

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF GENERAL SERVICES



May 13, 2021

Charter School Incubator Initiative
910 17th Street, NW Suite 1100
Washington, DC 20006
Attn: Ornella Napolitano, Treasurer and Chief Financial Officer

Re: Letter of Intent for an amendment to the lease of premises at 500 19th Street NE, Washington, D.C., commonly known as “Gibbs School”

Dear Ms. Napolitano:

The Department of General Services, on behalf of the District of Columbia, presents this letter of intent (this “**LOI**”) to the Charter School Incubator Initiative for an amendment to the Ground Lease Agreement between Landlord and Tenant with a Lease Commencement Date of June 17, 2015 (the “**Lease**”; any capitalized term used but not defined herein shall have the meaning given to such term in the Lease), for certain premises located at 500 19th Street NE Washington, D.C., commonly known as “Gibbs School”. Outlined below are the principal terms and conditions that would serve as the basis for the amendment, which shall be on Landlord’s standard form (the “**Amendment**”).

INITIAL TERM

The Lease term shall be amended to provide for an initial term of twenty-five (25) years from the date the Amendment is executed and delivered by the parties (the “**Amendment Effective Date**”; and such term, the “**Initial Term**”, and as may be extended below, the “**Term**”).

OPTION TO EXTEND

Tenant shall have one (1) option to extend the Initial Term for a twenty-five (25) year period (the “**Option Term**”), which option may be exercised by Tenant upon 12 months’ prior written notice to Landlord, provided Tenant is not then in default under the Lease, as amended, beyond any applicable notice and cure periods at the time of such exercise. Annual Base Rent for the Option Term shall be adjusted to fair market value pursuant to an appraisal method to be set forth in the Amendment. On

the first anniversary of the first day of the Option Term and on each anniversary thereafter during the Option Term, the then current Annual Base Rent shall be increased by 2%.

ANNUAL BASE RENT; RENT ABATEMENT

The provisions of the Lease regarding the Annual Base Rent (including the 2% annual escalations) shall remain in effect through the Initial Term.

The parties acknowledge and agree that Tenant is currently entitled to a Rent Abatement under the Lease. The Amendment shall set forth the Rent Abatement amount as well as an exhibit setting forth an Annual Base Rent schedule reflecting the Rent Abatement. For the avoidance of doubt, Annual Base Rent shall (a) continue to be subject to adjustment and credit as provided in the Lease, and (b) be subject to adjustment and credit during the Initial Term and, if applicable, the Option Term.

ALTERATIONS IN COMPLIANCE WITH LAWS

Pursuant to the terms of the Lease, Tenant is obligated, at Tenant's sole cost and expense, to comply with all laws affecting the Premises or the use thereof, including the making of any alterations to the Premises required by laws. For the avoidance of doubt, in compliance with the foregoing, Tenant shall, at its sole cost and expense, cause the Premises to comply with any applicable requirements under D.C. Official Code Section 8-1772.21 *et seq.* and any regulations promulgated thereunder. In addition, Tenant shall comply with the provisions of D.C. Official Code Section 6-1451.02 and any regulations promulgated thereunder if applicable to Tenant or shall cooperate with, and provide any information regarding the Premises requested by, Landlord in connection with such Section and regulations (which cooperation may include Tenant reporting energy performance and utilities information directly to the District Department of Energy and Environment).

LEASEHOLD MORTGAGE APPROVAL

Each Leasehold Mortgagee shall be a consenting party to the Amendment. Tenant shall be required to obtain such consents.

ANTI-DEFICIENCY

The following limitations exist as to each and every purported obligation of Landlord set forth in the Lease or the Amendment, whether or not expressly conditioned:

The obligations of Landlord to fulfill any financial obligation pursuant to the Lease, as amended, or any subsequent agreement entered into pursuant to the Lease, as amended, to which Landlord is a party (an "**Other Agreement**"; together with the Lease and the Amendment, "**Any Agreement**"), or referenced in Any Agreement, are and shall remain subject to the provisions of (a) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341-1351 and 1511-1519 (2004), and D.C. Official Code §§ 1-206.03(e) and 47-105 (2012 Repl.); (b) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 *et seq.* (2012 Repl. and 2014 Supp.) ((a) and (b) collectively, the "**Anti-Deficiency Acts**"); and (c) § 446 of the District of Columbia Home Rule

