

EXHIBIT A**LEASE AGREEMENT**

THIS LEASE AGREEMENT, made and entered into on or as of the 16th day of November, 2001, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, 200 East Main Street, Lexington, Kentucky 40507 ("Lessor") and **ANN TOWER GALLERY, LTD.**, of 419 Davidson Court, Lexington, Kentucky 40508, ("Lessee").

WITNESSETH:

1. **Premises:** Lessor does hereby let, lease and demise unto Lessee a portion of the premises located at 141-143 East Main Street in Lexington, Kentucky (the "Building"). The premises which the Lessee shall have the right to occupy under the terms of this Lease are a portion of the premises known as the Downtown Arts Center which is a portion of the premises leased to Lessor by lease from the Commonwealth of Kentucky and recorded in Deed Book 1893, Page 629, Fayette County Clerk's Office. The area which the Lessee is to occupy consists of approximately 969 square feet of commercial space on the ground floor and approximately 1415 square feet of commercial space on the second floor of the Building as shown on the floor plan attached hereto as *Exhibit A* (hereinafter the "Premises").

2. **Use:** Lessee shall use the Premises for an art gallery and related services and for no other purpose

3. **Term:** To have and to hold unto Lessee for a term of one (1) year commencing on the 16th day of November, 2001 (the "Commencement Date") and continuing thereafter for a period of twelve (12) consecutive months. Lessee may renew this Lease for ten (10) additional terms of one (1) year each by giving written notice to Lessor sixty (60) days prior to the expiration of each term. This renewal option is subject to Lessor's right to terminate this Lease in

accordance with the terms of Paragraph 6 below. Notwithstanding the Commencement Date specified herein, Lessee recognizes and agrees that Lessor's improvements may not be completed on such date, and Lessee's occupancy and obligation to pay rent shall not accrue until completion of improvements to the Premises by Lessor, which in any event shall not be later than December 31st, 2001. Lessor shall keep Lessee reasonably informed of the progress in completing the Premises and making same ready for occupancy, and shall notify Lessee approximately fourteen (14) days in advance of the date when improvements to the Premises shall be complete and the Premises ready for occupancy. Lessee's occupancy and obligation to pay rent shall accrue as of the date the Premises are ready for occupancy.

4. **Rent:** The Premises contain an area of 2,384 square feet (more or less) and the initial rental rate is Two hundred seventy five dollars and no cent (\$275.00) per month. After the first lease year, an additional five percent (5%) of gross profit (gross revenue less commissions to artists) above \$100,000.00 will be paid to the Lexington-Fayette Urban County Government. Provided, however, Lessor shall have the right at its option to further increase the amount of rent during any renewal term, in an amount equal to the amount of increased expense incurred by Lessor for utility services furnished to the Premises, to the extent of the amount of the increase in such expense over and above the amount of such expense during the current lease year. Because utility services are not separately metered for each tenant in the Building, Lessor shall make a reasonable approximation of Lessee's pro-rata share of such increase, and deliver notice of such determination to Lessee ninety (90) days prior to the expiration of the term or any renewal term. Lessee shall, within thirty (30) days after the end of each lease year, furnish and provide to Lessor an accounting of its gross revenue and commissions to artists, together with such

additional rent as required under this paragraph. Lessor shall have the right upon request and during normal business hours, to audit the books and records of Lessee.

Lessee hereby covenants and agrees to pay to Lessor, without demand, at its office or such other place as Lessor may from time to time designate, said rent for the Premises during the term of this Lease, in advance, beginning with the Commencement Date (or such later date for occupancy as specified in the notice from Lessor to Lessee) and continuing thereafter, on the first day of each and every calendar month, pro-rated for any partial month during the term.

Lessee shall pay all taxes and assessments against its personal property and permit, inspection and license fees, if any, for operation of the business as proposed herein.

5. **Possession:** Lessor agrees to deliver to Lessee physical possession of the Premises upon the Commencement Date, or such later date for occupancy as specified in the notice from Lessor to Lessee.

6. **Termination:** Lessor may terminate this Lease by giving Lessee one hundred twenty (120) days prior written notice. Notice shall be sent to Lessee at the address designated in paragraph 23 below. Lessor's Commissioner of the Department of General Services (the "Commissioner") is authorized at his discretion to terminate this Lease on behalf of Lessor.

