

MRC PROJECT UPDATE

TO:	Board of Directors - Infrastructure Committee
MEETING:	October 31, 2016
FROM:	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:	To provide update to the Board of Directors on the ongoing MRC evaluation process
DATE:	V4 - October 29



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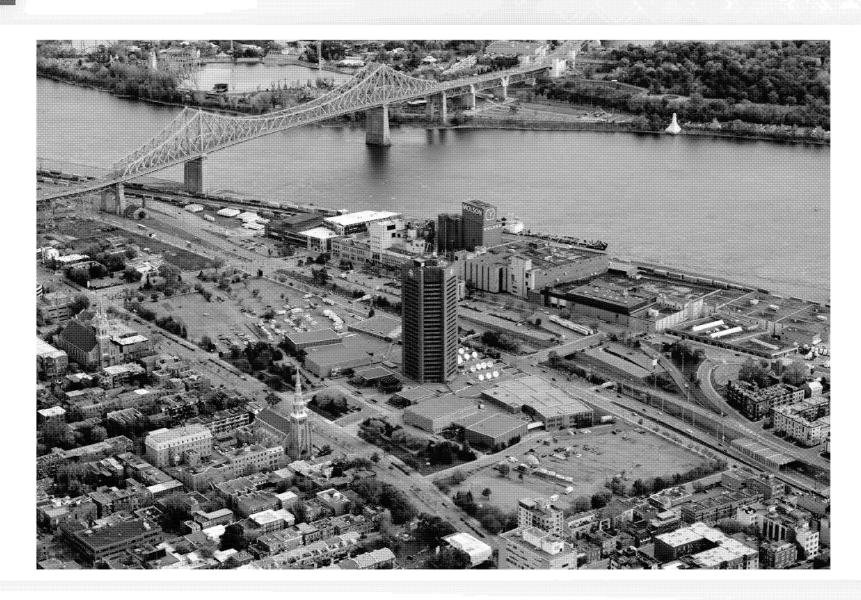
- 1. Context & recap of process to date
- 2. Evaluation process, criteria, results & considerations
 - Stream 1: Site Sale
 - Stream 2: Building Solution
- 3. Next steps
- 4. Communication plan
- **5.** Appendices



1. CONTEXT AND RECAP OF PROCESS TO DATE



SITE PLAN





SITE PLAN





CONTEXT

- The current MRC site was built 40 years ago in a different era. It is too large, does not support our current operations efficiently and is in need of a major repair and upgrade.
- CBC/Radio-Canada has an objective to reduce its real estate footprint by 50% between now and 2020, and to transfer ownership of its facilities (and the risks related to ownership) to qualified owners/landlords whenever reasonable and possible.
- The purpose of this project is to secure a new facility that will support the strategic plan of French Services, provide a stimulating and adaptable work environment for CBC/Radio-Canada employees and establish modern and reliable infrastructure that will further the Corporation's vision for the future.



Management has organised the MRC project under <u>two streams</u>:

■ STREAM 1: Site Sale

• The site was put up for sale via Avison Young/Brookfield Financial on February 10, 2016. 12 bids were received.

STREAM 2: Building Solution

- An competitive process went out to market via Avison Young in October 2015;
- Seven proposals were received by the Corporation on November 30, 2015;
- Round 1 evaluations narrowed seven proponents down to four invited to Round
 2 of the process, launched in February. Proposals were received on April 1,
 2016.



- On May 18, the Board of Directors approved Management's proposals to:
 - Invite two on-site solution proponents to the next and final round of the competitive process;
 - Pursue the site sale process with the four top-ranked purchasers with a view of selecting the best offer through a competitive process; and
 - Implement a program of indemnification for the proponents participating in the next phase for both the lease and the sale processes.
- On <u>August 25</u>, Management provided the Board's Infrastructure
 Committee an update on the status of the project.
- Today, Management is providing the Board with a status of the evaluation process to date and preliminary results in advance of the final recommendation to be presented on November 23.



Since May 18:

Transfer of data to proponents

 All data related to the final round was transferred to proponents, including the updated Functional and Technical Program (FTP)*, construction and conception specifications, as well as all legal documents, including leases and purchase and sale agreements.

Reception of bids/proposals

- <u>Site sale</u>: Bids were received from the 4 finalists on August 31. Evaluations are completed.
- <u>Building solution</u>: Final proposals were received from the 2 finalists on September 21. Evaluations are ongoing.

^(*) The Functional and Technical Program (FTP) is a 1250-page document that describes in comprehensive detail the Corporation's needs with respect to every facet of a new facility.



PwC review and support of process

- The MRC project was reviewed this summer by the PWC Internal Audit Team.
- In addition to addressing the key items raised in the review, Management also awarded a contract to PWC to support us in further strengthening our MRC processes

Finalization of evaluation process

- All <u>evaluation grids</u> were finalized, reviewed by PWC and approved by Governance prior to bid reception.
- Evaluation <u>team structure and membership</u> were finalized, reviewed by PWC and approved by Governance prior to bid reception.
- All evaluators received <u>guidance training</u> from the CBC/Radio-Canada's
 Procurement department with a view to ensuring fair and consistent scoring.
- All evaluators signed a <u>declaration of non-conflict-of-interest</u> prior to beginning evaluations.
- Risk workshops are currently underway to identify future risks to be managed.



Meetings with proponents and bidders

Meetings with proponents and bidders have been taking place on a regular basis to review, clarify and discuss information submitted as well as design and legal requirements, lease terms and conditions with a view of improving the final outcome.

Meetings with the City

 Both CBC/Radio-Canada and proponents have been meeting with City of Montreal officials to clarify the intentions and expectations of the City.



