LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and entered into this 3 day of July, 2018, by and among the LEXINGTON HUMANE SOCIETY, a Kentucky non-profit corporation with offices located at 1600 Old Frankfort Pike, Lexington, Kentucky 40504; ("Landlord"), LEXINGTON-FAYETTE ANIMAL CARE AND CONTROL, LLC, a Kentucky Limited Liability Company with offices located at 1600 Old Frankfort Pike, Lexington, Kentucky 40504 ("Organization ") and the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, 200 East Main Street, Lexington, Kentucky 40507 ("Tenant").

WITNESSETH:

WHEREAS, pursuant to a purchase of service agreement arrangement, Tenant historically has contracted with Landlord or with Organization for the provision of animal care and control services within Fayette County, including the use of Landlord's existing animal shelter; and

WHEREAS, Landlord is the sole member of Organization, a limited liability company; and

WHEREAS, for so long as Tenant contracts with Organization for the provision of animal care and control services, it will be necessary for Organization to occupy and use the premises demised herein for the performance of those services; and

WHEREAS, Landlord desires to lease and Tenant desires to rent Landlord's animal shelter structure and related facilities as set forth herein; and

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, and each act performed hereunder by either of the parties, Landlord, Organization and Tenant agree as follows:

ARTICLE I- PREMISES

Section 1.01. Premises. Landlord hereby lets and demises to Tenant, and Tenant hereby leases from Landlord all of the premises, located at 1600 Old Frankfort Pike, Lexington, Kentucky, which shall be known as the Lexington-Fayette Urban County Government Animal Shelter (the "Animal Shelter").

Section 1.02. Landlord's Representations and Warranties. Landlord hereby makes the following representations and warranties regarding the Premises:

(a) Ownership of Real Property and Covenant of Title. Landlord covenants that it owns the Premises in fee simple absolute. Landlord further covenants, represents

and warrants that it has full right and power to execute and perform its obligations under this Lease and to grant the estate demised herein and that Tenant, or its successors and assigns, on payment of the rent and performance of the covenants and agreements herein contained, shall peaceably and quietly have, hold and enjoy the Premises during the Term without molestation or hindrance by any person, and if at any time during the Term, the title of Landlord shall fail or it shall be discovered that its title does not enable Landlord to grant the term hereby demised, Tenant, or its successors and assigns, shall have the option to annul and void this Lease with full reservation of its rights to damages, if any, against Landlord, or to continue with the Lease modified as required by the defect.

(b) Compliance with Regulations. To Landlord's knowledge, neither Landlord nor the Premises is in violation of any applicable law, ordinance, statute, regulation, rule, court order, decree, franchise or governmental requirement concerning the use or operation of the Premises and no notice or communication has been received from any governmental authority of any violation thereof.

(c) Undisclosed Problems. To Landlord's knowledge there are no undisclosed problems of which the Landlord, in the reasonable conduct of its business, has knowledge which could in any material way, adversely affect the Premises.

(d) Hazardous Waste. The Premises have not been used by Landlord to generate, manufacture, produce , store, lease, discharge or dispose of on, under or above the Premises or transport to or from the Premises any "hazardous substance" within the meaning of any state or federal law, rule, regulation, statute or ordinance, including, without limitation the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), 42 U.S.C. 9601 *et seq.* and the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. 6901 *et seq.;* and the Landlord has not, despite good faith inquiries, discovered any occurrence or conditions created by its predecessors in title that could cause the Premises or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any state or federal environmental law, rule or regulation, including without limitation CERCLA or RCRA, and the Landlord, despite good faith inquiries, has no actual or constructive knowledge that any predecessors in title may have utilized the Premises to generate, manufacture, produce, store, release, discharge or dispose on, under or about the Premises or transport to and from the Premises any hazardous substance referred

to herein.