7. **Alterations by Lessee:**

(a) **Types of Alterations and Improvements:** Lessee shall have the right during the term of this Lease to make such alterations or improvements in the Premises, excepting structural alterations or improvements, as may be proper and necessary for the conduct of Lessee's business and for the full beneficial use of the Premises; provided, that Lessee shall pay all costs and expenses and charges thereof, shall make such alterations and improvements in accordance with applicable laws and building codes and in a good and workmanlike manner, and

shall fully and completely indemnify Lessor against any mechanic's or materialman's liens or other liens or claims in conjunction with the making of such alterations and improvements. Any and all alterations or improvements must be approved by the Lessor, in writing, and such approval shall not be unreasonably withheld. Lessor may impose reasonable requirements as a condition of such approval, including, without limitation, the submission of plans and specifications, the obtaining of permits, posting of bonds, affidavits from engineers or technicians acceptable to Lessor stating that the work will not adversely affect the Building, and requirements as to the manner and times in which such work will be done. Lessor's Commissioner or his designee is authorized to approve all additions, changes, alterations or improvements and may sign any writing evidencing such consent.

(b) **Removal of Improvements:** Except as otherwise provided, all inventory, furnishings, trade fixtures, and other equipment installed in the Premises by Lessee and paid for by Lessee shall remain the property of Lessee and may be removed by Lessee upon the termination of this Lease; provided (1) that any of such as are affixed to the Premises and require severance may be removed only if Lessee shall repair any damage caused by such removal, and restore the damaged Premises to the same condition they were in before the additions or improvements were installed or affixed, and (2) that Lessee shall have fully performed all of the covenants and agreements to be performed by Lessee under the provisions of this Lease.

8. **Signs:** Lessee shall not place any sign or paint, or permit to be painted, its name or any advertisement directly on any part of the Premises or the Building except as provided herein. However, Lessee shall be permitted to place, at its expense, its name or sign on the exterior of the Building and on the entrance to the Premises from the lobby of the Building, provided such signs comply with the applicable ordinances of the Lexington-Fayette Urban

County Government, are aesthetically consistent with the exterior architecture and interior decor of the Building, and are approved in writing by the Lessor's Commissioner before being affixed by or posted on the Building and/or the Premises. Such approval shall not be unreasonably withheld. Lessor retains the right to place such signs or banners on or in the Building as it may deem appropriate.

9. **Condition of Premises:** Prior to occupancy, Lessee will have inspected the Premises or have had an opportunity to do so and have determined them to be suitable for its intended use as described herein. By taking occupancy of the Premises, Lessee accepts the Premises "as is", in their present condition, without any representation or warranty by Lessor as to the suitability of the site for such use and without any agreements, representations, understandings or obligations on the part of the Lessor to perform any additions, changes, alterations, repairs or improvements to the Premises. Lessee has reviewed Lessor's plans and specifications for improvements to the Premises and the Building as shown on Exhibit B attached hereto, and agrees that any further improvements or fit-up shall be at Lessee's expense as provided in Paragraph 7(a). Lessee shall keep the Premises in a neat and clean condition, including all exterior and interior portions of all windows and doors, and all other glass. No exterior windows shall be blocked or covered by fixtures, furniture or signs of any type. Window displays of merchandise are otherwise permitted.

10. **Rubbish and Trash Disposal:**

(a) **Rubbish:** Lessee shall not permit the accumulation of garbage, trash, debris or waste of any kind on or around the Premises or cause same to accumulate on or around the Building, including contiguous sidewalks, and in the event Lessee fails to remove any accumulation of garbage, refuse, trash, debris or waste of any kind within twenty-four (24) hours

after notice to remove the same, Lessor shall have the right to remove the same, in which event the cost of such removal shall be paid by Lessee as additional rent for the following month, excepting Lessor shall at no time be obligated to remove same but may terminate this Lease if two (2) or more violations of this subsection occur within any consecutive twelve (12) month period during the term or any renewal term of this Lease.

(b) **Trash Disposal:** All trash for disposal must be placed in an appropriate container or otherwise made ready for disposal in the trash compactor in the area designated by Lessor for use by Lessee. No trash or trash containers may be placed on sidewalks for collection.

11. **Indemnification, Insurance:**

(a) Lessee shall indemnify the Lessor and hold Lessor harmless against all claims, demands, expense (including but not limited to reasonable attorneys fees) and judgments for loss, damage or injury to property or persons resulting or occurring out of the acts of negligence of the Lessee, the Lessee's agents, contractors, employees, subcontractors or invitees.

(b) Lessee agrees to carry and pay for commercial general liability insurance in the principal amount of \$1,000,000.00 combined single limit for bodily injury and property damage per occurrence, with an insurance company having an A.M Best rating of A-, X or better and authorized to do business in the Commonwealth of Kentucky. Lessee shall cause Lessor to be named additional insured on such insurance policy, and shall deliver a copy of the policy or certificate of insurance to Lessor prior to the Commencement Date.

