Minutes - Executive Policy Committee - November 18, 2009

Minute No. 18
Report - Standing Policy Committee on Downtown Development - November 6, 2009

Item No. 1 **Winnipeg Police Service Headquarters - Acquisition of Canada Post Building (266 Graham Avenue) comprised of the Office Tower and the Winnipeg Mail Processing Plant**
(Fort Rouge-East Fort Garry Ward)
eFile FI-2(32)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development and submits the following to Council:

1. That the purchase of the Canada Post Building (266 Graham Avenue), identified as "Subject Property" on Misc. Plan No. 13670 be approved at a purchase price of $30,000,000.

2. That $20,000,000 available from previously approved capital budgets relating to Public Safety Building Recladding/Police Headquarters capital projects as well as interim financing of $10,000,000 to be provided by the City from internal cash flow from the Equity in Capital Assets Fund be approved for the purchase of 266 Graham Avenue.

3. That the Public Service be instructed to issue a call for proposals to complete the $105 million redevelopment of the portion of 266 Graham Avenue known as the Winnipeg Mail Processing Plant for the consolidation of the Winnipeg Police Service.

4. That the Public Safety Building and 280 William Avenue be declared surplus upon consolidation.

5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Standing Policy Committee on Downtown Development - November 6, 2009

DECISION MAKING HISTORY:

Moved by Deputy Mayor Swandel,

That the recommendation of the Standing Policy Committee on Downtown Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On November 6, 2009, the Standing Policy Committee on Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

ISSUE: **Proposed Acquisition of Canada Post Building (266 Graham Avenue) comprised of the Office Tower (Tower) and the Winnipeg Mail Processing Plant (WMPP) and Consolidation of the Winnipeg Police Service (WPS) into the WMPP**

Critical Path: **Standing Policy Committee on Downtown Development**
Executive Policy Committee
Council

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Klassen	D. Joshi	M. Ruta	P. Sheegl

RECOMMENDATIONS

1. That the proposed purchase of the Canada Post Building (266 Graham Avenue), identified as "Subject Property" on Misc. Plan No. 13670 be approved at a purchase price of $30,000,000.
2. That Council approves $20,000,000 available from previously approved capital budgets relating to Public Safety Building Recladding/Police Headquarters capital projects as well as interim financing of $10,000,000 to be provided by the City from internal cashflow from the Equity in Capital Assets Fund for purchase of 266 Graham Avenue.
3. That the Public Service be instructed to issue a call for proposals to complete the $105 million redevelopment of the portion of 266 Graham Ave. known as the Winnipeg Mail Processing Plant (WMPP) for the consolidation of the Winnipeg Police Service (WPS).
4. That the Public Safety Building (PSB) and 280 William Avenue be declared surplus upon consolidation.
5. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

- The WPS occupies a number of buildings throughout the City. Consolidation into one facility would return cost and operating efficiency savings and improve service to downtown Winnipeg.
- The Public Service has negotiated a favourable purchase from Canada Post permitting redevelopment of a large property sufficient to facilitate future growth and expansion of the WPS at significantly less than the cost to construct a new facility. The financial analysis included with this report indicates that redevelopment of 266 Graham Avenue represents the best overall option and value for money.
- There are numerous operating efficiencies associated with the consolidation of WPS within the WMPP, which are outlined in Appendix 2 attached.
- The redevelopment of WMPP will provide suitable accommodation for the WPS for the next 50 years, and
  - Enable officers to spend more time delivering police services;
  - Provide high police visibility in the downtown area; and
  - Is consistent with the long term goal of revitalizing downtown Winnipeg.

  Further, police security will improve from parking police vehicles in the facility when not in use.
- Due diligence indicates that 266 Graham Avenue is well constructed and is expected to have an extended service life.
- The PSB cladding continues to deteriorate and the cost of repairs does not warrant further investment. The space is insufficient to meet current requirements and even if the WPS vacates the building and it is available for occupancy by other departments, the renovated space would be very expensive. Disposition of the PSB is recommended.
- As part of the consideration for Canada Post to sell 266 Graham Avenue to the City, it was agreed that the City would agree to provide the services outlined in Clause 20 of the Purchase and Sale Agreement included as Appendix 1. It should be noted that these items will be accommodated within existing budgets as they meet normal operating criteria within Transit and Public Works.

HISTORY

Concerns relating to the cladding on the PSB were noted in 1990. From that time up until the present date, an ongoing program of monitoring and stabilizing the existing cladding has been in place.

In 2002, the re-cladding of the PSB was identified in the Capital Budget. Since then, the work has been continuing to develop and define the re-cladding project. This has been protracted due to the need to keep the WPS operational throughout the re-cladding process, which in turn identified that parts of the WPS operation would have to be temporarily relocated (decanted).

In March 2006, a contract was awarded to erect a temporary protective sidewalk hoarding around the PSB to protect the public from the danger of falling limestone pieces. The inspection, repairs and maintenance are currently costing the City approximately $100,000 per annum.

In December 2007, City Council approved the 2008 Capital Budget and the 2009-2013 Five Year Forecast with a recommendation that the budgeted expenditure for the PSB re-cladding project, the related decanting projects and the Identification Unit-Forensic Services project be subject to review by the Chief Financial Officer, and that an examination of alternatives be undertaken. These alternatives included (but were not limited to) re-cladding strategies, and/or the construction of a new facility financed partly by offsetting reductions in space leased by the WPS, and cancellation of related decanting projects. This report responds to Council's request for review by the CFO.

Shortly after approval of the Capital Budget, the Public Service reviewed and analyzed several options relating to the PSB. During this review, Canada Post announced its decision to sell its downtown property.

Agreement for Purchase and Sale:

As a result of the above noted analysis, the Public Service negotiated an Agreement for Purchase and Sale of the Canada Post Building at 266 Graham, which is subject to Council approval. A copy of the Agreement for Purchase and Sale is attached as Appendix 1.

266 Graham Avenue occupies 3 acres of land in the block bounded by Graham and St. Mary Avenues and Smith and Garry Streets. The structure is comprised of 2 building components:

1. A 10 storey office tower, currently the Canada Post Divisional Office Tower (the "Office Tower"), and
2. A 4 storey structure plus basement area, known as the Winnipeg Mail Processing Plant (the "WMPP")

Salient provisions of the Agreement for Purchase and Sale provide, among other things, for the following:

- A purchase price of $30,000,000.00.
- A Closing Date of December 1, 2009.
- A due diligence period until November 15, 2009 – the Vendor agrees to provide the City with 2 engineering reports related to the floor slab in the WMPP.
- The purchase price includes the building(s), structures, fixtures and improvements.
- The Vendor leasing the WMPP for a two year period from the Closing Date. The WMPP lease provides that the Vendor shall pay the City $1.00 per annum and, as additional rent, an amount equal to the total of property taxes, business taxes, school taxes, frontage levies, business improvement zone levies and all utility and operating costs associated with the WMPP.
- The Vendor leasing floors 1, 3, 4, and part of 6 of the Office Tower from the City in an "as is" condition for a term of 5 years, with two 5 year options to extend the said lease. The Office Space Lease is based upon the Vendor paying the City net rent at fair market rent (to be negotiated and finalized, through arbitration if necessary, during the due diligence period). The Office Space lease provides that the Vendor shall pay the City, as additional rent, an amount equal to the total of property taxes, business taxes, school taxes, frontage levies, business improvement zone levies and all utility and operating costs associated with the Office Tower, and
- The Vendor leasing an area on the first floor of the Office Tower for retail use (Retail Space) for a term of 5 years, with two 5 year options to extend the said lease. The Retail

Space Lease is based upon the Vendor paying the City net rent at a fair market rent (to be negotiated and finalized, through arbitration if necessary, during the due diligence period). The Retail Space lease provides that the Vendor shall pay the City, as additional rent, an amount equal to the total of property taxes, business taxes, school taxes, frontage levies, business improvement zone levies and all utility and operating costs associated with the Retail Space.

