

Bloor Street United Church

Response to Request for Proposal for the United Church of Canada

August 1, 2011

The following are the responses of Bloor Street United Church (BSUC) to the 45 questions contained in the request for proposals (RFP) prepared by Cushman & Wakefield Ltd. on behalf of the United Church of Canada (UCC), General Council Office.

- 1. Occupancy/Fixturing:** As our proposal involves a new building it is not possible to give a definitive date as to when the building will be ready for occupancy. Our best estimate at this point is the middle of 2016. This timing is discussed in greater detail in our response to question 20. As to the question of fixturing, the tenant will have one month of free rent once the building is ready for occupancy. Any additional time required will be at the expense of the tenant. Given that the tenant will be involved in the design of its space we feel that this is a reasonable period.
- 2. Area:** Our proposal is to provide approximately 40,000 square feet of office space. While this amount is less than required by the RFP we will at the same time be constructing a new church with sanctuary and meeting rooms with a total space of about 16,600 square feet. Both the sanctuary and other meeting rooms will be available for rental on an as required basis. We are confident we can work with the tenant to meet all its space requirements. The space will be measured at landlords cost to 1989 BOMA standards but because this is a new building we cannot provide the additional information requested.
- 3. Commencement Date:** The new building will not be ready by December 1 2014 with our best estimate at this point being the middle of 2016. We would however know the completion date of the building well before December 1 2014 to allow the tenant to negotiate an extension of its existing lease with the landlord until commencement date.
- 4. Term:** The Landlord requires a lease of at least 10 years.
- 5. Use:** The space covered by this lease will include only office space suitable to the tenant's requirements. The tenant will however have access to a commercial kitchen, sanctuary, and additional meeting rooms in the church itself which will be part of the same complex. Rental rates will be based on BSUC's standard rate sheet at a volume discount to be negotiated.
- 6. Base Rent:** Our base rent is \$ 25.00 per square foot which we feel is competitive with commercial rents in the area.

- 7. Rental Concessions:** Because of the special relationship between the tenant and the landlord the latter is prepared to provide total rental concessions of \$ 2,000,000 (basis a rental of 40,000 sq ft), over the 10 year term of the lease. This would be in the form of a \$ 6.00 per square foot reduction in the first 5 years of the lease and a \$ 4.00 per square foot reduction in the last 5 years of the lease.
- 8. Additional Rent:** As this is a new building we cannot provide a definitive number at this point as to the amount of additional rent. Given our experience in our existing building and allowing for possible savings our estimate, based on a 40,000 square foot lease, is about \$ 10.00 per square foot. The lease will be structured in a way to ensure that the church retains its status as exempt from municipal taxes and this same status can be extended to the tenant. Further as a charitable organization there is no GST-HST chargeable on the monthly rental payments. It is worth noting that the tenant is paying about \$ 22.00 per square foot for these same three items under its existing lease.
- 9. Security Deposit:** While almost all leases require a security deposit given our special relationship we are prepared to waive this requirement.
- 10. Option to Renew:** We agree to the renewal request in the RFP with one modification. The base rent for the second renewal period will be increased by the increase in the CPI over the preceding 5 year period. The same rule will apply to the third renewal option.
- 11. Tenant Improvement Allowance:** The \$ 70.00 per square foot or \$ 2,800,000 for a 40,000 square foot area seems excessive. It may be that this number contemplates construction of special requirements such as a chapel and a commercial kitchen that are not part of the 40,000 square feet included in our lease. Given that the office space will be built to the tenants specifications and the special requirements will be included as part of the church we feel \$ 10.00 per square foot or \$ 400,000 should be more than adequate. This would be paid \$ 5.00 in the first year of the lease and \$ 5.00 in the sixth year of the lease.
- 12. Expansion Options:** As this development is a specific need building there will be little opportunity for expansion within our building once it is completed as the United Church will be our only regular tenant. There may be other space available in the complex or in other buildings in the area but the rental rates would have to be negotiated separately with the individual landlords. There will however be the additional 16,600 square feet in the church itself which would be available and could possibly be modified to meet any additional requirements of the UCC.
- 13. Right of First Refusal:** As indicated above we cannot meet this requirement.
- 14. Right of Contraction:** We are prepared to agree to the right on contractions requested in the RFP on the understanding that the tenant improvement allowance for any space surrendered at the end of 5 years would only be the \$ 5.00 per square foot already paid and the tenant would have to return \$ 3.00 per square foot of the allowance paid in

year 6. That said we recognize that we have a close relationship with the tenant and are willing to work with it to permit any space contraction it requires at any time provided we are able to find a suitable new tenant. Given the fact that the rent we are offering the tenant is substantially below market for this area we feel there would be no problem finding a new tenant.