(e) Indemnification and Hold Harmless. Landlord agrees to indemnify and hold Tenant free and harmless from and against any losses, damages, costs, or expenses (including reasonable attorney's fees) incurred by Tenant as a direct or indirect result of [i] material breach of any representation or warranty of Landlord contained in this Section 1.02, or [ii] any material breach or default by Landlord under any of Landlord's covenants or agreements under this Lease.

Section 1.03. Related Party and Benefits. Organization agrees that it intends to be a party to this Lease Agreement and that it is a beneficiary of various terms and conditions set out herein and, as such, joins in all of Landlord's representations, warranties and covenants contained herein whether or not this Lease expressly so states.

ARTICLE II - TERM AND RENEWALS

Section 2.01. Effective Date. This Lease shall be effective as of July 1, 2018 (the "Effective Date"); provided, however, that this Lease may be terminated by reason of the following:

(a) After the expiration of the initial lease term, either party may terminate any lease extension at any time, without penalty, upon ninety (90) days prior written notice to the other party. Owner may perform ongoing evaluations to determine whether the Premises are being used by Tenant as stipulated in this Agreement.

(b) Landlord may terminate this Lease upon Tenant's failure to enter into a purchase of service or similar agreement with Organization for the provision of animal care and control services; provided, however, that Landlord's contingency and its right of termination shall not exist if Tenant terminates or does not enter into a new agreement with Organization because of Organization default under that agreement or if Organization fails or refuses to provide animal care and control services, or does not submit a good faith bid proposal to perform such services, for and on behalf of Tenant. Termination shall be accomplished by Landlord giving Tenant six (6) months prior written notice of termination and by Landlord fully satisfying the Rent Reimbursement obligation in Section 3.02 of this Lease.

(c) Either Landlord or Tenant may terminate this Lease for good cause or for no cause by giving the other party one (1) year prior written notice. Termination under this subsection shall trigger Landlord's Rent Reimbursement obligation in Section

3.02 of this Lease.

Section 2.02. Term. The Term of this Lease shall be for a period of five (5) years from the Effective Date, as herein defined, and five (5) additional annual automatic lease extensions with the same terms and conditions.

ARTICLE III - RENT

Section 3.01. Rental. Rent will be paid on a monthly basis to Landlord. Initial Lease # 800-2006 was terminated early to align with Tenant's fiscal year. This created a credit from the original Lease in Tenant's favor in the amount of $18,750.00 (Exhibit A), which will be applied to the annual rental payment due to Owner for FY 2019, as seen below. Proposed CPI Factor of 2.10% locked in for the first five (5) years of the contract. Rent shall be a total of $63,000.00 for fiscal year (FY) 2019, exclusive of the credit due Tenant for early cancellation of the prior lease, which amount shall increase by 2.1% in FY 2020 through FY 2023. Should the parties the Lease beyond FY 2023, the annual rental rate shall increase based on the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, South Region (CPI-U, South) at a rate to be determined as follows:

Prior Year's Rental Rate	x	(CPI-U, South for the most recent month available/CPI-U, South for twelve (12) months before the most recent month available)

10 Year Annual Lease Payment Schedule Effective July 1, 2018

Period	Annual Payment	
FY 2019	$63,000.00	
FY 2020	$64,323.00	
FY 2021	$65,673.78	
FY 2022	$67,052.93	
FY 2023 (*)	$68,461.04	**(*) End of the initial term of the lease (5 Yr.). Annual Payment figures thereafter are estimates, assuming a CPI-U, South inflation of 2.1% per annum.**

FY 2024	$69,898.73
FY 2025	$71,366.60
FY 2026	$72,865.30
FY 2027	$74,395.47
FY 2028	$75,957.77
Total:	**$674,244.63**

Section 3.02. Rent Reimbursement upon Non-Renewal or Termination. In the event the Lease or any Term hereof is not automatically renewed or is terminated, then Tenant shall be entitled to receive and Landlord shall pay to Tenant within ninety (90) days of non-renewal or termination a sum equal to any and all pre-paid rent.

ARTICLE IV-TAXES

Section 4.01. Taxes. Landlord shall be solely responsible for and shall pay directly to the taxing authorities, and discharge, as they become due, any and all *Ad Valorem* and personal property taxes and assessments on the Premises.

