

PURCHASE OF SERVICE AGREEMENT

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the _____ day of _____ 2026, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the COMMONWEALTH OF KENTUCKY created pursuant to KRS Chapter 67A (“LFUCG”), 200 East Main Street, Lexington, Kentucky 40507, and **LEXARTS INC.** (“LexArts”), with offices located at 161 North Mill Street, Lexington, Kentucky 40507, with an effective date of July 1, 2026.

WITNESSETH

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the receipt and sufficiency of which are acknowledged, the LFUCG and LexArts hereby agree as follows:

1. **TERM.** This Agreement shall commence on July 1, 2026, and continuing for a period of twelve (12) months from that date unless within that period Government gives LexArts 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 LexArts.
2. **SCOPE OF SERVICES.** LexArts shall perform the services outlined in the attached Exhibit “A” – Addendum for Services for LFUCG in a timely, workmanlike and professional manner (the “Services”).
3. **PAYMENT.** LFUCG shall pay LexArts a total amount not to exceed Four Hundred Thousand Dollars (\$400,000.00), which shall be payable in quarterly installments of One Hundred Thousand Dollars (\$100,000.00). The funds are limited to being used for payment to General Operating Support I (“GOS I”) and General Operating Support II (“GOS II”) organizations and may not be spent by LexArts for any other purpose without the prior written consent of LFUCG.
 - a. The first disbursement of \$100,000.00 will be distributed to LexArts upon LFUCG’s receipt of a signed copy of this Agreement, LFUCG’s receipt of the LexArts FY 25 audit, and LFUCG’s receipt of the report for the last quarter of FY 26.
 - b. LFUCG shall make subsequent disbursements under this Agreement upon receipt of timely submissions of quarterly invoices and Quarterly Report forms from LexArts, specifying the Services have been performed, and accompanied by data satisfactory to LFUCG to document GOS I and GOS II organizations have received timely payments from LexArts **per the payment timeline outlined in grant management letters**. LFUCG shall have thirty (30) days from the date of receipt of the Quarterly Report form and quarterly invoice to pay the disbursement. LFUCG reserves the right to

refuse payment if it is determined by LFUCG that the Services performed or materials provided for the Services are inadequate or defective.

- c. LFUCG also reserves the right to reject any invoice submitted for services more than sixty (60) days after the services were rendered.

4. TERMINATION. LFUCG, through the Mayor or the Mayor's designee, may terminate this Agreement for any reason whatsoever by providing LexArts with at least thirty (30) days advance written notice. LexArts shall be entitled for payment of all work performed up to that period of time, calculated on a reasonable basis.

- a. In the event of a termination based upon a material condition of non-performance or default by LexArts, LFUCG shall provide LexArts advance written notice and a reasonable period of time to cure the breach.
- b. LexArts may only terminate this Agreement based upon LFUCG's failure to timely pay for properly invoiced and accepted work. LexArts shall provide LFUCG with at least thirty (30) days advance written notice and an opportunity to cure prior to termination.
- c. LexArts acknowledges that LFUCG is a governmental entity, and that the validity of this Agreement is based upon the availability of appropriated funding. In the event such funding is not appropriated in a future fiscal year, LFUCG's obligations under this Agreement shall automatically expire without penalty to the LFUCG thirty (30) days after written notice to LexArts. LFUCG shall exercise any application of this provision in good faith.

5. REPORTING. LexArts shall complete and return to LFUCG Quarterly Report forms and required documentation, as provided by the Director of Arts & Culture in Exhibit B, on the following dates: October 15, 2026; January 15, 2027; April 15, 2027; and July 15, 2027. By submitting the Quarterly Report forms and any additional forms and documentation reasonably required therewith, LexArts verifies and affirms that all information submitted is true, accurate, and complete to the best of its knowledge. The Quarterly Report forms shall be submitted to LFUCG electronically, unless otherwise requested by LFUCG. Report forms will be provided to and monitored by the Urban County Council. In addition, if requested by LFUCG, LexArts shall be required to present an in-person presentation and progress report as to its activities annually, or as additionally required, before the Urban County Council. This may require in-person presentations or appearances by LexArts at Urban County Council Committee meetings or Urban County Council meetings, at LFUCG's discretion.

