

LEASE

THIS LEASE ("Lease") is made as of 11/2, 2012, by and between **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, having its principal office at 200 East Main Street, Lexington, Kentucky 40507 ("Lessor") and **AIDS VOLUNTEERS, INC.**, a Kentucky non-profit corporation, P.O. Box 431, Lexington, Kentucky 40588 ("Lessee").

RECITALS

A. Lessor is the record owner of the property known and designated as 851 Todds Road, Lexington, Fayette County, Kentucky, by virtue of the deed dated April 4, 1996, and of record in Deed Book 1840, Page 369 in the Office of the Fayette County Clerk. Said property is more particularly described as Lot 1 of the Nannie K. Welch property, Lexington, Fayette County, Kentucky as shown by the plats of record in Plat Cabinet J, Slide 836 in the aforesaid Clerk's Office.

B. Lessee is a non-profit, non-stock corporation under and pursuant to the laws of the Commonwealth of Kentucky and more particularly Chapter 273 of the Kentucky Revised Statutes and is operated exclusively for charitable and educational purposes, including the coordination and operation of a community residence to provide housing for low income persons with AIDS who require hospice care and other supportive services.

C. The above-referenced property has been rehabilitated with federal grant funds provided by the Lexington-Fayette Urban County Government, and is therefore restricted to a residential use for persons of low and moderate income as defined by the U.S. Department of Housing and Urban Development.

D. Lessee has developed and has the ability to implement residential programs aimed at the specific needs of low-income persons with AIDS.

E. Lessor desires to lease the premises to Lessee and Lessee desires to lease the premises from Lessor for the providing of residential services to low-income persons with AIDS.

NOW, THEREFORE, in consideration of the premises and the further consideration hereinafter provided, the parties hereto agree as follows:

SECTION 1

PREMISES AND TERM

A. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor that certain real property and the improvements thereon designated as 851 Todds Road, subject to the provisions herein contained.

B. The Lessee shall use the premises solely to operate a community residence to provide housing for low income persons with AIDS who require hospice care and other supportive services.

C. The term of this Lease shall commence on the fifteenth of November, 2012, at 12:01 a.m. ("Commencement Date") and end on the fifteenth day of November, 2013, at 11:59 p.m., unless sooner terminated as provided herein.

D. This Lease may be renewed for three (3) additional twelve (12) month terms. At the end of the term set out in paragraph C of this Section or the end of the then applicable twelve (12) month renewal term set forth in this paragraph, this Lease shall automatically renew for an additional term of twelve (12) months upon the same monthly rent and terms and conditions applicable to the initial term of this Lease. During any such renewal term, the phrase "Lease Term" or "term of this Lease" or similar phrases as used in this Lease shall be deemed to include such renewal term and any prior renewal terms. The Lessor and Lessee have the right to terminate this Lease, without cause, by giving written notice of intent to terminate on or before sixty (60) days prior to the expiration of the then applicable term.

SECTION 2

RENTAL PAYMENTS AND UTILITIES

A. Rental Payments. During the term of the Lease, Lessee shall pay, without demand, to or for the account of the Lessor as rent, in consideration for the use and occupancy of the premises, Ten Dollars (\$10.00) per year. Payment shall be made to the Lexington-Fayette Urban County Government, Division of Revenue, or its successor, at 200 East Main Street, Lexington, Kentucky 40507, by mail or in person.

B. Obligations of Lessee Unconditional. The obligations of the Lessee to make the rental payment due under the Lease shall be absolute and unconditional and shall not be subject to any diminution by right of set off, counterclaim, recoupment or otherwise, except as determined by a court of competent jurisdiction or through the mediation or arbitration process.

C. Utilities. The Lessee shall be responsible for the cost of all utilities, including water, heat, gas, electricity, telephone, waste removal or other utilities or services supplied to the premises upon occupancy of same and shall cause the accounts for such utilities or services to be placed in its name immediately upon commencement of the Lease.

