Office Leasing for Nonprofits: Mastering the Key Issues

November 13, 2012
12:30 p.m. – 2:00 p.m. EST

Venable LLP
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Washington, DC 20004

Moderator:
Jeffrey S. Tenenbaum, Esq.

Panelists:
Jennifer J. Bruton, Esq.
Suzanne St. Pierre, Esq.
Presentation
Office Leasing for Nonprofits: Mastering the Key Issues

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Venable LLP
Nonprofit Organizations Practice
Washington, DC

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Upcoming Venable Nonprofit Legal Events


January 8, 2013 – Exempt or Non-Exempt? The Ten Most Common Employee Classification Pitfalls Faced by Nonprofits

March 12, 2013 - Preparing an Online Social Media Policy: The Top Ten Legal Considerations for Your Nonprofit (details coming soon)
Agenda

- Types of Leases
- The Leasing Process
- Principal Financial Terms of Leases
  - Options to Terminate, Renew and Expand
  - Real Estate Tax Payments
  - Operating Expense Payments
  - Electricity
  - Initial Construction (Landlord and Tenant Work)
  - Assignment and Subleasing
  - Licenses and Other Co-Location Arrangements
  - Utilities and Building Services
- Leasing and Green Buildings

Types of Leases

Net Lease vs. Gross Lease

- Net Lease
  - Tenant pays directly all operating expenses, taxes, ordinary maintenance and capital improvement costs for the leased property
  - Tenant operates/controls the property and landlord provides no services
  - “The rent is absolutely net to landlord”
  - Typical form of lease for an entire building

- Gross Lease
  - Tenant pays additional rent on account of increases in operating expenses, taxes, maintenance costs and certain capital improvement costs for the leased property
  - Landlord operates/controls the property, pays the operating expenses, taxes and repair costs, and provides services
Types of Leases

- Typical form of lease for:
  - Office lease in a multi-tenant building
  - Storefront lease in a mixed-use building
- In our presentation today, the discussion of operating expenses, taxes, and utilities and services relates to gross leases
The Leasing Process

- Working with architect to assess space needs
  - Hire an architect to develop a program
- Working with a real estate broker
  - Negotiating and signing a brokerage agreement
  - Brokerage agreement term usually a fixed time (6 months)
  - Landlord pays commissions to brokers
- Locating a property
  - Geographic considerations
  - Types of building services provided
    - Conference space
    - Security
  - Age of building (capacity of risers, age/efficiency of building systems)

- Assessing the space with architect
  - Make sure space is suitable for tenant’s needs
    - Architect should determine:
      - Electric and HVAC needs
      - Required initial improvements to the premises
      - Permits required for tenant’s construction and use (if any)
      - Effect of tenant’s work on other areas of the building
- Negotiating and signing a term sheet
  - Landlord or landlord’s broker will prepare initial term sheet
  - Non-binding
  - Should include essential terms of lease
  - Legal counsel should review term sheet
The Leasing Process

- Negotiating the lease
  - Landlord or landlord’s counsel will prepare initial draft
  - Should reflect all business terms in the executed term sheet
- Important to involve the “team” early
- Timeline for leasing process

Principal Financial and Legal Terms of Leases

- Addressed in the Term Sheet
  - Term; Termination Rights
  - Renewal Options
  - Expansion Rights
  - Base or Fixed Rent
  - Security Deposit
  - Tax Payments
  - Operating Expense Payments
  - Electricity
  - Landlord’s Work
  - Broker Commission
  - Use
  - Assignment and Subleasing
  - Guaranty

- Other Important Lease Terms
  - Utilities and Services
  - Tenant’s Work
  - Compliance with Laws
  - End of Term (restoration obligations and holding over)
  - Signage
  - Subordination and Non-Disturbance
Termination Options

- Very difficult for a tenant to negotiate an early termination right
- If landlord does agree to such a provision, there is typically a termination fee that must be paid to landlord
- Termination fee is negotiated but could be base rent that would be collected over a certain period plus the unamortized portion of improvements and landlord costs (i.e., brokerage commissions)
- If an early termination right is obtained, the timing is usually restricted – for example, may only be permitted during last 3 years of term
Renewal Options

- Agreed upon extension of the initial term
- Not automatic - Typically, tenant must give advance written notice to landlord of tenant’s exercise of such right; Time is of the essence
- This can be very valuable to a tenant as it provides comfort that its business will not be interrupted and can continue to operate at the same location for an extended period of time
- Renewal rent - Typically governed by a formula that provides for the determination of fair market rent at the time of the renewal
  - Fair market rent is typically determined by using “baseball arbitration”

