

PURCHASE OF SERVICE AGREEMENT

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the 11th day of July 2017, 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, 2017.

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, 2017, 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 Forty-Seven Dollars (\$489,047.00) 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-One Dollars and Seventy-Five Cents (\$122,261.75) 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 ArtsPlace; 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 2018. Additionally no LFUCG funds may be used to hire any additional staff above the current (FY2017) staffing levels (5 full-time and 8 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, 2017; January 10, 2018; April 10, 2018 and July 10, 2018), 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.

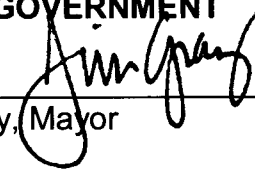
14. Notice – Any written notice required by the Agreement shall be delivered by certified mail, return receipt requested, to the following:

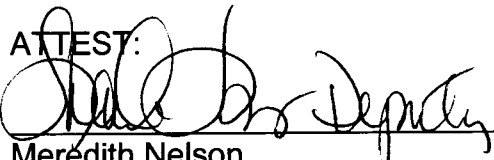
For Organization: LexArts, Inc.
161 North Mill Street
Lexington, Kentucky 40507
Att: Ellen Plummer, President & Chief Executive Officer (or as otherwise designated in writing by Organization)

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:

Meredith Nelson
Clerk of the Urban County Council

LEXARTS, INC.

By: 
~~J. David Smith, Chairman~~
John Cioci,

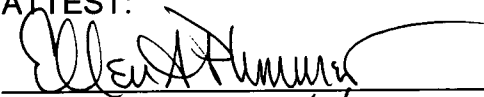
ATTEST:

WITNESS/DATE: 8/2/2017

EXHIBIT "A"

Lexington/Fayette Urban County Government

Addendum for Services

LexArts

Scope of Work

Local Contribution

During Fiscal Year 2018 (July 1, 2017 through June 30, 2018) LexArts will use these funds from Lexington-Fayette Urban County Government to partially support all of LexArts programs and services:

- **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**
- **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 about 30 arts organizations and individual artists**
- **Operate Arts Place to provide affordable performance, rehearsal, and office space for nonprofit arts organizations.**

EXHIBIT "B"

Lexington/Fayette Urban County Government

Addendum for Services

LexArts

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
ECONOMIC DEVELOPMENT PARTNER AGENCY QUARTERLY REPORT
FISCAL YEAR 2017**

Lexington-Fayette Urban County Government
Economic Development Partner Agency Quarterly Report
Fiscal Year 2018

Partner Agency: LexArts
 Date: ##/##/####
 Quarter: Q#
 Form Completed By: # #

Section 1: Program Narrative

Q1: Describe your quarterly activities to promote the arts in Lexington. What were the biggest successes and the biggest challenges? Are you meeting your goals?

Q2: During the previous quarter, how many different arts organizations did LexArts work with and provide assistance in those organizations programming? What type of assistance was offered? How did this work strengthen and increase the organizational capacity of Lexington's art organizations?

Q3: Describe LexArts efforts in the most recent quarter to elevate Lexington as a public art destination for tourism.

Q4: What actions has LexArts taken in the past quarter to increase its financial sustainability? What dollar amount and percentage of its funding comes from LFUCG and other public sources? List all other public sources with their funding in dollar amount and percentage.

Section 2: Performance Metrics

Inputs/Outputs Directions: Report each metric per last quarterly activities. Calculation specifications, if needed, are provided. ONLY report on previous quarter's activities.

Outcomes Directions: Report each metric on a quarterly basis, unless it is only available annually. If an annual measure, use latest available.

Inputs

	\$		####						
<table border="1"> <thead> <tr> <th style="text-align: left;">Event Name</th> <th style="text-align: left;">New Client?</th> <th style="text-align: left;">Revenue</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		Event Name	New Client?	Revenue					\$
Event Name	New Client?	Revenue							

Outputs

	####		####
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Outcomes

Number of Gallery Hop Sites	####	Number of Artists LEXARTS represents as Fiscal Agent	####
Number of Public Spaces with Art	####	Number of Public Art Pieces	####