

MEMORANDUM

November 20, 2012

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator *Eric*
Russ Truell, Assistant City Administrator/CFO
Shauna Billingsley, City Attorney
Brad Wilson, Facilities/Project Manager

SUBJECT: Letter of Intent with First Bank for the Renovation and Lease of the Five Points Building

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider a Letter of Intent for the lease of the Five Point Post Office building to First Bank, City of Franklin Contract No. 2012-0175.

Background

In 2007, the City of Franklin acquired the Five Points Post Office building along with other properties as a part of a property exchange with Williamson County. Since that time, the City of Franklin has maintained the facility, continuing lease arrangements with a U. S. Post Office contractor and the Heritage Foundation. During that time various entities have inquired about using/renovating space in the building to better use this historic building in the heart of downtown Franklin.

In May of 2012, the Board of Mayor and Aldermen authorized the development and implementation of a request for proposal process (RFP) to seek offers for the use of the Five Points building. The RFP was well publicized and included extensive information regarding the building along with opportunities to tour the property. Overall, the RFP was "open" for nearly five weeks from July 12th through August 16th. Attachment A provides a summary and timeline for the Five Points RFP.

At the August 16th deadline, one proposal was received from First Bank. Following a review of the proposal, the Board authorized the City Administrator to work out the terms of a lease proposal with First Bank for consideration by the Board. For consideration before the Board at this time is a Letter of Intent (COF Contract No. 2012-0175) for the lease of the Five Points property with First Bank. The Letter of Intent (LOI) outlines the primary business term for the lease and establishes that a full lease agreement will be executed within 60 days of its approval. While non-binding, the LOI provides First Bank with enough certainty to take the next step in investing in final designs as well as fully engaging in the necessary development processes including working with the State Historic Preservation Office, Franklin Historic Zoning Commission, Board of Zoning Appeals, and the Franklin Municipal Planning Commission.

In addition to the significant financial impact of this lease (described in detail in the following section), the lease provides for the preservation along with restoration of key components to this historic building in downtown Franklin. Through the LOI and subsequent lease, First Bank would commit to maintain all local historic preservation standards and guidelines. In addition, First Bank will comply with

requirements of the State Historic Preservation Office consistent with the City's existing deed requirements.

The LOI also affirms the commitment of First Bank to work with existing tenants, the U. S. Post Office contractor and the Heritage Foundation. The rental rate will be maintained and only adjusted by the same amount as the overall inflationary calculation applied to the overall lease terms with the City. In the agreement, First Bank makes a commitment to preserving the Post Office use at Five Points. In addition to the favorable long-term lease for the current tenant, First Bank further states that it will "use all reasonable and best efforts" to maintain a "post office type tenant" should the existing contractor/sublessee not be retained during the term of the lease.

The LOI outlines an initial lease term of 20 years with an extension of 10 years at First Bank's election and a second 10-year extension upon mutual agreement. At each renewal, First Bank would be required to evaluate the property and make such necessary capital improvements to maintain the facility to the condition following the completion of the renovation described in the agreement. This provides for good long term maintenance of the facility. In addition, the City will reserve the right to review the property and ensure basic maintenance standards are met for the building (interior and exterior), the landscaping and parking lot. If issues of concern are not resolved, the City may make those improvements and recover the costs from the lessee.

Financial Impact/Analysis

There appears to be four areas of financial benefit or "savings" that would result from the extension of a long term lease on the Five Points property. They are: 1) stable or increased lease income; 2) avoidance of capital improvement expenditures; 3) transfer of responsibility for utilities, insurance and ongoing maintenance; and 4) avoidance of rent for record storage and archiving.

Lease Income: Currently, the City receives rent amounts of \$1,000 per month from the Heritage Foundation and \$960 per month from the Post office contractor. The First Bank lease proposal is for a total of \$2,000 per month or \$24,000 per year. This exceeds slightly the rents received under the existing leases. The current leases, however, include utilities as part of the rent; the costs of gas, electric, water, sewer and storm water are paid by the City. The proposed lease will transfer the responsibility for those costs to the lessee. That transfer effectively raises the lease income to be received by the City.

Additionally, the proposed letter of intent includes cost-of-living increases in five year increments. Those adjustments at five year intervals assure that the lease income "keeps up with inflation" and maintains its value in real dollars.

