

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT ("Agreement"), is made and entered into on 10 day of December, 2025, by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government pursuant to KRS Chapter 67A, and located at 200 East Main Street, Lexington, Fayette County, Kentucky 40507 (hereinafter referred to as "GOVERNMENT"), **LHH TRANSFORMATION HOUSING AFFORDABILITY, LLC**, a Kentucky limited liability company, whose principal address is 700 East Loudon Avenue, Lexington, Kentucky 40505 (hereinafter referred to as "SUBCONTRACTOR") and **LEXINGTON HABITAT FOR HUMANITY, INC.**, a Kentucky non-profit corporation, whose principal address is 700 East Loudon Avenue, Lexington, Kentucky 40505 (hereinafter referred to as "DEVELOPER");

WHEREAS, the GOVERNMENT has previously been awarded \$10,000,000.00 in Commonwealth of Kentucky funds through the Department for Local Government for the purpose of funding an affordable housing development initiated by the Lexington Transformational Housing Affordability Partnership;

WHEREAS, DEVELOPER has requested that funding be provided directly to **SUBCONTRACTOR** to facilitate this affordable housing initiative so that **SUBCONTRACTOR**, a wholly owned subsidiary of **DEVELOPER**, may acquire land for the development of affordable housing on behalf of the Lexington Transformational Housing Affordability Partnership;

WHEREAS, the GOVERNMENT has determined that providing funding directly to the **SUBCONTRACTOR** will expedite and facilitate the development of this affordable housing initiative;

WHEREAS, the GOVERNMENT'S responsibility for ensuring compliance with all grant requirements necessitates a written agreement with the **SUBCONTRACTOR**;

WHEREAS, the GOVERNMENT also needs written assurance of **SUBCONTRACTOR**'s ability to comply with all requirements specified by the Department for Local Government, and **DEVELOPER** has agreed to offer that guaranty of **SUBCONTRACTOR**'s compliance;

WHEREAS, both the **DEVELOPER** and **SUBCONTRACTOR** understand, acknowledge and agree that the **DEVELOPER**'s guaranty is a material fact upon which GOVERNMENT relied in agreeing to provide the funding to **SUBCONTRACTOR**;

NOW, THEREFORE, in consideration of the foregoing and mutually agreed upon promises, conditions and covenants hereinafter set forth, the parties hereto agree as follows:

I. SCOPE OF AGREEMENT

A. Incorporation of Recitals

The aforementioned recitals are hereby incorporated into this Agreement and expressly made a part hereof. The parties to this Agreement also acknowledge and agree that such recitals are true and correct.

B. Representations

Each and every party to this Agreement is duly organized under the laws of the Commonwealth of Kentucky, and validly exists in good standing, and has all requisite corporate power and authority to enter into and fully perform the Agreement.

C. Performance Obligations

The SUBCONTRACTOR understands and agrees that grant funds provided under this Agreement will be in an amount not to exceed TEN MILLION DOLLARS (\$10,000,000.00) ("Funds"). The Funds may only be used to pay the costs identified in the CONTRACTOR'S Memorandum of Agreement ("MOA") with the Commonwealth of Kentucky Department for Local Government, attached hereto as **Exhibit A** and incorporated herein by reference ("Eligible Expenses") and in compliance with the agreed budget, attached hereto as **Exhibit B** and incorporated herein by reference. The Eligible Expenses must be related to the development of affordable housing for residents of Fayette County, located at 495 Radcliffe Road, Lexington, Ky 40505 ("Project") Project. Eligible Expenses may include administrative costs, so long as the total administrative costs do not exceed ONE HUNDRED THOUSAND DOLLARS \$100,000.00. The SUBCONTRACTOR's timely expenditure of Funds for Eligible Expenses on the Project, in compliance with the terms and conditions of the MOA, attached as **Exhibit A**, during the Agreement's Term, as defined herein, along with SUBCONTRACTOR's satisfactory performance of all obligations set forth in Article IV of this Agreement, titled "Additional Obligations of the Subcontractor," are hereinafter collectively referred to as the "Performance Obligations."

The SUBCONTRACTOR understands and agrees that no other uses of the Funds are permitted unless agreed to by the parties in a written amendment to this Agreement. The SUBCONTRACTOR is prohibited from charging to the subaward the costs of ineligible activities and from using any Funds provided herein or personnel employed in the administration of activities under this Agreement for political activities, inherently religious activities, or lobbying.

D. Schedule – Time of Performance

The term of this Agreement shall be from August 1, 2025, until May 31, 2027 ("Term").

E. Payment

In order to facilitate acquisition of the land needed for the Project, the GOVERNMENT shall advance to the SUBCONTRACTOR a lump sum out of the total Funds toward the cost of the acquisition ("Acquisition Funds"). The amount of the lump sum advanced by the GOVERNMENT shall equal the purchase price of the land, which shall be documented with a written purchase contract between the SUBCONTRACTOR and the seller, and the stated purchase price shall be supported by an independent third-party appraisal. Each of the foregoing shall be forwarded to the GOVERNMENT. In no case shall the amount of the lump sum paid by the GOVERNMENT for the acquisition of land exceed the fair market value for that land.