Act, D.C. Official Code § 1-204.46 (2012 Repl.), as each may be amended from time to time and each to the extent applicable to Any Agreement. Pursuant to the Anti-Deficiency Acts, nothing in the Lease, as amended, shall create an obligation of Landlord in anticipation of an appropriation by the United States Congress (“**Congress**”) for such purpose, and Landlord’s legal liability for the payment of any financial obligation, including but not limited to any Annual Rental or Additional Rent, under any Agreement shall not arise or obtain in advance of the lawful availability of appropriated funds for the applicable fiscal year as approved by Congress and the District of Columbia (references in this Section to “District of Columbia” shall mean the District of Columbia as a sovereign entity, and not as a landlord under the Lease, as amended). Tenant confirms that it has read and familiarized itself with the Anti-Deficiency Acts and has full knowledge of such laws and the impact on Landlord’s financial obligations hereunder.

If no appropriation is made by the District of Columbia or Congress to pay any financial obligation under Any Agreement for any period after the District of Columbia fiscal year for which appropriations have been made, and in the event appropriated funds for such purposes are not otherwise lawfully available, Landlord shall not be liable to make any payment under Any Agreement upon the expiration of any then-existing appropriation.

Notwithstanding the foregoing, no officer, employee, director, member or other natural person or agent of the District of Columbia shall have any personal liability in connection with a breach of the provisions of this Section or in the event of a default by Landlord under Any Agreement.

Neither the Lease, as amended, nor any Other Agreement shall constitute an indebtedness of the District of Columbia nor shall it constitute an obligation for which the District of Columbia is obligated to levy or pledge any form of taxation or for which the District of Columbia has levied or pledged any form of taxation.

No agent, employee, contractor or officer of Landlord is authorized to obligate or expend any amount under Any Agreement unless such amount has been appropriated by act of Congress and is lawfully available.

AUTHORITY

Execution of the Amendment will be subject to authorization by the Council of the District of Columbia pursuant to D.C. Official Code § 10-801 (2001), as may be amended from time to time, or pursuant to legislation (“**Council Approval**”).

COUNTERPARTS

This LOI may be executed in electronically multiple counterparts and delivered by e-mail .pdf transmission, each of which shall be deemed an original and all of which together shall constitute one and the same document.

NON-BINDING PROVISIONS

Notwithstanding any provision of this LOI to the contrary, this LOI constitutes a general, non-binding letter of intent and is not intended to, and does not, create a legal, binding commitment or obligation on the part of Tenant or Landlord or any of their affiliates to pursue the transaction contemplated by this LOI or any other transaction. Each of Tenant and Landlord understand and agree that neither of them is or shall be legally bound to the other by reason of this LOI, nor shall any rights, liabilities or obligations (including the obligation to negotiate in good faith) arise as a result of this LOI or any other written or oral communications between Tenant and Landlord, whether directly or through a broker. It is further understood that the only agreement binding upon Tenant and Landlord would be the Lease and, upon prior Council Approval, the Amendment.

[SIGNATURE PAGE TO FOLLOW]

If the terms and conditions set forth in this LOI are acceptable to you, please sign and date below and return one (1) original to my office.

Sincerely,

DISTRICT OF COLUMBIA,
a municipal corporation,
acting by and through its Department of General Services

eSigned via SeamlessDocs.com
Tiwana Hicks
Key: 33ae394d12c8a7b1652396db9e31f70

By: _____
Name: Tiwana Hicks
Title: Interim Associate Director, Portfolio Management Division,
District of Columbia Department of General Service

APPROVED:

eSigned via SeamlessDocs.com
Keith A Anderson
Key: 4847441ab434c8e29d7d858d07335553

By: _____
Name: Keith A. Anderson
Title: Director, District of Columbia Department of General Services

AGREED AND ACCEPTED:

CHARTER SCHOOL INCUBATOR INITIATIVE,
a District of Columbia non-profit corporation

By: _____
Name: _____
Title: _____
Date: _____