

PURCHASE OF SERVICE AGREEMENT

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the 8th day of July 2014, 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 the Mayor's Office of Economic Development, ("MOED") and **COMMERCE LEXINGTON, INC.**, a Kentucky corporation, ("Organization") with offices located at Main and Rose Streets, with a mailing address of Post Office Box 1968, Lexington, Kentucky 40588.

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, 2014, and continuing for a period of twelve (12) months from that date unless within that period Government gives the Organization thirty (30) days 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. Government shall pay the Organization the sum of Four Hundred Fifty Seven Thousand Dollars (\$457,000.00) for services required by this Agreement, said services being more particularly described in Exhibit A attached hereto and incorporated herein by reference, one fourth (1/4th) of which shall be payable each quarter, within ten (10) days after receipt of the report required in Paragraph 6 herein, July to June, inclusive.

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 total service required hereunder.

4. Organization shall perform all duties and services specified in Exhibit A 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 any 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 Organization's most recent or current tax year are registered by the Organization in the MOED, 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 working day of the succeeding quarter, on such forms as the MOED shall provide, submit to the MOED: a report containing, for each of the services enumerated in Exhibit A

which were provided in the preceding quarter (a) a description of the service provided, including the costs of providing services and the quantity and quality of the service provided, and (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 created and provided to Organization by the Government); and (c) an invoice requesting compensation for the services provided during the preceding quarter. Any and all provisions of this Agreement to the contrary notwithstanding, the compensation of Organization for each quarter of the Agreement shall not be paid unless and until Organization submits the satisfactorily completed quarterly report and invoice required hereunder. In addition, Organization shall be required to present a progress report as to its activities a minimum of two (2) times per fiscal year before the Urban County Council's 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 relating to the LFUCG funds provided hereunder at all reasonable times, and if it desires, it may have said 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 hereunder 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 Organization conducts business. The policy shall be submitted to the MOED 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 MOED within 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.

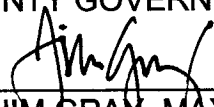
Collateral pledged to secure uninsured deposits shall be held at a federal reserve bank with the receipt providing absolute control by the agency.

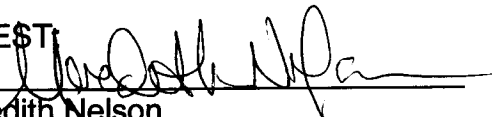
- (2) Retirement funds, endowment funds, long-term capital reserve funds and any other special funds may be held and invested by a local bank trust department under investment objectives and diversification in accordance with the individual nature of the funds and pursuant to the "prudent man" investment 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 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.

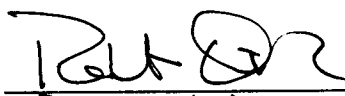
IN WITNESS WHEREOF, the parties have executed this Agreement at Lexington, Kentucky, the day and year first above written.

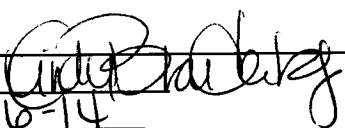
LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

BY: 
JIM GRAY, MAYOR

ATTEST: 
Meredith Nelson
Clerk of the Urban County Council

COMMERCE LEXINGTON, INC.

BY: 
ITS: President CEO

ATTEST:
WITNESS: 
DATE: 7-16-14

Notary ID# 513750

EXHIBIT "A"

Lexington/Fayette Urban County Government

Addendum for Services

Commerce Lexington

Scope of Work

Local Contribution

During fiscal year 2015 Commerce Lexington (CLEX) will use these funds to:

- Assist local business thru retention and expansion efforts
- Encouraged entrepreneurial activity in all sectors of our economy
- Assist with business and financial plans, marketing, university commercialization opportunities, connection to funding resources, and loan programs and tax incentive information.
- Encourage and assist minority and women business owners/managers and connecting them to public and private business opportunities.
- Connect students with the business community.
- Business recruitment efforts focusing on key targets:
 1. Bio/Pharmaceutical related companies
 2. Area university/college alumni networks
 3. Technology based businesses
 4. Consultant contact and calls
 5. Equine Associations
 6. Automotive parts supplies
 7. Clean technology
 8. Life Sciences
 9. High tech manufacturing
 10. Start-ups

EXHIBIT "B"

Lexington/Fayette Urban County Government

Addendum for Services

Commerce Lexington

**Lexington-Fayette Urban County Government
Economic Development Partner Agency Quarterly Report
Fiscal Year 2015**

Economic Development Partner Agency:
Commerce Lexington

_____ **Date**

Outcome Evaluation

Using the Addendum "A" to the Commerce Lexington's Purchase of Service Agreement, please demonstrate progress towards stated goals and initiatives.

NOTE: If there have been changes to your LFUCG funded program(s) necessitating amendment of your approved outcomes, please contact Kevin Atkins, Chief Development Officer, 859-258-3110 (or email at katkins@lexingtonky.gov) to discuss the proposed amendments.

Business Recruitment Efforts

Please provide the number of companies that you met with during the recent quarter that are looking at Lexington as a possible location. 1) What is the overall employment and possible investment of the companies (as a total)? 2) Do the companies fall within your key strategic targets? 3) What is the status of the selection process? 4) Based on these efforts please describe benefits of companies that are outside the strategic targets? **PLEASE ANSWER EACH QUESTION ABOVE AS A SEPARATE BULLET POINT NOTED BY THE NUMBER INDICATED ABOVE**

Announcements

Please provide a list of the Lexington based economic development announcements in the most recent quarter. What is the projected employment and investment of the companies? What is the amount of incentives LFUCG will put into the projects? How do these Lexington based announcements compare to FY13 & FY14 at this same point in the fiscal year?

Retention & Expansion Efforts

Please provide the number of current Lexington companies that you have met/visited with during the previous quarter. Have the meetings provided information on possible expansion in Lexington or efforts to retain jobs in Lexington?

Minority & Women Business Owners/Managers

Please provide an update on the activities to work with minority and women business owners during the recent quarter. What were the outcomes of the meetings (new employees, additional clients, connecting them to public and private business opportunities, etc.)

Encourage Entrepreneurial Activity

Please provide an update on activities undertaken by your agency to encourage entrepreneurial activity in Lexington? What type s of programs were offered? What was the estimated attendance of those events? What have been the follow-up/outcomes with those who attended?

Student Population

Describe efforts during the quarter to connect the student population with the business community. What have been the successes of those efforts? What obstacles have you encountered in this effort?

Certification

As the Chief Executive Officer (or equivalent) of this agency, I certify that the information provided in this Quarterly Report is true and complete to the best of my knowledge and belief.

I further agree that funds received from LFUCG will be used for the purposes for which they were requested and approved, and that the agency will comply with the requirements set forth in the application and the approved Purchase of Service Agreement and Addendum.

Printed Name

Signature

Title

Date

THIS REPORT AND REQUIRED ATTACHMENT(S) ARE DUE BY:

1ST QUARTER:
OCTOBER 14, 2014

2ND QUARTER:
JANUARY 14, 2015

3RD QUARTER:
APRIL 14, 2015

4TH QUARTER:
JULY 14, 2015

**THIS REPORT SHOULD BE COMPLETED AND SUBMITTED ALONG WITH QUARTERLY
FUNDING REQUEST INVOICE
ELECTRONICALLY TO:**

KEVIN ATKINS
CHIEF DEVELOPMENT OFFICER
KATKINS@LEXINGTONKY.GOV