

RESOLUTION NO. 31904

A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO ENTER INTO A LEASE AGREEMENT WITH THE CHATTANOOGA HOUSING AUTHORITY, IN SUBSTANTIALLY THE FORM ATTACHED, TO LEASE APPROXIMATELY FOUR THOUSAND FIVE HUNDRED EIGHTY-ONE (4,581) SQUARE FEET AT 2470 6<sup>TH</sup> AVENUE, A PORTION OF TAX MAP NO. 156J-G-047, FOR THE CITY'S HEAD START/EARLY HEAD START PROGRAM, FOR A TERM OF THREE HUNDRED SIXTY-FOUR (364) DAYS FOR THE RENT OF ONE DOLLAR (\$1.00), WITH THE OPTION TO RENEW FOR THREE (3) ADDITIONAL TERMS OF THREE HUNDRED SIXTY-FOUR (364) DAYS EACH.

---

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That it is hereby authorizing the Mayor or his designee to enter into a Lease Agreement with the Chattanooga Housing Authority, in substantially the form attached, to lease approximately 4,581 square feet at 2470 6<sup>th</sup> Avenue, a portion of Tax Map No. 156J-G-047, for the City's Head Start/Early Head Start Program, for a term of 364 days for the rent of \$1.00, with the option to renew for three (3) additional terms of 364 days each.

ADOPTED: December 19, 2023

/mem

## LEASE AGREEMENT

This Lease Agreement (this "Lease" or the "Lease") is made and entered into on \_\_\_\_\_, 2023 (the "Effective Date"), by and between the Chattanooga Housing Authority ("Lessor") and the City of Chattanooga, Tennessee, a municipal corporation ("Lessee").

### RECITALS

WHEREAS, Lessee desires to lease facilities from Lessor to operate the Head Start/Early Head Start Program; and

WHEREAS, Lessor has the appropriate authority to, and hereby agrees to, lease to Lessee that certain building containing approximately 4,581 square feet located at 2470 6th Avenue, Chattanooga, Tennessee; and

WHEREAS, the Lessee proposes to make certain improvements to the Leased Premises.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, Lessor and Lessee mutually agree as follows:

SECTION 1. Consideration; Leased Premises. Subject to the terms and conditions herein, Lessor hereby leases to Lessee, and Lessee accepts from Lessor, the premises described in **Exhibit A**, attached hereto and incorporated by this reference (the "Leased Premises"). In consideration of the valuable service provided to the citizens of Hamilton County by the City of Chattanooga, Department of Early Learning Head Start/Early Head Start Program and in consideration of the desire of the Chattanooga Housing Authority to provide space at its East Lake facility for the City's Head Start/Early Head Start Program, Lessor does lease to Lessee, the structure and surrounding grounds currently located at East Lake Courts bearing the address of 2470 6th Avenue, Chattanooga, Tennessee 37407 (a portion of Tax Map Number 156J-G-047).

SECTION 2. Lessee's Payment Consideration. The Lessee agrees to pay a lease payment for the Initial Term (defined below) of the Lease in the amount of One and No/100 Dollars (\$1.00). If the Lease is renewed as provided for in SECTION 3., Lessee shall pay an additional lease payment for each Renewal Term (defined below) in the amount of One and No/100 Dollars (\$1.00).

SECTION 3. Term and Termination. The initial term of this Lease shall commence on the date the last party signs the Lease (the "Effective Date") and shall continue for a term of three hundred sixty-four (364) days (the "Initial Term"). Upon mutual written consent of the parties, Lessee shall have the option to renew this Lease for three (3) additional terms of three hundred sixty-four (364) days each immediately following the conclusion of the Initial Term (each a "Renewal Term"). Either party may terminate the Lease by giving the other party written notice of the intent to terminate. The written notice shall be given to the other party not less than six (6) months prior to expiration of the Initial Term or a Renewal Term.

SECTION 4. Use of Leased Premises. Lessee shall have exclusive use of the Leased Premises, 4,581 square feet in the structure, and exclusive use of the outside area, all as show on

the attached **Exhibit A**, to operate the Head Start/Early Head Start Program (collectively, the “Program”) in accordance with all city, county, state, and federal laws. At the expense of the Lessee, a fence will be installed around the property as shown in **Exhibit A**. Subject to utility locations and/or other potential obstructions, the location of the fence could vary up to ten (1) feet in either direction. At the expiration or termination of the Lease, the fence will remain on the property.

SECTION 5. Parking. During the Initial Term and the Renewal Term, Lessee will have non-exclusive use of the parking spaces identified in attached **Exhibit B**.

