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January 15, 2004

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ZONING COMMISSION FOR THE DISTRICT OF COLUMBIA
CASE NUMBER: 03-16 (PUD MODIFICATION – WATERGATE HOTEL
HEARING: JANUARY 29, 2004

REQUEST TO PARTICIPATE AS A PARTY

Watergate East, Inc., (hereinafter WEI) a Delaware Corporation, hereby requests the opportunity to participate as a Party in the above-referenced proceedings, which are currently scheduled to take place on Thursday, January 29, 2004, starting at 6:30 p.m.

It should be noted at the outset of this Request that the Board of Directors of WEI has voted to oppose the pending application. However, since WEI is being asked to sell certain of its property to the Applicant -- and since the sale is an important element in the Applicant's proposal --in accordance with Delaware law, and the Bylaws of the Association, the Membership of WEI must vote on whether or not to approve the sale. A Membership meeting has been scheduled for Thursday, January 22, 2004. This date is after the deadline for making this request to participate as a Party in these proceedings. Accordingly, at the present time, in order to meet the fourteen (14) day requirements of 11 DCMR §3022.3, WEI is filing this request to participate as a party in opposition to the Application. WEI reserves the right – after the January 22nd membership meeting – to change its position, depending on the vote of its membership. If this position

ZONING COMMISSION
District of Columbia
Case 03-16
Exhibit 32

ZONING COMMISSION
District of Columbia
CASE NO.03-16
EXHIBIT NO.32

changes, WEI will immediately advise the Commission, well in advance of the scheduled hearing.

It should also be noted that on January 14, 2004, WEI was advised that the applicant intents to modify its plans, and will seek to convert the existing Watergate Hotel into a Cooperative Housing complex, instead of a Condominium. Based on this new development, WEI must respectfully reserve the right to modify its testimony after the Board of Directors of the WEI Cooperative has had an opportunity to review and digest this new development.

In compliance with 11 DCMR §3022.3, WEI submits the following:

a. Watergate East, Inc., c/of Benny L. Kass, Esq., Kass, Mitek & Kass, PLLC, 1050 17th Street, NW, Suite 1100, Washington, D.C. 20036, 202-659-6500.

b. WEI hereby requests to appear and participate as a party.

c. As discussed above, WEI's present position is to appear as an Opponent of the Application, subject to a decision of the Membership at its meeting on January 22, 2004.

d. WEI will appear through its legal counsel, Benny L. Kass, Esq. (referenced in (a) above).

e. In accord with our present position in opposition to the application, witnesses on behalf of WEI will be:

William K. Condrell
President, Watergate East, Inc.
2510 Virginia Avenue, NW, 502N
Washington, DC 20037

Benny L. Kass, Esq.
Kass, Mitek & Kass, PLLC
1050 17th Street, NW, Suite 1100
Washington, D.C. 20036

Hon. Lester Schlitz
Second Vice President, Watergate East, Inc.
2510 Virginia Avenue, NW, 1012N
Washington, D.C. 20037

In the event of a change of position due to the Membership meeting referred to in (c) above, our witnesses will be the same except that Mr. John Baring will take the place of Hon. Lester Schlitz.

John Baring
Treasurer, Watergate East, Inc.
2500 Virginia Avenue, NW, 1102/3S
Washington, D.C. 20037

f. A summary of the testimony of each witness:

William Condrell, will explain the status of the premises which WEI currently owns, and which the Applicant proposes to purchase for use as parking spaces for prospective cooperative owners, provide background on the position of WEI, and in general the reasons for it.

Hon. Lester Schlitz will provide background on the more specific concerns of the WEI members, including but not limited to such matters as property value, traffic, density, and other concerns resulting from having a new cooperative complex next door.

Mr. Kass will explain more technical concerns of Watergate East, including questions of liability, taxation and others.

If, on the other hand, the WEI Membership determines to support the proposed conversion of the Hotel to a Cooperative regime, Mr. Condrell, as President, will discuss WEI support and the reasons for it, and Mr. Kass will deal with the implementation of the new Cooperative regime to accord with the applicant's purchase offer.

Depending on the outcome of the Membership meeting, Mr. Baring reserves the right to testify before the Commission in support of the application to describe the reasons making the application sound policy, and other reasons in support thereof.

g. No expert witnesses are anticipated at this time.

h. WEI requests fifteen (15) minutes in order to present its case.

i. WEI should be granted party status for three basic reasons:

(i) **it is the immediate next door neighbor** to the Watergate Hotel and is part of the Watergate Complex and subject to – and covered by – the existing Planned Unit Development (PUD) which is the subject of this Application;

(ii) **a certain portion of WEI's property will be used by the Applicant** for its parking needs (whether or not WEI membership agrees to sell the property to the Applicant) and WEI wants to make sure that the Commission is fully informed about these arrangements, and that the Commission incorporates certain safeguards/protections for WEI in any final Order that it may issue.

WEI currently leases 95 parking spaces to the Watergate Hotel, under a long lease (62 years remaining). The Applicant has proposed purchasing these parking spaces, and that proposal will be voted upon by the WEI membership at its January 22nd meeting.

(iii) **Impact on Watergate East, Inc**: Clearly, any decision by the Commission will have a direct impact on WEI. For example, as noted on page 8 of the Applicant's "Prehearing Statement" (filed with the Commission on September 24, 2003):

> ... the Watergate complex consists of different buildings integrated into a single project constructed over a common base...

WEI is one of these buildings, and any decision rendered by this Commission must take into consideration the needs, wants and requirements of WEI. WEI is concerned about such issues as (1) density, (2) traffic congestion, (3) and impact on marketability and value of WEI cooperative units.

The Commission's attention is also referred to another statement in the Applicant's Prehearing Statement. The Applicant has advised the Commission, **inter alia**:

> The Applicant has continued to have discussions with representatives of the three cooperative associations which own the three apartment buildings in the Watergate. At the public hearing the Applicant will address the resolution of the issue raised by the existing residents with respect to the form of ownership of the new residential building.

(Page 6, Prehearing Statement submitted by Applicant).

There should be no question but that WEI's interest in this Application is more significantly – and more uniquely – affected by the proposed zoning action than those of other persons in the general area, other than of course the interests of Watergate West Cooperative.

For all these reasons, WEI respectfully requests that it be granted Party status in the pending Application process – reserving the right to change its position from Opposition to Support at the conclusion of the January 22nd membership meeting. WEI will immediately advise the Commission should there be any change in its position, well in advance of the scheduled January 29th hearing.

For the record, WEI has informed the Applicant of its position on this matter.

Respectfully submitted,

Watergate East, Inc.

By: _____

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Kass, Mitek & Kass, PLLC
1050 17th Street, NW, Suite 1100
Washington, D.C. 20036
202-659-6500
E-mail: bkass@kmklawyers.com
Attorney for Watergate East, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have personally mailed this Request to Participate as a Party, by first class mail, postage prepaid, on January 15, 2004, to:

Norman Glascow, Esq.
Holland & Knight, LP
Suite 100
2099 Pennsylvania Avenue, NW
Washington, D.C. 20006

_____
Benny L. Kass