COUNCIL OF THE DISTRICT OF COLUMBIA COMMITTEE OF THE WHOLE COMMITTEE REPORT

1350 Pennsylvania Avenue, NW, Washington, DC 20004

DRAFT

TO: All Councilmembers

FROM:

Chairman Phil Mendelson

Committee of the Whole

DATE:

July 14, 2015

SUBJECT:

Report on Bill 21-201, "1351 Nicholson Street, N.W. Old Brightwood School

Lease Amendment Act of 2015"

The Committee of the Whole, to which Bill 21-201, "1351 Nicholson Street N.W. Old Brightwood School Lease Amendment Act of 2015" was referred, reports favorably thereon with amendments, and recommends approval by the Council.

CONTENTS

I.	Background and Need	1
II.	Legislative Chronology	4
III.	Position of the Executive	
IV.	Comments of Advisory Neighborhood Commissions	
V.	Summary of Testimony	5
VI.	Impact on Existing Law	
VII.	Fiscal Impact	
VIII.	Section-by-Section Analysis	5
IX.		
X.	Attachments	_

I. BACKGROUND AND NEED

Bill 21-201, the "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015," approves the assignment of Friendship Public Charter School, Inc. (Friendship PCS) in place of Community Academy Public Charter School, Inc. (CAPCS) for the lease of property located at 1351 Nicholson Street N.W. (Lot 0846, Square 2794), more commonly known as the Old Brightwood School.

Zoned as R-5-A and containing 31,215 square feet and approximately 0.71 acres of land area, the Old Brightwood School was originally constructed in the early 1920s and used as a police substation. In the early 1970s, it was incorporated into the Federal City College system, and in 1976, the property became a part of the University of the District of Columbia where it remained until the facility was closed in 1997. Between 1997 and 2001, the property sat vacant.

On March 1, 2001, CAPCS entered into a twenty year lease, which will expire on February 28, 2021, with the District of Columbia for the use of the Old Brightwood School. During its tenure as lessee, CAPCS used the Nicholson Street property as its corporate headquarters, as well as the headquarters for CAPCS online school program. CAPCS planned to continue such uses through the expiration of the lease, but on February 19, 2015, the Public Charter School Board (PCSB) voted to revoke CAPCS's charter agreement due to fiscal mismanagement and a breach of the school's fiduciary duties. In an effort to minimize the disruption to the 1,600 students who attended CAPCS, PCSB and the Deputy Mayor for Education set forth to identify operators for the CAPCS campuses and online program. One such operator identified was Friendship PCS, and on April 14, 2015, Friendship PCS and CAPCS entered into asset acquisition agreement, through which Friendship PCS agreed to be become the successor operator for two CAPCS facilities – the property located on Nicholson Street and the Armstrong campus.

Friendship PCS currently operates nine charter campuses in the District and will expand to eleven with the inclusion of the campus at Nicholson Street and the Armstrong campus. Of the campuses currently operated by Friendship PCS and tiered on PCSB's Performance Management Framework, three are Tier 1 schools and three are Tier 2 schools. Friendship PCS plans to achieve this same level of excellence at the Nicholson Street and Armstrong campuses. Moving forward, Friendship will continue to use the Nicholson Street property as the headquarters for the online school it is assuming from CAPCS and will add the additional opportunity for students to come to the Nicholson Street property if they require additional support or inventions not usually available through an online schooling program.

Under the amended lease proposed in Bill 21-201, Friendship will assume the same monthly rent as CAPCS at \$2,291 per month, and the lease will be extended for an additional twenty years, for a total lease of 40 years, to end in 2041. The amended lease also provides for a twenty-five year renewal option. Further, the lease allows for Friendship to receive rent credits for future capital improvement costs should Friendship PCS decide to renovate or remodel the Old Brightwood School.

In assuming the lease for the Nicholson Street property from CAPCS, Friendship PCS also agreed to shoulder responsibility for a \$2.7 "bond penalty" that CAPCS had incurred. Normally, when a charter school takes out a bond, the charter must keep a certain amount of funding in a reserve account. In the case of CAPCS, the charter was expected to keep \$2.7 million in its reserve account but failed to do so. Thus, in assuming all liabilities incurred by CAPCS with regard to the Nicholson Street property and Armstrong school property, Friendship PCS agreed to also assume responsibility for the \$2.7 million bond reserve that must be paid. The amended lease in Bill 21-201 provides for a rent credit to Friendship against the rent owed

² Donald Hense oral testimony - July 6, 2015 Public Hearing on Bill 21-201.

 $^{^1}$ http://www.washingtonpost.com/local/education/dc-charter-school-board-revokes-charter-for-community-academy/2015/02/19/47f0d424-b83f-11e4-9423-f3d0a1ec335c_story.html.

for the Nicholson Street property in consideration of Friendship assuming responsibility for the \$2.7 million "bond penalty."

Generally, when disposing of District property, D.C. Official Code § 10-801 dictates the process, requiring that if District property is to be leased for more than twenty years, the Mayor shall submit two resolutions to the Council – one declaring the property to no longer be required for public purposes, and the second to approve of the disposition of the property. Because the original lease between CAPCS and the District was for twenty years, and not greater, the District has never declared the Old Brightwood School property as surplus. Yet, the amended lease in question provides for a lease greater than twenty years, and thus a declaration that the property is surplus would generally be needed before an approval of a disposition of the property. However, because of extenuating circumstances, the Executive submitted the approval of the amended lease via an act rather than a disposition resolution. Thus, Bill 21-201 specifically indicates that the normal statutory requirements as mandated by D.C. Official Code § 10-801 are not required in this instance.

