

**RESOLUTION NO. 25-285**

**A RESOLUTION TO AMEND RESOLUTION 25-267 TO AUTHORIZE THE MAYOR TO EXECUTE A LEASE AGREEMENT FOR THE TEMPORARY RELOCATION OF WATER AND SEWER DIVISION STAFF TO THE FORMER POLICE DEPARTMENT HEADQUARTERS**

**WHEREAS,** The executed lease agreement includes a base monthly rate of \$6,500.00 and a 2% annual escalator, applied each year of the contract term from December 1 through November 30; and

**WHEREAS,** The fiscal presentation provided with Resolution 25-267 did not include the escalator cost over the lease term; and

**WHEREAS,** The facility requires approximately \$70,000 in additional improvements for the installation of exterior awnings needed to protect equipment and ensure safe access prior to occupancy; and

**WHEREAS,** These costs are necessary to support the operational relocation of Water and Sewer Division staff during wastewater treatment plant demolition and expansion activities; and

**WHEREAS,** All FY26 lease-related costs and facility improvement expenses will be incorporated into FY26 Budget Amendment No. 2 (BA#2) and are fully supported by existing vacancy savings within the Spring Hill Water Fund.

**NOW, THEREFORE, BE IT RESOLVED,** that the Board of Mayor and Aldermen of the City of Spring Hill hereby acknowledge and approves the full cost obligations associated with the lease agreement authorized under Resolution 25-267, including the 2% annual lease escalator and the additional \$70,000 in required awning improvements.

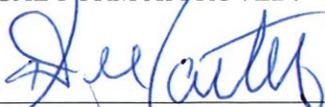
Passed and adopted on the 1<sup>st</sup> day of December, 2025.

  
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Matt Fitterer, Mayor

ATTEST:

  
\_\_\_\_\_  
April Goad, City Recorder

LEGAL FORM APPROVED:

  
\_\_\_\_\_  
Patrick Carter, City Attorney

## STAFF MEMORANDUM

**TO:** Board of Mayor and Aldermen  
**FROM:** Dan Allen, ACA, GM Water; Jeremy Vanderford, AGM-Water; Ryan LaMunyon, AGM-Reclamation  
**DATE:** 11/25/2025  
**SUBJECT:** Resolution 25-285 Amending Resolution 25-267 Lease Agreement for Temporary Relocation of Water and Sewer Division Staff to the Former Police Department Headquarters

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### RECOMMENDATION:

Staff recommends approval of Resolution 25-285 to clarify the full cost obligations associated with the lease agreement authorized under Resolution 25-267 for the former Police Department headquarters building. While Resolution 25-267 authorized execution of the lease for a term of up to five (5) years with a two-year renewal option, the resolution did not reflect the agreement's 2% annual escalator, nor did it include \$70,000 needed for the installation of protective awnings required prior to occupancy. Resolution 25-285 formally acknowledges these costs. All associated funding will be included in FY26 Budget Amendment No. 2 (BA#2) and is fully covered by available vacancy savings within the Spring Hill Water Fund.

### BACKGROUND:

The Water and Sewer Division currently occupies a facility located on the wastewater treatment plant site, which is scheduled for demolition to support upcoming process improvements and infrastructure expansion. The former Police Department headquarters building was identified, in coordination with the City Administrator and Mayor, as a suitable temporary facility that allows staff to maintain operations throughout the construction period. Resolution 25-267 authorized the Mayor to execute the lease agreement at a base rate of \$6,500 per month, with an optional two-year extension. However, two financial elements were not included in the resolution's fiscal presentation:

1. The lease includes a 2% annual escalator, applied each December 1 through November 30 of the contract year.
2. The facility requires an estimated \$70,000 for installation of exterior awnings needed to protect equipment and ensure safe access during inclement weather.

These corrections ensure transparency and accuracy in the City's financial documentation for the project



5 Year Lease					
FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029	FY 2029-2030	FY 2030 - 2031
\$ 45,500.00	\$ 78,910.00	\$ 80,488.20	\$ 82,098.02	\$ 83,739.97	\$ 35,179.05

Extended 2 Year Option		
FY 2030 - 2031	FY 2032 -2033	FY 2033 -2034
\$ 85,414.76	\$ 88,865.52	\$ 37,332.30

**FINANCIAL IMPACT:**

All lease-related and facility improvement costs will be incorporated into Budget Amendment No. 2 (BA#2). The revised cost summary includes:

- \$45,500 for FY26 lease payments (Dec 2025 – June 2026),
- \$50,000 for facility preparation, paint, and interior improvements, and
- \$70,000 for installation of exterior awnings.

These costs will be fully supported by existing vacancy savings within the Spring Hill Water Fund, and expenses will be allocated appropriately under the Utility Administration Division.