2. EVALUATION PROCESS, CRITERIA & CONSIDERATIONS

STREAM 1: SITE SALE



STREAM 1: SITE SALE

EVALUATION PROCESS & CRITERIA

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

The bids from the 4 finalists are being evaluated based on the framework and criteria described below. Evaluation work is being supported by external experts <u>Brookfield Financial and</u>

Criteria	Weighting
Total	100%



STREAM 1: SITE SALE

CONSIDERATIONS

Cadastral operation

 Our site must be severed into two parcels - one for sale to the winning bidder of the site sale stream for development, the other for sale to the winning proponent of the building solution stream for construction of our new facility - prior to breaking ground. Discussions with the City regarding the execution and timing of this operation are proceeding well.

Extension of streets through site

 Consistent with the cadastral operation, the City is using the MRC redevelopment project as an opportunity to implement a long-standing plan of extending a number of pre-existing streets.

Accord de développement

• All bidders are requiring that CBC/Radio-Canada participate in discussions with the City relating to the transfer of the Accord de développement.

STREAM 1: SITE SALE

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

EVALUATION RESULTS TO DATE



STREAM 1: SITE SALE EVALUATION RESULTS TO DATE

s.18(a) s.18(b)

s.21(1)(b)



2. EVALUATION PROCESS, CRITERIA & CONSIDERATIONS

STREAM 2: BUILDING SOLUTION

STREAM 2: BUILDING SOLUTION EVALUATION PROCESS & CRITERIA

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

The two building proposals are being evaluated based on the evaluation framework below. Pursuant to PWC's recommendation, this framework was shared with both proponents.

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Criteria		Weighting	
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Total 100%





s.18(a) s.18(b)

s.21(1)(b)



s.18(a) s.18(b)

s.21(1)(b)



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s.18(a)

s.18(b)

s.21(1)(b)





s.18(a)

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







s.18(b)

s.21(1)(b)







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



s.18(a) s.18(b)

s.21(1)(b)



STREAM 2: BUILDING SOLUTION

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

CONSIDERATIONS

■ Lease terms and conditions to transfer risk

Following Board approval in May, CBC/Radio-Canada informed building proponents of terms that it would require. These include:

STREAM 2: BUILDING SOLUTION

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

CONSIDERATIONS

■ Lease terms and conditions to transfer risk (cont'd)

STREAM 2: Building Solution EVALUATION RESULTS TO DATE

s.18(a)

s.18(b)

s.21(1)(b)



3. NEXT STEPS



NEXT STEPS

- November 23: Presentation of final recommendation to the Board of Directors for Approval
- December 2016: Initiation of Cadastral Operation with the City
- May 2017: Treasury Board approval
- June 2017: Closing
- Mid-2017: Break ground
- January 2020: Occupy new facility



4. COMMUNICATION PLAN



COMMUNICATION APPROACH Overall Strategies

COMMUNICATION APPROACH Internal Strategies

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

COMMUNICATION APPROACH External Strategies

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



COMMUNICATION APPROACH Three-Phase action plan

- Pre-Announcement
- Announcement (emphasis on new MRC)
- Post-Announcement Before Treasury Board approval

COMMUNICATION APPROACH Three-Phase action plan - Pre-Announcement

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



COMMUNICATION APPROACH Three-Phase action plan - Announcement

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





COMMUNICATION APPROACH Three-Phase action plan - Announcement





COMMUNICATION APPROACH Three-Phase action plan - Announcement



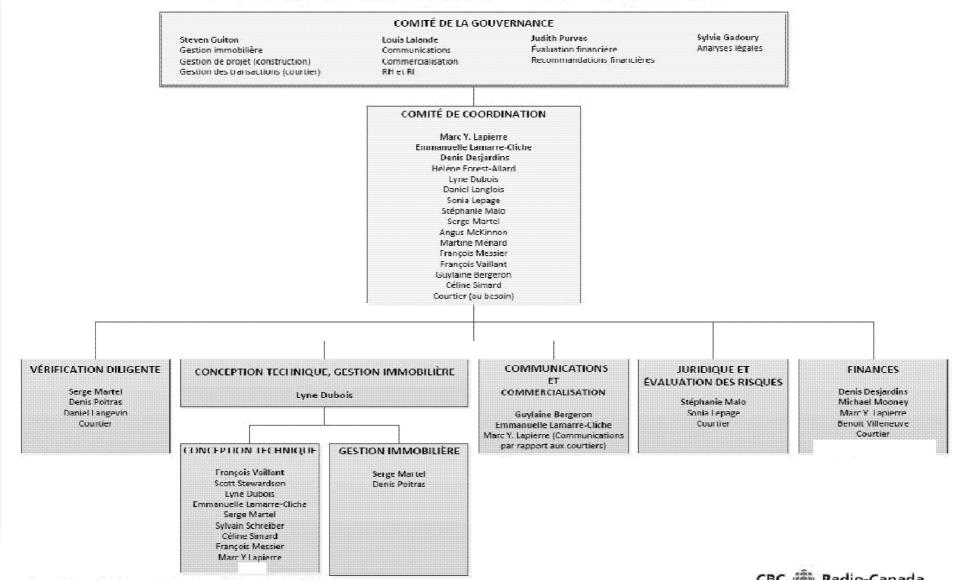
COMMUNICATION APPROACH Three-Phase action plan - Post-Announcement

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



6- APPENDIX- Management Governance Structure

STRUCTURE DE GOUVERNANCE - PROJET DE MONTRÉAL



Les noms figurant en gras correspondent aux administrateurs principaux du groupe. Mise à jour : 2016.08.25

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