



Andy Beshear
GOVERNOR

TRANSPORTATION CABINET

200 Mero Street
Frankfort, Kentucky 406 01

Rebecca Goodman
SECRETARY

MEMORANDUM

TO: Rebecca Goodman
Secretary

THRU: Mike Hancock, P.E.
Deputy Secretary

THRU: James Ballinger, P.E.
State Highway Engineer

THRU: Kelly Baker, Chief District Engineer
District 7

THRU: Shaun McKiernan, Executive Director
Office of Budget & Fiscal Mgmt.

THRU: William Fogle or Todd Shipp
Office of Legal Services

FROM: Laura Hagan, Director
Division of Purchases

DATE: April 29, 2026

SUBJECT: SC 605 2600001372

Attached is a new contract for LFUCG Signal Maintenance requested by Division of Maintenance. The contract is in the amount of \$426,000.00 for period July 1, 2026 through June 30, 2027.



Commonwealth of Kentucky

CONTRACT

Document Number:	SC	605	2600001372	Version: 1
Record Date:				
Document Description:	LFUCG-Monthly payment to maintain Signals in Fayette County			
Cited Authority:	KRS177.280 Agreements of highway government units			
Reason for Modification:				

Issuer Contact:	
Name:	LATASHA CHENAULT
Phone:	502-782-5673
E-mail:	latasha.chenault@KY.GOV

Vendor Name:	Vendor No.	KY0032969
LEXINGTON FAYETTE URBAN CO GOVERNMENT	Vendor Contact	
	Name:	Chad Hancock
200 EAST MAIN STREET	Phone:	8592583313
LEXINGTON KY 40507	E-mail:	chancock@lexingtonky.gov

Shipping Information:	Billing Information:
KYTC District 7 - Lexington District Office 800 Newtown Court Lexington KY 40511	KYTC District 7 - Lexington District Office 800 Newtown Court PO Box 11127 Lexington KY 40511

Effective From: 07/01/2026 **Effective To:** 06/30/2027

Line Item	Delivery Date	Quantity	Unit	Description	Unit Price	Contract Amount	Total Price
1		0.00000		Traffic Signal Maintenance & Repairs	\$0.000000	\$396,000.00	\$396,000.00

Extended Description:
 The Cabinet shall pay LFUCG, within 30 working days, all approved billings for labor including engineering costs, material, and equipment in the performance of the work as outlined in the Agreement. LFUCG shall submit these billings on a monthly invoice equal to 1/12 of the annual contract amount. Total payments under the Agreement shall not exceed \$396,000.00 for a fiscal year. If the contract begins or terminates on a date other than the beginning or end of the fiscal year, only billing increments of 1/12 of the total annual contract amount will be considered for payment. No payment will be made for work occurring outside the effective dates of the agreement.

NOTE: Any funds remaining at the end of the Fiscal Year may be used for material, programming, or equipment purchases, with prior approval of KYTC to the contract to allow them to purchase traffic items that are not covered under the contract..

Effective From: 07/01/2026

Effective To: 06/30/2027

Line Item	Delivery Date	Quantity	Unit	Description	Unit Price	Contract Amount	Total Price
2		0.00000		Traffic Signal Maintenance & Repairs	\$0.000000	\$30,000.00	\$30,000.00

Extended Description:

Sign replacements made by LFUCG

TOTAL CONTRACT AMOUNT	\$426,000.00
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Memorandum of Agreement (SC)

This Memorandum of Agreement (MOA) is entered into, by and between the Commonwealth of Kentucky, Kentucky Transportation Cabinet (“the Commonwealth”) and Lexington Fayette Urban County Government (LFUCG) (“the Contractor”) to establish an agreement for Operation and Maintenance of Traffic Signals and Electrical Traffic Control Devices on the State Primary Road System. The initial MOA is effective from July 1, 2026 through June 30, 2027.

