



# Metropolitan Nashville and Davidson County, TN

## Legislation Text

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**File #:** RS2022-1899, **Version:** 1

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A resolution approving a settlement agreement between the Metropolitan Government and Meharry Medical College with respect to claims arising under a lease agreement for the land and improvements used in the operation of Nashville General Hospital and related matters.

WHEREAS, the Metropolitan Government and Meharry Medical College are parties to a lease agreement dated December 1, 1994, as amended, of record in the Register's Office of Davidson County as instrument no. 199412169548631 (the "Lease"); and,

WHEREAS, certain claims and disputes have arisen related to the Lease term, parking payments, utility payments, and the scope of services and payments due under a Physicians Services Agreement between Meharry and the Hospital Authority of the Metropolitan Government of Nashville and Davidson County; and,

WHEREAS, pursuant to the terms of the Settlement Agreement and Mutual Release attached to this resolution as Exhibit 1, the parties propose to resolve such claims and disputes; and,

WHEREAS, approval of the Settlement Agreement and Mutual Release is in the best interest of the Metropolitan Government.

NOW, THEREFORE, BE IT RESOLVED BY THE METROPOLITAN COUNTY COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, that:

Section 1. The Settlement Agreement and Mutual Release is approved, and the Metropolitan Mayor is authorized to execute and deliver it on behalf of the Metropolitan Government.

Section 2. This Resolution shall take effect from its adoption, the welfare of the Metropolitan Government requiring it.

### Analysis

This resolution approves a settlement agreement between the Metropolitan Government and Meharry Medical College related to claims arising under a lease agreement for the land and improvements used in the operation of Nashville General Hospital.

The Metropolitan Government and Meharry Medical College are parties to a lease agreement dated December 1, 1994. Claims have arisen related to the lease term, parking payments, utility payments, and the scope of services and payments due under a Physicians Services Agreement between Meharry and the Hospital Authority.

This resolution approves the settlement agreement and mutual release between Meharry and the Metropolitan Government. Meharry and the Metropolitan Government both agree to discharge and release the other party of claims and liabilities related to the lease term dispute, any claims and liabilities existing on or before June 30, 2022, related to the disputed Physicians Services Agreement, and any claims and liabilities existing on or before December 31, 2021, related to the parking dispute and the utilities dispute. The settlement agreement

will not become effective until (1) the settlement agreement has been executed by all parties; (2) the third amendment to the lease agreement has been executed by all parties; and (3) the settlement agreement and third amendment have been approved by the Metropolitan Government, as required by law.

The proposed third amendment to the lease agreement between the Metropolitan Government and Meharry is attached to the settlement agreement but is not subject to approval by this resolution. The proposed amendment extends the lease term to December 31, 2027 and sets forth additional annual rental payments. The Council Office anticipates that the third amendment to the lease agreement will be approved by future legislative action.

*Fiscal Note: While this resolution does not approve the third amendment, the settlement agreement is conditioned on future approval of the third amendment. The third amendment will amend the rental payments beginning July 1, 2022. The rental payment in the amount of \$6,300,000 is due for the lease term July 1, 2022 to June 30, 2023; \$6,457,500 is due for the lease term July 1, 2023 to June 30, 2024; \$6,618,938 is due for the lease term July 1, 2024 to June 30, 2025; \$6,784,411 is due for the lease term July 1, 2025 to June 30, 2026; \$6,954,021 is due for the lease term July 1, 2026 to June 30, 2027; and \$3,563,963 is due for the lease term July 1, 2027 to December 31, 2027.*