

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into on or as of the ____ day of _____, 2010 by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, 200 East Main Street, Lexington, Kentucky 40507 (“LFUCG”), Party of the First Part, and the **BLUEGRASS COMMUNITY HEALTH CENTER (BCHC)**, 151 N. Eagle Creek Drive, Suite 220, Lexington, Kentucky 40509.

W I T N E S S E T H:

1. **PREMISES.** BCHC shall have the right to use approximately 7,577 square feet (Health Clinic, “Area A” consisting of approximately 4,788 square feet currently occupied by BCHC and subject to an existing lease, and “Area B” consisting of approximately 2,789 square feet) of space in the building located at 1306 Versailles Road, Lexington, Fayette County, Kentucky, together with the improvements and fixtures presently located therein and attached thereto, together with access to unassigned common parking area for patient and employee use and such right-of-way as is necessary for ingress thereto and egress therefrom (said areas combined being hereinafter referred to as the “Premises”), for the purpose of BCHC’s activities as provided in paragraph 2.

2. **USE:** BCHC shall use the Premises for the purpose of providing healthcare and medical services as a Consolidated Health Center Program authorized by Section 330 of the Public Health Services Act.

3. **TERM:** There is presently a lease between the Parties for Area A of the Premises. The Parties understand and agree that this Lease amends the existing lease and that changes to the existing lease will be effective upon execution of this Lease. However, in order to set forth the Term of this Lease without changing the anniversary

Initials
Owner
Tenant

date of the existing lease, this Lease shall be effective for a period of fifteen (15) months from April 1, 2020 to June 30, 2021, and shall renew automatically thereafter for two (2) additional periods of one (1) year unless terminated as provided herein.

4. RENT: BCHC shall pay \$14.61 per square foot (includes sanitary sewer and storm water fees), annually for the Premises. Rent for Area B of the Premises shall be paid, on a pro-rated monthly basis, beginning at the time of execution hereof; base rent for Area A shall be paid, on a monthly basis, beginning April 1, 2020, while the portion of rent for utilities and maintenance shall be paid, on a pro-rated monthly basis, beginning at the time of execution hereof. Rent shall be increased at a rate of 2% per year beginning July 1, 2022, and each year thereafter for each yearly term of the lease.

5. TAXES AND FEES: BCHC agrees to pay all applicable taxes and assessments against its personal property, and any applicable permit, regulatory and/or license fees. BCHC is not responsible for any applicable real property taxes.

6. COMPLIANCE WITH ORDINANCES, STATUTES AND FEDERAL LAWS:
BCHC shall comply and cause its employees and agents to comply with all ordinances, statutes, and state and federal laws in connection with the use of the Premises and providing healthcare and medical services as a Consolidated Health Center Program authorized by Section 330 of the Public Health Service Act. If BCHC shall fail within seventy-two (72) hours, or the first business day after the seventy-two (72) hour period if that deadline falls on a weekend, legal holiday or other day LFUCG or BCHC is closed for business, after receipt of written notice of any violation by BCHC or its employees or agents of any ordinances, statutes, or state or federal laws, to cure such violation, such failure shall constitute a default.

7. INSPECTIONS: LFUCG shall have the right to inspect the Premises at any time during BCHC's normal hours of operation. LFUCG shall have free access to the Premises at all reasonable times for the purpose of examining the same, or to make any alterations or repairs to the Premises that LFUCG deems necessary for its safety or preservation.

8. ALTERATIONS TO THE PREMISES: Any physical improvements or changes in the status of the Premises, including painting, is to be done with the express prior written approval of LFUCG which shall not be unreasonably 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 LFUCG as further consideration of this Lease, provided however that all inventory, furnishings and other equipment installed and paid for by BCHC may be removed by BCHC upon termination of the Lease if such removal does not damage the Premises.

