

LEASE

This Lease, executed in duplicate, by and between **ST. GEORGE, LLC**, a Nebraska limited liability company (hereinafter called the "Lessor"), and the **CITY OF LINCOLN, NEBRASKA, a municipal corporation on behalf of the Lincoln Area Agency on Aging** (hereinafter called the "Lessee").

WITNESSETH

1. PREMISES. The Lessor hereby leases to the Lessee, the below described premises (herein the "Demised Premises"). The Lessor warrants and represents that it is the owner of the Demised Premises, with appurtenances, described as follows:

13,705 square feet of building office space on the first and second levels and 7,242 square feet of storage space on the lower level of the building generally located at 1023 O Street in Lincoln, Nebraska (the "Building"). The Building is located on Lots 6 and 7, Block 55, Original Plat, City of Lincoln, Lancaster County, Nebraska.

2. TERM. The initial term of this Lease shall be for a period of five (5) years (the "Initial Term"), unless sooner terminated as hereinafter provided, beginning on the date that Lessor delivers possession of the Demised Premises to Lessee substantially completed (the "Commencement Date"); provided, however, that if the Commencement Date shall be other than the first day of the calendar month, then the Term shall continue to and include the last day of the same calendar month of the fifth (5th) year thereafter. The Demised Premises shall be deemed to be substantially completed when Lessor shall have substantially performed all of Lessor's work specified on Exhibit "A" attached hereto and incorporated herein by this reference, as evidenced by the issuance of a certificate of occupancy with respect to the Demised Premises, which work shall be completed in a good and workmanlike manner, using first quality materials. This Lease shall in no case become effective until all required signatures have been obtained.

Prior to the Commencement Date, Lessee may inspect the Demised Premises and Lessor and Lessee shall prepare and execute a punchlist. The punchlist shall list incomplete, minor and insubstantial details of construction, necessary mechanical adjustments, and needed finishing touches to be completed by Lessor within thirty (30) days after the Commencement Date.

It is agreed between the Lessor and the Lessee that in the event the Lessee has fully complied with all the terms of this Lease, in that event, the Lessee at the expiration of the Initial Term shall have the right, exercisable at its sole option, to extend this Lease for a period of three (3) additional renewal terms of five (5) consecutive years each (each, a "Renewal Term"), upon the same terms and conditions as those set forth herein; provided, however, that Lessee notifies Lessor in writing of its exercise of such right within one

hundred eighty (180) calendar days before the end of the then-current Term (as hereinafter defined). If any of the terms or conditions of this Lease are to be changed during the Renewal Term, prior written approval of the Lessee and the Lessor must be obtained. The Initial Term and the Renewal Terms are referred to herein as the "Term."

3. RENTAL. The annual rental for the Demised Premises for the first calendar year of the Initial Term shall be One Hundred Fifty Eight Thousand Nine Hundred Twenty and 25/100ths Dollars (\$158,920.25) based on \$9.35 per square foot for 13,705 square feet of office space (\$128,141.75) and \$4.25 per square foot for 7,242 square feet of storage space (\$30,778.50). The annual rental for the Demised Premises shall be increased by two percent (2%) on the anniversary of the Commencement Date of each year during the Term hereof. Lessee shall pay Lessor the annual rental in equal monthly installments payable in advance on the first day of each month beginning on the Commencement Date and continuing on the first day of each successive calendar month thereafter during the Term hereof. Rent payable hereunder for any period of time less than one calendar month shall be determined by prorating the monthly rental herein specified based on the actual number of days in the month. Rental shall be paid to the Lessor at the address specified in paragraph 5 or to such other address as the Lessor may designate to the Lessee by a notice in writing.

4. TERMINATION. If no appropriated funds are available to the Lessee for the purpose of paying rentals on the Demised Premises, this Lease shall terminate at the election in writing of either party hereto. If any Mayor's budget message is such that it does not include funds to pay rentals hereunder, written notice of such fact shall be given promptly to Lessor, and if at any time it appears that appropriations will be depleted in the future, or not available for rentals hereunder, written notice of such fact and the estimated date of depletion shall be given promptly to Lessor. If only a portion of the funds necessary to pay the rentals hereunder are appropriated, this Lease may be kept in force with a pro rata share of the space and corresponding rental decreased. Any such reduction shall be agreed upon by both parties.

