
FACILITIES LEASE

By and Between the

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

As Facilities Lessee

And

[260WV, LLC]

As Facilities Lessor

Dated as of _____ 1, 20__

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FACILITIES LEASE

This Facilities Lease is made and entered into as of _____ (this "Facilities Lease" or "Lease"), by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, a political subdivision of the Commonwealth of Kentucky, the party of the first part ("LFUCG" and the "Facilities Lessee") and [**260WV, LLC**], a [for profit][non-profit] limited liability company organized and existing under the laws of the Commonwealth of Kentucky, the party of the second part, its successors and assigns ("Facilities Lessor").

WITNESSETH:

WHEREAS, LFUCG issued a Government Center Public-Private Partnership ("P3") Request for Proposals on or about September 27, 2024 (hereinafter the "RFP") as a means of identifying developers for the design, development and construction of a new government center project to be developed in Lexington, Kentucky, as well as the operation, maintenance and potentially financing of the government center project (the government center project, as further described in Exhibit A hereto, the "Project");

WHEREAS, pursuant to the RFP, Lexington Opportunity Fund, LLC ("LOF") was selected to negotiate with LFUCG to reach agreements between LOF and LFUCG for the development of the Project through a public-private partnership, including financing, design, construction, operations, and management, or any combination thereof;

WHEREAS, LOF is the current owner of the proposed site for the Project, being that real property, building and garage located at 200 W. Vine Street, Lexington, Kentucky 40507, and an associated air rights parcel with an address of 260 W. Vine Street, Suite 400, Lexington, Kentucky 40507 (the "Project Site," a legal description of which is attached hereto as Exhibit B);

WHEREAS, through its Proposal dated December 4, 2024 (the "Proposal"), LOF proposed (i) to provide the development, design and construction services for the Project through an affiliate, (ii) to cause and oversee the construction of the Project at the Project Site, (iii) to facilitate or provide construction financing and/or permanent financing for the Project and (iv) to act as owner of the renovated improved Project following its completion;

WHEREAS, under the Proposal, LOF's affiliate LOF Development, LLC (the "Developer" and "LOFD"), will cause the development of the Project at the Project Site, pursuant to a Development Agreement (as hereinafter defined);

WHEREAS, LOF and LFUCG have [approved the form of/entered into] a Purchase Agreement (the "Purchase Agreement"), providing for the sale of the Project Site (including the fee interests in the land and all improvements currently existing thereon) to LFUCG, subject to satisfaction of certain contingencies set forth therein;

WHEREAS, when the closing of the sale of the Project Site occurs pursuant to the Purchase Agreement, LFUCG will become the fee owner of the Project Site;

WHEREAS, under the plan of development for the Project, following the closing of the sale of the Project Site, LFUCG, as fee owner and ground lessor, will enter in a Ground Lease (the "Ground Lease") with Facilities Lessor as ground lessee, contemporaneous with Facilities Lessor, as facilities lessor, and LFUCG, as facilities lessee, entering into this Facilities Lease;

WHEREAS, the approval of the Kentucky Local Government Public-Private Partnership Board (the "Kentucky P3 Board") is a pre-condition to [the execution and delivery by LFUCG of the Ground Lease and this Facilities Lease and to the issuance of the Lease Obligations (defined below) to provide permanent financing for the Project];

WHEREAS, subject to the satisfaction of all required conditions and approvals (including the approval of the Kentucky P3 Board), Facilities Lessor, as facilities lessor, wishes to lease the Project to LFUCG following the Project's completion, and LFUCG, as facilities lessee, wishes to lease the Project from the Facilities Lessor, pursuant to this Facilities Lease;

WHEREAS, the construction and equipping of the Project is being financed during the construction period through cash contributions from LFUCG and from a construction loan in the principal amount of \$ _____ (the "Construction Loan") to Facilities Lessor [and the Developer] from [a Bank];

WHEREAS, the Construction Loan is expected to be repaid from the issuance of certain Lease Obligations (defined below);

WHEREAS, on or before the completion of the Project, the Facilities Lessor, LFUCG and a national bank or state banking corporation with corporate and fiduciary trust powers (the "Trustee") will enter into a Trust Indenture (the "Trust Indenture"), providing for the issuance of Lease Obligations (the "Lease Obligations"), representing Proportionate Interests (as defined in the Trust Indenture) in Base Rent (as defined in the Trust Indenture) to be paid by LFUCG under this Facilities Lease;

WHEREAS, the proceeds of sale of the Lease Obligations and other available moneys will be used to pay and satisfy the Construction Loan, other costs of the Project and costs of issuance of the Lease Obligations and to fund certain reserves to the extent required;

WHEREAS, at the closing of the issuance of the Lease Obligations, the rights of the Facilities Lessor to Base Rent and other rights will be irrevocably assigned to the Trustee for the benefit of the Owners (as defined herein) of the Lease Obligations, pursuant to a Lease Assignment Agreement between the Facilities Lessor and the Trustee (the "Assignment Agreement");

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

SECTION 1. DEFINED TERMS. In addition to the words and terms defined in the recitals and elsewhere in this Facilities Lease, the words and terms defined in this Section 1 shall, for all purposes of this Facilities Lease, have the meanings herein specified, except as otherwise expressly provided or unless the context otherwise requires. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise

require capitalization, or which are otherwise defined terms under the Trust Indenture, shall have the meanings set forth in the Trust Indenture.

“Additional Rent” means (i) with respect to any particular Lease Payment, the portion of such Lease Payment not reflected on Exhibit C attached hereto which may be comprised of (a) Rebate Amounts payable by Facilities Lessee to the Trustee under the Trust Indenture; (b) Extraordinary fees and expenses of the Trustee; (c) insurance proceeds related to the Project to be received by the Trustee in accordance with this Facilities Lease or the Trust Indenture; or (d) condemnation proceeds related to the Project to be received and applied by the Trustee in accordance with this Facilities Lease or the Trust Indenture, and (ii) with respect to all Lease Payments remaining to be paid on any particular date hereunder, the sum of all items described in clause (i) of this definition then remaining to be paid (which may or may not be known on the date of such determination). [Additionally, “Additional Rent” shall include amounts payable to fund the Renovation and Replacement Fund].

“Administrative Expense Fund” means the Administrative Expense Fund established under the Trust Indenture for the purpose of paying the costs of issuance of the Lease Obligations.

“Assignment of Lease” means the Lease Assignment Agreement of even date herewith whereby the Facilities Lessor has irrevocably assigned all of its right, title and interest in this Facilities Lease to the Trustee, and any permitted amendments or supplements thereto.

“Authorized Officer”, means, (i) when used with respect to the Facilities Lessor, any representative of the Facilities Lessor who is designated in writing by the manager of the Facilities Lessor as an Authorized Officer for purposes of this Facilities Lease, (ii) when used with respect to the Trustee, the President, any Vice President, any trust officer or any officer of the Trustee who is designated in writing by the Board of Directors of the Trustee as an Authorized Officer for purposes of this Facilities Lease and (iii) when used with respect to LFUCG, the Commissioner of the Department of Finance, or any representative of LFUCG designated in writing by LFUCG as an Authorized Officer for purposes of this Facilities Lease.

“Base Rent” means (i) with respect to any particular Lease Payment, the portion of such Lease Payment comprised of principal and interest and the ordinary fees of the Trustee identified for such Lease Payment described on Exhibit C attached hereto, and (ii) with respect to all Lease Payments remaining to be paid on any particular date hereunder, the sum of all items described in clause (i) of this definition then remaining to be paid.

“Business Day” means a day of the year, other than (a) a Saturday; (b) a Sunday; (c) a day on which the corporate trust office of the Trustee is required or authorized by law to remain closed; or (d) a day on which the New York Stock Exchange is closed.

“Certificate of Occupancy” means the final certificate of occupancy for the Project issued by LFUCG’s Division of Building Inspection, evidencing that the Project has been completed and is available for occupancy by the Facilities Lessee.

“Closing Date” means the date of initial delivery of the Lease Obligations to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986, as amended, including the regulations and proposed and temporary regulations promulgated thereunder.

“Construction Loan” has the meaning set forth in the eleventh **Whereas** clause of the Recitals of this Facilities Lease.

“Developer” means LOF Development, LLC, a Kentucky limited liability company that is authorized to do business in the Commonwealth of Kentucky.

“Development Agreement” means the Development Agreement dated as of _____ by and between the Developer and LFUCG.

“Event of Default” means any of the events described in Section 23 hereof.

“Facilities Lease” means this Facilities Lease and any permitted amendments or supplements thereto.

“Facilities Lessor” means [260WV, LLC], a [for profit][non-profit] limited liability company organized and existing under the laws of the Commonwealth of Kentucky.

“Fiscal Year” means a year beginning on July 1 and ending on June 30.

“Government Obligations” means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, (b) obligations issued by a person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America or Federal Reserve Bank), and (c) securities which represent an interest in the obligations described in (a) and (b) above.