Renewal Options

- “Baseball Arbitration” to determine fair market rent
  - Landlord sends notice to tenant stating what rent will be for renewal term
  - Tenant has a certain period of time to accept or reject such rent
  - If tenant objects, tenant gives its proposal for fair market rent to landlord
  - Arbitrator picks either landlord’s or tenant’s proposed rent; Determination of arbitrator is binding on landlord and tenant
  - Costs of arbitration is split 50/50 between landlord and tenant
- Strategy – tenant should try to bargain for 95% of fair market rent; savings to landlord on renewal
Expansion Options

- Tenant may be able to negotiate expansion rights
  - Typically done as a “right of first offer”
  - If a certain space (as designated in the lease) becomes available, landlord will first have to offer it to tenant
  - Tenant has to send formal notice to landlord within a certain time period notifying landlord that tenant wishes to lease the space
- Strategy – Need to make a business case for expansion right as it limits landlord’s flexibility

Real Estate Tax Payments

- Taxes – real estate taxes and special assessments are reimbursable under leases
- Base Year - Typically real estate taxes are calculated by using a "Base Year" which is the first tax year of the municipality during the term
  - NYC – July 1 to June 30
  - Washington, D.C. – October 1 to September 30
  - Maryland – July 1 to June 30
  - Virginia – January 1 to December 31
  - Tenant pays for its percentage share (based on size of tenant’s space in comparison to entire building) of the increase in real estate taxes over the Base Year
- Typically landlord estimates tenant’s portion of real estate taxes at the beginning of the year and bills tenant monthly based on such estimate
- When actual tax bill is received by landlord for building, any shortfall or overpayment is adjusted between landlord and tenant
Real Estate Tax Payments

- Special Assessments and Abatements - Tenant should perform due diligence and/or request that landlord make representations in lease regarding special assessments and abatements that are applicable during tenant’s term
  - Is tenant getting benefit of special assessment?
  - Is there an abatement that will end during tenant’s term that will cause tenant’s real estate taxes to significantly increase?

- Real Estate Tax Exemptions - If owner of building is a nonprofit, a nonprofit tenant may be exempt from paying real estate taxes if tenant is using premises for a nonprofit purpose
  - New York City –
    - Landlord and Tenant must be nonprofits described in NY Real Property Tax Law (most IRC § 501(c)(3) entities are eligible)
    - Tenant must use space for exempt purposes
    - Amount of rent collected by landlord may not exceed landlord’s carrying, maintenance and depreciation costs associated with the leased premises
    - A nonprofit owner of units in a leasehold condominium is eligible for exemption (underlying lease must be for period of 35 years or more, other requirements) (NYC Department of Finance Ruling #FLR-08-4886 dated February 13, 2009)
Real Estate Tax Payments

– Washington, D.C. –
  • Nonprofit must be owner and user of real property
    and must use property for exempt purposes (most
    IRC § 501(c)(3) entities are eligible)
  • Exemption effective first day of month following
    approval of exemption
  • D.C. Code Section 47-1002; DC Form FP-300

Real Estate Tax Payments

– Maryland –
  • Nonprofit must be owner and user of real property
    (must be educational or charitable use)
  • Requirements: (i) organization and use must be
    educational or charitable, (ii) no part of net income to
    benefit of private shareholder of individual, and (iii)
    use of property must be reasonably necessary for
    the charitable or educational work of the organization
  • Exemption must be applied for by July 1, and will be
    effective as of September 1 of the same year (except
    that for property with an assessed value of $300,000
    or less, the exemption will be effective upon transfer
    to the organization, if other requirements are met)
  • Maryland Code, Tax Property Article, Section 7-202
Real Estate Tax Payments

- Virginia -
  - Nonprofit must be owner and user of real property and must use property for exempt purposes (religious, charitable, patriotic, historical, benevolent, cultural or public park or playground purposes)
  - Exceptions vary by locality
  - Filing requirements vary locally
  - Virginia Constitution Article X, Subsection 6(a)(6) and Virginia Code Section 58.1-3600, et seq.

