

### **Specifier**

November 2014

#### - CONTENTS -

2014-2015 Program	I
Words from the Chair	2
Mortgages and DIP Loans Trump Liens	3
Education Report	5
Membership Report	5
Industry Organizations	6
Advertising: Newsletter & Web	7
Membership in CSC	8

### Have an IDEA for the **Specifier?**We would love to hear

Announcements, upcoming events, or technical articles are

welcome and encouraged!
Any submissions for the Specifier can be emailed for review and we will do our best to get it into print. Deadlines are the last Friday of the month for the following month's newsletter.
Share your knowledge —

from you!

#### this is YOUR industry!

Glen Stokes—Newletter Editor glen@carscadden-architect.com 604-633-1830

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#### 2014-2015 PROGRAM

SEPTEMBER 18	CSC/BCBEC SPEC GOLF 2014		
OCTOBER 9 11:30am Lunch Sandman Hotel, Vancouver	Listed Firestop Systems, Engineering Judgements and other Firestop MysteriesExplained Cory Norman, EIT, Senior Field Engineer, Hilti (Canada) Corporation		
NOVEMBER 19 CSC Vancouver Chapter Construction Fair 10:00am to 4pm Vancouver Convention Centre, East Building Talks at: 10:30 am 12 noon 1:30 pm	Shop Drawings - Review vs. Approve Mike Demers, LLB, Jenkins Marzban Logan LLP Compliance with ASHRAE 90.1 and NECB: The building envelope prescriptive requirements Catherine Lemieux, PEng, LEED AP, Building Envelope Consultant, Morrison Hershfield Ltd. Connecting the Dots between Good Roofing Design, Inspections and Guarantees Monty Klein, TQ RRO, President, Wells Klein Consulting Group Inc. Judy Slutsky, BA BRS, Director of Business Development, RCABC Hamish Matheson, TQ, Technical Assistant, RCABC		
DECEMBER II II:30am Lunch Sandman Hotel, Vancouver	STC and Steel Framing: Dispelling Myths and Forging Innovative Designs  Ben Shafer MS, ASA, INCE – Acoustic System Specialist – PABCO Gypsum		
JANUARY 8	<b>Legal Discussion</b> Glen Boswall, Partner – Clark Wilson LLP		
11:30am Lunch Sandman Hotel, Vancouver	Legal Discussion Glen Boswan, Fai ther - Clark Wilson LLi		
11:30am Lunch Sandman	Architectural Hardware Overview  April Wells, Architectural Sales Consultant, Allegion Canada Inc.		
I1:30am Lunch Sandman Hotel, Vancouver FEBRUARY 12 I1:30am Lunch Sandman	Architectural Hardware Overview		
I1:30am Lunch Sandman Hotel, Vancouver  FEBRUARY I2 I1:30am Lunch Sandman Hotel, Vancouver  MARCH I2 I1:30am Lunch Sandman Hotel,	Architectural Hardware Overview April Wells, Architectural Sales Consultant, Allegion Canada Inc.  Looking Through paper – Into a Digital Wonderland Geraldine Rayner Architect AIBC, RIBA – Summit Bim Consulting		
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CSC Mandate: Construction Specifications Canada (CSC) is a national, multi-disciplinary, non-profit association dedicated to the improvement of communication, contract documentation and technical information in the Design & Construction Industry.



#### WORDS FROM THE CHAIR

We are in the final days of November and I am still wondering where the time went...but I don't believe I am the only one feeling this way! I am sure the students in our PCD course who are in their final review before the exam are scratching their heads wondering where it went!!! They are probably also wondering if they have studied enough for the exam! I wish them much success in this endeavor and wish to thank Glenn Chatten for doing an outstanding job in teaching this course!

Time waits for no man (or woman) or so they say, AND you can't manage time, only your productivity within the allotted time you have...so what are you doing to make yourself more effective and productive? This not only relates to ourselves personally but also to our professional time and volunteer time! How do we manage so that we have balance in where and how we spend our time?

This leads me to the next topic;

Our association just held our 4th annual **Simply but Revealing Trade Fair** at the Vancouver Trade and Exhibition Centre where our manufacturers showed up again in great numbers. Although the cost to exhibit is low and the time involvement is short compared to other events, they are finding themselves questioning the involvement in this event due to lack of turn out. As manufacturers we expect to participate in Association Events to show our support, to network with customers and showcase new and exciting products. In order to justify our time and expenses to our bosses (yes we all have those) we need to show a return on our investment or else there may be reluctance in approving next years' participation budget. Quite the conundrum for sure!