GOVERNMENT shall disburse payment to cover all remaining Eligible Expenses in the following manner, subject to all contingencies and mutual obligations as stated herein:

1. Monthly Disbursements

With exception to the initial draw for land acquisition, the GOVERNMENT shall pay the SUBCONTRACTOR on the first day of each month during the Term of this Agreement (“Monthly Payment”) until the Funds are fully disbursed, provided that SUBCONTRACTOR shall first submit satisfactory documentation, which may include but shall not be limited to invoices, purchase orders, copies of competitive quotations and any related bid documents, contracts, and any other documentation requested by GOVERNMENT, at least seven (7) calendar days prior to the first day of each month. The SUBCONTRACTOR must submit satisfactory documentation each month before the GOVERNMENT is obligated to disburse the respective monthly draw. The amount of each Monthly Payment shall not exceed the total of Eligible Expenses reflected in the documentation submitted by SUBCONTRACTOR. The total amount paid through Monthly Payments during the Term shall not exceed the balance of the Funds that remains after payment of the Acquisition Funds.

2. Reconciliation

No later than thirty (30) days before the date this Agreement terminates, the SUBCONTRACTOR shall provide a final invoice reconciling all amounts paid by GOVERNMENT with the amount of Eligible Expenses incurred by SUBCONTRACTOR. The final invoice must include copies of any additional documentation and/or revised documentation other than what was produced prior to each monthly disbursement, including but not limited to invoices, purchase orders, copies of competitive quotations, bid documents, or contracts, to account for all expenses paid with the Funds.

3. Refund

If the reconciliation reveals that the SUBCONTRACTOR has not fully expended the Funds, then SUBCONTRACTOR agrees to pay the balance to GOVERNMENT within thirty (30) days of the termination of this Agreement.

SUBCONTRACTOR understands that all the Funds must be expended on or before June 30, 2027. If it becomes apparent to SUBCONTRACTOR that it will be unable to complete the Project either in the manner or for the amount described in this Agreement, then the SUBCONTRACTOR must provide written notice to the GOVERNMENT with a complete and detailed written explanation of its inability to comply with the terms of the Agreement, any proposed changes, and the reasons for those changes. The GOVERNMENT, may at its sole discretion and absolute discretion, amend this Agreement to address any changes or waivers requested by the SUBCONTRACTOR.

II. ADDITIONAL OBLIGATIONS OF THE GOVERNMENT

A. Monitoring

The GOVERNMENT shall monitor the SUBCONTRACTOR as necessary to ensure SUBCONTRACTOR complies with all the requirements of this Agreement. Substandard performance as reasonably determined by the GOVERNMENT will constitute noncompliance with this Agreement.

III. ADDITIONAL OBLIGATIONS OF DEVELOPER

A. Guaranty of Indemnity

The DEVELOPER joins in the execution of this Agreement to guaranty the satisfactory performance of all Performance Obligations owed by SUBCONTRACTOR to GOVERNMENT under this Agreement. This guaranty of the Performance Obligations extends explicitly and without reservation to the SUBCONTRACTOR's obligation to indemnify the GOVERNMENT, as set forth in this Agreement. To the extent this guaranty is interpreted as obligating the DEVELOPER to satisfy any indebtedness that the SUBCONTRACTOR owes to the GOVERNMENT, then pursuant to KRS 371.065, the GOVERNMENT acknowledges that the maximum aggregate liability of this guaranty shall not exceed the original balance of the Funds (\$10,000,000.00), exclusive of interest, legal fees, costs, fines, or other penalties that could be assessed by a tribunal; and further, this guaranty shall terminate upon satisfactory completion of the final Performance Obligation, as determined by the GOVERNMENT. The foregoing guaranty of indemnity is exclusive to and for the benefit of the GOVERNMENT and does not accrue to the benefit of any other party.

B. Guaranty of Performance

The DEVELOPER joins in the execution of this Agreement to guaranty the performance of all obligations specified herein, and to ensure that SUBCONTRACTOR remains in satisfactory compliance with all of the terms and conditions set forth in the GOVERNMENT's MOA, attached hereto as Exhibit A. The foregoing guaranty of performance is exclusive to and for the benefit of the GOVERNMENT and does not accrue to the benefit of any other party.

IV. ADDITIONAL OBLIGATIONS OF THE SUBCONTRACTOR

A. Reporting

The SUBCONTRACTOR shall submit to the GOVERNMENT quarterly reports for each quarter during the Term. Quarterly reports are due on the 10th day of the month. Specifically, quarterly reports shall provide information required by the Department of Local Government and the GOVERNMENT.

B. Audits, Inspections and Monitoring

The SUBCONTRACTOR shall be audited as required by 2 CFR part 200, subpart F, as applicable and unless otherwise exempt by statute. SUBCONTRACTOR shall submit a

copy of the audit report to the Department of Local Government within 30 days after receipt of the audit report, but not later than eighteen (18) months after the end of the fiscal year. The audit report shall include a certification of compliance that the Funds were expended for the purpose intended. Concurrently with the submission of the audit report to the federal Audit Clearinghouse, SUBCONTRACTOR shall submit a copy of the audit report to the GOVERNMENT'S Division of Grants and Special Programs.

C. Access to Records

The SUBCONTRACTOR shall furnish and cause each of its own subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by GOVERNMENT and the Department of Local Government, or its agent, for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein. The SUBCONTRACTOR shall comply at all times with KRS 45A.150.

