

LEASE

THIS LEASE, made and entered into this ____ day of February, 2015, by and between WALKER PROPERTIES OF CENTRAL KENTUCKY, LLC, a Kentucky Limited Liability Company, 601 Lagonda Avenue, Lexington, Kentucky 40505, hereinafter “Lessor” and LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT, whose mailing address is 200 East Main Street, Lexington, Kentucky 40507, hereinafter “Lessee”.

WITNESSETH:

WHEREAS, Lessor owns certain real property with improvements thereon, known as 740 National Avenue, Lexington, Kentucky 40502 and,

WHEREAS, Lessee desires to lease the said property, consisting of approximately 9623 square feet (+/-), the leased portion being hereinafter described as the “Premises”, as set forth on Exhibit 1 attached hereto, on the terms contained herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto hereby agree that the Lessor, for and in consideration of the rents, terms, covenants and conditions hereinafter set out, does hereby let, lease and demise unto the Lessee and the Lessee does hereby take, lease and rent from the Lessor, the Premises.

ARTICLE I

TERM

1.1 Term. The term of the Lease shall be 1 year, commencing on the 1st day of July, 2015, expiring at midnight June 30th, 2016 (“Primary Term”), unless sooner terminated pursuant to the terms hereof.

ARTICLE II

RENT AND DEPOSIT

2.1 Rent Amount. The Lessee covenants and agrees to pay to the Lessor as annual rental for the Premises during the Primary Term the sum of Twenty-Six Thousand Two-Hundred Twenty-Five Dollars and .40/00 (\$26,225.40) payable in monthly installments of Two-Thousand One-Hundred Eighty-Five Dollars and .45/00 (\$2185.45) each, in advance, on the first of each

month for advance, on the first of each month. Rents to begin July 1st 2015, and payable at the offices of the Lessor herein or at such other place as the Lessor may designate.

2.2 Late Payments. IT IS UNDERSTOOD AND AGREED BY LESSEE THAT TIME IS OF THE ESSENCE IN THE PAYMENT OF MONTHLY RENTALS, AND SAME ARE DUE AND OWING ON THE FIRST DAY OF EACH MONTH. LATE PAYMENTS CONSTITUTE DEFAULT UNDER ARTICLE XII.

2.3 Deposit. Upon execution of the Lease, Lessee shall tender to Lessor a security deposit of Two-Thousand One-Hundred and NO/00 (\$2100.00) Dollars. The account in which the deposit is kept will be interest bearing and all interest will go to the Lessor for account maintenance and any other consideration deemed necessary by the Lessor.

ARTICLE III IMPROVEMENTS

3.1 Lessee acknowledges that at the time of the execution of this Lease, the Lessee has examined the Premises and accepts the building, improvements, common areas and equipment on or in the leased Premises in the existing condition.

PROVIDED FURTHER, HOWEVER, THAT SHOULD THE LESSOR AND LESSEE HAVE AGREED THAT LESSOR IS TO MAKE ANY OTHER IMPROVEMENTS, ALTERATIONS, ADDITIONS, CHANGES OF ANY KIND, OR SHOULD THERE BE ANY OTHER AGREEMENT OF ANY KIND BETWEEN LESSOR AND LESSEE CONCERNING THE PREMISES, THEN A COMPLETE LIST OF THESE ITEMS, OR AGREEMENTS OF REPRESENTATIONS SHALL BE SPECIFICALLY OUTLINED IN A MEMORANDUM, SIGNED BY BOTH THE LESSOR AND LESSEE AND ATTACHED TO THIS LEASE AND MADE A PART HEREOF AS EXHIBIT 2.

3.2 Improvements. Subject to 3.1 above, the Lessee, at its sole cost and expense, shall have the right to remodel and improve the Premises for use by the Lessee for the purposes hereinafter allowed; provided, however, that (a) the plans and specifications shall be first approved by the Lessor and the Lessee shall complete the remodeling and improvements in accordance with said plans and specifications; (b) Lessor may impose any such conditions and requirements on said changes, improvements and construction as Lessor may deem necessary to protect it and be in its best interest; and, (c) all such remodeling and improvements, when

completed and placed upon said Premises, shall as of said date immediately become the property of the Lessor.

3.3 Parking and Common Areas. Lessee, its employees, agents, invitees and licensees are hereby granted the right and privilege to use the parking area as are designated as such by the Lessor and as modified by Lessor from time to time. Lessee may mark such designated spaces on the pavement as approved by Lessor. Lessee agrees to abide by any and all reasonable rules and regulations governing the building of which the leased Premises are a part and the use of any of the designated common areas, including a use of the common area parking that will benefit and serve customers, guests and invitees of all of the Tenants of said Premises. Lessee further agrees to be liable and responsible for any damages or abuse to said Common Area facilities by its employees, agents, customers, invitees or licensees.