SECTION 6. Improvements to the Leased Premises. Lessee, at its sole cost and expense, shall make all future necessary structural changes and improvements to the building and grounds to continue Lessee’s use and occupancy and all repairs or maintenance necessary to comply with federal, state or local laws regulating childcare subject to Lessee’s budgetary constraints. All improvements made by Lessee to the Leased Premises, other than personal property, shall, upon completion, immediately become the property of Lessor and shall remain with the Leased Premises upon the expiration or termination of this Lease. Notwithstanding the foregoing, any movable structures, playground equipment, improvements, alterations, or additions on the surrounding grounds purchased during the Initial Term or the Renewal Term of this Lease by Lessee may be removed by Lessee at any time within six (6) months of the date of expiration or termination of this Lease. Any personal property not removed by Lessee, then, upon the expiration or termination of this Lease, any such personal property remaining at the Leased Premises shall inure to Lessor's benefit and shall become a part of the Leased Premises and shall belong to Lessor absolutely thereafter.

SECTION 7. Specific Improvements to the Leased Premises. Prior to Lessee’s occupancy of the Leased Premises, Lessee shall make the improvements to the Leased Premises as more particularly described on **Exhibit C** (the “Improvements”). Prior to undertaking any Improvements described in Exhibit C, Lessee provide drawings of all such Improvements to Lessor for approval, which approval shall not be unreasonably withheld. Lessor’s approval of the Improvements shall in no event, unless expressly set forth in such approval, be deemed to create any obligations on the part of the Lessor to do any work or make the Improvements as set forth in **Exhibit C** or to authorize Lessee to make any further additions, improvements, or alterations to the Leased Premises, except as may be required by law. Lessor shall not be liable for the cost of the Improvements made by Lessee.

SECTION 8. Quiet Possession. The Lessor covenants to keep the Lessee in quiet possession of the Leased Premises during the term of this Lease.

SECTION 9. Holding Over. At the expiration of the Initial Term hereof or the Renewal Term, Lessee shall surrender the Leased Premises to Lessor in as good condition as received, ordinary wear and tear and damage by fire or other casualty excepted. Lessee covenants to Lessor that it shall vacate the Leased Premises on or before thirty-one (31) days following the expiration of the term hereof or any extension thereof including removal of all personnel and property.

SECTION 10. Insurance. Lessee is self-insured and does not carry or maintain commercial general liability insurance. A copy of the Lessee's Certificate of Self-Insurance is attached as **Exhibit D**. Lessor agrees to provide fire insurance on the building.

SECTION 11. Operational Costs; Maintenance. Lessee agrees to be responsible for all operational costs of the Program, including, but not limited to, costs of employees, utilities, materials and supplies, and equipment. Lessee shall be responsible for all daily facility care to the grounds of the Leased Premises with the exception of mowing and landscaping which shall be the responsibility of the Lessor. Lessee shall provide all maintenance and repairs to the Leased Premises subject to prior approval by Lessor. Such maintenance and repairs shall comply with all applicable governmental building and installation codes. Lessee shall not be responsible for repairs to the roof of the building on the Leased Premises nor for repairs to the building's HVAC system.

SECTION 12. Utility Services and Water Quality Fees. Any applications and connections for necessary utility services on the Leased Premises, other than water and sewer, shall be made in the name of Lessee only. Lessee shall be solely liable for utility charges as they become due, including, but not limited to, those for gas, electricity, cable, internet and telephone. Notwithstanding the forgoing, Lessor shall be responsible for the payment water and sewer charges (which shall be separately metered in the name of Lessor) and the payment of water quality fees charged to the Leased Premises.

SECTION 13. Termination by Lessor. The occurrence of any of the following acts shall constitute an immediate, material, non-curable default by Lessee:

- a. Abandonment of the Leased Premises, except for causes of *force majeure* (i.e. acts of God, strikes, civil disturbances, wars, explosions, or acts beyond the reasonable control of Lessee); and
- b. Use of the Leased Premises in any manner other than use that is directly related to the Use of the Leased Premises as set forth in Section 1. of this Lease.

SECTION 14. Sale of Leased Premises. In the event Lessor desires to sell the Leased Premises and terminate this Lease, it must give written notice at least twelve (12) months prior to the proposed termination date. In the event the Lease is terminated early by Lessor, Lessor shall pay to Lessee the costs of the Improvements based upon a proportion of (i) the amount of time which has passed since the alterations or improvements were completed; and (ii) the amount of time remaining on the Lease at the time the alterations or Improvements were completed and shall allow Lessee to remove any movable structures, playground equipment, etc. as set forth in Section 6 above. For purposes of this section, if required for RAD conversion, such RAD conversion shall constitute a sale of the Leased Premises.

