



FILED
OFFICE OF THE
CITY CLERK
FEB 26 2013

VINCENT C. GRAY
MAYOR

FEB 26 2013

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration and approval by the Council, pursuant to authority conferred by D.C. Official Code §10-801, is the *Slowe School Disposition Approval Resolution of 2013 and the Slowe School Surplus Declaration Resolution of 2013*. The Resolutions authorize the Department of General Services to enter into a ground lease for real estate located at 1404 Jackson Street, NE also known as 3115 14th Street, NE in Washington, D.C, most commonly known as the Slowe School and more specifically designated for tax and assessment purposes as Square 3960 in Lot 0806 (the "Property").

The Slowe School, built in approximately 1948, with additional construction in 1951, 1966 and 1967, is located in Ward 5, in the Brookland neighborhood in Northeast DC. The land area of the Property is estimated to be roughly 89,489 square feet. The Property is improved with a two buildings that are connected by a corridor consisting of approximately 54,500 square feet of gross building area. The Property's overall condition is between fair and average. Many of the mechanical systems including the HVAC system are in need of repair.

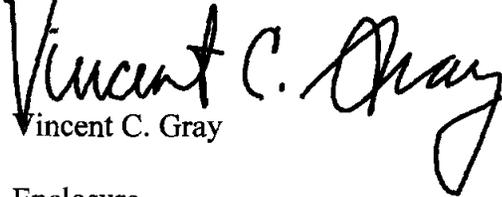
The Property previously housed a DCPS public school. On September 1, 2007 the District entered into a collaboration agreement with Mary McLeod Bethune Public Charter School (the "**Proposed Lessee**") for shared use of the Property. In 2008, DCPS decided to close the public school portion of the Property. Once DCPS vacated the building the Proposed Lessee remained as the sole occupant of the Property. The Proposed Lessee has operated in the Property until today.

In response to a competitive solicitation, Mary McLeod Bethune Public Charter School, a non-profit District of Columbia corporation ("Mary McLeod Bethune"), was selected as the tenant for the Property because of their proven academic excellence and its long standing commitment to providing outstanding educational opportunities to District students. Mary McLeod Bethune Day is a tuition-free chartered public school serving District of Columbia students from Prekindergarten through Grade 8. Mary

McLeod Bethune offers the best in language immersion education. Its small community setting offers a 1:10 teacher to student ratio where students receive an education tailored to their styles of learning

I urge the Council to take prompt and favorable action on these proposed resolutions. If you have any questions, please contact Brian Hanlon, Interim Director of DGS, at (202) 724-4400.

Sincerely,


Vincent C. Gray

Enclosure


Chairman Phil Mendelson
at the request of the Mayor

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6 A PROPOSED RESOLUTION
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11 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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16 Chairman Phil Mendelson, at the request of the Mayor, introduced the following
17 resolution, which was referred to the Committee on _____.
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19

20 To approve the disposition of District-owned real property located at 1404 Jackson
21 Street, N.E., also known as 3115 14th Street, N.E., most commonly known as the
22 Slowe School, and more specifically designated for tax and assessment purposes
23 as Square 3960 in Lot 0806.
24

25 RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That
26 this resolution may be cited as the “Slowe School Disposition Approval Resolution of
27 2013”.

28 Sec. 2. Definitions.

29 For the purposes of this resolution, the term:

30 (1) “CBE Agreement” means an agreement with the District governing
31 certain obligations of the Lessee or the developer of the Property under the Small, Local,
32 and Disadvantaged Business Enterprise Development and Assistance Act of 2005,
33 effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*)
34 (“CBE Act”), including the equity and development participation requirements set forth
35 in section 2349a of the CBE Act (D.C. Official Code § 2-218.49a).

36 (2) "Certified business enterprise" means a business enterprise or joint
37 venture certified pursuant to the CBE Act.

38 (3) "First Source Agreement" means an agreement with the District
39 governing certain obligations of the Lessee or any developer of the Property pursuant to
40 section 4 of the First Source Employment Agreement Act of 1984, effective June 29,
41 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.03), and Mayor's Order 83-265
42 (November 9, 1983), regarding job creation and employment generated as a result of the
43 construction on the Property.

44 (4) "Lessee" means Mary McLeod Bethune Public Charter School, a
45 District of Columbia non-profit corporation or its successor.

46 (5) "Property" means the real property located at 1404 Jackson Street,
47 N.E., also known as 3115 14th Street, N.E., most commonly known as the Slowe School,
48 and more specifically designated for tax and assessment purposes as Square 3960 in Lot
49 0806.

50 Sec. 3. Approval of disposition.

51 (a) Pursuant to section 1(b) and (b-1) of an Act Authorizing the sale of certain
52 real estate in the District of Columbia no longer required for public purposes, approved
53 August 5, 1939 (53 Stat. 1211; D.C. Official Code §10-801(b) and (b-1)) ("Act"), the
54 Mayor transmitted to the Council a request for the Council to authorize a lease of the
55 Property to the Lessee.

56 (b) The proposed disposition would occur through a negotiated ground lease
57 of greater than 20 years to the Lessee, whose primary address is 1404 Jackson Street,
58 N.E., Washington, D.C. 20017.

59 (c) The Lessee was chosen as the successful respondent to a competitive
60 solicitation issued by the District on September 25, 2008.

61 (d) The proposed disposition is expected to include the following terms and
62 conditions, in addition to such other terms and conditions as the Mayor deems necessary
63 or appropriate:

64 (1) The Lessee shall redevelop the Property in accordance with plans
65 approved by the District and shall use the Property primarily as a charter school and
66 educational facility.

67 (2) The Lessee shall enter into a CBE Agreement with the District.
68 The CBE Agreement will require the Lessee to contract with certified business
69 enterprises for at least 35% of the contract dollar volume of the redevelopment of the
70 Property, if any, and if possible, shall require at least 20% equity and development
71 participation of certified business enterprises.

72 (3) The Lessee will enter into a First Source Agreement with the
73 District.

74 (e) The Council finds that the Property is not required for public purposes.

75 (f) The Council finds that the Mayor's analysis of economic and other policy
76 factors supporting the disposition of the Property justifies the lease proposed by the
77 Mayor.

78 (g) All documents submitted with this resolution shall be consistent with the
79 executed term sheet transmitted to the Council pursuant to section 1(b-1)(2) of the Act
80 (D.C. Official Code §10-801 (b-1)(2)).

81 (h) The Council approves the disposition of the Property.

82 Sec. 4. Transmittal.

83 The Secretary to the Council shall transmit a copy of this resolution, upon its
84 adoption, to the Office of the Mayor, the Department of General Services, and the Office
85 of the Chief Financial Officer.

86 Sec. 5. Fiscal impact statement.

87 The Council adopts the fiscal impact statement in the committee report as the
88 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home
89 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
90 206.02(c)(3)).

91 Sec. 6. Effective date.

92 This resolution shall take effect immediately.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



Legal Counsel Division

MEMORANDUM

TO: Lolita S. Alston
Director
Office of Legislative Support

FROM: Janet M. Robins
Deputy Attorney General
Legal Counsel Division

DATE: November 19, 2012

SUBJECT: Slowe School Disposition Approval Resolution of 2012
(AE-12-905)

This is to Certify that this Office has reviewed the subject legislation, as well as an accompanying declaration resolution, and found them to be legally unobjectionable. If you have any questions, please do not hesitate to call me at 724-5524.


Janet M. Robins

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Philip H. Mendelson
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: November 20, 2012

SUBJECT: Fiscal Impact Statement - "Slowe School Disposition Approval Resolution of 2012"

REFERENCE: Draft resolution shared with the Office of Revenue Analysis on November 19, 2012

Conclusion

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the provisions of the proposed resolution.

The proposed disposition of this property would reduce District real property assets by approximately \$8,816,890.¹ Since assets are not included in the budget and financial plan, the disposition of the property through a long term lease will have no direct fiscal impact on the District's budget and financial plan.

Background

The proposed resolution would dispose of the Lucy D. Slowe School, located at 3115 14th Street, NE, (Lot 806 in Square 3960), to the Mary McLeod Bethune Public Charter School ("the Lessee") through a 20-year negotiated ground lease that will require the property to be used for educational purposes.²

The proposed resolution also lists some other requirements that the Mayor may choose to impose on the Lessee. These include redeveloping the property in accordance with plans approved by the

¹ FY 2013 Proposed Tax Assessed Value according to OTR's Real Property Tax Database, accessed November 19, 2012. <https://www.taxpayerservicecenter.com>

² Lessee was chosen as the successful respondent to a competitive solicitation issued by the District on September 25, 2008.

The Honorable Philip H. Mendelson

FIS: "Slowe School Disposition Approval Resolution of 2012," Draft resolution shared with the Office of Revenue Analysis on November 19, 2012

District, utilizing District's certified business enterprises for at least 35 percent of the contract dollar volume of the redevelopment, and entering into a First Source Agreement with the District.

Financial Plan Impact

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the provisions of the proposed resolution. Disposing of the property reduces the value of the District's assets, but does not impact the District's budget and financial plan.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF GENERAL SERVICES**



ECONOMIC ANALYSIS

Project Name: The Slowe School
Property Description: 1404 Jackson Street, NE also known as 3115 14th Street, NE in Washington, D.C., known for tax and assessment purposes as Square 3960 in Lot 0806 (the “Property”)
Size of Property: Land Area – 89,489 square feet
Building Area – 54,500 square feet
Assessed Value: \$8,816,890 (2013 land & improvements)
Zoning of Property: R-1-B
Ward: 5

Introduction

This analysis of economic factors is hereby submitted to the Council for the District of Columbia for the proposed disposition of the Slowe School, located at 1401 Jackson Street, NE and known for tax and assessment purposes as Square 3960 Lot 0806 (the “Property”).

The Slowe School (the “Property”) is a closed DC public school. The Property consists of 56,028 square feet of building and 89,489 square feet of land space. The Property is a single tax parcel of R-1-B zoned land.

The Property has not been used by DC Public Schools (DCPS) since 2008. The Property was closed by DCPS because of low enrollment. Prior to closing, DCPS created a collaboration agreement with Mary McLeod Bethune Public Charter School to share the Property. Once DCPS decided to close the public school portion of the Property Mary McLeod Bethune, PCS remained in the Property as the sole occupant. Mary McLeod Bethune, PCS has operated in the Property from 2007 until today.

Consistent with the Landrieu Act, the DC Department of Real Estate Services (now the Department of General Services (DGS)) maximized competition for reuse of the Property by issuing a competitive solicitation on September 25, 2008. The DRES Request for Offers (RFO) invited all eligible applicants pursuant to D.C. Official Code § 38-1802.09 (2007 Supp.) to submit a proposal for the reuse of the Slowe School. The selection criteria emphasized project vision, school performance and financial capacity. The selection process consisted of a panel that included the Deputy Mayor for Education (DME), DGS, and a site visit to each proposed charter school. There were no offers submitted on the Slowe School and the solicitation was closed.

