

Board of Directors

January 25, 2012

s.18(a)

s.18(b)

s.21(1)(b)

Subject matter

Disposal of Edmonton CHFA AM site
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Background

<p>French Services currently operates 3 radio services in the Edmonton market: one Espace Musique service (FM) and two la Premiere Chaine services (FM and AM). The FM service for la Premiere Chaine was added in 2006 in order to improve coverage in the centre of the city where the AM service is less reliable.</p> <p>By swapping the FM frequencies between Premiere Chaine and Espace Musique, there is an opportunity to expand the coverage of the Premiere Chaine service, and to obtain significant new revenues for the company through sale of the AM site.</p> <p>The original la Premiere Chaine AM site is located in a new residential development named Windermere. The creation of this residential development has resulted in an increase in the value of the AM site.</p> <p>CBC/R-C is undertaking extensive due diligence on the site prior to making the site available for sale. CBC/R-C filed an application to the CRTC/IC in Oct. 2011 to swap frequencies. The property is expected to be listed at the beginning of calendar year 2012.</p>
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Information on the matter

See powerpoint presentation dated January 24, 2012
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For decision**For information****Prepared by**

Name: Steven Guiton, Vice-President and Chief Regulatory Officer
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Date: December 15, 2011

Management recommendation

<p>On the recommendation of the Real Estate Committee -- That the Corporation be authorized to proceed with the sale of the CHFA Edmonton AM site in accordance with the provisions set out in the Supplementary Resolution</p>

Last discussed at the Board

Date:

Decision made:

Next steps

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Anticipated project completion date: June 30, 2012



Sale of CHFA Edmonton AM Site

Project Approval Recommendation for
the Board of Directors

Presented by

Steven Guiton

Vice-President and Chief Regulatory Officer

January 25, 2012

Real Estate Committee Decision Required

- On the recommendation of the Real Estate Committee --
That the Corporation be authorized to proceed with the sale of the CHFA Edmonton AM site in accordance with the provisions set out in the Supplementary Resolution and provided that the net proceeds of the sale

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Sale of CHFA Edmonton AM Site

- There is an opportunity to generate net revenues
- French Services operates three services in the Edmonton market. La Premiere Chaîne operates from the CHFA Edmonton AM site on frequency 680KHz. The Premiere Chaîne nested FM operates at 101.1MHz FM from the rooftop of the Canadian Western Bank. Espace Musique operates at 90.1MHz from Sherwood Park.
- Flipping the FM frequencies of Premiere Chaîne and Espace Musique achieves an increase in coverage on FM for our main radio service la Premiere Chaîne, that provides a significant amount of local content for the Edmonton market.
- The net effect is that la Premiere Chaîne AM (CHFA) will cease broadcasting, thereby freeing up the AM site for disposal and sale.

Coverage Comparison after Frequency Flip

- Moving la Premiere Chaîne from its current mixed AM/FM offering to a full FM offering at Sherwood Park would increase^{s.18(b)}_{s.21(1)(b)} overall coverage of the signal from 23,540 French Mother Tongue (FMT) to 24,645 FMT (5% increase).
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- French Services strongly support this swap for two reasons: (i) AM signals are relatively poor quality; moving to a full FM offer improves the signal quality of their main radio service; and (ii) it will expand the coverage of their main service with its associated significant amount of local content for the Edmonton market.

Diligence

- Phase 1 Environmental Assessments of site in progress.
- Hazardous Materials Assessment of two towers and building in progress.
- A Species at Risk Assessment of existing site completed in 2007 with no major concerns.
- CBC/R-C will be demolishing all buildings on site, and will be conducting its own site decontamination.
- Aboriginal rights clearance of existing site is in progress.
- Purchaser has 90 days to conclude its own due diligence.

Agreement of Purchase and Sale Key Terms and Conditions

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- Deposit:
 - Initial deposit: 5%, payable on signing of Purchase and Sale agreement
 - Additional deposit: 5% payable upon expiry of due diligence period
- If purchaser fails to complete transaction, CBC/R-C retains deposit.
- Due diligence period: 90 days from signing of agreement
- Closing: 30 days following completion of due diligence period. CBC/R-C to provide vacant possession.
- Site sold as is, where is – CBC/R-C providing no reps and warranties vis-à-vis the site, including zoning, fitness for particular purpose, etc.
- Conditions precedent: transaction is subject to Treasury board approval and CRTC/IC approval required for frequency change (but not for site sale).