SECTION 15. Termination by Lessee. Lessee shall have the right to terminate this Lease Agreement for the following reasons:

- a. Loss of government funding. Notice of loss of government funding by Lessee shall be given to Lessor, in writing, as soon as practical after notice is received by Lessee. In the event Lessee exercises its right to terminate this Lease due to

loss of government funding, Lessor shall not be obligated to pay the costs of Improvements on the Leased Premises otherwise required under Section 6; or

b. Lessee gives twelve (12) months' written notice of termination to Lessor.

SECTION 16. Force Majeure. The parties shall be excused for the period of any delay in the performance of any obligation hereunder when prevented by doing so by cause or causes beyond the parties control which shall include, without limitation, all labor disputes, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power sabotage, governmental regulations or controls, fire or other casualty, epidemics or pandemics, inability to obtain any material, services, or financing or through acts of God.

SECTION 17. Miscellaneous Provisions.

(a) Relocation Upon Termination. Lessee shall be responsible for all costs and expenses related to relocation of its operations and programs upon the expiration or termination of the Lease.

(b) Waiver. Any waiver by the parties of any default or breach of any one or more of the terms, conditions, or covenants of this Lease shall not be construed to be a waiver of any subsequent or other breach or default of the same or of any other term, covenant or condition of this Lease. No delay, failure, or omission of Lessor to reenter the leased premises, to insist on strict enforcement of any term, covenant or condition, or to exercise any right, privilege or option arising from any breach or default shall impair any such right, privilege or option, or be construed as a waiver of or acquiescence in such breach.

(c) Entire Agreement. This Lease Agreement constitutes the entire agreement between the parties pertaining to this Lease Agreement and supersedes all prior and contemporaneous agreements, representations, and understandings. No supplement, modification, or amendments of this Lease Agreement shall be binding unless executed in writing by the parties.

(d) Applicable Law. This Lease Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Tennessee.

(e) Severability. If any provision of this Lease Agreement is held by a court of competent jurisdiction to be illegal or in conflict with an applicable law, the validity of the remaining provisions of this Agreement shall not be affected thereby.

(f) Sublease, Assignment, or Transfer. Lessee shall not sublet, assign or transfer this Lease or any interests therein to anyone without the express written permission of Lessor. Further, neither this Lease nor any interest herein shall be subject to transfer by attachment, execution, proceedings in insolvency or bankruptcy, or receivership, unless a receivership is sought by Lessor.

(g) Notices. All notices and other communications given hereunder by the parties shall be in writing and shall be delivered personally or by mail, postage prepaid, to the addresses and parties as follows:

Lessor: Chattanooga Housing Authority  
Attn: Elizabeth F. McCright  
801 N. Holtzclaw Avenue  
Chattanooga, Tennessee 37404

A copy to: Chattanooga Housing Authority  
Attn: General Counsel  
801 N. Holtzclaw Avenue  
Chattanooga, TN 37404

Lessee: City of Chattanooga  
Real Property Office  
101 E. 11<sup>th</sup> Street, Suite G-18  
Chattanooga, Tennessee 37402

A copy to: Office of the City Attorney  
100 E. 11<sup>th</sup> Street, Suite 200  
Chattanooga, Tennessee 37402

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the day and year set forth above.

**LESSOR:**

CHATTANOOGA HOUSING AUTHORITY

By: \_\_\_\_\_  
ELIZABETH F. MCCRIGHT  
*Executive Director*

**LESSEE:**

CITY OF CHATTANOOGA, TENNESSEE

By: \_\_\_\_\_  
RICHARD J. BEELAND  
*Administrator*  
Department of Economic Development

STATE OF TENNESSEE :  
:  
COUNTY OF HAMILTON :

Before me, the undersigned Notary Public for the state and county mentioned above, personally appeared ELIZABETH MCCRIGHT, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that she is the Executive Director of the CHATTANOOGA HOUSING AUTHORITY and that she as such Executive Director, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the organization by herself as Executive Director.

Witness my hand and seal, at office in, this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

STATE OF TENNESSEE :  
:  
COUNTY OF HAMILTON :

Before me, the undersigned Notary Public for the state and county mentioned above, personally appeared RICHARD J. BEELAND, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he is the Administrator of the Department of Economic Development for the CITY OF CHATTANOOGA and that he as such Administrator, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the organization by himself as Administrator.

Witness my hand and seal, at office in, this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_



Disclaimer: This map is to be used for reference only, and no other use or reliance on the same is authorized. This map was automatically generated using HCGIS Mapping System. Parcel lines are shown for reference only and are not intended for conveyances, nor is it intended to substitute for a legal survey or property abstract.