5. NOTICES. All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, postage prepaid, and addressed as follows:

To the Lessor at: St. George, LLC
 6500 Holdrege
 Lincoln, NE 68505
 Attn: R. Michael Ayars

With a copy to: Jennifer J. Strand
 Woods & Aitken LLP
 301 South 13th Street, Suite 500
 Lincoln, NE 68508

To the Lessee at:

Prior to

Commencement Date: Lincoln Area Agency on Aging
129 North 10th Street, Rm. 418
Lincoln, Nebraska 68508
Attn: Gina C. Dunning

After Commencement

Date: Lincoln Area Agency on Aging
1023 "O" Street
Lincoln, Nebraska 68508
Attn: Gina C. Dunning

6. ASSIGNMENT AND SUBLETTING. The Lessee shall not assign this Lease without the prior written consent of the Lessor, but shall in any event have the right to sublet the Demised Premises to another governmental subdivision. Any occupant, assignee, or sublessee must agree to abide by all of the terms and provisions of this Lease. Lessor's consent to any assignment, subleasing, or other transfer shall not release Lessee from any of Lessee's obligations hereunder or be deemed to be a consent to any subsequent assignment, subleasing, or transfer unless Lessor so agrees in writing. The collection or acceptance of rent or other payment by Lessor from any person other than Lessee shall not be deemed the acceptance of any assignee or subtenant as the tenant hereunder or a release of Lessee from any obligation under this Lease.

7. INSPECTION. The Lessee agrees to permit the Lessor and/or its authorized representative to enter the Demised Premises at all reasonable times during usual business hours for the purpose of inspecting the same, or for the making of any necessary repairs for which the Lessor is responsible or feels necessary for the safety and preservation of the Demised Premises.

8. FIXTURES AND PERSONAL PROPERTY. Any trade fixtures, equipment or personal property installed in or attached to the Demised Premises by or at the expense of the Lessee, shall be and remain the property of the Lessee and the Lessor agrees that the Lessee shall have the right to remove any and all of its personal property, trade fixtures and equipment. Equipment and other personal property which may have been stored or installed by or at the expense of the Lessor shall be and remain the property of the Lessor. The Lessee agrees that it will, at its expense, repair any damage occasioned to the Demised Premises by reason of the removal of its trade fixtures, equipment and other personal property.

9. ALTERATIONS. The Lessee will not permit any alterations of or additions to any part of the Demised Premises, except by prior written consent of the Lessor, which consent shall not be unreasonably withheld, and all alterations and additions to the Demised Premises shall remain for the benefit of the Lessor unless otherwise provided in said consent.

Notwithstanding the foregoing, the Lessee may, without consent of the Lessor, make additions to or alterations, repair or redecorating the Demised Premises of a non-structural nature, provided that upon completion of such alterations and additions, the fair market value of the Demised Premises and rental value thereof will not be less than the fair market value and rental value of the Demised Premises immediately prior to such alterations and additions. The Lessee hereby indemnifies the Lessor against liens, costs, damages and expenses with respect to any such additions or alterations. Lessee covenants and agrees that all such alterations, repairs or other work done by Lessee to the Demised Premises shall be performed in a good and workmanlike manner, using first quality materials, and in full compliance with all laws, rules, orders, ordinances, directions, regulations, and requirements of law or Lessor's insurance companies.

10. RETURN OF PREMISES. At the conclusion of this Lease or any extension thereof, the Lessee shall return the Demised Premises to the Lessor in the same condition as it was received at commencement of this Lease, normal wear and tear excepted. If at the conclusion of this Lease or any extension thereof, the Lessor is of the opinion that the Lessee is not leaving the Demised Premises in the same condition as it was received, normal wear and tear excepted, then such costs of restoration will be determined by a panel of three (3) persons consisting of the Lessee, the Lessor, and one (1) person selected by mutual consent of both parties.