SECTION 1-ADMINISTRATIVE OVERVIEW

1.00-Purpose and Background

The Kentucky Transportation Cabinet’s (KYTC) Division of Purchases is issuing this **AGREEMENT** on behalf of the KYTC Department of Highways District 7. The Division of Purchases is the only office authorized to change, modify, amend, alter, or clarify the specifications and terms and conditions of the contract.

1.01 – Communications

Unless otherwise instructed, all notices, consents, and other communications required and/or permitted by the Contract shall be in writing.

After the Award of Contract, all communications of a contractual or legal nature are to be in writing and sent to the Agency Contact Person with a copy to the Buyer.

Notices made by the Cabinet to the Contractor shall be sent to the Contractor Representative.

Agency Contact:
Natalia McMillan
Transportation Engineer Supervisor
Department of Highways District 7
800 Newtown Court
Lexington, KY 40512
502-564-5379
Email: natalia.mcmillan@ky.gov

Buyer:
Latasha Chenault
Division of Purchases
Kentucky Transportation Cabinet
200 Mero Street
Frankfort, Kentucky 40622
Phone: 502-782-5673
Email: Latasha.Chenault@ky.gov

SECTION 2-SCOPE OF WORK

2.00 Services Required:

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This Agreement supersedes item number six in the Maintenance and Traffic Contract between the City of Lexington and the Department of Highways dated October 12, 1972. All other portions of the October 12, 1972 contract remain in place and are not impacted by this Agreement.

WHEREAS, LFUCG, in the interest of public safety and traffic flow efficiency, has requested authority to assume certain obligations and responsibilities with regard to the Department of Highways State Primary Road System located within the boundaries of Fayette County, and

WHEREAS, the Cabinet, in the interest of public safety and traffic flow efficiency, has agreed to assign certain responsibilities with regard to traffic signalization, operations and maintenance in Fayette County to LFUCG; and

WHEREAS, the Cabinet has the authority to enter into any and all agreements inclusive of agreements with local government entities pursuant to KRS 177.043; and

WHEREAS, LFUCG has authority to elect to maintain and operate traffic signalization on roadways, located on the Department of Highways State Primary Road System within Fayette County pursuant to KRS 177.055; and

WHEREAS, the purpose of this Agreement is to set forth the duties and obligations of the parties with regard to the maintenance and operation of traffic signals and electrical traffic control devices on the State Primary Road System within Fayette County; and

WHEREAS, the Cabinet, and the LFUCG desire to enter into this agreement to enhance traffic management in Fayette County.

NOW, THEREFORE, in consideration of the mutual covenants expressed herein, the Cabinet and LFUCG, (collectively hereinafter "the Parties") agree as follows:

1. **Scope** - The terms of this Agreement shall apply to all state maintained routes in Fayette County.
2. **Authorization of LFUCG** - LFUCG agrees to seek approval and authorization from its Urban County Council and shall obtain and incorporate herein a resolution or other written authorization. This Agreement and all terms herein are therefore contingent upon obtaining any and all appropriate and necessary authorization from the Urban County Council.
3. **Cost Recovery** - The Cabinet hereby delegates to LFUCG the authority to file insurance claims and take other necessary collection actions against the driver or registered owner of a motor vehicle which LFUCG has reason to believe has caused or contributed to a collision resulting in damage to traffic signalization and other electrical traffic control devices belonging to the Cabinet, but subject to the operation and maintenance responsibility of LFUCG pursuant to this agreement.
4. **Denial or Suspension** - Pursuant to KRS 186.570, the Cabinet hereby designates LFUCG as an agent with authority to recommend the denial or suspension of the operator's license of any person, or, in the case of a nonresident, withdraw the privilege of operating a motor vehicle in this state, if LFUCG has reason to believe that the person has, by reckless or unlawful operation of a motor vehicle, caused, or contributed to, a collision resulting in serious property damage, including damage to traffic signalization and other electrical traffic control devices on the State Primary Road System within Fayette County.
5. **Obligations of LFUCG** - LFUCG covenants and agrees to undertake the following obligations:
 - a. LFUCG agrees to maintain and operate the traffic signals and electrical traffic control devices on roadways located on the Department of Highways State Primary Road System within Fayette County.
 - b. LFUCG shall comply with all applicable federal and state statutes, executive orders, regulatory requirements, and policies, including, but not limited to, 23 CFR Part 655, the Manual on Uniform Traffic Control Devices and amendments thereto, and the Division of Traffic Operations Guidance Manual.