F. Procurement

The SUBCONTRACTOR shall comply with procurement standards set forth in applicable state and local laws for the purchase of goods or services related to the Project.

G. Permitting and Approvals

The SUBCONTRACTOR shall obtain all necessary permits, licenses, and approvals for completion of the Project from the appropriate governmental entities. The SUBCONTRACTOR shall also comply with all applicable federal and state statutes, local ordinances, executive orders, regulatory requirements, and policies.

H. Civil Rights, Nondiscrimination and Equal Opportunity in Participation

The SUBCONTRACTOR agrees to comply with the Equal Employment Opportunity Act of 1978. The SUBCONTRACTOR shall not discriminate against any participant on the ground of race, color, creed, religion, sex, age, handicap, disability, ancestry, national origin, marital status, familiar status, sexual orientation, or any other basis prohibited by applicable law. The SUBCONTRACTOR shall, through affirmative outreach, make known that use of the facilities, assistance, and services are available to all on a nondiscriminatory basis. The SUBCONTRACTOR must take appropriate steps to ensure effective communication with persons with disabilities.

I. Required Disclosures

Pursuant to KRS 45A.485, the SUBCONTRACTOR shall reveal any final determination of a violation by the SUBCONTRACTOR within the previous five (5) year period of the provisions of KRS chapter 136, 139, 141, 337, 338, 341, and 342. These statutes relate to corporate and utility tax law, sale and use tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively. Disclosure of any violations is required prior to the award of any contract that utilizes Commonwealth of Kentucky funds and throughout the duration of the contract. Failure to disclose shall be grounds for termination of this

Agreement and recoupment of funds. To comply with KRS 45A.485, the SUBCONTRACTOR shall report any final determination(s) of any violation(s) within the previous five (5) years by providing a list of the following information regarding any violation(s): 1) specific KRS violated; 2) date of any final determination of a violation; and, 3) state agency which issued a final determination.

A list of any disclosures made prior to entry of this Agreement shall be provided to the GOVERNMENT for inclusion in its records. If no list is provided, then by executing this Agreement, the SUBCONTRACTOR affirms that it has not violated any of the provisions of the above statutes within the previous five (5) year period, and also affirms that it will communicate the disclosure requirements to any subcontractors and disclose any violations it becomes aware of to the GOVERNMENT.

J. Declaration of Covenants and Restrictions Required

For each and every parcel of land acquired with the Funds and/or developed with the Funds, the GOVERNMENT shall require the execution of a declaration of covenants and restrictions (“Declaration”) in a form satisfactory to the GOVERNMENT, which shall limit the use of the newly acquired unit to households at or below eighty percent (80%) of the area median income as defined by HUD, and the SUBCONTRACTOR shall cause that Declaration to be recorded in the Office of the Fayette County Clerk.

K. Risk Management Provisions

SUBCONTRACTOR shall indemnify, save, hold harmless and defend the GOVERNMENT and its elected and appointed officials, employees, agents, volunteers, and successors in interest from and against all liability, damages, and losses, including but not limited to, demands, claims, liens, suits, notices of violation from Governmental agencies, obligations, causes of action, judgments, penalties, fines, liens, costs, expenses, interest, defense costs and reasonable attorney’s fees that are in any way incidental to or connected with, or that arise or are alleged to have arisen, directly or indirectly, from or by SUBCONTRACTOR’S performance or breach of the agreement and/or the provision of goods or services provided that: (a) it is attributable to personal injury, bodily injury, sickness, or death, or to injury to or destruction of property (including the loss of use resulting therefrom), or to or from the negligent acts, errors or omissions or willful misconduct of the SUBCONTRACTOR; and (b) not caused solely by the active negligence or willful misconduct of the GOVERNMENT. The parties understand and agree that the SUBCONTRACTOR’S obligation to defend the GOVERNMENT includes the obligation to investigate, handle, respond to, resist, provide a defense for, and defend claims, at SUBCONTRACTOR’S expense, using attorneys approved in writing by GOVERNMENT, which approval shall not be unreasonably withheld. The parties also understand and agree that the SUBCONTRACTOR’S obligation to indemnify includes, but is not limited to: attorney fees and expenses; costs of litigation; court and administrative costs; expert witness fees and expenses, judgments; fines; penalties; interest; all environmental cleanups and remediation costs of whatever kind; and any liability arising from death, injury, or damage of any kind, to any person, including employees and agents of SUBCONTRACTOR and GOVERNMENT, and damage to, or destruction of, any property, including the property of GOVERNMENT.

- i. These Risk Management Provisions shall in no way be limited by any financial responsibility or insurance requirements and shall survive the termination of this Agreement.
- ii. These Risk Management Provisions shall be interpreted so that any use of the word “SUBCONTRACTOR” shall include the “DEVELOPER” in any instance wherein the SUBCONTRACTOR’s use of any amount of the Funds leads to any demands, claims, liens, suits, or notices of violation; in such case, the DEVELOPER has joint liability with the SUBCONTRACTOR to indemnify, save, hold harmless and defend the GOVERNMENT and its elected and appointed officials, employees, agents, volunteers, and successors from any claims related to the Performance Obligations, in the same manner and to the same extent as the SUBCONTRACTOR.
- iii. GOVERNMENT is a political subdivision of the Commonwealth of Kentucky. SUBCONTRACTOR and DEVELOPER both acknowledge and agree that the GOVERNMENT is unable to provide indemnity or otherwise save, hold harmless, or defend the SUBCONTRACTOR or DEVELOPER in any manner.
- iv. SUBCONTRACTOR understands and agrees that it shall demonstrate the ability to assure compliance with the above indemnity provisions and other risk management provisions prior to final acceptance of its proposal and the commencement of any work or the provision of services.
- v. SUBCONTRACTOR shall procure and maintain for the duration of this Agreement the following or equivalent insurance policies at no less than the limits shown below and cause its subcontractors to maintain similar insurance with limits acceptable to the GOVERNMENT in order to protect the GOVERNMENT against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work or services hereunder by the SUBCONTRACTOR. The cost of such insurance shall be included in any bid:

<u>Coverage</u>	<u>Limits</u>
General Liability (Insurance Services Office Form CG 00 01) (including Products/Completed Operations)	\$1 million per occurrence, \$2 million aggregate
Auto Liability	\$1 million per occurrence
Worker's Compensation	Statutory
Employer's Liability	\$100,000
Excess/Umbrella Liability	\$1 million per occurrence

Professional Liability (E&O) \$1 million per occurrence

v. Further, the policies above shall contain the following conditions:

- a. All Certificates of Insurance forms used by the insurance carrier shall be properly filed and approved by the Department of Insurance for the Commonwealth of Kentucky (DOI). The GOVERNMENT shall be named as an additional insured in the General Liability Policy using the Kentucky DOI approved forms.
- b. The General Liability Policy shall be primary to any insurance or self-insurance retained by the GOVERNMENT.
- c. The General Liability Policy shall include Premises and Operations coverage unless it is deemed not to apply by the GOVERNMENT.
- d. The General Liability Policy shall include Employment Practices Liability coverage or an endorsement in a minimum amount of \$1 million unless it is deemed not to apply by GOVERNMENT.
- e. The GOVERNMENT shall be provided at least 30 days' advance written notice via certified mail, return receipt requested, in the event any of the required policies are canceled or non-renewed.
- f. Said coverage shall be written by insurers acceptable to the GOVERNMENT and shall be in a form acceptable to the GOVERNMENT. Insurance placed with insurers with a rating classification of no less than Excellent (A or A-) and a financial size category of no less than VIII, as defined by the most current Best's Key Rating Guide shall be deemed automatically acceptable.

After insurance has been approved by the GOVERNMENT, evidence of renewal of an expiring policy must be submitted to the GOVERNMENT, and may be submitted on a manually signed renewal endorsement form. If the policy or carrier has changed, however, new evidence of coverage must be submitted in accordance with these Insurance Requirements.

Self-insurance programs, deductibles, and self-insured retentions in insurance policies are subject to separate approval by the GOVERNMENT, upon review of evidence of SUBCONTRACTOR'S financial capacity to respond to claims. Any such programs or retentions must provide SUBCONTRACTOR with at least the same protection from liability and defense of suits as would be afforded by first-dollar insurance coverage. If SUBCONTRACTOR satisfies any portion of the insurance requirements through deductibles, self-insurance programs, or self-insured retentions, SUBCONTRACTOR agrees to provide the GOVERNMENT the following data prior to the final acceptance of bid and the commencement of any work:

- a. Latest audited financial statement, including auditor's notes.
- b. Any records of any self-insured trust fund plan or policy and related accounting statements.

- c. Actuarial funding reports or retained losses.
- d. Risk Management Manual or a description of the self-insurance and risk management program.
- e. A claim loss run summary for the previous five (5) years.
- f. Self-Insured Associations will be considered.

SUBCONTRACTOR agrees to furnish GOVERNMENT with all applicable Certificates of Insurance signed by a person authorized by the insurer to bind coverage on its behalf prior to final award, and if requested, shall provide the GOVERNMENT copies of all insurance policies, including all endorsements. SUBCONTRACTOR understands and agrees that GOVERNMENT may review, audit and inspect any and all of its records and operations to insure compliance with these Insurance Requirements.

SUBCONTRACTOR shall comply with all applicable federal, state, and local safety standards related to the performance of its works or services under this Agreement and take necessary action to protect the life, health and safety and property of all of its personnel on the job site, the public, and the GOVERNMENT.

SUBCONTRACTOR understands and agrees that the failure to comply with any provision of this Agreement regarding indemnification, insurance, safety, or loss control shall constitute a material breach of this Agreement and that GOVERNMENT may elect at its option any remedy or penalty or any combination of remedies and penalties, as available, including but not limited to purchasing insurance and charging SUBCONTRACTOR for any such insurance premiums purchased, or suspending or terminating the work.

L. Change in Ownership or Control

DEVELOPER is and shall remain the sole owner of one hundred percent of the membership interest in SUBCONTRACTOR with the exclusive right to control and manage the affairs of the SUBCONTRACTOR as its sole member.

