

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Agreement") is made and entered into this 9th day of February, 2003⁴ by and between LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, by and through its Metro Development Authority, 600 West Main Street, Louisville, Kentucky 40202 (hereinafter "LESSOR"), and the AFRICAN AMERICAN HERITAGE MUSEUM, LTD., 239 South Fifth Street Suite 1017 Louisville KY 40202 (hereinafter "LESSEE").

IN CONSIDERATION, of the rents to be paid and agreements and covenants to be performed as herein provided, LESSOR leases to LESSEE and LESSEE leases from LESSOR the premises herein described and shown on the plot plan attached hereto as Exhibit "A" and incorporated herein by reference, and the parties further agree as follows:

I. PREMISES: The leased premises is an improved parcel of land approximately two acres in area as shown on the attached Exhibit "A".

II. FACILITIES AND UTILITIES PROVIDED BY LESSOR: LESSOR shall provide for the benefit of LESSEE only those premises shown on Exhibit "A" and LESSOR shall have no responsibility for utilities, maintenance, upkeep or repairs to the premises or any improvements on them during the term of this Lease. Provision for and the cost of any and all utilities used on the premises as well as maintenance, upkeep and repairs shall be solely the responsibility of LESSEE.

III. TERM: The term of this Lease is ten years, beginning upon the date on which LESSOR and LESSEE shall have met all conditions in Article V of the Development Agreement dated the 2nd day of January, 2003 by and between LESSOR, LESSEE and the AFRICAN AMERICAN HERITAGE FOUNDATION, INC. ("Commencement Date") and ending at 12:01 AM on the day ten years from the Commencement Date.

IV. RENT: As rent for these premises, LESSEE shall pay LESSOR \$1.00 per year, which shall be payable in advance, without notice or demand, on the 1st day of said Term, in the office of LESSOR's Treasurer, in Louisville; or at such other place as LESSOR or its Agent may

from time to time designate in writing. In the event LESSOR or LESSEE terminate this Lease prior to its expiration for any reason, rents which LESSEE has paid for use of the premises shall not be rebated to LESSEE. Rent for any renewal period of this Lease shall be negotiated between LESSOR and LESSEE not later than ninety (90) days from the expiration of the term or any extended term of this Agreement.

V. RENEWALS: If not in default in the performance of its covenants under this Lease, LESSEE is hereby granted nine (9) options to renew this lease, each of said options to extend the term from its then current expiration for a period of ten (10) years on the same terms and conditions identified herein. LESSEE shall provide written notice to LESSOR of LESSEE's decision to exercise its option to renew the Lease at least sixty (60) days prior to the expiration of the term of this Lease or any extension hereof.

VI. HOLDING OVER: In the event LESSEE remains in possession of the Premises after the expiration of the term and without the execution of a new lease, it shall be deemed to be occupying the Premises as a tenant from month to month, subject to all conditions, provisions and obligations of this Lease Agreement insofar as the same are applicable to a month to month tenancy.

VII. POSSESSION: LESSOR shall deliver possession of the demised premises to LESSEE on the Commencement Date.

VIII. MODIFICATIONS: LESSEE shall, prior to occupancy, construct improvements designed and built at its sole expense, to Standards For Historic Preservation Projects as adopted by the Secretary of the Interior for the United States of America and only with the prior written approval of LESSOR. Lessee shall seek Kentucky Natural Resources Environmental Protection Cabinet (KNREPC) review and approval prior to any modification of the physical plant or grounds which might require soil disturbance, and shall communicate such intentions to LESSOR prior to seeking KNREPC input. At no time shall LESSEE make any other improvement, deletion, alteration or addition without the prior written consent of LESSOR.

IX. OCCUPANCY:

A. LESSEE shall use the premises only for operations of the Kentucky Center for African American Heritage.

B. LESSEE shall accept said premises on the first day of the term of this Lease, shall comply with the terms of this Agreement and shall use, occupy and maintain said premises exclusively in accordance with the terms of this Agreement.

C. LESSEE shall, at all times during the tenure of this Lease Agreement or any extension thereof, conduct operations on the premises in a safe, prudent, orderly, lawful and businesslike manner, in full compliance with all laws, ordinances or regulations which may be applicable to the premises or LESSEE's use thereof.

D. LESSEE agrees that the premises which are the subject matter of this Lease Agreement shall, prior to occupancy, conform to all applicable codes, including but not limited to, Building, Fire, Environmental and Handicapped Codes, respecting the use identified herein.