ARTICLE V- USE OF PREMISES

Section 5.01. Use. The Premises will be used by Tenant solely for the operation of its animal care and control program; specifically, the Premises shall function as Tenant's "animal shelter" and "designated licensing facility", as those terms are defined in KRS 258.095. The permitted use shall include, but not be limited to, the receipt, medical evaluation, board or shelter and related care and control of animals (whether strays, lost, or abandoned animals), primarily dogs and cats; holding or quarantine of animals in accordance with state law or court order; provision of animal control services such as animal licensing, lost animal pick-up or retrieval, complaint intake and processing, and call-taker and dispatch functions; basic veterinary care of animals held for animal control purposes; euthanasia and cremation of animals, as necessary and appropriate; and, related or accessory animal care and control services.

Section 5.02.

(a) Exclusive, Shared and Non-Exclusive Use Areas. The parties will share

the non-exclusive use of various portions of the Premises, including without limitation the medical evaluation area, the large animal restraint area, the euthanasia room and freezer in the Animal Shelter; the crematorium, and certain parking areas.

(b) Parking. Landlord shall provide adequate parking for all Tenant's customers, employees, field officer vehicles, and disaster vehicles and equipment.

Section 5.03. Easement for Ingress and Egress. The parties expressly agree that necessary and appropriate easements for ingress and egress to all shared, non-exclusive areas of the Premises, including but not limited to shared parking spaces, shall be provided.

ARTICLE VI - UTILITY SERVICES

Section 6.01. Utility Services. For such time as Organization is a party to a valid purchase of service agreement with Tenant for the provision of animal care and control service for and on behalf of Tenant, Organization shall pay directly to the provider all charges for Utility Services for heat, water, gas, electricity, sewer use, as well as waste disposal, telephone or other telecommunication services that are used or consumed on or in connection with the Premises. In the event Tenant continues occupancy of the Premises after the expiration (and non-renewal) or termination of the purchase of service agreement with Organization, then Landlord shall pay directly to the provider all charges for Utility Services and Tenant shall reimburse Landlord for such charges within thirty (30) days of receipt of sufficient documentation thereof.

ARTICLE VII- INSURANCE AND INDEMNITY

Section 7.01. Public Liability Coverage. Landlord and Organization shall continually during the Term, carry public liability insurance with respect to the Premises. Such insurance policy shall have limits of liability of not less than $1,000,000 for bodily injury or death to any one person, $3,000,000 for any one accident or occurrence and at least $1,000,000 for damage to property. A copy of the policy or a certificate of insurance shall be delivered to Tenant. The Tenant, its successors and assigns, shall be named as additional insureds thereon, and the policy shall contain a clause that the insurer will not cancel or change the insurance without giving the Tenant thirty (30) days prior written notice. The insurance shall be in an insurance company approved by Tenant, which company shall have a rating of "A" or better in Best's

Insurance Reports.

Section 7.02. Indemnification. Landlord and Organization, jointly and severally, will indemnify Tenant, its successors and assigns, and hold them harmless from and against any and all claims, actions, damages liability and expense in connection with loss of life, personal injury and/or damage to property arising from or occasioned wholly or in part by any act or omission of Landlord or Organization, their agents, contractors, employees, servants, lessees or concessionaires, except to the extent attributable to acts of the Tenant or that of its servants, agents, licenses, invitees or contractees, for which Tenant is legally responsible.

