File #: BL2023-1793, **Version:** 1

An ordinance approving a Lease Agreement by and between the Metropolitan Government of Nashville and Davidson County acting by and through the Metropolitan Board of Education and East End Prep (Proposal No. 2023M-003AG-001).

WHEREAS, The Metropolitan Government of Nashville and Davidson County ("Metro"), acting by and through the Metropolitan Nashville Public Schools, and East End Prep desire to enter into an agreement for the lease of property for the purpose of a charter school

WHEREAS, Metro wishes to lease the Premises noted in the lease to East End Prep.

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

Section 1. The Lease agreement between The Metropolitan Government of Nashville and Davidson County and East End Prep, which is attached hereto and incorporated by reference, is hereby approved and the Directors of Schools and the Department of Public Property are authorized to execute the lease on behalf of the Metropolitan Government.

Section 2. Any amendment, change, or extension to the lease shall be approved by resolution of the Metropolitan Council receiving twenty-one affirmative votes.

Section 3. That the Director of School shall have authority to approve any and all renovation and/or improvement projects presented by and for East End Prep.

Section 4. This ordinance shall take effect from and after its final passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This ordinance approves a lease agreement between the Metropolitan Board of Education and East End Prep for use of property at 1460 McGavock Pike as a charter school. The property includes approximately 91,970 square feet of the building.

The term of the lease begins July 1, 2022 and ends June 30, 2031. Upon termination of the lease, the property will revert to MNPS. For the first year, the lease payment will be $39,853.37 per month, which represents a rate of $5.20 per square foot. The lease includes the cost of grounds maintenance, preventative maintenance, and refuse removal provided by MNPS's contracted providers, as well as major building systems components and capital repairs. The lease payment will increase from $5.20 per square foot in Year 1 to $5.41 per square foot in Year 2, and then increase by 4% each year throughout the term of the lease. The monthly rental payments for Year 2 through Year 9 will be as follows:

- Year 2 -- $41,447.81 per month
- Year 3 -- $43,105.73 per month
- Year 4 -- $44,829.95 per month
- Year 5 -- $46,623.15 per month

- Year 6 -- $48,488.08 per month
- Year 7 -- $50,427.60 per month
- Year 8 -- $52,444.71 per month
- Year 9 -- $54,542.49 per month

MNPS is responsible for the major building system components and their capital repairs. This includes the building's roof, foundation, structural members of exterior walls, HVAC system components, and more. MNPS is also responsible for the refuse collection and ground maintenance, the cost of which is included in the lease payment. East End Prep is responsible for custodial services, utilities, routine maintenance of the premises, ADA compliance, and building, fire, and zoning codes and regulations. East End Prep must maintain commercial general liability insurance of not less than $1,000,000 per occurrence.

Fiscal Note: The basic lease per square foot price is $5.20/square foot or $39,853.37 per month for the approximate square footage of 91,970 during Year 1. The basic lease per square foot includes the cost of grounds maintenance preventive maintenance, refuse removal, major building systems components and capital repairs. The lease rate will increase by 4% each year beginning in Year 2 and throughout the term of the lease.