

LEASE AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, ____ by and between **FRM LAWSON LLC**, whose address is 627 Raintree Road, Lexington, Kentucky 40502, (the "Landlord"), and **LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT**, whose address is 200 East Main Street, Lexington, Kentucky 40507, (the "Tenant").

WITNESSETH

Landlord and Tenant desire to enter into this Lease, pursuant to which Tenant shall lease from Landlord, and Landlord shall lease to Tenant, certain real property and improvements upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and upon the terms and conditions as hereinafter set forth, Landlord does hereby grant and lease unto, and Tenant does hereby accept and rent from Landlord, the following premises (as shown on Exhibit A, the attached building layout, which is incorporated herein by reference):

900 Enterprise Drive, Lexington, KY 40510, consisting of 24,864 square feet, together with any and all improvements located thereon or hereafter constructed thereon, appurtenances, rights, privileges and easements thereto, hereinafter referred to the "Demised Premises."

1. INITIAL TERM

The Premises consists of three (3) building sections (see Exhibit A) and occupancy for each section will occur at different times due to availability, thus the "Initial Term" shall not commence until such time all three (3) sections have been occupied by the Tenant.

Upon commencement of the Initial Term, the term of his Lease shall be for an initial term of forty eight months, commencing on the ____ day of _____, 2014 ("Commencement Date") and ending on the ____ day of _____, 2018, unless sooner terminated. Provided, however, that in the event that the Lexington Urban County Council does not appropriate funds for the continuation of this Lease for any fiscal year and there are no funds to continue payment from other appropriations, this Lease shall be terminated. In the event of such termination, the Tenant shall not be obligated to pay any amounts due for rent, utilities, or maintenance beyond the end of the current funded fiscal year. Such termination shall not constitute a default under this Lease. Tenant shall notify the Landlord without delay and (90) days prior to the end of the Tenant's fiscal year when this option shall be exercised.

The initial term of this Agreement may be renewed for five (5) subsequent terms of one year each. The Tenant may request an extension of the Agreement from year-to-year after the expiration of the initial lease term or any extension term by giving such written notice to the Owner, ninety (90) days prior to the expiration of the initial or an extension term. Landlord will respond to request for an extension of the lease within thirty (30) days of receipt of the Tenant's request.

2. **RENTAL**

Tenant shall pay to Landlord, during the initial term hereof, a rental payment of one hundred seventy thousand three hundred eighteen dollars and forty cents (\$170,318.40) annually. Until such time the "Initial Term" commences, rental for each section shall be on a month-to-month basis for the square feet occupied at an annual rate of six dollars and eighty five cents (\$6.85) per square foot.

The initial term of this Agreement may be renewed for five (5) subsequent terms of one year each. Each subsequent year that The Tenant renews, the rental rate will increase as shown below. The Tenant may request an extension of the Agreement from year-to-year after the expiration of the initial lease term or any extension term by giving such written notice to the Owner, ninety (90) days prior to the expiration of the initial or an extension term. Landlord will respond to request for an extension of the lease within thirty (30) days of receipt of the Tenant's request.

Year 5: $\$170,318.40 \times 3\% = \$175,427.95$ per year
Year 6: $\$175,427.95 \times 1.5\% = \$178,059.37$ per year
Year 7: $\$178,059.37 \times 1.5\% = \$180,730.26$ per year
Year 8: $\$180,730.26 \times .05\% = \$181,633.91$ per year
Year 9: $\$181,633.91 \times .05\% = \$182,542.08$ per year.

Rent is payable as follows: Rent shall be due the first (1st) day of each month, paid in full, and the same shall be due and payable on the first (1st) day of each and every month during the term of this Lease, with the understanding and on the condition that the said rent be paid by personal check, money order, cashier's check or certified check, and sent by Tenant so the Landlord receives the same on or before the sixth (6th) day of the month due. The Tenant shall be responsible for a "Late" fee of \$50 per day for each additional day after the 6th day of the month, excepting July payments whereas a late fee shall not apply until after the 15th of the month to allow for changeover to the new Fiscal Year.

