LEASE AGREEMENT

THIS AGREEMENT, made and entered into this **1st** day of **July** , **2019** by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, whose address is 200 East Main Street, Lexington, Kentucky 40507, (the "Tenant"), **EMPLOYMENT SOLUTIONS INC.**, whose address is 1165 Centre Parkway, Lexington, Kentucky, 40517, (the "Lessor").

WITNESSETH:

1. PREMISES. The leased premises, hereinafter called the "Premises", are identified and described as follows: 4,216 square feet of rentable area consisting of space located on the first floor is located at 1165 Centre Parkway in Lexington, Kentucky, and more specifically identified on Exhibit A of this Agreement.

2. USE. The Premises shall be used by Tenant as police roll call and general office space and shall not be used for any other purpose without the prior written consent of Lessor. Tenant shall not use the Premises in any manner constituting a violation of any ordinance, statute, regulation, or order of any governmental authority. Tenant shall use the Premises in a safe, careful, proper, and lawful manner and shall keep and maintain the Premises in as good a condition as when Tenant first took possession thereof, and Tenant shall not commit, or allow to be committed, any act of waste, in or about the Premises or the Building. Tenant shall not create, maintain, or permit any nuisance in the Premises or the Building, or permit any objectionable or offensive noise or odors to be emitted from the Premises. If Tenant uses the Premises in any manner which would invalidate any policy of insurance now or hereafter carried on the Building or increase the rate of premiums payable on any such insurance policy, Lessor may, at its option, require Tenant to discontinue such use or to reimburse Lessor as additional rent for any increase in premiums attributable to the use being made by the Tenant. Tenant shall comply with the Rules and Regulations governing the use and occupancy of the building, which Rules and Regulations are attached hereto as Exhibit "C". Lessor may amend the Rules and Regulations from time to time, and a written copy of such amendments will be given to Tenant who shall thereafter comply with the same.

3. TERM.

   3A. The initial term of this Agreement shall be for a period of five (5) years, beginning on July 1, 2019, and ending June 30, 2024. Both parties mutually agree to **waive** the **90 day cancellation** option for the first **36 months**. The 90 day cancellation clause will take effect on the 37th month of the balance of lease.

   3B. The initial term of this Agreement and any extensions thereof may be renewed automatically for five (5) subsequent terms of one (1) year each, subject to the termination provision stated in Section 15. The Tenant may request an extension of the Agreement from year-to-year after the expiration of the initial

Initials
Owner SL
Tenant Rc

lease term or any extension term by giving such written notice to the Lessor, 90 days prior to the expiration of the initial or an extension term. Lessor will respond to request for an extension of the lease within thirty (30) days of receipt of the Tenant's request.

4. RENT. Tenant agrees to pay the Lessor annual rent as specified in Exhibit B for use of the Premises. The rental payments shall be made at the Lessor's notice address in paragraph 25 in advance on or before first (1^{st}) day of the month. Payments shall be made on the following basis: ■ Monthly □ Quarterly Upon the completion of the 60 months base lease, the landlord will have the option to increase the lease rate based on the regional CPI annually.

5. UTILITIES AND SERVICES. Lessor shall be responsible for providing and paying for all utilities to the Premises except for any utility that is separately metered for the Premises. In such case, Tenant shall be responsible for payment of the utility charge. Lessor shall provide janitorial and cleaning services for common areas of the building, if there be any. Lessor does not warrant that any services provided by Lessor will be free from interruption due to causes beyond Lessor's reasonable control. The temporary interruption of services or delay in the making of repairs will not be deemed an eviction or disturbance of Tenant's use and possession of the Premises or render Lessor liable to Tenant for damages by set-off or abatement of rent or otherwise, nor will it relieve Tenant from performance of Tenant's obligations under this Agreement.

7. TAXES AND FEES. Tenant agrees to pay all applicable taxes and assessments against its personal property, and any applicable permit, regulatory and/or license fees. Tenant is not responsible for any applicable real property taxes.

8. COMPLIANCE WITH ORDINANCES, STATUTES, STATE AND FEDERAL LAWS. Tenant shall comply and cause its employees and agents to comply with all ordinances, statutes, state and federal laws, and reasonable operational procedures and standards established by the Lessor in connection with the use of the Premises.

