

THIS LEASE, made and entered into in duplicate on this _____, 1986, by and between the Commonwealth of Kentucky, for and on behalf of Western Kentucky University, sometimes hereinafter referred to as LESSOR, acting by and through the Secretary, Finance and Administration Cabinet, Commonwealth of Kentucky, pursuant to KRS Chapter 45 and 56, and the District Board of Education of Warren County, Kentucky, acting by and through Malcolm Crump, its Chairman, and Robert J. Gover, its Secretary, hereinafter sometimes referred to as LESSEE,

WITNESSETH: That Western Kentucky University of Bowling Green, Warren County, Kentucky, for sixteen (16) years prior to June 1, 1981, operated as a function of the university a training and/or laboratory type elementary school known as Jones-Jaggers Center for Child Learning and Study, and

WHEREAS, The Board of Regents of the university, acting upon the recommendation of the university's president and his staff, determined that it was in the best interest of the university to discontinue operation of the instructional program of the Jones-Jaggers Center and directed that it cease operations on June 30, 1981, and

WHEREAS, the Board of Regents of the university has since July 1, 1981, leased the land and building constituting the Jones-Jaggers Center to the Warren County Board of Education for the operation of an elementary school, and

WHEREAS, The Board of Regents of the university has considered various immediate alternate uses for the land and the building constituting the Jones-Jaggers Center and has determined that it will be in the best interest of the university for the physical properties to continue to be leased to the Board of Education of Warren County, Kentucky, pursuant to the terms and conditions of this lease for its operation of an elementary

school in accordance with the provisions of Paragraph 3 below, as a function of the Board of Education of Warren County, and

WHEREAS, the Secretary, Finance and Administration Cabinet, Commonwealth of Kentucky, pursuant to KRS 56.463 and KRS 45.360 and subsequent to review of a written request by Western Kentucky University has entered an order determining that the leasing of the building, grounds and personal property described on Exhibit A to the Board of Education of Warren County, Kentucky, for its operation of an elementary school pursuant to the terms and conditions hereinafter set forth would be more suitable and consistent with the public interest than any present alternative use by the university.

NOW, THEREFORE, for and in consideration of the payment by the lessee to the lessor of the rental set forth hereinbelow and the performance by the lessee of the covenants, conditions and agreements on its part herein contained, the lessor does hereby lease unto the lessee the real property and personal property more particularly described on Exhibit A attached hereto and made a part hereof, all of which property is located in Bowling Green, Warren County, Kentucky, and in accordance with the following:

1. Term of Lease - This lease shall be for a term of one year and shall commence on July 1, 1986, and shall terminate on June 30, 1987.

2. Rental - During the term of this lease the lessee shall pay unto the lessor a rental in the amount of \$123,000.00, which rental shall be payable to Western Kentucky University in four quarterly payments of \$30,750.00 each with the first quarterly payment being due on or before July 15, 1986, and one quarterly thereafter on October 15, 1986, January 15, 1987, and April 15, 1987.

3. Covenants, Conditions and Agreement to be Performed by

Lessee -

A. Pupils previously enrolled in the Jones-Jaggers Laboratory School will be allowed to remain until they have completed the program of studies offered in the school.

B. The Board of Education of Warren County will continue the cooperative training program for students and interns enrolled at the University preparing for careers in the educational profession.

C. The Board of Education of Warren County will offer a quality public school program for grades kindergarten through eight (8) inclusive for a population of children to be determined by the said Board except as indicated in Item A above.

D. The Board of Education of Warren County will offer a program for the gifted as specified in the Board's grant with the Kentucky Department of Education.

E. The Board of Education of Warren County will allow the university faculty access to the gymnasium for the Jones-Jaggers School for recreation on a scheduled basis.

F. The Board of Education of Warren County will cooperate with the College of Education of Western Kentucky University on mutual problems related to the teaching and learning process and their application to use in the classroom.

G. Consideration will be given to internship programs in public school administration, counseling and psychological services.

H. Consideration will be given to the operation of pilot programs and projects related to special education and innovative educational programs.