Real Estate Tax Payments

- Survival - Tenant's obligation with respect to tax payments during the term survives expiration of the lease
- Tenant should negotiate a limited survival period (1-2 years)
- Audit - Tenant has the right to review the books and records of landlord concerning real estate taxes and other operating expenses
  - Very useful tool as it is not uncommon for errors to occur, resulting in tenant being overcharged
Operating Expense Payments

- Operating Expenses – The expenses incurred by landlord to operate the building, including insurance, maintenance, and cleaning but excluding real estate taxes
- Tenant’s Operating Expense Payment – Typically tenant’s percentage of the increase in operating expense over “base year” operating expenses
- Tenant’s Percentage – The percentage of total rentable square feet of building occupied by tenant
- Base Year – Typically the calendar year in which lease commences
- Estimated Monthly Payments – Based on percentage of last year’s operating expenses with annual reconciliation
Operating Expense Payments

- Issues
  - Capital Expenses – try to limit to capital expenses: (1) that actually reduce operating expenses or (2) are required by laws; also try to amortize cost over useful life of improvements and pay pro rata share during term
  - Other excluded costs - operating expenses should not include any costs of above standard services provided to any tenant, or costs reimbursed by insurance
  - Survival period for payment of operating expenses – propose two years after lease termination
  - Right to audit – negotiate for 6 months after landlord notifies tenant of final annual expenses; landlord pays audit costs if expenses overstated by more than 3%

- “Gross-Up” – if building is less than 95% occupied, calculate base operating expenses as if the building is 95% occupied
- Caps on annual increases in operating expense escalations – only for larger tenants, only for controllable operating expenses
- Limit the management fee that can be passed through as operating expenses
- Require affiliate contracts to be at market rates

- Strategy – carefully define included operating expenses and exercise audit rights
Electricity

Cost of electricity can be: (1) payable as a separate charge (additional rent), (2) included in base rent, or (3) payable directly by tenant to the utility

- Submetering
  - Meter measures tenant's consumption; tenant pays landlord for tenant's consumption as additional rent; landlord pays utility for total building usage
  - Landlord imposes charges in addition to actual costs payable by landlord
    - Landlord may get a volume discount that it does not pass on to tenant - "rates in effect as if the tenant were purchasing the electricity directly from the utility"
    - Administrative charge – cost of measuring and calculating Tenant’s electricity charges
    - Taxes on tenant's electrical consumption (if not included in amount paid to utility)

- Rent inclusion
  - Landlord estimates the cost of providing electricity and adds cost to base rent on a square foot basis (ex. $3 per square foot)
  - Landlord reserves the right to survey usage and adjust the base rent accordingly; also landlord typically reserves right to increase the cost if the utility raises its rates

- Direct metering
  - Direct billing from utility; this requires a separate feed from the utility to tenant’s premises

Issues
- Maximum power capacity to be provided by landlord – determine your needs
- Tenant covenants not to exceed capacity of building feeders and risers – your architect should verify that the building has the capacity to meet your needs
Electricity

- Strategy
  - Obtain information from landlord regarding the calculation of additional rent for electricity; include in lease if possible

Landlord’s Work

- Issues
  - Scope of work (including any demolition, removal of furniture, etc.)
  - Tenant participation in design
  - Procedure to determine completion
  - Deadline for completion
  - Remedies for failure to complete
  - Coordination with tenant work
  - What is “building standard”?
  - Tenant – initiated changes
**Landlord’s Work**

- Lease commencement date is usually date that landlord’s work is completed and possession is delivered
- Failure of landlord to deliver possession
  - Commencement date is postponed
  - Does this extend term?
  - Right to terminate – “kick out right”
  - Representation from landlord that there are no current leases/occupancies
- Strategy – fight hard for right to terminate if work not completed by certain date; need to consider course of action if termination right is exercised

**Tenant’s Work**

- General Rule
  - All improvements, alterations and installations by tenant are subject to landlord approval
  - Exceptions – cosmetic alterations – painting, carpeting, partitions
- Standard
  - Reasonableness, except with respect to work affecting building structure and systems
- Strategy
  - If tenant work is required for occupancy, have landlord pre-approve plans or scope of work
Tenant’s Work

- **Process**
  - Provide time periods for landlord approval of plans and specifications (issue of deemed approval)
  - Specify landlord requirements in lease – insurance, approved contractors, etc.

- **Landlord contribution to tenant's work**
  - **Issues**
    - Is landlord paying for a scope of work or agreeing to reimburse up to a limit?
      - Usually the latter, otherwise landlord performs work to control costs
      - If reimbursement up to a limit, limit may be insufficient to cover total costs

- **Tenant’s responsibility for changes to base building systems** – who does this work? who pays?