Avoidance of Continuing Property Maintenance: The City is currently responsible for all maintenance on the Five Points building. Because of the age and condition of the heating and cooling system, it is not uncommon to have one or more of our maintenance staff on the premises each week to address tenant concerns. These staff appearances add to our overall cost of operations, as the time spent at Five Points is time lost at City Hall, Police Headquarters or other City buildings. We estimate that the cost of our maintenance effort is in the range of \$10,000 per year, including salaries and benefits.



In addition to staff time, City regularly has to purchase parts and materials to make in-house repairs. Outside contractors have been used to make substantial repairs to the HVAC units that City staff was unable to undertake due to complexity of the problems or knowledge of the antiquated building systems. For example, in 2008 the City spent over \$32,000 with contractors on heating/cooling maintenance. In 2009, the City spent over \$30,000 on storm water pipes, asphalt repairs, and resurfacing of the parking area behind the building.

We estimate conservatively that an average of \$10,000 per year has been expended to vendors such as Lee Plumbing & Heating, M. J. Frick, Don Wood Plumbing, Kerry Hosford Electric, Nashville Machine, etc.

Avoidance of Capital Improvements: Because of the sheer size of the needed improvements, the City has been reluctant to undertake any major renovations due to costs and the current inability to offset costs from rent amounts under the current leases. For example, exterior painting and roof replacement have not been addressed and will need attention in the not too distant future.

Our maintenance staff conservatively estimates at minimum that over \$1,000,000 will be needed to modernize the building, including replacement of the HVAC system and air handling devices, replacement of windows and other energy-savings actions, eventual replacement of the roof, replacement of the elevator to allow movement between floors and meet ADA guidelines, replacement of flooring, renovations to address OSHA and safety concerns, renovation of plumbing, replacement of lighting and electrical systems, etc. It should be noted that First Bank is estimating the value of the basic building improvements referenced in the LOI at a “minimum of \$3 million.”

Storage for Records and Archiving: Currently, the City retains permanent records in the basement of the Five Points building. If the building were leased in its entirety, the City would be forced to locate alternative space for record storage. Sites for such storage need to be close to City offices for retrieval purposes, but also be climate controlled to preserve the integrity of the documents. Approximately half of basement area, or 3,500 square feet, is home for these documents. To obtain similar space in a storage site elsewhere would run in excess of \$5 per square foot. We believe the value of maintaining control of the basement area for storage saves the City roughly \$16,000 per year.

Summary

If the City pursues the letter of intent with First Bank, the City will receive cash payments for rent in an amount equal to the current rents under the current leases. However, there is also a substantial cost-avoidance that should be included in what I would call the “implied” rent being proposed. Using a figure of \$1,000,000 as a minimum capital investment needed to bring the building up to Class A office space standards, the annual amortization of such investment would run \$96,000 per year for a 15 year amortization and \$76,000 for a 20 year amortization. If the City were making the investment, we would include in a 15-year bond issue. Also included in my “implied” rent figure are the benefits of a “triple net” lease, in which the lessee pay all utilities, taxes, and insurance for the property, as well as maintenance. Conservative estimates in these categories show an additional annual savings of \$20,000 plus for utilities alone. Maintenance in its current condition would continue to cost the City upwards of \$27,000 per year.



Including the value of the capital investment, the cost defERENCE of maintenance, and the value of retaining the basement storage area, an “implied” rent of over \$20.00 per square foot for the Five Points building can be calculated. On a comparative basis, the proposed rent of \$23.43 per square foot is roughly equal to the current rate for Class A office space in the Cool Springs sub district (approximately \$23 per square foot), as reported by C.B. Richard Ellis (CBRE) and other professional commercial real estate firms. Compared to retail space rather than office space, the implied rental rate exceeds the rental rates in Cool Springs for all categories other than the mall.

Calculation of actual and implied rental rate

| | Annual Impact | per square foot |
|---|----------------------|------------------------|
| Rent payments | \$ 24,000.00 | \$ 2.99 |
| Avoidance of utilities | \$ 20,542.46 | \$ 2.56 |
| Avoidance of insurance | \$ 2,718.72 | \$ 0.34 |
| Avoidance of maintenance (labor) | \$ 10,177.44 | \$ 1.27 |
| Avoidance of maintenance(supplies) | \$ 5,000.00 | \$ 0.62 |
| Avoidance of maintenance(contractors) | \$ 8,500.00 | \$ 1.06 |
| Avoidance of maintenance(grounds) | \$ 4,000.00 | \$ 0.50 |
| Avoidance of capital investment | \$ 93,113.81 | \$ 11.60 |
| Value of free storage | \$ 16,000.00 | \$ 1.99 |
| Other (taxes, cost-of-living adjustments) | \$ 4,012.50 | \$ 0.50 |
| Total implied rental rent | \$ 188,064.93 | \$ 23.43 |

Options

The Board may approve, amend or decline to enter into the Letter of Intent to Lease the Five Points building.

