RESOLUTION NO. 32121

A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO ENTER INTO A LEASE AGREEMENT WITH HOPE CITY CHURCH, INC., IN SUBSTANTIALLY THE FORM ATTACHED, TO LEASE A PORTION OF THE PREMISES AT 7 N. TUXEDO AVENUE, IDENTIFIED AS TAX MAP NO. 157G-B-001, TO PROVIDE SPACE FOR THE CITY'S HEAD START/EARLY HEAD START PROGRAM, FOR AN INITIAL TERM OF THIRTEEN (13) MONTHS, AND THE OPTION TO RENEW FOR TWO (2) ADDITIONAL TERMS OF TWO (2) YEARS EACH, WITH RENT FOR THE INITIAL TERM, IN THE AMOUNT OF \$7,500.00 PER MONTH.

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 Hope City Church, Inc., in substantially the form attached, to lease a portion of the premises at 7 N. Tuxedo Avenue, identified as Tax Map No. 157G-B-001, to provide space for the City's Head Start/Early Head Start Program, for an Initial Term of thirteen (13) months, and the option to renew for two (2) additional terms of two (2) years each, with rent for the Initial Term, in the amount of \$7,500.00 per month.

ADOPTED: June 18, 2024

/mem

LEASE AGREEMENT

Thi	is Lease A	Agreement	t (this "	Lease"	or the	"Lease"	') is m	ıade aı	nd ent	ered	into o	n this
da	y of		, 2	2024 (tl	ne "Eff	fective 1	Date"),	, by a	nd bet	weer	1 Hope	City
Church, Ir	nc., a Ter	nnessee n	on-profi	t corpo	ration,	("Lesso	or'') ar	nd the	City	of (Chattan	ooga,
Tennessee.	a municii	nal corpor	ation ("I	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 a portion of that certain building located at 7 N. Tuxedo Avenue, Chattanooga, TN 37411 and

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 Hope City Church, Inc. to provide space at its facility for the City's Head Start/Early Head Start Program (the "Program"), Lessor does lease to Lessee, the structure and surrounding grounds currently located at Hope City Church, Inc. bearing the address of 7 N Tuxedo Ave, Chattanooga, TN 37411 (a portion of Tax Map Number 157G-B-001).

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 Seven Thousand Five Hundred and 00/100 Dollars per month (\$7,500.00) for a total of Ninety Seven Thousand Five Hundred Dollars and 00/100 (\$97,500.00) per year. If the Lease is renewed as provided for in SECTION 3, Lessee hereby acknowledges that Lessor might increase the rental rate for either one – or both – of the Renewal Terms. However, during any Renewal Term, the increased rental rate shall not exceed three (3) percent of the rental rate that was charged during the Initial Term. Furthermore, the possibility of an increased rental rate is contingent upon whether the City of Chattanooga Head Start program receives an increase in quality improvement funds or supplemental funds which will be documented in Head Start's annual grant award letter. The rental payment is due on the 10th of each month and will be paid by ACH deposit. The Lessor must register through the City of Chattanooga Supplier Portal to set up a payment account.

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 thirteen (13) months. (the "Initial Term"). Upon mutual written consent of the parties, Lessee shall have the option to renew this Lease for two (2) additional terms of two years 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.

a. Lessee's Exclusive Use.

Lessee shall have exclusive use of the classroom space as identified (see **Exhibit A**, Page 1) as Yellow, Blue, Red, and Orange Classrooms. Additionally, Lessee shall have exclusive use of the Head Start Office Space on the second floor (see **Exhibit A**, Page 2). The total exclusive use space is approximately 1,877 square feet on the first floor of the Leased Premises and 522 square feet on the second floor of the Leased Premises, for a total of 2,399 square feet of exclusive use space ("Exclusive Use Space"). The Exclusive Use Space is specifically identified as:

EXCLUSIVE USE SPACE									
Room	<u>Size</u>	Width	Length	Area (Subtotals)	TOTALS				
1st Floor Yellow Classroom	17'10" x 17'11"	17.83	17.92	319.5136					
1st Floor Blue Classroom	17'10" x 19'11"	17.83	19.92	355.1736					
1st Floor Red Classroom	20'9" x 28'11"	20.75	28.92	600.09					
1st Floor Orange Classroom	20'9" x 29'	20.75	29	601.75					
				1,876.5272					
(First Floor Exclusive Space is approximately 2,084 square feet:									
2nd Floor Head Start Office	18' x 29'	18	29	522					
(Second Floor Exclusive Space is approximately 522 square feet:									
TOTAL EXCLUSIVE USE SPACE:									

Although Lessee will have exclusive use of the classroom space identified in the table above and also in Exhibit A, page 1, Lessor may have access to the classroom space if the Lessor has Early Head Start children in need of wrap around childcare services. Lessor must give Lessee advanced notice, in writing, of its need to use the classroom space. Furthermore, Lessor shall be responsible for cleaning the classroom(s) after it uses the space(s), and shall be responsible for any damage to City equipment in the classroom(s) that occurred during Lessor's use of the space. No furnishings may be moved or removed from the classroom(s) without permission from the City.

b. Lessor's Exclusive Use.

The Lessor will retain exclusive use of the Purple (approximately 501 square feet) and Green (approximately 247 square feet) Classrooms (see **Exhibit A**, page 1) totaling approximately 748 square feet.

c. <u>Interior Common Space</u>.

- i. Lessee's access to interior common space, such as hallways, restrooms, and stairs, as indicated on the attached **Exhibit A**, is required to operate the Program in compliance with all city, county, state, and federal laws. The approximate square footage of shared spaces is approximately 6,016 square feet (collectively "Interior Common Space"). Additionally, the Lessor agrees:
 - to provide meeting space for monthly parent meetings and activities with prior notice of three (3) days.
 - to grant access to the laundry facilities provided the Lessee uses its own supplies.
 - to allow shared use of the kitchen, provided Lessee receives prior approval from the Lessor and uses its own supplies.
 - to grant access to adult restrooms in shared spaces provided the Lessee provides its own supplies.

The Lessor is responsible for all janitorial services for all Interior Common Spaces.

The Lessee will provide its own printers/copier and office supplies for identified offices.

- ii. Interior Common Space is identified in Exhibit A and includes the following:
 - 1. Daycare 1st Floor: Hallways, Entrances/Exits, Stairwells, and Janitorial area.
 - 2. Daycare 2nd Floor: Hallways, Entrances/Exits, Stairwells
 - 3. Church Building First (A) Floor: Hallways, Entrances/Exits, Stairwells, Conference Room (with prior notice of three (3) days for use of Conference Room will be made available), Kitchen Entrance, Janitorial area, and Adult Restrooms
 - 4. Church Building First (B) Floor: Hallways, Entrances/Exits, Laundry Facilities, and Kitchen (with prior notice of three (3) days for use of Kitchen will be made available)
 - 5. Church Building 2nd Floor: Hallways, Entrances/Exits, Breakroom/Storage Room, Stairwells, and Restrooms.
 - 6. Head Start Office Space located on the first floor (Lobby)

d. Exterior Common Space.

The Lessor and Lessee shall have shared use of all exterior sidewalks, paved areas, and the playground areas depicted on **Exhibit B** (collectively, "Outside Common Areas"). To operate the Program in accordance with all city, county, state, and federal laws, there are two (2) shared playground areas with a total of approximately 8,200 square feet. The Lessor will be responsible for the maintenance and upkeep of all Outside Common Areas.

<u>SECTION 5</u>. <u>Parking</u>. During the Initial Term and the Renewal Term, Lessee will have non-exclusive use of twenty-five (25) parking spaces identified in attached **Exhibit C**.

SECTION 6. Improvements to the Leased Premises. Lessee, at its sole cost and expense, may make 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 D** (the "Improvements"). 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 D** 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.

<u>SECTION 8.</u> <u>Quiet Possession</u>. 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.

