

**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 21-204, “4095 Minnesota Avenue, N.E. Woodson School Lease Amendment Act of 2015”

The Committee of the Whole, to which Bill 21-204, “4095 Minnesota Avenue, N.E. Woodson School Lease Amendment Act of 2015” was referred, reports favorably thereon with amendments, and recommends approval by the Council.

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I. BACKGROUND AND NEED

Bill 21-204, the “4095 Minnesota Avenue, N.E. Old Woodson School Lease Amendment Act of 2015,” approves an amendment to the existing lease with Friendship Public Charter School, Inc. (Friendship PCS) for the property located at 4095 Minnesota Avenue, N.E. (Lot 0813, Square 5078), more commonly known as the Woodson School.¹

Located in a R-5-A zoning District, the property at 4095 Minnesota Avenue, N.E. is 156,000 square feet and sits on 2.44 acres of land in Ward 7. While the Woodson School was previously used as a District of Columbia Public School (DCPS), it was closed in 2000 by DCPS due to low enrollment. After the closure, the District agreed to lease the school to Friendship PCS in 2000 for a twenty year term, and the charter school has used the Woodson school ever

¹ This bill should be viewed in conjunction with Bill 21-201.

since to house its high school, also known as Friendship Collegiate Academy Public Charter School (Friendship Collegiate Academy). In 2009, the Council approved an extension of the lease for another ten years to bring the total to thirty years.² Bill 21-204 seeks to add an additional ten years, for a total of forty years, and also provides the option for a twenty-year renewal option.

Since its inception, Friendship Collegiate Academy has served as a college preparatory high school, hosting students in grades 9-12. Ranked as a Tier 2 school on the Public Charter School Board's (PCSB) Performance Management Framework (PMF), Friendship Collegiate Academy has produced over 2,500 high school graduates, which is more than any other charter high school in the nation.³ Additionally, in 2014, the school had a 92% graduation rate, over 30% higher than the District-wide average.⁴ Further, 100% of the students in the last five graduation classes have been accepted into at least one college, and the graduates have received more than \$65 million in scholarships.⁵

Given Friendship's success at Friendship Collegiate Academy, as well as its success at its other eight schools in the District, on April 14, 2015, the Council approved Resolution 21-77, the "Friendship Public Charter School, Inc. Revenue Bonds Project Approval Resolution of 2015." Resolution 21-77 authorizes the issuance, sale, and delivery of District revenue bonds to Friendship PCS not to exceed \$70 million. In conjunction with this bond financing, Friendship PCS now requests an extension of its lease for the 4095 Minnesota Avenue N.E. property.

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 a period of greater 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 Bill 21-204 simply seeks to amend an existing lease with Friendship PCS for an additional ten years, because the District has already declared the property at 4095 Minnesota Avenue N.E. to be surplus,⁶ and because of extenuating circumstances necessitating the expeditious approval of the amended lease, Bill 21-204 specifically indicates that the usual statutory requirements of D.C. Official Code § 10-801 are not required in this instance.

In this unique instance, Friendship PCS is requesting the expeditious approval of the amended lease, notwithstanding D.C. Official Code § 10-801, because of its unforeseen acquisition of two campuses originally run by Community Academy Public Charter School, Inc.

² See R 18-30.

³ Donald Hense Oral Testimony – July 6, 2015 hearing.

⁴ In 2014, 90% of students with specialized needs graduated from Friendship Collegiate Academy, almost 50% higher than the District-wide average of 41%; 90% of American American students graduated, 32% higher than the District-wide average; and 93% of economically disadvantaged youth graduated from the school, 33% higher than the District average. See Learndc.org. <http://learndc.org/schoolprofiles/view?s=0186#reportcard>.

⁵ Donald Hense testimony, *supra* note 2.

⁶ See R 18-30

(CAPCS) and a related bond consolidation associated with such acquisition. Specifically, on February 19, 2015, PCSB voted to revoke CAPCS's charter agreement due to fiscal mismanagement and a breach of the school's fiduciary duties.⁷ 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 three 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 become the successor operator for two CAPCS facilities – a property located at 1351 Nicholson Street, N.W. and CAPCS's Armstrong campus.⁸

As part of Friendship PCS's assumption of CAPCS property located at 1351 Nicholson Street, N.W., Friendship assumed 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. In effort to consolidate all of its bonds, Friendship has moved to acquire a \$100 million bond and plans to close on this by the end of August 2015. Yet, a condition of Friendship's ability to close is the approval by the Council of Friendship PCS's lease extension for the property at 4095 Minnesota Avenue N.E. Thus, the acquisition by Friendship of CAPCS property, and the expedited bond consolidation, necessitates a more expeditious process foregoing the statutory requirements outlined in D.C. Code § 10-801.