Recommendation

Approval of the proposed Letter of Intent with First Bank for the Renovation and Lease of the Five Points Building (COF Contract No. 2012-0175) is recommended.

Attachment A:

Five Point Request for Proposal
Summary and Timeline

Five Points RFP timeline and summary

Below is a timeline of efforts to publicize the City's interest in soliciting proposals for lease of the Five Points property and the Request for Proposal process:

- Article in *Franklin Review Appeal*: May 23, 2012
- Notice to Proposers published in *Williamson Herald*: July 12, 2012
- RFP posted on City's website: July 16, 2012
- Williamson County Association of Realtors notified of RFP: July 23, 2012
- Pre-submittal conference no. 1: July 24, 2012, 10:00 a.m. Central Time
- Subject discussed by City Administrator at BOMA meeting: July 24, 2012
- Williamson County / Franklin Chamber of Commerce notified of RFP: July 25, 2012
- Brentwood / Cool Springs Chamber of Commerce notified of RFP: July 25, 2012
- On July 25, 2012, Assistant City Administrator Vernon Gerth sent an e-mail to the Design Professionals/Developer Group that announced the City's interest in leasing the Five Points property. The e-mail included the solicitation package and web site. This group e-mail reaches approximately 125 development professionals.
- On July 26, 2012, Planning and Sustainability Director Catherine Powers made an announcement at the beginning of the monthly Planning Commission meeting regarding the Five Points RFP.
- Pre-submittal conference no. 2: August 2, 2012, 2:00 p.m. Central Time
- *Tennessean* article "Former Five Points post office building seeks new tenant": August 3, 2012
- *Tennessean* Williamson County Briefs "Franklin seeks tenant for former post office site": August 5, 2012
- Pre-submittal appointment: no sooner than July 14 but by August 7, 2012
- Proposals submittal deadline and scheduled opening: August 16, 2012, 2:00 p.m. Central Time

Attachment B:

Letter of Intent – First Bank Lease of 510
Columbia Avenue
(Five Points Post Office)

LETTER OF INTENT

November 26, 2012

City of Franklin
Attn: Eric Stuckey
City Administrator
Suite 107, City Hall
109 Third Avenue South
Franklin, Tennessee 37064

Re: Proposed First Bank Lease of 510 Columbia Ave., Franklin, Tennessee 37064

Dear Mr. Stuckey:

First Bank, a Tennessee state banking corporation ("First Bank") responded to a Request for Proposal submitted by the City of Franklin (the "City") for Lease of the Real Property and Premises at 510 Columbia Avenue, Franklin, Tennessee ("RFP"). First Bank's response to the RFP was dated August 15, 2012. Following the response from First Bank, the Board of Mayor and Aldermen of the City (the "Board") authorized City staff to pursue discussions with First Bank in an attempt to formalize a proposed lease to be submitted to the Board for its consideration. As part of the ongoing dialogue with the City, First Bank and the City have determined to set forth in this non-binding letter certain of the material terms that would form the basis for preparation of the draft of a proposed lease (the "Lease") between First Bank and the City. Please be advised that this letter is not contractually binding on the parties and is only an expression of the basic terms and conditions to be incorporated in a formal written agreement. The parties shall not be contractually bound unless and until they execute a final Lease, which must be in form and content satisfactory to each party and its counsel in their sole discretion, and which must be approved by a vote of the Board. Neither party may rely on this letter as creating any legal obligation of any kind.

1. LEASED PREMISES. The property to be leased by the City to First Bank shall consist of the real property, building, parking areas, and fixtures located at 510 Columbia Avenue, Franklin, Tennessee 37064 generally depicted on Exhibit A attached hereto, excluding in all respects the lower level basement (the "Basement") within the building depicted on Exhibit A (herein the property leased to First Bank shall be known as the "Leased Premises"). Notwithstanding the fact that the Basement is not contained within the Leased Premises, First Bank shall be responsible to maintain the HVAC system and mechanical systems related to the operation and use of the Leased Premises and First Bank shall be granted access to the Basement for such purposes. The Leased Premises are leased to First Bank in its "AS IS" condition.