In this unique case, Friendship PCS and the Mayor are requesting the expeditious approval of the amended lease, notwithstanding D.C. Official Code § 10-801, because of the unforeseen circumstance that CAPCS would have its charter revoked and that another charter operator would need to be identified and have to assume responsibility for CAPCS's liabilities. Additionally, as part of Friendship PCS's assumption of the Nicholson property, it also agreed to take responsibility for a \$22 million bond that CAPCS had acquired on the Nicholson campus. This bond is in addition to the bonds Friendship already holds, including revenue bonds the Council approved on April 14 2015 via Resolution 21-77. In effort to consolidate all of its bonds, Friendship PCS has moved to acquire a \$100 million bond and plans to close on this by the end of August 2015. A condition of the closure is the Council's approval of Friendship PCS's assumption of the Nicholson Street property lease. Should Friendship PCS not be able to close by the end of August, it runs the risk of incurring a higher interest rate in the fall, thereby potentially costing the public charter school hundreds of thousands of dollars in additional annual payments.

While the Committee generally does not recommend a circumvention of the statute with regard to the disposition of District property, the circumstances in this case are unique and present an exception. Bill 21-201 allows Friendship PCS to provide a great favor to the District and its students and families by assuming control over the Nicholson campus, thereby preventing disruption to the students who have been impacted by the revocation of CAPCS's charter. Additionally, approving this disposition on an expedited basis will allow Friendship PCS to prepare for the new school year, which will start in approximately six weeks, and will potentially save the public charter school hundreds of thousands of dollars. Hence, the Committee agrees with foregoing the standard requirements outlined in D.C. Official Code § 10-801.

The Committee appreciates the willingness of Friendship PCS to step in to assume responsibility for two of CAPCS campuses due to its charter revocation. Such an assumption

will prevent hundreds of students from a disruption not of their making and provides stability to them and their families. Moreover, Friendship PCS has proven to be a successful charter operator in the District, operating multiple Tier 1 and 2 charter schools. Thus, the Committee recommends adoption of Bill 21-201 to allow Friendship to assume the place of CAPCS in the lease for the property located at 1351 Nicholson Street N.W.

II. LEGISLATIVE CHRONOLOGY

May 6, 2015	Bill 21-201, "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015," is introduced by Chairman Mendelson at the request of the Mayor. Although referred to the Committee of the Whole, LIMS mistakenly showed the referral to the Committee on Transportation and the Environment.
May 15, 2015	Notice of Intent to Act on Bill 21-201 is published in the District of Columbia Register
June 2, 2015	The referral of Bill 21-201 is corrected to show the Committee of the Whole with comments from the Committee on Education.
June 19, 2015	Notice of a Public Hearing is published in the District of Columbia Register.
July 6, 2015	The Committee of the Whole holds a public hearing on Bill 21-201.
July 14, 2015	The Committee of the Whole marks-up Bill 21-201.

III. POSITION OF THE EXECUTIVE

J. Forest Hayes, Associate Director for the Portfolio Division within the Department of General Services, testified on behalf of the Executive. Mr. Hayes expressed support for Bill 21-201, noting that the assumption of the Nicholson lease by Friendship PCS is the best option for the students currently served by CAPCS.

IV. COMMENTS OF ADVISORY NEIGHBORHOOD COMMISSIONS

The Committee received no testimony or comments from any Advisory Neighborhood Commission on Bill 21-201.

V. SUMMARY OF TESTIMONY

The Committee of the Whole held a public hearing on Bill 21-201 on Monday, July 6 2015. The testimony summarized below is from that hearing.

Donald Hense, Founder/Chairman, Friendship Public Charter School, Inc., testified in support of Bill 21-201. Mr. Hense noted that since Friendship PCS agreed to become a successor operator for CAPCS, the school has worked diligently to ensure a smooth and successful transition and opening for students this fall.

J. Forest Hayes, Associate Director of the Portfolio Division, Department of General Services, testified on behalf of the Executive. His testimony is summarized in Section III above.

VI. IMPACT ON EXISTING LAW

Notwithstanding An Act authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes (53 Stat. 1211; D.C. Official Code § 10-801) and the District of Columbia School Reform Act of 1995 (110 Stat. 1321; D.C. Official Code § 38-1800.01 et seq.), the Committee Print for Bill 21-201 allows Friendship Public Charter School, Inc. to assume Community Academy Public Charter School's place with regard to the lease for the property located at 1351 Nicholson Street, N.W. (Lot 0846, Square 2794). Additionally, the lease will be extended for an additional twenty years, for a total approved lease of forty years, and the lessee will have an option for a twenty-five year renewal. Under the terms of the agreement, Friendship Public Charter School, Inc. will assume responsibility for the monthly payment owed to the District, which results in \$2,291 in monthly rent.

VII. FISCAL IMPACT

The attached March 27, 2015 Fiscal Impact Statement from the Chief Financial Officer (CFO) states that funds are sufficient to implement Bill 21-201. No cost exists for the transfer of the lease to Friendship PCS, Inc. from CAPCS, nor for the extension of the lease until 2041.

VIII. SECTION-BY-SECTION ANALYSIS

Section 1 States the short title of Bill 20-201.

Section 2 Indicates that notwithstanding An Act authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes

(53 Stat. 1211; D.C. Official Code § 10-801) and the District of Columbia School Reform Act of 1995 (110 Stat. 1321; D.C. Official Code § 38-1800.01 *et seq.*), Friendship Public Charter School, Inc. shall assume Community Academy Public Charter School's place with regard to the lease for the property located at 1351 Nicholson Street, N.W. (Lot 0846, Square 2794).

Section 3

Adopts the Fiscal Impact Statement.

Section 4

Establishes the effective date by stating the standard 30-day Congressional review language.

IX. COMMITTEE ACTION

On July 14, 2015, the Committee met to consider Bill 21-201, the "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015." The meeting was called to order at _____ am, and Bill 21-201 was item ____ on the agenda. After ascertaining a quorum (Chairman Mendelson and Councilmembers Alexander, Allen, Bonds, Cheh, Evans, Grosso, May, McDuffie, Nadeau, Orange, Silverman and Todd present), Chairman Mendelson moved the print with leave for staff to make technical and conforming changes. During an opportunity for discussion, _____ . Following an opportunity for discussion, the vote on the motion was unanimous (Chairman Mendelson and Councilmembers Alexander, Allen, Bonds, Cheh, Evans, Grosso, May, McDuffie, Nadeau, Orange, Silverman and Todd voting aye). The Chairman then moved the report with leave for staff to make technical, conforming, and editorial changes. After an opportunity for discussion, the vote on the report was unanimous (Chairman Mendelson and Councilmembers Alexander, Allen, Bonds, Cheh, Evans, Grosso, May, McDuffie, Nadeau, Orange, Silverman and Todd voting aye). The meeting adjourned at ______.

