



**Office of Real Estate, Facilities Management, and Public Safety**

October 16, 2015

Mr. Ronald Mason  
President  
University of the District of Columbia  
4200 Connecticut Avenue NW  
Washington, DC 20008

Pres. Mason:

I am writing to request your approval to submit the following proposed lease agreement and supporting documents to the Operations Committee of the Board of Trustees on October 28, 2015.

Shadd has been one of the critical locations for the University's Workforce Development programs. A new agreement is necessary since the District recently entered into a long term agreement with 5601 East Capitol, LLC, which now serves as landlord to the University (tenant). See the key terms of the proposed Use Agreement between the University and 5601 East Capitol, LLC below:

**Space:** Approximately 13,200 square feet, contiguous, on the second floor at Shadd to be used for Workforce Development programs, including classrooms, welcome area, and two rooms for administrative functions.

**Term:** Five (5) lease year term, effective from October 1, 2014 through ending June 30, 2019.

**Usage Fee (i.e. Rent):** University pays \$70,000 (or \$5.30 per square foot) for the first lease year (FY 2015), then will pay \$160,000 (or \$12.12 per square foot) for each lease year thereafter until the end of the term. There is no annual rate increase or escalation.

**Full Service Use Agreement (excluding Security Costs):** The above Usage Fee covers all rent, utilities, maintenance and repairs, trash removal, pest control. The Usage Fee does not include the cost of security service for the area that the University will occupy. The cost for security will be included in the Fiscal Impact Statement.

My office is prepared to respond to questions from the Board regarding lease negotiations, our ability to achieve terms favorable to the University. Thank you, in advance, for taking the time to review this request.

Respectfully,

Erik L. Thompson  
Acting Vice President for Real Estate,  
Facilities Management & Public Safety

**BOARD OF TRUSTEES  
UNIVERSITY OF THE DISTRICT OF COLUMBIA  
UDC RESOLUTION NO. 2015-\_\_\_\_\_**

**SUBJECT: APPROVAL OF SHADD LEASE AGREEMENT BETWEEN  
THE UNIVERSITY AND 5601 EAST CAPITOL, LLC**

**WHEREAS**, pursuant to 8B DCMR §2100.1, the President of the University, subject to Board approval, is authorized to enter into real estate lease agreements with any person, partnership, or other entity; and

**WHEREAS**, the District of Columbia, through the Department of General Services (“DGS”), entered into a Ground Lease Agreement, as landlord, with 5601 East Capitol LLC, as tenant, leasing that certain building containing approximately 72,100 square feet located at 5601 East Capitol St, S.E., Washington, DC 20019 (the “Property”) ; and

**WHEREAS**, certain workforce development programs of the University have been operating at the Property in recent years under an agreement with DGS, and the University desires to continue operating workforce development programs at the Property under a sub-leasing arrangement with 5601 East Capitol, LLC, as Grantor (herein, “Landlord”), and the University, as Grantee (herein, “Tenant”); and

**WHEREAS**, the University proposes to lease approximately 13,200 square feet of space for classroom, administration and supportive uses at the Property; and

**WHEREAS**, the proposed use agreement includes the following key terms:

- **Space**: The UDC Premises (as defined in the Agreement) will consist of approximately 13,200 square feet on the second floor of the Property for all University programs and related uses;
- **Usage Fee (i.e., rent)**: The University as Tenant will pay \$70,000 for FY 2015, the first lease year, then shall pay \$160,000 per year for fiscal years 2016 through 2019, or \$12 per square foot.
- The Usage Fee is inclusive of all costs for rent, utilities (gas, water, electricity, and trash removal), building engineering, maintenance and repairs, snow removal, pest control. The Usage Fee does not cover the costs for security service.
- **Term**: Five (5) years, beginning October 1, 2014 to June 30, 2019.

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

Submitted by the \_\_\_\_\_

October \_\_, 2015

Approved by the Board of Trustees

\_\_\_\_\_  
Chairperson of the Board

\_\_\_\_\_  
Date



Office of the Chief Financial Officer

Donald L. Rickford  
Chief Financial Officer

## FISCAL IMPACT STATEMENT

**TO:** The Board of Trustees

**FROM:** Office of the Chief Financial Officer (UDC) *DJR*

**DATE:** October 16, 2015

**SUBJECT:** Leasehold Agreement Between 5601 East Capitol, LLC & UDC

---

### Conclusion

It is concluded that there are sufficient funds available in the FY2016 operating budget for Facilities Management to fund the full service agreement between 5601 East Capitol and the University of the District of Columbia (UDC) in the sum of \$250,000. The agreement is for a five year period that extends from 10/1/14 through 9/30/19. The annual charge comprises an annual usage fee of \$160,000 and security costs of \$90,000, respectively. Funding for the usage fee and security over the remaining periods from 10/1/16 thru 09/30/19 will be dependent upon the availability of funds.

### Background

The University of the District of Columbia entered into a full service leasehold arrangement over a five year period beginning 10/1/2014. The agreement calls for 5601 East Capitol, LLC to lease 13,200 square feet of space under a full service use agreement, excluding security costs. The annual usage fee for FY2016 is \$160,000 whereas security costs are estimated at \$90,000 annually. The usage fees covers rent, utilities, building engineering, maintenance and repairs, nightly cleaning, annual maintenance, landscape maintenance, snow removal, monthly security monitoring and pest control.

### Financial Impact

The OCFO has concluded that there are sufficient funds available in Facilities Management's operating budget in FY2016 to fund the underlying costs associated leasehold agreement between 5601 East Capitol, LLC and UDC in the sum of \$250,000. We do not anticipate any risks as this time.