“Ground Lease” has the meaning set forth in the eighth **Whereas** clause of the Recitals of this Facilities Lease.

“Improvements” as used herein means the improvements to be constructed at the Project Site for the Project.

“KRS” means the Kentucky Revised Statutes, as the same may be amended from time to time.

“Lease Documents” means the Ground Lease, this Facilities Lease, the Assignment of Lease, the Lease Obligations, and the Trust Indenture.

“Lease Obligation Payment Fund” means the Lease Obligation Payment Fund established under the Trust Indenture for the purpose of paying principal of, and interest on, the Lease Obligations when due.

"Lease Obligations" means (i) the Lease Obligations, Series 20__A, issued in the principal amount of \$_____ (the "Series 20__A Lease Obligations"), and (ii) the Lease Obligations, Taxable Series 20__B, issued in the principal amount of \$_____ (the "Series 20__B Lease Obligations"), evidencing the proportionate interests of the Owners thereof in this Facilities Lease, including payments of Base Rent to be made by LFUCG hereunder, and in the Project.

"Lease Payment Date" means _____ 15, 202_, and each ____ 15 and ____ 15 (six month intervals) thereafter during the Lease Term [*Lease Payment Dates typically occur 15 days before payments are due to the Holders of the Lease Obligations*].

"Lease Payments" means amounts payable by LFUCG under this Facilities Lease comprised of Base Rent and Additional Rent.

"Lease Term" has the meaning set forth in Section 3 hereof.

"LFUCG" means Lexington-Fayette Urban County Government.

"Obligation Payment Date" means the semi-annual dates set forth in the Trust Indenture for the payment of interest on the Lease Obligations, being each _____ 1 and _____ 1 [*six month intervals*], commencing _____ 1, 202_.

"Original Purchasers" means _____.

"Outstanding", when used with reference to the Lease Obligations and as of any particular date, means all Lease Obligations theretofore delivered except: (a) any Lease Obligation cancelled by the Trustee on or before said date, (b) any Lease Obligation in lieu of or in substitution for which another Lease Obligation shall have been delivered pursuant to the Trust Indenture, and (c) Lease Obligations which are deemed paid in accordance with the Trust Indenture.

"Owner" means the registered owner of any outstanding Lease Obligation.

"Project" means the design, development and construction of a new government center to be developed in Lexington, Kentucky, as further defined in Exhibit A hereto.

"Project Completion Date" means the date of Substantial Completion of the Project as defined in Section 1.2 of the Development Agreement.

"Purchase Date" has the meaning set forth in Section 6 hereof.

"Purchase Price" has the meaning set forth in Section 6 hereof.

"Project Site" means the real estate and interest in real estate constituting the site of, and part of, the Project, as described in Exhibit B attached hereto as a part hereof.

"Renovation and Replacement Fund" means the Renovation and Replacement Fund established under the Trust Indenture.

“RFP” means LFUCG’s Government Center Public-Private Partnership (“P3”) Request for Proposals dated September 27, 2024.

“Series 20__A Lease Obligations” and “Series 20__B Lease Obligations” have the meanings given to such terms in the definition of “Lease Obligations.”

“Special Counsel” means a nationally recognized firm of municipal bond attorneys, selected by Facilities Lessor and LFUCG.

“Tax Certificate” means the Tax Certificate of LFUCG with respect to the Series 20__A Lease Obligations.

“Termination Date” means the first to occur of (i) _____ [*the date of last maturity of the Lease Purchase Obligations*]; (ii) the exercise by LFUCG of its option to purchase the Project as described herein; (iii) a default by LFUCG hereunder and termination of this Facilities Lease; and (iv) the complete payment and performance by LFUCG of all Lease Payments and other obligations as set forth in this Facilities Lease.

“Trust Funds” means, collectively, the Administrative Expense Fund, the Lease Obligation Payment Fund, [the Renovation and Replacement Fund] and the Rebate Fund established under the Trust Indenture.

“Trust Indenture” means the Trust Indenture between the Facilities Lessor, LFUCG and the Trustee, pursuant to which the Obligations are being issued and delivered, as supplemented or amended.

“Trustee” means _____, _____, Kentucky, its successor or successors, and any other banking corporation or association which may at any time be substituted in its place pursuant to the Trust Indenture.

SECTION 2. LEASE OF PROJECT. In consideration of the terms, covenants and conditions herein set forth, Facilities Lessor does hereby demise, lease and rent the Project to LFUCG and the Facilities Lessee does hereby demise, lease and rent the Project from the Facilities Lessor, as provided herein. All leasehold rights granted to LFUCG by the Facilities Lessor under this Facilities Lease shall vest in LFUCG without further action on the part of the Facilities Lessor; provided, however, that LFUCG’s possession of the Project shall not occur until the Project Completion Date and LFUCG’s obligation to pay rent under Section 4 hereof shall not commence until ____ 15, 20__ (*15 days before the first scheduled Lease Obligation Payment Date*).

LFUCG declares its current need for the Project and further determines and declares its expectations that the Project will (so long as it is subject to the terms hereof) adequately serve the needs for which it is acquired throughout the Lease Term. LFUCG hereby determines and declares that, to the best of its knowledge, the period during which LFUCG has the option to purchase the Project (i.e. years 10-30 of this Facilities Lease) does not exceed the useful life of the Project.

[*LANGUAGE FOR A SUBORDINATE GENERAL OBLIGATION PLEDGE*: In order to further secure its obligations hereunder, LFUCG hereby declares that its obligation to make Lease Payments hereunder is a subordinate General Obligation of LFUCG, subordinate only to LFUCG’s

obligation to pay its General Obligation Bonds. The foregoing pledge is made junior and subordinate to all existing and future indebtedness of LFUCG comprising General Obligation indebtedness of LFUCG, and on a parity with respect to payment and security with all other existing and future indebtedness of LFUCG that is by its terms expressly subordinated to LFUCG's General Obligation indebtedness.]

SECTION 3. TERM. The term of this Facilities Lease (the "Lease Term") will be for the period which begins on the date of this Facilities Lease and which ends on the first to occur of the following (the "Termination Date"):

- (a) _____ [the last scheduled maturity of the Lease Obligations]; or
- (b) The exercise by LFUCG of its option to purchase the Project under Section 6 hereof; or
- (c) A default by LFUCG under this Facilities Lease and termination of this Facilities Lease as described in Section 24 hereof; or
- (d) The complete payment and performance by LFUCG of all Lease Payments and other obligations as set forth in this Facilities Lease.

SECTION 4. RENT. During the Lease Term, LFUCG shall pay, without notice or demand, the Base Rent due on the Lease Payment Dates indicated on Exhibit C hereto, such payments to be made on _____ 15, 20__, and on each _____ 15 and _____ 15 thereafter, to the extent that amounts are not then on deposit in the Lease Obligation Payment Fund and available to make payments of the principal of, or interest on, the Lease Obligations in full on the next ensuing _____ 1 and _____ 1, through and until _____ 1, 20__. All payments of Base Rent shall be made to the Trustee, as assignee of the Facilities Lessor, and for the benefit of the Owners, in immediately available funds, at such place as the Trustee may reasonably specify. Payments of Base Rent shall be applied first to the principal of and interest in the Lease Obligations that is then due and then to the regular fees of the Trustee then due. The obligation of LFUCG to make such payments of Base Rent on such dates is absolute and unconditional and is not subject to any set-off, abatement, defense, counterclaim or recoupment for any reason whatsoever. Without limiting the foregoing, LFUCG shall be entitled to a credit against Base Rent due from time to time for any amounts available therefor in the Lease Obligation Payment Fund, all as defined in and to the extent provided by the Trust Indenture; provided that there is no representation, warranty, or covenant, express or implied, that any such amounts shall be so available.

All Lease Payments shall be made in lawful money of the United States of America.

LFUCG reasonably believes and warrants that funds will be available to make all Lease Payments during the Lease Term and hereby covenants that, unless LFUCG has given notice of its option to purchase the Project pursuant to Section 6 hereof and paid the Purchase Price, hereinafter defined, it will do all things lawfully within its power to obtain, maintain, and properly request and pursue funds from which the Lease Payments may be made, including making provisions for such payments in budgets submitted for the purpose of obtaining funding, using its bona fide best efforts to have such portion of the budget approved and exhausting all available

administrative reviews and appeals, if any, in the event such portion of the budget is not approved. It is LFUCG's intent to make Lease Payments for the Lease Term if funds are legally available therefor, and in that regard LFUCG represents that the use of the Project will be essential to its proper, efficient, and economic operation.

