

CityPartners 5914 OFFERS to Tenants

- 06 June 2018 **TOPA Offer** of Sale to Tenants without 3rd Party Contract
Time expired without action from Tenant Association
- 27 July 2018 **Four Options offered** 1. Offer to sell 2. Move Back Into New Buildings
3. \$50,000 Cash Buyout. 4. Become a Partner in the Project
- 08 Aug 2018 **Tenants reject offer & TOPA** – Demand residential buildings be sold to NHT/E
directly for \$3m & refuse to meet
- 07 Sept 2018 **Seven Options offered** 1. Offer to sell 2. Move Back in to New Buildings
3. \$50,000 Cash Buyout. 4. Become A Partner in the Project 5. Tenants buy a
buildable pad 6. Tenants buy Phase I or Phase II of development 7. Open to all
other ideas
- 20 Sept 2018 **Tenants reject offer & TOPA** – Demand residential buildings be sold to NHT/E
directly for \$3m & refuse to meet
- 07 Nov 2018 **TOPA & Buyout Offered:** \$100,000 per household or below market purchase
(\$7.15m)
- 26 Nov 2018 **Tenants reject offer & TOPA** – Demand residential buildings be sold to NHT/E
directly for \$3m & refuse to meet
- 12 Dec 2018 **Buyout Offered:** 1. \$100,000 per household plus 2. \$10,000 toward taxes
3. \$52,000 toward moving and relocation costs 4. New Apartment: Tenants to
move back into New Apartment Building at current rent rate 5. CityPartners
5914 providing opportunity for tenants to invest in and participate in new
development. Their Equity investment would receive a preferred interest rate of
7% 6. CityPartners will arrange for a financial consultant--if requested--to help
each TA member household decide how best to invest their \$100,000 payment
- 07 Feb 2019 **Tenants reject offer** – Demand residential buildings be sold to NHT/E directly
for \$3m & refuse to meet
- 29 March 2019 **Buyout Offered:**
1. **\$100,000 per household** plus all previous 5 items
 2. **A new apartment:** In development and pay the same rent
- Plus:**
3. CityPartners 5914 will pay \$10K in taxes \$ payment
 4. Tenants can invest in and participate in the new development with a
minimum investment of \$10,000. Their investment would be
considered as equity in the new project, and tenants would receive a
preferred interest rate of 7%.
 5. CityPartners will arrange for a financial consultant--if requested--to
help each TA member household decide how best to invest their
\$100,000 payment.
 6. Relocation/Moving costs have been and will continue to be paid by
CityPartners 5914.
- 07 May 2019 **Tenants reject offer** – Demand residential buildings be sold to NHT/E directly
for \$3m & refuse to meet. Each tenant has signified their rejection on the letters
we sent.

Tenants Rejection to our March 2019 Offer:

Good Morning,

This responds to your March 29, 2019 letters that were addressed to me and to the tenants listed in those letters. We have provided your letters to the tenants, they have considered your offer, and they do not accept it. Please see the attached copies of your letters that include the tenants' notations.

As before, tenants do not agree to meet or otherwise communicate with CityPartners except in accordance with the three points stated in our August 8, 2019 and subsequent communications to you and Mr. Luchs.

Will Merrifield
Staff Attorney for the Affordable Housing Initiative
The Washington Legal Clinic for the Homeless
202-328-5502

Tenants Rejection and Three Points:

Previous letters on this subject (addressed to your client dated July 25, 2018, and addressed to you dated August 8, 2018) stated our clients' position that CityPartners 5914, LLC does not possess valid, legal title to the Congress Heights properties, and that CityPartners 5914, LLC was not legally authorized to send the June 2018 TOPA notices to tenants and the D.C. Government. Further, the August 8, 2018 letter stated our clients' three foundational points to settlement negotiations and agreements:

- (1) Four parties are involved in settlement negotiations and signed agreements: the CityPartners entities, the Sanford entities, the D.C. Office of the Attorney General, and the tenants;
- (2) Settlement is comprehensive in that it addresses and resolves all of the four parties' litigations and other claims; and
- (3) Settlement includes purchase of the three properties by NHT-Enterprise ("NHTE") for no more than \$3,000,000.

These continue to be our clients' positions.