X. ATTACHMENTS

- 1. Bill 21-201 as introduced.
- 2. Written testimony and comments
- 3. Fiscal Impact Statement for Bill 21-201.
- 4. Legal Sufficiency Review.
- 5. Committee Print for Bill 21-201.

COUNCIL OF THE DISTRICT OF COLUMBIA 1350 Pennsylvania Avenue, N.W. Washington D.C. 20004

Memorandum

To:

Members of the Council

From:

Nyasha Smith, Secretary to the Council

Date:

May 18, 2015

Subject: Re-Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Wednesday, May 6, 2015. Copies are available in Room 10, the Legislative Services Division.

TITLE: "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015", B21-0201

INTRODUCED BY: Chairman Mendelson at the request of the Mayor

The Chairman is re-referring this legislation to the Committee of the Whole with comments from the Committee on Education.

Attachment

cc: General Counsel **Budget Director** Legislative Services

			, .
			•
•	,		
		•	
			Å.



OFFICE OF THE SECRETARY 2015 MAY -6 PM 12: 19

MURIEL BOWSER MAYOR

MAY 6 2015

The Honorable Phil Mendelson Chairman Council of the District of Columbia 1350 Pennsylvania Avenue, NW, Suite 504 Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration and approval by the Council is the "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015" (the "Act"). The Act authorizes the Department of General Services to enter into a Second Amendment to Lease Agreement for the school property located at 1351 Nicholson Street, N.W. ("Old Brightwood School" a/k/a 1335 Nicholson Street, N.W.), more specifically designated for tax and assessment purposes as Square 2794, Lot 846 (the "Property"). The land area of the Property is estimated to be roughly 31,215 square feet. The Property is improved with one building, the Old Brightwood School, containing approximately 10,000 rentable square feet.

The Old Brightwood School currently houses Community Academy Public Charter School, Inc. ("CAPCS") pursuant to a Lease Agreement between CAPCS and the District of Columbia dated March 1, 2001, as amended by a First Amendment to Lease Agreement dated June 10, 2002 (collectively, the "Nicholson Lease"). The Nicholson Lease will expire on February 28, 2021. CAPCS has agreed to assign the Nicholson Lease to Friendship Public Charter School, Inc. ("Friendship") and Friendship has requested that the District extend the Nicholson Lease.

On February 19, 2015, the District of Columbia Public Charter School Board voted to revoke the charter of CAPCS effective July 1, 2015. CAPCS currently operates a multi-campus District of Columbia public charter school serving approximately 1,600 students in Pre-K through grade 8. In order to minimize disruption to students and ensure the continuation of schooling for those students impacted by the impending revocation, CAPCS has agreed that Friendship will become the successor operator at the Nicholson CAPCS campus at the end of the 2014-15 school year.

The short timeline remaining within this school year prior to Friendship's assignment of the Nicholson Lease and operation of the Nicholson campus will not accommodate completion of all standard requirements of D.C. Official Code §10-801 (such as a public hearing). As a result of the short timeline, this proposed legislation is hereby presented as an Act rather than as a resolution. Despite the abbreviated process, the parents and students of CAPCS, as well as the community as a whole, have received ample notice of Friendship's assumption of the Lease and the opportunity to choose the best school for their children for the upcoming school year.

I urge the Council to take prompt and favorable action on the proposed Act. If you have any questions, please contact Jonathan Kayne, Interim Director of DGS, at (202) 727-2800.

Sincerely,

Muriel Bows

Enclosure

Chairman Phil Mendelson At the request of the Mayor A BILL IN THE COUNCIL OF THE DISTRICT OF COLUMBIA To approve the disposition of District-owned real property located at 1351 Nicholson Street, N.W. in Washington, D.C., known for tax and assessment purposes as Lot 0846 in Square 2794 and commonly known as the Old Brightwood School. BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015". Sec. 2. Notwithstanding An Act Authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code §10-801), and The District of Columbia School Reform Act of 1995, approved April 26, 1996 (110 Stat. 1321; D.C. Official Code § 38-1800 et seq.; § 38-1802.09), the Council authorizes the District of Columbia Department of General Services (the "Department"): 1) to amend the existing lease agreement between the District of Columbia and Friendship Public Charter School, Inc., as assignee under the Lease Agreement between the District of Columbia and Community Academy

Public Charter School, Inc. (the "Lease") dated March 1, 2001 for the real property

located at 1351 Nicholson Street, N.W., known for tax and assessment purposes as Lot

0846 in Square 2794 and commonly known as the Old Brightwood School (the

- 33 "Property"), to extend the term of the Lease to a period of greater than twenty (20) years
- 34 and to provide such other terms related to the extension of the Lease and transfer of the
- 35 Property as the Department determines are in the best interest of the District of Columbia;
- and 2) to execute any associated transactional documents related thereto.
- 37 Sec. 3. Fiscal Impact Statement.
- The Council adopts the fiscal impact statement in the committee report as the
- 39 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home
- 40 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
- 41 206.02(c)(3)).
- 42 Sec. 4. Effective Date.
- This act shall take effect following approval by the Mayor (or in the event of veto
- 44 by the Mayor, action by the Council to override the veto), a 30-day period of
- 45 Congressional review as provided in section 602(c)(1) of the District of Columbia Home
- 46 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
- 47 206.02(c)(1), and publication in the District of Columbia Register.

