



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2023-104, **Version:** 1

A resolution to approve the Ninth Amendment to the Lease Agreement between The Metropolitan Government of Nashville and Davidson County and Square Investment Holdings, LLC for office space in the Washington Square Building located at 222 Second Avenue North (Proposal No. 2023M-044AG-001).

WHEREAS, The Metropolitan Government of Nashville and Davidson County ("Metro") and Square Investment Holdings, LLC are parties to a Lease Agreement approved by Ordinance BL2008-226 to provide office space for various Metro departments; and,

WHEREAS, Metro and Washington Square Holdings, LLC executed a First Amendment to said lease on January 10, 2011, adding space for the Office of the District Attorney for Davidson County, to house its Juvenile Court staff displaced after the May 2010 flood, which lease amendment was approved by BL2011-842; and,

WHEREAS, Metro and Washington Square Holdings, LLC executed a Second Amendment to said lease on October 24, 2013, adding space for the Office of the District Attorney for Davidson County, which lease amendment was approved by RS2013-921; and,

WHEREAS, Metro and Washington Square Holdings, LLC executed a Third Amendment to said lease on March 19, 2014, providing space for Criminal Justice Planning, which lease amendment was approved by RS2014-1016; and,

WHEREAS, Metro and Square Investment Holdings, LLC executed a Fourth Amendment to said lease on April 17, 2019, providing a new space for Criminal Justice Planning and allowing the Office of the District Attorney for Davidson County to utilize the space previously occupied by Criminal Justice Planning, which lease amendment was approved by RS2019-1678; and,

WHEREAS, Metro and Square Investment Holdings, LLC executed a Fifth Amendment to said lease on August 7, 2019, to expand the leased premises within the building, which lease amendment was approved by RS2019-1863; and,

WHEREAS, Metro and Square Investment Holdings, LLC executed a Sixth Amendment to said lease on June 4, 2020, which lease amendment was approved by RS2020-337; and,

WHEREAS, Metro and Square Investment Holdings, LLC executed a Seventh Amendment to said lease on May 8, 2023, which lease amendment was approved by RS2023-2141; and,

WHEREAS, Metro and Square Investment Holdings, LLC executed an Eight Amendment to said lease on August 28, 2023, which lease amendment was approved by RS2023-2367; and,

WHEREAS, Metro and Square Investment Holdings, LLC have agreed to a Ninth Amendment to said Lease Agreement; and,

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

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

Section 1. That the Ninth Amendment to the Lease Agreement between The Metropolitan Government of Nashville and Davidson County and Square Investment Holdings, LLC, a copy of which is attached hereto and incorporated herein, is hereby approved and the Metropolitan Mayor is authorized to execute it on behalf of the Metropolitan Government.

Section 2. This resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This resolution approves the ninth amendment to the lease agreement between the Metropolitan Government and Square Investment Holdings, LLC for office space in the Washington Square Building located at 222 Second Avenue North.

Metro currently leases a total of 72,187 square feet of the Washington Square Building. Metro began leasing space in this building for Office of the District Attorney in 1993. A new lease agreement was approved in 2008 (per BL2008-226) to add another 18,000 square feet for the Metropolitan Department of Law. In 2013, Metro exercised a right to lease an additional 4,508 square feet and to extend the term of the lease through November 30, 2023 (per RS2013-921). In 2014, an additional 2,051 square feet was leased for use by Criminal Justice Planning (per RS2014-1016). In 2019, Metro leased an additional 1,491 square feet for use by Criminal Justice Planning (per RS2019-1678) and an additional 3,854 square feet for use by the Community Oversight Board (per RS2019-1863). In 2020, the lease term for the Department of Law and Office of the District Attorney space was extended through November 30, 2028 (per RS2020-337). Earlier this year, the lease terms for the Criminal Justice Planning space was extended through November 30, 2028 (per RS2023-2141) and the lease term for the Community Oversight Board was extended through May 31, 2024 (per RS2023-2367).

The amendment under consideration adds an additional suite of 1,300 square feet, known as Suite 416, to the leased premises. The term of the lease for Suite 416 will expire on November 30, 2028. This amendment is effective upon signature of all parties, approval of the Council, and filing with the Metro Clerk. The current term of the lease for the Community Review Board space will expire May 31, 2024, and the Metro Legal, District Attorney, and Criminal Justice Planning spaces will expire November 30, 2028. This amendment increases the total leased space to 73,487 square feet.

The annual rental per square foot of Suite 416 is as follows:

| <u>Period</u> | <u>Annual Rental Per Rentable Square Foot</u> |
|-------------------------------------|---|
| Effective Date - December 31, 2023 | \$18.94 |
| January 1, 2024 - December 31, 2024 | \$22.50 |
| January 1, 2025 - December 31, 2025 | \$23.18 |
| January 1, 2026 - December 31, 2026 | \$23.87 |
| January 1, 2027 - December 31, 2027 | \$24.59 |
| January 1, 2028 - November 30, 2028 | \$25.32 |

Fiscal Note: The rental rate for Suite 416 during the remaining period in 2023 is \$18.94 per rentable square foot. The rental rate will increase each year thereafter through the remaining terms of the lease agreements.