Section 7.03. Damage or Destruction to Improvements. If (i) the Premises should be totally destroyed by fire, tornado or other casualty, (ii) if the Premises should be so damaged to the extent that rebuilding or repairs cannot be made within one hundred twenty (120) days after the date upon which the Landlord is notified by the Organization of such damages, (iii) if available insurance proceeds shall not fully replace and restore the buildings and improvements situated on the Premises substantially to their condition prior to such casualty, or (iv) if after a period of six (6) years from the Effective Date, structural repairs *(e.g.,* roof, HVAC) in excess of $100,00.00 are required, either the Tenant or Landlord shall have the option to terminate this Lease and the Rent Reimbursement obligation in Section 3.02 shall be triggered. If the Premises should be damaged by fire, tornado or other casualty, but not to the extent that rebuilding or repair with available insurance proceeds cannot be made within one hundred twenty (120) days after the date upon which the Landlord is notified by the Organization of such damage, this Lease shall not terminate, and the Landlord shall, at its sole cost and expense, proceed with reasonable diligence to rebuild and repair such building to substantially the same condition in which it existed prior to such damage. Rent and all other charges for which Tenant is responsible for Here under during the period the Premises are damaged, and rebuilding and repair of the Premises is occurring, shall be abated.

ARTICLE VIII- DEFAULTS AND REMEDIES

Section 8.01. Default on Lease. Should Tenant or Owner breach any material covenant contained herein and fail to remedy such breach within thirty (30) days of receiving written notice of such, such breach shall constitute an event of default,

granting the other the right and authority to cancel this Lease, triggering Owner's obligations under Section 3.02, upon fourteen (14) days advance notice. Where either party's breach cannot be cured within thirty (30) days by the exercise of reasonable diligence, the breaching party shall have such greater time as is required to effect a cure, provided that such extension shall not exceed a total of one hundred fifty (150) days. Provided, however, that the breaching party may. The Landlord shall not be entitled to terminate this Lease if the underlying default or failure to cure was caused by an act or omission of Organization.

ARTICLE IX - CONDEMNATION

Section 9.01. The Taking. If the Premises, Leasehold Improvements or any part thereof, should be taken or condemned for public or quasi-public use under the statute or by the right of eminent domain, or in lieu thereof, if the Premises are sold to a public body under threat or proposal of condemnation, then Tenant, at its option and with thirty (30) days of such taking, may terminate this Lease, cease to pay rent as of the date possession is taken, and trigger its right to Rent Reimbursement under Section 3.02. Any award or settlement for damages, or such sale proceeds, shall be distributed to the Landlord and Tenant shall not be entitled to make a claim against or share in such award, settlement, damages or proceeds, or to make a claim against any condemner which might impair or reduce Landlord's award, settlement, or proceeds of sale.

Section 9.02. Tenant's Option. In the event Tenant does not exercise its option to terminate as provided in Section 9.02, Tenant shall be obligated to perform all of Tenant's obligations under the Lease; provided, however, that the rent due hereunder shall be abated and proportionately reduced in amounts sufficient to compensate Tenant for the property so taken, and Landlord, to the extent of any award received and returned by Landlord, shall at its expense restore the Premises to a condition of utility and repair substantially like that which existed prior to such taking; provided, however, that Landlord is not obligated to spend more than it receives from the condemnation award to comply with this obligation to restore the Premises.

ARTICLE X - ASSIGNMENT, SUBLEASE OR LICENSE

Section 10.01. Assignment, Sublease or License. Except as provided in this Article XIII or otherwise in this Lease, Tenant may not assign or sublease the Premises, or any right or privilege connected therewith, or allow any other person to occupy the Premises or any part thereof without first obtaining the written consent of

Landlord. Notwithstanding anything to the contrary in this Lease, Landlord expressly agrees and consents to Tenant (a) obtaining at any time during this Lease financing for the construction of improvements or additions on the Premises or other purposes in connection with the Premises, and (b) securing such financing by an assignment of its interests under this Lease and which financing shall be subject to the terms of this Lease and Lessor's rights therein.

Section 10.02. License of Organization For such time as Organization is a party to a valid purchase of service agreement with Tenant, for the provision of animal care and control service for and on behalf of Tenant, or until revoked in writing by Tenant, Organization shall be deemed to possess a revocable license to occupy the Premises for the sole purpose of performing Organization's duties under the purchase of service agreement. Landlord hereby acknowledges and consents to this revocable license. The parties expressly agree that Organization's revocable license shall not be deemed to be coupled with any interest in the Premises and that it is and shall be revocable at will by Tenant.