- Landlord typically charges a fee for review of plans and construction supervision; try to negotiate a waiver of these fees for tenant's initial work and/or limit construction supervision fee to apply only to major alteration projects

- **What is reimbursable?** Hard costs, and sometimes soft costs, telephone equipment
- **What are conditions to reimbursement?**
  - Specify documentation in lease
  - Tenant’s funds are typically paid in first
  - Payable monthly or upon completion of work?
Assignment and Subleasing

- Assignment
  - All rights and obligations are transferred for remaining term
  - Original tenant may or may not be released from liability upon assignment
- Sublease
  - Right to occupy all or portion of premises for time period less than remaining term
  - Agreement between tenant and subtenant – subject and subordinate to lease
  - Tenant remains liable for full lease obligations

General Rule

- Assignment and subleasing are not permitted without landlord consent
- Landlord should agree to be reasonable in granting/denying consent
- Criteria for consent can be helpful
  - Net worth
  - Not a building tenant
  - Reputation
  - No advertising

Exceptions

- Assignment/subleasing to “affiliates” and “successors by merger” not applicable – in the case of nonprofits, consider specifying supporting organizations, successor organizations and “partner” organizations
- Assignment as part of merger/sale of all assets (transfer of all assets to successor nonprofit)
Assignment and Subleasing

- Process
  - Time periods for approval should not exceed 30 days; negotiate for two-step approval process
  - List required documentation for approval in lease

- Right of Recapture
  - Option of landlord to take back space to be subleased/assigned
  - Decreases tenant flexibility
  - Need short deadline to exercise option (this should be before going to market)
  - Coordination with assignment/sublease approval timeframe
  - Recapture sublease

- Assignment/Sublease Profit
  - Typically split 50/50

Get Me Out of this Lease!

- Landlord Default
- Negotiated Early Termination (unlikely)
- Assignment/Subleasing
  - Assignment
    - may be subject to recapture
    - assignee/assignment document must be approved by landlord
    - assignee must assume all lease obligations for remainder of term
Get Me Out of this Lease!

- Sublease
  - may be subject to recapture
  - subtenant/sublease must be approved by landlord
  - subtenant cannot have rights that are inconsistent with lease terms
  - as sublessor, you want to pass through maximum obligations to subtenant
  - issue of enforcing lease for benefit of subtenant
  - issue of recognition of subtenant by landlord if tenant defaults

Strategies for Assignment/Subleasing

- Allow ample time for transaction
- Preliminary discussion with landlord regarding recapture, preliminary approval, landlord requirements, need for mortgagee approval, time frame

- Landlord usually not liable for damages due to unreasonable failure to approve assignment/sublease – tenant remedy is usually specific performance
Licenses and Other Co-Location Arrangements

- Licenses and “Desk Sharing Arrangements”
  - Some nonprofits support, incubate or collaborate with other nonprofits
  - These arrangements – which can involve separately demised space or a few desks in the tenant’s offices – are treated the same as subleases
  - If a license is contemplated, consider obtaining landlord consent in the lease to licenses of less than a stated percentage of the premises to specific persons/entities or for specific purposes
  - Even if licenses are pre-approved in lease, tenant should sign a written license agreement with the licensee to clearly define licensee’s rights in the space and its financial obligations

- Co-Location Arrangements
  - Nonprofits often seek ways to co-locate with other nonprofits, in order to save costs and for mission-driven reasons
  - Where purchasing a building for this purpose is not practical or desired, nonprofits may be able to achieve benefits of co-location by leasing separate premises in the same building
  - Considerations:
    - It is generally recommended that each nonprofit have a separate lease, rather than one nonprofit tenant with subleases to other nonprofits (to avoid liability risk due to subtenant non-performance)
Licenses and Other Co-Location Arrangements

- A facility within the building – such as a conference center, kitchen, or a gym – can be leased by one nonprofit, which can grant licenses to other nonprofits for use (with landlord’s approval); however, the nonprofit which leases the facility should obtain written agreements from other tenants to share costs, have ability to terminate arrangement if other tenants fail to pay costs, and obtain security from other tenants if possible.
- All parties using shared facility should be covered by insurance policies for the premises.
- Liability for personal injury/property damage for use of shared facility must be agreed in advance.
Utilities and Building Services