SECTION 3

INSURANCE

(a) Lessee shall procure and maintain for the duration of the Lease, insurance against claims for injuries to persons and damages to property which may arise from or in connection with the Lessee's operation and use of the premises. The cost of such insurance shall be borne by the party procuring the coverage with the following minimum requirements:

1. Property Coverage: Lessee shall provide coverage against at least fire and the extended coverage perils including, but not limited to, vandalism and malicious mischief in an amount not less than the reasonable replacement cost at the time of loss, plus necessary insurance for contents.

2. Commercial General Liability Insurance: The insurance procured and maintained by Lessee shall provide coverage at least as broad as form GG-0001 (01/96) with limits of not less than \$1,000,000.00 per person and \$2,000,000.00 aggregate.

All required insurance policies shall be with insurance companies qualified to do business in the Commonwealth of Kentucky who have a rating classification of no less than Excellent (A) and a financial size category of no less than VIII as defined by the most current Best's Key Rating Guide. The Lessor and others identified by Lessor should be named additional insured as their interest may appear.

The Lessee shall provide the Lessor and other additional insureds as identified by the Lessor with current certificates of insurance, with an endorsement that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, to Lexington-Fayette Urban County Government, Division of Risk Management, 200 East Main Street, Lexington, Kentucky 40507.

(b) All personal property of the Lessee, its agents, employees, visitors, licensees, contractors or suppliers, in and on said Premises, shall be and remain at their sole risk, and Lessor shall not be liable to them for any damage to, or loss of, such personal property arising from theft or from any act of negligence of any other persons, or from any other cause whatsoever. Lessor shall not be liable to them for any damage to, or loss of, such personal property arising from theft or from any act of negligence of any other persons, or from any other cause whatsoever. Lessor shall not be liable to Lessee for the interruption of Lessee's business or activities in any way, by reason of fire or other casualty, regardless of fault.

SECTION 4

CONDITION OF PREMISES

A. Lessee has inspected the real property and improvements comprising the premises, including all systems and equipment, or has had an opportunity to do so, and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of

the Lessor to perform any alterations, repairs or improvements except as expressly provided herein and in any separate agreement that may be signed by the parties.

The Lessee shall, at its own cost and expense, keep the premises in good and sanitary condition, working order and repair (including without limitation, carpet, wall-covering, doors, plumbing, heating/cooling systems and other fixtures, equipment, alterations and improvements whether installed by Lessor or Lessee), ordinary wear and tear excepted. In the event that any repairs, maintenance or replacements are required, Lessee shall promptly arrange for the same, at its cost and expense, through contractors as Lessor generally uses or such other contractors as Lessor shall first approve in writing, and in a first class, workmanlike manner. If Lessee does not promptly make said arrangements, Lessor may, but need not, make such repairs, maintenance, and replacements, and the costs paid or incurred by Lessor therefor shall be reimbursed by Lessee promptly. This Lease is not a written authorization to any contractor or subcontractor to alter or modify the premises. Written consent must come directly from Lessor. The Lessee also assumes full responsibility for removal of snow and ice from all sidewalks and driveways and/or parking areas on the property and from all abutting sidewalks to the extent required by Section 17-31 of the Code of Ordinances of the Lexington-Fayette Urban County Government. Lessee shall keep and maintain the property in accordance with the standards prescribed by 24 CFR § 92.251-Property Standards.

B. For purposes of this Lease, systems and equipment shall include, but are not limited to, electrical, plumbing, heating, cooling, electrical appliances, electrical fixtures, water heaters, boilers, security systems, and all fixtures.

C. The property will be returned to the Lessor in as good a condition as it is in as of the date of the Lease, subject to reasonable wear and tear. It shall be returned to the Lessor free of trash, debris, and other personal property. All keys will be returned to Lessor promptly at the end of the Lease.

SECTION 5

TAXES

A. Lessee shall, during the term of this Lease, pay all real estate taxes and assessments of every nature levied and assessed against the demised premises including all buildings and improvements presently thereon and all additions, fixtures, improvements and repairs made upon the premises by Lessee pursuant to Section 9 of the Lease, which become the property of the Lessor as set out in subsection B below. Lessee shall further pay all taxes and assessments upon its leasehold interest as well as upon any personal property belonging to Lessee taxed at the demised premises.

