

LEASE

This Lease made and entered into this the First (1st) day of June, 2012 , by and between **T. WARFIELD KINKEAD** of 670 N. Tomahawk Trail, Vero Beach, Fl 32963 (LESSOR), and **LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT**, a Kentucky Urban County Government, (LESSEE), with principal office at 200 East Main Street, Lexington, KY 40507.

WITNESSETH: That the said LESSOR does hereby demise to LESSEE and LESSEE does hire from LESSOR the following premises:

Situated in the City of Lexington, County of Fayette, State of Kentucky the near complete first floor of LESSOR'S eastern two story building, having a frontage of 50', a depth of 170'- 6" and a rear dimension of 50'- 0" and containing 8,500 Sq. Ft. The Leased area shall be the north east corner containing **4,961 SQ. FT** fronting on Main Street and bordering the eastern main parking lot. This area does not include the area within 24" of the ceiling containing water, wiring, and waste pipes all known as 350 East Main Street, Lexington, KY 40507 (Leased Premises), being a part of a larger attached building all containing approximately 25,000 square feet (Building), constructed on a parcel of land (Land), said Building having an address at 342-356 East Main Street, Lexington, KY 40507, with parking areas, lawn areas, and driveways, as shown on Exhibit "A" attached and made a part hereof;

Together with all appurtenances, improvements and alterations thereto and with easements of ingress and egress necessary and adequate for the conduct of LESSEE'S business as defined herein, subject to the other covenants and conditions of this Lease;

NOW, THEREFORE, for and in consideration of the Leased Premises and of the promises and conditions herein contained, the parties hereto mutually covenant and agree as follows:

TERM: Thirty Six (36) months, beginning June 1, 2012 and shall terminate on May 31, 2015 without further notice or demand, unless earlier terminated or extended pursuant to the other provisions and conditions of this Lease.

Unless this Lease is otherwise terminated as provided for herein, either party shall have the right to cancel this Lease and be released from any and all further obligations hereunder at the end of any calendar month during the Term hereof by giving written notice to the other party at least ninety (90) days prior to the intended cancellation date. In addition to the Rent to be paid during the said ninety (90) day period, the party wishing to terminate this Lease pursuant to this Paragraph shall pay to the other party for such early cancellation, an amount equal to (i) twenty (20) percent of the then remaining base rent from such cancellation date through the Expiration Date of the then current Term of this Lease, or (ii) six (6) times one full

month's base rent immediately preceding the cancellation date, whichever is greater, together with said notice of cancellation. Provided each party satisfies its obligation under this Paragraph, this Lease and all other obligations and payments required of either party shall cease as of the date of such Lease cancellation, but such cancellation shall not relieve either party from liability or obligation accruing prior to the date of such cancellation.

TAXES: LESSOR shall pay all real property taxes applicable to the leased premises.

EARLY TERMINATION CLAUSE: In the event 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 LESSEE 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 LESSOR without delay and (90) days prior to the end of the LESSOR'S fiscal year when this option shall be exercised.

RENT: Lease rate shall be fixed for the first twelve (12) months at Twenty-five Hundred U.S. Dollars (**\$2,500.00**) per month commencing June 1, 2012 and payable through May 31, 2013. See Exhibit "B".

RENEWAL TERM OPTION: LESSOR agrees that LESSEE shall have the option of renewing this lease for **Two (2)** additional terms of **One (1) Year** each (the "Renewal Term"), with the first year of the Renewal Term commencing on **June 1, 2015** and the second and final year of the Renewal Term ending on **May 31, 2017**. The option to renew shall be exercised by written notice given by LESSEE to LESSOR a minimum of one hundred eighty (180) days prior to the expiration of the then existing Term. Each Renewal Term shall be upon the same terms and conditions of this lease, except the rental shall be increased by applying the change as listed in the Consumer Price Index for All Urban Services (CPI-U); South Region using the previous calendar year (Jan – Dec).

RENT COMMENCEMENT DATE: Due to the LESSEE expending large sums of moneys for their original "fit up" to accommodate their requirements and design of the Leased space, the first years rent is fixed as stated in the previous RENT section. Thereafter, the second and third year of the initial term shall be fixed for the remaining twenty-four (24) months at Four Thousand U.S. Dollars (**\$4,000.00**) per month payable starting June 1, 2013 through May 31, 2015.

HOLDING OVER: In the event LESSEE remains in possession of the Leased Premises after the expiration or earlier termination of this lease, LESSEE shall be deemed to hold over the Leased Premises as a LESSEE from month-to-month, and all of the terms and conditions and covenants of this lease shall be applicable during the holdover period. The monthly installments of rent payable during such holdover period shall be an amount

equal to one hundred and ten percent (110%) of the base or renewal rent payable at the time of such expiration or earlier termination. During any holdover period, either party may terminate the month-to-month tenancy by giving thirty (30) days prior written notice to the other.