Subsequent to the DRES RFO, the Deputy Mayor for Planning and Economic Development (“DMPED”) issued a solicitation on the Slowe School. The evaluation panel for the DMPED solicitation included DME. MMB was the only offeror and was awarded the building through that process. DMPED then requested that DGS negotiate the lease with MMB as the awardee.

The Property is zoned R-1-B, which permits matter-of-right development of single-family residential uses for detached dwellings with a minimum lot width of 50 feet for residential, churches, and public recreation and community centers and 120 feet for schools, a minimum lot area of 5,000 square feet for residential, churches, and public recreation and community centers and 15,000 square feet for schools, a maximum lot occupancy of 60% for a church or public school use, 20% for public recreation and community centers, and 40% for all other structures; and a maximum height of three (3) stories/forty (40) feet (60 feet for churches and schools and 45 feet for public recreation and community centers). Rear yard requirements are twenty-five (25) feet, side yard requirements are eight (8) feet.

Method of Disposition

The proposed disposition is a ground lease for a term of twenty-five (25) years, with a twenty-five (25) year renewal option. This term directly adheres to the requirements of the Landrieu Act. The base rent of the proposed lease shall be at a rate of \$14.00 per rentable square foot (annual base rent \$784,393) of the Slowe School building, escalated at a 2% annual rate. This represents “**Fair Market Value**” as determined in accordance with an appraisal performed as required by the Landrieu Act. The proposed lease transaction also includes a landlord concession for operating expenses of a charter school, in the amount of \$10.00 per rentable square foot of the Building. Additionally, for each one million dollars (\$1,000,000.00) that MMB spends in construction costs for approved capital alterations to the Premises during the term of the lease, MMB shall be entitled to twelve (12) consecutive calendar months of abatement to the annual base rent. In no event, however, shall the abatement be more than one hundred eighty (180) months during the term of the lease. This method of disposition arises out of the terms negotiated with MMB.

Under this lease agreement MMB will be required to execute and deliver to the District a First Source Agreement with the Department of Employment Services and a CBE Agreement with the Department of Small, Local and Disadvantaged Business Enterprise. MMB agrees to be bound by and perform in all material respects in accordance with such First Source Agreement and CBE Agreement.

The long-term ground lease was selected as the proposed disposition method and is the most beneficial method of disposition for the District because: 1) it allows the District to retain ownership of the Property while shifting all responsibility for maintenance, operations and capital repairs to the Proposed Lessee; and 2) it permits the District to impose restrictions on use and development and most expeditiously regain possession of the Property in the event of non-compliance. Other disposition methods, including

transferring title, would not provide these benefits because the District would not retain any legal interest in the Property.

Economic and Social Benefits to be Realized through Disposition

Several economic and social benefits will be realized through this proposed ground lease. The first economic factor is that there is no District use for the site. The Slowe School is surplus to the District. The District has not used the Property as a District of Columbia traditional public school since 2008. Since that time no other agency use has been identified for the building.

The first economic benefit is the defrayed cost to District of renovating the Slowe School. MMB will redevelop and redesign the Property. The proposed redevelopment of the Property will renovate and maintain the entire site.

In addition to defraying the cost of renovation, the District will also recognize a savings in the current operating and utility costs of the Slowe School. In 2012, \$122,971 was budgeted for Slowe School utilities and operating costs. The budgeted 2013 costs for the Slowe School is \$156,308. If the Proposed transaction is approved, this will be a direct cost savings to the District.

MMB will redevelop the site without District funds, while simultaneously adhering to the Green Building, First Source and CBE requirements. In addition to defraying the cost of renovating the Slowe School, this ground lease will allow the District to receive a savings from the current maintenance and utility costs of the Property. In 2012, \$122,971 was budgeted for Slowe School utilities and operating costs. The budgeted 2013 costs for the Slowe School is \$156,308. Through this transaction the District will be able to save these funds going forward.

MMB at the Slowe School will serve approximately 350 students in grades preschool to the 8th grade. MMB's educational program includes a "whole child" development program with a 10:1 student to teacher ratio. All students in grades preschool through eighth (8th) grade receive problem based instruction, foreign language instruction, music, art, health and physical education. Additionally, Mary McLeod Bethune intends to add an International Baccalaureate Program at the property in 2013.

In conclusion, the decision to ground lease the Property to MMB was predicated on the following economic considerations: (1) The Property is surplus; (2) a ground lease of the Property provides the most economic benefit and flexibility to the District; (3) the inefficiency and cost to renovate the Property; (4) modern design and restoration of the Property at no cost to the District. The District has determined that the highest and best use for the Property is to preserve its historic integrity and to use the Property as a public charter school servicing the District early education, grade and middle school populations.

Conclusion

In forwarding this Analysis of Economic Factors to the Council, the Mayor has concluded that: 1) the subject property is surplus to the needs of the District government, 2) the ground lease of the subject property is in the best interests of the District of Columbia, and 3) the specific economic and social benefits of the lease outweigh the benefits of retaining this property in the District's inventory. For all these reasons, the Mayor recommends the disposition of this property in accordance with the terms of the Letter of Intent submitted herewith.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF GENERAL SERVICES



January 6, 2012

Dr. Linda McKay, Executive Director
Mary McLeod Bethune Day Academy Public Charter School
1404 Jackson Street, NE
Washington, DC 20017

**Re: Letter of intent for the lease of land and improvements thereon
located at 1404 Jackson Street, NE, Washington DC, commonly
known as the "Slowe School"**

Dear Dr. McKay:

The purpose of this letter of intent is to propose the terms and conditions under which the District of Columbia would enter into a lease for the Premises (defined below).

LANDLORD:

The District of Columbia, a municipal corporation by and through the Department of General Services ("District").

TENANT:

Mary McLeod Bethune Day Academy Public Charter School, Inc., a non-profit District of Columbia corporation ("Tenant").

PREMISES:

That certain real property and the improvements located thereon, including a building consisting of approximately 56,028 square foot of floor area ("**Building**"), located at 1404 Jackson Street, NE, Washington DC, commonly known as the Slowe School ("**Premises**").

DELIVERY OF PREMISES:

As-Is, where-is, with all faults, to be delivered at the Lease Commencement Date.

USE:

The Premises shall be used solely for: (i) the design, renovation, and construction of Tenant's Work and for future alterations to the Premises pursuant to terms set forth in the Lease, and for: (ii) the operation of the Mary McLeod Bethune Day Academy Public Charter School; (iii) the operation of a public charter school established pursuant to D.C. Official Code §§ 38-1800.01.01 through 38-38-1802.15, to include pre-school through secondary level programs (i.e., high school) and/or post-secondary programs (including adult programs), and related administrative uses; (iv) the operation of a District of Columbia Public School; (v) any other educational purposes in the event of any permitted assignment of the Lease or sublease of the Premises under the terms and provisions of the Lease; and/or (vi) any other incidental, ancillary and lawful use reasonably related to (ii), (iii) or (iv) above ("Permitted Use").

LEASE COMMENCEMENT DATE:

The date of full execution of the Lease.

RENT COMMENCEMENT DATE:

The Lease Commencement Date.

INITIAL LEASE TERM:

Twenty-five (25) years beginning on the Rent Commencement Date.

OPTIONAL RENEWAL LEASE TERM:

One (1) twenty-five (25) year renewal ("Option Term") exercisable upon twelve (12) months prior written notice provided Tenant is not in default of the Lease beyond any applicable notice and cure periods at the time of such exercise and at the commencement of such renewal term. Base Rent for the Option Term shall be adjusted to Fair Market Value per appraisal method to be set forth in the Lease.

ANNUAL BASE RENT:

Commencing on the Rent Commencement Date, the Annual Base Rent shall be the sum of \$784,393.00 per annum payable in monthly installments of \$65,366.00 (which represents "Fair Market Value" as determined in accordance with an appraisal performed as required by the Landrieu Act), On the first anniversary of the Rent Commencement Date and on each anniversary thereafter the then current Annual Base Rent shall be increased by two percent (2%). Annual Base Rent shall be payable in monthly installments and subject to adjustment and credit as hereinafter provided.

OPERATING EXPENSES AND REAL ESTATE TAXES:

The Rent due and payable under the Lease shall be absolutely net to the District, so that the Lease shall yield to District the Base Rent specified above (subject to application of the rental abatement discussed below), and that all costs, expenses and obligations of every kind

and nature whatsoever relating to the Premises shall be paid by Tenant (including without limitation real estate and possessory taxes assessed against the Premises, water and sewer use fees, insurance premiums, utility expenses, and any and all costs of operating, maintaining and repairing all or any portion of the Premises, except as otherwise expressly set forth herein).

Provided that Tenant is not in default of the Lease beyond applicable notice and cure periods, Tenant shall be entitled to a credit against Annual Base Rent in the amount of \$10.00 per rentable square foot of the Building as Landlord's contribution toward the operating expenses of the Building.

INSURANCE

Tenant is required to maintain insurance (including, without limitation, general liability and property damage or "all risks" insurance) with respect to the Premises in the types and amounts set forth more particularly in the Lease. Such insurance shall cover the entirety of the Premises and any improvements thereon and name District as an additional insured/loss payee, as the case maybe. Notwithstanding the foregoing, in no event shall Tenant be required to maintain insurance in types or amounts in excess of what landlords require of comparable tenants occupying space comparable to the Premises for uses comparable to the Permitted Use.

RENTAL ABATEMENT:

1. Provided that Tenant is not in default of the Lease beyond applicable notice and cure periods, for each \$1,000,000.00 Tenant incurs for Construction Costs for Capital Alterations during the Term of the Lease, Tenant shall be entitled to twelve (12) consecutive calendar month abatement of Annual Base Rent; provided however, that in no event shall more than one hundred eighty (180) months of Annual Base Rent be abated during the Term of the Lease. Tenant's "Construction Costs" shall mean the actual and reasonable construction costs (including both hard and soft costs but specifically excluding the costs of purchasing and/or installing Tenant's property, such as by way of example furniture, furnishings and moveable fixtures and equipment) incurred by Tenant in performing Capital Alterations to the Premises. The term "Capital Alterations" shall mean any alterations, additions, renovations, improvements or installations in or to the Premises (excluding Tenant's property, such as by way of example movable furniture, furnishing, fixtures and equipment) which are considered capital improvements under generally accepted accounting principles.

SUBLEASE AND ASSIGNMENT:

Tenant shall not assign, transfer or mortgage any or all of Tenant's rights or interests under this Lease or sublease any or all of the Premises ("Transfer") without District's prior written consent which consent District may withhold in its sole and absolute discretion; provided, however, Tenant may, upon District's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned, Transfer the Lease to (i) a District of Columbia Public School; (ii) a public charter school with a charter in

effect and established pursuant to D.C. Official Code §§ 38-1800.01 through 38-1802.15 or an entity controlled by such public charter school; (iii) any other entity that will use the Premises for secondary or post-secondary educational purposes; (iv) a subsidiary, affiliate, parent or other entity to Tenant which controls, is controlled by, or is under common control with, Tenant; (v) a successor entity to Tenant resulting from merger, consolidation, non-bankruptcy reorganization, or government action; or (vi) a purchaser of all or any significant portion of Tenant's ownership interests or assets. Notwithstanding the foregoing, in no event shall the District's consent be required in connection with any Transfer to an Approved Mortgagee (the definition of an Approved Mortgagee and the terms and conditions under which Tenant may enter into a leasehold mortgage shall be set forth in the Lease).