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- c. LFUCG agrees to accept the maintenance and operations of new traffic signals and electrical traffic control devices installed by the Cabinet, or by a contractor through the encroachment permit process, under the terms of the Agreement.
 - d. LFUCG shall be responsible for all media and citizen inquiries and all public relations regarding the traffic signals and electrical traffic control devices for which they are responsible. This provision shall not prohibit or otherwise interfere with any state-wide or county-wide public relations efforts undertaken by the Cabinet that may have some impact on aforementioned traffic signal locations.
 - e. LFUCG shall be responsible for employing adequate staffing to provide the labor and services related to the safe and efficient operation of the computerized traffic signal control system and the timely and necessary maintenance of the Fayette County traffic signals and electrical traffic control devices.
 - f. LFUCG shall take no action which impedes or negatively impacts the Lexington Area Metropolitan Planning Organization Long Range Plan, Transportation Improvement Plan or Six Year Highway Plan or the process related thereto.
 - g. LFUCG shall make reasonable efforts to match damage to traffic signalization and other electrical traffic control devices belonging to the Cabinet, but subject to the operation and maintenance responsibility of LFUCG, to a collision identified in a corresponding Kentucky Uniform Police Traffic Collision Report and to the driver or registered owner of a motor vehicle which caused, or contributed to, the collision resulting in the property damage.
 - h. LFUCG shall make reasonable efforts to collect reimbursement for damage to traffic signalization and other electrical traffic control devices belonging to the Cabinet which can be matched to a reported collision and shall apply any proceeds to the installation, repair, or replacement of traffic signalization, operations, and maintenance property belonging to the Cabinet, but subject to the operation and maintenance responsibility of LFUCG.
 - i. LFUCG shall request any write-off of uncollectable property damage cost recovery amounts associated with a collision identified in a Kentucky Uniform Police Traffic Collision Report to the Transportation Cabinet, Office of Legal Services.
 - j. LFUCG shall deliver all damaged poles, signal cabinets and any other recyclable materials, removed as a result of services under this agreement, to the District 7 electrical yard.
6. **Obligations of the Cabinet** - The Cabinet covenants and agrees to undertake the following obligations:
- a. The Cabinet agrees to provide funding, not to exceed \$396,000 for a fiscal year, to the Lexington Fayette Urban County Government, Division of Traffic Engineering, for the purpose of operating and maintaining traffic signals and electrical traffic control devices on the State Primary Road System in Fayette County.
 - b. The Cabinet agrees to install new traffic signals and electrical traffic control devices, approved by the Cabinet, on the State Primary Road System in Fayette County, in accordance with the standards, specifications, and policies of the Cabinet. All new installations made under this agreement shall be property of the Cabinet.
 - c. The Cabinet, after the initial turn on of a new traffic signal or electrical traffic control device installed by the Cabinet, or by a contractor through the encroachment permit process, agrees to delegate the operation and maintenance to LFUCG.
 - d. The Cabinet agrees to provide materials as necessary to repair, maintain, or enhance/modify traffic signals and electrical traffic control devices on the State Primary Road system in Fayette county from the Cabinet's warehouse stock. Enhancements or modifications to existing devices under this contract shall require a request by LFUCG and pre-approval from the Cabinet. The Cabinet will not provide specialized equipment or materials that exceed the Cabinet's specifications. The Cabinet has first right of refusal for State owned equipment removed as a result of work accomplished under this agreement.
 - e. At the discretion of the Cabinet, and upon the written request of LFUCG, specialized materials and major projects, beyond the capabilities of LFUCG, and beyond the scope of the agreement, may be approved and completed by the Cabinet, or as mutually agreed upon by both parties.
 - f. The Cabinet will follow the Cabinet's policies and procedures related to disposal of any scrap metal received from LFUCG.
7. **Mutuality of Obligations** - The Parties agree that the obligations imposed upon them are for the benefits of the parties. Timely fulfillment of each and every obligation in accordance with this memorandum is necessary. The