- 15. Lease:** As a church we do not have a standard form lease. If we reach an agreement we will provide a lease that is consistent with industry standards.
- 16. Sublease Rights:** While we are prepared to agree to a sub lease as indicated in our response to question 14 we would prefer to sign a new lease with any new tenant.
- 17. Restoration of Premises:** We agree to the terms as set out in the RFP.
- 18. Non-Disturbance:** The cost of the new building will be financed entirely through the sale of the existing land thus there will be no building lenders or equity investors.
- 19. Exclusive Rights-Options:** There are no exclusive rights or options that affect the proposed space.
- 20. New Developments:** We are currently negotiating with several developers to make a final selection based on which one best meets our requirements. We feel that we will have completed this phase by this fall. If the UCC accepts our proposal we will then proceed to negotiate a definitive agreement with the developer that would be subject to the approval of both the BSUC congregation and Presbytery. We would estimate that this would take about 3 months from the date of acceptance of our proposal. Once the final agreement with the developer is signed it will have to prepare a final design and then complete the necessary approval process. Our best estimate is that this will take about year and a half. We estimate the developer would be able to start building in 2014 providing the final agreement has been signed by the end of 2011. The construction period itself would then take about two years.
- 21. Base Building:** As the development has yet to be finalized these questions cannot be answered at this time. As our only tenant the UCC will participate in the building design process for its space.
- 22. Parking:** Our part of the new development would have about 80 parking spots available during the day for rent at prices to be negotiated. Parking is generally available in the area for about \$ 9.00 per day or \$ 100.00 to \$ 150.00 per month. As well, it is important to note that our location has excellent proximity to the subway.
- 23. Shipping and Receiving:** As the development has yet to be finalized shipping and receiving cannot be described at this time.
- 24. Hours of Operation:** As a church the building will be open 7 days a week from 8.30 am to 11.00 pm on weekdays and 7.30 am to 5.00 pm on Saturdays and Sundays. The tenant could provide such additional security over its facilities as it feels necessary.

- 25. Extended Hours of Operations:** HAVC will be provided under normal circumstances on a 7X24 as part of the daily operation of the building. If the tenant required access to the building outside of the hours noted in our response to question 24 it could be provided at a cost of \$ 40.00 per hour.
- 26. Storage:** As the development has yet to be finalized this question cannot be answered at this time.
- 27. Environmental Considerations:** Environmental concerns are of primary importance to BSUC as well as the UCC. The tenant will be welcome to participate in the design process to ensure its space needs meets its requirements.
- 28. Building Automation:** The procedures cannot be described at this time.
- 29. Landlord and Building Manager:** The building will be owned by the trustees of the deed of BSUC and will be managed by a property management company. The staff of BSUC has been managing an aging building of about 32,000 square feet on a seven day a week schedule for the last 20 years. At present the church has one full time office staff and three full time equivalent custodial staff managing the building.
- 30. Building Amenities and Specifications:** As the development has yet to be finalized these questions cannot be answered at this time. The tenant will be invited to participate in the design process.
- 31. Telecommunications:** These questions cannot be answered at this time.
- 32. Communications:** The tenant will have the right to install any communication equipment provided it is compatible with the overall development.
- 33. Air Quality:** As the development has yet to be finalized this question cannot be answered at this time although it can be assumed the building will be equipped with brand new HVAC systems.
- 34. Electrical Capacity:** As the development has yet to be finalized these questions cannot be answered at this time.
- 35. Accessibility:** BSUC is committed to ensuring complete accessibility throughout the entire building. The tenant can participate during the design phase to ensure its space meets its requirements.
- 36. Security:** Security is also a concern of BSUC. The tenant will be free to participate during the design phase to ensure its concerns are being met.
- 37. Amenities:** The new development will be located at the corner of Huron street and Bloor street between Spadina and St George. The site is right on the edge of the U of T campus and within walking distance of Emanuel College and Victoria University. As well, the Native Canadian Centre of Toronto is only a few blocks away. There are a large number of restaurants, hotels and stores in the immediate vicinity along Bloor Street. In addition Bloor Street over to Yonge is a major shopping area with several large stores close to Yonge. There are several caterers in the vicinity as well as several daycares.

There are also fitness facilities close by including at the local Jewish Community Centre one block away.

- 38. Renovations:** This development will be a new building.
- 39. Current Tenants:** The UCC will be the only regular tenant in the building although we hope to continue to share some of our space with Alpha Korean United Church.
- 40. Plans:** As the development has yet to be finalized floor plans cannot be provided at this time. However, we would be happy to meet with the Accommodations Working Group and share the proposed designs provided to us by the developers.
- 41. Space Planner:** The tenant will be invited to participate in the design phase of the building where its specific requirements can be laid out. Any additional help that the tenant requires in this phase will be at its own expense.
- 42. Floor Loading:** Specific floor loadings cannot be determined at this time. We will ensure that there will be sufficient floor loadings to meet the specific requirements of the Church as outlined in the RFP.
- 43. Chilled Water Loop:** As the development has yet to be finalized this question cannot be answered at this time.
- 44. Signage:** Signage and separate entrances for BSUC and the UCC will be included in the development plans.
- 45. Ceiling height:** As the development has yet to be finalized this question cannot be answered at this time.