildings Conservation List from the following:

- Lorne Weiss, Century 21 / Bachman and Associates
- Councillor Gerbasi, Fort Rouge-East Fort Garry Ward

Report - Standing Policy Committee on Property and Development – March 3, 2009

DECISION MAKING HISTORY (continued):

HISTORICAL BUILDINGS COMMITTEE RECOMMENDATION:

On October 16, 2008 the Historical Buildings Committee recommended to the Standing Policy Committee on Property and Development:

1. That the building not be delisted and not be demolished due to its special architectural and historical significance;

2. That since this property is now within the CentreVenture Development Corporation's boundary, that CentreVenture be requested to examine the possibility of funding to stabilize the building and assisting in finding a tenant for the property; and

3. That the City establish a working group to examine and recommend to City Council options to enforce proper mothballing and ongoing maintenance of vacant heritage buildings. The working group should include officials involved with the Vacant and Derelict Buildings Bylaw, CentreVenture, the Province of Manitoba, and Heritage Winnipeg.

THE CITY OF WINNIPEG

COUNCILLORS' OFFICE

CIVIC CENTRE • 510 MAIN STREET • WINNIPEG • MANITOBA • R3B 1B9
www.jennygerbasi.ca

JENNY GERBASI
Councillor
FORT ROUGE-EAST FORT
GARRY WARD
City-Centre Community
Committee

Telephone: 986-5878
Fax: 986-5636
E-Mail: jgerbasi@winnipeg.ca

October 21, 2008

Chairperson and Members
Standing Policy Committee on Property and Development

Re: Request to Delist and Demolish 88 Adelaide Street Under The Terms of The Historical Buildings Bylaw No. 1474/77

The Historical Buildings Committee, at their October 16, 2008 meeting, reviewed a request from the owner of the property to have the building delisted in order for it to be demolished (see Attachment 1).

The owner is obliged under Order No. VDB 894890 under the Vacant and Derelict Buildings Bylaw No. 35/2004 to bring the property into compliance.

The owner has also advised that they have retained numerous consultants to prepare reports as evidence that the property is in need of extensive repair, that it has surpassed its useful life, and that the cost of rehabilitation would exceed the cost of new construction. The owner's estimates to restore the building are in excess of $380,000.

On January 25, 1982 the property was evaluated by the Historical Buildings Committee as a Grade III heritage structure. It was listed by the Committee on Environment in June 1982.

Historically, the house is connected to Thomas Kelly, the contractor for the Legislative Building, who was ultimately incarcerated for his role in the scandal regarding the construction of that building. As one of Western Canada's most prominent contractors, Mr. Kelly was involved in a significant number of projects from Winnipeg to Vancouver. His firm is also credited with laying down Winnipeg's first asphalt surface (on McDermot Avenue).

The single-family dwelling at 88 Adelaide Street is the city's best 1880s example of the Queen Anne Revival style as applied to a residential structure. At its best, the style was known for its picturesqueness, a seemingly unconnected, unbalanced attempt to fill or cover all flat surfaces on every façade. Bay windows, towers, wrap-around porches, irregular rooflines, dormers, cross gables, ornamented

chimneystacks, projecting wings, balconies and varied materials and colours were applied in combination to animate the structures. Queen Anne Revival was one of the most popular of all the residential architectural styles in North America from the 1880s until World War I.

In December 2001, Mr. Gavin Rich appeared before the Historical Buildings Committee advising he wished to either move the building or demolish it. It had been vacant for nearly two years. At that time the property was outside of CentreVenture's mandated area and was therefore not eligible for grant monies. The Historical Buildings Committee made a site visit to the building and subsequently hired the engineering firm of Crosier Kilgour & Partners Ltd. to review its structural condition.

The resulting engineer's report advised that the structure was in relatively good condition, but shingle replacement and a rainwater management system were recommended. The owner then advised that he would not pursue demolition at that time.

Subsequent to the current application for delisting and demolition permit, the Historical Buildings Committee again retained Crosier Kilgour and Partners Ltd. to update the 2002 report. The updated report, dated October 8, 2008, indicates that the building is still structurally sound, but requires much work due to a leaking roof and water penetration to the interior. The estimated cost to repair the roof, interior framing, and exterior masonry is $42,000 (see Attachment 2).

The Historical Buildings Committee recommends:

1. **That the building not be delisted and not be demolished due to its special architectural and historical significance;**

2. **That since this property is now within the CentreVenture Development Corporation's boundary, that CentreVenture be requested to examine the possibility of funding to stabilize the building and assisting in finding a tenant for the property; and**

3. **That the City establish a working group to examine and recommend to City Council options to enforce proper mothballing and ongoing maintenance of vacant heritage buildings. The working group should include officials involved with the Vacant and Derelict Buildings Bylaw, CentreVenture, the Province of Manitoba, and Heritage Winnipeg.**

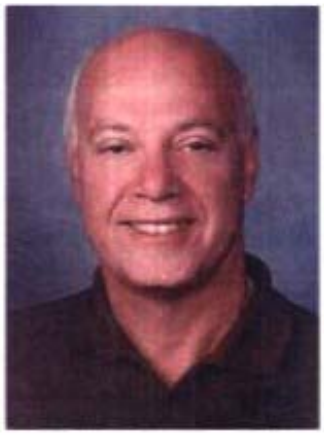
J Gerbasi

Councillor Jenny Gerbasi
Chairperson,
Historical Buildings Committee

Attachment 1

Century 21
Bachman & Associates

360 McMillan Avenue
Winnipeg, Manitoba R3L 0N2
Business 204-453-7653
Fax 204-284-4262



July 22, 2008

Mr. Giles Bugailiskis
Senior Planner (Heritage)
City of Winnipeg

RE: 88 Adelaide Street, Winnipeg, Roll Number 13-061010000

Dear Sir:

In reference to the above mentioned property, I have been authorized to act on behalf of the owners [1] to assist in determining a course of action as a result of Order No. VBD 894890 [2] under by-law 35/2004.

This order has been extended to September 30 for compliance.

Subsequent to receipt of the order, an inspection of the property was completed by Ted Solodiuk, an inspector with the City of Winnipeg. We are attempting to get a copy of his report. In addition the owners hired A.D. Williams Engineering Inc. to have a structural assessment of the building completed [3]. Based on the structural assessment and the contents of the repair order issued by the city, Number Ten Architectural Group was asked to inspect the building to determine the scope of work required to meet existing code and utilized the property to its highest and best use for the area; office space. [4] These reports were turned over to a general contractor, NASTA Construction, to provide a budget number quote to complete the work.[5]

Using the size of the building as provided by the city of Winnipeg[6], cost of renovation, and market net rental rates for office in this area ($7.00 – $10.00 /SF/PA) the economics of rehabbing 88 Adelaide Street are not viable.[7]

In addition, all reports conclude that due to the extent of deterioration of the interior wood and plaster work, repair and restoration is not an option. They must be removed and replaced along with portions of the exterior.

---

[1] Appendix 1
[2] Appendix 2
[3] Appendix 3
[4] Appendix 4
[5] Appendix 5
[6] Appendix 6
[7] Appendix 7

As a result of the reports and the economic study, the owners are requesting that the Kelly House at 88 Adelaide Street be de-listed as a historic building so that a demolition permit may be issued.