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failure of any party to fulfill any of its obligations under this memorandum or the failure of any event to occur by a date established by this memorandum shall constitute a breach of the Agreement unless the fulfillment of such obligation is waived or modified by written Agreement of the parties.

8. **Audits and Inspections** - LFUCG agrees that the Cabinet, the Finance Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to the Agreement for the purpose of financial audit or program review.
9. **Hold Harmless** - LFUCG shall hold harmless the Cabinet, the Commonwealth, its officers, employees, agents and contractors, from any action or claim against those parties resulting from or based upon this Agreement, including but not limited to any liability resulting from discretionary decisions made by LFUCG with regard to traffic signalization, pursuant to the authority transferred to LFUCG by this Agreement.
10. **Disputes** - Any dispute concerning a question of fact in connection with work performed pursuant to this Agreement that cannot be disposed of by agreement between the parties shall be referred to the Secretary of the Transportation Cabinet of the Commonwealth of Kentucky, or his duly authorized representative, whose decision shall be final. Any dispute concerning a question of law shall be governed by the laws of the Commonwealth of Kentucky. The parties hereto agree that any legal action brought on the basis of this Agreement shall be filed in the Franklin County Circuit Court of the Commonwealth of Kentucky.

SECTION 3-PRICING

Commodity Line 1: LFUCG monthly payment to maintain signals in Fayette County

Any funds remaining at the end of the Fiscal Year may be used for material, programming, or equipment purchases, with prior approval of KYTC” to the contract to allow them to purchase traffic items that are not covered under the contract.

The Cabinet shall pay LFUCG, within 30 working days, all approved billings for labor including engineering costs, material, and equipment in the performance of the work as outlined in the Agreement. LFUCG shall submit these billings on a monthly invoice equal to 1/12 of the annual contract amount. Total payments under the Agreement shall not exceed \$396,000 for a fiscal year. If the contract begins or terminates on a date other than the beginning or end of the fiscal year, only billing increments of 1/12 of the total annual contract amount will be considered for payment. No payment will be made for work occurring outside the effective dates of the agreement.

Commodity Line 2: LUC Signs

Replacing the LUC signs on US 27

Invoices for payment shall be submitted to:

Department of Highways District 7
800 Newtown Court
P.O. Box 11127
Lexington, KY 40512-0127

Invoices must be submitted no later than thirty (30) days after completion of the service.

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Payment shall be conditioned upon receipt of appropriate, accurate, and acceptable invoices submitted in a timely manner.

The Contractor shall submit monthly invoices that must include at a minimum:

1. Vendor's name and address.
2. SC number.
3. Clearly list dates of service (from and to).
4. Date of Invoice (date invoice is prepared).
5. Total amount due for the current billing cycle.
6. Cumulative total for all invoices to date.
7. Detailed description of services provided.

Invoices that do not contain the requirements above will be rejected and sent back to the Contractor for re-invoicing.

SECTION 4- KYTC GENERAL TERMS AND CONDITIONS

4.00-Memorandum of Agreement Standard Terms and Conditions

The Cabinet has concluded that either state personnel are not available to perform said function, or it would not be feasible to utilize state personnel to perform said function; and the Contractor is available and qualified to perform such function; and for the abovementioned reasons, the state agency desires to avail itself of the services of the Contractor.

4.01-Contract Components and Order of Precedence

The Commonwealth's acceptance of the Contractor's offer indicated by the issuance of a Contract Award by KYTC and approved by the KYTC Division of Purchases and the Finance and Administration Cabinet shall create a valid Contract between the Parties consisting of the following:

1. This written agreement, all attachments thereto, and any subsequent written amendments to this Agreement; and
2. The Contractor's final written budget or proposal (if applicable).