GOVERNMENT OF THE DISTRICT OF COLUMBIA OFFICE OF THE ATTORNEY GENERAL



Legal Counsel Division

MEMORANDUM

TO:

Lolita S. Alston

Director

Office of Legislative Support

FROM:

Janet M. Robins

Deputy Attorney General Legal Counsel Division

DATE:

March 26, 2015

SUBJECT:

Legal Sufficiency Review of 1351 Nicholson Street, N.W. Old Brightwood

School Lease Amendment Act of 2015

(AE-15-176)

This is to Certify that this Office has reviewed the legislation

entitled the "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015", and found it to be legally unobjectionable. If you have any questions, please do not he sitate to call me at 724-5524.

Janet M. Robins

GOVERNMENT OF THE DISTRICT OF COLUMBIA DEPARTMENT OF GENERAL SERVICES



SURPLUS ANALYSIS

Project Name:

The Old Brightwood School

Property Description:

1335 Nicholson Street, N.W. (a/k/a 1351 Nicholson Street, N.W.) in

Washington, D.C., known for tax and assessment purposes as a portion

of Square 2794 and Lot 0846 (the "Property")

Size of Property:

Size of Property: Land Area – 31,215 square feet (0.71acres)

Building Area – 10,000 square feet

Assessed Value:

\$1,867,550 (2015 land & improvements)

Zoning of Property:

R-5-A

Ward:

4

1. History of the Property: description of the Property (including approximate square footage, description of any structure/improvements on the Property and whether such structure/improvements are historically landmarked, and any available parking on and off the Property), how and when the District acquired the Property; the terms of the acquisition; a description of the Property's former and current use; and, if the Property includes improvements and is currently being used, whether the improvements are occupied.

The Property is legally identified for taxation purposes as Square 2794 and Lot 0846 (the "Property"), also known as the Old Brightwood School (the "Property"). The Property contains a one story plus full basement and free standing school building. According to the Washington, DC assessment records, the improvements were originally constructed in approximately 1920. The original construction was used as a police substation. In the early 1970's, it was incorporated into the new Federal City College system and in 1976 became a part of the University of the District of Columbia. The facility was closed in approxiamttley1997. The Property contains 31,215 square feet and approximately 0.71 acres of land area. It is zoned R-5-A and is located in the Brightwood neighborhood of Northwest Washington.

The Property is not designated as historic. It was constructed of brick masonry construction. The improvements are in general fair/average condition and in need of substantial repair. Renovations to make the property useable would involve major repair or installation of basic building systems in addition to substantial refurbishing and repainting. These systems would include upgraded plumbing, electrical, lighting, windows and other improvements.

The site fronts Nicholson Street, a local surface street which runs in an east/west direction. 13th and 14th Streets are located one block to the east and west, respectively, of the subject

however it is not visible from either of these streets. Military Road/Missouri Avenue is a major, nearby east/west traffic artery which provides easy access to the subject's immediate area. Georgia Avenue, located two blocks to the east of the Property, is a major traffic artery which provides north/south access for the Property. The site is easily accessible from Nicholson Street and has excellent visibility from the street.

2. Describe the surrounding neighborhood, including the following information: What does the neighborhood offer in terms of housing, shopping, recreation, and commercial space?

The Property is perched on the Georgia Avenue artery between Shepherd Park and Petworth, with Rock Creek Park on its western border. This neighborhood of rowhouses and Art Decoinspired dwellings includes Fort Stevens, the site of the only Civil War battle to take place within the District. Brightwood is on the cusp of major economic transformation.

Area residents flock to the popular chains and ethnic eateries lining the Georgia Avenue corridor. Oohh's & Aahh's, Wapa Café, Julia's Empanadas, Haydee's restaurant, and Chez Aunty Libe all demonstrate the demand for unique restaurant development. Larger scale development is also occurring near the Georgia Avenue and Missouri Avenue intersection. In December 2013, Walmart opened a 106,000-square-foot store with approximately 40,000 square feet dedicated to groceries. In addition, the Emory United Methodist Church has plans to redevelop their land, adjacent to Fort Stevens, into an 180,000 square foot mixed-use project with retail, office, residential uses as well as new church amenities.

The Lofts at Brightwood, which converted a former Masonic Temple into 32 condominiums, and the \$4.6 million renovation of the former Tewkesbury apartment building into 26 condominiums, provide chic urban housing and additional restaurant space in the area. Georgia Avenue is a designated Great Streets corridor and District-supported revitalization area. As funds become available, new and existing small businesses have the opportunity to apply for reimbursable grants of up to \$85,000 per location to cover capital improvement costs.

3. No Necessary District Use. D.C. Code § 10-801(a-1)(2)(A).

a. Please describe allowable future uses for the Property.

The Property is located within the boundaries of the R-5-A zoning district, a zoning classification wherein the predominant land use permits matter-of-right development of single-family residential uses for detached and semi-detached dwellings and, with the approval of the Board of Zoning Adjustment, new residential development of low density residential uses including row houses, flats, and apartments to a maximum lot occupancy of 40%, 60% for churches and public schools, and 20% for public recreation and community centers; a maximum floor area ratio (FAR) of 0.9, and a maximum height of three (3) stories/forty (40) feet (90 feet for schools, 60 feet for churches, and 45 feet for public recreation and community centers). Rear yard requirements are twenty (20) feet, side yard requirements are not less than eight (8) feet. If all other provisions of the zoning regulations are complied with, conversion of existing buildings to flat or apartment use is permitted as a matter-of-right.

b. How were other District facility needs considered? Please explain if the Property has any viable District use or why the Property has no viable use by the District, including the process for making the determination not to implement the viable District use or that the Property has no viable use by the District.

The Property has not been used by DC Public Schools ("DCPS") since 1997. DCPS closed the doors to the Property due to low enrollment. The subject property is physically challenging. The building design reflects construction features and functional obsolescence of its era, i.e. expansive load bearing walls, 13-foot high ceilings. Currently, there are 59 charter schools on 95 campuses in the District of Columbia with a recent report estimating enrollment at 35,000 pupils. This provides the District families with increased choice in education. If a building can no longer adequately serve DCPS, charter schools are a viable and attractive option. A long term ground lease to a charter school utilizes the building and provides an option for public school families. Moreover, the Property has been evaluated for other District uses, and the building is not a feasible match for any agency.