Sincerely



Lorne Weiss
Associate Broker

Email: lorne@lorneweiss.com

APPENDIX 1

ADELAIDE INVESTMENTS LIMITED
85 ADELAIDE STREET
WINNIPEG, MANITOBA
R3A 0V9

July 9, 2008

To Whom It May Concern:

RE: Kelly House
85 Adelaide
Residential Order # VBD 894890
The Vacant and Derelict Buildings By-Law # 35/2004
(Folder # 07 136713 000 00 VB)
Lot 22 Plan 33144 5/6 ST J

Mr. Lorne Weiss of Century 21/Bachman & Associates is hereby retained to review all matters of assessment and heritage designation (Historical Buildings By-law 1474/77 – as amended June 7, 1982) for the above named property.

This letter is your authority to deal with Mr. Lorne Weiss of Century 21/Bachman & Associates, their officers, employees and agents to release to them such information and documentation as they may request, and to discuss with Mr. Lorne Weiss any and all matters relating to the property assessment and heritage designation and to accept representation on our behalf, and any complaints or appeals filed or to be filed on our behalf by Mr. Lorne Weiss.

This appointment extends to any and all associated companies of the undersigned.

Yours truly,

ADELAIDE INVESTMENTS LIMITED



Ken Hunter, CFO
Adelaide Investments Limited
Phone: (204) 942-3494
Email: khunter@richlu.com

Cc. Giles Bugailiskis
Senior Planner (Heritage)
Email: gbugailiskis@winnipeg.ca

P.W. (Peter) Kloos
Director of Fire Prevention
Email: pkloos@winnipeg.ca

APPENDIX 2

Winnipeg

Fire Paramedic Service • Service d' incendie et de soins médicaux d'urgence

Fire Prevention Branch • Direction de la prevention des incendies

RESIDENTIAL ORDER

The Vacant and Derelict Buildings By-law No. 35/2004

January 17, 2008

Order No. VBD 894890

REGISTERED MAIL

Attn: Dorothy Kotler
Director, Adelaide Inv.
31 Mager Dr W
Winnipeg, MB
R2M 0R9

David Rich
c/o Richlu Sportwear LTD
85 Adelaide St
Winnipeg, MB
R3A 0V9

Dear Sir or Madam:

RE: 85 ADELAIDE STREET
(FOLDER NO. 07 136713 000 00 VB)
LOT 22 PLAN 33144 5/6 ST J

The subject property fails to comply with The Vacant and Derelict Buildings By-law No. 35/2004 Schedule "A" (maintenance standards).

Details of non-compliance with this By-law:

- Walls have holes, breaks, loose or rotting boards which may permit entry of rodents or pests.
- Floor has loose, warped, protruding or rotting floor boards.
- Every wall and ceiling in the building is not maintained in a safe condition and free from loose plaster and other hazards.

Accordingly, as the owner, **YOU ARE HEREBY ORDERED TO** take the following steps to bring the property into compliance with the By-law by **March 31, 2008**:

- Repair all holes, breaks, loose or rotting boards to prohibit entry of rodents or other pests.
- Repair all loose, warped, protruding or rotting floor boards.
- Repair ceilings on second floor.

Please note that, if compliance with this Order requires any construction activity, a Building Permit may be required and that demolition requires a Demolition Permit.

If you fail to comply with this Order, you will be prosecuted.
In addition, if you fail to comply with this Order, the City may carry out the work necessary to bring the building into compliance with the By-law, at your expense.

APPEAL

If you object to this Order, you are entitled to appeal it to the Standing Policy Committee on Property and Development within (a) the date specified for compliance or (b) within 14 days of being served with this Order, whichever is earlier. You can do so by indicating in writing your intention to appeal the Order. You must send your appeal by personal delivery, regular mail, fax or email to:

The Standing Policy Committee on Property and Development
Office of the City Clerk, Council Building, 510 Main Street
Winnipeg, Manitoba R3B 1B9 Fax: (204) 947-3452
Email: cfreeman@winnipeg.ca

Enquires regarding this Order should be directed to Fire Inspector Bruce Anderson at: (204) 986-6321.

G. Rondeau

Garry Rondeau
Senior Fire Inspector

cc:
Bruce Anderson - Fire Inspector
V.B.F.

APPENDIX 3

STRUCTURAL ENGINEERS

Project No. 8073
March 17, 2008

David Elson B.E.S..
A. D. Williams Engineering Inc.
500 - 321 McDermot Avenue
Winnipeg, MB R3A 0A3

Re: Kelly House
82 Adelaide street
Winnipeg, Manitoba

On March 10th, 2008 a walk-through site visit was made by the undersigned to evaluate the structural integrity of the aforementioned building. For this inspection, no tests or calculations were made, nor were any concealed areas that are not normally accessible, opened up. For this site visit, nothing was removed. The home that was inspected was built in 1882 and is designated as a heritage building by the city of Winnipeg. The building is a two storey building with a ladder access hatch to the attic. The building is constructed of load bearing brick walls, wood floor joists bearing on a stone foundation wall which in turn bears on a stone footing. There is a full basement with a ceiling height of approximately seven feet. The building has been vacant an undetermined duration. There is no heat in the building, no operable plumbing and no working electrical.

The exterior of the building was reviewed. The exterior is constructed with brick. The brick is showing signs of severe deterioration and has many areas where the brick requires repointing, repair or replacement. The rear of the building, near the upper second floor window, has brick that is failing and needs immediate replacement. The brick and grout may be subject to further deterioration once the brick is cleaned. The wood framed roof is covered with asphalt shingles and needs to be replaced. Downspouts, eave trough, fascia and trim boards require repair or replacement. The original framing for the front porch entrance stair will require replacement.

The interior of the building was reviewed. The building's plaster is cracked in all areas due to structure movement and temperature shrinkage cracking. The interior finishes which includes all ornate wood work on the ceilings and walls is cracked and would require replacement. All flooring though out the building would have to be removed and the original floor sheathing and joists be inspected for damage.

Lavergne Draward
& Associates Inc.

402-138 Portage Avenue East
Winnipeg, Manitoba
R3C 0A1
Tel 204 947.2222
Fax 204 947.2522

Con't

STRUCTURAL ENGINEERS

Project No. 8073
David Elson
March 17, 2008

The basement was reviewed. The stair down to the basement should be replaced. The original stone foundation could not be seen as it has been parged over with a cementious coating. The coating seems to be performing well but is showing signs of frost penetration on the interior face.

The concrete slab on grade floor is cracked at various locations but is performing as intended. There is visual evidence that water has infiltrated the foundation walls over the life span of the building. The main floor joists appear to be solid in the areas that were visible. The main floor beams are supporting the floor as it was originally intended. There appears to be areas where the structure has been modified. The entire supporting structure for the main floor should be thoroughly investigated in detail to ensure it is adequate to support the applied design loads prior to any further occupancy.

Exterior grading is poor and the property should be regraded to ensure positive drainage away from the building's foundation. All down spouts should be extended to prevent accumulation of water at the foundation.

In conclusion the home is in need of extensive major repairs before it would be fit to occupy. The original plaster would likely require removal down to the original wood studs with new wall board and trims being applied. The building should be striped down to its original framing (walls, floors, ceilings) and inspected to determine any structural deficiencies not visible in this cursory review.

Trusting the above meets with your approval.