4. Option Terms - If the lessee is not in substantial default, this lease shall be automatically extended for four (4) successive terms of one (1) year each in accordance with all its terms and conditions except that the rental payable shall be

determined as set forth in subparagraph A below, unless either the lessor or the lessee notifies the other in writing and sent by registered or certified mail, on or before September 1, as pertains to the first option term, and on or before January 1, of each respective lease year thereafter of its intention not to renew same for the succeeding year beginning July 1.

In no event shall the term of this lease extend beyond June 30, 1991.

A. It is the intention of the parties that the annual rent payable during the respective option years shall be the same amount as payable during the basic one year term, to-wit: \$123,000.00 adjusted so as to reflect the percentage change in the purchasing power of the dollar as shown by the Producer Price Index (PPI) as published by the Bureau of Labor Statistics, United States Department of Labor. For the purpose of calculating the percentage change in the PPI the month of May, 1986, shall be considered as the "base month" with such index points being compared with the index points of May, 1987, which shall be considered the "current month". The percentage change between the base month and the current month when applied to the first year rental of \$123,000.00 will be the annual rental payable during the first option term beginning July 1, 1987, and ending June 30, 1988.

B. The annual rental for the subsequent option terms shall be arrived at in a like manner by determining the percentage change occurring during the preceding 12 month period utilizing the month of May as the "base month" and the "current month". The percentage change arrived at when applied to the annual rental payable during the preceding year shall be the annual rental payable for the succeeding year. In no event irrespective of the percentage change as reflected in the

Producer Price Index, shall the minimum or maximum annual rental during the option terms be less than nor exceed the following:

	Lease Term	Minimum	Maximum
1.	July 1, 1987 - June 30, 1988	\$123,000.00	\$128,000.00
2.	July 1, 1988 - June 30, 1989	Rental for July 1, 1987 - June 30, 1988 lease term	\$128,000.00
3.	July 1, 1989 - June 30, 1990	Rental for July 1, 1988 - June 30, 1989 lease term	\$132,000.00
4.	July 1, 1990 - June 30, 1991	Rental for July 1, 1989 - June 30, 1990 lease term	\$136,000.00

The following is an example of the calculation of percentage index change and annual rental adjustment for first option term:

Index Point Change	
PPI - May, 198__ (Current Month)	236.4
Less PPI - May, 198__ (Base Month)	231.4
Equals Index Point Change	5.0

Percentage Change	
Index Point Difference	5.0
Divided by the previous Index (Base Month)	231.4
Equals:	0.216
Results multiplied by one hundred	0.216 x 100
Equals percent change	2.16

The annual rental would be thus increased by 2.16% which would be \$2,656.00 thus the annual rental payable during the first option period would be \$125,656.00.

The following is an example of the calculation of annual rental adjustment during the second option term:

Assume that the percentage change arrived at in the same manner as above is 3.0%, the rental would then be increased by a sum equal to 3% of \$125,656.00 or \$3,769.00, which when added to the previous year's rental would be \$129,425.00. Since this amount exceeds the maximum rental provided for hereinabove,

therefore, the annual rental applicable to the second option term would be \$128,000.00.

5. Possession - The lessee shall be entitled to full possession of the premises and use of the personal property described on Exhibit A during the entire term of the lease or extension of same and upon the expiration of the lease or any extension of same it shall return the premises and personal property to the lessor in as good a condition as received, ordinary wear, tear and damage by fire, flood, Act of God, termites or other natural causes being excepted.

6. Use of Premises - The lessee covenants not to do or suffer any waste or damage, disfigurement or injury to the leased premises or any improvements, fixtures or equipment now placed therein and that the premises are to be utilized solely for the purpose of the conduct of a public school as a part of the Warren County, Kentucky, school system, with the operation of such school to comply with all applicable federal and state laws relating to nondiscrimination on the basis of race, sex, religion, national origin, physical or mental handicap, employment practices and generally so as not to affect the eligibility of Western Kentucky University from receiving federal assistance in its programs.

7. Maintenance of Premises - During the term of the lease the lessor shall perform the following:

A. Carry and maintain with the Commonwealth of Kentucky State Fire and Tornado Insurance Fund, fire and extended insurance coverages in such amounts and payable as authorized and provided by applicable provisions of the Kentucky Revised Statutes and Certificates of Insurance issued to the university by the Department of Insurance, Commonwealth of Kentucky.