12. **Operation of Business:** Lessee agrees to keep the Premises open for business during such times as are in keeping with good business practices and in the manner in which other businesses of the same type and class are operated, but in any event Lessee agrees to keep the Premises open for business through the end of the first intermission of performances and

special events conducted in the theater portion of the Building scheduled to begin between 5:00 p.m. and 8:00 p.m.; subject, however, to restrictions imposed by law, to union agreements and restrictions, and except as it may be necessary that the Premises be closed on account of the order of any duly constituted authority, or for the purpose of making repairs or improvements, or during the period of strikes, lockouts, emergencies or other causes beyond Lessee's reasonable control, so long as Lessee shall make all reasonable efforts to shorten such periods.

13. Utilities, Parking and Common Areas:

(a) Lessor agrees to provide basic heating, air conditioning and electric services to the Premises and basic water and sewer service to restroom facilities serving the Premises. Lessee understands, acknowledges and agrees that any one or more of the utilities or other building services identified herein may be interrupted by reason of accident, emergency or other causes beyond Lessor's reasonable control, or the quality or character of utility service may be changed or such service may no longer be suitable for Lessee's requirements, or such services may be discontinued or diminished temporarily by Lessor or other persons until certain repairs, replacements, alterations, improvements or cleaning can be made, and that Lessor does not represent or warrant the uninterrupted availability of such utilities or building services.

Failure by Lessor to any extent to furnish any services to Lessee, the Premises or the Building, or any cessation (including any partial curtailment) thereof, shall not render Lessor liable in any respect for damages to person, property or otherwise (other than as a direct result of Lessor's gross negligence), nor be construed as an eviction of Lessee, nor work an abatement of rent, nor relieve Lessee from fulfillment of any covenant or agreement hereof, provided, however, that should Lessor cease to furnish any such service or such services are interrupted as a result of Lessor's negligence but not as a result of (i) curtailment in services imposed by any

governmental authority, (ii) failure of the public utilities to furnish necessary services, or (iii) Lessee's negligence, gross negligence or willful misconduct (a "Service Interruption") and if, as a result of such Service Interruption, the Premises (or any part thereof) is untenable, and such Service Interruption continues for a period of twenty-four (24) hours and Lessee delivers notice to Lessor of such Service Interruption promptly upon the occurrence thereof then all rent shall abate as to those portions of the Premises rendered untenable, such abatement shall commence on the second full day after such Service Interruption occurs and shall continue until such space is again tenantable. The foregoing rights of Lessee shall constitute the sole and exclusive remedy involving, or with respect to, any interruption in the services to be provided in accordance herewith, Lessee hereby waiving any and all right to seek damages or exercise any other rights or remedies. Notwithstanding the foregoing, should any of the equipment or machinery utilized in supplying the services listed herein break down, or for any cause cease to function properly, Lessor shall use due diligence to repair same within a reasonable time.

(b) Lessee agrees that it will not install any equipment which will exceed or overload the capacity of any utility facilities installed by Lessor and that if any equipment installed by Lessee shall require additional utility facilities, such facilities shall be installed at Lessee's expense in accordance with plans and specifications to be approved in writing by Lessor.

(c) One parking space will be provided for Lessee in the rear of the Building. Lessee will be able to validate parking tickets for clients for up to one (1) hour in the City Hall Annex Parking Garage located on West Main Street.

(d) Lessor grants Lessee, its employees, customers, invitees, together with and subject to the same right granted from time to time by Lessor to other parties and other tenants

and occupants of the Building, the non-exclusive right to use the common areas of the Building or the real property on which it is located (the "Common Areas" as hereinafter defined), subject to such non-discriminatory rules and regulations as may be adopted by Lessor, and as such Common Areas may be modified by Lessor, which modifications shall not (i) materially interfere with Lessee's business, or (ii) materially restrict access to and from the Premises. The Common Areas shall include all common entrances to and exits from the Building, driveways, serviceways, crosswalks and sidewalks, hallways (exclusive of hallways and/or elevator lobbies on single tenant floors), stairways located outside of the Premises, common restroom facilities and elevators. Lessor shall provide adequate housekeeping and janitorial services for the Common Areas. Notwithstanding the foregoing, the sidewalk portion of the Common Areas may be used by another tenant of the Building as a sidewalk café, and Lessee's right to use such sidewalks shall be subordinate to the use of such other tenant and shall not interfere with the said use of a sidewalk café.

14. Maintenance and Repair:

(a) **Maintenance.** Except as expressly provided in this Lease, Lessor shall have no maintenance or repair responsibility for the Premises. At no time shall Lessor have any responsibility to maintain or repair any additions, changes, alterations or improvements made to the Premises by Lessee.