9. MAINTENANCE OF THE PREMISES:

a. LFUCG shall maintain the exterior of the Premises, including the roof, foundation, and structural portion of the Premises, and the exterior doors and window frames, and shall replace all broken and cracked glass except where such replacement is required by reason of the acts of BCHC or its invitees, in which event BCHC shall make such replacements. LFUCG shall make all necessary repairs to the parking areas, service driveways and sidewalks, and shall provide, at its expense, general landscaping maintenance of the Premises, snow and ice removal and the removal of trash and garbage (but not the placement of such trash and garbage in the appropriate container and location). LFUCG shall further be responsible for keeping the heating,

ventilation, air conditioning, plumbing, electrical and like systems in good working order. LFUCG shall continue to provide security monitoring for the facility. BCHC shall provide janitorial services for the interior of the Premises.

b. BCHC shall make any minor repairs as may be necessary for keeping and maintaining the interior of the Premises in good order, condition and repair. Exceptions from this are repairs made necessary by reason of damage due to fire or other casualty covered by standard fire and extended coverage insurance.

c. BCHC shall use common areas in such a manner so as not to interfere with the use of the areas by other occupants of 1306 Versailles Road.

10. SECURITY: BCHC shall have adequate procedures in place to ensure that outside doors are secure at the end of the business day and that keys to outside doors are distributed to personnel only as necessary. BCHC may, at its expense, install a keypad and card swipe system for access to its occupied space. LFUCG shall be granted access to the system if such a system is installed.

11. INDEMNIFICATION AND INSURANCE:

a. Indemnification – BCHC is subject to the jurisdiction of the Board of Claims, KRS 44.070-44.160, and does not intend for any provision of this Lease to constitute waiver of any immunity from suit or liability that it may have by operation of law. BCHC agrees, to the extent permitted by law, to indemnify, defend and hold harmless LFUCG and its agents, officials and employees, from any and all claims, liabilities, loss, damage, and defense costs resulting from BCHC's or its invitees' use of the Premises. The indemnification to LFUCG, to the extent permitted by law, includes claims related to medical treatment, privacy, and storage, maintenance and care of medical records by

BCHC. LFUCG shall not be liable for any loss or damage to persons or property of BCHC or others located on the Premises or the loss of or the damage to any property of BCHC or others by theft or otherwise from the Premises, except to the extent such injury or damage results from a negligent or willful act or failure to act of LFUCG. LFUCG 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 LFUCG. Nothing herein shall be construed to waive or eliminate LFUCG's defense of sovereign immunity. Any property of BCHC kept for storage at the Premises shall be so kept or stored at the risk of BCHC only.

b. Insurance – BCHC shall procure and maintain, at its cost, throughout the term of this Lease, and annually for any extension thereof, Commercial General Liability Insurance, including Premises and Operations Liability and Fire Legal Liability for said premises. Liability limits should be in an amount not less than \$1,000,000 per occurrence with an aggregate of not less than \$2,000,000. 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. BCHC shall furnish to LFUCG a certificate of insurance and make available for inspection a copy of the policy.

12. HAZARDOUS MATERIALS: BCHC will not discharge, release, dispose of or deposit on the Premises any waste, including any pollutants, effluents or hazardous materials ("Hazardous Materials"), in violation of any federal, state or local law and

regulation. Any Hazardous Materials generated by BCHC will be removed in the manner required by law from the Premises and disposed of in accordance with federal, state and local laws and regulations. If at any time BCHC fails to comply with the terms of this Section, LFUCG may remedy such default and BCHC will fully reimburse Landlord for any cost or expense it incurs in so acting within ten (10) days of receipt of written notice from LFUCG.

13. TERMINATION: BCHC may terminate the Lease upon ninety (90) days written notice to Government. LFUCG may terminate the Lease only in the event of default hereunder upon fifteen (15) days' written notice to BCHC.

14. SIGNS: BCHC shall not allow its name or any advertisement to be applied on any part of the Premises. However, BCHC will be allowed to place at its expense its name or sign on the grounds outside of the building, provided advanced written approval of LFUCG is obtained. Such approval shall not be unreasonably withheld.

15. LEASE NOT ASSIGNABLE: This Lease is not assignable and no portion of the Premises may be sublet by BCHC.

16. PROPERTY ON PREMISES IS RESPONSIBILITY OF ORGANIZATION: All personal property which may be kept upon the Premises shall be at the sole risk and responsibility of BCHC.