11. DESTRUCTION OF PREMISES. In the event that the entire Demised Premises, or a Material Portion (as hereinafter defined) thereof, are rendered unfit for occupancy due to fire, unavoidable casualty, or Act of God, either party may elect to terminate this Lease by delivering written notice to the other party within thirty (30) days of the date of such damage or destruction, in which event this Lease shall terminate as of the date of such destruction and the Lessee shall pay rent only to the time of such termination. The portion of any advance lease payment which is attributed to the period of time after this Lease has been terminated in the above manner shall be refunded by the Lessor to the Lessee. If less than a Material Portion of the Demised Premises is damaged or destroyed, Lessor shall be responsible for repairing the same in a timely manner at Lessor's own expense and the rental payments shall be suspended to the extent that the Demised Premises are unfit for use by Lessee in the ordinary conduct of its business until said Demised Premises have been put in proper condition for occupancy, except that Lessor shall not be required to repair or reconstruct any personal property, furniture, trade fixtures, or office equipment which are located in the Demised Premises and are removable by Lessee under the provisions of this Lease. Notwithstanding the foregoing, if the Demised Premises or any other portion of the Building is damaged by fire or other casualty resulting from the fault or negligence of Lessee or any of Lessee's agents, employees, contractors, licensees or invitees, Lessee shall be liable to Lessor for the cost and expense of the repair and restoration of the Demised Premises or the Building caused thereby to the extent such cost and expense is not covered by insurance proceeds. "Material Portion" as used in this Section shall mean that more than fifty percent (50%) of the Demised Premises, on a square footage basis, have been rendered unfit for use by Lessee in the ordinary conduct of its business as a result of the fire or other casualty.

12. REPAIR AND MAINTENANCE. During the Term hereof, the Lessor shall maintain and repair the roof and structural elements of the Building, exterior walls, exterior doors, exterior windows of the building, and the building equipment in good repair and tenable condition. Lessee shall maintain and repair the Demised Premises including, but not limited to, the plumbing, heating, electrical, air conditioning and ventilating equipment and fixtures. Lessee's obligations shall include, but are not limited to, snow removal, furnishing and replacing electric light bulbs, fluorescent tubes, ballasts and starts and air conditioning and ventilating equipment.

13. SERVICES AND UTILITIES. During the Term hereof, the Lessee shall be responsible for paying all gas, heat, electricity, power, materials, and services which may be furnished to it or used by it in or about the Demised Premises and to keep the Demised Premises free and clear of any lien or encumbrance of any kind whatsoever. The Lessor shall not be liable, and the rental payments and other payments to the Lessor shall not abate, for interruptions to the telephone, plumbing, heating, ventilating, air conditioning, electrical or other mechanical or utility systems or cleaning services, by reason of accident, emergency, repairs, alterations, improvements, or shortages or lack of availability of materials or services.

14. HOLDING OVER. In the event the Lessee remains in possession of the Demised Premises after the expiration of the Term hereof, or any extension thereof, this Lease shall be automatically extended on a month-to-month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable, excepting only that rental payable during any holdover period shall be an amount mutually agreed by Lessee and Lessor.

15. GENERAL PROVISIONS: EMINENT DOMAIN. If the whole of the Building or the Demised Premises or a substantial part of the Demised Premises which, as a result thereof, constitutes such a major change in the character of the Demised Premises as to prevent Lessee from using the same in substantially the same manner as theretofore used, shall be taken or condemned by any competent authority for any public use or purpose, the terms of this Lease shall end on 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 without apportionment of the award, and current rent shall be apportioned to the date of termination. In the event that Lessee shall remain in possession and occupation of the remaining portion of the Demised Premises, all the terms and conditions of this Lease shall remain in full force and effect with respect to such remaining portion, except that the rent reserved to be paid hereunder shall be equitably adjusted according to the amount and value of such remaining space.

16. COMPLIANCE WITH LAW. Lessor shall, at its expense, comply with all applicable statutes, charters, laws, ordinances, building and maintenance codes, rules, regulations, requirements and orders of duly constituted public authorities now or hereafter

in any manner affecting the Demised Premises, or the use thereof, or the sidewalks, alleys, streets, and ways adjacent thereto, whether or not any such statutes, charters, laws, ordinances, rules, regulations, requirements, or orders which may be hereinafter enacted involved a change of policy on the part of the governmental body enacting the same. Lessee shall comply with all building and use or occupancy restrictions, conditions and covenants of record. Lessee shall comply with the requirements of all policies of public liability, fire and other insurance at any time in force with respect to the Demised Premises.

The Demised Premises shall, at Lessor's expense, meet all current code requirements on the Commencement Date, including but not limited to, fire/life safety codes and the Americans with Disabilities Act Accessibility Guidelines.

