



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2023-1840, **Version:** 1

An ordinance approving a lease agreement between the Metropolitan Government of Nashville and Davidson County and Little Big Properties, LLC for use of office space located at 150 2nd Avenue North, Nashville, Tennessee (Proposal No. 2023M-011AG-001).

WHEREAS, Little Big Properties, LLC owns certain real property located at 150 2nd Avenue North, Nashville, Tennessee; and,

WHEREAS, the Metropolitan Government of Nashville and Davidson County ("Metro") has determined that the office space located at 150 2nd Avenue North is needed to provide office space for the Public Defender of Nashville and Davidson County; and,

WHEREAS, The Metropolitan Government of Nashville and Davidson County and Little Big Properties, LLC have negotiated the lease agreement attached hereto and incorporated herein as Exhibit 1; and,

WHEREAS, this ordinance has been mandatorily referred to the Planning Commission pursuant to Section 11.505 of the Metropolitan Charter and has been assigned Proposal No. 2023M-011AG-001, which has been administratively reviewed and recommended for approval; and,

WHEREAS, it is to the benefit of the citizens of The Metropolitan Government of Nashville and Davidson County that this agreement be approved.

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

Section 1. That the Lease Agreement between The Metropolitan Government of Nashville and Davidson County and Little Big Properties, LLC attached hereto as Exhibit 1, is hereby approved and the Director of Public Property Administration, or his designee, is hereby authorized to execute the same.

Section 2. That any amendment to this lease agreement shall be approved by resolution of the Metropolitan Council receiving at least twenty-one (21) affirmative votes.

Section 3. 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 Government and Little Big Properties, LLC ("the Landlord") for the use of office space located at 150 2nd Avenue North.

The Metropolitan Government has determined that office space at 150 2nd Avenue North is necessary to provide office space for the Public Defender of Nashville and Davidson County. Pursuant to the lease agreement, Metro will rent Suites 200, 300, and 400, comprising approximately 54,483 square feet of space in the building. The lease will begin upon the Landlord's completion of improvements for Suites 300 and 400, anticipated to be November 1, 2023 but no later than January 1, 2024. Suite 200 will be available no later than September 1, 2024. In the event that Suite 200 is delivered later than Suites 300 and 400, the rent will be

reduced proportionately.

The rent in the first year will be \$36.00 per square foot, paid monthly, with an increase of 2.5% each year. The monthly rent for each year is as follows:

- Months 1-12 -- \$163,449
- Months 13-24 -- \$167,535.23
- Months 25-36 -- \$171,712.26
- Months 37-48 -- \$176,025.49
- Months 49-60 -- \$180,429.54
- Months 61-72 -- \$184,924.38
- Months 73-84 -- \$189,555.44
- Months 85-96 -- \$194,277.30
- Months 97-108 -- \$199,135.37
- Months 109-120 -- \$204,129.64

If the rent is extended for an additional five-year period, the monthly rent during the first extension will begin at \$46.31 per square foot, with an increase of 3% each year, as follows:

- Extension Months 1-12 -- \$210,258.98
- Extension Months 13-24 -- \$216,569.93
- Extension Months 25-36 -- \$223,062.48
- Extension Months 37-48 -- \$229,736.65
- Extension Months 49-60 -- \$236,637.83

Rent during the second additional five-year period will be based upon the market rates for comparable buildings in downtown Nashville.

Metro is responsible for taxes, insurance, and utilities. Metro's share of property operating costs will be 62.87%. Metro will have an allowance of \$1,500,000 from the Landlord for improvements. The Landlord is responsible for the maintenance of the common areas of the building as well as janitorial, cleaning, and pest control services. The Landlord is also responsible for keeping and maintaining the premises, common areas, heating, ventilation and air conditioning equipment, plumbing systems, lighting, electrical systems, roof and structural systems in good repair and working order.

The term of the lease is 120 months, beginning on the delivery of Suites 300 and 400. Metro has the option to renew the lease for up to two additional five-year periods.