Sincerely,

Brad Draward CET
Principal

Julien Lavergne, P.Eng.
Structural Engineer

PROVINCE OF MANITOBA
J.F. LAVERGNE
3/17/08
REGISTERED PROFESSIONAL ENGINEER

APPENDIX 4

number TEN
architectural group

FAXED

May 2, 2008

Richlu Sportsware Ltd.
85 Adelaide Street
Winnipeg, MB R3A 0V9

Attention: ***Mr. Ken Hunter, C.A., Controller***

Re: ***88 Adelaide Street, Winnipeg, MB***

Ken,

In early March of this year, we were asked to provide an opinion on the re-use of 88 Adelaide Street as a commercial office environment. We attended the site and conducted a preliminary review of its condition. The building is a two storey masonry and wood structure totalling an estimated 1,800 square feet above a stone foundation basement. It was constructed as a private residence around the turn of the century. It is listed as a Grade 3 Historical building. It has not been occupied for a number of years.

In its original setting, 88 Adelaide was one of several private homes on the street. Today it remains alone, surrounded by a parking lot, amid the large commercial / warehouse buildings of the Exchange District. The notion of a reconditioned residence appears unrealistic. We concur that its future as an office environment is the only available alternative assuming cost and income potential support this premise.

General Observations

The building has charm and some interesting architectural finishes. It is however in *very* poor condition. The masonry exterior requires major repair and in some cases replacement. The wood trim, windows, roof, fascia, and porch also are in sad repair and well past their useful life. The building has no workable plumbing or heating. Interior walls are not salvageable. Floor joists and stairs will need fortification to be deemed safe (a detailed structural analysis is needed to determine actual structural capacity). There is no current electrical system and the building is not wheelchair accessible. We seriously doubt whether the building could be re-located.

In our opinion, the building has long passed its useful life. It is unsafe and unhealthy. It will require an extensive; if not total rebuild to bring it back to a useable, code compliant environment.

Pre-requisite Action for Conversion to Offices

There are several basic repairs required, independent of specific use and occupancy needs. These include the following:

1. The stone foundation should be re-pointed, waterproofed, insulated, and stabilized. Rear addition needs to be removed or reconnected.

Terry Cristal
Architect Inc

Robert A. Tortwood
Architect Inc

Bonnie J. Ottenfried
Architect Inc

Doug Hanna
Architect Inc

Barry Cosgrove
Architect Inc

Dave Lalonde
Architect Inc

Gregory E. Hasan
Architect Inc

Winnipeg Office
310 - 115 Bannatyne Ave
Winnipeg MB Canada R3B 0R3
204 942.0981 | 204 947.9626
winnipeg@numberten.com

Victoria Office
112 - 826 North Park St
Victoria BC Canada V8W 3B4
250 360.2106 | 250 360.2166
victoria@numberten.com

www.numberten.com

2. The building roof structure needs to be re-sheathed and re-shingled. Some structural repairs may also be required, including the replacement of rotted wood components.
3. The building exterior masonry walls should be repaired with all necessary re-pointing of the brick work. We also recommend cleaning of the façade.
4. All rotted wood trim should be replaced with new, painted material. This includes all of the wood trim, fascia boards, and door/window casings.
5. The porch should be removed and rebuilt.
6. New windows throughout. New doors and frames throughout.
7. An exterior ramp will need to be constructed for wheelchair access.
8. All interior partitions, doorways, and stairways should be removed. The building interior should be stripped to expose the framing of the exterior walls, floors, and ceiling joists. Any rotten wood should be replaced. Any components deemed structurally inadequate should be replaced or re-enforced to suit.
9. All exterior walls should be insulated, vapour barrier added, and refinished with new drywall.
10. A new electric service, commercial use, code compliant wiring, switching, and lamping need to be added.
11. New plumbing, based on proposed use is required. This includes wheelchair accessible washrooms.
12. New stairs are required that meet current building codes. These will be larger than the existing stairs requiring modification to existing stair openings.
13. New walls and doors as needed, including appropriate finishes and hardware.
14. New floor finishes throughout.

Conclusions

The fundamental problem with a repair of this magnitude is that the costs of rejuvenation will likely exceed the cost of new construction. You will have restored a historic property, but the commercial space may be compromised in the process. If the intent is to give new life to a historic property, your decisions may be made on that basis alone. This would be a valiant undertaking on behalf of the City's historic building inventory. If, however, the decision to renovate is predicated on the need to create a viable office condition, then repairing the existing building may very well be impractical under the best of circumstances. In this regard, relocating the building might be a worthy thought but we doubt it could withstand the stress to do so.

Sincerely,

Number TEN Architectural Group

Terry Cristall

Terry Cristall, MAA
Principal

APPENDIX 5

NASTA CONSTRUCTION

110 La Maire Street
Winnipeg, MB R3V 1C9
Phone (204) 282-3900
Phone (204) 295-7399

July 2,2008

As per our conversation, we are providing an estimate with respect to the premises located at 88 Adelaide street. After our initial on site evaluation we must note that an extensive restoration of the property must be carried out in order to meet current city building codes. We are providing our estimate based on architectural recommendations provided by Number Ten and A.D Williams Engineering.

Scope of work is as follows:

Exterior Restoration:

1. House roofing must be replaced. All damaged or rotted plywood must be repaired/replaced.

2. All woodwork soffits and fascia boards must be replaced with new wood trimming to match existing heritage building design. Care must be taken to ensure proper ornamental pieces are replaced. New eaves troughs must be installed.

3. Stone foundation must be repaired, waterproofed and insulated to ensure proper water tight seal.

4. Exterior grading is required to provide adequate drainage away from building foundation.

5.Missing and/ or damaged brickwork must be replaced. Re-pointing of masonry must be performed to seal exterior.

6.All exterior windows, doors, and casings must be replaced.

7.Exterior porch must be removed and rebuilt.

Interior Restoration:

1. Remove all interior drywall, doors, frames, trimming, cabinetry, lighting and switches throughout entire house. Remove to bare studs and evaluate . Repair and replace where needed.

2. Remove all flooring thorough out including sub flooring(to exposed framing). Evaluate joists, repairing or replacing where necessary.

3. Replace sub floor with appropriate OSB sub floor.

4. Remove and replace all plumbing and electrical through out building. Upgrade electrical wiring and provide appropriately rated service to property. Supply and install adequate plumbing for bathrooms, kitchen area, laundry area and venting.

NASTA CONSTRUCTION

110 Le Maire Street
Winnipeg, MB R3V 1C9
Phone (204) 282-3900
Phone (204) 295-7399

5. All exterior walls must be reinsulated, and sealed with vapour barrier.

6. Drywall all walls, tape, prime and paint.

7. Supply and install doors and frames with adequate door clearances.

8. Supply and install new flooring throughout. Carpet in work areas, and vinyl flooring in bathroom, kitchen and entrance areas.

9.Install new light fixtures throughout building. Electrical diagram needed for light placement.

10. Install new casings and mouldings through out interior space.

HVAC:

1. New ventilation must be installed throughout house to supply adequate air circulation. New furnace and cooling system will be installed to provide heating and cooling for the house/office space. Air makeup will be balanced and tested to ensure appropriate air movement.

Service Lines:

1. Based on the age of the building and professional opinion, new electrical power lines and new city services will need to be installed to ensure that there are no inherent problems associated with these services.

Stairs:

1. Remove all stairways and replace with new stringers and studding to ensure they are structurally sound and code compliant.