FINANCIAL ANALYSIS

The following analysis supports the recommendation that the City purchase 266 Graham Avenue for the redevelopment of the WMPP for the consolidation of the facilities for WPS.

Financial Projections:

The City engaged the services of PricewaterhouseCoopers (PwC) to assist the Public Service in the preparation of the City's financial analysis by providing research and information regarding methodology.

The following two options were reviewed:

- Reclad Option
  - Reclad PSB, as planned in the Capital Budget, as well as continuing with all present leases for other space occupied by WPS.
- Purchase and Redevelopment of 266 Graham
  - Purchase the Office Tower and WMPP.
  - Redevelop the WMPP.
  - Dispose of the PSB.

Net Present Value Analysis:

The following table summarizes the net present value analysis for the two options:

(in millions of dollars)	**Reclad**	**Buy-Redevelop**
Preliminary Net Present Value	$ 149.3	$ 171.9
Net Present Value Adjustments:		
Shooting Range	8.8	-
Service Growth (50,000 sq ft)	42.6	-
Comparative Net Present Value	200.7	$ 171.9

Assumptions:

The following general assumptions were developed by the Public Service and used in producing the financial analysis:

- The City of Winnipeg has available budget for PSB and related WPS capital projects (e.g. shooting range, headquarter renovations, forensic services) totaling $48.5 million as setout in Appendix 3. It has been assumed that these funds are available to be used as a completion payment towards redevelopment of WMPP.

- Other rates:
    - Construction inflation – 7%
    - Other inflation (general) – 2%
    - Interest rate on City financed construction and the net present value discount rate – 6%
    - Annual maintenance costs – 2.5% of the associated construction cost
    - Detail design costs – 7.5% of the construction cost

Reclad

- In this scenario, the City would follow through on its original plan of decanting PSB staff into temporary locations while the PSB building is recladded. The entire estimated capital cost of this plan is $60 million. This is based on the Planning, Property and Development PSB Recladding report of October 2007, updated for construction inflation of 7% annually and includes related projects in the preliminary 2010 Capital Budget (eg./ shooting range, headquarter renovations, forensic services). This estimate has been further supplemented by 25% to account for the construction risk adjustment.
- The Reclad option has been adjusted to include the shooting range at $11 million which is comparable to the cost required to complete a shooting range at 266 Graham Avenue.
- Included in the analysis is service growth of approximately 50,000 square feet which refers to the difference between anticipated square footage at 266 Graham Avenue and the PSB and other leased locations. It is expected that the additional space created at 266 Graham Avenue will be used over a period of 20 to 25 years. A rate of $550 per square foot was used in calculating the financial impact in terms of usage of this additional capacity.
- Existing leased facilities for WPS operations would continue to be utilized and related lease agreements will be renewed when agreements expire.

Purchase and Redevelopment

- In this scenario the City would execute the Agreement for Purchase and Sale of 266 Graham Avenue. Between the closing date and June 30, 2013, the Public Service would work on producing a detail design for the WMPP and redevelop the facility so that WPS operations currently housed in the PSB as well as a number of other

locations in the City would be consolidated into this facility. Upon consolidation the Public Service would also dispose of the PSB.

- Consolidating the operations is anticipated to provide for operational efficiencies – see Appendix 2.
- The building purchase and redevelopment costs would be financed over a thirty year term estimated at an interest rate of 6%.
- Because the City is required to vacate its current shooting range by August 2011 to facilitate further development in Waverley West, the City would proceed immediately with a plan to construct a shooting range on top of 266 Graham Avenue. The budgeted cost is approximately $11 million. It is anticipated that the shooting range provides an opportunity to rent out the facility to other law enforcement agencies. Annual revenue of $75,000 has been included in the analysis.
- With police vehicles to be housed within the redeveloped WMPP, 134 parking spots would be available in the Civic Parkade for the Winnipeg Parking Authority to rent out, producing an estimated $200,000 in annual revenue.
- The City would utilize $48.5 million from consolidated Capital Budgets to make a completion payment upon completion of WMPP redevelopment. This leaves approximately $86.5 million that would need to be financed by the City which will be the subject of a further report to Council following the call to proposal process.
- Existing leases would be terminated for those divisions that are anticipated to move into the redeveloped WMPP.

Other Considerations

- Consolidating the operations of certain WPS services currently housed in a number of locations provides for significant synergies allowing police officers to spend their time policing rather than moving between various facilities. Approximately 1,200 staff will be brought together to work under one roof.
- The location of 266 Graham Avenue provides for a very visible presence for the WPS in the downtown area. It is also better placed to access the Manitoba Law Courts building and Remand Centre. Access to the City's overhead walkway system enhances Police presence.
- The redevelopment plan for 266 Graham Avenue provides for essentially a new building. The plan will incorporate the most current technologies.
- Although there is no current intention to increase use of the Tower to include additional City services, it does provide additional opportunities for expansion.

Budget and Financing Implications

- The amounts currently available in past and forecasted Capital Budgets relating to WPS capital projects total approximately $48.5 million. This total will be used as a completion payment once redevelopment is complete. .
- The budget impact for the WPS is as follows:

	2014
Payments on New Building	
Debt payment	$ 6.2
Maintenance	3.2
Operating	2.5
	11.9
Exisiting Police Operating Budgets	
Police rent on consolidating facilities	(7.6)
Police operational efficiencies and other revenues	(2.1)
	(9.7)
Impact on Budget	$ 2.2

The existing police rent assumes that the various PSB and related WPS capital projects as presently budgeted in various Capital Budgets are carried through. As the budget impact is dependent on the result of calls for proposal for redevelopment, this has not been included in the accompanying Financial Impact Statement but will be the subject of a further report to Council following the call for proposal process.

The following chart depicts the impact on the net present value for changes in construction cost variances from those assumed.