LATE PAYMENT CHARGE: Any and all rent payments not received or postmarked by the 5th day of the month due are subject to a 5% or \$250.00 late payment charge, whichever is larger, payable to LESSOR.

SECURITY DEPOSIT: It is agreed that LESSEE shall pay to LESSOR a security deposit in the amount of Four Thousand U.S. (\$4,000.00) dollars at the signing of this Lease. This deposit shall be held as security by LESSOR and will allow LESSEE to perform fit-up prior to execution of the lease. LESSOR shall hold the security deposit until the first three months rent payment has been received. Should LESSEE default in the stated LESSOR requirements, the security deposit shall be forfeited.

Should all LESSEE'S obligations, as determined by LESSOR, be met, the remaining security deposit shall be returned without interest within ten (10) business days of the satisfaction of these agreed terms; otherwise, an amount necessary to cover LESSEE'S obligations shall be deducted and the remainder returned within fourteen (14) business days of the end of this Lease.

INSURANCE: LESSOR and LESSEES shall maintain the following policies of insurance:

- A. LESSOR agrees to carry fire and extended coverage in the amount of \$1,000,000.00 or more.
- B. LESSEE shall maintain commercial general liability insurance with a minimum of \$1,000,000.00 combined single limit for bodily injury and property damage naming the parties as their interest shall appear. LESSEE shall provide insurance on their leasehold improvements to the premises and to cover LESSEE'S contents, business, operations products, employees and other property or persons brought onto the premises.
- C. Such policies shall provide for not less than thirty (30) days notice of cancellation. Parties shall furnish when requested certificates evidencing such coverage.
- D. Waiver of subrogation: The insurance coverage, amounts, and limits required by this Lease are for the benefit and protection of both parties and are agreed to adequately and fully protect them. Accordingly, the parties waive any future claims either might assert against the other for any loses, damages or liabilities which are covered by such insurance and to the extent permitted by the insurance policies owned by either of them, each party waives for the other's benefit such rights of subrogation as their respective insurers might otherwise have against the other party.

24

CONSTRUCTION "FIT UP": LESSEE intends to contract a portion or all of the "FIT UP". Prolonged construction inconveniences, or cause to hamper the business of other tenants in the building (other than noise that may accompany this type of work) are not anticipated.

PARKING: LESSEE is granted the right to reserve five (5) parking spaces (#1; #2; #3; #30; & #31) on the east side parking lot adjoining the buildings known as 342-356 East Main Street. LESSEE does not request additional parking space at the time this lease agreement is executed, but reserves the option to secure additional spaces dedicated to 344 East Main (#12 through #19) at \$ 60.00 per month each, providing the spaces remain available. It is understood by both parties that these 8 spaces, or a portion thereof, cannot be reserved, or would be surrendered with a Sixty (60) day written notice to LESSEE by LESSOR, if and when the space located at 344 East Main Street is leased and these parking spaces are needed to accommodate the tenant.

UTILITIES: LESSOR will continue to pay all utilities for the first floor of both buildings with a Flat charge to LESSEE of \$375.00 a Month. LESSOR has requested that the monthly utility charge is paid by a check that is separate from the monthly rent payment.

USE AND OPERATION: LESSEE covenants that it shall use the Leased Premises solely for urban county government programs and related business and for no other purpose, without the prior written consent of LESSOR. Said consent shall not be unreasonably withheld. The provisions of this section shall not be construed to preclude LESSEE from operating its business on Sundays or holidays.

MAINTENANCE AND REPAIRS: LESSEE shall be responsible for all general maintenance and repairs to the interior of Leased Premises known as Preventative Maintenance (PM), such as filters, light bulbs, and such. LESSOR shall be responsible for all operational maintenance, repairs or replacements to the equipment systems, heat/AC, windows, door locks, etc. LESSEE agrees to have its windows washed at least twice a year and maintain the leased area in a clean and sanitary manner inside and out. The LESSOR shall maintain front sidewalk and entrance in a clean manner. It is recommended that LESSEE use small nails (size #6) and smaller for any wall hangings, and no double face tape, however LESSEE may use whatever is appropriate so long as it repairs any damage it causes. LESSOR shall be responsible for the building envelope, including the roof, and all exterior area, including snow and ice removal.