(b) **Repairs by Lessor:** Lessor shall maintain the plumbing, electrical, heating and air conditioning systems as provided in Paragraph 13(a), maintain the roof, foundation and structural portion of the Premises in good repair, except such as may be required thereto by reason of the acts of Lessee.

(c) **Repairs by Lessee:** Lessee shall at its own cost and expense keep and maintain the interior of the Premises in a neat and clean manner, in good condition and repair, and in as safe and clean condition as it was when Lessee took possession, including but not limited to the floor surfaces, exterior and interior doors and window frames and the replacement of all interior and exterior glass broken or cracked by Lessee. Lessee shall not commit or permit others to commit any waste on the Premises.

(d) **Liability:** Lessor shall not be liable for any damage occasioned by reason of failure to keep the Premises in repair, but if notice of the need for repairs has been given Lessor in writing and said repairs are not made within thirty (30) days after such notice, Lessee shall have the right to terminate this Lease as provided in Paragraph 29. In any event, Lessor shall not be liable for any loss or damage done or occasioned by or from the electrical, heating, air-conditioning or plumbing installations in the Premises and/or the Building, damage resulting from action or inaction on the part of the Lessee, nor for any damage arising from acts of negligence of co-tenants or other occupants of the Building or buildings of which the Premises may form a part, nor the acts of any owners or occupants of adjoining or contiguous property. Lessor shall not be responsible for, and shall not be obligated to insure against, any loss of or damage to any personal property of Lessee or which Lessee may have in the Building or the Premises or any trade fixtures installed by or paid for by Lessee on the Premises or any additional or leasehold improvements which Lessee may construct on the Premises; and, notwithstanding anything contained herein to the contrary, Lessor shall not be liable, and Lessee releases Lessor from liability, for any loss or damage to such property, regardless of cause, including the negligence of Lessor and its employees, agents, customers and invitees. Lessee

may insure all of its property, fixtures, equipment, and leasehold improvements for Lessee's benefit.

(e) **Damage by Casualty:** Lessor and Lessee agree that in the event the Premises or the property of Lessee and/or Lessor therein are damaged or destroyed by fire, casualty or the elements, the rights, if any, of either party against the other with respect to such damage or destruction are waived and all policies of fire or extended coverage insurance shall be endorsed to effect such waiver.

15. **Use and Care of Premises:**

(a) Lessee shall use and occupy the Premises in a careful, safe and proper manner and shall keep the Premises in a clean and safe condition in accordance with the Code of Ordinances and lawful direction of proper public officers.

(b) Lessee shall not permit the Premises to be used for any unlawful purpose, or in any way that will injure the reputation of the Building in which the Premises are situated, and shall not use or allow the Premises to be used for any other purpose other than as specified herein without the prior written consent of the Lessor. Provided, however, Lessee shall have the right to show art work which is of reasonable taste and which does not otherwise violate the provisions of this paragraph.

16. **Transfer of Lease:** Lessee shall not assign, transfer or encumber this Lease or sublet the Premises, in whole or in part, voluntarily or involuntarily, by operation of law or otherwise, without the express, prior written approval of Lessor, which consent shall not be unreasonably withheld.

17. **Obstruction of Passageway:** Any passageways used for delivery purposes in common with other tenants shall be so used as to be kept clear and unobstructed.

18. **Property on Premises is Responsibility of Lessee:** All property which may be upon the Premises during the term of this Lease or any extension thereof shall be at and upon the sole risk and responsibility of Lessee.

19. **Destruction of Premises:** If the Premises should be destroyed or damaged by fire or other casualty covered by Lessor's policy of fire and extended coverage insurance, Lessor shall, with due diligence, make repairs or restoration at its expense to the extent of the insurance proceeds actually received; provided, however, that should damage to the extent of fifty percent (50%) or more of the value thereof occur, then Lessor may at its option cancel this Lease instead of making the necessary repairs or restoration; and, provided further, that if the Premises are damaged to such an extent that repairs or restoration cannot be effected within one hundred twenty (120) days, either party shall have the right to cancel this Lease by giving the other party notice in writing within thirty (30) days from the date such damage occurred. In the event no such notice is given, Lessor shall proceed with due diligence to complete the restoration of the Premises. In the event of partial destruction or damage whereby Lessee shall be deprived of the use or occupancy of only a portion of said Premises, then rent shall be equitably apportioned according to the area of the Premises which is usable by Lessee until such time as the Premises shall be repaired or restored. Lessor shall commence the repair and reconstruction of the Premises promptly after it receives the proceeds of insurance in connection with such partial loss. If the destruction or damage be of such extent that the Premises are entirely untenable, then the rent shall cease until the Premises are restored or repaired. Lessor shall have no obligation to repair or replace any fixtures or leasehold improvements installed by Lessee

20. **Access to Premises:** 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 and/or Building that Lessor may deem necessary. This right of access in no way obligates Lessor to make any alterations or repairs to the Premises.

