

Resolution No.:	<u>18-973</u>
Introduced:	<u>January 17, 2017</u>
Adopted:	<u>December 5, 2017</u>

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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Lead Sponsor: County Council

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**SUBJECT:** Approval of Declaration of No Further Need: Disposition of 9975 Medical Center Drive, Rockville

**Background**

1. Montgomery County Code §11B-45 requires the Council to approve a Declaration of No Further Need before the County Executive can dispose of real property that has more than nominal value. Prior to seeking Council approval of a Declaration of No Further Need, the Executive must:
  - (a) submit all material terms of the proposed disposition and any appraisal the Executive relied on in setting the property's market value to the Council; and
  - (b) publish a declaration in the County Register and post a notice on the County website that the County has no further need for the property.

The Council must act on the Declaration of No Further Need within 60 days of receiving the Declaration or it is automatically approved. The Council may extend the 60-day deadline by resolution if the Council President has informed the Executive, within 30 days of receiving the proposed action, that the Council has not received all information necessary to review the proposed action.

2. On November 28, 2016, the Executive submitted a summary of the material terms for the disposition of County-owned land located at 9975 Medical Center Drive in Rockville, a 4.3 acre parcel that has been leased to Treatment and Learning Center (TLC) since 1987. The Executive recommends conveying the land to TLC in consideration of TLC's prepaid lease. The Executive requests the Council waive the requirement for a full fair market value transaction. The Executive notes the value of unreimbursed services to Montgomery County students, improvements made to the property, and parity associated with other leases in the Shady Grove Life Sciences Center. The material terms of the disposition also include a restrictive covenant requiring the property be used for services to individuals with special needs through educational programs, individual and group therapy sessions, academic tutoring and coaching, and related services for ten (10) years. Following the restrictive 10-year period there will be an additional 10-year profit sharing

period starting with a 50%/50% split with the County share of profits declining 5% per year.

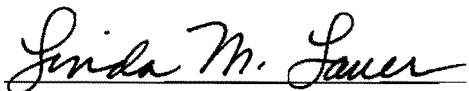
3. On January 9, 2017, the Council received Executive Order 180-16, Disposition of 9975 Medical Center Drive, Rockville, Maryland. This is the Executive's Declaration of No Further Need. Executive Order 180-16 was published in the County Register for 30 days commencing on December 1, 2016.
4. A public hearing was held on February 7, 2017.
5. The Government Operations and Fiscal Policy (GO) Committee held worksessions on this proposed disposition on February 16, 2017 and November 30, 2017. At its November 30, 2017 worksession, the GO Committee recommended approval contingent on the Executive amending his material terms to extend the use-restriction period from 10 years to 20 years, follow the use restriction with a 10-year profit sharing period, and include language regarding a limited easement related to the future construction of the Corridor Cities Transitway. Under these amended conditions, the GO Committee also recommends the Council waive the requirement that the disposition be a full fair market value transaction.
6. In December 1, 2017, the Executive transmitted a memorandum amending the material terms for the disposition of 9975 Medical Center Drive in agreement with those recommended by the GO Committee.

### **Action**

The County Council for Montgomery County, Maryland approves the following resolution:

The Declaration of No Further Need contained in Executive Order 180-16, Disposition of 9975 Medical Center Drive, Rockville, Maryland is approved and the property may be disposed of under the material terms provided by the County Executive in Executive Order 180-16 as amended by his memorandum of December 1, 2017. The Council waives the requirement that disposition of this property be a full fair market value transaction.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council



# MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject: Disposition of 9975 Medical Center Drive Rockville, Maryland	Executive Order No.  180-16	Subject Suffix
Department of General Services	Department No.	Effective Date 11/18/16

WHEREAS, the Treatment and Learning Center (TLC) has been leasing a 4.3 acre County-owned parcel at 9975 Medical Center Drive in the Shady Grove Life Sciences Center since 1987 ("property"). This lease has an original term of 30 years, and provides for TLC's ability to renew for another four (4), ten (10) year extension periods with an option to purchase the property at any time during the leasehold period. There was no reuse analysis performed because the continued right to extend the current lease up to another forty (40) years, as well as TLC's contractual right to purchase the property, makes this parcel unavailable for use by or assignment to any other County agency or outside party; and

WHEREAS, the Treatment and Learning Center has been serving individuals with special needs from Montgomery County and surrounding areas for 65 years, providing speech, occupational therapy and audiology services to children and adults; and

WHEREAS, TLC has provided at a discounted rate to the County special needs services which has resulted in TLC performing well over \$1 million in services to the special needs Community without any reimbursements from the County; and

WHEREAS, TLC is one of the few non-profit leases in the Shady Grove Life Sciences Center which distinguishes them from neighboring leases held by commercial tenants who have exercised lease purchase options to take fee simple ownership of their land by paying off the unpaid balance of their existing lease during period of their leasehold interest; and

WHEREAS, TLC made improvements to the property that increased its value and paid \$348,000 to the County at the commencement of the lease representing the initial 30-year rent amount owed under the current lease agreement, an amount equal to \$897,090 at the end of 2015 if the actual interest rates available to the County in place since 1987 are applied; and

WHEREAS, the County Executive intends to treat TLC's lease like those of its neighboring commercial tenants in the Life Sciences Center which would allow him to accept the \$348,000 lease prepayment (\$897,090 with interest), and the over \$1 million in services to the special needs Community as payment for the property;

WHEREAS, the County Executive has directed General Services to amend the existing lease with TLC to allow them to purchase the property for less than current fair market value, to add a restrictive covenant that requires use of the property to be for the provision of services to individuals with special needs through educational programs, individual and group therapy sessions, academic tutoring





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and coaching and related services for ten (10) years immediately following the execution of the lease amendment; and

WHEREAS, following this restrictive ten-year period, should TLC determine it necessary to sell the property for growth and expansion purposes, there will be an additional 10-year profit sharing period between the County and TLC, starting with a 50%/50% split of any profits realized from a sale of the property in the eleventh year and declining 5% per year (County profits) over the following nine years; and

WHEREAS, the County Executive has determined, after considering TLC's existing long term leasehold interest and option to purchase the property under the lease, that there is no further public need for 9975 Medical Center Drive, Rockville, Maryland and finds that it is appropriate for disposition to the Treatment and Learning Center in accordance with an amendment to their existing lease; and

WHEREAS, as required under Section 11B-45 of the Montgomery County Code, the County Executive must issue an Executive Order declaring that County owned or controlled real property is no longer needed for public use.

## ACTION

In consideration of the above recitals, the County Executive declares that there is no further public need for 9975 Medical Center Drive in Rockville, Maryland, and hereby directs the Department of General Services to take all steps necessary to dispose of the property in the manner described in this Executive Order

Approved to as to Form and Legality  
Office of the County Attorney

APPROVED

By:

Date:

11-18-16

Ramona Bell-Pearson

Assistant Chief Administrative Officer

## Distribution:

County Council  
County Attorney  
Department of General Services