

LEASE AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, _____ by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, whose address is 200 East Main Street, Lexington, Kentucky 40507, (the "Owner"), **FRIENDS OF GRATZ PARK RECOVERY GROUPS, INC.**, whose address is 1160 Red Stone Drive, Lexington, KY 40509, (the "Tenant").

WITNESSETH:

1. PREMISES. The leased premises, hereinafter called the "Premises", are identified and described as follows: approximately 3,160 total square feet of space (1,580 square feet of office or meeting space located on the first floor of the building and 1,580 square feet of mechanical and storage space in the basement) in the building known as "Kitchen at Gratz Park" located at 253 Market Street in Lexington, Kentucky, and more specifically identified on Exhibit A of this Agreement.
2. USE. The Premises shall be used by Tenant for general office or meeting space and shall not be used for any other purpose without the prior written consent of Owner. Tenant shall not use the Premises in any manner constituting a violation of any ordinance, statute, regulation, or order of any governmental authority. Tenant shall use the Premises in a safe, careful, proper, and lawful manner and shall keep and maintain the Premises in accordance with the scope of work and timing of the same reflected in this Lease Agreement. Tenant shall not commit, or allow to be committed, any act of waste, in or about the Premises or the Building. Tenant shall not create, maintain, or permit any nuisance in the Premises or the Building, or permit any objectionable or offensive noise or odors to be emitted from the Premises. If Tenant uses the Premises in any manner which would invalidate any policy of insurance now or hereafter carried on the Building or increase the rate of premiums payable on any such insurance policy, Owner may, at its option, require Tenant to discontinue such use or to reimburse Owner as additional rent for any increase in premiums attributable to the use being made by the Tenant. Tenant accepts the Premises in their current condition, and understands and agrees that Owner shall have no duty to maintain, repair, or improve the Premises during the term of this Lease, and further waives any right Tenant may have to demand that Owner maintain, repair, or improve the Premises. Tenant shall use the Premises in accordance with the Response For Proposal (RFP), attached as Exhibit B. The request for any changes to facility's operation (use, operating times, days of operation, etc.) must be submitted in writing to LFUCG a minimum of thirty (30) days in advance for review, and may be approved or denied in LFUCG's discretion.
3. TERM.
 - 3A. The initial term of this Agreement shall be for a period of twenty (20) year, beginning on September 1, 2017, and ending August 31, 2037.

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Owner _____
Tenant FEU

3B. At the expiration of the initial term of this Agreement, the Agreement will automatically renew for two (2) subsequent terms of ten (10) year each, unless terminated earlier as allowed herein. 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 submitting a written request to Owner ninety (90) days prior to the expiration of the initial or an extension term. Owner will respond to request for an extension of the lease within thirty (30) days of receipt of the Tenant's request.

4. RENT. Tenant agrees to fully perform all maintenance, repairs, and refurbishments listed in its Response to RFP, attached as Exhibit B, and to pay the Owner annual rent of \$1.00 for use of the Premises. The rental payment shall be made at the Owner's notice address in paragraph 25 upon execution of this Agreement. Future payments shall be made on the following basis: Annually
 Quarterly

5. TYPE LEASE. This is a triple net lease wherein all expenses associated with the operation of the building, including cost for utilities, maintenance and repair, housekeeping, preservation, environmental testing and associated remediation (if any), CIP, and all other building expenses shall be the sole responsibility of the Tenant. The Tenant accepts the building "as is" condition and hereby assumes all responsibility for its upkeep and repair.

6. SECURITY DEPOSIT. Tenant shall pay a Security Deposit, equal to zero (0) month's rent to Owner upon the full execution of the Agreement. The security deposit is refundable by Owner to Tenant at the expiration of the lease term or any extension thereof, and surrender of the Premises subject to the Tenant's performance of its duties and obligations under the terms of the Agreement.

Upon the expiration or earlier termination of this Lease, Tenant shall immediately surrender the Premises to Owner in broom clean condition and in good order, condition, and repair, except for ordinary wear and tear and damage which Tenant is not obligated to repair, failing which Owner may restore the Premises to such conditions at Tenant's expense.

7. TAXES AND FEES. Tenant agrees to pay all applicable taxes and assessments that may be against the Premises during the term of the Lease.