SECTION 5. DEVELOPMENT OF PROJECT; CONTROL AND MANAGEMENT OF THE PROJECT ON AND AFTER THE PROJECT COMPLETION DATE. Facilities Lessor or its affiliates shall develop the Project in accordance with the Development Agreement. Facilities Lessor shall control the development, acquisition, construction, installation, and equipping of the Project to, but excluding, the Project Completion Date. Except as may otherwise be set forth herein, on and after the Project Completion Date, LFUCG shall be responsible for management and operation of the Project, including, without limitation, the payment of all taxes (if any), utilities, management, operating, and maintenance costs related thereto, and Facilities Lessor shall have no responsibility therefor. Facilities Lessor, as the owner of the Improvements, shall fully cooperate with LFUCG to ensure continual and uninterrupted supply of utilities to the Project during the Lease Term. Facilities Lessor shall not be responsible for the quality, quantity, interruption or failure in the supply of any utility to the Project when such supply is affected by conditions beyond the control of Facilities Lessor.

SECTION 6. OPTION TO PURCHASE. Facilities Lessor hereby grants to LFUCG the option to purchase the entire interest of Facilities Lessor in the Project in accordance with the provisions of this Facilities Lease, the RFP and KRS 65.028. LFUCG shall have the right to exercise such option to purchase on any Business Day occurring on or after _____ *(this date typically would be the 10th anniversary of the date of issuance of the Lease Obligations, which would be the first date on which the Lease Obligations could be optionally redeemed)* (the "Purchase Date"), upon giving 30 days written notice to the Trustee, as assignee of Facilities Lessor. LFUCG may not purchase less than Facilities Lessor's entire interest in the Project.

The purchase price (the "Purchase Price") for the Project shall be equal to the sum of (i) the amount set forth in Exhibit C under the heading Optional Purchase Price, (ii) accrued interest through the Purchase Date, and (iii) any Additional Rent then due. Notwithstanding the foregoing, LFUCG shall receive a credit against the Purchase Price in an amount equal to the aggregate amounts on deposit in the Lease Obligation Payment Fund on the Purchase Date. The Purchase Price shall be payable by LFUCG in cash in lawful money of the United States to the Trustee, as assignee of Facilities Lessor, on the Purchase Date.

Upon payment of the Purchase Price, Facilities Lessor shall deliver to LFUCG any documents LFUCG may reasonably request and such documents shall be executed and in recordable form conveying Facilities Lessor's interest in the Project which shall be conveyed free and clear of all liens, encumbrances, covenants, conditions, restrictions, easements, and rights of pay of record, leases or other tenancy agreements, and other matters of record, except (i) current taxes which are a lien but not yet delinquent, (ii) those portions of current assessments not yet due and payable, (iii) anything of record or not of record that in any way affects title to the Project resulting from the acts or omissions of LFUCG, (iv) any liens and encumbrances existing or placed on the Project Site during the term of this Facilities Lease by LFUCG and Facilities Lessor jointly, (v) any covenants, conditions, restrictions, easements, rights of way of record, and leases or other

tenancy agreements existing on the effective date, and (vi) easements, conditions and matters incorporated in any approved subdivision plat.

Additionally, in the event of destruction or damage by fire or other casualty to the Project rendering more than twenty five percent (25%) of the Leased Premises either untenable or undesirable for its intended use, LFUCG has the option to effect extraordinary optional redemption of the Lease Obligations in whole on any Business Day pursuant to [Section 2.07] of the Trust Indenture, by paying the Purchase Price for the Project as described in the second paragraph of this Section 6. Purchase of the Project by LFUCG under this paragraph of Section 6 of this Facilities Lease requires delivery of the following to the Trustee and the Facilities Lessor: (i) at least 30 days' written notice, (ii) a certificate of LFUCG stating that available insurance proceeds are insufficient to restore the Project to its intended functionality and use and, as result, LFUCG has elected to purchase the Project pursuant to Section 6 of the Facilities Lease and terminate the Facilities Lease and (iii) a certificate of a Qualified Independent Engineer stating that twenty five percent (25%) or more of the Leased Premises has been destroyed or damaged by fire or other casualty.

SECTION 7. CONSENT TO ASSIGNMENT. LFUCG hereby consents to the assignment by Facilities Lessor of its right, title, and interest in this Facilities Lease to the Trustee pursuant to the Assignment of Lease. LFUCG agrees that the Trustee (rather than Facilities Lessor) shall be entitled to exercise all remedies provided for herein. LFUCG agrees to recognize the Trustee as Facilities Lessor hereunder and will continue to be bound by the terms and conditions of this Facilities Lease. Any provisions governing the rights, immunities and protections of the Trustee under the Trust Indenture are incorporated by reference into this Facilities Lease as being applied to the Trustee as though fully set forth herein. Except for the assignment under the Assignment of Lease, the Facilities Lessor shall not convey its interests in the Project to a third party except with the written consent of LFUCG under KRS 65.028(5).

SECTION 8. TAXES AND ASSESSMENTS. The Developer shall be responsible for payment before they become delinquent, of any ad valorem taxes (if any) that may be assessed against the fee or any leasehold interest held by the Facilities Lessor prior to Substantial Completion of the Project. After the Project Completion Date, LFUCG shall be responsible for the payment before they become delinquent, of any ad valorem taxes (if any) that may be assessed against any fee or leasehold ownership interest held by Facilities Lessor or LFUCG in the Project, and shall have the right to contest such liability or the amount of such tax assessment. Facilities Lessor agrees to cooperate fully with LFUCG in any such contest, including, but not limited to, execution of any documents necessary or beneficial to LFUCG's case. If such tax assessment shall be accepted by LFUCG as valid, or if contested, and thereafter adjudged by the Kentucky Board of Tax Appeals or upon appeal, by a court of competent jurisdiction, to be valid, LFUCG agrees that it shall cause to be paid as Additional Rent the amount of ad valorem taxes payable, inclusive of interest, penalty, and costs and expenses of contesting the assessment.

SECTION 9. USE OF THE PROJECT. LFUCG understands and acknowledges that the Project is financed with the Lease Obligations, a portion of the interest on which is exempt from federal income taxation received by the Owners of the Lease Obligations, and that, as a result, the Code imposes certain limitations on the uses of proceeds of the [Lease Obligations] [Series 20__ A Lease Obligations]. LFUCG will comply with all restrictions, limitations and requirements

that are necessary to maintain the exclusion of the interest portion of the [Lease Obligations][Series 20__A Lease Obligations] from gross income for federal income tax purposes.

Neither Facilities Lessor nor LFUCG shall use, or permit the use of, the Project in any manner which would result in the amounts shown in the interest column of Exhibit C with respect to the Series 20__A Obligations becoming subject to federal income taxation.

Additionally, LFUCG shall be required to keep the Project in good repair pursuant to the requirements of this Facilities Lease and LFUCG shall not use or occupy the Project or permit the same to be used or occupied contrary to any statute, rule, order, ordinance, requirement or regulation applicable thereto, or in any manner which would cause the value or the usefulness of the Project to be substantially diminished or would cause a public nuisance or waste.

Facilities Lessor and LFUCG agree that LFUCG shall have the right to direct the Facilities Lessor, or its agents, to make such tenant improvements, capital improvements and renovations to the Project on and after the Project Completion Date and not otherwise provided for in the Development Agreement or this Facilities Lease as may be requested from time to time by LFUCG; provided that all costs of such supplemental improvements shall be payable solely to the extent that LFUCG pays such costs. Facilities Lessor and LFUCG each acknowledge and agree such improvements will be completed in accordance with a separate agreement incorporating conditions stated in the RFP.

SECTION 10. ACCEPTANCE OF THE PROJECT. LFUCG COVENANTS AND AGREES TO DILIGENTLY PURSUE, AND COOPERATE WITH FACILITIES LESSOR, FOLLOWING THE SUBSTANTIAL COMPLETION OF THE _____ (AS DEFINED IN THE DEVELOPMENT AGREEMENT), IN SECURING IN AN EXPEDITIOUS MANNER, CERTIFICATE OF OCCUPANCY FOR THE PROJECT. LFUCG UNDERSTANDS THAT THE TRUSTEE HAS NOT MADE AND DOES NOT HEREBY MAKE ANY WARRANTY AS TO THE CONDITION OF THE PROJECT OR AS TO THE FITNESS OR SECURITY OF THE IMPROVEMENTS FOR ANY SPECIFIC USE. NOTHING CONTAINED HEREIN, HOWEVER, SHALL OPERATE TO NULLIFY OR REDUCE DEVELOPER'S OBLIGATIONS UNDER THE DEVELOPMENT AGREEMENT, OR SHALL CONSTITUTE WAIVER BY LFUCG OF ITS RIGHTS UNDER THE DEVELOPMENT AGREEMENT OR THIS LEASE.

SECTION 11. LFUCG'S PROPERTY. All fixtures, furnishings, non-buildings systems equipment, inventory and other personal property at any time located at the Project shall be kept and maintained by LFUCG at its sole risk, and LFUCG shall bear all cost, loss and expense for any casualty or theft risk in connection with such fixtures, furnishings, non-buildings systems equipment, inventory and other personal property, provided that this shall not limit the rights of LFUCG under the Development Agreement to seek compensation from the Developer to the extent that a casualty loss is the fault of the Developer under the Development Agreement.

