



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2023-80, **Version:** 1

An ordinance approving a lease agreement between the Metropolitan Government of Nashville and Davidson County and Nashville Metropolitan LLC for office space at 1281 Murfreesboro Pike, Nashville, Tennessee (Parcel No. 12000015500) (Proposal No. 2023M-043AG-001).

WHEREAS, Nashville Metropolitan LLC owns certain real property located at 1281 Murfreesboro Pike, Nashville, Tennessee; and,

WHEREAS, The Metropolitan Government of Nashville and Davidson County has determined that this property is needed to provide office space for the Metropolitan Action Commission; and,

WHEREAS, The Metropolitan Government of Nashville and Davidson County and Nashville Metropolitan LLC have negotiated the lease agreement attached hereto and incorporated herein; and,

WHEREAS, it is to the benefit of the citizens of The Metropolitan Government of Nashville and Davidson County that this lease 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 Nashville Metropolitan LLC, attached hereto and incorporated herein, 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 Nashville Metropolitan LLC, ("the Landlord") for use of office space located at 1281 Murfreesboro Pike. This property would be used to provide office space for the Metropolitan Action Commission.

Pursuant to the terms of the lease, Metro would lease the first, second, and fourth floors of the building, which is approximately 43,820 in rentable square feet of space. The lease is 10 years in length with two successive options to extend the lease for five years each.

The rent in the agreement would begin at \$19.35 per square foot and increase by three percent annually over the course of the 10-year lease. The annual rent payments are as follows:

- Year 1: \$847,917.00 per year; \$19.35 per rentable square foot
- Year 2: \$873,332.60 per year; \$19.93 per rentable square foot

- Year 3: \$899,555.15 per year; \$20.53 per rentable square foot
- Year 4: \$926,541.80 per year; \$21.15 per rentable square foot
- Year 5: \$954,338.05 per year; \$21.79 per rentable square foot
- Year 6: \$982,968.20 per year; \$22.44 per rentable square foot
- Year 7: \$1,012,457.24 per year; \$23.11 per rentable square foot
- Year 8: \$1,042,830.96 per year; \$23.80 per rentable square foot
- Year 9: \$1,074,115.89 per year; \$24.51 per rentable square foot
- Year 10: \$1,106,339.36 per year; \$25.24 per rentable square foot

If an option to extend the contract is accepted, the annual rent would increase three percent or be set at current market rent as reasonably agreed upon by Metro and the Landlord. All utilities would be paid for by the Landlord.

Future amendments to this lease agreement may be approved by a resolution receiving at least 21 affirmative votes.

Fiscal Note: The rental rate for the Metro Action Commission space is an annualized rent of \$847,917 which is \$19.35 per rentable square foot for the first year of the lease agreement. The rental rate will increase at an annual rate of 3% thereafter through the remaining terms of the lease agreement.