17. DESTRUCTION OF PREMISES: If the Premises should be destroyed or damaged by fire or other casualty covered by LFUCG's policy of fire and extended coverage insurance, LFUCG shall, with due diligence, make repairs or restoration at its expense; provided, however, that should damage to the extent of fifty percent (50%) or more of the value thereof occur, then LFUCG may at its option cancel this Lease instead

of making the necessary repairs or restoration; and, provided further, that if the Premises are damaged to such an extent that repairs or restoration cannot be effected within one hundred twenty (120) days, either party shall have the right to cancel this Lease by giving the other party notice in writing within thirty (30) days from the date such damage occurred. In the event no such notice is given, or if notice be waived in writing by the parties, LFUCG shall proceed with due diligence to complete the restoration of the Premises. In the event of partial destruction or damage whereby BCHC shall be deprived of the use or occupancy of only a portion of said Premises, then minimum rent shall be equitably apportioned according to the area of the Premises which is usable by BCHC until such time as the Premises shall be repaired or restored. LFUCG shall commence the repair and reconstruction of the Premises promptly 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 untenable, then the Lease shall automatically terminate and a new lease may be entered into, by agreement of the parties once the Premises are restored or repaired and are once again tenantable, unless the Lease has been terminated as provided herein.

18. QUIET ENJOYMENT: LFUCG hereby covenants and agrees that if BCHC shall perform all the covenants and agreements herein stipulated to be performed on BCHC's part, BCHC shall at all times during the Lease term and any extensions or renewals thereof have the peaceable and quite enjoyment and possession of the Premises without any manner of, or hindrance from LFUCG or any person or persons lawfully claiming the Premises.

19. VACATION OF PREMISES: BCHC shall surrender to LFUCG possession

of the Premises upon the expiration or termination of the Lease in as good a condition and repair as the Premises shall be at the commencement of said terms (the elements and ordinary wear and deterioration excepted) and deliver the keys to LFUCG.

20. MEMORANDUM OF LEASE: The Lease, or a memorandum describing the property herein demised, stating the term of the Lease, and referring to this Lease, may be recorded by either party, but is not required.

21. 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 delivering or mailing such notice or consent. If mailed, such notice shall be mailed via certified mail, return receipt restricted.

Notice shall be sent to BCHC at the following:

Dr. Alan Wrightson, Executive Director
Bluegrass Community Health Center
151 N. Eagle Creek Drive, suite 220
Lexington, Kentucky 40509

Notice shall be sent to LFUCG at the following:

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

22. WAIVER: No waiver of any condition of legal right or remedy shall be implied by the failure of either party to declare a 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 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.

23. EMINENT DOMAIN: In the event that the Premises or any part thereof shall at any time after the execution of the Lease be taken for public or quasi-public use, or condemned under eminent domain, BCHC 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 BCHC, and BCHC hereby relinquishes to LFUCG any rights to any such damages. Should all of the Premises be taken by eminent domain, then this Lease shall be deemed terminated, and BCHC shall be entitled to no damages or any consideration by reason of such taking.

24. INTERPRETATION: If any clause, sentence, paragraph or part of the Lease 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 Lease, 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 respects said Lease shall continue in full force and effect. This Lease, 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.

25. 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.

26. NON-DISCRIMINATION: BCHC 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 by or on behalf of BCHC that all qualified applicants will receive equal consideration for

employment without regard to race, color, religion, sex, age, national origin or handicap.

27. ENTIRE AGREEMENT: This Lease contains the entire agreement of the parties with respect to BCHC's occupancy and lease of the Premises, and there are no other promises or conditions in any other agreement either oral or written. The Lease may be amended only in writing and only if such writing is signed by both parties. The parties acknowledge that any amendment to the Lease must be approved by the Lexington-Fayette Urban County Council.

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

**LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT**

BY: _____
Linda Gorton, Mayor

**BLUEGRASS COMMUNITY
HEALTH CENTER**

BY: Alan Waightson
Alan Waightson, CEO
Print Name & Title

EXHIBIT A



Tenant: Bluegrass Community Health Center
 Premises: Versailles Road Campus, Office Building
 Address: 1306 Versailles Road
 RSF: 7,577
 Initial lease term: 1 year with two (2) automatic annual renewals

**EXHIBIT B
RENT SCHEDULE**

FY	FMV Rental Rate per s.f.	Annual FMV Rent	Adjusted Annual Rent	Adjusted Payment ■ Monthly □ Quarterly
2020	\$14.61	\$27,675.00	\$27,675.00	\$9,225.00
2021	\$14.61	\$110,700.00	\$110,700.00	\$9,225.00
2022	\$14.91	\$112,973.07	\$112,973.07	\$9,414.43
2023	\$15.21	\$115,246.17	\$115,246.17	\$9,603.85

B.1 Rent. Tenant shall pay to Owner as rent for the Premises the annual sums specified in Exhibit B (Adjusted Annual Rent column). If the lease term commences on a day other than the first day of a calendar month or expires on a day other than the last day of a calendar month, the base rent installment for such first or last month shall be prorated.

