



## Sale of former Halifax building

<b>TO:</b>	Infrastructure Committee and Board of Directors
<b>MEETING:</b>	May 9-10, 2017
<b>FROM:</b>	Steven Guiton Executive vice-president, Media Technology and Infrastructure Services
<b>DECISION SOUGHT:</b>	Approval of the sale of the Bell Road building (TV) in Halifax
<b>NEXT STEPS:</b>	Seek the approval of the Governor in Council (Treasury Board of Canada)
<b>DATE:</b>	April 26, 2017

### 1. CONTEXT

- The Corporate strategy *A space for us all* calls for a 50% reduction in the total real estate footprint of 4.3 million square feet by 2020.
- In June 2012, the Board of Directors approved the relocation of the CBC/Radio-Canada Halifax station from the owned properties of **Sackville Street** (radio) and **Bell Road** (TV) in Halifax to a leased location on **Mumford Road** (consolidation of operations).
- The **Sackville Street** building was sold in November 2013 for \$3.7M and, as the transaction was below \$4M, did not require approval from the Board of Directors nor the Governor in Council.
- Media deal with DHX Production for the production of “*This Hour Has 22 Minutes*” is still in effect (use of TV studio).
- We were approached by a Nova Scotia governmental agency to purchase the building. For this governmental institution, the transaction requires provincial Treasury Board approval, which has already been sought and obtained.
- The **Bell Road** building sale is now ready for execution.

### 2. KEY DECISION ELEMENTS

Offer from Nova Scotia Transportation and Infrastructure	\$4,500,000
Brokerage fee	None, direct sale
Due diligence	None, “as is, where is” sale
Closing date	October 31, 2017
Approval (purchaser)	Provincial Order in Council

### 3. KEY BENEFITS, IMPACTS & RISKS

- Financial benefits:
  - Offer at \$4.5M (“as is, where is”) is:
    - Exceeding original estimate of \_\_\_\_\_ included in business case
    - Aligned with initial municipal assessment (2015) of \$4,572,700 (not inclusive of any necessary remediation costs ie. asbestos, contaminated land remediation, etc.)
    - \_\_\_\_\_
  - Revenues generated from the sale of a real estate asset
  - Reduction of operational costs
- Strategic benefits:
  - Aligned with Corporation’s strategic plan *A space for us all* (cost-effectiveness and footprint reduction)
- Impacts:
  - Real estate footprint reduced by 57,049 rentable square feet
  - Elimination of approximately \_\_\_\_\_ year in operating costs and payment in lieu of taxes
- Risks:
  - Relocation of DHX Production operations (“*This Hour Has 22 Minutes*”)
    - Mitigation measures:
      - “The Province is prepared to work with CBC and the tenant to allow their use to continue over a reasonable time frame.”<sup>1</sup>
      - CBC/Radio-Canada secured the right to occupy the building until June 2018 to maintain the production of “*This Hour Has 22 Minutes*”.

### 4. OTHER OPTIONS CONSIDERED

- None: the sale of the building generates revenues, reduces cost and the real estate footprint as planned in the 2020 Corporate strategy, transfers risk and allows the closing of the Halifax project (initiated in 2012).

### 5. SUCCESS MEASURES

- Execution within scope, budget and schedule:
  - Additional reduction of approximately 57,049 rentable square feet in Halifax generated by the sale of Bell Road building
  - Sale closing in fall 2017, subject to Board of Directors and Treasury Board approvals

## 6. RESOLUTION

That the Infrastructure Committee recommend to the Board of Directors that in relation to the proposed sale agreement of the property located at 1840 Bell Road (Halifax, Nova Scotia) to Nova Scotia Transportation and Infrastructure:

1. the sale agreement be approved on the terms and conditions substantially similar to those described in the materials provided at the meeting;
2. all necessary expenses and agreements to give effect to this resolution be approved;
3. 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.

## APPENDIX – LOCATION