In addition Tenant may sublease a portion of the Premises, not to exceed twenty-five percent (25%) of the building floor area, without Landlord's consent, on an incidental basis, to a charitable organization for a summer camp, evening program or other use during times that the Tenant is not using such portion of the Premises.

CHARTER:

Each charter school tenant, subtenant or assignee must maintain a valid charter to operate a public charter school. Tenant's or any permitted assignee's loss of its charter shall constitute a default under the Lease. Any sublease to an approved public charter school subtenant must provide that loss of the subtenant's charter shall constitute a default as to the sublease.

INITIAL IMPROVEMENTS:

Tenant shall remodel, renovate and refurbish the Premises, including the making of all improvements, alterations and changes to the Premises necessary to place same in accordance with code and to enable Tenant to properly use the Premises for the purposes set forth in this Lease, all of such improvements hereinafter referred to as "Tenant's Work". All of Tenant's Work shall be performed by Tenant in accordance with detailed plans and specifications, to be prepared by Tenant's architect and provided to District in one (1) set of blue line plans and a cad disk, including Tenant's material sample board, all of which shall be submitted to District on or before the plan submittal dates set forth in the Schedule (defined below), for District's written approval (as to both design and materials) which approval shall not be unreasonably withheld, conditioned or delayed.

Tenant shall submit to District a proposed scope of work for Tenant's Work setting forth in detail the work to be performed ("Scope"), together with an estimated schedule ("Schedule") and estimated budget ("Budget"), which Scope, Schedule and Budget shall be attached as an Exhibit to the Lease and may be modified at any time or times only with District's prior written consent, which consent shall not unreasonably be withheld, conditioned or delayed. The Budget shall be adjusted upon a final accounting of Actual Construction Costs for the Tenant's Work, based upon paid invoices and other evidence

of the costs and expenses incurred by Tenant with respect thereto and the abatement provided above shall be adjusted as applicable to reflect the final accounting.

Tenant shall perform and complete Tenant's Work in accordance the timelines and dates set forth in the Schedule. Subject to force majeure and any actual delays caused by the District or its agents, employees and contractors, if Tenant, in accordance with the Schedule, (i) fails to timely commence Tenant's Work, (ii) fails to diligently pursue completion of Tenant's Work or (iii) fails to complete Tenant's Work, Tenant shall be deemed to be in default under the Lease.

CONTINUOUS OPERATION:

Tenant shall operate the entire Premises for the Permitted Use continuously and uninterrupted during the Term, subject to periods of closure due to force majeure, Premises remodeling and such other periods of closure and hours of operation as may be consistent with Tenant's standard school calendar (details to be addressed in the Lease).

CBE REQUIREMENTS:

Tenant will enter into an agreement with the District prior to Council Approval that shall require the Tenant to, at a minimum, contract with Certified Business Enterprises for at least 35% of the contract dollar volume of the project and shall require at least twenty percent (20%) equity and twenty percent (20%) development participation of Certified Business Enterprises.

GREEN BUILDING REQUIREMENTS:

Tenant shall comply with the requirements of the Title 6, Chapter 14A of the D.C. Official Code entitled *Green Building Requirements*.

FIRST SOURCE REQUIREMENTS:

Tenant shall execute a First Source Agreement with the Department of Employment Services in a form mutually acceptable to the parties thereto.

ANTI-DEFICIENCY:

All financial obligations of the District under this letter of intent, if any, or any subsequent agreement entered into by the parties are and shall remain subject to the provisions of (i) the federal Anti-Deficiency Act (31 U.S.C. §§ 1341, 1342, 1349-1351, 1511-1519 and D.C. Official Code §§ 1-206.02(e) and § 47-105 (2001)), (ii) the District of Columbia Anti-Deficiency Act (D.C. Official Code §§ 47-355.01 et seq. (2006 Supp.)); and (iii) § 446 of the District of Columbia Home Rule Act (D.C. Official Code § 1-204.46 (2006 Supp.)), each as may be amended from time to time.

AUTHORITY:

Execution of this Lease or any other agreement between the parties is subject to authorization by the Council of the District of Columbia pursuant to D.C. Official Code § 10-801 (2001) ("**Council Approval**").

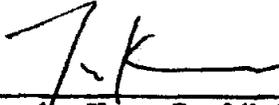
NON-BINDING PROVISIONS:

Notwithstanding any other provision of this letter, this letter 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 the parties or any of their affiliates to pursue the transaction contemplated by this letter or any other transaction. It is understood that none of the parties hereto shall be legally bound to the other by reason of this letter nor shall any rights, liabilities or obligations (including the obligation to negotiate in good faith) arise as a result of this letter of intent or any other written or oral communications between the parties. It is further understood that the only binding agreement would be the Lease, subject in all events to prior Council Approval.

[Signature page follows]

If the above terms are acceptable to you, please sign this letter where indicated below and return an executed copy to me for presentation to and execution by the District.

Sincerely,



Jonathan Kayne, Portfolio Deputy Director
Department of General Services

AGREED AND ACCEPTED:

Mary McLeod Bethune Day Academy Public Charter School, Inc.,

By: 

Title: Executive Director

Date: Jan. 31, 2012

District of Columbia, by and through the Department of General Services

By: 

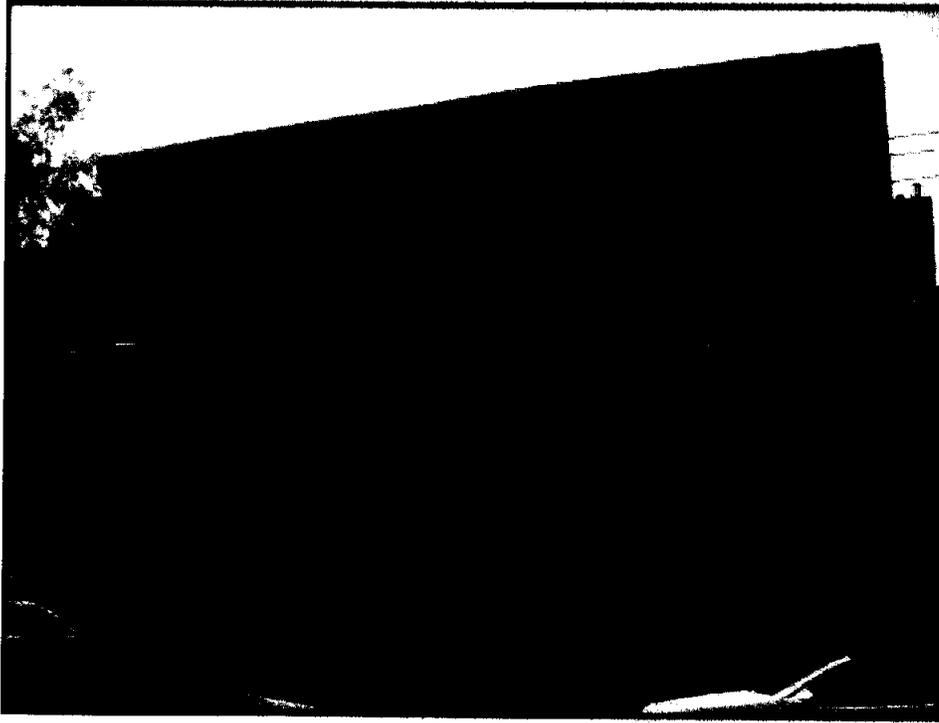
Brian Hanlon, Interim Director

Date: 2.18.12

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Lender	Department Of Real Estate Services, Govt Of DC	File No.	PO336763
Property Address	3115 14th Street NE		
City	Washington	County	—
		State	DC
		Zip Code	20017
Lender	Department Of Real Estate Services, Govt Of DC		

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Helena Barbour

Department Of Real Estate Services, Govt Of DC
2000 14th Street NW, 5th Floor
Washington, Dc 20009

Re: Property: 3115 14th Street NE
Washington, DC 20017
Borrower: DC Government
File No.: PO336763

In Accordance With Your Request, We Have Appraised The Above Referenced Property. The Report Of That Appraisal Is Attached.

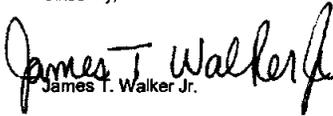
The Purpose Of This Appraisal Is To Estimate The Market Value Of The Property Described In This Appraisal Report, As Improved, in Unencumbered Fee Simple Title Of Ownership.

This Report Is Based On A Physical Analysis Of The Site And Improvements, A Locational Analysis Of The Neighborhood And City, And An Economic Analysis Of The Market For Properties Such As The Subject. The Appraisal Was Developed And The Report Was Prepared In Accordance With The Uniform Standards Of Professional Appraisal Practice.

The Value Conclusions Reported Are As Of The Effective Date Stated In The Body Of The Report And Contingent Upon The Certification And Limiting Conditions Attached.

It Has Been A Pleasure To Assist You. Please Do Not Hesitate To Contact Me Or Any Of My Staff If We Can Be Of Additional Service To You.

Sincerely,


James T. Walker Jr.

SUMMARY OF SALIENT FEATURES

PROPERTY IDENTIFICATION	Subject Address	3115 14th Street NE-Lucy Slowe School
	Legal Description	Lot 806 Block 3960
	City	Washington
	County	----
	State	DC
	Zip Code	20017
	Census Tract	Unknown
Map Reference	007-D	
SALES HISTORY	Sale Price	\$ N/A
	Date of Sale	
OWNER	Lender	Department Of Real Estate Services, Govt Of DC
	Lender	Department Of Real Estate Services, Govt Of DC
PROPERTY CHARACTERISTICS	Size (Square Feet)	56,028
	Price per Square Foot	\$ See Reconciliation
	Location	Brookland
	Age	42
	Condition	Good
	Total Rooms	
	Bedrooms	
Baths		
APPRAISAL	Appraiser	James T. Walker Jr.
	Date of Appraised Value	08/16/2010
OPINION	Opinion of Value	\$ 8,124,100

Commercial Property Summary Appraisal Report

Property Address: 3115 14th Street NE City: Washington State: DC Zip: 20017
 County: --- Legal Description: Lot 802 Block 3960

Building Name (if applicable): The Lucy Stowe School
 Parcel ID #(s): 3960/0806

Borrower (if applicable): DC Government
 Current Owner of Record: DC Government

Property Use (if mixed, check all that apply): Office Commercial Industrial Retail Other (describe) Educational

Comments on Property Use: Currently Empty

Market Area Name: Brookland Map Reference: 007-D Census Tract: Unknown

The purpose of this appraisal is to develop an opinion of: Market Value (as defined), or other type of value (describe)

Intended Use: Ascertain As-Is Value Of School Building Lease

Intended User(s) (by name or type): DC Government Public Schools

This report is not intended by the appraiser(s) for any other use or by any other user(s). The appraiser(s) assume no liability for any unauthorized use of this appraisal report.