March 29, 2019

Will Merrifield, Esq., Staff Attorney
The Washington Legal Clinic for the Homeless
1200 U St NW
Washington, DC 20009

Dear Mr. Merrifield,

I am very aware and sensitive to the fact that this has been a difficult time for the residents of 1331-1333, 1309 Alabama Ave SE and 3210 13th Street SE, and I am writing again to let you know that I want to do whatever I can to help lessen their burdens.

I know I cannot fix everything, and I cannot correct past actions by Sanford Capital, but I do want to work with you to do all that I am capable of to address the opportunities that the tenants have. CityPartners 5914 remains focused on providing the tenants with options that address what is in their best interest.

I have been told that many of the ten (10) tenants are not clear about what opportunities they are being offered and how they can accept them. This letter is to give you an update and clarification of my offer to the Congress Heights SE Tenants Association, Inc. (TA) whose members are:

[REDACTED]

[REDACTED]

I want to be clear that this is a real offer and a binding offer. I have individual letters (attached) for each tenant, and I would ask that you provide these to them.

When the agreement between the TA and my company is ratified, I will submit it to the judges in both Superior Court cases. I will also deliver our agreement to the Attorney General and the Tenant Advocate. The courts and the Attorney General's office will all require me to fulfill the settlement obligations or face severe judicial consequences.

CityPartners 5914 is offering all of the below 6 items:

- One Hundred Thousand Dollars (\$100,000.00) payment to each Tenant Association member household
- A new apartment: Tenants can also move back to the brand new Congress Heights Metro Station development into a new apartment, and pay the same rent they currently pay.

Plus:

- CityPartners 5914 will pay the taxes on the initial payment for an additional amount up to Ten Thousand Dollars (\$10,000) per TA member household.
- CityPartners 5914 is open to having tenants invest in and participate in the new development with a minimum investment of \$10,000. Their investment would be considered as equity in the new project, and tenants would receive a preferred interest rate of 7%.
- CityPartners will arrange for a financial consultant--if requested--to help each TA member household decide how best to invest their \$100,000 payment.
- Relocation/Moving costs have been and will continue to be paid by CityPartners 5914.

When the Tenant Association votes to accept the settlement offer from CityPartners 5914, the offer will be legally binding and we guarantee the fulfillment of our offer.

As I stated earlier, this Offer will be registered with the DC Courts. If you prefer, we can have the DC Appointed Receiver distribute the \$100,000.00 per household.

\$100,000.00 will be made in two payments:

1. \$20,000 will be paid seven (7) days after the Tenant Association vote and sign the agreement.
2. \$80,000 will be paid once court cases are dismissed

Tenant's right to move back into CityPartners 5914's new development at their current rental rates

- This is guaranteed in our DC recorded PUD Order 13-08, under Public Benefits, item #11- DC must certify all tenants were offered opportunity to return before the residential building can be occupied.*¹

This will also be a binding requirement that is part of the ratified agreement that we register with the courts.

I am happy to meet to discuss all elements of my offer. If you have alternative ideas or concerns, or need clarification, I would like to know this and be allowed to respond directly to the Tenant Association.

As I have said on many occasions, I would be happy to discuss details of my current offers, or negotiate other options with members of the Tenant Association and their team. I will make myself available to meet in person or speak on the phone anytime.

All my best,



Geoffrey H. Griffis

cc: Will Merrifield
Blake Biles

*¹ Prior to the issuance of a certificate of occupancy for the residential building on the property, the Applicant will provide evidence to the Zoning Administrator that all existing tenants were provided with the opportunity to return to the new residential building; that all of the residents of the existing residential buildings (deemed to be the people who were residents at the time that the Applicant filed a demolition permit for the existing residential buildings) will continue to pay the amount of rent they pay in their current units

December 12, 2018

Will Merrifield, Esq., Staff Attorney
The Washington Legal Clinic for the Homeless
1200 U St NW
Washington, DC 20009
will.merrifield@legalclinic.org
(202) 328-5502

Dear Will,

This has been an intense and difficult period for the residents of 1331 Alabama Ave, SE, and I'm writing again to let you know that I want to do whatever I can to help lessen the burdens on the tenants who were impacted by the fire. Although I have fully funded relocation costs for all the tenants, my offer still stands to house the tenants displaced by the fire, at deeply discounted rates, at the Hyatt Place I own in Southwest DC. Please let me know if you change your mind and would allow the tenants to stay in my hotel. I would also like to sponsor a holiday meal for all the tenants and can arrange for this to be on the 20th or 21st of December and could provide transportation if needed. Please do let me know if this will work or if other dates would be more convenient.