V. MISCELLANEOUS CONDITIONS

- A. Either party may terminate this Agreement by providing thirty (30) days written notice to the other party, in which case the Agreement shall terminate on the thirtieth day. This Agreement may be terminated by the GOVERNMENT through the Mayor, or by the Mayor's designee. In the event of termination, the SUBCONTRACTOR shall be entitled to that portion of total compensation due under this Agreement as the services rendered bears to the services required.
- B. The DEVELOPER'S and SUBCONTRACTOR'S sole remedy for a breach of this Agreement by the GOVERNMENT shall be limited to the amount of the Funds provided in this Agreement.
- C. This Agreement, or any part hereof, may be amended from time to time hereafter only in writing executed by the parties.
- D. The SUBCONTRACTOR and DEVELOPER shall not assign or transfer any interest in this Agreement without the prior written consent of the GOVERNMENT. The

SUBCONTRACTOR and DEVELOPER shall not enter into any subcontracts related to the performance of this Agreement without the written consent of the GOVERNMENT prior to the execution of such subcontract.

In addition to the foregoing, the SUBCONTRACTOR shall provide a performance bond for the benefit of the GOVERNMENT, which shall be in an amount equal to \$10,000,000.00. The GOVERNMENT agrees that any remedies herein shall be exercised after exhausting all claims against the performance bond.

- E. The parties each bind themselves and their successors, executors, administrators, assigns, and legal representatives of such other party, in respect to all covenants, agreements, and obligations of the Agreement.
- F. If the SUBCONTRACTOR and/or DEVELOPER breach any term of this Agreement or any addendum hereto, then GOVERNMENT is entitled to pursue legal action against both SUBCONTRACTOR and/or DEVELOPER, to the fullest extent of the law, including but not limited to: termination of the Agreement; disgorgement of all funds provided to SUBCONTRACTOR pursuant to this Agreement; specific performance; injunctive relief; and a civil action for monetary damages. The parties agree that any waiver of a term in this Agreement shall not constitute an ongoing waiver of that term, nor shall it be interpreted as a waiver of any other terms of this Agreement. Further, the GOVERNMENT'S failure to act with respect to a breach does not waive its right to act with respect to subsequent or similar breaches.
- G. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally to the individuals identified below; (ii) upon receipt, when sent by email (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) to the email addresses identified below; or (iii) when delivered or mailed by certified mail, postage prepaid, or return receipt requested to the addresses set forth below.

Notices required by this Agreement shall be sent to:

Charlie Lanter
Commissioner of Housing Advocacy and Community Development
200 E. Main Street, Lexington, KY 40507
clanter@lexingtonky.gov
CONTACT FOR GOVERNMENT

Darryl Neher
CEO of Lexington Habitat for Humanity, Inc.
700 East Loudon Avenue
Lexington, KY 40505
darryln@lexhabit.org
CONTACT FOR DEVELOPER AND SUBCONTRACTOR

- H. All headings in this Agreement are for convenience of reference only and are not intended

to qualify the meaning of any provision of this Agreement.

- I. If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.
- J. This Agreement constitutes the entire agreement between the parties for the use of funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the parties relating to the GOVERNMENT'S allocation of funding to SUBCONTRACTOR.

THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK,
SIGNATURE PAGE TO FOLLOW

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IN WITNESS WHEREOF, the parties executed this Agreement on the date above written.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

Linda Gorton

Linda Gorton, Mayor

ATTEST:

Deputy Mackenzie Stock
Clerk of Urban County Council

LEXINGTON HABITAT FOR HUMANITY, INC.

Darryl Neher
Darryl Neher, CEO of Lexington Habitat for Humanity, Inc.

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)) SCT

December The foregoing instrument was subscribed, sworn to, and acknowledged before me this the 3rd day of September, 2025, by Darryl Neher, as CEO of Lexington Habitat for Humanity, Inc., a Kentucky non-profit corporation.

Abby Lynn Smith
Notary Public, State At Large, Kentucky
My Commission Expires: 11/28/2020
Commission Number: KYNP59935

LHH TRANSFORMATION HOUSING AFFORDABILITY, LLC

Darryl Neher
Darryl Neher, CEO of Lexington Habitat for Humanity, Inc., the Sole Member of LHH Transformation Housing Affordability LLC

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)) SCT

December The foregoing instrument was subscribed, sworn to, and acknowledged before me this the 3rd day of September, 2025, by Darryl Neher, as CEO of Lexington Habitat for Humanity, Inc., a Kentucky non-profit corporation, the Sole Member of LHH Transformation Housing Affordability, LLC

Abby Lynn Smith
Notary Public, State At Large, Kentucky
My Commission Expires: 11/28/2020
Commission Number: KYNP59935

EXHIBIT A (MOA)



Commonwealth of Kentucky CONTRACT

Document Number: PON2 112 2500002297 **Version:** 1

Record Date: 03/28/2025

Document Description: 25-047 LFUCG - Transformation Housing Affordability Partners

Cited Authority: HB1 AS AMENDED BY SB
HB1 as amended by SB91

Reason for Modification:

Issuer Contact:

Name: Jessica Wagoner

Phone: 502-892-3470

E-mail: Jessica.Wagoner@ky.gov

Vendor Name: LEXINGTON FAYETTE URBAN CO GOVERNMENT 200 EAST MAIN STREET LEXINGTON	Vendor No. KY0033801
	Vendor Contact
	Name: Chad Hancock
	Phone: 8592583313
KY 40507	E-mail: chancock@lexingtonky.gov

Effective From: 2025-04-03

Effective To: 2025-06-30

Line Item	Delivery Date	Quantity	Unit	Description	Unit Price	Contract Amount	Total Price
1		0.00000		25-047 LFUCG - Transformation Housing Affordability Partners	\$0.000000	\$10,000,000.00	\$10,000,000.00

Extended Description:

Funds will be used to support Lexington's Transformational Housing Affordability Partnership affordable housing development initiative. Project costs include, but not limited to, land acquisition and land acquisition due diligence (may include administrative costs, legal expenses, professional services); construction and installation expenses (may include administration costs, architecture, engineering, equipment, inspection, labor, materials, supplies, tools, vehicular equipment) of build ready pads, affordable housing units, roadways, walkways, stormwater drainage, and infrastructure utility systems (may include electric, gas, sewer, water); site assessment due diligence (may include administrative costs, archaeological, environmental review, geo-technical, land assessments and studies, land surveys, professional services); site development professional services (may include administration costs and planning, feasibility study, financing, programmatic design); and site preparation (may include earthwork, excavation, grading).