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

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Owner _____
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9. INSPECTIONS. Owner shall have the right to enter the Premises at any time with 24 hour notification, or without advance notice in case of emergency for the purpose of examining the same or to make any alterations or repairs to the Premises that Owner deems necessary. Each year of the Lease, by no later than July 15th, Tenant shall provide an annual report to the Department of General Services and the Division of Historic Preservation, describing to Owner's satisfaction the status of all improvements to the Premises that are in progress, have been completed, or are proposed to begin the following year.

10. ALTERATIONS TO THE PREMISES AND FIT-UP COSTS. Before any physical improvements or changes to the Premises may be made by Tenant, including painting, Tenant shall obtain prior written approval for such changes from Owner, which approval may be withheld. Any and all improvements once installed, affixed or located in or on the Premises shall be and remain on the Premises and belong to Owner as further consideration of this Agreement. All inventory, furnishings, fixtures and other equipment (not permanently attached to the Premises) may be removed by Tenant upon termination of the Agreement, at Tenant's sole expense, provided such removal does not damage the Premises. Tenant shall ensure that all improvements, modification, and alterations to the Premises are performed in accordance with all applicable law, including Lexington-Fayette Urban County zoning regulations. Tenant understands that the Property is located in a local historic district, commonly known as "H-1 Overlay", and is therefore subject to additional zoning regulation, with which Tenant must fully comply. Tenant understands that Owner's approval of any improvements, modifications, or alteration is given solely in its capacity as landlord, and that such approval in no way relieves Tenant of ensuring that it has complied with all applicable law.

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

11. MAINTENANCE AND USAGE OF THE PREMISES.

- a. Tenant shall, at its own expense, keep the premises in good order, condition, and state of repair at all times during the lease term. In addition to all capital improvements required by Exhibit B, Tenant shall be responsible for all maintenance, repair, and housekeeping the premises may require. Should Tenant fail to maintain the premises in proper repair and neat and orderly condition, Owner may issue Tenant a notice of violation, listing the repairs, maintenance, and housekeeping necessary to bring Tenant into compliance with its duties hereunder. Should Tenant fail to correct all violations provided in the notice within fourteen (14) days of the date on which the notice is sent, such failure shall constitute an event of breach, granting Owner the right to immediately terminate the lease. In addition to the foregoing remedy, Owner may perform such maintenance, repairs, and

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housekeeping at its own expense, with a right to be reimbursed by Tenant at the full cost of such maintenance, repairs, and housekeeping, plus 12% interest per annum from the date of repair until payment is made.

- b. Excepted from Owner's obligation to repair are any repairs made necessary by reason of damage due to fire or other casualty loss covered by standard fire and extended coverage insurance.
- c. Tenant shall use common areas, if there are any, in such manner so as not to interfere with the use of common areas by other occupants of the building.
- d. Tenant shall reimburse Owner for any fines, penalties and costs and all liability for violation or non-compliance with any requirements related to the Premises imposed as a result of Tenant's failure to repair.

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

- e. With the exception of service animals, dogs and other animals are not permitted on the Premises.
- f. Tenant shall secure, post, and enforce occupancy requirements as determined by proper authorities.
- g. Tenant shall create a designated smoking area outside the building and place smoking receptacles and benches in the area for use by their guests. Tenant shall be responsible for informing all guests that smoking is permitted only in the designated area, that smoking within the premises is prohibited, and for strictly enforcing these rules. Tenant shall police the area and vicinity, emptying receptacles and disposing of trash daily.
- h. Owner shall be responsible for mowing and landscaping of the premises.

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

13. PARKING. Tenant shall direct all Tenant employees to park only in those spaces that may be assigned in writing to Tenant by Owner.

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14. INDEMNIFICATION AND INSURANCE.