4. Why determination that the real property is no longer required for public purposes is in the best interest of the District. DC Code § 10-801(a-1)(2)(B).

The proposed disposition assures that the Property will continue to serve the public purpose of providing educational services to Ward 4. Since its closure in 1997 the Property has been subsequently leased to the Dorothy I. Height Community Academy Public Charter School, Inc., ("CAPCS"), a District of Columbia non-profit corporation and public charter school operator duly authorized by the PCSB to operate public charter schools in the District at campuses located at, including, but not limited to 1351 Nicholson Street NW, Washington, DC 20011, which houses the administrative offices and CAPCS Online ("Nicholson CAPCS Online").

Meanwhile, Friendship Public Charter School, Inc. ("FPCS") is a high-performing Tier-2 school with a proven record of academic and building renovation success.

a. Please describe most viable and reasonable future use(s) for the Property.

Because of the limitation of size and capital improvements required, the only probable use of the Property is as a charter school. On February 19, 2015, Community Academy Public Charter School ("CAPCS") received notice that the Public Charter School Board ("PCSB") voted to revoke its charter agreement (the "Charter") effective June 30, 2015. In order to provide a path forward for its students and their families, CAPCS has determined to undertake efforts to arrange for Friendship Public Charter School ("FPCS" to become the successor operator at two of its campuses (the "Acquired Schools") at the end of the SY 2014-15. CAPCS has determined to transfer certain assets of the Acquired Schools to FPCS and arrange for the transfer of its students to FPCS and FPCS has agreed to acquire such assets and to assume certain liabilities of CAPCS, including the responsibility for payment of bond financing incurred by CAPCS, including a penalty in the amount of \$2.7 million (the "Bond Penalty").

b. Please describe what potential uses of the Property would be in the best interest of the District (economic, social, educational, provision of affordable housing potential).

DGS proposes a continued ground lease of the Property to FPCS as the most viable option for the Property. This ground lease will benefit families and students of the District by providing an opportunity to receive a rigorous academic program in a public school.

FPCS seeks to be a truly effective system of public charter schools. FPCS takes seriously its responsibility to provide the best education possible to the students whose parents have chosen the FPCS school community.

On each FPCS campus, students benefit from innovative, research-based classroom instruction, 21st century technology, attractive school facilities, and an exceptional team of caring teachers, administrators, and staff.

FPCS's formula for student achievement begins with early childhood and elementary programs driven by high academic standards that yield tangible results. FPCS believes that every child in every classroom can learn if given the right supports, adequate resources and caring educators.

Science, technology, arts and college exploration define FPCS's middle and high school programs. Students participate in multinational robotics competitions and Advanced Placement seminars and have access to college-preparatory programs, including the District's first Pre-Early College and Early College programs.95% of FPCS students graduate on time and 100% are accepted to college each year, most with scholarships in hand.

- 5. Public Outreach and Comment. DC Code § 10-801(a-1)(2)(C).
 - a. What specific outreach was done to solicit community input on the proposed surplusing and disposing of the Property, including any outreach conducted in addition to the public hearing required under DC Code § 10-801(a-1)(2)(C)?

The short timeline remaining within this school year prior to Friendship's assignment of the Nicholson Lease and operation of the Nicholson campus will not accommodate completion of all standard requirements of D.C. Official Code §10-801 (such as a public hearing). As a result of the short timeline, this proposed legislation is hereby presented as an Act rather than as a resolution. Despite the abbreviated process, the parents and students of CAPCS, as well as the community as a whole, have received ample notice of Friendship's assumption of the Lease and the opportunity to choose the best school for their children for the upcoming school year.

GOVERNMENT OF THE DISTRICT OF COLUMBIA DEPARTMENT OF GENERAL SERVICES



April 17, 2015

Patricia A. Brantley Chief Operating Officer Friendship Public Charter School, Inc. 120 Q Street NE Washington, DC 20002

Re: Letter of Intent for the Second Amendment to lease of land and improvements thereon located at 1335 Nicholson Street, NW Washington, DC (also known as 1351 Nicholson Street, N.W.)

Dear Ms. Brantley:

The purpose of this Letter of Intent is to propose the terms and conditions under which the District of Columbia would enter into a Second Amendment to Lease Agreement with Friendship Public Charter School, Inc. as the successor to Community Academy Public Charter School ("CAPCS"), for the Premises (defined below), and pursuant to an assignment of the existing Lease Agreement with Community Academy Public Charter School ("CAPCS") dated March 1, 2001, as amended by First Amendment dated June 10, 2002 (both collectively, "Lease").

LANDLORD:

The District of Columbia, a municipal corporation, acting by and through its Department of General Services ("District").

TENANT:

Friendship Public Charter School, Inc., a non-profit District of Columbia public charter school corporation ("Assignee" or "Tenant").

PREMISES:

That certain real property and the improvements located thereon, including an existing building consisting of approximately 10,000 square feet of floor area ("Building"),

located at 1335 Nicholson Street N.W. (also known as 1351 Nicholson Street, N.W.), known for tax purposes as Lot 846 in Square 2794, ("Premises") and commonly known as the Old Brightwood School.

DELIVERY OF PREMISES:

As-Is, where-is, with all faults. Assignee acknowledges that CAPCS has occupied the Premises pursuant to the Lease and that District shall not make any improvements or repairs to the Premises in connection with the assignment of the Lease to Assignee. Section 3 of the Lease regarding improvements will be deleted.

USE:

799

場響

The Premises shall be used solely for: (i) the operation of a public charter school established pursuant to D.C. Official Code §38-1800.01.01 through §38-1802.15; (ii) the operation of a District of Columbia Public School; (iii) on an incidental basis, any ancillary use related to or connected with such public charter school use as approved in advance by District and/or as set forth in the Lease, and/or (iv) any other educational purposes in the event of any permitted assignment of the Lease or sublease of the Premises under the terms and provisions of the Lease ("Permitted Use").