9. INSPECTIONS. Lessor shall have the right to inspect the Premises at any time during Tenant's normal hours of operation. Lessor shall have free access to the Premises at all reasonable times for the purpose of examining the same, or to make any alterations or repairs to the Premises that Lessor deems necessary for its safety or preservation. Lessor shall have the right to inspect the Premises outside Tenant's normal hours of operation with 24 hours prior notice.

10. ALTERATIONS TO THE PREMISES AND FIT-UP COSTS. Before any physical improvements or changes to the Premises may be made by Tenant, including painting, Tenant shall obtain prior written approval for such changes from Lessor, which approval may be withheld. Any and all improvements once

installed, affixed or located in or on the Premises shall be and remain on the Premises and belong to Lessor as further consideration of this Agreement. All inventory, furnishings, fixtures and other equipment (not permanently attached to the Premises) may be removed by Tenant upon termination of the Agreement, at Tenant's sole expense, provided such removal does not damage the Premises.

Tenant, at Lessor's request, shall remove its personal property and fixtures and shall restore the Premises to the condition existing prior to the items so removed.

11. MAINTENANCE AND USAGE OF THE PREMISES.

a. Lessor shall at its expense keep in good order, condition and state of repair the structural portions of the Premises, the plumbing, heating, air-conditioning, electrical service to the Premises and the common areas in the Building; provided, however, that Lessor's obligation to make such repairs shall not relieve Tenant of the obligation of paying its share of any operating costs under the provisions of Exhibit B, and provided further that Tenant shall reimburse Lessor upon demand for the cost of repairing any damage to the Premises or the Building caused by the deliberate act or negligent act of Tenant or its employees, agents or invitees. Tenant shall, at its expense, keep in good order, condition, state of repair all portion of the Premises with the exception of those to be maintained and repaired by Lessor under the foregoing provisions. In the event Tenant fails to comply with the requirements of the foregoing sentence, Lessor may make such maintenance and repair and the costs thereof with interest at fifteen (15%) percent per annum shall be immediately payable to Lessor as additional rent.

b. Lessor shall be responsible for the replacement of the property's major HVAC system components outside and inside with a comparable high efficiency system (with the exception of the duct system) within **24 months** of the lease's effective date.

c. Lessor shall be responsible for replacing the entire roof at the property with a new system providing a minimum of R-30 insulation value within **24 months** of the lease's effective date.

d. Excepted from Lessor's obligation to repair are any repairs made necessary by reason of damage due to fire or other casualty loss covered by standard fire and extended coverage insurance.

e. Tenant shall use common areas, if there are any, in such manner so as not to interfere with the use of common areas by other occupants of the building.

f. Tenant shall reimburse Lessor for any fines, penalties and costs and all liability for violation or non-compliance with any requirements related to the Premises imposed as a result of Tenant's failure to repair.

Initials
Owner SV
Tenant RC

g. Intentional damage to the Premises shall entitle Lessor to terminate the Lease, to repossess the Premises, and to require Tenant to make necessary repairs to the Premises.

h. With the exception of service animals, dogs and other animals are not permitted on the Premises.

12. SECURITY. Tenant shall have adequate procedures in place to ensure that, if needed, office doors are secured at the end of the business day and that outside doors are secured and keys are distributed to personnel only as necessary. Lessor shall maintain a master key in its possession for emergency access to the Premises. Security deposit is waived by Lessor.

13. PARKING. Tenant shall direct all Tenant employees to park only in those designated spaces provided by the Landlord.

14. INDEMNIFICATION AND INSURANCE.

a. Indemnification - Tenant agrees to indemnify, defend and hold harmless Lessor and its agents, officials and employees, from any and all claims, liabilities, loss, damages, actions of whatever kind or expense including defense costs and attorney fees that are in anyway incidental or connected with or that arise or alleged to have arisen, directly or indirectly in whole or in part from Tenant's or its invitees' use of the Premises. Lessor shall not be liable for any loss or damage to persons or property of the Tenant or others located in the Premises or the loss of or the damage to any property of Tenant or others by theft or otherwise from the Premises. Lessor shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling material, steam, gas, electricity, water, rain, snow, leaks from any part of the Premises, pipes, appliances or plumbing works, or any other cause of any nature, except to the extent such injury or damage results from a negligent or willful act or failure to act of the Lessor. Any property of Tenant kept for storage at the Premises shall be so kept or stored at the exclusive risk of Tenant.