- a. LexArts must provide LFUCG with copies of the grant management letters provided to all GOS I and GOS II organizations to be awarded a grant. Each letter must disclose payment timeline for grant payments to organizations.
- b. At the beginning of FY27, one comprehensive schedule of grant payments to be made in FY27, with recipient contact information, shall be provided to LFUCG.
- c. LexArts must submit a report of grant payments made, along with copies of checks,

paid to each GOS I and GOS II grant recipient each quarter.

6. REGISTRATION; COMPLIANCE; AUTHORITY TO SIGN. LexArts shall be lawfully registered or authorized to do business in the Commonwealth of Kentucky and Lexington-Fayette County and shall at all times comply with any and all applicable federal, state, and local laws, ordinances, and regulations. LFUCG may request proof that LexArts has timely filed federal, state, or local tax forms which shall be provided by LexArts on a timely basis. The person signing this Agreement on behalf of LexArts is fully authorized to do so.

7. INDEMNITY. LexArts shall indemnify, defend, and hold harmless Government, its officers, agents and employees against any claim or liability arising from and based on LexArts' violation of any such laws, ordinances or regulations. This provision shall in no way be limited by any financial responsibility or insurance requirements and shall survive the termination of this Agreement. LexArts understands that LFUCG is a political subdivision of the Commonwealth of Kentucky and acknowledges and agrees that LFUCG is unable to provide indemnity or otherwise save, hold harmless, or defend LexArts in any manner.

8. INSURANCE. LexArts shall maintain, for the duration of this Agreement, appropriate insurance coverage through a company with an A.M. Best rating of "A" or better as follows:

- a. Commercial General Liability (CGL) insurance written with the minimum amount of \$1,000,000.00 per occurrence with an aggregate of not less than \$2,000,000.00.
- b. Automobile Liability insurance with the minimum amount of \$1,000,000.00 per occurrence only if LexArts utilizes automobiles in the performance of this Agreement
- c. Workers Compensation insurance within the statutory limits
- d. Employers' Liability insurance written with the minimum amount of \$100,000.00.
- e. Excess/Umbrella Liability insurance with the minimum amount of \$1,000,000.00 per occurrence
- f. Professional (E&O) Liability with the minimum amount of \$1,000,000.00 per claim

9. RECORDS. LexArts shall keep and make available to LFUCG any records related to this Agreement as are necessary to support its performance of the services for a period of at least five (5) years following the expiration or termination of this Agreement, or as otherwise required depending upon the source of funds. Books of accounts shall be kept by LexArts and entries shall be made therein of all money, goods, effects, debts, sales, purchases, receipts, payments and any other transactions of LexArts related to this Agreement and shall be made available to LFUCG upon request.

- a. LFUCG shall be the owner of all final documents, data, studies, plans, reports, and information prepared by LexArts under this Agreement.
- b. LexArts understands and agrees that this Agreement and any related documents may be subject to disclosure under the Kentucky Open Records Act and will comply with any reasonable request by LFUCG to provide assistance with such a request.

10. ACCESS. LexArts shall allow LFUCG any necessary reasonable access to monitor its performance under this Agreement.

11. CONTRACTUAL RELATIONSHIP ONLY. In no event shall the parties be construed, held or become in any way for any purpose the employee of the other party, or partners, associates or joint ventures in the conduct of their respective endeavors or otherwise.

12. EQUAL OPPORTUNITY; FAIRNESS ORDINANCE. LexArts shall provide equal opportunity in employment for all qualified persons and shall (a) prohibit discrimination in employment because of race, color, creed, national origin, sex, age, sexual orientation, gender identity, or handicap and (b) cause any subcontractor or agency receiving funds provided pursuant to this Agreement to do so. This program of equal employment opportunity shall apply to every aspect of its employment policies and practices. LexArts agrees to comply with LFUCG's Fairness Ordinance (Ordinance No. 201-99) and all sources of applicable law, including those specified in any Exhibit attached to this Agreement and incorporated herein by reference.