I felt we had 3 great speakers with AIBC Core LU's attached and an easily accessible venue within walking distance of many firms as well as on transit for those further away, yet we had a decline in attendance compared to the previous year. Going back to how we spend our time, it is very discouraging for volunteers to put their time and effort into organizing this event and then have a poor showing. I would certainly appreciate some feedback from the design community as to how we can better serve you or how we can make the event more attractive. Or, if this type of event has run its course? Please take the time to reply to me at kim@tecagencies.com with your thoughts or comments, we truly do value your input and appreciate you taking the time.

Kimberly Tompkins, CTR
Chapter Chair, CSC – Vancouver Chapter





Jim Matsuo RRO (Manager) Architectural & Technical

Direct Line: 604-592-8023 Phone: 604-591-5381 Fax: 604-572-7476 Cell: 604-360-4030

8183 130th Street Surrey, BC V3W 7X4 Email: jmatsuo@convoy-supply.com Web Site: www.convoy-supply.com



### Michael Torvik Consultant

#### ERV PARENT CO. LTD.

791 Caldew Street, Delta, BC, Canada V3M 5S3

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### Vancouver Chapter Board 2014–2015

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### CHAIR Kim Tompkins, CTR Tec Agencies Ltd – Principal 604-583-0944 kim@tecagencies.com

#### VICE CHAIR / GOLF James Kelly CTR Soprema – Building Envelope Represetnative 604-369-2983 jkelly@soprema.ca

# NEWSLETTER Glen Stokes Bruce Carscadden Bruce Carscadden Architect Inc – Partner 604-633-1830 glen@carscadden-architect.com

## SECRETARY George McCutcheon North West PLAN Inc. – Principal 604-719-8204 gm@planinc.ca

## TREASURER Vince Smith Cloverdale Paint Inc – Architect/ Design Representative 604-868-8406 vsmith@cloverdalepaint.com

# SPECIFICATION OFFICER George McCutcheon North West PLAN Inc., – Principal 604-719-8204 gm@planinc.ca

# WEBSITE Brad Morris, CSP Morris Specifications Inc – Specification Writer 604-732-7979 bmorris@morspec.ca

# MEMBERSHIP Mario Maggio CRL/US Aluminum – Canadian Sales Manager 778-986-6058 Mario maggio@usalum.com

# TRADE SHOW Todd Gerrard Enercorp Inc – Architectural Representative 604-345-4436 toddg@enercorp.ca

# EDUCATION Robert Jahnsen Div7 Building Systems – Principal 604-657-5886 Robert@Div7.ca

# ENGINEERING Crystal Wegner, CCCA Heatherbrae Construction – Project Manager 604-841-3056 crystalw@heatherbrae.com

# PROGRAM CHAIR Eric Poxleitner Keystone Architecture & Planning Ltd – Architect 604-850-0577 eric@keystonearch.ca

#### MARKETING / PHONE Severin Wolf IKO Industries – Technical Support / 604-833-7880 Severin.wolf@iko.com

# MEMBER AT LARGE Melodie Schwartzman, CTR CGC Inc. – Architectural Solutions Manager 778-840-1012 mschwartzman@usg.com

### MORTGAGES AND DIP LOANS TRUMP LIENS

#### By: Bill Preston

Too often Designers/Contractors/Trades/Suppliers (I have witnessed delinquents among all of them!) invest services and materials into a project without first carefully investigating:

- Does the proposed project have good market prospects and is its financing a smart investment for your credit?
- Does the Owner/Developer have available some extra financial resources if a problem arises?

A recent BC Court of Appeal decision in *Mission Creek v. New Recreations* should be a gut wrenching lesson for everyone.

In early 2007, New Recreations and its associated companies owned (and secured their investment by a mortgage on the title) prime Schuswap Lake waterfront property. They conceived a \$19M West Beach Lands Development consisting of leased holiday sites and adjacent permanent storage facilities. For New Recreations' business plan the appurtenant storage was critical to the success of the project. But, this portion of its scheme was attracting pushback from the municipal planners. Eventually, the municipality rejected the storage portion of West Beach Lands Development's proposal and a Judge affirmed its decision in August 2010. But, by then New Recreation's mortgage financing and the designers/builders had invested a whole bunch of credit in the development and eventually fought over who was going to spill the most financial blood.

continued...



#101 - 18651 52nd Avenue Surrey, British Columbia V3S 8E5 Toll Free: 1.877.626.6688 Phone: 604.576.3633 (#238) Fax: 604.576.3631 www.soprema.ca

#### **KEN EMSLEY**

Architectural Products Representative

kemsley@soprema.ca

Cell.: 604.360.2172



...Mortgages and DIP Loans Trump Liens...Continued.

Here is a chronology of what happened:

#### Oct/I0

Liens for approximately \$725,000 had been registered against the project.

#### Oct/I0

But, Mission Creek Mortgage had before any liens were registered advanced \$19M on its mortgages.

#### Oct/I0

New Recreations was in default so Mission Creek gave bankruptcy notice.