Although 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 21-204 seeks to amend an existing lease with Friendship PCS that is already greater than twenty years, and unforeseen revocation of another school's charter, coupled with Friendship PCS having to assume responsibility for property due to that closure and the need for Friendship PCS to consolidate its bonds, dictates that extenuating circumstances exist to allow for approval of the amended lease notwithstanding D.C. Official Code § 10-801. Thus, the Committee recommends adoption of Bill 21-204.

II. LEGISLATIVE CHRONOLOGY

May 13, 2015	Bill 21-204, "4095 Minnesota Avenue, N.E. Woodson School Lease Amendment Act of 2015," is introduced by Chairman Mendelson at the request of the Mayor.
May 22, 2015	Notice of Intent to Act on Bill 21-204 is published in the <i>District of Columbia Register</i>

⁷ 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.

⁸ Donald Hense oral testimony - July 6, 2015 Public Hearing on Bill 21-201.

June 2, 2015	Bill 21-204 is “read” at a legislative meeting; on this date the referral of the bill to the Committee of the Whole is official.
June 19, 2015	Notice of a Public Hearing is published in the <i>District of Columbia Register</i> .
July 6, 2015	The Committee of the Whole holds a public hearing on Bill 21-204.
July 14, 2015	The Committee of the Whole marks-up Bill 21-204.

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 21-204, noting that the extension of the lease would allow for Friendship PCS to continue running a strong charter school in the District. Additionally, Mr. Hayes noted that Friendship PCS has agreed to become a successor operator of two Community Academy Public Charter School, Inc. (CAPCS) campuses since CAPCS’s charter was revoked, effective June 30, 2015.

IV. COMMENTS OF ADVISORY NEIGHBORHOOD COMMISSIONS

The Committee received no testimony or comments from any Advisory Neighborhood Commission on Bill 21-204.

V. SUMMARY OF TESTIMONY

The Committee of the Whole held a public hearing on Bill 21-204 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 21-204. Mr. Hense explained that it was imperative to continue the lease for Friendship PCS Collegiate Academy, which is housed at 4095 Minnesota Avenue, N.E., as the high school has produced more graduates than any other charter high school in the nation. Additionally, he noted that Friendship PCS has invested almost \$15 million in renovations into the aforementioned property.

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 21-204 amends the current lease between the District and Friendship PCS for the property at 4095 Minnesota Avenue, N.E. to add an additional ten years to the lease, for a total of forty years. Additionally, the amended lease allows for a twenty-five year renewal option. Under the current lease, Friendship will continue to pay the District a monthly payment of \$5,250 to lease the property from the District. Yet, the lease does provide for an annual rent abatement for every million dollars of capital improvements should Friendship PCS decide, and the Department of General Services approves, any renovations or improvements during the life of the lease.

VII. FISCAL IMPACT

The attached March 26, 2015 Fiscal Impact Statement from the Chief Financial Officer (CFO) states that funds are sufficient to implement Bill 21-204. No cost exists for the extension of the lease through 2040.

VIII. SECTION-BY-SECTION ANALYSIS

<u>Section 1</u>	States the short title of Bill 20-204.
<u>Section 2</u>	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 <i>et seq.</i>), the lease between the District and Friendship Public Charter School, Inc. is amended to allow for an additional ten years, for a total lease of forty years.
<u>Section 3</u>	Adopts the Fiscal Impact Statement.
<u>Section 4</u>	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 21-204, the “4095 Minnesota Avenue, N.E. Woodson School Lease Amendment Act of 2015.” The meeting was called to order at [REDACTED] am, and Bill 21-204 was item [REDACTED] 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, [REDACTED]. 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 [REDACTED].


X. ATTACHMENTS

1. Bill 21-204 as introduced.
2. Written testimony.
3. Fiscal Impact Statement for Bill 21-204.
4. Legal Sufficiency Review.
5. Committee Print for Bill 21-204.