NASTA CONSTRUCTION

110 Le Maire Street
Winnipeg, MB R3V 1C9
Phone (204) 282-3900
Phone (204) 295-7399

Based on our evaluations we are estimating that the cost to restore the building will be in excess of building the property from the ground up. Due to the condition of the building there are many details or oversights that may be missed that may escalate the price further as we progress. As a result, our initial estimate to restore the property is estimated at $380,000.00, but may increase due to unforeseen costs. A contingency fund in the amount of 20% of the estimated construction cost ($76,000.00) will need to be allocated to cover any extraneous variables. This fund will be created to cover such expenses and will be used when deemed necessary.

We hope that our estimate is helpful in assessing a cost analysis of the required construction at 88 Adelaide. If there are any questions regarding our quote feel free to contact Ty Malik at 204.295.7399

Best Regards,

Ty Malik

APPENDIX 6

Start New Search

88 Adelaide Street

Roll Number: 13-061010000

Current Assessment Value – 2003 Market		
Property Class(es)	**Status(es)**	**Assessed Value**
Residential 1	Taxable	$18,700

Neighbourhood Area in which searched property is located: West Alexander
Market Region in which searched property is located: Inner City

Residence:	
Living Area:	2,185 sq. ft.
Building Type:	Two Storey
Basement:	Yes
Basement Finish:	No
Year Built:	1882
Rooms:	9
Air Conditioning:	No
Fireplace(s):	No
Attached Garage:	No
Detached Garage:	No
Pool:	No

Property Information:	
Zoning:	C - Character
Assessed Area:	3,267 sq. ft.
Property influence(s):	Commercial Adjacent Medium Traffic

TAX & ASSESSMENT RECORD

Linc Number	0122000610100	**Roll #/Type**	610100-2	**Statement Year**	2007
Property Address	# 88 ADELAIDE ST				
City/Municipality	-WINNIPEG			**Zoning**	C
School Division	1-W1			**Condo Unit/Corp**	
Legal	LBP 22 33144 5/6 ST J			**More Legal Info**	N
Last Sale Price		**Last Sale Year**		**Last Sale Type**	

Legal Information

Lot		**Section**	**Quarter**
Block		**Township**	**Portion**
Plan		**Range**	

Land and Building Information

# Dwelling Units	1	**Area**	3267.000	**Title Number**	1767568
(Metric) Front	10.060	**(Metric) Depth**	30.182	**Title Office**	
(Imperial) Front	33.000	**(Imperial) Depth**	99.000	**Acres**	0.00

Assessment		Land		Building		Totals	
TS	**CC**	**Assessment**	**Portion**	**Assessment**	**Portion**	**Assessment**	**Portion**
T	10					$18,700	$8,415
						$0	$0
						$0	$0
						$0	$0

Owner Name and Mailing Address Information

1st Name	**2nd Owner**	**More Owner Listed**

City of Winnipeg Information

Municipal Taxes	$214.14	**Soil Class**	
+ Local Improvements	$84.15	**Report #**	
= Total Municipal Taxes	$298.29	**Gen Municipal Levy**	
		ESL Levies	
Winnipeg School Divn Levy	$234.12	**School Special Levy**	
+ Prov Education Levy	$0.00	**Hospital Levy**	
= Total School Taxes	$234.12	**Total Local Imprv**	
		Arrears Amount	
Gross Property Tax	$532.41	**Total Credits**	
- HOA	$0.00	**Total Gross Taxes**	
- PSTA		**PHOTA Advance Amount**	
= Net Property Tax	$532.41	**PSTA Advance Amount**	

Rural Manitoba Information

Local Improvement Information

LI Code	Description	From Term	To Term	Amount
05	SEWER RENEWAL			$62.70
10	WATER RENEWAL			$21.45
				$0.00
				$0.00
				$0.00

INFORMATION DEEMED RELIABLE BUT NOT GUARANTEED 07/08/08 10:07 AM

APPENDIX 7

Century 21
Bachman & Associates

Kelly House

Historic Building Office Conversion

C21 Bachman & Assoc Lorne Weiss
360 McMillan Avenue, Winnipeg, MB R3L 0N2
Bus 204-453-7653 lorne@lorneweiss.com

Property Description
Residential House. Early 1900's, Located in parking lot in midst of office & inustrial

Address
88 Adelaide Street
WinnipegManitoba

Location Description

Legal

Legal
lot 22 Plan 3314 5/6 ST J

Zoning

Encumbrances

Property Taxes Information

Assessment Date	
Property Taxes	$ 0
Roll or Identification Number	

Assessed Value

Land	-
Improvements	-
	-

Land

Dimensions		
Frontage	0	Ft
Land Area	0	Sq. Ft

Building

Age	0 Years
No of Floors	0
Building Area	0 Sq. Ft
Commercial Rentable Area	0 Sq. Ft
Commercial Usable Area	0 Sq. Ft
Add On Factor	0%

Parking

Uncovered	-
Covered	-
Other	-
Total Parking	-

Construction

Building Equipment & Systems

Elevators

No. of Elevators	0

Rental rate based on comparable office space in the area which currently is being offered at between $12-$15 per sfr gross or $7-$10 net per SF. office vacancy in the area is high & is reflected in the 10% vacancy rate.

iNFORMATION DEEMED RELIABLE BUT NOT GUARANTEED. INTERESTED PARTIES ARE URGED TO DO THEIR OWN INVESTIGATION

Century 21 Bachman & Associates

Income & Expense Statement Monthly Summary
Kelly House
Historic Building Office Conversion

July 21, 2008
Investor Pro
88 Adelaide

	2009 Jan	2009 Feb	2009 Mar	2009 Apr	2009 May	2009 Jun	2009 Jul	2009 Aug	2009 Sep	2009 Oct	2009 Nov	2009 Dec	Yearly Total
REVENUE													
General Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Revenue	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	18,682
Rental Income	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**18,682**
Less: Vacancy & Credit Loss Allowance	156	156	156	156	156	156	156	156	156	156	156	156	1,868
Effective Gross Income	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**16,814**
Operating Expenses	147	147	147	147	147	147	147	147	147	147	147	147	1,760
Net Operating Income	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**15,053**

	2010 Jan	2010 Feb	2010 Mar	2010 Apr	2010 May	2010 Jun	2010 Jul	2010 Aug	2010 Sep	2010 Oct	2010 Nov	2010 Dec	Yearly Total
REVENUE													
General Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Revenue	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	18,682
Rental Income	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**18,682**
Less: Vacancy & Credit Loss Allowance	156	156	156	156	156	156	156	156	156	156	156	156	1,868
Effective Gross Income	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**16,814**
Operating Expenses	147	147	147	147	147	147	147	147	147	147	147	147	1,760
Net Operating Income	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**15,053**

Starting January	2009	2010	2011	2012	2013
REVENUE					
General Revenue	-	-	-	-	-
Rental Revenue	18,682	18,682	18,682	18,682	18,682
Rental Income	**18,682**	**18,682**	**18,682**	**18,682**	**18,682**
Less: Vacancy & Credit Loss Allowance	1,868	1,868	1,868	1,868	1,868
Effective Gross Income	**16,814**	**16,814**	**16,814**	**16,814**	**16,814**
Operating Expenses	1,760	1,760	1,760	1,760	1,760
Net Operating Income	**15,053**	**15,053**	**15,053**	**15,053**	**15,053**

	2011 Jan	2011 Feb	2011 Mar	2011 Apr	2011 May	2011 Jun	2011 Jul	2011 Aug	2011 Sep	2011 Oct	2011 Nov	2011 Dec	Yearly Total
REVENUE													
General Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Revenue	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	18,682
Rental Income	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**18,682**
Less: Vacancy & Credit Loss Allowance	156	156	156	156	156	156	156	156	156	156	156	156	1,868
Effective Gross Income	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**16,814**
Operating Expenses	147	147	147	147	147	147	147	147	147	147	147	147	1,760
Net Operating Income	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**15,053**