21. **Vacation of Premises:** Lessee shall deliver up and surrender to Lessor possession of the Premises upon the expiration of the Lease, or its termination in any way, in as good a condition and repair as the Premises were at the commencement of said terms (loss by fire or other casualty or the elements and ordinary wear and decay excepted) and deliver the keys to the Lessor or Lessor's agent. All business signs or symbols placed on the Premises by Lessee shall be removed by Lessee prior to re-delivery of the Premises.

22. **Memorandum of Lease:** This Lease shall not be recorded, but a memorandum of lease describing the property herein demised, giving the term of and referring to this Lease, may be recorded by either party.

23. **Notices:** The agent for Lessor for purposes of this Lease, including but not limited to receipt of rent payments, approval of alterations, signage and notices of consent, shall be the Commissioner of the Department of General Services, or his designee, Department of General Services, Government Center, 200 East Main Street, Lexington, Kentucky 40507. The agent for Lessee for purposes of this Lease shall be Ann Tower having an address of 419 Davidson Court, Lexington, Kentucky 40508. 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 delivering or mailing such notice or consent by registered or certified mail, return receipt requested, to the other party at the address stated or at the Premises, or both. Changes in agent or address may also, from time to time, be specified in writing and delivered by the parties in the same manner.

24. **Waiver:** No waiver or any condition of legal right or remedy shall be implied by the failure of Lessor or Lessee to declare a forfeiture, or for any other reason, and no waiver of

condition or covenant shall be valid unless in writing signed by party so waiving. The waiver of a breach by Lessor or Lessee of any condition shall not be claimed or pleaded to excuse a future breach of the same condition or covenant or any other condition or covenant.

25. **Eminent Domain:** In the event the Premises or any part thereof shall at any time after the execution of this Lease be taken for public or quasi-public use, or condemned under eminent domain, the Lessee shall not be entitled to claim, or have paid to the Lessee, any compensation or damages whatsoever for or on account of any loss, injury, damage or taking of any right, interest or estate of the Lessee, and Lessee hereby relinquishes to Lessor any rights to any such damages. The Lessor shall be entitled to claim and have paid to it for the use and benefit of the Lessor all compensation or damages for or on account of or arising out of such taking or condemnation without deduction from the amount thereof for or on account of any right, title, interest or estate of the Lessee in or to said property.

Should all of the Premises be taken by eminent domain, then this Lease shall be deemed terminated, and the Lessee shall be entitled to no damages or any consideration by reason of such taking.

Lessor shall provide Lessee with reasonable notice of the initiation of any claim or proceeding against Lessor under this paragraph. Such notice shall be given within thirty (30) days of Lessor receiving notice of such claim or proceeding.

26. **Lease Inures to Benefit of Assignees:** This Lease, or any of the covenants, provisions and conditions herein contained, as the case may be, shall inure to the benefit of and be binding upon heirs, personal representatives, successors and assigns respectively of the parties hereto.

27. **Quiet Enjoyment:** Lessor hereby covenants and agrees that if Lessee shall perform all the covenants and agreements herein stipulated to be performed on Lessee's part, Lessee shall at all times during the term of this Lease have peaceable and quiet enjoyment and possession of the Premises without hindrance from Lessor or any person or persons lawfully claiming the Premises.

28. **Default by Lessee:** If any installment of rent, or any portion thereof, shall remain unpaid for a period of ten (10) days after due, or if Lessee should default in the observance or performance of any other terms and covenants contained herein and have failed diligently to pursue correction of such other default after receiving thirty (30) days written notice from Lessor specifying such other default (it is clearly understood that no notice is required to be given to Lessee for default in the payment of rent), then the Lessor shall have the following remedies:

(a) Lessor will be entitled to a late fee penalty of five percent (5%) of the overdue rent;

(b) Lessor may sue to collect any and all sums which may accrue to Lessor by virtue of the provisions of this Lease or for any and all damages that may accrue by virtue of the breach of this Lease, or both, including but not limited to the acceleration of and collection of rent for the balance of the term after either the termination of this Lease by Lessor or re-entry by Lessor without terminating this Lease;

(c) Lessor may sue to restrain by injunction any violation or threatened violation of the covenants, conditions or provisions of this Lease;

(d) Lessor may, without further notice to Lessee, terminate this Lease, re-enter the Premises and remove all persons and property therefrom, with or without process of law. If this Lease shall be terminated before its expiration by reason of Lessee's default, and