13. SEXUAL HARASSMENT. LexArts must adopt or have adopted 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 LexArts conducts business. The policy shall be made available to LFUCG upon request.

14. ANNUAL AUDIT. LexArts agrees that all revenue and expenditures related to this Agreement 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, or clean audit opinion letter from an independent certified public accountant, shall be submitted to LFUCG each year of the Agreement.

15. INVESTMENT. Any investment of the funds received pursuant to this Agreement must fully comply with any restrictions imposed by law.

16. NO ASSIGNMENT; NO THIRD PARTY RIGHTS. LexArts may not assign any of its rights and duties under this Agreement without the prior written consent of LFUCG. This Agreement does not create a contractual relationship with or right of action in favor of a third party against either LexArts or LFUCG.

17. KENTUCKY LAW AND VENUE. This Agreement shall be governed in all respects by the laws of the Commonwealth of Kentucky and venue for all actions shall lie in the Circuit Court of Fayette County, Kentucky.

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

For LexArts:

LexArts Inc.
161 North Mill Street
Lexington, Kentucky 40507
Attn: Ame Sweetall, President & Chief Executive Officer
(or as otherwise designated in writing by LexArts)

For Government:

Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507
Attn: Celeste Lewis, Director, Arts & Culture, Mayor's Office

19. WAIVER. The waiver by either party of any breach of any provision of this Agreement shall not constitute a continuing waiver or waiver of any subsequent breach by either party of either the same or another provision.

20. ENTIRE AGREEMENT; AMENDMENTS. This Agreement shall constitute the entire agreement between the parties and no representations, inducements, promises or agreements, oral or otherwise, which are not embodied herein shall be effective for any purpose. This Agreement shall replace any previous agreement between the parties on the same subject matter. By mutual agreement, the parties to this Agreement may, from time to time, make written changes to any provision hereof. LexArts acknowledges that LFUCG may make such changes only upon approval of its legislative authority, the Lexington-Fayette Urban County Council, and the signature of its Mayor.

[Signature Page Follows]

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

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

LEXARTS INC.

BY: _____
LINDA GORTON, MAYOR

BY: _____
CAMDEN SKIDMORE, CHAIR
LEXARTS BOARD OF DIRECTORS

BY: _____
AME SWEETALL, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

ATTEST:

ATTEST:

Abigail Allan
Clerk of the Urban County Council
DATE: _____

WITNESS: _____
DATE: _____

EXHIBIT "A"

Lexington/Fayette Urban County Government Addendum for Services

LexArts

SCOPE OF WORK - FY 2027

SUPPORT TO THE ARTS COMMUNITY

- Operate ArtsPlace to provide affordable performance, rehearsal, office and studio space for non-profit arts organizations, individual artists and other cultural organizations;
- Lead and manage an annual Fund for the Arts in support of Lexington arts organizations, individual artists and the arts community;
- Distribute a minimum of \$575,000 annually (\$175,000.00 in addition to the \$400,000.00 in funds provided by LFUCG) to Lexington arts organizations and artists through operating support to Lexington's most accomplished arts organizations and competitive community arts grants to arts organizations and individual artists;
- Provide technical assistance in the arts and arts advocacy for organizations, artists and the community at-large;
- Provide and promote quality arts experiences for the benefit of, and accessible to, all people and districts of Lexington-Fayette Co.;
- Provide leadership in local arts initiatives and develop and maintain collaborations and partnerships with local and state government, local agencies, community leaders, organizations, artists, and other stakeholders.

LEXARTS GOVERNANCE AND OPERATION

- Create and maintain appropriate grant documentation for all grant funds awarded by LexArts to individuals or organizations including signed grant agreement letters.
- Include current listing of grant awardees, with grant program, recipient, and amount of award on the LexArts website.
- Adopt and demonstrate best practices and standards for the governance and financial management of a non-profit arts organization. Utilize the following recommendations including:
 - **32 Board Oversight Recommendations, KY State Auditor,**
<https://auditor.ky.gov/cpatools/Pages/32BoardOversightRecommendations.aspx>, and
 - **Kentucky Non-Profit Network Principals and Practices**

for Non-Profit Excellence,
<https://www.kynonprofits.org/learn/best-practices-partnership>