	2012 Jan	2012 Feb	2012 Mar	2012 Apr	2012 May	2012 Jun	2012 Jul	2012 Aug	2012 Sep	2012 Oct	2012 Nov	2012 Dec	Yearly Total
REVENUE													
General Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Revenue	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	18,682
Rental Income	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**18,682**
Less: Vacancy & Credit Loss Allowance	156	156	156	156	156	156	156	156	156	156	156	156	1,868
Effective Gross Income	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**16,814**
Operating Expenses	147	147	147	147	147	147	147	147	147	147	147	147	1,760
Net Operating Income	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**15,053**

Income & Expense Statement Monthly Summary
Kelly House
Historic Building Office Conversion

July 21, 2008
Investor Pro
88 Adelaide

	2013 Jan	2013 Feb	2013 Mar	2013 Apr	2013 May	2013 Jun	2013 Jul	2013 Aug	2013 Sep	2013 Oct	2013 Nov	2013 Dec	Yearly Total
REVENUE													
General Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Revenue	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	1,557	18,682
Rental Income	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**1,557**	**18,682**
Less: Vacancy & Credit Loss Allowance	156	156	156	156	156	156	156	156	156	156	156	156	1,868
Effective Gross Income	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**1,401**	**16,814**
Operating Expenses	147	147	147	147	147	147	147	147	147	147	147	147	1,760
Net Operating Income	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**1,254**	**15,053**

Starting January	2009	2010	2011	2012	2013
CASH FLOW BEFORE TAX					
Rental Revenue	18,682	18,682	18,682	18,682	18,682
General Revenue	-	-	-	-	-
	18,682	**18,682**	**18,682**	**18,682**	**18,682**
Less: Vacancy & Credit Loss Allow.	1,868	1,868	1,868	1,868	1,868
Effective Gross Income	**16,814**	**16,814**	**16,814**	**16,814**	**16,814**
Less: Rental Expenses	1,200	1,200	1,200	1,200	1,200
General Expenses	560	560	560	560	560
Net Operation Income	**15,053**	**15,053**	**15,053**	**15,053**	**15,053**
Less: Financing					
Principle Payments	17,976	19,256	20,628	22,097	23,671
Interest payments	30,903	29,622	28,251	26,782	25,208
	48,879	**48,879**	**48,879**	**48,879**	**48,879**
Plus: Tenant Loans					
Principle Payments	-	-	-	-	-
Interest payments	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
CASH FLOW BEFORE TAX	**(33,826)**	**(33,826)**	**(33,826)**	**(33,826)**	**(33,826)**

LANDLORD

Year	Leasehold Improvements Costs	Financing of Improvements: Borrow	Financing of Improvements: Paid Back	Operating Cash Flow (Before Tax)	Termination Costs (Before Tax)	Net Cash Flow (Before Tax)
2009 Jan-2009 Dec	$ (1,379,516)	$ 456,000	-	$ (33,826)	-	$ (957,342)
2010 Jan-2010 Dec	-	-	-	(33,826)	-	(33,826)
2011 Jan-2011 Dec	-	-	-	(33,826)	-	(33,826)
2012 Jan-2012 Dec	-	-	-	(33,826)	-	(33,826)
2013 Jan-2013 Dec	-	-	(352,373)	(33,826)	-	(386,199)
				Total Net Cash Flow (Before Tax)		**(1,445,017)**
				Net Present Value (NPV) at 0%		**(1,445,017)**

Before Tax Summary

Total Rentable Area	2,185 Sq. Ft
Total Usable Area	2,185 Sq. Ft
Total Net Cash Flow	($ 1,445,017)
Average Annual Net Cash Flow	-$ 289,003 per Year
Average Monthly Net Cash Flow	-$ 24,084 per Month

	Rentable Area	**Usable Area**
Total Rate	$ (661.33) Sq. Ft	$ (661.33) Sq. Ft
Average Effective Annual Rate	$ (132.27) Sq. Ft per Yr	$ (132.27) Sq. Ft per Yr
Average Effective Monthly Rate	$ (11.02) Sq. Ft per Mo	$ (11.02) Sq. Ft per Mo
Net Present Value at 0%	($ 1,445,017)	
Net Effective Rent at 0%	$ (132.27) Sq. Ft per Yr	$ (132.27) Sq. Ft per Yr
	$ (11.02) Sq. Ft per Mo	$ (11.02) Sq. Ft per Mo

Landlord. Net Cash Flow for NPV Calculations (Before Tax)
Kelly House
Historic Building Office Conversion

July 21, 2008
Investor Pro
88 Adelaide

LANDLORD

	Year	Leasehold Improvements Costs	Financing of Improvements Borrow	Financing of Improvements Paid Back	Operating Cash Flow (Before Tax)	Termination Costs (Before Tax)	Net Cash Flow (Before Tax)
0		$ (1,379,516)	$ 456,000	-	-	-	$ (923,516)
1	2009 Jan-2009 Dec	-	-	-	(33,826)	-	(33,826)
2	2010 Jan-2010 Dec	-	-	-	(33,826)	-	(33,826)
3	2011 Jan-2011 Dec	-	-	-	(33,826)	-	(33,826)
4	2012 Jan-2012 Dec	-	-	-	(33,826)	-	(33,826)
5	2013 Jan-2013 Dec	-	-	(352,373)	(33,826)	-	(386,199)
					Total Net Cash Flow (Before Tax)		**(1,445,017)**
					Net Present Value (NPV) at 0%		**(1,445,017)**

Before Tax Summary

Total Rentable Area	2,185 Sq. Ft
Total Usable Area	2,185 Sq. Ft
Total Net Cash Flow	($ 1,445,017)
Average Annual Net Cash Flow	-$ 289,003 per Year
Average Monthly Net Cash Flow	-$ 24,084 per Month

	Rentable Area	**Usable Area**
Total Rate	$ (661.33) Sq. Ft	$ (661.33) Sq. Ft
Average Effective Annual Rate	$ (132.27) Sq. Ft per Yr	$ (132.27) Sq. Ft per Yr
Average Effective Monthly Rate	$ (11.02) Sq. Ft per Mo	$ (11.02) Sq. Ft per Mo
Net Present Value at 0%	($ 1,445,017)	
Net Effective Rent at 0%	$ (132.27) Sq. Ft per Yr	$ (132.27) Sq. Ft per Yr
	$ (11.02) Sq. Ft per Mo	$ (11.02) Sq. Ft per Mo

C21 Bachman & Assoc Lorne Weiss 204-453-7653 lorne@lorneweiss.com

Year	Rental Income	Vacancy	Expenses	Net Operating Income (Before Tax)	Equiv. Rent Rates: Rentable Area $ per Sq. Ft per Yr.	Rentable Area $ per Sq. Ft per Mo.	Usable Area $ per Sq. Ft per Yr.	Usable Area $ per Sq. Ft per Mo.
2009 Jan	-	-	-	-	-	-	-	-
2009 Jan-2009 Dec	18,682	1,868	1,760	15,053	6.89	0.57	6.89	0.57
2010 Jan-2010 Dec	18,682	1,868	1,760	15,053	6.89	0.57	6.89	0.57
2011 Jan-2011 Dec	18,682	1,868	1,760	15,053	6.89	0.57	6.89	0.57
2012 Jan-2012 Dec	18,682	1,868	1,760	15,053	6.89	0.57	6.89	0.57
2013 Jan-2013 Dec	18,682	1,868	1,760	15,053	6.89	0.57	6.89	0.57
		Total Net Operating Income		**$ 75,265**				
		Net Present Value at 0%		**$ 75,265**				

