

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 a District-owned real property located at 500 19<sup>th</sup> 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 19<sup>th</sup> 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 19<sup>th</sup> 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,

37 once the public charter schools reach stabilization, they subsume control over the school building in  
38 which they were incubating.

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

43 (d) On the same day that CSII executed its lease with the District for Gibbs, it also executed a  
44 sublease with Monument Academy Public Charter School (“Monument”), which is a 5<sup>th</sup> through 8<sup>th</sup>  
45 grade weekday boarding public charter school. Monument remains there to this day. The school has  
46 128 students enrolled during School Year 2021-2022, and its student population is 100% African  
47 American. During School Year 2020-2021, 85% of Monument’s students were designated “at-risk,”  
48 28% of its students were homeless, and 50% of its students had special needs. Monument’s  
49 demographics for School Year 2021-2022 are similar to those of School Year 2020-2021.

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

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

61 (g) Despite CSII alerting the Executive over two years ago that it would need an extended  
62 lease, the Executive failed to undertake the disposition process laid out in D.C. Official Code § 10-

63 801 and did not transmit any permanent legislation to effectuate an extended lease until the week of  
64 December 6, 2021. During this two-year period, CSII’s \$17 million debt matured on June 30, 2021.  
65 While CSII was able to obtain a six-month grace period, that period ends on December 31, 2021. At  
66 that point CSII’s lender could call on CSII to pay its outstanding debt. If this were to occur under  
67 the current financing terms, CSII would default on the loan.

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

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

81 Sec. 3. The Council of the District of Columbia determines that the circumstances  
82 enumerated in section 2 constitute emergency circumstances making it necessary that the “Gibbs  
83 School Lease Extension Authorization Emergency Act of 2021” be adopted after a single reading.

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