17. DEFAULT. In the event Lessee fails to pay any rental due herein under or fails to keep and perform any of the other terms or conditions hereof, time being of the essence, then ten (10) days after written notice of default from Lessor, the Lessor may, if such default has not been corrected, resort to any and all legal remedies or combination of remedies which Lessor may desire to assert, including but not limited to, one or more of the following: (1) declare the lease at an end and terminated; (2) sue for the rent due and to become due under the lease or for any damages sustained by Lessor; and/or (3) continue the lease in effect and relet the Demised Premises on such terms and conditions as Lessor may deem advisable with Lessee remaining liable for the monthly rent plus the reasonable cost of obtaining possession of the Demised Premises and of any repairs and alterations necessary to prepare the Demised Premises for reletting, less the rentals received from such reletting, if any. No action by Lessor shall be construed as an election to terminate this Lease unless written notice of such intention be given to Lessee. The remedies of Lessor set forth in this Section shall not be exclusive, but shall be cumulative and in addition to all rights and remedies now or hereafter provided or allowed by law or equity, including, but not limited to, the right of Lessor to seek and obtain an injunction and the right of Lessor to damages in addition to those specified herein. In case Lessor, after written notice from the Lessee indicating the Lessor has failed to comply with any requirements of this Lease in regard to a specified condition, shall fail, refuse or neglect to comply therewith, within thirty (30) days of written notice thereof from Lessee to Lessor, or in the event of an emergency constituting a hazard to the health or safety of the Lessee's employees, property, or invitees, the Lessee may perform such maintenance or make such repair at its own cost and, in addition to any other remedy the Lessee may have, may deduct the amount thereof from the rent that may then be or thereafter become due hereunder.

18. CITY OF LINCOLN, STATEMENT OF SELF INSURANCE. The City of Lincoln, a political subdivision in the State of Nebraska, is self-insured for general liability and worker's compensation. The City maintains specific funds as self insurance reserves to pay legal liabilities. The City has the general power to sue and be sued under City Charter and state law. The City is legally authorized to pay lawful judgments and settlements. The City also has the authority to levy taxes in amount sufficient to pay its legal liabilities.

19. INDEMNIFICATION. Lessee hereby agrees to indemnify and hold harmless Lessor, its agents, and employees from and against any and all claims or demands for the loss, theft, or damage to property or for injury or death to Lessee, its employees, contractors, agents, and invitees from any cause whatsoever while in, upon, or about the Demised Premises during the Term hereof, except to the extent that such claim is compensated by insurance and except further that Lessee's indemnification shall not include an indemnification for liability for the negligence or willful misconduct of Lessor, its agents, or employees. Each party hereto shall indemnify and hold the other party, its agents, and employees harmless from and against any and all claims and liability arising from any breach or default by such indemnifying party in the performance of any obligation of such indemnifying party under this Lease or arising from the gross negligence or willful misconduct of such indemnifying party, its agents, or employees.

20. PRIOR TO THE EXECUTION of this Lease, the following special provisions were agreed upon:

A. BUILDING INSURANCE

Lessor shall obtain and keep in full force and effect during the Term hereof, fire and "all risk" extended coverage insurance for the full replacement value of the Building, including plate glass insurance, with a responsible insurance company or companies admitted to do business in the State of Nebraska. Lessee shall reimburse Lessor for the cost of such property insurance during the Term hereof promptly upon receipt of an invoice therefore.

B. REAL ESTATE TAXES

Lessee covenants that it will pay all real estate taxes and assessments levied or assessed against the Building, if any, prior to delinquency. Upon request, Lessee shall provide Lessor with a copy of the receipt evidencing payment of all such taxes and assessments. The real estate taxes and assessments shall be prorated between Lessor and Lessee for the years in which the Term hereof begins and ends.

C. ACCESS AGREEMENT

Lessee agrees to obtain the Public Building Commission's approval of an Agreement allowing shared use, between the Lessor and Lessee, of the elevator located at 1005 O Street.

IN WITNESS WHEREOF, the parties hereto hereby execute this Lease as of the
____ day of _____, 2002.

LESSEE:

CITY OF LINCOLN, NEBRASKA,
a municipal corporation
on behalf of the Lincoln Area Agency on Aging

By: _____
Don Wesely, Mayor

Date

LESSOR:

ST. GEORGE, LLC,
a Nebraska limited liability company

By: _____
R. Michael Ayars, Manager

Date

Federal I.D. Number

EXHIBIT "A"

Lessor's Work

[TO BE ATTACHED]