E. LESSEE shall perform such repairs and maintenance to the premises and any improvements thereon so as to always maintain good, safe, operational and clean surroundings. LESSEE shall not commit or suffer waste therein or allow any part thereof to become a nuisance.

F. LESSEE shall keep the premises free of vegetation, debris and any and all noxious materials. Further, LESSEE expressly agrees that neither it nor any person or entity acting at its direction or with its consent shall (1) manufacture, treat, use, possess, process, store, dispose or otherwise handle any "Hazardous Substance" (as hereinafter defined) on the premises, except as prescribed by law, or (2) permit the release of a Hazardous Substance on or from the Premises, and LESSEE shall comply with all local, state, or federal laws, rules or regulations to which the premises are subject and which pertain to environmental regulation, contamination or clean-up including, without limitation, "CERCLA", "RCRA", applicable state lien or state superlien or applicable environmental clean-up statutes or judicial or administrative decisions or orders (the "Environmental Laws"). The term "Hazardous Substance" shall mean any waste, substance or material (a) identified in Section 101(14) of CERCLA, as the same may be amended from time to time, or (b) determined to be hazardous, toxic, a pollutant or contaminant, under any Environmental Laws, including but not limited to, petroleum and petroleum products. Further, to the extent required by applicable law, LESSEE shall immediately notify LESSOR of any violation of Environmental Law occurring on or in the Premises, the presence of any Hazardous Substances thereon, or the existence of any other environmental problem or liability with respect thereto of which LESSEE has become aware.

G. LESSEE acknowledges that LESSOR has fully disclosed the presence in the premises of certain of the Hazardous Substances defined above, including asbestos containing materials, lead based paint and petroleum products. LESSEE accepts the premises in the condition represented by LESSOR and releases LESSOR from responsibility for remediation now or in the future of any such Hazardous Substances in the premises.

H. LESSOR agrees that LESSEE shall quietly hold and occupy the premises during the term of this Lease Agreement or any extension thereof subject to the terms and conditions herein.

X. DEFAULT AND CANCELLATION:

A. In the event either party fails to comply with the terms of this Lease Agreement or for just cause, either party may seek cancellation of this Agreement; provided, a written memorandum seeking such cancellation is submitted to the other party thirty (30) days prior to cancellation; and further provided, that the failure to comply or the cause has not been remedied within thirty (30) days after said memorandum is given to the other party.

B. In the event LESSEE shall be adjudged a Bankrupt or file a Petition in bankruptcy, this lease agreement shall be cancelled immediately.

XI. SURRENDER: Upon expiration or termination of the term of this Lease, LESSEE shall at once surrender possession of the premises to LESSOR. All alterations, additions or improvements in or to the Demised Premises, or the building of which they are a part made by either party (except moveable furniture and fixtures) shall immediately become the property of LESSOR and shall be surrendered with the Premises as a part thereof at the end of the term hereof without disturbance, molestation or injury.

XII. EARLY TERMINATION: It is mutually understood and agreed that this Lease is subject at all times to the right of the LESSOR to use the Premises for other purposes. In the event LESSOR determines that the Premises are needed for any other purpose, the LESSOR shall send written notice to the LESSEE, which notice shall state that the LESSOR is requiring the termination of the Lease. The Lease shall terminate sixty (60) days from the date of the notice.

XIII. WAIVER AND HOLD HARMLESS: LESSEE shall indemnify, hold harmless and defend LESSOR, its, elected and appointed officials, employees, agents and successors in interest from all claims, damages, losses and expenses including attorney's fees, arising out of or resulting, directly or indirectly, from the LESSEE's (or LESSEE's Subcontractors or Sublessees,

if any) performance or breach of this lease of premises Contract provided that such claim, damage, loss or expense is: (1) attributable to personal injury, bodily injury, sickness, death, or to injury to or destruction of property, including the loss of use resulting therefrom or breach of contract, and (2) not caused by the negligent act or omission or willful misconduct of LESSOR or its elected and appointed officials and employees acting within the scope of their employment. This Hold Harmless and Indemnification Clause shall in no way be limited by any financial responsibility or insurance requirements and shall survive the termination of this Contract.

XIV. INSURANCE:

A. Prior to occupancy of the premises, LESSEE shall obtain at its own cost and expense, the following types of insurance through insurance companies licensed in the State of Kentucky. Insurance written by non-admitted carriers will also be considered acceptable, in accordance with Kentucky Insurance Law (KRS 304.10-040). The LESSEE shall not commence work under this Lease Agreement until all insurance required under the Lease Agreement has been obtained and until copies of policies or certificates thereof are submitted to and approved by the Lessor's Risk Management Division.