<u>SECTION 10</u>. <u>Insurance.</u> 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, materials and supplies, and equipment. Lessor shall be responsible for all daily facility care to both the buildings and the grounds of the Leased Premises. The Lessee shall be responsible for the janitorial care only for its Exclusive Use Areas as identified in Section 2 above. Lessee shall provide minor maintenance and repairs that can be performed by maintenance employees of the Program. Such maintenance and repairs shall comply with all applicable governmental building and installation

codes. The Lessee shall be responsible for maintenance not to exceed \$1,000 per occurrence or \$5,000 per calendar year. The Lessor shall be responsible for maintenance in excess of \$5,000 per calendar year. Lessee shall not be responsible for repairs to the electrical or plumbing system, repairs to the roof of the building on the Leased Premises, nor for repairs to the building's HVAC system.

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

<u>SECTION 13.</u> <u>Termination by Lessor</u>. 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 the 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.

<u>SECTION 15.</u> <u>Termination by Lessee</u>. 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 six (6) months' written notice of termination to Lessor.

<u>SECTION 16.</u> 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) <u>Landlord Use After-Hours</u>. Lessee agrees to allow Lessor access to classrooms identified as exclusive use space if the Lessor has Early Head Start children in need of wrap-around childcare services. The Lessor must give the Lessee advanced notice in writing of its intent to use the exclusive space. The Lessor will be responsible for cleaning the classroom after use. The Lessor will be responsible for any damage to Lessee's equipment. No furnishing may be moved or removed without permission from Lessee.
- (b) <u>Relocation Upon Termination.</u> 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.
- (c) <u>Waiver</u>. 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.
- (d) <u>Entire Agreement</u>. 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.
- (e) <u>Applicable Law</u>. This Lease Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Tennessee.
- (f) <u>Severability</u>. 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.
- (g) <u>Sublease, Assignment, or Transfer</u>. 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.
- (h) <u>Notices</u>. 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: Hope City Academy

Attn: Ciby Thomas
7 North Tuxedo Avenue

Chattanooga, Tennessee 37411

Lessee: City of Chattanooga

Real Property Office

101 E. 11th Street, Suite G-18 Chattanooga, Tennessee 37402

A copy to: Office of the City Attorney

100 E. 11th Street, Suite 200 Chattanooga, Tennessee 37402

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, Lessor year set forth above.	and Lessee have executed this Lease as of the day and
	LESSOR:
	HOPE CITY CHURCH, INC.
	By: CIBY THOMAS Senior Pastor
	LESSEE:
	CITY OF CHATTANOOGA, TENNESSEE
	By: RICHARD J. BEELAND

Administrator

Department of Economic Development

: COUNTY OF HAMILTON :
Before me, the undersigned Notary Public for the state and county mentioned above personally appeared CIBY THOMAS, with whom I am personally acquainted (or proved to me of the basis of satisfactory evidence) and who, upon oath, acknowledged that he is the Senior Pastor of the HOPE CITY CHURCH, INC., and that he as such Senior Pastor, being authorized to do se executed the foregoing instrument for the purpose therein contained by signing the name of the organization by himself as Senior Pastor.
Witness my hand and seal, at office in, this day of, 2024
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 prove 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 CHATTANOOG 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 and Administrator.
Witness my hand and seal, at office in, this day of, 2024
Notary Public
My Commission Expires:

STATE OF TENNESSEE :