2. USE. Excluding such portion of the Leased Premises as will be occupied by the Existing Tenants, First Bank shall use the Leased Premises solely as a full-service commercial bank branch facility, with attendant services thereto.

3. EXISTING TENANTS. The term "Existing Tenants" shall mean: (a) Kathy A. Russell d/b/a Post Office Contractor (herein the "U.S. Post Office Contractor"), and (b) The Heritage Foundation of Franklin and Williamson County, Tennessee (the "Heritage Foundation"). First Bank shall offer to extend a sublease to the U.S. Post Office Contractor for the same term (including all renewal terms) as extended by the City to First Bank hereunder for the purpose of maintaining a United States Post Office within the Leased Premises, with no increase in rent over the amount currently paid (this sublease may not be assigned unless the assignment is from the U.S. Post Office Contractor to the United States Postal Service or to any other contractor who operates a facility for the delivery and receipt of U.S. Mail in substantially the same manner as operated by the U.S. Post Office Contractor). Should First Bank not be successful in retaining the current U.S. Post Office Contractor as a sublessor, First Bank shall use all reasonable and best efforts to sublease to and maintain a post office type tenant. First Bank shall offer to extend a sublease to the Heritage Foundation at no rental increase from the rent currently paid by the Heritage Foundation for the purpose of maintaining the general business offices of the Heritage Foundation. Alternatively, First Bank, at the election of the Heritage Foundation, shall assist the Heritage Foundation in relocating to other space satisfactory to the Heritage Foundation.

4. TRIPLE NET LEASE PROVISIONS. The Lease shall be a "triple net lease." Under the terms of the Lease, First Bank shall be responsible for all maintenance, taxes, utilities, and insurance required in connection with the Leased Premises. First Bank shall also maintain comprehensive public liability insurance in such amounts as reasonably acceptable to City. The City shall be named an additional loss payee on all hazard insurance maintained by First Bank on the Leased Premises.

5. TERM. The initial term of the Lease shall be twenty (20) years. At the expiration of the initial term, First Bank, at its election shall be entitled to extend the Lease for one ten (10) year period, provided that, First Bank makes such capital improvements to the Leased Premises as to cause the Leased Premises to be in substantially the same condition as the condition that exists immediately following the renovations made pursuant to Section 7 herein. At the expiration of the first extended term, the Lease may be extended for an additional ten (10) year term if such extension is mutually agreeable to both City and First Bank. Additionally, at any time after the completion of the capital improvements and subject to the terms of the Lease, First Bank shall have the right to terminate the Lease on sixty (60) days prior written notice.

6. RENT. The annual rent for the Leased Premises shall be \$24,000.00, with no increase for the first five (5) years, payable in equal monthly installments, which rent payment shall commence once a building permit is issued in favor of First Bank for the contemplated renovations. After the first (5) years, the rent shall increase in five (5) year increments based on the Core CPI based on adjustments to the Core CPI for each preceding five (5) year period.

7. CAPITAL IMPROVEMENTS. First Bank shall make the capital improvements to the Leased Premises described on the capital improvements schedule attached hereto as Exhibit B, expected to be in an aggregate amount of \$3,000,000. A list of all capital improvements to be made by First Bank shall be submitted to the City prior to the initiation of any work, along with all material work plans. All improvements to the Leased Premises shall be

done in a workmanlike manner and shall comply with all City regulations, codes, and ordinances, including, without limitation, approval from the City's Historic Zoning Commission, Board of Zoning Appeals, and Planning Commission, as applicable. Prior to the initiation of any work, First Bank shall obtain such permits as and when required by City codes. All improvements to the Leased Premises shall conform to the requirements imposed by the covenants contained in the Quitclaim Deed of record in Book 1014, page 818, Register's Office for Williamson County, Tennessee and in the Special Warranty Deed of record in Book 4387, page 320, Register's Office for Williamson County, Tennessee. All improvements shall also comply with the State Historic Preservation Office requirements. City shall have the right to inspect the Leased Premises at any time, with reasonable notice to First Bank.

