



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 "Gibbs 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 500 19th Street, NE, Washington, D.C., commonly known as the Gibbs School, and known for real property taxation and assessment purposes as Square 4531, Lot 0037 (the "Property").

In 2014, the Office of the Deputy Mayor for Education, on behalf of the Mayor, issued a request for offers for the disposal of the Property. As a result, Charter School Incubator Initiative, a District of Columbia non-profit corporation ("CSII"), was awarded a ground lease for the Property for a 20 year term, which was executed on June 17, 2015 (the "Lease"). In accordance with the award requirement to manage and maintain the Property for an authorized public charter school(s), CSII executed a Use Agreement on July 24, 2015 with Monument Academy Public Charter School, a District of Columbia non-profit corporation ("Monument"). Monument is a weekday boarding middle school whose students include children experiencing homelessness, abuse, neglect, loss and other forms of adversity.

Financed through construction debt, CSII has spent over \$18 million for repairs and modernization to the Property. CSII was able to extend the maturity on this debt to June 2022. However, as a condition to this extension, the lenders required the ability to call the debt in the event CSII does not secure an extension of the Lease term (which is currently scheduled to expire in 2035) by December 31, 2021. If this extension to the Lease term is not timely secured by CSII, the lenders will be able to call the construction financing for repayment which neither CSII nor Monument Academy are able to afford. An extension of the Lease term will not only prevent CSII from defaulting on its construction financing, but will also allow CSII to refinance its debt at rates and maturities affordable and sustainable for CSII and Monument.

Without action, CSII may be required to repay its construction debt before its maturity, and CSII may be unable to timely refinance its construction debt on terms that are affordable and sustainable for CSII and Monument, which risks both Monument's continuing operation and

mission at the Property and the financial security of CSII at the Property and across its portfolio of schools.


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 stylized with a large, circular flourish at the end.

Muriel Bowser  
Mayor

Enclosure

  
Chairman Phil Mendelson  
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To approve the extension of the disposition of District-owned real property located at 500 19<sup>th</sup> 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.

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

That this act may be cited as the "Gibbs 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 500 19<sup>th</sup> Street, N.E., commonly known as the Gibbs School, and known for real property taxation and assessment purposes as Square 4531, Lot 37 (the "Property"), which is currently being leased to Charter School Incubator Initiative ("CSII"), a District of Columbia non-profit corporation, is surplus and is no longer required for public purposes, and authorizes the Mayor to amend the terms of CSII's lease for the Property by extending the initial term of the lease by 11

years and providing an extension term of 25 years, and to execute any ancillary documents related thereto necessary or desirable to effectuate such disposition extension.

Sec. 3. Fiscal impact statement.

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

Sec. 4. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of 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 § 1-206.02(c)(1), and 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 17, 2021

**SUBJECT:** Fiscal Impact Statement – Gibbs 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



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**Conclusion**

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

**Background**

In June of 2015, the District entered into a twenty-year lease with Charter School Incubator Initiative (CSII) to allow CSII's exclusive use of the property commonly known as the Gibbs School.<sup>1</sup> CSII was awarded the lease to operate one or more public charter schools and executed a use agreement with Monument Academy Public Charter School. The bill authorizes the Mayor to amend the lease by extending the lease term for an additional eleven years as well as providing for a renewal, at the tenant's option, of another 25 years. CSII has spent at least \$18 million on construction improvements to the property, and the lease extension is needed to allow CSII to refinance the initial construction loan.

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<sup>1</sup> 500 19<sup>th</sup> Street, NE, known for tax and assessment purposes as Square 4531, Lot 0037.

The Honorable Phil Mendelson

FIS: "Gibbs 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

### **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.

The bill will allow the Mayor to extend the initial term of the lease from 2035 until 2046 and provide a renewal option for an additional 25 years. The District is not receiving any net rent payments under the lease because the lease provides CSII with rent abatements that will eventually offset CSII'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: Gibbs School Disposition Extension Approval Emergency, Temporary, and  
Permanent Acts of 2021 and an Accompanying Emergency Declaration Resolution  
(AE-21-396)

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**This is to Certify that** this Office has reviewed the legislation entitled the “Gibbs School Disposition Extension Emergency Act of 2021”, the “Gibbs School Disposition Extension Temporary Act of 2021”, the “Gibbs School Disposition Extension Act of 2021”, and the “Gibbs 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*

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Brian K. Flowers