SECOND AMENDMENT EFFECTIVE DATE:

Upon authorization by the Council of the District of Columbia and full execution of: (i) the Second Amendment to Lease; and (ii) an Assignment Agreement between CAPCS and Assignee for the Lease of Premises.

LEASE TERM:

Section 2 of the Lease will be amended to provide for a Lease Term of 40 years beginning on the Commencement Date and expiring on February 28, 2041 ("Expiration Date"). Tenant shall also be entitled to a renewal option under the following conditions:

- 1) Tenant is not then in default under the terms of the Lease;
- Tenant provides the District with written notice by not later than May 1, 2018 that Tenant intends to refinance the existing approved debt with an approved mortgagee by not later than June 30, 2019 ("Refinance Deadline") and provides confirmation to the District that such refinance has occurred by the Refinance Deadline, in which event the Tenant shall receive a renewal option providing Tenant with the option to extend the Term for a period sufficient only to amortize the existing approved debt, not to exceed twenty five (25) years from the Expiration Date; and
- 3) Tenant and District shall execute an amendment to the Lease to memorialize the additional renewal option.

ANNUAL BASE RENT AND CAPITAL IMPROVEMENTS:

Assignee shall continue to pay Rent in accordance with and in such amounts as provided under Section 4(a) of the Lease up to and through the twentieth (20th) Lease Year. Commencing on March 1, 2021 (the "Rent Adjustment Date"), the Rent shall be the Fair Market Value as determined by the District in accordance with an independent appraisal. On the first anniversary of the Rent Adjustment Date and on each anniversary thereafter, the then current annual Rent shall be increased by two percent (2%). Annual Rent shall be payable in monthly installments. Section 4(c) and (d) will be amended to reflect current payment requirements and to remove the credit for initial improvements to the Premises. Assignee shall be entitled to receive rent credits for future capital improvement costs incurred by Assignee and approved by the District under the terms of the Lease.

OPERATING EXPENSES AND REAL ESTATE TAXES:

The Rent due and payable under the Lease shall be absolutely net to the District, so that the Lease shall yield to District the Rent specified above (subject to application of the rental credits discussed herein), and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Premises shall be paid by Tenant (including without limitation real estate and possessory taxes assessed against the Premises, water and sewer use fees, insurance premiums, utility expenses, and any and all costs of operating, maintaining and repairing all or any portion of the Premises, except as otherwise expressly set forth herein).

INSURANCE:

Section 15 regarding insurance will be updated to reflect current insurance requirements. Tenant is required to maintain insurance (including, without limitation, general liability and property damage or "all risks" insurance) with respect to the Premises in the types and amounts which will be set forth more particularly in the Second Amendment. Such insurance shall cover the entirety of the Premises and any improvements thereon and name District as an additional insured/loss payee, as the case maybe.

SUBLEASE AND ASSIGNMENT:

Tenant shall not assign, transfer or mortgage any or all of Tenant's rights or interests under this Lease or sublease any or all of the Premises ("Transfer") without District's prior written consent which consent District may withhold in its sole and absolute discretion; except as set forth in the Lease.

NOTICES:

Section 23 regarding Notices will be amended to update the current notice addresses, and to delete subsections b and c regarding service of process.

SECURITY DEPOSIT:

Section 36 regarding a Security Deposit will be deleted.

TENANT COVENANTS:

Section 38 of the Lease will be amended to add a provision that Tenant will maintain its charter in good standing with the Public Charter School Board.

CONTINUOUS OPERATION:

Tenant shall operate the entire Premises for the Permitted Use continuously and uninterruptedly during the Term, subject to periods of closure due to force majeure, Premises remodeling and such other periods of closure and hours of operation as may be consistent with Tenant's standard school calendar (details to be addressed in the Lease).

CBE REQUIREMENTS:

Tenant will enter into an agreement with the District that shall require the Tenant to, at a minimum, contract with Certified Business Enterprises for at least thirty five percent (35%) of the contract dollar volume of the project and shall require at least twenty percent (20%) equity and twenty percent (20%) development participation of Certified Business Enterprises (if applicable).

GREEN BUILDING REQUIREMENTS:

Tenant shall comply with Title 6, Chapter 14A of the D.C. Official Code entitled Green Building Requirements.

FIRST SOURCE REQUIREMENTS:

Tenant shall execute a First Source Agreement with the Department of Employment Services in a form mutually acceptable to the parties thereto.

ANTI-DEFICIENCY:

All financial obligations of the District under this letter of intent, if any, or any subsequent agreement entered into by the parties are and shall remain subject to the provisions of (i) the federal Anti-Deficiency Act (31 U.S.C. §§ 1341, 1342, 1349-1351, 1511-1519 and D.C. Official Code §§ 1-206.02(e) and § 47-105), (ii) the District of Columbia Anti-Deficiency Act (D.C. Official Code §§ 47-355.01 et seq.; and (iii) § 446 of the District of Columbia Home Rule Act (D.C. Official Code § 1-204.46, each as may be amended from time to time.

AUTHORITY:

Execution of this Second Amendment to Lease or any other agreement between the parties is subject to authorization by the Council of the District of Columbia pursuant to D.C. Official Code § 10-801 ("Council Approval").

NON-BINDING PROVISIONS:

Notwithstanding any other provision contained herein, this letter constitutes a general, non-binding letter of intent and is not intended to, and does not create a legal, binding commitment or obligation on the part of the parties or any of their affiliates to pursue the transaction contemplated by this letter or any other transaction. It is understood that none of the parties hereto shall be legally bound to the other by reason of this letter nor shall any rights, liabilities or obligations (including the obligation to negotiate in good faith) arise as a result of this letter of intent or any other written or oral communications between the parties. It is further understood that the only binding agreement would be the Second Amendment to Lease, subject in all events to prior Council Approval.

[Signature page follows]

If the above terms are acceptable to you, please sign this letter where indicated below and return an executed copy to me for presentation to and execution by the District.

Sincerely,

Jonathan Kayne, Interim Director
Department of General Services

AGREED AND ACCEPTED:

Friendship Public Charter School, Inc.