8. GOVERNMENTAL COMPLIANCE. During the term of the Lease, First Bank shall maintain compliance with all laws and regulations applicable to its renovation, use, and occupancy of the Leased Premises. The Leased Premises shall be improved in such a manner as to comply with the American with Disabilities Act.

9. SUSTAINABLE PRACTICES. First Bank agrees to use its best efforts to utilize sustainable practices for all improvements as provided by the City and to the extent practical considering both requirements of the State Historic Preservation Office and a reasonable cost/benefit analysis. City and First Bank agree that the sustainable practices referenced herein shall be satisfied upon compliance by First Bank with those items listed on Exhibit C.

10. LANDSCAPING AND SIGNAGE. First Bank shall obtain approval from the City, as required by applicable ordinance, for all landscaping and signage. First Bank intends for all landscaping and signage to compliment the community character of the area in which the Leased Premises are located. First Bank shall maintain, to City standards, all of Leased Premises, including, but not limited to, the parking area, all landscaped area. The City reserves the right, after notice, to remedy any delinquent maintenance responsibility of First Bank and to seek full reimbursement from First Bank. This in no way limits the City's rights to recover by other means or methods provided by law.

11. WASTE. First Bank shall commit no waste at the Leased Premises. First Bank shall maintain the Leased Premises in good working order and repair. At the termination of the Lease, First Bank shall return the Leased Premises to the City in as good a condition or better from the date of occupation of the premises, reasonable wear and tear excepted.

12. SECURITY. First Bank shall be responsible for all security and security systems applicable to the Leased Premises.

13. ENVIRONMENTAL. First Bank shall comply with all applicable environmental laws and regulations in its renovations to and use of the Leased Premises.

14. HOLD HARMLESS. First Bank shall indemnify the City and hold the City harmless from any liability arising out of the renovations to and use of the Leased Premises during the term of the Lease.

15. CONDEMNATION. First Bank shall have the right to terminate the Lease in the event that condemnation results in a material adverse change to First Bank's use of the Leased Premises.

16. CONSTRUCTION OF IMPROVEMENTS. The Lease shall provide that during construction of renovations and improvements to the Leased Premises, the City shall permit First Bank to locate a modular, non-permanent modular banking facility on the Leased Premises for use by customers of First Bank.

17. ASSIGNABILITY. The Lease shall provide that First Bank may not assign its rights and privileges under the Lease without the prior written consent of the City; provided, however, the consent of the City shall not be required in the following circumstances: (a) First Bank merges or consolidates with another financial institution and such financial institution as the surviving entity: (i) assumes all obligations of First Bank to the City under the Lease, and (ii) agrees in writing to maintain full-service banking operations at the Leased Premises in substantially the same manner as maintained by First Bank, or (b) First Bank assigns its rights under the Lease to another financial institution that: (i) assumes all obligations of First Bank to City under the Lease, and (ii) agrees in writing to maintain full-service banking operations at the Leased Premises in substantially the same manner as maintained by First Bank.

18. DEFAULTS. The Lease shall contain default provisions standard to similarly situated leases. The Lease shall also contain a default provision allowing for immediate termination of the Lease by the City in the event First Bank (while the tenant) has its banking operations closed by order of the FDIC or any state or federal banking agency having applicable jurisdiction over First Bank.

19. CONTINGENCIES. Within sixty (60) days after the approval by the City of this Letter of Intent, the City and First Bank shall use their best efforts to enter into a Lease. Performance under the Lease shall be subject to: (a) the execution of a mutually satisfactory lease between First Bank and the City; (b) approval of the Lease by the Board; (c) approval by the City and its various agencies of the plans and specifications submitted by First Bank for the renovations, signage, and landscaping, (d) the execution by First Bank and each of the Heritage Foundation and the U.S. Post Office Contractor of mutually satisfactory subleases; provided that if the Heritage Foundation chooses to relocate, then the requirement for a mutually satisfactory sublease with the Heritage Foundation shall not be applicable; (e) prior to the execution of a mutually satisfactory lease, First Bank does not uncover any fact or circumstance that materially and adversely affects its intended use of the Leased Premises, (f) approval from the City and any other local, state, or federal agency having applicable jurisdiction of transportation plans related to the access to the rear of the Leased Premises and the installation of parking and drive-thru banking facilities, and (g) the determination by First Bank that the requirements of the City and SHPO related to the construction, renovations, improvements, and use of the Leased Premises are satisfactory to First Bank.