**SUPPORTING DOCUMENTS:**

Attached lease agreement  
Resolution 25-267



City of Spring Hill | Spring Hill Water  
199 Town Center Parkway  
Spring Hill, Tennessee 37174  
dan.allen@springhilltn.org  
931-486-2252

## LEASE AGREEMENT

This lease is made between FRED H. GILLHAM, SR., herein called Lessor, and CITY OF SPRING HILL, TN, herein called Lessee.

Lessee hereby offers to lease from Lessor the premises, at 3636A ROYAL PARK BLVD, situated in the City of Springhill, County of Maury, and State of Tennessee.

1. **Term and Rent.** Lessor demises the above premises for a term of Sixty months, commencing on December 1<sup>st</sup> 2025, and ending November 30th 2030 with an option to renew for two years. To include +/- 2 acres and 7769 square ft. building at a Rental rate of six thousand five hundred dollars (\$6,500.00) per month with an increase of 2% per annum due in advance on the first day of each month for that month's rental during the term of this lease. All lease payments shall be made to Fred Hime Gillham III, 455 Williams Springs Rd. Mt. Pleasant, TN 38474.
2. **Use.** Lessee shall use and occupy the premise's for the purpose of office and clerical work. Lessor represents that the premises may lawfully be used for such purposes. The premises shall be used for no other purpose without consent of Lessor which consent shall not be unreasonably withheld or delayed.
3. **Care and Maintenance of Premises.** Lessee acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at his own expense and at all times, maintain the premises in good and safe condition, including glass, electrical wiring, plumbing and maintenance of hvac installations and any other system or equipment upon the premises, and shall surrender the same at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, except the roof, exterior walls, structural foundation, and major electrical wiring, and any other system or equipment upon the premises installed prior to move in as these items shall be Lessor's responsibility at Lessor's cost.
4. **Alterations.** Lessee shall not, without first obtaining the consent of Lessor, make any alterations, additions in, to or about the premises. Alterations become property of Lessor. Lessor's consent shall not be unreasonably withheld or delayed.

5. **Ordinances and Statutes.** Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee. Lessee will have local Fire Officials determine the required Fire protection (Fire Extinguisher) requirements. Lessee will maintain these requirements at all times. Lessor warrants and represents that up to and as of the date Lessee takes possession of the premises, Lessor has complied with all relevant statutes, ordinances and requirements of all municipal, state and federal authorities relating to the building and to the premises. Lessor shall be responsible for required changes or upgrades to the premises or the building except any due solely to the business activities of Lessee.
6. **Assignment and Subletting.** Lessee shall not assign this lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, at the option of the Lessor, may terminate this lease. However, prior consent of the Lessor shall not be required in the event Lessee assigns the lease or sublets any portion of the premises to any of Lessee's affiliated corporations.
7. **Utilities and Taxes.** All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for sewer, water, gas, electricity and telephone services. Tenant shall also pay a pro-rated portion of all county and city property taxes and storm water assessed against the premise.
8. **Entry and Inspection.** Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purposes of inspecting the same, and will permit Lessor at any time within sixty (90) days prior to the expiration of this lease, to place upon the premises any usual "To Let" or "For Lease" signs, and permit persons desiring to lease the same to inspect the premises thereafter.
9. **Indemnification of Lessor.** Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee, to the extent permitted by law, agrees to hold Lessor harmless from any claim for damages, no matter how caused, except to the extent caused by or resulting from the negligence or willful misconduct of Lessor. Lessee, to the extent permitted by law, will protect, defend, indemnify, and hold harmless Lessor and its Indemnified Parties from and against any and all claims, demands, suits, judgments, costs, and expenses (including, without limitation, reasonable court costs and attorneys' fees) which accrue or may accrue

against the Lessor because of injury to or death of any person or persons (including, without limitation, employees of Lessor or Lessee or any of their agents or contractors) or because of loss or damage to property caused by the negligence or willful misconduct of Lessee or any of its employees, agents, or contractors, and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease.

10. **Insurance.** Lessee shall maintain Property insurance and shall maintain commercial general liability/public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage of one million, (\$1,000,000.00) Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured as its interests may appear for liability. The Certificate shall provide for a ten-day written notice to Lessor in the event of cancellation or material change of written notice to Lessor in the event of cancellation or material change of coverage. To the maximum extent permitted by insurance policies, which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation, which might otherwise exist.