DESTRUCTION OR DAMAGE: If the Leased Premises are totally destroyed or damaged so that it is rendered untenable or unsuitable for LESSEES' use and occupancy, or if the building is condemned or declared unsafe by order of a government agency, LESSEE shall have the right to terminate this lease as of the date of damage or government order. Notwithstanding the foregoing if the damage to, or the condition of, the Leased Premises is such that LESSOR can and does restore the premises or comply

3/10

with any such government order within one hundred twenty (120) days after the date of damage or order, then this lease shall not terminate.

COMPLIANCE WITH THE LAW: LESSOR represents and warrants that the premises now do comply with all statutes, rules, orders, ordinances, regulations and requirements of the appropriate governmental entities. LESSEE agrees, at their own expense to promptly comply with the requirements of any legally constituted public authority made necessary by reason of a particular use of LESSEE of the premises as distinguished from general occupancy of the premises; otherwise, LESSOR agrees to promptly comply with any such requirement if not made necessary by reason of LESSEE'S occupancy and upgrade.

EMINENT DOMAIN: If the whole or any part of the demised premises shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall cease on the date of possession or surrender.

ASSIGNMENT OR SUBLEASE: LESSEE may not, without prior written consent of LESSOR, assign this lease or sublet the demised premises.

LESSOR'S RIGHT OF ENTRY: LESSOR and his agents shall have the right to enter the premises at reasonable times for the purpose of inspection, maintenance, repairs or for the purpose of showing the property. Any such entry shall be conducted at such times and in a manner that will reasonably avoid interference with LESSEE'S use of the premises. LESSEE shall at all times provide LESSOR with current keys and any alarm codes to access the property.

FIXTURES: All existing attached lighting fixtures, plumbing fixtures, heating, air and filtration systems (excluding those installed as part of the lab),kitchen cabinets, appliances and any bookcases, are the property of the LESSOR at the signing of the lease. All of these above items are to stay within the premises and may be used by and altered by LESSEE with LESSOR'S permission.

IMPROVEMENTS OR MODIFICATIONS: Any alterations to the Premises with a value of one thousand (\$1,000.00) dollars or more and any exterior changes, including signs, made by LESSEE shall be first approved in writing by LESSOR. If and when LESSEE makes alterations and additions to the Leased Property they shall make such alterations and additions at their own risk and cost, and in accordance with all applicable laws, and shall indemnify LESSOR, against all expenses, liens, claims, or damages to either persons or property or to the leased Premises, arising out of, or resulting from such alterations or additions. Copies of paid major contractor bills shall be sent to LESSOR.

INDEMNIFICATION: To the extent allowed by law, LESSEE shall indemnify and save harmless LESSOR against all claims for damages to persons or property arising out of or by reason of LESSEE'S use of or occupancy of the premises. The LESSEE shall not

(Handwritten initials)

be liable for willful conduct of the LESSOR. This is not deemed a waiver of sovereign immunity or any other third party defense available to LESSEE.

SURRENDER: LESSEE agree to surrender to LESSOR the possession of the Leased Premises upon the expiration of this Lease, or upon its termination as herein provided, in as good condition and repair as same shall be on the effective date of this Lease, minor wear and excepted.

AMENDMENTS: Any amendments, changes or modification of this Lease not appearing on the pages hereof and initialed by both parties shall be in writing signed by both parties and attached hereto.

CONSENT: All consent required by either party referred to in this Lease shall not be unreasonably withheld or delayed.

QUIET ENJOYMENT: LESSOR warrants to LESSEE that he has lawful ownership of the property and that LESSEE may peacefully, quietly hold and enjoy the premises for the term of this Lease.

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NOTICES AND PAYMENT OF RENT: All written notices required herein shall be addressed to the respective parties at the address set forth below or at such other address as may be designated by them in writing and noticed by registered mail, return receipt requested. Rent payments may be mailed to LESSOR at address set forth below.

T. Warfield Kinhead _____
670 North Tomahawk Trail _____
Vero Beach, Fl 32963
Ph/Fax: 772.234-8747 (Florida)
~~Ph/Fax: 970.925-1887 (Colorado)~~
Cell: 772.532-8061 (AT&T)

JKK

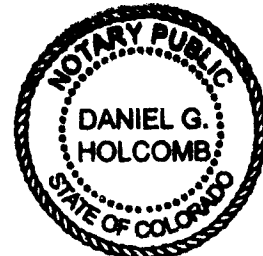
IN WITNESS WHEREOF LESSOR AND LESSEES HAVE EXECUTED THIS LEASE THE DATE AND YEAR FIRST ABOVE WRITTEN

LESSOR:
[Signature]
T. Warfield Kinhead

Subscribed, sworn to and acknowledged before me by T. Warfield Kinhead, as Owner and LESSOR, on this the 13 day of July, 2012.