- Landlord only required to provide what is expressly required in lease
- Electricity described above
- HVAC (heating, ventilation and air conditioning)
  - Tenant may be responsible for (and may be required to install) an HVAC unit for its premises, or may elect to install supplemental air conditioning units
    - Tenant controls system but is required to maintain it at tenant’s expense
    - Tenant may be required to replace the HVAC system (a big cost)
    - Tenant will pay for electricity, and for condenser water (purchased from landlord), to operate the system
    - Condenser water can be an annual charge for maximum specified tonnage or an hourly fee

Utilities and Building Services

- Tenant may be supplied with HVAC from building systems
  - Issue of days/hours that HVAC is provided as “standard” service (i.e., without additional charge)
  - Overtime charges for after-hours services
    - “building standard” charges – what are current charges?
    - Landlord’s "actual cost" is preferable – but actual cost can include engineering labor cost, equipment depreciation, repair and maintenance cost and administrative costs; need to know this cost
  - Advance notice to order overtime HVAC
Utilities and Building Services

- Water/Sewer
  - Usually included in base rent “for ordinary lavatory and pantry purposes”
  - Will hot water be included or will tenant need to install hot water heater?

- Telephone/Internet
  - Not included
  - Landlord provides right to use risers

- Cleaning
  - Clarify that cost is included in base rent
  - Get specification for daily, weekly, monthly cleaning; attach to lease
  - Is exterior cleaning – windows, storefronts, sidewalk – landlord’s responsibility?
  - Is garbage removal included?

Utilities and Building Services

- Security
  - Is it provided 24/7? If not, how does tenant access the premises after hours?

- Issue: Right to rent abatement/terminate lease for failure of services (excluding failures due to casualty/condemnation)
  - Lack of services must render premises unusable or access is prevented
  - Right to abatement after stated number of consecutive days without services
  - Right to terminate after longer consecutive period without services
  - Rights sometimes exclude failure of services for reasons beyond landlord’s control
  - Strategy – bargain for rights in event of lengthy loss of services for any reason
Leasing and Green Buildings

- Nonprofits are in the vanguard of green building developers/users
- Nonprofits can lease in green buildings and/or can build interiors that meet green standards
- Most popular green building certification is LEED (Leadership in Energy and Environmental Design), developed by the US Green Building Council, but there are other rating systems and green construction laws
- LEED certifications do not require periodic renewal (and as of now landlords generally do not covenant to re-certify or maintain green standards)
- Some governments/owners are adopting performance based on green standards – this may allow tenants to measure impact of green building features on operating costs and compare costs among buildings
Leasing and Green Buildings

- New York City Local Law 84 of 2009 – requires annual reporting of energy and water use by owners of privately-owned properties with individual buildings of over 50,000 sq. ft., or multiple buildings totaling over 100,000 sq. ft.
- City compiles information by property and also provides an annual report http://www.nyc.gov/html/gbee/html/plan/ll84.shtml
- This information allows “benchmarking” – comparison of efficiency of various buildings, can be used by potential tenants to identify efficient buildings

Leasing and Green Buildings

- To consider – if tenant leases in a building subject to green mandates, will tenant be subject to green requirements relating to tenant fit-out, alterations, maintenance and use? If so, what is projected incremental cost to tenant?
- Nonprofits that wish to promote the green environment can agree to share pro rata costs of capital improvements by landlord which increase energy efficiency, reduce water use, or achieve other green goals.
Questions

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Speaker Biographies
Jeffrey Tenenbaum chairs Venable’s Nonprofit Organizations Practice Group. He is one of the nation’s leading nonprofit attorneys, and also is an accomplished author, lecturer, and commentator on nonprofit legal matters. Based in the firm’s Washington, DC office, Mr. Tenenbaum counsels his clients on the broad array of legal issues affecting charities, foundations, trade and professional associations, think tanks, credit and housing counseling agencies, advocacy groups, and other nonprofit organizations, and regularly represents clients before Congress, federal and state regulatory agencies, and in connection with governmental investigations, enforcement actions, litigation, and in dealing with the media.