In the event of any conflict between or among the provisions contained in the Contract, the order of precedence shall be as enumerated above.

4.02-Changes and Modifications to the Contract

Pursuant to [200 KAR 5:311](#), no modification or change of any provision in the Contract shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by the Contractor and the Commonwealth, and incorporated as a written amendment by the Cabinet prior to the effective date of such modification or change. Modification shall be subject to prior approval from the Secretary of the Finance and Administration Cabinet, or their authorized designee. Memoranda of Understanding, written clarification, and/or correspondence shall not be construed as amendments to the Contract.

If the Contractor finds at any time that existing conditions make modification of the Contract necessary, it shall promptly report such matters to the Buyer identified on page 1 for consideration and decision.

4.03-No Required Use of Contract

This Contract does not guarantee any minimum use of services. The Cabinet reserves the right to leave all, or any portion, of the contract unused and/or to establish other contracts for additional and/or related services.

The Commonwealth of Kentucky may undertake or award other contracts for additional or related work, services, supplies, or commodities, and the Contractor shall fully cooperate with such other contractors and Commonwealth employees. The Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Commonwealth employees.

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MOA/PSC Exception Standard Terms and Conditions
Revised February 2026

Whereas, the first party, the state agency, has concluded that either state personnel are not available to perform said function, or it would not be feasible to utilize state personnel to perform said function; and

Whereas, the second party, the Contractor and/or subrecipient, is available and qualified to perform such function; and

Whereas, for the abovementioned reasons, the state agency desires to avail itself of the services of the second party;

NOW THEREFORE, the following terms and conditions are applicable to this contract:

1.00 Effective Date

This contract is not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the contract and until the contract has been submitted to the Legislative Research Commission, Government Contract Review Committee ("LRC"). However, in accordance with KRS 45A.700, contracts in aggregate amounts of \$10,000 or less are exempt from review by the committee and need only be filed with the committee within 30 days of their effective date for informational purposes.

KRS 45A.695(7) provides that payments on personal service contracts and memoranda of agreement shall not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head if the agency has been granted delegation authority by the Secretary.

The Commonwealth will make payment within thirty (30) working days of receipt of contractor and/or subrecipient's invoice or of acceptance of goods and/or services in accordance with KRS 45.453 and KRS 45.454.

Payments are predicated upon successful completion and acceptance of the described work, services, supplies, or commodities, and delivery of the required documentation. Invoices for payment shall be submitted to the agency contact person or its representative.

2.00 LRC Policies

This section does not apply to governmental or quasi-governmental entities.

Pursuant to KRS 45A.725, LRC has established policies which govern rates payable for certain professional services. These are located on the LRC webpage (<https://apps.legislature.ky.gov/moreinfo/Contracts/homepage.html>) and would impact any contract established under KRS 45A.690 et seq., where applicable.

3.00 Choice of Law and Forum

This section does not apply to governmental or quasi-governmental entities.

This contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. Any action brought against the Commonwealth on the contract,

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including but not limited to actions either for breach of contract or for enforcement of the contract, shall be brought in Franklin Circuit Court, Franklin County, Kentucky in accordance with KRS 45A.245.

4.00 Cancellation

Both parties shall have the right to terminate and cancel this contract at any time not to exceed thirty (30) days' written notice served on the Contractor and/or subrecipient by registered or certified mail.

5.00 Funding Out Provision

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the Contractor and/or subrecipient thirty (30) calendar days' written notice of termination of the contract due to lack of available funding.

6.00 Reduction in Contract Worker Hours

The Kentucky General Assembly may allow for a reduction in contract worker hours in conjunction with a budget balancing measure for some professional and non-professional service contracts. If under such authority the agency is required by Executive Order or otherwise to reduce contract hours, the agreement will be reduced by the amount specified in that document. If the contract funding is reduced, then the scope of work related to the contract may also be reduced commensurate with the reduction in funding. This reduction of the scope shall be agreeable to both parties and shall not be considered a breach of contract.