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 : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Wednesday, May 13, 2015. Copies are available in Room 10, the Legislative Services Division.

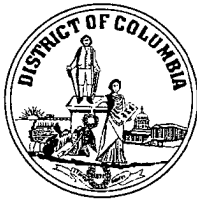
TITLE: "4095 Minnesota Avenue, N.E. Woodson School Lease Amendment Act of 2015", B21-0204

INTRODUCED BY: Chairman Mendelson at the request of the Mayor

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

Attachment

cc: General Counsel
Budget Director
Legislative Services



2015 MAY 13 AM 10:58
OFFICE OF THE
MAYOR

MURIEL BOWSER
MAYOR

MAY 13 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, "*4095 Minnesota Avenue, N.E. Woodson 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 4095 Minnesota Avenue, NE ("Woodson School"), more specifically designated for tax and assessment purposes as Lot 0813 in Square 5078. This Act includes only that portion of the Premises owned by the District of Columbia.

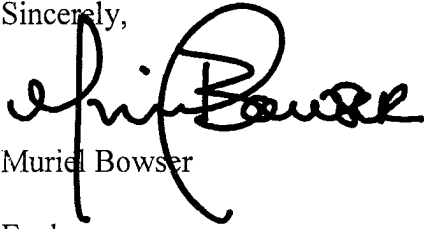
Friendship Public Charter School ("Friendship") currently operates nine charter school campuses within the District of Columbia, serving children in pre-kindergarten through 12th grade. Friendship is currently the tenant under a lease agreement with the District for the Woodson School dated May 26, 2000, as amended by a First Amendment dated March 18, 2014 (collectively, the "Woodson Lease"). On February 25, 2015, Council introduced the Friendship Public Charter School Inc. Revenue Bonds Project Approval Resolution of 2015 (PR21-0068). The closing date for the bond financing is currently scheduled for June 2015 and Friendship has requested that the District extend the Woodson Lease in connection with the bond financing.

In addition to the foregoing, 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 provide for continuity in education services, Friendship has agreed to become the successor operator of the CAPCS public charter schools at the end of the 2014-15 school year. In addition to the extended term required in connection with the bond financing, the extended term is also provided in consideration of certain CAPCS' liabilities to be assumed by Friendship.

The short timeline prior to the bond closing and limited time remaining within this school year prior to Friendship's succession to CAPCS will not accommodate completion of all standard requirements of D.C. Official Code §10-801 (such as a public hearing). As a result this short timeline, the proposed legislation is hereby presented as an Act rather than as a resolution.

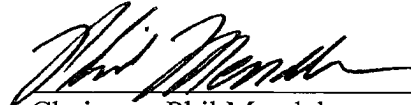
I urge the Council to take prompt and favorable action on the proposed Act. If you have any questions, please contact Jonathan Kayne, Interim Director of DGS, at (202) 727-2800

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser", with a large, stylized flourish extending from the end of the signature.

Muriel Bowser

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 4095 Minnesota Avenue, N.E. in Washington, D.C., known for tax and assessment purposes as Lot 0813 in Square 5078 and commonly known as the Woodson School.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,

That this act may be cited as the “4095 Minnesota Avenue, N.E. Woodson 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. (the “Lease”), dated May 1, 2008, for the real property located at 4095 Minnesota Avenue, N.E., known for tax and assessment purposes as Lot 0813 in Square 5078 and commonly known as the Woodson School (the “Property”), to extend the term of the Lease to a period of greater than twenty (20) years and to provide such other terms related to the

33 extension of the Lease and transfer of the Property as the Department determines are in
34 the best interest of the District of Columbia; and 2) to execute any associated
35 transactional documents related thereto.

36 Sec. 3. Fiscal Impact Statement.

37 The Council adopts the fiscal impact statement in the committee report as the
38 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home
39 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
40 206.02(c)(3)).