#### Oct/I0

New Recreations, hoping to complete its project and **Create** better value for all of the creditors, obtained a Court order\ staying all debt collection proceedings.

#### Oct/10

This Court also permitted the monitor (trustee) of New Recreations to borrow money (DIP financing) from Mission Creek Mortgage to leases-up the sites and sell the project.

#### Nov/10

So that New Recreation's monitor could provide clear title to the lease sites, the Court vacated all of the liens upon the monitor borrowing and paying \$725,000 into a lawyer's trust account.

#### Aug/12

At this point there was \$22.1M dollars owing Mission Creek for both its mortgages and the DIP financing, as well as a further \$725,000 was still owing to the lien claimants.

#### Aug/12

The West Beach Lands Development was sold for \$17.9M, about \$4.2M short.

The fight thus distilled down to the issue, who was entitled to the \$725,000 in the lawyer's trust account? It became a fight between Mission Creek seeking payment on its mortgages and DIP loans

on one side, and the lien claimants on the other side. This dispute went all the way to the Court of Appeal, which decided that Mission Creek was entitled to the trust money while the lien claimants were left with an **empty claim + legal costs!** 

The lien claimants had argued that the trust deposit was a set aside for the purpose of first paying their claims, while Mission Creek countered that the trust deposit merely stood in substitution for the land and its mortgages and DIP financing were superior claims, thus it was entitled to all the trust funds. The Court of Appeal agreed. It concluded that because all of the mortgage advances had been duly made before the liens were registered and the DIP financing gave Mission Creek statutory priority over the liens pursuant to the federal CCAA legislation, they trumped the liens. The Court rationalized that in October 2010 this project was in grave financial peril and all creditors, including Mission Creek and the lien claimants, hoped to revive the project or at least optimize their claims by using DIP financing to complete it. It didn't work out; and, it would create a mischief and uncertainty for future DIP financing Court orders if the financing could be trumped by late filed lien claimants.

#### **Conclusion**

Would it have been different if the liens had been filed sooner? Maybe. Earlier filed liens may have sooner prompted Mission Creek to freeze the mortgage financing and threaten bankruptcy proceedings. The better conclusion, in my opinion, is that had the lien claimants carefully investigated the financial prospects and strengths of the project before investing their credit in services and materials, they would have discovered that New Recreation's business proposal was substantially predicated upon obtaining municipal approval for the storage sites; and further New Recreations has no rainy day resources, rather only debt financing.

Here in the end, New Recreation's affiliated company also lost its investment in the land because earlier, to obtain Mission Creek's mortgage financing, it had postponed its land mortgage to Mission Creek's claim, and the sale price didn't realize enough to even completely pay off Mission Creek's mortgages.



#### **EDUCATION REPORT**

The Vancouver chapter began a Principles of Construction Documentation course this September. Fifteen students had registered for the class that started on the  $22^{nd}$ . Once again the course is being taught by Glenn Chatten and being held at the VRCA Vancouver office.

Principles of Construction Documentation is the first course, and a pre-requisite, for all of the CSC education streams. These are Certified Technical Representative, Certified Construction Contract Administrator, and Certified Specification Practitioner. It is also a strong foundational course for people who are new to the construction industry or want to better understand construction documentation (specifications, drawings and schedules), products, bidding procedures and contracts. This course is offered on-line by CSC Canada once a year and the Vancouver chapter aims to hold one local class a year. If there is enough demand the Chapter will look at offering another course.

The Technical Representative course is scheduled to begin January 22, 2015. Final details are being worked but tentatively we expect them to once again be held at the VRCA Vancouver location. Please look for the registration form to be posted on the Chapter web page in the next month or so.

The CSC Vancouver chapter is also looking to hold either, or both, Specifier I and Construction Contract Administration beginning in the late Winter or early Spring. There have been a few people that have expressed interest in both classes, but not enough to hold a session. If you or any one you know has expressed an interest please contact me so we can work on getting a class filled and scheduled for each.

For further information please contact me at <a href="mailto:robert@div7.ca">robert@div7.ca</a>



#### **MEMBERSHIP REPORT**

As we continue to promote CSC, the need for value in the construction industry is greater than ever. The Vancouver Chapter has increased by three new members which brings membership to 163.

