

From: Matt Schroeder, Acting Chief Executive Officer **Date:** September 18, 2019

Re: Methodology of GTH Transition

Objective

This document is meant to provide insight into the process taken by the Global Transportation Hub to transition from its current operating structure to a private sector model with a goal to more effectively achieve its mission to grow Saskatchewan through trade and investment opportunities, decrease operational costs and maximize taxpayer value.

Release of Information

The GTH has elected to proactively release certain documents connected with the procurement of its Management Services Provider to provide insight to those interested in the rigour and control involved in the process. The other documents being released have been referenced and explained throughout the below narrative and the document names are noted in italics. There are limited instances included within these records where redactions have been made pursuant to allowable exemptions under *The Freedom of Information and Protection of Privacy Act*. In the limited instances where redactions have been made, this has been done to protect the commercial interests of Colliers, the GTH and its business partners.

Background

Economic Environment

As noted in our 2018-19 Annual Report, over the past few years the GTH has been operating in a challenging economic environment resulting from a slower economy, uncertainty related to trade agreements and market access, and a saturated industrial land market for both greenfield land and previously built industrial space in the Regina area.

As a result of the above noted factors and an understanding that the economic conditions could take years to turn around, the GTH began to re-evaluate its current operating structure in the spring of 2018. This included the evaluation of several potential paths forward and the accompanying potential benefits, risks and related financial modelling.

Preferred Direction

In July of 2018, after conclusion of the RCMP Investigation into land purchases by the GTH, the Minister Responsible for the GTH announced in a press conference that the Government was seeking a responsible divestiture of the GTH.

As no offers nor expressed interests were received during the remainder of calendar year 2018, the preferred course of action was for the routine management of the GTH to be responsibly





divested to a third party. The third party would have the industry experience and connection to better accomplish the mission of the GTH to grow Saskatchewan through trade and investment opportunities. This provider would be engaged and compensated for this service. Regulatory and oversight functions would continue to be delivered by the GTH and land sales over time would repay outstanding obligations.

In order to act on the identified preferred direction, the GTH engaged Myers Norris Penny (MNP) to help facilitate a fair and comprehensive procurement process for a Management Services Provider (MSP). MNP was engaged through an invitational tender process.

Request for Proposal

On March 7, 2019 the GTH issued an RFP (Attached Document 2 – *Management Services Provider RFP*) on SaskTenders seeking an MSP to:

- assume management of the GTH including marketing & sales, property management and land development;
- leverage industry expertise and networks to sell land and facilitate increased development and economic benefit to the region; and
- reduce overall operating and administrative costs.

The three functions the MSP would fulfill are described as follows:

- **Marketing & sales** – The MSP would be responsible for all aspects of the sales process from prospect identification to deal negotiation and execution. This may include tasks such as website and digital asset maintenance. All land sales would require approval from the GTH Board of Directors subject to applicable GTH zoning and bylaw requirements.
- **Property management** – All day-to-day operating concerns would be managed by the MSP including accounting, reporting, client management, contract administration, and site maintenance.
- **Land development** – The GTH currently has 717 acres of land available for sale. Of this, 288 acres are serviceable and require minimal to no additional capital spending prior to sale. The MSP is expected to coordinate the preparation of additional land to become serviceable and ready for sale as required subject to approval by the GTH Board of Directors.

In the RFP, the GTH referenced the importance of a success matrix that would be used to evaluate the overall success of the MSP. There were five key factors that were identified to measure success:

- Land sales;
- Development of sold acres;
- Management of costs;
- Improving the narrative of the GTH; and
- Ensure existing clients are well served.



By evaluating the success of the selected MSP on the above five business goals, this will align their objectives with those of the GTH to grow Saskatchewan through trade and investment opportunities in a fiscally responsible manner.