SECTION 12. RISK OF LOSS; CASUALTY INSURANCE. [At such times as builder's risk insurance required to be maintained by the Developer or the General Contractor under the Development Agreement is no longer in effect or inadequate], LFUCG shall keep the Improvements insured for their full insurable value against damage or destruction by fire,

windstorm, earthquake or other casualty through a solvent insurance company authorized to do business in Kentucky a policy of fire and extended coverage insurance insuring all Improvements at any time located upon the Project and all additions, alterations and Improvements to the same, against damage and destruction by all causes generally insured against in policies of fire and extended coverage insurance written on properties in Fayette County, Kentucky including earthquake insurance for the replacement cost of the Improvements, as determined by the insurance company issuing such policy of insurance but in no event shall the amount of such insurance be less than the outstanding par amount of the Lease Obligations. All such insurance coverage shall name the Facilities Lessor, the Facilities Lessee and the Trustee as insureds, as their respective interests may appear. Such policy of insurance shall bear an endorsement to the effect that the insurer agrees to notify the Trustee not less than thirty (30) days in advance of any modification or cancellation thereof. Such policy of insurance shall be in a form acceptable to the Facilities Lessor [and shall name Facilities Lessor as an additional insured]. LFUCG shall, upon demand, provide evidence satisfactory to Facilities Lessor and the Trustee of the payment of such premiums and of the renewal of such policy of insurance.

SECTION 13. FIRE AND OTHER CASUALTY. If any building, fixture or other improvement now or hereafter situated on the Project Site, except movable fixtures, furniture, furnishings or non-buildings systems equipment, should at any time during the term of this Facilities Lease (including during construction of the Project or thereafter) be damaged or destroyed by fire or otherwise, the Facilities Lessor shall (to the extent of available insurance proceeds received by, or made available to, LOF, the Facilities Lessor or Developer from insurance in force during the construction phase of the Project, or from proceeds of casualty insurance carried by LFUCG following completion of the Improvements, or from proceeds of casualty insurance on the Project that has been assigned to the Trustee and made available to the Facilities Lessor), and subject to the provisions of third paragraph of this Section 13, restore and rebuild the same as nearly as possible to the condition they were in immediately prior to such damage or destruction or build a replacement improvement which, with the approval of LFUCG, is determined to be at least as desirable under the circumstances, and such restoration and rebuilding prosecuted with reasonable diligence, shall be completed as soon as reasonably possible.

Should Facilities Lessor fail to cause the repair or replacement of the damaged improvements to be done with all due speed, LFUCG may, but shall not be required to, cause the same to be done, and Facilities Lessor shall pay the costs thereof to LFUCG immediately upon LFUCG's giving notice of the same to Facilities Lessor; no such action by LFUCG shall in any way be deemed to be a waiver by LFUCG of any right LFUCG may have hereunder on account of any default by Facilities Lessor. In lieu of the above, LFUCG may elect to purchase the Project in accordance with Section 6 hereof and the fourth paragraph of this Section 13 and direct Facilities Lessor to apply any proceeds of insurance on the Project received from the Trustee to payment of the Purchase Price.

If the Improvements are partially destroyed or damaged by fire or other casualty rendering not more than twenty five percent (25%) of the Improvements either untenable or undesirable for habitation by LFUCG, such occurrence shall not relieve LFUCG of its obligation to make Base Rent payments at the times and in the amounts and under the conditions described herein.

If the Improvements are destroyed or damaged by fire or other casualty rendering more than twenty five percent (25%) of the Leased Premises either untenable or undesirable for its intended use, LFUCG may (i) continue to make Lease Payments under the Facilities Lease during the remaining term of the Facilities Lease or (ii) if the conditions for purchase of the Project under the fourth paragraph of Section 6 can be met, exercise its option to purchase the Project pursuant to the fourth paragraph of Section 6 and effect extraordinary optional redemption of the Lease Obligations under Section [2.07] of the Trust Indenture. Under the circumstances described in (ii) of the foregoing sentence, in addition to any credits provided for under Section 6 hereof, any proceeds payable under the casualty insurance policy to be maintained under Sections 12 and 13 hereof shall be paid to the Trustee as assignee of the Facilities Lessor and further credited against the Purchase Price; provided, further, that if the proceeds payable under such casualty insurance policy exceed the Purchase Price, LFUCG shall be entitled to retain such excess.

No loss or destruction of, damage to, defect in, or unfitness or obsolescence of, the Project Site or the Improvements shall relieve LFUCG of the obligation to make Base Rent payments at the times and in the amounts and under the conditions described herein.

SECTION 14. CONDEMNATION. If all or any part of the Project shall be taken at any time during the term of this Facilities Lease for any public or quasi-public purpose by any lawful power or authority, LFUCG shall give prompt notice thereof to Facilities Lessor and the term of this Facilities Lease shall not be reduced or affected in any way. In such case, LFUCG shall continue to pay in full the Lease Payments, including payments of Base Rent, (subject to LFUCG's right to exercise its option to purchase the Project on any Business Day occurring on or after _____ pursuant to Section 6 hereof).

In the event of a proceeding by condemnation or eminent domain with respect to the Project, Facilities Lessor and LFUCG shall each retain their respective right to seek damages from the condemning authority. LFUCG, at its sole option, may elect (i) that the proceeds of any condemnation award be applied to the replacement of that portion of the Project so condemned, in the manner provided above for damage and destruction of the Improvements in which case this Facilities Lease shall continue in full force and effect, without any abatement of Lease Payments, or (ii) to the extent LFUCG exercises its option to purchase the Project on any Business Day occurring on or after _____ pursuant to Section 6 hereof, direct that the proceeds of any condemnation award be applied to the payment of the Purchase Price.

SECTION 15. TEMPORARY TAKING. If the temporary use of the whole or any part of the Project shall be taken at any time during the term of this Facilities Lease for any public or quasi-public purpose by any lawful power or authority, LFUCG shall give prompt notice thereof to Facilities Lessor and the term of this Facilities Lease shall not be reduced or affected in any way. In such case, LFUCG shall continue to pay in full the Lease Payments, including payments of Base Rent. LFUCG shall be entitled to the entire award for such taking (whether paid by way of damages, rent, or otherwise). In any such proceeding, Facilities Lessor shall have the right to intervene and participate; provided that if such intervention shall not be permitted by law, LFUCG shall, at LFUCG's expense, consult with Facilities Lessor, its attorneys and experts, and make all reasonable efforts to cooperate with Facilities Lessor in the prosecution or defense of such proceeding.

SECTION 16. MECHANIC'S LIENS. If, as a result of any additions, alterations, improvements, repairs or replacements ("Construction Improvements") undertaken during the construction of the Project (prior to Substantial Completion) or undertaken by Facilities Lessor at the direction of LFUCG pursuant to Section 9 hereof, the Project or any part thereof shall, at any time during the term of this Facilities Lease become subject to any vendor's, mechanics, laborer's, materialman's or other similar lien based upon furnishing of materials or labor to the Project, Facilities Lessor shall cause the same to be discharged at its sole cost and expense within fourteen (14) days after Facilities Lessor shall have actual notice of the existence thereof under and subject to the provisions of the public improvements mechanic's lien law, KRS 376.010, *et seq.* If Facilities Lessor fails to discharge any such lien within said fourteen (14) day period, LFUCG may cause the same to be discharged and withhold such amount from any payments otherwise due and owing Facilities Lessor. To the extent no payments remain due and owing Facilities Lessor, Facilities Lessor shall promptly pay such amount to LFUCG.

Facilities Lessor shall not be liable for any work performed or to be performed on the Project Site, or in any building or Improvements thereon, or in connection with any appurtenances thereto, if such work is not performed by Facilities Lessor or Facilities Lessor's agents or contracting parties, including the Contractor, or for any materials furnished or to be furnished at the Project for LFUCG, and that no such mechanic's or other such lien for such work or materials shall attach to the reversionary or other interest of Facilities Lessor.

SECTION 17. CASUALTY INSURANCE. Upon completion of the Improvements and receipt of the Certificate of Occupancy, during the term of this Facilities Lease, LFUCG shall, at its sole cost and expense, carry and maintain for the mutual benefit of itself, the Trustee and Facilities Lessor, as their respective interests may appear, a casualty insurance policy on all fixtures, furnishings, non-buildings systems equipment, inventory and other personal property at any time located upon the Project Site and all additions, alterations and improvements to the same. Such policy of insurance shall bear an endorsement to the effect that the insurer agrees to notify the Trustee not less than thirty (30) days in advance of any modification or cancellation thereof. Such policy of insurance shall be issued by an insurance company licensed to do business within the Commonwealth of Kentucky, shall be in a form acceptable to Facilities Lessor [and shall name the Trustee and Facilities Lessor as additional insureds]. LFUCG shall, upon demand, provide evidence satisfactory to Facilities Lessor and the Trustee of the payment of such premiums and of the renewal of such policy of insurance.

