



MRC PROJECT - FINAL RECOMMENDATIONS

TO:	Board of Directors
MEETING:	November 23, 2016
FROM:	Hubert T. Lacroix, President and CEO Steven Guiton, Executive Vice-President, MTIS Louis Lalande, Executive Vice-President, French Services Judith Purves, Executive Vice-President and Chief Financial Officer Sylvie Gadoury, Vice-President and General Counsel
PURPOSE:	Seek approval from the Board of Directors to conclude the MRC agreements that relate to the solutions being recommended by Management
DATE:	November 22, 2016



HIGHLIGHTS OF THE RECOMMENDED SOLUTIONS

- Through an intensive, robust 12-month competitive commercial real estate process, Management has obtained excellent solutions for the modernisation of la Maison de Radio-Canada.
- Subject to Board approval, we have obtained solutions that fully support CBC/Radio-Canada's 2020 strategy to become an operationally efficient, modern public broadcaster at the heart of Canada's creative economy:
 - A building solution that will enhance audience engagement, the role we play in the community, as well as Radio-Canada's programming strategy;
 - A smaller, modern, and functionally outstanding facility at an annual lease cost of approximately
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 - A lease agreement that transfers substantive risks to a competent landlord;
 - A maximum value for the unused land and vacated building through a net site sale price of
 - Avoids the \$171M maintenance deficit.



PART A: SITE SALE



FINAL EVALUATION RESULTS: SITE SALE - NOVEMBER 2nd

	Weight	BIDDER A	BIDDER B	BIDDER C	BIDDER D
TOTAL					



FINAL EVALUATION RESULTS: SITE SALE - NOVEMBER 2nd

Refer to Appendix 1 for details regarding
the site sale evaluation process and results



NEGOTIATION PROCESS

s.18(a)
s.18(b)
s.21(1)(b)

- Final results of the evaluation process for the site sale were presented to and accepted by the Governance Committee on November 2, 2016.





THE WINNING PROPOSAL - SITE SALE: COMPARISON TO MAY PROPOSAL

s.18(a)
s.18(b)
s.21(1)(b)

- After further analysis, the winning bidder's
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THE WINNING PROPOSAL - SITE SALE SUMMARY

s.18(a)
s.18(b)
s.21(1)(b)

May 2017 Average bid (for entire land)

Adjusted Net Purchase Price



THE WINNING PROPOSAL - SITE SALE: KEY ELEMENTS

s.18(a)
s.18(b)
s.21(1)(b)

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- The winner has demonstrated acceptable financing terms.
- The winner is a well-established and well-respected player in the Montreal real-estate market.
- The winner's vision for the development of the site aligns with that of CBC/Radio-Canada's and the City's zoning.
- The winning proposal does not present any unreasonable constraints to our operations during the short-term lease, nor for coordination with Landlord's building plans.



PART B: BUILDING SOLUTION



FINAL EVALUATION RESULTS: BUILDING SOLUTION - NOVEMBER 8th

s.18(a)

s.18(b)

	Weight	PROPONENT 1	PROPONENT 2
TOTAL	100%		



FINAL EVALUATION RESULTS: BUILDING SOLUTION - NOVEMBER 8th

Refer to Appendix 2 for details regarding
the building solution evaluation process and results:

2.1 - Technical Evaluation

2.2 - Legal Evaluation

2.3 - Financial Evaluation



NEGOTIATION PROCESS

s.18(a)
s.18(b)
s.21(1)(b)

- Final results of the evaluation process for the building solution were presented to and accepted by the Governance Committee on November 8, 2016.
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THE WINNING PROPOSAL - BUILDING SOLUTIONS: KEY TERMS *

- Term: 30 years
- Square footage (rentable square feet):
- Year-1 rental and occupancy cost (\$):
- NPV (30 years, \$):
- Fit-up cost (\$/rsf):

(*) Refer to Appendices 4.1, 4.2, 4.3, 4.4 & 5.1 for further details regarding the terms and financials of the winning proposal.