Although on 15 November 2018 you rejected CityPartners 5914, LLC's offer to provide a cash payment to the tenants in exchange for relinquishment of their TOPA rights, and also rejected 5914's Offer of Sale to sell the Congress Heights Apartments to the tenant association for a below market valued price of \$ 7,150,000 million, CityPartners 5914 is still focused on providing the tenants with options that address what is in their best interest.

To that end, we offer the following:

- \$100,000.00 payment to each Tenant Association Member household
- CityPartners5914 will pay the taxes on the initial payment for an additional amount up to \$10,000 per TA member household
- Relocation/Moving costs to be paid by CityPartners 5914
- CityPartners 5914 is willing to allow tenants to move back into new development at their current rental rates
- CityPartners 5914 is open to having tenants invest in and participate in new development with a minimum investment of \$10,000. Their investment would be considered as equity in the new project, and tenants could receive a preferred interest rate of 7%
- CityPartners will arrange for and cover costs for a financial consultant--if requested--to help each TA member household decide how best to invest their \$100,000 payment

The above offer is based on the Tenant Association voting not to purchase the buildings, and to assign their TOPA rights to my company, prior to the start of renovation, which is estimated to be 04 January 2019.

If the Tenant Association votes to accept this offer before the start of the Receiver's renovation work, each member household will receive One Hundred Thousand (\$100,000.00) dollars. This amount will be divided into two payouts. The first, a \$20,000 cashier's check will be paid seven days after the Tenant Association vote. The remaining \$80,000 will be paid in a cashier's check when the tenants hand in their keys. In order to give the tenants confidence in us, if this offer is accepted, CityPartners 5914 will register it with the courts and the funds can be distributed by the court appointed Receiver.

CityPartners 5914 has funded over One Million (\$1,000,000.00) Dollars to the Receiver for operations and renovations of the existing buildings. Those funds are in the Receiver's bank account. That money can be used to renovate buildings or it can be given to the Tenants.

If there is not an agreement with the Tenant Association and the Receiver begins works, with each month that passes we will continue to expend funds to renovate the buildings, and therefore the buyout amount will be reduced. So if the vote to assign their TOPA rights to my company comes prior to renovation starting, and in the month of December, 2018, then each member household will be paid a total of One Hundred Thousand (\$100,000.00) dollars, but thereafter any buyout would be substantially reduced.

I will be happy to sit down with you and whichever tenants you can gather, to discuss moving forward. If the desire is to discuss a buyout, I would be happy to talk through questions or concerns that you or the tenants might have. If you and the tenants would like to have representatives from the Attorney General's office or from the Office of the Tenant Advocate, that would be fine with me.

As I have said on many occasions, I would be happy to discuss details of my current offers, or negotiate other options with members of the Tenant Association and their team. I will make myself available to meet in person or speak on the phone anytime.

All my best,



Geoffrey H. Griffis

November 7, 2018

Will Merrifield, Staff Attorney
The Washington Legal Clinic for the Homeless
1200 U St NW
Washington, DC 20009

Dear Will,

This has been an intense and difficult week, and I'm writing to let you know that I want to do whatever I can to help lessen the burdens on the tenants who were impacted by the fire. I did offer to house the tenants at deeply discounted rates at the Hyatt Place I own in Southwest DC, I'm sorry that did not work out. Please let me know if I can at least set up dinners for them at the hotel, at my expense.

On another front, I want to let you know that I will be happy to sit down with you and whichever tenants you can gather, to discuss moving forward. If the desire is to discuss a buyout, I have laid out a new offer below, which I would be happy to talk through with you and the tenants. If the desire is to discuss a lower purchase price, I am also happy to do that. If you and the tenants would like to have representatives from the Attorney General's office or from the Office of the Tenant Advocate, that would be fine with me. The only thing I can't agree to is to have Sanford at the table. They are a destructive force, and they no longer have ownership, interest, or control over these properties. I do not do business the same way as they do, and I have no intention of working with them – either at a settlement meeting, or anywhere else.