7.00 Authorized to do Business in Kentucky

This section does not apply to governmental or quasi-governmental entities.

The Contractor and/or subrecipient affirms that it is properly authorized under the laws of the Commonwealth of Kentucky to conduct business in this state and will remain in good standing to do business in the Commonwealth of Kentucky for the duration of any contract awarded.

The Contractor and/or subrecipient shall maintain certification of authority to conduct business in the Commonwealth of Kentucky during the term of this contract. Such registration is obtained from the Secretary of State, who will also provide the certification thereof.

Registration with the Secretary of State by a Foreign Entity

Pursuant to KRS 45A.480(1)(b), an agency, department, office, or political subdivision of the Commonwealth of Kentucky shall not award a state contract to a person that is a foreign entity required by KRS 14A.9-010 to obtain a certificate of authority to transact business in the Commonwealth ("certificate") from the Secretary of State under KRS 14A.9-030 unless the person produces the certificate within fourteen (14) days of the bid or proposal opening. Therefore, foreign entities should submit a copy of their certificate with their solicitation response. If the foreign entity is not required to obtain a certificate as provided in KRS 14A.9-010, the foreign entity should identify the applicable exception in its solicitation response. Foreign entity is defined within KRS 14A.1-070.

For all foreign entities required to obtain a certificate of authority to transact business in the Commonwealth, if a copy of the certificate is not received by the contracting agency

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within the time frame identified above, the foreign entity's solicitation response shall be deemed non-responsive or the awarded contract shall be cancelled.

Businesses can register with the Secretary of State at <https://onestop.ky.gov/Pages/default.aspx>

8.00 Invoices for fees

This section does not apply to governmental or quasi-governmental entities.

The Contractor and/or subrecipient shall maintain supporting documents to substantiate invoices and shall furnish same if required by state government.

9.00 Travel expenses, if authorized

This section does not apply to governmental or quasi-governmental entities.

The Contractor and/or subrecipient shall be paid for no travel expenses unless and except as specifically authorized by the specifications of this contract or authorized in advance and in writing by the Commonwealth. The Contractor and/or subrecipient shall maintain supporting documents that substantiate every claim for expenses and shall furnish same if requested by the Commonwealth.

10.00 Other expenses, if authorized herein

This section does not apply to governmental or quasi-governmental entities.

The Contractor and/or subrecipient shall be reimbursed for no other expenses of any kind, unless and except as specifically authorized within the specifications of this contract or authorized in advance and in writing by the Commonwealth.

If the reimbursement of such expenses is authorized, the reimbursement shall be only on an out-of-pocket basis. Request for payment of same shall be processed upon receipt from the Contractor and/or subrecipient of valid, itemized statements submitted periodically for payment at the time any fees are due. The Contractor and/or subrecipient shall maintain supporting documents that substantiate every claim for expenses and shall furnish same if requested by the Commonwealth.

11.00 Purchasing and specifications

This section does not apply to governmental or quasi-governmental entities.

The Contractor and/or subrecipient certifies that he/she will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he/she attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky. For the purpose of this paragraph and the following paragraph that pertains to conflict-of-interest laws and principles, "he/she" is construed to mean "they" if more than one person is involved and if a firm, partnership, corporation, or other organization is involved, then "he/she" is construed to mean any person with an interest therein.

12.00 Conflict-of-interest laws and principles

This section does not apply to governmental or quasi-governmental entities.

The Contractor and/or subrecipient certifies that he/she is legally entitled to enter into this contract with the Commonwealth of Kentucky, and by holding and performing this contract, he/

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she will not be violating either any conflict of interest statute (KRS 45A.330-45A.340, 45A.990, 164.390), or KRS 11A.040 of the executive branch code of ethics, relating to the employment of former public servants.