THE WINNING PROPOSAL - BUILDING SOLUTION:

s.18(a)
s.18(b)
s.21(1)(b)

■ Square footage (rsf):

a. City requirements:

- City regulations require that shipping/receiving docks be enclosed.

b. Design elements:

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■ Year-1 rental and occupancy cost (\$):

a. May to October
winning proponent

The final bid submitted in September by the

b. October to now

See Appendix 3 for details.



THE WINNING PROPOSAL - BUILDING SOLUTION: KEY RISKS

s.18(a)
s.18(b)
s.21(1)(b)

■ Transferred to landlord:

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■ Retained by CBC/Radio-Canada:

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THE WINNING PROPOSAL - BUILDING SOLUTION: KEY BENEFITS

- Alignment with Radio-Canada's vision and strategic objectives:
 - A modern workspace that fosters collaboration and creativity;
 - Immersive experience of our broadcasting activities for audiences and employees;
 - Collaborative open spaces enhanced by numerous visual contact possibilities between production teams and easy way-finding;
 - Numerous production possibilities inside and outside the building;
 - Floorplate offers good flexibility in workplace layout (efficient and cost-effective), with capacity to evolve over time.



THE WINNING PROPOSAL - BUILDING SOLUTION: KEY BENEFITS

s.18(b)

s.21(1)(b)

■ Building Design:

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RESOLUTION - BUILDING SOLUTION

s.18(b)

s.21(1)(b)

The Infrastructure Committee recommends to the Board of Directors that, in relation to the proposed long term lease for the new Maison Radio-Canada as well as the sale of a parcel of the land on which the new Maison de Radio-Canada will be built:

- The long term lease agreement with the winning proponent be approved on the terms and conditions substantially similar to those described in the materials provided at the meeting;
- The sale of approximately 235,000 sq ft of land (part of lot 2872477) to the winning proponent be approved on the terms and conditions substantially similar to those described in the materials provided at the meeting;
- A submission be made to the Treasury Board to obtain the required Order in Council;
- All necessary expenses and agreements

to give effect to this

resolution be approved; and

- The President and CEO or the Executive Vice-President, Media Technology and Infrastructure Services, together with the Executive Vice-President and Chief Financial officer, or their delegates, be authorized to execute all necessary agreements to give effect to this resolution.



RESOLUTION - SITE SALE

The Infrastructure Committee recommends to the Board of Directors that, in relation to the proposed sale of the MRC site as well as the short term lease:

- The sale agreement with the winning bidder be approved on the terms and conditions substantially similar to those described in the materials provided at the meeting;
- The short term lease agreement with the winning bidder be approved on the terms and conditions substantially similar to those described in the materials provided at the meeting;
- A submission be made to the Treasury Board to obtain the required Order in Council;
- All necessary expenses and agreements (including in connection with payment of the brokerage service) to give effect to this resolution be approved; and
- The President and CEO or the Executive Vice-President, Media Technology and Infrastructure Services, together with the Executive Vice-President and Chief Financial officer, or their delegates, be authorized to execute all necessary agreements to give effect to this resolution.



NEXT STEPS

- November 2016:
 - Conclusion of agreements with the winners
 - Initiation of Communication Plan
 - Initiation of the cadastral operation with the City
 - Initiation of approval process with Treasury Board

- December 2016:
 - Negotiation of coordination agreement with the various stakeholders involved in the project
 - Align governance model for next phase of project
 - Initiation of design of technical facilities

- May 2017: Treasury Board approval

- July 2017: Closing of transactions

- August 2017: Construction begins

- January 2020: Occupy new facility



APPENDICES

1. Site Sale: Evaluation Results
2. Building Solution: Evaluation Results
 - 2.1 Technical
 - 2.2 Legal
 - 2.3 Financial
3. Negotiations
4. Key Terms and Conditions
 - 4.1 Building Solution - Long-Term Lease
 - 4.2 Building Solution - Purchase and Sale Agreement
 - 4.3 Site Sale - Purchase and Sale Agreement
 - 4.4 Site Sale - Short-term Lease
5. Financials
 - 5.1 Financial Model
 - 5.2 Expert Opinion
 - 5.3 Accounting Impacts
6. Third Party Experts that Supported the Process