



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2023-1859, **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 Nashville Classical Charter School (Proposal No. 2023M-013AG-001).

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

WHEREAS, Metro wishes to lease the Premises noted in the lease to Nashville Classical Charter School.

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 Nashville Classical Charter School, 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 Nashville Classical Charter School.

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 ("MNPS") and Nashville Classical Charter School for use of property at 2000 Greenwood Avenue as a charter school. The property includes approximately 59,561 square feet of the building.

The term of the lease begins July 1, 2023 and ends June 30, 2033. Upon termination of the lease, the property will revert to MNPS. For the first year, the lease payment will be \$46,457.58 per month, which represents a rate of \$9.36 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 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 -- \$9.73/SF or \$48,294.04/month
- Year 3 -- \$10.12/SF or \$50,229.78 per month
- Year 4 -- \$10.53/SF or \$52,264.78 per month
- Year 5 -- \$10.95/SF or \$54,349.41 per month

- Year 6 -- \$11.39/SF or \$56,533.32 per month
- Year 7 -- \$11.84/SF or \$58,766.85 per month
- Year 8 -- \$12.32/SF or \$61,149.29 per month
- Year 9 -- \$12.81/SF or \$63,581.37 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. Nashville Classical Charter School is responsible for custodial services, utilities, routine maintenance of the premises, ADA compliance, and building, fire, and zoning codes and regulations. Nashville Classical Charter School must maintain commercial general liability insurance of not less than \$1,000,000 per occurrence.

Nashville Classical Charter School will be entitled to a credit of fifty percent (50%) of the base building lease rent for tenant Capital improvement expenditures made by Nashville Classical Charter School. In Year 1, the monthly rental payments after the credit may not be less than \$5.00/SF. The minimum lease amounts for the subsequent years are as follows:

- Year 2 -- \$5.20/SF
- Year 3 -- \$5.41/SF
- Year 4 -- \$5.62/SF
- Year 5 -- \$5.85/SF
- Year 6 -- \$6.08/SF
- Year 7 -- \$6.33/SF
- Year 8 -- \$6.58/SF
- Year 9 -- \$6.84/SF

Fiscal Note: The basic lease per square foot price is \$9.36/square foot or \$46,457.58 per month for the approximate square footage of 59,561 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. Metro would provide fifty (50%) rent credit of the base building rent for Capital improvements made by Nashville Classical Charter School. The rent credit would cease when the accumulated total of the capital expenditures is met.