b. Insurance –Tenant shall procure and maintain, at its cost, throughout the term of this Agreement, and annually for any extension thereof, commercial general liability insurance, including premises and operations liability, broad form contractual coverage, and fire legal liability for said Premises, and any other appropriate insurance, deemed proper and necessary for its use and occupation of the Premises. Liability limits should be in an amount not less than $1,000,000.00 per occurrence with an aggregate of not less than $2,000,000.00. Said insurance company shall be authorized to do business in the Commonwealth of Kentucky, with a Best's Key Rating of no less than Excellent (A or A-) and a financial size category of no less than VIII.

Any Tenant improvements to the Premises must be approved in writing by Lessor prior to construction.

15. TERMINATION. **During the first 36 months, lease cannot be cancelled by either party**. As of month 37 of the lease term, either party may terminate any lease extension at any time, without penalty, upon ninety (90) days prior written notice to the other party. Lessor may perform ongoing evaluations to determine whether the Premises are being used by Tenant as stipulated in this Agreement. If Tenant does not utilize the Premises in accordance with the use specified in Paragraph 2 of this Agreement, Tenant upon written notice from Lessor shall immediately vacate the Premises and this Agreement will be terminated and of no further force and effort.

16. SIGNAGE. Tenant will be allowed to place, at its sole expense, its name or sign on its Premises at the building, provided such signage complies with the applicable guidelines as set forth by Lessor and applicable local sign ordinances.

17. AGREEMENT IS NOT ASSIGNABLE. This Agreement is not assignable and Tenant may not sublease or grant any other individual, agency or organization use or occupancy of the Premises.

18. PROPERTY ON PREMISES IS RESPONSIBILITY OF TENANT. All personal property kept upon the Premises shall be at the sole risk and responsibility of Tenant. This shall include property of contractors/ vendors engaged by Tenant to perform fit-up or conduct other maintenance or improvement activities throughout the term of this Agreement.

19. DESTRUCTION OF PREMISES. If the Premises should be destroyed or damaged by fire or other casualty covered by the Lessor's policy of fire and extended coverage insurance, Lessor may, at its sole option and expense, elect to make repairs or restore the building and Premises or to cancel this Agreement instead of making the necessary repairs. If the Premises are damaged to such extent that repairs or restoration cannot be effected within one hundred twenty (120) days, either party shall have the right to cancel this Agreement by giving the other party such notice in writing within thirty (30) days from the date such damage occurred. In the event of partial destruction or damage whereby Tenant shall be deprived of the use or occupancy of only a portion of the Premises, then minimum rent shall be equitably apportioned according to the area of the Premises which is usable by Tenant until such time as the Premises are repaired or restored. Lessor is not obligated to commence repair or reconstruct the

Initials
Owner SL
Tenant RC

Premises until after it receives the proceeds of insurance in connection with such partial loss. Should the destruction or damage be of such extent that the Premises are entirely unrentable and then the Agreement shall automatically terminate.

20. HAZARDOUS MATERIALS. Tenant will not discharge, release, dispose of, store, or deposit on the Premises any waste, including any pollutants or hazardous materials ("Hazardous Materials"), in violation of any federal, state or local law or regulation. Any Hazardous Materials generated by Tenant will be removed from the Premises at Tenant's expense in the manner required by law and disposed of in compliance with federal, state and local laws and regulations. If at any time Tenant fails to comply with the terms of this section, Lessor may remedy such default and Tenant must fully reimburse Lessor for any cost or expense it incurs within ten (10) days of written notification from Lessor.

21. QUIET ENJOYMENT. Lessor hereby covenants and agrees that if Tenant performs all the covenants and agreements herein stipulated to be performed on Tenant's part, Tenant shall at all times during the Lease term and any extensions or renewals thereof have the peaceable and quiet enjoyment and possession of the Premises without any manner of, or hindrance from, Lessor or any person or persons lawfully claiming the Premises.