Please help us to welcome our new members:

- Mrs. Alison Henry, Van. Sales Manager of Engineered Site Products Ltd
- Ms. Shandra Vedress, CSP. Arch Technologist of Stantec Architecture Ltd.
- Mr. John Rehmann, Technical Sales Representative of Euclid Canada

#### For More Information on Membership:

- Contact any member of the executive
- Attend one of our luncheon meetings
- Visit the National website at www.csc-dcc.ca
- Visit our Chapter website at <a href="http://vancouver.csc-dcc.ca">http://vancouver.csc-dcc.ca</a>

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#### INDUSTRY ORGANIZATIONS

#### DIVISION 01: GENERAL REQUIREMENTS

Construction Waste Management – BuildSmart www.metrovancouver.org/buildsmart

### DIVISION 02: EXISTING CONDITIONS

Demolition / Deconstruction – BuildSmart www.metrovancouver.org/about/publications/Publications/dlctoolkit08web1.pdf

#### DIVISION 03: CONCRETE

Cement Association of Canada
<a href="https://www.cement.ca/">www.cement.ca/</a>
Canadian Precast Concrete Institute
<a href="https://www.cpci.ca/">www.cpci.ca/</a>

#### **DIVISION 04: MASONRY**

Masonry Institute of BC
www.masonrybc.org/
Masonry Institute (American)
www.masonryinstitute.com

#### **DIVISION 05: METALS**

Canadian Institute of Steel Construction <a href="https://www.cisc-icca.ca/">www.cisc-icca.ca/</a>

### DIVISION 06: WOOD, PLASTICS, & COMPOSITES

Architectural Woodwork Mfrs' Assoc.

www.awmac.com/bcchapters.php

Western Red Cedar Lumber Association

www.wrcla.org

#### DIVISION 07: THERMAL & MOISTURE PROTECTION

Roofing Contractors Association of BC www.rcabc.org
BC Sheet Metal Workers Associations

www.smacna-bc.org
EIFS Council of Canada

www.eifscouncil.org

RCI Inc.

www.rciwesterncanada.org
RCI Western Canada Chapter
www.rciwesterncanada.org

#### DIVISION 08: OPENINGS (DOORS, WINDOWS)

Steel Door Institute

www.steeldoor.org

Canadian Steel Door Manufacturers Assoc

www.csdma.org

Door Hardware Institute

www.dhi.org

Glazing Contractors Association of BC

www.gca-bc.org

### DIVISION 09: FINISHES

Association of Wall and Ceiling Contractors of BC

www.awccbc.org

Gypsum Association www.gypsum.org

Master Painters Institute

www.paintinfo.com

Carpet and Rug Institute

www.carpet-rug.org

National Flooring Covering Association

www.nfcaonline.ca

National Wood Flooring Association

www.nwfa.org/member/

Terrazzo, Tile and Marble Assoc. of Canada www.ttmac.com



#### ADVERTISING: NEWSLETTER & WEB

Advertising with us will provide you with the opportunity to reach readers within the industry through the newsletter and on the CSC Vancouver website.

Size	Members	Non-Members
I/4 page	\$45	\$60
1/2 page	\$80	\$100
Full page	\$140	\$175

You will receive advertising space on the second page of the Specifier and on the CSC chapter website. The ad will be placed in one issue of the Specifier and reside on the website for one month. Ads must fit on one page only and are not limited to copy content or visual features.

If you are not sure whether the Specifier would be an appropriate tool for you, please email me with your questions. If you would like to advertise, or have any questions, please let me know. All advertising content is subject to pre-approval by the responsible CSC Committee.







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lyard@dow.com









#### Robert Poystila

Architectural Solutions Manager

CertainTeed Gypsum and Insulation 1070 Derwent Way • Annacis Island Delta, BC V3M 5R1 • Canada Tel: (604) 763-6187 robert.poystila@saint-gobain.com www.certainteed.com



#### **MEMBERSHIP IN CSC**

In the construction industry's fast-paced environment, the need for and vaule of Construction Specificaions Canada is greater than ever. CSC brings togetehr individuals from all segments of he construction indusry. All who have a vested interest in Canada's largets industry are invited to join CSC. When you join CSC you become a part of hte only association that brings together professionals from all aspects of the construction industry.

#### **DESIGN TEAM**

CSC offers members of the Design Team the opportunity to meet with other members and exchange information. It also affords you the chance to help improve technology and its management, and the means to improve ways in which your ideals are translated into clear, concise and complete documentation.

### **BUILDING TEAM**

If you are a member of the Building Team, Construction Specifications Canada offers the opportunity to become involved in formulating specifications. Your valuable input into the programs can help generate time and cost savings as well as improve performance.

#### **SUPPLY TEAM**

The multi-disciplinary composition of the CSC allows members of the Supply Team to meet with other members of the construction team. CSC programs in data filing and information retrieval are geared to present convenient and concise information on your products for proper evaluation and specification.

#### THE STUDENT

If you are a student or architecture, engineering or construction technology, CSC will provide you with greater exposure to and a better understanding of the Construction Industry, giving you an excellent opportunity to plan a career in the construction field.



#221-2545 West Broadway, Vancouver BC V6K 2E9



604-876-4029 Office Phone 604-876-4039 Office Fax 778-863-6171 Cell 800-263-6046 Ext. 2730 Voice Mail www.tremcosealants.com rseidelmann@tremcoinc.com



Rick Seidelmann Technical Sales Representative