Financial Impact Statement

Date: October 28, 2009

Project Name:

First Year of Program **2009**

Proposed Purchase of 266 Graham Avenue – Canada Post Building

	2009	2010	2011	2012	2013
Capital					
Capital Expenditures Required	$ 30,000,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	20,000,000	-	-	-	-
Additional Capital Budget Required	$ 10,000,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal (interim financing)	$ 10,000,000	$ -	$ -	$ -	$ -
Debt - Internal	-	-	-	-	-
Grants - (enter description here)	-	-	-	-	-
Other - (enter description here)	-	-	-	-	-
Total Funding	$ 10,000,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 150,000	$ 3,200,000	$ 3,200,000	$ 3,200,000	$ 3,200,000
Less: Incremental Revenue/Recovery	150,000	1,400,000	1,400,000	1,400,000	1,400,000
Net Cost/(Benefit)	$ -	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000
Less: Existing Budget Amounts	-	1,800,000	1,800,000	1,800,000	1,800,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures in 2009 represents the purchase price of 266 Graham Avenue (The Tower & Winnipeg Mail Processing Plant or WMPP). Existing capital budget of $20M consists of Council-approved budgets related to the PSB Re-Cladding / Police Headquarters capital projects with a further $10M is to be interim financed from internal cashflow from the Equity in Capital Assets Fund. Operating costs from 2009 represent financing costs on the purchase of 266 Graham Avenue while incremental revenues represents rents on the Tower, which will offset the the interim financing costs. Existing budgeted amounts in 2010 through 2013 represent debt and finance charges included in forecasted operating budgets. Ongoing direct costs and revenues include rents and maintenance costs associated with the Tower, along with debt costs associated with the purchase of the Canada Post Building. The cost to the City for acquisition costs will be approximately $1.5 million which will be charged to the capital accounts identified in Appendix 3. As disclosed elsewhere in this report, this FIS does not include the impact of the redevelopment.

"Original signed by"

CONSULTATION

In preparing this Report there was consultation with:

Legal Services Division

Winnipeg Police Services

Corporate Finance

SUBMITTED BY

Department	Planning, Property and Development Department
Division	Real Estate
Prepared by	Ray Klassen, Manager of Real Estate / Paul Olafson, Corporate Controller
Date:	October 28, 2009
File No.	8904

O:\Reports Directive\Real Estate\Acquisition\(rk) 266 Graham Canada Post.doc

Appendix 1
Purchase and Sale Agreement

CPC Standard Agreement of Purchase & Sale
Revision No. 4

AGREEMENT OF PURCHASE AND SALE
(THE "AGREEMENT")

The CITY OF WINNIPEG (the **"Purchaser"**) hereby offers to purchase from CANADA POST CORPORATION (the **"Vendor"**) the property described as SP Lot 74 Plan 24135 WLTO in RL 1 Parish of St John, comprising the Winnipeg Mail Processing Plant (the **"WMPP"**) and the Divisional Office Tower (the **"Office Tower"**) municipally known as 266 Graham Avenue, in the City of Winnipeg (the **"Property"**), for a purchase price (the **"Purchase Price"**) of Thirty Million Dollars ($30,000,000.00).

1. Payment of Purchase Price

The Purchase Price shall be paid as follows:

(a) by way of a cash deposit or Letter of Credit on a form acceptable to the Vendor, the sum of Three Million Dollars ($3,000,000.00) (the **"First Deposit"**) upon execution of this Agreement, which shall be refunded in the event that the Purchaser's conditions are not removed;

(b) by way of a cash deposit or Letter of Credit on a form acceptable to the Vendor, the further sum of Five Million Dollars ($5,000,000.00) (the **"Second Deposit"**) upon removal or waiver of the Due Diligence Condition;

(c) the First Deposit and the Second Deposit are collectively referred to herein as the **"Deposit"**; and

(d) the balance on the Closing Date.

Any cash deposits will be held by the solicitor for the Vendor in an interest bearing trust account. The Deposits and all interest earned on such cash deposits shall be applied on account of the Purchase Price on the Closing Date or returned to the Purchaser in the event that the Purchaser is not satisfied with the results of its due diligence and does not complete the purchase of the Property.

If the Deposit, or either of them, is provided by way of a Letter of Credit, such Letter of Credit shall be irrevocable and shall be issued by one of the five largest Canadian chartered banks and shall be issued in a form acceptable to the Vendor at the time of execution of this Agreement by the Vendor. If the Vendor does not agree to a form of Letter of Credit, the Deposit shall be paid by cash, failing which the Vendor shall have no further obligation with respect to the transaction contemplated by this Agreement. In submitting this Agreement to the Vendor, the Purchaser will include its proposed form of Letter of Credit.

2. Allocation of the Purchase Price – Intentionally Deleted

3. Purchased Assets

The Purchase Price includes the building(s), structures, fixtures and improvements erected or situated upon the Property together with all other machinery, equipment and systems that the Vendor in its sole discretion determines will remain at the Property. The Purchase Price will not, unless otherwise determined by the Vendor in its sole discretion, include any lock boxes or other postal equipment, safes, commemorative or historical plaques, or any other items painted, imprinted or otherwise marked with any logo, symbol or identifying mark used by the Vendor, whether such items constitute chattels or fixtures. Any leased equipment remaining on the Property on Closing will not be included in the Purchase Price, however the Purchaser agrees as of the Closing to assume all obligations of the Vendor under any contracts respecting such leased equipment.

The Purchaser hereby agrees that the Vendor will not be responsible for any reasonably unavoidable damage to the Property or to any building(s) or structure(s) located on the Property resulting from the removal by the Vendor of fixtures not included in the Purchase Price.

4. Closing

This Agreement shall be completed on the 1st day of December, 2009, or on such other date as the parties may agree to in writing (such completion being herein referred to as the "**Closing**" and the date of such completion being herein referred to as the "**Closing Date**").

5. Title

The Purchaser hereby accepts the Vendor's title to the Property provided that the title is free and clear from all registered liens, mortgages and encumbrances except for any registered restrictions or covenants that run with the Property providing that such are complied with, any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with or security has been posted to ensure compliance and completion, any minor easements, encroachments, rights of way, licences or other minor encumbrances including easements for the supply of utility or telephone service and except for the following encumbrances which are specifically permitted (the "**Permitted Encumbrances**") and under which the Purchaser agrees to perform all obligations of the Vendor:

(a) Caveat No. 1495052 re Assignment of a Walkway Agreement from Royal Bank of Canada;

(b) Caveat No. 2575609 re Lease with Public Works & Government Services Canada for office and storage space;

(c) Lease with 4049277 Manitoba Ltd. – coffee shop;

(d) Lease with James Shaen Ltd. – optometrist;

(e) Caveat No. 2850757 re Lease with Telus Communications Company – roof-top antennae installation;

(f) Cafeteria Lease;

(g) Access Agreement with City of Winnipeg (dated June 9, 1995);

(h) Caveat No. 2948234;

(i) Minister of Public Works and Government Services, lease dated December 20, 2000; and

(j) Minister of Public Works and Government Services, lease dated September 18, 1998, as amended.

6. Title Examination

The Purchaser will be allowed until thirty (30) days after the date the Vendor has accepted this Agreement to examine the title to the Property at its own expense. If during that time any valid objection to title, including any deficiencies or lack of title whatsoever, is made in writing to the Vendor, which the Vendor is unable or unwilling to remove and which the Purchaser will not waive, this Agreement, notwithstanding any intermediate acts or negotiations in respect of such objections, shall be null and void, except for the clauses entitled "Due Diligence" and "Confidentiality" which will remain in full force and effect, and the Deposit shall be returned to the Purchaser with interest thereon and the Vendor shall not be liable for any costs or damages. Save as to any valid objections so made, the Purchaser will be conclusively deemed to have accepted the title of the Vendor to the Property.