3. DATE OF OCCUPANCY

The building is divided into three (3) sections (see Exhibit A). Occupancy will occur in the following stages:

Section 1: Occupancy shall begin on or before March 1, 2014 (negotiable)

Section 2: Occupancy shall begin on or before January 15, 2014 (non-negotiable)

Section 3: Occupancy shall begin on or before January 15, 2014 (includes the rear parking lot – non-negotiable)

4. DEFAULT

It is further agreed that in the event the said rent, or any part thereof, shall remain unpaid for a period of twenty (20) days after the same becomes due and payable as aforesaid, or if Tenant shall default in any other of the covenants or agreements herein contained, and such default shall continue for a period of ten (10) days after written notification of such default from Landlord to Tenant, then Landlord, at Its option, may terminate this lease and take possession of the premises or may take other such action or remedy, either at law or in equity, as it may have for a breach of this Lease under any applicable law. The failure of landlord to insist upon strict performance of any of the covenants and conditions of this Lease shall not be construed as waiver for future performance of any such covenants or conditions, but the same shall be and remain in full force and effect. Likewise, if Landlord defaults in the performance of any condition of this lease for which the Landlord is responsible thirty (30) days after Tenant gives written notice to Landlord to correct the same, then Tenant may terminate this lease without further notice.

5. COVENANTS BY TENANT

Tenant further covenants and agrees as follows:

- (a) That it will not sublet or transfer the use or possession of said premises, or any part thereof, to any person or persons whomsoever without the prior consent in writing of Landlord;
- (b) That it will carefully and economically occupy and use said demised premises and will forthwith, at its own expense, be responsible for all maintenance and repairs to said demised premises, except for repairs of a structural nature for which Tenant is not responsible hereunder and for permanent fixtures, defined to include those fixtures which cannot be readily removed and relocated for use by the Tenant, including permanent light fixtures, HVAC, plumbing, pipes, sprinkler systems, etc. Tenant will be responsible for all damages that may happen or accrue to said premises or any part

thereof during the term of this Lease, excepting reasonable wear and use, damages by accidental fire not due to negligence of Tenant, and damages by the elements alone.

- (c) During the term of the lease the Tenant shall maintain all of the normal insurance coverage through State of Kentucky certified self-insurance program. Proof of self-insurance certification shall be provided upon request.
- (d) That it will be the responsibility for and make payments of all utility charges incurred by it in connection with its use and occupancy of the demised premises to include, without being limited to, all charges for electricity, gas, telephone, water, sewer, sprinkler system water and garbage services;
- (e) That the Landlord or its agents may, at reasonable times, enter upon the demised premises to examine the condition of the same to insure that the provisions of this Lease are being complied with on Tenant's part;
- (f) That premises shall be used only as and for the purpose of housing a construction & maintenance operation with offices, and the premises shall not be occupied by any other persons than LFUCG.

6. COVENANTS BY LANDLORD

Landlord covenants and agrees as follows:

- (a) That it will make payment of all ad valorem taxes assessed and levied against the demised premises and will provide such fire and extended coverage insurance on said premises as required by law. FRM Lawson LLC shall carry, at its cost throughout the term of this lease and annually for any extensions thereof, fire and casualty and any other insurances as required by law. Landlord shall, at a minimum, maintain liability limits in an amount not less than \$1,000,000.00 per occurrence with an aggregate of not less than \$2,000,000.00.
- (b) That it will be responsible for and make a payment of all maintenance and repairs to the demised premises of a structural nature for which Tenant is not responsible hereunder. Landlord will maintain and repair all permanent fixtures on the premises, defined as those fixtures which cannot be readily removed and relocated for use by Tenant, including permanent light fixtures, HVAC, plumbing, pipes, sprinkler systems, etc.

7. DESTRUCTION BY FIRE OR ELEMENTS

If the demised premises or the building containing the demised premises shall be damaged by fire or other casualty attributable to the elements, within thirty (30) days of such damage, the Landlord or Tenant may elect to terminate this Lease as of such damage and have no further liability to

the other by giving notice in writing of such termination. In the event of such damage, if the Landlord or Tenant does not terminate the Lease, Landlord shall restore the demised premises or so much of the building containing the demised premises as may be necessary for the use of the demised premises within a reasonable period of time. In the event of restoration as provided above, it shall be at the cost of the Landlord, and the rent or a just and proportionate portion thereof shall be abated until such restoration is complete unless said damage was caused by the acts or neglect of Tenant or servants, agents, employees, licensees, or invitees of Tenant, in which later event there shall be no abatement of rent and the Landlord shall be fully reimbursed by the Tenant for such restoration.