20. BASEMENT. The Basement, which is not part of the Leased Premises, shall be used by the City for storage and shall not be leased by the City to others except with the prior written consent of First Bank.

IN WITNESS WHEREOF, the parties have executed this Letter of Intent as of this
_____ day of _____, 2012.

FIRST BANK:

FIRST BANK

By: _____

Title: _____

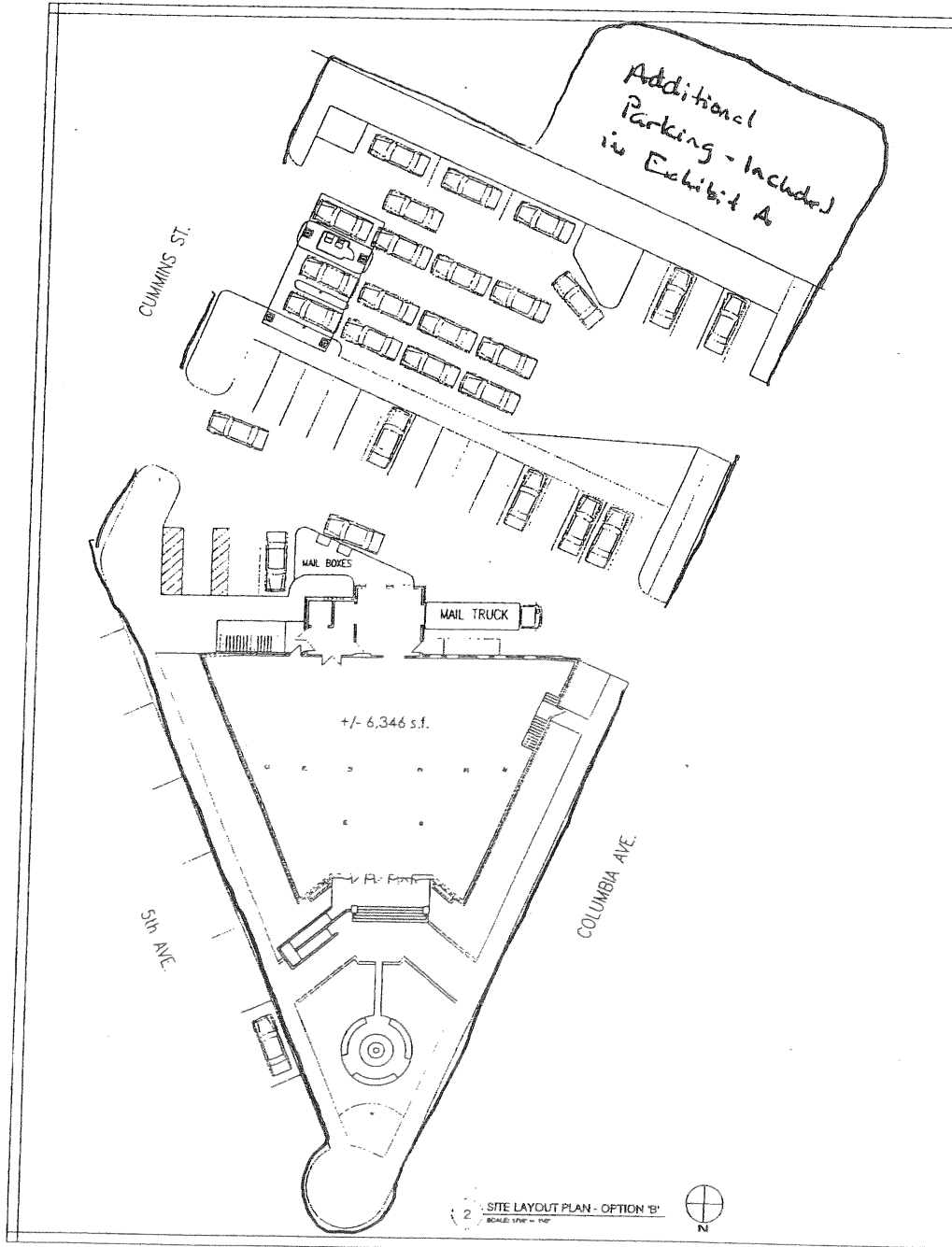
CITY OF FRANKLIN:

CITY OF FRANKLIN

By: _____

Title: _____

EXHIBIT A



Five Points Scope of Interior and Exterior Improvements

The information below is not an inclusive listing of interior and exterior improvements. This scope is based upon the information provided by the City and previously discussed improvements to the facility and its grounds.