In order to ensure that the appropriate proponent was selected the GTH Board of Directors established a Strategic Planning Committee comprised of four Board Members with the option to engage external representatives if it felt appropriate. Three additional evaluation representatives from government were chosen to bring relevant experience in fair procurement practices. The Strategic Planning Committee's terms of reference can be seen at 3 – *Strategic Planning Terms of Reference*¹. Additional terms of reference were established for the expanded committee through 4 – *Evaluation Committee Terms of Reference*². The evaluation committee members are listed as follows³:

Individual	Organization	Position
Terry Baker	Global Transportation Hub	Strategic Planning Committee Chair
Lionel LaBelle	Global Transportation Hub	Strategic Planning Committee Member
Nithi Govindasamy	Global Transportation Hub	Strategic Planning Committee Member
Doug Moen	Global Transportation Hub	Strategic Planning Committee Member
Cindy Ogilvie	Crown Investment Corporation	Vice President and Chief Financial Officer
Greg Lusk	SaskBuilds	Chief Procurement Officer
Rod Balkwill	Ministry of Finance	Executive Director, Treasury Management Branch

¹ The GTH Board of Directors approved a motion in December 2018 to create the Strategic Planning Committee tasked with overseeing the RFP process and evaluation. Once the fairness advisor contract with MNP was initiated in January 2019, the Strategic Planning Committee chose to include three members of the public service with experience related to procurement instead of only one additional representative as indicated in these terms of reference.

² This document makes reference to Nithi Govindasamy acting as chair of the evaluation committee (Strategic Planning Committee), however, Nithi was only the Acting Chair for the meeting held on April 25, 2019 and Terry Baker remained the chair of the Strategic Planning Committee.

³ It was initially planned that Matthew Schroeder, Acting CEO would be part of the evaluation committee however on April 16, 2019 it was agreed by the Strategic Planning Committee that he would not be an official committee member and his evaluation scores would not be included within the RFP process.



Following the posting of the request for proposal on SaskTenders the GTH held an open house session on March 20, 2019 as well as conference calls with interested proponents. Initial proposals were received by the GTH from five proponents on April 22, 2019.

The document list below all relates to the procurement process completed on SaskTenders:

5 – RFP Addendum #1: This document contains a summary of the questions and answers from the open house as well as the presentation received by those in attendance.

6 - RFP Addendum #2 and 8 - RFP Addendum #4 are documents created to alert proponents to revised relevant dates prior to the first submissions on April 22, 2019.

7 - RFP Addendum #3 is a summary of relevant questions and answers posed during one on one conference calls with proponents.

Proposals were reviewed by the evaluation committee and scored based on the predefined criteria outlined in *9 – RFP Evaluation Scoring Guide*. From the evaluations completed, the evaluation committee recommended, and the Board of Directors approved, a shortlist of three proponents.

The GTH then notified proponents and provided additional requests for information from the shortlisted candidates. This was done through the Best and Final Offer request document *10 – BAFO Document*. Section 2 of this document contained questions specific to each proponent and will not be released. Best and Final Offer submissions were received from shortlisted proponents on June 18th followed by in-person presentations to the evaluation committee on June 24th. A short extension to the proposal submission deadline was provided to proponents in *11 – RFP Addendum #5*.

Each of the three submissions and presentations were scored using *12 – BAFO Evaluation Scoring Guide* and the results were accumulated with the scores assigned to the original RFP responses.

Preferred Proponent

Colliers International Canada (Colliers) was the highest ranked proponent based on the scoring completed and received consistently strong scoring from all evaluators. Colliers displayed internal expertise in all three service lines sought by the GTH. Their proposal brought forward world class solutions, access to national and international networks and real estate expertise. It was determined that Colliers proposal provided the best value to the GTH and the Government from both a qualitative and quantitative perspective. The operating company for Colliers International in the Regina marketplace is CIR Commercial Realty with whom the GTH has signed the contract.

The GTH worked with Colliers on defining the overall scope of services to be provided and compensation to be paid which has been included within *13 – Master Services Agreement* which was approved by the GTH Board of Directors.



MNP was involved in the process as a fairness advisor and their overall opinion of fairness can be see at 14 – *MNP Fairness Opinion*.

Future State

Once the MSP has been engaged they will take over all responsibilities related to marketing & sales, property management and land development. There are several responsibilities related to governance, oversight of the MSP and regulatory matters that will remain after a transition period of 3 to 6 months.

The GTH staffing complement has been reduced to two full time individuals and it is anticipated that once the MSP is operating the CEO will be the only employee and the role will not be a full time position. Changes will also be made to reduce the overall size of the Board of Directors. Details surrounding future staffing and board composition are still being finalized.