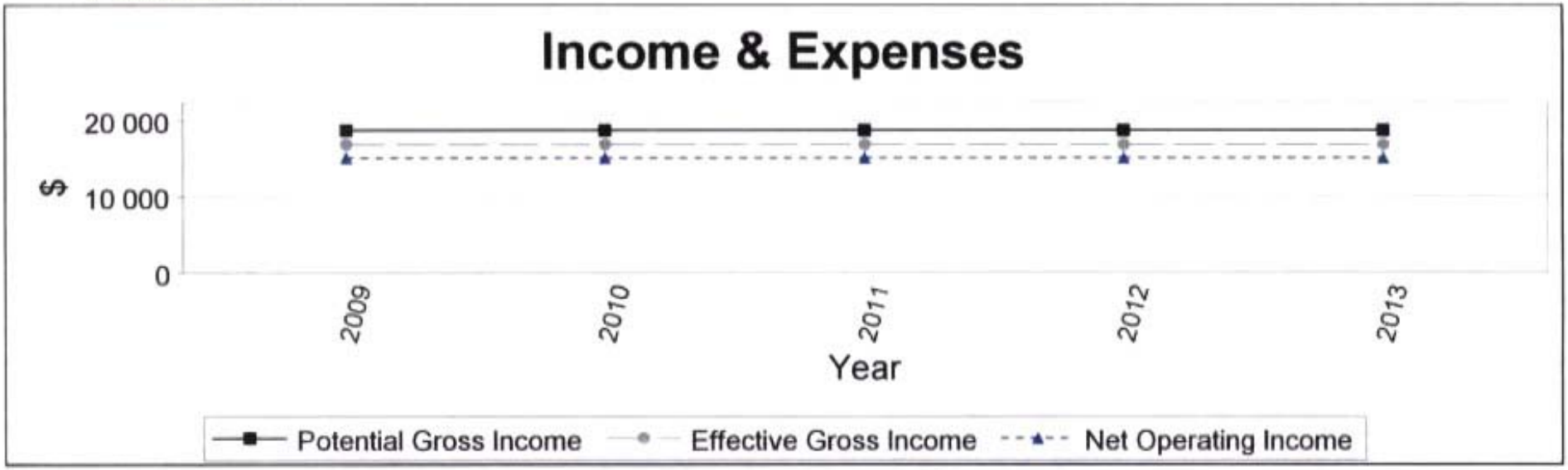
Before Tax Financial Summary

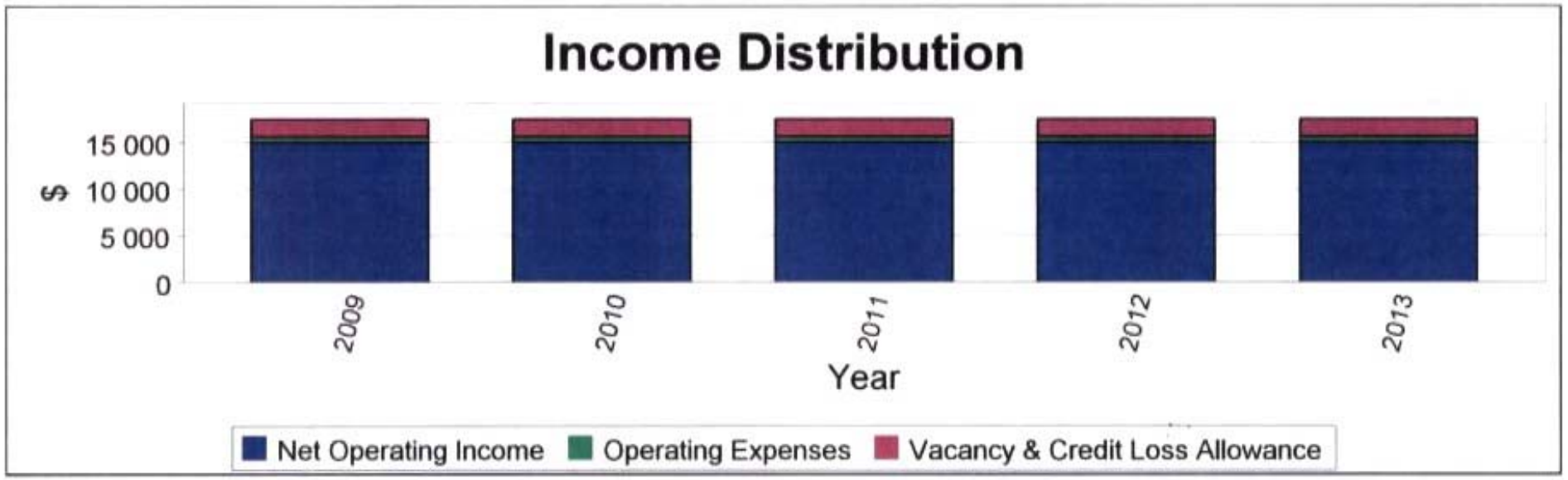
Total Rentable Area	2,185 Sq. Ft
Total Usable Area	2,185 Sq. Ft
Total Net Operating Income	$ 75,265
Average Annual Net Operating Income	$ 15,053 per Year
Average Monthly Net Operating Income	$ 1,254 per Month

	Rentable Area	**Usable Area**
Total Rate	$ 34.45 Sq. Ft	$ 34.45 Sq. Ft
Average Effective Annual Rate	$ 6.89 Sq. Ft per Yr	$ 6.89 Sq. Ft per Yr
Average Effective Monthly Rate	$ 0.57 Sq. Ft per Mo	$ 0.57 Sq. Ft per Mo
Net Present Value (NPV) at 0%	**$ 75,265**	
Overall Net Effective Rent at 0%	**$ 6.89 Sq. Ft per Yr**	**$ 6.89 Sq. Ft per Yr**
	$ 0.57 Sq. Ft per Mo	**$ 0.57 Sq. Ft per Mo**

Starting January	2009	2010	2011	2012	2013
GENERAL REVENUE					
General Revenue	-	-	-	-	-
General Revenue Total	**-**	**-**	**-**	**-**	**-**
RENT ROLL REVENUE					
Tenant 1					
Base Rent	19,665	19,665	19,665	19,665	19,665
Free Rent Adjustment	(983)	(983)	(983)	(983)	(983)
	18,682	18,682	18,682	18,682	18,682
Additional Rent	-	-	-	-	-
Parking	-	-	-	-	-
Tenant Total	**18,682**	**18,682**	**18,682**	**18,682**	**18,682**
Rental Revenue Total	**18,682**	**18,682**	**18,682**	**18,682**	**18,682**
TOTAL REVENUE	**18,682**	**18,682**	**18,682**	**18,682**	**18,682**
GENERAL EXPENSES					
structural allowance	560	560	560	560	560
General Expenses Total	**560**	**560**	**560**	**560**	**560**
RENTAL EXPENSES					
Tenant 1					
Leasing Fee	1,200	1,200	1,200	1,200	1,200
Tenant Total	**1,200**	**1,200**	**1,200**	**1,200**	**1,200**
Rental Expenses Total	**1,200**	**1,200**	**1,200**	**1,200**	**1,200**
TOTAL EXPENSES	**1,760**	**1,760**	**1,760**	**1,760**	**1,760**
Summary					
General Revenue	-	-	-	-	-
Rental Revenue	18,682	18,682	18,682	18,682	18,682
	18,682	**18,682**	**18,682**	**18,682**	**18,682**