By:

Name: Donard L. HENSE

Title: CHAIRMAN

Date: 42215



TESTIMONY OF DONALD L. HENSE, CHAIRMAN FRIENDSHIP PUBLIC CHARTER SCHOOL

D.C. COUNCIL COMMITTEE OF THE WHOLE HEARING ON LEASE AMENDMENT ACTS FOR 1351 NICHOLSON ST, NW & 4095 MINNESOTA AVE, NE Monday, July 6, 2015, 11:30 a.m. Hearing Room 412, John A. Wilson Building

Good morning, Chairman Mendelson and esteemed members of the D.C. Council. Friendship Public Charter School appreciates the ongoing support you've provided for our students, families, and staff.

Today I am here to testify on behalf of the children of the District of Columbia and request your support for Friendship Public Charter School's continuation to educate children as it relates to Bill 21-201, "1351 Nicholson Street, NW, the Old Brightwood School Lease Agreement Act of 2015", and Bill 21-204, "4095 Minnesota Avenue, NE Amendment Act of 2015".

Chairman Mendelson and members of the Council, we are seeking your approval of the aforementioned legislation, which will result in lease agreements for:

- Friendship PCS for 1351 Nicholson Street NW; and
- A 10 year renewal, with the possibility of a 25 year extension of Friendship Collegiate Academy's Carter G. Woodson campus located at 4095 Minnesota Avenue NE.

As you are aware, earlier this year, the District of Columbia Public Charter School Board voted to revoke the charter agreement for the Dorothy Height Community Academy Public Charter School, Inc. ("CAPCS"). Given our commitment to minimizing the displacement of almost 700 children attending CAPCS, our academic success, and our successful track record in governance, operations, and financial management, Friendship was approved to assume the operation of two of the campuses of CAPCS.

On April 14, 2015, CAPCS and Friendship entered into an Asset Acquisition Agreement, pursuant to which Friendship agreed to become the successor operator for the CAPCS schools, including the facility located at 1335 Nicholson Street, NW, Washington, D.C.

Over the past few months, Friendship has been working with the Office of the Deputy Mayor of Education and other District agencies to assume certain assets and liabilities of CAPCS, including the CAPCS Schools and the Series 2007 Bonds. Last week, we closed the acquisition and assumption of the Series 2007 Bonds, thereby preventing a potential default of the Series 2007 Bonds, which was caused by the revocation of the charter agreement for CAPCS.

Since the agreement, Friendship PCS has worked tirelessly to ensure a successful transition and opening.



- We secured required PCSB approvals to operate a K through 8 online program, which has served students at the Nicholson Street property, and we received approval for a PreK3 through 5 grade campus at the Armstrong facility.
- We engaged K12, a nationally recognized provider of online education, to continue services for the online program.
- We have enrolled over 85% of students who attended CAPCS in 2014-2015 for SY 2015-2016.
- We offered positions to CAPCS staff, and hired approximately 85 FTEs.
- We have convened parent meetings to introduce them to the leadership team and provide an overview of the programs and services they will receive in the coming school year.
- We met with Councilmember McDuffie, (D-Ward 5)
- We met with Commissioner Bradley A. Thomas, ANC5E05
- We met with Bates Street Civic Association

The continuation of the Collegiate Academy lease is also imperative. Since its opening in 2000, Collegiate has produced 2,500 high school graduates, more than any charter high school in the nation. The school has maintained an average 4-year Average Cohort Graduation Rate of 93% over the past 5 years, 100 percent of the last 5 classes have been accepted into at least one college, and the students have received more than \$65 million in scholarships.

At the 4095 Minnesota Avenue property, we have invested almost \$15 million in renovations, making what was a drug manufacturing plant into a vibrant academic hub.

Our students, parents, and staff are always happy to receive visits from you. We appreciate your consideration and approval of the proposed leases. Thank you for your leadership, time, and attention. I welcome your questions.



Government of the District of Columbia



Department of General Services

J. Forest Hayes

Associate Director, Portfolio Division Department of General Services

Roundtable on B21-201, the "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015," and B21-204, the "4095 Minnesota Avenue, N.E. Woodson School Lease Amendment Act of 2015

Council of the District of Columbia

The Honorable Phil Mendelson, Council Chairman

Committee of the Whole

Committee on Transportation and the Environment

The Honorable Mary M. Cheh, Committee Chair

July 6, 2015

11:30 am

Room 412

John A. Wilson Building

1350 Pennsylvania Avenue, NW

Washington, DC 20004

Introduction

Good morning Chairpersons Cheh and Mendelson, and members and staff of the Committee on Transportation and the Environment and the Committee of the Whole. I am Forest Hayes, Associate Director of Portfolio for the Department of General Services (or DGS). Today I am pleased to testify on B21-201, the "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015," and B21-204, the "4095 Minnesota Avenue, N.E. Woodson School Lease Amendment Act of 2015."

4095 Minnesota Avenue, N.E. - Woodson School Lease Amendment

Friendship Public Charter School operates nine charter school campuses in the District serving students from Pre-K through 12th grade. Friendship is currently the tenant at the Woodson School, located at 4095 Minnesota Avenue, Northeast (Lot 813, Square 5078), through a lease with the District, responsible for monthly rent of \$5,250. The lease commenced May 26, 2000, and was modified through the first lease amendment on March 18, 2014. Friendship is seeking bond financing, introduced to Council as the "Revenue Bonds Project Approval Resolution of 2015" (PR21-68). Friendship requested a lease extension in connection with the bond financing.

Further, the Public Charter School Board recently revoked the charter of the Community Academy Public Charter School (CAPCS) effective June 30, 2015. In order to minimize disruption to the former CAPCS students, Friendship has agreed to become the successor-in-interest. The extended lease term would provide consideration for assuming CAPCS' liabilities.