7. Title Documents

The Purchaser will not call for production of any deed, abstract, survey, building location certificate or surveyor's certificate or other evidence of title except such as are in the possession and control of the Vendor.

8. Due Diligence

The Vendor shall deliver to the Purchaser within ten (10) business days of the Vendor's execution of this Agreement copies of the 2006, 2007 and 2008 Statements of Income reflecting detailed information of all income and expenses for the Office Tower and all surveys, building location certificates, zoning memorandums, environmental site assessments and geotechnical information with respect to the Property which the Vendor may have in its possession. The Vendor agrees to provide the Purchaser with copies of the two engineering reports concerning the floor slab in the WMPP that have been prepared for the Vendor. The Purchaser agrees that it will not carry out further testing nor produce further reports concerning the condition of the WMPP floor slab during due diligence nor during the term of the WMPP Lease (defined in clause 16 hereof). The Purchaser acknowledges that the Vendor will continue to monitor the condition of the slab during the term of the WMPP Lease, including such testing and reports as the Vendor considers necessary, the results of which the Vendor will produce to the Purchaser. The Purchaser shall have until November 15, 2009 to conduct its due diligence (the **"Due Diligence Period"**). The Due Diligence Period shall commence on the date that this Agreement is executed by both the Purchaser and the Vendor and all deliveries contemplated in the Agreement have been made and shall end at 5:00 p.m. on November 15, 2009 (the **"Purchaser's Condition Date"**). The Purchaser's obligation to complete the purchase of the Property is subject to the condition (the **"Due Diligence Condition"**) that the Purchaser is satisfied with its due diligence in its sole discretion on or before the Purchaser's Condition Date. The Purchaser shall only be deemed satisfied with the results of its due diligence if it delivers to the Vendor on or before the Purchaser's Condition Date a notice indicating that the Purchaser is so satisfied or has waived this condition failing which the Purchaser will be deemed not satisfied with the results of its due diligence.

The Purchaser shall not, either before or after the Closing Date, request any municipal or other governmental authority to conduct an inspection of the Property; however, the Vendor authorizes the Purchaser to write to Manitoba Conservation for information concerning the environmental condition of the Property from such authorities' records.

The provisions of this clause 8 shall not merge but shall survive the Closing and the delivery and registration of any conveyance documents contemplated hereby.

9. Acknowledgement of Inspection

The Purchaser hereby declares that it has inspected the Property or caused it to be inspected, or will have the opportunity to inspect the Property under the terms of the clause entitled "Due Diligence" and, in particular, that it has had or will have the opportunity to perform all reasonable tests and inspections of the Property under the terms of the clause entitled "Due Diligence" for environmental contaminants and physical deficiencies. The Purchaser has entered into this Agreement in reliance on its own judgment, investigations and inspections and not in reliance on any representation, whether oral, written or implied, by whosoever made, except for those expressly set out herein. In particular, without limitation, the Purchaser acknowledges that the Vendor makes no representation or warranty with respect to:

(a) compliance with any municipal by-laws or regulations regarding the use or occupancy of land;

(b) compliance with any applicable residential rent control legislation; and

(c) existence or non-existence of urea-formaldehyde foam insulation or other environmental contaminants including asbestos and PCB's.

The Property is sold on an "as is, where is" basis (leaving in place at the time that the WMPP is vacated pursuant to the WMPP Lease described in clause 16 hereof, such mail processing machinery, equipment, systems or fixtures as the Vendor decides in its discretion), free and clear of all liens, charges and encumbrances except the reservations contained in the original grant from the Crown, Statutory Right of Ways, the Leases to the Vendor referred to below and the leases and Permitted Encumbrances listed in clause 6. Removal of any such mail processing machinery, equipment, systems or fixtures shall be carried out in accordance with the terms of the WMPP Lease, with the Vendor providing the Purchaser six months advance written notification of any such removal.

10. Indemnity

The Purchaser shall indemnify and hold harmless the Vendor, and its directors, officers, successors and assigns, against all liabilities, loss, costs, damage or expenses (including legal fees) which the Vendor may suffer as a result of any claim arising after the Closing Date with respect to the existence of any environmental contaminants on the Property.

11. Release

The Purchaser shall release and discharge the Vendor and its directors, officers, successors and assigns from all demands, actions, causes of action, debts, administrative remedies and claims of any kind which the Purchaser may have at any time against the Vendor with respect to the existence of any environmental contaminants on the Property.

12. PCB's

Without limiting the generality of other applicable clauses in this Agreement, the Purchaser acknowledges that the building on the Property may contain chlorobiphenyls in the light ballasts and agrees to purchase the Property despite the presence of such chlorobiphenyls which will remain on the Property and further agrees to indemnify the Vendor and hold it harmless against all manner of actions, causes of action, suits, claims and demands whatsoever against the Vendor, as well as any liabilities, costs, and expenses imposed on or incurred by the Vendor pursuant to any legislative provisions, Regulations, Orders, or Orders-in-Council arising out of the presence of the chlorobiphenyls in the building, and the Purchaser further agrees to execute and deliver on Closing such documentation as will ensure that this acknowledgement and indemnity will survive the Closing. The Vendor and Purchaser hereby acknowledge that no part of the Purchase Price is in consideration of the above-mentioned chlorobiphenyls and that the sale of the Property does not include a sale of the said chlorobiphenyls.

13. Adjustments

The Purchase Price will be adjusted by apportioning as between the Purchaser and the Vendor as of the Closing Date all adjustments which are customarily made in similar transactions, including service or maintenance contracts, utilities, local improvement charges or rates, if any, rents, security deposits under leases and other expenses, but excluding municipal realty taxes, such that all costs relating to the Property for and in respect of the period up to but not including the Closing Date, will be for the account of the Vendor. The Vendor and Purchaser agree to readjust, if necessary, as soon as more accurate figures are available, but no later than one (1) year after the Closing Date. The Purchaser acknowledges that the Vendor is a federal Crown Corporation which may make certain payments to the appropriate municipality in lieu of municipal realty taxes. The Purchaser further acknowledges that such payments in lieu of municipal realty taxes are personal to the Vendor and as such no adjustment of this item is required. In accordance with the foregoing, the Vendor represents that the Property shall not be subject to any outstanding municipal realty taxes as of the Closing Date.

14. Risk

Until the Closing Date, the Property will be and remain at the risk of the Vendor, and thereafter will be at the risk of the Purchaser. If prior to the Closing Date any part of the Property is destroyed or damaged by fire or other casualty, the Purchaser may, at its option, terminate this Agreement (except for the clauses entitled "Due Diligence" and

"Confidentiality" which will remain in full force and effect), in which event the Deposit will be returned to the Purchaser with interest thereon and the Vendor shall not be liable for any costs or damages.

15. Delivery of Transfer

On or before Closing, the Vendor will execute and deliver to the Purchaser a Transfer of Land (the "**Transfer**") prepared by the Purchaser at the Purchaser's expense, in form and substance satisfactory to the Vendor.