41 Sec. 4. Effective Date.

42 This act shall take effect following approval by the Mayor (or in the event of veto
43 by the Mayor, action by the Council to override the veto), a 30-day period of
44 Congressional review as provided in section 602(c)(1) of the District of Columbia Home
45 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
46 206.02(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

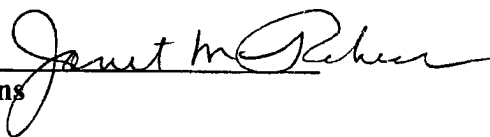
TO: Lolita S. Alston
Director
Office of Legislative Support

FROM: Janet M. Robins
Deputy Attorney General
Legal Counsel Division

DATE: March 26, 2015

SUBJECT: Legal Sufficiency Review of 4095 Minnesota Avenue, N.E. Woodson School
Lease Amendment Act of 2015
(AE-15-177)

This is to Certify that this Office has reviewed the legislation entitled the "4095 Minnesota Avenue, N.E. Woodson School Lease Amendment Act of 2015", and found it to be legally unobjectionable. If you have any questions, please do not hesitate to call me at 724-5524.


Janet M. Robins

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF GENERAL SERVICES**



SURPLUS ANALYSIS

Project Name:	The Carter G. Woodson School
Property Description:	4095 Minnesota Avenue, S.E., known for tax and assessment purposes as Square 5078 in Lot 0813 (the “ Property ”)
Size of Property:	Land Area – 106,557 square feet (2.44 acres) Building Area – 156,000 square feet
Assessed Value:	\$13,914,410 (2015 land & improvements)
Zoning of Property:	R-5-A
Ward:	7

- 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 legally identified for taxation purposes as Square 5078 in Lot 0813, also known as the Carter G. Woodson School (the “**Property**”), is a closed DC public school. The Property is situated on 106,557 square feet of land area of approximately 2.44 acres of land area.

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

Private and public enterprises have joined to enhance the revitalization of the subject neighborhood. New public and private investments are creating new opportunities all across the communities near Minnesota Avenue and Benning Road. Two Metrorail Stations form the transportation hub for a variety of financial institutions, grocery stores, government offices and residential and retail developments.

The intersection of Minnesota Avenue and Benning Road is becoming the renewed central commercial hub for the area, offering both daytime and evening customers. The Minnesota Avenue Metrorail Station is now home to the 450-employee headquarters of the DC Department of Employment Services (DOES). In addition, Donatelli Development and Blue Skye Development will deliver their Park 7 project in early 2014 which will offer 22,000

square feet of retail space and 376 apartments adjacent to the Minnesota Avenue Metrorail Station. With the H Street/Benning Road Streetcar line anticipated to start passenger service in early 2014, the District Department of Transportation (DDOT) is currently conducting extension studies to determine how to link the H Street/Benning Road streetcar line to the Minnesota Avenue or Benning Road Metrorail Stations in the future. Benning Road and Minnesota Avenue, and several adjacent corridors, are designated Great Streets corridors and District-supported revitalization areas.

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 in the R-5-A zoning district, a low-density residential zoning category wherein the predominant usage is for row townhouse development and to a lesser degree garden style apartment buildings. Newly constructed buildings in the R-5-A zoning district are limited to a height of three (3) stories or forty (40) feet. Lot occupancy is restricted to 60 percent of the Gross Lot Area and the maximum permitted FAR (Floor-Area-Ratio) is .90 (90 percent of the lot area).

Attendant land uses within the R-5-A zoning category (as a matter of right) include child development centers, rooming houses or boarding houses, hospitals, clinics/sanitariums, schools, churches, private clubs, lodges, and museums or art galleries. Commercial development is not permitted in the R-5-A zoning district except as an adjunct to a residential usage.

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 2000. DCPS closed the doors to the Property due to low enrollment. The District leased the Property to Friendship Public Charter School (FPCS) pursuant to a lease agreement dated May 2000. FPCS has made considerable capital improvements to the Property during the term of their occupancy. The current lease expires in 2020 and FPCS has continuously operated the Property as a charter school since commencement of the Lease. Therefore, the Property is not available for District use for the remainder of the existing Lease term. FPCS has requested the extension of the Lease in connection with additional revenue bond financing currently pending before City Council (PR21-0068). FPCS has also agreed to assume additional lease obligations and bond liability in connection with the charter revocation and agreement with Community Academy Public Charter School (CAPCS). In addition to the need for a longer term in connection with the new bond financing, the District has also agreed to the extension as consideration for FPCS’ willingness to step in as successor to CAPCS after the revocation. The extension of the Lease provides District families with continuous choices in public education. If a building can no longer adequately serve DCPS,

charter schools can provide a viable option. A long-term ground lease to a charter school utilizes the building and provides an option for public school families. As part of the District's initial decision to lease the Property to FPCS in 2000, the District found no other suitable agency use. The layout of the Property is not conducive to reuse as office space. The Property is too large and the cost of renovation is substantial.