B. The parties to this Lease contemplate that the premises will be used for a governmental or proprietary purpose of Lessor and, therefore, that the premises will be exempt from all taxes presently assessed and levied with respect to the real property. In the event that the use, possession, or acquisition of the premises is found to be subject to taxation in any form, Lessee will pay during the Lease Term, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or incurred in the operation, maintenance, use and upkeep of the premises; provided, however, that with respect to any governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as have accrued during such time as this Lease is in effect. After the issuance by the governmental authority having jurisdiction of tax bills for taxes assessed, levied and/or imposed upon the premises, Lessor shall promptly submit to Lessee a copy of such bill(s) for the taxes assessed, levied or imposed upon the premises, together with a statement which shall indicate the amount, if any, required to be paid by Lessee.

C. The Lessee agrees to pay all utility costs during the term of the Lease to include, but not limited to, gas, water, electric, telephones, sanitary sewers, landfill use, and any other utility charges or taxes which may be imposed by any governmental entity. All utility service shall be in the name of Lessee or participants in Lessee's program, and in no event shall any utility service be

in the name of Lessor. The Lessee shall not install any equipment which will exceed the capacity of existing electrical, heating, cooling or plumbing systems. There is no warranty against utility interruptions, failures, shortages, and that the occurrence of such is not deemed to be an eviction nor disturbance of use and possession so as to relieve Lessee of any obligation under Lease.

SECTION 6

MECHANIC'S LIEN

In the event that Lessee erects any alterations or improvements to the premises as herein provided, Lessee hereby agrees to and does indemnify Lessor against any mechanics' liens that may be filed against the premises for labor or material furnished, or both, as well as any loss, cost and expense, including attorney's fees, incurred by Lessor by reason of any such mechanics' liens, and, in the event of any such lien if filed, Lessee will immediately pay off or bond the same and cause it to be satisfied and discharged of record.

SECTION 7

RIGHT OF ENTRY

Subject to the rights of Lessee's program participants, Lessee agrees that Lessor's representatives shall have the right at all reasonable times to enter upon and to inspect the premises to ascertain that Lessee is carrying out the terms, conditions and provisions hereof; provided, Lessor shall give reasonable notice to Lessee and allow Lessee sufficient time to notify Lessee's program participants.

SECTION 8

RECORDKEEPING AND REPORTING

Lessee shall by January 31 of each year submit to Lessor: (a) a report describing, on such forms as Lessor shall provide, the services provided by Lessee during the preceding fiscal year, and (b) a copy of Lessee's audit for its preceding fiscal year. Report of services shall include the number of persons served, income status, racial, age and handicap status. Lessor shall have access

to the books and records of Lessee in order to inspect, and examine same to document the accuracy and completeness of the report and audit required by this Section.

Lessee shall also maintain records and make reports in accordance with 24 CFR § 92.508-Recordkeeping and 24 CFR § 92.509- Performance Reports.

SECTION 9

MODIFICATIONS, IMPROVEMENTS AND USE

The Lessee may make no modifications or improvements on or to the premises, nor change its use, nor make program changes which affect the benefiting population, without the prior written consent of the Lessor. Modifications or improvements shall be considered fixtures and shall become the property of Lessor; provided, that inventory, furnishings, trade fixtures, and other equipment installed by Lessee shall remain the property of Lessee and may be removed by Lessee upon the termination of this Lease, provided that (1) any of such as are affixed to the premises and require severance may be removed only if Lessee shall repair any damage caused by such removal, and (2) Lessee restores the damaged premises to the same condition it was in before the additions or improvements were installed or affixed. Lessee shall keep the premises free from liens.