8. FIT UP AND LEASEHOLD IMPROVEMENTS

Tenant agrees that all fit-up improvements and/or renovations to the property shall be made at the Tenant's expense. The Tenant shall not hold the Landlord liable for any expense incurred therein. Tenant further agrees that written permission must be granted from the Landlord prior to any Leasehold improvements and/or renovations. Tenant also understands that any leasehold improvements and/or renovations made to the property that can be readily removed and relocated shall remain the property of the Tenant whereas other improvements (restroom facilities for example) shall become the property of the landlord and that changes without prior written consent from the landlord may be subject to returning that change to its original condition at the expense of the Tenant. Landlord agrees that improvements, if any, made to interior wall section dividers shall be at the expense of the Tenant, however, costs to reconstruct walls upon vacation of the premises shall be at the Landlord's expense.

9. SURRENDER OF DEMISED PREMISES BY TENANT

In the event the option to renew that is provided herein is not exercised by Tenant, upon the expiration of the term of this Lease, or other termination hereof as hereinabove provided, Tenant shall forthwith surrender possession of the demised premises to Landlord in a clean condition and in as good a state and condition as presently exists, ordinary wear and tear and damage by the elements alone expected. In the event that Tenant vacates or abandons the demised premises prior to surrendering the same in the condition acceptable to Landlord, Tenant shall be responsible for all costs to making the property in the same condition as it was taken possession of and for legal costs necessary by Landlord for legal action against Tenant.

10. NOTICES

All notices required under this Lease Agreement shall be given by certified mail. Notices to Landlord shall be addressed to:

FRM Lawson LLC
627 Raintree Road
Lexington, KY 40502

Notices required to be sent to Tenant shall be addressed to:

Division of Water Quality
Attn: Deputy Director – Administrative Services
125 Lisle Industrial Avenue, Suite 180
Lexington, KY 40511

Landlord may from time to time change its address by notifying Tenant of such changes in writing.

11. EXPENSES ON DEFAULT

Tenant shall pay and indemnify landlord against all legal costs and charges, including attorney's fees, lawfully and reasonably incurred in obtaining possession of the demised premises after a default of Tenant or after Tenant's default in surrendering possession upon the expiration or earlier termination of the term of this Lease or in enforcing any covenant of Tenant herein contained.

12. GOVERNING LAW

This lease shall be governed by, construed under, and enforced in accordance with the laws of the State of Kentucky.

13. BINDING EFFECT

The covenants, terms, conditions, provisions and undertakings in this Lease Agreement shall extend to and be binding upon heirs, executors, administrators, successors and assigns of the respective parties hereto as if they were in every case named and expressed and shall be construed as covenants running the land. Wherever reference is made to either of the parties hereto, it shall be held to include and apply also to the heirs, executors, administrators, successors and assigns of such party.

14. ENTIRE AGREEMENT

This Lease Agreement, together with any written agreements which shall have been executed simultaneously herewith and referred to herein, contains the entire agreement and understandings, terms, conditions, and neither party has relied upon any representations, expressed or implied,

not contained in this lease Agreement or the simultaneous writings heretofore referred to. All prior understandings, terms or conditions are deemed merged in this Lease Agreement. This Lease Agreement cannot be changed or supplemented orally.

15. SEVERABILITY

If any provision of this Lease Agreement shall be declared invalid or unenforceable, the remainder of the Lease shall continue in full force and effect.

16. TERMINATION

After the expiration of the initial lease term, either party may terminate any lease extension at any time, without penalty, upon ninety (90) days prior written notice to the other party.

IN WITNESS WHEREOF, Landlord and Tenant have respectively signed and sealed this document, in duplicate, and the date hereinabove contained is the date of the execution by the last of the parties hereto to execute the same.