16. Vendor Leasing of WMPP

The Vendor shall lease the entire WMPP (the "**WMPP Lease**") from the Purchaser for a term of two (2) years (the "**WMPP Term**"). The WMPP Lease shall commence on the Closing Date, be on the CPC Standard form of Net Lease and include the following terms and conditions, such Net Lease to be negotiated and finalized during the Due Diligence Period and executed on Closing:

(a) During the WMPP Term:

(i) the WMPP Lease shall be a fully net lease in terms of which the Vendor shall pay to the Purchaser net rent of $1.00 per annum payable annually in arrears.

(ii) the Vendor shall pay as additional rent monthly installments for expenses of operating the Property in a manner which a prudent owner would operate the Property and shall pay to The City of Winnipeg annually on demand, an amount equal to the total of property taxes for general municipal purposes, business taxes, school taxes, frontage levies and business improvement zone levies which in any given year or portion thereof would have been payable with respect to the WMPP Lease, improvements, other property, premises and activities within the WMPP Lease as if the Property was owned by an assessable entity that does not make payments in lieu of taxes. If the Vendor disputes the property tax amount for any lease year within sixty (60) days prior to the end of a lease year, then the property tax amount shall be determined by arbitration pursuant to the WMPP Lease.

(iii) The Vendor shall be entitled to use, and the Purchaser shall cause to remain at the WMPP Space, all of the fixtures, improvements, machinery, equipment and systems that the Vendor determined would remain at and on the Property pursuant to clause 3 hereof; The WMPP Lease shall provide that, at the time the WMPP is vacated pursuant to the WMPP Lease, i) the Vendor is not obligated to remove any of the improvements, structures, fixtures, machinery, equipment affixed to the building, conveyor systems or other systems that the Vendor determined would remain at and on the Property pursuant to clause 3 hereof; ii) the Vendor may remove from the Building any or all mail processing machinery, equipment, conveyor systems, other systems or fixtures as the Vendor decides in its discretion to remove. The Vendor will provide the Purchaser six month advance written notification prior to any such removal.

(iv) The Purchaser agrees that the Vendor may install a smoking shelter for its employees on the Property in a suitable location, provided that said shelter shall be allowable under then current municipal and provincial codes.

(v) Notwithstanding the transfer of the Property to the Purchaser, during the term, including any extension thereof, of the WMPP Lease, the Vendor, as tenant, shall only be obligated to maintain the WMPP in accordance with those building codes that were applicable to federal Crown corporations during the period immediately preceding the Closing Date and the Vendor, as tenant, will not be required to make any changes, repairs or alterations

to the WMPP to comply with other municipal or Provincial building codes.

17. Lease of Canada Post Office Space

The Vendor shall lease Floors 3 (approx. 13,000 ft^2), 4 (approx. 17,000 ft^2, which includes approx. 4,000 ft^2 of space in the WMPP considered as link space) and 6 (approx. 13,000 ft^2) of the Office Tower, subject to Section 19, (the **"Canada Post Office Space"**) from the Purchaser in an "as-is" condition (subject to a demising wall being constructed on the 3rd floor to separate the Office Tower space from the link space) for a term of Five (5) years with two (2) Five (5) year options to extend (the **"Office Space Term"**) commencing on the Closing Date, on the CPC Standard form of Net Lease (the **"Office Space Lease"**) and including the following terms and conditions, such Office Space Lease (and exact area to be leased, including access points and operational elements) to be negotiated and finalized during the Due Diligence Period and executed on Closing.

During the period of the Vendor's occupancy of the Canada Post Office Space:

(i) the Office Space Lease shall be a fully net lease in terms of which the Vendor shall pay to the Purchaser net rent at a fair market rent (to be negotiated and finalized during the Due Diligence Period, failing which to be arbitrated in accordance with the Office Space Lease) per square foot per annum payable monthly in arrears commencing January 1, 2010 for the first Five (5) years and thereafter market rent for each option term. For the period from the Closing Date until January 1, 2010, the Vendor shall pay no rent and shall be entitled to all rents for the Office Tower (net of all operating costs paid by the Purchaser or the other tenants);

(ii) the Vendor shall pay as additional rent its proportionate share of the monthly expenses of operating the Property in a manner which a prudent owner would operate the Office Tower and shall pay to The City of Winnipeg annually on demand, an amount equal to the total of property taxes for general municipal purposes, business taxes, school taxes, frontage levies and business improvement zone levies which in any given year or portion thereof would have been payable with respect to the Office Tower, improvements, other property, premises and activities within the Office Tower as if the Office Tower was owned by an assessable entity that does not make payments in lieu of taxes. If the Vendor disputes the property tax amount for any lease year within sixty (60) days prior to the end of a lease year, then the property tax amount shall be determined by arbitration pursuant to the Office Space Lease.

(iii) the Purchaser will provide and maintain sheltered dock access for vehicles with supplies and equipment for the use of the Office Tower tenants including the Canada Post Office Space;

(iv) the Purchaser will provide elevator and stairwell access to the second floor skywalk;

(v) the Vendor will be permitted to renovate and provide space in the Canada Post Office Space for a gym and change/shower rooms equivalent to what is currently used in the WMPP terminal provided that said renovations are in accordance with those building codes that were applicable to federal Crown corporations during the period immediately preceding the Closing Date and the Vendor, as tenant, will not be required to make any changes to the Canada Post Office Space to comply with other municipal or Provincial building codes;

(vi) the Vendor will be permitted to renovate the Canada Post Office Space to provide for eating / rest areas on each floor, provided that said renovations are in accordance with those building codes that were applicable to federal Crown corporations during the period immediately preceding the Closing Date

(vii) the Purchaser agrees that the Vendor may install a smoking shelter for its employees on the property of the Purchaser in a suitable location, provided that said shelter shall be allowable under then current municipal and provincial codes.

(viii) Notwithstanding the transfer of the Property to the Purchaser, during the term, including any extension thereof, of the Office Space Lease, the Vendor, as tenant, shall only be obligated to maintain the Canada Post Office Space in accordance with those building codes that were applicable to federal Crown corporations during the period immediately preceding the Closing Date and the Vendor, as tenant, will not be required to make any changes, repairs or alterations to the Canada Post Office Space to comply with other municipal or Provincial codes.

18. Lease of Canada Post Retail Space

The Vendor shall lease an area on the first floor (approx. 3,800 ft^2, which includes approx. 1,000 ft^2 of space in the WMPP considered as link space) of the Office Tower for retail use (the "**Canada Post Retail Space**") for a term of Five (5) years with two 5 year options to extend (the "**Retail Space Term**") commencing on the Closing Date, on the CPC Standard form of Net Lease (the "**Retail Space Lease**"), such Retail Space Lease (and the exact area to be leased, including access points and operational elements) to be negotiated and finalized during the Due Diligence Period and executed on Closing. The Retail Space Lease shall address the requirement for: (i) access to washrooms for the Vendor's Retail employees on the main floor; and (ii) access to and from the 2nd floor pedway network system. The Retail Space Lease shall also include the following terms and conditions:

(a) During the period of the Vendor's occupancy of the Canada Post Retail Space:

(i) the Retail Space Lease shall be a fully net lease in terms of which the Vendor shall pay to the Purchaser net rent at a market rent (to be negotiated and finalized during the Due Diligence Period, failing which to be arbitrated pursuant to the Retail Space Lease) per square foot per annum payable monthly in arrears commencing January 1, 2010 for the first Five (5) years and thereafter market rent for each option term. For the period from the Closing Date until January 1, 2010, the Vendor shall pay no rent;