SECTION 10

ASSIGNMENT AND SUBLEASING BY THE LESSEE

The Lessee may not assign its interest in the Lease nor sublet the project or portions thereof without the prior written consent of the Lessor. Notwithstanding prior consent of Lessor to an assignment or sublease, the Lessee shall nevertheless remain primarily liable for the payment of rentals due under the Lease and for the full performance and observance of all the obligations under the Lease. In the event of an approved assignment or sublease, Lessee shall provide the Lessor with a copy of any assignment made by the Lessee of its interests in the Lease or any sublease of the premises or any portion thereof within thirty days after the delivery of any such assignment or sublease. Sublessee shall be subject to the same terms and conditions for liability insurance as set forth in Section 3 of this lease and under no circumstances shall the use of the premises as provided

in Section 1(B) of this lease be changed. This section applies only to assignment or sublease of the project and does not apply to any subleases between the Lessee and its tenant/participants in the project.

SECTION 11

EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an Event of Default under the Lease:

- A. Failure by the Lessee to pay the rental amount.
- B. Failure by the Lessee to perform any other obligation on its part to be performed or observed pursuant to the Lease for a period of thirty (30) days after written notice by the Lessor to the Lessee specifying such failure and requesting that it be remedied; provided, however, that if such failure be such that it cannot be corrected within such period, it shall not constitute an event of default hereunder if corrective action is instituted by the Lessee within such period and diligently pursued until such failure is corrected; or
- C. The dissolution or liquidation of the Lessee or failure by the Lessee promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry out its obligations under the Lease or if the Lessee becomes insolvent or bankrupt, or makes an assignment for the benefit of its creditors, or consents to the appointment of a trustee or receiver for the Lessee or for the greater part of its properties or a trustee or receiver is appointed for the Lessee or for the greater part of its properties without its consent and is not discharged within forty-five (45) days; or bankruptcy, reorganization or liquidation proceedings are commenced by or against the Lessee, and if commenced against the Lessee are consented to by it or remain undismissed for forty-five (45) days.
- D. Failure by the Lessee to operate a community residence to provide housing for low-income persons with AIDS who require hospice care and other supportive services.

SECTION 12

REMEDIES UPON EVENT OF DEFAULT

Whenever any Event of Default shall have occurred and be continuing, the Lessor may exercise any one or more of the following remedies:

A. Re-enter and take possession of the premises without terminating the Lease and sublease the premises or any portion thereof provided, however, that until the Lessor has entered into a firm agreement for the subleasing of the premises, the Lessee may at any time fully cure all defaults whereupon the Lessee shall be restored to its use, occupancy and possession of the premises.

B. Take whatever action at law or in equity as may appear necessary or desirable to collect the rental payments then due and thereafter to become due or to enforce performance and observance of any obligation of the Lessee under the Lease;

C. Repair the premises in order to better relet it with the costs and expenses of such repair shall be paid by the Lessee to the Lessor.

D. Upon reasonable notice, reenter and repair any system or equipment, or any portion thereof, without terminating the Lease, upon Lessee's failure to repair same as required herein; the costs and expense of such repair shall be repaid to Lessor by Lessee.

E. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power occurring upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Section it shall not be necessary to give any notice, other than such notice as may be required by Section 13.

SECTION 13

NOTICES

All notices hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified mail, postage prepaid, return receipt requested, to the parties at their respective addresses as follows:

Lexington-Fayette Urban County Government
Division of Grants and Special Programs
200 East Main Street, 6th Floor
Lexington, Kentucky 40507
Attn: Irene Gooding

AIDS Volunteers, Inc.
P.O. Box 431
Lexington, Kentucky 40588

The parties may by notice designate any further or different addresses to which notices or other communications shall be sent.

SECTION 14

AMENDMENT

No amendment to the Lease shall be binding upon either party hereto until such amendment is reduced to writing and executed by both parties.

SECTION 15

BINDING EFFECT

The Lease shall be binding upon the parties hereto and upon their respective successors and assigns.

SECTION 16

SEVERABILITY

If any clause, provision or section of the Lease be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provisions or sections hereof.

SECTION 17

GOVERNING LAW

The Lease will be governed and construed in accordance with the law of the Commonwealth of Kentucky.