ARTICLE IV

MAINTENANCE AND REPAIR

4.1 Maintenance and Repair. Lessor shall at its expense provide all repairs and maintenance required to keep the Premises, including, without limitations, the roof, sub floor, exterior walls (including painting), bearing walls and other structural components of the Building, and complete replacements (as opposed to normal repair and maintenance) of any mechanical, primary electrical components (as opposed to secondary electrical components), plumbing fixtures, HVAC, doors, overhead doors and service elements serving the Premises, however, the Lessor shall not be required to make any repairs made necessary as a result of misuse or neglect by Lessee (or its employees or invitees). It shall be the obligation of the Lessee, at the Lessee's expense, to make all repairs and maintenance to the interior of Lessee's portion of said Premises, including plumbing, lighting, mechanical, electrical, heat and air-conditioning units, plate glass, doors, walls (including paint or wall coverings), ceilings, floor coverings, door locks, overhead doors and loading docks (including interior of said loading docks), and all other improvements on said Premises. Lessee shall at all times keep the Premises clean and in good maintenance and repair, and shall surrender the Premises at the expiration or termination of this Lease in the same condition as received, normal wear and tear excepted. Lessor at no time shall warrant clogged plumbing lines (except in the event of pipe collapse or faulty installation) or light bulbs. In the event of a clogged plumbing line, it shall be the

obligation of the Lessee to research or hire a professional plumber to find the cause of the clogged pipe (such as video or other methods) at the expense of the Lessee and make all necessary repairs at the expense of the Lessee. In the event the clogged pipe is found collapsed or installed improperly, it shall be the obligation of the Lessor to make any necessary repairs at the Lessor's expense.

4.2 Lessee specifically recognizes that in the event the demised Premises contain separate plumbing systems or separate HVAC systems, that the Lessee shall be responsible for obstructions in water closets or other drains, and shall further be responsible for the seasonal servicing of HVAC equipment and the quarterly changing of filters. Lessee shall be responsible and liable for any resulting damages to the Premises or equipment as a result of said failure to maintain.

ARTICLE V

USE OF PREMISES

5.1 Use of Premises. The Lessee shall have the right to use and occupy the Premises ONLY for office and storage and none other without Lessor's written consent. Lessee further agrees not to maintain any nuisances and to fully cooperate with the Lessor and neighboring tenants in the full utilization of the common areas, parking areas and the Premises generally to the benefit of all the tenants of said building or complex.

ARTICLE VI

COMPLIANCE WITH RULES AND REGULATIONS OF GOVERNMENTAL AGENCIES OR BOARD OF HEALTH

6.1 Compliance with Rules and Regulations of Governmental Agencies or Board of Health. During the entire time of this Lease, the Lessee will, at its own expense, be responsible for any changes, alterations, improvements, installations or operation that may be required to be performed upon the Premises by any order, rule or regulation of the Board of Health of the City of Lexington, or Fayette County, Kentucky, or any other governmental agency as a result of the Lessee's occupying said Premises.

ARTICLE VII

SIGNS

7.1 Signs. The Lessee will not erect any signs on the buildings, doors, windows, improvements, grounds or common areas herein leased and demised without the prior written consent of the Lessor, and such approval and consent shall be at the sole discretion of the Lessor. In the event such approval shall be given, such signage will be designed and installed so as to be compatible with the size of the buildings, other signage and all expenses and approvals shall be the responsibility of the Lessee.

ARTICLE VIII

EMINENT DOMAIN AND CONDEMNATION

8.1 Complete or Substantial Taking. If the whole Premises, or a substantial part of the buildings on the Premises shall be taken by eminent domain, or by agreement between the Lessor and the condemnor resulting from the threat of eminent domain, this Lease shall cease and terminate from the date of title vesting in the condemnor and the Lessee shall have no claim against the Lessor for the value of any unexpired term of this Lease, nor shall the Lessee be entitled to any share of the award to Lessor. Lessor agrees, however, that Lessee may proceed with or against condemnor and may pursue its own settlement of any damages or losses to Lessee as a result of said taking, so long as the award by condemnor shall in no way diminish or reduce the amount or method of the award and damages to the Lessor.

ARTICLE X

UTILITIES

10.1 Utilities. Lessee agrees to pay when due all charges for garbage, refuse, sewer, gas, electricity, lights, water, heat or power, water quality management fees, telephone or other communication services used, rendered or supplied upon, or in connection with the Premises throughout the term of the Lease.