Lessor elects to exercise the remedies specified above, Lessor shall be entitled to accelerate the payment of rent for the balance of the term, and Lessee shall pay same in full within five (5) days of written notice by Lessor to Lessee. In such event, Lessor shall make a reasonable effort to relet the Premises to an acceptable tenant and any rents received under the new lease shall be refunded to Lessee if already paid by Lessee or applied toward the satisfaction of the Lessee's liability therefor. If Lessee shall abandon or vacate the Premises before the expiration of the term of this Lease, the Premises may be relet by Lessor (but Lessor shall not be obligated to do so) for such rent and upon such terms as Lessor may deem fit, but such reletting shall not relieve Lessee from Lessee's obligation to pay the rent for the balance of the term; provided, however, any rent received under the new lease shall be applied towards the satisfaction of said obligation to pay rent.

(e) Lessor may, without declaring this Lease terminated, reenter the Premises and occupy the whole or any part thereof and remove all persons therefrom and collect any unpaid rentals or other charges, which have become payable, or which may thereafter become payable. Even though Lessor may have so reentered the Premises, Lessor may thereafter elect to terminate this Lease and all of the rights of Lessee in or to the Premises. Should Lessor so reenter the Premises, Lessor shall not be deemed to have terminated this Lease, the liability of Lessee to pay any rent thereafter accruing, or Lessee's liability for damages under any provisions of the Lease, by any such reentry or by any action to obtain possession of the Premises, unless Lessor has notified Lessee in writing that it has so elected to terminate this Lease. Lessee further covenants and agrees that the service by Lessor of any notice pursuant to any unlawful detainer or similar statute and the surrender of possession pursuant to such notice shall not (unless Lessor elects to the contrary at the time or at any time subsequent to the serving of such notice and such

election is evidenced by a written notice to Lessee) be deemed a termination of this Lease or the liability of Lessee to pay any rent hereafter accruing or Lessee's liability for damages under any provision of the Lease.

(f) Lessor may, if it so elects, pursue any other remedies provided by law for breach of this Lease or any of its terms, covenants, conditions or stipulations. No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or equity or by statute.

29. **Default by Lessor:** If Lessor shall default in the observance or performance of any terms or covenants herein contained (other than as a result of failure by Lessee to pay rent) and shall have failed diligently to pursue correction of such default after receiving thirty (30) days written notice specifying such default, then Lessee may cancel this Lease and have all remedies to which it is entitled at law or equity.

30. **Hazardous Waste:** Lessee shall not use or permit the use of the Premises for the generation, storage, treatment, use, transportation or disposal of any chemical, material, or substance which is regulated as toxic or hazardous or exposure to which is prohibited, limited, or regulated by any federal, state, regional, local or other governmental authority or which, even if not so regulated, may or could pose a hazard to the health and safety of the other tenants and occupants of the Building or adjacent property. If any such chemical, material or substance is used upon the Premises in the ordinary course of business, Lessee may not use such chemical, material or substance in a hazardous manner. In the event of any use in violation of this provision, Lessee will remove, or cause to be removed, such material at its own expense and will indemnify Landlord for any loss or expense, including reasonable attorneys' fees, suffered as a

result of the violation. Lessee's liability for such indemnification shall survive any cancellation or termination of this Lease or transfer of Lessor's interest in the Building.

31. **Rules and Regulations:** Lessor shall have the right during the term of this Lease and any renewals to implement non-discriminatory rules and regulations governing the use of the Premises, Common Areas and the Building. Such rules and regulations will from time to time be delivered to Lessee in writing, and Lessee agrees to comply with same as announced.

32. **Interpretation:** If any clause, sentence, paragraph or part of this Lease 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 Lease, 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 respects said Lease shall continue in full force and effect.

33. **Entire Agreement:** This Lease contains the entire agreement between the parties and any executory agreement hereinafter made shall be ineffective to change, modify or discharge this Lease, in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought.

34. **Interpretation as Partnership Prohibited:** It is understood and agreed that nothing herein contained shall be construed in any way to constitute a partnership between Lessor and Lessee.

35. **Non-Discrimination:**

(a) Lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, national origin or disability.

(b) Lessee will state in all solicitations or advertisements for employees placed by or on behalf of Lessee that all qualified applicants will receive equal consideration for employment without regard to race, color, religion, sex, age, national origin or disability.