The new buyout offer is as follows. If the Tenant Association votes not to purchase the buildings, and to assign their TOPA rights to my company, prior to November 30, 2018, each member household will receive \$100,000. This amount will be divided into two payouts. The first, a \$20,000 cashier's check will be paid seven days after the Tenant Association vote. The remaining \$80,000 will be paid in a cashier's check when the tenants hand in their keys.

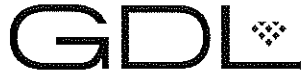
If there is not an agreement with the Tenant Association, with each month that passes we will continue to expend funds for the Receiver to renovate the buildings, and therefore the buyout amount will be reduced. So if the vote to assign their TOPA rights to my company comes in the month of December, 2018, then each member household will be paid a total of \$75,000. If the vote and assignment comes in the month of January, 2019, the total amount of buyout will be \$50,000, and so on. This decreasing buyout amount is intended to motivate the tenants to act quickly, because once I start spending significant money on the court-ordered renovation, I will have to stay on that path to renovate the buildings, and keep them as rentals.

As I said, I would be happy to discuss these details, or negotiate a sale of the property with members of the Tenant Association and their team. I will make myself available to meet in person or speak on the phone anytime.

All my best,



Geoffrey H. Griffis



GREENSTEIN DELORME & LUCHS, P.C.

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WASHINGTON, D.C. 20036-5605
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www.gdflaw.com

Richard W. Luchs
rwl@gdflaw.com

September 7, 2018

BY EMAIL AND FIRST CLASS MAIL

RESPONSE TO YOUR LETTER REGARDING TOPA-FOR SETTLEMENT PURPOSES ONLY

Blake Biles, Esq.
Arnold & Porter
555 12th Street, NW
Washington, D.C. 20004

William Merrifield, Esq.
Washington Legal Clinic for the Homeless
1200 U Street, NW
Washington, D.C. 20009

Gentlemen,

We are disappointed with your letter dated August, 8th 2018, regarding the Offer of Sale presented to the tenants of Congress Heights for multiple reasons. You have presented an ultimatum that the only option the eleven tenants have is that the tenant association and its development partner, NHT/E buy the residential buildings for \$3m and that none of the tenants are interested in a buyout or moving back into a new class "A" mixed income development with retail and residential amenities. My client has reason to believe that more than one of the eleven tenants is very interested in a buyout and is my client is rightfully concerned as to whether his proposals have in fact been shared with all of the tenants.

As such, my client has one immediate and reasonable request: that a meeting with all eleven tenants that you represent be set up to take place as soon as possible, but by no later than September 21, 2018, so that my client's principal can present all the options to the tenants in person.

CityPartners 5914 has always been committed to moving forward with a plan that best serves the tenants, the community and the City. In order to do so, my client needs to be able to communicate all of the options to the tenants, and discuss with them all of the realities and facts associated with each option. Only then will each of the eleven tenants be able to make an informed decision that is in his/her best interest.



Blake Biles, Esq.
William Merrifield, Esq.
September 07, 2018
Page 2

Refusing to negotiate with my client cannot be in the best interest of the tenants and contravenes the requirements of TOPA regarding good faith negotiations, which are imposed on housing providers and tenants alike.

My client is more than willing to share information regarding the costs already spent on the property and work towards a reasonable purchase price that any developer would find fair and favorable. My client has also offered to discuss the possibilities of joint ventures with your colleagues and business partners at NHT/E in the development of the entire assemblage.

To be clear, my client has already invested too much in this project to simply walk away for \$3,000,000 or for that matter any loss. Furthermore, once the full funding of the receiver's plan is made, renovation work will begin. This will add over \$900,000 to the purchase price; but more likely it will end all purchase discussions, as a full renovation of the units will commence. At that point TOPA will be off the table, and my client's purchase offer to the tenants will be withdrawn.

The judge has made it clear on more than one occasion that he would like to see this case settled in a manner which benefits the parties but with a primary emphasis placed on the welfare of the residents. Consequently, we reiterate our request that a meeting be convened by September 21, 2018, at which the tenants can meet with my client's principals face-to-face and discuss all of the options.