General Expenses	560	560	560	560	560
Rental Expenses	1,200	1,200	1,200	1,200	1,200
	1,760	**1,760**	**1,760**	**1,760**	**1,760**


Income & Expenses
20 000
10 000
0
$
2009
2010
2011
2012
2013
Year
Potential Gross Income
Effective Gross Income
Net Operating Income


Income Distribution
15 000
10 000
5 000
0
$
2009
2010
2011
2012
2013
Year
Net Operating Income
Operating Expenses
Vacancy & Credit Loss Allowance

Attachment 2

Crosier Kilgour & Partners Ltd.
CONSULTING STRUCTURAL ENGINEERS

October 8, 2008

Our File No. 2008-0806

The City of Winnipeg
Planning, Property and Development
15-30 Fort Street
Winnipeg, MB
R3C 4X5

Attention: Mr. Giles Bugailiskis

Dear Sir:

Re: 88 Adelaide Street
Building Structure Review

As per your request, a building structure review of 88 Adelaide Street was completed on September 9th, 2008. The purpose of the review was to provide an update to our original condition report prepared in September of 2002. The following summarizes our observations, comments, and opinions. Photographs of significant observations are attached for clarity.

No structural drawings were available for review; however, based on our walk-through, we can confirm that the building structure at 88 Adelaide consists of a two storey wood framed residential building. The building superstructure appears to be supported on a masonry foundation wall, parged along the interior with cementitious plaster. A two storey addition appears to have been erected along the west face or rear of the house. The year in which the addition was constructed could not be confirmed while on-site.

For our review, no invasive inspection recesses into the walls were completed. However, hammer soundings supplemented our visual review to qualitatively evaluate masonry and wood member integrity. The following summarizes in point form our significant findings. Photographs are appended for clarity.

- Review of the basement confirmed the presence of moisture related damage to the timber framing. The moisture appears to relate to condensation versus groundwater penetration. Photograph 1 shows the condensation on the electrical wiring. Note also in the photographs the moisture related damage to the joist.

- Photograph 2 shows fungus growth on a main floor joist, again from sustained contact with moisture from high humidity conditions. Localized repairs have been attempted, as shown in Photograph 3; however, these repairs are of little value because of the lack of continuity over supports and the poor condition of the original framing.

- Displacement in the basement slab-on-grade has also occurred. Photograph 4 shows the punching type shear failure in the floor slab at a telepost footing. Photograph 5 shows buckling in a stud partition wall within the basement due to heaving in the slab. We estimate that high moisture levels in the soil have induced heaving in the slab-on-grade. The slab is essentially non-structural. Thus, the heaving slab has not had a significantly harmful effect on the overall building structural integrity.

- Modifications/repairs have been attempted at the stair way, connecting the basement to the main floor. The modifications combined with the extent of deterioration to the wood framing have made the stairs unsafe; thus, access to the basement should be restricted until temporary shoring is installed to support the stairs.

- Although the wood framing is poor condition, the primary support beam and the foundation walls appeared to be in relatively satisfactory condition with no visual evidence of significant structural duress.

- Regarding the main floor, localized area of water related damage is present. Significant damage locations include the front or east face below the second floor balcony and adjacent to the stairs connecting the main to second floor, shown in Photograph 6. Our review of the floor framing was restricted because of the presence of the plaster finish; however, in the areas which were accessible, the primary structural framing appeared to be in relatively good condition with no evidence of significant water related damage.

- Regarding the second floor, extensive water related damage is present along the south face, above the main stairs connecting the second floor. Review of the structural members was not possible because of the presence of the plaster finish; however, we anticipate that some structural damage is likely present based on the extent of water damage.

- Localized areas of water damage were present throughout the ceiling of the second floor. The damage appeared to coincide with geometric changes in the roof profile, such as valleys.

- The attic was accessed which further confirmed the presence of wide-spread water penetration. Photographs 7 and 8 show the interior finish to the south roof rafters and the attic joists respectively. Water related damage is present throughout; however, structural damage to the wood framing appears localized to the areas affected by water penetration.

- Regarding the exterior masonry walls, in general, the load bearing masonry walls appeared to be in good condition, from a structural perspective. A carpenter's level indicated that the walls were generally plumb exhibiting no significant out of plane displacement.

- Localized areas of deterioration were noted, including the east face of the addition where localized masonry repairs are required. Photograph 9 shows the deteriorated masonry at the second floor. Photograph 10 shows the deterioration, likely freeze-thaw to the base of the wall, south-west corner.

- The projecting chimney was marginally displaced and will require significant repairs, including partial re-building.

Thus, the visual review of the accessible areas confirmed the presence of wide-spread water related damage. The damage appears largely limited to the finishes, such as but not limited to the plaster, flooring and ceiling finishes. The masonry foundation walls appeared to be in satisfactory condition and exhibited no visual evidence of significant structural duress.

The basement slab-on-grade has heaved considerably and is therefore in very poor condition. The heaving slab has pushed-up partition walls in the basement creating differential movement in the main floor, including crowning in the main and second floors. The floor slab is however, not considered a structural component of the building. Regardless, the high moisture conditions appear to be having a negative effect on the wood framing.

The presence of the plaster finishes prevents an accurate assessment of the wood framing. Where visible in the basement, the framing is largely in poor condition and will require extensive repairs/replacement. We re-iterate that access to the basement should be restricted until shoring of the stairs is in place. It might provide a reduction in the moisture load if the basement was mechanically exhausted directly to the exterior.

Similarly for the wood framed superstructure, the presence of the plaster prevents accurate assessment of the wood framing. We anticipate that structural damage is present to select areas of the main, second floor and roof; however, it is likely localized to the areas directly affected by water penetration. In order to reduce the rate of deterioration, intervention is promptly required to prevent or even reduce further water penetration. Thus, replacement of the roof shingles, gutters, and downspouts should be prioritized.

No significant displacement in the primary structural members was present which would indicate significant rot/deterioration. Crowning is present which creates slopes in the interior floors but this displacement appears to be related to heaving in the partition walls and telepost support footings in the basement of the house.

The exterior masonry walls appear to be generally in good structural condition. Only localized repairs to the outer wythe of masonry appear required. The chimney along the north face of the residence also requires extensive repairs but we re-iterate that the chimney is not related to the structural integrity of the house.

Thus, the building primary structural members appear to be in reasonable condition and should continue to provide adequate structural support. The one exception however, is the basement main floor framing where significant framing repairs are required. Based on our review, the following summarizes a suggested scope of work in order to address the items in need of repair, as discussed above.