Shipping Information:	Billing Information:
Department for Local Government - Office of Grants 100 Airport Rd, 3rd Fl Frankfort KY 40601	Department for Local Government - Office of Grants 100 Airport Rd, 3rd Fl Frankfort KY 40601

TOTAL CONTRACT AMOUNT	\$10,000,000.00
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Memorandum of Agreement Terms and Conditions

This Memorandum of Agreement (“MOA”) is entered into, by and between the Commonwealth of Kentucky, Office of the Governor, Department for Local Government, Office of State Grants (“the Commonwealth”) and Lexington Fayette Urban County Government (“the Contractor”) to establish an agreement for Transformational Housing Affordability Partnership (“the Project”). The initial MOA is effective from April 3, 2025 through June 30, 2025.

Scope of Services:

WHEREAS, the 2024 General Assembly enacted House Bill 1 authorizing to allocate projects through a local grant program; and

WHEREAS, the Contractor submitted an application for HB 1 funds, and has agreed to serve as the administrator and beneficiary of the grant money from the Commonwealth for the project as provided in House Bill 1 under the terms and conditions enumerated herein and has further agreed to effectuate the completion of the Project in accordance with those terms and conditions and approved by the Commonwealth for the Project; and

WHEREAS, the Commonwealth has been duly designated to administer the local grant for the Project; and

WHEREAS, the Contractor has agreed to serve as the administrator and beneficiary of the grant money from the Commonwealth for the Project

NOW, THEREFORE, in consideration of the mutual covenants, commitments, and conditions contained herein, the Commonwealth and the Contractor agree as follows:

1. Obligations of the Commonwealth

The Commonwealth agrees, conditioned upon the timely performance by the Contractor of its obligations herein, to undertake the following obligations:

A. The Commonwealth may make periodic inspections of the Project and may send inspection reports to the Contractor. Deficiencies identified in an inspection report shall be corrected by the Contractor and their correction reported in writing to the Commonwealth within two weeks of receipt of the inspection report.

B. The Commonwealth will cooperate fully with the Contractor in order to facilitate the obligations set out in this memorandum.

C. The Commonwealth shall close out the Project upon satisfactory completion of the Project by the Contractor in accordance with the terms and conditions of this MOA and submission of an acceptable project completion report in the form prescribed by the Commonwealth.

2. Obligations of the Contractor

The Contractor agrees to undertake the following obligations:

A. The Contractor shall perform or cause to be performed all necessary acts to plan, design and complete the Project in accordance with the attached Scope of Work, which is hereby incorporated herein and made a part of this MOA.

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B. The Contractor shall obtain all necessary permits, licenses, and approvals required for completion of the Project from the appropriate governmental entities.

C. The Contractor shall comply with all applicable federal and state statutes, executive orders, regulatory requirements, and policies.

D. The Contractor shall use its own procurement procedures that are compliant with all applicable state and local laws for all purchases of goods or services related to the Project.

E. Beginning upon the effective date of this MOA and regardless of whether any funds have been drawn, the Contractor shall submit quarterly progress reports to the Commonwealth in the form prescribed by the Commonwealth until the Project is deemed closed by the Commonwealth. The reports shall be postmarked no later than the 30th day of the month following the last day of each calendar quarter (i.e., January 30, April 30, July 30, and October 30). The report shall list, at a minimum, the line items in the cost estimate and the percent of completion as well as any indication of problems or time delays. Failure to submit or fully complete the required report will place the Contractor in noncompliance status at which time the Commonwealth will suspend the release of additional funds until the appropriate documentation has been submitted.

F. The Contractor shall retain all records relating to the Project until the records are audited by the Commonwealth, or for three years after the Project has been closed by the Commonwealth, whichever occurs first.

G. A copy of the Contractor resolution authorizing the execution of this MOA is attached, which is incorporated into this MOA as though set forth fully herein.

H. The Contractor shall cooperate fully with the Commonwealth and provide any documentation requested by the Commonwealth in order to facilitate the obligations set out in this MOA.

I. The Contractor shall be responsible for the expenditure of funds in accordance with House Bill 1 and all other applicable laws. Any unauthorized or improper expenditure of funds, or expenditure of funds other than in accordance with the terms of this MOA shall be deemed a default of this MOA by the Contractor. The Contractor shall repay the Commonwealth all funds that are not spent in accordance with this MOA and applicable laws.

J. The Contractor shall submit a project completion report to the Commonwealth in the form prescribed by the Commonwealth upon completion of the Project.