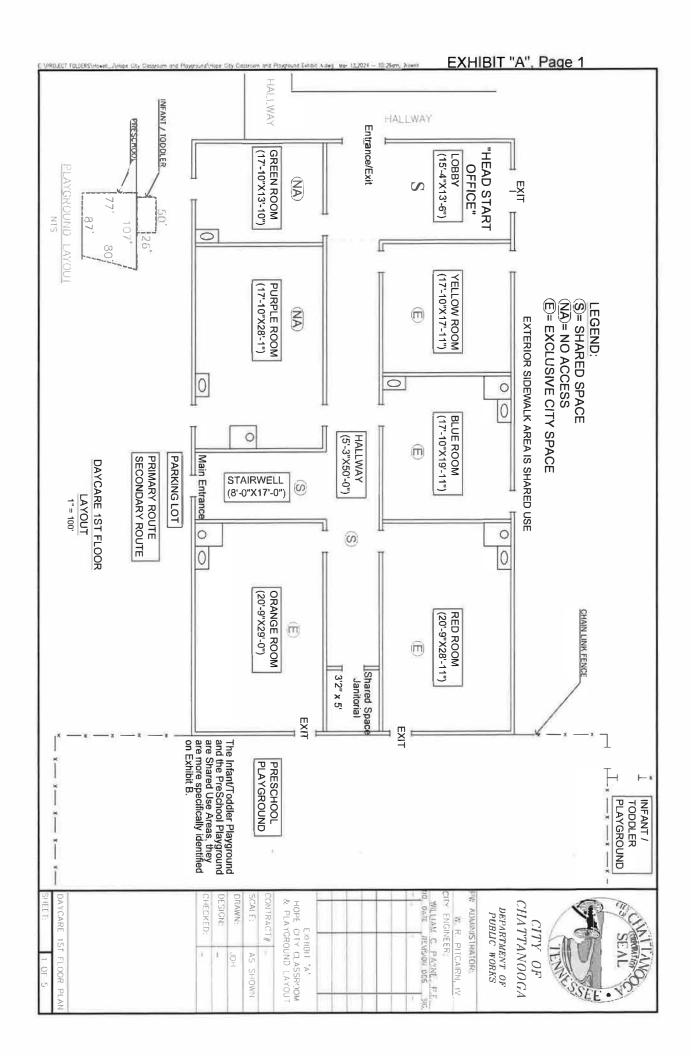
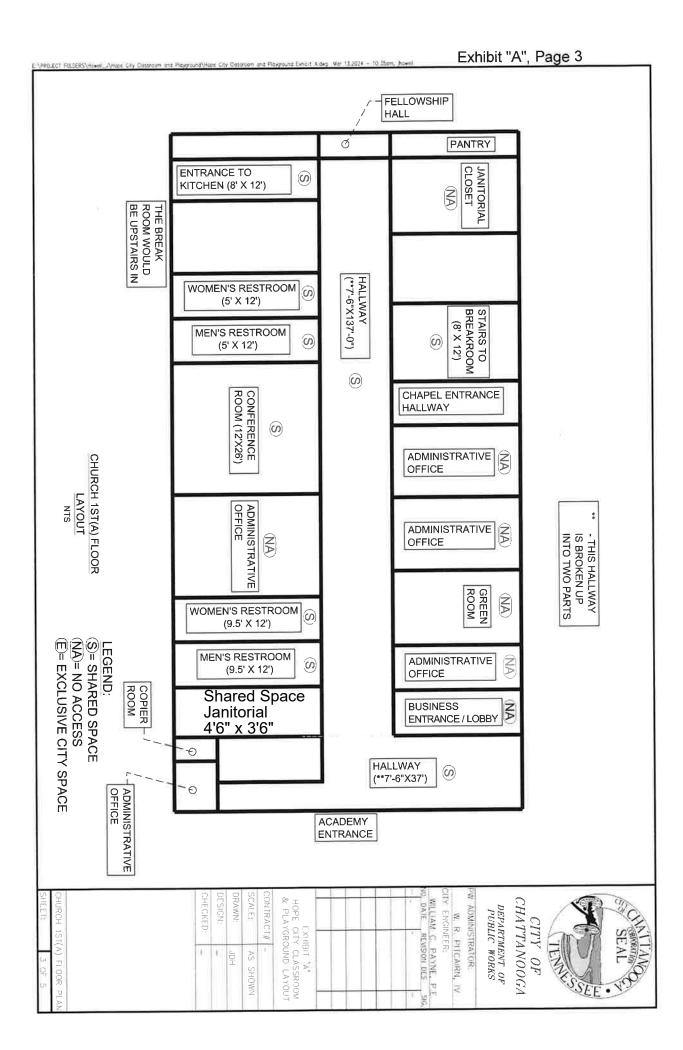