Mr. Tenenbaum was the 2006 recipient of the American Bar Association’s Outstanding Nonprofit Lawyer of the Year Award, and was the inaugural (2004) recipient of the Washington Business Journal’s Top Washington Lawyers Award. He was one of only seven "Leading Lawyers" in the Not-for-Profit category in the 2012 Legal 500 rankings, and was the 2004 recipient of The Center for Association Leadership’s Chairman’s Award, and the 1997 recipient of the Greater Washington Society of Association Executives’ Chairman’s Award. Mr. Tenenbaum was listed in The Best Lawyers in America 2012 and 2013 for Non-Profit/Charities Law, and was listed in the 2011 Bar Association of the District of Columbia’s “Legal Elite” and was named as one of Washington, DC’s “Legal Elite” in 2011 by SmartCEO Magazine. He was a 2008-09 Fellow of the Bar Association of the District of Columbia and is AV Peer-Review Rated by Martindale-Hubbell. Mr. Tenenbaum started his career in the nonprofit community serving as Legal Section manager at the American Society of Association Executives, following several years working on Capitol Hill as a legislative assistant.

**Representative Clients**

- AARP
- American Academy of Physician Assistants
- American Alliance of Museums
- American Association for the Advancement of Science
- American Association for Marriage and Family Therapy
- American College of Radiology
- American Institute of Architects
- Air Conditioning Contractors of America
- American Society for Microbiology
- American Society for Training and Development
- American Society of Anesthesiologists
- American Society of Association Executives
- American Society of Civil Engineers
- American Society of Clinical Oncology
- American Staffing Association
- Associated General Contractors of America
- Association for Healthcare Philanthropy
- Association of Corporate Counsel
EDUCATION
J.D., Catholic University of America, Columbus School of Law, 1996
B.A., Political Science, University of Pennsylvania, 1990

MEMBERSHIPS
American Society of Association Executives
California Society of Association Executives
New York Society of Association Executives
Association of Private Sector Colleges and Universities
Automotive Aftermarket Industry Association
Brookings Institution
The College Board
Council on Foundations
Cruise Lines International Association
Foundation for the Malcolm Baldrige National Quality Award
Goodwill Industries International
Homeownership Preservation Foundation
Independent Insurance Agents and Brokers of America
Institute of International Education
Jazz at Lincoln Center
The Joint Commission
LeadingAge
Lincoln Center for the Performing Arts
Lions Club International
Money Management International
National Association of Chain Drug Stores
National Athletic Trainers' Association
National Coalition for Cancer Survivorship
National Defense Industrial Association
National Fallen Firefighters Foundation
National Hot Rod Association
National Propane Gas Association
National Quality Forum
National Retail Federation
National Student Clearinghouse
National Telecommunications Cooperative Association
The Nature Conservancy
NeighborWorks America
Peterson Institute for International Economics Professional Liability Underwriting Society
Project Management Institute
Public Health Accreditation Board
Public Relations Society of America
Recording Industry Association of America
Romance Writers of America
Texas Association of School Boards
Trust for Architectural Easements
United Nations High Commissioner for Refugees Volunteers of America

HONORS
Recognized as "Leading Lawyer" in the 2012 edition of Legal 500, Not-For-Profit
Listed in The Best Lawyers in America 2012 and 2013 for Non-Profit/Charities Law, Washington, DC (Woodward/White, Inc.)
Washington DC's Legal Elite, SmartCEO Magazine, 2011
Fellow, Bar Association of the District of Columbia, 2008-09
Recipient, American Bar Association Outstanding Nonprofit Lawyer of the Year Award, 2006
Recipient, Washington Business Journal Top Washington Lawyers Award, 2004
Recipient, The Center for Association Leadership Chairman's Award, 2004
Recipient, Greater Washington Society of Association Executives Chairman's Award, 1997
Legal Section Manager / Government Affairs Issues Analyst, American Society of Association Executives, 1993-95
AV® Peer-Review Rated by Martindale-Hubbell
Listed in Who’s Who in American Law and Who’s Who in America, 2005-present editions
ACTIVITIES

Mr. Tenenbaum is an active participant in the nonprofit community who currently serves on the Editorial Advisory Board of the American Society of Association Executives’ Association Law & Policy legal journal, the Advisory Panel of Wiley/Jossey-Bass’ Nonprofit Business Advisor newsletter, and the ASAE Public Policy Committee. He previously served as Chairman of the AL&P Editorial Advisory Board and has served on the ASAE Legal Section Council, the ASAE Association Management Company Accreditation Commission, the GWSAE Foundation Board of Trustees, the GWSAE Government and Public Affairs Advisory Council, the Federal City Club Foundation Board of Directors, and the Editorial Advisory Board of Aspen’s Nonprofit Tax & Financial Strategies newsletter.