(ii) the Vendor shall pay as additional rent monthly installments for expenses of operating the Property in a manner which a prudent owner would operate the Property and shall pay to The City of Winnipeg annually on demand an amount equal to the total of property taxes for general municipal purposes, business taxes, school taxes, frontage levies an business improvement zone levies which in any given year or portion thereof would have been payable with respect to the Retail Space Lease, improvements, other property, premises and activities within the Retail Space Lease as if the Retail Space was owned by an assessable entity that does not make payments in lieu of taxes. If the Vendor disputes the property tax amount for any lease year within sixty (60) days prior to the end of a lease year, then the property tax amount shall be determined by arbitration pursuant to the Retail Space Lease;

(iii) the Purchaser will:

(A) maintain the Graham Street drive through;

(B) maintain the current loading zone (3 vehicle minimum) for customers on drive through area and the current loading zone along Garry Street (3 vehicle minimum);

(C) provide and maintain space on the first floor in a location acceptable to the Vendor, including access to move mail in and out during the day for Lock Boxes and Bag Service in addition to the retail space;

(D) provide 24/7 access acceptable to Canada Post for 5 ton trucks to pick-up and deliver mail and supplies to the Retail Space, Lock Boxes and Bag Service;

(E) permit placement of CPC Street Letter Boxes in front of the office building and a mail chute on the Graham side of the Office Tower for CPC customer mail to go directly into the CPC Retail Space in the Office Tower; and

(F) agree that the Vendor may install a smoking shelter for its employees on the Property in a suitable location, provided that said shelter shall be allowable under then current municipal and provincial codes.

(iv) Notwithstanding the transfer of the Property to the Purchaser, during the term of the Retail Space Lease, Vendor, as tenant, shall only be obligated to maintain the Canada Post Retail Space in accordance with those building codes that were applicable to federal Crown corporations that were applicable during the period immediately preceding the Closing Date and the Vendor, as tenant, will not be required to make any changes, repairs or alterations to the Canada Post Retail Space to comply with other municipal or Provincial codes.

19. Lease of Storage Space

The area for storage space and the rent and other terms (the **"Storage Space Lease"**) will be negotiated and finalized during the Due Diligence Period.

20. New MPP

The Purchaser will provide the following with regard to the new MPP:

(a) Signalization improvements on Saskatchewan Avenue: the Purchaser will, at its expense, install signalization at the intersection of King Edward Street and Saskatchewan Avenue and the intersection of Century Road and Saskatchewan Avenue no later than August 30, 2010. The Purchaser will work with the Winnipeg Airport Authority Inc. and its consultants to identify and address any site specific traffic issues on Saskatchewan Avenue and will obtain all necessary approvals from CP Rail.

(b) Improved Transit Links to new MPP and subsequent locations;

(i) Implement a regularly scheduled direct bus service to and from Polo Park with stops on Wellington Ave on both sides of the street adjacent to the entrance to the new MPP.

(ii) Schedule the bus service to coincide with major shift changes (currently believed to be – 4PM, 12AM, 8AM but to be finalized) – 10-20 minutes before and after shift ends 7 days a week.

(iii) Supply and install an enclosed heated bus shelter with a door on the MPP side of Wellington near the MPP entrance.

(iv) Use reasonable efforts to review, consult with the Vendor and implement measures for employee access and egress to and from transit stops, potentially including a pedestrian cross-walk or corridor on Wellington to allow Canada Post staff to safely cross Wellington to catch the bus on the opposite side of the street from the new MPP.

(v) Use reasonable efforts to examine and improve transit links to other CPC subsequent locations such as the proposed property along Wilkes Avenue in Southwest Winnipeg.

The obligations of the Purchaser under this clause 21 will not merge but will survive the Closing and the delivery and registration of any conveyance documents. At the request of the Vendor, the Purchaser will execute a separate covenant agreement on Closing that contains the provisions of this clause 21.

21. Other Considerations

The Purchaser will provide the following:

(a) Canada Post employees will be entitled to purchase discounted leisure passes as per the City proposal, for ten (10) years from the Closing Date; and

(b) During the term, or renewal term, under any of the WMPP Lease, the Office Space Lease or the Retail Space Lease, Canada Post employees will be entitled to the use of up to fifty (50) reserved parking stalls in the Municipal Library garage at the regular monthly rate.

22. Delivery of Possession

Subject to the terms of this Agreement being complied with, the Vendor shall deliver possession of the Property to the Purchaser upon Closing, vacant and free of all tenancies except for the tenancies of the Vendor and those tenants set out in clause 6 hereof. The Vendor shall not be required to deliver a declaration of possession or statutory declaration respecting its possession of the Property.

23. Goods and Services Tax

On Closing, the Purchaser will promptly pay any goods and services tax (**"GST"**) imposed on the Purchaser with respect to any amounts owing by the Purchaser to the Vendor under this Agreement. The Purchaser will pay the GST to the Vendor on Closing if the Purchaser is not a registrant as that term is defined in the applicable goods and services tax legislation or, if the Purchaser is a registrant under the applicable goods and services tax legislation and a portion of the Purchase Price is allocable to any items of personal property (such as equipment, machinery and furniture which are not fixtures), the Purchaser will pay that portion of the GST relating to the personal property to the Vendor on Closing.

In any other case, the Purchaser will provide evidence satisfactory to the Vendor that it is a registrant under the applicable goods and services tax legislation and will remit the GST directly to the appropriate taxing authority.

24. Representations and Warranties of Purchaser

The Purchaser represents and warrants to the Vendor that:

(a) Except as disclosed to the Vendor in writing, the Purchaser is not a director, officer or employee of the Vendor or a member of Parliament or of the Senate/no director, officer or employee of the Vendor or any member of Parliament or the Senate has an ownership interest in the Purchaser or any affiliate or associate of the Purchaser.

(b) The Purchaser is not a "non-Canadian" for the purposes of the Investment Canada Act.

(c) The Purchaser is a body corporate by virtue of The City of Winnipeg Charter Act of the Province of Manitoba and has full power and capacity to purchase the Property and to enter into this Agreement and the agreements contemplated hereby.

(d) All necessary action has been taken by the Purchaser to authorize the execution and delivery of this Agreement and this Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms.

These representations and warranties will survive the Closing and remain in full force and effect.

25. Representations and Warranties of Vendor

The Vendor represents and warrants to the Purchaser as follows:

(a) The Vendor is a corporation validly subsisting under the laws of Canada and has full corporate power and capacity to own the Property, to sell or assign the Property and to enter into this Agreement and the agreements contemplated hereby.

(b) All necessary corporate action has been taken by the Vendor to authorize the execution and delivery of this Agreement.

(c) The Vendor is not a non-resident of Canada for the purposes of section 116 of the Income Tax Act (Canada).

These representations and warranties will survive the Closing and remain in full force and effect.