The following outlines my client's assessment of reasonable options for the tenants. We can continue to make creative offers and options, but my client needs to meet with the eleven tenants so that each one can make an informed vote when the tenant association votes on how to proceed.

Option 1: Tenants Purchase Buildings. The Tenant Association may work with your selected developer to purchase the buildings by signing over there TOPA rights to NHT/E. The purchase price on the table is \$7.5 million, which is the appraised value of the land and four buildings constituting the Congress Heights property. My client is open to negotiating that price, but you will need to come to the table to do that.

Option 2: Tenants Do Not Purchase Buildings and Choose to Move Back into New Buildings Constructed by CityPartners 5914. If this is the option that the Tenant Association selects, residents will stay in the temporary apartments for the duration of construction (about two years). When they return to the new apartments, they will pay the same rent they are paying today for their current apartments.



Blake Biles, Esq.
William Merrifield, Esq.
September 07, 2018
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Option 3: Tenants Do Not Purchase Buildings and Choose to Take Cash Buyout. If the tenants choose not to move back into the new buildings, my client will pay \$50,000 per apartment for a buyout, as well as for their moving expenses to a new apartment; provided, that the Tenant Association relinquish any rights to purchase the property.

Option 4: Tenants Do Not Purchase Buildings and Choose to Become Partners in the Project. My client is offering the tenants an opportunity to invest the buyout amount into the project and will sign a contract that ensures the earliest possible returns on their investment.

Additional Options for the Tenants to Consider. *In order to provide the most options for their consideration, my client is proposing three new, creative ways for how the tenants can become part of the development:*

Option 5: Tenants Purchase a Buildable Parcel at 3210 13th and Build Their Own Building. This option enables the tenants to build a condominium building that would provide them with homes that they would own.

It is estimated that an independent building could be constructed that would be 5 stories, with elevator, first floor lobby and lounge area, rooftop amenities and contain 6 two-bedroom condos, 10 one-bedroom condos and 2 studio condos for a total of 18 home ownership opportunities. This would accommodate all current tenants as there are 7 current one-bedroom tenants and 4 two-bedroom tenants.

Option 6: Tenants Purchase Phase I or Phase II of the Development Plan.

Based on the fact that my client already has an approved PUD that has two phases of construction and over 445,000 sf buildable potential, this would allow the tenants to build 200 or more apartments on their half of the development site. My client is open to having the tenant purchase one of the phases and develop half of the project and build their own building.

Option 7: My Client is Open to any Viable Option That the Tenants Propose.

This option restates my client's openness to work creatively towards a solution that is in the best interest of the tenants, the community and the City.

If my client and the eleven tenants are unable to come to an agreement soon, the necessary course of action will be to move forward with the Court's plan as ordered, renovate all the units in the building, move all tenants back into the existing buildings and lease up the rest of the units. This will be unfortunate, as it will take TOPA off the table and end the possibility for the most positive development on this site.



GREENSTEIN DELORME & LUCHS, P.C.

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Blake Biles, Esq.
William Merrifield, Esq.
September 07, 2018
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My client is—and always has been--willing and ready to negotiate an outcome that is in the best interest of the tenants, the community and the City. We hope you share this willingness and this spirit.

We look forward to hearing from you and working towards a solution that helps each of the tenants you represent.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard W. Luchs", with a long, sweeping horizontal line extending to the right.

Richard W. Luchs

August 8, 2018

FOR SETTLEMENT PURPOSES ONLY

By Electronic Mail and First-Class Mail

Richard W. Luchs
Greenstein DeLorme & Luchs, P.C.
Suite 900
1620 L Street, NW
Washington, D.C. 20036

Re: the Congress Heights properties

Dear Richard:

This responds to your July 27, 2018 letter to me and Will Merrifield on behalf of your client, CityPartners 5914, LLC, stating CityPartners's options for settling the current litigation pending before D.C. Superior Court Judge Mott. We have provided your letter to our clients and have conferred with them.