- a. Indemnification - Tenant agrees to indemnify, defend and hold harmless Owner and its agents, officials and employees, from any and all claims, liabilities, loss, damages, actions of whatever kind or expense including defense costs and attorney fees that are in anyway incidental or connected with or that arise or alleged to have arisen, directly or indirectly in whole or in part from Tenant's or its invitees' use of the Premises. Owner shall not be liable for any loss or damage to persons or property of the Tenant or others located in the Premises or the loss of or the damage to any property of Tenant or others by theft or otherwise from the Premises. Owner shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling material, steam, gas, electricity, water, rain, snow, leaks from any part of the Premises, pipes, appliances or plumbing works, or any other cause of any nature, except to the extent such injury or damage results from a negligent or willful act or failure to act of the Owner. Any property of Tenant kept for storage at the Premises shall be so kept or stored at the exclusive risk of Tenant.
- b. Insurance –Tenant shall procure and maintain, at its cost, throughout the term of this Agreement, and annually for any extension thereof, commercial general liability insurance, including premises and operations liability, broad form contractual coverage, and fire legal liability for said Premises, and any other appropriate insurance, deemed proper and necessary for its use and occupation of the Premises. Liability limits should be in an amount not less than \$1,000,000.00 per occurrence with an aggregate of not less than \$2,000,000.00. Said insurance company shall be authorized to do business in the Commonwealth of Kentucky, with a Best's Key Rating of no less than Excellent (A or A-) and a financial size category of no less than VIII, and must include the provision that "it is agreed and understood that the Lexington-Fayette Urban County Government, its agents, employees, officers and elected officials, as their interests may appear, are additional insured, under the provisions of this Agreement." Tenant shall furnish to the Owner's Division of Risk Management a certificate of insurance and make available for inspection a copy of the policy.

Any Tenant improvements to the Premises must be approved in writing by Owner prior to construction. Upon completion of construction, Tenant must provide copies of all required governmental approvals and permits, a copy of the certificate of occupancy, and original copies of full lien waivers from all contractors and materialmen. Such

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documents must be delivered by Tenant to Owner prior to Tenant occupying the Premises.

- c. Other requirements –Tenant shall require that all contractors/ vendors used by Tenant for fit-up improvements and betterments of the space during occupancy shall be pre-approved by Owner's Division of Building Maintenance and Construction in conjunction with the Division of Historic Preservation. Furthermore, Tenant shall comply with Owner's risk management provisions and shall provide Owner with copies of certificates of insurance and/or any contracts entered into relating to the above, prior to commencement of work.
15. 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. Owner may perform ongoing evaluations to determine whether the Premises are being used by Tenant as stipulated in this Agreement. If Tenant does not utilize the Premises in accordance with the use specified in Paragraph 2 of this Agreement, Tenant upon written notice from Owner shall immediately vacate the Premises and this Agreement will be terminated and of no further force and effort.
16. SIGNAGE. Tenant will be allowed to place, at its sole expense, its name or sign on its Premises in the building, provided such signage complies with the applicable guidelines as set forth by Owner and applicable local sign ordinances and H-1 Local Historic District regulations.
17. SUBLEASE. If Tenant wishes to sublet any part of the Premises, it may submit a request for permission to sublet, in writing, to Owner at least ninety (90) days in advance of the date on which the proposed sublease would take effect. Owner may grant or deny the request in its absolute discretion.
18. PROPERTY ON PREMISES IS RESPONSIBILITY OF TENANT. All personal property kept upon the Premises shall be at the sole risk and responsibility of Tenant. This shall include property of contractors/ vendors engaged by Tenant to perform fit-up or conduct other maintenance or improvement activities throughout the term of this Agreement.
19. DESTRUCTION OF PREMISES. If the Premises should be destroyed or damaged by fire or other casualty covered by the Owner's policy of fire and extended coverage insurance, Owner may, at its sole option and expense, elect to make repairs or restore the building and Premises or to cancel this Agreement instead of making the necessary repairs. If the Premises are damaged to such extent that repairs or restoration cannot be effected within one hundred twenty (120) days, either party shall have the right to cancel this Agreement by giving the other party such notice in writing within thirty (30) days from the date such damage occurred. In the event of partial destruction or damage whereby Tenant

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shall be deprived of the use or occupancy of only a portion of the Premises, then minimum rent shall be equitably apportioned according to the area of the Premises which is usable by Tenant until such time as the Premises are repaired or restored. Owner is not obligated to commence repair or reconstruct the Premises until after it receives the proceeds of insurance in connection with such partial loss. Should the destruction or damage be of such extent that the Premises are entirely uninhabitable, the Agreement shall automatically terminate.