SECTION 18. LIABILITY INSURANCE. During the term of this Facilities Lease, LFUCG covenants to self-insure, or to procure a policy or policies of liability insurance with reputable insurance companies authorized to transact business in the Commonwealth of Kentucky, against all claims of personal injury, wrongful death or property damage occurring on or about the Project. In addition, upon Substantial Completion (as defined in the Development Agreement), LFUCG shall cause to be issued and shall maintain during the term of this Facilities Lease such Worker's Compensation and disability insurance as may, from time to time, be required by applicable city, county, state or federal laws.

SECTION 19. ASSIGNMENT AND SUBLETTING BY FACILITIES LESSEE. LFUCG shall not assign, transfer, pledge, hypothecate or grant any security interest in the Project or its interest under this Facilities Lease, without the prior written consent of Facilities Lessor and

the Trustee and receipt of an opinion of nationally recognized bond counsel to the effect that such assignment, transfer or other disposition will not adversely affect the excludability from gross income for federal income tax purposes of the interest component of Base Rent for the [Lease Obligations][Series 20__A Lease Obligations]. Any consent by Facilities Lessor to any assignment shall not constitute a waiver of the necessity of such consent to any subsequent assignment. Each assignee or transferee shall assume and be deemed to have assumed this Facilities Lease and shall remain liable jointly and severally with LFUCG for the payment of all Lease Payments and for the due performance of all the terms, covenants, conditions and agreements herein contained on LFUCG's part to be paid and performed for the Lease Term. No assignment shall be binding on Facilities Lessor unless such assignee or LFUCG shall deliver to Facilities Lessor a counterpart of such assignment and an instrument in recordable form which contains a covenant of assumption by the assignee. No assignment by LFUCG with the consent of the Trustee shall relieve LFUCG of its obligations hereunder unless Facilities Lessor expressly so agrees in writing.

SECTION 20. INDEMNIFICATION. [*Drafter's note – This section will be revised to be consistent with the indemnification provisions of the Development Agreement*] The Facilities Lessor shall indemnify, defend (with counsel reasonably satisfactory to LFUCG), and hold harmless LFUCG, its affiliates, and their respective officers, directors, agents, employees, and representatives ("Facilities Lessee Indemnitees") from and against, and compensate such persons for, all liabilities, expenses, costs, damages, losses and claims, including the advancement of litigation costs and attorneys' fees, arising out of or relating to the negligent or willful act or omissions or breach of this Agreement by the Facilities Lessor, its employees, agents or consultants, or any persons for whom they may be responsible; provided, however, that the Facilities Lessor shall not be required to indemnify a Facilities Lessee Indemnatee to the extent the loss was caused by the Lessee Indemnatee's own negligence or willful misconduct. The Facilities Lessor's professional liability and responsibility to LFUCG shall survive the termination of this Agreement.

No claim, cause of action, or right of action of the Facilities Lessee Indemnitees under this Section shall be deemed to have accrued, and the running of any statute of limitations or rule of repose applicable to any claim, right, or cause of action of any Facilities Lessee Indemnatee arising under this Section shall not be deemed to have commenced, until such Facilities Lessee Indemnatee has received a specific and explicit written demand or suit asserting the specific claim for which defense and indemnification is subsequently sought from Lessor by such Facilities Lessee Indemnatee. The intent of the parties is that the Facilities Lessee Indemnitees' right and ability to enforce Lessor's defense and indemnity obligations shall continue for at least two (2) years after the date beyond which no person or entity can bring any suit or action, or enforce any right, against any Facilities Lessee Indemnatee arising in any way from the work of the Facilities Lessor. The Facilities Lessor's obligations under this Section do not limit any other right or obligation of indemnity that exists in favor of any Indemnatee.

SECTION 21. ESTOPPEL CERTIFICATE. Facilities Lessor shall at any time and from time to time upon not less than thirty (30) days prior written notice from LFUCG execute, acknowledge and deliver to LFUCG a statement in writing certifying that this Facilities Lease is unmodified and in full force and effect, or if there has been any modification thereof, that the same is in full force and effect as modified and identifying the modification or modifications; that there

are no existing defaults, or if there is any claimed default, stating the nature and extent thereof; and stating the dates to which Base Rent and other charges have been paid in advance. LFUCG shall at any time and from time to time at Facilities Lessor's request, upon thirty (30) days prior written notice, provide a similar statement certifying the same type of information to Facilities Lessor.

It is expressly understood and agreed that any such writing pursuant to this Section may be relied upon by any prospective assignee or sublessee of the leasehold estate of LFUCG or any prospective assignee of the interest in the Project of Facilities Lessor or any lender on the security of the Project or any part thereof.

SECTION 22. DEFAULT.

(a) Prior to the issuance of the Lease Obligations, the occurrence of any of the following events shall constitute an "Event of Default" under this Facilities Lease: the Development Agreement terminates or is terminated as a result of an event of default thereunder caused by action or inaction of LOFD.

(b) Following the issuance of the Lease Obligations, the occurrence of any of the following events shall constitute an "Event of Default" under this Facilities Lease: (i) LFUCG shall default in the payment of any Lease Payments or of any other sum of money which LFUCG shall be obligated to pay under the provisions of this Facilities Lease to Facilities Lessor or others; provided, however, if on the due date of any such payment there are then on deposit in the Lease Obligation Payment Fund sufficient moneys to make the payments of principal of, and interest on, the Lease Obligations on the next ensuing interest payment date for the Lease Obligations, no Event of Default under this clause (i) shall be deemed to have occurred if such payment is made within ten (10) days of the respective due date therefore, or (ii) LFUCG shall default in the performance or observance of any of the other material terms, covenants, conditions or agreements of this Facilities Lease for sixty (60) days after receipt of written notice and demand; provided, however if such default is of such nature that it cannot be cured within such sixty (60) day period, no Event of Default shall be declared while LFUCG is diligently pursuing cure of same.

SECTION 23. REMEDIES.

(a) Upon the occurrence and continuation of an Event of Default described in Section 22(a), LFUCG shall have the right to declare this Facilities Lease terminated and have all other remedies available at law. No payments of Base Rent are due to Facilities Lessor prior to the issuance of the Lease Obligations. As a result, no payments of Base Rent are due to Facilities Lessor to the extent it is terminated prior to the issuance of the Lease Obligations, under this Section 23(a). Additionally, upon the occurrence and continuation of an Event of Default described in Section 22(a) that occurs prior to the issuance of the Lease Obligations, LFUCG, at its option, may terminate the Ground Lease.

(b) Upon the occurrence and continuation of an Event of Default described in Section 22(b) which occurs after the issuance of the Lease Obligations, the Trustee shall have all rights available to a lessor and secured creditor under this Facilities Lease, including the right to seek specific performance of LFUCG's obligation to make Lease Payments and all other remedies available at law.

[In addition, pursuant to Section 2 hereof, LFUCG's obligation to make Lease Payments is a subordinate General Obligation of LFUCG. Upon the occurrence of any Event of Default described in clause (i) of Section 22(b), the Trustee, as assignee of LFUCG's obligation to make Lease Payments, shall have all remedies available under the laws of the Commonwealth to the holder of a subordinate General Obligation of LFUCG; provided that the exercise of such remedies shall leave LFUCG with sufficient revenues to pay its obligations coming due during the current Fiscal Year with respect to its General Obligation Bonds]

In addition to the foregoing, upon the occurrence of any Event of Default hereunder, the Facilities Lessor may, and upon the written direction of the Owners of 25% or more the Lease Obligations shall, declare this Facilities Lease to be terminated on the 30th day following such Event of Default without prejudice to Facilities Lessor's rights in respect of the obligations of LFUCG then accrued and remaining unsatisfied. In the event of any such termination of this Facilities Lease without payment of the Purchase Price, the right of LFUCG to occupy the Project shall terminate and the Facilities Lessor shall have the right, in addition to its other rights under this Section 23, to relet or dispose of the Project or to have a receiver appointed for the Project and to terminate LFUCG's right to occupy the Project.

LFUCG shall remain liable for all covenants and obligations under this Lease, and for all reasonable legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by Facilities Lessor with respect to the enforcement of any of the remedies under this Facilities Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair or be construed to be a waiver of any such right or power, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Facilities Lessor to exercise the remedy reserved to it in this Facilities Lease, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made in this Facilities Lease.

No failure by Facilities Lessor to insist upon strict performance by LFUCG of any provision of this Facilities Lease shall constitute a waiver of Facilities Lessor's right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by LFUCG to observe or comply with any provision of this Facilities Lease.