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 in Ward 7. Since its repurpose in 2000, the Property has been occupied continuously by FPCS. Science, technology, arts and college exploration define FPCS's middle and high school programs. Their 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. Ninety Five percent of FPCS students graduate on time and 100% are accepted to college each year, most with scholarships in hand.

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

Because of the considerable size and capital improvements anticipated by the existing tenant, the best use of the Property is its continued use as a charter school. The Property has historically been used as a school and its physical configuration is also most suitable for educational use.

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 an extension of the existing ground lease of the Property to FPCS as the most viable option for the Property. This ground lease will benefit the educational needs of families and students of the District by providing an opportunity to continue a rigorous academic program in a public school.

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 surplus 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 prior to the bond closing and limited time remaining within this school year prior to Friendship's succession to CAPCS will not accommodate completion of all standard requirements of D.C. Official Code §10-801 (such as a public hearing). As a result of this short timeline, the proposed legislation is hereby presented as an Act rather

than as a resolution. Therefore, the opportunity for community input will occur primarily within the legislative process.

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 4095 Minnesota Avenue, N.E.,
Washington, DC**

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 the existing Lease Agreement with Friendship Public Charter School, Inc., dated May 26, 2000, as amended by First Amendment dated March 18, 2014 (both collectively, the "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 ("**Tenant**").

PREMISES:

That certain real property and the improvements located thereon, including an existing building consisting of approximately 156,000 square feet of floor area ("**Building**"), located at 4095 Minnesota Avenue, N.E., known for tax purposes as Lot 0813 in Square 5078, ("**Premises**") and commonly known as the Carter G. Woodson School.

USE:

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 Landlord 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 the Second Amendment to Lease.

LEASE TERM:

Section 2 of the Lease will be deleted in its entirety, including Section 2(e) which provides the Tenant's right to purchase the Premises and Tenant's right of first refusal. The Second Amendment will amend the Lease to provide for an Initial Term of 40 years expiring on May 25, 2040.

ANNUAL RENT:

Tenant shall continue to pay Rent in accordance with and in such amounts as provided under Section 4 of the Lease up to and through the twentieth (20th) year of the Initial Term. Commencing on May 26, 2020 (the "Rent Adjustment Date") and continuing throughout the remaining Initial Term, 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 during the Initial Term, the then current annual Rent shall be increased by two percent (2%). Annual Rent shall be payable in monthly installments. Section 4 will be amended to reflect current payment requirements.

OPTIONAL RENEWAL LEASE TERM:

Twenty-five (25) year optional renewal term ("**Option Term**") exercisable by Tenant upon twelve (12) months' prior written notice to the District, provided Tenant is not in default of the Lease beyond any applicable notice and cure periods at the time of such exercise and at the commencement of such Option Term. Rent during the Option Term shall be the Fair Market Value as determined by the District in accordance with an independent appraisal. On the first anniversary of the commencement of the Option

Term and on each anniversary thereafter, the then current annual Rent shall be increased by two percent (2%).

RENT CREDIT FOR BOND PAYMENT AND CAPITAL IMPROVEMENTS:

In connection with this Second Amendment, Tenant has agreed to assume responsibility for payment of bond financing incurred by Community Academy Public Charter School, including a penalty in the amount of \$2.7 million (the "Bond Penalty"). As consideration for payment by Tenant of the Bond Penalty, Rent for the Premises after the Rent Adjustment Date shall be reduced by such amounts paid by Tenant for the Bond Penalty, not to exceed \$2.7 million, except that (1) Tenant shall pay rent of at least \$5,250 every month, and (2) any amount not able to be deducted in a particular month or year may be carried forward and deducted from rent in subsequent months or years during the Initial Term. In no event shall Tenant be entitled to any reimbursement for Bond Penalty credits not exhausted during the Initial Term. Tenant shall provide satisfactory evidence to the District that any amounts claimed as credits have been paid prior to credit being taken against rent due. Tenant otherwise also remains entitled to any rent credits for capital improvement costs incurred by Tenant 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 17 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 appropriate.

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 31 regarding Notices will be amended to update the current notice addresses.

