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Chairman Phil Mendelson

A PROPOSED RESOLUTION

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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To declare the existence of an emergency with respect to the need to extend the disposition of a District-owned real property located at 500 19th Street N.E. in Washington, D.C., commonly known as the Gibbs School, and known for tax and assessment purposes as Square 4531, Lot 37.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution

may be cited as the "Gibbs School Lease Extension Authorization Emergency Declaration Resolution of 2021".

Sec. 2. (a) There exists an immediate need to extend the lease for the District-owned real property located at 500 19th Street N.E. in Washington, D.C., commonly known as the Gibbs School, and known for tax and assessment purposes as Square 4531, Lot 0037.

(b) In February 2015, the District executed a 20-year lease with the Charter School

Incubator Initiative (CSII) for the District-owned property located at 500 19th Street N.E, Washington, D.C., which is commonly known as the Gibbs School (Square 4531, Lot 37). The CSII is a non-profit corporation that allows new public charter schools in the District an opportunity to incubate in one of its properties until the public charter schools grow and stabilize. CSII identifies and secures property, including obtaining project financing for renovation of the school building. This allows public charter school leaders the opportunity to focus on their educational programs instead of real estate. Often, once the public charter schools reach stabilization, they subsume control over the school building in which they were incubating.

(c) After the District of Columbia Public Schools (DCPS) closed the Gibbs School in 2009, the District declared the property surplus and available for reuse in May 2013. After undergoing the “Request for Offers” (RFO) process, CSII was awarded the Gibbs School in December 2014 and executed a 20-year lease with the District on February 12, 2015.

(d) On the same day that CSII executed it lease with the District for Gibbs, it also executed a sublease with Monument Academy Public Charter School (“Monument”), which is a 5th through 8th grade weekday boarding public charter school. Monument remains there to this day. The school has 128 students enrolled during School Year 2021-2022, and its student population is 100% African American. During School Year 2020-2021, 85% of Monument’s students were designated “at-risk,” 28% of its students were homeless, and 50% of its students had special needs. Monument’s demographics for School Year 2021-2022 are similar to those of School Year 2020-2021.

(e) To renovate and modernize the Gibbs School to meet the needs of Monument, CSII took out approximately $17 million in debt. Such a practice is common because the public schools that CSII generally leases from the District have sat fallow for years and fallen into disrepair. Moreover, in the case of Monument, the Gibbs School had to be renovated to create a dormitory for its students since it’s a boarding public charter school.

(f) CSII expected to be able to amend its existing lease with the District to obtain better lease terms – 25 years with an additional 25-year option, as these are the typical lease terms being included when the District property is a school and its being leased to a public charter school or CSII. Such terms would have then allowed CSII’s debt to be financed long-term with rates and an amortization schedule that would be affordable to both CSII and Monument, which hopes to assume the lease with the District and any outstanding debt that CSII has with regard to that property.

(g) Despite CSII alerting the Executive over two years ago that it would need an extended lease, the Executive failed to undertake the disposition process laid out in D.C. Official Code § 10-801 and did not transmit any permanent legislation to effectuate an extended lease until the week of December 6, 2021. During this two-year period, CSII’s $17 million debt matured on June 30, 2021. While CSII was able to obtain a six-month grace period, that period ends on December 31, 2021. At that point CSII’s lender could call on CSII to pay its outstanding debt. If this were to occur under the current financing terms, CSII would default on the loan.

(g) Notably, this is an amendment or extension to an existing lease and is not a new lease. Moreover, there is no indication that the Gibbs School is needed for any other purpose than as a public charter school.

(h) Additionally, the nature of CSII’s financing for all of the buildings for which it has loans is such that if CSII defaults on one of its loans, it defaults on all of its loans. Thus, if CSII was to default on its Gibbs School loan, this would result in not just 128 students losing their school building, but eight local education agencies and hundreds to thousands of public charter school students losing their school buildings. Further, given Monument’s high percentage of homeless students, losing their school building has even greater stakes for them – they will lose their homes – their safe, stable, and reliable shelter – that they have for five nights of a week. This would be unconscionable, especially since this issue has been prevalent for well over two years. Thus, for all of the enumerated reasons above, an emergency need exists to authorize the Gibbs School’s lease extension to the CSII now and not to wait for the permanent legislation.

Sec. 3. The Council of the District of Columbia determines that the circumstances

enumerated in section 2 constitute emergency circumstances making it necessary that the “Gibbs School Lease Extension Authorization Emergency Act of 2021” be adopted after a single reading.

Sec. 4. This resolution shall take effect immediately.