Financial Summary

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- Because of residential development in the area, value has increased since appraisal.
- The cost to dismantle the AM site is estimated at
- \$50K from the proceeds of sale will be set aside for Communications to inform audiences of AM shutdown and frequency change.
- Cost to sell the land includes 2.5% commission and \$10K(est.) external legal fees.
- Given that the size of the transaction Treasury Board approval is required to sell the CHFA AM site.

Windermere Residential Development (170th SW and Ellerslie Rd)



Milestones

- Sep. 2011 - Request for Proposals (RFP) issued to four Edmonton based Commercial Real Estate brokers.
- Oct. 2011 - CRTC/IC filing for change of frequency.
- Nov. 2011 - Selection of Avison Young broker based on quality of marketing proposal and commission fees.
- Jan. 2012 - Board Approval
- Jan. 2012 - Sale listing
- Feb. 2012 - Evaluation and selection of buyer.
- Feb. 2012 - Purchase and Sale agreement in place.
- Mar. 2012 - Treasury Board Approval
- May 2012 - Demolition of CHFA
- June 2012 - Sale closing

Risks

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- The risk that the sale of the land is not closed following the purchaser's due diligence is mitigated by the availability of other qualified bids.

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RESOLUTION

SALE OF EDMONTON AM TRANSMISSION SITE AND RELOCATION OF FM TRANSMISSION SERVICES

s.18(a)

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WHEREAS:

- A. CBC/Radio-Canada (the "**Corporation**") is the owner of an approximately 61 acre AM transmission site in the City of Edmonton, Alberta (the "**Edmonton Site**");
- B. The Edmonton Site is currently used for transmission of the AM signal for La Premiere Chaine (CHFA 680 AM);
- C. La Premiere Chaine also transmits from the Canadian Western Bank tower in Edmonton, Alberta ("Canadian Western Bank Site") on FM 101.1 MHz and Espace Musique transmits from the Sherwood Park, Edmonton, Alberta ("Sherwood Park Site") site on FM 90.1 MHz.;
- D. By relocating La Premiere Chaine to the Sherwood Park Site and operating only on FM, and moving Espace Musique to the Canadian Western Bank Site, there will be an improvement in signal quality and an increase in coverage of La Premiere Chaine with a minimal decrease in coverage and minimal degradation in signal quality for Espace Musique.
- E. Management has determined that it is in the best interests of the Corporation to shut down the AM transmission services of La Premiere Chaine and to dispose of the Edmonton Site to realize the financial gain;
- F.
- G. The relocation project involves the decommissioning and sale of the Edmonton Site, with a project timeline of approximately 6 months;
- H. Under the *Broadcasting Act*, the approval of the Governor-in-Council is required to authorize the Corporation to sell the Edmonton Site.

IT IS RESOLVED THAT:

(Approving Project) The Corporation be and is hereby authorized to proceed with the sale of the Edmonton Site (the "**Project**"), including the decommissioning of the Edmonton Site and its disposition (the "**Transactions**"), and subject to the following conditions:

- (a) the approval of the Governor in Council;
- (b) the approval of the CRTC to exchange the FM frequencies of La Premiere Chaine with Espace Musique;
- (c) confirmation that there are no aboriginal claims attached to the Edmonton Site; and
- (d) the Corporation not being otherwise prevented from retaining for its own corporate use the proceeds of disposition of the sale of the Edmonton Site

(the "**Conditions**");

(Approving the negotiation of the Transaction Documents) The Corporation be and is hereby authorized to negotiate and eventually enter into all the required ancillary documents in order to give effect to the Transactions (hereafter the “**Transaction Documents**”), subject only to the Conditions and any other reasonable terms and conditions reasonably agreed to by the Corporation and the Purchaser.

(Approving the signing of Treasury Board Submission and Transaction Documents) Any one of the President and CEO, or the Vice President and Chief Regulatory Officer together with the Vice President and Chief Financial Officer or their respective delegates, for and on behalf of the Corporation be and are hereby authorized to (i) sign and execute on behalf of the Corporation the Transaction Documents (ii) sign and file any Treasury Board submission to obtain the required Order in Council and (iii) if required, to sign and file any Treasury Board application to obtain the permission to retain the proceeds of the sale for its own Corporate use and beyond any carry-over provision typically allowed annually to the Corporation by Treasury Board policies.

(Further authority) Any one of the Vice President and Chief Regulatory Officer, the Vice President and Chief Financial Officer or the Vice-President, Real Estate, Legal Services and General Counsel, or their respective delegates are hereby authorized for and on behalf of the Corporation to take any and all action, to do all things, to execute under the corporate seal of the Corporation or otherwise such instruments and documents and to deliver all instruments, documents and materials as are necessary or desirable or convenient and proper to give effect to the foregoing resolutions.