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District of Columbia Zoning Commission
441 4th Street, NW, Suite 210S
Washington, D C 20001

RE Request for the Two Year Extension of Zoning Commission Order No 03-12K/03-13K (250 M Street, S E )

Dear Members of the Commission

This letter is in support of the request from Square 769, LLC and DCHA to extend the PUD approval for the construction of the office building to be located at 250 M Street, S E I am Executive Vice President and head of Smith Sales & Leasing Group, a subsidiary of William C Smith + Co Over the past 25 years, the Smith Sales & Leasing Group has had the privilege of structuring transactions for/with the following companies Delta Resources, ManTech, Raytheon Corporation, Owners Operators Independent Drivers Association (OOIDA), Intelligent Transportation Society of America, QED Systems, JPI, Trammell Crow Residential, Cornerstone, MassMutual, CSX, Monument Realty, CMS, Sawyer Realty, Waste Management, Freddie Mac, Fannie Mae, Citibank, Keener Squire, Equitable Realty, Douglas Development, The Washington Post Company, CPDC, UIP, Borger Company, Bank of America CDC, Archon, CAPReit and Harvard Management Corporation Our team members have been recognized with the Greater Washington Area Commercial Associations #1 Producer Award, the Archon Award for Excellence in Brokerage, the GWACA Lifetime Multi-Million Dollar Achievement Award and named to Bisnow on Business Top 50 Power Brokers List

The Smith Sales & Leasing Group has been leading the effort to market and pre lease the office space at 250 M Street, S E Our goal is to find one or more lead office tenants willing to commit to pre-lease 70% of the office component of the building (150,000 rsf) – the threshold lenders are requiring to obtain construction financing

Perhaps the most likely source for a lead or full building tenant is a federal government agency We monitor the decisions of the House Transportation and Infrastructure Committee, GSA announcements and Fed Biz Opps and aggressively compete on all solicitations where 250 M meets the stated requirements Starting in December 2012 we responded and competed for the Department of Health and Human Services Administration for Children and Families (ACF) as well as The National Labor Relations Board solicitation In both cases 250 M at Canal Park was eventually dropped from consideration when the selection process dragged on and only existing buildings could meet the delivery date parameters A positive side note regarding these GSA solicitations is that NLRB ultimately chose to lease 143,000 sf at 1015 Half Street SE in the Capitol Riverfront just 5 blocks from our 250 M site They are anticipated to take occupancy in January 2015 bringing another 25,000 employees to the area

From 2014 to 2018 there will be significant federal leasing opportunities with 33 6 million SF of government leasing rolling in the National Capitol Region The recent 'endorsement' of the Capitol Riverfront by NLRB should offer future federal leasing opportunities for buildings in The Capitol Riverfront We will continue to monitor the above channels, maintain contact with GSA and private sector leasing specialists and aggressively participate in all appropriate solicitations

In 2012 we rebranded the 250 M project to "250 M at Canal Park" to identity the building with Canal Park and differentiate it from competitors We have worked to highlight the project's proximity to the new Canal Park which opened in November of 2012 With the park's 70 seat restaurant, fountains, ice skating path, outdoor sculpture, water elements, green roof, lush landscaping, ample seating areas and programmed activities Canal Park is a wonderful neighborhood amenity for Capitol Riverfront office workers In November of 2012 we hosted a broker's luncheon to coincide with the opening of Canal Park Invitations were sent to over 560 DC leasing agents

250 M at Canal Park will be located at the center of the exciting Capitol Riverfront neighborhood and we have continued to work with the Capitol Riverfront Business Improvement District to host brokerage events and symposiums to create interest in our project Starting in the 3rd quarter of 2013 and continuing into the 2nd quarter of 2014 we coordinated with the Capitol Riverfront BID and Jones Lang LaSalle to host a series of luncheons with the top tenant representative leasing brokers The luncheons sought to highlight the benefits of locating offices in the Capitol Riverfront and to promote first class office leasing opportunities such as 250 M at Canal Park

We have worked to promote 250 M at Canal Park with the tenant base in our existing Capitol Riverfront building at 1100 New Jersey Avenue In 2013 we initiated discussions with our lead tenant regarding the possible consolidation of some of their DC and Virginia offices into a new headquarters location at 250 M at Canal Park To that end we offered signage and naming rights and the opportunity to influence interior design elements of the project We continue to maintain open channels of discussion about this possibility, however, defense spending cut backs and uncertainty about federal contracts in the future have made it difficult for federal contractors to make commitments of this kind

2013 was a stressful year in the Naval Sea Systems Command (NAVSEA) community Sequestration, the federal government shutdown and the tragic events at the Navy Yard on September 16, 2013 had a substantial impact on work at NAVSEA Many in the NAVSEA contractor community talk of the unprecedented large number of RFP's that have not been awarded over the last two years When these backlogged contracts are finally awarded, demand for contractor office space will return to more normal levels

Another of our existing tenants is the Intelligent Transportation Society of America (ITS America) In June of 2014 we were an underwriter of the 2014 Intelligent Transportation Society Leadership Circle Conference in exchange for the opportunity to present 250 M at Canal Park Corporate Members of the Leadership Circle who had representatives in attendance included. Deutsche Telekom, IBM Corporation, Image Sensing Systems, Intel Corporation, Qualcomm, Serco Inc , Siemens, Verizon Telematics, and Xerox Corporation

We have worked closely with the brokerage community and the Capitol Riverfront BID to stay abreast of any large potential tenants that show an interest in the Capitol Riverfront and in 250 M Street in particular Examples of such opportunities over the past two years include the National Association of Broadcasters ("NAB") and the Urban Institute

The leadership of the NAB toured several office sub markets in the DC area and announced in 2013 that they intended to move to the Capitol Riverfront We pursued the NAB opportunity through a series of discussions with its brokerage team As NAB refined their requirements it became clear that 250 M at Canal Park was too big a building for NAB

For some time the Urban Institute has been in the market for 80,000 to 110,000 rsf The Capitol Riverfront is on its short list of neighborhoods We have engaged in discussions with Urban Institute's broker regarding how 250 M at Canal Park can meet its requirements For example, one of the Urban Institutes wants a dedicated conference facility which we have stressed is a signature feature of 250 M at Canal Park

In the past 12 months 214,000 sf of new office leases have been signed in our submarket the largest of which was the 143,000 sf lease with NLRB and 30,000 to CBS Radio There are 3,000 existing residential units in the Captiol Riverfront with an additional 3,000 units scheduled to deliver over the next 24 months The vibrancy, size and demographics of the existing residential and office worker population has prompted numerous retailers to commit to the area Harris Teeter, Whole Foods, VIDA Fitness, AURA Spa, Bang Salon, Unleashed by Petco, to name a few

The constantly improving amenity base and growing population makes the Capitol Riverfront more and more attractive to federal agencies, nonprofits and private interests The approval of the two year extension will enable us to continue our efforts which ultimately will lead to executing a lease with an anchor tenant allowing the project to move forward

Sincerely,

Edward Wolynec
Executive Vice President