TENANT DEFAULT:

Section 24 of the Lease will be amended to add a provision that provides a default when Tenant fails to maintain its charter in good standing with the Public Charter School Board.

BROKER

Section 32 will be deleted in its entirety and replaced with language providing that the parties have not engaged the services of a broker and each party is responsible for its own costs for any brokerage services.

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.

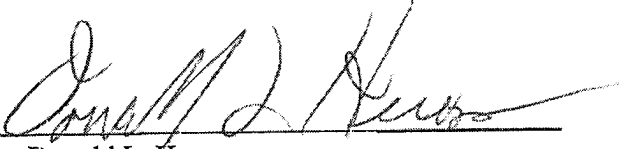
Sincerely,



Jonathan Kayne, Interim Director
Department of General Services

AGREED AND ACCEPTED:

Friendship Public Charter School, Inc.

By: 
Name: Donald L. Hense
Title: Chairman
Date: 4/22/15



Friendship
Public Charter School

**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.



Public Charter School

- 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

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: March 26, 2015

SUBJECT: Fiscal Impact Statement – 4095 Minnesota Avenue, N.E. Woodson
School Lease Amendment Act of 2015

REFERENCE: Draft Bill as shared with the Office of Revenue Analysis on March 20,
2015

Conclusion

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

Background

In 2000, the District leased the Carter G. Woodson School building¹ to Friendship Public Charter School ("Friendship PCS") for twenty years so Friendship PCS can operate it as a non-profit charter school. In 2009,² the lease was amended to add ten years to the lease for a total term of thirty years. Friendship PCS currently pays \$5,250 in monthly rent.

The bill approves a new amendment to the lease that adds ten more years to the lease. If approved the lease term, which began in 2000, would be for forty years, with an option for a twenty-five year renewal.

Financial Plan Impact

¹ Located at 4095 Minnesota Avenue, N.E. and known for tax purposes as Square 5078, Lot 813. The lease was executed through a disposition of the property since it is long term.

² Carter G. Woodson School Lease Disposition Approval Resolution of 2009, enacted February 20, 2009 (Resolution 18-30; 56 DCR 1658).

The Honorable Phil Mendelson

FIS: "4095 Minnesota Avenue, N.E. Woodson School Lease Amendment Act of 2015," Draft Bill as shared with the Office of Revenue Analysis on March 20, 2015

Funds are sufficient in the FY 2015 through FY 2018 budget and financial plan to implement the bill. There are no costs associated with extending the lease through 2040 and Friendship PCS will continue to meet all financial obligations as required by the original lease and any subsequent amendments.

1 **COMMITTEE PRINT - DRAFT**

2 Committee of the Whole

3 July 14, 2015

10 A BILL

12 21-204

15 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

17 _____
18
19
20 To approve the lease of District-owned real property located at 4095 Minnesota Avenue,
21 N.E. in Washington, D.C., known for tax and assessment purposes as Lot 0813 in
22 Square 5078, and commonly known as the Woodson School.

23
24 RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That
25 this act may be cited as the “4095 Minnesota Avenue, N.E. Woodson 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 Friendship Public Charter School, Inc.,
33 (the “Lease”) dated May 1, 2008 for the real property located at 4095 Minnesota Avenue,
34 N.E., known for tax and assessment purposes as Lot 0813 in Square 5078 and commonly
35 known as the Woodson School (the “Property”), to extend the term of the Lease to a

1 period of greater than twenty (20) years; 2) to provide such other terms related to the
2 extension of the Lease and transfer of the Property consistent with the letter of intent
3 approved by both parties to the lease; and 3) to execute any associated transactional
4 documents.

5 Sec. 3. Fiscal impact statement.

6 The Council adopts the fiscal impact statement in the committee report as the
7 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home
8 Rule Act, approved December 24, 1973, (87 Stat. 813; D.C. Official Code § 1-
9 206.02(c)(3)).

10 Sec. 4. Effective date.

11 This act shall take effect following approval by the Mayor (or in the event of veto
12 by the mayor, action by the Council to override the veto), a 30-day period of
13 Congressional review as provided in section 602(c)(1) of the District of Columbia Home
14 Rule Act, approved December 24, 1973, (87 Stat. 813; D.C. Official Code § 1-
15 206.02(c)(1)), and publication in the District of Columbia Register.