

TABLED DOCUMENT NO. 18 14 (3) Tabled ON JUN 2 8 7



Canzeal Enterprises Ltd.
T/A Fiberglass North
22 Coronation Drive
P.O. Box 793
Yellowknife, NT.
XIA 2N6

Tel: 867-873-2508
Fax: 867-873-2598

TO: David Krutko
MLA Mackenzie Delta
FAX: 873-0276

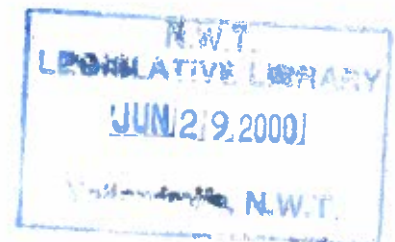
FROM: Bruce Elliott
Thursday, June 22, 2000

Dear David;
As per our discussion today here is a copy of the letter I mentioned.

This letter came after Manuel's Thursday meeting Mr. Bowring when he was told Alaska Housing Authorities do not use panel construction.

Manuel is sending you more information on this matter.

Regards





Northwest Territories Housing Corporation

May 24, 2000

Mr. Manuel Jorge
Energy Wall and Building Products Ltd.
PO Box 638
Yellowknife, NT X1A 2N6

Dear Mr. Jorge:

Thank you for your May 20, 2000 letter expressing your desire to market your products in Alaska. I'm pleased that you found the background information we discussed was useful. However, there some points in your letter that require clarification.

The Northwest Territories Housing Corporation has always supported Northern manufacturing through its purchasing policies. With the creation of Nunavut we realized that many of our manufacturers would see a reduction in the amount of materials we purchased. As a result we have tried to encourage the manufacturers to expand their markets domestically and internationally. Alaska looked like a promising market so we took the lead in testing the market. It has proven successful and it is now time for the private sector to supply that market. It is not our intention to compete with the private sector. While we have completed several pilot projects we will not be in the business of directly selling products into the market. If your business plan includes the Alaskan market then you will have to be able to sell your products and services either directly or through an Alaskan partner.

The issue of how certain communities view panelized construction does stem from the fact that they have had some poor experiences with product suitability. You do not require the approval of the State of Alaska to sell panels, what you require is the approval from the American Standards for Testing Materials (ASTM). It is the equivalent of CCMC/CMHC can assist you with the application process. ASTM issues the approval to use products in various regions of the US. Once you have the approval to use the product most clients will still insist the panel system be reviewed and approved by a licensed Alaskan structural engineer depending on how the panels are to be used. The licensed engineers we discussed were LCMF Incorporated at (907) 273-1830 or Gary Peterson Architects at (907) 563-1942.

..12

-2-

The NWT HC does not use a particular house design for the Alaskan market. While we shipped a few of our standard units for use as a pilot projects last year our clients typically have their own designs and we supply materials to meet their specifications. You have a copy of one of their designs. The selling prices vary considerably depending on the client's specifications however I can tell you that the selling price for a basic materials package for one of our designs configured for a utilidor hookup is about CAD\$71.00 per square foot from the beams up delivered to Barrow, AK. The freight charge was \$16,700 plus GST through NTCL. We generally operate on a 10-15% markup on the materials and provide the client with a broad range of services including crating, expediting, customs brokering and on-site supervision for off-loading at destination. For copies of the shipping contract please contact NTCL. They can supply you with rates and their standard Bill of Lading terms.

You also picked up a copy of some plans and specifications for one of the projects that we are looking at for a client. It is unique in that it has specified the use of structural panels for the roof, walls and floor. Particular attention has to be given to the specifications set by the client. This is a materials supply tender that closes June 1, 2000 and requires all the materials from the beams up FOB Hay River. Consequently, this package will be out for pricing on May 25, 2000 with prices submitted no later May 31, 2000. As this is an export project with no government funding attached, BIP does not apply. We will use Northern manufactured products provided they meet the contract specifications subject to the Interim Manufacturing Directive. I strongly suggest you contact suppliers like Igloo Building Supplies and Beaver Lumber as they would have to incorporate the panels as part of the overall package. This is critical to ensure that windows, doors and any other openings are precision matched to other supplied products and there is a common understanding of how all the various products will interact. The suppliers seek prices from Northern Manufacturers as part of the package however none of the suppliers are aware that you may be able to supply products to the US market. We will inform suppliers of your intent to obtain the necessary approvals and I suggest you contact them as well.

Sincerely,



Ross K. Bowring
Manager, Business Development