At the outset, and as stated in the July 25, 2018 letter to CityPartners 5914, LLC and the D.C. Department of Housing and Community Development, neither the tenants nor their tenant associations in any way whatsoever admit, confirm or otherwise acknowledge that your client either (a) possesses valid, legal title to the Congress Height properties, or (b) was legally authorized to send the June 2018 TOPA notices to tenants and the D.C. government. Respecting however your client's statement of its settlement options, following are our clients' three foundational points to settlement negotiations and agreements:

(1) Four parties are involved in settlement negotiations and signed agreements: the CityPartners entities, the Sanford entities, the D.C. Office of the Attorney General, and the tenants.

(2) Settlement is comprehensive in that it addresses and resolves all of the four parties' litigations and other claims.

Arnold & Porter

Richard W. Luchs

August 8, 2018

Page 2

(3) Settlement includes purchase of the three properties by NHT-Enterprise ("NHTE") for no more than \$3,000,000.

Pursuant to these points, our clients do not agree to Option 1 in your letter because of the stated purchase price. Further, our clients do not agree to Options 2, 3 or 4 because those options do not involved purchase of the three properties by NHTE.

Notwithstanding their disagreement with your client's four options, our clients are willing to engage in further settlement negotiations provided the CityPartners entities, the Sanford entities and the D.C. Office of the Attorney General agree on the three points stated above as a predicate to such further negotiations.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Blake A. Biles', with a stylized flourish extending from the end.

Blake A. Biles

cc: William Merrifield

RICHARD W. LUCHS, ESQ.
RWL @ GDLLAW.COM

July 27, 2018

BY EMAIL AND FIRST CLASS MAIL; FOR SETTLEMENT PURPOSES ONLY

Blake Biles, Esq.
Arnold & Porter
555 12th Street, NW
Washington, D.C. 20004

William Merrifield, Esq.
Washington Legal Clinic for the Homeless
1200 U Street, NW
Washington, D.C. 20009

Dear Mr. Biles and Mr. Merrifield,

As you may be aware, in the receivership case involving the Congress Heights apartments, the Court recently issued an order strongly encouraging all parties to try to settle the litigation. To that end, on June 11, 2018, CityPartners 5914, LLC submitted an Offer to Purchase without a third-party contract to the tenants of Congress Heights. To date, my client has not received a response to its Offer. Nevertheless, as we anticipate that the Court will inquire at some point regarding the status of settlement negotiations, I am transmitting this letter for purposes of the settlement and request that you insure that it is shared with your clients.

The following outlines the reasonable options for settlement from my client's perspective.

Option 1: Tenants Purchase Buildings. The Tenant Associations may work with their selected developer to purchase the buildings. The purchase price on the table is \$7.5 million, which is the appraised value of the land and four buildings constituting the Congress Heights property. My client is open to negotiating that price, but you will need to come to the table to do that.

Option 2: Tenants Do Not Purchase Buildings and Choose to Move Back Into New Buildings constructed by CityPartners 5914. If this is the option that the Tenant Associations selects, residents will stay in the temporary apartments for the duration of construction (about two years). When they return to the new apartments, they will pay the same rent they are paying today for their current apartments. For your information, this commitment by my client is already incorporated in the Order issued by the DC Zoning Commission approving the future development of the Congress Heights site.



GREENSTEIN DELORME & LUCHS, P.C.

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Messrs. Biles and Merrifield

July 27, 2018

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Option 3: Tenants Do Not Purchase Buildings and Choose to Take Cash Buyout. If the tenants choose not to move back into the new buildings, CityPartners 5914 will pay \$50,000 per apartment for a buyout, as well as for their moving expenses to a new apartment; provided, that the Tenant Associations relinquish any rights to purchase the property.

Option 4: Tenants Do Not Purchase Buildings and Choose to Become Partners in the Project. The final option that my client has put on the table is for the tenants to partner with my company by investing the buyout amount into the project. My client will sign a contract that ensures the earliest possible returns on their investment should they so choose.

If we are unable to come to an agreement soon, the likely course of action will be to move forward with the court's plan as ordered, renovate all the units in the building, move all tenants back into the existing buildings and lease up the rest of the units. This will be unfortunate as it will take TOPA off the table and end the possibility for a positive development on this site, but it will be necessary to cover the costs my client is incurring.

My client is willing and ready to negotiate an outcome that is in the best interest of the tenants, the community and the City. We hope you share this willingness and this spirit.

We look forward to hearing from you and working towards a solution that helps each of the tenants you represent.

Sincerely,

Richard W. Luchs