SECTION 18

OBLIGATIONS OF LESSEE

A. Lessee agrees the premises must be used for the purpose intended as stated in Recital B.

B. Lessee understands and agrees to indemnify, defend and save harmless the Lessor, its employees, agents, volunteers, elected and appointed officials, licensees and assigns from any and all claims, demands, damages, actions, costs and charges (including legal expenses), present and future, by and on behalf of any person(s), firm(s), or corporation(s), or any other individual or entity, arising from, resulting from, or in any way connected with, the character, condition, or use of the leased structure and premises, and activities related to construction, repairs and maintenance by Lessee; or arising from any breach or default by the Lessee in the performance of any covenant or agreement required of the Lessee, its agents, contractors, subcontractors, employees, licensees or assigns; or damages or injuries whatsoever caused to any person(s), firm(s), or corporation(s) occurring on the premises during the term of this Lease; provided Lessee shall not be obligated to indemnify or save harmless Lessor, its employees, agents, volunteers, elected and appointed officials, licensees and assigns for acts of negligence of the Lessor. Lessor hereby agrees to indemnify and save harmless Lessee from any and all losses and claims of whatsoever kind, including reasonable attorneys' fees and court costs, if such losses, claims, fees and costs arise from the negligence or unauthorized acts of the Lessor.

C. The Lessee agrees not to discriminate against any employee, nor applicant for employment, because of race, color, religion, sex, age, national origin, or handicap. Lessee agrees that it shall state in all solicitation or advertisements for employees that all qualified applicants will

receive equal consideration for employment without regard to race, color, religion, sex, age, national origin or handicap.

D. The Lessee agrees not to discriminate against any client, nor potential client, because of race, color, religion, age, national origin, or handicap. Lessee agrees that it shall state in all solicitation or advertisements for clients that all qualified clients will receive equal consideration without regard to race, color, religion, age, national origin, or handicap. Furthermore, Lessee shall abide by all the requirements of 24 CFR § 92.350-Equal opportunity and fair housing.

E. Lessee shall comply with all federal, state and local rules, regulations, statutes, laws, ordinances and guidelines and obtain all permits and licenses in any way applicable and necessary for the operation of the type of facility to be operated on the premises.

F. Lessee shall provide housing opportunities in accordance with the income targeting requirements of 24 CFR § 92.216-Income Targeting.

G. Lessee shall charge all residents of the facility a rental amount in accordance with 24 CFR § 574.310(d) (1993) - Resident Rent Payment and 24 CFR § 92.252-Qualification as affordable housing and income targeting: Rental housing.

H. Lessee shall formulate leases in accordance with 24 CFR § 92.253-Tenant and Participant protections.

I. Lessee shall develop a process through which assistance to participants who reside in the program may be terminated, in accordance with 24 CFR § 574.310(e) - Termination of Assistance.

SECTION 19

LESSOR'S REPRESENTATIONS AND WARRANTIES

Lessor hereby makes the following representations and warranties to Lessee:

A. The execution, delivery and performance of this Lease and any documents relating hereto have been duly authorized by all necessary parties. Lessor has full power and authority to enter into this Lease and to consummate the transactions contemplated hereby. Neither the

execution of this Lease, nor the consummation of any transaction contemplated herein, violates any contract or agreement to which Lessor is a party.

B. Lessor owns good and marketable fee simple title to the premises subject only to easements and restrictions of record which do not impair the Lessee's intended use of the premises.

C. There is no sum owing to any person(s) or entity for work done or material furnished on the premises, and that there are no materialman's or mechanic's liens that exist or that have been filed against the premises that have not been paid in full.

D. Pursuant to Section 4, to Lessor's knowledge, the premises are currently in compliance with all laws, rules and ordinances applicable thereto including, but not limited to, environmental, zoning or building laws, rules and ordinances, and to Lessor's knowledge there is no pending claim, lawsuit, agency proceeding or other legal, quasi legal or administrative challenge concerning the premises; the operation of the premises or any condition existing thereon, and no such claim, litigation, proceeding or challenge has been threatened by any person or entity to the knowledge of Lessor.