ARTICLE XI

DESTRUCTION

11.1. Destruction. If, during the term of this Lease, the Premises shall be damaged by

fire or other cause, without the fault of the Lessee, its servants, employees, customers, agents, visitors or licensees, the damages shall be repaired by, and at the expense of, the Lessor; and the Lessor shall repair the Premises and put them in a tenantable state within a period of four (4) months. If the Lessor finds that it is unable to make such repairs within the four (4) month period, both the Lessor and the Lessee shall have the right to terminate this Lease at the expiration of said four (4) month period at their option. Should the Lessee not be able to occupy and utilize the Premises during said period of repair, then the monthly rentals and common area charges shall be abated until the Premises are restored and occupied, with the Lessor to be compensated through a “rent loss” rider to the casualty insurance coverage.

ARTICLE XII DEFAULTS

12.1 Default by Lessee. (a) If the Lessee shall not pay any monthly installment of rent within ten (10) days of its due date, without any written demand being required (provided, however, if Lessee shall be in default of its rent payment on more than three (3) occasions, such period shall be reduced to five (5) days); or (b) if Lessee shall fail to correct any other default within ten (10) days after written notice of such default; or (c) should the Lessee vacate the Premises (actually or effectively), then in any such event the Lessor may, at any time, if it elects to do so, terminate this Lease, re-enter upon the Premises and take possession thereof, with full right to sue for and collect all rents and other amounts for the payment of which the Lessee shall then be in default. The Lessor may, if it elects so to do, bring suit for the collection of rents and enforcement of the other provisions of this agreement, without entering into possession of the Premises or voiding or terminating this Lease. If this Lease is terminated, the Lessor is hereby given the right by Lessee to re-let the Premises as the agent of the Lessee, and in the event of re-entry by the Lessor, to receive the rents therefore, applying such rents first to the payment of such expenses as the Lessor may be put to in re-entering and re-letting said Premises (including commissions) and then to the payment of the rent due hereunder and the balance, if any, shall be the property of the Lessor as liquidated damages, but in the event the rent realized from such re-letting shall not be sufficient to pay the rents accruing hereunder, the Lessee shall continue to be liable for any deficiency during the remainder of the Lease term. The above remedies shall be cumulative and in addition to all other remedies available to the Lessor at law and in equity. Lessor may have the right to a Forcible Detainer and Writ of Possession for any default of this or

any other provision hereunder, including Article XIII.

12.2 Late Fee. If Lessee fails to pay any Monthly Rent or Additional Rent on the date they are due and payable, the unpaid amounts will be subject to a late payment charge equal to 10% of the unpaid amounts for the month in which such unpaid amounts are due, and 10% per month or portion of additional months such amounts remain unpaid. This late payment is intended to compensate the Lessor for its additional administrative costs resulting from Lessee's failure, and has been agreed upon by Lessor and Lessee, after negotiation, as a reasonable estimate of the additional administrative costs that will be incurred by Lessor as a result of Lessee's failure. The actual cost in each instance is extremely difficult, if not impossible to determine. This late payment will constitute liquidated damages and will be paid to Lessor together with such unpaid amounts. The payment of this late payment charge will not constitute a waiver by Lessor of any default by Lessee under this Lease.

In the event some or all of this late payment charge shall be held to be unenforceable, it shall not be considered a breach of the Lease by the Landlord, but shall be enforceable to the extent permitted by law.

12.3 Indemnification Upon Default. Upon any default by Lessee hereunder, Lessee shall be liable for and hereby agrees to pay any and all liabilities, losses, costs and expenses including attorneys' fees incurred by Lessor as a result of Lessee's default and in exercising Lessor's rights and remedies in connection with such default.

12.4 Default of Lessor. Lessor shall in no event be charged with default in the performance of any of its obligations under this Lease unless and until Lessor shall have received written notice from Lessee specifying wherein Lessor has failed to perform such obligation or remedy such default, and such default has not been cured after thirty (30) days (or such additional time as is reasonably required to correct any such default) from Lessor's receipt of such notice from Lessee.