Legend  
□ Parcels

## EXHIBIT "A" Leased Premises and Fencing Location







0 50,000 100,000 Feet

NAD\_1983\_StatePlane\_Tennessee\_FIPS\_4100\_Feet  
© Latitude Geographics Group Ltd.



Disclaimer: This map is to be used for reference only, and no other use or reliance on the same is authorized. This map was automatically generated using HCGIS Mapping System. Parcel lines are shown for reference only and are not intended for conveyances, nor is it intended to substitute for a legal survey or property abstract.



Legend  
□ Parcels

## EXHIBIT "B" Parking

## EXHIBIT “C”

### Improvements

- Classroom A: Construct an 8 ft high wall to divide the large main room into one Head Start classroom, an entryway, and a corridor to the bathroom. At the request of the Fire Marshal, three doors will be added to the newly constructed Head Start classroom. The wall will have a wood frame and sheetrock finish. The wall will need to be braced to the ceiling beams for added stability. This space will serve 20 preschool children ages 3-5 years of age.
- Classroom B: In the room to the right of the front entry, a toilet and two handwashing sinks will be installed. Plumbing will be run under the stage to provide water to the space. This room will serve 15 preschool children from ages 3-5 years.
- Classroom C (Stage Area): A toilet and handwashing sink will be installed in the room adjacent to the stage. A food prep area and a diaper changing area with a sinks will be added to the stage area. A half wall will be installed to enclose the stage area at the request of the fire marshal. The wall will be wood framed with a sheetrock finish. The stage area will become a Toddler classroom serving 8 children ages 13-25 months.
- Classroom D (Room to the left of back entrance): A doorway will be added to the room connecting to the women’s adult bathroom. A food prep area and a diaper changing area with a sinks will be added to this area. This room area will become a Toddler classroom serving 8 children.
- Install a handwashing sink to the right of the stove in the kitchen area.
- Remove water fountains near the women’s bathroom. Install two child sized handwashing sinks. The Chattanooga Housing Authority will store the water fountains for future use.
- One sink in the women’s bathroom will be lowered to child sized.
- The fire alarm system will be upgraded if required by the Fire Marshal. The Chattanooga Housing Authority will have access to the system.

- If not adequate for the need of the program, the security system will be upgraded. Keypads will be added to the front and back door and must be used to access the space. Chattanooga Housing Authority will be provided with keys and codes for the building.
- At the request of the Fire Marshal, add a gravel pathway leading from the back entrance to the front sidewalk (may not be required). Add a concrete pad outside the rear entrance.
- Installation of a 5 ft fence around the perimeter of the Leased Premises. A large gate will be added to accommodate a lawn mower or small vehicle to access the lawn area. A walk-gate will be added at the front and rear of the building.
- Install playground equipment for children ages 13 months to 5 years at the rear of the building. Equipment will be installed by ground spike (not concreted). A resilient surfacing will be provided with wood fiber mulch. The wood fiber mulch will be enclosed using playground landscaping plastic edging.
- Except for the murals that will be left intact, paint the interior walls.
- Replace base cove around the wall.
- For added light, repair some of the windows located in classroom spaces.
- Install a security camera system both inside and outside the building. The footage from the camera is protected by FERPA and will not be allowed for Chattanooga Housing Authority use. Chattanooga Head Start will provide specific footage upon request but cannot allow ongoing access to the camera system.
- Install Internet and telephone systems.
- Install a grease trap.

- Place a dumpster in the 23' x 23' area specified by the "X" on Exhibit B, Parking.
- Replace the existing dishwasher with a commercial dishwasher.

Exhibit "D"  
Certificate of Self-Insurance



City of Chattanooga  
Human Resources Department

---

Tim Kelly, Mayor

**CERTIFICATE OF SELF-INSURANCE**

This is to certify that the City of Chattanooga Government is a self-insurer in accordance with the Tennessee Governmental Tort Liability Act.

The funded Self-Insurance Plan is established under the provisions of the Tennessee Governmental Tort Liability Act, T.C.A. § 29-20-403, et. seq., which establishes the limits of liability for governmental entities in the State of Tennessee. For all claims against a self-insuring governmental entity, the Act establishes a maximum limit of liability of Three Hundred Thousand (\$300,000.00) Dollars for bodily injury or death of any one (1) person in any one (1) accident, occurrence or act, and Seven Hundred Thousand (\$700,000.00) Dollars for bodily injury or death of all persons in any one (1) accident, occurrence or act, and One Hundred Thousand (\$100,000) Dollars for injury or destruction of property of others in any one (1) accident, occurrence or act. The provisions of the above limits shall apply to any action arising on or after July 1, 2007.

---

Michael Anthony  
Director of Safety, Compliance, & Risk Management