

Lease Abstract

507 New Hwy 96 West, Franklin TN 37064

1. **Introduction** – The lease agreement is executed between Franklin Special School District (Landlord) and The City of Franklin, Tennessee (Tenant) on November 19, 2024.
2. **Premises** – The Landlord leases the property located at **507 New Highway 96 West, Franklin, TN 37064** to the Tenant. The leased premises include the building along with furniture, fixtures, and equipment present on the commencement date. The Tenant accepts the premises "as is," and the Landlord makes no representations regarding compliance with building codes or ordinances.
3. **Term** – The initial lease term is **two years (24 months)** with an option to extend month-to-month for up to **one additional year (12 months)**. The expected occupancy period is **through June 30, 2027**, based on the development schedule. The lease term is anticipated to start on **February 1, 2025**, but the exact commencement date is at the Landlord's sole discretion.
4. **Rent** – The rent is based on a **building size of 7,776 square feet** and a rental rate of **\$32.50 per square foot**. The rental payments are as follows:
 - **Lease Year 1: \$252,720.00 annually** (\$21,060.00 per month).
 - **Lease Year 2: \$257,774.40 annually** (\$21,481.20 per month).
 - **Months 25-30 (if extended): \$262,929.89 annually**, equating to **\$21,910.82 per month**. The Tenant must make rent payments in advance on the **first day of each month** without notice, set-off, or demand.
5. **Taxes, Insurance, and Maintenance** – The Tenant is responsible for:
 - **Real Estate Taxes:** Any taxes or assessments levied on the property during occupancy.
 - **Insurance Premiums:** Coverage for fire, liability, and rent insurance.
 - **Maintenance Costs:** Including but not limited to landscaping, HVAC repairs, plumbing, electrical systems, roof, parking lot, trash removal, and general upkeep.
6. **Use and Operation** – The premises may only be used for **municipal office operations** and related activities. The Tenant must comply with all applicable laws and regulations. The Tenant is prohibited from allowing nuisances such as excessive noise, vibration, or odors. Smoking is not permitted on the property.
7. **Utilities** – The Tenant must pay for all utilities, including **electricity, gas, water, sewer, heating, air conditioning, internet, and lighting systems**. The Tenant may not access the premises until all utility accounts are transferred to its name.
8. **Signage** – The Tenant must obtain **written approval from the Landlord** before placing any signs or advertisements on the premises. All signs must comply with local ordinances.

9. **Repairs and Alterations** – The Tenant is responsible for maintaining the premises in **clean and good condition**. The Landlord will maintain **building mechanical systems and the building envelope**. Any alterations or permanent installations require the **Landlord's prior written consent**.
10. **Surrender of Premises** – Upon termination, the Tenant must return the premises in the **same condition** as received (reasonable wear and tear excepted). The Tenant must remove trade fixtures and improvements, as required by the Landlord, within **30 days** of lease expiration.
11. **Landlord's Duty to Repair** – The Landlord will be responsible for **necessary repairs** not caused by the Tenant's negligence. However, fixtures and appliances provided "as is" will not be maintained by the Landlord.
12. **Insurance Requirements** – The Tenant must maintain:
 - **Commercial General Liability Insurance:**
 - \$1,000,000 per occurrence
 - \$2,000,000 general aggregate
 - **Workers' Compensation:** Statutory coverage
 - **Employer's Liability:** \$1,000,000 per accident
 - **Umbrella/Excess Liability:** \$1,000,000 per occurrence
 - **Property Insurance:** \$1,360,000 building coverage, \$98,639 contents coverage
13. **Fire or Casualty Damage** – If the premises become **unusable due to fire or disaster**, rent will be reduced proportionately. If the Landlord decides **not to rebuild**, the lease will terminate.
14. **Assignment and Subletting** – The Tenant may **not assign or sublet** the premises without **written consent** from the Landlord.
15. **Default and Remedies** – The Tenant is in **default** if it:
 - Fails to pay rent within **three (3) days** of the due date.
 - Fails to comply with lease terms after **30 days' notice**.
 - Becomes **insolvent** or declares **bankruptcy**.
 - Abandons the premises for more than **21 consecutive days**.
 - The Landlord has the right to **terminate the lease, sue for damages, or re-enter the premises**.

16. **Condemnation** – If part of the premises is taken by **eminent domain**, rent will be **reduced accordingly**. If the premises become **unusable**, the Tenant can **terminate the lease**.
17. **Landlord's Right of Entry** – The Landlord may **inspect the premises** with notice and **show it to potential buyers or future tenants**.
18. **Quiet Enjoyment** – The Tenant is entitled to **peaceful enjoyment** of the property, provided the lease terms are met.
19. **Subordination and Attornment** – The lease is **subordinate to any mortgage**. If the property is sold or foreclosed, the Tenant must **attorn** to the new owner.
20. **Notices** – Official lease communications must be **in writing** and sent to designated addresses.
21. **Successors and Assigns** – The lease **binds successors**, but **Tenant cannot transfer** the lease without Landlord approval.
22. **Governing Law** – The lease follows **Tennessee law**.
23. **Landlord's Exculpatory Clause** – Limits Landlord's **personal liability** to the property's equity.
24. **Entire Agreement** – This lease **supersedes all previous agreements**, and any changes must be **in writing**. The Tenant cannot disclose the lease terms without Landlord's **written consent**.
25. **Addenda** – The lease includes three (3) addenda:
 - **Rent Addendum**
 - **Security Deposit Addendum**
 - **Option Terms, Parking, and Recapture Addendum**
26. **Documentation** – The Tenant must provide **financial statements and estoppel certificates** when requested.
27. **Re-execution** – The Tenant agrees to **re-sign the lease** if legal formalities require.
28. **Late Payments** – If rent is late, the Tenant must pay:
 - **Interest at prime rate + 2%.**
 - **\$100 late charge.**
29. **Severability** – If part of the lease is **invalid**, the rest remains **in effect**.
30. **Hazardous Substances** – The Tenant **cannot store or use hazardous materials** on the property.

Addenda Details:

1. Rent Addendum:

- Lease Year 1: **\$252,720 annually (\$21,060/month)**
- Lease Year 2: **\$257,774.40 annually (\$21,481.20/month)**
- Months 25-30: **\$262,929.89 annually (\$21,910.82/month)**

2. Security Deposit Addendum:

- **\$25,000 security deposit.**
- If Tenant defaults **twice in 12 months**, the security deposit **triples** or increases to **three months' rent**.

3. Option Terms, Parking, and Right to Terminate Addendum:

- Tenant can **extend** the lease month-to-month for **up to 12 months**.
- Landlord can **terminate** the lease **after 30 days' notice** post-base term.