B. Without limiting LESSEE's indemnification requirements, it is agreed that LESSEE shall maintain in force at all times during the performance of this agreement the following policy or policies of insurance covering its operations.

1. The following clause shall be added to the LESSEE's

Commerical/Comprehensive General Liability Policies:

"The Louisville/Jefferson County Metro Government, its officers, and employees are added as an "Additional Insured" as respects operations of the Named Insured performed relative to the Lease Agreement for operation of the Kentucky Center for African American Heritage."

2. The insurance to be procured and maintained and **minimum** Limits of Liability shall be as follows, unless different limits are specified by addendum to the contract:

(a) **COMPREHENSIVE GENERAL LIABILITY OR COMMERCIAL GENERAL LIABILITY**, via the **Occurrence Form**, with a **\$1,000,000** Combined Single Limit for any one Occurrence for Bodily Injury, Personal Injury and Property Damage, including:

1. Premises – Operations Coverage

2. Products and Completed Operations
3. Contractual Liability
4. Broad Form Property Damage
5. Independent Lessees' Protective Liability
6. Personal Injury

(b) **COMMERCIAL PROPERTY INSURANCE** – insuring all real property during and upon completion of the construction and/or renovation of the leased premises:

1. Insurance shall be written on the I.S.O. (or equivalent) Special Property Form, with the limit of liability equal to the full Replacement Cost of the building, including all improvements. The policy should include the Agreed Amount endorsement, and include the perils of Flood and Earthquake.
2. The interest of the Louisville/Jefferson County Metro Government must be added as Mortgagee.
3. Coverage is to remain in effect until termination of the Lease Agreement.

C. ACCEPTABILITY OF INSURERS: Insurance is to be placed with Insurance Companies with an A.M. Best Rating of no less than "B+VI", unless proper financial information relating to the Company is submitted to and approved by the LESSOR'S Risk Management Division.

D. MISCELLANEOUS

1. The LESSEE shall procure and maintain insurance policies as described herein, for which the LESSOR'S Risk Management Division shall be furnished Certificates of Insurance upon the execution of the Contract. The Certificates shall include provisions stating that the policies may not be cancelled or materially amended without the LESSOR having been provided at least thirty (30) days written notice. The Certificates shall identify the Contract to which they apply and shall be furnished to the LESSOR'S Risk Management Division thirty (30) days before the expiration date of such policies. Certificates of Insurance as required above shall be furnished, as called for, to:

Louisville/Jefferson County Metro Government
Department of Finance and Budget
Risk Management Division
611 West Jefferson St., Rm. 22
Louisville, Kentucky 40202

2. Approval of the insurance by the LESSOR shall not in any way relieve or decrease the liability of the LESSEE hereunder. It is expressly understood that the LESSOR does not in any way represent that the specified Limits of Liability or coverage or policy forms are sufficient or adequate to protect the interest or liabilities of the LESSEE.

XV. RIGHT OF ENTRY: LESSOR retains the full right and authority to enter, inspect and view the premises at all reasonably anticipated hours; provided, that at no time LESSOR conducts such activities so as to interfere with or otherwise frustrate LESSEE's use and occupancy.

XVI. ASSIGNMENT AND SUBLEASING: This Lease and/or the rights or obligations hereunder shall not be assigned by LESSEE either voluntarily or by operation of law, nor shall the premises be sublet in either whole or in part without the prior written consent of LESSOR. Any attempt or attempts to accomplish the foregoing shall confer no rights upon any third-party, assignees, or sublessees. Notwithstanding the foregoing, LESSOR acknowledges that LESSEE intends to sublease part or all of the premises to the African American Heritage Foundation, Inc.

XVII. WAIVER OF TERMS, CONDITIONS, COVENANTS: The parties to this Lease Agreement agree that LESSOR may waive the performance of any term, condition and covenant contained herein, provided that such waiver shall not be construed or deemed a continuing waiver of the same or any subsequent conduct which may constitute a default of any provision.

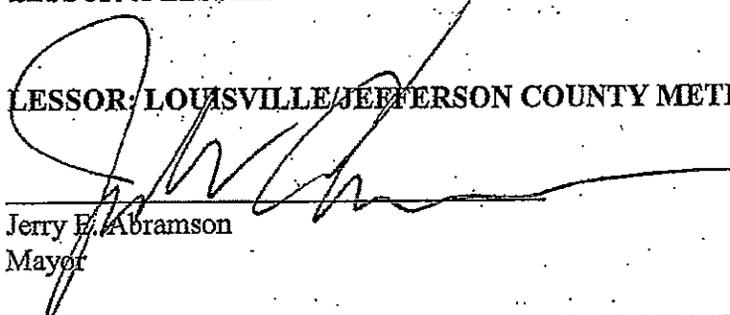
XVIII. NOTICE: Any notice required or permitted to be given under this Lease shall be deemed to have been given when made in writing and delivery in person or by registered or certified mail, postage prepaid, to the party who is to receive such notice at the address specified herein above. When so mailed, the notice shall be deemed to have been given as of the date it was posted. The addresses for notice and payments may be changed by written notice given to the other party.