12.5 Status of Lessor. Lessee agrees that Lessee shall look solely to Lessor's interests in and to the Premises, subject to prior rights of any mortgagee of the Premises, for collection of any judgment (or other judicial process) requiring payment of money by Lessor in the event of default or breach by Lessor of any of the covenants, terms or conditions of this Lease to be observed or performed by Lessor, and that no other assets of Lessor shall be subject to levy, execution or other process for satisfaction of Lessee's remedies. The term "Lessor" as used in

this Lease in relation to covenants, agreements and conditions to be observed and performed by Lessor, shall mean and include only the owner or owners from time-to-time of the Lessor's interest in this Lease and the Premises. In the event of any transfer or transfers of such interest (except a transfer for security), the Lessor named herein (or the transferor in the case of a subsequent transfer) shall, after the date of such transfer, be released from all personal liability for performance of any covenant, agreement and condition on the part of the Lessor which are thereafter to be performed hereunder. The transferee shall be deemed to have assumed (subject to the limitations of this paragraph) all of the covenants, agreements and conditions herein to be observed by Lessor with the result that such covenants, agreements and conditions shall bind the Landlord, its successors and assigns, only during and in respect of their respective successive periods of ownership.

ARTICLE XIII
CANCELLATION AND
SURRENDER OF THE PREMISES

- 13.1 The Lessor may cancel this Lease upon the happening of any of the following:
- (a) The Lessee, guarantors, any of them or any sublessee/sublessees hereunder, being adjudged a bankrupt, either voluntarily or involuntarily;
 - (b) Whenever the Lessee, guarantors or any of them, shall become insolvent, or execute an assignment for the benefit of their creditors;
 - (c) When said Premises are used in a manner in violation of statute, state administrative rulings, local and health ordinances, Urban County Ordinances and regulations;
 - (d) Whenever said Premises shall be, or through its use, becomes a nuisance, either public or private;
 - (e) Whenever an installment of rent is due and payable for a period of ten (10) days from the date upon which it is due;
 - (f) Whenever a lien has been filed against the land or building of which the Premises are a part; or
 - (g) Whenever the Premises are actually, effectively or constructively vacated.

In the event that the Lessor elects to cancel this Lease for the reasons aforesaid, the Lessee agrees that it will surrender and deliver up the said Premises upon ten (10) days written notice from the Lessor of the existence of any of the aforesaid facts.

ARTICLE XIV

ASSIGNMENT AND SUBLETTING

14.1 Assignment. The Lessee shall not assign this Lease or sublease the Premises in whole or in part, without the express written consent of the Lessor, which consent shall not be arbitrarily withheld. Any such assignment or subletting shall not relieve Lessee or Guarantor from liability for payment of rent or other sums herein provided or from the performance of any other obligations under this Lease.

ARTICLE XV

COVENANT OF QUIET ENJOYMENT

15.1 Covenants. Lessor covenants that the Lessee, on paying the rents and observing and keeping the covenants and stipulations of the Lease, shall lawfully, peaceably and quietly hold, occupy and enjoy said Premises during the term thereof, or any extension hereof, without hindrance or molestation.

ARTICLE XVI

CUMULATIVE REMEDIES OF LESSOR

16.1 The specified remedies to which the Lessor may resort under the terms hereof are cumulative and are not intended to be exclusive of any other remedies or means of redress to which the Lessor may be lawfully entitled in case of any breach by the Lessee of any provision or provisions of this Lease.

ARTICLE XVII

LIEN FOR RENT

17.1 Lien for Rent. It is further covenanted and agreed between the parties hereto that

the whole amount of the rent reserved and hereby agreed to be paid, and the amount of any and all other charges mentioned herein and all interest for which the Lessee is liable hereunder shall be over and above, and in addition to, any statutory or legal liens provided by law.

ARTICLE XVIII

LESSOR'S RIGHT TO ENTER UPON PREMISES

18.1 Lessor's Right to Enter Upon Premises. The Lessor and/or its agents shall have the right to enter upon and into said Premises, or any part thereof, at any and all reasonable times for the purpose of examining same or making repairs to this or any other portion of the building. The Lessee also agrees to permit the Lessor and/or its agents to show the Premises for the purposes of selling same, and to permit them to place notices or signs on the Premises offering the Premises for sale. Lessor shall also have the right to place notices or signs on the Premises offering the Premises for rent within the last six (6) months of the end of the term.

ARTICLE XIX

NOTICES

19.1 Notices. All notices required herein shall be by personal delivery, Certified or Registered Mail, to the addresses shown at the beginning of this Lease. Any notification of the change of addresses or their addresses shall be made in the same manner as sending notices herein.

ARTICLE XX

PREMISES TO BE VACATED AT END OF TERM; HOLD OVER TENANCY

20.1 Vacation of Premises. At the expiration of the term specified in this Lease, or any extension thereof, if extended pursuant to the terms of this Lease, the Lessee shall vacate the Premises and surrender the same to Lessor without further notice or demand from Lessor, and said Premises shall be in as good order and condition, reasonable wear and tear, damage from the elements, fire or act of God excepted. Lessee shall be responsible for any damages, extra charges, cleaning or repairs made necessary to the Premises as a result of furnishings and fixture removal, the remnants, trash or abandoned property of Lessee or any other extra item of expense to Lessor in restoring the Premises as a result of the business fixtures or activities of the Lessee.

