



MURIEL BOWSER
MAYOR

December 06, 2021

The Honorable Phil Mendelson, Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Chairman Mendelson:

Please find enclosed for consideration and approval by the Council of the District of Columbia (the "Council") the "Shaed School Disposition Extension Act of 2021". This Act would authorize the Mayor to extend, by more than 20 years, the term of an existing lease agreement of District-owned real property located at 200 Douglas Street, NE, Washington, D.C., commonly known as the Shaed School, and known for real property taxation and assessment purposes as Square 3552, Lot 0816 (the "Property").

In 2013, the Department of General Services, on behalf of the Mayor, issued a request for offers for the disposal of the Property. As a result, Shaed School, LLC ("Shaed LLC"), a District of Columbia limited liability company (comprised of Charter School Incubator Initiative ("CSII") and Inspired Teaching Demonstration Public Charter School ("Inspired Teaching PCS"), each a District of Columbia non-profit corporation) was awarded a ground lease for the Property for a 20 year term, which was executed on May 21, 2014 (the "Lease"). In accordance with the award requirement to manage and maintain the Property for an authorized public charter school(s), Shaed LLC executed a Sublease Agreement on May 21, 2014 with Inspired Teaching PCS, a Tier 1 charter school that educates over 500 PreK-3 through 8th grade children from all 8 Wards.

Financed through construction debt, Shaed LLC has spent over \$17.5 million for repairs and modernization to the Property. Shaed LLC's current Lease term is scheduled to expire in 2034. This remaining term is not long enough for Shaed LLC to refinance its debt, which is scheduled to mature on December 1, 2021 (subject to notice and cure periods), at rates and maturity levels affordable to Shaed LLC. Shaed LLC has requested an amendment to the Lease to extend the term of the Lease by a total of 36 years, comprised of 11 years of additional initial term and a 25 year extension option. A longer term would ensure that Shaed LLC is able to timely refinance its construction debt on terms that are affordable and sustainable for Shaed LLC and Inspired Teaching PCS.

Without action, Shaed LLC will be unable to timely refinance its debt on terms that are affordable and sustainable for CSII and Inspired Teaching PCS, which risks Inspired Teaching

PCS' continuing operation and mission at the Property and the financial security of Shaed LLC at the Property.

I urge the Council to take prompt and favorable action on the proposed Act. If you have any questions, please contact Keith A. Anderson, Director, Department of General Services, at (202) 727-2800.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser". The signature is fluid and cursive, with a large, prominent "B" at the end.

Muriel Bowser
Mayor

Enclosure



Chairman Phil Mendelson
at the request of the Mayor

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To approve the extension of the 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 816.

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

That this act may be cited as the “Shaed School Disposition Extension Act of 2021”.

Sec. 2. Notwithstanding any other provision of law, including section 1 of 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 section 2209 of the District of Columbia School Reform Act of 1995, approved April 26, 1996 (110 Stat. 1321; D.C. Official Code §38-1802.09), the Council determines that the real property located at 200 Douglas Street, N.E., commonly known as the Shaed School, and known for real property taxation and assessment purposes as Square 3552, Lot 816 (the “Property”), which is currently being leased to Shaed School, LLC, a District of Columbia limited liability company (“Shaed LLC”), is surplus and is no longer required for public purposes, and authorizes the Mayor to amend the terms of Shaed LLC’s lease

35 for the Property by extending the initial term of the lease by 11 years and providing an
36 extension term of 25 years and to execute any ancillary documents related thereto necessary
37 or desirable to effectuate such disposition extension.

38 Sec. 3. Fiscal impact statement.

39 The Council adopts the fiscal impact statement of the Chief Financial Officer as the
40 fiscal impact statement required by section 4a of the General Legislative Procedures Act
41 of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-307.47a).

42 Sec. 4. Effective date.

43 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 Congressional
45 review as provided in section 602(c)(1) of the District of Columbia Home Rule Act,
46 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1), and
47 publication in the District of Columbia Register.


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



Fitzroy Lee
Acting Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Fitzroy Lee
Acting Chief Financial Officer 

DATE: November 18, 2021

SUBJECT: Fiscal Impact Statement – Shaed School Disposition Extension Act of 2021 (and accompanying emergency and temporary versions)

REFERENCE: Draft Introduction as provided to the Office of Revenue Analysis on November 9, 2021

Conclusion

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill.

Background

In May of 2014, the District entered into a twenty-year lease with Shaed School LLC (Shaed) to allow Shaed's exclusive use of the property commonly known as the Shaed School.¹ Shaed is comprised of the Charter School Incubator Initiative and the Inspired Teaching Demonstration Public Charter School, the latter of which is Shaed's subtenant, operating its pre-K through 8th grade public charter school on the site. The bill authorizes the Mayor to amend the lease by extending the lease term until 2046 as well as providing for a renewal, at the tenant's option, of another 25 years. Shaed has spent at least \$17.5 million on construction improvements to the property, and the lease extension is needed to allow Shaed to refinance the initial construction loan.

Financial Plan Impact

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill. The bill has no impact on the budget or financial plan.

¹ 200 Douglas Street, NE, known for tax and assessment purposes as Square 3552, Lot 0816

The Honorable Phil Mendelson

FIS: "Shaed School Disposition Extension Act of 2021" (and accompanying emergency and temporary versions)," Draft Introduction as provided to the Office of Revenue Analysis on November 9, 2021

The bill will allow the Mayor to extend the initial term of the lease from 2034 until 2046 and provide a renewal option for an additional 25 years. The District is currently not receiving any net rent payments under the lease because the lease provides Shaed with rent abatements that will eventually offset Shaed's construction costs at the property. The lease extension will not change these rent provisions, but it will provide that rent due for the optional renewal period will be based on fair market rent pursuant to an appraisal.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



Legal Counsel Division

MEMORANDUM

TO: Ronan Gulstone
Executive Director
Office of Policy and Legislative Affairs

FROM: Brian K. Flowers
Deputy Attorney General
Legal Counsel Division

DATE: November 11, 2021

RE: Shaed School Disposition Extension Approval Emergency, Temporary, and
Permanent Acts of 2021 and an Accompanying Emergency Declaration Resolution

(AE-21-397)

This is to Certify that this Office has reviewed the legislation entitled the “Shaed School Disposition Extension Emergency Act of 2021”, the “Shaed School Disposition Extension Temporary Act of 2021”, the “Shaed School Disposition Extension Act of 2021”, and the “Shaed School Disposition Extension Approval Emergency Declaration Resolution of 2021” (together, the Legislation) and determined that it is legally sufficient. If you have any questions, please do not hesitate to call me at 724-5524.

Brian K. Flowers

Brian K. Flowers