XIX. AUTHORITY: LESSOR and LESSEE, by execution of this Agreement, do hereby warrant and represent to each other that each is a duly organized and validly existing legal entity qualified to do business in the State of Kentucky, has full right, power and authority to enter into this Lease and that each person signing on behalf of LESSOR and LESSEE is authorized to do so.

XX. LIENS: LESSEE shall keep the Premises free from any liens or claims of lien arising out of work performed, materials furnished or obligations incurred by, for or at the instance of LESSEE. In the event that any liens are filed arising out of work performed, materials furnished or obligations incurred by, for or at the insistence of LESSEE and LESSEE fails to bond, pay or otherwise extinguish such liens and any expenses incurred by LESSEE in connection therewith shall be paid by LESSEE to LESSOR upon demand as additional rent hereunder.

XXI. ENTIRE UNDERSTANDING: This Lease represents the entire understanding and agreement between the parties relating to the subject matter hereof and supersedes all prior negotiations and agreements relative thereto. The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either LESSOR or LESSEE.

LESSOR: LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

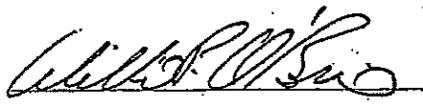

Jerry E. Abramson
Mayor

LESSEE: AFRICAN AMERICAN HERITAGE MUSEUM, LTD.


Terrian Barnes
Chair/Board of Directors of African American Heritage Foundation, Inc., the Single Member and Manager of AAHF, LTD., General Partner

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

BY: 

F: Leaseagreementorig3REDLINE0312

EXHIBIT "A"

Beginning at the Northeastly corner of Muhammad Ali Boulevard and 18th Street; thence Eastwardly along the Northerly line of Muhammad Ali Boulevard, 420 feet to 17th Street, and extending back Northwardly 209 feet to Eddy Street or Alley, the Westerly line binding on the Easterly line of 18th Street, the Easterly line being identical with the Westerly line of 17th Street.

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)

12/10/03

PRODUCER

Acordia of KY-Louisville
 950 Brockenridge Lane, Ste 50
 P.O. Box 7809
 Louisville KY 40257-0809
 (502) 425-9444

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

- COMPANY
A CNA Insurance Companies
- COMPANY
B
- COMPANY
C
- COMPANY
D

INSURED

Louisville/Jefferson County Me
 tra Government
 c/o African American Heritage
 215 Guthrie Green, Suite 400
 Louisville, KY 40202

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOT WITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	RINGER	12/10/03	2/15/04	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				GENERAL AGGREGATE \$ 1,000,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PRODUCTS-COMP/OP AGG \$ 1,000,000
	<input type="checkbox"/> OWNERS & CONTRACTORS PROT				PERSONAL & ADV INJURY \$ 1,000,000
					EACH OCCURRENCE \$ 1,000,000
					PIPE DAMAGE (Any one fire) \$ 50,000
					MED EXP (Any one person) \$ 5,000
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT \$
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE \$
	<input type="checkbox"/> HIRED AUTOS				
	<input type="checkbox"/> NON-OWNED AUTOS				
	Garage Liability				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY: \$
					EACH ACCIDENT \$
					AGGREGATE \$
	EXCESS LIABILITY				EACH OCCURRENCE \$
	<input type="checkbox"/> UMBRELLA FORM				AGGREGATE \$
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS OTHER
	THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				EL EACH ACCIDENT \$
	OTHER				EL DISEASE-POLICY LIMIT \$
					EL DISEASE-EA EMPLOYER \$

DESCRIPTION OF OPERATION/LOCATIONS/VEHICLES/SPECIAL ITEMS

Coverage has been placed. We are still awaiting receipt of the policy from CNA

CERTIFICATE HOLDER

Louisville/Jefferson County
 Metro Government
 att: Mr. Paul Mastrolia
 611 W. Jefferson Street
 Louisville, KY 40202

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

[Signature]

ACORD 203 (1/85)

CERTIFICATE: 001/001/00001