

PURCHASE OF SERVICE AGREEMENT

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the ____ day of July 2018, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky, created pursuant to KRS chapter 67A ("Government"), 200 East Main Street, Lexington, Kentucky 40507, on behalf of its Chief Development Officer ("CDO"), and **LEXARTS, INC.** ("Organization"), with offices located at 161 North Mill Street, Lexington, Kentucky 40507, with an effective date of July 1, 2018.

WITNESSETH:

That for and in consideration of the mutual promises and covenants herein expressed, the Government and the Organization agree as follows:

1. Government hereby retains Organization for the period beginning on July 1, 2018, and continuing for a period of twelve (12) months from that date unless within that period Government gives the Organization written notice of termination of this Agreement in which case this Agreement shall terminate thirty (30) days from the date notice is given to the Organization.

2. In consideration for the Organization providing the services more particularly described herein, the Government shall pay the organization the sum of Four Hundred Eighty Nine Thousand and Fifty Dollars (\$489,050.00) for services required by this Agreement, said services being more particularly described in Exhibit A attached here to and incorporated herein by reference. One Hundred Twenty-Two Thousand Two Hundred Sixty-Two Dollars and Fifty Cents (\$122,262.50) of the total sum amount shall be payable each quarter, within ten (10) days after receipt of the

report required in Paragraph 6 herein, July to June, inclusive. Said services shall include: re-granting funds to nonprofit organizations providing arts and cultural programming in Lexington-Fayette County; providing below-market rental space for arts organizations at ArtPlace; organizing and managing community arts events; and publishing materials related to the arts. Lexington-Fayette Urban County Government funds may not be used to provide Cost of Living Increases beyond 2% in fiscal year 2019. Additionally no LFUCG funds may be used to hire any additional staff above the current (FY2018) staffing levels (7 full-time and 6 part-time)

3. In the event of termination of this Agreement by Government as provided for in paragraph 1 above, Organization shall be entitled to that portion of total compensation due under this Agreement as the service rendered bears to the service required thereunder.

4. Organization shall perform all duties and services included in the Addendum attached hereto faithfully and satisfactorily at the time, place and for the duration prescribed herein. Organization shall keep itself fully informed of all national and state laws and all municipal ordinances and regulations in any manner affecting the work or performance of this Agreement, and shall at all times observe and comply with such laws, ordinances and regulations, whether or not such laws, ordinances or regulations are mentioned herein, and shall indemnify Government, its officers, agents and employees against any claim or liability arising from and based on Organization's violation of any such laws, ordinances or regulations.

5. Organization represents that it has filed federal, state or local income tax returns required by law in the legally prescribed time and manner. This Agreement shall

not become effective unless and until copies of all of the executed originals of the aforementioned tax returns filed for the most recent tax year for the Organization have been registered by the Organization in the Office of the CDO, and the Organization shall not be compensated unless and until such registration has taken place.

6. The Organization shall, at the end of each quarter and by no later than the 10th day of the succeeding quarter (October 10, 2018; January 10, 2019; April 10, 2019 and July 10, 2019), on such forms as the Government shall provide, submit to the CDO: (a) a report containing, for each of the services enumerated in Exhibit A which were provided in the preceding quarter, a description of the service provided, including the costs of providing services and the quantity and quality of the service provided; (b) the additional information requested in and submitted on the form attached hereto as Exhibit B and incorporated herein by reference (or a similar form agreed to by the CDO); and (c) an invoice requesting compensation for the services provided during the preceding quarter. Failure to submit the quarterly report and invoice described herein by the required date shall result in the quarterly payment to Organization being withheld until the next reporting period. In addition, Organization may be required to present a progress report as to its activities annually, or as additionally required, before the Urban County Council's Budget, Finance & Economic Development Committee, or as otherwise instructed by the Government.

7. Books of accounts shall be kept by the Organization and entries shall be made therein of all money, goods, effects, debts, sales, purchases, receipts, payments and any other transactions of the Organization. The books of accounts, together with all

bonds, notes, bills, letters and other writings belonging to the Organization, shall be maintained at the principal place of business of the Organization as set forth in this Agreement. Government shall have free and complete access to the books, papers and affairs of the Organization at all reasonable times, and if it desires, it may have the books and papers of the Organization audited and examined by auditors, accountants or attorneys. Any examination shall be at the expense of the Government.