Client: Department Of Real Estate Services, Govt Of DC Contact: Diane B. Wooden

Address: 2000 14th Street NW, 5th Floor, Washington, Dc 20009

Phone: (202) 671-2405 Fax: E-mail: Diane.Wooden@DC.Gov

Appraisal Company: The Walker Group, Llc

Address: 1209 Crittenden Street NW, Washington, DC 20011

Phone: (202) 541-0540 Fax: (202) 541-0537 Web:

Appraiser: James T. Walker Jr. Co-Appraiser:

Licensure/Designation: Licensed Appraiser Designation:

Certificate or License #: Ra 10934 Certificate or License #:

Expiration Date: 2/28/2012 State: Dc Expiration Date: State:

Property Rights Appraised: Fee Simple Leasehold Leased Fee Other (describe)

Reporting Option(s): Summary Appraisal Report Restricted Use Appraisal Report Other (describe)

This report reflects the following value (if not current, see comments): Current (the Inspection Date is the Effective Date) Retrospective Prospective

If checked, this report is also subject to the following Hypothetical Conditions and/or Extraordinary Assumptions:

Hypothetical Conditions (if applicable): Not Applicable

Extraordinary Assumptions (if applicable): Not Applicable

Extent of Inspection of Subject Property: Interior & Exterior Exterior Only None

Date of Inspection: 08/16/2010

Co- or Supervisory Appraiser: Interior & Exterior Exterior Only None

Date of Inspection:

Building Area Measured? Yes No

Approaches to Value Developed for This Appraisal: Cost Approach Sales Comparison Approach Income Approach

Reasons for Excluding an Approach to Value: Heavy Dependence Of Value Based Upon Income Approach Because Lease Value Is Desired.

Reasons for Excluding an Approach to Value:

Additional Scope of Work Comments: The Purpose Of This Appraisal Is To Estimate The As-Is Market Lease Value Of The Subject Property.

Estimating The Market Lease Value Of The Subject's Properties Requires An Orderly And Systematic Procedure To Be Followed In Which The

Appraiser Attempts To Use The Three Recognized Methods Of Valuation: Sales Comparison Approach, Cost Approach And The Income

Approach. Every Effort Was Taken To Conform To The Uniform Standards Of Professional Appraisal Practice (Uspap), Fha Guidelines And

Fhmc/Fnma Guidelines. In Conducting This Appraisal Assignment, An Independent Analysis And Research Of Pertinent Data Concerning All

Influential Factors Have Been Completed. These Include, But Are Not Limited To, Highest And Best Use Analysis, Estimated Replacement

Cost, Zoning, Legal And Economic Issues, Trends In Local Markets, Social, Economic, Political And Environmental Forces That Affect The

Value And/OR Marketability Of The Subject Property Being Evaluated.

Value Indication - Total Site Value: \$ 5,816,800

Value Indication - Cost Approach: \$ 8,828,900

Value Indication - Sales Comparison Approach: \$ 8,124,100

Value Indication - Income Approach: \$ 8,764,200

Opinion of Value of any Personal Property and/or Other Non-Realty Interests Included: \$ 0.000

DATE OF REPORT: September 10, 2010 DATE OF INSPECTION: 08/16/2010

OPINION OF VALUE (as defined): \$ 8,124,100 (as is) and/or \$ 14.00/Sf (other, describe) Rental Rate Per Square Foot

EFFECTIVE DATE(S) OF VALUE: 08/16/2010 (as is) and/or (other, describe)

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COMMERCIAL

Commercial Property Summary Appraisal Report

Market Area Name: Brookland Market Area Boundaries: Subject Property Is Bounded By Rhode Island Ave On The North, 12th Street On The South, Michigan Avenue To The West And New York Avenue To The East.

Characteristics			Present Land Use						
Location:	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Vacant:	5%	Undersupply	Balanced	Oversupply	Vacancy
Built up:	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	One-Unit Residential:	54%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	%
Development:	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Decreasing	Multi-Unit Residential:	20%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%
Value Trend:	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Decreasing	Office:	5%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%
Rental Demand:	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Decreasing	Retail:	15%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	%
Vacancy Trend:	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Decreasing	Industrial:	1%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	%

Change in Land Use: Unlikely Likely * Taking Place * * From: * To: * To: * To:
Change in Economic Base: Unlikely Likely * Taking Place * * From: * To: * To: * To:

If any Changes in Land Use and/or Economic Base are Likely or Taking Place, indicate the impact on property values: Positive Negative None N/A

Comments on Land Use and/or Economic Base Changes and Impacts: Current Plans Indicate That Land Use Will Remain The Same And Building Will Be Used As A Lease To Charter School.

Marketability Factors	Exc.	Good	Avg.	Fair	Poor	N/A	Marketability Factors	Exc.	Good	Avg.	Fair	Poor	N/A
Employment Stability:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Utilities:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Employment:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Property Compatibility:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Protection from Detrimental Cond.:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Police and Fire Protection:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transport.:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	General Appearance of Properties:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Facilities:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Appeal to Market:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Description/Analysis of Market Area and Market Conditions (including support for the above characteristics and trends): Demand Is Moderate To Stable In This Market Area Which Has Slightly Increased Commercial Prices. Due To The High Demand In Washington Dc And The Nearby Neighborhoods Marketing Time Is Around 60 To 90 Days.

Description/Analysis of the usages of nearby properties and in the Subject's immediate area: Nearby Properties Are Used As Restaurants, Boarding Houses, Offices And Other Small Commercial Offices. Most Commercial Organizations Are Well Rooted And Have A High Attraction For Their Businesses.

Is the Subject Property currently listed for sale? No Yes If currently listed: List Price: \$ Days on Market:

Analysis of Listing: Not Applicable

Is the Subject Property currently under Contract or Option? No Contract Option Has the Contract or Option been reviewed? Yes No N/A

Date of Contract or Option: Na Expires: Contract Price: \$ N/A Closing Date:

Buyer: Na Seller:

Analysis of Contract/Option: Not Applicable

My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data Source(s): MRIS, Tax Records and DC Government Documents

Subject Sale/Transfers: Prior Sale/Transfer # 1 Prior Sale/Transfer # 2 Prior Sale/Transfer # 3

Date of Sale/Transfer:

Sale/Transfer Price:

Data Source(s):

Analysis of Sale/Transfer History: No Transfers Indicated On Public Record Within The Past 36 Months.

Assessment Date: Unknown/2011 Parcel(s) Assessed: 3960/0806

Assessed Value: Total \$ 8,720,710 Comments:

Current Taxes: Year: 2009 Tax Amount: \$ 0 Special Assessments: \$

Comments: Research Has Revealed That Overall Assessed Value May Be Fairly Accurate.

Commercial Property Summary Appraisal Report

General Description		Year Built: 1958	Actual Age: 42	Effective Age: 20
Property Type: Commercial	# of Buildings: 2	# of Stories: 2+B	Total Estimated Economic Life: 50 Years	
Construction Type: Brick	Construction Status: <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Construction		Estimated Remaining Economic Life: 30 Years	
Quality: Average	Condition: Average	Design or Style: Brick Office Type Building		
Building Breakdown				
Building Identification and Areas	Floor	Net Rentable Area Sq.Ft.	Sq.Ft.	Other Net Area Describe
Main Floor	1	24,429		
Upper Story	2	24,095		
Basement		7,504		
		Column Totals Sq.Ft.	56,028	56,028
Describe Common Building Areas: <u>Common Areas Consist Of Hallways, Stairwells, Bathrooms, Cafeteria</u>				
Usage Breakdown - All Buildings				
Usage Type	Total Net Sq.Ft.	Usage %	Building Ratios - Combined	
Office:	56,028	100 %	Building Efficiency Ratio (Net Building Area Sq.Ft./GBA Sq.Ft.): 100.00 %	
Retail:		0 %	Floor Area Ratio (GBA Sq.Ft./Net Site Sq.Ft.): 62.61 %	
Warehouse:		0 %	Building(s) Total Footprint: 56,028 Sq.Ft.	
Manufacturing:		0 %	Ground Coverage Ratio (Footprint Sq.Ft./Net Site Sq.Ft.): 62.61 %	
Distribution:		0 %	Comments: Na	
Research/Development:		0 %		
Residential:		0 %		
Parking Breakdown		Industrial Features <input checked="" type="checkbox"/> Not Applicable		Other Building Features <input checked="" type="checkbox"/> None Noted
Item	Description	Item	#	Description
On Site:		# Of Overhead Doors:		
Adequacy:		# Of Loading Bays:		
Covered:		Floor Height (Feet):		
Garage:		Ceiling Height (Feet):		
Surface:		Column Spacing (Feet):		
Total # Of Spaces: 0		Railroad Spur: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Spaces/1,000 Sq.Ft. Gba: 0.19		Other:		
Improvement Rating				
Appeal/Appearance:	Exc.	Good	Avg.	Fair
Floor Plan/Design:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Construction Quality:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exterior Condition:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior Condition:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Roof Cover:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insulation:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electrical:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating				
Heating:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Air Conditioning:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Elevators:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parking Area:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fire Suppression:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Landscaping:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Building Characteristics				
Item	Description			
Foundation:	Concrete			
Frame:	Brick-Wood			
Exterior Walls:	Brick-Stone			
Roof Support:	Wood			
Roof Cover:	Flat-Tin			
Interior Partitions:	Drywall			
Ceiling:	Drywall			
Insulation:	Blown In Walls And Ceiling			
Floor & Covering:	Tile			
Plumbing:	Unknown			
Electrical:	Unknown - Commercial			
Heating:	Hot Air			
Air Conditioning:	Central			
Elevators:	0			
Fire Suppression:	Good			
Sprinkler System	Installed Throughout			
Other Site Improvements: <u>Not Applicable</u>				
Personal Property and/or Other Non-Realty Interests Included in Opinion of Value: \$ 0.000 Not Applicable				



Commercial Property Summary Appraisal Report

Comments on the Improvements: There Is No Available Information Regarding The Last Time The Building Was Renovated. The Building Is 42 Years Of Age And In Good Condition.

DESCRIPTION OF THE IMPROVEMENTS (Continued)

Summary of Highest & Best Use: In Estimating Highest And Best Use Following Property Analysis, I.E., Site Analysis And Improvement Analysis, The Appraiser Goes Through Four Considerations:

- (1) Possible Use (Physical): What Uses Are Physically Possible On The Subject Site Or In The Subject Improvements?
- (2) Permissible Use (Legal): What Uses Are Permitted Under Existing Zoning And Other Land Use Regulations And Controls?
- (3) Feasible Use (Appropriate Use): Among Legally Permitted And Physically Possible Uses For The Subject Property, Which Appropriate, Given The Characteristics Revealed By Market, Neighborhood And Property Analysis?
- (4) Highest And Best Use: Among Appropriate Or Feasible Uses For The Subject Property, Which Will Produce The Highest Present Value? Highest And Best Use Is To Retain The Building In Its Current Use And Configuration.

HIGHEST AND BEST USE

Highest & Best Use as if vacant: With The Site As Vacant, Best Use Would Result From Conversion Of Educational Use To A Small Residential Development. Community Would Consist Of Rental And Purchased Units.