20. HAZARDOUS MATERIALS. Tenant will not discharge, release, dispose of, store, or deposit on the Premises any waste, including any pollutants or hazardous materials ("Hazardous Materials"), in violation of any federal, state or local law or regulation. Any Hazardous Materials generated by Tenant will be removed from the Premises at Tenant's expense in the manner required by law and disposed of in compliance with federal, state and local laws and regulations. If at any time Tenant fails to comply with the terms of this section, Owner may remedy such default and Tenant must fully reimburse Owner for any cost or expense it incurs within ten (10) days of written notification from Owner.
21. QUIET ENJOYMENT. Owner hereby covenants and agrees that if Tenant performs all the covenants and agreements herein stipulated to be performed on Tenant's part, Tenant shall at all times during the Lease term and any extensions or renewals thereof have the peaceable and quiet enjoyment and possession of the Premises without any manner of, or hindrance from, Owner or any person or persons lawfully claiming the Premises.
22. VACATION OF PREMISES. Tenant shall deliver up and surrender to Owner possession of the Premises upon the expiration or termination of the Agreement in as good a condition and repair as the Premises were at the commencement of the Agreement (the elements, ordinary wear and deterioration accepted).
23. DEFAULT AND REMEDIES
- a. If Tenant shall abandon the Premises, or fail to pay any installment of rent or additional rent when due or fail to pay any costs or expenses provided for in this Agreement when said payments are due, or fail to perform any of its other obligations under the terms, conditions, and covenants of the Agreement, then Tenant shall be in default and breach of the Agreement.
 - b. In the event of a default and the continuance of such default ten (10) days after written notice thereof is given by Owner to Tenant, in addition to Owner's rights and remedies allowed by law, Owner may, without further notice to or demand upon Tenant, apply the security deposit or re-enter the Premises and cure any default of Tenant. Tenant shall reimburse Owner in curing such default, and Owner shall not be liable to Tenant for any loss or damage which Tenant may

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sustain by reason or Owner's actions. Further, in addition to any other rights and remedies allowed by law, Owner may terminate the Agreement as of the date of such default and Tenant shall immediately thereafter surrender the Premises to Owner. If Tenant shall not immediately surrender the Premises, Owner may reenter the Premises and dispossess Tenant or any other occupants of the Premises and remove their effects, without prejudice to any other remedy which Owner may have for possession or arrearages in rent.

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

24. MEMORANDUM OF LEASE. This Agreement, or a memorandum describing the Premises herein demised, stating the term of the Agreement, and referring to this document, may be recorded by either party.
25. NOTICES. Any notice or consent required to be given by or on behalf of either party upon the other shall be in writing and shall be given by hand delivery or U.S. Mail. If mailed, such notice shall be via certified mail, return receipt requested.

Notice shall be sent to the Owner at the following:

Lexington-Fayette Urban County Government
Attn: Commissioner of General Services
200 East Main Street
Lexington, KY 40507

Notice shall be sent to the Tenant at the following:

Friends of Gratz Park Recovery Groups, Inc.
Attn: Elizabeth Bancroft, President
1160 Red Stone Drive
Lexington, KY 40509

26. WAIVER. No waiver of any condition of legal right shall be implied by the failure of either party to declare forfeiture, or for any other reason, and no waiver of condition or covenant shall be valid unless it be in writing signed by party so

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waiving. The waiver of a breach by either party of any condition shall not excuse, or be claimed to excuse, a future breach of the same condition or covenant or any other condition or covenant.

27. EMINENT DOMAIN. In the event that the Premises or any part thereof shall be at any time after the execution of the Agreement are taken for public or quasi-public use, or condemned under eminent domain, Tenant shall not be entitled to claim or have paid to it any compensation or damages whatsoever for or on account of any loss, injury, damage or taking of any right, interest or estate of Tenant, and Tenant hereby relinquishes to Owner any rights to any such damages. Should all of the Premises be taken by eminent domain, then this Agreement shall be deemed terminated, and Tenant shall be entitled to no damages or any consideration by reason of such taking.
28. INTERPRETATION. If any clause, sentence, paragraph or part of the Agreement shall for any reason be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Agreement, but be confined in its operation to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment shall have been rendered, and in all other aspects this Agreement shall continue in full force and effect. The Agreement, having been negotiated in good faith between the parties with advice of their respective counsel, shall not be construed against one party or the other.
29. INTERPRETATION AS PARTNERSHIP PROHIBITED. It is understood and agreed that nothing herein contained shall be construed in any way to constitute a partnership between the parties.
30. NON-DISCRIMINATION. Tenant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, national origin or handicap and will state in all solicitations or advertisements for employees placed on behalf of Tenant that all qualified applicants will receive equal consideration for employment without regard to race, color, religion, sex, age, national origin or handicap.
31. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties with respect to Tenant's occupancy, use, and lease of the Premises, and there are no other promises or conditions in any other agreement either oral or written. The Agreement may be amended only in writing and only if such writing is signed by both parties. The parties acknowledge that any amendment to the Agreement must be approved by the Lexington-Fayette Urban County Council.
32. HOLDOVER. Should the Tenant hold over after termination of the Lease without a properly signed extension agreement, the Lease will become month-to-

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month subject to termination upon thirty (30) days written notice by either party. Monthly rent shall be one hundred fifty percent (150%) of the fair market value.