36. Security Deposit: A security deposit in the sum of Two hundred seventy five Dollars (\$275) shall be paid by Lessee upon execution of this Lease. Upon termination of this Lease, the security deposit will be returned to Lessee, less any amount required to repair any damages to the Premises. In no event, however, shall Lessee's liability for damages to the Premises be construed to be limited to the amount of the security deposit, nor shall Lessee have the right to require that any portion of the security deposit be applied toward rent payments.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and year first above written.

LESSOR:

LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT

BY: *Pam Miller*
PAM MILLER, MAYOR

ATTEST:

Liz Danvers
CLERK, URBAN COUNTY COUNCIL

LESSEE:

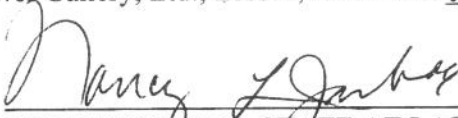
ANN TOWER GALLERY, LTD.

By: *Ann Tower*
ANN TOWER
Its: *owner*

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

The foregoing Lease was subscribed, sworn to and acknowledged before me by Ann Tower, as owner of Ann Tower Gallery, Ltd., Lessee, on this the 16th day of November, 2001.

My Commission Expires:
March 6, 2001



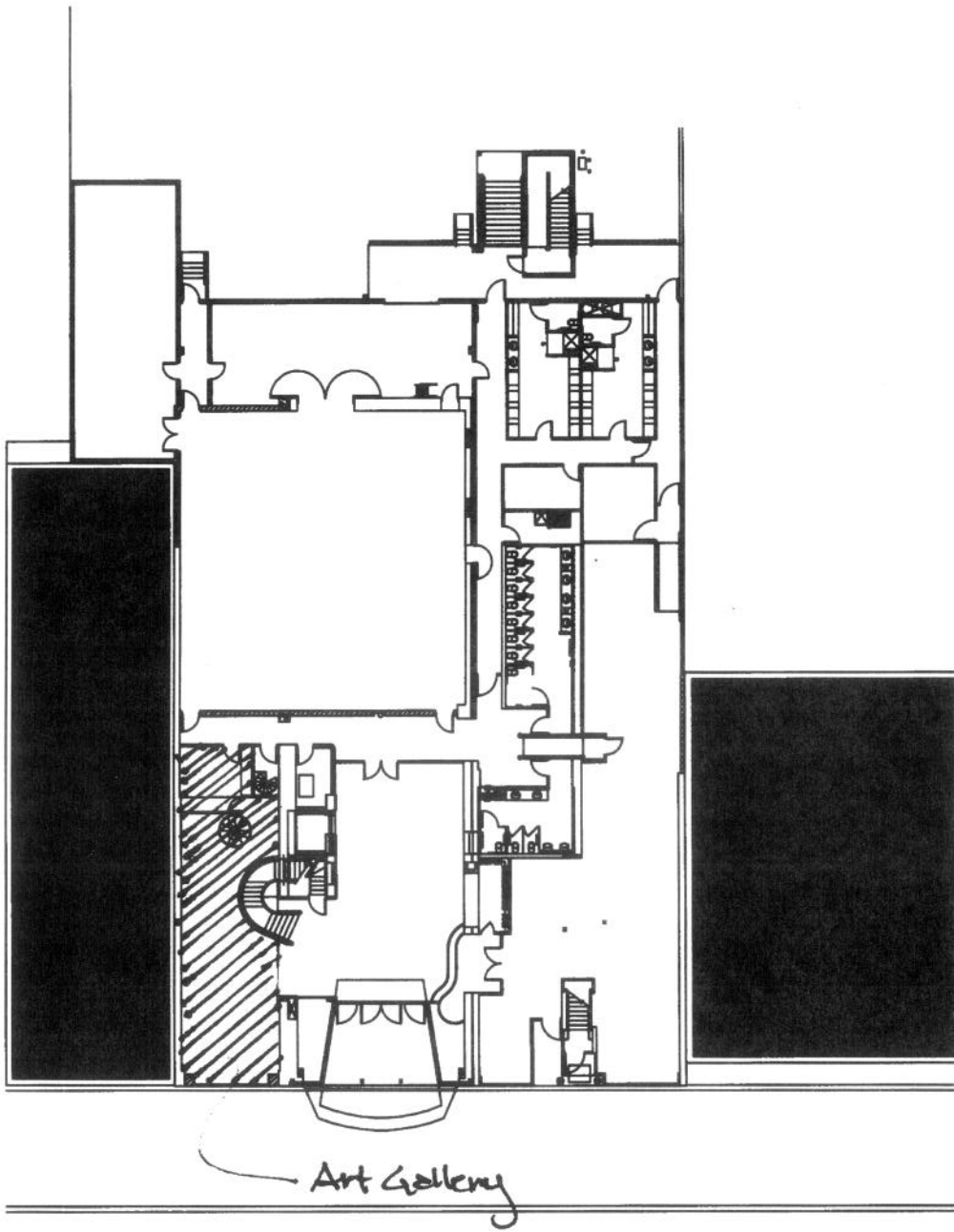
NOTARY PUBLIC, STATE AT LARGE, KY

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

The foregoing Lease was subscribed, sworn to and acknowledged before me by Pam Miller, Mayor, on behalf of Lexington-Fayette County Urban Government, Lessor, on this the ___ day of _____, 2001.