My Commission Expires: 8-25-12

STATE OF Colorado
COUNTY OF: Pitkin



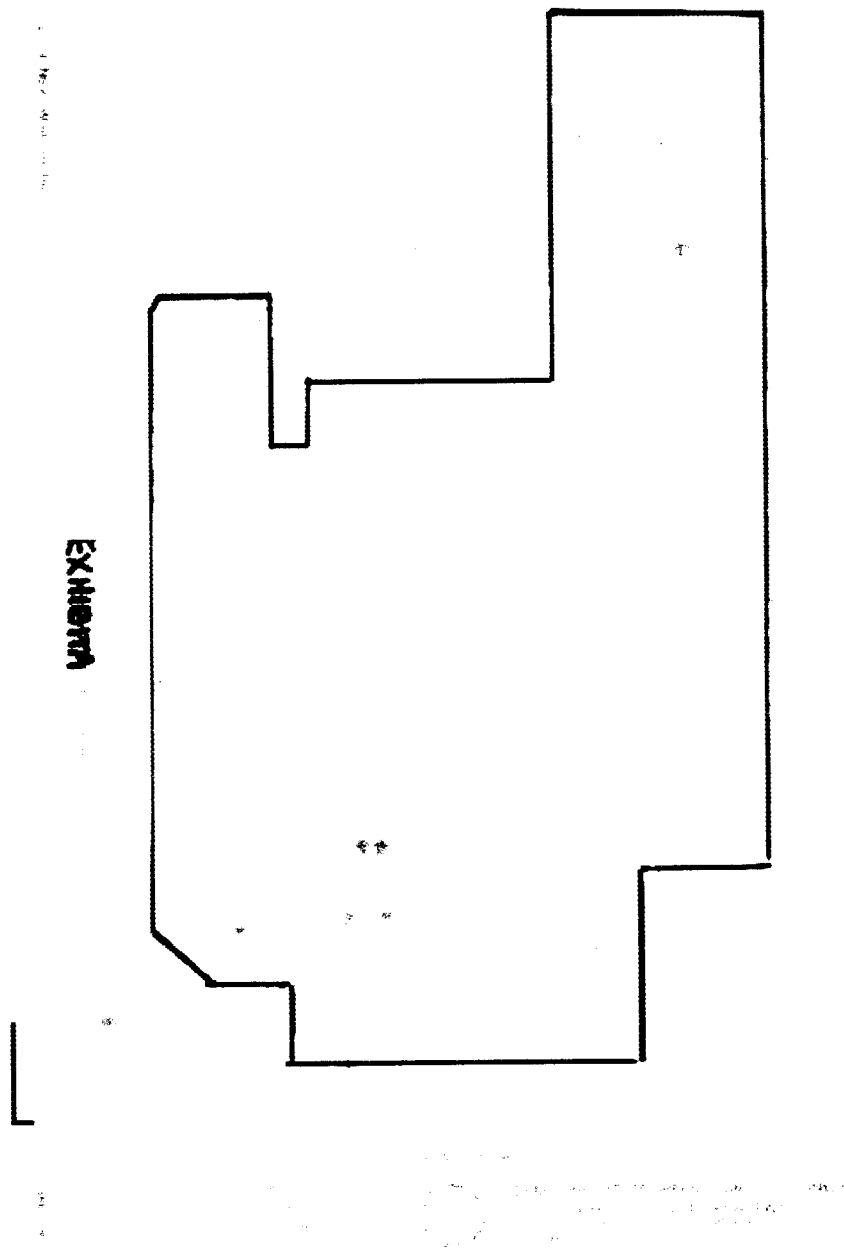
My Commission Expires 08/25/2012

LESSEE:
The Lexington-Fayette Urban County Government
C/O The Commissioner of General Services Office
200 East Main Street- Fourth Floor
Lexington, KY 40507
[Signature]
Jim Gray, Mayor

ATTEST:
BY: [Signature]
URBAN COUNTY COUNCIL CLERK

STATE OF Kentucky
COUNTY OF: Fayette

EXHIBIT A



244

EXHIBIT B

Start	End	Rent	Utilities	Total MO Due
June 1, 2012	May 31, 2013	\$2,500.00	\$375.00	\$2,875.00
June 1, 2013	May 31, 2014	\$4,000.00	\$375.00	\$4,375.00
June 1, 2014	May 31, 2015	\$4,000.00	\$375.00	\$4,375.00
June 1, 2015	May 31, 2016	TBD per Renewal Term Options	\$375.00	TBD
June 1, 2016	May 31, 2017	TBD per Renewal Term Options	\$375.00	TBD

*5 parking spaces are included in the monthly rent payment and \$60.00 per month shall be paid by LESSOR for each additional parking space (up to 8) that may be requested.