LFUCG shall notify Facilities Lessor immediately if it becomes aware of the occurrence of any Event of Default or of any fact, condition, or event which, with the giving of notice or passage of time or both, would become an Event of Default.

In addition to the foregoing, the Trustee, as assignee of the rights of Facilities Lessor hereunder, may pursue any other remedies available at law or by contract to pursue collection of Base Rent and Additional Rent following the occurrence and continuation of an Event of Default under this Facilities Lease.

SECTION 24. QUIET ENJOYMENT. So long as LFUCG shall promptly pay the Lease Payments and keep and perform the terms, covenants and conditions of this Facilities Lease on its part to be kept and performed, LFUCG shall peaceably and quietly hold, occupy and enjoy the Project during the term hereof without hindrance or molestation from Facilities Lessor or by any person lawfully claiming through or under Facilities Lessor.

SECTION 25. LIMITED OBLIGATIONS OF FACILITIES LESSOR. FACILITIES LESSOR SHALL NOT BE REQUESTED TO PROVIDE ANY SERVICES OR DO ANY ACT OR THING WITH RESPECT TO THE PROJECT, OR THE APPURTENANCES HERETO, EXCEPT AS MAY BE SPECIFICALLY PROVIDED HEREIN, AND THE LEASE PAYMENTS RESERVED HEREIN SHALL BE PAID TO FACILITIES LESSOR WITHOUT ANY CLAIM ON THE PART OF LFUCG FOR DIMINUTION, SET-OFF OR ABATEMENT AND NOTHING SHALL SUSPEND, ABATE OR REDUCE ANY BASE RENT TO BE PAID HEREUNDER.

SECTION 26. ACCORD AND SATISFACTION. NO PAYMENT BY LFUCG OR RECEIPT BY FACILITIES LESSOR OF A LESSER AMOUNT THAN THE LEASE PAYMENTS HEREIN STIPULATED SHALL BE DEEMED TO BE OTHER THAN ON ACCOUNT OF THE LEASE PAYMENTS, NOR SHALL ANY ENDORSEMENT OR STATEMENT OR ANY CHECK OR ANY LETTER ACCOMPANYING ANY CHECK OR PAYMENT AS LEASE PAYMENTS BE DEEMED AN ACCORD AND SATISFACTION, AND FACILITIES LESSOR MAY ACCEPT SUCH CHECK OR PAYMENT WITHOUT PREJUDICE TO FACILITIES LESSOR'S RIGHT TO RECOVER THE BALANCE OF SUCH LEASE PAYMENTS OR PURSUE ANY OTHER REMEDIES PROVIDED IN THIS FACILITIES LEASE.

SECTION 27. ACTS BEYOND CONTROL OF THE PARTIES. IN THE EVENT THAT FACILITIES LESSOR OR LFUCG SHALL BE DELAYED OR HINDERED OR PREVENTED FROM THE PERFORMANCE OF ANY ACT REQUIRED HEREUNDER BY REASON OF FORCE MAJEURE AS DEFINED IN SECTION 1.2 OF THE DEVELOPMENT AGREEMENT, THE PERFORMANCE OF SUCH ACTS SHALL BE EXCUSED FOR THE PERIOD OF THE DELAY UNTIL RETURN TO THE STATUS QUO, PROVIDED THAT THIS PROVISION SHALL NOT OPERATE TO EXCUSE LFUCG FROM PAYMENT OF ANY LEASE PAYMENTS REQUIRED BY THE TERMS OF THIS FACILITIES LEASE OR PAYMENT OF THE PURCHASE PRICE, WHEN DUE.

SECTION 28. TERMINATION OF THE FACILITIES LEASE. UPON THE PAYMENT BY LFUCG OF ALL LEASE PAYMENTS DUE HEREUNDER AND THE PAYMENT IN FULL OR DEFEASANCE OF ALL LEASE OBLIGATIONS PURSUANT TO SECTION 8.02 OF THE TRUST INDENTURE, THIS FACILITIES LEASE SHALL CEASE, TERMINATE AND BECOME VOID; TITLE TO THE PROJECT SHALL VEST IN LFUCG; AND FACILITIES LESSOR SHALL EXECUTE AND DELIVER ANY INSTRUMENTS REASONABLY REQUESTED BY LFUCG TO EVIDENCE SUCH TERMINATION AND TRANSFER OF TITLE.

SECTION 29. NOTICES. ANY NOTICE, REQUEST, COMPLAINT, DEMAND OR OTHER PAPER REQUIRED BY THIS FACILITIES LEASE TO BE GIVEN BY EITHER

FACILITIES LESSOR OR LFUCG TO THE OTHER SHALL BE IN WRITING, SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR BY ELECTRONIC MAIL, AND UNLESS OTHERWISE SPECIFICALLY STATED HEREIN, SHALL BE DEEMED TO BE GIVEN WHEN DEPOSITED IN THE UNITED STATES MAIL, POSTAGE PREPAID, OR UPON RECEIPT OF ELECTRONIC CONFIRMATION OF RECEIPT IN THE EVENT OF DELIVERY BY ELECTRONIC MAIL (PROVIDED THAT, IN THE CASE OF ELECTRONIC MAIL DELIVERY, A COPY OF SUCH CORRESPONDENCE IS ALSO DELIVERED VIA U.S. MAIL TO THE ADDRESSEE(S) WITHIN ONE (1) CALENDAR DAY FOLLOWING DELIVERY OF SUCH ELECTRONIC MAIL), ADDRESSED TO FACILITIES LESSOR OR LFUCG AT THEIR RESPECTIVE ADDRESSES AS FOLLOWS:

If to LFUCG:

Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507
Attn: Linda Gorton, Mayor
Email: _____

With a copy to: Frost Brown Todd LLP
Attn: Jason Halligan
250 West Main Street, Suite 2800
Lexington, KY 40507
jhalligan@fbtlaw.com

or at such other address as to which LFUCG gives notice to Facilities Lessor.

If to Facilities Lessor:

[260WV, LLC]
Attn: Donald Vittitow

Email: dvittitow@greercompanies.com

and

[260WV, LLC]
Attn: Ron Tritschler

Email: rtritschler@thewebbcompanies.com

With a copy to: Miller, Griffin & Marks, P.S.C.
Attn: Thomas C. Marks
271 West Short Street, Suite 600
Lexington, KY 40507

Email: tcm@kentuckylaw.com

or at such other address as to which Facilities Lessor gives notice to LFUCG.

If to the Trustee, as assignee of Facilities Lessor:

Email: _____

or at such other address as to which the Trustee gives notice to LFUCG.

SECTION 30. HEADINGS. IT IS UNDERSTOOD AND AGREED THAT THE HEADINGS OF THE VARIOUS SECTIONS OF THIS FACILITIES LEASE HAVE BEEN INSERTED ONLY AS A MATTER OF CONVENIENCE AND FOR REFERENCE AND IN NO WAY DEFINE, LIMIT, OR DESCRIBE THE SCOPE OR INTENT OF THIS FACILITIES LEASE OR ANY OF ITS PROVISIONS. THE SINGULAR NUMBER AND GENDER OF PERSONAL PRONOUNS AS USED THROUGHOUT THIS FACILITIES LEASE SHALL BE CONSTRUED TO MEAN SUCH NUMBER AND GENDER AS THE CONTEXT, CIRCUMSTANCES OR ITS ANTECEDENT MAY REQUIRE.

SECTION 31. SUCCESSORS AND ASSIGNS. ANY TERM, COVENANT OR CONDITION OF THIS FACILITIES LEASE WHICH INURES TO THE BENEFIT OF OR IS BINDING UPON FACILITIES LESSOR SHALL ALSO INURE TO THE BENEFIT OF AND BE BINDING UPON THE TRUSTEE, ITS SUCCESSORS AND ASSIGNS AS ASSIGNEE OF FACILITIES LESSOR. ANY TERM, COVENANT OR CONDITION OF THIS FACILITIES LEASE WHICH INURES TO THE BENEFIT OF OR IS BINDING UPON LFUCG SHALL ALSO INURE TO THE BENEFIT OF AND BE BINDING UPON THE SUCCESSORS AND ASSIGNS OF LFUCG.

SECTION 32. ENTIRE AGREEMENT. THIS FACILITIES LEASE CONSTITUTES THE ENTIRE AGREEMENT BETWEEN FACILITIES LESSOR AND LFUCG IN RESPECT OF THE SUBJECT MATTER THEREOF AND THIS FACILITIES LEASE SUPERSEDES ALL PRIOR AND CONTEMPORANEOUS LEASES, IF ANY, BETWEEN FACILITIES LESSOR AND LFUCG IN CONNECTION WITH THE SUBJECT MATTER OF THIS FACILITIES LEASE.