11. **Destruction of Premises.** In the event of a partial destruction of the premises during the term hereof, Lessor shall forthwith repair the same, provided that such repairs can be made within thirty (30) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which making the repairs cannot be made within existing thirty (30) days, Lessor, at his option, may make the same within a reasonable time, this lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within thirty (30) days, this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement cost, Lessor may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

12. **Lessor's Remedies on Default.** If lessee defaults in the payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereof, Lessor may give Lessee notice of such default and if Lessee does not cure any such default within five (5) days in the case of any rent payment owed, or within thirty (30) days for all other events of default after the giving of such notice or if such other default is of such nature that it cannot be completely cured within such period, if Lessee does not commence such curing within such

thirty (30) days and thereafter proceed with reasonable diligence and in good faith to cure such default), then Lessor may terminate this lease on not less than thirty (30) days' notice to Lessee. On the date specified in such notice the term of this lease shall terminate, and Lessee shall then quit and surrender the premises to Lessor, but Lessee shall remain liable as hereinafter provided. If this lease shall have been so terminated by Lessor, Lessor may at any time thereafter resume possession the premises by any lawful means and remove Lessee or other occupants and their effects. No failure to enforce any term shall be deemed a waiver.

13. **Possession.** If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any rent until possession is delivered. Lessee may terminate this lease if possession is not delivered within ten (10) days of the commencement of the term hereof.
14. **Eminent Domain.** If the premises or any other part of the building affecting Lessee's use of the premises shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, any additional rent, shall be apportioned as of the termination date; any rent paid for and period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expenses.
15. **Attorney's Fees.** In case suit should be brought for recovery of the premises or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including reasonable attorney's fees.
16. **Notice:** Any notices required to be sent hereunder shall be hand delivered or sent by certified mail to the following addresses:

LANDLORD: FRED H. GILLHAM SR.  
401 Rutherford Lane  
Columbia, Tennessee 38401

TENANT: CITY OF SPRING HILL  
199 Town Center Parkway

Spring Hill, TN 37174

17. **Heirs, Assigns, Successors.** This lease is binding upon and inures to the benefit of the heirs, successors in interest to the parties.
18. **Option to Renew.** Option to renew to be negotiated no later than 90 days prior to the expiration of this lease.
19. **Subordination.** This lease is and shall be subordinated to all existing and future liens and encumbrances against the property
20. **Entire agreement.** The foregoing constitutes the entire agreement between parties and may be modified only in a writing signed by both parties. Also if the Lessor conveys, transfers or sells the property the terms of the lease shall survive the closing and the conveyance is subject to this lease. Following Exhibits, if any, have been made a part of this lease before the parties' execution hereof: Exhibit A, Aerial photo showing leased area.

Signed this 17<sup>th</sup> day of November, 2025.

Lessor:   
FRED H. GILLHAM, SR.

Lessee:  , Purchasing Agent  
CITY OF SPRING HILL

Exhibit A



RESOLUTION 25-267

**A RESOLUTION TO APPROVE A LEASE AGREEMENT FOR THE TEMPORARY  
RELOCATION OF WATER AND SEWER DIVISION STAFF TO THE FORMER POLICE  
DEPARTMENT HEADQUARTERS BUILDING**

WHEREAS, the City of Spring Hill is proceeding with major expansion and construction work at the wastewater treatment facility; and

WHEREAS, as part of the expansion project, the existing administrative and operational building currently occupied by Water and Sewer Division staff is scheduled for demolition to accommodate the facility's construction footprint; and

WHEREAS, City Administration, in coordination with the Mayor and Water Division management, has identified the former Police Department headquarters building as an appropriate temporary location for the relocation of Water and Sewer Division personnel during the demolition and construction period; and

WHEREAS, the proposed lease agreement provides for a term of up to five (5) years, at an annual cost of \$75,000 ensuring adequate time for construction completion and transition back to permanent facilities; and

WHEREAS, the leased facility will also provide a contingency workspace for other City departments if the Board of Mayor and Aldermen (BOMA) elects not to purchase the Station Hill building and interim accommodations are required before the completion of the City Services Annex (CSA); and

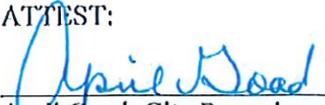
WHEREAS, the Board of Mayor and Aldermen finds that approving this lease agreement is in the best interest of the City and its staff, ensuring the continued operation and efficiency of essential water and sewer services during the construction and relocation period.

NOW, THEREFORE BE IT RESOLVED, the City of Spring Hill Board of Mayor and Aldermen approve the lease agreement for the former Police Department headquarters building, for a term of up to five (5) years at an annual cost of \$75,000, is hereby approved to serve as the temporary office and operations facility for the Water and Sewer Division.

Passed and Adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 17th day of November, 2025.

  
Matt Fitterer, Mayor

ATTEST:

  
April Goad, City Recorder

LEGAL FORM APPROVED:

  
Patrick Carter, City Attorney