PUBLICATIONS

Mr. Tenenbaum is the author of the book, Association Tax Compliance Guide, published by the American Society of Association Executives, and is a contributor to numerous ASAE books, including Professional Practices in Association Management, Association Law Compendium, The Power of Partnership, Essentials of the Profession Learning System, Generating and Managing Nondues Revenue in Associations, and several Information Background Kits. He also is a contributor to Exposed: A Legal Field Guide for Nonprofit Executives, published by the Nonprofit Risk Management Center. In addition, he is a frequent author for ASAE and many of the other principal nonprofit industry organizations and publications, having written more than 400 articles on nonprofit legal topics.

SPEAKING ENGAGEMENTS

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Jennifer Bruton is a partner in the firm’s Real Estate Practice Group, concentrating her practice in commercial real estate finance, acquisition, disposition, development and leasing, representing clients in all aspects of these matters. Ms. Bruton also has significant experience in capital formation for real estate transactions, including joint ventures, mezzanine financing, commercial loans and securitized financing transactions.

Ms. Bruton serves as both the Administrative Partner and the Hiring Partner of Venable’s Washington, DC office and is a member of the firm’s Opinion Letter Committee.

Prior to joining the firm, Ms. Bruton was an associate in the real estate and network group of the general counsel’s office of a large telecommunications provider, where she concentrated in commercial leasing and telecommunications issues.

Ms. Bruton has a strong background in commercial real estate finance and development.

SIGNIFICANT MATTERS
Ms. Bruton assists clients in the acquisition, development and financing of a variety of real estate projects in multiple asset categories, including residential and commercial developments, office buildings, retail and shopping centers, and multi-family housing, representing entrepreneurial and institutional investors, as well as lenders.

ACTIVITIES
Ms. Bruton actively represents several clients on a pro bono basis through Venable’s pro bono program.

SPEAKING ENGAGEMENTS
• November 13, 2012, Office Leasing for Nonprofits: Mastering the Key Issues
Suzanne St. Pierre, a partner in Venable’s real estate group, represents U.S. and non-U.S. institutional investors, developers, non-profit entities and other parties in all aspects of transactional real estate, including complex acquisitions and dispositions; formation of partnerships, limited liability companies, real estate investment trusts (REITs), and other co-investment vehicles; development of office, residential, cultural and mixed-use projects, including government-funded projects; construction projects, including negotiation of construction and design agreements, and dispute resolution; lending transactions, including conventional and securitized financing and sale-leaseback transactions; hotel and other property management contracts; leasing transactions; and condominium transactions.

Ms. St. Pierre’s experience encompasses a broad range of categories of real property, including office, residential, retail, industrial, hotels, community facilities, railroads, and mixed-use developments.

SIGNIFICANT MATTERS

**Joint Ventures**

- Represented Canadian investors in the negotiation of a co-investment agreement, and the formation of REITs and other investment vehicles, in connection with the acquisition of numerous debt and equity investments in U.S. real property.

- Represented a German insurance company in the creation of a joint venture by which it acquired a fifty percent interest in one of Boston’s largest Class A office buildings, valued at $450 million; this transaction also included creating a tax-efficient ownership structure.

- Represented an Italian investor in the acquisition of the largest ownership stake in the Flatiron Building in New York City, which is held through a number of partnerships with principals of real estate operator Newmark Knight Frank.

- Represented the purchasers of a 100+ acre state-owned facility in upstate New York in the creation of a joint venture for the redevelopment of the property; other aspects of the transaction included acquisition of the property and negotiation of an environmental remediation agreement backed by environmental insurance.

**Acquisitions/Dispositions**

- Representing New York City Economic Development Corporation in the sale and redevelopment of the first phase of the 60 acre Willets Point district in Queens, New York.

- Represented Con Edison in the sale of four New York City blocks along the East River just south of the United Nations, previously the site of a power plant for approximately 100 years, for a reported sale price of $680 million. To facilitate the sale/redevelopment of this environmentally-impacted property and to allow Con
Edison to realize the fair market value of the property, the transaction included a cutting-edge strategy to transfer environmental liabilities to a remediation contractor, backed by environmental insurance policies that guaranteed the performance and price of the remediation work and insured the seller and buyer against future liabilities.