It is the intention of the parties hereto that this Facilities Lease shall not supersede, but shall be complementary to the terms and conditions of the Development Agreement, and this Facilities Lease shall be read in conjunction with the Development Agreement. In the event of a conflict between the provision of this Facilities Lease and the Development Agreement relating to the development and construction of the Project, the provisions of the Development Agreement shall prevail, and with respect to matters other than the construction and development of the Project, the Facilities Lease shall prevail.

Prior to the issuance of the Obligations, this Facilities Lease may be modified only by a writing signed by the Facilities Lessor and LFUCG. Facilities Lessor and LFUCG recognize and

agree that to the extent this Facilities Lease has been executed and delivered prior to the issuance of the Obligations, this Facilities Lease will require an amendment at the time of issuance of the Obligations to (i) insert amounts in the Schedule of Payments of Base Rent and Optional Purchase Price, based upon the Base Rent determined to be due to Holders of the Obligations and (ii) make other changes or additions related to the issuance of the Obligations. Following the issuance of the Obligations, this Facilities Lease may be modified only by a writing signed by the Facilities Lessor, LFUCG and the Trustee, in accordance with the requirements of [Section ____] of the Trust Indenture. Notwithstanding the foregoing, any such modification of this Facilities Lease shall not be adverse to the interests of the Facilities Lessor or LFUCG. At the time of issuance of the Obligations, the rights of the Facilities Lessor under this Facilities Lease will be assigned to the Trustee, pursuant to the Lease Assignment.

As provided in [Section ____] of the Trust Indenture, the Trustee without the consent of the Owners may consent to any amendment to the Lease which is not to the prejudice of the Trustee or the Owners. The Trustee shall not consent to any amendment, change or modification of this Facilities Lease which would change the amount of the Lease Payments required to be paid under this Facilities Lease or the Lease Payment Dates, unless the Owners of not less than a majority in aggregate principal amount of the Lease Obligations then outstanding shall approve the Trustee's consent to such amendment; provided, however, that no amendment to this Facilities Lease shall be consented to if the amendment would result: (i) in an extension of the maturity of the principal or the interest with respect to any Lease Obligation executed and delivered under the Trust Indenture, or a reduction in the principal with respect to any Lease Obligation or the rate of interest or prepayment premium with respect thereto, unless each Owner so affected consents; or (ii) in a privilege or priority of any Lease Obligation over any other Lease Obligation, or a reduction in the aggregate principal with respect to the Lease Obligations required for consent to such amendment, unless the Owners of all of the Lease Obligations then Outstanding so consent.

SECTION 33. CONDITIONS AND COVENANTS. ALL OF THE PROVISIONS OF THIS FACILITIES LEASE SHALL BE DEEMED AS RUNNING WITH THE LAND, AND CONSTRUED TO BE "CONDITIONS" AS WELL AS "COVENANTS" AS THOUGH THE WORDS SPECIFICALLY EXPRESSING OR IMPARTING COVENANTS AND CONDITIONS WERE USED IN EACH SEPARATE PROVISION.

SECTION 34. COMPUTATION OF TIME. IN ANY CASE WHERE THE DATE OF MATURITY OF INTEREST, OR PRINCIPAL, WITH RESPECT TO THE LEASE OBLIGATIONS, INCLUDING ANY PRINCIPAL AMORTIZATION DATE, OR THE DATE FIXED FOR PREPAYMENT OF THE LEASE OBLIGATIONS, SHALL BE A SATURDAY, SUNDAY OR A DAY ON WHICH THE TRUSTEE IS REQUIRED, OR AUTHORIZED OR NOT PROHIBITED, BY LAW (INCLUDING EXECUTIVE ORDERS) TO CLOSE AND IS CLOSED, THEN PAYMENT OF SUCH INTEREST OR PRINCIPAL AND ANY PREPAYMENT PREMIUM NEED NOT BE MADE BY OR ON SUCH DATE BUT MAY BE MADE ON THE NEXT SUCCEEDING BUSINESS DAY ON WHICH THE TRUSTEE IS OPEN FOR BUSINESS WITH THE SAME FORCE AND EFFECT AS IF MADE ON THE DATE OF MATURITY OR THE DATE FIXED FOR PREPAYMENT, AND NO INTEREST SHALL ACCRUE FOR THE PERIOD AFTER SUCH DATE.

SECTION 35. RELATIONSHIP OF THE PARTIES. NOTHING CONTAINED IN THIS FACILITIES LEASE SHALL BE DEEMED OR CONSTRUED BY THE PARTIES OR BY ANY THIRD PERSON TO CREATE THE RELATIONSHIP OF AN AGENT OR OF PARTNERSHIP OR OF JOINT VENTURE OR OF ANY ASSOCIATION BETWEEN FACILITIES LESSOR AND LFUCG, AND NEITHER THE METHOD OF COMPUTATION OF RENT NOR ANY OTHER PROVISIONS CONTAINED IN THIS FACILITIES LEASE NOR ANY ACTS OF THE PARTIES SHALL BE DEEMED TO CREATE ANY RELATIONSHIP BETWEEN FACILITIES LESSOR AND LFUCG OTHER THAN LANDLORD AND TENANT.

SECTION 36. COUNTERPARTS. THIS FACILITIES LEASE MAY BE EXECUTED BY THE PARTIES IN SEVERAL COUNTERPARTS, EACH OF WHICH SHALL BE DEEMED TO BE AN ORIGINAL COPY.

SECTION 37. RECORDING. AN EXECUTED COUNTERPART OF THIS FACILITIES LEASE OR A MEMORANDUM OF FACILITIES LEASE SHALL BE FILED FOR RECORD WITH THE COUNTY CLERK OF FAYETTE COUNTY, KENTUCKY ON THE DATE OF INITIAL ISSUANCE AND DELIVERY OF THE LEASE OBLIGATIONS.

SECTION 38. EXHIBITS. THE FOLLOWING EXHIBITS ATTACHED HERETO ARE MADE A PART HEREOF AS FULLY AS IF SET FORTH HEREIN:

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|------------------|--|
| <u>Exhibit A</u> | Project Description |
| <u>Exhibit B</u> | Description of Project Site |
| <u>Exhibit C</u> | Schedule of Base Rent, Payments, and Purchase Option Price |
| <u>Exhibit D</u> | Addendum |

SECTION 39. GOVERNMENTAL REGULATIONS. LFUCG AND FACILITIES LESSOR SHALL COMPLY WITH ALL LAWS, ORDINANCES AND REGULATIONS OF THE GOVERNMENT OF THE UNITED STATES, COMMONWEALTH OF KENTUCKY, AND COUNTY AND MUNICIPAL AUTHORITIES WITH RESPECT TO THE USE, OCCUPANCY, OR MAINTENANCE OF THE PROJECT BY LFUCG AND FACILITIES LESSOR, RESPECTIVELY.

SECTION 40. SEVERABILITY. IF ANY PROVISION OF THIS FACILITIES LEASE SHALL BE HELD BY A COURT OF COMPETENT JURISDICTION TO CONFLICT WITH OR BE INVALID OR UNENFORCEABLE UNDER ANY STATUTE OR PRINCIPLE OF LAW IN EFFECT IN THE COMMONWEALTH OF KENTUCKY, SUCH LEASE PROVISION SHALL BE CONSTRUED SO AS TO HARMONIZE WITH THE REQUIREMENTS OF THE STATUTE OR PRINCIPLE OF LAW IF IT IS POSSIBLE TO DO SO, BUT IN THE EVENT SUCH PROVISION CANNOT BE HARMONIZED WITH THE REQUIREMENTS OF THE STATUTE OR PRINCIPLE OF LAW, THE INVALID OR UNENFORCEABLE PROVISION SHALL NOT AFFECT THE REMAINDER OF THIS FACILITIES LEASE AND THIS FACILITIES LEASE SHALL BE CONSTRUED AND ENFORCED AS IF IT DID NOT CONTAIN SUCH PROVISION.

SECTION 41. GOVERNING LAW. THIS FACILITIES LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY.

SIGNATURE PAGE TO FACILITIES LEASE

IN WITNESS WHEREOF, the parties hereto have executed this Facilities Lease as of the day and year first above written.

Facilities Lessor:

[260WV, LLC]

a [for profit][non-profit] Kentucky limited liability company

By: _____

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, by _____, as _____ of [260WV, LLC], a [for profit][non-profit] Kentucky limited liability company, on behalf of said company.

My Commission expires: _____.

NOTARY PUBLIC

SIGNATURE PAGE TO FACILITIES LEASE

Facilities Lessee:

**LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT**

By: _____
Name: _____
Title: _____

COMMONWEALTH OF KENTUCKY

COUNTY OF FAYETTE

The foregoing instrument was acknowledged before me this ____ day of _____,
by _____ of _____, for and on behalf of
_____.

My Commission expires: _____.