B. Maintain heating, ventilating and air conditioning system, fire detection and prevention system, building, grounds and parking spaces.

C. Deliver for use by lessee, personal property consisting of library books, library furniture, classroom tables, chairs, desks and food service equipment more particularly described in Exhibit A.

8. Utilities - During the term of the lease or extension of same the utilities serving the leased premises shall be payable by the lessee including any charges incurred by the respective utilities for any change in metering system.

9. Housekeeping - The lessee shall bear all expenses incident to custodial and janitorial services applicable to the building and grounds.

10. Destruction of Premises - In the event the building located on the leased premises shall be totally destroyed or partially destroyed to such an extent that it cannot be repaired for use as an elementary school within a period of six (6) months by reason of fire, wind, lightning or other casualty, this lease shall immediately terminate. In the event the building shall be partially destroyed, to an extent that it may be repaired for use as an elementary school within a period of six (6) months, by reason of fire, wind, lightning or other casualty, then, in that event, a just and proportionate part of the rent shall be suspended or abated until the destroyed or damaged portion shall have been rebuilt or repaired and put in proper condition for use and the full rent thereon shall recommence immediately after such rebuilding or repairing shall have been completed.

11. Alteration of Building - The lessee shall make no structural alterations or modifications to the building or grounds without the written approval of the lessor.

12. Assignment or Subletting - This lease may not be assigned or sublet without the written consent of the lessor.

13. Lessor's Option to Cancel - The lessor shall have the right at its option to cancel its lease upon giving ten days written notice to the lessee addressed to it as set forth hereinbelow and sent by certified mail and shall thereupon have the right to re-enter and take possession of the premises upon the happening of any one or more of the following events:

A. In the event the lessee fails to pay the stipulated rent set forth herein as and when same becomes due and such default shall continue for 30 days or more;

B. In the event the lessee violates any of the other terms and conditions or covenants on the part of the lessee herein contained and fails to remedy same within 30 days after written notice thereof as given by the lessor to the lessee.

14. Lessee's Option to Cancel - The lessee shall have the right at its option to cancel its lease upon giving ten days written notice to the lessor addressed to it as set forth hereinbelow and sent by certified mail upon the happening of the following: The lessor violates any of the terms and conditions of the lease on the part of the lessor herein contained and fails to exercise good faith to remedy same within 30 days after written notice thereof is given by the lessee to the lessor.

15. Cancellation By Operation of Law - In the event it is determined that the leasing of the premises by the lessor or the operation of the premises by the lessee for the uses set forth herein is violative of any federal or state law then this lease shall immediately terminate and the lessee shall be entitled to an equitable return on any advanced rentals paid.

16. Wherever herein the singular number is used, the same shall include the plural and the masculine gender shall include

the feminine and neuter genders, and vice versa, as the context shall require.

17. The execution and delivery of this document by the Secretary, Finance and Administration Cabinet, Commonwealth of Kentucky, is done pursuant to KRS 45.360.

18. The execution and delivery of this document on behalf of the Board of Education of Warren County, Kentucky, is done pursuant to an order adopted by the Board of Education of Warren County, Kentucky, at a special meeting of the Board held in Bowling Green, Warren County, Kentucky, on the ___ day of _____, 1986, an attested copy of which is attached hereto and mae a part hereof.

19. All notices required to be served on the part of the lessee or the lessor shall be sent by registered or certified mail to them as follows:

TO THE LESSEE: Board of Education of Warren County
806 Kenton Street
Bowling Green, Kentucky 42101

TO THE LESSOR: Secretary, Finance and Administration
Cabinet
Division of Real Properties
Department of Finance
Frankfort, Kentucky 40601

TO WESTERN KENTUCKY UNIVERSITY: President
Western Kentucky University
College Heights Station
Bowling Green, Kentucky 42101

IN TESTIMONY WHEREOF, witness the hands of the parties hereto on this the date first above written.

RECOMMENDED:

WESTERN KENTUCKY UNIVERSITY

BY: _____
Paul B. Cook, Interim President

LESSOR:

COMMONWEALTH OF KENTUCKY

BY: _____
Secretary, Finance and
Administration Cabinet