22. VACATION OF PREMISES. Tenant shall deliver up and surrender to Lessor possession of the Premises upon the expiration or termination of the Agreement in as good a condition and repair as the Premises were at the commencement of the Agreement (the elements, ordinary wear and deterioration accepted).

23. DEFAULT AND REMEDIES

a. If Tenant shall abandon the Premises, or fail to pay any installment of rent or additional rent when due or fail to pay any costs or expenses provided for in this Agreement when said payments are due, or fail to perform any of its other obligations under the terms, conditions, and covenants of the Agreement, then Tenant shall be in default and breach of the Agreement.

b. In the event of a default and the continuance of such default ten (10) days after written notice thereof is given by Lessor to Tenant, in addition to Lessor's rights and remedies allowed by law, Lessor may, without further notice to or demand upon Tenant, apply the security deposit or re-enter the Premises and cure any default of Tenant. Tenant shall reimburse Lessor in curing such default, and Lessor shall not be liable to Tenant for any loss or damage which Tenant may sustain by reason or Lessor's actions. Further, in addition to any other rights and remedies allowed by law, Lessor may terminate the Agreement as of the date of such default and Tenant shall immediately thereafter surrender the Premises to Lessor. If Tenant shall not immediately surrender the Premises, Lessor may reenter the Premises and dispossess Tenant or any other occupants of the Premises and remove their effects, without prejudice to any other remedy which Lessor may have for possession or arrearages in rent.

c. The failure or delay by either party to insist upon the strict performance by the other or any of the terms, conditions, or covenants of this Lease or to exercise any right or remedy consequent upon a breach thereof, shall not be construed to be a waiver or affect the right of either party to thereafter enforce each and every such provision of right. The waiver of any default and breach of this Lease shall not be held to be a waiver of any other default and breach. The receipt of rent by Lessor after said rent is due and payable shall not be construed as a waiver of such default, and the receipt by Lessor of less than the full amount of rent due shall be a payment without prejudice to its right to recover the balance of the rent or to pursue any other remedies provided in the Lease.

24. MEMORANDUM OF LEASE. This Agreement, or a memorandum describing the Premises herein demised, stating the term of the Agreement, and referring to this document, may be recorded by either party.

25. NOTICES. Any notice or consent required to be given by or on behalf of either party upon the other shall be in writing and shall be given by hand delivery or U.S. Mail. If mailed, such notice shall be via certified mail, return receipt requested.

Notice shall be sent to the Tenant at the following:
Lexington-Fayette Urban County Government
Attn: Commissioner of General Services
200 East Main Street
Lexington, KY 40507

Notice shall be sent to the Landlord at the following:
Employment Solutions Inc.
1165 Centre Parkway
Lexington, KY 40517

26. WAIVER. No waiver of any condition of legal right shall be implied by the failure of either party to declare forfeiture, or for any other reason, and no waiver of condition or covenant shall be valid unless it be in writing signed by party so waiving. The waiver of a breach by either party of any condition shall not excuse, or be claimed to excuse, a future breach of the same condition or covenant or any other condition or covenant.

27. EMINENT DOMAIN. In the event that the Premises or any part thereof shall be at any time after the execution of the Agreement are taken for public or quasi-public use, or condemned under eminent domain, Tenant shall not be entitled to claim or have paid to it any compensation or damages whatsoever for or on account of any loss, injury, damage or taking of any right, interest or estate of Tenant, and Tenant hereby relinquishes to Lessor any rights to any such damages. Should all of the Premises be taken by eminent domain, then this Agreement shall be deemed terminated, and Tenant shall be entitled to no damages or any consideration by reason of such taking.

28. INTERPRETATION. If any clause, sentence, paragraph or part of the Agreement shall for any reason be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Agreement, but be confined in its operation to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment shall have been rendered, and in all other aspects this Agreement shall continue in full force and effect. The Agreement, having been negotiated in good faith between the parties with advice of their respective counsel, shall not be construed against one party or the other.