Interior

This information is based upon the findings furnished in the Request for Proposal Appendix E.

1. Abate all asbestos and lead paint issues on the first floor, abatement of the basement will only take place if the area in question will be disturbed during renovations.
2. Replace plumbing fixtures located on the first floor and expand all restrooms to meet ADA requirements.
3. Replace Hot water heating system and ensure its proper operation.
4. Replace the current HVAC system including thermostatic controls.
5. Replace all flooring located on the first floor.
6. Remove storm windows; replace all existing windows with insulated divided light fixed windows of similar style. These windows will include a horizontal bar to give the appearance of the existing double hung windows.
7. Create level entry points at all entrance doors.

Preparation for Interior Demolition.

1. Move the Post Office counter operations to a mobile facility at the rear of the building. Construct a weatherproof ADA ramp to the mobile facility. Run all utilities and required electrical as per code.
2. Construct a facility to house a guard station whose purpose will be to escort post office box holders to and from the owner's box. Post Office boxes must have 24/7 access.

Five Points Scope of Interior and Exterior Improvements

Preparation for Demolition Continued.

3. Arrange temporary power as needed.
4. Construct a lit, secure and weatherproof walkway from the rear exterior to the post office box locations.
5. Post signage and notices required.

Interior Demolition.

1. Remove existing ceiling.
2. Remove antiquated and existing electrical wiring and conduit to the main service location in the basement.
3. Remove existing interior walls.
4. Remove existing plumbing lines and replace.
5. Remove all flooring not addressed at abatement.
6. Remove existing boiler and heating system from the basement.

Interior Construction.

1. Reconstruct Post Office box wall.
2. Run plumbing lines and replace all fixtures.
3. Repair, patch and paint existing wall structure.
4. Construct new walls as per approved plans.
5. Repair, patch and paint existing wall structure.
6. Run Electrical and data lines.
7. Run HVAC supply and returns.
8. Install new flooring.
9. Install new lighting.
10. Install Window Sills.
11. Install Alarms.
12. Create glass entry at vestibule.

Five Points Scope of Interior and Exterior Improvements

Interior Construction continued.

13. Install new ceiling.

Bank TI.

1. Install Bank equipment, furniture and finish as per approved plans.

Exterior.

1. Demolish and replace all handicap ramps as per approved drawings.
2. Demolish and replace all landscaping as per approved drawings.
3. Replace rotted and missing wood trim.
4. Replace all gutters and downspouts.
5. Replace exterior window sills.
6. Replace all exterior doors.
7. Demolish rear parking area, grade, fill and rework islands as per approved drawings.
8. Demolish and replace concrete sidewalks and traffic barriers as per approved drawings.
9. Replace site lighting as per approved drawings.
10. Add canvas awnings as per approved drawings.
11. Remove condensing units as per approved drawings.
12. Remove asphalt and run underground pneumatic tubing as per approved drawings.
13. Add exterior irrigation as per approved drawings.
14. Replace flag pole as per approved drawings.
15. Add water feature as per approved drawings.
16. Construct remote drive thru as per approved drawings.
17. Re-surface, restripe parking lot as per approved drawings.
18. Repaint building as per approved drawings.
19. Add exterior benches as per approved drawings.

Five Points Scope of Interior and Exterior Improvements

20. Construct all exterior entrances and walk ways to meet ADA codes.
21. Add Exterior signage as per approved drawings.
22. Rework front entrance as per approved drawings.

Contingency Planning.

With limited building history and drawings, unexpected complications during renovations of a building of this age are anticipated. FirstBank will work with the City of Franklin regarding unanticipated issues and remedy these items quickly.

EXHIBIT C

Items to be considered during renovation of the Five Points Post Office will include the following;

- Use of low water or flushless toilet facilities, hand dryers vs. paper products.
- Installation of LED lighting throughout the first floor.
- Replacement of the HVAC system with a much higher efficiency and energy management controls.
- Use of solar panels for water heating purposes.
- Lower wattage, high efficiency parking lot lighting.
- Wireless thermostatic control.
- Installation of economizing dampers for "free cooling".
- Wireless lighting sensors which maintain candlepower while incorporating natural light.
- Double pane windows which match the existing windows.
- Decreased diameter and insulated duct work.