IN THE PRESENCE OF:

**LANDLORD
FRM LAWSON LLC.**

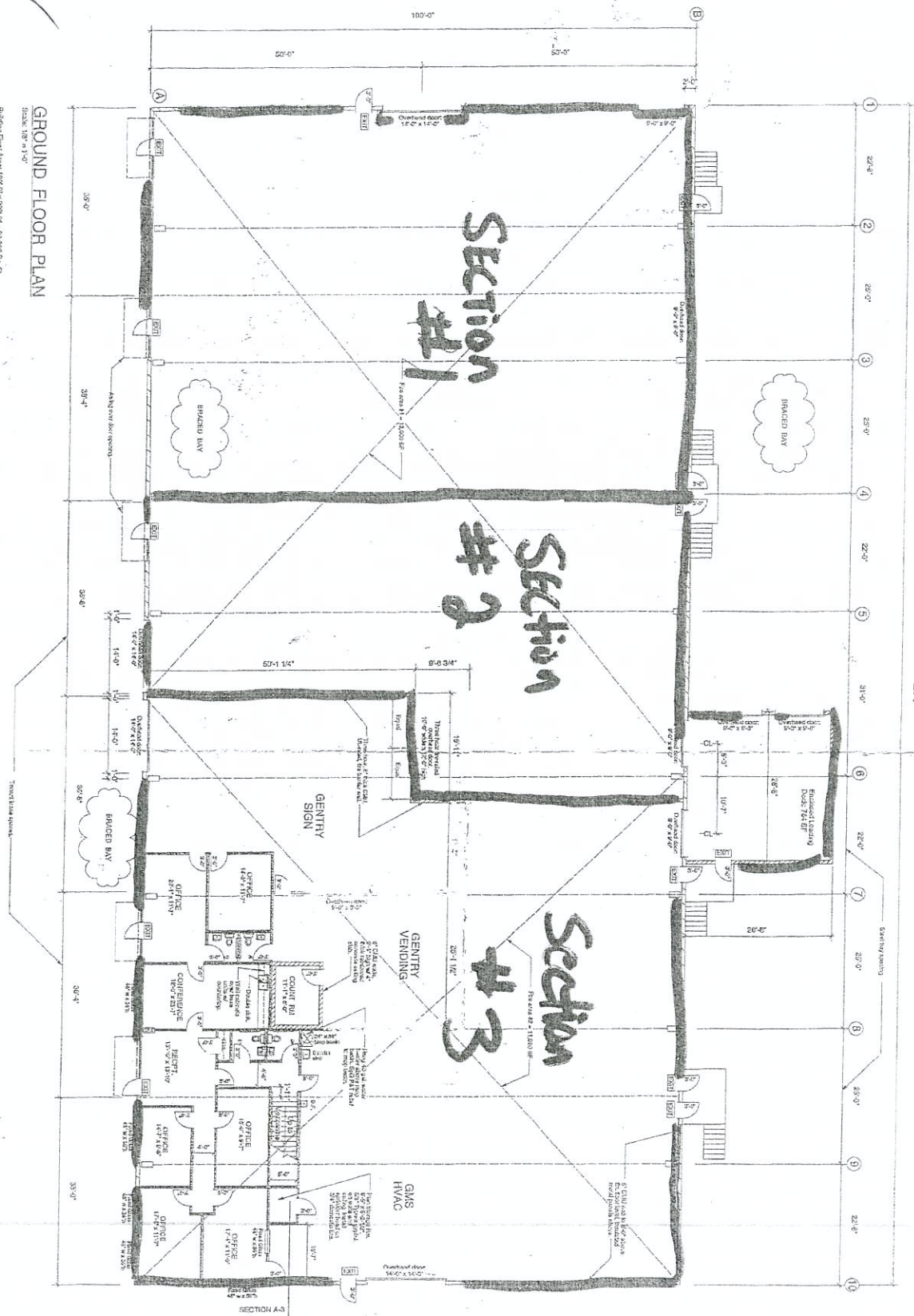
FRED LAWSON

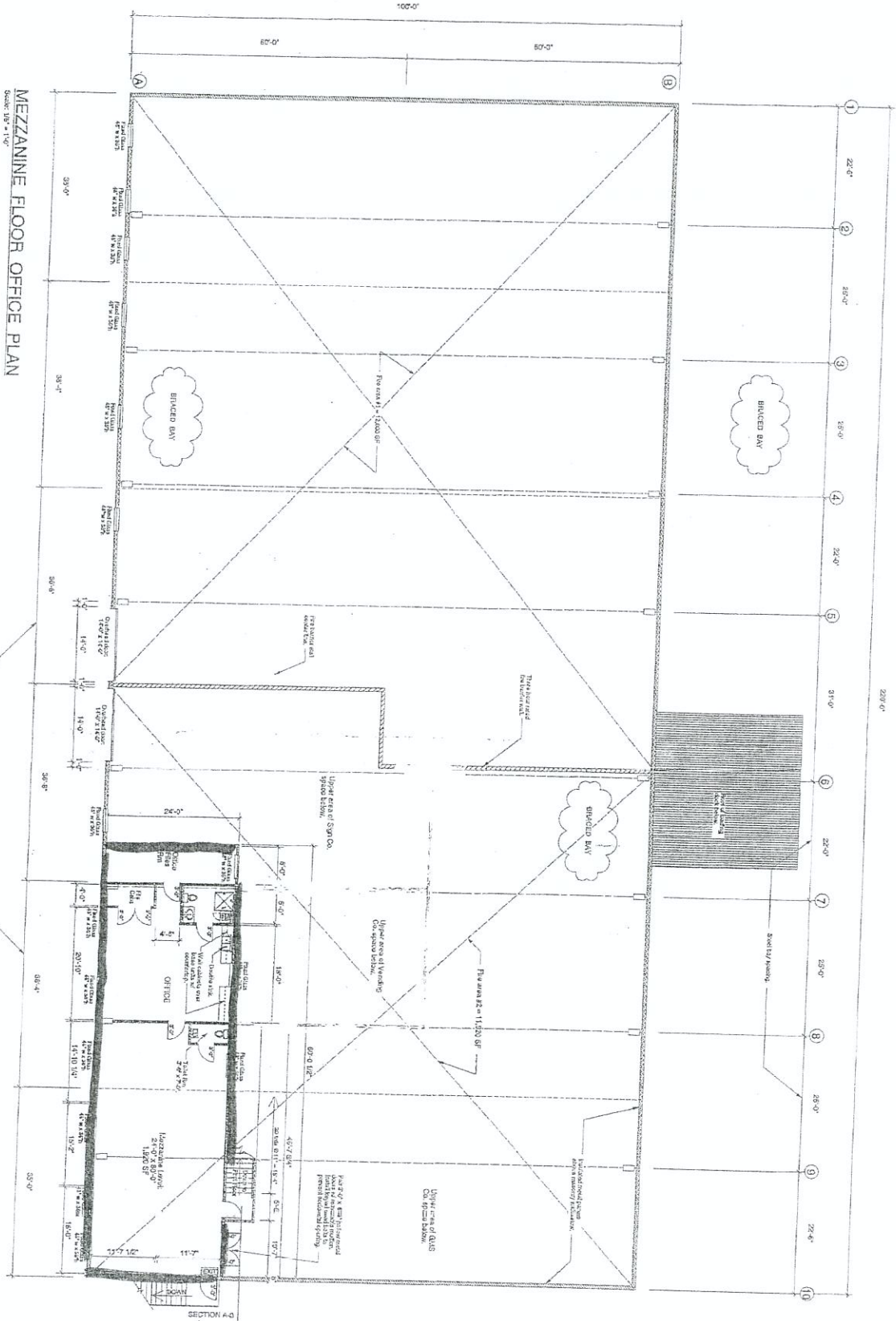
LFUCG

MAYOR JIM GRAY

Section #1
7250 sq ft
Section #2
4700 sq ft
Section #3
12914 sq ft

GROUND FLOOR PLAN
Scale: 1/8" = 1'-0"
Building Foot Area: 1927' x 220' = 42,500 Sq. Ft.
Total Building Area: 26' x 220' = 5,720 Sq. Ft.





Upper Level Office Space
with Section # 3