13.00 Campaign finance

This section does not apply to governmental or quasi-governmental entities.

The Contractor and/or subrecipient certifies that neither he/she nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of this contract, has contributed more than the amount specified in KRS 121.056(2), to the campaign of the gubernatorial candidate elected at the election last preceding the date of this contract. The Contractor and/or subrecipient further swears under the penalty of perjury, as provided by KRS 523.020, that neither he/she nor the company which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth, and that the award of a contract to him/her or the company which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

14.00 Access to Records

The state agency certifies that it is in compliance with the provisions of KRS 45A.150, "Access to contractor and/or subrecipient 's books, documents, papers, records, or other evidence directly pertinent to the contract." The Contractor and/or subrecipient, as defined in KRS 45A.030, agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this agreement for the purpose of financial audit or program review. The Contractor and/or subrecipient also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the agreement and shall be exempt from disclosure as provided in KRS 61.878(1)(c).

15.00 Social security

This section does not apply to governmental or quasi-governmental entities.

The parties are cognizant that the state is not liable for social security contributions, pursuant to 42 U.S. Code, section 418, relative to the compensation of the second party for this contract.

Any exceptions to this stipulation require an attachment or exhibit that explicitly addresses, and provides a basis for, payment of second party's social security contributions by the state, pursuant to 42 U.S. Code, section 418.

16.00 Violation of tax and employment laws

KRS 45A.485 requires the Contractor and/or subrecipient and all subcontractors performing work under the contract to reveal to the Commonwealth any final determination of a violation by the Contractor and/or subrecipient within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to corporate and utility tax, sales and use tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively. Disclosure of any violations is required prior to the award of any state contract and throughout the duration the contract.

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Failure to disclose violations shall be grounds for the Commonwealth's disqualification of a contractor and/or subrecipient or subcontractor from eligibility for future state contracts for a period of two (2) years.

To comply with KRS 45A.485, the Contractor and/or subrecipient and all subcontractors performing work under this contract shall report any such final determination(s) of any violation(s) within the previous five (5) years to the Commonwealth by

providing a list of the following information regarding any violation(s): (1) specific KRS violated, (2) date of any final determination of a violation, and (3) state agency which issued the final determination.

A list of any disclosures made prior to award of a contract shall be attached to the contract.

The Contractor and/or subrecipient affirms that it has not violated any of the provisions of the above statutes within the previous five (5) year period, aside from violations explicitly disclosed and attached to this contract. Contractor and/or subrecipient further affirms that it will (1) communicate the above KRS 45A.485 disclosure requirements to any subcontractors and (2) disclose any subcontractor violations it becomes aware of to the Commonwealth.

17.00 Nondiscrimination

The Equal Employment Opportunity Act of 1978 (the "Act"), KRS 45.560 to 45.640, applies to all State government contracts or subcontracts in an amount exceeding \$500,000. The contractor and/or subrecipient shall comply with all terms and conditions of the Act.

During the performance of this contract, the Contractor and/or subrecipient agrees as follows:

- (a) The Contractor and/or subrecipient shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age forty (40) and over, disability, veteran status, or national origin or.
- (b) The Contractor and/or subrecipient shall take affirmative action in regard to employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination rates of pay or other forms of compensation, and selection for training, so as to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, age forty (40) and over, disability, veteran status, and national origin.
- (c) The Contractor and/or subrecipient shall state in all solicitations or advertisements for employees placed by or on behalf of the Contractor and/or subrecipient that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age forty (40) and over, disability, veteran status, or national origin.
- (d) The Contractor and/or subrecipient shall post notices in conspicuous places, available to employees and applicants for employment, setting forth the provisions of this non-discrimination clause.

The Contractor and/or subrecipient shall send a notice to each labor union or representative of workers with which he/she has a collective bargaining agreement or

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other contract or understanding advising the said labor union or workers' representative of the Contractor and/or subrecipient's commitments under this nondiscrimination clause.