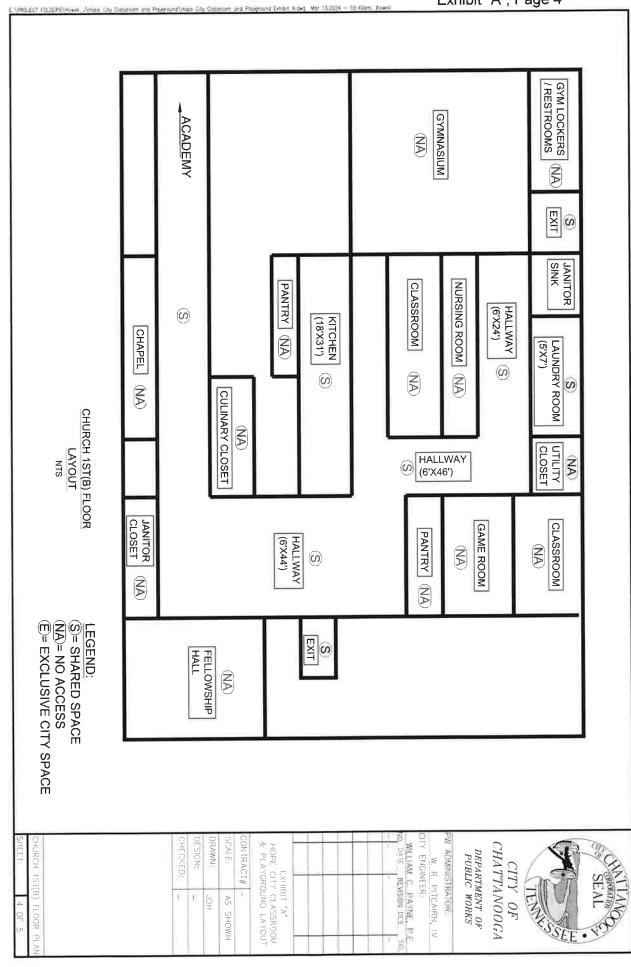


