


Chairman Phil Mendelson

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A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To declare the existence of an emergency with respect to the need to extend the disposition of District-owned real property located at 500 19th Street, N.E. Washington D.C., commonly known as the Gibbs School, and known for real property taxation and assessment purposes as Square 4531, Lot 37 and the extension and disposition of District-owned real property located at 200 Douglas Street, N.E. Washington D.C., commonly known as the Shaed School, and known for real property taxation and assessment purposes as Square 3552, Lot 0816.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the "Gibbs School and Shaed School Leases Extension Authorization Emergency Declaration Resolution of 2021".

Sec. 2. (a) There exists an immediate need to extend the leases 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, and the District-owned real property located at 200 Douglas Street, N.E. Washington D.C., commonly known as the Shaed School, and known for real property taxation and assessment purposes as Square 3552, Lot 0816.

(b) In March 2014, the District executed a 20-year lease with the Shaed School, LLC for the District-owned property located at 200 Douglas Street N.E, Washington, D.C., which is commonly known as the Shaed School (Square 3552, Lot 0816). Additionally, in February 2015, the District executed a 20-year lease with the Charter School Incubator Initiative (CSII) for the District-owned

39 property located at 500 19th Street N.E, Washington, D.C., which is commonly known as the Gibbs
40 School (Square 4531, Lot 37).

41 (c) The Shaed School, LLC is a limited liability corporation formed between Inspired Teaching
42 and CSII. Moreover, CSII is a non-profit corporation that allows new public charter schools in the
43 District an opportunity to incubate in one of its properties until the public charter schools grow and
44 stabilize. CSII identifies and secures property, including obtaining project financing for renovation of
45 the school building. This allows public charter school leaders the opportunity to focus on their
46 educational programs instead of real estate. Often, once the public charter schools reach stabilization,
47 they subsume control over the school building in which they were incubating.

48 (d) After the District of Columbia Public Schools (DCPS) closed the Gibbs School in 2009 and
49 the Shaed School in 2011, the District declared the property surplus and available for reuse in May
50 2013. After undergoing the “Request for Offers” (RFO) process, the Shaed School, LLC was awarded
51 the Shaed School in October 2013 and executed a 20-year lease with the District on March 4, 2014.
52 Additionally, CSII was awarded the Gibbs School in December 2014 and executed a 20-year lease
53 with the District on February 12, 2015.

54 (e) On the same day that the Shaed School, LLC executed its lease with the District for Shaed,
55 it also executed sublease with Inspired Teaching Demonstration Public Charter School (“Inspired
56 Teaching”), which is a Tier 1 pre-K – 8th grade public charter school. Inspired Teaching remains there
57 to this day. The school had 498 students enrolled during School Year 2020-2021, of which 16% were
58 designated “at-risk,” 6% of its students were English Language Learners, and 20% of its students had
59 special needs.

60 (f) Likewise, on the same day CSII executed its lease with the District for Gibbs, it also
61 executed a sublease with Monument Academy Public Charter School (“Monument”), which is a 5th
62 through 8th grade weekday boarding public charter school. Monument remains there to this day. The
63 school has 128 students enrolled during School Year 2021-2022, and its student population is 100%
64 African American. During School Year 2020-2021, 85% of Monument’s students were designated

65 “at-risk,” 28% of its students were homeless, and 50% of its students had special needs. Monument’s
66 demographics for School Year 2021-2022 are similar to those of School Year 2020-2021.

67 (g) To renovate and modernize the Shaed School to meet the needs of Inspired Teaching, the
68 Shaed School, LLC took out \$12.5 million in debt, and to renovate and modernize the Gibbs School
69 to meet the needs of Monument, CSII took out over \$18 million in debt. Such a practice is common
70 because the public schools that CSII generally leases from the District have sat fallow for years and
71 fallen into disrepair. Moreover, in the case of Monument, the Gibbs School had to be renovated to
72 create a dormitory for its students since it’s a boarding public charter school.

73 (h) Both the Shaed School, LLC and CSII expected to be able to amend their existing leases
74 with the District to obtain better lease terms – 25 years with an additional 25-year option, as these
75 are the typical lease terms being included when the District property is a school and its being leased
76 to a public charter school or CSII. Such terms would have then allowed their debt to be financed
77 long-term with rates and an amortization schedule that would be affordable to the Shaed School,
78 LLC, CSII, Inspired Teaching, and Monument, which hope to assume the leases for the Shaed and
79 Gibbs, respectively, with the District and any outstanding debt that remains has with regard to the
80 respective properties.

81 (i) Despite the Shaed School, LLC and CSII alerting the Executive over two years ago that
82 they would need extended leases, the Executive failed to undertake the disposition process laid out in
83 D.C. Official Code § 10-801 and did not transmit any permanent legislation to effectuate an
84 extended lease until the week of December 6, 2021 for either property. During this two-year period,
85 CSII’s \$18 million debt matured on June 30, 2021. While CSII was able to obtain a six-month grace
86 period, that period ends on December 31, 2021. At that point CSII’s lender could call on CSII to pay
87 its outstanding debt. If this were to occur under the current financing terms, CSII would default on
88 the loan. Moreover, the Shaed’s School \$12.5 million debt matured on December 1, 2021.
89 Although Shaed School, LLC has a 15-day cure period, the lender could call on it to pay its
90 outstanding debt. If this were to occur under the current financing terms, the Shaed School, LLC,

91 and specifically CSII, would default on the loan.

92 (g) Notably, these measures would simply maintain the status quo and, on a practical level, is
93 not a new situation. Moreover, there is no indication of any change in circumstance that would
94 suggest that the Gibbs School or the Shaed School is needed for any other purpose than as a public
95 charter school.

96 (h) Additionally, the nature of CSII’s financing for all of the buildings for which it has loans
97 is such that if CSII defaults on one of its loans, it defaults on all of its loans. Thus, if CSII was to
98 default on either the Shaed School or Gibbs School loans, this would result in not just 128 students
99 at Monument and the approximately 500 students at Inspired Teaching losing their school buildings,
100 but eight local education agencies and hundreds to thousands of public charter school students losing
101 their school buildings. Further, given Monument’s high percentage of homeless students, losing
102 their school building has even greater stakes for them – they will lose their homes – their safe, stable,
103 and reliable shelter – that they have for five nights of a week. This would be unconscionable,
104 especially since this issue has been prevalent for well over two years. Thus, for all of the
105 enumerated reasons above, an emergency need exists to authorize the Gibbs School’s and Shaed
106 School’s lease extension to both CSII and Shaed School LLC, respectively, now and not to wait for
107 the permanent legislation.

108 Sec. 3. The Council of the District of Columbia determines that the circumstances
109 enumerated in section 2 constitute emergency circumstances making it necessary that the “Gibbs
110 School and Shaed School Leases Extension Authorization Emergency Act of 2021” be adopted after
111 a single reading.

112 Sec. 4. This resolution shall take effect immediately.