

Draft 12-1-2025

GROUND LEASE

by and between

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

as Ground Lessor

and

[260WV, LLC]

as Ground Lessee

Dated as of _____ 1, 20__

GROUND LEASE

This **GROUND LEASE** (this "Ground Lease"), is made and entered into as of ____ 1, 202_, by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban-county form of government under KRS Chapter 67A and a political subdivision of the Commonwealth of Kentucky (the "Ground Lessor" and sometimes "LFUCG") and [**260WV, LLC**], a [for profit][non-profit] limited liability company organized and existing under the laws of the Commonwealth of Kentucky, as ground lessee (the "Ground Lessee" and sometimes "LOF");

WITNESSETH

WHEREAS, the Ground Lessor is the owner of certain real property and the improvements thereon located at located at 200 W. Vine Street and 260 W. Vine Street, Suite 400, Lexington, Kentucky 40507, as further described in **Exhibit A** attached hereto (the "Property"); and

WHEREAS, the Ground Lessor has agreed to lease the portion of the Property described in **Exhibit A** which contains a building (the "Building"), such portion to be further described after a new metes and bounds survey of the Property, to be set forth in **Exhibit C hereto** (such portion of the Property, the "Ground-Leased Property"), to the Ground Lessee under the terms and conditions hereof for use by the Ground Lessee in connection with the development, renovation, construction, installation and equipping of the Building located on the Ground-Leased Property for the ultimate use by Ground Lessor as a governmental center (as further described in **Exhibit B** attached hereto, the "Project"), pursuant to the Development Agreement (the "Development Agreement") between the Ground Lessor and the LOF Development, LLC (the "Developer"); and

WHEREAS, the Ground Lessor and the Ground Lessee, as a consequence of this Ground Lease and the development of the Project, shall enter into a Facilities Lease (the "Facilities Lease"), whereby LFUCG will lease the Project (including without limitation the Ground-Leased Property), from the Ground Lessee for a period of years, subject to the Ground Lessor's right to terminate the Facilities Lease by exercising its purchase option with respect to the Project as set forth in the Facilities Lease; and

WHEREAS, the construction and equipping of the Project is being financed during the construction period through cash contributions from the Ground Lessor and from a construction loan in the principal amount of \$_____ (the "Construction Loan") to the Ground Lessee and the Developer from a commercial banking institution (the "Construction Lender");

WHEREAS, upon the completion of the Project, it is expected that the Construction Loan will be repaid and satisfied from the issuance of certain Lease Obligations, evidencing interests of the holders thereof in rent to be paid by the Ground Lessor under the Facilities Lease (the "Lease Obligations"), to be issued pursuant to a Trust Indenture (the "Indenture"), by and between the Ground Lessee and a national bank and trust company acting as trustee (the "Trustee"); and

WHEREAS, the obligations and rights of the Ground Lessor and the Ground Lessee under this Ground Lease may be required to be collaterally assigned to the Construction Lender to secure

the payment of the Construction Loan, and to the Trustee to secure the payment of the Lease Obligations, under a Collateral Assignment Agreement (the "Collateral Assignment");

NOW THEREFORE, IN CONSIDERATION of the covenants and agreements of the parties hereto, as are hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto:

Section 1. Demise. Subject to and upon the terms, conditions, covenants, and undertakings hereinafter set forth, the Ground Lessor hereby leases to the Ground Lessee, and the Ground Lessee hereby leases from the Ground Lessor, the Ground-Leased Property.

Section 2. Ground Lessor's Representations and Warranties. The Ground Lessor hereby represents and warrants to and with the Ground Lessee that, as of the date hereof:

(a) The Ground Lessor has good and merchantable title interest in the Ground-Leased Property, has authority to enter into, execute, and deliver this Ground Lease, and has duly authorized the execution and delivery of this Ground Lease;

(b) The Ground-Leased Property is located in Fayette County, Kentucky, constitutes the site upon which the Project will be developed, constructed, equipped and operated, and the Ground Lessor has determined that the Ground-Leased Property will be suitable and convenient for the Project through Ground Lessor's entering into this Ground Lease and the Facilities Lease, and the completion of the transactions contemplated thereby;

(c) The Ground-Leased Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien, or encumbrance that would prohibit or materially interfere with the construction of the Project or the use of the Ground-Leased Property, as contemplated by the Facilities Lease;

(d) All taxes, assessments, or impositions of any kind with respect to the Ground-Leased Property, except current taxes, have been paid in full;

(e) There are no liens outstanding against the Ground-Leased Property; and

(f) The Ground Lessor has authority to enter into, execute, and deliver this Ground Lease, and has duly authorized its execution and delivery.

Section 3. Ground Lessee's Warranties. The Ground Lessee covenants and warrants to the Ground Lessor that the Ground Lessee has authority to enter into, execute, and deliver this Ground Lease and the Facilities Lease, and has duly authorized the execution and delivery of this Ground Lease and the Facilities Lease.

Section 4. Term. The term (the "Term") of this Ground Lease shall commence as of the date first above written, and shall end upon the later of the date of termination of the Facilities Lease or the final date of payment of all principal of, premium, if any, and interest on the Lease

Obligations, together with the payment of all other amounts related thereto, to the registered holders of the Lease Obligations, or their assignees, under the Indenture.