K. All Contractors shall complete an independent annual audit conducted in accordance with generally accepted auditing standards, including 2 CFR Part 200, subpart F, Auditor of Public Accounts Audit Guides, as applicable and unless otherwise exempt by statute. The audit report shall include a certification that the funds were expended for the purpose intended. A copy of the audit and certification of compliance shall be forwarded to the Commonwealth no later than 18 months after the end of each fiscal year in which funds were received by a Contractor.

3. Mutuality of Obligations

A. The parties agree that the obligations imposed upon them are for the benefit of the parties and the timely fulfillment of each, and every obligation in accordance with this MOA is necessary. The failure of the Contractor to fulfill its obligations under this MOA or the failure of any event to occur by a date established by this MOA shall constitute a breach of the MOA unless the obligation is waived or modified in writing by the parties.

B. In the event of default by the Contractor, including the failure to meet any time deadlines set out in this MOA, the Commonwealth may declare this MOA void from its date of execution without further obligation to the Contractor and may commence appropriate legal or equitable action to enforce its rights under this MOA including action for recovery of funds expended hereunder.

C. Except as may otherwise be provided herein, the parties to this MOA shall be solely responsible for any costs incurred in fulfilling their obligations under this MOA. If any legal action or other proceeding is successfully brought by the Commonwealth to enforcement this MOA, then the Commonwealth shall be entitled to recover from the Contractor,

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reasonable attorneys' fees, court costs and all expenses incurred in that action or proceeding, in addition to any other relief to which the Commonwealth may be entitled.

4. Miscellaneous Provisions

- A. This MOA may be signed by each party upon a separate copy, and in such case one counterpart of this MOA shall consist of a sufficient number of such copies to reflect the signature of each party hereto. This MOA may be executed in two or more counterparts each of which shall be deemed an original, and it shall not be necessary in making proof of this MOA or the terms and conditions hereof to produce or account for more than one of such counterparts.
- B. The headings set forth in this MOA are for convenience or reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction or meaning of the provisions of this MOA.
- C. The terms and conditions of this MOA shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of the parties. This provision shall not be construed to permit assignment by any party of any of its rights and duties under this MOA which assignment shall be prohibited except with the prior written consent of all parties hereto.
- D. This MOA sets forth the entire understanding of the parties with respect to the subject matter hereof, supersedes all existing MOAs among them concerning the subject matter hereof, and may be modified only by a written instrument duly executed by each of the parties hereto.
- E. Performance of each of the terms and conditions of this MOA shall be carried out in a timely manner.

F. The parties agree that any suit, action, or proceeding with respect to this MOA may only be brought in or entered by, as the case may be, the courts of the Commonwealth of Kentucky situated in Frankfort, Franklin County, Kentucky or the United States District Court for the Eastern District of Kentucky, Frankfort Division.

All notices, requests, demands, waivers, and other communications given as provided in this MOA shall be in writing, and shall be addressed as follows:

If to the Commonwealth: Department for Local Government
 Office of State Grants
 100 Airport Road, Third Floor
 Frankfort, KY 40601

and, additionally, by electronic mail to Wendy.Thompson@ky.gov.

If to the Contractor: Lexington Fayette County Urban County Government
 200 East Main Street
 Lexington, KY 40507
 ATTN: Linda Gorton, Mayor

G. The Commonwealth may audit or review all documentation and records of the Contractor relating to this project pursuant to the provisions of KRS 45A.150.

H. The parties agree that this MOA is not entered into under the provisions of KRS 56.8161 et seq.

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The Commonwealth shall, subject to the availability of appropriate funds, pay the Contractor a sum not to exceed TEN MILLION DOLLARS (\$10,000,000.00) in accordance with the submission of a Request for Disbursement form, as prescribed by the Commonwealth.

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Memorandum of Agreement Standard Terms and Conditions
Revised August 2024

1.00 Effective Date

All Memorandum of Agreements are not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the agreement and until the agreement has been submitted to the government contract review committee. However, in accordance with KRS 45A.700, memoranda of agreement in aggregate amounts of \$50,000 or less are exempt from review by the committee and need only be filed with the committee within 30 days of their effective date for informational purposes.

KRS 45A.695(7) provides that payments on personal service contracts and memoranda of agreement shall not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head if the agency has been granted delegation authority by the Secretary.

The vendor shall be paid, upon the submission of proper invoices to the receiving agency at the prices stipulated for the supplies delivered and accepted, or services rendered. Unless otherwise specified, payment will not be made for partial deliveries accepted. Payments will be made within thirty (30) working days after receipt of goods or a vendor's invoice in accordance with KRS 45.453 and KRS 45.454.

2.00 EEO Requirements

The Equal Employment Opportunity Act of 1978 applies to All State government projects with an estimated value exceeding \$500,000. The contractor shall comply with all terms and conditions of the Act.

3.00 Cancellation Clause

Both parties shall have the right to terminate and cancel this contract at any time not to exceed thirty (30) days' written notice served on the Contractor by registered or certified mail.

4.00 Funding Out Provision

The state agency may terminate this agreement if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the agreement. The state agency shall provide the Contractor thirty (30) calendar day's written notice of termination of the agreement due to lack of available funding.

5.00 Reduction in Contract Worker Hours

The Kentucky General Assembly may allow for a reduction in contract worker hours in conjunction with a budget balancing measure for some professional and non-professional service contracts.