Highest & Best Use as improved: Present use Proposed use (explain) Other use (explain)

Actual Use as of Effective Date: Residential - Education
Use as appraised in this report: Same As Above



Commercial Property Summary Appraisal Report

Methodology - The Opinion of Site Value is derived by the utilization of the following method(s) (see attached addenda for definitions):

- Sales Comparison
 Allocation Method
 Extraction Method
 Land Analysis (see attached addendum)
- Other Method (describe)

Methodology Comments:

FEATURE	SUBJECT PROPERTY	COMPARABLE SITE NO. 1	COMPARABLE SITE NO. 2	COMPARABLE SITE NO. 3			
Address	3115 14th Street NE Washington, DC 20017	17th Street NE Washington DC	816 8th Street NE Washington DC	R Street SE Washington DC			
Proximity to Subject							
Lot/Map Identifier	3960/0806	4546/0164	0889/0029	1072/0800			
Sale/Deed Reference	NA						
Data Source(s)	MRIS-Tax Recds	MRIS-Tax Records	MRIS-Tax Records	MRIS-Tax Records			
Verification Source(s)	Inspection	Visual-External Inspection	Visual-External Inspection	Visual-External Inspection			
Sale Price	\$	\$ 1,305,280	\$ 620,000	\$ 250,000			
C.E. ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust
Rights Appraised	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Date of Sale/Time	NA	02/19/2008	+131	05/05/2009	+62	06/06/2007	+25
Conditions of Sale	NA	NA		NA		NA	
Sale Concessions	None	None		None		None	
Cash Equivalent Price	\$	\$ 1,305,411		\$ 620,062		\$ 250,025	
C.E. Price/ Sq.Ft.	\$	\$ 40.29		\$ 281.93		\$ 115.48	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust
Net Site Area (in Sq.Ft.)	89,489	32,400	+5	2,204	+8	2,165	+8
Location	Brookland	Old City #1	-10	Old City #1	-10	Old City #1	-10
Topography	Flat Terrain	Flat Terrain		Flat Terrain		Flat Terrain	
Shape/Utility	Irregular	Irregular		Irregular		Irregular	
Utilities	Good	Average		Average		Average	
Site Improvements	Good	Vacant Land	+25	Good		Vacant Land	+25
Heating-Airconditioning	FWA-Window			FWA-Window			
Net Adjustment (Total, in \$)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 648,000		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -4,408		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 49,795	
Net Adjustment (Total, in \$ / Sq.Ft.)		Net 49.6 % (\$ 20.00 /Sq.Ft.)		Net 0.7 % (\$ -2.00 /Sq.Ft.)		Net 19.9 % (\$ 23.00 /Sq.Ft.)	
Adjusted Sale Price (in \$ / Sq.Ft.)		Gross 99.3 % \$ 60.29		Gross 6.4 % \$ 279.33		Gross 37.2 % \$ 138.48	

Comments/Analysis of Comparable Sites: More Weight Will Be Given To Site #1 Because Of Its Size, Comparable To The Other Comparable Sites.

Comments/Analysis of Excess Land (if applicable): Not Applicable

Net Site - Indicated Value				
Net Site Area:	89,489 Sq.Ft.	X	Indicated Value of Net Site per Unit Area: \$ 65	= \$ 5,816,785
Excess Land - Indicated Value (if applicable)				
Excess Land Area:	Sq.Ft.	X	Indicated Value of Excess Land per Unit Area: \$	= \$
INDICATED VALUE OF THE SUBJECT TOTAL SITE (Net Site Indicated Value + Excess Land Indicated Value)				= \$ 5,816,800



Commercial Property Summary Appraisal Report

FEATURE	SUBJECT PROPERTY	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3			
Address	3115 14th Street NE Washington, DC 20017	619 D Street SE Washington DC 20003	620 Milwaukee Place SE Washington DC 20032	501 I Street SW Washington DC 20024			
Proximity to Subject		3.18 miles S	4.92 miles S	3.67 miles SW			
Building Usage/Name	Slowe Elemen	Charter	Charter	Charter			
Sale/Deed Reference	NA	NA	NA	na			
Data Source(s)	mrts-Tax Recds	mrts-Tax Records	mrts-Tax Records	mrts-Tax Records			
Verification Source(s)	Inspection	Vis-Inspection	Vis-Inspection	Vis-Inspection			
Sale Price	\$	\$ 2,600,000	\$ 3,205,220	\$ 2,214,000			
C.E. ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-)\$ Adjust	DESCRIPTION	+(-)\$ Adjust	DESCRIPTION	+(-)\$ Adjust
Rights Appraised	Fee Simple	Fee Simple		Fee Simple			
Date of Sale/Time	Na	03/22/2010		06/05/2009	+321	12/01/2009	+221
Conditions of Sale	NA	NA		NA		NA	
Sale Concessions	None	None		None		None	
Cash Equivalent Price	\$	\$ 2,600,000		\$ 3,205,541		\$ 2,214,221	
C.E.Price/GBA	\$	\$ 131.57		\$ 143.06		\$ 46.55	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-)\$ Adjust	DESCRIPTION	+(-)\$ Adjust	DESCRIPTION	+(-)\$ Adjust
Net Building Area	56,028 sq.ft.	19,762 sq.ft.		22,407 sq.ft.		47,565 sq.ft.	
Gross Building Area	56,028 sq.ft.	19,762 sq.ft.	+7	22,407 sq.ft.	+7	47,565 sq.ft.	+2
Net Site Area (in Sq.Ft.)	89,489	9,257	+8	135,294	-4	36,476	+5
Location	Brookland	Capitol Hill		Congress Heights		South West	
Type of Construction	Brick	Brick		Brick		Brick	
Construction Quality	Good	Good		Good		Good	
Age	42	73		45		101	
Condition	Good	Good		Good		Good	
Parking	Street	Street		30 Spaces		30 Spaces	
Heat-Ac	FWA-Window	FWA-Window		FWA-Window		FWA-Window	
Site Improvements	Improved	Improved		Improved		Improved	
Net Adjustment (Total, in \$)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 296,430	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 67,221	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 332,955			
Net Adjustment (Total, in \$ / SF GBA)		Net 11.4 % (\$ 15.00 / SF GBA)	Net 2.1 % (\$ 3.00 / SF GBA)	Net 15.0 % (\$ 7.00 / SF GBA)			
Adjusted Sale Price (in \$ / SF GBA)		Gross 11.4 % \$ 146.57	Gross 7.7 % \$ 146.06	Gross 15.0 % \$ 53.55			
Comments/Analysis of Comparable Sales:	Even Though We Believe All Three Comparables Were Highly Suitable To The Subject, Increased Weight Was Placed On The Value Obtained From Comparables 2 And 3. It Was Found The Two Comparables Had Similar Gba's Per Square Foot.						
Subject GBA:	56,028 Sq.Ft. X \$	145.00 /Sq.Ft. GBA:	= VALUE BY SALES COMPARISON APPROACH = \$	8,124,060			
			OPINION OF VALUE OF EXCESS LAND = \$				
			OPINION OF VALUE OF PERSONAL PROPERTY and/or OTHER NON-REALTY INTERESTS INCLUDED = \$	0.000			
			Other Item(s) Affecting The Sales Comparison Approach Value (If Applicable) = \$				
			INDICATED VALUE BY SALES COMPARISON APPROACH = \$	8,124,060			
			FINAL INDICATION OF VALUE BY SALES COMPARISON APPROACH (ROUNDED) = \$	8,124,100			

COMPARABLE SALES ANALYSIS



PO336763

File No. PO336763

Commercial Property Summary Appraisal Report

FEATURE	SUBJECT PROPERTY	COMPARABLE RENTAL NO. 1	COMPARABLE RENTAL NO. 2	COMPARABLE RENTAL NO. 3
Address	3115 14th Street NE Washington, DC 20017	4301 13th Street NW Washington, DC 20011	330 21st Street NE Washington, DC 20002	4401 8th Street NE Washington, DC 20017
Proximity to Subject		2.43 miles NW	2.54 miles S	1.04 miles NW
Building Usage/Name	Slowe Elemen	PCS- Roosevelt HS	PCS-Archdiocese Wash	PCS-
Tenant Name	Mm Bethune Acad	Hospitality PCS	Thea Bowman PCS	Washington Yu Ying PCS
Date of Lease	Unknown	Unknown		10/01/2009
Date of Rent Survey	08/16/2010	08/16/2010	08/16/2010	08/16/2010
Current Vacancy %	Unknown	Unknown	Unknown	Unknown
Data Source(s)	Interview	Interview	Interview	Interview
Verification Source(s)	MRIS	MRIS	MRIS	MRIS
Actual Annual Rent		\$ 600,000	\$ 313,500	\$ 240,000
RENT ADJUSTMENTS	DESCRIPTION	DESCRIPTION +(-)\$ Adjust	DESCRIPTION +(-)\$ Adjust	DESCRIPTION +(-)\$ Adjust
Type of Lease *	Annual	Annual	Annual	Annual
Length of Lease	12 Months	60 Months	12 Months	12 Months
Rent Concessions	Unknown	Unknown	Unknown	Unknown
Market Conditions/Time				
Tenant Improvements	Unknown	Unknown	Unknown	Unknown
Furnishings/Fixtures	Standard	Standard	Standard	Standard
Equipment	Standard	Standard	Standard	Standard
Utilities	Standard	Standard	Standard	Standard
Adjusted Annual Rent		\$ 600,000	\$ 313,500	\$ 240,000
Adjusted Ann. Rent/SF	\$ 17.65	\$ 19.36	\$ 9.17	
MARKET ADJUSTMENTS	DESCRIPTION	DESCRIPTION +(-)\$ /SF Adjust	DESCRIPTION +(-)\$ /SF Adjust	DESCRIPTION +(-)\$ /SF Adjust
Gross Building Area	56,028 sq.ft.	187,528 sq.ft.	16,190 sq.ft.	26,178 sq.ft.
Tenant Area Compared	56,028 sq.ft.	34,000 sq.ft. +2	16,190 sq.ft. +4	26,178 sq.ft. +3
Net Site Area (in Sq.Ft.)	89,489	722,848	82,235	34,995
Location	Brookland	16th Street Hts	Old City #1	Brookland
Type of Construction	Brick	Brick	Brick	Brick
Construction Quality	Good	Good	Average	Average
Age	42	60	59	62
Condition	Good	Good	Good	Good
Parking	Street	Off street	25 Spaces	Street
Net Adjustment (Total, in \$)	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 68,000	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 64,760	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 78,534	
Net Adjustment (Total, in \$ / SF)	Net 11.3 % (\$ 2.00 / SF)	Net 20.7 % (\$ 4.00 / SF)	Net 32.7 % (\$ 3.00 / SF)	
Indicated Market Rent (in \$ / SF)	Gross 11.3 % \$ 19.65	Gross 20.7 % \$ 23.36	Gross 32.7 % \$ 12.17	
* Lease Type Abbreviations: G = Gross Lease; N = Net Lease; Nnn = Triple Net; Mg = Modified Gross; P = Expense Pass Through; O = Sales Overage Rents; C = Common Area Maintenance; R = Renewal Option				
Comments/Analysis of Comparable Rentals: Comparable Market Rents in This Area Tend To Yield A Grm Of Around \$14.00 Per SF. The Larger The Rent Sample And More Experience In The Subject Area, The Better The Data Used For Determination Of Rent. The Rent Sample Available To Me For This Area Ranges In The 6 Units That Have Been Compiled From Suitable Sources.				