8. Government may designate such persons as may be necessary to monitor and evaluate the services rendered by the Organization. The Government, its agents and employees, shall, at all times, have unrestricted access to all places where or in which the services required hereunder are being carried on and conducted. Inspection and monitoring of the work by these authorities shall in no manner be presumed to relieve in any degree the responsibility or obligations of Organization, or to constitute Organization an agent of the Government.

9. Organization shall provide equal opportunity in employment for all qualified persons, shall prohibit discrimination in employment because of race, color, creed, national origin, sex, age, sexual orientation or gender identity, or handicap, shall promote equal employment through a positive, continuing program of equal employment, and shall cause each of its subcontracting agencies to do so. This program of equal employment opportunity shall apply to every aspect of its employment policies and practices.

10. Organization shall adopt a written sexual harassment policy, which shall at a minimum, contain a statement of current law; a list of prohibited behaviors; a complaint process; and a procedure which provides for a confidential investigation of all

complaints. The policy shall be given to all employees and clients and shall be posted at all locations where the organization conducts business. This policy shall be submitted to the CDO for review within thirty (30) days of the execution of this Agreement.

11. The Organization agrees that all revenue and expenditures shall be audited at least annually by independent certified public accountants who shall express an opinion as to whether or not revenue and expenditures during the year audited have conformed to state and local law and regulation. A copy of this audit shall be submitted to the CDO within ten (10) days of completion.

12. Organization agrees that it shall apply all funds received by it from the Urban County Government in accordance with the following investment policy guidelines:

- A. Objectives--Capital preservation with surety of income. Reasonable competitive income consistent with high investment quality and purpose of funds. All investments shall conform with state and local law and regulations and these Policies.
- B. Investment Funds Management--The governing board may elect to either:
 - (1) manage its investments through its executive director where the size or complexity of funds to be managed is deemed by the board to be within the training, expertise and/or available time capacity of the executive director and the operating staff;

-or-

- (2) utilize the professional investment management facilities of a local bank trust department acting in a fiduciary capacity within the same approved investment policies and federal, state, local and trust laws and regulations. The trust department may utilize its regular short-term 100% U.S. Treasury Fund for daily funds investment. The election of option 1 or 2 should be made consistent with the relative cost incurred and in the case of option 2 the cost shall be competitive among local trust departments.

C. Investment Policies--Safety and Prudence.

- (1) Short-term liquidity funds shall be invested in "riskless" investments, i.e., deposits in Kentucky commercial banks or savings and loan associations that are fully federally insured or deposits collateralized by U.S. Treasury securities with a current market value of at least 100%, or in direct obligations of U.S. Treasury securities.

Investments shall be diversified according to maturity in order to meet projected cash flow needs.

Collateral pledged to secure uninsured deposits shall be held at a federal reserve bank with the receipt providing absolute control by the agency.

- (2) Retirement funds, endowment funds, long-term capital reserve funds and any other special funds may be held and invested by a local bank trust department under investment objectives and diversification in accordance with the individual nature of the funds and pursuant to the "prudent man" investment rule as well as general trust law.
- (3) All investments shall be reviewed monthly by a finance or investment committee of the agency.
- (4) Local brokerage firms may hold and invest funds provided that investments are located within Kentucky and are fully insured.

- D. Audit--All investments shall be audited at least annually by independent certified public accountants who shall express an opinion as to whether or not investments during the year audited have conformed with state and local law and regulation and with the approved investment policies.

13. This instrument, and the Addendum incorporated herein, contains the entire agreement between the parties, and no statement, promises or inducements made by either party or agent of either party that is not contained in this written Agreement shall be valid and binding; and this Agreement may not be enlarged, modified or altered except in writing signed by the parties and endorsed hereon.

14. Notice – Any written notice required by the Agreement shall be delivered by certified mail, return receipt requested, to the following:

For Organization: Lex Arts, Inc.
161 North Mill Street
Lexington, Kentucky 40507
Att: Ellen Plummer, President & Chief Executive Officer (or as otherwise designated in writing by Organization)

For Government: Lexington-Fayette Urban County Gov.
200 East Main Street
Lexington, Kentucky 40507
Att: Kevin Atkins, Chief Development Officer

IN WITNESS WHEREOF, the parties have executed this Agreement at Lexington, Kentucky, the day and year first above written.

**LEXINGTON FAYETTE URBAN
COUNTY GOVERNMENT**

By: _____
Jim Gray, Mayor

ATTEST:

Martha Allen
Clerk of the Urban County Council

LEXARTS, INC.