Item	Construction Cost
1. Replacement of roof shingles, gutters, and troughs, including placement of membrane at terminations, valleys, etc.	$12,000.00
2. Wood framing structural repair allowance.	$7,500.00
3. Repairs to the main floor/basement framing, including the implementation of mechanical exhaust for humidity control.	$15,000.00
4. Masonry repair allowance, including chimney.	$7,500.00
Sub-Total	**$42,000.00**
Discretionary	
1. Complete removal of interior plaster and finishes to expose all wood framing.	$25,000.00
2. Removal and replacement of basement slab-on-grade.	$20,000.00
3. Adjust grading along perimeter of foundation wall.	$5,000.00

To summarize, the primary structural members, the foundation walls and wood framing appear to be in reasonable structural condition. However, priority must be given to items 1 and 2 in the table above to reduce

the rate of deterioration induced from continual water penetration. Note that we have only suggested an amount of $7,500.00 for structural framing repairs to the roof system. The actual extent of repairs can only be established once the shingles have been removed. In the interim, we recommend that access to the basement of the residence be restricted until shoring of the stairs is provided. Shoring could be completed utilizing a conventional 2" x 4" stud wall on a 2" x 12" D. Fir sill.

We trust the above provides the information you require but anticipate that you may have several questions or concerns regarding our findings and recommendations. Thus, upon your review, please contact the undersigned so we can discuss our report in further detail.

Yours truly,

John A. Wells, M. Sc., P. Eng.

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Photograph #1:
Condensation on basement wiring.



Photograph #2:
Fungus on joists due to wet conditions.



Photograph #3:
Deteriorated joists and improper reinforcement.



Photograph #4:
Punching shear in slab at footing base.



Photograph #5:
Buckled partition framing from heaving slab.



Photograph #6:
Water damage to second floor framing.



Photograph #7:
Roof level finishes and water damages.



Photograph #8:
Exposed joists at attic level and resulting wood damage.



Photograph #9:
Dislodged masonry along second floor of east face.



Photograph #10:
Localized damage at base of wall.



Submission - Ross McGowan, President and Chief Executive Officer, CentreVenture Development Corporation

MEMORANDUM OF UNDERSTANDING

MEMORANDUM OF UNDERSTANDING made as of the 27th day of February, 2009.

AMONG:

ADELAIDE INVESTMENTS LIMITED
("Adelaide")

OF THE FIRST PART,

- and -

CENTREVENTURE DEVELOPMENT CORPORATION
("CentreVenture")

OF THE SECOND PART,

- and -

THE CITY OF WINNIPEG
("City")

OF THE THIRD PART.

WHEREAS Adelaide is the registered and beneficial owner of the real property commonly known as 88 Adelaide Street, Winnipeg, Manitoba and legally described as SP Lot 22 Plan 33144 WLTO in RL 5 and 6 Parish of St John (the **"Property"**);

AND WHEREAS on the Property is a house (the **"House"**) and a parking area at the rear of the House (the **"Parking Area"**);

AND WHEREAS the House has been designated by the City with a Grade III historical designation;

AND WHEREAS the House requires redevelopment and the parties have estimated the cost of redevelopment to be Four Hundred and Fifty Thousand ($450,000.00) Dollars;

NOW THEREFORE the parties are entering into this Memorandum for the purposes of identifying, to the extent possible, the issues and matters that must be dealt with and addressed in connection with the redevelopment of the House and the use of the Parking Area.

The issues and matters to be substantially settled and agreed upon prior to any party being obliged to proceed further, and prior to any party being obliged to enter into binding agreements are as follows:

1. The parties agreeing upon:

   (a) the details of the redevelopment of the House;

   (b) the cost of such redevelopment;

   (c) the funding of such cost; and

   (d) the party responsible for the management of the redevelopment including the tendering of the redevelopment, currently being proposed to be CentreVenture.

2. Based upon a current estimate of the cost of the redevelopment being Four Hundred and Fifty Thousand ($450,000.00) Dollars, the parties agreeing upon the funding of such cost, such funding being proposed to be:

   Adelaide or a nominee of Adelaide contributing One Hundred Thousand ($100,000.00) Dollars (22.22%);

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CentreVenture contributing One Hundred Thousand ($100,000.00) Dollars (22.22%); and

City contributing Two Hundred and Fifty Thousand ($250,000.00) Dollars (55.56%).

3. The parties agreeing upon the arrangement in the event the cost of the redevelopment is less than Four Hundred and Fifty Thousand ($450,000.00) Dollars, it being currently proposed that the benefit be to the City, reducing its contribution by the amount equal to the difference between Four Hundred and Fifty Thousand ($450,000.00) Dollars and the actual cost.

4. The parties agreeing upon the order of the payments required to be made during the course of construction and thereafter, it being currently proposed that the funding be equal until such time as Adelaide and CentreVenture have fully contributed their contributions (expected to be when Three Hundred Thousand ($300,000.00) Dollars of the cost has been paid) and thereafter to be solely contributed by the City.

5. Adelaide, as landlord, and CentreVenture, as tenant, agreeing upon the terms and conditions of the leasing of the House, it being currently proposed that as and from the 1st day of April, 2009 CentreVenture will lease from Adelaide the House at an absolute net rent of One ($1.00) Dollar per year, and make available to CentreVenture's subtenant two (2) parking stalls within the Parking Area at a gross rent of Seventy-Five ($75.00) Dollars per month per stall (to be adjusted based on the current market rates for comparable parking stalls every five (5) years from the commencement date of the lease), for, the lesser of, a term of fifteen (15) years or thirteen (13) years and six (6) months from the date the House is suitable for occupancy with the right to sublet and with the obligations related to the House only to pay the insurance, the realty taxes, the utilities, the repairs and maintenance including repairs and replacements of a capital nature and upon such other rights and obligations as the parties must agree.

* plus GST

6. The maintaining of the Grade III historical designation throughout the term of the lease referred to in Paragraph 5 hereof.

7. CentreVenture will make every reasonable effort to commence the redevelopment within six (6) months of entering into the lease with Adelaide and make every reasonable effort to substantially complete the redevelopment within eighteen (18) months of entering into the lease. If CentreVenture fails to commence the redevelopment within six (6) months of the effective date of the lease or fails to continuously proceed with the redevelopment Adelaide will have the right to terminate the lease. Due to unforeseen circumstances there may be unavoidable delays that occur during the pre-development work and the redevelopment construction that will cause CentreVenture to be unable to meet the target dates. Adelaide will not unreasonably withhold approval for such extension requests.

8. In the event that, during the term of the lease, the House becomes damaged so that it is no longer able to be occupied and CentreVenture chooses not to remedy the damage within a reasonable period of time, Adelaide will have the right to terminate the lease.

9. In the eventuality that the lease is terminated prior to the end of the lease term due to the circumstances referred to in Paragraphs 7 and 8 hereof, Adelaide may apply to the City to have the heritage designation removed and apply for a demolition permit. CentreVenture will not oppose these applications.

10. CentreVenture may register a caveat giving notice of its leasehold interest in the Property but will not register any other encumbrances on the title to the Property. The City of Winnipeg will not register any encumbrances on the title to the Property.

IN WITNESS WHEREOF Adelaide has executed this Memorandum of Understanding this 2 day of MARCH, 2009.

ADELAIDE INVESTMENTS LIMITED

Per: _____
Authorized Signatory

I have been authorized to bind the Corporation.

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IN WITNESS WHEREOF CentreVenture has executed this Memorandum of Understanding this 20th day of February, 2009.

CENTREVENTURE DEVELOPMENT CORPORATION

Per: _____
Authorized Signatory

I have been authorized to bind the Corporation.

IN WITNESS WHEREOF City has executed this Memorandum of Understanding this _____ day of _____, 2009.

THE CITY OF WINNIPEG

Per: _____
Authorized Signatory

I have been authorized to bind the City.