Commercial Property Summary Appraisal Report

Item	From:	To:	Forecasted (Non-Stabilized)	Comment	
Annual Rent	\$		\$		
	\$		\$		
	\$		\$		
	\$		\$		
	\$		\$		
Potential Gross Income	\$		\$		
Vacancy (% of PGI)	%		%		
& Collection Loss	\$()		\$()		
	\$		\$		
	\$		\$		
	\$		\$		
Effective Gross Income	\$		\$		
EXPENSES:					
Item	ACTUAL		Forecasted (Non-Stabilized)	Comment	
Property Management (% of EGI)	%		%		
Property Taxes	\$		\$		
Insurance	\$		\$		
Electricity	\$		\$		
Gas	\$		\$		
Water	\$		\$		
Sewer	\$		\$		
Janitorial	\$		\$		
Maintenance	\$		\$		
Hvac Maintenance	\$		\$		
Elevator Maintenance	\$		\$		
Trash Removal	\$		\$		
	\$		\$		
	\$		\$		
	\$		\$		
	\$		\$		
Reserves	\$		\$		
Total Expenses	\$		\$		
Net Operating Income	\$		\$		
Expenses to NOI Ratio:					
Capex Ratio:					
Comments/Analysis of the Subject Income & Expenses: <u>Not Applicable</u>					
Comments on the Income Capitalization Methodologies Used: <u>Not Applicable</u>					
Capitalization Rate Extraction from Comparable Sales					
Comparable Property Name or Address	Date of Sale	Sale Price	Net Operating Income	Capitalization Rate	Source and/or Comments
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	
Cap. Rate Range by Sales Extraction: From: % To: % Indicated Capitalization Rate by Sales Extraction: %					
Comments/Reconciliation of Capitalization Rate Extraction: <u>Not Applicable</u>					
Other Capitalization Rate Determination Methods and Indicators Used (only if valid and appropriate for this report)					
Methodology		Addenda Attached		Indicated Cap. Rate	
Band Of Investment		<input type="checkbox"/>		%	
Yield Capitalization		<input type="checkbox"/>		%	
Published Study		<input type="checkbox"/>		%	
Comments/Reconciliation of Other Capitalization Rate Method(s) Used: <u>Not Applicable</u>					



Commercial Property Summary Appraisal Report

Comments/Reconciliation of the Capitalization Rate Conclusion: Not Applicable

Subject Capitalization Rate Range: From: 0.00% To: 15.00% Indicated Capitalization Rate for the Subject Property: 15.00%

Comments/Analysis of the Income Approach: The Income Approach Yielded A Value Based Upon A Gross Rent Multiplier And A Building Area. This Gross Rent Multiplier Is Normally Determined From Calculations Using Market Rents In The Subject Area And A Combination Of Experience Factor For That Area. The Gross Rent Multiplier That Was Used For The Determination Of Value Was \$14.00. Therefore The Value Determined Using The Income Approach Is : \$14.00 X 56,028 = \$784,392. This Value Is Based Upon The Use Of Market Rents. Using The Given Market Rents, It Was Determined That Value Used For Grm Ranged From \$5.00/Sf To \$35.00/Sf.

The Main Requirement Of This Analysis Was To Determine The Maximum Rent Which Could Be Charged To A Charter School Which Was Using A Leased Public School For Its Activities. In Order To Determine The Fair Market Value Which Should Be Used, we evaluated The Rents Charged To Charter Schools By The Dc Public Schools At The Present Time Through Interview

SUMMARY OF INCOME APPROACH

Net Operating Income: \$ 784,392	/ Ind. Cap. Rate: 8.95%	= INDICATED VALUE BY INCOME CAPITALIZATION = \$	8,764,156
		OPINION OF VALUE OF EXCESS LAND = \$	
		OPINION OF VALUE OF PERSONAL PROPERTY and/or OTHER NON-REALTY INTERESTS INCLUDED = \$	0,000
		Other Item(s) Affecting The Income Approach Value (If Applicable) = \$	
		INDICATED VALUE BY INCOME APPROACH = \$	8,764,156
		FINAL INDICATION OF VALUE BY INCOME APPROACH (ROUNDED) = \$	8,764,200



PO336763

File No: PO336763

Commercial Property Summary Appraisal Report

Value Indication - Total Site Value:	\$	5,816,800
Value Indication - Cost Approach:	\$	8,828,900
Value Indication - Sales Comparison Approach:	\$	8,124,100
Value Indication - Income Approach:	\$	8,784,200
Opinion of Value of any Personal Property and/or Other Non-Realty Interests Included:	\$	0,000

Final Reconciliation: The Analysis Of Properties Used As Comparables Against A Subject Located At 3115 14th Street Nw, Washington DC Shows That Using The Three Approaches To Determining Value, The Value Of A Specific Subject Can Be Ascertained. Additionally, Using The Income Approach, We Can Determine The Fair Rental Value Of A Property Given Certain Specified Conditions. The Basis Of The Analysis Shows That Using Market Rental Data A Range Of \$5.00 Per Square Foot To \$35.00 Per Square Foot Was Found As Acceptable For Determining Value. This Appraisal Says That The Normal Rental Charges Using Market Rent Yielded A Charge Of \$14.00 Per Square Foot

FINAL RECONCILIATION

DATE OF REPORT: September 10, 2010 DATE OF INSPECTION: 08/16/2010
 Based on the degree of inspection of the Subject Property, as indicated below, the defined Scope of Work, Statement of Assumptions and Limiting Conditions, and Appraiser's Certifications, my (our) Opinion of the Market Value (or other specified value type), as defined herein, of the Subject Property is:
 OPINION OF VALUE (as defined): \$ 8,124,100 (as is) and/or \$ 14.00/Sf (other, describe) Rental Rate Per Square Foot
 EFFECTIVE DATE(S) OF VALUE: 08/16/2010 (as is) and/or (other, describe)

A true and complete copy of this report contains _____ pages, including exhibits which are considered an integral part of the report. This appraisal report may not be properly understood without reference to the information contained in the complete report.

- Attached Exhibits:
- | | | | | |
|---|---|---|--|--|
| <input type="checkbox"/> Sketch Addendum | <input type="checkbox"/> Scope Of Work | <input type="checkbox"/> Limiting Cond./Certification | <input type="checkbox"/> Narrative Addendum | <input type="checkbox"/> Photograph Addenda |
| <input type="checkbox"/> Additional Sales | <input type="checkbox"/> Map Addenda | <input type="checkbox"/> Cost Addendum | <input type="checkbox"/> Flood Addendum | <input type="checkbox"/> Additional Sites |
| <input type="checkbox"/> | <input type="checkbox"/> Additional Rentals | <input type="checkbox"/> Income/Expense Addenda | <input type="checkbox"/> Hypothetical Conditions | <input type="checkbox"/> Extraordinary Assumptions |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If Required For This Assignment, Further Attachments May Be Indicated Elsewhere In This Report.

Client Contact: Diane B. Wooden Client Name: Department Of Real Estate Services, Govt Of DC
 E-mail: Diane.Wooden@DC.Gov Address: 2000 14th Street NW, 5th Floor, Washington, Dc 20009

<p>APPRAISER</p> <p>Appraiser Name: <u>James T. Walker Jr.</u> Company: <u>The Walker Group, Llc</u> Phone: <u>(202) 541-0540</u> Fax: <u>(202) 541-0537</u> E-mail: <u>Skippwalker@Aol.Com</u> Date of Report (Signature): <u>September 10, 2010</u> License or Certification #: <u>Ra 10934</u> State: <u>Dc</u> License Designation: <u>Licensed Appraiser</u> Expiration Date of License or Certification: <u>2/28/2012</u> Inspection of Subject: <input checked="" type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None Date of Inspection: <u>08/16/2010</u></p>	<p>SUPERVISORY APPRAISER (if required) or CO-APPRAISER (if applicable)</p> <p>Supervisory or Co-Appraiser Name: _____ Company: _____ Phone: _____ Fax: _____ E-mail: _____ Date of Report (Signature): _____ License or Certification #: _____ State: _____ Designation: _____ Expiration Date of License or Certification: _____ Inspection of Subject: <input type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None Date of Inspection: _____</p>
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SIGNATURES



ADDITIONAL COMPARABLE RENTALS

FEATURE	SUBJECT PROPERTY	COMPARABLE RENTAL NO. 4	COMPARABLE RENTAL NO. 5	COMPARABLE RENTAL NO. 6			
Address	3115 14th Street NE Washington, DC 20017	421 Alabama Avenue SE Washington, DC 20032	3600 Georgia Avenue NW Washington, DC 20010	101 T Street NE Washington, DC 20010			
Proximity to Subject		5.48 miles S	6.65 miles NW	6.65 miles NW			
Building Usage/Name	Slowe Elemen		Clark School	Taft School			
Tenant Name	Mm Bethune Acad	Imagine PCS	E.L. Haynes PCS	Hyde Leadership Academy			
Date of Lease	Unknown	Unknown	Unknown	Unknown			
Date of Rent Survey	08/16/2010	08/16/2010	08/16/2010	08/16/2010			
Current Vacancy %	Unknown	Unknown	Unknown	Unknown			
Data Source(s)	Interview	Interview	Interview	Interview			
Verification Source(s)	MRIS	MRIS	MRIS	MRIS			
Actual Annual Rent		\$ 240,000	\$ 693,480	\$ 1,150,540			
RENT ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-)\$ Adjust	DESCRIPTION	+(-)\$ Adjust	DESCRIPTION	+(-)\$ Adjust
Type of Lease *	Annual	Annual		Annual		Annual	
Length of Lease	12 Months	12 months		12 months		12 months	
Rent Concessions	Unknown	Unknown		Unknown		Unknown	
Market Conditions/Time							
Tenant Improvements	Unknown	Unknown		Unknown		Unknown	
Furnishings/Fixtures	Standard	Standard		Standard		Standard	
Equipment	Standard	Standard		Standard		Standard	
Utilities	Standard	Standard		Standard		Standard	
Adjusted Annual Rent		\$ 240,000		\$ 693,480		\$ 1,150,540	
Adjusted Ann. Rent/SF		\$ 29.90		\$ 12.89		\$ 5.72	
MARKET ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-)\$/SF Adjust	DESCRIPTION	+(-)\$/SF Adjust	DESCRIPTION	+(-)\$/SF Adjust
Gross Building Area	56,028 sq.ft.	8,026 sq.ft.		53,800 sq.ft.		201,144 sq.ft.	
Tenant Area Compared	56,028 sq.ft.	8,026 sq.ft.	+5	53,800 sq.ft.		201,144 sq.ft.	
Net Site Area (in Sq.Ft.)	89,489	17,649		18,407		900,000	
Location	Brookland	Congress Hgts		Columbia Heights		Eckington	
Type of Construction	Brick	Brick		Brick		Brick	
Construction Quality	Good	Good		Good		Good	
Age	42	73		2		82	
Condition	Good	Good		Good		Good	
Parking	Street	25 Spaces		Street		Street	
Net Adjustment (Total, in \$)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 40,130		<input type="checkbox"/> + <input type="checkbox"/> - \$		<input type="checkbox"/> + <input type="checkbox"/> - \$	
Net Adjustment (Total, in \$ / SF)		Net 16.7 % (\$ 5.00 / SF)		Net %		Net %	
Indicated Market Rent (in \$ / SF)		Gross 16.7 % \$ 34.90		Gross % \$ 12.89		Gross % \$ 5.72	
* Lease Type Abbreviations: G = Gross Lease; N = Net Lease; Nnn = Triple Net; Mg = Modified Gross; P = Expense Pass Through; O = Sales Overage Rents; C = Common Area Maintenance; R = Renewal Option							
Comments/Analysis of Comparable Rentals:							