B.2 Annual Rental Adjustment (if applicable). If in any calendar year or partial calendar year during the term hereof (or renewal periods, if any), the Operating Expenses of the Building as hereinafter defined shall exceed \$4.75 per Rentable Square Foot of an area therein, then Tenant shall pay as additional rental for that year or partial calendar year Tenant's Proportionate Share of the excess Operating Expenses exceeding \$4.75 per Rentable Square Foot. Tenant's Proportionate Share of operating expenses is the percentage determined by dividing the rentable area in Tenant's Premises by the total rentable area in the building.

B.2-1. For the purposes of this Agreement, Operating Expenses shall mean any and all costs paid or incurred in the discretion of the Landlord, in connection with the operation, service, maintenance, repair of the Building (including fire and extended insurance costs) determined in accordance with generally accepted accounting principles (on an accrual basis) consistently applied.

B.2-2. Notwithstanding the Landlord's discretion as to Operating Expenses, no expense incurred for the following shall be included in Operating Expenses:

- (1) Cost incurred by Owner for Tenant's alterations;
- (2) Depreciation of the building;

- (3) Costs of capital improvements which do not improve the building's operating efficiency, reduce utility expenses, or which may not be required by governmental authorities;
- (4) Payments of principal on any mortgage or debt service;
- (5) Utility cost separately metered for each tenant's premises.

B.2-3. Tenant shall pay all charges for all separately metered utility services used by it in the Premises and supplied by Owner, a public utility or public authority or any other person, firm or corporation; provided, however, that the Tenant shall not be charged more by Owner than the rates it would be charged for the same service if furnished by a public utility company or governmental unit.

B.3 Payment of Annual Rental Adjustment (if applicable). Tenant's Annual Rental Adjustment shall be estimated annually by Owner and written notice of the estimated amount given to Tenant prior to the beginning of each fiscal year commencing on July 1. Tenant shall pay one-twelfth (1/12) of the estimated amount each month, as additional rent, along with the monthly installment of base rent. Within ninety (90) days after the end of each such calendar year, Owner shall prepare and deliver to Tenant a statement showing in reasonable detail the actual amount of Operating Expenses for the preceding fiscal year and the actual amount of Tenant's Annual Rental Adjustment. Within thirty (30) days after receipt of the aforementioned statement, Tenant shall pay to Owner, or Owner shall credit to Tenant, the difference between the actual amount of Tenant's Annual Rental Adjustment for the preceding fiscal year and the estimated amount paid by Tenant during such year provided however, that notwithstanding anything to the contrary herein contained, Tenant shall not be entitled to a credit for any amount of annual base rent paid.

B.4 Service Charge. If any installment of base rent or additional rent provided for in this Agreement is not paid within ten (10) days after its due date, it shall be subject to a service charge of five percent (5%) of the unpaid rent due for each month or fraction thereof or such lesser amount as may be the maximum amount permitted by the law, until paid.