Section 5. Rent. The rent shall be One Dollar (\$1.00) payable in one installment on the date hereof. The parties hereto affirm that (a) the consideration reflected in this Ground Lease is the full actual consideration paid for the leasehold interest in the Ground-Leased Property transferred hereby and (b) the fair market value of the leasehold interest in the Ground-Leased Property conveyed herein is the rent set forth in this Section.

Section 6. Facilities Lease. In further consideration of the authorization, execution, and delivery of this Ground Lease by each of the parties, the parties have entered into the Facilities Lease and have agreed to carry out and perform their obligations thereunder.

Section 7. Development of the Project. The Ground Lessee, working in coordination with the Developer, shall cause the development, construction, and equipping of the Project as provided in the Facilities Lease and the Development Agreement.

Section 8. Quiet Enjoyment. The Ground Lessor covenants that upon the Ground Lessee's paying the rent reserved herein, and performing all conditions and covenants set forth in this Ground Lease and the Facilities Lease, the Ground Lessee shall and may peaceably have, hold, and enjoy the Ground-Leased Property for the term of this Ground Lease, subject to termination as provided in the Facilities Lease. The Ground Lessee covenants that upon expiration or termination of this Ground Lease it shall give the Ground Lessor peaceable possession of the Ground-Leased Property, together with all improvements constructed thereon pursuant to the Facilities Lease and the Development Agreement.

Section 9. Subletting; Mortgage; Encumbrances. So long as the Facilities Lease is in effect, Ground Lessor may not sublet, mortgage, or otherwise encumber the Ground-Leased Property. Notwithstanding the foregoing, Ground Lessor and Ground Lessee each acknowledge that the Construction Lender may require a first mortgage on the Ground-Leased Property to secure the Construction Loan and each consent to the encumbering of the Ground-Leased Property by such a first mortgage, to the extent required by the Construction Lender.

Section 10. Collateral Assignment. To the extent that the obligations and rights of the Ground Lessor and the Ground Lessee under this Ground Lease are required to be collaterally assigned to the Construction Lender to secure the payment of the Construction Loan, or to the Trustee to secure the payment of the Lease Obligations, each of Ground Lessor and Ground Lessee consent to such collateral assignment pursuant to a Collateral Assignment document. Except for the assignment under a Collateral Assignment document, the Ground Lessee 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 11. Ground Lessee's Default. The Ground Lessee's failure to observe or perform any of the obligations of Ground Lessee provided herein or in the Facilities Lease shall be an "event of default" or a "default" hereunder.

Section 12. Ground Lessor's Remedies. Upon the occurrence of an event of default by the Ground Lessee hereunder, which shall remain uncured for thirty (30) days after receipt by the Ground Lessee of written notice from the Ground Lessor of such event of default, the Ground Lessor may thereafter or any time subsequently during the existence of such breach or default: (a) enter into and upon the Ground-Leased Property and repossess the same, expelling and removing therefrom all persons and property, and (b) terminate this Ground Lease and hold the Ground Lessee liable for damages for its breach.

Section 13. Binding Effect. This Ground Lease shall be binding upon, and inure to the benefit of, the parties hereto, and their successors and assigns.

Section 14. Severability. If any section, paragraph, or clause of this Ground Lease shall be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, or clause shall not affect any of the remaining provisions hereof.

Section 15. Counterpart Signatures. This Ground Lease may be signed in one or more counterparts, which together shall constitute one Ground Lease.

Section 16. Applicable Law. This Ground Lease shall be interpreted and enforced in accordance with the laws of the Commonwealth of Kentucky.

[Signature page to follow]

SIGNATURE PAGE TO GROUND LEASE

IN TESTIMONY WHEREOF, the Ground Lessor has caused this instrument to be executed in its name and on its behalf by its duly authorized Mayor, and the Ground Lessee has caused this instrument to be executed in its name and on its behalf by its duly authorized officer or manager, effective as of the day and year first above written.

GROUND LESSOR:

**LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT**

By: _____
Linda Gorton, Mayor

GROUND LESSEE:

[260WV, LLC]
a [for profit][non-profit] Kentucky limited liability
company
By: ____
Its:

[Continued on the following page]

[illegible]

The foregoing Ground Lease was acknowledged before me this _____, 202_, by Linda Gorton, Mayor, Lexington-Fayette Urban County Government, an urban-county form of government under KRS Chapter 67A and a political subdivision of the Commonwealth of Kentucky, on behalf of LFUCG.

Notary Public

My commission expires: _____

Notary ID: _____

COMMONWEALTH OF KENTUCKY)
) ss
COUNTY OF FAYETTE)

The foregoing Ground Lease was acknowledged before me this _____, 2026, by _____ as _____ of [260WV, LLC], a [for profit][non-profit] Kentucky limited liability company, on behalf of the company.

Notary Public

My commission expires: _____

Notary ID: _____

This instrument prepared by the undersigned
Attorney at Law:

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

EXHIBIT A

DESCRIPTION OF PROPERTY

* * * * *

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 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 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. 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 B

PROJECT DESCRIPTION

The Project consists of the design, development, construction, and financing of a new government center for Lexington-Fayette Urban County Government (“LFUCG”). 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 C

DESCRIPTION OF GROUND-LEASED PROPERTY

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 C will be updated with the a new legal description of the building existing on Tract I of the Property. Other than necessary rights-of-way to access the building, the garage existing on Tract I of the Property will not be part of the "Ground Leased Property."

* * * * *

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