PO336763

File No: PO336763

Assumptions & Limiting Conditions

Property Address: 3115 14th Street NE	City: Washington	State: DC	Zip Code: 20017
Building Name (if applicable): The Lucy Slowe School			
Client: Department Of Real Estate Services, Govt Of I	Address: 2000 14th Street Nw, 5th Floor, Washington, Dc 20009		
Appraiser: James T. Walker Jr.	Address: 1209 Crittenden Street Nw, Washington, Dc 20011		
Statement Of Assumptions & Limiting Conditions:			
<p>— The Appraiser Will Not Be Responsible For Matters Of A Legal Nature That Affect Either The Property Being Appraised Or The Title To It. The Appraiser Assumes That The Title Is Good And Marketable And, Therefore, Will Not Render Any Opinions About The Title. The Property Is Appraised On The Basis Of It Being Under Responsible Ownership. The Future Operation Of The Property Assumes Skilled And Adequate Management But Are Not Represented To Be Historically Based.</p> <p>— The Appraiser May Have Provided A Sketch In The Appraisal Report To Show Approximate Dimensions Of The Improvements, And Any Such Sketch Is Included Only To Assist The Reader Of The Report In Visualizing The Property And Understanding The Appraiser's Determination Of Its Size. Unless Otherwise Indicated, A Land Survey Was Not Performed.</p> <p>— If So Indicated, The Appraiser Has Examined The Available Flood Maps That Are Provided By The Federal Emergency Management Agency (Or Other Data Sources) And Has Noted In The Appraisal Report Whether The Subject Site Is Located In An Identified Special Flood Hazard Area. Because The Appraiser Is Not A Surveyor, He Or She Makes No Guarantees, Express Or Implied, Regarding This Determination.</p> <p>— The Appraiser Will Not Give Testimony Or Appear In Court Because He Or She Made An Appraisal Of The Property In Question, Unless Specific Arrangements To Do So Have Been Made Beforehand.</p> <p>— If The Cost Approach Is Included In This Appraisal, The Appraiser Has Estimated The Value Of The Land In The Cost Approach At Its Highest And Best Use, And The Improvements At Their Contributory Value. These Separate Valuations Of The Land And Improvements Must Not Be Used In Conjunction With Any Other Appraisal And Are Invalid If They Are So Used. Unless Otherwise Specifically Indicated, The Cost Approach Value Is Not An Insurance Value, And Should Not Be Used As Such.</p> <p>— The Appraiser Has Noted In The Appraisal Report Any Adverse Conditions (Including, But Not Limited To, Needed Repairs, Depreciation, The Presence Of Hazardous Wastes, Toxic Substances, Etc.) Observed During The Inspection Of The Subject Property, Or That He Or She Became Aware Of During The Normal Research Involved In Performing The Appraisal. Unless Otherwise Stated In The Appraisal Report, The Appraiser Has No Knowledge Of Any Hidden Or Unapparent Conditions Of The Property, Or Adverse Environmental Conditions (Including, But Not Limited To, The Presence Of Hazardous Wastes, Toxic Substances, Etc.) That Would Make The Property More Or Less Valuable, And Has Assumed That There Are No Such Conditions And Makes No Guarantees Or Warranties, Express Or Implied, Regarding The Condition Of The Property. The Appraiser Will Not Be Responsible For Any Such Conditions That Do Exist Or For Any Engineering Or Testing That Might Be Required To Discover Whether Such Conditions Exist. Because The Appraiser Is Not An Expert In The Field Of Environmental Hazards, The Appraisal Report Must Not Be Considered As An Environmental Assessment Of The Property.</p> <p>— The Appraiser Obtained The Information, Estimates, And Opinions That Were Expressed In The Appraisal Report From Sources That He Or She Considers To Be Reliable And Believes Them To Be True And Correct. The Appraiser Does Not Assume Responsibility For The Accuracy Of Such Items That Were Furnished By Other Parties. All Information Furnished Regarding Rental Rates, Lease Terms, Or Projections Of Income And Expense Is From Sources Deemed Reliable. No Warranty Or Representation Is Made As To The Accuracy Thereof.</p> <p>— The Appraiser Will Not Disclose The Contents Of The Appraisal Report Except As Provided For In The Uniform Standards Of Professional Appraisal Practice, And Any Applicable Federal, State Or Local Laws.</p> <p>— If This Appraisal Is Indicated As Subject To Satisfactory Completion, Repairs, Or Alterations, The Appraiser Has Based His Or Her Appraisal Report And Valuation Conclusion On The Assumption That Completion Of The Improvements Will Be Performed In A Workmanlike Manner.</p> <p>— An Appraiser's Client Is The Party (Or Parties) Who Engage An Appraiser In A Specific Assignment. Any Other Party Acquiring This Report From The Client Does Not Become A Party To The Appraiser-Client Relationship. Any Persons Receiving This Appraisal Report Because Of Disclosure Requirements Applicable To The Appraiser's Client Do Not Become Intended Users Of This Report Unless Specifically Identified By The Client At The Time Of The Assignment.</p> <p>— The Appraiser's Written Consent And Approval Must Be Obtained Before This Appraisal Report Can Be Conveyed By Anyone To The Public, Through Advertising, Public Relations, News, Sales, Or By Means Of Any Other Media, Or By Its Inclusion In A Private Or Public Database.</p> <p>— An Appraisal Of Real Property Is Not A 'Property Inspection' And Should Not Be Construed As Such. As Part Of The Valuation Process, The Appraiser Performs A Non-Invasive Visual Inventory That Is Not Intended To Reveal Defects Or Detrimental Conditions That Are Not Readily Apparent. The Presence Of Such Conditions Or Defects Could Adversely Affect The Appraiser's Opinion Of Value. Clients With Concerns About Such Potential Negative Factors Are Encouraged To Engage The Appropriate Type Of Expert To Investigate.</p> <p>— Values For Various Components Of The Subject Parcel And Improvements Or The Value Derived By One Or Two Approaches To Value As Contained Within This Report Are Valid Only When Making A Summation Or Final Opinion Of Value And Are Not To Be Used Independently For Any Purpose And Must Be Considered Invalid If So Used. A Separate Report On Only A Part Of A Whole Property, Particularly If The Reported Value Exceeds The Value That Would Be Derived If The Property Were Considered Separately As A Whole, Must Be Stated As A Fractional Report.</p> <p>— Forecasts Of Effective Demand For The Highest And Best Use Or The Best Fitting And Most Appropriate Use Were Based On The Best Available Data Concerning The Market And Are Subject To Conditions Of Economic Uncertainty About The Future.</p>			
Hypothetical Conditions And/Or Extraordinary Assumptions (If Applicable):			

PO336763

File No.: PO336763

Scope Of Work & Definitions

Property Address: 3115 14th Street NE

City: Washington

State: DC

Zip Code: 20017

Building Name (if applicable): The Lucy Slowe School

Client: Department Of Real Estate Services, Govt Of I Address: 2000 14th Street Nw, 5th Floor, Washington, Dc 20009

Appraiser: James T. Walker Jr. Address: 1209 Crittenden Street Nw, Washington, Dc 20011

Scope Of Work:

The Scope Of Work Is The Type And Extent Of Research And Analyses Performed In An Appraisal Assignment That Is Required To Produce Credible Assignment Results, Given The Nature Of The Appraisal Problem, The Specific Requirements Of The Intended User(S) And The Intended Use Of The Appraisal Report. Reliance Upon This Report, Regardless Of How Acquired, By Any Party Or For Any Use, Other Than Those Specified In This Report By

The Appraiser, Is Prohibited. The Opinion Of Value That Is The Conclusion Of This Report Is Credible Only Within The Context Of The Scope Of Work, Effective Date, The Date Of Report, The Intended User(S), The Intended Use, The Stated Assumptions And Limiting Conditions, Any Hypothetical Conditions And/Or Extraordinary Assumptions, And The Type Of Value, As Defined Herein. The Appraiser, Appraisal Firm, And Related Parties Assume No Obligation, Liability, Or Accountability, And Will Not Be Responsible For Any Unauthorized Use Of This Report Or Its Conclusions.

Additional Scope Of Work Comments:**Definitions:****Definition Of Market Value *:**

Market Value Means The Most Probable Price Which A Property Should Bring In A Competitive And Open Market Under All Conditions Requisite To A Fair Sale, The Buyer And Seller Each Acting Prudently And Knowledgeably, And Assuming The Price Is Not Affected By Undue Stimulus. Implicit In This Definition Is The Consummation Of A Sale As Of A Specified Date And The Passing Of Title From Seller To Buyer Under Conditions Whereby:

1. Buyer And Seller Are Typically Motivated;
2. Both Parties Are Well Informed Or Well Advised And Acting In What They Consider Their Own Best Interests;
3. A Reasonable Time Is Allowed For Exposure In The Open Market;
4. Payment Is Made In Terms Of Cash In U.S. Dollars Or In Terms Of Financial Arrangements Comparable Thereto; And
5. The Price Represents The Normal Consideration For The Property Sold Unaffected By Special Or Creative Financing Or Sales Concessions Granted By Anyone Associated With The Sale.

* This Definition Is From Regulations Published By Federal Regulatory Agencies Pursuant To Title XI Of The Financial Institutions Reform, Recovery, And Enforcement Act (FIRREA) Of 1989 Between July 5, 1990, And August 24, 1990, By The Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), The Office Of Thrift Supervision (OTS), And The Office Of Comptroller Of The Currency (OCC). This Definition Is Also Referenced In Regulations Jointly Published By The OCC, OTS, FRS, And FDIC On June 7, 1994, And In The Interagency Appraisal And Evaluation Guidelines, Dated October 27, 1994.