E. To Lessor's knowledge, there does not now exist in, on or under the premises any flammable explosives, radioactive materials, hazardous waste, toxic substances or any other regulated substances or materials including, but not limited to, asbestos.

F. The premises is not subject to any leases, written or oral, which shall extend beyond the Commencement Date.

G. There are no outstanding options to purchase or contracts of sale with respect to the premises.

H. If any of these conditions is not as warranted and Lessor is unable to correct the problem within a reasonable time, Lessee may terminate this lease upon thirty (30) days written notice.

SECTION 20

DAMAGE OR DESTRUCTION OF PROJECT

In the event of a partial destruction of the premises during the term hereof such partial destruction shall in no manner annul or void this Lease, provided, however, the rent or other charges to be paid hereunder shall be equitably abated or reduced as to the unusable portion of the premises during the period of repair. If repairs cannot be made within sixty (60) days but corrective action has been instituted within such period and diligently pursued, the Lease shall remain in effect, as set out herein. In the event of total destruction, this Lease may be terminated at the option of Lessee; provided, nothing herein shall require Lessor to rebuild any portion of the premises in the event of total destruction.

If the whole or any substantial portion of the premises shall be taken or condemned by any competent authority for any public use or purpose or if a conveyance be made by Lessor in lieu of such taking, then the term hereby granted shall cease from the day prior to the taking of possession by such authority or on the day prior to the vesting of title in such authority, whichever first occurs, and rent hereunder shall be paid to and adjusted as of that day. All proceeds of such condemnation representing the value of the premises, including the unexpired term of this Lease, shall be the sole property of Lessor. Provided, however, that nothing herein shall be deemed to prevent Lessee from recovering from the condemning authority compensation for the taking of personal property and trade fixtures belonging to Lessee, or for interruption or damage to Lessee's operations or for moving or other expenses, to the extent any of the same are compensable by law.

In the event of a partial taking of the premises, as a result of which Lessee is not prevented from conducting its operations in or on the premises in a reasonably efficient manner, then this Lease shall continue in full force and effect as to the remaining portion of the premises and a ratable adjustment of the rent payable by Lessee for the remaining portion of the premises shall be made based upon the ratio of the square footage of the remaining area of the buildings on the premises to the square footage of the original buildings on the premises. Lessor shall be entitled to all

compensation and awards arising out of or in connection with such condemnation or acquisition, except that nothing herein contained shall be deemed to prevent Lessee from recovering from the condemning authority compensation for the taking of personal property or trade fixtures belonging to it or for interruption or damage to its operations or for moving or other expenses, to the extent any of the same are compensable by law.

SECTION 21

SHORT FORM

Lessor, at Lessee's request, shall execute a short form of this Lease for recording in the Fayette County Clerk's Office.

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the dates hereinafter set forth but to be effective as to the date first above written in the opening paragraph of this Lease.

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

BY: _____
JIM GRAY, MAYOR

AIDS VOLUNTEERS, INC.
a Kentucky non-profit corporation

BY: _____

Its: EXECUTIVE DIRECTOR

COMMONWEALTH OF KENTUCKY)
) SCT
COUNTY OF FAYETTE)

The foregoing Lease was subscribed, sworn to and acknowledged before me by Jim Gray, Mayor of the Lexington-Fayette Urban County Government, for and on behalf of the Lexington-Fayette Urban County Government, on this the _____ day of _____, 2012.

My Commission expires: _____

NOTARY PUBLIC

COMMONWEALTH OF KENTUCKY)
) SCT
COUNTY OF FAYETTE)

The foregoing Lease was subscribed, sworn to and acknowledged before me by MARK ROYSE, Exec Dir, for and on behalf of AIDS Volunteers, Inc., a Kentucky non-profit corporation, on this the 2nd day of NOV, 2012.

My Commission expires: March 22, 2013

Angela Back
NOTARY PUBLIC