By: _____
John Cioci, Chairman

ATTEST:

WITNESS/DATE: _____

EXHIBIT “A”

Lexington/Fayette Urban County Government

Addendum for Services

Lex Arts

Scope of Work

Local Contribution:

During Fiscal Year 20192018 through June 30, 2019) LexArts will use these funds from Lexington-Fayette Urban County Government to partially support all of LexArts programs and services:

- Operate Arts Place to provide affordable performance, rehearsal, and office space for nonprofit arts organizations
- Provide resources necessary to engage high quality arts and cultural offerings for Lexington’s citizens and visitors as a means for enhancing the quality of life in the region
- Promote quality arts experiences for the benefit of the people of Lexington/Central Kentucky through funding, advocacy, technical assistance, communication and programming initiatives
- Provide a wide range of services designed to integrate the arts into our daily lives
- Work closely with community leaders and state and local officials concerning public funding and cultural facilities
- Raise funds for Campaign for the Arts
- Distribute operating support to organizations and offers competitive community arts development grants to arts organizations and individual artists
- Provide technical assistance to arts organizations and artists
- Facilitate temporary public art installations
- Market the arts and communicate the role of LexArts as both united arts fund and local arts council
- Broaden awareness of Lexington’s arts and cultural opportunities through public events

EXHIBIT "B"

Lexington/Fayette Urban County Government

Addendum for Services

LexArts

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
 Economic Development Partner Agency Quarterly Report
 Fiscal Year 2019

Partner Agency: LexArts
Date of Quarterly Report: X
Fiscal Year 2019 Report Period: Quarter #
Report Completed By: X

ARTS PLACE OPERATIONS

Number of Performance Events Held at Arts Place This Quarter: #
 Estimated Total Attendance at Those Performance Events: #
 Number of Rehearsals Held at Arts Place This Quarter: #
 Number of Arts Organizations With Offices or Staff at Arts Place: #
 For Profit Rental Events Held at Arts Place This Quarter: #
 Community Rental Events Held at Arts Place This Quarter: #

LEXARTS OPERATIONS

Number of Artists LexArts Represents as Fiscal Agent: #
 Number of Gallery Hop Sites: #
 Number of Organizations and Artists Provided Technical Assistance: #

LEXARTS EVENTS GENERATING EARNED REVENUE FOR CURRENT QUARTER

<u>EVENT NAME</u>	<u>REVENUE GENERATED</u>
	\$
	\$

BUILDING UTILIZATION FOR THIS QUARTER

<u>Type of Utilization</u>	<u>Number of Events</u>	<u>Percent of Use</u>
For Profit Rental Events	#	%
Theatre Events	#	%
Lyric Events	#	%
Community Rentals	#	%

PUBLIC ART

Number of New Public Spaces with Art This Quarter: #
Number of New Public Art Pieces This Quarter: #
Amount of New Public Art Investment This Quarter: \$

LEXARTS GRANTS

Total Amount of Grant Request Submitted this Quarter: \$
Total Dollar Amount of Grants Given this Quarter: \$
Total Number of Artists Receiving Grants this Quarter: #

AMOUNT OF NEW PRIVATE REVENUE DEVELOPED

<u>Type of Private Revenue</u>	<u>Amount</u>
Total Amount of Private Revenue Received This Quarter	\$
Amount of New First Time Private Revenue Received This Quarter	\$

NON-LFUCG GRANT DOLLARS RECEIVED THIS QUARTER

Grant Dollars Received (Not New Grants) \$
New Grant Dollars Received \$

BUDGET PARTICIPATION

Total Budget of LexArts for Current Quarter: \$
LFUCG Funding for Current Quarter: \$
Administrative Cost/Salary Expenses for Current Quarter: \$

WHAT ACTIONS HAS THE LEXARTS TAKEN IN THE PAST QUARTER TO INCREASE ITS FINANCIAL SUSTAINABILITY WITH LESS RELIANCE ON FUNDS FROM LFUCG?

Place response here

DESCRIBE EVENTS THIS QUARTER THAT LEXARTS USED TO BROADEN AWARENESS OF LEXINGTON'S ARTS AND CURLTURAL OPPORTUNITIES THROUGH PUBLIC EVENTS AND PROMOTE QUALITY ARTS EXPERIENCES?

Place response here

Submit this form in Excel format by the dates required in the PSA to the Chief Development Officer: katkins@lexingtonky.gov