P0336763

File No: P0336763

Certifications

Property Address: 3115 14th Street NE	City: Washington	State: DC	Zip Code: 20017
Building Name (if applicable): The Lucy Slowe School			
Client: Department Of Real Estate Services, Govt Of D	Address: 2000 14th Street Nw, 5th Floor, Washington, Dc 20009		
Appraiser: James T. Walker Jr.	Address: 1209 Crittenden Street Nw, Washington, Dc 20011		

Appraiser's Certification:

I Certify That, To The Best Of My Knowledge And Belief:

- The Statements Of Fact Contained In This Report Are True And Correct.
- The Credibility Of This Report, For The Stated Use By The Stated User(S), Of The Reported Analyses, Opinions, And Conclusions Are Limited Only By The Reported Assumptions And Limiting Conditions, And Are My Personal, Impartial, And Unbiased Professional Analyses, Opinions, And Conclusions.
- I Have No Present Or Prospective Interest In The Property That Is The Subject Of This Report And No Personal Interest With Respect To The Parties Involved.
- I Have No Bias With Respect To The Property That Is The Subject Of This Report Or To The Parties Involved With This Assignment.
- My Engagement In This Assignment Was Not Contingent Upon Developing Or Reporting Predetermined Results.
- My Compensation For Completing This Assignment Is Not Contingent Upon The Development Or Reporting Of A Predetermined Value Or Direction In Value That Favors The Cause Of The Client, The Amount Of The Value Opinion, The Attainment Of A Stipulated Result, Or The Occurrence Of A Subsequent Event Directly Related To The Intended Use Of This Appraisal.
- My Analyses, Opinions, And Conclusions Were Developed, And This Report Has Been Prepared, In Conformity With The Uniform Standards Of Professional Appraisal Practice That Were In Effect At The Time This Report Was Prepared.
- I Did Not Base, Either Partially Or Completely, My Analysis And/Or The Opinion Of Value In The Appraisal Report On The Race, Color, Religion, Sex, Handicap, Familial Status, Or National Origin Of Either The Prospective Owners Or Occupants Of The Subject Property, Or Of The Present Owners Or Occupants Of The Properties In The Vicinity Of The Subject Property.
- Unless Otherwise Indicated, I Have Made A Personal Inspection Of The Property That Is The Subject Of This Report.
- Unless Otherwise Indicated, No One Provided Significant Real Property Appraisal Assistance To The Person(S) Signing This Certification.

Additional Certifications:

Client Contact: Diane B. Wooden	Client Name: Department Of Real Estate Services, Govt Of DC
E-mail: Diane.Wooden@DC.Gov	Address: 2000 14th Street Nw, 5th Floor, Washington, Dc 20009

APPRAISER

SIGNATURES

James T. Walker Jr.

Appraiser Name: James T. Walker Jr.
Company: The Walker Group, Llc
Phone: (202) 541-0540 Fax: (202) 541-0537
E-mail: Skipwalker@aol.com
Date Report Signed: September 10, 2010
License or Certification #: Ra 10934 State: Dc
Licensed Designation: Licensed Appraiser
Expiration Date of License or Certification: 2/28/2012
Inspection of Subject: Interior & Exterior Exterior Only None
Date of Inspection: 09/16/2010

SUPERVISORY APPRAISER (if required) or CO-APPRAISER (if applicable)

Supervisory or Co-Appraiser Name: _____
Company: _____
Phone: _____ Fax: _____
E-mail: _____
Date Report Signed: _____
License or Certification #: _____ State: _____
Designation: _____
Expiration Date of License or Certification: _____
Inspection of Subject: Interior & Exterior Exterior Only None
Date of Inspection: _____



Subject Photo Page

Lender	Department Of Real Estate Services, Govt Of DC				
Property Address	3115 14th Street NE				
City	Washington	County	----	State	DC
				Zip Code	20017
Lender	Department Of Real Estate Services, Govt Of DC				



Subject Front

3115 14th Street NE

Sales Price

Gross Building Area 56,028

Age 42



Subject Rear



Subject Street

Photograph Addendum

Lender	Department Of Real Estate Services, Govt Of DC				
Property Address	3115 14th Street NE				
City	Washington	County	---	State	DC Zip Code 20017
Lender	Department Of Real Estate Services, Govt Of DC				



Site Photo-Parking



Play Area

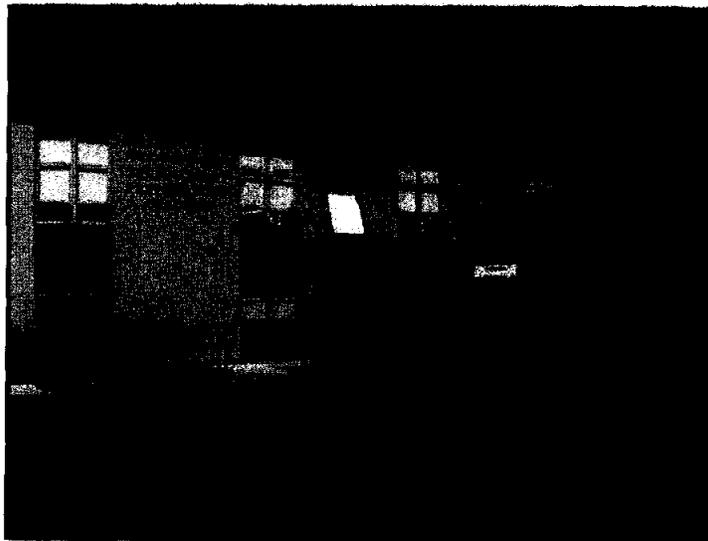
Comparable Photo Page

Lender	Department Of Real Estate Services, Govt Of DC		
Property Address	3115 14th Street NE		
City	Washington	County	----- State DC Zip Code 20017
Lender	Department Of Real Estate Services, Govt Of DC		



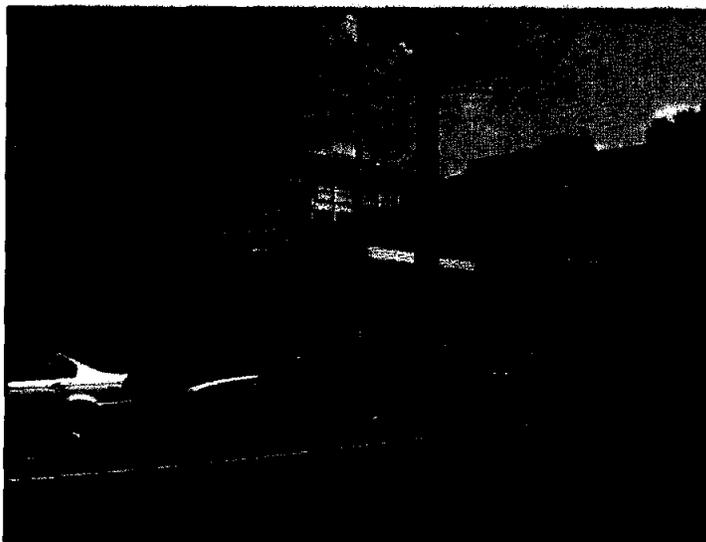
Comparable 1

619 D Street SE
 Sales Price 2,600,000
 Gross Building Area 19,762
 Age 73



Comparable 2

620 Milwaukee Place SE
 Sales Price 3,205,220
 Gross Building Area 22,407
 Age 45



Comparable 3

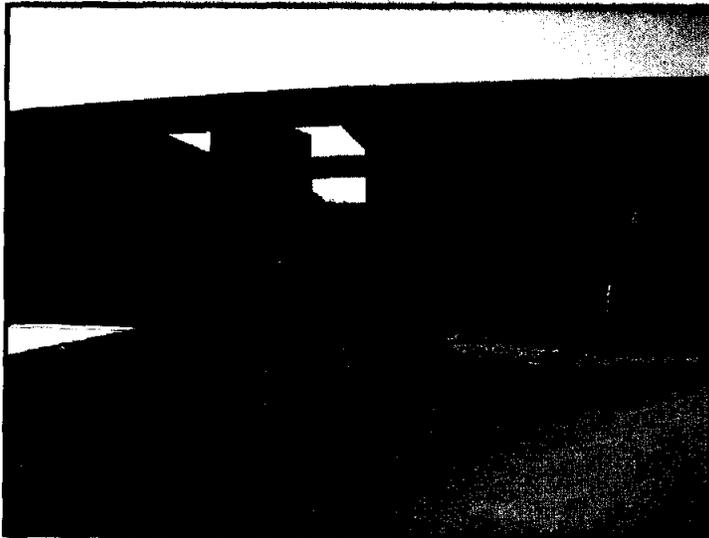
501 I Street SW
 Sales Price 2,214,000
 Gross Building Area 47,565
 Age 101

Rental Photo Page

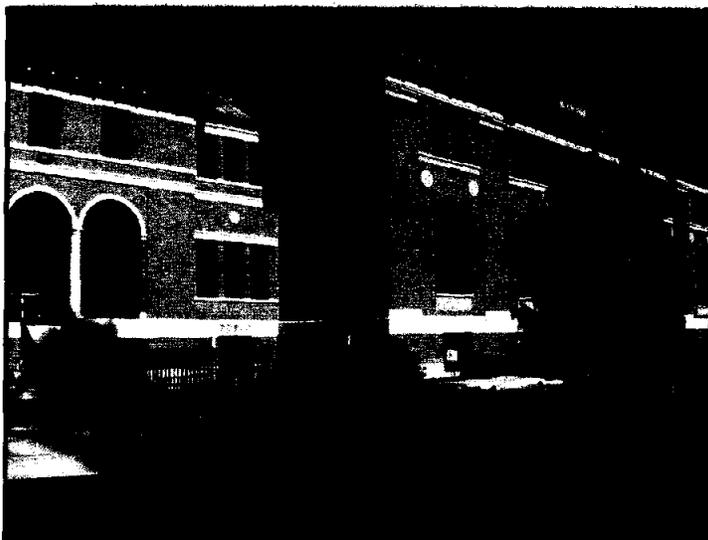
Lender	Department Of Real Estate Services, Govt Of DC				
Property Address	3115 14th Street NE				
City	Washington	County	----	State	DC Zip Code 20017
Lender	Department Of Real Estate Services, Govt Of DC				

**Rental 1**

4301 13th Street NW
 Proximity To Subject 2.43 miles NW
 Gross Building Area 187,528
 Age 60

**Rental 2**

330 21st Street NE
 Proximity To Subject 2.54 miles S
 Gross Building Area 16,190
 Age 59

**Rental 3**

4401 8th Street NE
 Proximity To Subject 1.04 miles NW
 Gross Building Area 26,178
 Age 62

Rental Photo Page

Lender	Department Of Real Estate Services, Govt Of DC				
Property Address	3115 14th Street NE				
City	Washington	County	—	State	DC Zip Code 20017
Lender	Department Of Real Estate Services, Govt Of DC				



Rental 4

421 Alabama Avenue SE
Proximity to Subject 5.48 miles S
Gross Building Area 8,026
Age 73



Rental 5

3600 Georgia Avenue NW
Proximity to Subject 6.65 miles NW
Gross Building Area 53,800
Age 2



Rental 6

101 T Street NE
Proximity to Subject 6.65 miles NW
Gross Building Area 201,144
Age 82

Location Map

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County	-----
State	DC
Zip Code	20017