LEXINGTON RECOGNITION OF THE CITY OF LEXINGTON

- As LexArts largest annual donor, recognition of the City of Lexington should be clearly and appropriately included in all print materials, digital media and social media, websites, and in public presentations. Recognition for the City of Lexington's contribution for FY27 should include one, or both, of the following, as directed by LFUCG: (a) the Blue Horse/Lexington logo (in color); and/or (b) the following statement: *The City of Lexington is LexArts' largest annual donor, contributing \$400,000 in FY2027.*

DRAFT

EXHIBIT "B"

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

Partner Agency - LexArts

Quarterly Report - Fiscal Year 2027

Partner Agency: LexArts

Quarterly Report # _____

Completed By: _____

COMPLIANCE TO GRANT RECIPIENTS

1. Provide copies of all checks of grants disbursements to GOS I and GOS II grant recipients. Number of GOS I and GOS II checks disbursed, and copies provided to LFUCG, this quarter: _____
2. Total Amount of GOS I and GOS II Grant Funds distributed this quarter: \$ _____
3. Total Amount of Other Grants (non-GOS) distributed this quarter: \$ _____
4. Total Amount of all Grant Funds to be Distributed in FY27: \$ _____

SUPPORT TO THE ARTS COMMUNITY

(If additional space is needed, please attach additional pages with corresponding numbers clearly indicated.)

5. **Number of LexArts events held at Arts Place this quarter**
(include here only public events presented by LexArts): # _____

List events here:

6. **Estimated total attendance at above events:** # _____

7. **Number of arts organizations with offices, studios or regular programming at Arts Place:** # _____

8. **List above arts organizations and general use of rented space here, i.e. dance classes, theatre rehearsals, etc:**

Organizations _____ **Primary Use of Space** _____

9. **Number of individual artists with office/studio space at ArtsPlace:** # _____
List artists and general use of space here:

Artists _____ **Primary Use of Space** _____

10. **For Profit rental events held at Arts Place this quarter:** # _____
List events here as well as fee paid and estimated number of attendees:

Event _____ **Fee Paid** _____ **# of Attendees** _____

11. Community/Non-Profit rentals at Arts Place this quarter: # _____
List events here as well as fee paid and estimated number of attendees:

Event	Fee Paid	# of Attendees
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12. Number of Gallery Hop Sites: # _____

13. Number of LAN members: # _____

14. Number of LAN meetings this quarter: # _____

15. Average attendance at LAN meetings: # _____

16. Describe LexArts' efforts toward providing technical assistance and arts advocacy during this quarter:

17. Describe LexArts' efforts to provide and promote arts experiences throughout all districts of Lexington-Fayette Co.

18. Describe evidence of arts leadership and development of collaborations, partnerships and projects:

(If additional space is needed, please attach additional pages with corresponding numbers clearly indicated.)

LEXARTS GOVERNANCE AND ADMINISTRATION

19. Annual Fund Raising Initiatives this quarter:

<u>Initiative</u>	<u>Goal</u>	<u>Amount Raised</u>
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20. Grant proposals submitted this quarter:

Funder	Purpose of Request	\$ Requested	Status
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21. Sponsorships received this quarter:

Sponsor	Purpose	Amount of sponsorship
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22. Earned income this quarter:

Initiative	Revenue Generated	New or Recurring effort
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23. Total LexArts Budget for FY27

\$ _____

FY 27 Year-to-Date Income

\$ _____

FY27 Year-to-Date Expenses

\$ _____

24. Describe specific new actions that has LexArts taken in the last quarter to adopt and demonstrate best practices in the governance and financial management of a non-profit arts organization:

RECOGNITION OF CITY OF LEXINGTON

25. List and submit examples of LexArts recognition of the City of Lexington as identified in Exhibit A.

Submit this form, along required attachments and print / social media materials identifying LexArts' recognition of the City of Lexington via Email by the dates required in the PSA to:

Celeste Lewis: clewis2@lexingtonky.gov

Melissa K. McCartt-Smyth: mmccartt@lexingtonky.gov

4925-3383-3652, v. 1