29. INTERPRETATION AS PARTNERSHIP PROHIBITED. It is understood and agreed that nothing herein contained shall be construed in any way to constitute a partnership between the parties.

30. NON-DISCRIMINATION. Tenant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, national origin or handicap and will state in all solicitations or advertisements for employees placed on behalf of Tenant that all qualified applicants will receive equal consideration for employment without regard to race, color, religion, sex, age, national origin or handicap.

31. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties with respect to Tenant's occupancy, use, and lease of the Premises, and there are no other promises or conditions in any other agreement either oral or written. The Agreement may be amended only in writing and only if such writing is signed by both parties. The parties acknowledge that any amendment to the Agreement must be approved by the Lexington-Fayette Urban County Council.

32. HOLDOVER. Should the Tenant hold over after termination of the Lease without a properly signed extension agreement, the Lease will become month-to-month subject to termination upon thirty (30) days written notice by either party. Monthly rent shall be one hundred fifteen percent (115%) of the fair market value.

33. <u>ATTORNEYS FEES.</u> Should either party expend attorney's fees, and cost to enforce any provision of this Agreement, the prevailing party shall recover its attorney's fees and costs from the other party.

34. <u>APPLICABLE LAW AND VENUE</u>. This Agreement shall be governed by the laws of the Commonwealth of Kentucky and any action will be brought in a court of competent jurisdiction situated in Fayette County, Kentucky.

35. <u>NO THIRD PARTY BENEFICIARIES</u>. Nothing contained herein shall create any relationship, contractual or otherwise or any rights in favor of any third party.

36. <u>SUCCESSORS AND ASSIGNS</u>. This Agreement shall be binding on both parties and their successors and assigns.

Initials
Owner SL
Tenant RC

IN WITNESS WHEREOF, the parties hereto have set their hands the date first above written.

The foregoing terms and conditions are accepted by the Lessor this 2nd day of July, 2019.

LESSOR:

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

BY: Linda Gorton
Linda Gorton, Mayor

The foregoing terms and conditions are accepted by the Tenant this 21st day of June, 2019.

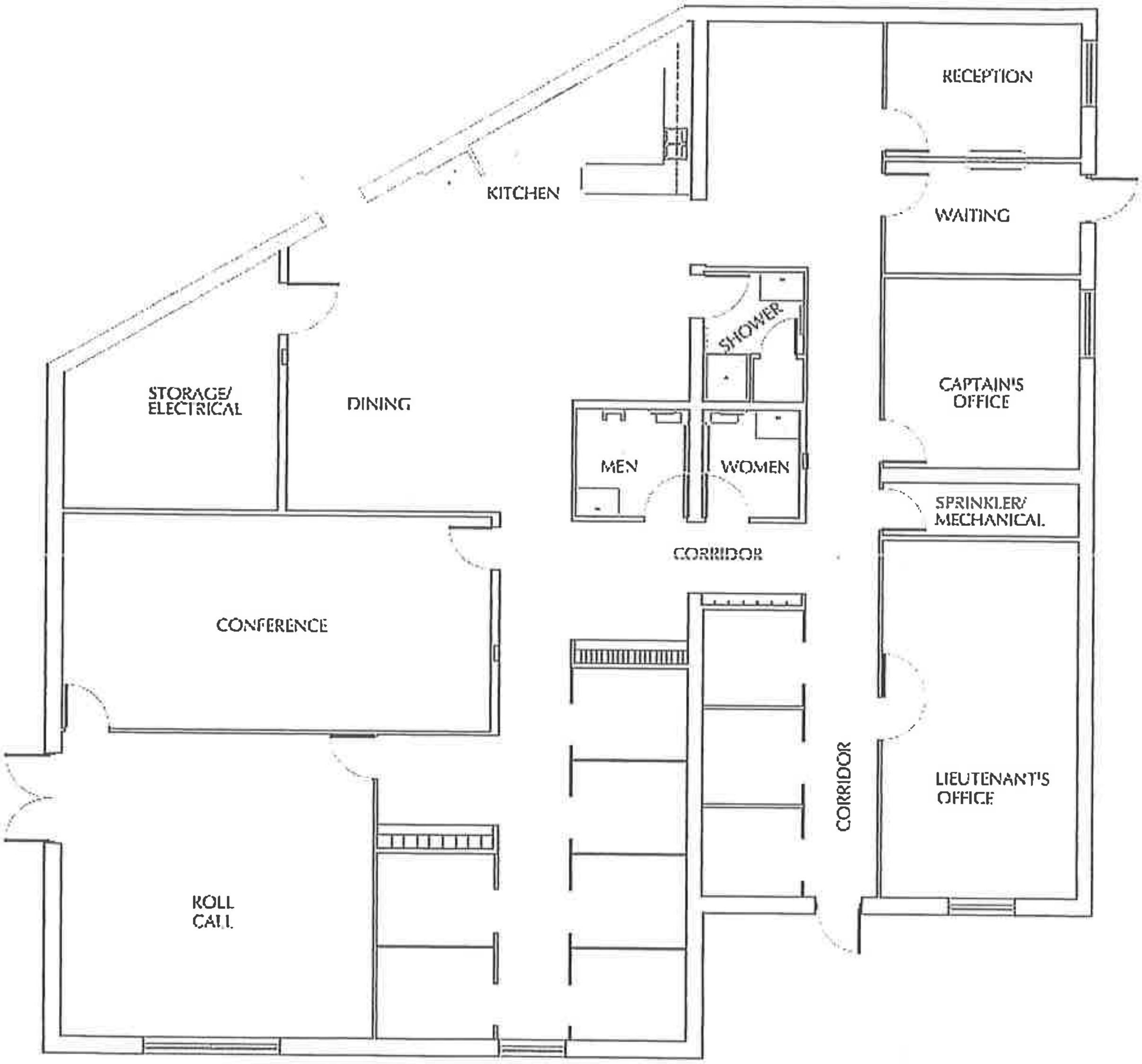
TENANT:

BY: ____________________

Rick Christman, CEO
Print Name & Title

Initials
Owner ____
Tenant RC

EXHIBIT A



Police - East Sector RollCall
Net Area: 4,216 s.f.

Initials
Owner
Tenant

EXHIBIT B
RENT SCHEDULE

FY	Rental Rate ($/GSF/Yr.)	Annual Rent	Monthly Rent
2020	$9.00	$37,944.00	$3,162.00
2021	$9.00	$37,944.00	$3,162.00
2022	$9.00	$37,944.00	$3,162.00
2023	$9.00	$37,944.00	$3,162.00
2024	$9.00	$37,944.00	$3,162.00

B.1 Rent. Tenant shall pay to Lessor as rent for the Premises the monthly sums specified in Exhibit B (Monthly Rent column). If the lease term commences on a day other than the first day of a calendar month or expires on a day other than the last day of a calendar month, the base rent installment for such first or last month shall be prorated.

B.2 Service Charge. If any installment of base rent or additional rent provided for in this Agreement is not paid within ten (10) days after its due date, it shall be subject to a service charge of five percent (5%) of the unpaid rent due for each month or fraction thereof or such lesser amount as may be the maximum amount permitted by the law, until paid.

MAYOR LINDA GORTON

LEXINGTON

GEOFF REED
COMMISSIONER
GENERAL SERVICES

TO: Linda Gorton, Mayor
Urban County Council

FROM: Geoff Reed, Commissioner, General Services

CC: Jamshid Baradaran, Director Facilities & Fleet Management
Sandra Lopez, Administrative Office Senior, General Services

DATE: June 25, 2019

SUBJECT: Authorization to approve lease agreement with Employment Solutions, Inc.

Request:
Approval from Urban County Council to enter into a lease agreement with Employment Solutions, Inc. for the continued occupancy of 4,216 square feet located at 1165 Centre Parkway.

Purpose of Request:
This space is occupied by Police East Roll Call. The existing lease will expire June 30, 2019 and Police has expressed the desire to remain in the current location. The new lease will be for a period of five (5) years beginning July 1, 2019.

What is the cost in current and future years?

The cost for this FY is: NA
The cost for next FY is: $37,944.00 annually

Are the funds budgeted? Yes

Funding Source: 1101_505506_5561_71302

File #: 0733-19

Director/Commissioner: Baradaran/Reed