33. ATTORNEYS FEES. Should either party expend attorney's fees, and cost to enforce any provision of this Agreement, the prevailing party shall recover its attorney's fees and costs from the other party.
34. APPLICABLE LAW AND VENUE. This Agreement shall be governed by the laws of the Commonwealth of Kentucky and any action will be brought in a court of competent jurisdiction situated in Fayette County, Kentucky.
35. NO THIRD PARTY BENEFICIARIES. Nothing contained herein shall create any relationship, contractual or otherwise or any rights in favor of any third party.
36. SUCCESSORS AND ASSIGNS. This Agreement shall be binding on both parties and their successors and assigns.

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

The foregoing terms and conditions are accepted by the Owner this ____ day of _____, 20__.

OWNER:

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

BY: _____
Jim Gray, Mayor

The foregoing terms and conditions are accepted by the Tenant this ____ day of _____, 20__.

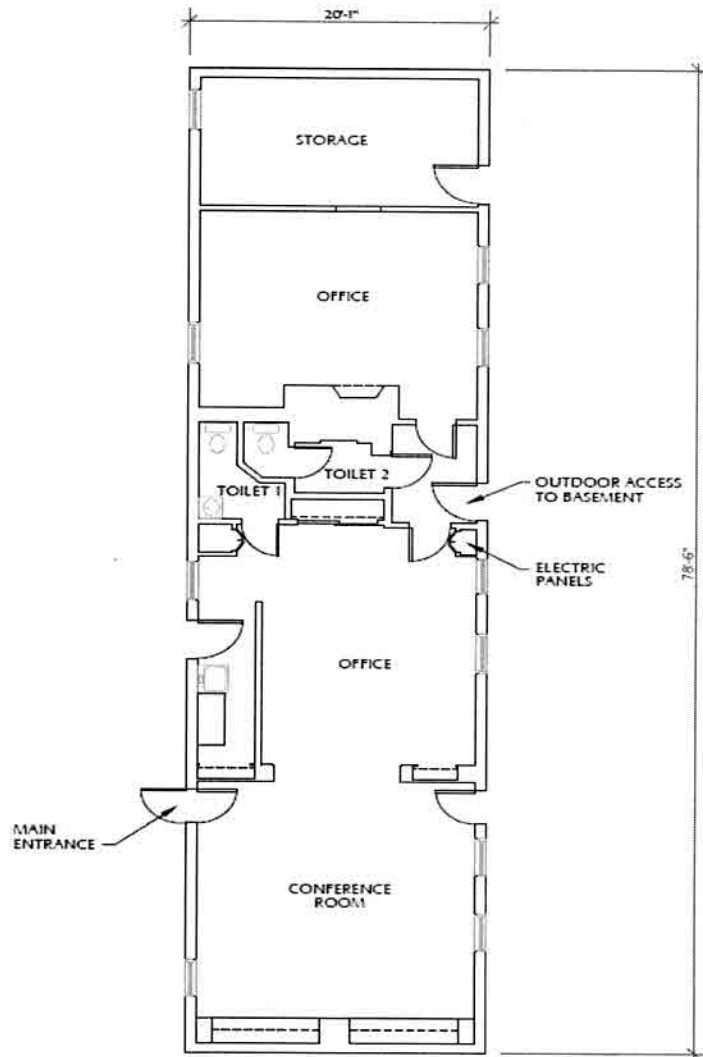
TENANT:

BY: Elm BA FOR FRIENDS OF
GRATE PARK RECOVERY
GROUPS

Its: PRESIDENT

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EXHIBIT A



Gratz Park Kitchen Building
ca. 1816
1,578 Gross Area

Tenant: _____
Premises: Kitchen at Gratz Park
Address: 250 Market Street
RSF: Approximately 3,160 total sf (**NOTE: 1,580 sf of office/meeting space and 1,580 sf of basement for utility & storage only**)
Initial lease term: 10 year/3 months with two (2) 10 year automatic renewals

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EXHIBIT B

Response to Request, For Proposal (Response to RFP)

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