BOARD OF TRUSTEES
UNIVERSITY OF THE DISTRICT OF COLUMBIA
UDC RESOLUTION NO. 2014-25

SUBJECT: APPROVAL OF FIRST AMENDMENT TO THE LEASE BETWEEN THE UNIVERSITY AND CHARTER SCHOOL INCUBATOR INITIATIVE

WHEREAS, pursuant to D.C. Official Code 38-1202.06, the Board of Trustees has responsibility to generally determine, control, supervise, manage, and govern all affairs of the University of the District of Columbia; and

WHEREAS, pursuant to 8B CMR 2101.1, the “President of the University, subject to the approval of the Board of Trustees, is authorized and empowered to rent any building or land…under jurisdiction of the President, or any available space therein, whenever such building, land or space is not then required for the purpose for which it was acquired”; and

WHEREAS, the University of the District of Columbia Expansion Act of 2010 grants exclusive use of the Patricia R. Harris Educational Center School building and site to the University to expand upon its collegiate mission and Workforce Development programs; and

WHEREAS, the University entered into a lease with the Charter School Incubator Initiative (“CSII”) on September 1, 2012 to permit CSII to renovate and occupy approximately 53,280 square feet of space to be used by the National Collegiate Preparatory Public Charter School and Ingenuity Prep Public Charter School (“Prep”); and

WHEREAS, student enrollment at Ingenuity Prep is increasing and CSII requires additional classroom space (approximately 12,000 square feet) to accommodate the growth; and

WHEREAS, Tenant has requested an amendment to the current lease that includes the following terms:

- Space: The expanded premises will consist of four (4) classrooms that are contiguous to the existing charter school Leased Premises (as defined in the Lease) and is approximately 12,000 square feet (“Expansion Premises”);

- Rent: Tenant will pay $144,000 per year, or $12 per square foot in base rent, plus approximately $25,000 in utilities reimbursements, or $2.11 per square foot, totaling approximately $169,000 per year for the Expansion Premises. Rent credits will not apply to the Expansion Premises.
• **Term:** Tenant will reduce the total term of the lease from its current twenty-five (25) year term to a total twenty (20) year term, covering the Leased Premises and Expansion Premises.

**NOW THEREFORE, BE IT RESOLVED,** that the Board approves the proposed First Amendment to the Lease and authorizes the President to take all necessary actions to finalize and execute the lease amendment.

Submitted by the Facilities Committee June 3, 2014

Approved by the Board of Trustees June 10, 2014

Elaine A. Crider
Chairperson of the Board
Office of the Vice President for Real Estate,
Facilities Management and Public Safety

May 22, 2014

Christopher Bell
Chairperson
Facilities Committee /  
Board of Trustees
University of the District of Columbia

Trustee Bell,

The following information is intended to provide the Facilities Committee as well as the
Board of Trustees information on a proposed amendment to the existing lease between the University of
the District of Columbia & Building Hope for space at the PR Harris Educational Center. The current
lease was approved by the Board of Trustees in July of 2012. The amendment will make three
modifications to that agreement. 1.) The term is reduced from twenty-five (25) to twenty (20) years; 2.)
The occupied space is increased by approximately twelve thousand (12,000) square feet; and 3.) The
rental rate for the expanded space is increased to $14.11 per square foot. It is anticipated this amendment
will result in increasing the revenue associated with this agreement by $169,320 annually. Feel free to
contact my office should you need any additional information regarding this matter.

Respectfully,
Barbara Jumper
Vice President for
Real Estate, Facilities Management
and Public Safety
FISCAL IMPACT STATEMENT

TO: The Board of Trustees
FROM: Office of the Chief Financial Officer (UDC)
DATE: May 27, 2014
SUBJECT: Proposed Lease Amendment for P.R. Harris Educational Center

Conclusion

The Office of the Chief Financial Officer of the District of Columbia (UDC) has projected that this agreement provides an additional source of revenue for space that wasn’t generating any revenue. The revenue generated exceeds the cost of maintaining the space. We don’t anticipate any other risks at this time.

Background

The proposed resolution is to approve a lease amendment between the University of the District of Columbia (University or Landlord), and Building Hope/ Charter School Incubator Initiative ("Building Hope" or "Tenant") for space located at P. R. Harris Educational Center. This amendment will provide rental income and operating cost reimbursement to the University for additional space to be added to the current leased premises.

The University and the Tenant entered into a lease in September 2012, whereby the University leased approximately 52,000 square feet of space to Tenant for the exclusive educational purpose of operating charter schools for a twenty-five (25) year term. The charter schools operating within the leased premises are National Collegiate Preparatory Public Charter High School ("NCP") and Ingenuity Prep Public Charter School ("Ingenuity Prep"). For the 2014 school year, Ingenuity Prep's increased enrollment has resulted in the need for the Tenant to add four (4) additional classrooms to its existing leased premises.

Financial Impact

Lease Amendment
This proposed First Amendment to the Lease consists of the following key terms:
• **Term:** Tenant agrees to restate the term of the Lease Agreement from twenty-five (25) years beginning September 11, 2012 (as approved) to a total duration of twenty (20) years. Therefore, this proposed first Amendment will be effective for the remaining 18 years of the revised term (September 2014 to September 2032).

• **Space:** The proposed Expansion Premises will consist of approximately 12,000 square feet located on the third floor, contiguous to the current Leased Premises of Tenant;

• **Rent & Utilities, Insurance:** The annual base rent for the Expansion Premises shall be $12.00 per square foot (ie, $144,000.00) on a triple-net basis commencing on September 2, 2014 through September 2, 2032 as amended by this first amendment.

**Utility Cost Reimbursements.** All standard costs for utilities (ie, water, sewer, electricity, and air conditioning) will be paid by the Tenant for the Expansion Premises. Based on reimbursements totaling approximately $110,000.00 to the University in 2013 for utilities expenses related to the Leased Premises, or $2.11 per square foot, estimated utility reimbursements for the Expansion Premises is approximately $25,000 per year.

The table below summarizes the Total Revenue resulting under this proposed lease to total approximately $169,000 annually.

<table>
<thead>
<tr>
<th>Annual Projected Revenue</th>
<th>Square Fee</th>
<th>Annual Payment</th>
<th>Revenue Per Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent for Expansion Premises</td>
<td>12,000</td>
<td>$144,000</td>
<td>$12.00</td>
</tr>
<tr>
<td>Utility Reimbursements</td>
<td>12,000</td>
<td>$25,230</td>
<td>$2.11</td>
</tr>
<tr>
<td>Total</td>
<td>12,000</td>
<td>$169,320</td>
<td>$14.11</td>
</tr>
</tbody>
</table>

**Risks and Mitigation**
The proposed First Amendment to the existing lease between the University and Tenant will not impose any new risks.