NOTARY PUBLIC

This instrument prepared by the
Attorney at Law:

John S. Egan
Frost Brown Todd LLP
400 West Market Street, Suite 3200
Louisville, Kentucky 40202
(502) 751-3092

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of the design, development and construction of a new government center for Lexington-Fayette Urban County Government ("LFUCG" and the "Lessee"), as well as the operation and maintenance of such facility. The Project will located on certain land located at 200 W. Vine Street and 260 W. Vine Street, Suite 400, Lexington Kentucky 40507 (the "Project Site"). The Project consists of an approximately 94,000 square foot renovation of an existing building located at the site, and a 10,000 square foot addition.

EXHIBIT B-1

LEGAL DESCRIPTION OF FACILITIES LEASE PREMISES

TRACT I – 200 WEST VINE STREET*

Being all of Parcel 3 (Lot 1), containing 1.767 acres, as shown on the Amended Final Record Plat of the Citizens Union National Bank and Trust Company Property located at 200 & 260 West Vine Street, Lexington, Fayette County, Kentucky, of record in Plat Cabinet M, Slide 567, in the Fayette County Clerk's Office; being known and designated as 200 West Vine Street:

TOGETHER WITH Appurtenant Easement for encroachments of the existing Improvements on the above-described property onto/into Lot 3 "Air Lot" above a portion of Parcel 3 (Lot 1), created by the Reciprocal Easement Agreement dated June 3, 2005, by and between Lexcin Partners, Ltd., a Kentucky limited partnership, and JDL-Winston-Salem, LLC, a North Carolina limited liability company (Owners of the "Air Lot"), of record in Deed Book 2556, Page 17, in the Fayette County Clerk's Office.

THERE IS EXCEPTED from the above described parcel, all of Lot 3 "Air Lot" "Above a Portion of Tract 1" as set forth in that certain deed of record in Deed Book 2556, Page 1 in the Fayette County Clerk's Office.

Tract I being the same property conveyed to Lexington Opportunity Fund, LLC by deed dated March 4, 2019 and of record in Deed Book 3652, Page 160, in the Fayette County Clerk's Office.

*A new metes and bounds survey of Tract I of the Property will be conducted, with the goal of determining (i) a new legal description of the building existing on Tract I of the Property and (ii) a new legal description of the garage existing on Tract I of the Property. This Exhibit will be updated with the new legal description of the building existing on Tract I of the Property.

EXHIBIT B-2

LEGAL DESCRIPTION OF AIR SPACE PARCEL

TRACT II – 260 WEST VINE STREET, SUITE 400

BEING all of Lot 3 “Air Lot” “Above a Portion of Tract 1” as shown on the Amended Final Record Plat of the Citizens Union National Bank and Trust Company Property of record in Plat Cabinet M, Slide 567, in the Fayette County Clerk’s Office;

Together with all right, title and interest in, to and under that Reciprocal Easement Agreement which is of record in Deed Book 2556, Page 17, in the Fayette County Clerk’s Office.

Tract II being the same property conveyed to Lexington Opportunity Fund, LLC by deed dated April 15, 2019, and of record in Deed Book 3660, Page 677, in the Fayette County Clerk’s Office.

EXHIBIT C

BASE RENT AND PURCHASE PRICE SCHEDULE¹

Date	Principal ²	Interest	Total Debt Service	Annual Trustee Fee ³	Base Rent ⁴	Purchase Price ⁵
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¹ Amounts, payment dates, Base Rent and Purchase Price will not be known until the Lease Obligations are issued. Facilities Lease to be amended/completed, with all amounts filled in, at that time.

² Principal payments on the Lease Obligations are due to the Obligation holders on each [Month] 1, commencing [Month] 1, 2027. Interest payments on the Lease Obligations are due to the Obligation holders on each [Month] 1 and [Other Month] 1, commencing _____ 1, 202_.

³ The Trustee payments are due annually on each [Month] 1, commencing [Month] 1, 202_.

⁴ Base Rent is equal to principal and interest on the Lease Obligations and the ordinary fees of the Trustee. Base Rent payments are due to be made by LFUCG to the Trustee on each _____ 15 and _____ 15 immediately preceding the [Month] 1 and [Other Month] 1 Obligation Payment Dates.

⁵ The Purchase Price is equal to the outstanding principal amount of the Lease Obligations, interest due thereon and any Additional Rent then due thereon.

LFUCG cannot exercise its right to acquire the Project by paying the Purchase Price and optionally redeeming the Lease Obligations prior to [Month] 1, 203_. Beginning [Month] 1, 203_ and thereafter, LFUCG may elect to acquire the Project and optionally redeem the outstanding Lease Obligations in whole or in part on any Business Day by paying the outstanding Purchase Price, plus accrued interest and any Additional Rent then due, pursuant to [Section 2.07] of the Indenture and Section 6 of the Facilities Lease.

In certain limited circumstances described in [Section 2.07] of the Indenture and Section 6 of the Facilities Lease (in the event of destruction or damage by fire or other casualty to the Project rendering more than twenty five percent (25%) of the Leased Premises either untenable or undesirable for its intended use), LFUCG has the option to effect extraordinary optional redemption of the Obligations in whole on any Business Day pursuant to Section [2.07] and Section 6 of the Facilities Lease.

Date	Principal ²	Interest	Total Debt Service	Annual Trustee Fee ³	Base Rent ⁴	Purchase Price ⁵
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EXHIBIT D

ADDENDUM TO FACILITIES LEASE

THIS ADDENDUM TO FACILITIES LEASE (this "Addendum") is part of the Facilities Lease dated as of _____, 202_, by and between Lexington-Fayette Urban County Government ("LFUCG") and [260WV, LLC] ("Facilities Lessor").

WHEREAS, LFUCG and Facilities Lessor are entering into a Facilities Lease dated as of _____, 202_ (the "Facilities Lease") with respect to a building (the "Office Building") and garage located at 200 W. Vine Street, Lexington, Kentucky 40507, and an associated air rights parcel with an address of 260 W. Vine Street, Suite 400, Lexington, Kentucky 40507 (the "Project Site");

WHEREAS, LFUCG and the Developer are entering into a Development Agreement (the "Development Agreement"), pursuant to which the Developer will undertake to renovate and expand the Office Building for use by LFUCG as a government center for the City of Lexington (as further described in the Development Agreement, the "Project") (terms not otherwise defined herein shall have the meanings set forth in the Facilities Lease and the Development Agreement);

WHEREAS, the design, construction and equipping of the Project is currently expected to take approximately two years (the "Construction Period");

WHEREAS, once the Construction Period has been completed, LFUCG will make payments of Base Rent to pay the cost of leasing the Project from Facilities Lessor;

WHEREAS, the plan of finance for the Project contemplates that LFUCG will contribute \$30 million to the cost of the Project, with such amounts to be contributed in the early stages of the Project, with the timing of such amounts to be determined;

WHEREAS, the Plan of Finance also contemplates that Facilities Lessor [and the Developer] will borrow the sum of up to \$60 million from [a Bank] in the form of a construction loan, to pay a portion of the costs of the Project (the "Construction Loan");

WHEREAS, the parties hereto wish to enter into this Addendum to express their respective rights with respect to the financing of the Project during the construction phase;

NOW THEREFORE, the parties agree as follows:

1. **Plan of Finance.** LFUCG, Facilities Lessor and the Developer have agreed upon an initial Plan of Finance for the Project. A copy of the estimated cost of the Project and the initial Plan of Finance (the "Plan of Finance") is set forth and attached hereto as Schedule 1. LFUCG, Facilities Lessor and the Developer reserve the right to amend and update the Plan of Finance, with the written agreement of all parties.

2. **LFUCG Contribution of \$30 million.** LFUCG has authorized the contribution of \$30 million to the overall cost of the Project. This contribution represents a capital investment by LFUCG in the Project. The \$30 million is expected to be expended as follows:

- (a) Approximately \$23.6 million will be used to pay the cost of acquiring the Project Site from Lexington Opportunity Fund, LLC, pursuant to the Purchase Agreement. The final amount and allocation will be set forth in the Purchase Agreement. The portion of the Project Site on which the existing Building is located and any portion of the Project Site which is being improved through an addition to the Building Project Site will be ground leased to Facilities Lessor under the Ground Lease. The described real property will be leased back to LFUCG under the Facilities Lease.
- (b) Approximately \$6.4 million will be used to pay initial design and construction costs in connection with the leasehold improvements.

3. **Mortgage.** To the extent [a Bank], in connection with the Construction Loan, requires a mortgage on the portion of the Project Site on which the Office Building and garage are located and any portion of the Project Site which is being improved through an addition to the Building, LFUCG consents to the imposition of such mortgage on such property to secure the Construction Loan. It is the expectation that any such mortgage will be released in connection with the refinancing of the Construction Loan through the issuance of the Lease Obligations.

4. **Addendum is Part of the Facilities Lease.** This Addendum constitutes a part of the Facilities Lease and is incorporated therein as an Exhibit.

Schedule 1
Estimated Costs of Project

0002082.0799450 4910-7742-1680v9