20.2 Hold Over Tenancy. If, without the execution of a new lease or written extension and with or without the consent of Lessor, Lessee shall hold over after the expiration of the Lease Term of this Lease, Lessee shall be deemed to be occupying the Premises as a tenant from month-to-month, which tenancy may be terminated by either Lessor or Lessee upon thirty (30) days prior written notice to the other. During such tenancy, Lessee agrees to pay to Lessor one hundred fifty percent (150%) of the monthly installment of Base Rental which was payable in the month immediately preceding the month in which the expiration or termination occurs, and to be otherwise bound by all of the other terms, covenants and conditions as herein specified. If Lessee fails to surrender the Premises upon the termination of this Lease, in addition to any other liabilities to Lessor arising therefrom, Lessee shall indemnify and hold Lessor harmless from loss or liability resulting, directly or indirectly, from such failure, including any claims made by any succeeding tenant founded on such failure.

ARTICLE XXI

COVENANTS BINDING ON HEIRS AND ASSIGNS

21.1 Binding Agreement. All the covenants, agreements, terms, conditions, provisions and undertaking in this Lease, or any amendments hereto shall be enforceable by and be binding upon the respective heirs, executors, administrators, successors and assigns of the Lessee Guarantor and the Lessor.

ARTICLE XXII

SUBORDINATION

22.1 Subordination. Lessor shall have the right from time to time to maintain or to place a mortgage or mortgages on said Premises. It is agreed by Lessee that this Lease is and shall at all times be fully subordinated to any ground leases, master leases, and to any mortgage or mortgages, whether now existing or subsequently placed on said property. Further, this subordination provision is self-operative, and no further instrument of subordination need be executed by Lessee, but Lessee covenants and agrees to execute any instrument or instruments permitting a mortgage or mortgages to be placed on the Premises or any part thereof as security for any indebtedness, and subordinating this Lease to said mortgage or mortgages, if required so to do by Lessor or the lending agency.

ARTICLE XXIII
ESTOPPEL CERTIFICATE BY LESSEE

23.1 Estoppel Certificate by Lessee. The Lessee agrees, at any time and from time to time upon not less than five (5) business days prior written request by the Lessors, to execute, acknowledge and deliver to the Lessor a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications), and the dates to which the basic rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Article XXIII may be relied upon by any prospective purchaser of the fee or mortgagee or assignee of any mortgage upon the fee of the Premises.

ARTICLE XXV
APPLICABLE LAW

25.1 Applicable Law. This Lease shall be construed and enforced in accordance with the laws of the Commonwealth of Kentucky.

ARTICLE XXVI
ENTIRE UNDERSTANDING

26.1 Entire Understanding. This Lease and its Exhibits contains the entire understanding and agreement of the parties hereto, and no other understanding, undertaking, agreement, representation or warranty shall alter or modify this Lease or the terms hereof unless the same is in writing and duly executed by the parties hereto.

ARTICLE XXVII
MISCELLANEOUS

27.1 Waiver. The waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or of any other term, covenant or condition hereof.

27.2 Accord and Satisfaction. No payment by Lessee or receipt by Lessor of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter

accompanying any check or payment as rent be deemed an accord and satisfaction; and Lessors may accept such check or payment without prejudice to Lessor's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

27.3 Amendment. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor or Lessee unless reduced to writing and signed by them.

27.4 No Partnership. Lessor does not in any way for any purpose become a partner of Lessee in the conduct of its business or otherwise, or a joint venturer, or a member of a joint enterprise with Lessee.

27.5 Partial Invalidity. If any term, covenant or condition of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby; and such term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Lease as of the day and year first above written.

LESSOR:

WALKER PROPERTIES OF CENTRAL KY,
LLC,

BY: _____
Randy Walker, Owner

LESSEE:

LEXINGTON FAYETTE URBAN COUNTY
GOVERNMENT

BY: _____
Jim Gray, Mayor

STATE OF KENTUCKY
COUNTY OF FAYETTE

The foregoing Lease was acknowledged before me this _____ day of February, 2015, by Randy Walker, as owner of Walker Properties of Central Kentucky, LLC.

My Commission Expires: _____

Notary Public, Kentucky

STATE OF KENTUCKY
COUNTY OF FAYETTE

The foregoing Lease was acknowledged before me this ____ day of February, 2015, by Jim Gray, as Mayor of Lexington Kentucky.

My Commission Expires: _____

Notary Public, Kentucky