26. Conditions for Benefit of Purchaser

The Purchaser's obligation to complete the transactions contemplated by this Agreement will be subject to the fulfillment of the following conditions, which will be for the sole benefit of the Purchaser:

(a) On or before the Purchaser's Condition Date, the Purchaser shall have:

(i) had the Property inspected by its professional advisors and received reports which are satisfactory to the Purchaser in respect of environmental, structural, mechanical, electrical and other conditions; and

(ii) obtained the approval of City Council with respect to the transactions contemplated by this Agreement.

If any of the above conditions are not fulfilled or waived on or before the Purchaser's Condition Date, the Purchaser may, by written notice to the Vendor, terminate this Agreement and the obligations of the parties hereunder, other than the obligations contained in the clauses entitled "Due Diligence" and "Confidentiality", whereupon the Deposit will be returned to the Purchaser with interest thereon and the Vendor shall not be liable for any costs or damages.

27. Conditions for Benefit of Vendor

The Vendor's obligation to complete the transactions contemplated by this Agreement will be subject to the fulfillment of the following condition, which will be for the sole benefit of the Vendor:

(a) on or before the Purchaser's Condition Date the Vendor shall have obtained the approval of its Board of Directors.

If the above condition is not fulfilled or waived on or before the date specified above, the Vendor may, by written notice to the Purchaser, terminate this Agreement and the obligations of the parties hereunder, other than the obligations contained in the clauses entitled "Due Diligence" and "Confidentiality", whereupon the Deposit will be returned to the Purchaser with interest thereon and the Vendor shall not be liable for any costs or damages.

28. Condition – Mutual

The Vendor's and Purchaser's obligation to complete the transactions contemplated by the Purchase Agreement will be subject to the fulfillment of the following condition, which will be for their mutual benefit:

(a) on or before the Purchaser's Condition Date, the Vendor and the Purchaser shall have negotiated the terms and conditions of the WMPP Lease, the Office Space Lease and the Retail Space Lease to their mutual satisfaction.

If the above condition is not fulfilled or waived on or before the Purchaser's Condition Date, the Vendor or the Purchaser may, by written notice to the other, terminate this Agreement and the obligations of the parties hereunder, other than the obligations contained in the clauses entitled "Due Diligence" and "Confidentiality", whereupon the Deposit will be returned to the Purchaser with interest thereon and neither part shall be liable to the other for any costs or damages.

29. Tender

Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors, and money may be tendered by cash or certified cheque.

30. Joint and Several Covenants

If more than one person executes this Agreement as Purchaser, each person shall be jointly and severally bound with the other(s).

31. Successors and Assigns

The provisions of this Agreement shall be binding upon the Purchaser, its heirs, successors and permitted assigns and shall enure to the benefit of the Vendor and its assigns.

32. Time of Essence

Time will be of the essence of this Agreement.

33. Waiver

No waiver of any provision of this Agreement will be deemed or constitute a waiver of any other provision nor will any such waiver constitute a continuing waiver unless otherwise expressly provided. No waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby.

34. Amendment

No amendment, modification or change to this Agreement shall be binding upon the parties unless it is contained in a written agreement signed by the parties hereto.

35. Assignment

The Purchaser shall not be entitled to assign its interest under this Agreement, or transfer its interest in the Property after Closing, without the prior written consent of the Vendor. However, the Purchaser may upon notice in writing to the Vendor assign its interest in this Agreement or transfer its interest in the Property to an entity in which the Purchaser has a direct financial interest to facilitate a financing structure, such as a REIT or P3, provided that for at least Five (5) years from the termination of the WMPP Lease (i) at least ninety (90) percent of the WMPP is occupied by the Purchaser and used for municipal purposes and (ii) the Office Tower and the WMPP are under the same ownership. In the event of any other assignment, transfer or use, the Purchaser will account for and pay to the Vendor fifty (50) percent of any profits arising therefrom during that period of time based on NPV for rents and increase in value at time of an assignment or transfer or change of use, net of development and financing expenses. Any such assignment, transfer or change of use will not release the obligations of the Purchaser under this Agreement. The obligations of the Purchaser under this clause 36 will not merge but shall survive Closing and the delivery and registration of any conveyance documents. If requested by the Vendor, the Purchaser will execute and deliver on Closing a separate agreement containing the covenants of the Purchaser in this clause 36. The right of the Vendor to be paid under this clause 36 shall constitute an

interest in land in the Property granted by the Purchaser or any approved assignee or transferee for which the Vendor will be entitled to file and maintain a caveat giving notice of such interest.

36. Confidentiality

If this transaction is not completed, the Purchaser will not, nor will it permit any of its representatives to, directly or indirectly, use for its or their own purposes or communicate to any other person any information (financial, physical or otherwise), relating to the Property or the Vendor, which becomes known to the Purchaser or its representatives in connection with this transaction. Immediately after the termination of this Agreement, or failure to complete for any reason whatsoever, the Purchaser will deliver to the Vendor all copies of documents obtained from the Vendor in connection with this transaction, and all copies of engineering and inspection reports, valuations, surveys or other documentation prepared for or obtained by the Purchaser relating to the Property.

37. Notices

Any notice, document or other communication required or permitted to be given hereunder will be in writing and may be given by personal delivery, Priority Post, telex or facsimile, addressed:

(a) in the case of the Vendor to:

CANADA POST CORPORATION
Real Estate
2701 Riverside Drive, Suite B-323
Ottawa ON K1A 0B1
Attention: Manager, Acquisitions & Dispositions
Telephone:613-734-6961
Facsimile: 613-734-8633

(b) in the case of the Purchaser to:

THE CITY OF WINNIPEG

Attention: _____
Telephone: _____
Facsimile: _____

with a copy to:

_____
Barristers and Solicitors
_____
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____

Each of the foregoing will be entitled to specify a different address by giving written notice as aforesaid to the other. Any such notice, if sent by facsimile, will be deemed to have been received on the next business day following the day on which the notice was dispatched or if delivered by personal delivery, will be deemed to have been received on the day of delivery if a business day or, if not a business day, on the business day next following the day of delivery, or if delivered by courier, will be deemed to have been received on the third business day following the day on which the notice was sent. In the event of an actual or threatened disruption of postal service, only notice by personal delivery or facsimile will be sufficient.

38. Counterparts

This Agreement may be executed in several counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument.

39. Governing Law

This Agreement will be governed by the laws of the Province of Manitoba and the laws of Canada applicable therein.

40. Entire Agreement

This Agreement constitutes the entire Agreement between the parties and there is no representation, warranty, collateral agreement or condition affecting this Agreement or the Property except as specifically set forth herein. This Agreement shall be read with all changes of gender or number required by the context. In the event of any conflict between any written or typed provisions and any printed provision herein the written or typed provision will supersede the printed provision to the extent of such conflict.

DATED at Winnipeg this _____ day of _____, 2009.

Accepted by the undersigned Deputy Chief Administrative Officer on behalf of the City of Winnipeg on the express condition and understanding that this agreement of purchase and sale is subject to the approval of the City of Winnipeg Council or its delegated authority on or before November 25, 2009, failing which this Offer will be null and void and any monies paid hereunder by the City of Winnipeg to or on behalf of the Vendor shall be refunded to the City of Winnipeg on demand without penalty or deduction of any kind.