The Contractor and/or subrecipient's noncompliance with the nondiscrimination clauses of this contract shall constitute a material breach of the contract.

Each Contractor and/or subrecipient shall, for the length of the contract or at the point at which the contract is covered by this Act and until its conclusion, furnish such information as required by the Act and any rules, regulations and orders issued pursuant thereto and permit access to all books and records pertaining to his employment practices and work sites by the contracting agency and the Cabinet to ascertain compliance with the Act.

This section applies to agreements disbursing federal funds, in whole or part, only when the terms for receiving those funds mandate its inclusion.

18.00 Bidder, Offeror, or Contractor Mandatory Representations Compliance with Commonwealth Law

The contractor and/or subrecipient represents that, pursuant to [KRS 45A.485](#), they and any subcontractor performing work under the contract will be in continuous compliance with the KRS chapters listed below and have revealed to the Commonwealth any violation determinations within the previous five (5) years:

[KRS Chapter 136](#) (CORPORATION AND UTILITY TAXES)

[KRS Chapter 139](#) (SALES AND USE TAXES)

[KRS Chapter 141](#) (INCOME TAXES)

[KRS Chapter 337](#) (WAGES AND HOURS)

[KRS Chapter 338](#) (OCCUPATIONAL SAFETY AND HEALTH OF EMPLOYEES)

[KRS Chapter 341](#) (UNEMPLOYMENT COMPENSATION)

[KRS Chapter 342](#) (WORKERS' COMPENSATION)

Boycott Provisions

If applicable, the contractor and/or subrecipient represents that, pursuant to [KRS 45A.607](#), they are not currently engaged in, and will not for the duration of the contract engage in, the boycott of a person or an entity based in or doing business with a jurisdiction with which Kentucky can enjoy open trade. **Note:** The term Boycott does not include actions taken for bona fide business or economic reasons, or actions specifically required by federal or state law.

If applicable, the contractor and/or subrecipient verifies that, pursuant to [KRS 41.480](#), they do not engage in, and will not for the duration of the contract engage in, in energy company boycotts as defined by [KRS 41.472](#).

Lobbying Prohibitions

The contractor and/or subrecipient represents that they, and any subcontractor performing work under the contract, have not violated the agency restrictions contained in [KRS 11A.236](#) during the

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previous ten (10) years, and pledges to abide by the restrictions set forth in such statute for the duration of the contract awarded.

The contractor and/or subrecipient further represents that, pursuant to [KRS 45A.328](#), they have not procured an original, subsequent, or similar contract while employing an executive agency lobbyist who was convicted of a crime related to the original, subsequent, or similar contract within five (5) years of the conviction of the lobbyist.

19.00 Artificial Intelligence (AI)

Vendor agrees to adhere to [CIO-126 Artificial Intelligence Policy.pdf](#), which includes but is not limited to, the required written disclosure, in advance, of every use of generative AI and/or integrations with generative AI system. Vendor agrees to disclose all parts of contracted work that is expected to be or will be performed with the assistance of AI. Further, Vendor understands and agrees to take appropriate measures to ensure Generative AI shall not be used for any activities that are illegal or in violation of state policy, COT policy, or agency policy per CIO-126. Vendors may not use Commonwealth confidential or internal data in generative AI queries or for building or training proprietary generative AI programs unless explicitly approved in writing by the agency head with consultation from the COT Chief Information Officer. Vendor agrees to provide reasonable written notice of any issue of noncompliance with these requirements.

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Approvals

This contract is subject to the terms and conditions stated herein. By affixing signatures below, the parties verify that they are authorized to enter into this contract and that they accept and consent to be bound by the terms and conditions stated herein. In addition, the parties agree that (i) electronic approvals may serve as electronic signatures, and (ii) this contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single contract.

1st Party:

Signature

Title

Printed Name

Date

2nd Party:

Signature

Title

Printed Name

Date

Other Party:

Signature

Title

Printed Name

Date

Approved as to form and legality:

Attorney