If under such authority the agency is required by Executive Order or otherwise to reduce contract hours, the agreement will be reduced by the amount specified in that document. If the contract funding is reduced, then the scope of work related to the contract may also be reduced commensurate with the reduction in funding. This reduction of the scope shall be agreeable to both parties and shall not be considered a breach of contract.

6.00 Access to Records

The state agency certifies that it is in compliance with the provisions of KRS 45A.150, "Access to contractor's books, documents, papers, records, or other evidence directly pertinent to the contract." The Contractor, as defined in KRS 45A.030, agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this agreement for

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the purpose of financial audit or program review. The Contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the agreement and shall be exempt from disclosure as provided in KRS 61.878(1)(c).

7.00 Violation of tax and employment laws

KRS 45A.485 requires the Contractor and all subcontractors performing work under the contract to reveal to the Commonwealth any final determination of a violation by the Contractor within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to corporate and utility tax, sales and use tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively. Disclosure of any violations is required prior to the award of any state contract and throughout the duration of the contract.

Failure to disclose violations, shall be grounds for the Commonwealth's disqualification of a contractor or subcontractor from eligibility for future state contracts for a period of two (2) years.

To comply with KRS 45A.485, the Contractor and all subcontractors performing work under this contract shall report any such final determination(s) of any violation(s) within the previous five (5) years to the Commonwealth by providing a list of the following information regarding any violation(s): (1) specific KRS violated, (2) date of any final determination of a violation, and (3) state agency which issued the final determination.

A list of any disclosures made prior to award of a contract shall be attached to the contract. The Contractor affirms that it has not violated any of the provisions of the above statutes within the previous five (5) year period, aside from violations explicitly disclosed and attached to this contract. Contractor further affirms that it will (1) communicate the above KRS 45A.485 disclosure requirements to any subcontractors and (2) disclose any subcontractor violations it becomes aware of to the Commonwealth.

8.00 Discrimination

This section applies only to agreements disbursing federal funds, in whole or part, when the terms for receiving those funds mandate its inclusion. Discrimination (because of race, religion, color, national origin, sex, sexual orientation, gender identity, age, or disability) is prohibited. During the performance of this agreement, the Contractor agrees as follows:

The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex, sexual orientation, gender identity or age. The Contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The Contractor agrees to provide, upon request, needed reasonable accommodations. The Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability. Such action shall include, but not be limited to the following; employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

In all solicitations or advertisements for employees placed by or on behalf of the Contractor, the Contractor will, state that all qualified applicants will receive consideration for employment

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without regard to race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability.

The Contractor will send to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965 as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of the Contractor's noncompliance with the nondiscrimination clauses of this agreement or with any of the said rules, regulations or orders, this agreement may be cancelled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in or as otherwise provided by law.

The Contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

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Approvals

This contract is subject to the terms and conditions stated herein. By affixing signatures below, the parties verify that they are authorized to enter into this contract and that they accept and consent to be bound by the terms and conditions stated herein. In addition, the parties agree that (i) electronic approvals may serve as electronic signatures, and (ii) this contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single contract.

1st Party:


Signature

Matt Sawyers

Printed Name

Commissioner, Department for Local Government

Title

3/26/2025

Date

2nd Party:


Signature

Linda Gorton

Printed Name

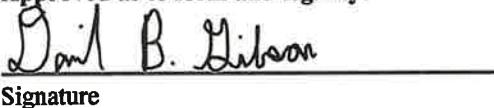
LFUCG, Mayor

Title

03-26-2025

Date

Approved as to form and legality:


Signature

Brandon Gibson

Printed Name

Counsel, Department for Local Government

Title

3/26/25

Date


Signature

Evan Thompson

Counsel, LFUCG

Title

3/25/25

Date

EXHIBIT B (BUDGET)

4902-5825-7011, v. 1

Expense

STAFF**	Salary	FTE	Total
.25 Controller	\$ 65,000.00	0.25	\$ 16,250.00
.25 Director of Construction	\$ 87,900.00	0.25	\$ 21,975.00
.25 Director of People & Culture/Chief of Sta	\$ 80,000.00	0.25	\$ 20,000.00
.1 Director of Administration	\$ 75,000.00	0.1	\$ 7,500.00
.25 CEO	\$ 157,000.00	0.25	\$ 39,250.00
	Total Staff		\$ 104,975.00

FRINGE**

21% of Salary (correct to your %)	\$ 104,975.00	0.21	\$ 22,044.75
			\$ 127,019.75
		CAPPED ADMIN	\$ 100,000.00

SUPPLIES**

Office Supplies

FACILITIES & EQUIPMENT**

Shared cost for office space/utilities
Computers/Phones/etc
Shared cost for IT expense/internet

CONTRACTUAL

GC Contract (site work)	\$ 5,825,000.00
Civil Architect/Engineer	\$ 600,000.00
Environmental/Geotech Surveys	\$ 30,000.00
3rd Party Inspections	\$ 45,000.00
Compliance	\$ 50,000.00
Site Maintenance	\$ 25,000.00
Legal Fees	\$ 50,000.00
Accounting (single audit)**	\$ 25,000.00

INSURANCE

\$ 50,000.00

ACQUISITION

Purchase of property \$ 3,200,000.00

TOTAL \$ 10,000,000.00
ADMIN \$ 100,000.00
% ADMIN 1.00%