ARTICLE XI - MISCELLANEOUS

Section 11.01. Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by regular first class mail, postage pre-paid, to any party hereto at its address stated below or at such other address of which it shall have notified the party giving such notice in writing:

Landlord: Lexington Humane Society
1600 Old Frankfort Pike
Lexington, Kentucky 40504
Attn: Executive Director

Organization: Lexington-Fayette Animal Care and Control, LLC
1600 Old Frankfort Pike
Lexington, KY 40504
Attn: Executive Director

Tenant: Lexington-Fayette Urban County Government
200 East Main Street
Lexington, KY 40507
Attn: Commissioner, Department of Public Safety

Section 11.02. Waiver. No waiver of any condition or covenant of this Lease by

any party shall be deemed to imply or constitute a further waiver of the same or any other condition or covenant of this Lease.

Section 11.03. Successors. This Lease shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 11.04. Entire Agreement and Lease. This Lease and the exhibits attached hereto and forming a part hereof, set forth all the covenants, promises, agreements, conditions and understandings by and among Landlord, Organization and Tenant concerning the Premises; and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord, Organization or Tenant unless reduced to writing and signed by them.

Section 11.05. Governing Law and Venue. This Lease shall be governed and construed by the laws of the Commonwealth of Kentucky and each term and provision hereof shall be performed and enforced to the fullest extent permitted by and in accordance with Kentucky law. Venue for all actions arising under this Lease shall lie in Fayette County, Kentucky.

Section 11.06. Headings. Article and Section headings used herein are for convenience only and will not affect the construction of this Lease.

Section 11.07. Severability. If any provision of this Lease is or becomes illegal, invalid or unenforceable under the applicable law, such shall not affect the legality, validity or enforceability of the remainder of such provision or any other provision of this Lease.

Section 11.08. No Partnership or Joint Venture. Tenant does not in any way for any purpose become a partner of Landlord or Organization in the conduct of its business or otherwise or a joint adventurer or a member of a joint enterprise with Landlord or Organization by virtue of this Lease.

Section 11.09. Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Lease by and through their duly authorized officers and members, as of the day and year first above written.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

BY: _____
Jim Gray, Mayor

ATTEST:

_____
URBAN COUNTY COUNCIL CLERK

LEXINGTON HUMANE SOCIETY

BY: _____
Susan Malcomb, LHS President

BY: _____
Anne Gorham,
LHS Chairman of the Board

LEXINGTON-FAYETTE ANIMAL CARE & CONTROL, LLC

BY: _____
Susan Malcomb, Member

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EXHIBIT A

Lexington Humane Society
1600 Old Frankfort Pike
Lexington, Kentucky 40504
859-233-0044
859-259-1598 Fax
www.lexingtonhumanesociety.org

April 17, 2018

Department of General Services, LFUCG
200 East Main Street
Lexington, KY 40507

Dear Jamshid:

Thank you for your help with the new lease between Lexington-Fayette Urban County Government (LFUCG) and the Lexington Humane Society (LHS) for operations provided by Lexington-Fayette Animal Care and Control, LLC (LFACC). LHS is happy to continue to make available the facilities necessary for LFACC to provide the city's statutorily mandated animal control services.

Please accept this letter as a notice of intent to cancel the last 6 months of the current lease agreement which originally expired on December 19, 2018. A credit of $18,750 for the prepaid portion of the current lease is due to LFUCG; please apply this amount as a credit to the new proposed lease first year payment of $63,000. This will reduce the first year net payment amount to $44.250.

We look forward to continuing our successful partnership for many years to come, looking forward to a day when every adoptable animal in Lexington finds a happy home and our community learns to value our animal friends.

Sincerely,

Susan Malcomb
LHS President
(859) 233-0044 Ext. 253

cc: Anne Gorham, LHS Chairman of the Board
Rick Maynard, LHS Vice-Chairman of the Board