_____
Deputy Chief Administrative Officer

THE CITY OF WINNIPEG

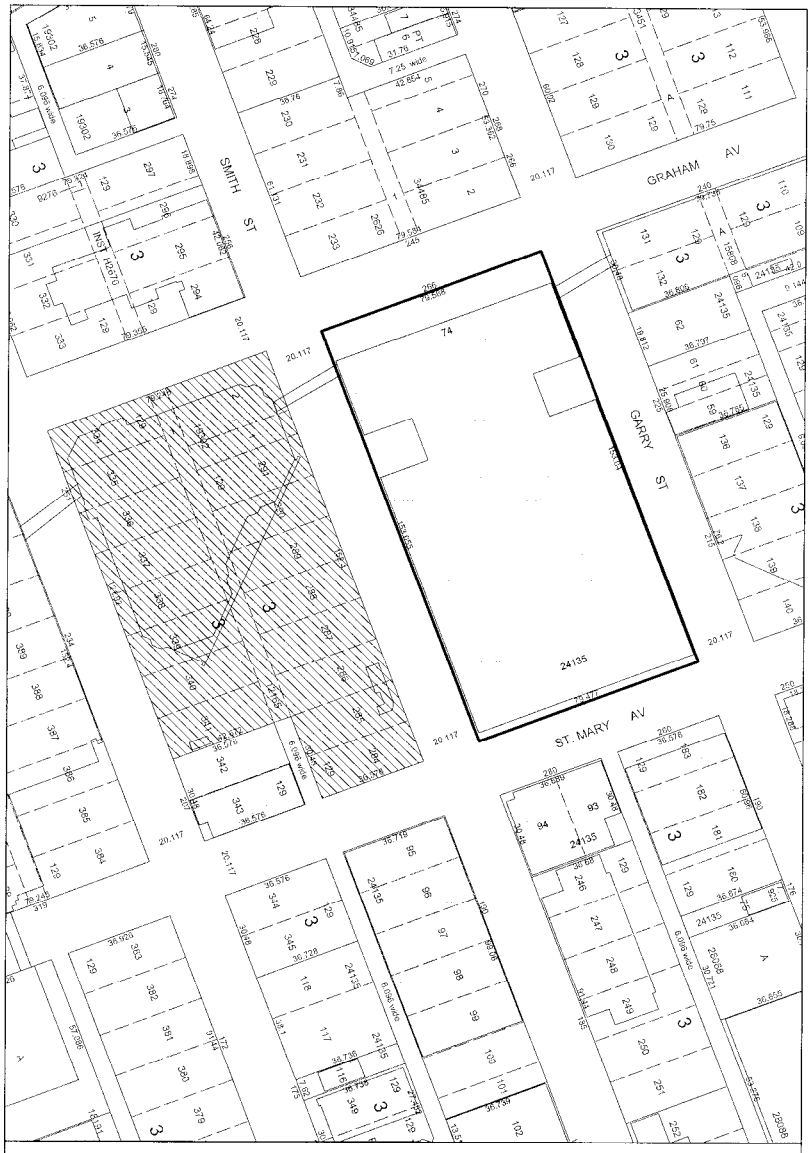
By: _____

By: _____

DATED at Ottawa this _____ day of October , 2009.

CANADA POST CORPORATION

By: _____
Moya Greene
President and Chief Executive Officer


SMITH ST
GRAHAM AV
GARRY ST
ST. MARY AV
74
24135
Subject Property
City Property
Date: 2009-OCT-9
District: CC
File:
Scale: 1:1500
NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only.
No warranty is expressed or implied regarding the accuracy of such information.
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 13670

Appendix 2
Operating Efficiencies to be Achieved Through Consolidation at Canada Post Building

Benefits of Consolidation (Details Provided by WPS)

- Certain police units provide support to the entire service with the majority of stakeholders coming from within the PSB. Transportation costs and time lost from members traveling between PSB and Quartermaster (QM), Evidence Control (including ODS), Human Resources, Training Academy, etc. would be eliminated. A study of Evidence Control suggests over 2500 hours can be saved by having it centralized. This suggests that WPS can save thousands of commuting hours as well as reduce greenhouse gas emission.

- The WPS can reduce three administrative vehicles that are currently required to commute back and forth between locations.

- Consolidation at 266 Graham Avenue will provide easier access to the public for information and services for everything from Community Relations, Police records and Identification.

- Dispatch travel distance would be reduced saving dispatch rider time and transportation costs.

- Iron Mountain storage fees could be eliminated if archival storage was maintained within the station. Shredding costs could be reduced if multiple stops were eliminated.

- Shipping and receiving could be centrally managed by Quartermaster.

- Overhead costs for maintaining multiple locations would be eliminated.

- By installing Identification within the station, multiple prisoner transports would be reduced to enhance safety to the public and members.

- Communication between divisions would be enhanced through direct communication and coordination of services, thereby increasing effectiveness of investigations.

- EMT management would be more effective through direct reporting.

- Most Divisional Commanders commute to Human Resources for various promotional interviews. A significant amount of travel time can be saved over the year.

- Including the QM in this proposal can only create net positive results for the WPS as a whole. At least 50% of WPS stakeholders are currently within the PSB and the other half regularly attend the PSB for other police related reasons, which makes consolidation more functional and an added convenience all around. If the proposed amalgamation becomes a reality, WPS stakeholder value within the “Mega-PSB” would increase considerably.

- No more daily shipping runs from QM stores back to the PSB.

- PSB can once again have one centrally managed shipping and receiving area operated by the QM.

- Amalgamation can reduce redundancies for lockers, gyms, washrooms, lunch rooms, meeting rooms and holding rooms, administrative overheads.

- Amalgamation can create huge efficiencies for internal joint operations.

- Members are dispatched from all over the city to participate in various specialty units for training or to respond to an emergency.

Appendix 3
Available Capital Budgets

			Future Budgets					
		Uncommitted Funds	2010	2011	2012	2013	2014	Total
Already Approved Projects from Previous Capital Budgets								
WPS Building Replacement	2005	$ 1,086,189	$ -	$ -	$ -	$ -	$ -	
PSB Exterior Cladding	2006	1,938,009	-	-	-	-	-	
PSB Exterior Cladding	2007	6,579,029	-	-	-	-	-	
PSB Exterior Cladding	2008	3,033,000	-	-	-	-	-	
Police Headquarters	2009	3,702,000	-	-	-	-	-	
Forensic Services	2008	2,422,618	-	-	-	-	-	
Outdoor Shooting Range	2008	1,585,800	-	-	-	-	-	
Major HVAC Upgrades	2008	23,055	-	-	-	-	-	
Fire Safety Upgrades	2008	103,300	-	-	-	-	-	
		20,473,000	-	-	-	-	-	
Projects Included in Future Capital Budgets								
Forensic Services		-	-	-	7,611,000	8,220,000	-	
Central Processing Units		-	4,188,000	-	-	-	-	
Police Headquarter Renovations		-	1,452,000	-	-	-	-	
Evidence Control Buildings		-	-	-	-	-	6,556,000	
		-	5,640,000	-	7,611,000	8,220,000	6,556,000	
Total Capital Budgets Available		**$ 20,473,000**	**$ 5,640,000**	**$ -**	**$ 7,611,000**	**$ 8,220,000**	**$ 6,556,000**	**48,500,000**