

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202252

Resolution:
☐ Yes ☒ No

TITLE:

Indemnify Parties in Connection with a Sublease

PRESENTATION SUMMARY:

In order to provide temporary office space for staff displaced by the fire on the floors seven and eight of the Jackson Graham Building, staff has identified sublease office space located at 1030 15th Street, NW, which sublease agreement is in negotiation and may require that Metro indemnify the landlord and tenant.

PURPOSE:

Request Board approval to include an indemnity in favor of Landlord and Tenant as may be required by the sublease for temporary office space located at 1030 15th Street, NW.

DESCRIPTION:

Metro's Jackson Graham Building (JGB) had a fire on floors seven and eight in May 2020. Because of the extensive damage and related costs, these floors are not being restored. Instead, Metro identified a cost-effective sublease space at 1030 15th Street NW and staff is currently negotiating a sublease agreement, which will likely require an indemnity of the landlord and tenant.

Key Highlights:

- Staff identified a 28,000 square foot sublease office space at 1030 15th Street NW to relocate 100 employees displaced by the fire on JGB floors seven and eight
- The tenant and landlord will likely require an indemnification provision in the sublease agreement

Background and History:

All fixtures, furniture and equipment on JGB floors seven and eight were destroyed by the fire on May 27, 2020. Metro has since restored JGB from the damage done by the fire and water, except for floors seven and eight due to the cost and the fact that staff will be moving to the new L'Enfant Plaza building in December 2021/January 2022. The decision to find temporary sublease

space was made to provide 100 seats for staff assigned to floors seven and eight.

Discussion:

The sublease is necessary to provide temporary space through February 2022 for approximately 100 staff displaced by the fire on JGB floors seven and eight who cannot be accommodated in other WMATA facilities. In addition, the cost of the sublease will be covered by fire insurance.

The term of the sublease is March 1, 2021 through February 28, 2022. The landlord of 1030 15th Street N.W. is 1030 W. 15th, LLC (Landlord); their tenant is National Quality Forum (Tenant). WMATA would enter into a sublease agreement with the Tenant to occupy approximately 28,000 square feet.

Agreeing to indemnify third-parties is required from time to time and requires Board approval. As is typical in commercial leases, the lease between the Landlord and the Tenant has an indemnification provision, which the Tenant may flow through in its sublease with Metro. Given the limited term of the lease, staff recommends Metro's agreeing to such an indemnification provision.

FUNDING IMPACT:

The indemnification language in the leases do not allow for quantitative analysis of any future impact on funding, if any.	
Project Manager:	Anabela Talaia
Project Department/Office:	CFO/LAND

TIMELINE:

Previous Actions	None
Anticipated actions after presentation	March 2021: Execute sublease agreement.

RECOMMENDATION:

Board approval to include an indemnity in favor of Landlord and Tenant as may be required by the sublease for temporary office space located at 1030 15th Street, NW.

SUBJECT: APPROVAL TO INDEMNIFY PARTIES IN CONNECTION WITH A SUBLEASE AGREEMENT

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Resolution 2011-30 requires Board of Directors approval for WMATA to indemnify a counterparty; and

WHEREAS, In order to provide temporary office space for staff displaced by the fire on the 7th and 8th floors of WMATA's Jackson Graham Building, staff has identified office space located at 1030 15th Street, NW, in Washington, DC (Office Space), owned by 1030 15th St, LLC (Landlord) and leased to National Quality Forum (Tenant); and

WHEREAS, Tenant and WMATA are negotiating a sublease for approximately 28,000 square feet of the Office Space from March 1, 2021, through February 28, 2022; and

WHEREAS, Landlord and Tenant may require the sublease to contain an indemnity in favor of Landlord and Tenant;

NOW, THEREFORE, be it

RESOLVED, That the Board of Directors authorizes the General Manager and Chief Executive Officer or his designee to include an indemnity in favor of Landlord and Tenant as may be required by the sublease for temporary office space located at 1030 15th Street, NW; and be it finally

RESOLVED, That in order to ensure that WMATA gains access to the space in a timely manner, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

/s/ Patricia Y. Lee

Patricia Y. Lee
Executive Vice President and General Counsel