- Represented a Swedish insurance company in the sale of a portfolio of owned and master leased Class A office buildings in New York City and Chicago.
- Represented an Italian investor in the acquisition, renovation and financing of historic commercial and residential properties in New York City and Los Angeles.
- Represented the Kingdom of Saudi Arabia in connection with the acquisition and leasing of commercial properties in New York City.
- Represented a German company in connection with the acquisition and leasing of property in Georgia for a wood pellet production facility and related port facilities; this transaction also included advising the client with respect to the contracts for construction of these facilities and related rail transportation agreements.

**Real Estate Fund Investments**

- Represented a major Japanese life insurance company in connection with the formation of a real estate investment fund with a major privately-owned U.S. real estate development company; initial assets of the fund were valued at $750 million.
- Represented a German financial institution in the acquisition of major ownership interests in U.S. real estate funds sponsored by The Hines Organization and Harbert Management Corporation.

**Construction**

- Negotiated construction and design agreements for the Bronx Library Center on behalf of The New York Public Library; advised in connection with excavation and related cooperation agreements with neighboring property owners.
- Represented the owner of a commercial property in Harlem with respect to the historically-sensitive renovation of the property, including negotiation of design, construction and consulting contracts, obtaining construction financing and new markets and historic renovation tax credits, and listing of the property on the National Register of Historic Places.
- Represented The New York Public Library in the negotiation of a construction cooperation agreement with Lincoln Center and Lincoln Center Theater relating to the construction of a new theater on the roof of the Library/Theater building on the main Lincoln Center campus; transaction included negotiation with NYC Law Department and NYC Department of Citywide Administrative Services for approvals and licenses, and development of protocols among the client, Lincoln Center and Lincoln Center Theater to maintain continuous library operations during construction.
- Represented Amtrak in negotiations with developers Related/Vornado to renovate Penn Station and relocate Amtrak facilities to the Farley Post Office building; representation included advice regarding complex title matters and construction and operational logistics associated with the proposed demolition of Madison Square Garden and development of a mixed-use high-rise development in its place.

**Non-Profit Transactions**

- Represented the Tides Foundation and other non-profit corporations in the formation of a "green" non-profit office center within a mixed-use condominium in downtown Manhattan. The transaction included negotiation of the condominium documents; acquisition of the condominium units; formation of a unit owners’ association; negotiation of agreements among the non-profits for the joint acquisition, construction and operation of the center; negotiation of construction and design contracts; and NYC Industrial Development Authority bond financing.
- Represented a non-profit organization in the negotiation of a long-term lease for office and performance facilities in New York City.
- Represented a major non-profit institution in the negotiation of a triple net lease of
a building in Queens, with purchase options, for use as an office, distribution and workshop facility.

• Represented a charitable foundation in the acquisition of a building in New York City for use as an educational center for children.

**Financing**

• Advised the holder of a senior mezzanine loan with respect to equity foreclosure and possible bankruptcy filing relating to a major commercial property.

• Represented the owner in a sale-leaseback transaction involving industrial facilities located in Texas and Louisiana.

• Represented Jazz at Lincoln Center in the construction financing of its performance and education facility, a condominium unit in Time Warner Center in New York City. The loan was secured by a mortgage and charitable pledges, and was structured to comply with the terms of major grants.

• Represented a major U.S. life insurance company in the disposition of several commercial loan portfolios, each valued at over $200 million.

**Leasing/Property Management**

• Represented a university and its research foundation in the negotiation of a long term ground lease to the foundation, and ground sublease to a developer, for the construction of a technology center adjacent to the university campus.

• Represented owners of commercial buildings in Manhattan in the negotiation of retail, restaurant and office leases.

• Represented an energy company in the negotiation of a ground lease of property located in the State of Washington to be developed as a power plant.

• Represented numerous owners in the negotiation of property management agreements for office properties, including a one million square foot Class A office building in Chicago.

**Other**

• Represented the developer of property in Almaty, Kazakhstan in the negotiation with Accor Group of contracts relating to the construction and management of a 200-room hotel within a mixed-use commercial development, and associated licensing of the Novotel trademark.

• Represented private equity funds in the proposed $110 million acquisition of a portfolio of airport parking facilities in a bankruptcy sale.

• Represented a major U.S. shopping center developer/operator in connection with the restructuring of ownership of its portfolio, intercompany loans, and advice regarding tax-efficient disposition strategies.

**HONORS**

Selected for inclusion in *New York Metro Super Lawyers (2007-2012)*

**SPEAKING ENGAGEMENTS**

• November 13, 2012, Office Leasing for Nonprofits: Mastering the Key Issues