Exhibit C
RULES AND REGULATIONS

1. No advertisement, sign, lettering, notice or device shall be placed in or upon the Premises, its windows or doors, or upon the Building except such as may be approved in writing by Owner.
2. Owner shall maintain a Building directory with the name of Tenant, its organizational divisions and the name of any other business entities lawfully occupying the Premises or any part thereof.
3. No additional locks other than building standard shall be placed upon any doors of the Premises without Owner's consent and Tenant agrees not to have any duplicate keys made without the consent of Owner. If more than two keys for any door lock are desired such additional keys shall be acquired from Owner and shall be paid for by Tenant. Upon termination of this Lease Tenant shall surrender all keys to Owner. Tenant shall not replace the locks on any doors. Should Owner consent to the replacement of such lock Owner shall replace the lock at Tenant's sole expense.
4. No furniture, freight, supplies not carried by hand, or equipment of any kind shall be brought into or removed from the building without the consent of Owner. Owner shall have the right to limit the weight and size to designate the position of all safes and other heavy property brought into the building. The furniture, freight, supplies, equipment, safes and such other heavy property shall be moved in or out of the Building only at the times and in the manner permitted by Owner. Owner will not be responsible for loss of or damage to any such items and all damage done to the Premises or to the Building by moving or maintaining such items shall be repaired at the expense of Tenant. Any merchandise not capable of being carried by hand shall utilize hand trucks equipped with rubber tires and rubber side guards.
5. Tenant, its invitees or guests, shall not disturb other occupants of the Building by making any undue or unseemly noise, or otherwise. Tenant shall not, without Owner's written consent, install or operate in or upon the Premises any machine or machinery causing noise or vibration perceptible outside the Premises, electric heater, stove, device for the preparation of food, or machinery of any kind or carry on any mechanical business thereon, or keep or use thereon oils, burning fluids, camphene, kerosene, naphtha, gasoline, or other combustible materials. Notwithstanding the foregoing, Tenant may operate within the Premises a device for the brewing of coffee to be consumed on the Premises. No explosives shall be brought into the Building.

- 6. Tenant shall not mark or drive nails or screws into the woodwork or plaster, or paint, or in any way deface the Premises, the Building, or any parts thereof or fixtures therein. The expense of remedying any breakage or stoppage resulting from a violation of this rule shall be paid by Tenant.
- 7. Canvassing, soliciting and peddling in the Buildings are prohibited and each Tenant shall cooperate to prevent such activity, however, Owner, in its discretion, may allow beverage and snack vending in the Building.
- 8. Tenant may request the assistance of Owner's employees only upon approval of the Owner's manager. Owner's employees are not required to perform any work or do anything outside of their regular duties, except on issuance of special instructions from the Owner's manager. If Owner's employees are made available to assist Tenant, Owner shall be paid for their services by Tenant at reasonable hourly rates.
- 9. Owner reserves the right to close and keep locked all entrance and exit doors the Building on Sundays and legal holidays and between the hours of 6:00p.m. on any day and 8:00 a.m. of the following day during such further hours and Owner may deem advisable for access control of the Building. Notwithstanding the foregoing, Tenant shall have access to the Building at all hours.
- 10. Owner may utilize an outside agency to control access to the Building when it is locked. Owner does not assume any responsibility for, and shall not be liable for, and damage resulting from any error in regard to any identification of Tenant or its employees and from admission to, or exclusion from, the Building by such outside agency.
- 11. The heating and air conditioning systems shall be operated at such times as the Building Owner shall designate from time to time. Tenant shall not utilize any equipment requiring extraordinary services without the prior written consent of Owner.
- 12. Tenant shall exercise care and caution to insure all water faucets or water apparatus, electricity and gas are carefully and entirely shut off before Tenant or its employees leave the Premises so as to prevent waste or damage. Tenant shall be responsible for any damage to the Premises or the Building and for all damage or injuries sustained by other tenants or occupants of the Building arising from Tenant's failure to observe this rule.
- 13. Owner reserves the right to exclude or remove from the Building any person who, in the judgment of Owner, is under the influence of liquor or drugs, or who is in the judgment of Owner disturbing other Tenants or occupants of the Building arising from Tenant's failure to observe this rule.

14. Toilet facilities shall be provided for men and women by Owner. Plumbing fixtures and appliances shall be used for the purpose for which they were designed and no rubbish, rags or other unsuitable material shall be thrown or placed therein. Repairs resulting from such damage to any such fixtures or appliances from misuse by a Tenant shall be paid by Tenant and Owner shall not in any case be responsible therefore.
15. Owner will replace tubes and lamps for lighting fixtures at Tenant's expense if requested by Tenant to do so.
16. Owner reserves the right to rescind any of these rules and regulations and to make such other and further reasonable rules and regulations as in its judgment may from time to time be needed or desirable for the care and cleanliness of the Premises and the Building. Such rules and regulations when made and upon written notice to Tenant, shall be binding upon Owner and Tenant in like manner as if originally set forth herein.
17. Tenant agrees that Owner shall not be responsible for lost or stolen personal property, money or jewelry from the Premises or Building regardless of whether such loss occurs when the area is locked against entry or not.