Exhibit "A", Page 2 ROOM 'A' ROOM 'B' B NA DAYCARE 2ND FLOOR LAYOUT (5'X35') ROOM 'C' STAIRS TO HOPE CITY ACADEMY (8'X17') RESTROOM #2 HEAD START OFFICE - CITY OF CHATTANOOGA NA (18'X29') S NA Q LEGEND:
(S)= SHARED SPACE
(NA)= NO ACCESS
(E)= EXCLUSIVE CITY SPACE RESTROOM #1 SEAL CONTRACTOR OF THE W. R. PITCAIRN, IV SCALE: WILLIAM C. PAYNE, P.E. W ADMINISTRATOR: CONTRACT# EXHIBIT 'A'
HOPE CITY CLASSROOM
& PLAYGROUND LAYOUT DRAWN CHATTANOOGA DEPARTMENT OF PUBLIC WORKS CITY OF AS SHOWN





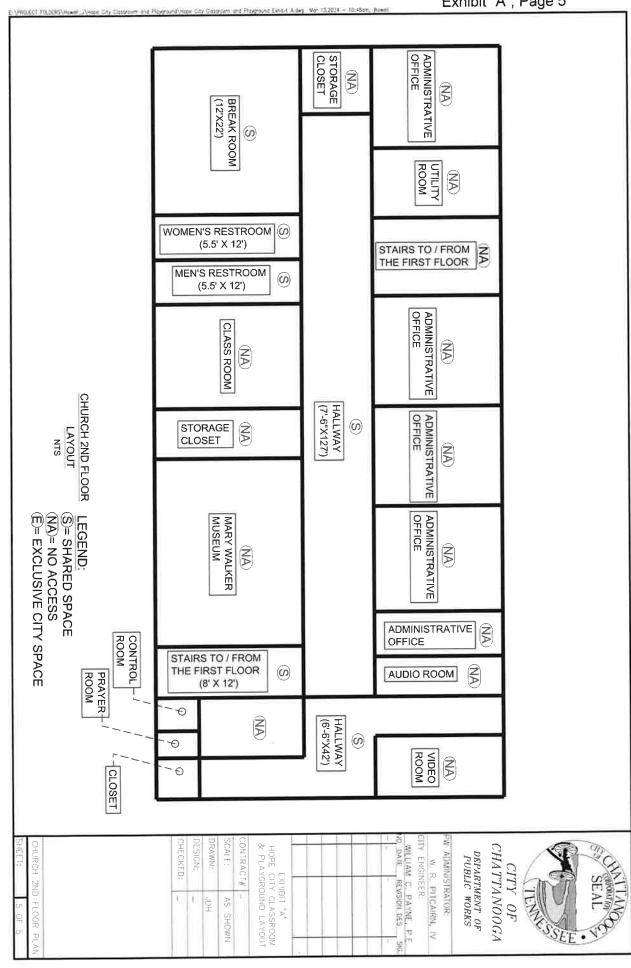


Exhibit "A", Page 6

SUMMARY OF EXCLUSIVE USE SPACES								
Room	<u>Size</u>	<u>Width</u>	<u>Length</u>	Area (Subtotals)	<u>TOTALS</u>			
1st Floor Yellow Classroom	17'10" x 17'11"	17.83	17.92	319.5136				
1st Floor Blue Classroom	17'10" x 19'11"	17.83	19.92	355.1736				
1st Floor Red Classroom	20'9" x 28'11"	20.75	28.92	600.09				
1st Floor Orange Classroom	20'9" x 29'	20.75	29	601.75				
				1876.5272				
(First F	1877							
2nd Floor Head Start Office	18' x 29'	18	29	522				
(Second	522							
	2399							

Exhibit "A", Page 7a

SUMMARY OF INTERIOR COMMON SPACES								
Room	<u>Size</u>	<u>Width</u>	<u>Length</u>	Area (Subtotals)	<u>TOTALS</u>			
Daycare 1st Floor Hallway	5'3" x 50'	5.25	50	262.5				
Daycare 1st Floor Stairwell	8' x 7'	8	7	56				
Daycare 1st Floor Janitorial	3'2" x 5'	3.1667	5	15.8335				
Head Start 1st Floor Office (Lobby)	15'4" x 13'6"	15.33	13.5	206.955				
Daycare 2nd Floor Stairwell	8' x 17'	8	17	136				
Daycare 2nd Floor Hallway	5'x 35'	5	35	175				
Church 1st A Floor Stairs to Breakroom	8' x 12'	8	12	96				
Church 1st A Floor Hallway 1	7'6" x 137'	7.5	137	1027.5				
Church 1st A Floor Hallway 2	7'6" x 37'	7.5	37	277.5				
Church 1st A Floor Kitchen Entrance	8' x 12'	8	12	96				
Church 1st A Floor Restroom W1	5' x 12'	5	12	60				
Church 1st A Floor Restroom M1	5' x 12'	5	12	60				
Church 1st A Floor Conference	12' x 26'	12	26	312				
Church 1st A Floor Restroom W2	9'5" x 12'	9.4166	12	112.9992				
Church 1st A Floor Restroom M2	9'5" x 12'	9.4166	12	112.9992				
Church1st Floor A Janitorial	4'6" x 3'6"	4.5	3.5	15.75				
Church 1st B Floor Laundry	5' x 7'	5	7	35				
Church 1st B Floor Hallway 1	6' x 24'	6	24	144				
Church 1st B Floor Kitchen	18' x 31'	18	31	558				
Church 1st B Floor Hallway 2	6' x 46'	6	46	276				
Church 1st B Floor Hallway 3	6' x 44'	6	44	264				
Church 2nd Floor, Hallway 1	7'6" x 127'	7.5	127	952.5				

Exhibit "A", Page 7b

Room	<u>Size</u>	<u>Width</u>	<u>Length</u>	<u> Area (Subtotal)</u>	<u>TOTALS</u>
Church 2nd Floor, Hallway 2	6'6" x 42'	6.5	42	273	
Church 2nd Floor, Breakroom	12' x 22'	12	22	264	
Church 2nd Floor Restroom W	5'5" x 12'	5.4166	12	64.9992	
Church 2nd Floor, Restroom M	5'5" x 12'	5.4166	12	64.9992	
Church 2nd Floor Stairwell	8' x 12'	8	12	96	
				6015.5353	
APPR	6,016				