

**LOAN AGREEMENT**

**THIS LOAN AGREEMENT** (the "Agreement") is made and entered into as of the 12<sup>th</sup> day of May 2016, by and between the **DOWNTON LEXINGTON MANAGEMENT DISTRICT**, a Kentucky management district created pursuant to KRS 91.754, with its primary office located at 801 E. MAIN ST. STE. 900, Lexington, Kentucky 40507 (hereinafter the "District") and the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Kentucky 40507 (hereinafter "Lexington").

**WITNESSETH:**

**WHEREAS**, the District is committed to improving properties located within the jurisdiction of its boundaries; and

**WHEREAS**, Lexington owns and/or manages several properties located within the boundaries of the District which will benefit from these improvements; and

**WHEREAS**, Lexington is willing to provide a loan to the District in recognition of the benefits it will receive and in order to aid the District with its initial start-up costs.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants set forth herein, the receipt and sufficiency of which are acknowledged, the parties hereby agree as follows:

1. Lexington will provide the District with an interest free loan in the amount of Twenty-Five Thousand Dollars (\$25,000.00) with the use of the funds limited to be generally restricted to those uses further provided herein.
2. That the funds shall be provided to the District within thirty (30) days of the execution of this Agreement.
3. That the funds shall be repayable to Lexington in two equal installments of twelve thousand five hundred dollars (\$12,500.00) each, with the first payment due by no later than June 30, 2017, and the second payment due by no later than June 30, 2018.

4. That the failure to comply with the terms of this Agreement shall constitute a default.

5. That upon default the District shall be additionally liable to Lexington for interest in the amount of twelve percent (12%) per annum on any remaining outstanding amount.

6. That the District further agrees as follows: (a) that all funds must be expended for the purposes of providing the services as further generally described in Exhibit "A", which is attached hereto and which is incorporated herein by reference as if fully stated; and (b) that it will provide to Lexington, upon request, sufficient documentation of the appropriate expenditure of the funds, which shall include, at a minimum a written summary report of all of the expenditures made towards the services as of June 30, 2017 as well as a necessary final report.

7. This Agreement shall remain in effect until the District has fully complied with it, unless terminated by Lexington in writing for nonperformance at an earlier time.

8. The District shall ensure all duties and services included herein are performed faithfully and satisfactorily at the time, place and for the duration prescribed herein. The District shall keep itself fully informed of all national and state laws and all municipal ordinances and regulations in any manner affecting the work or performance of this Agreement, and shall at all times observe and comply with such laws, ordinances and regulations, whether or not such laws, ordinances or regulations are mentioned herein, to the extent applicable. The District shall indemnify Lexington, its officers, agents and employees against any claim or liability arising from and based on the District's violation of any such laws, ordinances or regulations.

9. Each party agrees that it shall be responsible for any claims or damages that are based upon its respective performance of this Agreement, or that are based upon the actions or inactions of its respective employees or agents.

10. The District shall keep and make available to Lexington any records related to this Agreement such as are necessary to support its performance of this Agreement. Books of accounts shall be kept by the District and entries shall be made therein of all money, goods, effects, debts, sales,

purchases, receipts, payments and any other transactions of the District related to this Agreement and shall be made available to Lexington upon request.

11. The District shall allow Lexington any necessary reasonable access to monitor its performance under this Agreement.

12. In no event shall the parties be construed, held or become in any way for any purpose the employee of the other party, or partners, associates or joint ventures in the conduct of their respective endeavors or otherwise.

13. The District shall provide equal opportunity in employment for all qualified persons, shall prohibit discrimination in employment because of race, color, creed, national origin, sex, age, sexual orientation or gender identity, or handicap, shall promote equal employment through a positive, continuing program of equal employment, and shall cause any agency receiving funds provided pursuant to this Agreement to do so. This program of equal employment opportunity shall apply to every aspect of its employment policies and practices.

14. Neither party may assign any of its rights and duties under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, Lexington understands that the work or services hereunder may ultimately be performed by persons or entities other than the District.

15. This Agreement does not create a contractual relationship with or right of action in favor of a third party against either the District or Lexington.

16. If any term or provision of this Agreement shall be found to be illegal or unenforceable, this Agreement shall remain in full force and such term or provision shall be deemed stricken.

17. This Agreement shall be governed in all respects by the laws of the Commonwealth of Kentucky and venue for all actions shall lie in Fayette County, Kentucky.

18. By mutual agreement, the parties to this Agreement may, from time to time, make written changes to any provision hereof. The District acknowledges that Lexington may make such changes only upon approval of its legislative authority, the Lexington-Fayette Urban County Council, and the signature of its Mayor.



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# DOWNTOWN LEXINGTON MANAGEMENT DISTRICT

201 E. Main Street, Suite 900  
Lexington, Kentucky 40507

## EXHIBIT A

March 25, 2016

Mayor Jim Gray and  
Members of the Urban County Council  
200 East Main Street  
Lexington, KY 40507

RE: Downtown Lexington Management District  
Start-up Funds

Dear Mayor Gray and Members of the Urban County Council,

As Chairman of the Board of Directors of the newly formed Downtown Lexington Management District (DLMD), I am requesting a one-time financial contribution from the Lexington-Fayette Urban County Government to aid DLMD with start-up costs associated with this new endeavor.

Pursuant thereto, the DLMD will agree to enter into a Memorandum of Agreement with LFUCG setting forth the terms and conditions of the contribution between the parties as to the use of these funds.

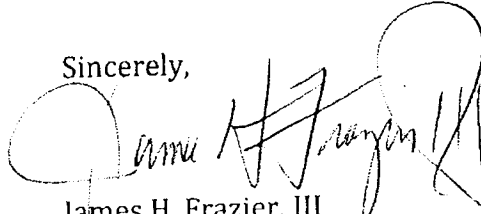
The DLMD is slated to receive property tax revenue at the end of calendar year 2016 to fund its work going forward. However, in advance of the receipt of those funds the DLMD would like to begin working on several activities immediately, which involve marketing and communications, and other infrastructure matters. The donation by LFUCG will greatly assist the DLMD in getting a jump start toward improving the downtown community.

The DLMD is proposing a draft budget for this request as follows:

Item	Description	Funds
Marketing and branding	<ul style="list-style-type: none"> <li>• Provide branding and marketing support</li> <li>• Work could include naming, logo, letterhead and graphic design</li> </ul>	\$12,500.00
Website creation	<ul style="list-style-type: none"> <li>• Launch publicly facing website that provides transparency to DLMD membership, activities</li> <li>• Include board roster and contact information</li> </ul>	\$5,000.00
Mail and communication with property owners	<ul style="list-style-type: none"> <li>• Provide funds to mail budget and economic improvement plan to property owners, as required by ordinance</li> </ul>	\$2,500.00
Miscellaneous startup activities	<ul style="list-style-type: none"> <li>• Reserve funds for miscellaneous startup activities</li> </ul>	\$5,000.00
<b>Total:</b>		<b>\$25,000.00</b>

The fifteen members of the Downtown Lexington Management District are committed to working together, and with district property owners, to improve downtown. The Board appreciates the cooperation of LFUCG in providing these startup funds.

Sincerely,



James H. Frazier, III  
Chairman

JHFIII/klm