Due to the short timeline for the bond closing as well as assumption of CAPCS students and liabilities, the District is unable to go through the traditional DC Code section 10-801 public hearing process. Approval of the emergency bill before the Committee will effectuate the lease extension. The District believes that Friendship is the appropriate entity to absorb the students and liabilities of CAPCS, and that it will continue to perform well for its current and future students. Currently, 95 percent of Friendship's students graduate on time and 100 percent are accepted to college. This lease extension would result in a 40 year lease dating from 2000, with one 25-year option, consistent with the Landrieu Act, enabling Friendship to continue its science, technology, arts and college prep curriculum within the District.

1351 Nicholson Street, N.W. - Old Brightwood School Lease Amendment

Starting on March 1, 2001, the Community Academy Public Charter School (CAPCS) secured a lease on the Old Brightwood School, located at 1351 Nicholson Street, Northwest (Lot 846, Square 2794). This lease expires on February 28, 2021.

As I discussed previously, the Public Charter School Board recently revoked the charter of the Community Academy Public Charter School (CAPCS) effective June 30, 2015. In order to minimize disruption to the former CAPCS students, Friendship has agreed to become the

successor-in-interest and fully assume the lease on the Old Brightwood School. The bill proposes an amendment to the lease to extend the lease term by 20 years; dating back to 2001, the lease would be for 40 years, with a 25-year option, as consideration for assuming CAPCS' liabilities.

Conclusion

DGS believes that Friendship Public Charter School will ably handle the assumption of students and liabilities from the Community Academy Public Charter School; extending Friendship's existing leases on the Woodson and Nicholson properties furthers those objectives. Thank you for the opportunity to testify, and I am happy to answer any of your questions.

Government of the District of Columbia Office of the Chief Financial Officer



Jeffrey S. DeWitt Chief Financial Officer

MEMORANDUM

TO:

The Honorable Phil Mendelson

Chairman, Council of the District of Columbia Hay Sowith

FROM:

Ieffrev S. DeWitt

Chief Financial Officer

DATE:

March 27, 2015

SUBJECT:

Fiscal Impact Statement - 1351 Nicholson Street, N.W. Old Brightwood

School Lease Amendment Act of 2015

REFERENCE:

Draft Bill as shared with the Office of Revenue Analysis on March 20,

2015

Conclusion

474

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill.

Background

In 2001, the District leased the Old Brightwood School building1 to Community Academy Public Charter School ("CAPCS") for fifteen years so CAPCS could operate it as a non-profit charter school. In 2002, the lease was amended to add five years to the lease for a total term of twenty years. However, on February 19, 2015, the District of Columbia Public Charter School Board voted unanimously to revoke CAPCS' charter effective June 30, 2015.2 CAPCS currently pays \$2,291 in monthly rent.

The bill approves an amendment to the lease that adopts Friendship Public Charter School as a successor to CAPCS for this property and adds twenty more years to the lease. If approved the lease term, which began in 2001, would be for forty years, with an option for a twenty-five year renewal.

¹ Located at 1351 Nicholson Street, N.W. and known for tax purposes as Square 2794, Lot 846. The lease was executed through a disposition of the property since it is long term.

² http://www.dcpcsb.org/blog/board-revokes-charter-community-academy-pcs

The Honorable Phil Mendelson
FIS: "1351 Nicholson Street, N.W. Old Brightwood School Lease Amendment Act of 2015," Draft Bill as shared with the Office of Revenue Analysis on March 20, 2015

Financial Plan Impact

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill. There are no costs associated with transferring the lease to Friendship Public Charter School or extending the lease through 2041. Friendship PCS will continue to meet all of CAPCS' financial obligations as required by the original lease and any subsequent amendments.

Page 2 of 2

1	COMMITTEE PRINT – DRAFT
2	Committee of the Whole
3	July 14, 2015
4	
5	
6	
7	
8	\cdot
9	
10	A BILL
10	A DILL
	21 201
12	<u>21-201</u>
13	
14	NAMES CONTROL OF THE PASTE OF COALS OF
15	IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
16	
17	
18	
19	
20	To approve the lease of District-owned real property located at 1351 Nicholson Street,
21	N.W. in Washington, D.C., known for tax and assessment purposes as Lot 0846 in
22	Square 2794, and commonly known as the Old Brightwood School.
23	
24	RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That
25	this act may be cited as the "1351 Nicholson Street, N.W. Old Brightwood School Lease
26	Amendment Act of 2015".
27	Sec. 2. Notwithstanding An Act Authorizing the sale of certain real estate in the
28	District of Columbia no longer required for public purposes, approved August 5, 1939
29	(53 Stat. 1211; D.C. Official Code §10-801 et seq.), and the District of Columbia School
30	Reform Act of 1995, approved April 26, 1996 (110 Stat. 1321; D.C. Official Code § 38-
31	1800.01 et seq.), the Council authorizes the Mayor: 1) to amend the existing lease
32	agreement between the District of Columbia and Community Academy Public Charter
33	School (the "Lease") dated March 1, 2001 for the real property located at 1351 Nicholson
34	Street, N.W., known for tax and assessment purposes as Lot 0846 in Square 2794 and
35	commonly known as the Old Brightwood School (the "Property") to adopt Friendship

- 1 Public Charter School as assignee of the lease; 2) to extend the term of the Lease to a
- 2 period of greater than twenty (20) years; 3) to provide such other terms related to the
- 3 extension of the Lease and transfer of the Property consistent with the letter of intent
- 4 approved by both parties to the lease; and 4) to execute any associated transactional
- 5 documents
- 6 Sec. 3. Fiscal impact statement.
- 7 The Council adopts the fiscal impact statement in the committee report as the
- 8 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home
- 9 Rule Act, approved December 24, 1973, (87 Stat. 813; D.C. Official Code § 1-
- 10 206.02(c)(3)).
- Sec. 4. Effective date.
- This act shall take effect following approval by the Mayor (or in the event of veto
- 13 by the mayor, action by the Council to override the veto), a 30-day period of
- 14 Congressional review as provided in section 602(c)(1) of the District of Columbia Home
- Rule Act, approved December 24, 1973, (87 Stat. 813; D.C. Official Code § 1-
- 16 206.02(c)(1)), and publication in the District of Columbia Register.