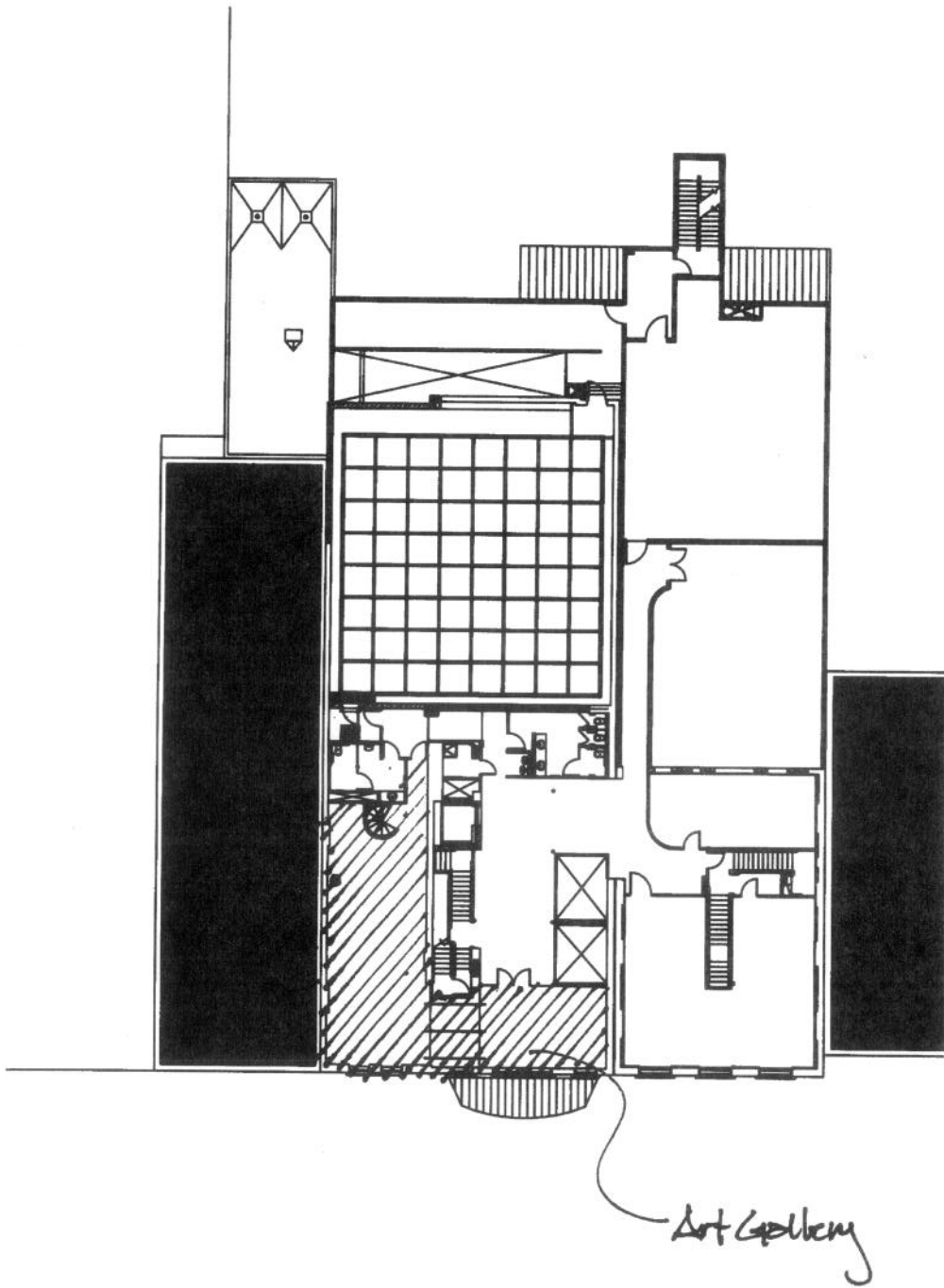
My Commission Expires:

NOTARY PUBLIC, STATE AT LARGE, KY



FIRST FLOOR

"Exhibit A"



SECOND FLOOR

"Exhibit A"